



PATTERN S.P.A.

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

FINANCIAL STATEMENTS AT 31 DECEMBER 2023

registered office in Collegno, via Italia 4
authorized share capital € 1,456,292.90 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

INTRODUCTION	5
COMPANY OVERVIEW	5
COMPOSITION OF CORPORATE BODIES	6
NOTICE OF CALL OF ORDINARY SHAREHOLDERS' MEETING	7
LETTER TO SHAREHOLDERS AND STAKEHOLDERS	12
SHAREHOLDER BASE	14
PATTERN GROUP AND ITS HISTORY	15
PATTERN GROUP IN FIGURES: 2023 HIGHLIGHTS	16
CORPORATE STRUCTURE OF THE GROUP	17
PATTERN SHARE PERFORMANCE IN 2023	18
DIRECTORS' REPORT ON OPERATIONS AT 31 DECEMBER 2023	19
MARKET SCENARIO AND RESULTS	20
OUTLOOK FOR NEXT YEAR	22
SIGNIFICANT EVENTS IN THE PERIOD	23
GROUP CAPITAL EXPENDITURE	29
GROUP OPERATING AND FINANCIAL SITUATION	30
OPERATING AND FINANCIAL SITUATION OF PATTERN SPA	43
ACTIVITIES CARRIED OUT THROUGH SUBSIDIARIES; DEALINGS WITH SUBSIDIARIES, ASSOCIATES, PARENTS AND "AFFILIATES"	50
MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED	51
ENVIRONMENTAL IMPACT OF OPERATIONS	53
EMPLOYEES AND IT SYSTEMS	55
RESEARCH AND DEVELOPMENT	57
TREASURY SHARES AND SHARES OF PARENT COMPANIES	57
FINANCIAL DERIVATIVES	57
BRANCH OFFICES	57
INTRAGROUP AND RELATED PARTY TRANSACTIONS	58
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023	59
Consolidated statement of financial position	60
Consolidated income statement	63
Consolidated statement of cash flows, indirect method	65
ACQUISITION OF INVESTMENTS IN SUBSIDIARIES	67
EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2023	68
FOREWORD	68

CONSOLIDATION SCOPE	68
I. CONSOLIDATION METHODS	72
II. PREPARATION STANDARDS	72
III. VALUATION CRITERIA	74
IV. ANALYSIS OF AND COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS	85
STATEMENT OF FINANCIAL POSITION ASSETS	85
INCOME STATEMENT	113
V. OTHER INFORMATION	118
HEADCOUNT	118
FEES TO THE DIRECTORS AND STATUTORY AUDITORS	118
FEES TO THE INDEPENDENT AUDITORS	118
GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES	119
TRANSACTIONS WITH RELATED PARTIES	119
AGREEMENTS NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION	120
SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD OF THE CONSOLIDATED FINANCIAL STATEMENTS	120
OUTLOOK FOR THE YEAR	120
FINANCIAL DERIVATIVES PURSUANT TO ARTICLE 2427-BIS OF THE ITALIAN CIVIL CODE	121
ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS	122
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ANNEX A)	122
RECONCILIATION BETWEEN PARENT COMPANY EQUITY AND RESULTS AND CONSOLIDATED EQUITY AND RESULTS (ANNEX B)	123
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT SHOWING THE CHANGES IN THE YEAR (ANNEX C)	124
ANALYTICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ANNEX D)	127
FINANCIAL STATEMENTS AT 31 DECEMBER 2023	132
STATEMENT OF FINANCIAL POSITION	133
INCOME STATEMENT	137
STATEMENT OF CASH FLOWS, INDIRECT METHOD	139
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31/12/2023	141
FOREWORD	141
PART I: GENERAL PRINCIPLES	142
PART II: PREPARATION STANDARDS OF THE FINANCIAL STATEMENTS	143
PART III: ACCOUNTING AND VALUATION CRITERIA	144
PART IV: REVIEW OF INDIVIDUAL ITEMS	155
NOTES - ASSETS	155
NOTES - LIABILITIES AND EQUITY	169

NOTES, INCOME STATEMENT	181
PART V: ADDITIONAL INFORMATION	189
HEADCOUNT	189
FEES, ADVANCES AND RECEIVABLES GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS UNDERTAKEN ON THEIR BEHALF	189
FEES TO THE AUDITOR OR TO THE INDEPENDENT AUDITORS.....	190
CATEGORIES OF SHARES ISSUED BY THE COMPANY	190
SECURITIES ISSUED BY THE COMPANY	190
DETAILS OF OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY	190
COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION	191
ASSETS AND LOANS ALLOCATED FOR A SPECIFIC TRANSACTION	191
TRANSACTIONS WITH RELATED PARTIES	191
AGREEMENTS NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION	192
SIGNIFICANT EVENTS AFTER YEAR END.....	192
ENTITIES THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGER/SMALLER BODY OF ENTITIES THEY ARE PART OF AS SUBSIDIARIES	192
Reclassified statement of financial position.....	192
FINANCIAL DERIVATIVES PURSUANT TO ARTICLE 2427-BIS OF THE ITALIAN CIVIL CODE	193
SUMMARY OF THE FINANCIAL STATEMENTS OF THE COMPANY EXERCISING DIRECTION AND COORDINATION	194
INFORMATION PURSUANT TO ARTICLE 1, PARAGRAPH 125, OF LAW NO. 124 OF 4 AUGUST 2017	195
PROPOSED ALLOCATION OF PROFIT OR COVERAGE OF LOSSES.....	195
NOTES - CLOSING SECTION	196

BOARD OF STATUTORY AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

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 € 1,456,292.90 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

Board of Directors ⁽¹⁾	Fulvio Botto	Chairman
	Luca Sburlati	Chief Executive Officer
	Stefano Casini	
	Simonetta Cavasin	
	Claudio Delunas	
	Franca Di Carlo	
	Diego Dirutigliano	
	Francesco Martorella	
	Emilio Paolucci	
Board of Statutory Auditors ⁽¹⁾	Davide Di Russo	Chairman
	Lucia Margherita Calista Rota	Standing Auditor
	Riccardo Cantino	Standing Auditor
	Valerio Brescia	Alternate Auditor
Independent Auditors ⁽²⁾	PricewaterhouseCoopers S.p.A., in short PWC	

TERM

(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 ended 31 December 2023.

NOTICE OF CALL OF ORDINARY SHAREHOLDERS' MEETING

The Ordinary Shareholders' Meeting of Pattern S.p.A. is convened in first call on 26 April 2024, at 11:00 a.m., at the registered office in Collegno (TO), Via Italia 4, and in **second call on 7 May 2024, at the same time and place**, with the following:

Agenda

1. Approval of the financial statements at 31 December 2023; related resolutions.
2. Allocation of profit for the year; relevant and ensuing resolutions.
3. Appointment of a director to complete the Board of Directors; relevant and ensuing resolutions.
4. Completion of the Board of Statutory Auditors pursuant to Article 2401 of the Italian Civil Code; relevant and ensuing resolutions.
5. Appointment of the Independent Auditors for the three-year period 2024 - 2026; relevant and ensuing resolutions.
6. Authorization to purchase and dispose of treasury shares, subject to revocation of the authorization resolution passed by the Shareholders' Meeting on 28 April 2023; relevant and ensuing resolutions.

Share capital

As of today's date, the subscribed and paid-up share capital amounts to € 1,436,292.90, represented by no. 14,362,929 ordinary shares with no indication of par value. On 28 March 2024, 50,000 ordinary shares from the first tranche of the 2023-2025 Stock Grant Plan were issued; the certificate of completion of the share capital increase pursuant to Article 2444 of the Italian Civil Code will be filed with the Company Register within the time limits of law; following registration of the certificate, the subscribed and paid-up share capital will be € 1,441,292.90, represented by 14,412,929 ordinary shares with no indication of par value. Each ordinary share entitles the holder to one vote. To date, the Company does not hold any treasury shares.

Participation in the Shareholders' Meeting

Pursuant to Article 83-sexies of Leg. Decr. no. 58/1998 ("TUF"), those from whom the Company has received notice through an authorized intermediary, based on the accounting records at the end of

the 7th (seventh) trading day prior to the date of the Meeting (17 April 2024 - record date), are entitled to attend the Shareholders' Meeting and exercise their voting right **exclusively through the Appointed Representative**, as indicated below. Credit and debit entries made on the accounts after such date are not relevant for the purposes of entitlement to exercise voting rights at the Shareholders' Meeting.

Pursuant to Article 83-sexies, paragraph 4, of the TUF, notices from intermediaries shall be received by the Company by the end of the 3rd (third) trading day prior to the date set for the Shareholders' Meeting, i.e. by **23 April 2024**. This does not affect the entitlement to attend and to exercise voting rights in the case where notices are received by the Company after such term, provided that this is made before the beginning of the Shareholders' Meeting in first call.

Participation of the directors, the statutory auditors, the notary, the representative of the independent auditors and the Appointed Representative shall also take place, if necessary, by means of telecommunication, in compliance with the applicable provisions in force.

Granting of proxies to the Appointed Representative

Under Article 106, paragraphs 4 and 5, of Law Decree 18/2020, converted with amendments by Law 27/2020 ("Decree"), as most recently extended by Article 11, paragraph 2, of Law 21/2024, which allows companies admitted to trading on a multilateral trading system to provide in the notice of meeting that attendance in the meeting takes place **exclusively through the Appointed Representative** pursuant to Article 135-undecies of the TUF, participation in the Shareholders' Meeting of those who are entitled to vote is allowed exclusively through Computershare S.p.A. - with registered office in Milan - the shareholders' representative appointed by the Company pursuant to Article 135-undecies of the TUF ("**Appointed Representative**").

The proxy can be granted - without any cost for the delegating party (except for possible delivery costs) - with voting instructions on all or some of the proposals on the agenda, by signing the specific proxy form available, together with the related filling and submission instructions, on the Company website (at www.patterngroup.it, *Investors* section).

The proxy with the voting instructions shall be sent - by using the methods specified in the form, together with a copy of a currently valid identity document of the delegating party or, if the delegating party is a legal person, of the pro tempore legal representative or of another party with appropriate powers, together with appropriate documents proving his/her qualification and powers - to the abovementioned Appointed Representative by the end of the second trading day prior to the date of the Shareholders' Meeting in first call (i.e. by 24 April 2024, or, if **in second call**, by **3 May 2024**).

Within the abovementioned time limits, the proxy and the voting instructions may always be revoked in the manner specified above.

Mention should be made that the shares for which the proxy has been granted, even partly, are counted for the purpose of duly constituting the Meeting. The proxy shall have no effect on the proposals for which no voting instructions have been given.

As allowed by the Decree, as an exception to Article 135-undecies, paragraph 4 of the TUF, those who do not intend to make use of the participation procedure under Article 135-undecies of the TUF, may alternatively participate by granting the Appointed Representative a proxy or sub-proxy pursuant to Article 135-novies of the TUF, containing voting instructions on all or some of the proposals on the agenda, at no cost for the delegating party (except for any delivery costs), by using the proxy/sub-proxy form, available on the Company website (at www.patterngroup.it, *Investors* section).

To grant and notify proxies or sub-proxies, also through electronic means, the procedures indicated in the proxy form shall be followed. The proxy shall be received by 12:00 noon on the day prior to the Shareholders' Meeting (it being understood that the Appointed Representative may accept proxies and/or instructions even after the above deadline and before the opening of the meeting). The proxy and voting instructions may always be revoked within the above time limit according to the abovementioned manners.

For any clarification concerning the granting of the proxy to the Appointed Representative (and, in particular, on completion of the proxy form and the voting instructions, as well as their notification), contact Computershare S.p.A. by e-mail at sedeto@computershare.it or with the following phone number +39 011 – 0923200 (on business days from 9:00 am to 5:00 pm).

Appointment of a director to complete the Board of Directors

Regarding the third item on the agenda, it should be noted that, pursuant to Article 10.2 of the Bylaws, as it is not a matter of appointing the entire Board of Directors, the procedure of appointment via list voting does not apply. Hence, the Shareholders' Meeting is called to pass resolutions with the majorities required by law. The appropriate report prepared by the Board of Directors contains further information on this matter.

Completion of the Board of Statutory Auditors pursuant to Article 2401 of the Italian Civil Code

Regarding the fourth item on the agenda, it should be noted that, pursuant to Article 12 of the Bylaws, as it is not a matter of appointing the entire Board of Statutory Auditors, the procedure of appointment via list voting does not apply. Hence, the Shareholders' Meeting is called to pass resolutions by relative majority without list constraints.

The appropriate report prepared by the Board of Directors contains further information on this matter, which holds, *inter alia*, the proposal received from the Majority Shareholder Bo.Ma. Holding S.r.l..

Shareholders who hold, individually or jointly, a stake of at least 5% of the subscribed share capital at the time of submission of their nomination may submit their nomination proposals, duly signed and dated and accompanied by the relevant documents, to the registered office no later than 1:00 p.m. on the 10th day prior to the date of the first call (i.e., no later than 1:00 p.m. on 16 April 2024). Nominations must be submitted by registered letter with return receipt addressed to Pattern S.p.A., Via Italia 4, 10093 Collegno (TO), Corporate Affairs Office, or by certified e-mail to patterntorino@legalmail.it.

Any proposals and documents relating to the candidates are made publicly available at the Company's registered office and on the Company website (www.patterngroup.it, *Investors* section) at least 5 days prior to the Shareholders' Meeting (i.e., by 21 April 2024).

Documentation

The documentation relating to the items on the agenda of the Shareholders' Meeting is publicly available at the registered office and on the Company website (www.patterngroup.it *Investors*

section), within the time limits of law. This notice is published in the daily newspaper *Milano Finanza*, as well as on the Company website.

Collegno (TO), 11 April 2024

For the Board of Directors
The Chairman
Fulvio Botto

LETTER TO SHAREHOLDERS AND STAKEHOLDERS

Shareholders and Stakeholders,

We hereby present the financial statements of Pattern Spa at 31 December 2023, which consist of the "Statement of Financial Position", the "Income Statement", the "Statement of Cash Flows" and the "Notes to the Financial Statements".

The financial statements were prepared in strict compliance with current legislation, with particular regard to their content and valuation criteria; as for the "*Statement of Financial Position*", the "*Income Statement*" and the "*Statement of Cash Flows*", the comparison pursuant to Article 2423-ter, paragraph V, of the Italian Civil Code, with prior year-end figures, facilitates the reading and understanding of the individual items.

As allowed by Article 40, paragraph 2 bis, of Legislative Decree no. 127 of 9 April 1991, the Parent Company prepared the Directors' Report on Operations as the sole document for both the Financial Statements of Pattern Spa and the Group's Consolidated Financial Statements.

The Directors' Report on Operations was prepared in accordance with the provisions of Article 2428 of the Italian Civil Code. It contains a fair, balanced and comprehensive analysis of the Group's standing, and of the performance and result of operations; the report contains, *inter alia*, the business outlook, as well as, where appropriate, the main risks/uncertainties to which the Group is exposed, as well as information regarding the environment, employees and information systems, research and development and the use of financial instruments.

The operating and financial situation is shown separately with specific statements for the Group and for Pattern Spa.

The recently concluded year witnessed a significant surge in business volumes, accompanied by a series of extraordinary transactions that reshaped the Group's composition, resulting in a bolstering of both capital and financial structure.

At 31 December 2023, our Group recorded the following figures:

- Value of production € 145.6 million (€ 110.4 million in 2022).
- EBITDA € 18.8 million (€ 11.1 million last year).
- Net profit for the year € 23.4 million (€ 4.1 million in 2022), of which € 21.1 million attributable to the owners of the parent (€ 2.6 million in 2022).
- Total expenditure of € 19.2 million versus € 19.6 million last year.
- Positive net financial position of € 642 thousand (negative € 13.8 million at 31/12/2022).

These results were achieved through a combination of various factors and initiatives.

After a roughly two-year-long process, Pattern sold the Collegno HQ business unit to Burberry (which had a historical association with this client), by disposing of the company to which that business unit had been contributed. This decision was based on the belief that it would best leverage the above asset and reset the Group's strategic focus in the clothing sector.

The price of the disposal, considering the adjustments under the contract, was € 22.4 million.

This event promptly affected Pattern's as well as the Group's income statement and financial position, as reflected in the above results. It is worth emphasizing that these results were also driven by the

outstanding performance of the core business.

Indeed, the latter was marked by substantial growth in knitwear, partly attributable to the acquisition and expansion of Nuova Nicol, a long-standing knitting mill near Bologna, which occurred early in the year. In knitwear, the Group successfully completed its first simplification process by merging Zanni into Società Manifattura Tessile.

Pattern improved its profitability, unaffected by the merger, even in the face of the slowdown experienced in the last quarter attributable to the transaction.

Dyloan Bond Factory, despite closing with a negative result, saw increased volumes and improved operating profit. Additionally, the development of relationships with major luxury brands is anticipated to yield results in the new and following years. The negative performance in the two-year period 2022-2023, with losses totaling € 3 million, required a write-down of the investment in this company by € 6.3 million.

Leather goods reported results in line with last year, on a like-for-like basis. Two simplification processes were undertaken in this sector: first, the acquisition of minority stakes in Petri & Lombardi and RGB, followed by the merger of both companies into Idee Partners. Thus, the size attained positions this company among the top players in its sector, making it a key reference for luxury brands looking to develop projects and productions in this area.

Considering the details provided, 2023 was clearly the Group's most successful year. Nearly five years post-listing, it marks both a culmination and a starting point for pursuing new goals that will be defined in the future.

Appreciation must therefore be extended to all the Group's staff for their technical expertise and sense of belonging.

The Board of Directors of Pattern Spa will propose the Shareholders' Meeting to allocate the entire profit for the year of € 15,341,929.57 to a reserve.

The Chairman

Fulvio Botto

The Chief Executive Officer

Luca Sburlati

SHAREHOLDER BASE

The Company's share capital stands at € 1,456,292.90 of which € 1,436,292.90 is subscribed and paid up, for a total of 14,362,929 ordinary shares with no par value.

At 11 April 2024, based on available information, Pattern's shareholder base is as follows.

Bo.Ma Srl	52.37%
Otus Capital	5.65%
Fulvio Botto	5.27%
Francesco Martorella	5.27%
Axon Partners	6.38%
Camer Srl	1.32%
Luca Sburlati	1.48%
Anna Maria Roscini	1.91%
Market	20.34%
Total	100.00%

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 sector, 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.

In early 2023, the knitting mill Nuova Nicol Srl, located near Bologna, was acquired, followed by Dyloan Bond Factory at midyear. On 2 October, the Collegno business unit serving the same client was sold to Burberry, setting the stage for a new development phase for Pattern Spa, featuring new clients and new headquarters planned for the 2024-2025 two-year period.

Today, Pattern Group is the first Italian Luxury Engineering & Production Hub, covering the main product categories (men's and women's lines, clothing and accessories, woven fabric, knitwear and leather goods), starting from the research and engineering phase up to production, and revolves around five industrial hubs.

Technology and Innovation, ESG, Human Knowledge remain at the core of the Group as the signature values of each company and will continue to guide the Group's future.

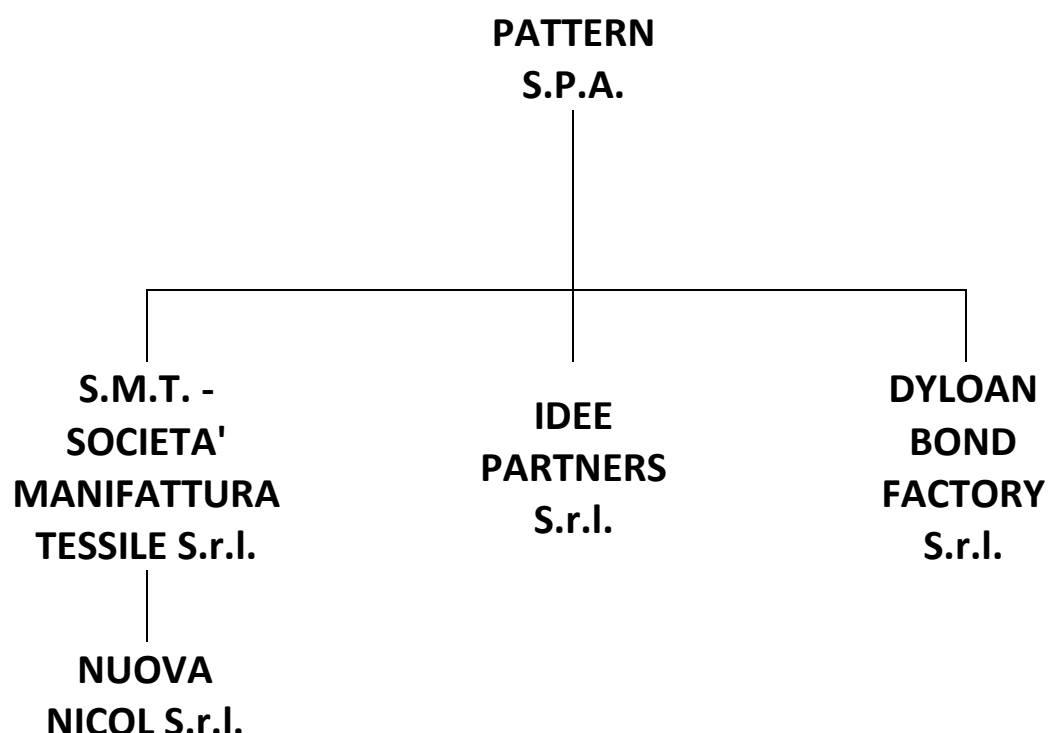
PATTERN GROUP IN FIGURES: 2023 HIGHLIGHTS

INCOME STATEMENT	31.12.2023	31.12.2022	% chg
(€)			
Value of production	145,567,243	110,426,216	31.8%
EBITDA	18,827,765	11,118,671	69.3%
EBIT	8,385,628	6,882,400	21.8%
Profit (loss) for the period	23,384,829	4,063,633	475.5%
- of which Group	21,118,867	2,593,065	714.4%
Adjusted EBITDA (*)	19,882,206	11,118,671	78.8%
Adjusted profit (loss) for the period (**)	7,898,853	4,063,633	94.4%
- of which Group	5,632,891	2,593,065	117.2%
Group earnings per share	1.4801	0.1818	714.4%
Number of shares	14,362,929	14,262,929	
STATEMENT OF FINANCIAL POSITION	31.12.2023	31.12.2022	% chg
(€)			
Net fixed assets	41,998,229	36,831,862	14.0%
Net working capital	5,276,293	11,577,478	-54.4%
Liability funds	-5,420,863	-4,928,065	10.0%
Net capital employed	41,853,659	43,481,275	-3.7%
Consolidated equity	42,495,257	29,628,289	43.4%
- of which Group	37,458,694	24,796,050	51.1%
Net financial position	-641,598	13,852,986	-104.6%
Equity and net financial position	41,853,659	43,481,275	-3.7%

(*) Before service costs and personnel expense associated with the disposal of the business unit to Burberry, amounting to approximately € 1.1 million.

(**) Before the gain from the disposal of the business unit to Burberry (€ 20.3 million) and the costs associated with the transaction, mentioned above, and the write-down of the investment in Dyloan Bond Factory (€ 4 million).

CORPORATE STRUCTURE OF THE GROUP



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

The latter controls 100% of Dyloan Bond Factory, it too a clothing company based in Chieti.

Società Manifattura Tessile, based in Correggio (Reggio Emilia), is the knitwear business owned 80% by Pattern. It owns 100% of Nuova Nicol Srl, a knitting mill located in Calderara di Reno, near Bologna. In 2023, Zanni Srl, a company specialized in seamless knitwear, based in Reggio Emilia, previously a wholly-owned subsidiary, was merged.

Idee Partners, 52.92% owned, is the company based in the Scandicci district operating in the leather accessories sector. In 2023, Petri & Lombardi Srl, based in Bientina/Pisa, and RGB Srl, based in Reggello/Florence, were merged. Prior to the merger, minority stakes in both companies of 40% and 30%, respectively, were also acquired in 2023.

PATTERN SHARE PERFORMANCE IN 2023

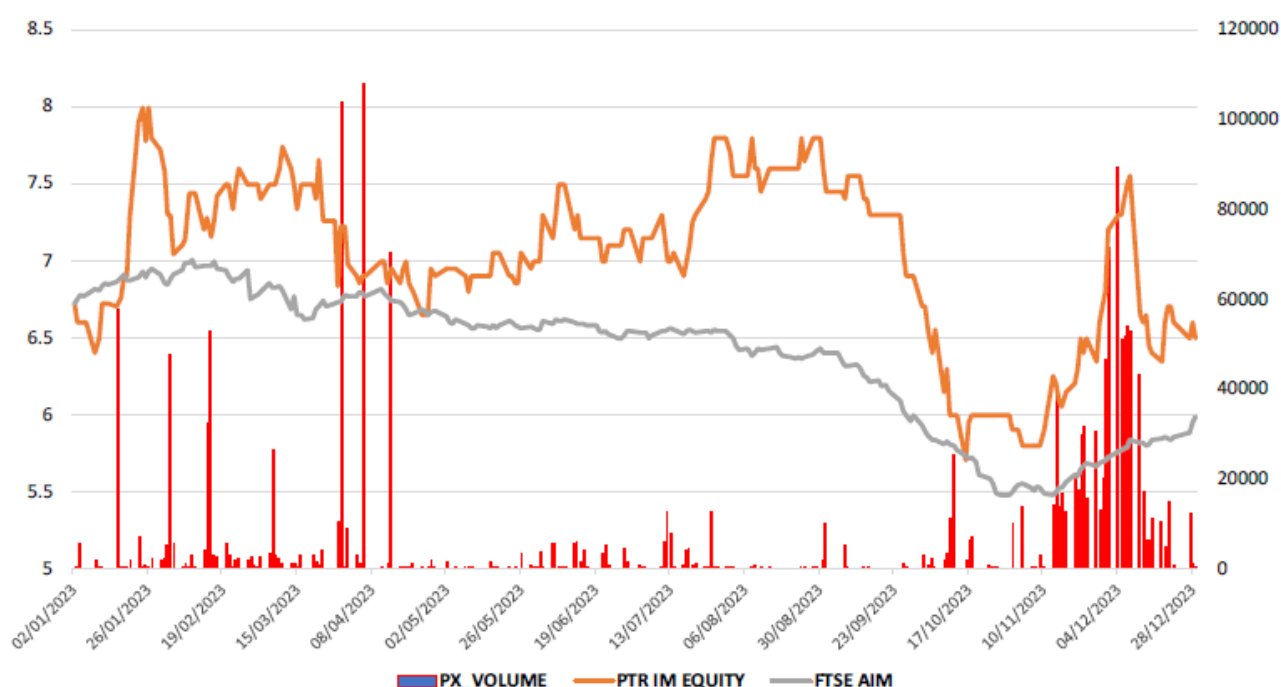
Pattern's share price at 29 December 2023, the last trading day of the period, reached € 6.50 per share, with a market capitalization of € 92.71 million.

This indicates a 3.38% decrease from the price of € 6.72 per share recorded at the beginning of the year on 2 January 2023, with average daily volumes traded during the period of approximately 6,609 shares.

The average price in 2023 was € 7.015 per share, while the period low of € 5.70 per share was recorded on 16 October 2023.

The following chart shows the price and volume trends for the Pattern share in 2023.

Stock Performance



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 € 1,456,292.90 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

DIRECTORS' REPORT ON OPERATIONS AT 31 DECEMBER 2023

MARKET SCENARIO AND RESULTS

Amid a further intricate geopolitical landscape and modest growth in the Chinese market, Pattern Group's 2023 results surpassed expectations, despite declines in some product categories (leather goods) in the final quarter.

Indeed, this was more than offset by strong performance in turnover and margin growth in both Ready To Wear and Knitwear. This is attributable to two factors: a) a "resilient" customer mix; b) our consistent focus on companies excelling in design and engineering, not merely production. Product development, in fact, ensures innovation highly valued by customers, especially during periods of significant market uncertainty, underscoring the demand for product innovation.

Another highly significant factor was the transfer in early October to the Burberry group, after lengthy negotiations, of part of the workforce (67 people) and the plant in Collegno (Turin), part leased, part rented, for approximately € 21 million.

One ongoing element that defined the year is the simplification of Group management through the merger by incorporation of several companies.

The corporate transactions were complemented by enhanced industrial synergy among companies, whose geographical proximity proved to be a wise choice logistically, organizationally, and in training technical and operational staff. The academies facilitated the placement of approximately 40 young people trained in technological crafts.

Lastly, investment in technology through DHouse-Dyloan Bond Factory paves the way for a more "sustainable" future, utilizing "circular engineering" technologies and particularly innovative production methodologies. The partnership with about ten major international companies partnering with D-House aligns precisely with this path.

The combination of these phenomena and the consistently sound decisions made by the IPO has yielded substantial growth margins.

Focusing on individual sectors, particularly leather goods, 2023 was primarily a year of intense organizational and strategic orientation. This involved the merger of subsidiaries Petri and Lombardi with RGB into Idee Partners, along with the relocation of the Scandicci office to the new building.

As a result of the above extraordinary transactions, the integration of the teams and the consolidation of the three facilities into a unified strategic and operational management were executed, aligning with customer requirements. This integration began to yield synergies, especially in production segmentation across the three plants for individual customers, further solidifying the Group's position as a major player in the luxury leather contracting market.

Specifically, the integration of the information system across the three companies was completed, now unified throughout the company but distributed across three plants, along with an initial centralized reorganization of administration, production, and logistics processes.

Financial and income results were positive, marked by a two-speed year: a first half with solid growth followed by a sudden industry-wide slowdown in the second half. Overall, revenue from sales saw a slight decline, but margins remained resilient, thanks to focused management and the abovementioned reorganization.

All Business Units experienced a decline in sales, affecting both "subcontracted" production, with two key repeat customers, and "marketed" production. Conversely, the Leather Goods Product Development BU remained steadier, significantly boosting the company's profitability and proving increasingly strategic in its appeal to the most prestigious customers. Footwear Product Development, in line with past years, remained constant.

Regarding the knitwear hub, 2023 marked a significant period of growth, undoubtedly bolstered by the performance of the target sector. Nonetheless, this remarkable growth also owes much to the expertise developed by the companies already within the Group's scope, as well as the contribution from Nuova Nicol in the women's luxury segment. Thanks to the latter, the customer base and the range of the services offered were expanded.

This is one of our strengths. The extensive range of knitwear products across various categories, including men's, women's, accessories, and "whole garment technology", showcases internationally recognized technological expertise that is a hallmark of the Group.

Investments focused on the continual and steady renewal of the technology park and employee welfare, with new and additional areas dedicated to corporate welfare.

Plans were implemented to improve the supply chain, aimed at increasing production capacity and shortening production lead times, which are increasingly crucial factors in customers' production allocation decisions. Likewise, adherence to all ESG issues remains a cornerstone of our business model. It can serve as a lever to strengthen our market position and, consequently, our relationship with customers, who are increasingly seeking structured partners for future challenges.

OUTLOOK FOR NEXT YEAR

2024 is shaping up to be a complex year, due both to the uncertainty caused by the two ongoing conflicts and the unpredictability of elections in key nations such as the USA. In such a scenario, the gap between top luxury with high-quality value attributed to the product over time and fashion luxury, tied more to aesthetics alone, will further increase.

The market is thus clearly moving towards a "normalization" of the "extreme" phenomena that occurred post-pandemic, both in terms of growth and excesses. In this context, the work carried out in the technological and ESG domains, along with the strong drive for innovation and product development by the Pattern Group, ensures excellent resilience for our Group. This resilience is bolstered by an increasingly high-end market pyramid customer mix.

We anticipate a "normal" first half of the year and potentially growing results in the latter part, assuming the scenario remains constant. The Group's M&A strategy will continue, not at any cost, but only when considering "exceptional" companies strong in product development, with entrepreneurs who wish to partake in the project as described above, and not interested in speculative ventures.

The outlook for the leather goods hub for 2024 remains consistent with the latter part of 2023, marked by significant uncertainty and the impossibility of precisely planning the year, especially the second half. Thus, the year is expected to align with the results of 2023, maintaining margin defense.

The goal is to continue consolidating the capability to meet the demand for increasingly verticalized processes, which, in our expectations, should not only seize any arising opportunities but also, in the short term, gain market shares during a period of temporary contraction and reorganization for international Brands as well as the production chain that supplies them.

Regarding knitwear, 2024 seems more a year of consolidation than further development. The first half appears in line with the same period in 2023, with uncertainty regarding however the rest of the year. Nonetheless, the breadth of the portfolio achieved should support volume resilience and a quicker restart once the market resumes its development path.

To defend the sector's operating margins, efforts are being made on the organizational structure and on processes, including information systems, to improve synergies and, consequently, efficiency within the hub.

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, 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.

Binding framework agreement to dispose of the business unit of Pattern Spa 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 pursuant to 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 2023

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., 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.

Acquisition of 30% of Dyloan Bond Factory Srl

On 3 July, a binding agreement was signed for the acquisition of the remaining 30% of Dyloan Bond Factory at a price of € 4.03 million, the closing of which took place on 26 July. Following the conclusion of this transaction, Anna Maria Di Rienzo resigned as a board member of Pattern Spa.

Acquisition of 30% of RGB Srl

On 18 July, the subsidiary Idee Partners Srl signed a framework agreement with the minority shareholder, as well as manager of the leather goods hub, Paolo Benedetti, to acquire the remaining 30% percent of RGB Srl, the closing of which took place on 26 July. The purchase price was € 1 million. Pursuant to the framework agreement, Idee Partners' shareholders agreed to approve at the closing a share capital increase in Idee Partners reserved for Paolo Benedetti in the amount of € 500 thousand, under which Paolo Benedetti became the owner of a 2% stake in Idee Partners. This resulted in a slight reduction in Pattern Spa's controlling stake from 54 to 52.92%

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 receivables, 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, regarding the additional audit conducted by the authorities for the years 2017 and 2018, which initially contested irregularities in ordinary taxation amounting to € 474,265, after discussions aimed at resolving the dispute, the Company, while maintaining the correctness of its actions, reached an agreement, formalized in minutes signed on 29 September 2023, involving the dismissal of certain findings and the acknowledgment of others, resulting in the payment of approximately € 166 thousand for tax, penalties, and interest.

Appointment of Fulvio Botto as Chairman of Pattern Spa and appointment of a second independent director

At the meeting of the Board of Directors on 14 September, Fulvio Botto was appointed Chairman of Pattern Spa, replacing Francesco Martorella, who resigned following the agreement concluded by Pattern with Burberry Limited on 27 March, which entails his temporary secondment to the transferred business unit for a duration of 2 years, and consequently the inability to continue as Chairman, while remaining a director.

Following the appointment, the Board revoked all the proxies granted on 28 April 2022 and subsequently: (i) confirmed Luca Sburlati as CEO by granting him the appropriate proxies, single and joint, and (ii) granted additional proxies, single and joint, to directors Fulvio Botto, Innocenzo Tamborrini, and Diego Dirutigliano.

At the same meeting of the Board of Directors, Simonetta Cavašin was co-opted until the next Shareholders' Meeting as the second independent director, replacing Anna Maria Di Rienzo.

Meeting of the Board of Directors of Pattern Spa for the approval of the consolidated half-year report at 30 June 2023

The meeting of the Board of Directors to approve the draft consolidated half-year report at 30 June 2023 was held on 25 September.

Closing for the disposal of the business unit of the Turin plant to Burberry Italia Srl

On 2 October, in execution of the agreement signed on 27 March 2023, the disposal to Burberry Italy Srl of the business unit of the Turin plant dedicated to the engineering and production of the English brand's products was finalized, through the sale of the shares of IGD Outerwear Srl, the corporate vehicle that had been set up for the purpose.

The disposal price was € 22.4 million, following a preliminary base price adjustment of € 21 million, based on a provisional estimate of the trade working capital and net financial position of the Business Unit at the closing date. The final price, after promptly determining certain working capital items and the net financial position, saw a minor adjustment of only € 23 thousand. A portion of the price (€ 2.1 million) was held in an escrow account to secure certain obligations of the Company pursuant to the Agreement.

Merger by incorporation of Petri & Lombardi Srl and RGB Srl into Idee Partners Srl

On 11 October, the Extraordinary Shareholders' Meeting of Idee Partners Srl approved the merger of the wholly-owned subsidiaries Petri & Lombardi and RGB. The legal effectiveness of both mergers took place as of the following December, while the statutory and tax effects were backdated to the beginning of the year.

Merger by incorporation of Zanni Srl into Società Manifattura Tessile Srl

On 16 October, the Extraordinary Shareholders' Meeting of Società Manifattura Tessile Srl approved the merger by incorporation of Zanni Srl, a wholly-owned subsidiary. The legal effectiveness of the merger took place as of 1 January 2024, while the statutory and tax effects were also backdated to the beginning of the year

Ordinary and extraordinary shareholders' meeting of 6 December 2023

The Shareholders' Meeting - in ordinary session - approved the distribution of an extraordinary dividend per unit of € 0.5848 per share, for a total of € 8,399,440.88, with ex-dividend date on 11 December 2023, record date on 12 December 2023, and payment date as of 13 December 2023.

The Shareholders' Meeting then approved the new Stock Grant Plan, called "2023-2025 Stock Grant Plan", reserved for CEO and Chief Executive Officer Luca Sburlati, establishing for the purposes of the

above "2023-2025 Stock Grant Plan", a special restricted profit reserve to service Pattern's free share capital increase. The Plan provides for the free assignment of up to a maximum number of 200,000 newly-issued ordinary shares with no par value indicated.

The Shareholders' Meeting, as envisaged in the third item on the agenda, confirmed Simonetta Cavasin as an Independent Director of the Company until the expiration of the term of office of the entire current Board of Directors, that is, until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024.

The Shareholders' Meeting - in extraordinary session - approved: the free share capital increase to be executed to service the Stock Grant Plan, as well as the proposed amendment of the Bylaws for the sole purpose of bringing them into line with the Euronext Growth Milan Issuer Regulation.

GROUP CAPITAL EXPENDITURE

In 2023, Group capital expenditure amounted to € 19.2 million, of which:

- € 1.9 million for intangible fixed assets;
- € 5.8 million for tangible fixed assets;
- € 11.5 million for financial fixed assets.

Among the former, the main items were the recognition of goodwill paid for the acquisition by former RGB of the "Mia Pelletterie Srl" business unit (€ 525 thousand), software licenses (€ 120 thousand), and extraordinary leasehold improvements (€ 1.1 million), at the Scandicci and Reggello offices of Idee Partners, the Correggio office of S.M.T., and the Chieti office of Dyloan Bond Factory.

Among tangible fixed assets, the main expenditure related to the purchase of the land in Collegno for € 1.8 million and incremental works on the building of the headquarters near Reggio Emilia (former Zanni) by SMT for € 1 million. Expenditure was then made in plant and machinery for € 2.6 million, of which € 430 thousand in Pattern, € 1.3 million in S.M.T. and the knitwear hub, € 520 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, and € 320 thousand in Dyloan Bond Factory.

Expenditure went mainly into technological expansion and adjustment, both in terms of quality and quantity of production.

Expenditure in financial fixed assets was related to the acquisition of:

- 100% of Nuova Nicol for € 6 million by S.M.T;
- the additional 40% in Petri & Lombardi Srl for € 520 thousand by Idee Partners;
- the additional 30% in RGB for € 1 million by Idee Partners;
- the additional 30% in Dyloan Bond Factory for € 4 million by Pattern.

Total expenditure of € 11.5 million does not take account of the payable towards the relevant suppliers at 31 December and the cash acquired pro-quota of Nuova Nicol at the beginning of the consolidation period.

Divestments during the period, with the exception of the disposal of the Turin plant business unit to Burberry Italia Srl, amounted to a negligible € 50 thousand, related mostly to machinery and equipment almost entirely depreciated.

GROUP OPERATING AND FINANCIAL SITUATION

Income statement

The table below shows the income statement amounts, with changes recorded versus the same period of 2022.

INCOME STATEMENT OF PATTERN GROUP	31.12.2023	31.12.2022	% chg
(€)			
Revenue from sales	145,597,647	109,211,799	33.3%
Other revenue	2,306,586	1,799,414	28.2%
Total revenue	147,904,233	111,011,213	33.2%
Changes in inventory of semi-finished and finished products	-2,336,990	-584,997	229.5%
Value of production	145,567,243	110,426,216	31.8%
- Purchases of raw materials	29,695,100	28,110,572	5.6%
- Change in inventory of raw materials	-867,070	338,924	-355.8%
Consumption of raw materials	28,828,030	28,449,496	1.3%
Service costs	56,213,122	42,277,181	33.0%
Rentals and leases	3,151,721	2,401,587	31.2%
Personnel expense	37,238,039	25,381,626	46.7%
Sundry operating expense	1,308,566	797,655	64.1%
EBITDA	18,827,765	11,118,671	69.3%
Amortization, depreciation and write-downs	10,442,137	4,236,271	146.5%
EBIT	8,385,628	6,882,400	21.8%
Income from investments	20,269,565	0	n.a.
Other financial income	300,987	25,915	1061.4%
Financial expense	-854,099	-309,830	175.7%
Value adjustments on net financial assets	-4,807	0	n.a.
Profit (loss) before tax	28,097,274	6,598,485	325.8%
Current and deferred tax	4,712,445	2,534,852	85.9%
Profit for the year	23,384,829	4,063,633	475.5%
Group profit for the year	21,118,867	2,593,065	714.4%

Total revenue increased by 33.2% from € 111 million to € 147.9 million, driven by the Group's overall like-for-like growth and the expansion of the consolidation scope.

The value of production grew less, by 31.8% from € 110.4 million to € 145.6 million, due to a reduction in inventory of semi-finished and of finished products in particular, amounting to € 2.3 million in the year.

EBITDA grew sharply, far more than proportionally to the increase in revenue, by 69.3%, from € 11.1 million to € 18.8 million. As a percentage of total revenue, it increased from 10% to 12.7%.

Against the volume growth, raw material consumption grew by only 1.3%. This result is first and foremost due to a different production mix, where engineering and contract manufacturing have taken on greater relevance. Secondly, it is offset by a reduction in inventory of semi-finished products. Considering the latter, raw material consumption increased by 11.9%.

The disposal of the business unit to Burberry resulted in extraordinary costs associated with the transaction, amounting to approximately € 1.1 million. Adjusting EBITDA upwards, the latter increased to € 19.9 million, a YoY change of 78.6% making for 13.4% of revenue.

Amortization, depreciation and write-downs increased by 146.5% from € 4.2 million to € 10.4 million.

This increase is due primarily to the write-down of the investment in Dyloan Bond Factory, which had an impact of € 4 million. This amount is less than the value of the write-down made in Pattern of € 6.3 million, on an initial value of the investment of € 11 million. The difference is due to the fact that losses accrued since the date of first consolidation, i.e., 1 November 2022, had already been accounted for in the consolidated financial statements. The write-down made in Pattern Spa through impairment testing was prompted by the losses exceeding € 3 million that were recorded in the two-year period 2022-2023, although the company had been acquired at the end of 2022, as mentioned.

It is worth noting that the negative result of Dyloan Bond Factory in 2023 of € 1.3 million before tax was significantly affected by the depreciation of tangible fixed assets of € 1.4 million, which accounts for 31% of the total amortization/depreciation of Group companies. In 2023, EBITDA came to a positive € 190 thousand versus a negative € 180 thousand in 2022.

Additionally, amortization and depreciation increased due also to the expansion of the consolidation scope, while goodwill amortization increased by 25.8% from € 1.6 million to just under € 2 million.

EBIT increased by 21.8%, from € 6.9 million to € 8.4 million.

Financial expense increased significantly, from € 310 to € 854 thousand, due to the rise in interest rates and the increase in average debt for the year. As noted in the report on the first-half, this increase was mitigated by fixed-rate loans, which still account for 60% of the total. The average cost of debt was 2.7% (1.1% in 2022). The increase in interest rates facilitated a return on current account balances and short-term loans, totaling approximately € 300 thousand. Considering the latter amount, the cost of net borrowing fell to 1.8%.

The gain from the disposal to Burberry of the company to which the Pattern Spa business unit had been contributed amounted to € 20.3 million.

Profit before tax came to € 28.0 million versus € 6.6 million in the prior year (+325.8%).

Tax increased by 85.9% from € 2.5 to 4.7 million. The tax rate - calculated excluding items related to amortization of goodwill, the gain from the disposal of the investment and write-down of the Dyloan investment - was 34.1% versus 31.1% in 2022. This increase was affected by prior-years' tax recorded in S.M.T. for almost € 310 thousand.

Net profit amounted to € 23.4 million, up from € 4.1 million in 2022, while Group net profit was € 21.1 million, up from € 2.6 million in 2022.

Adjusted net profit closed at € 7.9 million, almost double € 4.1 million in 2022 (+94.4%); Group adjusted net profit of € 5.6 million grew the most, by 117.2%, versus € 2.6 million last year.

The table below shows the trend of the key operating ratios.

OPERATING AND PROFITABILITY RATIOS OF PATTERN GROUP	31.12.2023	31.12.2022
(Percentage or absolute amounts)		
Turnover / Total revenue	37.9%	32.9%
EBITDA / Total revenue	12.7%	10.0%
Net profit / Total revenue	15.8%	3.7%
Return ratio - Cash flow* / Net revenue	24.4%	8.9%
Free Cash flow** / EBITDA	139.6%	39.3%
Adjusted EBITDA	19,882,206	11,118,671
Adjusted EBITDA / Total revenue	13.4%	10.0%
Financial expense	830,712	309,830
Average annual bank debt	30,714,968	25,961,984
Average cost of bank debt	2.70%	1.07%
Value added per capita	69,132	52,670
Payroll costs per capita	45,916	46,596

* Cash Flow: Gross profit + amortization/depreciation and write-downs + provision for post-employment benefits

** Free Cash Flow: Cash Flow net of medium-term loan repayments

Performance in the second half of the year

The strong improvement in profitability recorded at end 2023 is explained by the sharp acceleration in the second half of the year, as seen from the table below.

INCOME STATEMENT	II Half 2023	I Half 2023	% chg
(€)			
Total revenue	75,827,033	72,077,200	5.2%
Value of production	71,267,550	74,299,693	-4.1%
Adj. EBITDA	12,275,233	7,606,973	61.4%
EBIT	3,846,258	4,539,370	-15.3%
Adj. profit for the period	5,645,846	2,253,007	150.6%
- of which Group	3,957,594	1,675,297	136.2%
<i>EBITDA Margin</i>	16.2%	10.6%	

With revenue up by 5.2%, adjusted EBITDA increased by 61.4% in the second half of the year, from 10.6% to 16.2%.

Profit for the period increased by 150.6%, from € 2.3 to € 5.7 million.

This result is due primarily to the performance of the knitwear sector, which recorded a 30% increase in consolidated revenue (overall, the knitwear hub came close to € 60 million in revenue), coupled by a 50% improvement in EBITDA.

As seen in other reports, knitwear enjoys higher margins, due partly to greater vertical integration, resulting in a more than proportional increase in operating margins for each additional million in revenue.

The tables below show the breakdown of revenue from sales by business sector, with the relating changes versus the prior year.

Revenue from sales by business sector	31.12.2023	31.12.2022	% chg
Clothing	57,525,579	49,033,586	17.3%
Knitwear	58,856,117	33,520,646	75.6%
Leather Goods	29,215,951	26,657,567	9.6%
Total revenue from sales	145,597,647	109,211,799	33.3%

All sectors grew, thanks to the expanded consolidation scope. Knitwear experienced an impressive 75.6% increase.

In the table below, revenue from sales is broken down by customer geography.

Revenue from sales by geographical area of Pattern Group	31.12.2023	31.12.2022
Revenue Italy	43.4%	36.3%
Revenue EU countries	25.9%	23.5%
Revenue Extra EU countries	30.7%	40.2%
Total	100.0%	100.0%

Italy's share of revenue stood at 43.4%, up from 36.3% in the prior year. The share of revenue from EU countries grew further to represent 25.9%. Conversely, the share of non-EU customers drops from 40.2% to 30.7%.

Review of income statement changes versus pro forma amounts at 31 December 2022

The table below shows the income statement amounts, with changes recorded versus 2022, prepared on a like-for-like basis, i.e., including: RGB (consolidated in the second half of last year), Dyloan Bond Factory (consolidated for two months), Nuova Nicol, consolidated for the first time this year.

INCOME STATEMENT OF PATTERN GROUP	31.12.2023	31.12.2022 Pro forma amounts	% chg
(€)			
Revenue from sales	145,597,647	139,974,121	4.0%

Other revenue	2,306,586	2,877,603	-19.8%
Total revenue	147,904,233	142,851,724	3.5%
Changes in inventory of semi-finished and finished products	-2,336,990	-484,151	382.7%
Value of production	145,567,243	142,367,573	2.2%
- Purchases of raw materials	29,695,100	34,406,474	-13.7%
- Change in inventory of raw materials	-867,070	276,695	-
			413.4%
Consumption of raw materials	28,828,030	34,683,169	-16.9%
Service costs	56,213,122	54,788,837	2.6%
Rentals and leases	3,151,721	3,250,204	-3.0%
Personnel expense	37,238,039	33,686,135	10.5%
Sundry operating expense	1,308,566	1,015,451	28.9%
EBITDA	18,827,765	14,943,777	26.0%
Adjusted EBITDA	19,882,206	14,943,777	33.0%
Amortization, depreciation and write-downs	10,442,137	6,031,393	73.1%
EBIT	8,385,628	8,912,384	-5.9%
Income from investments	20,269,565	0	n.a.
Other financial income	300,987	33,837	789.5%
Financial expense	-854,099	-630,779	35.4%
Value adjustments on financial assets	-4,807	-240,173	-98.0%
Profit (loss) before tax	28,097,274	8,075,269	247.9%
Current and deferred tax	4,712,445	3,653,222	29.0%
Profit for the year	23,384,829	4,422,047	428.8%
Group profit for the year	21,118,867	2,516,329	739.3%

The comparison with pro forma 2022 amounts confirms the positive growth trend, despite the disposal of Pattern's Burberry business unit in the last quarter, and a significant improvement in operating profit.

Total revenue increased by 3.5%, from € 142.9 million to € 147.9 million. As noted earlier, the value of production grew less, by 2.2%, from € 142.4 million to € 145.6 million, due to a sharp reduction in the inventory of semi-finished and finished products.

EBITDA increased far more than proportionally, by 26.0%, from € 14.9 million to € 18.8 million, with EBITDA as a percentage of total revenue rising from 10.5% to 12.7%.

Adjusted EBITDA - which came to € 19.8 million - had an even greater increase of 33.0%.

The reasons behind this result are as previously mentioned: a) the increased significance of knitwear, a sector with higher profitability; b) the strong performance of Pattern.

Within operating costs, mention should be made of the reduction in the consumption of raw materials, which decreased by 16.9% from € 34.7 million to € 28.8 million. Again, considering the change in semi-finished products, consumption increased by 11.9%.

Amortization, depreciation and write-downs increased from € 6 to € 10.4 million. Net of the write-down of the Dyloan stake of € 4 million, the increase would have only been 6.8% (from € 6 to € 6.4 million).

EBIT decreased by 5.9%, from € 8.9 million to € 8.4 million.

Net financial expense, the sum of financial expense and financial income, decreased from € 597 to € 553 thousand (-7.3%), despite the increase in interest rates, while net debt remained in line with pro forma 2022.

Adjusted figures are used for comparisons relating to profit for the year, to consider the gain earned from the disposal of the investment to Burberry, the costs associated with the transaction, and the write-down of the investment in Dyloan Bond Factory.

COMPARISON WITH ADJUSTED PROFIT AMOUNTS - PATTERN GROUP	31.12.2023	31.12.2022	% chg
(€)			
Adj. net profit	7,898,853	4,422,047	78.6%
Adj. Group net profit	5,632,891	2,516,329	123.9%
Adj. net profit / Revenue	5.3%	3.1%	
Adj. Group net profit / Revenue	3.8%	1.8%	
Total amortization of goodwill	1,960,675	2,174,098	
Adj. profit before tax	13,811,721	10,249,367	
Adjusted tax rate	34.1%	35.6%	

Adjusted net profit increased by 78.6%, from € 4.4 to € 7.9 million, while Group profit increased significantly more, by 123.9%, from € 2.5 to € 5.6 million.

Lastly, the tax rate shows a slight decrease, from 35.6% to 34.1%.

The breakdown of revenue from sales highlights the even more pronounced increase in knitwear revenue, being like-for-like amounts. The sector increased by 24.0%, from € 47.5 to € 58.9 million.

Clothing decreased slightly, by 4.5%, from € 60.2 million to € 57.5 million, due to the disposal of the Pattern business unit at the beginning of October; the leather goods sector instead decreased by 9.5%, from € 32.3 million to € 29.2 million, due to the reduction in the last quarter of the year.

Revenue from sales by business sector	31.12.2023	31.12.2022 Pro forma	% chg
Clothing	57,525,579	60,247,127	-4.5%
Knitwear	58,856,117	47,459,580	24.0%
Leather Goods	29,215,951	32,267,414	-9.5%
Total revenue from sales	145,597,647	139,974,121	4.0%

Statement of financial position

The table below shows the structure of capital sources and uses, highlighting a significant strengthening of capital and financial positions, thanks to the performance of operations and the disposal of the Pattern business unit. Equity and the net financial position improved significantly at the end of the year.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF PATTERN GROUP	31.12.2023	31.12.2022	% chg
(€)			
Intangible fixed assets	20,824,203	19,796,010	5.2%
Tangible fixed assets	18,260,136	15,934,612	14.6%
Financial fixed assets	2,913,890	1,101,240	164.6%
Total fixed assets	41,998,229	36,831,862	14.0%
Inventory	6,701,644	9,359,495	-28.4%

Receivables from customers	20,388,413	24,212,489	-15.8%
Other receivables	11,049,638	12,692,670	-12.9%
Accrued income and deferred expense	1,377,539	847,322	62.6%
Working capital	39,517,234	47,111,976	-16.1%
Payables to suppliers	-18,891,593	-22,251,205	-15.1%
Other payables	-11,479,334	-9,167,377	25.2%
Accrued expense and deferred income	-3,870,014	-4,115,916	-6.0%
Net working capital	5,276,293	11,577,478	-54.4%
Provisions for risks and post-employment benefits	-5,420,863	-4,928,065	10.0%
Net capital employed	41,853,659	43,481,275	-3.7%
Equity	42,495,257	29,628,289	43.4%
- of which Group	37,458,694	24,796,050	51.1%
Financial debt less than 12 months	8,006,753	8,995,472	-11.0%
Financial debt more than 12 months	17,887,928	23,910,141	-25.2%
Current financial assets	-7,088,494	-2,500,000	183.5%
Cash	-19,447,785	-16,552,627	17.5%
Net financial position	-641,598	13,852,986	-104.6%
Equity and net financial position	41,853,659	43,481,275	-3.7%

Net capital employed decreased slightly by 3.7%, from € 43.5 million to € 41.9 million, with a different trend in fixed assets and net working capital. The former increased by 14.0%, from € 36.8 to € 42.0 million, while the latter decreased by 54.4%, from € 11.6 to € 5.3 million.

Fixed assets recorded:

- an increase in intangible fixed assets, from € 19.8 to € 20.8 million (+5.2%). The write-down of the investment in Dyloan Bond Factory partly offset the increase in goodwill, due to the consolidation of Nuova Nicol and the increase in the investment in Dyloan;
- an increase in tangible fixed assets, from € 15.9 to € 18.3 million (+14.6%), resulting from the purchase of land for the construction of Pattern's new headquarters and the expansion of the Zanni plant;
- an increase in financial fixed assets, from € 1.1 to € 2.9 million (+164.6%), as a result of the payment of € 2.1 million to an escrow account, as part of the transaction for the disposal of the business unit to Burberry.

The sharp reduction in net working capital is due to:

- the drop in inventory, from € 9.4 to € 6.7 million (-28.4%), resulting from the disposal of the Pattern business unit;

- the reduction in tax receivables, from € 10.9 to € 8.1 million (-25.4%), due to the use of part of the receivables accrued in prior years on expenditure made. VAT receivable remains extremely high, amounting to € 6.3 million at the Group level, in line with the prior year.
- the increase in other payables, from € 9.2 to € 11.5 million (+25.2%), resulting mainly from the recognition of the payable to the selling shareholders of Nuova Nicol, equal to 20% of the agreed purchase price of the company, of € 6 million.

Receivables from customers and payables to suppliers declined proportionately by approximately 16%, due to the reduction of business in Pattern in the last quarter, post-disposal of the business unit and, to a lesser extent, in the leather goods hub. These performances were partly offset by an increase in these items in the knitwear hub and in Dyloan.

The table below shows the amounts of net working capital and total revenue for the past five years, starting from the listing year, 2019. Throughout the years, the values of this ratio have remained relatively small, even though revenue has progressively tripled. In the 2020-2021 two-year period, they increased due to the in-year consolidation of certain companies, which led to an underestimation of the denominator. In the recently concluded year, where all companies were consolidated for 12 months, this ratio was extremely low in absolute terms and even lower in percentage terms than in the initial years of the series.

Trend in Net Working Capital on Pattern Group total revenue	NWC	Total revenue	%
31.12.2019	2,346,961	55,737,586	4.2%
31.12.2020	3,228,821	53,863,721	6.0%
31.12.2021	7,028,751	70,025,703	10.0%
31.12.2022	11,577,478	111,011,213	10.4%
31.12.2023	5,276,293	147,904,233	3.6%

Provisions for risks and post-employment benefits increased by 10%, from € 4.9 to € 5.4 million. The increase, which was due to the rise in employee numbers also from the expansion of the consolidation scope, would have been larger without the disposal of the business unit to Burberry, which included the portion of post-employment benefits set aside for employees who were part of the unit.

On the capital sources front, equity increased by 43.4%, from € 29.6 to € 42.5 million, and Group equity by 51.1%, from € 24.8 to € 37.5 million, due to the contribution of Pattern's result.

The net financial position improved by € 14.5 million, turning into a positive figure of approximately € 600 thousand versus the negative € 13.9 million at end 2022. Mention should be made of its changed composition: bank debt - all medium-term - decreased from € 32.9 million to € 25.9 million (-21.3%), while cash rose from € 19.1 million to € 26.5 million (+39.2%).

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

STATEMENT OF CASH FLOWS OF PATTERN GROUP	31.12.2023	31.12.2022	% chg
(€)			
Cash flow from operations	19,749,613	6,061,404	225.8%
Cash flow from investing activities	-21,858,686	-19,244,726	13.6%
Cash flow from the disposal of investments	22,435,000	0	n.s.
Cash flow from liquidity investment	-4,500,000	-2,500,000	80.0%
Cash flow from loan capital	-6,291,437	6,554,673	-196.0%
Cash flow from equity	-8,956,041	-1,212,668	638.5%
Increase (decrease) in cash	578,449	-10,341,317	-105.6%
Cash, beginning of year	16,552,627	22,794,185	-27.4%
Cash acquired by the change in consolidation scope	2,316,709	4,099,759	-43.5%
Total opening cash	18,869,336	26,893,944	-29.8%
Cash, end of period	19,447,785	16,552,627	17.5%

Cash flow from operations came to € 19.7 million, more than three times € 6.1 million recorded in the prior year.

The requirement from investing activities was € 21.9 million, up further from € 19.3 million last year (€ 41.1 million in expenditure over the last two years). The requirement was fully covered by the income from the disposal of the Pattern business unit, amounting to € 22.4 million.

Short-term invested liquidity increased by € 4.5 million, while net repayments to banks amounted to € 6.3 million.

Dividend distribution amounted to € 8.9 million.

As a result of the above movements, cash increased by approximately € 578 thousand.

Taking into account the cash acquired through the investment in Nuova Nicol, amounting to € 2.3 million, cash at year end totaled € 19.4 million, up by 17.5% from € 16.6 million last year.

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

CHANGE IN NET FINANCIAL POSITION OF PATTERN GROUP (€)	31.12.2023	31.12.2022	% chg
Opening Group NFP (A)	-13,852,986	3,086,557	-548.8%
NFP of the newly-consolidated companies, net of cash acquired at the beginning of the year	1,674,497	-1,200,158	-239.5%
Cash flow before changes in NWC	21,458,110	12,998,995	65.1%
Change in net working capital	5,579,850	-4,901,320	-213.8%
Other adjustments	-7,288,346	-2,036,271	257.9%
Cash flow from operations (B)	19,749,614	6,061,404	225.8%
Cash flow from investing activities (C)	-21,858,686	-19,244,726	13.6%
Cash flow from the disposal of investments (C)	22,435,000	0	n.a.
Cash flow from operations (D=B+C)	20,325,928	-13,183,322	-254.2%
Cash flow from changes in equity (E)	-8,956,041	-1,212,668	638.5%
Reclassification of items for the purpose of NFP calculation	1,450,200	-1,343,395	-208.0%
Reduction (Increase) in debt (G=D+E)	12,820,087	-15,739,385	-181.5%
Closing Group NFP (A-G)	641,598	-13,852,986	-104.6%

The initial net financial position, a negative € 13.9 million, must be compounded by the position of the newly-consolidated Nuova Nicol, a positive € 1.7 million. During the year, net debt dropped by € 12.8 million, resulting in a positive net financial position of approximately € 640 thousand.

A review of the Group's financial performance is completed in the tables below.

Capital assets improved from € 21.6 to € 23.8 million, and the treasury margin from € 12.3 to € 17.1 million. These trends confirm the improvements in the Group's balance sheet structure as explained above.

CAPITAL AND FINANCIAL STRUCTURE OF PATTERN GROUP	31.12.2023	31.12.2022
(€)		
RATIO BETWEEN SOURCES AND LOANS		
Equity	42,495,257	29,628,289
Consolidated payables	17,887,928	23,910,141
Consolidated liabilities	5,420,863	4,928,065
Equity and medium-term liabilities (a)	65,804,048	58,466,495
Fixed assets (b)	41,998,229	36,831,862
Expanded capital assets (c=a-b)	23,805,819	21,634,634
Inventory	6,701,644	9,359,495
Current assets		
- receivables	24,438,050	36,905,159
- other assets	1,377,539	847,322
- financial assets	7,088,494	2,500,000
Total (d)	32,904,083	40,252,481
Current liabilities		
- net short-term financial payables	-18,441,032	-7,557,155
- current liabilities	30,370,926	31,418,582
- other liabilities	3,870,014	4,115,916
Total (e)	15,799,908	27,977,343
Treasury margin (f=d-e)	17,104,175	12,275,139

The table below shows a number of indicators relating to the Group's liquidity position and the duration of the financial cycle.

ANALYSIS OF THE SHORT-TERM FINANCIAL POSITION OF PATTERN GROUP	31.12.2023	31.12.2022
(Absolute or percentage ratios)		
Liquidity position ratio - (Liquidity / Total current liabilities)	0.5	0.4
Available liquidity ratio - (Current assets - inventory / Current liabilities)	1.4	1.3
Short-term liquidity ratio - (Current assets / Current liabilities)	1.6	1.5
Working capital cycle (no. days)	17	33
- Days Sales of Inventory	17	31
- Days Sales Outstanding	50	80
- Days Payable Outstanding	50	78

OPERATING AND FINANCIAL SITUATION OF PATTERN SPA

Income statement

The table below shows the reclassified income statement of Pattern Spa.

INCOME STATEMENT OF PATTERN SPA	31.12.2023	31.12.2022	% chg
(€)			
Revenue from sales	46,783,833	47,039,848	-0.5%
Other revenue	479,440	763,132	-37.2%
Total revenue	47,263,273	47,802,980	-1.1%
Change in inventory of products	-2,469,819	166,302	-1585.1%
Value of production	44,793,454	47,969,282	-6.6%
- Purchases of raw materials	9,671,226	14,341,896	-32.6%
- Change in inventory of raw materials	-311,173	78,592	-495.9%
Consumption of raw materials	9,360,053	14,420,488	-35.1%
Service costs	21,949,506	20,538,367	6.9%
Rentals and leases	648,958	690,502	-6.0%
Personnel expense	11,462,460	10,629,596	7.8%

Sundry operating expense	220,163	186,533	18.0%
EBITDA	1,152,314	1,503,796	-23.4%
Amortization, depreciation, provisions and write-downs	657,431	904,860	-27.3%
EBIT	494,883	598,936	-17.4%
Income from investments	21,507,965	800,000	n.a.
Other financial income	209,145	8,129	n.a.
Financial expense	-419,820	-147,153	185.3%
Value adjustments on financial assets	-6,300,000	0	n.a.
Profit (loss) before tax	15,492,173	1,259,912	n.a.
Current and deferred tax	150,243	98,033	53.3%
Profit for the year	15,341,930	1,161,879	1,220.4%

Revenue totaled € 47.3 million, slightly lower than last year (-1.1%). Total production experienced a more significant decline of 6.6%, from € 48 million to € 44.8 million, due to a reduction in inventory of semi-finished and finished products following the disposal of the business unit to Burberry.

EBITDA decreased by 23.4%, from € 1.5 million to € 1.2 million, with the percentage of total revenue falling from 3.1% to 2.4%. This result, however, is heavily impacted by costs associated with the disposal of the business unit to Burberry, amounting to approximately € 1.1 million and recorded in service costs and personnel expense.

Adjusted EBITDA, before these costs, was € 2.2 million, an increase of 46.7% and a percentage rising to 4.7%. This figure more accurately reflects the year's performance in terms of improved profitability of orders.

Consumption of raw materials, in particular, dropped sharply by 35.1%. Considering the change in semi-finished products, this change drops to 16%, due partly to a lower cost percentage of raw materials and to an increase in contract manufacturing as an indirect effect in the last quarter from the disposal of the business unit.

Amortization, depreciation and write-downs decreased by 27.3%, from € 904 to € 657 thousand; again, the result stems from the disposal of the business unit, which led to a reduction in fixed assets and consequently in amortization and depreciation.

Financial expense almost tripled due to rising interest rates. The cost of borrowing rose from 0.7% to 2.7%, due to a 43% share of fixed-rate loans. Concurrently, financial income of € 209 thousand was recorded, thanks to the expenditure made during the year. The balance of net financial expense was € 210 thousand, an increase of 51.5% versus last year.

Income from investments amounted to € 21.5 million and included, in addition to dividends received from subsidiaries, the gain from the disposal of the investment to which the business unit dedicated to Burberry was contributed, amounting to € 20.2 million.

“Value adjustments of financial assets” includes the write-down of the investment in Dyloan Bond Factory amounting to € 6.3 million.

Profit before tax amounted to € 15.5 million, while net profit stood at € 15.3 million.

Profit for the year net of extraordinary items from the costs of the Burberry transaction, the resulting gain and the write-down of the Dyloan stake amounted to € 2.2 million versus € 1.2 million in 2022 (+83.7%). See the table below in this regard.

The analysis of Pattern Spa's performance is completed with the table below, which shows the main operating and profitability ratios.

OPERATING AND PROFITABILITY RATIOS OF PATTERN SPA	31.12.2023	31.12.2022
(Percentage or absolute amounts)		
Turnover / Total revenue	26.7%	25.4%
EBITDA / Total revenue	2.4%	3.1%
Adj. EBITDA / Total revenue	4.7%	3.1%
Net profit / Total revenue	32.5%	2.4%
Adj. net profit / Total revenue	4.5%	2.4%
Return on equity ratio - Roe (Net profit / Equity)	88.4%	5.6%
Return on loans ratio - Roa (Net Profit / Assets + Leased assets)	29.7%	2.4%
Operating profit on net capital employed ratio - Roi (Operating profit / Net capital employed)	1.8%	2.3%
Return ratio - Cash flow / Net revenue	35.2%	5.7%
Value added per capita	82,450	63,526
Payroll costs per capita	74,918	55,652
Cost of bank debt	2.7%	0.7%

Statement of financial position

The table below shows the reclassified statement of financial position of Pattern Spa.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF PATTERN SPA	31.12.2023	31.12.2022	% chg
(€)			
- Intangible fixed assets	156,694	585,385	-73.2%
- Tangible fixed assets	5,688,379	4,675,785	21.7%
- Financial fixed assets	20,325,692	20,961,064	-3.0%
Total fixed assets	26,170,765	26,222,234	-0.2%
Inventory	788,569	4,741,511	-83.4%
Receivables from customers	3,158,363	8,575,983	-63.2%
Other receivables	6,827,941	4,336,896	57.4%
Accrued income and deferred expense	244,255	288,124	-15.2%
Working capital	11,019,128	17,942,514	-38.6%
Payables to suppliers	-5,048,392	-10,056,299	-49.8%
Other payables	-4,758,205	-2,352,099	102.3%
Accrued expense and deferred income	-340,073	-246,066	38.2%
Net working capital	872,458	5,288,050	-83.5%
Provisions for risks and post-employment benefits	-744,860	-1,537,164	-51.5%
Net capital employed	26,298,363	29,973,120	-12.3%
Equity	28,456,134	21,597,736	31.8%
- Financial debt less than 12 months	3,828,653	4,465,221	-14.3%
- Financial debt more than 12 months	7,998,220	11,751,213	-31.9%
- Current financial assets	-7,000,000	-1,000,000	600.0%
- Intra-group loans	-900,000	0	n.s.
- Cash	-6,084,644	-6,841,050	-11.1%
Net financial position	-2,157,771	8,375,384	-125.8%
Equity and net financial position	26,298,363	29,973,120	-12.3%

Net capital employed decreased by 12.3%, from € 30 to € 26.3 million. This is due to the sharp reduction in net working capital following the disposal of the business unit to Burberry.

Fixed assets remained steady overall, at € 26.2 million, a slight decrease of 0.2%. The most significant changes include the purchase of land for the construction of Pattern's new headquarters, which amounted to € 1.8 million. The following were recorded in financial fixed assets: the acquisition of the

remaining 30% of the investment in Dyloan Bond Factory, the subsequent write-down of the investment by € 6.3 million, and the payment to an escrow account of € 2.1 million, as part of the transaction carried out with Burberry.

The disposal of the business unit to Burberry resulted in a reduction in Pattern's intangible fixed assets and tangible fixed assets of € 1.5 million.

Net working capital decreased from € 5.3 million to € 870 thousand (-83.5%). Specifically, inventory decreased by 83.4%, from € 4.7 to approximately € 800 thousand, as a result of the above disposal to Burberry and the development of contract manufacturing, which does not require the purchase of raw materials.

The significant decrease in receivables from customers and payables to suppliers is due to the reduction in sales volumes in the last quarter of the year after the abovementioned disposal.

Lastly, the disposal of the business unit resulted in a reduction in post-employment benefits of € 813 thousand, which explains the reduction in provisions for risks and post-employment benefits from € 1.5 million to almost € 750 thousand.

Equity increased by 31.8%, from € 21.6 to € 28.5 million, thanks to the result for the year, which was followed in December by the distribution of an extraordinary dividend of € 8.4 million.

The net financial position turned into a positive € 2.2 million (a negative € 8.4 million at end 2022).

Bank debt decreased by 27.1%, from € 16.2 to € 11.8 million, while cash and short-term loans increased by 78.4%, from € 7.8 to almost € 14 million.

CHANGE IN NET FINANCIAL POSITION OF PATTERN SPA (amounts in €)	31.12.2023	31.12.2022	% chg
Opening NFP (A)	-8,031,989	596,957	n.a.
- Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposal	-5,847,438	567,618	n.a.
- Adjustments for non-monetary items	7,224,755	1,580,298	357.2%
- Cash flow before changes in NWC	1,377,317	2,147,916	-35.9%
- Change in net working capital	3,939,034	-830,073	-574.5%
- Cash flow after changes in NWC	5,316,350	1,317,843	303.4%
- Other adjustments	-368,669	81,560	-552.0%
Cash flow from operations (B)	4,947,681	1,399,403	253.6%
Cash flow from investing activities (C)	-8,793,480	-9,359,076	-6.0%
Cash flow from divesting activities (C)	22,435,000	0	n.a.
Cash flow from industrial operations (D=B+C)	18,589,201	-7,959,673	-333.5%

Cash flow from changes in equity (E)	-8,399,441	-1,012,668	729.4%
Reduction (Increase) in NFP (G=D+E)	10,189,760	-8,972,341	-213.6%
Closing NFP (A-G)	2,157,771	-8,375,384	-125.8%

The table on the change in net financial position during the year shows the improvement of nearly € 10.2 million.

This result is attributable to a positive contribution from operations of almost approximately € 5 million and to income from the disposal of the investment to Burberry of € 22.4 million.

Cash outflows were attributable to expenditure of € 8.8 million and to dividend distribution of € 8.4 million.

The loss for the year of € 5.8 million was due to the write-down of € 6.3 million of the investment in Dyloan, which was later included in adjustments for non-monetary items.

The significant income-financial results led to a concurrent improvement in capital assets, the treasury margin in particular, which rose from € 3.9 to € 9.3 million.

FINANCIAL STRUCTURE OF PATTERN SPA	31.12.2023	31.12.2022
(€)		
RATIO BETWEEN SOURCES AND LOANS		
Equity	28,456,134	21,597,736
Consolidated payables	7,998,220	11,751,213
Consolidated liabilities	744,860	1,537,164
Equity and medium-term liabilities (a)	37,199,214	34,886,113
Fixed assets (b)	27,070,765	26,222,234
Expanded capital assets (c=a-b)	10,128,449	8,663,879
Inventory	788,569	4,741,511
Current assets		
- receivables	9,986,304	12,912,879

- other assets	244,255	288,124
- financial assets	7,000,000	1,000,000
Total (d)	17,230,559	14,201,003
Current liabilities		
- net short-term financial payables	-2,255,991	-2,719,224
- current liabilities	9,806,597	12,751,793
- other liabilities	340,073	246,066
Total (e)	7,890,679	10,278,635
Treasury margin (f=d-e)	9,339,880	3,922,368

The liquidity position ratios shown in the table below improved significantly. The duration of the working capital cycle, already notably short, more than halved during 2023 (from 34 to 12 days).

ANALYSIS OF THE SHORT-TERM FINANCIAL POSITION OF PATTERN SPA	31.12.2023	31.12.2022
(Absolute or percentage ratios)		
Liquidity position ratio - (Liquidity / Total current liabilities)	1.0	0.5
Available liquidity ratio - (Current assets - inventory / Current liabilities)	1.7	1.2
Short-term liquidity ratio - (Current assets / Current liabilities)	1.7	1.5
Working capital cycle (no. days)	12	34
- days stock	6	36
- days customers	24	66
- days suppliers	19	68

ACTIVITIES CARRIED OUT THROUGH SUBSIDIARIES; DEALINGS WITH SUBSIDIARIES, ASSOCIATES, PARENTS AND "AFFILIATES"

Intragroup transactions with Pattern Spa of all companies consolidated in this year's financial statements are shown below.

Receivables and payables of Pattern Spa vs Società Manifattura Tessile Srl	31.12.2023	31.12.2022
Receivables	1,024,127	146,507
Payables	113,494	5,387
Income and expense of Pattern Spa vs Società Manifattura Tessile Srl	31.12.2023	31.12.2022
Income	185,928	170,856
Expense	561,093	23,519
Dividends paid to Pattern	828,000	800,000

Receivables and payables of Pattern Spa vs Idee Partners Srl	31.12.2023	31.12.2022
Receivables	44,821	44,815
Payables	130,197	0
Loan granted by Pattern	500,000	
Income and expense of Pattern Spa vs Idee Partners Srl	31.12.2023	31.12.2022
Income	43,995	37,970
Expense	12,533	384
Dividends paid to Pattern	410,400	

Receivables and payables of Pattern Spa vs. Zanni Srl (now merged into Società Manifattura Tessile Srl)	31.12.2023	31.12.2022
Receivables	0	0
Payables	0	3,257
Income and expense of Pattern Spa vs Zanni Srl	31.12.2023	31.12.2022
Income	0	0
Expense	0	2,970

Receivables and payables of Pattern Spa vs Dyloan Bond Factory Srl	31.12.2023	31.12.2022
Receivables	1,227	5,674
Payables	1,020,026	396,820

Loan granted by Pattern	400,000	
Income and expense of Pattern Spa vs. Dyloan Bond Factory Srl	31.12.2023	31.12.2022
Income	6,289	4,651
Expense	2,665,328	325,263

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 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. Group companies also all have high banking standing.

Recent years' experience, marked by central banks transitioning from accommodative to restrictive policies, resulting in notable rises in both Euribor and spreads, underscore the effectiveness of the decisions taken. This is evident not only in the stability provided by fixed-rate loans, but also in the returns from short-term lending.

Exchange rate risk

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

Credit risk

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

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

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

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

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

For such reasons, in addition to seeking new customers matching the above profile, the Group has been diversifying its business areas, landing firstly in the knitwear sector in 2020, followed by leather goods and accessories in 2021. Later, a portion of the clothing production was brought in-house, aiming to bolster collaboration with key customers and thereby mitigate market risks.

Regarding the potential impact of ongoing international conflicts, they indeed pose a significant source of uncertainty. This is not due primarily to the affected regions representing significant sales markets, but rather because of the broader economic downturn they can induce, as is partially occurring.

ENVIRONMENTAL IMPACT OF OPERATIONS

In 2023, emphasis on environmental governance centered on the decarbonization strategy, starting with the enhancement of data collection and accuracy for performance measurement. This effort aims to improve overall performance and meet the targets set for reducing CO₂ equivalent (tCO₂e) emissions.

Accurate data collection plays a pivotal role in building and upholding corporate reputation, assessing carbon footprint, and determining ESG ratings. The latter, in turn, depends on the company's ability to make dependable data comparisons, thereby facilitating accurate reporting of progress.

The corporate acquisition strategy pursued since going public in recent years has led to an expansion of the measurement scope, encompassing companies with differing levels of advancement in environmental parameter management. Nevertheless, there has been no decline in the overall ESG rating, which has remained steady at a "C" rating level.

Additionally, to align and standardize the collection of environmental and social data in accordance with the Corporate Sustainability Reporting Directive (CSRD), a platform was developed and deployed across all Group companies. This tool will be used for third-party verification of the sustainability report, ensuring its adherence to prevailing regulations.

EMPLOYEES AND IT SYSTEMS

Employees

In 2023, the Group experienced a slight decrease in resources, despite increases recorded in certain companies and the expanded consolidation scope following the disposal of the Pattern business unit.

There were 793 employees at 31.12.2023, of whom 591 women and 202 men, or 33 fewer units than at 31.12.2022.

Following the merger by incorporation of Zanni into S.M.T. and Petri & Lombardi and RGB into Idee Partners, the S.M.T. and Idee amounts include the number of employees of the merged companies.

Company	Employees at 31.12.2023			Employees at 31.12.2022		
	Women	Men	TOT	Women	Men	TOT
PATTERN SPA - COLLEGNO	48	20	68	87	43	130
PATTERN SPA - SPELLO	56	12	68	54	11	65
PATTERN SPA - SANTERAMO	8	0	8	7	0	7
SOCIETA' MANIFATTURA TESSILE SRL	121	54	175	90	30	120
ZANNI SRL	0	0	0	16	14	30
NUOVA NICOL	23	5	28	0	0	0
IDEE PARTNERS SRL	163	53	216	58	30	88
PETRI & LOMBARDI SRL	0	0	0	46	7	53
RGB SRL	0	0	0	75	26	101
DYLOAN BOND FACTORY SRL	172	58	230	171	61	232
Total employees	591	202	793	604	222	826

Induction training activities for personnel from the newly-acquired companies continued during the year, both in 2023 and in prior years.

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 rapidly changing social and economic landscape. Employee training and digital skill enhancement become a key target.

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 also in 2023 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.

Specifically, there are five locations involved in the project, located in Piedmont, Emilia-Romagna, Umbria and Abruzzo.

Training planned and delivered in the second half of the year was geared mainly toward the Group's Top Management and Middle Management through projects aimed at introducing and enhancing Soft and Hard Skills.

In the second half of the year, as a means of alleviating the significant inflationary impact, Welfare-related voluntary donations were provided to all employees.

The SA8000 model is implemented and 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.

During the current year, personnel management processes consistent with Group policies will continue to be extended to all companies.

IT systems

With a special focus on IT security, during the year the dissemination and adoption of the policies implemented in Pattern continued at all Group offices, with special regard to the management of users, passwords, roles, rules for using IT tools and accessing data, and rules for managing and storing data backups; additionally, the internal network separation (VLAN) project at the Collegno office was completed.

On the infrastructural front, the Spello office completed its renovation project with the introduction of the *Simplivity hyperconverged* solution aligning with the technological decisions made in Collegno; the two locations were “federated”, allowing for cross-backups and improving data availability and security in case of restore needs. Connectivity at the Spello office was also improved, with a new dedicated 100Mb fibre connection.

For Group-wide communication and sharing of corporate information, the corporate intranet was enabled for employees of all companies.

Regarding engineering software, the CAD system in use at the Spello office has been upgraded to the latest version available, making new features available to patternmakers/CAD office users to streamline operations.

In the 3D engineering area, software was adopted for 3D motion project management (fashion show creation and rendering) and digital material creation. Additionally, a pilot project (POC) for the use of 3D creations via immersive virtual reality and Oculus saw conclusion.

RESEARCH AND DEVELOPMENT

With regard to the provisions of Article 2428, paragraph II, no. 1, of the Italian Civil Code, during the year and up to the date of preparation of this Report, the Group continued to invest resources in "research and development". This specifically in the engineering area, where models, prototypes, samples and production adjustments are made.

The related costs were all charged to the Income Statement under the relevant items, in order not to alter the structure of the financial statements, i.e. without capitalizing them.

In this regard, the Group utilized measures such as the "Tax receivable for research, development, technological innovation, design and aesthetic conception activities pursuant to Article 1, paragraphs 198 - 209 of Law no. 160 of 27 December 2019, as subsequently amended", "Tax receivable investment in research and development Article 185, par. 14, lett. f, Law no. 178 of 2020 as subsequently amended", and "Tax receivables investment in research and development - Incremental measure for investment in the regions of Southern Italy (Article 244, par. 1, LD no. 34 of 2020)".

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 31 December 2022 - the Group has a number of interest rate swap (IRS) agreements in place to hedge the risk of interest rate fluctuations on medium-term loans. The capital at the same date was € 7.4 million, with an overall mark-to-market at Group level of € +313 thousand.

BRANCH OFFICES

Pattern Spa has no branch offices, but has three local units. One in Turin, for the sale to the general public of Esemplare branded garments; one in Spello/Perugia, for womenswear; one in Santeramo in Colle/Bari, where a production workshop is located.

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.

Turin, 27 March 2024

for **THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors

Fulvio Botto

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 € 1,456,292.90 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

PATTERN SPA

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

Consolidated Statement of Financial Position

	31/12/2023	31/12/2022
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	55,284	39,156
2) development costs	16,142	38,174
3) industrial patent and intellectual property rights	333,292	14,252
4) concessions, licenses, trademarks and similar rights	306,000	703,131
5) goodwill	17,421,997	16,590,345
6) fixed assets in progress and advances	13,478	7,800
7) other	2,678,010	2,403,152
<i>Total intangible fixed assets</i>	<i>20,824,203</i>	<i>19,796,010</i>
II - Tangible fixed assets	-	-
1) land and buildings	7,201,634	4,299,270
2) plant and machinery	9,525,018	10,045,459
3) industrial and commercial equipment	283,558	307,066
4) other assets	931,142	849,367
5) fixed assets in progress and advances	318,784	433,450
<i>Total tangible fixed assets</i>	<i>18,260,136</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	2,600,701	498,689
due within one year	700,000	42,464
due beyond one year	1,900,701	456,225
<i>Total receivables</i>	<i>2,600,701</i>	<i>498,689</i>
4) Financial derivative assets	312,654	602,016
<i>Total financial fixed assets</i>	<i>2,913,890</i>	<i>1,101,240</i>
<i>Total fixed assets (B)</i>	<i>41,998,229</i>	<i>36,831,862</i>
C) Current assets		
I - Inventory	-	-
1) raw and ancillary materials and consumables	2,711,610	3,388,233
2) work in progress and semi-finished products	3,289,607	4,987,004
4) finished products and goods	700,427	984,258
<i>Total inventory</i>	<i>6,701,644</i>	<i>9,359,495</i>

	31/12/2023	31/12/2022
II - Receivables	-	-
1) from customers	20,388,413	24,212,489
due within one year	20,388,413	24,212,489
5-bis) tax receivables	8,127,102	10,889,695
due within one year	7,617,709	9,961,589
due beyond one year	509,393	928,106
5-ter) prepaid tax	171,385	102,690
5-quater) from others	2,751,150	1,614,984
due within one year	2,751,150	1,393,883
due beyond one year	-	221,101
<i>Total receivables</i>	<i>31,438,050</i>	<i>36,819,858</i>
III - Current financial assets	-	-
6) other securities	7,088,494	2,585,301
<i>Total current financial assets</i>	<i>7,088,494</i>	<i>2,585,301</i>
IV - Cash	-	-
1) bank and postal deposits	19,432,562	16,536,138
3) cash and valuables on hand	15,223	16,489
<i>Total cash</i>	<i>19,447,785</i>	<i>16,552,627</i>
<i>Total current assets (C)</i>	<i>64,675,973</i>	<i>65,317,281</i>
D) Accrued income and deferred expense	1,377,539	847,322
<i>Total assets</i>	<i>108,051,741</i>	<i>102,996,465</i>
Liabilities		
A) Equity	42,495,257	29,628,289
I - Share capital	1,436,293	1,426,293
II - Share premium reserve	9,548,706	9,548,706
IV - Legal reserve	287,259	281,511
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	1,575,985	8,839,294
Various other reserves	3,253,967	1,649,649
<i>Total other reserves</i>	<i>4,829,952</i>	<i>10,488,943</i>
VII - Reserve for hedges of expected cash flows	237,617	457,532
IX - Profit (loss) for the year	21,118,867	2,593,065
Total equity attributable to the owners of the parent	37,458,694	24,796,050
Equity attributable to non-controlling interests	-	-
Share capital and reserves attributable to non-controlling interests	2,770,601	3,361,671
Profit (loss) attributable to non-controlling interests	2,265,962	1,470,568
<i>Total equity attributable to non-controlling interests</i>	<i>5,036,563</i>	<i>4,832,239</i>
Total consolidated equity	42,495,257	29,628,289

	31/12/2023	31/12/2022
Total equity	37,458,694	24,796,050
B) Provisions for risks and charges		
1) for pensions and similar obligations	-	2,771
2) for tax, including deferred tax	75,984	145,981
4) other	61,265	1,207,907
<i>Total provisions for risks and charges</i>	<i>137,249</i>	<i>1,356,659</i>
C) Post-employment benefits	5,283,614	4,571,406
D) Payables		
4) payables to banks	25,549,717	31,059,399
due within one year	7,821,836	7,473,631
due beyond one year	17,727,881	23,585,768
5) payables to other lenders	344,963	502,819
due within one year	184,916	178,446
due beyond one year	160,047	324,373
6) advances	448,912	786,567
due within one year	448,912	786,567
7) payables to suppliers	18,891,593	22,251,205
due within one year	18,891,593	22,251,205
12) tax payables	1,662,804	2,350,897
due within one year	1,662,804	2,350,897
13) payables to welfare and social security entities	1,718,006	1,729,481
due within one year	1,718,006	1,729,481
14) other payables	7,649,612	4,643,827
due within one year	7,649,612	4,643,827
<i>Total payables</i>	<i>56,265,607</i>	<i>63,324,195</i>
E) Accrued expense and deferred income	3,870,014	4,115,916
<i>Total liabilities</i>	<i>108,051,741</i>	<i>102,996,465</i>

Consolidated income statement

	31/12/2023	31/12/2022
A) Value of production		
1) revenue from sales and services	145,597,647	109,211,799
2) changes in inventory in work in progress, semi-finished and finished products	(2,336,990)	(584,997)
5) other revenue and income	-	-
operating grants	397,123	983,297
Other	1,909,463	816,117
<i>Total other revenue and income</i>	<i>2,306,586</i>	<i>1,799,414</i>
<i>Total value of production</i>	<i>145,567,243</i>	<i>110,426,216</i>
B) Production costs		
6) for raw and ancillary materials, consumables and goods	29,695,100	28,110,572
7) for services	56,213,122	42,277,181
8) for rentals and leases	3,151,721	2,401,587
9) for personnel	-	-
a) wages and salaries	27,265,682	18,374,113
b) social security expense	7,823,957	5,224,565
c) post-employment benefits	1,828,226	1,487,971
e) other costs	320,174	294,977
<i>Total personnel expense</i>	<i>37,238,039</i>	<i>25,381,626</i>
10) amortization, depreciation and write-downs	-	-
a) amortization of intangible fixed assets	3,423,185	1,998,077
b) depreciation of tangible fixed assets	2,766,159	1,738,839
c) other write-downs of fixed assets	4,026,652	195,706
d) write-down of receivables under current assets and cash	164,876	120,536
<i>Total amortization, depreciation and write-downs</i>	<i>10,380,872</i>	<i>4,053,158</i>
11) changes in inventory of raw and ancillary materials, consumables and goods	(867,070)	338,924
12) provisions for risks	61,265	183,113
14) sundry operating expense	1,308,566	797,655
<i>Total production costs</i>	<i>137,181,615</i>	<i>103,543,816</i>
Difference between value of production and production costs (A - B)	8,385,628	6,882,400
C) Financial income and expense		
15) income from investments	-	-
from subsidiaries	20,269,565	-
<i>Total income from investments</i>	<i>20,269,565</i>	<i>-</i>
16) other financial income	-	-
a) from receivables under fixed assets	-	-

	31/12/2023	31/12/2022
from subsidiaries	-	2,493
Other	-	6,626
<i>Total financial income from receivables under fixed assets</i>	-	9,119
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	290,279	16,796
<i>Total income other than the above</i>	290,279	16,796
<i>Total other financial income</i>	300,987	25,915
17) interest and other financial expense	-	-
Other	830,711	278,399
<i>Total interest and other financial expense</i>	830,711	278,399
17-bis) exchange gains and losses	(23,388)	(31,431)
<i>Total financial income and expense (15+16-17+-17-bis)</i>	19,716,453	(283,915)
D) Value adjustments to financial assets and liabilities		
19) write-downs	-	-
c) of securities under current assets other than investments	4,807	-
<i>Total write-downs</i>	4,807	-
<i>Total value adjustments of financial assets and liabilities (18-19)</i>	(4,807)	-
Profit (loss) before tax (A-B+-C+-D)	28,097,274	6,598,485
20) Income tax for the year, current, deferred and prepaid tax		
current tax	4,462,111	2,425,138
prior-years' tax	306,811	98
deferred tax assets and liabilities	(56,477)	109,616
<i>Total income tax for the year, current, deferred and prepaid tax</i>	4,712,445	2,534,852
21) Profit (loss) for the year	23,384,829	4,063,633
Profit (loss) attributable to the owners of the parent	21,118,867	2,593,065
Profit (loss) attributable to non-controlling interests	2,265,962	1,470,568

Consolidated statement of cash flows, indirect method

	Amount at 31/12/2023	Amount at 31/12/2022
A) Cash flow from operations (indirect method)		
Profit (loss) for the year	23,384,829	4,063,633
Income tax	4,712,445	2,534,852
Interest expense/(income)	529,893	252,484
(Gains)/losses from disposal of assets	(20,266,363)	(20,375)
<i>1) Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals</i>	<i>8,360,804</i>	<i>6,830,594</i>
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	2,379,169	2,094,379
Amortization and depreciation of fixed assets	6,189,346	3,736,915
Impairment losses	4,031,459	363,827
Other upward/(downward) adjustments for non-monetary items	497,334	(26,720)
<i>Total adjustments for non-monetary items that had no balancing item in the net working capital</i>	<i>13,097,308</i>	<i>6,168,401</i>
<i>2) Cash flow before changes in net working capital</i>	<i>21,458,112</i>	<i>12,998,995</i>
Changes in net working capital		
Decrease/(Increase) in inventory	3,229,777	791,760
Decrease/(Increase) in receivables from customers	7,479,793	(1,779,858)
Increase/(Decrease) in payables to suppliers	(6,394,053)	(2,703,143)
Decrease/(Increase) in accrued income and deferred expense	127,149	25,787
Increase/(Decrease) in accrued expense and deferred income	(313,587)	(19,770)
Other decreases/(Other increases) in net working capital	1,450,768	(1,216,096)
<i>Total changes in net working capital</i>	<i>5,579,847</i>	<i>(4,901,320)</i>
<i>3) Cash flow after changes in net working capital</i>	<i>27,037,959</i>	<i>8,097,675</i>
Other adjustments		
Interest received/(paid)	(506,529)	(224,066)
(Income tax paid)	(4,021,621)	(739,158)
(Utilization of provisions)	(2,760,196)	(1,073,047)
Total other adjustments	(7,288,346)	(2,036,271)
Cash flow from operations (A)	19,749,613	6,061,404
B) Cash flow from investing activities		
Tangible fixed assets		
(Purchases)	(5,879,028)	(3,582,461)
Disposals	48,558	62,025
Intangible fixed assets		

	Amount at 31/12/2023	Amount at 31/12/2022
(Purchases)	(1,893,048)	(530,370)
Disposals	5,537	58,123
Financial fixed assets		
(Purchases)	(2,137,672)	(542,479)
Disposals	276,492	123,946
Current financial assets		
(Purchases)	(6,003,193)	(2,501,333)
Disposals	1,510,408	
(Purchase of subsidiaries net of cash)	(12,286,740)	(14,832,177)
Disposal of subsidiaries net of cash	22,435,000	
Cash flow from investing activities (B)	(3,923,686)	(21,744,726)
C) Cash flow from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	751,587	3,238
New loans	2,294,000	12,987,224
(Repayment of loans)	(9,337,024)	(6,435,789)
Equity		
(Dividends and interim dividends paid)	(8,956,041)	(1,212,668)
Cash flow from financing activities (C)	(15,247,478)	5,342,005
Increase (decrease) in cash (A ± B ± C)	578,449	(10,341,317)
Cash, beginning of year		
Bank and postal deposits	18,851,582	26,876,283
Cash and valuables on hand	17,754	17,661
Total cash, beginning of year	18,869,336	26,893,944
Cash, end of year		
Bank and postal deposits	19,432,562	16,536,138
Cash and valuables on hand	15,223	16,489
Total cash, end of year	19,447,785	16,552,627
Acquisition or disposal of subsidiaries		
Cash acquired or disposed of through acquisition/disposal of subsidiaries	2,316,709	4,099,759

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 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 consolidation of control of the investee Dyloan Bond Factory S.r.l., following acquisition of an additional 30% stake;
- the consolidation of control of Petri & Lombardi S.r.l. and RGB S.r.l. merged by incorporation during the year - with accounting and tax effects backdated to 1 January 2023 - into the consolidated Idee Partners S.r.l., formerly controlled by the latter, from 32.40% and 37.80% to 52.92%, respectively, following the acquisition by the direct subsidiary Idee Partners S.r.l. of an additional 40% stake in Petri & Lombardi S.r.l. and an additional 30% stake in RGB S.r.l..

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 31.12.23	1,200,000
<u>Amount of cash acquired through the transaction</u>	2,316,709
cash Nuova Nicol Srl 1.1.2023	2,316,709
<u>Total consideration paid for the acquisition of the PETRI & LOMBARDI SRL stake, COMPANY INCORPORATED by IDEE PARTNERS SRL (21.17%)</u>	520,000
	0
	510,000
- of which paid in cash	0
<u>Total consideration paid for the acquisition of the RGB SRL stake, COMPANY INCORPORATED by IDEE PARTNERS SRL (15.88%)</u>	500,000
	0
	500,000
- of which paid in cash	0
<u>Total consideration paid for the acquisition of the Dyloan Bond Factory S.r.l. 30% stake</u>	3,689,428
- of which paid in cash	4,032,823

PATTERN S.P.A.

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

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AT 31/12/2023****FOREWORD**

These consolidated financial statements for the year ended 31 December 2023 of Pattern S.p.A. (hereinafter also "Parent" or "Controlling Company"), SMT S.r.l., Idee Partners S.r.l., DYLOAN Bond Factory S.r.l., and Nuova Nicol S.r.l. (hereinafter also the "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, Leg. Decr. 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 Leg. Decr. 127/91 (Article 38, 2, Leg. Decr. 127/91):

Name	Registered office	Share capital at 31.12.2023	Equity at 31.12.2023	Profit (loss) for the period at 31.12.2023	Stake held directly by the Parent Company (%)	Stake held indirectly by the Parent Company (%)
SMT SRL	Italy	1,000,000	14,806,664	6,857,373	80	/
IDEE PARTNERS SRL	Italy	1,000,000	3,957,242	1,221,645	52.92	/
DYLOAN BOND FACTORY SRL	Italy	400,000	2,357,899	(1,056,381)	100	/
NUOVA NICOL SRL	Italy	110,000	4,371,889	3,419,338	/	80

The full consolidation scope includes the financial statements at 31 December 2023 of Pattern S.p.A., the 80%-owned subsidiary SMT S.r.l., Società Manifattura Tessile S.r.l., the 52.92%-owned subsidiary Idee Partners S.r.l., the wholly-owned subsidiary DYLOAN Bond Factory S.r.l., and the 80%-owned subsidiary Nuova Nicol S.r.l..

The consolidation scope at 31 December 2023 changed from 31 December 2022, due to the inclusion of Nuova Nicol S.r.l., a company specializing in the production of women's luxury knitwear, wholly acquired by the subsidiary SMT S.r.l..

The following merger transactions - with legal, accounting and tax effects backdated to 1 January 2023 - were completed during the year under review:

- the indirect 80%-owned subsidiary Zanni S.r.l. - a wholly-owned subsidiary of the consolidated SMT S.r.l. - in the parent company SMT S.r.l.;
- the indirect 70%-owned subsidiaries Shapemode S.r.l. and D-Manufacturing S.r.l. - wholly-owned subsidiaries of the consolidated Dyloan Bond Factory S.r.l. - in the Parent Company Dyloan Bond Factory S.r.l.;
- the indirect subsidiaries Petri & Lombardi S.r.l. and R.G.B. S.r.l., wholly-owned subsidiaries of the consolidated Idee Partners S.r.l. - in the Parent Company Idee Partners S.r.l..

Additionally, during the year under review:

- the consolidation of control of the investee DYLOAN Bond Factory S.r.l. was executed, following the acquisition of an additional 30% stake finalized on 26 July 2023, as a result of which Pattern's stake in the share capital of DYLOAN Bond Factory S.r.l. increased from 70% to 100%.
- the subsidiary Idee Partners S.r.l. approved 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%.

For information sake, it should also be noted that during the year, the Consolidating Company concluded the disposal to Burberry Italy Srl of the business unit of the Turin plant dedicated to the engineering and production of Burberry brand products, through the sale of shares in a newly-established vehicle entity, resulting in a total gain of approximately € 20.2 million. Specifically, the Company, on 25 September 2023, firstly contributed the above business unit to the vehicle IGD Outerwear S.r.l., established for this purpose in May, earning a gain from the extraordinary transaction of € 15.6 million. Subsequently, on 2 October, the Company sold its 100% stake in the transferee new.co, earning a gain from the disposal of approximately € 4.6 million.

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 the 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.

Statement of financial position - Nuova Nicol S.r.l.		01/01/2023
Assets		
A) Share capital proceeds to be received		
B) Fixed assets		
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>		42,713
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>		117,554
III - Financial fixed assets		
2) Receivables:		
d-bis) From others		5,000
4) Financial derivative assets		14,573
<i>Total financial fixed assets</i>		19,573
<i>Total fixed assets (B)</i>		179,840
C) Current assets		
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>		606,365
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
<i>Total receivables</i>	4,195,223
III - Current financial assets	
6) other securities	10,000
<i>Total current financial assets</i>	10,000
IV - Cash	
1) bank and postal deposits	2,315,444
3) cash and valuables on hand	1,265
<i>Total cash</i>	2,316,709
<i>Total current assets (C)</i>	7,128,297
D) Accrued income and deferred expense	27,956
Total assets	7,336,093
Liabilities	
A) Equity	
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	2,467,124
B) Provisions for risks and charges	1,742
C) Post-employment benefits	561,299
D) Payables	
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	274,400
due within one year	274,400
<i>Total payables</i>	4,249,242
E) Accrued expense and deferred income	56,686
Total liabilities	7,336,093

I. CONSOLIDATION METHODS

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 methods used are indicated below (Article 31 of Leg. Decr. 127/91):

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

The carrying amount 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 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";
- 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 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 during the year by Subsidiaries: dividends collected during the year by the Parent Company - distributed by the subsidiaries Idee Partners S.r.l. and S.M.T S.r.l. - and those collected by the consolidated SMT S.r.l. - distributed by the 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.

II. PREPARATION STANDARDS

As mentioned in the Foreword, the consolidated financial statements at 31 December 2023 were prepared in compliance with the provisions contained in Leg. Decr. 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 Leg. Decr. 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 standards 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, Leg. Decr. 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, Leg. Decr. 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, Leg. Decr. 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 was shown; for each item in the income statement, the amount of the corresponding figure for the year was shown. With regard to the comparability of the items, as already mentioned in the Foreword of these Notes, 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. Additionally, with regard to the subsidiary Dyloan Bond Factory S.r.l., in the year under review the controlling interest increased by a further 30% from the 70% held in the prior year. Lastly, with regard to the subsidiary Idee Partners S.r.l., the controlling interest decreased from 54% to 52.92% during the year under review.
7. There were no exceptional cases, therefore, the provisions of Leg. Decr. 127/91 were applied, considered consistent with a true and fair presentation (Article 29, paragraph 4, Leg. Decr. 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.

III. 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 9 June 2022. These criteria, as envisaged in Article 35 of Leg. Decr. 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 31 December 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. Goodwill is fully amortized;
- 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, and the Orlando Confezioni S.r.l. business unit - the latter's goodwill acquired as a result of the merger by incorporation of the subsidiary D-Manufacturing S.r.l.;
- the positive consolidation difference of the subsidiary S.M.T. S.r.l., resulting from the difference between the carrying amount 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 Nuova Nicol S.r.l., vis-à-vis its acquisition cost;
- the positive consolidation difference of the subsidiary Idee Partners S.r.l., resulting from the difference between the carrying amount 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;
- the positive consolidation difference of the subsidiary Dyloan Bond Factory S.r.l., resulting from the difference between the carrying amount 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 carrying amount 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 I, 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 carrying amount 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 carrying amount 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.

When assessing whether an asset may be impaired, consideration is given to both external and internal indicators as outlined in paragraphs no. 16-18 of OIC 9 - *Impairment of tangible fixed assets and intangible fixed assets*. This includes reviewing evidence of a worse than expected final income-financial performance.

If there is such evidence, the carrying amount 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 value of the individual asset, an estimation is made of the recoverable value 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 value is less than the net carrying amount.

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 consolidated financial statements, intangible and tangible assets have not undergone any impairment (Article 2426, paragraph I, no. 3, of the Italian Civil Code), with the exception of "Goodwill", which required - as a result of the impairment test procedure - a write-down totaling € 4 million following the adjustment to the recoverable value of the controlling interest held by the Parent Company in Dyloan Bond Factory S.r.l..

Capital grants for tangible fixed assets

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

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

Finance leases

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

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

The table "*RECOGNITION OF LEASES THROUGH THE FINANCIAL METHOD*" contained in the section "Analysis of and comments on the main items of the financial statements" (Article 2427, paragraph I, no. 22, Italian Civil Code) provides information on the current value of the instalments not yet due, the actual financial expense, the financial expense for the reporting period, the residual value of the asset at the close of the reporting period, the depreciation rate and the adjustments and write-backs relating to the reporting period.

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

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

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

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

Inventory

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

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

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

Inventory of raw and ancillary materials and consumables

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

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

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

Inventory of work in progress and semi-finished products

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

Inventory of finished products and goods

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

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

Receivables under current assets

Receivables entered in the consolidated financial statements as from 1 January 2016 are 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 provision for bad debts. The amount of the provision 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.

Payables booked as from 1 January 2016 are recognized according to the amortized cost method.

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

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

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

Revenue

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

- revenue from the sale of products is recognized at the time risks are transferred to the ownership, which generally coincides with shipment or delivery;
- revenue from services is recognized on completion of the services or on an ongoing basis to the extent that the related services have been performed during the year.

Costs

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

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

Income Tax

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

The Pattern S.p.A. Group - SMT S.r.l. - Idee Partners S.r.l. - Dyloan Bond Factory S.r.l., has adhered for the three-year period 2023 - 2025 to the national tax consolidation scheme, pursuant to Articles 117 et seq. of the T.U.I.R., and determines a single tax base for the group, benefiting from the possibility of offsetting taxable income against tax losses in a single statement. The subsidiary Nuova Nicol S.r.l. did not choose the option for the domestic tax consolidation scheme, lacking the requirement of

control under Article 120, paragraph 2, TUIR, as its acquisition by SMT S.r.l. took place on 12 April 2023.

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).

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

Foreword

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

STATEMENT OF FINANCIAL POSITION ASSETS

B) FIXED ASSETS

B.I) Intangible fixed assets

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

- start-up and expansion expense (B.I.1): estimated useful life 5 years, amortization rate 20%;
- development costs (B.I.2): estimated useful life 5 years, amortization rate 20%;
- patent rights, software (B.I.3): estimated useful life 5 years, amortization rate 20%;
- software licenses (B.I.4): estimated useful life 3 years, amortization rate 33.33%;
- trademarks (B.I.4): estimated useful life 18 years, amortization rate 5.56%;
- goodwill (B.I.5): estimated useful life from 5 to 10 years, amortization rate from 20% to 10%;
- extraordinary leasehold improvements (B.I.7): estimated useful life approximately 8 years, average amortization rate 12.50%;
- other costs with long-term useful life (B.I.7): estimated useful life approximately 18 years, amortization rate 5.56%.

Movements in intangible fixed assets are shown in the table below (Article 38, paragraph I, lett. b-bis), Leg. Decr. 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, 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
Net amount at 31.12.22 Consolidated	39,156	38,174	14,252	703,131	16,590,345	7,800	2,403,152	19,796,010
Net amount at 31.12.22 Nuova Nicol Srl	0	0	0	30	0	31,130	11,553	42,713
Total Net Amount	39,156	38,174	14,252	703,161	16,590,345	38,930	2,414,705	19,838,723
Acquisitions	42,696	0	202,942	0	525,804	13,478	1,263,072	2,047,992
Other increases	0	0	0	0	6,913,947	0	0	6,913,947
Disposals	0	0	0	0		(31,130)	(251,169)	(282,299)
Reclassifications	(773)	0	315,194	(315,195)	0	(7,800)	(339,732)	(348,306)
Amortization	(25,795)	(22,032)	(199,096)	(81,966)	(2,608,099)	0	(486,199)	(3,423,187)
Write-down	0	0	0	0	(4,000,000)	0	(26,652)	(4,026,652)
Other changes	0	0	0	0		0	103,985	103,985
Net amount at 31.12.23 Consolidated	55,284	16,142	333,292	306,000	17,421,997	13,478	2,678,010	20,824,203

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 - by 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 € 7.4 million, resulting for approximately € 526 thousand from the acquisition for consideration of the Mia Pelletterie S.r.l. business unit by the subsidiary Idee Partners S.r.l., and for approximately € 6.9 million from the consolidation of subsidiaries. It should be noted that the latter increase is attributable for approximately € 300 thousand to the consolidation of the additional stake of Petri & Lombardi S.r.l., merged by incorporation into the consolidated Idee Partners S.r.l., for approximately € 3.5 million to the consolidation of the newly-consolidated Nuova Nicol S.r.l., and for approximately € 3.1 million to the consolidation of the additional 30% stake of the subsidiary Dyloan Bond Factory S.r.l.. The positive difference arising from the consolidation of the investment in the subsidiary Dyloan Bond Factory S.r.l. (approximately € 7.3 million), as already mentioned in Part II of these consolidated notes, was written down in the year by a total of approximately € 4 million due to the results of the impairment test process.

The write-down of goodwill allocated to the cash-generating unit headed by the wholly-owned subsidiary DYLOAN Bond Factory S.r.l., amounting to € 4 million, considers the results of the assessments made by Pattern S.p.A. Management assisted by an independent expert on the recoverability of the carrying amount of the investment in Pattern S.p.A.'s financial statements at 31 December 2023. For further information, see the section in the notes of the financial statements of Pattern S.p.A. named "Valuation criteria applied - Investments under financial fixed assets".

The amount difference of the impairment originates from the difference between i) the recoverable value of the cash-generating unit DYLOAN Bond Factory, determined by discounting the cash flow from the 2024-2026 plan including terminal value to the WACC, and ii) its carrying amount including goodwill.

With regard to "Other Intangible Fixed Assets", the "disposals" field in the Table above includes the amounts transferred as a result of the business unit transfer, which was finalized in the year under review by the Consolidating Company Pattern S.p.A..

Lastly, for information sake, 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 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, lett. d), Leg. Decr. 127/91):

Nature of asset	Gross amount	Net amount
Expansion costs	161,093	55,284
Total	161,093	55,284

B.I.2) Development costs

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Development costs	1,122,370	16,142
Total	1,122,370	16,142

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	25,635	14,650
Software licenses	962,607	318,642
Total	988,242	333,292

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	306,000
Total	804,554	306,000

The item Trademarks includes:

- the Dyloan trademark, with a residual carrying amount totaling approximately € 284 thousand;
- the Zanni trademark, with a residual carrying amount totaling approximately € 4 thousand.

B.I.5) Goodwill

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Goodwill	22,821,757	17,421,997
Total	22,821,757	17,421,997

The above amounts are shown net of the provision for write-down allocated during the year, amounting to € 4,000,000.

Specifically, it involves:

- goodwill acquired against payment as a result of the acquisition by the Parent Company of the business unit of Modalis S.r.l., in a procedure with an arrangement with creditors, amounting to approximately € 301 thousand, amortized over 5 years;
- goodwill related to the allocation by the subsidiary SMT S.r.l. of the merger deficit of its subsidiary Via Agnoletti S.r.l., amounting to approximately € 33 thousand, amortized over 10 years;
- goodwill acquired against payment as a result of the acquisition of the T-Shock S.r.l. business unit, amounting to € 30 thousand, which is amortized over 5 years, and goodwill acquired against payment as a result of the acquisition of the Orlando Confezioni business unit, amounting to € 93 thousand, which is amortized over 18 years, acquisitions by the subsidiary Dyloan Bond Factory S.r.l.;
- goodwill acquired against payment as a result of the acquisition of the Mia Pelletterie S.r.l. business unit by the Idee Partners S.r.l., amounting to approximately € 526 thousand, amortized over 5 years;
- goodwill related to the recognition of the positive consolidation difference of the subsidiary SMT S.r.l. - including the positive difference attributable to the indirect subsidiary Nuova Nicol S.r.l. -, amortized over 10 years. Specifically, this positive difference, totaling approximately € 11.8 million - of which approximately € 8.3 million attributable to the direct subsidiary SMT S.r.l. and approximately € 3.5 million to the indirect subsidiary Nuova Nicol S.r.l. - arising from the comparison between the carrying

amount 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., amounting to approximately € 6.7 million, amortized over 10 years. This positive difference - arising from the comparison between the carrying amount of the cancelled investment and the corresponding value of the share of booked equity of the consolidated company - is justified by the earnings capacity of the acquired business;
- goodwill related to the recognition of the positive consolidation difference of the subsidiary Dyloan Bond Factory S.r.l., amounting to approximately € 3.3 million, which is amortized over 10 years. This positive difference - arising from the comparison between the carrying amount of the cancelled investment and the corresponding value of the share of 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	3,814,522	2,604,256
Other costs with long-term useful life	287,024	73,754
Total	4,101,546	2,678,010

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, lett. b-bis), Leg. Decr. 127/91).

Movements in tangible fixed assets are shown in the table below (Article 38, paragraph I, lett. b-bis), Leg. Decr. 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, 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
Net amount at 31.12.22 Consolidated	4,299,270	10,045,459	307,066	849,367	433,450	15,934,612
Net amount at 31.12.22 Nuova Nicol Srl	0	90,128	10,284	17,142	0	117,554
Total Net Amount	4,299,270	10,135,587	317,350	866,509	433,450	16,052,166
Acquisitions	2,939,432	2,609,003	113,423	556,992	318,784	6,537,634
Other increases	0	0	0	0	0	0
Disposals	6,774	(1,135,920)	35,809	(205,634)	0	-1,298,971
Reclassifications	81,940	70,144	(42,991)	59,824	(433,450)	-264,533
Depreciation	(125,782)	(2,153,796)	(140,033)	(346,549)	0	-2,766,160
Other changes	0	0	0	0	0	0
Net amount at 31.12.23 Consolidated	7,201,634	9,525,018	283,558	931,142	318,784	18,260,136

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 the subsidiaries SMT S.r.l. and Dyloan Bond Factory S.r.l..

With regard to the amounts shown in the field "Decreases due to disposals and divestments" in the Table above, alongside the items "Plant and Machinery", "Industrial and Commercial Equipment", and "Other Assets", included - in addition to the amounts of the disposals that took place during the year under review - are the amounts transferred as a result of the business unit transfer, which was finalized during the year by the Parent Company Pattern S.p.A..

B.II.1) Land and buildings

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Land	2,864,865	2,852,512
Buildings	4,620,239	4,287,993
Lightweight constructions	68,435	61,128
Total	7,553,538	7,201,634

B.II.2) Plant and machinery

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
General plant	8,663,353	5,623,076
Photovoltaic systems	60,998	39,398
Machinery	10,670,512	3,862,544
Total	19,394,863	9,525,018

B.II.3) Industrial equipment

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Industrial and commercial equipment	1,232,680	283,558
Total	1,232,680	283,558

B.II.4) Other assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Furniture and office equipment	647,991	277,703
Electronic office machinery	1,204,305	392,063
Trucks	214,035	73,229
Motor vehicles	151,898	90,080
Internal means of transport	35,735	7,583
Telephone equipment and systems	47,115	8,022
Furniture	522,246	82,463
Total	2,823,325	931,142

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 € 1,070,461.

	Parent company PATTERN Spa (A)	Subsidiary SMT Srl (B)	Subsidiary Idee Partners Srl (C)	Subsidiary Dyloan Bond Factory Srl (D)	Subsidiary Nuova Nicol Srl (E)	Total Consolidated (A + B + C + D + E)
Total amount of leased financial assets at year end	144,111	574,127	572,986	1,111,049	21,250	2,423,523
Depreciation that would have been charged in the year	18,200	299,038	74,690	55,669	15,936	463,533
Value adjustments and write-backs that would have been posted in the year	0	0	0			0
Present amount of instalments of fees not yet due at year end	58,687	64,957	174,190	755,836	16,791	1,070,461
Financial expense for the year based on the effective interest rate	3,581	18,025	7,776	64,430	7,929	101,741

For information sake, it should be noted that the existing finance lease of the Consolidating Company Pattern S.p.A. relating to the Property located in Collegno was included in the business unit transferred in the year under review.

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	535
Net amount at 31.12.22 Nuova Nicol Srl	0	0	0
Total amount	0	535	535
Acquisitions in the year	0	0	0
Net amount at 31.12.23 Consolidated	0	535	535

The amount refers to the credit consortia investment held by the subsidiary SMT S.r.l..

B.III.2) Receivables

The table below shows the movements in receivables under financial fixed assets, 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, 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 maturity of over five years (Article 38, paragraph I, letters b-bis), e), Leg. Decr. 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
Total amount	503,689	503,689
Change in the year	2,097,012	2,097,012
Amount at 31.12.23 Consolidated	2,600,701	2,600,701
Portion due within one year	700,000	700,000
Portion due beyond one year	1,900,701	1,900,701
Of which with residual maturity of over 5 years	0	0

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

- portion due within the next year:
 - the escrow deposit of the Parent Company of € 700,000 - set up for a total of € 2,100,000 (of which € 1,400,000 due beyond one year), as envisaged in the terms of payment of the price governed by the agreement on the disposal of the IGD Outerwear S.r.l. investment;
- portion due beyond one year:
 - the escrow deposit of the Parent Company of € 1,400,000;
 - security deposits of € 160 for utilities of the Parent Company;
 - financial receivables of the subsidiary S.M.T. S.r.l. for the amount of € 76,738 related to the investment in a savings plan from 2015 with Unicredit; security deposits totaling € 85,052 for utilities and for existing leases on the Correggio and Carpi properties of the subsidiary SMT S.r.l.;
 - security deposits of the subsidiary Idee Partners S.r.l. for a total of € 331,266 for the existing lease on the Scandicci property (€ 200,000) on the Reggello property (€ 120,000), on the Bientina property (€ 1,800) and for various utilities
 - security deposits of € 2,485 of the subsidiary Dyloan Bond Factory S.r.l. for a lease agreement for D house spaces in Milan, Via Ferraris;
 - security deposits of € 5,000 for rent of the Sala Bolognese warehouse of the subsidiary Nuova Nicol.

In detail:

Description	Carrying amount
Security deposits	423,963
Financial receivables	2,176,738
Total	2,600,701

Amount of financial fixed assets

Pursuant to Article 38, paragraph 1, lett. 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 carrying amount and the related fair value (pursuant to Article 38, paragraph 1, lett. o-quater, no. 1, of Legislative Decree no. 127/91) are shown below for long-term receivables:

Description	Carrying amount	Fair Value
Long-term receivables from others	2,600,701	2,600,701
Total	2,600,701	2,600,701

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	-303,936
Consolidated amount 31.12.23	312,654

This amount represents the positive fair value at 31 December 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, and four IRS hedging derivative contracts entered into in prior years by the consolidated Dyloan Bond Factory 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 under current assets amounted to € 6,701,644 (€ 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-down totaling € 1,979,836, broken down as follows:

- € 945,717 as a reduction in the value of inventory of raw materials;
- € 61,964 as a reduction in the value of inventory of work in progress;
- € 972,155 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, 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
Total amount	3,638,837	5,226,257	1,100,766	9,965,860

Change in the year	(927,227)	(1,936,650)	(400,339)	(3,264,216)
Amount at 31.12.23 Consolidated	2,711,610	3,289,607	700,427	6,701,644

With regard to the change recorded in Inventory of raw materials, it should be noted that it is also affected by the transfer of materials in the Parent Company's inventory, following the business unit transfer completed during the year by Pattern S.p.A..

The reduction in inventory is attributable mainly to the disposal of the Pattern business unit, and to a lesser extent to a slowdown in activities in the leather goods sector.

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	Current-year amount	Change	Prior-year amount
Raw materials in stock	3,567,251	(398,091)	3,965,342
Provision for write-down of raw materials inventory	(945,717)	(173,953)	(771,764)
Raw materials in transit	90,076	(104,579)	194,655
Total	2,711,610	(676,623)	3,388,233

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

Work in progress and semi-finished products	Current-year amount	Change	Prior-year amount
Work in progress	3,351,571	(1,635,433)	4,987,004
Provision for write-down of work in progress inventory	(61,964)	(61,964)	0
Total	3,289,607	(1,697,397)	4,987,004

C.I.4) Finished products and goods

Finished products and goods	Current-year amount	Change	Prior-year amount
Finished products	1,626,006	(438,689)	2,064,695
Provision for write-down of finished products inventory	(972,155)	130,927	(1,103,082)
Finished products in transit	46,576	23,931	22,645
Total	700,427	(283,831)	984,258

C.II) Receivables

Receivables under current assets amounted to € 31,438,050 (€ 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 long-term receivables under current assets of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022, included in the consolidation scope at 1.1.2023, is shown separately.

There are no receivables with a residual maturity of over five years (Article 38, paragraph I, lett. e), Leg. Decr. 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	36,819,857
Amount at 31/12/22 Nuova Nicol Srl	3,596,262	583,567	14,509	885	4,195,224
Total amount	27,808,751	11,473,262	117,199	1,615,869	41,015,081
Change in the year	(7,420,338)	(3,346,160)	54,186	1,135,281	(9,577,031)
Amount at 31.12.23 Consolidated	20,388,413	8,127,102	171,385	2,751,150	31,438,050
Portion due within one year	20,388,413	7,617,709		2,751,150	30,757,272
Portion due beyond one year	0	509,393		0	509,393
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 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Receivables from customers	19,533,353	24,092,763
Invoices to issue	185,117	140,266
Credit notes to issue	(31,613)	(7,074)
Bank receipts	1,368,112	479,416
Provision for bad debts	(666,557)	(492,882)
Total	20,388,413	24,212,489

The decrease in trade receivables reflects the reduction in production and sales volumes in the last quarter of the year, following the disposal of the business unit by Pattern S.p.A. to Burberry Italia S.r.l., and the slowdown in production and sales recorded in the leather goods sector.

C.II. 5-bis) Tax receivables

The item is broken down as follows:

Nature of receivable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Revenue Agency VAT a/c	6,337,645	6,374,749
IRAP receivable	116,689	171,223
IRES receivable	68,501	741,630
Other tax receivables	1,094,874	2,673,987
<i>Over 12 months</i>		
Other tax receivables	509,393	928,106
Total	8,127,102	10,889,695

The VAT receivable position amounts to approximately € 6.3 million and is composed as follows: € 3.3 million attributable to the parent company, € 1.9 million to the subsidiary SMT S.r.l., € 200 thousand to the subsidiary Idee Partners S.r.l., € 198 thousand to the subsidiary Dyloan Bond Factory S.r.l. and € 688 thousand to the subsidiary Nuova Nicol S.r.l..

Other tax receivables come mainly in the form of the tax receivable for expenditure in new capital goods, both ordinary and Industry 4.0 goods, made during the year and prior years, as well as the tax receivable for R&D.

C.II. 5-quater) Other receivables

The item is broken down as follows:

Nature of receivable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Receivables from social security entities	222	5,628
Redundancy fund	0	0
Advances to suppliers	294,509	228,603
Sundry receivables	2,456,419	1,159,652
<i>Over 12 months</i>		
Security deposits	0	221,101
Total	2,751,150	1,614,984

Sundry receivables include the amount of € 2,050,416, which represents the adjustment receivable of the Parent Company for the business unit transfer in favour of the transferee Burberry Tecnica Srl (formerly IGD Outerwear S.r.l.). Specifically, the adjustment reflects the change in the amount of the items of the contributed business unit that occurred between the reporting date (30 June 2023) and the effective date of the transaction (30 September 2023).

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	8,644,727	8,127,102	171,385	2,751,150	19,694,364
EU	7,735,330	0	0	0	7,735,330
Extra EU	4,008,356	0	0	0	4,008,356
Total	20,388,413	8,127,102	171,385	2,751,150	31,438,050

C.III) Current financial assets**Changes in current financial assets**

At year end, current financial assets amounted to € 7,088,494 (€ 2,585,301 at 31 December 2022). This refers to:

- an escrow account deposit, so-called time deposit, maturing on 9 May 2024, set up by the Parent Company with Intesa Sanpaolo Spa, in the amount of € 7 million;
- the value of mutual fund shares and other securities held by the subsidiary Dyloan Bond Factory S.r.l. in the amount of approximately € 88.5 thousand.

	Securities
Amount at 31.12.22 Consolidated	2,585,301
Amount 31/12/22 Nuova Nicol Srl	0
Change in the year	4,503,193
Amount at 31.12.22 Consolidated	7,088,494

C.IV) Cash

At year end, cash amounted to € 19,447,785 (€ 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, 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	16,552,627
Amount at 31/12/22 Nuova Nicol Srl	2,315,444	0	1,265	2,316,709
Total amount	18,851,582	0	17,754	18,869,336
Change in the year	580,980	0	(2,531)	578,449
Amount at 31.12.23 Consolidated	19,432,562	0	15,223	19,447,785

D) ACCRUED INCOME AND DEFERRED EXPENSE

The breakdown of the item is shown in the table below (Article 38, paragraph I, lett. f), Leg. Decr. 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, included in the consolidation scope at 1.1.2023, is shown separately.

	Accrued income	Deferred expense	Total accrued income and deferred expense
Amount at 31.12.22 Consolidated	9,930	837,392	847,322
Amount at 31/12/22 Nuova Nicol Srl	0	27,956	27,956
Total amount	9,930	865,348	875,278
Change in the year	108,191	394,071	502,262
Amount at 31.12.23 Consolidated	118,121	1,259,418	1,377,539

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 interest income related to the Time Deposit agreement in place with the Parent Company;
- deferred expense of € 640 thousand on the contribution paid for the acquisition of the Mia Pelletterie business unit by 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.

For information sake, mention should be made of the transfer of deferred expense related to the maxi rent of the lease on the Parent Company's Property in Collegno, included in the business unit transfer, which was finalized during the year by Pattern S.p.A..

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

Accrued income	Amount
Compensation for damages	3,069
Interest income	108,000
GSE Incentive Tariff	7,052
Total	118,121
Deferred expense	Amount
Rentals	41,755
Property leases	24,242
Purchase of services	42,497
Insurance	46,752
Service contracts	189,807
Software support contracts	38,513
Maxi lease fee	141,455
Other deferred expense	640,651
Bank expense	45,467
Rental expense	42,329
Sponsorships and advertising	5,949
Total	1,259,418

Capitalized financial expense

Mention should be made that no financial expense was posted in the year to the amounts entered on the assets side of the Statement of financial position, pursuant to Article 38, paragraph 1, lett. g), Leg. Decr. 127/91.

LIABILITIES

EQUITY

Changes to the items making up consolidated equity, as envisaged in Article 38, paragraph 1, lett. c, Leg. Decr. 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 Leg. Decr. 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 information sake, on 30 April 2021, the Shareholders' Meeting resolved to amend the 2019-2022 Stock Grant Plan, in order to increase the loyalty and incentive originally associated with the adoption of the Plan, also in view of the out-of-the-ordinary nature of the 2020 year and, in particular, the negative impacts of the COVID-19 pandemic on the entire luxury industry.

Lastly, it should be noted that the approved share capital amounts to a total of € 1,456,293. The difference between the authorized share capital and the subscribed and paid-up share capital, amounting to € 1,436,293, is attributable to the Retained Earnings Reserve to service the free share capital increase, in the amount of € 20,000, resolved by the Extraordinary Shareholders' Meeting of Pattern S.p.A. on 6 December 2023. The free share capital increase is to service the Stock Grant Plan (for the period 2023-2025), approved by the Shareholders' Meeting of 6 December 2023, regarding the granting to the Managing Director and CEO of the right to receive a maximum of 200,000 ordinary shares free of charge, subject to the achievement of certain annual targets for the company's growth.

A.II) Share premium reserve

The Share Premium Reserve 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 transfer 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 31.12.23	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 31.12.23	287,259

A.VI) Other equity reserves

Extraordinary reserve

The Extraordinary Reserve amounts to € 1,575,985 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
Extraordinary allocation	(8,399,440)
Allocation to restricted reserve	(20,000)
Balance at 31.12.23	1,575,985

The Shareholders' Meeting of the Parent Company, convened on 06 December 2023, approved the distribution of an extraordinary dividend from the Extraordinary Reserve.

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.

On 6 December 2023, the Shareholders' Meeting approved the new Stock Grant Plan named "Stock Grant Plan 2023-2025" reserved for CEO Luca Sburlati and resolved to establish a special restricted profit reserve to service the free share capital increase. The Plan provides for the free assignment of up to a maximum of 200,000 newly-issued ordinary shares with no par value indicated.

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)
Establishment of restricted reserve	20,000
Balance at 31.12.23	20,000

A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € 237,617 and refers to the fair value at 31.12.23 of two IRS derivative contracts hedging interest rate risk on loans taken out by the Parent Company in prior years, three IRS derivative contracts hedging interest rate risk on loans taken out in prior years by the subsidiary Idee Partners S.r.l., S.r.l., and four IRS derivative contracts to hedge interest rate risk on loans taken out in prior years by the newly-consolidated Dyloan Bond Factory 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, lett. c), Leg. Decr. 127/91). In this regard, the amount of each item of the provisions for risks and charges of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022, included in the consolidation scope at 1.1.2023, is shown separately.

	Provision for pensions and similar obligations	Provision for tax, including deferred tax	Other provisions	Total provisions for risks and charges
Amount at 31.12.22 Consolidated	2,771	145,981	1,207,907	1,356,659
Amount at 31/12/22 Nuova Nicol Srl	0	1,742	0	1,742
Total amount	2,771	147,723	1,207,907	1,358,401
Allocation for the year	0	0	61,265	61,265
Utilization in the year	(2,771)	(71,739)	(1,207,907)	(1,282,417)

Amount at 31.12.23 Consolidated	0	75,984	61,265	137,249
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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 included allocations 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.

In the year under review, the above provision was fully released, as the commercial use of the "Esemplare" trademark terminated.

Movements were as follows:

	Current-year amount
Opening balance	2,771
Allocation for the year	0
Utilization in the year	(2,771)
Closing balance	0

B.4) Other provisions

Other provisions moved as follows during the year:

	Current-year amount
Opening balance	1,207,907
Allocation for the year	61,265
Utilization for expense incurred	(1,183,113)
Utilization for provision surplus	(24,794)
Closing balance	61,265

The breakdown and changes in "Other provisions" are shown below (Article 38, paragraph 1, lett. f), Leg. Decr. 127/91).

Provision for risks on sales returns

Movements were as follows:

	Provision for Returns on Sales
Opening balance	24,794
Utilization for expense incurred	0
Utilization for provision surplus	(24,794)
Closing balance	0

The provision for sales returns includes the best estimate calculated with regard to the company's experience and specific contractual agreements of any expense the company will have to incur in the event of returns on sales of "Esemplare" garments. In the year under review, the provision was fully released.

Other provisions

	Other provisions
Opening balance	1,183,113
Allocation for the year	61,265
Utilization for expense incurred	(1,183,113)
Utilization for provision surplus	0
Closing balance	61,265

The provision for the year refers to an allocation to the risk provision to cover the grant received by Mia Pelletteria S.r.l., a company acquired during the year by the subsidiary Idee Partners S.r.l., following a dispute by the granting agency.

The year 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. The amount is reported to have been paid by the Company in November 2023.

C) POST-EMPLOYMENT BENEFITS

Post-employment benefits are recorded under liabilities for a total of € 5,283,614 (€ 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, 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, lett. c), Leg. Decr. 127/91):

	Post-employment benefits
Amount at 31.12.22 Consolidated	4,571,406
Amount at 31/12/22 Nuova Nicol Srl	561,301
Total amount	5,132,707
Allocation for the year	2,103,021
Utilization in the year	(1,952,113)
Amount at 31.12.23 Consolidated	5,283,614

"Utilization in the year" in the above Table includes the amount transferred as a result of the business unit transfer, which was finalized in the year under review by the Parent Company, amounting to approximately € 813 thousand.

D) PAYABLES

Payables are recorded under liabilities for a total of € 56,265,607 (€ 63,324,195 at 31 December 2022).

In this regard, the amount of the various payables items of the newly-consolidated Nuova Nicol S.r.l. at 31.12.2022, 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 over five years, separately for each item, and the changes during the period (Article 38, paragraph 1, letters c) and e), Leg. Decr. 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	63,324,195
Amount at 31/12/22 Nuova Nicol Srl	642,215	0	0	2,702,057	567,890	62,680	474,400	4,449,243
Total amount	31,701,614	502,819	786,567	24,953,262	2,918,786	1,792,162	5,118,227	67,773,436
Change in the year	(6,151,897)	(157,856)	(337,655)	(6,061,669)	(1,255,983)	(74,155)	2,531,385	(11,507,829)

Amount at 31.12.23 Consolidated	25,549,717	344,963	448,912	18,891,593	1,662,804	1,718,006	7,649,612	56,265,607
Portion due within one year	7,821,836	184,916	448,912	18,891,593	1,662,804	1,718,006	7,649,612	38,377,679
Portion due beyond one year	17,727,881	160,047	0	0	0	0	0	17,887,928
Of which with residual maturity of over 5 years	377,913	0	0	0	0	0	0	377,913

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	25,549,717	344,963	443,685	17,744,552	1,662,804	1,718,006	7,649,612	55,113,338
EU	0	0	0	755,349	0	0	0	755,349
Extra EU	0	0	5,228	391,692	0	0	0	396,920
Total	25,549,717	344,963	448,912	18,891,593	1,662,804	1,718,006	7,649,612	56,265,607

Mention should be made that there are no payables secured by collateral on corporate assets (Article 38, paragraph I, lett. e), Leg. Decr. 127/91).

D.4) Payables to banks

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

Nature of payable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Credit cards	19,929	17,308
Loans without collateral	7,767,382	7,451,055
<i>Bank fees to settle</i>	34,525	5,268
<i>Over 12 months</i>		
Loans without collateral	17,727,881	23,585,768
Total	25,549,717	31,059,399

D.5) Payables to other lenders

Payables to other lenders are shown below:

Nature of payable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Simest Spa loan	182,686	161,072
Other loans	2,230	17,375
<i>Over 12 months</i>		
Simest Spa loan	160,001	322,154
Other loans	46	2,219
Total	344,963	502,819

D.6) Advances

Payables for advances received are shown below:

Nature of payable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Customer advances	448,912	786,567
Total	448,912	786,567

These are advances received from customers on supplies of goods yet to be delivered (specifically, approximately € 11 thousand for advances received from customers by the Parent Company, approximately € 401 thousand by the subsidiary Idee Partners S.r.l., and approximately € 36 thousand by the subsidiary Dyloan Bond Factory S.r.l.).

D.7) Payables to suppliers

Payables to suppliers are shown below:

Nature of payable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Invoices received	15,667,591	18,966,092
Invoices to receive	2,864,502	2,941,147
Credit notes to receive	(140,418)	(13,867)
Payables for confirming buyer	499,918	357,833
<i>Over 12 months</i>		
Invoices received	0	0
Total	18,891,593	22,251,205

The decrease in payables to suppliers versus the prior year is attributable to the same reasons given for the decrease in receivables from customers.

D.12) Tax payables

Tax payables are shown below:

Nature of payable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Revenue Agency withholding tax on employees a/c	996,538	874,527
Revenue Agency withholding tax on self-employment a/c	30,976	45,619
Revenue Agency withholding tax on post-employment benefits a/c	2,054	46,899
Revenue Agency VAT a/c	22,248	97,838
Revenue Agency Irap a/c	168,542	271,422
Revenue Agency Ires a/c	382,851	981,350
Revenue Agency other payables a/c	59,594	33,241
<i>Over 12 months</i>		
Payable withholding tax revaluation	0	0
Total	1,662,804	2,350,897

D.13) Payables to welfare and social security entities

Payables to welfare and social security entities are shown below:

Nature of payable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Inps	1,177,137	1,277,954
Inail	19,731	47,994
Inps and Inail accruals	372,830	269,531
Contributions to supplementary pension funds	147,448	132,354
Enasarco	861	1,648
Total	1,718,006	1,729,481

D.14) Other payables

Other payables are shown below:

Nature of payable	Consolidated amount 31.12.23	Consolidated amount 31.12.22
<i>Within 12 months</i>		
Payables to pension funds	6,021	17,464
Accruals for holidays not taken	1,622,261	1,179,795
Payables for salaries to settle	1,579,612	1,558,178
Payables for commissions to settle	965	12,249
Payables for fees to settle	60,881	225,250
Other payables	4,379,872	1,650,890
Total	7,649,612	4,643,827

"Other payables" includes residual payables for accrued and unpaid accruals to employees, as well as the payables below.

The amount of other payables is attributable mainly to:

- approximately € 2 million to the Parent Company's payable to the transferee Burberry Italy S.r.l. relating to the price revision of the disposal of the investment in Burberry Tecnica S.r.l. (formerly IGD Outerwear S.r.l.), in application of the provisions of the framework agreement signed by the parties;
- the consolidated SMT S.r.l. for approximately € 2.1 million, of which approximately € 860 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.;
- approximately € 240 thousand to the payable to Invitalia S.p.A., by the consolidated Dyloan Bond Factory S.r.l., for the repayment of the grant received in prior years for expenditure in capital goods.

E) ACCRUED EXPENSE AND DEFERRED INCOME

The breakdown of the item is shown in the table below (Article 38, paragraph I, lett. f), Leg. Decr. 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, 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
Total amount	124,404	4,048,198	4,172,602
Change in the year	14,180	(316,768)	(302,588)
Amount at 31.12.23 Consolidated	138,585	3,731,430	3,870,014

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

Accrued expense	Amount
Insurance	20,479
Services and utilities	855
Interest expense on medium/long-term loans	32,372
Other	84,879
Total	138,585
Deferred income	Amount
Purchase of services	120,541
Exclusive customer contract	48,767
Tax receivable for capital goods	3,562,121
Total	3,731,430

INCOME STATEMENT

A) VALUE OF PRODUCTION

A.1) Revenue from sales and services

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

Business category	Amount at 31.12.23	Amount at 31.12.22
Income from production area	128,888,294	94,676,764
Income from engineering area	14,742,941	13,029,269
Other income	1,966,412	1,505,766
Total	145,597,647	109,211,799

During the year under review, revenue from sales increased by approximately 33%, due to the growth in volumes of the individual Group Companies, but to a significant extent also to the expansion of the consolidation scope.

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, lett. i), of Leg. Decr. 127/91, the table below also shows the breakdown of revenue by geographical area:

Geographical area	Amount at 31.12.23	Amount at 31.12.22
Italy	63,169,387	39,604,399
EU	37,766,433	25,626,002
Extra EU	44,661,826	43,981,398
Total	145,597,647	109,211,799

The most significant growth is seen in Italy, although these are customers whose parent company in many cases is located in Europe.

A.5) Other income

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

Nature	Amount at 31.12.23	Amount at 31.12.22
<i>Operating grants</i>	397,124	916,707
<i>Other revenue</i>		
Capital grants	849,976	207,650
Ordinary capital gains	44,058	71,967
Compensation	189,004	961
Rental income, rentals	66,690	112,400
Chargeback of costs	136,054	120,089
Other revenue and income	623,679	369,641
Total	2,306,586	1,799,414

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

The item amounted to € 29,695,100 (€ 28,110,572 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 31.12.23	Amount at 31.12.22
Production services	47,346,140	35,828,501
Commercial services	1,453,957	1,439,968
Administrative and management services	7,413,025	5,008,712
Total	56,213,122	42,277,181

B.8) Rentals and leases

Costs are as follows:

Nature	Amount at 31.12.23	Amount at 31.12.22
Rental payments	1,570,691	982,199
Lease payments	905,408	883,597
Fees for software use	151,888	117,893
Car rental fees	379,608	215,898
Rental fees for other capital goods	117,934	131,311
Other rentals and leases	26,191	70,689
Total	3,151,721	2,401,587

B.9) Personnel expense

Labour costs totaled € 37,238,039 (€ 25,381,626 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..

B.14) Sundry operating expense

Costs are as follows:

Nature	Amount at 31.12.23	Amount at 31.12.22
Sundry tax and duties	199,705	170,628
Gifts	24,084	71,038
Contingent liabilities	537,746	128,613
Other sundry operating expense	547,031	427,376
Total	1,308,566	797,655

C) FINANCIAL INCOME AND EXPENSE**C.15) Income from investments**

Income is as follows:

Nature	Amount at 31.12.23	Amount at 31.12.22
Gain from disposal of business unit/investment	20,269,565	0
Total	20,269,565	0

The gain of € 20.2 million arose as part of the disposal to Burberry Limited of the Burberry Tecnica S.r.l. investment, a company established by Pattern S.p.A. in 2023 as IGD Outwear Sri and transferee of the business unit of the Turin plant dedicated to the engineering of the English brand's products.

C.16) Other financial income

Income is as follows:

Nature	Amount at 31.12.23	Amount at 31.12.22
Bank interest income	290,279	19,258
Other income	10,708	6,657
Total	300,987	25,915

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, lett. I), Leg. Decr. 127/91):

Nature	Amount at 31.12.23	Amount at 31.12.22
Bank interest expense	757,020	242,689
Sundry interest expense	73,691	35,710
Total	830,711	278,399

A detailed breakdown of financial expense is shown below:

Nature	Amount at 31.12.23	Amount at 31.12.22
Interest expense on medium-term loans	757,020	240,900
Interest expense on short-term loans	0	1,789
Other financial expense	73,691	35,710
Total	830,711	278,399

The increase in financial expense from medium-term bank payables is a result of the effects of rising interest rates.

C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Amount at 31.12.23	Amount at 31.12.22
Valuation exchange differences	(23,508)	(7,700)
Realized exchange gains	9,341	39,722
Realized exchange losses	(9,221)	(63,453)
Total	(23,388)	(31,431)

The decrease in the amount of foreign exchange losses incurred in the year is due mainly to the fluctuations recorded on purchases of raw materials in US dollars, Canadian dollars and British pounds, whose exchange rates performed positively for the Euro during the year.

Revenue items of exceptional size or incidence

In the year, revenue of an extraordinary nature, size or incidence worthy of mention was earned, pursuant to Article 38, paragraph 1, lett. m), Leg. Decr. 127/91:

- gain from the business unit transfer in the amount of € 15,621,644, earned by Pattern S.p.A.;
- gain from the disposal of an investment in the amount of € 4,647,921, earned by Pattern S.p.A..

Cost items of exceptional size or incidence

In the year, the following costs of an exceptional nature, size or incidence worthy of mention were incurred, pursuant to Article 38, paragraph 1, lett. m), Leg. Decr. 127/91:

- write-down of the consolidation difference of the total investment held in the subsidiary Dyloan Bond Factory S.r.l. for € 4,000,000.

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.

As already mentioned in Part III of these consolidated explanatory notes, the Pattern S.p.A. Group - SMT S.r.l. - Idee Partners S.r.l. - Dyloan Bond Factory S.r.l., has adhered for the three-year period 2023 - 2025 to the national tax consolidation scheme, pursuant to Articles 117 et seq. of the T.U.I.R., and determines a single tax base for the group, benefiting from the possibility of offsetting taxable income against tax losses in a single statement. The subsidiary Nuova Nicol S.r.l. did not choose the option for the domestic tax consolidation scheme, lacking the requirement of control under Article 120, paragraph 2, TUIR, as its acquisition by SMT S.r.l. took place on 12 April 2023.

Tax for the reporting period totaled € 4,713,922 and consisted of current tax (€ 4,463,588), prior-years' tax (€ 306,811) and the provision for deferred tax assets and liabilities (€ -56,477).

V. OTHER INFORMATION

HEADCOUNT

The average number of employees, broken down by category, is shown in the table below (Article 38, paragraph 1, lett. n), Leg. Decr. 127/91):

	Average at 31.12.23	Average at 31.12.22
Executives	12	15
Managers	30	28
White collars	215	206
Blue collars	487	396
Trainees	67	50
Total Employees	811	695

Employees amounted to 793 at 31 December 2023, including 591 women and 202 men.

	In service at 31.12.23	In service at 31.12.22
Executives	10	14
Managers	28	31
White collars	202	227
Blue collars	474	499
Trainees	79	55
Total Employees	793	826

FEES TO THE DIRECTORS AND STATUTORY AUDITORS

Information regarding the Directors and Statutory Auditors is provided below (Article 38, paragraph 1, lett. o), Leg. Decr. 127/91).

	Directors	Statutory Auditors
Fees	1,045,995	117,343

FEES TO THE INDEPENDENT AUDITORS

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

	Amount
Statutory auditing	177,383
Other non-audit services	11,500
Total fees payable to the Auditor or to the Independent Auditors	188,883

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, lett h), Leg. Decr. 127/91).

Guarantees issued

Nature	Amount at 31.12.23	Amount at 31.12.22
Guarantee issued	85,072	85,072
Surety issued	139,142	29,142
Total	114,214	114,214

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 (€ 85,072);
- surety issued by SMT 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, Marmiolo, amounting to € 29,142;
- surety issued by Dyloan Bond Factory S.r.l. in favour of Maguro S.r.l., to guarantee obligations arising from the property lease for the unit located in Via Ludovico il Moro 25, Milan, amounting to € 110,000.

Lastly, it should be noted that the commitments, resulting from fees, arising from contracts related to leased assets which expire in subsequent years, amount to a total of approximately € 1,070,460.

For information sake, the property lease entered into by the subsidiary Dyloan Bond Factory S.r.l., in the remaining amount of € 755,836, 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.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to Article 38, par. 1, lett. o-quinquies) of Leg. Decr. no. 127/1997, it should be noted that the Parent Company carried out business supply transactions with SMT S.r.l., Nuova Nicol S.r.l. and Dyloan Bond Factory S.r.l., as well as minor business supply transactions with Idee Partners S.r.l. according to market conditions.

During the year, the Parent Company entered into an incoming secondment agreement with the subsidiary SMT S.r.l. according to market conditions. It also entered into two treasury contracts with its subsidiaries Dyloan Bond Factory S.r.l. and Idee Partners S.r.l. according to market conditions.

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

- the subsidiaries SMT S.r.l. and Nuova Nicol S.r.l. carried out business transactions among themselves for the processing of goods according to market conditions;
- the subsidiary Dyloan Bond Factory S.r.l. carried out business transactions for the supply and processing of goods according to market conditions with SMT S.r.l., Nuova Nicol S.r.l. and Idee Partners S.r.l..

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, lett. o-sexies), Leg. Decr. no. 127/91.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Article 38, paragraph I, lett. o-decies) of Leg. Decr. 127/91, information is provided on the significant events after the period.

It should be noted that on 8 February 2024, the Board of Directors of the Parent Company resolved to appoint Invest Italy Sim as the new Euronext Growth Advisor.

OUTLOOK FOR THE YEAR

For an analysis of the outlook for the current year, including with regard to individual sectors, please refer 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 31.12.23
IRS Unicredit	30.6.20 – 31.3.25	21,912
IRS Intesa Sanpaolo	19.6.20 – 19.6.26	72,186
IRS Intesa Sanpaolo 37742307	31.12.20 - 30.11.26	32,477
IRS Intesa Sanpaolo 39742170	26.02.21 - 26.02.27	14,702
IRS Banco BPM	18.06.21 - 18.06.27	28,543
IRS Intesa Sanpaolo 95066711	29.01.21 – 29.01.27	27,293
IRS Intesa Sanpaolo 41912272	06.08.21 – 06.08.29	87,494
IRS BNL 25278047	24.03.21 - 24.03.26	12,009
IRS BNL 25278048	24.03.21 - 09.12.26	16,037
		312,654

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 to service the 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	4,832,239	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			(20,000)	10,000				0		0
Increases in the year				0		13,154	(219,915)		(206,761)	(27,729)	(234,490)
									0		
Reserved capital increase		0							0		0
Dividend distribution				(8,399,440)		0		0	(8,399,440)	(556,600)	(8,956,040)
Changes in consolidation						149,978			149,978	(1,477,309)	(1,327,331)
									0		
Profit (loss) for the year								21,118,867	21,118,867	2,265,962	23,384,829
Balance at 30 June 2023	1,436,293	9,548,706	287,259	1,575,985	20,000	3,233,967	237,617	21,118,867	37,458,694	5,036,563	42,495,257

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 31.12.2023
Financial statements of the Parent Company	15,341,930	28,456,134
Adjusted results of consolidated subsidiaries and difference between adjusted equity and amount of investments	10,441,974	16,133,937
Derecognition of recorded dividends	(2,738,400)	-
Amortization of positive consolidation difference	(1,960,675)	(4,394,814)
Derecognition of the results of intra-group transactions and other adjustments	2,300,000	2,300,000
Consolidated financial statements	23,384,829	42,495,257
of which Group share	21,118,867	37,458,694
of which non-controlling interests	2,265,962	5,036,563

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

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

STATEMENT OF FINANCIAL POSITION - ASSETS				
	31/12/2023	31/12/2022	Change	
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED				
B) FIXED ASSETS				
I. Intangible fixed assets				
1) Start-up and expansion costs	55.284	39.156	16.128	
2) Development costs	16.142	38.174	(22.032)	
3) Industrial patent and intellectual property rights	333.292	14.252	319.040	
4) Concessions, licenses, trademarks and similar rights	306.000	703.131	(397.131)	
5) Goodwill	17.421.997	16.590.345	831.652	
6) Fixed assets in progress and advances	13.478	7.800	5.678	
7) Other	2.678.010	2.403.152	274.858	
<i>Total intangible fixed assets</i>	<i>20.824.203</i>	<i>19.796.010</i>	<i>1.028.193</i>	
II. Tangible fixed assets				
1) Land and buildings	7.201.634	4.299.270	2.902.364	
2) Plant and machinery	9.525.018	10.045.459	- 520.441	
3) Industrial and commercial equipment	283.558	307.066	- 23.508	
4) Other assets	931.142	849.367	81.775	
5) Fixed assets in progress and advances	318.784	433.450	- 114.666	
<i>Total tangible fixed assets</i>	<i>18.260.136</i>	<i>15.934.612</i>	<i>2.325.524</i>	
III. Financial fixed assets				
2) Investments				
d) Other companies	535	535	-	
2) Receivables				
d-bis) from others				
(due within one year)	700.160	42.464	657.696	
(due beyond one year)	1.900.541	456.225	1.444.316	
Total receivables	2.601.236	499.224	-	
3) Other securities	-	-	-	
4) Financial derivative assets	312.654	602.016	- 289.362	
<i>Total financial fixed assets</i>	<i>2.913.890</i>	<i>1.101.240</i>	<i>1.812.650</i>	
Total fixed assets	41.998.229	36.831.862	5.166.367	
C) CURRENT ASSETS				
I. Inventory				
1) Raw and ancillary materials and consumables	2.711.610	3.388.233	- 676.623	
2) Work in progress and semi-finished products	3.289.607	4.987.004	- 1.697.397	
4) Finished products and goods	700.427	984.258	(283.831)	
<i>Total inventory</i>	<i>6.701.644</i>	<i>9.359.495</i>	<i>(2.657.851)</i>	
II. Receivables				
1) from customers	20.388.413	24.212.489	- 3.824.076	
(due within one year)	20.388.413	24.212.489	- 3.824.076	
5-bis) Tax receivables	8.127.102	10.889.695	- 2.762.593	
(due within one year)	7.617.709	9.961.589	- 2.343.880	
(due beyond one year)	509.393	928.106	- 418.713	
5-ter) Prepaid tax	171.385	102.690	68.695	
5-quater) from others	2.751.150	1.614.984	1.136.166	
(due within one year)	2.751.150	1.393.883	1.357.267	
(due beyond one year)	0	221.101	- 221.101	
<i>Total receivables</i>	<i>31.438.050</i>	<i>36.819.858</i>	<i>(5.381.808)</i>	
III. Current financial assets				
6) Other securities	7.088.494	2.585.301	4.503.193	
<i>Total financial assets</i>	<i>7.088.494</i>	<i>2.585.301</i>	<i>4.503.193</i>	
IV. Cash				
1) Bank and postal deposits	19.432.562	16.536.138	2.896.424	
2) Cheques	-	-	-	
3) Cash and valuables on hand	15.223	16.489	- 1.266	
<i>Total cash</i>	<i>19.447.785</i>	<i>16.552.627</i>	<i>2.895.158</i>	
Total current assets	64.675.973	65.317.281	(641.308)	
D) ACCRUED INCOME AND DEFERRED EXPENSE	1.377.539	847.322	530.217	
TOTAL ASSETS	108.051.741	102.996.465	5.055.276	

STATEMENT OF FINANCIAL POSITION - LIABILITIES			
	31/12/2023	31/12/2022	Change
A) EQUITY			
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	4.829.952	10.488.943	- 5.658.991
- extraordinary reserve	1.575.985	8.839.294	(7.263.309)
- other	3.253.967	1.649.649	1.604.318
VII. Reserve for hedges of expected cash flows	237.617	457.532	(219.915)
VIII. Retained earnings (losses carried forward)	-	-	-
IX. Profit (loss) for the year	21.118.867	2.593.065	18.525.802
Total equity attributable to the owners of the parent	37.458.694	24.796.050	12.662.644
Share capital and reserves attributable to non-controlling interests	2.770.601	3.361.671	- 591.070
Profit (loss) attributable to non-controlling interests	2.265.962	1.470.568	795.394
Total equity attributable to non-controlling interests	5.036.563	4.832.239	204.324
Total consolidated equity	42.495.257	29.628.289	12.866.968
B) PROVISIONS FOR RISKS AND CHARGES			
1) for pensions	-	2.771	(2.771)
2) for tax, including deferred tax	75.984	145.981	-
3) financial derivative liabilities	-	0	- 145.981
4) other	61.265	1.207.907	- 1.146.642
Total provisions for risks and charges	137.249	1.356.659	(1.219.410)
C) POST-EMPLOYMENT BENEFITS	5.283.614	4.571.406	712.208
D) PAYABLES			
4) Payables to banks	25.549.717	31.059.399	- 5.509.682
(due within one year)	7.821.836	7.473.631	348.205
(due beyond one year)	17.727.881	23.585.768	-5.857.887
5) Payables to other lenders	344.963	502.819	- 157.856
(due beyond one year)	184.916	178.446	6.470
(due beyond one year)	160.047	324.373	- 164.326
6) Advances	448.912	786.567	- 337.655
(due within one year)	448.912	786.567	-337.655
7) Payables to suppliers	18.891.593	22.251.205	(3.359.612)
(due within one year)	18.891.593	22.251.205	(3.359.612)
(due beyond one year)	-	-	0
12) Tax payables	1.662.804	2.350.897	- 688.093
(due within one year)	1.662.804	2.350.897	- 688.093
(due beyond one year)	-	-	-
13) Payables to welfare and social security entities	1.718.006	1.729.481	- 11.475
(due within one year)	1.718.006	1.729.481	- 11.475
14) Other payables	7.649.612	4.643.827	3.005.785
(due within one year)	7.649.612	4.643.827	3.005.785
Total payables	56.265.607	63.324.195	(7.058.588)
E) ACCRUED EXPENSE AND DEFERRED INCOME	3.870.014	4.115.916	(245.902)
TOTAL LIABILITIES	108.051.741	102.996.465	5.055.276

INCOME STATEMENT			
	31/12/2023	31/12/2022	Change
A) VALUE OF PRODUCTION			
1) Revenue from sales and services	145.597.647	109.211.799	36.385.848
2) <u>changes in inventory of work in progress, semi-finished and finished products</u>	(2.336.990)	(584.997)	(1.751.993)
4) <u>Increases in internal work capitalized</u>	-	-	-
5) <u>other revenue and income</u>	2.306.586	1.799.414	507.172
- <u>operating grants</u>	397.123	983.297	- 586.174
- <u>other revenue and income</u>	1.909.463	816.117	1.093.346
Total value of production (A)	145.567.243	110.426.216	35.141.027
B) PRODUCTION COSTS			
6) <u>raw and anc. materials, consum. and goods</u>	29.695.100	28.110.572	1.584.528
7) <u>for services</u>	56.213.122	42.277.181	13.935.941
8) <u>for rentals and leases</u>	3.151.721	2.401.587	750.134
9) <u>for personnel</u>	37.238.039	25.381.626	11.856.413
a) <u>wages and salaries</u>	27.265.682	18.374.113	8.891.569
b) <u>social security expense</u>	7.823.957	5.224.565	2.599.392
c) <u>post-employment benefits</u>	1.828.226	1.487.971	340.255
e) <u>other costs</u>	320.174	294.977	25.197
10) <u>amortization, depreciation and write-downs</u>	10.380.872	4.053.158	6.327.714
a) <u>amortization of intangible fixed assets</u>	3.423.185	1.998.077	1.425.108
b) <u>depreciation of tangible fixed assets</u>	2.766.159	1.738.839	1.027.320
c) <u>other write-downs of fixed assets</u>	4.026.652	195.706	3.830.946
d) <u>write-down of receivables under current assets and cash</u>	164.876	120.536	44.340
11) <u>changes in inventory of raw and ancillary materials, consumables and goods</u>	(867.070)	338.924	- 1.205.994
12) <u>provision for risks</u>	61.265	183.113	-
14) <u>sundry operating expense</u>	1.308.566	797.655	510.911
Total production costs (B)	137.181.615	103.543.816	33.637.799
DIFFERENCE BETWEEN VALUE OF PRODUCTION AND PRODUCTION COSTS (A-B)	8.385.628	6.882.400	1.503.228
C) FINANCIAL INCOME AND EXPENSE			
15) <u>income from investments</u>			-
- <u>dividends from subsidiaries</u>	20.269.565		
- <u>dividends from associates</u>			
- <u>other income from investm.</u>			-
	20.269.565	-	20.269.565
16) <u>other financial income</u>			
a) <u>from receivables under fixed assets from</u>	-	9.119	-
- <u>subsidiaries</u>	-	2.493	- 2.493
- <u>other</u>	-	6.626	
b) <u>from sec. under fixed assets other than invest.</u>	10.300	-	-
c) <u>from sec. under current assets other than invest.</u>	408	-	-
d) <u>financial income other than above:</u>	290.279	16.796	273.483
- <u>from others</u>	290.279	16.796	273.483
	300.987	25.915	275.072
17) <u>interest and other financial expense</u>	830.711	278.399	552.312
- <u>other</u>	830.711	278.399	552.312
17 bis) <u>exchange gains (losses)</u>	(23.388)	(31.431)	8.043
Total fin. income and expense (15+16-17+17bis)	19.716.453	(283.915)	20.000.368
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
19) <u>write-downs</u>	4.807	-	4.807
a) <u>of investments</u>			-
b) <u>of financial fixed assets</u>			
c) <u>of securities under current assets</u>	4.807		
Total adjustments (18-19)	4.807	-	4.807
PROFIT (LOSS) BEFORE TAX (A-B+C+D)	28.097.274	6.598.485	21.498.789
20) <u>income tax for the year</u>	4.712.445	2.534.852	2.177.593
- <u>current</u>	4.462.111	2.425.138	2.036.973
- <u>prior years</u>	306.811	98	306.713
- <u>deferred and (prepaid)</u>	(56.477)	109.616	(166.093)
21) CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	23.384.829	4.063.633	19.321.196
of which PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT	21.118.867	2.593.065	(327.103)
of which PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	2.265.962	1.470.568	19.648.299

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

	31.12.2023
ASSETS	108.051.741
A. SHARE CAPITAL PROCEEDS TO BE RECEIVED	0
B. FIXED ASSETS	41.998.229
I. INTANGIBLE FIXED ASSETS	20.824.203
1. Start-up and expansion costs	55.284
a. Start-up costs	55.284
- gross amount	161.093
- amortization fund	(105.809)
2. Development costs	16.142
- gross amount	1.122.369
- amortization fund	(1.106.227)
3. Industrial patent and intellectual property rights	333.292
- gross amount	929.714
- amortization fund	(596.422)
4. Concessions, licenses, trademarks and similar rights	306.000
a. Trademarks	306.000
- gross amount	804.554
- amortization fund	(498.554)
b. Software licenses	0
- gross amount	0
- amortization fund	0
5. Goodwill	17.421.997
a. Goodwill from acquisition of "Modalis" business unit	17.421.997
- gross amount	20.030.096
- amortization fund	(2.608.099)
6. Fixed assets in progress and advances	13.478
7. Other	2.678.010
a. Extraordinary leasehold improvements	2.604.256
- gross amount	3.814.523
- amortization fund	(1.210.267)
b. Other costs with long-term useful life	73.754
- gross amount	287.024
- amortization fund	(213.270)
II. TANGIBLE FIXED ASSETS	18.260.136
1. Land and buildings	7.201.634
a. Land associated with the erected buildings	2.852.512
b. Instrumental buildings	4.287.994
- gross amount	4.620.238
- depreciation fund	(332.244)
c. Lightweight constructions	61.128
- gross amount	68.435
- depreciation fund	(7.307)
2. Plant and machinery	9.525.018
a. General plant	5.623.076
- gross amount	8.663.353
- depreciation fund	(3.040.277)
b. Photovoltaic systems	39.398
- gross amount	60.998
- depreciation fund	(21.600)
c. Operating machinery and specific plant	3.862.544
- gross amount	10.654.512
- depreciation fund	(6.791.968)
3. Industrial and commercial equipment	283.558
a. General equipment	283.558
- gross amount	1.075.036
- depreciation fund	(791.478)

4. Other assets	931.142
a. Furniture and office equipment	277.703
- gross amount	647.991
- depreciation fund	(370.288)
b. Electronic office machinery	392.063
- gross amount	1.204.305
- depreciation fund	(812.242)
c. Trucks	73.229
- gross amount	214.035
- depreciation fund	(140.806)
d. Motor vehicles	90.080
- gross amount	151.898
- depreciation fund	(61.818)
e. Internal means of transport	7.582
- gross amount	35.735
- depreciation fund	(28.153)
f. Telephone equipment and systems	8.022
- gross amount	47.115
- depreciation fund	(39.093)
g. Furniture	82.463
- gross amount	382.107
- depreciation fund	(299.644)
5. Fixed assets in progress and advances	318.784
III. FINANCIAL FIXED ASSETS	2.913.890
1. Investments in	535
a. Subsidiaries	0
b. Associates	0
c. Parent companies	0
d. Companies subject to the control of parents	0
d-bis. Other companies	535
2. Receivables	2.600.701
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	2.600.701
- Financial receivables	2.176.738
- Security deposits	423.963
3. Other securities	0
4. Financial derivative assets	312.654
C. CURRENT ASSETS	64.675.973
I. INVENTORY	6.701.644
1. Raw and ancillary materials and consumables	2.711.610
a. Raw materials	2.621.534
- gross amount	3.567.251
- taxed provision for inventory write-down	(945.717)
b. Raw materials in transit	90.076
2. Work in progress and semi-finished products	3.289.607
a. Work in progress	3.289.607
- gross amount	3.351.571
- taxed provision for inventory write-down	(61.964)
3. Contract work in progress	0
4. Finished products and goods	700.427
a. Finished products	653.851
- gross amount	1.626.006
- taxed provision for inventory write-down	(972.155)
b. Finished products in transit	46.576
5. Advances	0

II. RECEIVABLES	31.438.050
1. From customers	20.388.413
a. Customers	19.533.354
b. Customers invoices to issue a/c	185.117
c. Customers credit notes to issue a/c	(31.613)
d. Customers coll. ord. a/c accredited s.t.c.	1.368.112
e. Provision for risks on trade receivables	(666.557)
2. From subsidiaries	0
3. From associates	0
4. From parent companies	0
5. From companies subject to the control of parents	0
5-bis. Tax receivables	8.127.102
a. Revenue Agency VAT a/c	6.337.645
b. IRES receivable	68.501
c. IRAP receivable	116.689
d. Tax receivables	509.393
portions due within one year	0
portions due beyond one year	509.393
e. Other tax receivables	1.094.874
portions due within one year	1.094.874
portions due beyond one year	0
5-ter. Prepaid tax	171.385
a. Deferred tax assets	171.385
5-quater. From others	2.751.150
a. Social security entities	222
b. Redundancy Fund	0
c. Suppliers advances a/c	294.509
d. Other debtors	2.456.419
portions due within one year	2.456.419
portions due beyond one year	0
III. CURRENT FINANCIAL ASSETS	7.088.494
1. Investments in subsidiaries	0
2. Investments in associates	0
3. Investments in parent companies	0
3-bis. Investments in companies subject to the control of parents	0
4. Other investments	0
5. Financial derivative assets	0
6. Other securities	7.088.494
IV. CASH	19.447.785
1. Bank and postal deposits	19.432.562
a. bank accounts	19.432.562
2. Cheques	0
3. Cash and valuables on hand	15.223
a. Cash on hand	15.223
D. ACCRUED INCOME AND DEFERRED EXPENSE	1.377.539
a. Accrued income	118.121
b. Deferred expense	1.259.418

LIABILITIES	108.051.741
A. EQUITY	42.495.257
GROUP CONSOLIDATED EQUITY	37.458.694
I. SHARE CAPITAL	1.436.293
II. SHARE PREMIUM RESERVE	9.548.706
III. REVALUATION RESERVES	0
IV. LEGAL RESERVE	287.259
V. BYLAW RESERVES	0
VI. OTHER RESERVES	4.829.952
a. Extraordinary reserve	1.575.985
b. Other reserves	3.253.967
VII. RESERVE FOR HEDGES OF EXPECTED CASH FLOWS	237.617
VIII. RETAINED EARNINGS (LOSSES CARRIED FORWARD)	0
IX. PROFIT (LOSS) FOR THE YEAR	21.118.867
X. NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO	0
NON-CONTROLLING INTERESTS' CONSOLIDATED EQUITY	5.036.563
SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	2.770.601
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	2.265.962
B. PROVISIONS FOR RISKS AND CHARGES	137.249
1. For pensions and similar obligations	0
a. Provision for agents' termination benefits	0
2. For tax, including deferred tax	75.984
3. Financial derivative liabilities	0
4. Other	61.265
a. Provision for risks on sales returns	61.265
- taxed	61.265
D. PAYABLES	56.265.607
1. Bonds	0
2. Convertible bonds	0
3. Payables for shareholder loans	0
4. Payables to banks	25.549.717
a. Bank fees to settle	34.525
b. Credit cards	19.929
c. Loans without collateral	25.495.263
portions due within one year	7.767.382
portions due beyond one year	17.727.881
5. Payables to other lenders	344.963
a. SIMEST a/c financing in support of capitalization of SMEs	342.687
portions due beyond one year	160.001
b. Other loans	2.276
portions due beyond one year	46

6. Advances	448.912
7. Payables to suppliers	18.891.593
a. Suppliers	16.167.509
portions due within one year	16.167.509
portions due beyond one year	0
b. Suppliers invoices to receive a/c	2.864.502
c. Suppliers credit notes to receive a/c	(140.418)
8. Payables represented by securities	0
9. Payables to subsidiaries	0
10. Payables to associates	0
11. Payables to parent companies	0
11-bis. Payables to companies subject to the control of parents	0
12. Tax payables	1.662.804
a. Revenue Agency withholding tax to pay a/c	1.027.514
portions due within one year	1.027.514
portions due beyond one year	0
Revenue Agency withholding tax on post-employment benefits write-backs	
b. a/c	2.054
c. Revenue Agency Irap a/c	168.542
d. Revenue Agency Ires a/c	382.851
e. Revenue Agency VAT a/c	22.248
f. Revenue Agency other payables a/c	59.594
13. Payables to welfare and social security entities	1.718.006
a. Inps	1.177.136
b. Inail	19.731
c. Other entities	147.448
d. Inps and Inail	
accruals Inps and Inail accruals	372.830
e. Enasarco	861
14. Other payables	7.649.612
a. Payables for salaries to settle	1.579.612
b. Payables for holidays not taken	1.622.261
c. Payables to pension funds	6.021
d. Payables for commissions to settle	965
e. Payables for fees to settle	60.881
f. Sundry payables	4.379.872
E. ACCRUED EXPENSE AND DEFERRED INCOME	3.870.014
a. Accrued expense	138.585
b. Deferred income	3.731.429

General information about the Company

Overview

Name: PATTERN SPA

Registered office: VIA ITALIA 4 COLLEGNO TO

Share capital: 1,456,292.90

Fully paid-up share capital: no

Chamber of Commerce Code: TO

VAT no.: 10072750010

Tax Code: 10072750010

REA no.: 1103664

Legal status: JOINT-STOCK COMPANY

Main activity code (ATECO): 141310

Company in liquidation: no

Company with sole shareholder: no

Company subject to the direction and
coordination of others: yes

Name of the company or entity exercising
direction and coordination: BO.MA. Holding S.r.l.

Part of a group: yes

Name of parent company: PATTERN SPA

Country of the parent company: ITALY

Cooperative company registration number:

FINANCIAL STATEMENTS AT 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION

	31/12/2023	31/12/2022
Assets		
A) Share capital proceeds to be received	-	-
B) Fixed assets		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	-	7,542
3) industrial patent and intellectual property rights	51,024	-
4) concessions, licenses, trademarks and similar rights	18,420	90,790
5) goodwill	-	60,276
6) fixed assets in progress and advances	-	7,800
7) other	87,250	418,977
<i>Total intangible fixed assets</i>	<i>156,694</i>	<i>585,385</i>
II - Tangible fixed assets	-	-
1) land and buildings	4,392,521	2,638,194
2) plant and machinery	765,521	1,622,382
3) industrial and commercial equipment	1,994	7,174
4) other assets	262,349	408,035
5) fixed assets in progress and advances	265,994	-
<i>Total tangible fixed assets</i>	<i>5,688,379</i>	<i>4,675,785</i>
III - Financial fixed assets	-	-
1) investments in	-	-
a) subsidiaries	18,131,434	20,742,006
<i>Total investments</i>	<i>18,131,434</i>	<i>20,742,006</i>
2) receivables	-	-
a) from subsidiaries	900,000	-
due within one year	900,000	-
d-bis) from others	2,100,160	14,316
due within one year	700,000	-
due beyond one year	1,400,160	14,316
<i>Total receivables</i>	<i>3,000,160</i>	<i>14,316</i>
4) Financial derivative assets	94,098	204,742
<i>Total financial fixed assets</i>	<i>21,225,692</i>	<i>20,961,064</i>
<i>Total fixed assets (B)</i>	<i>27,070,765</i>	<i>26,222,234</i>
C) Current assets		
I - Inventory	-	-
1) raw and ancillary materials and consumables	234,105	1,717,229

	31/12/2023	31/12/2022
2) work in progress and semi-finished products	146,413	2,284,341
4) finished products and goods	408,051	739,941
<i>Total inventory</i>	<i>788,569</i>	<i>4,741,511</i>
II - Receivables	-	-
1) from customers	3,158,363	8,575,983
due within one year	3,158,363	8,575,983
2) from subsidiaries	1,070,176	196,997
due within one year	1,070,176	196,997
5-bis) tax receivables	3,597,706	4,040,470
due within one year	3,507,956	3,917,000
due beyond one year	89,750	123,470
5-ter) prepaid tax	98,153	86,011
5-quater) from others	2,061,906	13,418
due within one year	2,061,906	13,418
<i>Total receivables</i>	<i>9,986,304</i>	<i>12,912,879</i>
III - Current financial assets	-	-
6) other securities	7,000,000	1,000,000
<i>Total current financial assets</i>	<i>7,000,000</i>	<i>1,000,000</i>
IV - Cash	-	-
1) bank and postal deposits	6,072,915	6,829,251
3) cash and valuables on hand	11,729	11,799
<i>Total cash</i>	<i>6,084,644</i>	<i>6,841,050</i>
<i>Total current assets (C)</i>	<i>23,859,517</i>	<i>25,495,440</i>
D) Accrued income and deferred expense	244,255	288,124
<i>Total assets</i>	<i>51,174,537</i>	<i>52,005,798</i>
Liabilities		
A) Equity	28,456,134	21,597,736
I - Share capital	1,436,293	1,426,293
II - Share premium reserve	9,548,705	9,548,706
III - Revaluation reserves	-	-
IV - Legal reserve	287,259	281,511
V - Bylaw reserves	-	-
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	1,575,984	8,839,294
Reserve from derogations pursuant to article 2423 of the Italian Civil Code	-	-
Reserve for shares (units) of the parent company	-	-

	31/12/2023	31/12/2022
Investment revaluation reserve	-	-
Payment for share capital increase	-	-
Payment for share capital increase	-	-
Capital contributions	-	-
Payments to cover losses	-	-
Reserve for share capital reduction	-	-
Merger surplus reserve	174,449	174,449
Reserve for unrealized exchange gains	-	-
Reserve for profit adjustment in progress	-	-
Various other reserves	20,000	10,000
<i>Total other reserves</i>	<i>1,770,433</i>	<i>9,023,743</i>
VII - Reserve for hedges of expected cash flows	71,514	155,604
VIII - Retained earnings (losses carried forward)	-	-
IX - Profit (loss) for the year	15,341,930	1,161,879
Loss covered in the year	-	-
X - Negative reserve for treasury shares in portfolio	-	-
Total equity	28,456,134	21,597,736
B) Provisions for risks and charges		
1) for pensions and similar obligations	-	2,771
2) for tax, including deferred tax	22,583	49,138
4) other	-	24,794
<i>Total provisions for risks and charges</i>	<i>22,583</i>	<i>76,703</i>
C) Post-employment benefits	722,277	1,460,461
D) Payables		
4) payables to banks	11,584,652	15,506,379
due within one year	3,746,433	3,997,390
due beyond one year	7,838,219	11,508,989
5) payables to other lenders	242,221	366,660
due within one year	82,220	124,436
due beyond one year	160,001	242,224
6) advances	11,270	68,834
due within one year	11,270	68,834
7) payables to suppliers	5,048,392	10,056,299
due within one year	5,048,392	10,056,299
9) payables to subsidiaries	1,264,168	399,143
due within one year	1,264,168	399,143

	31/12/2023	31/12/2022
12) tax payables	251,807	276,466
due within one year	251,807	276,466
13) payables to welfare and social security entities	459,458	621,259
due within one year	459,458	621,259
14) other payables	2,771,502	1,329,792
due within one year	2,771,502	1,329,792
<i>Total payables</i>	<i>21,633,470</i>	<i>28,624,832</i>
E) Accrued expense and deferred income	340,073	246,066
<i>Total liabilities</i>	<i>51,174,537</i>	<i>52,005,798</i>

INCOME STATEMENT

	31/12/2023	31/12/2022
A) Value of production		
1) revenue from sales and services	46,783,833	47,039,848
2) changes in inventory in work in progress, semi-finished and finished products	(2,469,819)	166,302
5) other revenue and income	-	-
operating grants	57,496	533,840
other	421,944	229,292
<i>Total other revenue and income</i>	<i>479,440</i>	<i>763,132</i>
<i>Total value of production</i>	<i>44,793,454</i>	<i>47,969,282</i>
B) Production costs		
6) for raw and ancillary materials, consumables and goods	9,671,226	14,341,896
7) for services	21,949,506	20,538,367
8) for rentals and leases	648,958	690,502
9) for personnel	-	-
a) wages and salaries	8,285,597	7,628,194
b) social security expense	2,564,031	2,288,580
c) post-employment benefits	491,240	594,907
e) other costs	121,592	117,915
<i>Total personnel expense</i>	<i>11,462,460</i>	<i>10,629,596</i>
10) amortization, depreciation and write-downs	-	-
a) amortization of intangible fixed assets	191,779	211,110
b) depreciation of tangible fixed assets	447,301	452,790
c) other write-downs of fixed assets	-	195,706
d) write-down of receivables under current assets and cash	18,351	45,254
<i>Total amortization, depreciation and write-downs</i>	<i>657,431</i>	<i>904,860</i>
11) changes in inventory of raw and ancillary materials, consumables and goods	(311,173)	78,592
14) sundry operating expense	220,163	186,533
<i>Total production costs</i>	<i>44,298,571</i>	<i>47,370,346</i>
Difference between value of production and production costs (A - B)	494,883	598,936
C) Financial income and expense		
15) income from investments	-	-
from subsidiaries	21,507,965	800,000
<i>Total income from investments</i>	<i>21,507,965</i>	<i>800,000</i>
16) other financial income	-	-
a) from receivables under fixed assets	-	-
from subsidiaries	9,970	-

	31/12/2023	31/12/2022
<i>Total financial income from receivables under fixed assets</i>	9,970	-
d) income other than above	-	-
from subsidiaries	-	3,945
other	199,175	4,184
<i>Total income other than the above</i>	199,175	8,129
<i>Total other financial income</i>	209,145	8,129
17) interest and other financial expense	-	-
other	395,773	114,828
<i>Total interest and other financial expense</i>	395,773	114,828
17-bis) exchange gains and losses	(24,047)	(32,325)
<i>Total financial income and expense (15+16-17+-17-bis)</i>	21,297,290	660,976
D) Value adjustments to financial assets and liabilities		
19) write-downs	-	-
a) of investments	6,300,000	-
<i>Total write-downs</i>	6,300,000	-
<i>Total value adjustments of financial assets and liabilities (18-19)</i>	(6,300,000)	-
Profit (loss) before tax (A-B+C+-D)	15,492,173	1,259,912
20) Income tax for the year, current, deferred and prepaid tax		
current tax	162,385	110,175
deferred tax assets and liabilities	(12,142)	(12,142)
<i>Total income tax for the year, current, deferred and prepaid tax</i>	150,243	98,033
21) Profit (loss) for the year	15,341,930	1,161,879

STATEMENT OF CASH FLOWS, INDIRECT METHOD

	Amount at 31/12/2023	Amount at 31/12/2022
A) Cash flow from operations (indirect method)		
Profit (loss) for the year	15,341,930	1,161,879
Income tax	150,243	98,033
Interest expense/(income)	186,628	106,699
(Dividends)	(1,238,400)	(800,000)
(Gains)/losses from disposal of assets	(20,287,839)	1,007
<i>1) Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals</i>	<i>(5,847,438)</i>	<i>567,618</i>
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	285,673	720,692
Amortization and depreciation of fixed assets	639,082	663,900
Impairment losses	6,300,000	195,706
<i>Total adjustments for non-monetary items that had no balancing item in the net working capital</i>	<i>7,224,755</i>	<i>1,580,298</i>
<i>2) Cash flow before changes in net working capital</i>	<i>1,377,317</i>	<i>2,147,916</i>
Changes in net working capital		
Decrease/(Increase) in inventory	4,328,047	(214,938)
Decrease/(Increase) in receivables from customers	5,417,620	(903,857)
Increase/(Decrease) in payables to suppliers	(5,041,221)	1,387,714
Decrease/(Increase) in accrued income and deferred expense	31,323	12,543
Increase/(Decrease) in accrued expense and deferred income	83,008	4,828
Other decreases/(Other increases) in net working capital	(879,743)	(772,968)
<i>Total changes in net working capital</i>	<i>3,939,034</i>	<i>(486,678)</i>
<i>3) Cash flow after changes in net working capital</i>	<i>5,316,351</i>	<i>1,661,238</i>
Other adjustments		
Interest received/(paid)	(163,264)	(87,107)
(Income tax paid)	(17,278)	(301,980)
Dividends received	1,238,400	800,000
(Utilization of provisions)		(329,353)
Other receipts/(payments)	(1,426,527)	
<i>Total other adjustments</i>	<i>(368,669)</i>	<i>81,560</i>
Cash flow from operations (A)	4,947,682	1,742,798
B) Cash flow from investing activities		
Tangible fixed assets		
(Purchases)	(2,660,261)	(2,350,656)
Disposals	24,798	1,193

	Amount at 31/12/2023	Amount at 31/12/2022
Intangible fixed assets		
(Purchases)	(39,351)	(64,386)
Financial fixed assets		
(Purchases)	(7,018,667)	(7,967,177)
Disposals		21,950
Current financial assets		
(Purchases)	(6,000,000)	
Disposal of business units net of cash	22,435,000	
Cash flow from investing activities (B)	6,741,519	(10,359,076)
C) Cash flow from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	26,718	1,405
New loans		5,491,400
(Repayment of loans)	(4,072,884)	(2,787,731)
Equity		
(Dividends and interim dividends paid)	(8,399,441)	(1,012,668)
Cash flow from financing activities (C)	(12,445,607)	1,692,406
Increase (decrease) in cash (A ± B ± C)	(756,406)	(6,923,872)
Cash, beginning of year		
Bank and postal deposits	6,829,251	13,749,579
Cash and valuables on hand	11,799	15,343
Total cash, beginning of year	6,841,050	13,764,922
Cash, end of year		
Bank and postal deposits	6,072,915	6,829,251
Cash and valuables on hand	11,729	11,799
Total cash, end of year	6,084,644	6,841,050

NOTES - OPENING SECTION

PATTERN S.P.A.

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

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31/12/2023

FOREWORD

These financial statements for the period from 1 January 2023 to 31 December 2023, prepared in accordance with the provisions of Article 19 of the EGM Issuer Regulation in force since 25 October 2021, consisting of the statement of financial position, the income statement, the statement of cash flows and the notes to the financial statements, were prepared in accordance with the provisions of Legislative Decree no. 127 of 9 April 1991, as supplemented by the amendments introduced by Legislative Decree no. 6 of 17 January 2003 and Legislative Decree no. 139 of 18 August 2015, and give a true and fair view of the Company's financial position and results of operations for the year. These financial statements are also accompanied by the Directors' Report on Operations presented earlier. The Financial Statements were prepared in accordance with the provisions of Articles 2423 ter, 2424, 2424 bis, 2425, 2425 bis and 2425 ter of the Italian Civil Code.

The Notes contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code.

The criteria applied in the valuation of the items in the financial statements and in the value adjustments are unchanged from the prior year and in accordance with the provisions of the Italian Civil Code, mainly contained in Article 2426, also following issuance by the Italian Accounting Body ("OIC") of the amendments to the accounting standards published until 9 June 2022.

During the year, the Company concluded the disposal to Burberry Italy Srl of the business unit of the Turin plant dedicated to the engineering and production of Burberry brand products, through the sale of shares in a newly-established vehicle entity, resulting in a total gain of approximately € 20.2 million. Specifically, the Company, on 25 September 2023, firstly contributed the above business unit to the vehicle IGD Outerwear S.r.l., established for this purpose in May, earning a gain from the extraordinary

transaction of € 15.6 million. Subsequently, on 2 October, the Company sold its 100% stake in the transferee new.co, earning a gain from the disposal of approximately € 4.6 million.

Pursuant to the provisions of Articles 25 and 26 of Leg. Decr. no. 127/91, the Company prepared consolidated financial statements. The full consolidation scope includes the financial statements at 31 December 2023 of Pattern S.p.A., the 80%-owned subsidiary SMT S.r.l., Società Manifattura Tessile S.r.l., the 52.92%-owned subsidiary Idee Partners S.r.l., the wholly-owned subsidiary DYLOAN Bond Factory S.r.l., and the 80%-owned subsidiary Nuova Nicol S.r.l..

The consolidation scope at 31 December 2023, in addition to the above disposal of the business unit, changed from 31 December 2022, due to the inclusion of Nuova Nicol S.r.l., a company specializing in the production of women's luxury knitwear, wholly acquired by the subsidiary SMT S.r.l..

The following merger transactions were completed during the year under review:

- the indirect subsidiary Zanni S.r.l. - a company already included in the consolidation scope at 31 December 2022 - in SMT S.r.l.;*
- the indirect subsidiaries Shapemode S.r.l. and D-Manufacturing S.r.l. - companies already included in the consolidation scope at 31 December 2022 - in DYLOAN Bond Factory S.r.l.;*
- the indirect subsidiaries Petri & Lombardi S.r.l. and R.G.B. S.r.l. - companies already included in the consolidation scope at 31 December 2022 - in Idee Partners S.r.l..*

Additionally, during the year under review:

- the consolidation of control of the investee DYLOAN Bond Factory S.r.l. was executed, following the acquisition of an additional 30% stake finalized on 26 July 2023, as a result of which Pattern's stake in the share capital of DYLOAN Bond Factory S.r.l. increased from 70% to 100%.*
- the subsidiary Idee Partners S.r.l. approved 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%.*

Extensive details of these transactions are provided in the Directors' Report on Operations.

PART I: GENERAL PRINCIPLES

1. These financial statements were prepared clearly and give a true and fair view of the Company's financial position and results of operations for the year (Article 2423, paragraph two, Italian Civil Code).
2. The information required by the specific provisions of law governing the preparation of financial statements was deemed sufficient to give a true and fair view. However, additional information

deemed appropriate for a more complete and detailed disclosure was provided. This includes, in particular:

- a. the reclassified statement of financial position;
- b. further relevant information given the characteristics and size of the company (Article 2423, paragraph III, Italian Civil Code).

3. The financial statements were prepared in € (Article 2423, paragraph V, Italian Civil Code).

Preparation standards

PART II: PREPARATION STANDARDS OF THE FINANCIAL STATEMENTS

The financial statements at 31 December 2023 were drawn up in compliance with the provisions of 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 following standards were adopted in the preparation of the financial statements.

1. The items were measured pursuant to the principle of prudence and on a going concern basis, also taking account of the economic function of the asset or liability item considered (Article 2423 bis, paragraph I, no. 1, of the Italian Civil Code), and of substance over form in a transaction or contract.
2. Only profits earned at the end of the year were shown (Article 2423 bis, paragraph I, no. 2, Italian Civil Code).
3. Income and expense pertaining to the year were taken into account, regardless of the date of collection or payment (Article 2423 bis, paragraph I, no. 3, Italian Civil Code). Costs associated with profits charged to the year were considered accrued.
4. Risks and losses pertaining to the year were taken into account, even if they became known after year end (Article 2423 bis, paragraph I, no. 4, Italian Civil Code).
5. The heterogeneous elements included in the individual items were measured separately (Article 2423 bis, paragraph I, no. 5, Italian Civil Code).
6. The following criteria were applied for the structure of the statement of financial position and income statement.

6.a. The items provided for in Articles 2424 and 2425 of the Italian Civil Code were booked separately to the statement of financial position and income statement, in the order indicated (Article 2423 ter, paragraph I, Italian Civil Code). Items preceded by Arabic numerals, or lowercase letters, having a zero balance were not shown.

6.b. Items preceded by Arabic numerals or lowercase letters were not further subdivided.

6.c. Items preceded by Arabic numerals were not grouped together (Article 2423 ter, paragraph II, Italian Civil Code).

6.d. No other items were added, given that their content is included in those provided for by Articles 2424 and 2425 of the Italian Civil Code (Article 2423 ter, paragraph III, Italian Civil Code).

6.e. Items preceded by Arabic numerals were not adjusted, as the nature of business performed does not require it (Article 2423 ter, paragraph IV, Italian Civil Code).

6.f. No items were offset (Article 2423 ter, paragraph VI, Italian Civil Code).

Exceptional cases pursuant to Article 2423, paragraph V, of the Italian Civil Code

7. There were no exceptional cases, therefore, the provisions of Articles 2423 bis et seq. of the Italian Civil Code apply, considered consistent with a true and fair presentation (Article 2423, paragraph V, Italian Civil Code).

Changes in accounting standards

8. The valuation criteria are unchanged from the prior year (Article 2423 bis, paragraph I, no. 6, Italian Civil Code).

Correction of material errors

9. No material errors made in prior years were found during the year.

Comparability and adjustment

10. No asset or liability component falls under more than one item of the schedule (Article 2424, paragraph II, Italian Civil Code).

11. For each item of the statement of financial position and income statement, the amount of the corresponding item of the prior year was shown (Article 2423 ter, paragraph V, Italian Civil Code).

In summary, as shown above, for the purposes of the preparation of these financial statements, the financial statement requirements set forth in paragraphs 15 to 45 of Accounting Standard OIC 11 were complied with:

- prudence;
- going concern assumption;
- material presentation;
- accruals basis;
- consistent valuation criteria;
- relevance;
- comparability.

Valuation criteria applied**PART III: ACCOUNTING AND 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, also following issuance by the Italian Accounting Body ("OIC") of the amendments to the accounting standards issued until 9 June 2022.

The most important valuation criteria adopted in the preparation of the financial statements at 31 December 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 with the consent of the Board of Statutory Auditors 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.

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 by the Company 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

Goodwill was recorded under assets with the consent of the Board of Statutory Auditors, in that it was acquired against payment, within the limits of the cost incurred for it following purchase of the business unit of Modalis S.r.l., in a procedure with an arrangement with creditors. Goodwill was recorded to the extent of the difference between the purchase price and the market value of the assets net of liabilities. This difference is deemed to be justified by intangible elements relating to the

business unit acquired, such as market position, customer portfolio and know-how. Goodwill is fully amortized.

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 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 carrying amount 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 I, 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 carrying amount 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 carrying amount 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 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, the company assesses whether there are any indications that tangible and intangible assets (including goodwill) may be impaired.

If there is such evidence, the carrying amount 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 value of the individual asset, the company estimates the recoverable value 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 value is less than the net carrying amount.

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, the Company has ascertained that intangible and tangible assets have not undergone any impairment (Article 2426, paragraph I, no. 3, of the Italian Civil Code).

During the prior year, the Company wrote down the remaining carrying amount of the Esemplare Trademark - acquired as a result of the merger by incorporation of the subsidiary Pattern Project Srl - following the discontinuation of its commercial use.

Capital grants for tangible fixed assets

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

In accordance with the equity method, the Company accounts for leases by charging on an accruals basis the related fees to the income statement for the year.

The table "RECOGNITION OF LEASES THROUGH THE FINANCIAL METHOD" illustrated in Part IV of these Notes (Article 2427, paragraph I, no. 22, Italian Civil Code) provides information on the current value of the instalments not yet due, the actual financial expense, the financial expense for the year, the residual value of the asset at year end, the depreciation rate and the adjustments and write-backs relating to the year.

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 were measured on the basis of the cost incurred for their acquisition. Except as described below, they are not entered at a value higher than the value corresponding to the portion of equity shown in the latest financial statements of the investee.

At the reporting date, a review was conducted to determine whether there were any indications that the investments were impaired.

The investment in Idee Partners S.r.l. is recorded at a value higher than the value corresponding to the respective share of equity as shown in the subsidiary's most recent financial statements. As there are no indicators of impairment, the difference in value is explained by the goodwill of the investee, justified by the earnings capacity of the acquired business.

With regard to the investment in DYLOAN Bond Factory S.r.l., in accordance with the provisions of OIC 21, paragraph 31, an impairment test was carried out with the assistance of an independent expert, whose methodological approach and result were approved by the company's Board of Directors, in order to assess that the investment is not recorded in the financial statements at 31 December 2023 at a value higher than its recoverable value.

In assessing the presence of indicators of impairment to ascertain whether the investment is impaired, it is recognized that such indicators have been identified:

- in the losses in 2022 and 2023, which resulted in a reduction in equity holdings of approximately 53 percentage points
- in the difference between the carrying amount of the investment and the corresponding share of equity.

The above losses, with regard to which it should be noted that Pattern consolidated the company under review as of 1 November 2022, occurred unexpectedly due to adverse market conditions over the mentioned two-year period, some of which persist to date. During those years, the production volumes allocated to the company fell short of the budget and planned targets, partly due to technical challenges encountered in the production chain acquired by Dyloan in 2022, prior to its acquisition by Pattern. These events are prolonging the originally anticipated timeline for the company to achieve full and efficient operation, consequently delaying the attainment of positive operating-financial results.

Hence, in accordance with accounting standards, the recoverable value of the investment was assessed. Specifically, the recoverability of the carrying amount of the investment was assessed by comparing:

- the carrying amount of the investment at 31/12/2023;
- the recoverable value, determined by considering the following elements:
 - cash flows, determined using an unlevered approach, discounted for an explicit forecast period of 3 years (2024-2026) considering the time required to bring the underlying businesses up to speed. The cash flows considered for the development of the impairment test are based on the 2024 budget and in the business and financial plan of Dyloan Bond Factory S.r.l. and approved by the Board of Directors on 25 January 2024;
 - the terminal value calculated, also using an unlevered approach, after the last explicit forecast year (2026) and determined as the present value of the net cash flows that will be generated beyond the explicit horizon by applying a perpetuity;
 - the discount rate used to discount cash flows was calculated using the weighted average cost of capital (WACC);
 - the net financial position.

As a result of the impairment test carried out at 31 December 2023, a partial impairment of the investment in the amount of € 6.3 million was recognized.

Receivables under financial fixed assets

Financial receivables recognized in the financial statements as from 1 January 2016 are 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 Company did not apply the amortized cost method 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 all 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 all directly and indirectly attributable costs, was recorded in the financial statements at this lower value.

Receivables under current assets

Receivables entered in the financial statements are 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 Company did not apply the amortized cost method 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 provision for bad debts. The amount of the provision 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.

Current financial assets

Financial assets were recorded at the lower of purchase cost, including ancillary expense, determined using the specific cost method and the value inferable from market trends at the end of the period.

Cash

Cash is measured according to the following criteria:

- bank deposits, postal deposits and cheques (current account, bankers' drafts and similar), 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.

Post-employment benefits

Post-employment benefits represent the Company'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.

Payables in the financial statements are recognized according to the amortized cost criterion, taking account of the time factor.

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 Company has applied the amortized cost method with regard to payables to Banks classified under item D.4) of the Statement of financial position - Liabilities, while it has not applied the amortized cost method for all other types of payables recorded in the Statement of financial position - Liabilities, since compliance with the method would have had an irrelevant effect for the purposes of a true and fair presentation.

Revenue

Revenue from sales 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.

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, as well as any changes in estimates. Specifically:

- expense for the purchase of goods and services is recognized respectively at the time of transfer of ownership, which generally coincides with shipment or delivery of the goods, and on the date on which the services are completed, i.e. when the periodic payments are due;

- expense for product returns is charged to the income statement concurrent to the recording of the sale;
- advertising and promotional expense is charged to the income statement in the year in which it is incurred;
- research expense is charged to the income statement in the year in which it is incurred.

Income Tax

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

Part IV of these Notes, pursuant to the provisions of OIC Accounting Standard 25, contains the table *"RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX RATE"*.

The Company has adhered for the three-year period 2023 - 2025 to the national tax consolidation scheme, pursuant to Articles 117 et seq. of the T.U.I.R., relating to the Pattern S.p.A. Group - SMT S.r.l. - Idee Partners S.r.l. - Dyloan Bond Factory S.r.l., as the consolidating company, and determines a single tax base for the group, benefiting from the possibility of offsetting taxable income against tax losses in a single statement.

As a result of the application of the group taxation scheme, items arising from the transfer of IRES calculated on taxable income and withholding tax and tax receivables of consolidated companies are recorded in the items of receivables from and payables to subsidiaries.

Deferred taxation

The Company has recorded deferred taxation in relation to the temporary taxable differences arising during 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 denominated 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 negative balance of the adjustment made to the income statement.

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.

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 D18 d) or D19 d).

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

Where hedge accounting cannot be applied, profit or loss arising from the measurement of the derivative instrument is recognized immediately in the income statement under items D18 d) or D19 d).

Other information**PART IV: REVIEW OF INDIVIDUAL ITEMS****Foreword**

The additional information required by Articles 2426 and 2427 of the Italian Civil Code, as well as any additional information required by Article 2423, paragraph III, of the Italian Civil Code, 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).

NOTES - ASSETS

The movements of the individual items are analyzed in detail below, in accordance with current legislation.

Fixed assets

The following sections provide an analysis of the movements in intangible, tangible and financial fixed assets held by the Company.

Intangible fixed assets**B.I) Intangible fixed assets**

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

- start-up and expansion expense (B.I.1): estimated useful life 5 years, amortization rate 20%;
- software use licenses (B.I.4): estimated useful life 3 years, amortization rate 33.33%;
- trademarks (B.I.4): estimated useful life 18 years, amortization rate 5.56%;
- goodwill (B.I.5): estimated useful life 5 years, amortization rate 20%;
- extraordinary leasehold improvements (B.I.7): estimated useful life approximately 8 years, amortization rate 12.50%;
- other costs with long-term useful life (B.I.7): estimated useful life approximately 18 years, amortization rate 5.56%.

Movements in intangible fixed assets

Movements in intangible fixed assets are shown in the table below "MOVEMENTS IN INTANGIBLE FIXED ASSETS" (Article 2427, paragraph 1, no. 2, Italian Civil Code).

	Start-up and expansion costs	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Goodwill	Intangible fixed assets in progress and advances	Other intangible fixed assets	Total intangible fixed assets
Amount at beginning of year							
Cost	42,703	-	618,752	301,380	7,800	853,589	1,824,224
Amortization (Amortization fund)	35,161	-	332,256	241,104	-	434,612	1,043,133
Write-downs	-	-	195,706	-	-	-	195,706
Carrying amount	7,542	-	90,790	60,276	7,800	418,977	585,385
Changes in the year							
Increases from acquisitions	-	51,385	-	-	-	-	51,385
Reclassification s (of carrying amount)	-	70,354	(70,354)	-	-	-	-
Decreases due to disposals and divestments (of the carrying amount)	-	-	-	-	7,800	280,495	288,295
Amortization for the year	7,542	70,715	2,015	60,276	-	51,231	191,779
Total changes	(7,542)	51,024	(72,369)	(60,276)	(7,800)	(331,726)	(428,689)
Amount at year end							
Cost	37,712	270,676	399,460	301,380	-	184,536	1,193,764
Amortization (Amortization fund)	37,712	219,652	185,334	301,380	-	97,286	841,364
Write-downs	-	-	195,706	-	-	-	195,706
Carrying amount	-	51,024	18,420	-	-	87,250	156,694

With regard to "Other Intangible Fixed Assets", the field "Decreases due to disposals and divestments" in the Table above includes - in addition to the amounts of Fixed Assets fully amortized in the prior year, subject to reversal in the year under review - the amounts transferred as a result of the business unit transfer, which was finalized in the year under review.

Lastly, for information sake, a reclassification, referring to proprietary software, amounting to approximately € 70 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 provisions of OIC 24.

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

Start-up and expansion costs with long-term useful life were booked under assets, with the consent of the Board of Statutory Auditors. These costs are amortized, according to a straight-line amortization schedule, over a period no higher than legally permitted (5 years).

The breakdown of this item is shown below (Article 2427, paragraph I, no. 3, Italian Civil Code):

Nature of asset	Gross amount	Net amount
Expansion costs	37,712	0
Total	37,712	0

B.I.3) Industrial patent and rights of use

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Software licenses	270,676	51,024
Total	270,676	51,024

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	399,461	18,420
Provision for write-down of trademark	(195,706)	0
Total	203,755	18,420

As mentioned in Part III of these Notes, in the prior year, the residual value of the Esemplare Trademark was written down; the trademark was acquired in the same year as a result of the merger by incorporation of Pattern Project.

B.I.5) Goodwill

Goodwill was recorded with the consent of the Board of Statutory Auditors.

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Goodwill	301,380	0
Total	301,380	0

Goodwill was acquired against payment as a result of the acquisition of the business unit of Modalis S.r.l., in a procedure with an arrangement with creditors, and was amortized over 5 years. The amortization process was completed in the year under review.

B.I.7) Other intangible fixed assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Extraordinary leasehold improvements	182,528	86,917
Other costs with long-term useful life	2,008	333
Total	184,536	87,250

Tangible fixed assets

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%;
- general plant (B.II.2): estimated useful life 8 years, depreciation rate 12.50%;
- operating machinery (B.II.2): estimated useful life 8 years, depreciation rate 12.50%;
- equipment (B.II.3): estimated useful life 4 years, depreciation rate 25%;
- furniture and fittings (B.II.4): estimated useful life 8.33 years, depreciation rate 12%;
- 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%;
- motor vehicles (B.II.4): estimated useful life 4 years, depreciation rate 25%;
- industrial vehicles (B.II.4): estimated useful life 5 years, depreciation rate 20%.

Movements in tangible fixed assets

Movements in tangible fixed assets are shown in the table below "MOVEMENTS IN TANGIBLE FIXED ASSETS" (Article 2427, paragraph I, no. 2, Italian Civil Code):

	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets in progress and advances	Total tangible fixed assets
Amount at beginning of year						
Cost	2,717,583	2,733,713	209,634	1,116,752	-	6,777,682
Depreciation (Depreciation fund)	79,389	1,111,331	202,460	708,717	-	2,101,897
Carrying amount	2,638,194	1,622,382	7,174	408,035	-	4,675,785

	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets in progress and advances	Total tangible fixed assets
Changes in the year						
Increases from acquisitions	1,877,547	427,203	5,367	107,830	265,994	2,683,941
Reclassifications (of carrying amount)	(64,607)	64,607	-	-	-	-
Decreases due to disposals and divestments (of the carrying amount)	-	1,077,634	7,182	139,230	-	1,224,046
Depreciation for the year	58,614	271,036	3,365	114,286	-	447,301
<i>Total changes</i>	<i>1,754,326</i>	<i>(856,860)</i>	<i>(5,180)</i>	<i>(145,686)</i>	<i>265,994</i>	<i>1,012,594</i>
Amount at year end						
Cost	4,524,134	1,342,292	159,645	761,288	265,994	7,053,353
Depreciation (Depreciation fund)	131,613	576,771	157,651	498,939	-	1,364,974
Carrying amount	4,392,521	765,521	1,994	262,349	265,994	5,688,379

The most significant increases in Tangible Fixed Assets are attributable to the item "Land and Buildings" and regarded the purchase on 10.03.2023 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 € 400 thousand, made in plant and machinery by the Company.

With regard to the amounts shown in the field "Decreases due to disposals and divestments" in the Table above, alongside the items "Plant and Machinery", "Industrial and Commercial Equipment", and "Other Assets", included - in addition to the amounts of the disposals that took place during the year under review - are the amounts transferred as a result of the business unit transfer, which was finalized during the year.

Finance leases

In accordance with the equity method, the Company accounts for leases by charging on an accruals basis the related fees to the income statement for the year.

The table "FINANCE LEASES" shown below (Article 2427, paragraph I, no. 22, Italian Civil Code) provides information on the current value of the instalments not yet due, the actual financial expense, the financial expense for the year, the residual value of the asset at year end, the depreciation rate and the adjustments and write-backs relating to the year.

	Amount
Total amount of leased financial assets at year end	144,111
Depreciation that would have been charged in the year	18,200
Present amount of instalments of fees not yet due at year end	58,687
Financial expense for the year based on the effective interest rate	3,581

For information sake, the figures for the prior year are shown below:

	Amount
Total amount of leased financial assets at year end	2,559,122
Depreciation that would have been charged in the year	89,519
Present amount of instalments of fees not yet due at year end	1,438,782
Financial expense for the year based on the effective interest rate	54,979

For information sake, it should be noted that the existing finance lease relating to the Property located in Collegno was included in the business unit transferred in the year under review.

Financial fixed assets

Movements in investments, other securities and fixed financial derivative assets

B.III.1) Investments

On 26 July 2023, the transaction for the acquisition of the additional 30% stake in the share capital of Dyloan Bond Factory S.r.l. was finalized; as a result of the investment, Pattern S.p.A. now controls 100% of Dyloan Bond Factory S.r.l..

The controlling interest held in Idee Partners S.r.l. decreased to 52.92%, down from the previous 54%, as a result of the share capital increase resolved by the investee, reserved and subscribed by Paolo Benedetti, for a value of € 500 thousand, against the issuance of shares equal to 2% of the share capital of the investee.

On 2 October 2023, Pattern sold its 100% stake in IGD Outerwear S.r.l. - a corporate vehicle set up in May, as the transferee of the business unit dedicated to the engineering and production of Burberry brand products, as already mentioned in the introduction to these notes - earning a gain of approximately € 4.6 million, recorded under item C.15 of the income statement. For information sake, mention should be made that the above balance sheet item also includes the gain earned from the extraordinary business unit transfer transaction of € 15.6 million.

The amount of the total investment in Dyloan Bond Factory S.r.l., as mentioned in Part III of these notes, was written down for a total of € 6.3 million, as a result of the impairment test carried out pursuant to OIC 9.

Movements in investments under Financial Fixed Assets are shown in the table below *"MOVEMENTS IN INVESTMENTS, OTHER SECURITIES AND FIXED FINANCIAL DERIVATIVE ASSETS"* (Article 2427, paragraph I, no. 2, Italian Civil Code).

	Investments in subsidiaries	Total investments	Financial derivative assets
Amount at beginning of year			
Cost	20,742,006	20,742,006	204,742
Carrying amount	20,742,006	20,742,006	204,742
Changes in the year			
Increases from acquisitions	19,449,428	19,449,428	-
Decreases from disposals or divestments (of the book value)	15,760,000	15,760,000	-
Write-downs made during the year	6,300,000	6,300,000	-
Other changes	-	-	(110,644)
Total changes	(2,610,572)	(2,610,572)	(110,644)
Amount at year end			
Cost	24,431,434	24,431,434	94,098
Write-downs	6,300,000	6,300,000	-
Carrying amount	18,131,434	18,131,434	94,098

Changes in and maturity of long-term receivables

The tables below *"BREAKDOWN OF LONG-TERM RECEIVABLES BY GEOGRAPHICAL AREA"* and *"CHANGE AND MATURITY OF LONG-TERM RECEIVABLES"* show, separately for each item, the breakdown of receivables among financial fixed assets by geographical area and maturity. It should be noted that there are no receivables due beyond five years (Article 2427, paragraph I, no. 6, Italian Civil Code):

	Amount at beginning of year	Changes in the year	Amount at year end	Portion due within one year	Portion due beyond one year
Receivables from subsidiaries	-	900,000	900,000	900,000	-
Receivables from others	14,316	2,085,844	2,100,160	700,000	1,400,160
Total	14,316	2,985,844	3,000,160	1,600,000	1,400,160

B.III.2 a) Receivables from subsidiaries

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Dyloan Bond Factory Srl	400,000	0
Idee Partners Srl	500,000	0
Total	900,000	0

During the year, the Company granted interest-bearing loans to its subsidiaries Dyloan Bond Factory S.r.l. and Idee Partners S.r.l. under the treasury contracts in place with them.

B.III.2 d-bis) Receivables from others

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
<i>within one year</i>		
Escrow Deposit	700,000	0
<i>beyond one year</i>		
Escrow Deposit	1,400,000	0
Security deposits	160	14,316
Total	2,100,160	14,316

Long-term receivables from others are represented by the escrow deposit of € 2,100,000 - set up under the terms of payment of the price governed by the agreement on the disposal of the IGD Outerwear S.r.l. investment -, as well as security deposits for utilities.

Details of long-term investments in subsidiaries

The figures for directly-owned investments are shown in the tables below, with regard to investments in subsidiaries (Article 2427, paragraph I, no. 5, Italian Civil Code), which show, for each subsidiary, the name, registered office, capital, equity, profit or loss for the latest year, the stake held and the value attributed in the financial statements, the initial and final stake, new acquisitions, disposals and write-downs (Article 2427, paragraph I, no. 5, Italian Civil Code).

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the most recent year in €	Equity in €	Stake held in €	Stake held in %	Book value or corresponding receivable
DYLOAN BOND FACTORY SRL	CHIETI (CH)	01876580695	400,000	(1,056,381)	2,357,899	2,357,899	100,000	4,700,000
SMT SRL	CORREGGIO (RE)	01182020352	1,000,000	6,857,373	14,806,664	11,845,331	80,000	9,400,000
IDEE PARTNERS SRL	SCANDICCI (FI)	06165440964	1,000,000	1,221,645	3,957,206	2,094,153	52,920	4,031,434
Total								18,131,434

The investment in the subsidiary DYLOAN Bond Factory S.r.l. (100%), initially recorded based on the cost incurred for its acquisition, was appropriately written down in the year ended as a result of the impairment test conducted; the investment is thus aligned with the recoverable value.

The investment in the subsidiary S.M.T S.r.l. (80%) measured on the basis of the cost incurred for its acquisition.

The investment in the subsidiary Idee Partners S.r.l. (52.92%), measured on the basis of the cost incurred for its acquisition, is entered at a value higher than the value corresponding to the portion of equity shown in the most recent financial statements approved by the investee. The difference is due to the goodwill of the investee, justified by the earnings capacity of the acquired business.

Breakdown of long-term receivables by geographical area

The table below shows a breakdown of receivables under financial fixed assets by geographical area (Article 2427, paragraph I, no. 6, Italian Civil Code):

Geographical area	Long-term receivables from subsidiaries	Long-term receivables from others	Total long-term receivables
Italy	900,000	2,100,160	3,000,160

Amount of financial fixed assets

There are no financial fixed assets recorded at a value higher than the relating fair value. Pursuant to Article 2427 bis, paragraph 1, no. 2 lett. a), of the Italian Civil Code, details, for each financial asset, of the carrying amount and fair value are shown below:

Details of the value of long-term receivables from subsidiaries

Description	Carrying amount	Fair value
DYLOAN BOND FACTORY Srl	400,000	400,000
IDEE PARTNERS Srl	500,000	500,000
Total	900,000	900,000

B.III.4) Financial derivative assets

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

Financial derivative assets	Beginning of year	Change	End of year
Recognition of fair value of derivative assets	204,742	(110,644)	94,098
Total	204,742	(110,644)	94,098

Current assets

Inventory

Inventory under current assets amounted to € 788,569 (€ 4,741,511 in the prior year).

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-down totaling € 851,039, broken down as follows:

- € 413,864 as a reduction in the value of raw materials inventory. This provision decreased from the amount at the end of the prior year (€ 555,912) following the disposal of obsolete materials;
- € 437,175 as a reduction in the value of finished products inventory. This provision decreased from the amount at the end of the prior year (€ 670,232) as a result of the disposal of obsolete finished garments.

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

	Amount at beginning of year	Changes in the year	Amount at year end
raw and ancillary materials and consumables	1,717,229	(1,483,124)	234,105
work in progress and semi-finished products	2,284,341	(2,137,928)	146,413
finished products and goods	739,941	(331,890)	408,051
Total	4,741,511	(3,952,942)	788,569

Inventory of raw materials decreased versus the prior year, after adjusting for obsolescence and slow movement, attributable both to the transfer of materials in stock, following the business unit transfer finalized in the year, and to the increase in the relevance of customers operating on a job order basis. The value of Inventory of work in progress decreased as a result of the disposal of the business unit.

The value of Inventory of finished products and goods decreased, since the last quarter of the year saw a reduction in production and sales volumes, again due to the disposal of the business unit.

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

Raw and ancillary materials and consumables	Beginning of year	Change	End of year
Raw materials in stock	2,154,877	(1,554,776)	600,101
Provision for write-down of raw materials inventory	(555,912)	142,048	(413,864)
Raw materials in transit	118,264	(70,396)	47,868
Total	1,717,229	(1,483,124)	234,105

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

Work in progress and semi-finished products	Beginning of year	Change	End of year
Work in progress	2,284,341	(2,137,928)	146,413
Provision for write-down of work in progress inventory	0	0	0
Total	2,284,341	(2,137,928)	146,413

C.I.4) Finished products and goods

Finished products and goods	Beginning of year	Change	End of year
Finished products	1,387,528	(588,878)	798,650
Provision for write-down of finished products inventory	(670,232)	233,057	(437,175)
Finished products in transit	22,645	23,391	46,576
Total	739,941	(331,890)	408,051

Receivables under current assets

Receivables under current assets amounted to € 9,986,304 (€ 12,912,879 in the prior year).

Changes in and maturity of receivables under current assets

The table below shows a breakdown of receivables under current assets by maturity for each item. It should be noted that there are no receivables due beyond five years (Article 2427, paragraph I, no. 6, Italian Civil Code):

	Amount at beginning of year	Change in the year	Amount at year end	Portion due within one year	Portion due beyond one year
Receivables from customers	8,575,983	(5,417,620)	3,158,363	3,158,363	-
Receivables from subsidiaries	196,997	873,179	1,070,176	1,070,176	-
Tax receivables	4,040,470	(442,764)	3,597,706	3,507,956	89,750
Prepaid tax	86,011	12,142	98,153	-	-
Receivables from others	13,418	2,048,488	2,061,906	2,061,906	-
Total	12,912,879	(2,926,575)	9,986,304	9,798,401	89,750

The breakdown of receivables under current assets is as follows:

C.II. 1) Receivables from customers

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Receivables from customers	3,395,490	8,843,577
Invoices to issue	52,410	3,391
Credit notes to issue	(1,210)	(5,070)
Bank receipts	0	11,870
Provision for bad debts	(288,327)	(277,785)
Total	3,158,363	8,575,983

The decrease in receivables reflects the reduction in production and sales volumes in the last quarter of the year due to the disposal of the business unit to Burberry.

The provision for bad debts is deemed appropriate for the foreseeable collectability of receivables and changes as follows:

opening provision for bad debts	277,785
utilization in the year	(7,809)
allocation for the year	18,351
closing provision for bad debts	288,327

The adjustment provision refers to receivables from customers.

C.II. 2) Receivables from subsidiaries

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Invoices issued to Idee Partners S.r.l.	44,821	40,870
Invoices to issue to Idee Partners S.r.l.	0	3,945
Invoices issued to Dyloan Bond Factory S.r.l.	1,228	5,675
Invoices issued to SMT S.r.l.	177,555	146,507
Tax Consolidation, SMT S.r.l.	846,572	0
Total	1,070,176	196,997

With regard to the subsidiary SMT S.r.l., as a result of its adherence to the optional tax consolidation scheme, the remuneration accrued during the year due for the transfer of the payable to the tax authorities for IRES, net of receivables for withholding tax incurred on interest income, as well as tax advances paid, amounting to € 846,572, was recorded as an increase in the receivables due from the subsidiary under item C.II.2) Receivables from subsidiaries.

C.II. 5-bis) Tax receivables

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
<i>Within 12 months</i>		
Revenue Agency VAT a/c	3,347,620	3,340,838
IRAP receivable	4,663	35,425
IRES receivable	68,501	227,197
Other tax receivables	87,172	315,541
<i>Over 12 months</i>		
Other tax receivables	89,750	123,470
Total	3,597,706	4,040,470

For information sake, it is noted that the item "Other tax receivables" includes the tax receivable for expenditure in capital goods pursuant to Article 1, paragraphs 184-197 of Law 160/2019 and Article 1, paragraphs 1051-1063 of Law 178/2020 for a total of € 173,870 (of which € 89,750 beyond 12 months).

C.II. 5-ter) Deferred tax assets

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Deferred tax assets	98,153	86,011
Total	98,153	86,011

Reference is made for this item to the paragraph "Deferred taxation" below.

C.II. 5-quater) Other receivables

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Receivables from social security entities	222	0
Advances to suppliers	11,155	13,418
Sundry receivables	2,050,529	0
Total	2,061,906	13,418

Sundry receivables include the amount of € 2,050,416, which represents the adjustment receivable for the business unit transfer in favour of the transferee Burberry Tecnica Srl (formerly IGD Outerwear S.r.l.).

Specifically, the adjustment reflects the change in the amount of the items of the contributed business unit that occurred between the reporting date (30 June 2023) and the effective date of the transaction (30 September 2023).

Breakdown of receivables under current assets by geographical area

The breakdown of receivables by geographical area is shown, separately for each item, in the table below (Article 2427, paragraph I, no. 6, Italian Civil Code):

Geographical area	Receivables from customers under current assets	Receivables from subsidiaries under current assets	Tax receivables under current assets	Deferred tax assets under current assets	Other receivables under current assets	Total receivables under current assets
Italy	414,893	1,070,176	3,597,706	98,153	2,061,906	7,242,834
EU	1,653,653	-	-	-	-	1,653,653
Extra EU	1,089,817	-	-	-	-	1,089,817
Total	3,158,363	1,070,176	3,597,706	98,153	2,061,906	9,986,304

The above breakdown shows that the amount of receivables, receivables from customers in the Eurozone and outside Europe in particular, represents approximately 87% of the total amount of receivables. The analysis clearly confirms, also for 2023, that Pattern S.p.A. continues to target an international market in particular, consistent with the specific nature of its core business and business sector.

Current financial assets

Changes in current financial assets

Financial assets under current assets amounted to € 7,000,000 (€ 1,000,000 in the prior year).

On 9 October 2023, the Company set up an escrow account deposit with Intesa Sanpaolo Spa, so-called time deposit, maturing on 9 May 2024.

The following table shows information on changes in current financial assets.

Item description	Amount at beginning of year	Changes in the year	Amount at year end
other securities	1,000,000	6,000,000	7,000,000
<i>Total</i>	<i>1,000,000</i>	<i>6,000,000</i>	<i>7,000,000</i>

Cash

At year end, cash amounted to € 6,084,644 (€ 6,841,050 in the prior year).

Reference is made to the Statement of Cash Flows for changes in cash flow in 2023.

	Amount at beginning of year	Changes in the year	Amount at year end
bank and postal deposits	6,829,251	(756,336)	6,072,915
cheques	-	-	-
cash and valuables on hand	11,799	(70)	11,729
<i>Total</i>	<i>6,841,050</i>	<i>(756,406)</i>	<i>6,084,644</i>

Accrued income and deferred expense

	Amount at beginning of year	Change in the year	Amount at year end
Accrued income	8,909	107,155	116,064
Deferred expense	279,215	(151,024)	128,191
Total accrued income and deferred expense	288,124	(43,869)	244,255

The decrease in the amount of deferred expense recorded in the financial statements, versus the prior year, is due mainly to the reversal of deferred expense related to certain long-term service agreements and existing leases, as well as the transfer of deferred expense related to the maxi lease payment on the Collegno Property, included in the business unit transfer, which was finalized during the year.

Description	Detail	Current-year amount
<i>ACCRUALS AND DEFERRALS</i>		
	ACCRUED INCOME	
	GSE Incentive Tariff	4,338
	Insurance adjustments	3,069
	Interest income	105,943
	Other	2,714
	DEFERRED EXPENSE	
	Term contract work compensation	7,480
	Property lease fees	207
	Purchase of services	29,441
	Insurance	12,522
	Service contracts	9,208
	Software support contracts	21,358

Description	Detail	Current-year amount
	Maxi lease fees	7,933
	Bank and miscellaneous expense	87
	Rental expense	35,117
	Sponsorships and advertising	4,838
	Total	244,255

Capitalized financial expense

All interest and other financial expense were fully expensed during the year. For the purposes of Article 2427, paragraph 1, no. 8, of the Italian Civil Code, it is hereby certified that no financial expense was capitalized.

NOTES - LIABILITIES AND EQUITY

The movements of the individual items are analyzed in detail below, in accordance with current legislation.

Equity

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 Leg. Decr. 58/1998 (Article 2427, paragraph 1, 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 information sake, on 30 April 2021, the Shareholders' Meeting resolved to amend the 2019-2022 Stock Grant Plan, in order to increase the loyalty and incentive originally associated with the adoption of the Plan, also in view of the out-of-the-ordinary nature of the 2020 year and, in particular, the negative impacts of the COVID-19 pandemic on the entire luxury industry.

Lastly, it should be noted that the approved share capital amounts to a total of € 1,456,293. The difference between the authorized share capital and the subscribed and paid-up share capital, amounting to € 1,436,293, is attributable to the Retained Earnings Reserve to service the free share capital increase, in the amount of € 20,000, resolved by the extraordinary shareholders' meeting of Pattern S.p.A. on 6 December 2023. The free share capital increase is to service the Stock Grant Plan (for the period 2023-2025), approved by the Shareholders' Meeting of 6 December 2023, regarding

the granting to the Managing Director and CEO of the right to receive a maximum of 200,000 ordinary shares free of charge, subject to the achievement of certain annual targets for the company's growth.

A.II) Share premium reserve

The Share Premium Reserve 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 transfer by Camer of 10% of the share capital of S.M.T S.r.l..

A.IV) Legal reserve

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

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

A.VI) Other equity reserves

Extraordinary reserve

The Extraordinary Reserve amounts to € 1,575,984 with the following movements in the year:

Extraordinary reserve	Amount
Prior-year amount	0
Allocation of prior year's profit	1,156,131
Extraordinary allocation	(8,399,441)
Allocation to restricted reserve	(20,000)
Balance at year end	1,575,984

The Shareholders' Meeting, convened on 06 December 2023, approved the distribution of an extraordinary dividend from the Extraordinary Reserve.

Reserve for merger surplus

The Merger Surplus Reserve amounted to € 174,449 and remained unchanged:

Specifically, the Reserve refers to the merger differences from the merger of Roscini Atelier S.r.l., which took place during 2019, and the merger of Pattern Project S.r.l., which took place in 2022, and is composed as follows:

- € 22,540 in exchange surplus;
- € 151,909 in cancellation surplus.

Other reserves

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.

On 6 December 2023, the Shareholders' Meeting approved the new Stock Grant Plan named "Stock Grant Plan 2023-2025" reserved for CEO Luca Sburlati and resolved to establish a special restricted profit reserve to service the free share capital increase. The Plan provides for the free assignment of up to a maximum of 200,000 newly-issued ordinary shares with no par value indicated.

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)
Establishment of restricted reserve	20,000
Balance at year end	20,000

A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € 71,514 and refers to the fair value at 31.12.23 of two IRS derivative contracts to hedge the interest rate risk on loans entered into in prior years by the Company. The Reserve is recognized net of deferred tax effects of € 22,583 pursuant to OIC 32.

For a breakdown of derivatives, reference is made to Part V of these notes.

Changes in equity items

Changes in the items making up equity are shown in the tables "CHANGES IN EQUITY" and "DETAILS OF OTHER RESERVES" shown below (Article 2427, paragraph I, no. 4 and 7, Italian Civil Code)

	Amount at beginning of year	Allocation of prior year's result - Other allocations	Other changes - Decreases	Other changes - Reclassifications	Profit (loss) for the year	Amount at year end
Share capital	1,426,293	-	-	10,000	-	1,436,293
Share premium reserve	9,548,706	-	1	-	-	9,548,705
Legal reserve	281,511	5,748	-	-	-	287,259
Extraordinary reserve	8,839,294	1,156,131	8,399,441	(20,000)	-	1,575,984
Merger surplus reserve	174,449	-	-	-	-	174,449
Various other reserves	10,000	-	-	10,000	-	20,000
Total other reserves	9,023,743	1,156,131	8,399,441	(10,000)	-	1,770,433
Reserve for hedges of expected cash flows	155,604	-	84,090	-	-	71,514
Profit (loss) for the year	1,161,879	(1,161,879)	-	-	15,341,930	15,341,930
Total	21,597,736	-	8,483,532	-	15,341,930	28,456,134

Availability and utilization of equity

The eligibility for the utilization and distribution of Equity items, as well as their utilization in the past three years, are shown in the tables "AVAILABILITY AND UTILIZATION OF EQUITY" and "ORIGIN AND ELIGIBILITY FOR THE UTILIZATION AND DISTRIBUTION OF VARIOUS OTHER RESERVES" below (Article 2427, paragraph I, no. 7 bis, Italian Civil Code).

Description	Amount	Origin/Nature	Eligibility for utilization	Portion available	Summary of utilizations made in the past three years - for other reasons
Share capital	1,436,293	Share capital		-	-
Share premium reserve	9,548,705	Share capital	A;B;C	9,548,705	-
Legal reserve	287,259	Profit	B	287,259	-
Extraordinary reserve	1,575,984	Profit	A;B;C	1,575,984	-
Merger surplus reserve	174,449	Profit	A;B;C	-	-
Various other reserves	20,000	Profit	A	20,000	-
Total other reserves	1,770,433	Profit		1,595,984	8,429,441
Reserve for hedges of expected cash flows	71,514	Share capital		-	-
Total	13,114,204			11,431,948	-
Non-distributable portion				307,259	
Remaining distributable portion				11,124,689	
Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory obligations; E: other					

Origin, eligibility for utilization and distribution of various other reserves

Description	Origin/Nature	Eligibility for utilization	Summary of utilizations made in the past three years - for other reasons
Various other reserves	Profit	A	30,000
Total			-
Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory obligations; E: other			

Changes in the reserve for hedges of expected cash flows

The information required by Article 2427-bis, paragraph 1, no. 1, lett. b-quater) of the Italian Civil Code regarding the details of movements in the year is summarized in the table below:

	Amount at beginning of year	Changes in the year - Decrease due to change in fair value	Changes in the year - Deferred tax effect	Amount at year end
Reserve for hedges of expected cash flows	155,604	110,644	26,554	71,514

Lastly, it should be noted that no Equity item at 31 December 2023 is subject to tax suspension restrictions.

Provisions for risks and charges

Changes in the items making up the provisions for risks and charges are shown in the table below "PROVISIONS FOR RISKS AND CHARGES" as well as further below (Article 2427, paragraph I, no. 4, Italian Civil Code).

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

	Amount at beginning of year	Changes during the year - Other changes	Changes in the year - Total	Amount at year end
Provision for pensions and similar obligations	2,771	(2,771)	(2,771)	-
Provision for tax, including deferred tax	49,138	(26,555)	(26,555)	22,583
Other provisions	24,794	(24,794)	(24,794)	-
Total	76,703	(54,120)	(54,120)	22,583

B.1) Provisions for pensions and similar obligations**Provision for agents' termination benefits**

The provision included allocations 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.

In the year under review, the above provision was fully released, as the commercial use of the "Esemplare" trademark terminated.

The breakdown and changes in this item are shown below:

	Current-year amount	Prior-year amount
Opening balance	2,771	3,273
Allocation for the year	0	568
Utilization in the year	(2,771)	(1,070)
Closing balance	0	2,771

B.4) Other provisions

The breakdown and changes in "Other provisions" are shown below (Article 2427, paragraph I, no. 7, Italian Civil Code).

Provision for risks on sales returns

Movements were as follows:

	Current-year amount	Prior-year amount
Opening balance	24,794	39,415
Allocation for the year	0	0
Utilization in the year	(24,794)	(14,621)
Closing balance	0	24,794

The provision for sales returns includes the best estimate calculated with regard to the company's experience and specific contractual agreements of any expense the company will have to incur in the event of returns on sales of "Esemplare" garments. In the year under review, the provision was fully released.

Post-employment benefits

Post-employment benefits are recorded under liabilities for a total of € 722,277 (€ 1,460,461 in the prior year).

The changes in the amount of this item are shown in the table below (Article 2427, paragraph I, no. 4, Italian Civil Code):

	Amount at beginning of year	Changes in the year - Allocation	Changes in the year - Utilization	Changes in the year - Total	Amount at year end
POST-EMPLOYMENT BENEFITS	1,460,461	285,673	1,023,857	(738,184)	722,277
Total	1,460,461	285,673	1,023,857	(738,184)	722,277

"Utilizations" in the above Table includes the amount transferred as a result of the business unit transfer, which was finalized in the year under review, amounting to approximately € 813 thousand.

Payables

Payables are recorded under liabilities for a total of € 21,633,470 (€ 28,624,832 in the prior year).

Changes and maturity of payables

The table below shows a breakdown of payables by maturity, with the amount of payables with a residual maturity of over five years, separately for each item (Article 2427, paragraph I, no. 6, Italian Civil Code):

	Amount at beginning of year	Change in the year	Amount at year end	Portion due within one year	Portion due beyond one year	Of which with residual maturity of over 5 years
Payables to banks	15,506,379	(3,921,727)	11,584,652	3,746,433	7,838,219	106,532
Payables to other lenders	366,660	(124,439)	242,221	82,220	160,001	-
Advances	68,834	(57,564)	11,270	11,270	-	-
Payables to suppliers	10,056,299	(5,007,907)	5,048,392	5,048,392	-	-
Payables to subsidiaries	399,143	865,025	1,264,168	1,264,168	-	-
Tax payables	276,466	(24,659)	251,807	251,807	-	-
Payables to welfare and social security entities	621,259	(161,801)	459,458	459,458	-	-
Other payables	1,329,792	1,441,710	2,771,502	2,771,502	-	-
Total	28,624,832	(6,991,362)	21,633,470	13,635,250	7,998,220	106,532

Breakdown of payables by geographical area

The breakdown of payables by geographical area is shown, separately for each item, in the table below (Article 2427, paragraph I, no. 6, Italian Civil Code):

Geographical area	Payables to banks	Payables to other lenders	Advances	Payables to suppliers	Payables to subsidiaries	Tax payables	Payables to welfare and social security entities	Other payables	Payables
ITALY	11,584,652	242,221	11,270	4,610,939	1,264,168	251,807	459,458	2,771,502	21,196,017
EU	-	-	-	105,193	-	-	-	-	105,193
EXTRA EU	-	-	-	332,260	-	-	-	-	332,260
Total	11,584,652	242,221	11,270	5,048,392	1,264,168	251,807	459,458	2,771,502	21,633,470

Payables secured by collateral on company assets

Pursuant to and in accordance with Article 2427, paragraph 1, no. 6, of the Italian Civil Code, it is certified that there are no corporate payables secured by collateral.

	Payables unsecured by collateral	Total
Payables to banks	11,584,652	11,584,652
Payables to other lenders	242,221	242,221
Advances	11,270	11,270
Payables to suppliers	5,048,392	5,048,392
Payables to subsidiaries	1,264,168	1,264,168
Tax payables	251,807	251,807
Payables to welfare and social security entities	459,458	459,458
Other payables	2,771,502	2,771,502
Total payables	21,633,470	21,633,470

Loans made by shareholders of the company

The Company has not received any shareholder loans.

Other debt items are detailed below:

D.4) Payables to banks

Payables to banks are shown below:

Nature of payable	Current-year amount	Prior-year amount
<i>Within 12 months</i>		
Credit cards	10,056	12,020
Loans without collateral	3,706,201	3,983,876
Bank fees to settle	30,176	1,494
<i>Over 12 months</i>		
Loans without collateral	7,838,219	11,508,989

Total	11,584,652	15,506,379
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Details of outstanding loans, shown at amortized cost, are provided below, as anticipated in Part III of these Notes.

Bank	Amount granted	Disbursement	Maturity	Remaining debt at 31.12.2023	Debt within 12 months	Debt over 12 months
Banco-BPM	1,994,000	2019	2024	250,067	250,067	0
Unicredit	2,997,285	2020	2025	841,153	667,183	173,970
Intesa Sanpaolo	2,994,286	2020	2026	1,665,692	675,122	990,570
BNL	2,348,017	2020	2026	1,383,766	552,716	831,050
Intesa Sanpaolo	3,493,000	2021	2028	2,913,004	580,036	2,332,968
Banco-BPM	2,495,000	2022	2029	2,190,773	410,249	1,780,524
CREDEM	2,996,400	2022	2027	2,299,965	570,828	1,729,137
TOTAL	19,317,988			11,544,420	3,706,201	7,838,219

Bank	Remaining debt prior year	New loans	Repayments	Remaining debt current year
Intesa Sanpaolo	25,394	0	(25,394)	0
Banco-BPM	102,064	0	(102,064)	0
Banco-BPM	749,501	0	(499,434)	250,067
Unicredit	1,505,509	0	(664,356)	841,153
Intesa Sanpaolo	2,329,423	0	(663,731)	1,665,692
BNL	1,936,660	0	(552,894)	1,383,766
Intesa Sanpaolo	3,494,131	0	(581,127)	2,913,004
Banco-BPM	2,495,979	0	(305,207)	2,190,773
CREDEM	2,854,204	0	(554,239)	2,299,965
TOTAL	15,492,865	0	(3,948,445)	11,544,420

In order to prevent the risk from interest rate fluctuations in the prior year, two IRS contracts were concluded on the loans taken out with Intesa Sanpaolo and Unicredit.

With regard to these agreements, mention should be made that, pursuant to Article 2427-bis, paragraph 1 of the Italian Civil Code, the fair value of the:

- IRS Sanpaolo indicates a positive Mark To Market of €: 72,187;
- IRS Unicredit indicates a positive Mark To Market of €: 21,911.

For a breakdown, reference is made to Part V of these notes.

D.5) Payables to other lenders

In 2019 (on 30 January 2019), the Company took out a loan with SIMEST S.p.A. (loan to support the capitalization of exporting SMEs pursuant to Article 6, paragraph 2, lett. c, of Law no. 133/2008) for the amount of € 400,000, expiring on 31 December 2026.

This item also includes the loan in place with Porsche Financial Service Spa for the maintenance of the motor vehicle leased.

Nature of payable	Current-year amount	Prior-year amount
<i>Within 12 months</i>		
Simest Spa loan	80,001	119,997
Porsche Financial Service Spa loan	2,219	4,439
<i>Over 12 months</i>	160,001	
Simest Spa loan		240,005
Porsche Financial Service Spa loan	0	2,219
Total	242,221	366,660

D.6) Advances

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Customer advances	11,270	68,834
Total	11,270	68,834

D.7) Payables to suppliers

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Invoices received	3,987,529	8,953,103
Invoices to receive	1,139,705	1,107,760
Credit notes to receive	(78,842)	(4,564)
Total	5,048,392	10,056,299

The amount of payables to suppliers decreased versus the prior year. This decrease is attributable to the same reasons given for the decrease in receivables from customers.

D.9) Payables to subsidiaries

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Invoices received from Idee Partners S.r.l.	19,685	0
Credit notes to receive Idee Partners S.r.l.	(6,980)	0
Idee Partners S.r.l., Tax Consolidation	117,492	0

Invoices received from Dyloan Bond Factory S.r.l.	298,967	390,499
Invoices to receive from Dyloan Bond Factory S.r.l.	31,940	0
Dyloan Bond Factory S.r.l., Tax Consolidation	691,449	
Invoices received from SMT S.r.l.	81,699	3,257
Invoices to receive from SMT S.r.l.	29,916	5,387
Total	1,264,168	399,143

As a result of the adherence to the optional tax consolidation scheme for the three-year period 2023 - 2025, the following were recorded as an increase in payables to subsidiaries under item D.9) Payables to subsidiaries:

- a total of € 117,492, regarding the subsidiary Idee Partners S.r.l., as remuneration for tax advances paid and receivables for withholding tax incurred on interest income considered net of the payable to the tax authorities for IRES;
- a total of € 691,449, regarding the subsidiary Dyloan Bond Factory S.r.l., as remuneration of the transferred tax loss, in addition to the receivable for withholding tax incurred on interest income, as well as the claimed tax surplus.

D.12) Tax payables

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Revenue Agency withholding tax on employees a/c	188,878	246,885
Revenue Agency withholding tax on self-employed work a/c	19,910	16,214
Revenue Agency - Withholding tax on post-employment benefits a/c	0	12,950
Other tax payables	43,019	417
Total	251,807	276,466

D.13) Payables to welfare and social security entities

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Inps	269,181	371,660
Inail	344	7,540
Inps and Inail accruals	120,796	155,210

Contributions to supplementary pension funds	68,276	85,201
Enasarco	861	1,648
Total	459,458	621,259

D.14) Other payables

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Payables for salaries to settle	312,118	428,917
Payables for commissions to settle	965	10,283
Payables to pension funds	6,021	8,785
Accruals for holidays not taken	425,311	538,413
Other payables	2,027,087	343,395
Total	2,771,502	1,329,793

This item includes residual payables for accrued and unpaid accruals to employees, as well as the payable to the transferee Burberry Italy S.r.l. - for € 2,027,079 - related to the price revision of the disposal of the investment in Burberry Tecnica S.r.l. (formerly IGD Outerwear S.r.l.), in application of the provisions of the framework agreement signed by the parties.

Accrued expense and deferred income

The item is broken down as follows:

	Amount at beginning of year	Change in the year	Amount at year end
Accrued expense	33,170	81,367	114,537
Deferred income	212,896	12,640	225,536
Total accrued expense and deferred income	246,066	94,007	340,073

The table below shows the breakdown of the items in question, as recorded in the financial statements:

Description	Detail	Current-year amount
<i>ACCRUALS AND DEFERRALS</i>		
	ACCRUED EXPENSE	-
	Insurance	7,459
	Services and utilities	855
	Interest expense	30,809
	Other	75,414
	DEFERRED INCOME	-

Description	Detail	Current-year amount
	Capital goods investment bonus	225,536
	Total	340,073

NOTES, INCOME STATEMENT

The income statement shows the result for the year.

It presents operations by summarizing the positive and negative income components that contributed to the result. The positive and negative income components, recorded in the financial statements in accordance with the provisions of Article 2425-bis of the Italian Civil Code, are distinguished according to whether they belong to the various categories: ordinary, ancillary and financial.

The ordinary business identifies the components of income generated by transactions that occur on an ongoing basis and in the sector relevant to the performance of operations, which identify and qualify the specific and distinctive part of the business carried on by and the object of the company. Financial activities consist of transactions that generate financial income and expense.

On a residual basis, ancillary activities consist of transactions that generate income components that are part of ordinary activities but are not part of the ordinary business and of financial activities.

Value of production

Revenue is recorded in the financial statements on an accruals basis, net of returns, allowances, discounts and rebates, as well as tax directly thereto.

Breakdown of revenue from sales and services by business category

A.1) Revenue

The Company's revenue is broken down as follows (Article 2427, paragraph I, no. 10, Italian Civil Code):

Business category	Current-year amount
Production area	42,558,239
Engineering area	3,376,827
Other revenue	848,767
Total	46,783,833

For information sake, the results of the prior year are also shown below:

Business category	Prior-year amount
Production area	42,184,887
Engineering area	4,027,319
Other revenue	827,642
Total	47,039,848

Revenue from sales decreased slightly during the year, due to the result in the last quarter, which was affected by the disposal of the business unit.

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

Breakdown of revenue from sales and services by geographical area

In relation to the provisions of Article 2427, paragraph I, no. 10, of the Italian Civil Code, the tables below also show a breakdown of revenue by geographical area:

Geographical area	Current-year amount
Italy	4,046,241
EU	15,745,479
Extra EU	26,992,113
Total	46,783,833

For information sake, the results of the prior year are also shown below:

Geographical area	Prior-year amount
Italy	4,396,626
EU	10,232,413
Extra EU	32,410,809
Total	47,039,848

The overall share of business with foreign customers is 91.35%, up slightly from 90.6% last year. The EU area saw a sharp rise due to the development of business with a customer from this area.

A.5) Other income

Income is as follows:

Nature	Current-year amount	Prior-year amount
<i>Operating grants</i>		
Advertising bonus, LD 50/2017	0	1,296
Fashion Bonus, LD 34/2020	0	396,359
Incentive Rate	16,282	16,563
Fondirigenti training plan grant	27,500	11,074
Fondimpresa training plan grant	0	75,893
Tax receivable, LD 176/2022	13,714	32,655
<i>Other revenue</i>		
Ordinary capital gains	18,470	56
Capital grants	37,761	31,266
Compensation for damages	23,875	4,941
Outgoing secondment	136,648	0
Other revenue and income	205,190	193,029
Total	479,440	763,132

In the year under review, the Company received the grant from Fondirigenti to reduce the costs of the training plans endorsed by the Company.

For information sake, it should be noted that the Company as of October 2023, and for a maximum of two years, has entered into an outgoing secondment agreement with Burberry Tecnica S.r.l., the transferee of the business unit.

Production costs

Costs and expense are allocated on an accruals basis and according to their nature, net of returns, allowances, discounts and rebates, in accordance with the principle of matching revenue, and recorded in the respective items in accordance with the provisions of OIC 12.

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

This item amounted to € 9,671,226 (€ 14,341,896 in the prior year) and includes mainly costs incurred for the procurement of raw materials and accessories used in the production of garments made by the company.

B.7) Service costs

These involve mainly the following types of services:

Nature	Current-year amount	Prior-year amount
Production services	18,966,219	17,374,935
Commercial services	795,063	1,083,287
Administrative and management services	2,188,224	.2.080.145
Total	21,949,506	20,538,367

Specifically:

- production services: these consist mainly of packaging service costs;
- commercial services: most of this item regards transport services;
- administrative and management services: these include advisory fees and other administrative and management service costs pertaining to the year under review.

B.8) Rentals and leases

Costs are as follows:

Nature	Current-year amount	Prior-year amount
Rental payments	84,104	131,821
Lease payments	224,024	259,869
Fees for software use	96,004	88,350
Car rental fees	194,015	165,472

Other rentals and leases	50,811	44,990
Total	648,958	690,502

B.9) Personnel expense

Labour costs totaled € 11,462,460 (€ 10,629,596 in the prior year).

B.14) Sundry operating expense

Costs are as follows:

Nature	Current-year amount	Prior-year amount
Sundry tax and duties	85,896	77,249
Contingent liabilities	18,450	20,005
Other sundry operating expense	115,817	89,279
Total	220,163	186,533

Financial income and expense

Financial income and expense are recorded on an accruals basis relating to the portion accrued in the year.

Breakdown of income from investments**C.15) Income from investments**

As follows (Article 2427, paragraph I, no. 11, Italian Civil Code):

	Income from investments
From subsidiaries	1,238,400
Realized capital gain	20,269,565
Total	21,507,965

Income from investments from subsidiaries refers to the dividend passed on 26 April by the subsidiary S.M.T S.r.l. as allocation of the prior year's result of € 828,000, and the dividend passed on 21 April by the subsidiary Idee Partners S.r.l. as allocation of the prior year's result of € 410,400.

Pursuant to Article 2425, no. 15 of the Italian Civil Code, it is noted, as explained in the introduction, that the Company earned a gain from the business unit transfer in the amount of € 15,621,644 and then, as a result of the disposal of the investment in the transferee Burberry Tecnica S.r.l. (formerly IGD Outerwear S.r.l.) - a corporate vehicle set up for this purpose for the business unit transfer - it earned a gain from the disposal of the investment in the amount of € 4,647,921.

C.16) Other financial income

Income is as follows:

Interest and other financial income	Current-year amount	Prior-year amount
Interest from subsidiaries	9,970	3,945
Bank interest income	195,076	1,522
Interest on quarterly VAT refunds	0	2,654
Other interest income	4,099	8
Total	209,145	8,129

Breakdown of interest and other financial expense by type of payables

C.17) Interest and other financial expense

The breakdown of interest and other financial expense is shown in the table below (Article 2427, paragraph I, no. 12, Italian Civil Code):

	Payables to banks	Total
Interest and other financial expense	395,773	395,773

The increase in financial expense from medium-term bank payables is a result of the effects of ongoing rising interest rates.

Nature	Current-year amount	Prior-year amount
Interest expense on medium-term loans	395,688	114,153
Other financial expense	85	675
Total	395,773	114,828

C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Current-year amount	Prior-year amount
Valuation exchange differences	(23,508)	(7,701)
Realized exchange gains	7,104	35,670
Realized exchange losses	(7,643)	(60,294)
Total	(24,047)	(32,325)

The decrease in the amount of foreign exchange losses incurred in the year is due mainly to the fluctuations recorded on purchases of raw materials in US dollars, Canadian dollars and British pounds, whose exchange rates performed positively for the Euro during the year.

Amount and nature of individual revenue/cost items of exceptional size or incidence

In the year, the Company earned the following revenue of an extraordinary nature, size or incidence to be reported pursuant to Article 2427, paragraph I, no. 13, of the Italian Civil Code:

- gain from the business unit transfer in the amount of € 15,621,644;
- gain from the disposal of an investment in the amount of € 4,647,921

In the year, the Company incurred costs of an extraordinary nature, size or incidence to be reported pursuant to Article 2427, paragraph I, no. 13, of the Italian Civil Code:

- write-down of the investment held in the subsidiary Dyloan Bond Factory S.r.l. totaling € 6,300,000.

Income tax for the year, current, deferred and prepaid tax

Income Tax

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

Pursuant to the provisions of OIC 25, the table below shows the "RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX RATE".

IRES

Amounts in € thousands	2023	
Profit (loss) before tax for the year		15,492,173
Actual income tax	117,593	0.8%
Lower tax (versus theoretical rate)		
Utilization of taxed provision	95,976	0.6%
Energy Bonus	3,292	0.0%
Capital goods investment bonus	9,063	0.1%
Supplementary pension	2,148	0.0%
Super depreciation	9,555	0.1%
Hyper depreciation	3,622	0.0%
Dividends	282,355	1.8%
Exchange rate differences	2,429	0.0%
Gain from participation exemption (Article 87 TUIR)	1,059,726	6.8%
IRAP deductions	6,127	0.0%

Gain from transfer (Article 176 TUIR)	3,749,195	24.2%
A.C.E.	16,414	0.1%
Other decreases	6,107	0.0%

Higher tax (versus theoretical rate)

Motor vehicle costs	(27,512)	-0.2%
Entertainment expense	(3,678)	0.0%
Write-down of investment	(1,512,000)	-9.8%
Land portion of property lease payments	(9,311)	-0.1%
Non-deductible depreciation	(10,692)	-0.1%
Valuation exchange losses	(6,223)	0.0%
Other increases	(76,063)	-0.5%

Theoretical income tax	3,718,122	24.0%
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IRAP

Amounts in € thousands	2023
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Value added (IRAP taxable base)		11,975,694
Actual income tax	44,792	0.4%
Lower tax (versus theoretical rate)		
Utilization of taxed provision	15,596	0.1%
Energy Bonus	535	0.0%
Capital goods investment bonus	1,473	0.0%
Non-taxable chargeback of personnel	5	0.0%
Employee labour deductions Legislative Decree 446/97	427,874	3.6%
Other decreases		0.0%

Higher tax (versus theoretical rate)

Land portion of property lease payments	(1,513)	0.0%
Interest share on lease payments	(2,520)	0.0%
IMU	(1,303)	0.0%
Non-deductible depreciation	(1,697)	0.0%
Costs, fees and profits referred to in Article 11.1 lett. b) Leg. Decr. 446	(1,663)	0.0%
Other non-deduct. costs	(14,308)	-0.1%

Theoretical income tax	467,271	3.9%
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Deferred taxation

A description of the temporary differences that led to the recognition of deferred tax assets and liabilities, as well as deferred tax assets booked for losses incurred, is shown in the tables below "DETAILS OF DEDUCTIBLE TEMPORARY DIFFERENCES" and "DETAILS OF TAXABLE DIFFERENCES" (Article 2427, I paragraph, no. 14, Italian Civil Code).

The table "DETAILS OF TEMPORARY DIFFERENCES EXCLUDED" also shows the temporary differences for which deferred taxation was not recognized.

Details of deductible temporary differences

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Non-deductible amortization of goodwill	174,076	43,519	217,595	24.00	52,223	3.90	8,487
Write-down of receivables in excess of art. 106 TUIR limit	156,014	-	156,014	24.00	37,443	-	-

Details of taxable temporary differences

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Reserve hedges of expected cash flows	204,742	(110,645)	94,097	24.00	22,583	-	-

Details of temporary differences excluded

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Provision for risks of product returns	24,795	(24,795)	-	-	-	-	-
Write-down of raw materials	555,911	(142,048)	413,863	24.00	99,327	3.90	16,141
Write-down of finished products	670,232	(233,057)	437,175	24.00	104,922	3.90	17,050
Exchange rate differences	7,701	(5,280)	2,421	24.00	581	-	-
Provision for bad debts	5,839	-	5,839	24.00	1,401	-	-

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Write-down of trademark	186,508	-	186,508	24.00	44,762	-	-

Notes - Other information

PART V: ADDITIONAL INFORMATION

Other information required by the Italian Civil Code is provided below.

HEADCOUNT

The average number of employees, broken down by category, is shown in the table below (Article 2427, paragraph I, no. 15, Italian Civil Code):

	Executives	Managers	White collars	Blue collars	Other employees	Total employees
Average number	8	14	77	59	16	174

Employees amounted to 144 at 31 December 2023, including 112 women and 32 men (202 employees at 31 December 2022, including 148 women and 54 men).

The table below shows a breakdown by category of employees at 31 December 2023 and 31 December 2022:

	31.12.2023	31.12.2022
Executives	6	10
Managers	13	15
White collars	63	90
Blue collars	46	72
Trainees	16	15
Total	144	202

The decrease is due to the business unit transfer, finalized during the year, as explained in the Directors' Report on Operations.

FEES, ADVANCES AND RECEIVABLES GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS UNDERTAKEN ON THEIR BEHALF

Information regarding the Statutory Auditors is given below (Article 2427, paragraph I, no. 16, Italian Civil Code).

	Directors	Statutory Auditors
Fees	15,511	32,760

FEES TO THE AUDITOR OR TO THE INDEPENDENT AUDITORS

The information regarding fees paid to the Independent Auditors is provided below (Article 2427, paragraph I, no. 16-bis, Italian Civil Code).

	Statutory auditing	Total fees payable to the Auditor or to the Independent Auditors
Amount	88,663	88,663

CATEGORIES OF SHARES ISSUED BY THE COMPANY

The information required by Article 2427, paragraph I, no. 17, of the Italian Civil Code, with regard to data on the shares forming the company's capital, the number and par value of the shares subscribed in the year can be summarized as follows: the share capital, as indicated above, is made up of no. 14,362,929 ordinary shares, with no indication of the 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 Leg. Decr. 58/1998 (Article 2427, paragraph I, no. 17).

Additionally, it should be noted that the approved share capital amounts to a total of € 1,456,293. As already explained in Part IV of these Notes, the difference between the authorized share capital and the subscribed and paid-up share capital, amounting to € 1,436,293, is attributable to the Retained Earnings Reserve to service the free share capital increase, in the amount of € 20,000, resolved by the extraordinary shareholders' meeting on 6 December 2023. The free share capital increase is to service the Stock Grant Plan (for the period 2023-2025), approved by the Ordinary Shareholders' Meeting of 6 December 2023, regarding the granting to the Managing Director and CEO of the right to receive a maximum of 200,000 ordinary shares free of charge, subject to the achievement of certain annual targets for the company's growth.

	Initial amount, number	Shares subscribed in the year, amount	Final amount, number
Ordinary shares	14,262,929	100,000	14,362,929

SECURITIES ISSUED BY THE COMPANY

It is acknowledged that the Company has never issued dividend-bearing shares, bonds convertible into shares, warrants, options and similar securities or instruments, pursuant to Article 2427, paragraph I, no. 18, of the Italian Civil Code.

DETAILS OF OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

It is acknowledged that the Company has never issued other equity financial instruments pursuant to Article 2427, paragraph I, no. 19, of the Italian Civil Code.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION

The table below shows details of the guarantees given and commitments undertaken by the Company (Article 2427, paragraph I, no. 9, Italian Civil Code).

Guarantees issued

	Amount
Guarantees	85,072
of which collateral	-

Specifically, this is the guarantee issued by the 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.

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 € 58,687.

ASSETS AND LOANS ALLOCATED FOR A SPECIFIC TRANSACTION

Assets allocated for a specific transaction

As inferred from the financial statements, pursuant to Article 2427, paragraph I, no. 20 and 21, of the Italian Civil Code, in the year the Company did not allocate any assets exclusively for specific transactions (pursuant to Article 2447-bis, paragraph I, lett. a) of the Italian Civil Code); nor, with regard to specific transactions, did it take out any loans (pursuant to Article 2447-bis, paragraph I, lett. b) of the Italian Civil Code).

Loans allocated for a specific transaction

It is certified that, at the balance sheet date, there are no loans allocated for a specific purpose pursuant to point 21 of Article 2427 of the Italian Civil Code.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to the provisions of Article 2427, paragraph 1, no. 22 bis, of the Italian Civil Code, with regard to transactions with related parties, it should be noted that the Company entered into minor supply transactions with its subsidiaries, SMT S.r.l., Idee Partners S.r.l. and DYLOAN Bond Factory S.r.l. according to market conditions.

As already mentioned in Part IV of these explanatory notes under B.III 2.a), Pattern S.p.a. entered into two treasury contracts with its subsidiaries Dyloan Bond Factory S.r.l. and Idee Partners S.r.l. according to market conditions.

Additionally, during the year the company entered into an incoming secondment agreement with the subsidiary SMT S.r.l. according to market conditions.

For information sake, 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 year with related parties had a significant impact on the Company'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 Company's statement of financial position and income statement, pursuant to Article 2427, paragraph I, no. 22-ter, of the Italian Civil Code.

SIGNIFICANT EVENTS AFTER YEAR END

Pursuant to Article 2427, paragraph 1, no. 22-quater), of the Italian Civil Code, it should be noted that the company is continuing the authorization process with Collegno for the construction of Pattern's new headquarters.

Additionally, the Board of Directors on 8 February approved the appointment of Invest Italy Sim as the new Euronext Growth Advisor.

For a more detailed description of the outlook for Pattern and the Group, reference is made to the Directors' Report on Operations.

ENTITIES THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGER/SMALLER BODY OF ENTITIES THEY ARE PART OF AS SUBSIDIARIES

As mentioned, the Company prepared the consolidated financial statements. The full consolidation scope includes the financial statements at 31 December 2023 of Pattern S.p.a., the subsidiaries S.M.T. S.r.l., Idee Partners S.r.l., DYLOAN Bond Factory S.r.l. and Nuova Nicol S.r.l..

Reclassified statement of financial position

As a supplement to the financial statements, the reclassified Statement of Financial Position is shown below in order to present, with regard to loans, the breakdown of capital employed and, for sources of financing, the calculation of the value of the net financial position.

	current year		prior year	
	in €	%	in €	%
Fixed assets	26,976,667.00		26,017,492.00	
(excluding long-term securities and financial derivative assets)				
TOTAL FIXED ASSETS	26,976,667.00	99.5%	26,017,492.00	88.4%
Inventory	788,569.00		4,741,511.00	

Receivables relating to working capital	9,986,304.00		12,912,879.00	
Investments not held as fixed assets	-		-	
Accrued income and deferred expense	244,255.00		288,124.00	
Payables relating to working capital	(9,806,597.00)		(12,751,794.00)	
Accrued expense and deferred income	(340,073.00)		(246,066.00)	
Provisions for risks	(22,583.00)		(76,703.00)	
Provision for post-employment benefits	(722,277.00)		(1,460,461.00)	
NET WORKING CAPITAL	127,598.00	0.5%	3,407,490.00	11.6%
CAPITAL EMPLOYED	27,104,265.00	100.0%	29,424,982.00	100.0%
Equity	28,456,134.00		21,597,735.00	
EQUITY	28,456,134.00	105.0%	21,597,735.00	73.4%
Financial liabilities	11,826,873.00		15,873,039.00	
Financial assets	(7,094,098.00)		(1,204,742.00)	
Cash	(6,084,644.00)		(6,841,050.00)	
NET FINANCIAL POSITION	(1,351,869.00)	-5.0%	7,827,247.00	26.6%
ACQUIRED CAPITAL	27,104,265.00	100.0%	29,424,982.00	100.0%

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 31.12.23
IRS Unicredit	30.6.20 – 31.3.25	21,911
IRS Intesa Sanpaolo	19.6.20 – 19.6.26	72,187
Total		94,098

In 2020, the Company entered into two IRS derivative contracts to hedge the interest rate risk on bank loans taken out; the value of these derivative products was adjusted to reflect their fair value at 31.12.23.

SUMMARY OF THE FINANCIAL STATEMENTS OF THE COMPANY EXERCISING DIRECTION AND COORDINATION

The Company is subject to the direction and coordination of BO.MA. Holding S.r.l.; specifically, pursuant to the provisions of Article 2497-bis of the Italian Civil Code, a summary is shown below of the key figures from the most recent approved financial statements of the company or entity exercising direction and coordination activities over it.

The key figures of the parent company BO.MA. Holding S.r.l. shown in the summary statement as required by Article 2497-bis of the Italian Civil Code, were taken from the relevant financial statements for the year ended 31 July 2023. For an adequate and full understanding of the financial position of BO.MA. Holding S.r.l. at 31 July 2023, as well as the results achieved by the company in the year ended on that date, reference is made to the financial statements which, together with the Independent Auditors' Report, are available in the forms and manners required by law.

Summary statement of financial position of the company exercising direction and coordination

	Most recent year	Date	Prior year	Date
Date of most recent approved financial statements		31/07/2023		31/07/2022
B) Fixed assets	1,237,975		1,237,975	
C) Current assets	8,956		42,502	
D) Accrued income and deferred expense	186		185	
Total assets	1,247,117		1,280,662	
Share capital	110,000		110,000	
Reserves	1,164,146		663,915	
Profit (loss) for the year	(34,542)		500,231	
Total equity	1,239,604		1,274,146	
D) Payables	6,308		5,323	
E) Accrued expense and deferred income	1,205		1,193	
Total liabilities	1,247,117		1,280,662	

Summary income statement of the company exercising direction and coordination

	Most recent year	Date	Prior year	Date
Date of most recent approved financial statements		31/07/2023		31/07/2022
A) Value of production	99		-	
B) Production costs	34,643		33,336	

	Most recent year	Date	Prior year	Date
C) Financial income and expense	2		533,567	
Profit (loss) for the year	(34,542)		500,231	

INFORMATION PURSUANT TO ARTICLE 1, PARAGRAPH 125, OF LAW NO. 124 OF 4 AUGUST 2017

With regard to the information requirement referred to in Article 1, paragraph 125 of Law 124/2017, for grants received in the year from Public Administration entities or public investee companies, reference is made to the information contained in the National State Aid Register, Transparency section, which provides the overall situation of grants from public entities.

With regard to grants subject to disclosure, and based on the interpretation of Assonime Circular 5/2019 and the clarifications provided by the National Agency for Active Employment Policies, the following do not apply:

- sums received as consideration for public works, services and supplies or due as compensation;
- paid assignments part of the company's ordinary operations;
- forms of incentive/subsidy received in application of a general aid scheme to all eligible parties;
- public resources attributable to public entities in other countries (European or non-European) and to European institutions;
- training grants received from interprofessional funds set up in the legal form of an association.

Based on the above, the public grants, relevant pursuant to the aforementioned Law 124/17, from which Pattern S.p.A. benefited during the year, are shown below:

Paying entity	Date granted	Aid instrument	Grant collected
Enterprise Fund	08/02/2023	Training Aid / Grant interest/ac	5,970.15
Enterprise Fund	02/11/2023	Training Aid / Grant interest/ac	9,600.00
Enterprise Fund	02/11/2023	Training Aid / Grant interest/ac	9,600.00
Revenue Agency	06/12/2023	Tax receivable for advertising expenditure	1,296.00

For information sake, during the year under review, the Company took advantage of the energy tax receivable pursuant to LD 176/2022, in the amount of € 13,715, as already mentioned in Part IV of these Notes to the Financial Statements under "Other revenue and income".

PROPOSED ALLOCATION OF PROFIT OR COVERAGE OF LOSSES

As for the allocation of profit for the year of € 15,341,929.57, it is proposed, in view of the foreseeable financial needs of the Company, that it be fully allocated to the extraordinary reserve.

In the event of the allocation of new shares in relation to the "2023-2025 Stock Grant Plan" for a maximum of no. 50,000 shares prior to the meeting held to approve the financial statements, the proposed allocation of profit for the year of € 15,341,929.57 would be as follows:

- € 1,000 to the legal reserve, up to the legal limit pursuant to Article 2430 of the Italian Civil Code;
- the residual amount of € 15,340,929.57 to the extraordinary reserve.

NOTES - CLOSING SECTION

Shareholders, in our opinion, these financial statements, which comprise the Statement of Financial Position, Income Statement, Statement of Cash Flows and Notes, give a true and fair view of the Company's financial position at the reporting date, and of its results of operations for the year, and match the accounting records.

The Financial Statements are true and fair and match the accounting records

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

Likewise, the Board of Statutory Auditors acquired knowledge of and supervised the adequacy of the company's organizational structure, including by gathering information from the heads of the departments and directors, and in this regard, also taking into account the processes underway related to the disposal, acquisition and combination transactions that took place during 2023, has no

particular remarks to make.

The Board certifies that, during the supervisory activity carried out, no abnormal transactions referring to normal operations or facts deemed reprehensible were found, no complaints were received pursuant to Article 2408 of the Italian Civil Code, no complaints were made pursuant to Article 2409, paragraph 7, of the Italian Civil Code, and no action was taken owing to omissions by the governing body pursuant to Article 2406 of the Italian Civil Code.

During the year, the Board did not issue opinions.

In light of the above, we can confirm that the actions taken and implemented by the governing body are in compliance with both the law and the bylaws, they do not pose potential conflicts of interest or conflict with the resolutions passed at the Shareholders' Meeting, and align with the principles of proper administration.

Additionally, this Board of Statutory Auditors reviewed and supervised the adequacy and operation of the administrative and accounting system, as well as the reliability of the latter to properly present operations, also with regard to the timely reporting of potential events or circumstances that may give rise to significant doubts of crisis situations or loss of the going concern assumption; in this context, it acted by requesting and obtaining information from the heads of the departments and the directors, as well as on the basis of the review of company documents, and in this regard, also taking account of the adjustment processes underway, there are no particular remarks to make.

No reports were made to the Governing Body pursuant to and in accordance with Article 25-octies of Leg. Decr. no. 14 of 12 January 2019. No reports were received from qualified public creditors pursuant to and in accordance with Article 25-novies of Leg. Decr. no. 14 of 12 January 2019.

This Board of Statutory Auditors acquired all the necessary information from the Independent Auditors PwC Italia S.p.a., and in this regard, no relevant data or information was found that needs to be highlighted in this report.

This Board of Statutory Auditors met with the Supervisory Board and acquired the necessary information from it; in this regard, no relevant data and information was found that should be highlighted in this report.

This Board of Statutory Auditors met with the Internal Auditing Department and acquired the necessary information from it; in this regard, no relevant data and information was found that should be highlighted in this report.

Remarks on the financial statements

The Independent Auditors, in their Report, submitted the following opinion: *"[...] In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31*

December 2023, and of the results of operations and cash flows for the year ended at such date, in accordance with the Italian regulations governing the criteria for their preparation”.

The draft financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 27.03.2024 and consist, as required by Article 2423 of the Italian Civil Code, of the Statement of Financial Position, Income Statement, Statement of Cash Flows, Notes to the Financial Statements and is accompanied by the Directors’ Report on Operations.

The financial statements show profit for the year of € 15,341,930 summarized as follows:

Statement of financial position:

Assets	€.	51,174,537
Liabilities	€.	22,718,403
Equity	€.	13,114,204
Profit for the year	€	15,341,930

Income statement:

Value of production	€.	44,793,454
Production costs	€.	44,298,571
Difference	€.	494,883
Financial income and expense	€.	21,297,290
Value adjustments of financial assets and liabilities	€.	(6,300,000)
Income tax	€.	150,243
Profit for the year	€.	15,341,930

It is the responsibility of the Company's Governing Body to prepare the draft financial statements. Additionally, as this Board of Statutory Auditors is not responsible for conducting a detailed review of the content of the financial statements, we supervised the general approach and general compliance with the law as far as their preparation and structure are concerned, and in this regard there are no remarks to make.

The draft financial statements were reviewed, on which the following information is provided:

- the criteria used in the preparation of the financial statements for the year ended 31 December 2023 do not differ from those used in the preparation of the financial statements for the prior year;
- the statement of financial position and income statement formats required by the Italian Civil Code in Articles 2424 and 2425 have been complied with;
- the financial statements were prepared according to the XBRL taxonomy;
- Article 2423-ter of the Italian Civil Code was complied with, and no special items were added;
- the items are comparable with those of the prior year;

- the Notes to the Financial Statements were prepared in compliance with Article 2427 of the Italian Civil Code and provide all the necessary information, including tax-related information, for a comprehensive understanding. Moreover, the Company has fulfilled its obligation of transparency and disclosure according to Article 1, paragraphs 125-129 of Law no. 124/2017, regarding grants, contributions, and other economic benefits obtained from public administrations;
- start-up and expansion costs, pursuant to Article 2426, paragraph 1, no. 5 of the Italian Civil Code, with long-term useful life, were booked under assets, with the consent of the Board of Statutory Auditors. These costs are fully amortized;
- the cost of goodwill, pursuant to Article 2426, paragraph 1, no. 6 of the Italian Civil Code, was recorded with the consent of the Board of Statutory Auditors. This cost is fully amortized.

Lastly, the conformity of the Directors' Report on Operations to the annual financial statements with regard to its structure and formation was verified in accordance with the current regulations. In the Board's view, the report is consistent with the financial statements and offers further insights into the Company's operating results and financial prospects.

Remarks and proposals regarding the approval of the financial statements

Based on the results of our activities, and the findings of the Independent Auditors in their report accompanying the Financial Statements, the Board of Statutory Auditors believes there are no reasons to prevent the approval of the financial statements for the year ended 31 December 2023, as prepared by the Directors, and their proposal in the Notes regarding allocation of profit for the year.

Turin, 11 April 2024

The Board of Statutory Auditors

Davide Di Russo

.....

Lucia Margherita Calista Rota

.....

Riccardo Cantino

.....



**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27
JANUARY 2010**

PATTERN GROUP

**CONSOLIDATED FINANCIAL STATEMENTS AS OF 31
DECEMBER 2023**



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
Pattern SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Pattern group (the "Group"), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement and the consolidated statement of cash flows for the year then ended and related notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Pattern SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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** 40124 Via Luigi Carlo Farini 12 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 Albuzzini 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Pattern SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our



auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Pattern SpA are responsible for preparing a report on operations of the Group as of 31 December 2023, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Group as of 31 December 2023 and is prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 11 April 2024

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.



**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27
JANUARY 2010**

PATTERN SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
Pattern SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pattern SpA (the “Company”), which comprise the statement of financial position as of 31 December 2023, the income statement and the statement of cash flows for the year then ended and related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers SpA

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The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Pattern SpA are responsible for preparing a report on operations of the Company as of 31 December 2023, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Pattern SpA as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Pattern SpA as of 31 December 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 11 April 2024

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.