PATTERN S.P.A.

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

CONSOLIDATED HALF-YEAR REPORT

AT 30 JUNE 2024

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 € 1,441,292.90 subscribed and paid up

listed with the Turin Company Register no. 10072750010 tax code

R.E.A. no. 1103664

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COMPANY OVERVIEW

Registered office

PATTERN S.P.A.

registered office in via Italia 4

10093 - Collegno (TO) - Italy

Tel. 011/4531597

Legal information

Joint stock company listed on Euronext Growth Milan

Authorized share capital € 1,456,292.90 of which € 1,441,292.90 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
	Roberto Gobetto	Alternate auditor
Independent Auditors(2)	PricewaterhouseCoopers S.p.A., in short PWC	

DURATION

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

(2) The Independent Auditors’ statutory audit assignment was granted by a resolution of the Shareholders' Meeting of 7 May 2024 for three financial years, and will therefore expire with the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2026.

SHAREHOLDER BASE

The Company's share capital stands at € 1,456,292.90 of which € 1,441,292.90 subscribed and paid up, for a total of 14,412,929 ordinary shares with no par value.

To date, based on available information, Pattern's shareholder base is as follows.

Bo.Ma Srl	53.58%
Fulvio Botto	5.26%
Francesco Martorella	5.26%
Axon Partners	6.36%
Camer Srl	1.32%
Luca Sburlati	1.82%
Market	26.41%
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 factory in Collegno/Turin was inaugurated, and in 2011, a production line was acquired to meet the growing demand for prototypes and small-scale productions to be handled in-house.

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. Over the years, the brand evolved from a simple business venture into an engineering space for experimenting with new fabrics and innovative packaging techniques.

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. This activity paved the way for its listing, which took place in 2019.

In 2017, Pattern acquired Roscini Atelier, marking the first significant step in the diversification process, which intensified after the listing and continues to this day. The acquisition of Roscini has significantly enabled entry into women's collections and expanded business relationships with several top luxury clients.

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

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

In 2021, the Group completed the acquisition of a majority stake in Idee Partners, a Tuscan company specialized in product development, engineering and production in the luxury leather goods segment, which in turn includes Petri & Lombardi, a time-honoured leather goods company from Florence.

2022 was again a year of strong growth: to start with, Zanni from Reggio Emilia, a benchmark in Wholegarment (seamless) knitwear processing, followed by RGB, a specialist from Tuscany in the production and processing of leather accessories. Later that same year, the company acquired a majority stake in Dyloan Bond Factory, a 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 the acquisition of the entire share capital of Dyloan Bond Factory at midyear. On 2 October, the Collegno business unit serving the same client was sold to Burberry. Several corporate simplification operations were carried out during the year, aimed at improving the overall management of the Group. Specifically: the two leather companies acquired by Idee Partners (Petri & Lombardi and Idee) were incorporated into the latter, while Zanni was incorporated into the parent company S.M.T..

The Group's external growth continued in 2024 with the acquisition of 100% of Umbria Verde Mattioli, a long-standing knitting mill near Perugia, known for its specialization in thin and super thin knitwear.

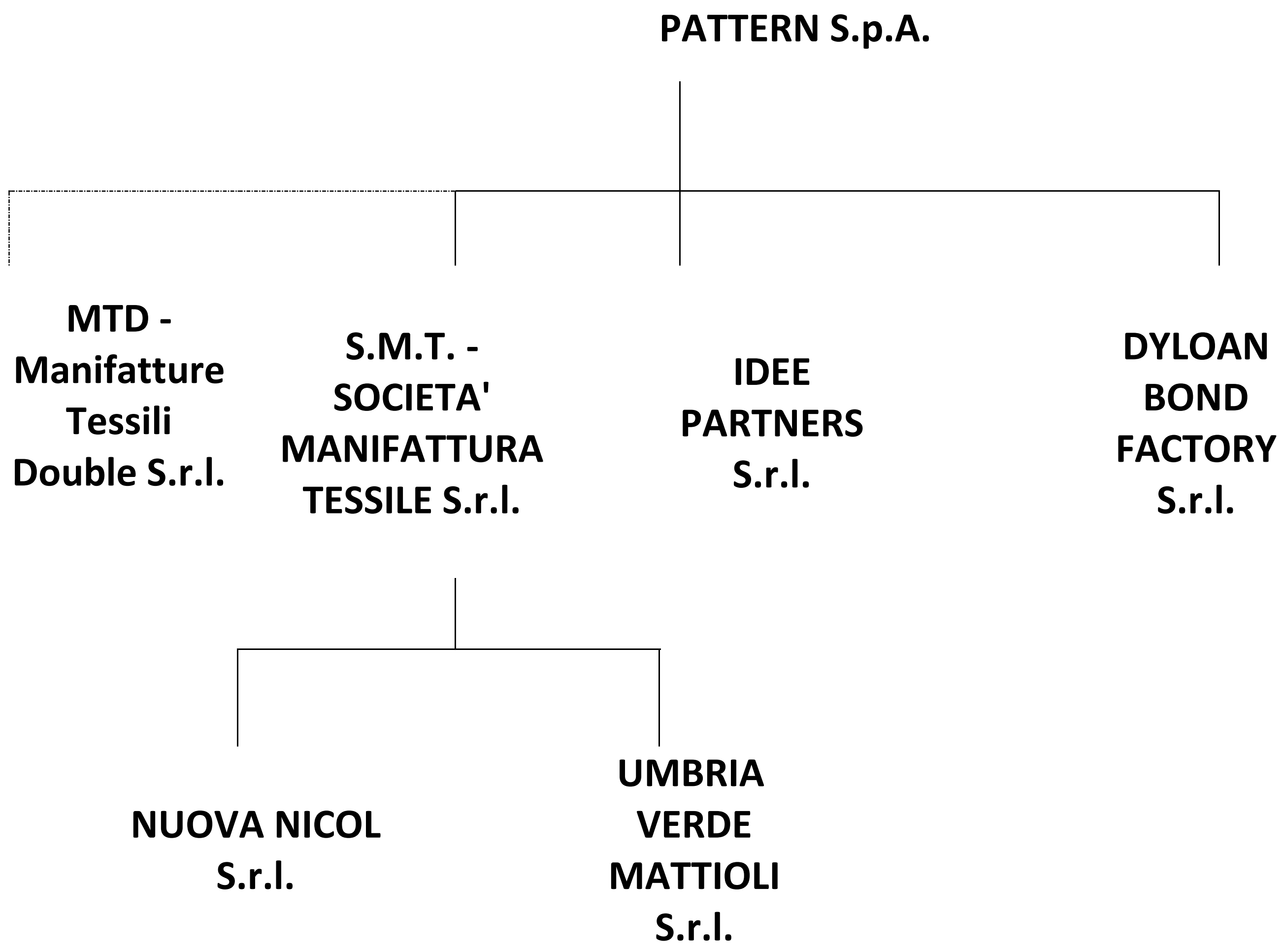
Today, Pattern Group is a leading international player in the engineering and production of luxury goods across the following product categories: men's and women's lines, clothing and accessories, stationary fabric, knitwear, and leather goods. The activities undertaken always begin with the research and engineering phase, followed by production. They are implemented on ten production sites.

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: FIRST HALF 2024 HIGHLIGHTS

INCOME STATEMENT	**30.06.2024**	**30.06.2023**	**% chg**
(€)			
Value of production	**61,760,582**	**74,299,693**	**-16.9%**
EBITDA	6,594,382	7,606,973	-13.3%
EBIT	3,637,974	4,539,370	-19.9%
Profit (loss) for the period	**2,159,209**	**2,253,007**	**-4.2%**
- of which Group	*1,441,864*	*1,675,297*	*-13.9%*
STATEMENT OF FINANCIAL POSITION	**30.06.2024**	**31.12.2023**	**% chg**
(€)			
Net fixed assets	58,615,235	41,998,229	39.6%
Net working capital	5,819,809	5,276,293	-10.3%
Liability funds	-6,056,707	-5,420,863	11.7%
Net capital employed	**58,378,337**	**41,853,659**	**39.5%**
Consolidated equity	45,433,898	42,495,257	6.9%
- of which Group	*38,859,018*	37,458,694	*3.7%*
Net financial position	12,944,439	-641,598	-2117.5%
Equity and net financial position	**58,378,337**	**41,853,659**	**39.5%**

GROUP CORPORATE STRUCTURE



The setup of the Group hinges on a model that envisions a holding company - Pattern Spa - based in Collegno and active in the engineering and production of menswear and womenswear, five subsidiaries and an associate.

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

Società Manifattura Tessile, based in Correggio (Reggio Emilia), is owned 80% by Pattern and leads the knitwear segment. It holds 100% of Nuova Nicol and the newly-acquired Umbria Verde Mattioli.

Idee Partners, 52.92% owned, is the company based in the Scandicci district operating in the leather accessories segment.

Pattern also holds 24% of Manifatture Tessili Double (MTD), based in Santeramo in Colle/Bari and operating in the clothing segment.

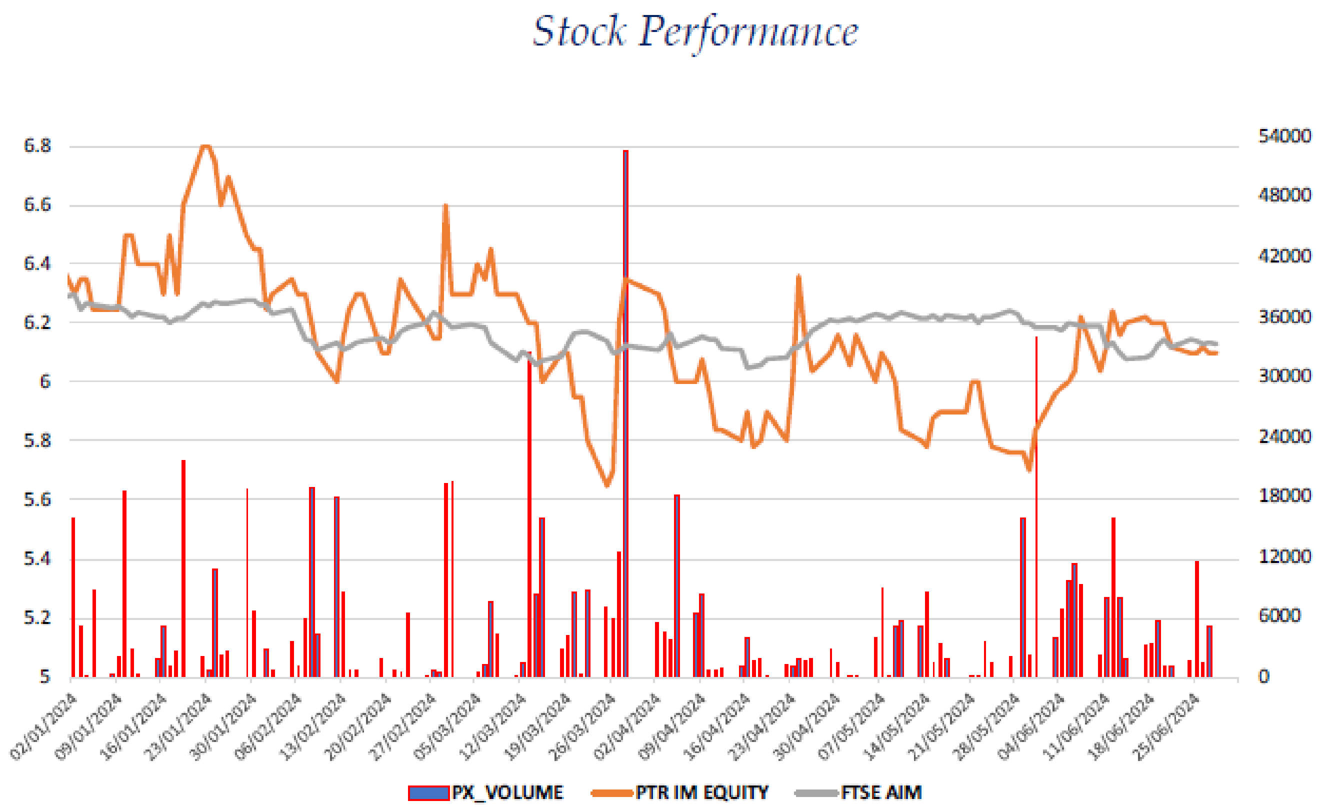
PATTERN SHARE PERFORMANCE IN FIRST HALF 2024

Pattern's share price at 28 June 2024, the last trading day of the period, reached € 6.10 per share, with a market capitalization of € 87 million.

This indicates a 3.28% drop from the price of € 6.30 per share recorded at the beginning of the year on 2 January 2024, with average daily volumes traded in the period of approximately 5,482 shares.

The average price in 2024 was € 6.15 per share, while the period low of € 5.65 per share was recorded on 25 March 2024.

The following chart shows the price and volume trends for the Pattern share in first half 2024.



PATTERN SPA

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

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INTERIM REPORT ON OPERATIONS AT 30 JUNE 2024

MARKET SCENARIO AND RESULTS

Despite a market scenario heavily impacted by the geopolitical situation, Pattern Group's first-half 2024 results were in line with expectations, even though some product categories, such as leather goods, showed a sharp decline.

This decline was more than offset by strong turnover growth in knitwear, while ready-to-wear saw an initial recovery in volumes following the disposal of the business unit to Burberry, though these gains were partly affected by the performance of Dyloan Bond Factory.

This trend, similar to 2023, is attributable to two key factors: a) a more "resilient" average customer mix, and b) our consistent focus on integrating companies into the Group that prioritize design and engineering capabilities, rather than just production. In fact, product development has ensured innovative capabilities during periods of significant market uncertainty, where adaptability can be driven by strong product development expertise.

The disposal to Burberry in October 2023 of part of the Collegno/Turin plant and a portion of the workforce (67 employees) definitely resulted in a reduction in turnover. However, given the strategic decisions made by this brand, it represented the best possible strategic solution, as well as providing a valuable cash injection for the "extraordinary" initiatives undertaken.

The first half of this year was able to fully benefit from the mergers by incorporation carried out in late 2023. Indeed, this decision has enabled the simplification of management, a reduction in structural costs, and the achievement of significant industrial synergies among the various companies. Being part of the same segment, these companies also benefit from being located in the same geographical district.

Specifically, there were two key developments in the knitwear segment: a) the launch of a production "Factory" in Carpi/Modena, dedicated specifically to knitwear, and b) the acquisition, finalized on 12 June, of 100% of Umbria Verde Mattioli, a knitting mill near Perugia renowned for its expertise in thin and super thin knitwear. The company was valued at € 20 million and is the largest acquisition made in terms of value.

As with previous transactions, the aim was to integrate high-profile professionals into the Group's management, ensuring they can continue the development achieved so far, benefiting the entire Group post-acquisition. For this reason, the Umbria Verde owners were also given the opportunity to acquire a 10% stake in S.M.T. through a dedicated share capital increase. As a result of this transaction, Pattern's share would have decreased to 72%, so the decision was taken to acquire an 8% stake from minority shareholder Camer Srl to maintain the pre-existing 80% controlling stake.

Both transactions in the knitwear segment (the creation of the factory and the acquisition of Umbria Verde) further strengthened the vertical integration of production activities, thereby enhancing the Group's ability to produce in-house. In addition to this, all Group companies are SA8000 certified.

The increase in in-house production capacity and the growing control over the supply chain clearly demonstrate the significant investments the Group has been making for years in sustainability. The foresight of these efforts is becoming increasingly evident in the Italian market, especially as nearly all brands face the pressing need to elevate their supply chains in this regard - a shift that will inevitably force some players out.

The enhanced qualification of Pattern Group's supply chain is becoming not only important, but a strategic competitive advantage over time.

Lastly, investment in technology continues through DHouse, a business unit of Dyloan Bond Factory, which remains committed to "sustainability" by advancing "circular engineering" technologies and innovative production methodologies. The partnership with about ten major international companies partnering with D-House aligns precisely with this path.

Looking at the figures, the six months closed with revenue exceeding € 60 million, representing a slight decrease of 2.9% versus the prior year, factoring in the disposal of the Burberry business unit (a comparison with pro forma results of first half 2023 will be provided later in this report). Operating margins remained steady, while the Group's profit for the period doubled versus pro forma figures for 2023.

OUTLOOK FOR THE CURRENT YEAR

No change in the market trend is anticipated in second half 2024, and likely not in first half 2025 either. Specifically, we do not expect China to return to the growth rates seen in prior years in our product categories.

Last year saw a strong acceleration in the second half, primarily driven by knitwear and the concentration of autumn-winter sales in second half 2023, which were made at Pattern before the disposal of the business unit to Burberry. This year, we do not expect the same growth, particularly in knitwear, as there has already been a significant increase in the first half of the year.

In light of this scenario, we continue to envision and plan for the future as a flexible company operating within a "normalized" market, which we expect to be similar to the current one.

During the second half of the year, two positive impacts are expected: a) the full consolidation of Umbria Verde, which in the first half was only at the balance sheet level; b) an initial partial recovery in leather goods, which should help offset the less favourable results from the first half.

Lastly, mention should be made that during this second half of the year, construction of Pattern's new headquarters will ramp up, with the facility expected to become operational by next summer.

SIGNIFICANT EVENTS IN THE PERIOD

Meeting of the Board of Directors of Pattern Spa for the review of certain preliminary consolidated figures for 2023

On 8 February, the company's Board of Directors met to review the following preliminary consolidated figures for 2023: revenue from sales, capital expenditure, and net financial position.

Appointment of Invest Italy Sim as Euronext Growth Advisor

At the same meeting on 8 February, the Board of Directors of Pattern Spa appointed Invest Italy Sim Spa as the new Euronext Growth Advisor, effective March, following the mutual termination of the relationship with Cfo Sim Spa.

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 2023

The meeting of the Board of Directors for the approval of the draft financial statements and the consolidated financial statements at 31 December 2023 was called on 27 March.

At this meeting, the Company's Shareholders' Meeting was called on 28 April in first call and 7 May in second call.

Allocation of no. 50,000 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 2023-2025 Stock Grant Plan, approved at the Shareholders' Meeting held on 6 December 2023. As a result, no. 50,000 newly-issued ordinary shares related to the first tranche of the Plan were allocated to CEO Luca Sburlati.

Notice of change in the share capital

On 15 April, the new composition of the share capital resulting from the allocation of no. 50,000 ordinary shares following the CEO's exercise of no. 50,000 rights related to the first tranche of the 2023-2025 Stock Grant Plan was announced. As a result of this change, the new subscribed share capital became € 1,441,292.90, for a total of no. 14,412,929 shares.

Ordinary Shareholders’ Meeting of 7 May 2024

The Ordinary Shareholders' Meeting met in second call on 7 May to approve the financial statements at 31 December 2023, and to allocate profit for the year, fully setting it aside.

The Shareholders’ Meeting, according to the agenda, also:

- confirmed Franca Di Carlo as a director of the company, until expiration of the current Board of Directors, that is, upon approval of the financial statements for the year ending 31 December 2024. Franca Di Carlo had been co-opted to the board on 8 February, following the resignation submitted in January by board member Innocenzo Tamborrini;

- confirmed Riccardo Cantino as the company's auditor, appointed at the beginning of the year to replace the late Lucia Starola;
- appointed PricewaterhouseCoopers S.p.A. as the Independent Auditors for the three-year period 2024-2026;
- renewed the authorization to purchase and dispose of treasury shares for a period of 18 months up to a maximum of treasury shares not to exceed 10% of the share capital.

Signing of the investment agreement for the acquisition of Umbria Verde Mattioli Srl

On 30 May, a binding investment agreement ("Investment Agreement") was signed for the acquisition, through the subsidiary S.M.T. Srl, of 100% of Umbria Verde Mattioli Srl, an Umbrian company specializing in the production, processing, and marketing of luxury knitwear.

The agreed price was € 20 million, including € 11 million in cash. Payment of the latter was established as follows: € 8 million at the closing date, € 1 million per year for the subsequent three-year period 2025-2027, on condition that the selling partners (Leonardo and Simone Mattioli) remain on the board of the acquiree.

The non-cash portion, amounting to € 9 million, generated a credit to the selling shareholders, who committed - at the time of the closing - to subscribe to a share capital increase in S.M.T. for the same amount, in order to hold 10% of the company at the end of this process.

Shareholders' agreements were signed with the selling shareholders and Camer Srl regarding the management of S.M.T. and the recognition of a put & call option after five years from the closing date.

Leonardo and Simone Mattioli were confirmed as managing directors of Umbria Verde.

Signing of the investment agreement for the acquisition by Pattern of 8% of S.M.T.

Under the agreements signed for the acquisition of Umbria Verde, on the same date, i.e., 30 May, a binding agreement was signed with Camer Srl, which owned 20% of S.M.T., for the acquisition of 8% of the latter company.

Following the entry of Umbria Verde's selling partners into the share capital of S.M.T., Pattern Spa's investment in S.M.T. would have fallen from 80% to 72%. The acquisition of the above 8% from Camer allowed Pattern to retain the same 80% stake.

The acquisition price was set at € 6.2 million, including € 1.2 million at closing. For the remaining € 5 million, a payment of € 1 million per year was stipulated for five years, starting from end 2025.

Acquisition of 100% of Umbria Verde Mattioli and 8% of S.M.T.

On 12 June, the above investment agreements were executed, finalizing the acquisition of 100% of Umbria Verde Mattioli by S.M.T. and 8% of S.M.T. by Pattern.

GROUP CAPITAL EXPENDITURE

In first half 2024, Group capital expenditure amounted to € 29.6 million, of which:

- € 530 thousand for intangible fixed assets;
- € 2.9 million for tangible fixed assets;
- € 26.2 million for financial fixed assets.

Among the former, the main items were the recognition of goodwill paid for the acquisition by S.M.T. of the Maglieria Talassi S.r.l. business unit (€ 182 thousand), and extraordinary leasehold improvements (€ 203 thousand), 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 included the purchase of plant and machinery for € 1.3 million, with € 1 million allocated to S.M.T. and the knitwear hub (also linked to assets from the Maglieria Talassi Srl business unit) and € 180 thousand to Dyloan Bond Factory. Additionally, € 1.2 million was invested in fixed assets in progress, all related to the construction progress of Pattern's new headquarters in Collegno.

As for machinery, expenditure went mainly into technological expansion and adjustment, both in terms of quality and quantity.

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

- 100% of Umbria Verde Mattioli, for € 20 million by S.M.T.;
- an additional 8% in S.M.T., for € 6.2 million by Pattern, following the reserved share capital increase in S.M.T. that had decreased Pattern's investment to 72%.

Total expenditure of € 29.6 million does not take account of the payable towards the relevant suppliers at 30 June and the cash acquired pro-rata of Umbria Verde Mattioli at the close of the consolidation period.

Disposals in the period were minimal, amounting to € 120 thousand, involving mainly machinery and equipment that were almost fully depreciated, and did not result in significant capital losses.

GROUP OPERATING AND FINANCIAL SITUATION

Performance at 30 June in the 2019-2024 period

The table below summarizes the Group's main operating and financial performance since the listing year.

FINANCIAL HIGHLIGHTS	30.06.2019	30.06.2020	30.06.2021	30.06.2022	30.06.2023	30.06.2024
Revenue	21,553,676	24,537,517	31,116,486	49,102,350	72,077,200	60,319,398
EBITDA	2,038,262	2,492,015	3,399,610	5,478,312	7,606,973	6,594,382
Adj EBIT*	1,791,734	1,805,899	2,633,448	4,413,927	5,675,626	4,710,032
Operating Cash-flow	2,348,103	-1,894,542	-826,836	-415,065	3,879,360	4,639,590
Operating investments	878,000	411,146	658,618	2,801,617	6,095,014	3,493,866
Financial investments	210	63,900	25,631	371,704	1,099,455	6,110,875
Equity investments	0	5,500,000	2,555,000	6,575,000	6,520,000	26,200,000
Net invested capital	2,260,177	15,998,218	17,213,311	29,276,266	46,392,592	58,378,337
Equity	6,341,989	19,930,327	22,206,419	26,623,103	30,999,099	45,433,898
Net debt (cash)	-4,081,812	-3,932,109	-4,993,108	2,653,163	15,393,493	12,944,439
EBITDA / Revenue	9.5%	10.2%	10.9%	11.2%	10.6%	10.9%
Adj EBIT*/Revenue (Operating margin)	8.3%	7.4%	8.5%	9.0%	7.9%	7.8%
Net debt / EBITDA**	nc	nc	nc	0.2	1.0	1.0
Gearing ratio (net debt / equity)	nc	nc	nc	10%	50%	28%

*Before amortization of goodwill.

**Twelve-month rolling EBITDA, does not yet include Umbria Verde.

Income statement

The table below shows the income statement amounts, with changes recorded versus the same period of 2023. The consolidation scope remains the same as last year in corporate terms, but it should be noted that the figures at 30 June 2023 include those for the Burberry business unit, sold at the beginning of October last year. A separate section will provide a comparison with last year's pro forma figures, excluding the income statement of the business unit later sold.

INCOME STATEMENT OF PATTERN GROUP	30.06.2024	30.06.2023	% chg
(€)			
Revenue from sales	59,252,176	71,006,330	-16.6%
Other revenue	1,067,222	1,070,870	-0.3%
Total revenue	**60,319,398**	**72,077,200**	**-16.3%**
Change in inventory of semi-finished and finished products	1,441,184	2,222,493	-35.2%
Value of production	**61,760,582**	**74,299,693**	**-16.9%**
- Purchases of raw materials	11,892,313	18,020,412	-34.0%
- Change in inventory of raw materials	-832,899	-946,768	-12.0%
Consumption of raw materials	11,059,414	17,073,644	-35.2%
Service costs	24,057,409	27,990,509	-14.1%
Rentals and leases	1,525,333	1,637,381	-6.8%
Personnel expense	18,077,975	18,808,527	-3.9%
Sundry operating expense	446,069	1,182,659	-62.3%
EBITDA	**6,594,382**	**7,606,973**	**-13.3%**
Amortization, depreciation and write-downs	2,956,408	3,067,603	-3.6%
EBIT	**3,637,974**	**4,539,370**	**-19.9%**
Financial income	400,231	35,890	1007.7%
Financial expense	-401,129	-365,676	9.0%
Value adjustments on net financial assets	-535	0	100.0%
Profit (loss) before tax	**3,636,541**	**4,209,584**	**-13.6%**
Current and deferred tax	1,477,332	1,956,577	-24.5%
Profit for the period	**2,159,209**	**2,253,007**	**-4.2%**
Group profit for the period	**1,441,864**	**1,675,297**	**-13.9%**

Looking at the results at 30 June, the main figures show:

- a reduction in revenue and value of production by 16.3% (from € 72.1 million to € 60.3 million) and 16.9% (from € 74.3 million to € 61.8 million), respectively, due primarily to the disposal of the Pattern business unit and lower volumes in leather goods;
- a less than proportional reduction in EBITDA, from € 7.6 million to € 6.6 million (-13.3%), and a smaller decline in profit for the year, down by 4.2% from € 2.3 million to € 2.1 million.

In terms of EBITDA, the contribution made by the business unit sold to Burberry and leather goods in the first half of last year was partly offset by improved volumes and margins in knitwear.

Net profit, on the other hand, was very close to last year's, due to financials that essentially broke even and a reduction in the tax burden for the period.

Financials benefited from several factors:

a) the lower cost of debt, despite consistently high interest rates throughout the period, thanks to a significant portion of contracts secured at fixed rates and financing terms among the lowest in the market;

b) a lower average debt level in the first five months of the year. Indeed, the latter rose significantly in June as a result of the acquisition of Umbria Verde Mattioli, by Società Manifattura Tessile and the latter's 8% acquisition by Pattern;

c) the return on liquidity, in the various forms of utilization.

The lower tax burden, on the other hand, is due to the absence of certain extraordinary factors that had raised the tax rate in first half 2023. The latter, in fact, dropped from 36.6% to 33%.

Group profit decreased by 13.9%, from € 1.7 million to € 1.4 million, due mainly to the concentration of profit in knitwear.

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

OPERATING AND PROFITABILITY RATIOS OF PATTERN GROUP	**30.06.2024**	**30.06.2023**
(Percentage amounts)		
EBITDA / Total revenue	10.9%	10.6%
EBIT / Total revenue	6.0%	6.3%
Net profit / Total revenue	3.6%	3.1%
Amortization of goodwill	1,072,058	1,136,256
Adj EBIT / Total revenue	7.8%	7.9%
Adj. net profit / Total revenue	5.4%	4.7%

EBITDA as a percentage of revenue improved from 10.6% to 10.9%, as did net profit, increasing from 3.1% to 3.6%.

However, the EBIT margin slightly worsened due to a lower increase in amortization and depreciation.

Lastly, adjusted EBIT and net profit, excluding the amortization of goodwill, were calculated to better measure their impact on revenue and provide a more comprehensive view of the Group's profitability.

The table below shows the average cost of the Group's bank debt.

COST OF GROUP'S BANK DEBT	**30.06.2024**	**30.06.2023**
(Absolute and percentage amounts)		
Financial expense	401,129	345,119
Average bank debt in the six months	27,313,787	31,427,606
Average cost of bank debt (on an annual basis)	2.94%	2.20%

Below is the calculation of the Group tax rate

TAX RATE CALCULATION	**30.06.2024**	**30.06.2023**
(Absolute and percentage amounts)		
Pre-tax adj profit*	4,708,599	5,345,840
Tax for the period	1,477,332	1,956,577
Tax rate	31.4%	36.6%

*Calculated excluding amortization of goodwill.

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

Revenue from sales by geographical area of Pattern Group	**30.06.2024**	**30.06.2023**
Revenue Italy	28%	37%
Revenue EU countries	51%	34%
Revenue Extra EU countries	21%	29%
Total	**100%**	**100%**

The share of revenue earned in the EU increased to 51% (up from 34% in the first half of last year), while the Italy share declined to 28% (from 37%) and the non-EU share decreased to 21% (from 29%).

Profit (loss) at 30 June 2024 of Umbria Verde Mattioli Srl

Shown below are the results of the newly-acquired Umbria Verde, which were quite positive in terms of both volumes and margins, similar to the general performance of the Group's knitwear companies. Comparative figures at 30.06.2023 are not available, so full-year figures are shown.

INCOME STATEMENT OF UMBRIA VERDE MATTIOLI SRL	**30.06.2024**	**31.12.2023**
(€)		
Total revenue	9,140,053	17,436,733
Value of production	9,423,814	17,797,623
EBITDA	2,831,121	4,822,398
EBIT	2,662,662	4,508,569
Net profit	1,851,239	3,142,391

Review of income statement changes versus pro forma figures at 30 June 2023, i.e., excluding the Burberry business unit

The table below shows the income statement figures for the first half of this year, along with changes versus last year's pro-forma figures, which exclude the business unit later disposed to Burberry in early October 2023.

INCOME STATEMENT OF PATTERN GROUP	**30.06.2024**	**30.06.2023** **Pro forma figures**	**% chg**
(€)			
Revenue from sales	59,252,176	61,057,228	-3.0%
Other revenue	1,067,222	1,070,870	-0.3%
Total revenue	**60,319,398**	**62,128,098**	**-2.9%**
Change in inventory of semi-finished and finished products	1,441,184	2,275,128	-36.7%
Value of production	**61,760,582**	**64,403,226**	**-4.1%**
- Purchases of raw materials	11,892,313	14,109,885	-15.7%
- Change in inventory of raw materials	-832,899	-761,668	9.4%
Consumption of raw materials	11,059,414	13,348,217	-17.1%
Service costs	24,057,409	24,499,253	-1.8%
Rentals and leases	1,525,333	1,423,364	7.2%
Personnel expense	18,077,975	17,247,162	4.8%
Sundry operating expense	446,069	1,167,264	-61.8%
EBITDA	**6,594,382**	**6,717,966**	**-1.8%**
Amortization, depreciation and write-downs	2,956,408	2,922,860	1.1%
EBIT	**3,637,974**	**3,795,106**	**-4.1%**
Financial income	400,231	35,890	1015.2%
Financial expense	-401,129	-365,676	9.7%
Value adjustments on financial assets	-535	0	n.c.
Profit (loss) before tax	**3,636,541**	**3,465,320**	**4.9%**
Current and deferred tax	1,477,332	1,748,927	-15.5%
Profit for the period	**2,159,209**	**1,716,393**	**25.8%**
Group profit for the period	**1,441,864**	**1,138,683**	**26.6%**

As mentioned elsewhere in this Report, volumes and operating margins remained consistent with last year in absolute terms, while showing a slight improvement in percentage terms.

Instead, profit for the period and Group profit for the period saw significant improvements, increasing by 25.8% and 26.6%, respectively, thanks to effective financials and a lower tax burden.

The table below shows the performance of the most significant financial ratios versus the pro forma figures.

OPERATING AND PROFITABILITY RATIOS OF PATTERN GROUP	**30.06.2024**	**30.06.2023 (pro forma figures)**
(Percentage amounts)		
EBITDA / Total revenue	10.9%	10.8%
EBIT / Total revenue	6.0%	6.1%
Net profit / Total revenue	3.6%	2.8%
Amortization of goodwill	1,072,058	1,136,256
Adj EBIT* / Total revenue	7.8%	7.9%
Adj net profit* / Total revenue	5.4%	4.6%

*Calculated excluding amortization of goodwill.

The table below shows the breakdown of revenue from sales by business segment.

Revenue from sales by business segment	**30.06.2024**	**30.06.2023 Pro forma**	**Chg**	**% chg**
Clothing	18,300,569	19,275,553	-974,984	-5.1%
Knitwear	29,652,330	25,529,225	4,123,105	16.2%
Leather Goods	11,299,278	16,252,450	-4,953,173	-30.5%
Total revenue from sales	**59,252,176**	**61,057,228**	**-1,805,052**	**-3.0%**

As shown, the leather goods segment experienced a significant decline of approximately € 5 million (-30.5%), almost entirely offset by growth in the knitwear segment, which increased by € 4.1 million (+16.2%). The knitwear segment now accounts for over 50% of revenue from sales (versus 41.8% at mid-year last year).

Clothing recorded a slight decrease of just under € 1 million (-5.1%).

Statement of financial position

The table below shows the structure of capital sources and utilizations. In this regard, it should be noted that the consolidation scope includes the balances of Umbria Verde Mattioli, given the significance of this company to the Group's overall figures.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF PATTERN GROUP	30.06.2024	31.12.2023	% chg
(€)			
Intangible fixed assets	34,614,605	20,824,203	66.2%
Tangible fixed assets	21,006,896	18,260,136	15.0%
Financial fixed assets	2,993,734	2,913,890	2.7%
Total fixed assets	**58,615,235**	**41,998,229**	**39.6%**
Inventory	10,640,440	6,701,644	58.8%
Receivables from customers	23,881,610	20,388,413	17.1%
Other receivables	7,345,032	11,049,638	-33.5%
Accrued income and deferred expense	1,611,285	1,377,539	17.0%
Working capital	**43,478,367**	**39,517,234**	**10.0%**
Payables to suppliers	-21,038,162	-18,891,593	11.4%
Other payables	-13,149,826	-11,479,334	14.6%
Accrued expense and deferred income	-3,470,570	-3,870,014	-10.3%
Net working capital	**5,819,809**	**5,276,293**	**10.3%**
Provisions for risks and post-employment benefits	-6,056,707	-5,420,863	11.7%
Net capital employed	**58,378,337**	**41,853,659**	**39.5%**
Equity	**45,433,898**	**42,495,257**	**6.9%**
- of which Group	*38,859,018*	*37,458,694*	3.7%
Financial debt less than 12 months	13,229,620	8,006,753	65.2%
Financial debt more than 12 months	22,359,501	17,887,928	25.0%
Other financial payables	8,000,000	0	n.c.
Current financial assets	-13,050,627	-7,088,494	84.1%
Cash	-17,594,055	-19,447,785	-9.5%
Net financial position	**12,944,439**	**-641,598**	**n.c.**
Equity and net financial position	**58,378,337**	**41,853,659**	**39.5%**

Net capital employed increased by 39.5%, from € 41.9 to € 58.4 million.

This increase is attributable entirely to fixed assets, which grew by nearly 40%, from € 42 to € 58.6 million, due mainly to expenditure made in Umbria Verde and S.M.T..

Specifically:

- an increase in intangible fixed assets, which rose to € 34.6 million from € 20.8 million at last 31 December (+66.2%);
- an increase in tangible fixed assets, which rose by 15%, from € 18.3 million to € 21 million, driven by the expanded consolidation scope, the start of construction of the new Pattern headquarters, and the construction of the factory in S.M.T..

Net working capital increased by 10.3%, driven by the consolidation of Umbria Verde, while remaining steady in both absolute value and with regard to the volume of revenue generated.

Specifically:

- an increase in inventory from € 6.7 to € 10.6 million, + 58.8 and amounting to € 3.9 million in absolute value. Out of this, € 1.7 million refers to the consolidation of Umbria Verde and € 1.5 million to increased production volumes recorded in the other knitwear companies;
- a decrease in other receivables, from € 11 to € 7.3 million (-33.5%). This result was affected by the reduction in tax receivables, which is typical mid-year, particularly the VAT receivable, which still amounted to just under € 5 million at the end of the first half of this year (versus € 6.3 million at end 2023).
- a 17.1% increase in receivables from customers, from € 20.4 to € 23.9 million, higher than the increase in payables to suppliers, which stood at € 21 million, from € 18.9 million at end 2023 (+11.4%).

The increase in capital employed was partly financed with equity but mainly with loan capital.

Equity grew by 6.9%, from € 42.5 to € 45.4 million, while the net financial position, which stood at a positive € 641 thousand at end 2023, turned to a negative € 12.9 million.

Gross debt stood at € 43.6 million, of which € 35.6 million bank-sourced (versus € 25.9 million at end 2023). Debt maturing in the coming months amounts to € 13 million, with the remaining debt having an average duration of approximately 4 years.

Short-term monetary investments, some of which are immediately liquidable, rose significantly from € 7.1 million to € 13.1 million (+84.1%). This decision was influenced by the favourable liquidity utilization opportunities offered by the market, particularly for longer maturities, at a time when interest rates are expected to gradually decrease.

For this reason too, cash decreased by 9.5%, from € 19.4 to € 17.6 million.

The Group's financial structure remains extremely solid, with a net debt/EBITDA ratio of 1 YoY and a gearing ratio of 28%.

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

STATEMENT OF CASH FLOWS OF PATTERN GROUP	30.06.2024	30.06.2023	% chg
(€)			
Cash flow from operations	6,955,489	9,057,854	-23.1%
Cash flow from operating investing activities	-2,315,899	-5,178,494	-55.1%
Cash flow from operations	**4,639,590**	**3,879,360**	**19.6%**
Cash flow from financial investment	-6,073,008	636,066	n.s.
Cash flow from investments in interests	-10,430,065	-6,963,917	49.8%
Cash flow from loan capital	9,694,439	-1,964,020	-593.6%
Cash flow from equity	-974,196	-746,600	30.5%
Increase (decrease) in cash	**-3,143,238**	**-5,159,111**	**-39.1%**
Cash, beginning of year	19,447,785	16,552,626	17.5%
Cash acquired by the change in consolidation scope	1,289,508	2,516,709	-48.8%
Total opening cash	**20,737,293**	**19,069,335**	8.7%
Cash, end of period	**17,594,055**	**13,910,224**	**26.5%**

Cash flow from operations improved by 19.6%, from € 3.9 to € 4.6 million.

The investment of cash was particularly significant, totaling € 6.1 million, along with the investment in new acquisitions, which reached € 10.4 million, up from € 7 million in the first half of last year, representing an increase of 49.8%.

Dividends distributed to non-controlling interests amounted to € 974 thousand.

Net of cash flow from operations, the requirement was nearly € 12.8 million. It was covered as follows:

- € 9.7 million from loan capital;
- € 3.1 million from the use of corporate cash, which decreased from € 20.7 million (also considering the cash acquired with Umbria Verde, amounting to € 1.3 million) to € 17.6 million at the end of the first half of the year.

As part of the transactions with lending institutions, new loans totaling € 13.7 million were contracted (of which € 9.2 million medium-term), while repayments of approximately € 4 million were made.

The table below provides an overview of cash flow from operations, broken down by its components

CASH FLOW FROM OPERATIONS	30/06/2024	30/06/2023	% chg
(€)			
Profit for the year before income tax, interest, dividends and gains/losses on disposal	3,607,597	4,485,579	-19.6%
Amortization, depreciation and write-downs	2,820,485	3,094,291	-8.8%
Changes in working capital	520,376	2,745,644	-81.0%
Expenditure in intangible and tangible fixed assets	-2,315,899	-5,178,494	-55.3%
Other non-cash movements	0	479,317	n.c.
Net interest received	7,031	-298,351	-102.4%
Tax paid	0	-1,448,626	-100.0%
CASH FLOW FROM OPERATIONS	**4,639,590**	**3,879,360**	**19.6%**

The improvement is explained by the reduction in expenditure in intangible and tangible fixed assets, which decreased from € 5.2 million to € 2.3 million (-55.3%), partly offset by a smaller positive change in working capital (-81%).

This year's result benefited from the postponement of the payment of tax for the period, due at end June, to the first of the following month, since June 30 was a Sunday. The amount was € 535 thousand.

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

CHANGE IN NET FINANCIAL POSITION OF PATTERN GROUP (€)	30.06.2024	30.06.2023	% chg
Opening NFP (A)	**641,598**	**-13,852,986**	**-104.6%**
NFP of newly-consolidated companies (B)	1,289,508	1,874,496	-31.2%
Cash flow before changes in NWC	7,460,214	9,042,628	-17.5%
Change in net working capital	520,376	2,745,644	-81.0%

Other adjustments to the statement of cash flows	-1,025,101	-2,730,418	-62.5%
Intangible and tangible investments net of divestments	-2,315,899	-5,178,494	-55.3%
Cash flow from operations (C)	**4,639,590**	**3,879,360**	**19.6%**
Cash flow from investing activities (D)	-18,540,939	-6,827,851	171.5%
Cash flow from changes in equity (F)	-974,196	-746,600	30.5%
Other items (G)	0	280,088	-100.0%
Reduction (Increase) in debt (H=B+C+D+E+F+G)	**-13,586,037**	**-1,540,507**	**781.9%**
Closing NFP (A+H)	**-12,944,439**	**-15,393,493**	**-15.9%**

The net financial position at the beginning of the period stood at a positive € 642 thousand, to which the cash acquired with Umbria Verde, amounting to € 1.3 million, should be added.

Financial investments, mainly in interests, totaled € 18.5 million, plus € 974 thousand in dividend distributions, for a total requirement of € 19.5 million.

Cash flow from operations covered € 4.6 million.

Almost € 13 million in debt was used for the remainder, including € 8 million owed to S.M.T. non-controlling interests.

As a result of all these changes, the half-year closed with a net debt of € 12.9 million.

ACTIVITIES CARRIED OUT THROUGH SUBSIDIARIES AND ASSOCIATES: TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES.

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	**30.06.2024**	**31.12.2023**
Receivables	1,817,166	1,024,127
Payables	34,924	113,494
Income and expense of Pattern Spa vs Società Manifattura Tessile Srl	**30.06.2024**	**30.06.2023**
Income	73,055	72,696
Expense	218,384	233,358
Dividends paid to Pattern	3,200,000	828,000

Receivables and payables of Pattern Spa vs Idee Partners Srl	30.06.2024	31.12.2023
Receivables	16,750	44,821
Payables	266,400	130,197
Loan granted by Pattern	500,000	500,000
Income and expense of Pattern Spa vs Idee Partners Srl	**30.06.2024**	**30.06.2023**
Income	20,202	17,580
Expense	60,604	0
Dividends paid to Pattern	195,804	410,400

Receivables and payables of Pattern Spa vs Dyloan Bond Factory Srl	30.06.2024	31.12.2023
Receivables	6,333	1,227
Payables	1,230,975	1,020,026
Loan granted by Pattern	400,000	400,000
Income and expense of Pattern Spa vs. Dyloan Bond Factory Srl	**30.06.2024**	**30.06.2023**
Income	17,289	2,651
Expense	1,823,458	1,269,799

Receivables and payables of Pattern Spa vs Manifatture Tessili Double Srl	30.06.2024	31.12.2023
Receivables	-	-
Payables	-	-
Non-interest bearing loan granted by Pattern	48,000	-
Income and expense of Pattern Spa vs Manifatture Tessili Double Srl	**30.06.2024**	**30.06.2023**
Income	-	-
Expense	-	-

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 expense accruing on bank borrowings.

This is a narrow risk however, since debt consists to a large extent of fixed-rate medium-term loans. Group companies also all have high banking standing, which allows for competitive spreads.

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.

In some Group companies, where customers are more diversified and may present a higher risk profile, a credit insurance policy is in place.

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.

<u>Risks associated with the availability and supply of raw materials</u>

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. In cases where raw materials are supplied on a job order basis, this type of risk is completely non-existent.

<u>Risks associated with recruiting and retaining expert personnel</u>

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.

<u>Cyber risks</u>

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 part of 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 segment 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 first half 2024, an internally designed information solution was implemented to collect data for issuing the sustainability report. This tool facilitates data collection across the Group's various plants and enables third-party review, as required by the Corporate Sustainability Reporting Directive's implementing decree (Directive (EU) 2022/2464 - CSRD), which is particularly relevant to our corporate and sustainability reporting activities.

The aim is to make sustainability reporting more consistent, comparable, and transparent, helping investors, consumers, policymakers, and other stakeholders assess companies' sustainability performance.

Starting in 2025, the Corporate Sustainability Reporting Directive (CSRD) will require companies to integrate a range of sustainability performance information into their financial statements, following specific reporting standards.

As part of our decarbonization strategy, we also finalized the traceability tool for circular management of textile waste in the supply chain, under the name CASCAMI PROJECT. This tool enables us to track and manage textile waste throughout the supply chain, helping reduce waste and optimize material recycling. It supports our goal to improve resource efficiency and reduce overall environmental impact, in line with our commitment to a circular economy and lower CO2 emissions.

Lastly, during the first half of the year, the Group further enhanced its ability to control the supply chain in relation to sustainability issues. This has allowed us to provide greater assurance to our customers regarding compliance with rigorous standards, which are now essential for sustainable growth in the sector. In response to the need for greater production chain qualification, the Group has expanded its network of certified suppliers, while increasing its production capacity.

EMPLOYEES AND IT SYSTEMS

Employees

In first half 2024, the Group saw an increase in resources due to the expansion of the consolidation scope following the acquisition of Umbria Verde.

Employees amounted to 897 at 30.06.2024, of whom 664 women and 233 men split up as follows:

Company	Employees at 30.06.2024			Employees at 31.12.2023		
	Women	Men	TOT	Women	Men	TOT
PATTERN SPA - COLLEGNO	52	20	72	48	20	68
PATTERN SPA - SPELLO	54	13	67	56	12	68
PATTERN SPA - SANTERAMO	8	0	8	8	0	8
SOCIETA' MANIFATTURA TESSILE SRL	136	60	196	121	54	175
NUOVA NICOL	27	5	32	23	5	28
IDEE PARTNERS SRL	163	53	216	163	53	216
DYLOAN BOND FACTORY SRL	169	54	223	172	58	230
UMBRIA VERDE MATTIOLI SRL	55	28	83	0	0	0
Total employees	**664**	**233**	**897**	**591**	**202**	**793**

In first half 2024, integration activities for the companies acquired in the two-year period 2022/2023 continued, and those for Umbria Verde were initiated.

Integration activities involve sharing the Code of Ethics and Conduct, 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 attention, especially in today's rapidly changing social and economic landscape. Employee training and digital skill enhancement become a key target.

To develop industry-specific skills, training academies have been established both internally, to enhance and standardize employee skills, and externally. The latter are designed with a territorial approach, addressing the specific needs of each location's specialty.

Additionally, to strengthen relationships with schools and attract new talent, the Group continued to expand its partnerships with local educational institutions in 2024, particularly in the areas where its production facilities are located. The Group also opened its doors for company visits aimed at younger individuals.

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

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

Infrastructure initiatives were completed in half 2024, continuing the effort to implement uniform security and business continuity policies across all Group companies.
Specifically, the S.M.T. HQ in Correggio were equipped with a new hyperconverged infrastructure, featuring dual redundant servers with sufficient computational and storage capacity. The infrastructure at the Carpi location, home to the Knitwear Factory, was also upgraded to accommodate the demands of increased capacity.
At Nuova Nicol, mobile phone reception was stabilized and improved through the installation of new antennas.
Idee Partners' offices were interconnected via a VPN (Virtual Private Network), and the data traffic bandwidth at the Bientina office was also increased.
The project to unify management systems for the companies in the knitwear hub was initiated (for leather goods, this process had been completed by end 2023 with the merger by incorporation of two companies in the segment).
The software selection phase was completed, resulting in the choice of management software that will cover all processes from the engineering phase to the delivery of the garments produced and will integrate with the finance module already in use at the parent company, Pattern. The analysis phase is currently underway, which will define the necessary configurations, customizations, and the roll-out plan.

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, some Group companies took advantage of legal measures that incentivize this type of activity.

TREASURY SHARES AND SHARES OF PARENT COMPANIES

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

FINANCIAL DERIVATIVES

Pursuant to Article 2428, paragraph 2, point 6-bis, of the Italian Civil Code, mention should be made that - at 30 June 2024 - 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 € 6.1 million, with an overall mark-to-market at Group level of € +252 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

During the first half of the year, the following Related Party transactions took place: the acquisition of 8% of S.M.T. from Camer Srl, the renewal of shareholders' agreements between Pattern and Camer, and the renewal of the stability agreement between Pattern and Camer. These transactions were subject to the non-binding, reasoned opinion of the Related Parties Committee, which issued a favourable opinion prior to their approval by Pattern's Board of Directors. Pattern also made publicly available within the envisaged time limits on its website (www.patterngroup.it) and on the Italian Stock Exchange, the disclosure document required by the classification of the first two transactions as related party transactions of greater significance.

Additionally, during the first half of the year, there were 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, 25 September 2024

for **THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors

Fulvio Botto

PATTERN SPA

Direction and Coordination pursuant to Article 2497 of the Italian Civil Code: BO.MA. Holding S.r.l.
registered office in Collegno, via Italia 4
authorized share capital € 1,436,292.90 of which € 1,436,292.90 subscribed and paid up
listed with the Turin Company Register no. 10072750010 tax code
R.E.A. no. 1103664

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/06/2024	31/12/2023
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	46,424	55,284
2) development costs	9,777	16,142
3) industrial patent and intellectual property rights	324,383	333,292
4) concessions, licenses, trademarks and similar rights	143,435	306,000
5) goodwill	31,178,250	17,421,997
6) fixed assets in progress and advances	100,498	13,478
7) other	2,811,838	2,678,010
Total intangible fixed assets	*34,614,605*	*20,824,203*
II - Tangible fixed assets	-	-
1) land and buildings	7,155,310	7,201,634
2) plant and machinery	10,879,228	9,525,018
3) industrial and commercial equipment	164,891	283,558
4) other assets	1,210,589	931,142
5) fixed assets in progress and advances	1,596,878	318,784
Total tangible fixed assets	*21,006,896*	*18,260,136*
III - Financial fixed assets	-	-
1) investments in	-	-
b) associates	2,400	-
d-bis) other companies	-	535
Total investments	*2,400*	*535*
2) receivables	-	-
b) from associates	48,000	-
due within one year	48,000	-
d-bis) from others	2,691,699	2,600,701
due within one year	703,670	700,000
due beyond one year	1,988,029	1,900,701
Total receivables	*2,739,699*	*2,600,701*
4) Financial derivative assets	251,635	312,654
Total financial fixed assets	*2,993,734*	*2,913,890*
Total fixed assets (B)	*58,615,235*	*41,998,229*
C) Current assets		
I - Inventory	-	-
1) raw and ancillary materials and consumables	4,053,149	2,711,610

	30/06/2024	31/12/2023
2) work in progress and semi-finished products	5,624,962	3,289,606
4) finished products and goods	962,329	700,427
Total inventory	*10,640,440*	*6,701,643*
II - Receivables	-	-
1) from customers	23,881,610	20,388,413
due within one year	23,881,610	20,388,413
5-bis) tax receivables	6,395,242	8,127,102
due within one year	6,222,952	7,617,709
due beyond one year	172,290	509,393
5-ter) prepaid tax	183,227	171,385
5-quater) from others	766,563	2,751,150
due within one year	766,563	2,751,150
Total receivables	*31,226,642*	*31,438,050*
III - Current financial assets	-	-
6) other securities	13,050,627	7,088,494
Total current financial assets	*13,050,627*	*7,088,494*
IV - Cash	-	-
1) bank and postal deposits	17,569,252	19,432,562
2) cheques	-	-
3) cash and valuables on hand	24,803	15,223
Total cash	*17,594,055*	*19,447,785*
Total current assets (C)	*72,511,764*	*64,675,972*
D) Accrued income and deferred expense	**1,611,285**	**1,377,539**
Total assets	*132,738,284*	*108,051,740*
Liabilities		
A) Equity	**45,433,898**	**42,495,255**
I - Share capital	1,441,293	1,436,293
II - Share premium reserve	9,548,706	9,548,705
IV - Legal reserve	288,259	287,259
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	16,916,914	1,575,985
Merger surplus reserve	174,449	174,449
Various other reserves	8,856,290	3,079,517
Total other reserves	*25,947,653*	*4,829,951*
VII - Reserve for hedges of expected cash flows	191,243	237,617
IX - Profit (loss) for the year	1,441,864	21,118,867
Total equity attributable to the owners of the parent	38,859,018	37,458,692

	30/06/2024	31/12/2023
Equity attributable to non-controlling interests	-	-
Share capital and reserves attributable to non-controlling interests	5,857,535	2,770,601
Profit (loss) attributable to non-controlling interests	717,345	2,265,962
Total equity attributable to non-controlling interests	*6,574,880*	*5,036,563*
Total consolidated equity	45,433,898	42,495,255
Total equity	38,859,018	37,458,692
B) Provisions for risks and charges		
1) for pensions and similar obligations	-	-
2) for tax, including deferred tax	61,129	75,984
4) other	3,061,265	61,265
Total provisions for risks and charges	*3,122,394*	*137,249*
C) Post-employment benefits	**5,934,313**	**5,283,614**
D) Payables		
4) payables to banks	35,389,069	25,549,717
due within one year	13,149,609	7,821,836
due beyond one year	22,239,460	17,727,881
5) payables to other lenders	200,052	344,964
due within one year	80,011	184,917
due beyond one year	120,041	160,047
6) advances	586,621	448,912
due within one year	586,621	448,912
7) payables to suppliers	21,038,162	18,891,593
due within one year	21,038,162	18,891,593
12) tax payables	4,031,173	1,662,804
due within one year	4,031,173	1,662,804
13) payables to welfare and social security entities	1,529,769	1,718,006
due within one year	1,529,769	1,718,006
14) other payables	12,002,263	7,649,612
due within one year	6,602,263	7,649,612
due beyond one year	5,400,000	-
Total payables	*74,777,109*	*56,265,608*
E) Accrued expense and deferred income	**3,470,570**	**3,870,014**
Total liabilities	*132,738,284*	*108,051,740*

CONSOLIDATED INCOME STATEMENT

	30/06/2024	30/06/2023
A) Value of production		
1) revenue from sales and services	59,252,176	71,006,330
2) changes in inventory in work in progress, semi-finished and finished products	1,441,184	2,222,493
5) other revenue and income	-	-
operating grants	25,075	108,161
Other	1,042,147	962,709
Total other revenue and income	*1,067,222*	*1,070,870*
Total value of production	*61,760,582*	*74,299,693*
B) Production costs		
6) for raw and ancillary materials, consumables and goods	11,892,313	18,020,412
7) for services	24,057,409	27,990,509
8) for rentals and leases	1,525,333	1,637,381
9) for personnel	-	-
a) wages and salaries	13,258,947	13,916,069
b) social security expense	3,663,180	3,965,263
c) post-employment benefits	877,566	874,306
e) other costs	278,282	52,889
Total personnel expense	*18,077,975*	*18,808,527*
10) amortization, depreciation and write-downs	-	-
a) amortization of intangible fixed assets	1,497,872	1,641,480
b) depreciation of tangible fixed assets	1,253,280	1,374,845
c) other write-downs of fixed assets	121,903	-
d) write-down of receivables under current assets and cash	83,353	51,278
Total amortization, depreciation and write-downs	*2,956,408*	*3,067,603*
11) changes in inventory of raw and ancillary materials, consumables and goods	(832,899)	(946,768)
14) sundry operating expense	446,069	1,182,659
Total production costs	*58,122,608*	*69,760,323*
Difference between value of production and production costs (A - B)	**3,637,974**	**4,539,370**
C) Financial income and expense		
16) other financial income	-	-
b) from securities under fixed assets other than investments	-	10,300
c) from securities under current assets other than investments	-	408
d) income other than above	-	-
other	397,569	25,182
Total income other than the above	*397,569*	*25,182*
Total other financial income	*397,569*	*35,890*

	30/06/2024	30/06/2023
17) interest and other financial expense	-	-
other	401,129	345,119
Total interest and other financial expense	*401,129*	*345,119*
17-bis) exchange gains and losses	2,662	(20,557)
Total financial income and expense (15+16-17+-17-bis)	*(898)*	*(329,786)*
D) Value adjustments to financial assets and liabilities		
19) write-downs	-	-
a) of investments	535	-
Total write-downs	*535*	*-*
Total value adjustments of financial assets and liabilities (18-19)	*(535)*	*-*
Profit (loss) before tax (A-B+-C+-D)	**3,636,541**	**4,209,584**
20) Income tax for the year, current, deferred and prepaid tax		
current tax	1,479,039	1,965,430
prior-years' tax	10,346	10,347
deferred tax assets and liabilities	(12,053)	(19,200)
Total income tax for the year, current, deferred and prepaid tax	*1,477,332*	*1,956,577*
21) Profit (loss) for the year	**2,159,209**	**2,253,007**
Profit (loss) attributable to the owners of the parent	**1,441,864**	**1,675,297**
Profit (loss) attributable to non-controlling interests	**717,345**	**577,710**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Amount at 30/06/2024	Amount at 30/06/2023
A) Cash flow from operations (indirect method)		
Profit (loss) for the year	2,159,209	2,253,007
Income tax	1,477,332	1,956,577
Interest expense/(income)	3,560	301,500
(Gains)/losses from disposal of assets	(32,504)	(25,505)
1) Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	*3,607,597*	*4,485,579*
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	979,027	1,061,407
Amortization and depreciation of fixed assets	2,751,152	3,016,325
Impairment losses	122,438	
Other upward/(downward) adjustments for non-monetary items		479,317
Total adjustments for non-monetary items that had no balancing item in the net working capital	*3,852,618*	*4,557,049*
2) Cash flow before changes in net working capital	*7,460,214*	*9,042,628*
Changes in net working capital		
Decrease/(Increase) in inventory	(1,938,513)	(3,180,117)
Decrease/(Increase) in receivables from customers	1,418,471	1,130,626
Increase/(Decrease) in payables to suppliers	(780,226)	(504,750)
Decrease/(Increase) in accrued income and deferred expense	(292,544)	(1,139,179)
Increase/(Decrease) in accrued expense and deferred income	(411,421)	(186,947)
Other decreases/(Other increases) in net working capital	2,524,609	6,626,011
Total changes in net working capital	*520,376*	*2,745,644*
3) Cash flow after changes in net working capital	*7,980,590*	*11,788,272*
Other adjustments		
Interest received/(paid)	7,031	(298,351)
(Income tax paid)		(1,448,626)
(Utilization of provisions)	(1,032,132)	(983,441)
Total other adjustments	(1,025,101)	(2,730,418)
Cash flow from operations (A)	***6,955,489***	***9,057,854***
B) Cash flow from investing activities		
Tangible fixed assets		
(Purchases)	(2,167,162)	(3,955,008)
Disposals	68,174	14,212
Intangible fixed assets		
(Purchases)	(216,911)	(1,237,998)
Disposals		300
Financial fixed assets		

	Amount at 30/06/2024	Amount at 30/06/2023
(Purchases)	(110,875)	(95,455)
Disposals		225,113
Current financial assets		
(Purchases)	(6,000,000)	(1,004,000)
Disposals	37,867	1,510,408
(Purchase of subsidiaries net of cash)	(10,430,065)	(6,963,917)
Cash flow from investing activities (B)	***(18,818,972)***	***(11,506,345)***
C) Cash flow from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	4,537,161	714,722
New loans	9,190,000	2,294,000
(Repayment of loans)	(4,032,722)	(4,972,742)
Equity		
Capital increase against payment		10,000
(Dividends and interim dividends paid)	(974,196)	(756,600)
Cash flow from financing activities (C)	***8,720,243***	***(2,710,620)***
Increase (decrease) in cash (A ± B ± C)	***(3,143,238)***	***(5,159,111)***
Cash, beginning of year		
Bank and postal deposits	20,714,696	19,052,846
Cash and valuables on hand	22,597	16,489
Total cash, beginning of year	20,737,293	19,069,335
Cash, end of year		
Bank and postal deposits	17,569,252	13,889,685
Cheques		390
Cash and valuables on hand	24,803	20,149
Total cash, end of year	17,594,055	13,910,224
Acquisition or disposal of subsidiaries		
Cash acquired or disposed of through acquisition/disposal of subsidiaries	1,289,508	2,516,709

ACQUISITION OF INVESTMENTS IN SUBSIDIARIES

The information required by OIC No. 17, § 36, regarding the acquisition of the indirect control of 80% in Umbria Verde Mattioli S.r.l. - a wholly-owned subsidiary of the Consolidated SMT S.r.l. - is provided at the bottom of this Statement of Cash Flows.

It should be noted that in the preparation of the Consolidated Statement of Cash Flows, the final cash at 30 June 2024 of the newly-consolidated Umbria Verdi Mattioli S.r.l. was acquired in compliance with OIC No. 17, § 19.

Specifically, mention should be made of the following:

Total consideration paid in cash for acquisition of UVM SRL investment (80%)	20,000,000
- total agreed consideration	20,000,000
- of which already paid at 30.6.24	17,000,000
- of which through share capital increase in SMT Srl	9,000,000
- of which yet to be paid at 30.6.24	3,000,000
Amount of cash acquired through the transaction	1,289,508
cash UVM Srl 30.6.24	1,289,508

PATTERN S.P.A.

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

NOTES TO THE CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2024

FOREWORD

These consolidated interim financial statements at 30 June 2024 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., Nuova Nicol S.r.l. and Umbria Verde Mattioli (UVM) 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 Leg. Decr. 127 of 9 April 1991, as updated by the amendments introduced by Leg. Decr. 6 of 17 January 2003 and by Leg. Decr. 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 Leg. Decr. 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**).

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 30.06.2024	Equity at 30.06.2024	Profit (loss) for the period at 30.06.2024	Stake held directly by the Parent Company (%)	Stake held indirectly by the Parent Company (%)
SMT SRL	Italy	1,111,111	24,740,592	4,933,926	80	/
IDEE PARTNERS SRL	Italy	1,000,000	3,005,097	(571,882)	52.92	/
DYLOAN BOND FACTORY SRL	Italy	400,000	1,044,799	(1,301,282)	100	/
NUOVA NICOL SRL	Italy	110,000	4,546,872	2,174,983	/	80
UMBRIA VERDE MATTIOLI SRL	Italy	1,000,000	4,273,923	1,851,239	/	80

The full consolidation scope includes the interim financial statements at 30 June 2024 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., the 80%-owned subsidiary Nuova Nicol S.r.l., and the 80%-owned subsidiary Umbria Verde Mattioli S.r.l.. The balance sheet figures were incorporated into Pattern Group's consolidated financial statements at 30 June 2024, pursuant to § 52 of OIC No. 17, as its control was acquired on 12 June 2024.

It is noted that the investment in the associate MTD - Manifattura Tessuti Double S.r.l. - acquired by the Parent Company with a 24% stake on 21 March 2024, was recorded in the consolidated financial statements using the cost method. This is because the size of this investment is considered irrelevant for the purposes of providing a true and fair view of the consolidated financial statements, pursuant to Article 36, paragraph 2, of Leg. Decr. 127/91.

The consolidation scope at 30 June 2024 changed from 31 December 2023, due to the inclusion of UVM S.r.l., Umbria Verde Mattioli S.r.l., specialized in the production of men and women’s luxury knitwear, following the acquisition of the total investment in the company by subsidiary SMT S.r.l., under a deed signed on 12 June 2024, for a total price of € 20 million. As a result of this acquisition, Pattern S.p.A. indirectly controls 80% of Umbria Verde Mattioli S.r.l., a wholly-owned subsidiary of SMT S.r.l..

Additionally, on 12 June 2024, the subsidiary SMT S.r.l. approved a share capital increase reserved and underwritten by Simone Mattioli and Leonardo Mattioli, for a value of € 9 million, against the issuance of shares equal to 10% of the company's share capital. As a result of this change in the share capital of SMT S.r.l., Pattern S.p.A.'s controlling interest decreased to 72% from the previous 80%. Pattern S.p.A. concurrently finalized the acquisition of 8% of the share capital of SMT S.r.l. from Camer S.r.l., for a total price of € 6.2 million, thereby restoring its control to the original 80%. In summary, as a result of these transactions, which basically represent a single transaction, the change in the composition of the share capital of the subsidiary SMT S.r.l. pertains only to the ownership of the 20% stake held by third parties.

Below are the balance sheet assets and liabilities at 30 June 2024 of the newly-consolidated UVM S.r.l. - acquired on 12 June 2024 by the subsidiary SMT S.r.l. - incorporated into Pattern Group's consolidation at 30 June 2024, pursuant to § 52 of OIC No. 17.

Statement of financial position - Umbria Verde Mattioli S.r.l.	30/06/2024
Assets	
A) Share capital proceeds to be received	
B) Fixed assets	
I - Intangible fixed assets	
3) industrial patent and intellectual property rights	20,726
4) concessions, licenses, trademarks and similar rights	0
6) Fixed assets in progress and advances	0
7) other	131,443
Total intangible fixed assets	***152,169***
II - Tangible fixed assets	
1) land and buildings	0
2) plant and machinery	1,005,384
3) industrial and commercial equipment	9,308
4) other assets	151,085
5) fixed assets in progress and advances	0
Total tangible fixed assets	***1,165,777***
III - Financial fixed assets	
2) Receivables:	
d) From others	30,522
due beyond one year	30,522
4) Financial derivative assets	0
Total financial fixed assets	***30,522***
Total fixed assets (B)	***1,348,468***
C) Current assets	
I - Inventory	
1) raw and ancillary materials and consumables	508,640
2) work in progress and semi-finished products	1,109,109
4) finished products and goods	46,965
Total inventory	***1,664,714***
Tangible fixed assets held for sale	0
II - Receivables	
1) from customers	4,815,019
due within one year	4,815,019
5-bis) tax receivables	1,322,378
due within one year	1,322,378
5-ter) Prepaid tax	0

5-quater) from others	0
due within one year	0
Total receivables	***6,137,397***
IV - Cash	
1) bank and postal deposits	1,282,134
3) cash and valuables on hand	7,374
Total cash	***1,289,508***
Total current assets (C)	***9,091,619***
D) Accrued income and deferred expense	**19,443**
Total assets	***10,459,530***
Liabilities	
A) Equity	
I - Share capital	1,000,000
II - Share premium reserve	0
III - Revaluation reserves	0
IV - Legal reserve	2,000
VI - Other reserves	1,420,684
VII - Reserve for hedges of expected cash flows	0
IX - Profit (loss) for the year	1,851,239
Total equity	**4,273,923**
B) Provisions for risks and charges	**0**
C) Post-employment benefits	**349,621**
D) Payables	
4) payables to banks	0
due within one year	0
due beyond one year	0
7) payables to suppliers	2,464,626
due within one year	2,464,626
11) payables to parent companies	109,561
due within one year	109,561
12) tax payables	2,567,676
due within one year	2,567,676
13) payables to welfare and social security entities	147,468
due within one year	147,468
14) other payables	538,821
due within one year	538,821
Total payables	***5,828,152***
E) Accrued expense and deferred income	**7,834**
Total liabilities	***10,459,530***

1. CONSOLIDATION PRINCIPLES

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

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

- <u>Elimination of the book value of investments in subsidiaries included in the consolidation against the corresponding equity.</u>

  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 and UVM 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.

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

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

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

2. PREPARATION STANDARDS

As mentioned in the Foreword, the consolidated interim financial statements at 30 June 2024 were prepared in compliance with the provisions contained in Leg. Decr. 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 2023 has been shown; for each item in the income statement, the amount of the corresponding figure at 30 June 2023 has been shown. With regard to the comparability of the items, as already mentioned in the Foreword of these Notes, at the statement of financial position level, the scope of the Consolidated Financial Statements at 31 December 2023 did not include the subsidiary Umbria Verde Mattioli S.r.l., whose acquisition took place on 12 June 2024.
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.

3. VALUATION CRITERIA

The criteria applied in the valuation of the items in the financial statements and in the value adjustments comply with the provisions of the Italian Civil Code, mainly contained in Article 2426 of the Italian Civil Code, and with the OIC Accounting Standards issued until 19 April 2023. 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 30 June 2024 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 I, 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 eliminated and the amount of the corresponding portion of the subsidiary's booked equity, including the lower amount of the portion of equity held by the Parent Company in the indirect subsidiaries Nuova Nicol S.r.l. and UVM 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 recorded in the Parent Company's financial statements of the investment eliminated 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 recorded in the Parent Company's financial statements of the investment eliminated 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 amortization.

Fixed assets in progress and advances include tangible assets in progress and advances paid to suppliers of tangible fixed 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 were not impaired (Article 2426, paragraph I, no. 3, of the Italian Civil Code), except for "*Concessions, Licenses, Trademarks, and Similar Rights*", which required an impairment of € 122 thousand, related to trademarks owned by the subsidiary 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 period under review.

The table "*RECOGNITION OF LEASES THROUGH THE FINANCIAL METHOD*" contained in the section "Analysis of and comments on the main items of the financial statements" (Article 2427, paragraph I, no. 22, Italian Civil Code) provides information on the current value of the instalments not yet due, the actual 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 associates were measured on the basis of the cost incurred for their acquisition.

Receivables under financial fixed assets

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

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

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

Inventory

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

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

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

Inventory of raw and ancillary materials and consumables

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

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

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

Inventory of work in progress and semi-finished products

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

Inventory of finished products and goods

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

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

Receivables under current assets

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

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

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

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

Receivables are shown in the financial statements net of the 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.

Instead, payables booked as from 1 January 2016 must be recognized, subject to the above exclusions according to the amortized cost method.

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

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

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

Revenue

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

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

In this regard, it is noted that the regulations introduced by OIC 34, given the scope of application, did not require any changes in the procedure for accounting for profit for the year.

Costs

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

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

Income Tax

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

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.

Deferred taxation

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

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

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

Items in foreign currencies

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

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

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

Financial derivatives

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

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

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

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

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

Financial derivatives with a positive fair value are classified under Current Assets (item B.III.4 Financial derivative assets) or under Provisions for risks if the fair value is negative (item B3 *Provision for financial derivative liabilities*).

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

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

Foreword

The additional information required by Article 38, paragraph 1, of 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%;
- software use licenses (B.I.3): estimated useful life 3 years, amortization rate 33.33%;
- patents (B.I.3): estimated useful life 2 years, amortization rate 50%;
- trademarks (B.I.4): estimated useful life 18 years, amortization rate 5.56%;
- goodwill (B.I.5): estimated useful life from 5 to 10 years, amortization rate from 20% to 10%;
- extraordinary leasehold improvements (B.I.7): estimated useful life approximately 8 years, average amortization rate 12.50%;
- other costs with long-term useful life (B.I.7): estimated useful life approximately 18 years, amortization rate 5.56%.

Movements in intangible fixed assets are shown in the table below (Article 38, paragraph I, lett. b-bis), Leg. Decr. 127/91). In this regard, the net amount of each item of intangible fixed assets at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, is shown separately.

	Start-up and expansion costs	Development 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
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
Acquisitions	0	0	58,428	302	182,525	87,020	203,657	531,932
Other increases	0	0	0	0	14,726,077	0	0	14,726,077
Disposals	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Write-downs	0	0	0	(121,903)	0	0	0	(121,903)
Amortization	(8,860)	(6,365)	(88,063)	(40,964)	(1,152,349)	0	(201,271)	(1,497,872)
Net amount at 30.06.24 UVM Srl	0	0	20,726	0	0	0	131,443	152,169
Net amount at 30.06.24 Consolidated	**46,424**	**9,777**	**324,383**	**143,435**	**31,178,250**	**100,498**	**2,811,838**	**34,614,605**

Increases in Intangible Fixed Assets recognized in the reporting period refer 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;
- "Industrial Patent and Intellectual Property Rights", where purchases related to new software licenses and related consulting services by the subsidiaries Dyloan Bond Factory S.r.l., Idee Partners S.r.l., SMT S.r.l. and Nuova Nicol S.r.l. were recorded;
- "Goodwill", attributable for the total amount of approximately € 14.7 million to the consolidation of the newly-consolidated UVM S.r.l., as well as for the amount of approximately € 183 thousand to the acquisition by the subsidiary SMT S.r.l. of the business unit of Maglieria Talassi S.r.l..

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

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

The 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	131,191	46,424
Total	**131,191**	**46,424**

B.I.2) Development costs

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Development costs	1,122,370	9,777
Total	**1,122,370**	**9,777**

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	12,302
Software licenses	1,050,482	312,081
Total	**1,076,117**	**324.383**

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	803,456	143,435
Total	**803,456**	**143.435**

The item Trademarks includes:

- the Dyloan brand, with a residual carrying amount totaling approximately € 122 thousand, already net of the write-down made during the reporting period totaling € 122 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	37,750,358	31,178,250
Total	**37,750,358**	**31,178,250**

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

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 Maglieria Talassi S.r.l. business unit, amounting to € 183 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, 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, amortized over 5 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. and UVM S.r.l. -, amortized over 10 years. Specifically, this positive difference, totaling approximately € 26.5 million - of which approximately € 8.3 million attributable to the direct subsidiary SMT S.r.l., approximately € 3.5 million to the indirect subsidiary Nuova Nicol S.r.l., and approximately € 14.7 million attributable to the indirect subsidiary UVM S.r.l. - arising from the comparison between the carrying amount of the investments eliminated 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 investment eliminated 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, amortized over 10 years. This positive difference - arising from the comparison between the carrying amount of the investment eliminated and the corresponding value of the share of booked equity of the consolidated company, in addition to the write-down made in the consolidated financial statements at 31 December 2023 in the amount of approximately 4 million - is justified by the earnings capacity of the acquired business.

B.I.7) Other intangible fixed assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Extraordinary leasehold improvements	4,307,551	2,747,805
Other costs with long-term useful life	284,443	64,033
Total	**4,591,994**	**2,811,838**

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). In this regard, the net amount of each item of tangible fixed assets at 30.06.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, 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 31.12.23 Consolidated	7,201,634	9,525,018	283,558	931,142	318,784	18,260,136
Acquisitions	26,040	1,279,330	62,147	316,323	1,278,094	2,961,934
Other increases	0	0	0	0	0	0
Disposals	(625)	(102,317)	(343)	(24,386)	0	(127,671)
Reclassifications	0	159,250	(159,250)	0	0	0
Depreciation	(71,739)	(987,437)	(30,529)	(163,575)	0	(1,253,280)
Net amount at 30.06.24 UVM Srl	0	1,005,384	9,308	151,085	0	1,165,777
Net amount at 30.06.24 Consolidated	**7,155,310**	**10,879,228**	**164,891**	**1,210,589**	**1,596,878**	**21,006,896**

The most significant increases in Tangible Fixed Assets included € 1.3 million in Fixed Assets in Progress and Advances, for the construction work on the Group's new headquarters in Collegno (Piedmont) by the Parent Company, which will be completed in the next 18 months, as well as expenditure of approximately € 1.3 million made in plant and machinery by the subsidiaries SMT S.r.l., Dyloan Bond Factory S.r.l. and Nuova Nicol S.r.l..

B.II.1) Land and buildings

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Land	2,864,865	2,852,512
Buildings	4,646,279	4,245,581
Lightweight constructions	65,935	57,218
Total	**7,577,078**	**7,155,310**

B.II.2) Plant and machinery

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
General plant	9,762,136	6,032,815
Photovoltaic systems	60,998	35,585
Machinery	12,862,576	4,810,828
Total	**22,685,709**	**10,879,228**

B.II.3) Industrial equipment

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Industrial and commercial equipment	1,031,458	164,891
Total	**1,031,458**	**164,891**

B.II.4) Other assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Furniture and office equipment	765,669	342,757
Electronic office machinery	1,330,769	449,469
Trucks	339,136	130,112
Motor vehicles	181,928	100,819
Internal means of transport	35,735	6,818
Telephone equipment and systems	49,887	8,361
Furniture	819,644	172,253
Total	**3,522,769**	**1,210,589**

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 € 904,120.

	Parent company PATTERN Spa (A)	Subsidiary SMT Srl (B)	Subsidiary IDEE PARTNERS Srl (C)	Subsidiary DYLOAN BOND FACTORY Srl (D)	Subsidiary NUOVA NICOL (E)	Total Consolidated (A + B + C + D + E)
Total amount of leased financial assets at year end	107,712	441,783	188,490	1,085,904	17,000	**1,840,889**
Depreciation that would have been charged in the year	2,020	132,344	38,154	25,145	4,250	**201,913**
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	44,711	11,778	122,154	711,224	14,253	**904,120**
Financial expense for the year based on the effective interest rate	1,504	2,756	4,943	33,137	312	**42,652**

B.III) Financial fixed assets

B.III.1) Investments

Movements in investments under financial fixed assets are shown in the table below:

	Investments in associates	Investments in other companies	Total investments
Net amount at 31.12.23 Consolidated	0	535	**535**
Acquisitions in the period	2,400	0	**2,400**
Decreases in the period	0	(535)	**(535)**
Net amount at 30.6.24 Consolidated	**2,400**	**0**	**2,400**

The amount of investments in associates refers to the 24% investment held in the associate MTD Manifattura Tessuti Double S.r.l., acquired by the Parent Company on 21 March 2024.

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 at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, 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. 127/91):

	Long-term receivables from associates	Long-term receivables from others	Total long-term receivables
Amount at 31.12.23 Consolidated	0	2,600,701	**2,600,701**
Change in the year	48,000	60,476	**108,476**
Amount at 30.06.24 UVM	0	30,522	**30,522**

Amount at 30.06.24 Consolidated	**48,000**	**2,691,699**	**2,739,699**
Portion due within one year	48,000	703,670	**751,670**
Portion due beyond one year	0	1,988,029	**1,988,029**
Of which with residual maturity of over 5 years	0	0	**0**

Long-term receivables from associates refer to the non-interest-bearing loan provided by the Parent Company to the associate MTD S.r.l..

Long-term receivables from associates	Carrying amount
Non-interest bearing loan	48,000
Total	**48,000**

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 € 2,129,384 (of which € 1,429,384 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;
  - security deposits of € 1,184 for Parent Company contracts;
  - security deposits of € 2,486 of the subsidiary Dyloan Bond Factory S.r.l. for a lease agreement for D house spaces in Milan, Via Ferraris;
- *portion due beyond one year*:
  - the escrow deposit of the Parent Company of € 1,429,384;
  - security deposits for the building application for the construction of the Group's new headquarters, amounting to € 19,500;
  - 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 € 78,238 related to the investment in a savings plan from 2015 with Unicredit; security deposits totaling € 93,152 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 € 332,073 for the existing lease on the Scandicci property (€ 200,000) on the Reggello property (€ 120,000), on the Bientina property (€ 1,800), and for the remaining amount for various utilities;
  - security deposits of € 5,000 for rent of the Sala Bolognese warehouse of the subsidiary Nuova Nicol;
  - security deposits totaling € 30,522 related to outstanding leases on the Corciano and Maglione properties (€ 30,450) and utility contracts (€ 72) of subsidiary UVM S.r.l..

In detail:

Description	Carrying amount
Security deposits	464,577
Financial receivables	2,227,122
Total	**2,691,699**

Amount of financial fixed assets

Pursuant to Article 38, paragraph 1, lett. o-quater, of Leg. Decr. 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 Leg. Decr. 127/91) are shown below for long-term receivables:

Description	Carrying amount	Fair Value
Long-term receivables from associates	48,000	48,000
Long-term receivables from others	2,691,699	2,691,699
Total	**2,739,699**	**2,739,699**

B.III.4) Financial derivative assets

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

	Financial derivative assets
Amount at 31.12.23 Consolidated	312,654
Fair value adjustments	(61,019)
Amount at 30.06.24 Consolidated	**251,635**

This amount represents the positive fair value at 30 June 2024, 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 included in current assets amounted to € 10,640,440 (€ 6,701,643 at 31 December 2023).

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 € 2,000,810, broken down as follows:

- € 736,983 as a reduction in the value of inventory of raw materials;
- € 290,187 as a reduction in the value of inventory of work in progress and semi-finished products;
- € 973,640 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 at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, is shown separately.

	Raw and ancillary materials and consumables	Work in progress and semi-finished products	Finished products and goods	Total inventory
Amount at 31.12.23 Consolidated	2,711,610	3,289,606	700,427	6,701,643
Change in the year	832,898	1,226,247	214,938	2,274,083
Amount at 30.06.24 UVM	508,640	1,109,109	46,965	1,664,714
Amount at 30.06.24 Consolidated	**4,053,149**	**5,624,962**	**962,329**	**10,640,440**

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

The decrease in the provision for write-downs of raw materials is due to the fact that inventory increased as a result of new purchases, which consequently do not require write-downs. At the beginning of the year, the provision may be used for the disposal of obsolete materials.

The tables below show a breakdown of the individual items:

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

Raw and ancillary materials and consumables	Consolidated amount 30.6.24	Change	Consolidated amount 31.12.23
Raw materials in stock	4,647,706	1,080,455	3,567,251
Provision for write-down of raw materials inventory	(736,983)	208,734	(945,717)
Raw materials in transit	142,426	52,349	90,077
Total	**4,053,149**	**1,341,539**	**2,711,610**

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

Work in progress and semi-finished products	Consolidated amount 30.6.24	Change	Consolidated amount 31.12.23
Work in progress	5,915,149	2,563,578	3,351,571
Provision for write-down of work in progress inventory	(290,187)	(228,223)	(61,964)
Total	**5,624,962**	**2,335,356**	**3,289,606**

C.I.4) Finished products and goods

Finished products and goods	Consolidated amount 30.6.24	Change	Consolidated amount 31.12.23
Finished products	1,898,621	272,615	1,626,006
Provision for write-down of finished products inventory	(973,640)	(1,485)	(972,155)
Finished products in transit	37,348	(9,228)	46,576
Total	**962,329**	**261,902**	**700,427**

C.II) Receivables

Receivables under current assets amounted to € 31,226,642 (€ 31,438,050 at 31 December 2023).

Receivables under current assets - breakdown by maturity date

The table below shows a breakdown of receivables under current assets by maturity for each item. In this regard, the amount of each item of receivables under current assets at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, 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 31.12.23 Consolidated	20,388,413	8,127,102	171,385	2,751,150	31,438,050
Change in the year	(1,321,822)	(3,054,238)	11,842	(1,984,587)	(6,348,806)
Amount at 30.06.24 UVM	4,815,019	1,322,378	0	0	6,137,397
Amount at 30.06.24 Consolidated	**23,881,610**	**6,395,242**	**183,227**	**766,563**	**31,226,642**
Portion due within one year	23,881,610	6,222,952		766,563	30,871,125
Portion due beyond one year	0	172,290		0	172,290
Of which with residual maturity of over 5 years	0	0		0	0

A breakdown of receivables under Current Assets is shown below:

C.II. 1) Receivables from customers

The item is broken down as follows:

Nature of receivable	Consolidated amount 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Receivables from customers	24,108,608	19,533,353
Invoices to issue	133,541	185,117
Credit notes to issue	(18,334)	(31,613)
Bank receipts	387,228	1,368,112
Provision for bad debts	(729,433)	(666,557)
Total	**23,881,610**	**20,388,413**

The increase in receivables from customers is due to the specific time of year, when production and deliveries are in full swing, as well as the consolidation of UVM S.r.l., which was not included in the figures at end 2023.

C.II. 5-bis) Tax receivables

The item is broken down as follows:

Nature of receivable	Consolidated amount 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Revenue Agency VAT a/c	4,971,319	6,337,645
IRAP receivable	205,097	116,689
IRES receivable	464,113	68,501
Other tax receivables	582,422	1,094,874
Over 12 months		
Other tax receivables	172,290	509,393
Total	**6,395,242**	**8,127,102**

The VAT receivable position amounts to approximately € 5 million and is composed as follows: € 2.6 million attributable to the Parent Company, € 822 thousand to the subsidiary SMT S.r.l., € 280 thousand to the subsidiary Nuova Nicol S.r.l., € 201 thousand to the subsidiary Dyloan Bond Factory S.r.l., € 284 thousand to the subsidiary Idee Partners S.r.l. and € 776 thousand to the newly-consolidated UVM 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 in 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 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Receivables from social security entities	27,629	222
Advances to suppliers	116,436	294,509
Sundry receivables	622,498	2,456,419
Total	**766,563**	**2,751,150**

For information sake, it should be noted that the decrease in sundry receivables relates mainly to the legal offsetting with Burberry Italy Srl, assignee of the 100% investment in Burberry Tecnica Srl.. Specifically, against the balance from the transfer of the business unit and subsequent sale of the investment in Burberry Tecnica Srl, Pattern Spa and Burberry Italy Srl held reciprocal credit and debit positions.

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	7,600,499	6,395,242	183,227	766,563	14,945,531
EU	9,773,288	0	0	0	9,773,288
Extra EU	6,507,822	0	0	0	6,507,822
Total	**23,881,610**	**6,395,242**	**183,227**	**766,563**	31,226,642

C.III) Current financial assets

Changes in current financial assets

At period end, current financial assets amounted to € 13,050,627 (€ 7,088,494 at 31 December 2023). These refer to:

- time deposits on c/a set up by the Parent Company with:
  - BNL Spa, maturing on 1 July 2024, in the amount of € 1 million;
  - BNL Spa, maturing on 13 August 2024, in the amount of € 2 million;
  - Intesa Sanpaolo Spa, maturing on 16 December 2024, in the amount of € 6 million;
- the value of mutual fund shares held by the subsidiary Dyloan Bond Factory S.r.l. in the amount of approximately € 50.6 thousand;
- time deposits on c/a set up by the subsidiary SMT S.r.l. with:
  - Banco-Bpm Spa, maturing on 12 September, in the amount of € 2 million;
  - Bper Spa, maturing on 28 November 2024, in the amount of € 1 million;
- a time deposit on c/a set up by the subsidiary Nuova Nicol S.r.l. with Bper Spa, maturing on 28 November 2024, in the amount of € 1 million.

	Securities
Amount at 31.12.23 Consolidated	7,088,494
Change in the year	5,962,133
Amount at 30.6.24 Consolidated	**13,050,627**

C.IV) Cash

At 30 June 2024, cash amounted to € 17,594,055 (€ 19,447,785 at 31 December 2023). In this regard, the amount of each item of cash at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, 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 31.12.23 Consolidated	19,432,562	0	15,223	**19,447,785**
Change in the year	(3,145,444)	0	2,206	**(3,143,238)**
Amount at 30.06.24 UVM	1,282,134	0	7,374	**1,289,508**
Amount at 30.06.24 Consolidated	**17,569,252**	**0**	**24,803**	**17,594,055**

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 at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, is shown separately.

	Accrued income	Deferred expense	Total accrued income and deferred expense
Amount at 31.12.23 Consolidated	118,121	1,259,418	**1,377,539**
Change in the year	(6,028)	220,330	**214,302**
Amount at 30.06.24 UVM	0	19,443	**19,443**
Amount at 30.06.24 Consolidated	**112,093**	**1,499,192**	**1,611,285**

The increase in 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 and from subsidiaries SMT S.r.l. and Nuova Nicol S.r.l.;
- deferred expense of € 560 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 and rental costs;
- deferred expense on software support fees;
- deferred expense on property lease fees.

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

Accrued income	Amount
Interest income	109,156
GSE Incentive Tariff	2,937
Total	**112,093**
Deferred expense	**Amount**
Rentals	137,666
Property leases	22,631
Purchase of services	100,089
Insurance	135,883
Service contracts	182,723
Software support contracts	63,411
Maxi lease fee	108,745
Other deferred expense	635,176
Bank expense	31,394
Rental expense	72,760
Sponsorships and advertising	8,714
Total	**1,499,192**

Capitalized financial expense

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

STATEMENT OF FINANCIAL POSITION - 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 € 1,441,293, is made up of no. 14,412,929 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 28 March 2024, a free share capital increase of € 5,000.00 was carried out following the exercise of 50,000 rights under the first tranche of the 2023-2025 Stock Grant Plan. This plan grants the managing director and CEO the right to receive up to 200,000 ordinary shares free of charge, contingent upon the achievement of certain company development targets. The shares allocated stem from the share capital increase approved by the Ordinary Shareholders' Meeting of Pattern S.p.A. on 6 December 2023, by reducing by the same amount the unavailable reserve set up for this purpose.

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 € 1,441,293, is attributable to the Retained Earnings Reserve to service the free share capital increase, in the amount of € 15,000, resolved, as mentioned above, by the Extraordinary Shareholders' Meeting of Pattern S.p.A. on 6 December 2023.

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 30.6.24	**9,548,706**

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

A.IV) Legal reserve

The Legal Reserve amounts to € 288,259 and the movements in the six months under review are as follows:

Legal reserve	Amount
Prior-year amount	287,259
Allocation of prior year's profit	1,000
Balance at 30.6.24	**288,259**

A.VI) Other equity reserves

Extraordinary reserve

The Extraordinary Reserve amounts to € 16,916,914 and the movements in the six months are as follows:

Extraordinary reserve	Amount
Prior-year amount	1,575,985
Allocation of prior year's profit	15,340,929
Balance at 30.6.24	**16,916,914**

Restricted reserve for share capital increase to service 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	20,000
Utilization for share capital increase	(5,000)
Balance at 30.6.24	**15,000**

A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € 191,243 and refers to the fair value at 30.06.2024 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 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 provisions for risks and charges at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, is shown separately.

	Provision for tax, including deferred tax	Other provisions	Total provisions for risks and charges
Amount at 31.12.23 Consolidated	75,984	61,265	**137,249**
Total amount	**75,984**	**61,265**	**137,249**
Allocation for the year	0	3,000,000	**3,000,000**
Utilization in the year	(14,855)	0	**(14,855)**
Amount at 30.06.24 UVM	0	0	**0**
Amount at 30.06.24 Consolidated	**61,129**	**3,061,265**	**3,122,394**

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

B.4) Other provisions

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

Other provisions

Movements were as follows:

	Amount at 30.6.24
Opening balance	61,265
Allocation for the year	3,000,000
Utilization for expense incurred	0
Utilization for provision surplus	0
Closing balance	**3,061,265**

The allocation recorded in the six months under review refers to an allocation made by subsidiary SMT S.r.l. to the provision for charges to cover any further financial outlay in favour of the Mattiolis in connection with the transaction for the acquisition of the 100% investment in UVM S.r.l. for the portion of the price subject to a condition precedent.

For information sake, it should be noted that the provision for risks set aside in the prior year by the subsidiary Idee Partners S.r.l remains unchanged to cover the grant received by Mia Pelletteria S.r.l., a company it acquired in the prior year, following a dispute by the granting agency.

C) POST-EMPLOYMENT BENEFITS

Post-employment benefits are recorded under liabilities for a total of € 5,934,313 (€ 5,283,614 at 31 December 2023).

In this regard, the amount of post-employment benefits at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, 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 31.12.23 Consolidated	5,283,614
Allocation for the year	707,615
Utilization in the year	(406,537)
Amount at 30.06.24 UVM	349,621
Amount at 30.06.24 Consolidated	**5,934,313**

D) PAYABLES

Payables are recorded under liabilities for a total of € 74,777,109 (€ 56,265,608 at 31 December 2023).

In this regard, the amount of the various payables items at 30.6.2024 of the newly-consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, is shown separately.

The table below shows the composition of the individual items, a breakdown by maturity, showing the amount of payables with a residual maturity of more than five years, separately for each item, and the changes in the reporting period (Article 38, paragraph 1, letters c) and e), 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 31.12.23 Consolidated	25,549,717	344,964	448,912	18,891,593	1,662,804	1,718,006	7,649,612	**56,265,608**
Change in the year	9,839,352	(144,912)	137,709	(318,057)	(199,306)	(335,705)	3,813,830	**12,792,910**
Amount at 30.06.24 UVM	0	0	0	2,464,626	2,567,676	147,468	538,821	**5,718,591**
Amount at 30.06.24 Consolidated	**35,389,069**	**200,052**	**586,621**	**21,038,162**	**4,031,173**	**1,529,769**	**12,002,263**	**74,777,109**
Portion due within one year	13,149,609	80,011	586,621	21,038,162	4,031,173	1,529,769	6,602,263	**47,017,608**
Portion due beyond one year	22,239,460	120,041	0	0	0	0	5,400,000	**27,759,501**
Of which with residual maturity of over 5 years	1,557,690	0	0	0	0	0	0	**1,557,690**

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	35,389,069	200,052	572,596	20,146,885	4,031,173	1,529,769	12,002,263	73,871,807
EU	0	0	0	557,226	0	0	0	557,226
Extra EU	0	0	14,025	334,051	0	0	0	348,076
Total	**35,389,069**	**200,052**	**586,621**	**21,038,162**	**4,031,173**	**1,529,769**	**12,002,263**	**74,777,109**

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 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Credit cards	60,275	19,929
Loans without collateral	13,057,536	7,767,382
Bank fees to settle	31,798	34,525
Over 12 months		
Loans without collateral	22,239,460	17,727,881
Total	**35,389,069**	**25,549,717**

D.5) Payables to other lenders

Payables to other lenders are shown below:

Nature of payable	Consolidated amount 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Simest Spa loan	80,000	182,687
Other loans	11	2,230
Over 12 months		
Simest Spa loan	120,001	160,001
Other loans	40	46
Total	**200,052**	**344,964**

D.6) Advances

Payables for advances received are shown below:

Nature of payable	Consolidated amount 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Customer advances	586,621	448,912
Total	**586,621**	**448,912**

These are advances received from customers on supplies of goods yet to be delivered (specifically, approximately € 544 thousand for advances received from customers by the subsidiary Idee Partners S.r.l., approximately € 14 thousand by the subsidiary SMT S.r.l., and approximately € 28 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 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Invoices received	18,557,911	15,667,591
Invoices to receive	2,420,554	2,864,502
Credit notes to receive	(42,479)	(140,418)
Payables for confirming buyer	102,176	499,918
Total	**21,038,162**	**18,891,593**

The increase 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 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Revenue Agency withholding tax on employees a/c	637,345	996,538
Revenue Agency withholding tax on self-employment a/c	23,330	30,976
Revenue Agency withholding tax on post-employment benefits a/c	5,477	2,054
Revenue Agency VAT a/c	(8,758)	22,248
Revenue Agency Irap a/c	476,479	168,542
Revenue Agency Ires a/c	1,171,414	382,851
Revenue Agency other payables a/c	1,725,886	59,594
Total	**4,031,173**	**1,662,804**

D.13) Payables to welfare and social security entities

Payables to welfare and social security entities are shown below:

Nature of payable	Consolidated amount 30.06.24	Consolidated amount 31.12.23
Within 12 months		

Inps	715,778	1,177,137
Inail	32,784	19,731
Inps and Inail accruals	652,150	372,830
Contributions to supplementary pension funds	128,110	147,448
Enasarco	947	861
Total	**1,529,769**	**1,718,006**

D.14) Other payables

Other payables are shown below:

Nature of payable	Consolidated amount 30.06.24	Consolidated amount 31.12.23
Within 12 months		
Payables to pension funds	7,064	6,021
Accruals for holidays not taken	3,439,077	1,622,261
Payables for salaries to settle	1,959,265	1,579,612
Payables for commissions to settle	260	965
Payables for fees to settle	80,764	60,881
Other sundry payables	1,115,833	4,379,872
Over 12 months		
Other sundry payables	5,400,000	0
Total	**12,002,263**	**7,649,612**

"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:

- portion due within the next year:
  - the consolidated SMT S.r.l. for approximately € 1 million, of which € 430 thousand the price yet to be paid for the acquisition of the investee Zanni S.r.l., € 400 thousand the price yet to be paid for the acquisition of the investee Nuova Nicol S.r.l., and approximately € 214 thousand the price yet to be paid for the acquisition of the business unit of Maglieria Talassi S.r.l.;
- portion due beyond one year:
  - the consolidated SMT S.r.l. for € 400 thousand, as the price yet to be paid for the acquisition of the investee Nuova Nicol S.r.l. due beyond the year, and the consolidating company for € 5 million, as the price yet to be paid for the acquisition of the 8% investment in the subsidiary SMT S.r.l., in execution of the binding term-sheet signed by Pattern S.p.A. with Camer S.r.l. on 30 May 2024. The above amount will be paid in five annual instalments, the first of which due on 31 December 2025.

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 at 30.6.2024 of the newly consolidated UVM S.r.l., included in the consolidation scope, as already mentioned, as of such date, is shown separately.

	Accrued expense	Deferred income	Total accrued expense and deferred income
Amount at 31.12.23 Consolidated	138,585	3,731,430	**3,870,014**
Change in the year	(17,200)	(390,079)	**(407,279)**
Amount at 30.06.24 UVM	0	7,834	**7,834**
Amount at 30.06.24 Consolidated	**121,385**	**3,349,185**	**3,470,570**

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

Accrued expense	Amount
Insurance	27,860
Services and utilities	1,525
Interest expense on medium/long-term loans	50,051
Other	41,949
Total	**121,385**
Deferred income	**Amount**
Purchase of services	54,198
Exclusive customer contract	35,500
Grants Sabatini L.	0
Tax receivable for capital goods	3,259,487
Total	**3,349,185**

INCOME STATEMENT

A) VALUE OF PRODUCTION

A.1) Revenue from sales and services

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

Business category	Amount at 30.06.24	Amount at 30.06.23
Income from production area	50,255,775	61,210,557
Income from engineering area	8,267,474	8,693,769
Other income	728,927	1,102,004
Total	**59,252,176**	**71,006,330**

During the six months under review, revenue from sales fell by approximately 17%, due basically to the loss of the business unit transferred to Burberry in October last year.

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 30.06.24	Amount at 30.06.23
Italy	16,734,505	26,056,284
EU	29,975,058	24,462,924
Extra EU	12,542,613	20,487,122
Total	**59,252,176**	**71,006,330**

The strongest growth is in the EU, and a key factor behind this is the loss of the Pattern business unit sold to Burberry, which led to a drop in revenue from Italy and Extra-EU regions.

A.5) Other income

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

Nature	Amount at 30.06.24	Amount at 30.06.23
Operating grants	25,075	108,161
Other revenue		
Capital grants	366,324	400,530
Ordinary capital gains	37,902	21,133
Compensation	80,000	171,979
Rental income, rentals	3,368	33,345
Chargeback of costs	360,829	68,068
Other revenue and income	193,723	267,654
Total	**1,067,222**	**1,070,870**

B) PRODUCTION COSTS

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

The item amounted to € 11,892,313 (€ 18,020,412 in the prior year), and includes mainly costs incurred for the procurement of raw materials and accessories used in the production of garments manufactured by the Parent Company and by the Consolidated Companies.

B.7) Service costs

These involve mainly the following types of services:

Nature	Amount at 30.06.24	Amount at 30.06.23
Production services	20,063,007	23,602,546
Commercial services	722,540	761,498
Administrative and management services	3,271,863	3,626,465
Total	**24,057,409**	**27,990,509**

B.8) Rentals and leases

Costs are as follows:

Nature	Amount at 30.06.24	Amount at 30.06.23
Rental payments	923,927	761,719
Lease payments	230,641	488,486
Fees for software use	75,168	93,516
Car rental fees	194,140	211,897
Rental fees for other capital goods	74,833	69,549
Other rentals and leases	26,624	12,214
Total	**1,525,333**	**1,637,381**

B.9) Personnel expense

Labour costs totaled € 18,077,975 (€ 18,808,527 in the prior year). The decrease was due to the loss of the major business unit sold to Burberry, partly offset by increases in work units in other Group sectors and salary increases granted.

B.14) Sundry operating expense

Costs are as follows:

Nature	Amount at 30.06.24	Amount at 30.06.23
Sundry tax and duties	99,328	137,200
Gifts	50	21,790
Contingent liabilities	156,659	803,329
Other sundry operating expense	190,032	220,340
Total	**446,069**	**1,182,659**

For information sake, it should be noted that in the prior year, contingent liabilities recorded under other operating expense included approximately € 480 thousand in higher tax, in addition to related penalties, owed by the subsidiary SMT S.r.l. as a result of the settlement of the assessment with the tax authorities, Provincial Office of Reggio Emilia.

C) FINANCIAL INCOME AND EXPENSE

C.16) Other financial income

Income is as follows:

Nature	Amount at 30.06.24	Amount at 30.06.23
Bank interest income	397,554	25,182
Other income	15	10,708
Total	**397,569**	**35,890**

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. l), Leg. Decr. 127/91):

Nature	Amount at 30.06.24	Amount at 30.06.23
Bank interest expense	396,939	335,081
Sundry interest expense	4,190	10,038
Total	**401,129**	**345,119**

A detailed breakdown of financial expense is shown below:

Nature	Amount at 30.06.24	Amount at 30.06.23
Interest expense on medium-term loans	396,939	331,241
Interest expense on short-term loans	0	3,840
Other financial expense	4,190	10,038
Total	**401,129**	**345,119**

C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Amount at 30.06.24	Amount at 30.06.23
Valuation exchange differences	9,061	(20,321)
Realized exchange gains	566	6,016
Realized exchange losses	(6,965)	(6,252)
Total	**2,662**	**(20,557)**

Revenue items of exceptional size or incidence

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

Cost items of exceptional size or significance

During the six months under review, no costs of an extraordinary nature, size or significance worthy of mention were incurred, pursuant to Article 38, paragraph 1, lett. m), Leg. Decr. 127/91.

Income tax and deferred taxation

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

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.

Tax for the reporting period totaled € 1,477,332 and consisted of current tax (€ 1,479,039), prior-years' tax (€ 10,346) and the provision for deferred tax assets and liabilities (€ -12,053).

5. 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 30.06.24
Executives	11
Managers	28
White collars	216
Blue collars	506
Trainees	85
Total Employees	**846**

Employees amounted to 897 units at 30 June 2024, of whom 664 women and 233 men.

	Amount at 30.06.24	Amount at 31.12.23
Executives	11	10
Managers	27	28
White collars	230	202
Blue collars	538	474
Trainees	91	79
Total Employees	**897**	**793**

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	**482,756**	**45,240**

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	75,865
Other non-audit services	0
Total fees payable to the Auditor or to the Independent Auditors	**75,865**

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 30.06.24	Amount at 31.12.23
Guarantee issued	85,072	85,072
Surety issued	110,000	139,142
Total	**195,072**	**224,214**

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 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 € 904,120.

For information sake, the property lease entered into by the subsidiary Dyloan Bond Factory S.r.l., in the remaining amount of € 711,224, is secured by a guarantee from Società cooperativa di garanzia dei fidi tra piccole e medie imprese della Sardegna (Sardafidi) and the Guarantee Fund Law no. 662 of 23/12/1996 with Medio Credito Centrale.

RELATED PARTY TRANSACTIONS

Pursuant to Article 38, par. 1, lett. o-quinquies) of Leg. Decr. 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. on market conditions.

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

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

In prior years, the Parent Company entered into service contracts with its subsidiaries SMT S.r.l. and Idee Partners S.r.l. for the provision of services related to its functions of guidance, coordination, control, and support of Group companies, all on market conditions. Additionally, it entered into treasury contracts on market conditions with its direct subsidiaries, which, in turn, entered into similar contracts with their own subsidiaries, as well as lease agreements with companies linked to non-controlling interests.

Additionally, during the first half of the year, the following Related Party transactions took place: the acquisition of 8% of S.M.T. from Camer Srl, the renewal of shareholders' agreements between Pattern and Camer, and the renewal of the stability agreement between Pattern and Camer. These transactions were subject to the non-binding, reasoned opinion of the Related Parties Committee, which issued a favourable opinion prior to their approval by Pattern's Board of Directors. Pattern also made publicly available within the envisaged time limits on its website (*www.patterngroup.it*) and on the Italian Stock Exchange, the disclosure document required by the classification of the first two transactions as related party transactions of greater significance.

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. 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, notice is given that no significant events occurred after the end of the six months.

BUSINESS OUTLOOK

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

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

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

Derivative hedging instruments	Start date - End date	Fair Value at 30.06.24
IRS Unicredit	30.6.20 – 31.3.25	9,333
IRS Intesa Sanpaolo	19.6.20 – 19.6.26	52,801
IRS Intesa Sanpaolo 37742307	31.12.20 - 30.11.26	25,354
IRS Intesa Sanpaolo 39742170	26.02.21 - 26.02.27	11,958
IRS Banco BPM	18.06.21 - 18.06.27	24,906
IRS Intesa Sanpaolo 95066711	29.01.21 – 29.01.27	21,815
IRS Intesa Sanpaolo 41912272	06.08.21 – 06.08.29	84,609
IRS BNL 25278047	24.03.21 - 24.03.26	8,198
IRS BNL 25278048	24.03.21 - 09.12.26	12,661
		251,635

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 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**
Allocation of the 2023 result			1,000	15,340,929		5,776,938		(21,118,867)			0
Free share capital increase to service the Stock Grant Plan	5,000				(5,000)						**0**
Increases in the year						4,835	(46,374)		(41,539)	(4,832)	**(46,371)**
Reserved share capital increase										1,800,000	**1,800,000**
Dividend distribution										(974,196)	**(974,196)**
Changes in consolidation											**0**
Profit (loss) for the year								1,441,864	1,441,864	717,345	**2,159,209**
Balance at 30 June 2024	**1,441,293**	**9,548,706**	**288,259**	**16,916,914**	**15,000**	**9,015,740**	**191,243**	**1,441,864**	**38,859,019**	**6,574,880**	**45,433,899**

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

RECONCILIATION OF FINANCIAL STATEMENTS - PARENT COMPANY CONSOLIDATED FINANCIAL STATEMENTS

	Profit (loss) for the year	**Equity at 30.6.2024**
Financial statements of the Parent Company	**3,157,577**	**31,589,418**
Adjusted results of consolidated subsidiaries and difference between adjusted equity and amount of investments	5,235,745	18,657,425
Derecognition of recorded dividends	(5,395,804)	0
Amortization of positive consolidation difference	(838,309)	(4,812,945)
Derecognition of the results of intra-group transactions and other adjustments	0	0
Consolidated financial statements	**2,159,209**	**45,433,898**
of which Group share	**1,441,864**	**38,859,018**
of which non-controlling interests	**717,345**	**6,574,880**

For the **Board of Directors**

The Chairman
Fulvio BOTTO

PATTERN SPA

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2024

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2024

To the Board of Directors of
Pattern SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Pattern SpA and its subsidiaries (the "Pattern Group"), which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of cash flows and related notes as of 30 June 2024. The directors of Pattern SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the accounting principle OIC 30. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Pattern Group as of 30 June 2024 are not prepared, in all material respects, in accordance with the accounting principle OIC 30.

Turin, 27 September 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.

PricewaterhouseCoopers SpA

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