PATTERN S.P.A.

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

FINANCIAL STATEMENTS AT 31 DECEMBER 2024

registered office in Collegno, via Italia 4

authorized share capital € 1,456,292.90 of which € 1,445,455.40 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 € 1,445,455.40 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 Corso Re Umberto 8

10122 - Turin (TO) - Italy

Tax Code and VAT number 12067380019

COMPOSITION OF CORPORATE BODIES

Board of Directors (1)	Fulvio Botto	Chairman
	Francesco Martorella	Vice Chairman
	Luca Sburlati	Chief Executive Officer
	Stefano Casini	
	Simonetta Cavasin	
	Claudio Delunas	
	Franca Di Carlo	
	Diego Dirutigliano	
	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.

NOTICE OF CALL OF ORDINARY SHAREHOLDERS' MEETING

The Ordinary Shareholders' Meeting of Pattern S.p.A. is convened in **first call on 28 April 2025**, at 11:00 a.m., at the registered office in Collegno (TO), Via Italia 4, and, if necessary, in second call on 5 May 2025, at the same time and place, with the following:

Agenda

1. Approval of the financial statements at 31 December 2024; relevant resolutions.
2. Allocation of the result for the year; relevant and ensuing resolutions.
3. Appointment of the Board of Directors:
    a. determination of the number of members;
    b. determination of the term of office;
    c. appointment of the directors;
    d. appointment of the Chairman of the Board of Directors;
    e. determination of the Board of Directors' fees.
4. Appointment of the Board of Statutory Auditors:
    a. appointment of the members of the Board of Statutory Auditors and its Chairman;
    b. determination of the Board of Statutory Auditors' fees.
5. Authorization to purchase and dispose of treasury shares, subject to revocation of the authorization resolution passed by the Shareholders' Meeting on 7 May 2024; relevant and ensuing resolutions.

Share capital

As of today's date, the subscribed and paid-up share capital amounts to € 1,445,455.40, represented by no. 14,454,554 ordinary shares with no indication of par value.

Each ordinary share entitles the holder to one vote. To date, the Company does not hold any treasury shares.

<u>Participation in the Shareholders' Meeting</u>

Pursuant to Article 83-*sexies* of Leg. Decr. no. 58/1998 ("TUF"), those from whom the Company has received notice through an authorized intermediary, based on the accounting records at the end of the 7° (seventh) trading day prior to the date of the Meeting (**15 April 2025 - record date**), are entitled to attend the Shareholders' Meeting and exercise their voting right **exclusively through the Appointed Representative**, as indicated below. Credit and debit entries made on the accounts after such date are not relevant for the purposes of entitlement to exercise voting rights at the Shareholders' Meeting.

Pursuant to Article 83-*sexies*, paragraph 4, of the TUF, notices from intermediaries shall be received by the Company by the end of the 3° (third) trading day prior to the date set for the Shareholders' Meeting, i.e. by **23 April 2025**. This does not affect the entitlement to attend and to exercise voting rights in the case where notices are received by the Company after such term, provided that this is made before the beginning of the Shareholders' Meeting in first call.

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

<u>Granting of proxies to the Appointed Representative</u>

Pursuant to Article 9.3 of the Bylaws, the attendance of shareholders at the Shareholders' Meeting and the exercise of voting rights are allowed **<u>exclusively through the Appointed Representative</u>** of the Company pursuant to Article 135-*undecies*.1, paragraph 1, of the TUF, without physical participation of the entitled persons.

The Company has designated Computershare S.p.A., headquartered in Milan (the "**Appointed Representative**"), as its Appointed Representative.

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

The proxy with the voting instructions shall be sent - by using the methods specified in the form, together with a copy of a currently valid identity document of the delegating party or, if the delegating party is a legal person, of the pro tempore legal representative or of another party with appropriate powers, together with appropriate documents proving his/her qualification and powers - to the abovementioned Appointed Representative by the end of the 2° (second) trading day prior to the date of the Shareholders' Meeting in **first call** (i.e. by **24 April 2025**, or, if in second call, by 30 April 2025).

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

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

As permitted by Article 135-*undecies*.1, paragraph 1, of the TUF and Article 9.3 of the Bylaws, as an exception to Article 135-*undecies*, paragraph 4, of the TUF, those who do not intend to make use of the participation procedure under Article 135-*undecies* of the TUF, may alternatively participate by granting the Appointed Representative a proxy or sub-proxy pursuant to Article 135-*novies* of the TUF, containing voting instructions on all or some of the proposals on the agenda, at no cost for the delegating party (except for any delivery costs), within the terms and by using the same proxy form as above, available on the Company website (at www.patterngroup.it, Investor Relations section).

To grant and notify proxies or sub-proxies, also through electronic means, the procedures indicated in the proxy form shall be followed. The proxy and voting instructions may always be revoked within the specified time limit according to the abovementioned manners.

A proxy/sub-proxy so granted shall have no effect on the proposals for which no voting instructions have been given.

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

Appointment of the Board of Directors

Under the Bylaws, the Board of Directors is appointed on the basis of lists of candidates.

The relevant rules and procedures, as well as the required accompanying documentation, are set out in Article 10.2 of the Bylaws currently in force, which are published on the Company website (www.patterngroup.it).

The lists of candidates shall be filed, together with the related documents, at the registered office no later than 1.00 pm of the 10° (tenth) day prior to the date of the first call (i.e. no later than **1.00 pm of 18 April 2025**). Filings shall be made by registered letter with return receipt addressed to Pattern S.p.A., Via Italia 4, 10093 Collegno (TO), Administration Office, or by certified e-mail to patterntorino@legalmail.it.

In compliance with the provisions contained in the Bylaws, lists may be submitted by the holders of shares who, at the time of submitting the list, hold, individually or jointly, an interest equal to at least 5% of the share capital subscribed at the time the list is submitted. Notice of the interest shall be submitted by the intermediary concurrent to filing of the lists.

At least one of the members of the Board of Directors shall meet the independence requirements pursuant to Article 148, paragraph 3, of the TUF, as referred to in Article 147-*ter*, paragraph 4, of the TUF.

The candidate indicated in the list with number order 1 shall meet the independence requirements indicated above.

The lists and the documents relating to the candidates are made publicly available at the registered office and on the Company website (www.patterngroup.it, Investor Relations section) at least 5 days before the Shareholders' Meeting (i.e. by **23 April 2025**).

Appointment of the Board of Statutory Auditors

Under the Bylaws, the Board of Statutory Auditors is appointed on the basis of lists of candidates.

The relevant rules and procedures, as well as the required accompanying documentation, are set out in Article 12 of the Bylaws currently in force, which are published on the Company website (www.patterngroup.it).

The lists of candidates shall be filed, together with the related documents, at the registered office no later than 1.00 pm of the 10° (tenth) day prior to the date of the first call (i.e. by **1.00 pm of 18 April 2025**). Filings shall be made by registered letter with return receipt addressed to Pattern S.p.A., Via Italia 4, 10093 Collegno (TO), Administration Office, or by certified e-mail to patterntorino@legalmail.it.

In compliance with the provisions contained in the Bylaws, lists may be submitted by the holders of shares who, at the time of submitting the list, hold, individually or jointly, an interest equal to at least 5% of the share capital subscribed at the time the list is submitted. Notice of the interest shall be submitted by the intermediary concurrent to filing of the lists.

The lists and the documents relating to the candidates are made publicly available at the registered office and on the Company website (www.patterngroup.it, Investor Relations section) at least 5 days before the Shareholders' Meeting (i.e. by 23 April 2025).

Right to submit questions on agenda items

In view of the circumstance that attendance at the Shareholders' Meeting by those entitled to attend may be made exclusively through the Appointed Representative, any questions on the items on the agenda may be submitted to the Company by the 7° (seventh) trading day prior to the Shareholders' Meeting, i.e., by **15 April 2025**, to the certified e-mail address patterntorino@legalmail.it.

Questions shall be accompanied by information on the identity of the shareholders and appropriate certification issued by the intermediaries with whom the shares owned by the shareholder are filed or, alternatively, the same notice required for participation in the meeting proceedings.

In order to enable those entitled to vote to cast their votes through the Appointed Representative also taking into account the feedback provided by the Company to these questions, the answers will be provided by the Company no later than **23 April 2025** through publication on the Company website (www.patterngroup.it, Investor Relations section), with the Company entitled to provide a unified response to questions having the same content. The Company shall not consider questions received that are not strictly relevant to the items placed on the agenda of the Shareholders' Meeting.

Documentation

Documents related to the items on the agenda of the Shareholders' Meeting are publicly available at the Company's registered office and on the Company website (www.patterngroup.it, Investor Relations section) as well as on the Borsa Italiana website (www.borsaitaliana.it, Azioni/Documenti section). This notice is published in the daily newspaper *Milano Finanza*, as well as on the Company website.

Collegno (TO), 11 April 2025

For the Board of Directors

The Chairman

Fulvio Botto

LETTER TO SHAREHOLDERS AND STAKEHOLDERS

Shareholders and Stakeholders,

We hereby present the financial statements of Pattern Spa at 31 December 2024, which consist of the "Statement of Financial Position", the "Income Statement", the "Statement of Cash Flows" and the "Notes to the Financial Statements".

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

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

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

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

2024 was a crucial year for our Group.

Firstly, it was the first year after the disposal to Burberry of a business unit of the parent company Pattern, which in 2023, over a limited 9-month period, contributed € 19.2 million to revenue. Secondly, Pattern Group completed its largest acquisition ever - Umbria Verde Mattioli in the knitwear segment - valued at € 20 million, including € 11 million in cash and € 9 million for the 10% stake in Società Manifattura Tessile, Pattern's 80% subsidiary that made the acquisition.

After this transaction, Pattern's stake remained unchanged at 80%, thanks to the acquisition of an 8% stake from the other minority shareholder, Camer Srl.

In the second half of the year, construction began on Pattern's new headquarters, which will also serve as the Group Headquarters. This investment, made against market forecasts for 2025, demonstrates Pattern's confidence in its growth path and solid financial situation, despite significant expenditure clustered within a few years.

At 31 December 2024, our Group recorded the following figures:

- Value of production € 126.5 million (€ 145.6 million in 2023).
- EBITDA € 13.1 million (€ 18.8 million last year).
- Net profit for the year amounted to € 395 thousand, while the Group's share was negative by

just under € 1 million (in 2023, these figures were positive at € 23.4 million and € 21.1 million, respectively).

- Total expenditure of € 18.8 million versus € 19.4 million last year.
- Net financial position at negative € 14.4 million (positive € 0.6 million at 31.12.2023).

The above extraordinary transactions make the operating results not entirely comparable, since the 2024 figures no longer include the Burberry unit and, at the same time, consolidate six months of the second half of Umbria Verde Mattioli.

Specifically, at the profit/loss level, the 2023 profit benefited from a gain on the disposal of the business unit, amounting - net of directly incurred costs - to over € 19 million. In contrast, the 2024 result was negatively impacted by the write-down of the residual value of Pattern's investment in Dyloan Bond Factory, which weighed € 2.3 million at the consolidated level on both the year's result and the Group's share.

Below is the calculation of adjusted net profit to more fairly reflect the performance of the Group companies as a whole.

Group result for the year (€ millions)	**2024**	**2023**
Profit for the year	362,791	23,384,829
Amortization of goodwill	2,412,923	1,960,675
Write-down of investment in Dyloan Bond Factory	2,311,667	4,000,000
Capital gain from disposal of business unit to Burberry	0	-19,191,787
Adjusted profit for the year	**5,087,381**	**10,153,717**
Profit attributable to the owners of the parent	-1,017,212	21,118,867
Amortization of goodwill	2,412,923	1,960,675
Write-down of investment in Dyloan Bond Factory	2,311,667	4,000,000
Capital gain from disposal of business unit to Burberry	0	-19,191,787
Adjusted profit attributable to the owners of the parent	**3,707,378**	**7,887,756**

The write-down of the investment in Dyloan Bond Factory heavily impacted Pattern Spa's results, which closed with a loss of € 3.3 million. Without the write-down of the investment in Dyloan Bond Factory, totaling € 5.9 million, the result would have been a positive € 2.6 million.

The year's performance was positive for all companies in the knitwear segment and Pattern, while Dyloan Bond Factory (clothing) and Idee (leather goods) performed negatively, each for different reasons. The former is undergoing a major reorganization amid a market environment more negative than expected. The latter reflects the fact that the crisis in the luxury market has hit this sector especially hard.

Overall, the Group's performance was positive from an operating and financial standpoint, despite a slower second half versus the first, especially versus the market and some competitors.

This results from two factors: the relationship with top luxury brands, which outperform the market, and the focus on growth in knitwear, the most resilient and higher-margin segment.

These factors, together with expenditure made (approximately € 58 million in the last three years) and planned for 2025, lead us to start the new year confident in our strengths, summarized as "know how", despite a market less dynamic than before, yet still rich and important.

Additionally, the Group maintains a relatively low level of debt and strong financial and capital strength, crucial in challenging market phases to sustain sales and margin reductions. At the same time, this strength enables seizing opportunities that may arise for exploitation in the next phase of market recovery or consolidation.

The Board of Directors of Pattern Spa will propose the Shareholders' Meeting to carry forward the loss for the year of € 3,341,201 .

The Chairman	The Chief Executive Officer
Fulvio Botto	Luca Sburlati

SHAREHOLDER BASE

The Company's share capital stands at € 1,456,292.90 of which € 1,445,455.40 subscribed and paid up, for a total of 14,454,554 ordinary shares with no par value.

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

Bo.Ma Srl	**53.42%**
Fulvio Botto	**5.24%**
Francesco Martorella	**5.24%**
Axon Partners	**6.34%**
Camer Srl	**1.31%**
Luca Sburlati	**2.11%**
Market	**26.34%**
Total	**100.00%**

PATTERN GROUP AND ITS HISTORY

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

In 2009, the new 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.

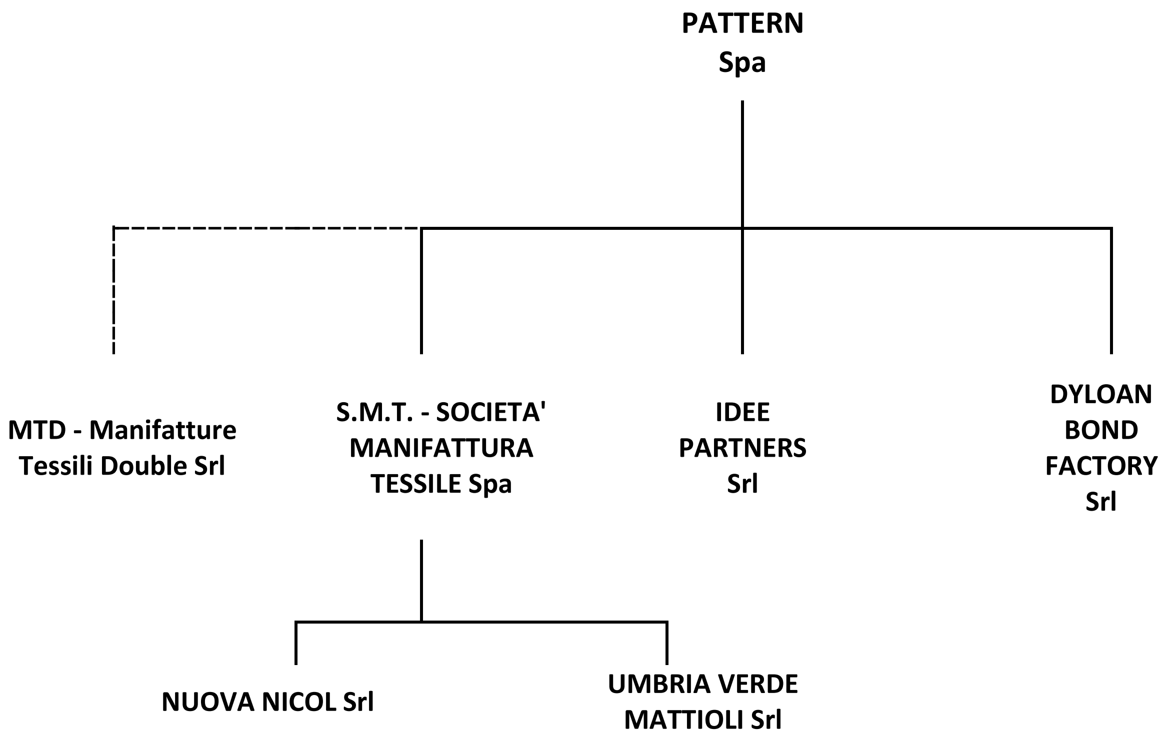
Today, Pattern Group is a leading international player in the engineering and production of luxury goods across the following product categories: men's and women's lines, clothing and accessories, stationary fabric, knitwear, and leather goods. The activities undertaken always begin with the research 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: 2024 HIGHLIGHTS

INCOME STATEMENT	**31.12.2024**	**31.12.2023**	**% chg**
(€)			
Value of production	**125,794,367**	**145,567,243**	**-13.6%**
EBITDA	13,030,428	18,827,765	-30.8%
EBIT	3,502,071	8,385,628	-58.2%
Profit (loss) for the period	**362,791**	**23,384,829**	**-98.4%**
- of which Group	*-1,017,212*	*21,118,867*	*-104.8%*
STATEMENT OF FINANCIAL POSITION	**31.12.2024**	**31.12.2023**	**% chg**
(€)			
Net fixed assets	56,011,319	41,998,229	33.4%
Net working capital	8,344,598	5,276,293	58.2%
Liability funds	-6,439,618	-5,420,863	18.8%
Net invested capital	**57,916,299**	**41,853,659**	**38.4%**
Consolidated equity	43,541,055	42,495,257	2.5%
- of which Group	*36,315,239*	*37,458,694*	*-3.1%*
Net financial position	14,375,244	-641,598	n.s.
Equity and net financial position	**57,916,299**	**41,853,659**	**38.4%**

CORPORATE STRUCTURE OF THE GROUP



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.

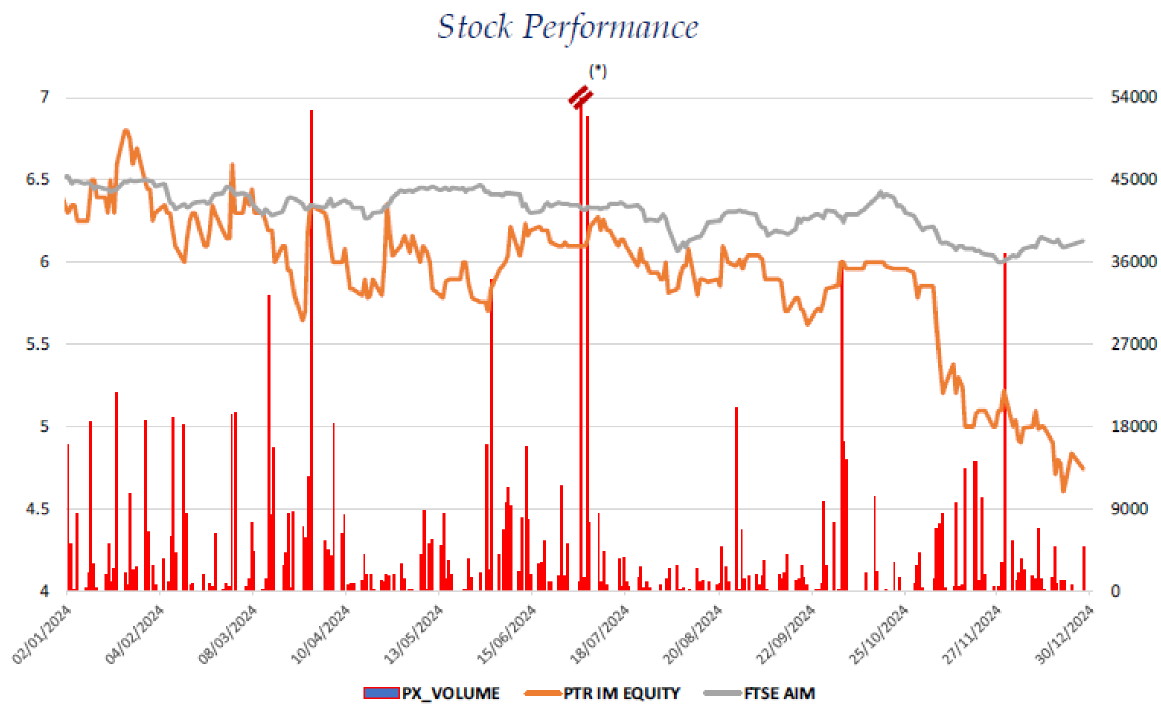
PATTERN SHARE PERFORMANCE IN 2024

Pattern's share price at 30 December 2024, the last trading day of the period, reached € 4.84 per share, with a market capitalization of € 69 million.

This indicates a 23.17% 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 5,321 shares.

The average price in 2024 was € 5.92 per share, while the period low of € 4.60 per share was recorded on 20 December 2024.

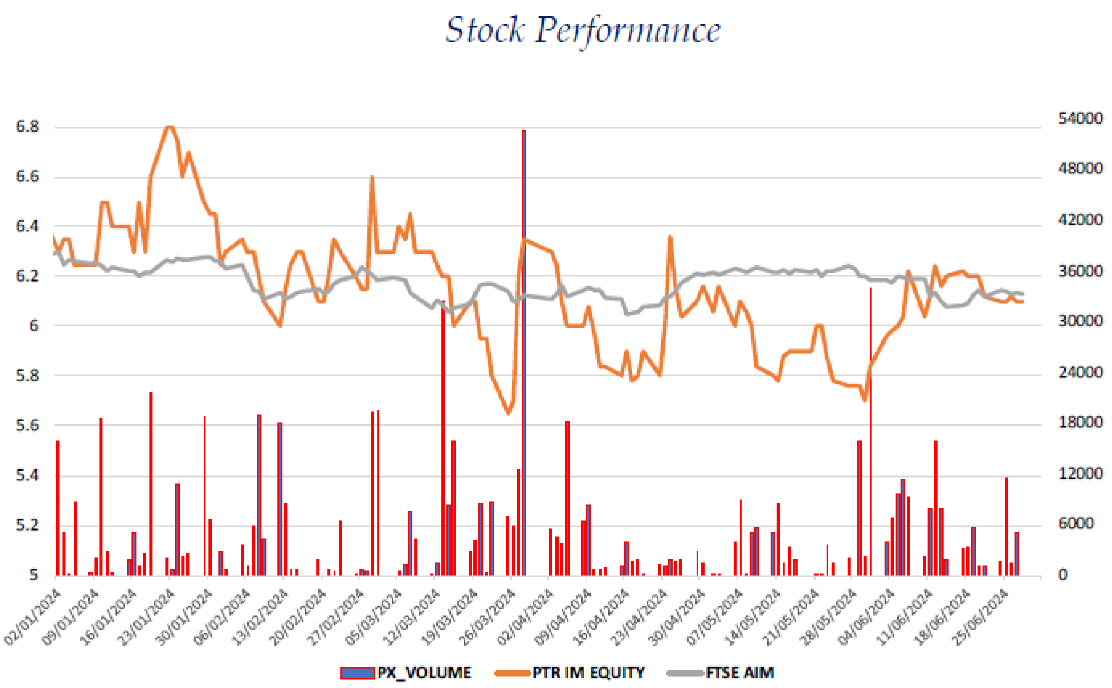
The following chart shows the price and volume trends for the Pattern share in 2024.



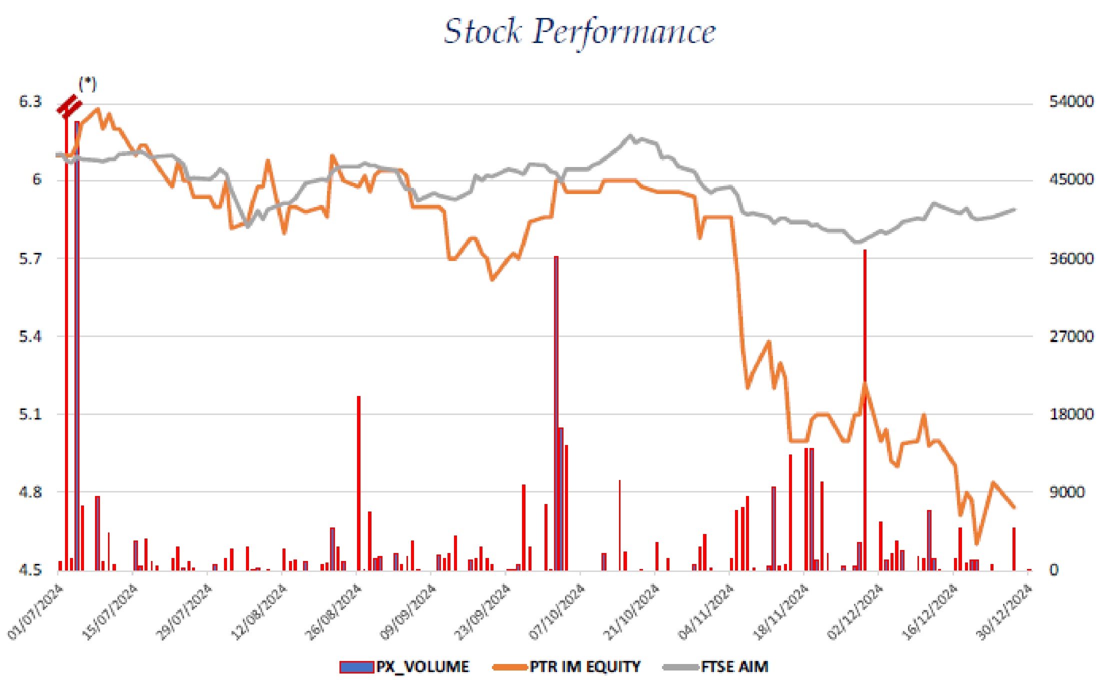
(*) In data 2 luglio 2024, sono state scambiate 200,000 azioni Pattern.

Below is the half-year performance, showing that in the second half alone the share price fell by over 20%, from € 6.10 (1 July 2024) to € 4.84.

I half



II half



PATTERN SPA

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

registered office in Collegno, via Italia 4

authorized share capital € 1,456,292.90 of which € 1,445,455.40 subscribed and paid up

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R.E.A. no. 1103664

DIRECTORS' REPORT ON OPERATIONS AT 31 DECEMBER 2024

MARKET SCENARIO AND RESULTS

Amid a complex geopolitical backdrop and a sharply contracting Chinese market, Pattern Group's 2024 results slightly exceeded expectations, despite some product categories (leather goods) posting sharply declining results, a trend starting in last quarter 2023.

The results appear even more "resilient" given what many brands and companies in our industry report. According to statistics, the "made in Italy" textile, clothing, and leather goods market contracted from approximately € 104 billion in 2023 to approximately € 90 billion in 2024, a net loss of around 15%. This is the second-largest industry decline after automotive in the last two years.

Within our Group, the decrease in the leather goods segment was offset by strong turnover growth in knitwear, further boosted by the July 2024 acquisition of Umbria Verde Mattioli and a significant presence in Ready To Wear.

This was attributable to two factors:

a) a customer mix still performing well;

b) customers' willingness to invest in innovation and new product development to present new and updated offerings in the markets.

Thus, the strategy of focusing acquisitions on companies emphasizing design and engineering capabilities, not just production, proved successful. Product innovation guarantees us know-how highly valued by customers in market times marked by uncertainty and novelty seeking.

Another significant factor impacting the 2024 results was the October 2023 disposal of part of the Turin plant to Burberry, which, considering this Group’s later decisions, proved wise; had the transaction not closed, it would have negatively affected the year.

The commitment to enhancing industrial synergy among the companies continued, with the creation of specialized Operating Hubs whose geographical proximity proved a sound choice, both logistically and organizationally. This positively boosted staff operational synergies and internal restructuring, particularly in the Leather Goods Hub.

Lastly, investment in technology, through DHouse and Dyloan Bond Factory, charts the path toward a more "sustainable" future via "circular engineering" technologies and innovative production methods. The partnership with about ten major international companies partnering with D-House aligns precisely with this path. Dyloan Bond Factory’s performance, still operationally negative, required a full management change during the year and ongoing restructuring to restore operating balance to the Abruzzo-based innovation and production hub.

The mix of these factors and the consistently consistent choices made by the IPO resulted in a good year, with margins clearly affected by complex price negotiations, unlike in the past, due to lower volumes and competition squeezed by real survival requirements. Demonstrating the unique nature of the situation, the decision was made not to work with certain customers proposing unaffordable prices.

OUTLOOK FOR NEXT YEAR

The year 2025 appears even more complex due to uncertainty from the ongoing conflict and U.S. trade policies, generating serious uncertainty in our industry and formerly resilient retail markets, including North America.

Tariffs could further reduce volumes and indirectly squeeze margins as brands push to lower supply prices. Thus, the current year appears to be one of the most challenging years to manage for the entire Luxury industry.

In this scenario, the gap will widen between top luxury - valuing product quality over time - and fashion luxury, focused more on aesthetics, creating potential opportunities for intermediate brands with correct price positioning.

We expect further volume contraction and margin pressure in a transition year that will lead to more business closures, as was the case in 2024 when the net balance of companies born versus closed was negative by over 1500.

China, an extraordinary target market for luxury, is changing its paradigm. Like other manufacturing sectors once dominated by European and Western products, the strategy is to grow domestic brands (unknown in Europe) and de-emphasize "Western values”. Therefore, we do not expect a strong recovery of this market in the short term, which may extend for several years. Our Group will continue to work with a mix of customers increasingly placed at the peak of the market pyramid, who, as noted earlier, assign lasting value to their products.

We anticipate a very weak first half of the year with results likely improving slightly in the second half under the same conditions. Group policy in M&A will continue if "exceptional" and robust companies focused on product development are identified, with entrepreneurs willing to engage in the project as described above, while - as in the past - we will avoid speculative decisions.

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.

Meeting of the Board of Directors of Pattern Spa for the approval of the consolidated half-year report at 30 June 2024

The meeting of the Board of Directors to approve the draft consolidated half-year report at 30 June 2024 was held on 25 September.

Conversion of Società Manifattura Tessile into a joint-stock company

On 23 October, the Extraordinary Shareholders' Meeting of Società Manifattura Tessile resolved: a) to increase the share capital from € 1.1 million to € 2.5 million free of charge; b) to convert the company into a joint-stock company, approving a new text of the Bylaws.

Extraordinary Shareholders' Meeting on 26 November 2024

The Shareholders' Meeting met in first call on 26 November in extraordinary session to amend the Bylaws.

Specifically, the following articles were amended: art. 6.4 (Transferability of shares and rights), art. 9.3

(Participation and voting), art. 9.4 (Chairmanship and secretariat), art. 9.5 (Constitution and resolutions), art. 10.9 (Chairmanship of meetings), art. 10.10 (Constitution of meetings and Board resolutions), art. 12 (Board of Statutory Auditors).

These amendments introduced the option to hold Shareholder’s Meetings exclusively through the Company’s Appointed Representative. The provision includes the further specification that the Shareholders' Meeting shall also be held exclusively by telecommunication means, in compliance with the collegial method and the principles of good faith and equal treatment of shareholders, as well as the procedures and limits set by legislation and regulations in force at the time, and simultaneously extends this exclusive telecommunication mode to meetings of the Board of Directors and the Board of Statutory Auditors, in line with the latest practices.

GROUP CAPITAL EXPENDITURE

In 2024, Group capital expenditure amounted to € 35.6 million, of which:

- € 1 million for intangible fixed assets;
- € 7.2 million for tangible fixed assets;
- € 27.4 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 (€ 385 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, and the purchase of software licenses for the management system change in the knitwear hub, the project still ongoing, for € 430 thousand.

Among tangible fixed assets, the main expenditure included the purchase of plant and machinery for € 1.5 million, with € 1.3 million allocated to S.M.T. and the knitwear hub (also linked to assets from the Maglieria Talassi Srl business unit) and € 200 thousand to Dyloan Bond Factory. Additionally, € 5 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%;

and the recapitalization of the subsidiary Dyloan Bond Factory for € 1.2 million.

Total expenditure of € 35.6 million does not take account of the payable towards the relevant suppliers at 31 December and the cash acquired pro-rata of Umbria Verde Mattioli at the close of the consolidation period.

Disposals in the period amounted to € 160 thousand and involved mainly machinery and equipment that were almost fully depreciated. They did not generate significant capital losses.

GROUP OPERATING AND FINANCIAL SITUATION

Income statement

The table below shows the income statement amounts, with changes recorded versus the same period of 2023.

INCOME STATEMENT OF PATTERN GROUP	31.12.2024	31.12.2023	% chg
(€)			
Revenue from sales	125,794,367	145,597,647	-13.6%
Other revenue	2,221,271	2,306,586	-3.7%
Total revenue	**128,015,638**	**147,904,233**	**-13.4%**
Change in inventory of semi-finished and finished products	-1,516,499	-2,336,990	-35.1%
Value of production	**126,499,139**	**145,567,243**	**-13.1%**
- Purchases of raw materials	21,545,673	29,695,100	-27.4%
- Change in inventory of raw materials	1,429,726	-867,070	-264.9%
Consumption of raw materials	*22,975,399*	*28,828,030*	*-20.3%*
Service costs	49,155,751	56,213,122	-12.6%
Rentals and leases	3,267,850	3,151,721	3.7%
Personnel expense	36,992,511	37,238,039	-0.7%
Sundry operating expense	1,077,200	1,308,566	-17.7%
EBITDA	**13,030,428**	**18,827,765**	**-30.8%**
Amortization, depreciation and write-downs	9,528,357	10,442,137	-8.8%
EBIT	**3,502,071**	**8,385,628**	**-58.2%**
Income from investments	0	20,269,565	n.a.
Other financial income	776,369	300,987	157.9%
Financial expense	-955,214	-854,099	11.8%
Balance of financials	**-178,845**	**19,716,453**	**-100.9%**
Value adjustments on net financial assets	-535	-4,807	-88.9%
Profit (loss) before tax	**3,322,691**	**28,097,274**	**-88.2%**
Current and deferred tax	2,959,900	4,712,445	-37.2%
Profit for the year	**362,791**	**23,384,829**	**-98.4%**
Group profit (loss) for the year	**-1,017,212**	**21,118,867**	**-104.8%**

The comparison between the two years, as anticipated in the introduction, is affected by the different consolidation scope. It should be noted that in 2024 the results no longer include the Pattern business unit sold to Burberry in October 2023, which contributed to nine months of results in the prior year, while the second half of Umbria Verde Mattioli, acquired in June 2024, was consolidated.

Revenue and value of production decreased by 13.4% and 13.1%, respectively.

The change in scope resulted in a net reduction in revenue of € 10.5 million; the additional loss of € 9.4 million is due to the reduction in volumes recorded in the remaining part of the Group. The table below shows the above trend.

Change in revenue between the two years (€ millions)	
Total revenue at 31.12.2023	**147,904,233**
Decrease in revenue from the disposal of the Pattern business unit	- 19,153,946
Revenue in second half 2024 of Umbria Verde Mattioli	8,683,545
Lower revenue recorded in the Group on a like-for-like basis	-9,418,194
Total revenue at 31.12.2024	**128,015,638**

The drop in volumes in the consolidated companies affected first of all leather goods, by € 7.5 million and also knitwear by € 2 million. The latter occurred entirely in the second half of the year, as will be seen below.

Change in revenue between the two years by business segment (€ millions)	
Total revenue at 31.12.2023	**147,904,233**
Clothing	27,178
Knitwear	-1,969,299
Leather goods	-7,477,012
Change in consolidation scope	-10,469,462
Total revenue at 31.12.2024	**128,015,638**

EBITDA decreased by 30.8%. Affecting this result are labour costs, which remained in line with last year at around € 37 million. The reduction in volumes was not matched by a similar reduction in this cost item, despite the savings actions taken, which, as happens in such cases, take effect later in time, generating extraordinary costs in the short term. Dyloan incurred these costs at year end, amounting to € 235 thousand, connected with the replacement of certain managers.

Most of the workforce is engaged in engineering, production management, and staffing, as production is largely outsourced to external laboratories. Moreover, the goal of any reorganization can only be - primarily - to safeguard facility functionality, ensuring they can handle any volume upswings. For our Group, more than elsewhere, personnel is both a cost and a value.

The table below shows a “substitution” effect between the disposal of the unit sold to Burberry and the six-month consolidation of Umbria Verde Mattioli, despite the differing periods (minus nine months of Pattern's unit, plus six months of the acquired knitwear mill). The loss in profitability is due to € 9.5 million less revenue from the consolidated companies.

Change in EBITDA between the two years (€ millions)	
EBITDA at 31.12.2023	**18,827,765**
Change in consolidation scope	- 319,475
Reduction in EBITDA on a like-for-like basis	-5,477,862
EBITDA at 31.12.2024	**13,030,428**

The decline in EBITDA of the consolidated companies is due - both absolutely and relative to developed revenue - to the leather goods segment and Dyloan Bond Factory's (clothing) result. The knitwear result is also weaker but only to a very small extent compared to total revenue.

Change in EBITDA between the two years by business segment (€ millions)	
EBITDA at 31.12.2023	**18,827,765**
Clothing	-1,792,846
Knitwear	-921,744
Leather goods	-2,763,272
Change in consolidation scope	- 319,475
EBITDA at 31.12.2024	**13,030,428**

EBIT contracted further, by 58.2%, due to the write-down of the residual goodwill on the investment in Dyloan Bond Factory, amounting to € 2.3 million, and extraordinary write-downs of € 573 thousand in Dyloan itself.

Before the above write-down and goodwill amortization of € 2.4 million, operating profitability remains solid, as shown in the table on profitability indicators.

Financials were negative, with net financial expense of € 179 thousand versus € 553 thousand in 2023. This improvement was due mainly to a better return on invested cash.

The year ended with a profit of nearly € 400 thousand, while Group profit was negative by nearly € 1 million.

The table below shows Group profit adjusted for goodwill amortization and goodwill write-down of Dyloan Bond Factory to provide a more objective measure of operating profitability.

Profit/(loss) for the year	**2024**
Profit (loss) for the year	362,791
Amortization of goodwill	2,412,923
Write-down of goodwill Dyloan Bond Factory	2,311,667
Adjusted profit (loss) for the year	**5,087,381**
Group profit (loss) for the year	**-1,017,212**
Amortization of goodwill	2,412,923
Write-down of goodwill Dyloan Bond Factory	2,311,667
Adjusted profit (loss) for the year	**3,707,378**

Tax amounted to € 3 million, with a tax rate of 34.3% (34.1% last year). Tax remains high due to companies that closed the year with a tax loss, as deferred tax assets have a lower impact, around 20%, than those in tax profit, where the tax rate is around 30%.

Performance in the second half of the year

The table below shows the trend of the two half-years of 2024.

INCOME STATEMENT	**Half 2/2024**	**Half 1/2024**	**% chg**
(€)			
Total revenue	67,597,240	60,319,398	12.2%
Value of production	64,738,557	61,760,582	4.8%
EBITDA	6,436,046	6,594,382	-2.4%
Adj. EBIT	3,516,629	4,710,032	-25.3%
Adj. profit	1,856,114	3,231,267	-42.6%
- of which Group	1,193,457	2,513,922	-52.5%
EBITDA Margin	9.5%	10.9%	-

Attached below are definitions of certain Alternative Performance Measures used by Pattern SpA and shown in the tables in the Report on Operations.

EBITDA: summary metric of profitability from operations, calculated as the difference between value and cost of production, the latter net of amortization, depreciation and write-downs.
EBIT: summary metric of profitability from operations, calculated as the difference between value and cost of production (A-B).
Net Invested Capital: the total of non-financial assets corresponding to "total fixed assets (B)" plus net working capital (inventory, receivables from customers, other receivables, accrued income and deferred expense, minus payables to suppliers, other payables, accrued expense and deferred income), net of provisions for risks and charges and post-employment benefits.
Net Invested Capital adj: the amount of Net Invested Capital before amortization of goodwill and any write-down of goodwill.
Average Net Invested Capital: the twelve-month average of Net Invested Capital.

Second-half revenue was 12.2% higher due to the consolidation of Umbria Verde Mattioli.

Below are the changes recorded.

Change in revenue between the two half-years (€ millions)	
First-half total revenue	**60,319,398**
Lower revenue recorded in the Group on a like-for-like basis	-1,306,703
Change in consolidation scope	8,683,545
Second-half total revenue	**67,696,240**

The lower revenue recorded in the second half of the year by the consolidated companies, as noted above, was predominantly in knitwear and, to a much lesser extent than the overall 2024 decline, in leather goods, while clothing, thanks to Pattern, recorded higher revenue.

Change in revenue between the two half-years by business segment (€ millions)	
First-half total revenue	**60,319,398**
Clothing	1,446,635
Knitwear	-2,049,750
Leather goods	-703,588
Change in consolidation scope	8,683,545
Second-half total revenue	**67,696,240**

Lastly, the table below shows the changes in EBITDA recorded between the two periods by business segment.

As shown, the greatest reduction occurred in the knitwear segment, which had experienced strong growth in second half 2023 and first half 2024.

Change in EBITDA between the two half-years by business segment (€ millions)	
First-half EBITDA	**6,594,382**
Clothing	-462,033
Knitwear	-2,074,208
Leather goods	520,806
Change in consolidation scope	1,857,099
Second-half EBITDA	**6,436,046**

The table below shows the trend of certain operating ratios.

OPERATING AND PROFITABILITY RATIOS OF PATTERN GROUP	**31.12.2024**	**31.12.2023**
(Percentage or absolute amounts in Euro)		
EBITDA / Total revenue	10.2%	12.7%
Ebit	3,502,071	8,385,628
Amortization of goodwill	2,412,923	1,960,675
Ebita	5,914,994	10,346,303
Net invested capital	57,948,776	41,853,659
Goodwill amort (cumulated)	7,799,376	5,386,453
Net invested capital adj (IFRS)	65,748,152	47,240,112
Average Net Invested Capital	56,494,132	46,749,870
Roic	10.6%	22.1%
Profit (loss) before tax	3,322,691	28,097,274
Capital gain from disposal of business unit	0	-20,246,228
Extraordinary amortization in Dyloan Bond Factory	573,000	0
Amortization of goodwill	2,412,923	1,960,675
Write-down of Dyloan goodwill	2,311,667	4,000,000
Adjusted pre-tax profit (loss)	8,620,271	13,811,721
Income tax for the year	2,959,900	4,712,445
Tax rate	34.3%	34.1%
Financial expense	955,214	830,712

Average annual bank debt	30,532,646	30,714,968
Average cost of bank debt	3.13%	2.70%
Payroll costs per capita	43,778	45,916

The tables below show the breakdown of revenue from sales by business segment, with the relating changes versus the prior year, highlighting the change in consolidation scope.

Revenue from sales by business segment	**31.12.2024**	**31.12.2023**	**% chg**
Clothing	38,178,307	57,525,579	-33.6%
Knitwear	65,944,232	58,856,117	+12.0%
Leather goods	21,671,828	29,215,951	-25.8%
Total revenue from sales	**125,794,367**	**145,597,647**	**-13.6%**

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

Revenue from sales by geographical area of Pattern Group	**31.12.2024**	**31.12.2023**
Revenue Italy	29.3%	43.4%
Revenue EU countries	47.4%	25.9%
Revenue Extra EU countries	23.3%	30.7%
Total	**100.0%**	**100.0%**

The share of sales to European countries approaches 50%, up from 25.9% last year.

Total foreign sales increased from 56.6% to 70.7%.

Statement of financial position

The table below shows the structure of capital sources and utilizations, highlighting the significance of the investments made by the Group

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF PATTERN GROUP	31.12.2024	31.12.2023	% chg
(€)			
Intangible fixed assets	30,342,449	20,824,203	45.7%
Tangible fixed assets	23,501,765	18,260,136	28.7%
Financial fixed assets	2,167,105	2,913,890	-25.6%
Total fixed assets	**56,011,319**	**41,998,229**	**33.4%**
Inventory	5,420,133	6,701,644	-19.1%
Receivables from customers	20,343,184	20,388,413	-0.2%
Other receivables	9,447,714	11,049,638	-14.5%
Accrued income and deferred expense	1,246,694	1,377,539	-9.5%
Working capital	**36,457,725**	**39,517,234**	**-7.7%**
Payables to suppliers	-17,647,934	-18,891,593	-6.6%
Other payables	-7,372,152	-11,479,334	-35.8%
Accrued expense and deferred income	-3,093,041	-3,870,014	-20.1%
Net working capital	**8,344,598**	**5,276,293**	**58.2%**
Provisions for risks and post-employment benefits	**-6,439,618**	**-5,420,863**	**18.8%**
Net invested capital	**57,916,299**	**41,853,659**	**38.4%**
Equity	**43,541,055**	**42,495,257**	**2.5%**
- of which Group	*36,315,239*	*37,458,694*	-3.1%
Financial debt less than 12 months	14,100,333	8,006,753	76.1%
Financial debt more than 12 months	19,907,847	17,887,928	11.3%
Other financial payables less than 12 months	2,830,000	0	100.0%
Other financial payables more than 12 months	6,400,000	0	100.0%
Current financial assets	-8,000,000	-7,088,494	12.9%
Cash	-20,862,936	-19,447,785	7.3%
Net financial position	**14,375,244**	**-641,598**	**-2,340.5%**
Equity and net financial position	**57,916,299**	**41,853,659**	**38.5%**

Net invested capital increased by 38.4%, from € 41.9 million to € 57.9 million, due to expenditure made.

Intangible and tangible fixed assets increased by 45.7% and 28.7%, respectively, while financial fixed assets decreased from € 2.9 million to € 2.2 million, due to the release of one-third of the amount deposited in an escrow account by the buyer of Pattern's business unit.

Net working capital increased by 58.2%, from € 5.3 million to € 8.3 million, remaining low in absolute value. This increase is due to the consolidation of Umbria Verde Mattioli.

Tax receivables remain high, at approximately € 8 million, as in 2023, when tax for the year was higher by € 1.7 million. Total VAT receivable is € 5.7 million versus € 6.3 million last year. It is almost entirely concentrated in Pattern, amounting to € 4.2 million.

On the source side, there was a slight increase in equity, from € 42.5 million to € 43.5 million (+2.5%), while Group equity fell 3.1% from € 37.5 million to € 36.3 million.

Net debt rose to € 14.4 million. Specifically:

- bank debt amounted to € 34 million, up from € 25.9 in 2023;

- other financial payables, arising from acquisition transactions in the knitwear business, amounted to € 9.2 million;

- overall, the medium-term share of total debt is over 60%.

Total cash, including short-term monetary investments, amounted to € 28.9 million, up 9% from € 26.5 million in 2023.

The analysis of the Group's capital structure is completed by the following two tables.

The first shows a reduction in the fixed capital coverage margin, due to strong expenditure growth. This in turn caused a reduction in the treasury margin. However, the amounts show a solid financial and capital position.

CAPITAL AND FINANCIAL STRUCTURE OF PATTERN GROUP	**31.12.2024**	**31.12.2023**
(€)		
RATIO BETWEEN SOURCES AND LOANS		
Equity	43,541,055	42,495,257
Consolidated payables	19,907,847	17,887,928
Consolidated liabilities	6,439,618	5,420,863
Equity and medium-term liabilities (a)	**69,888,520**	**65,804,048**
Fixed assets (b)	**56,011,319**	**41,998,229**
Expanded capital assets (c=a-b)	**13,877,202**	**23,805,819**
Inventory	5,420,133	6,701,644

Current assets		
- receivables	25,790,898	24,438,050
- other assets	1,246,694	1,377,539
- financial assets	4,000,000	7,088,494
Total (d)	**31,037,592**	**32,904,083**
Current liabilities		
- net short-term financial payables	-5,532,603	-18,441,032
- current liabilities	25,020,085	30,370,926
- other liabilities	3,093,041	3,870,014
Total (e)	**22,580,523**	**15,799,908**
Treasury margin (f=d-e)	**8,457,069**	**17,104,175**

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

ANALYSIS OF THE SHORT-TERM FINANCIAL POSITION OF PATTERN GROUP	**31.12.2024**	**31.12.2023**
(Absolute or percentage ratios)		
Liquidity position ratio - (Liquidity / Total current liabilities)	0.4	0.5
Available liquidity ratio - (Current assets - inventory / Current liabilities)	1.2	1.4
Short-term liquidity ratio - (Current assets / Current liabilities)	1.3	1.6
Working capital cycle (no. days)	**17**	**17**
- Days Sales of Inventory	16	17
- Days Sales Outstanding	58	50
- Days Payable Outstanding	57	50

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

CHANGE IN NET FINANCIAL POSITION OF PATTERN GROUP (€)	31.12.2024	31.12.2023	% chg
Opening Group NFP (A)	**641,598**	**-13,852,986**	**-104.6%**
NFP of the newly-consolidated companies, net of cash acquired at the beginning of the year	1,289,508	1,674,497	-23.0%
Cash flow before changes in NWC	15,316,007	21,458,110	-28.6%
Change in net working capital	365,316	5,579,850	-93.5%
Other adjustments	-5,011,774	-7,288,346	-31.2%
Cash flow from operations (B)	**10,669,548**	**19,749,614**	**-46.0%**
Cash flow from investing activities (C)	-26,001,702	-21,858,686	19.0%
Cash flow from the disposal of investments (C)	0	22,435,000	n.a.
Cash flow from operations (D=B+C)	**-15,332,154**	**20,325,928**	**-175.4%**
Cash flow from changes in Equity (E)	-974,196	-8,956,041	-89.1%
Reclassification of items for the purpose of NFP calculation	0	1,450,200	-100.0%
Reduction (Increase) in debt (G=D+E)	**-16,306,350**	**12,820,087**	**-227.2%**
Closing Group NFP (A-G)	**-14,375,244**	**641,598**	**-2,340.5%**

The negative change in equity is due to dividends paid to minority shareholders of Group companies.

The statement of cash flows, which measures the change in cash, shows how the net balance of financial requirements generated during the year was covered by resorting to loan capital, allowing the company to maintain a high level of liquidity.

STATEMENT OF CASH FLOWS OF PATTERN GROUP	31.12.2024	31.12.2023	% chg
(€)			
Cash flow from operations	10,669,548	19,749,613	-46.0%
Cash flow from investing activities	-16,771,702	-21,858,686	-23.3%

Cash flow from the disposal of investments	0	22,435,000	n.s.
Cash flow from liquidity investment	-911,507	-4,500,000	-79.7%
Cash flow from loan capital	8,113,500	-6,291,437	-229.0%
Cash flow from equity	-974,196	-8,956,041	-89.1%
Increase (decrease) in cash	**125,643**	**578,449**	**-78.3%**
Cash, beginning of year	19,447,785	16,552,627	17.5%
Cash acquired by the change in consolidation scope	1,289,508	2,316,709	-44.3%
Total opening cash	**20,737,293**	**18,869,336**	**9.9%**
Cash, end of period	**20,862,936**	**19,447,785**	**7.3%**

The table below shows the cash flows generated by the company

CONSOLIDATED FREE CASH-FLOW	**31.12.2024**	**31.12.2023**	**% chg**
(€)			
Income from operations	3,473,314	8,360,804	-58%
- Changes for amortization, depreciation and write-downs	6,540,035	6,189,346	6%
- Changes for other non-cash items	3,958,146	4,147,766	-5%
- Changes in working capital	365,316	5,579,847	-93%
- Tax paid	-3,518,998	-4,021,621	-12%
- Net interest paid	-148,265	-506,529	-71%
Cash flow from operations	**10,669,548**	**19,749,613**	**-46%**
- Capital expenditure in intangible fixed assets	-817,782	-1,887,511	-57%
- Capital expenditure in tangible fixed assets	-5,899,184	-5,830,470	1%

Free cash flow	**3,952,582**	**12,031,632**	**-67%**

Free cash flow was nearly € 4 million, despite a continued high pace of expenditure. This was achieved thanks to cash flow from operations of € 10.7 million. In the prior year, the latter was significantly higher due to a better operating result and an extraordinarily positive change in working capital of € 5.6 million, resulting from the deconsolidation of the divested business unit.

The table shows below certain financial and capital structure indicators.

Financial indicators	**31.12.2024**	**31.12.2023**
FCFFO / EBITDA	82%	105%
Net working capital / Revenue	6.5%	3.6%
- Capital expenditure in intangible fixed assets	817,782	1,887,511
- Capital expenditure in tangible fixed assets	5,899,184	5,830,470
Capex	6,716,966	7,717,981
Capex / Revenue	*5.2%*	*5.2%*
Net debt / EBITDA	1.1	Cash positive
Net debt / equity	33%	Cash positive

OPERATING AND FINANCIAL SITUATION OF PATTERN SPA

Income statement

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

INCOME STATEMENT OF PATTERN SPA	**31.12.2024**	**31.12.2023**	**% chg**
(€)			
Revenue from sales	29,348,949	46,783,833	-37.3%
Other revenue	943,300	479,440	96.8%
Total revenue	**30,292,249**	**47,263,273**	**-35.9%**
Change in inventory of products	-19,752	-2,469,819	-99.2%
Value of production	**30,272,497**	**44,793,454**	**-32.4%**
- Purchases of raw materials	3,482,370	9,671,226	-64.0%
- Change in inventory of raw materials	52,753	-311,173	-117.0%
Consumption of raw materials	***3,535,123***	***9,360,053***	***-62.2%***
Service costs	17,900,022	21,949,506	-18.4%
Rentals and leases	446,453	648,958	-31.2%
Personnel expense	8,858,587	11,462,460	-22.7%
Sundry operating expense	262,161	220,163	19.1%
EBITDA	**-729,849**	**1,152,314**	**-163.3%**
Amortization, depreciation, provisions and write-downs	400,268	657,431	-39.1%
EBIT	**-1,130,117**	**494,883**	**-328.4%**
Income from investments	3,395,804	21,507,965	-84.2%
Other financial income	454,291	209,145	117.2%
Financial expense*	-389,877	-419,820	-7.1%
Balance of financials	**3,460,218**	**21,297,290**	**-83.8%**
Value adjustments on financial assets	-5,900,000	-6,300,000	-6.3%
Profit (loss) before tax	**-3,569,899**	**15,492,173**	**-123.0%**
Current and deferred tax	-228,698	150,243	-252.2%
Profit (loss) for the year	**-3,341,201**	**15,341,930**	**-121.8%**

*Includes the balance of foreign exchange gains and losses

As mentioned elsewhere in this report, the income figures are not comparable, as 2023 includes nine months of the unit sold to Burberry.

This explains the decrease in revenue and value of production, 35.9% and 32.4%, respectively.

Operating margins, especially EBITDA, were affected by the disposal of the unit, since fixed costs were not reduced proportionally. The company intends to resume revenue growth with other customers, while bearing the costs of certain functions benefiting the entire Group, primarily direction and control, both strategic and operational.

The following comparison between 2024 figures and the pro forma 2023 figures, excluding the disposed business unit, shows an initial recovery in both revenue and margins.

INCOME STATEMENT OF PATTERN SPA	**31.12.2024**	**31.12.2023**	**% chg**
(€)			
Revenue from sales	29,348,949	27,629,887	6.2%
Other revenue	943,300	479,440	96.8%
Total revenue	**30,292,249**	**28,109,327**	**7.8%**
Change in inventory of products	-19,752	-2,417,184	-99.2%
Value of production	**30,272,497**	**25,692,143**	**17.8%**
- Purchases of raw materials	3,482,370	2,025,951	71.9%
- Change in inventory of raw materials	52,753	-311,173	-117.0%
Consumption of raw materials	**3,535,123**	**1,714,778**	**106.2%**
Service costs	17,900,022	15,923,321	12.4%
Rentals and leases	446,453	325,105	37.3%
Personnel expense	8,858,587	8,556,299	3.5%
Sundry operating expense	262,161	196,901	33.1%
EBITDA	**-729,849**	**-1,024,261**	**-28.7%**
Amortization, depreciation, provisions and write-downs	400,268	440,000	-9.0%
EBIT	**-1,130,117**	**-1,464,261**	**-22.8%**

Both revenue and value of production show a significant recovery in volumes, increasing by 7.8% and 17.18%, respectively. As a result, EBITDA and EBIT, although negative as noted above, also improved by 28.7% and 22.8%.

Reviewing Pattern Spa's income statement again, financial income increased from € 209 thousand to € 454 thousand (+117%); conversely, financial expense decreased from € 420 thousand to € 390 thousand. Overall, the balance of financial income and expense was a positive € 64 thousand, versus a negative balance of € 210 thousand in 2023.

The cost of bank debt was 3.2% versus 2.7% in 2023. This increase is attributable to two factors:

- a slightly higher average Euribor than in 2023 (3.3% versus 3%);

- a lower share of fixed-rate mortgages versus the prior year (39% vs. 43%), considering these are mortgages taken out until 2021 at lower rates than the floating rates that occurred thereafter.

In 2024, the average Euribor was 3.3% versus 3% in 2023. Additionally, the share of fixed-rate mortgages, which have become lower overall than floating-rate mortgages since 2022 due to repayments according to natural maturities, dropped from 43% in 2023 to 39% in 2024.

Last year, an initial write-down of € 6.3 million was made on the investment in Dyloan Bond Factory valued at € 11 million. The company's negative performance, which closed the year with a loss of nearly € 3 million (€ 3.7 million loss before tax), required a payment to cover losses of € 1.2 million and simultaneously reduced the value of the investment to zero, from € 4.7 million to € 5.9 million as a result of the above payment.

This write-down resulted in a loss for the year of € 3.3 million. Without it, the year would have ended with a profit of € 2.6 million, which, as shown in the table below, exceeds last year's profit (€ 2.1 million), excluding the capital gain recorded. The comparison with 2023 (pro forma), from which, as mentioned, the result of the first nine months of the disposed business unit was subtracted, is even more positive since the latter was negative.

Pattern Spa	**2024**	**2023**	**2023 (pro forma)**
Profit (loss) for the year	-3,341,201	15,341,930	-6,602,600
(minus) Capital gain from disposal of business unit (net of costs incurred)	0	-19,530,402	
(plus) write-down of investment in Dyloan Bond Factory	5,900,000	6,300,000	6,300,000
Adj. profit for the year	2,558,799	2,111,528	-302,600

The analysis of Pattern Spa's performance is completed with the table below, which shows indicators for net profit, adjusted as in the previous table.

OPERATING AND PROFITABILITY RATIOS OF PATTERN SPA	**31.12.2024**	**31.12.2023**
(Percentage or absolute amounts)		
Adj. profit for the year	2,558,799	2,111,528
Adj. profit for the year / Total revenue	8.4%	4.5%
Financial expense	394,485	395,773
Average annual bank debt	12,177,686	14,811,698
Average cost of bank debt	3.2%	2.7%
Average equity for the period	26,758,806	25,026,935
Average assets for the period	*52,576,865*	*51,590,168*
Return on equity ratio - Roe (adj. Net profit / Equity)	9.6%	8.4%
Return on loans ratio - Roa (adj. Net Profit / Assets + Leased assets)	4.9%	4.1%

Statement of financial position

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

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF PATTERN SPA	31.12.2024	31.12.2023	% chg
(€)			
- Intangible fixed assets	181,578	156,694	15.9%
- Tangible fixed assets	10,338,235	5,688,379	81.7%
- Financial fixed assets	21,158,108	20,325,692	4.1%
Total fixed assets	**31,677,921**	**26,170,765**	**21.0%**
Inventory	716,063	788,569	-9.2%
Receivables from customers	4,019,594	3,158,363	27.3%
Other receivables	6,294,564	6,827,941	-7.8%
Accrued income and deferred expense	222,155	244,255	-9.0%
Working capital	**11,252,376**	**11,019,128**	**2.1%**
Payables to suppliers	-6,057,717	-5,048,392	20.0%
Other payables	-3,028,308	-4,758,205	-36.4%
Accrued expense and deferred income	-218,422	-340,073	-35.8%
Net working capital	**1,947,929**	**872,458**	**123.3%**
Provisions for risks and post-employment benefits	-872,575	-744,860	17.1%
Net invested capital	**32,753,275**	**26,298,363**	**24.5%**
Equity	**25,061,476**	**28,456,134**	**-11.9%**
- Financial debt less than 12 months	6,110,295	3,828,653	59.6%
- Financial debt more than 12 months	7,630,399	7,998,220	-4.6%
- Other financial payables less than 12 months	1,000,000	-	n.c.
- Other financial payables more than 12 months	4,000,000	-	n.c.
- Current financial assets	-4,000,000	-7,000,000	-42.9%
- Intra-group loans	-500,000	-900,000	-44.4%
- Cash	-6,548,895	-6,084,644	7.6%
Net financial position	**7,691,799**	**-2,157,771**	**-456.5%**
Equity and net financial position	**32,753,275**	**26,298,363**	**24.5%**

Net invested capital increased significantly by 24.5%, from € 26.3 to € 32.8 million.

The largest increase was in tangible fixed assets, at 81.7%. This is due to ongoing work on the new headquarters.

Financial fixed assets changed little (up 4.1% from € 20.3 million to € 21.2 million), but the composition changed. The investment in Dyloan, amounting to € 4.7 million at 31.12.2023, was written down, and the acquisition of an 8% stake in Società Manifattura Tessile for € 6.2 million was recorded.

Net working capital more than doubled versus last year, but remains small in absolute value, just under € 2 million. The increase is due to higher tax receivables, which rose by 59.8%, from € 3.6 million to € 5.8 million, most of which relates to the VAT receivable.

Equity decreased by 11.9% due to the recorded loss, while the net financial position, at a positive € 2.2 million at the end of last year, became a negative € 7.7 million.

Gross debt was € 18.7 million, up from € 11.8 million last year. This increase is due mainly to debt from the acquisition of the investment in S.M.T., amounting to € 5 million (the cost of the 8% investment was € 6.2 million), which will be repaid in equal installments of € 1 million until 2029.

Liquid assets amounted to € 10.5 million at 31 December 2024, down from € 13 million in the prior year (minus 19.2%).

CHANGE IN NET FINANCIAL POSITION OF PATTERN SPA (amounts in €)	**31.12.2024**	**31.12.2023**	**% chg**
Opening NFP (A)	**2,157,771**	**-8,031,989**	**-126.90%**
- Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposal	-7,059,428	-5,847,438	20.70%
- Adjustments for non-monetary items	6,612,906	7,224,755	-8.50%
- Cash flow before changes in NWC	-446,522	1,377,317	-132.40%
- Change in net working capital	-2,109,874	3,939,034	-153.60%
- Cash flow after changes in NWC	-2,556,396	5,316,350	-148.10%
- Other adjustments	3,277,326	-368,669	-989.00%
Cash flow from operations (B)	720,930	4,947,681	-85.40%
Cash flow from investing activities (C)	-10,570,500	-8,793,480	20.20%
Cash flow from divesting activities (C)	0	22,435,000	
Cash flow from industrial operations (D=B+C)	-9,849,570	18,589,201	-153.00%

Cash flow from changes in Equity (E)	0	-8,399,441	-100.00%
Reduction (Increase) in NFP (G=D+E)	**-9,849,570**	**10,189,760**	**-196.70%**
Closing NFP (A-G)	**-7,691,799**	**2,157,771**	**-456.50%**

The deterioration of the net financial position amounted to € 9.8 million, and was entirely generated by investing activities, totaling € 10.6 million.

The table below shows the capital structure of the company.

While still positive, capital assets declined from € 10.1 million to € 5.4 million, due to both the recorded loss for the year, which reduced equity, and the concurrent increase in fixed capital.

As a result, the treasury margin decreased from € 9.3 million to € 4.7 million.

FINANCIAL STRUCTURE OF PATTERN SPA	**31.12.2024**	**31.12.2023**
(€)		
RATIO BETWEEN SOURCES AND LOANS		
Equity	25,061,476	28,456,134
Consolidated payables	11,630,399	7,998,220
Consolidated liabilities	872,575	744,860
Equity and medium-term liabilities (a)	**37,564,450**	**37,199,214**
Fixed assets (b)	**32,177,921**	**27,070,765**
Expanded capital assets (c=a-b)	**5,386,529**	**10,128,449**
Inventory	716,063	788,569
Current assets		
- receivables	10,314,158	9,986,304
- other assets	222,155	244,255

- financial assets	4,000,000	7,000,000
Total (d)	**14,536,313**	**17,230,559**
Current liabilities		
- net short-term financial payables	561,400	-2,255,991
- current liabilities	9,086,025	9,806,597
- other liabilities	218,422	340,073
Total (e)	**9,865,847**	**7,890,679**
Treasury margin (f=d-e)	**4,670,466**	**9,339,880**

The liquidity position ratios shown in the table below worsened versus the end of the prior year, which had benefited from exceptional liquidity generated from the disposal of the business unit. However, they remain well above limits generally considered appropriate. The very short duration of the working capital cycle is in line with last year.

ANALYSIS OF THE SHORT-TERM FINANCIAL POSITION OF PATTERN SPA	**31.12.2024**	**31.12.2023**
(Absolute or percentage ratios)		
Liquidity position ratio - (Liquidity / Total current liabilities)	0.5	1.0
Available liquidity ratio - (Current assets - inventory / Current liabilities)	1.3	1.7
Short-term liquidity ratio - (Current assets / Current liabilities)	1.3	1.7
Working capital cycle (no. days)	**10**	**12**
- days stock	9	6
- days customers	49	24
- days suppliers	48	19

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

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

Receivables and payables of Pattern Spa vs Società Manifattura Tessile SpA	**31.12.2024**	**31.12.2023**
Receivables	279,193	1,024,127
Payables	417,490	113,494

Income and expense of Pattern Spa vs. Company Manifattura Tessile SpA	31.12.2024	31.12.2022
Income	277,749	185,928
Expense	468,297	561,093
Dividends paid to Pattern	3,200,000	828,000

Receivables and payables of Pattern Spa vs. Umbria Verde Mattioli Srl	31.12.2024	31.12.2023
Receivables	6,720	
Payables		
Income and expense of Pattern Spa vs. Umbria Verde Mattioli Srl	**31.12.2024**	**31.12.2023**
Income		
Expense		

Receivables and payables of Pattern Spa vs. Nuova Nicol Srl	31.12.2024	31.12.2023
Receivables	72,975	
Payables		
Income and expense of Pattern Spa vs Nuova Nicol Srl	**31.12.2024**	**31.12.2023**
Income	4,585	
Expense		

Receivables and payables of Pattern Spa vs Idee Partners Srl	31.12.2024	31.12.2023
Receivables	45,654	44,821
Payables	217,346	130,197
Loan granted by Pattern	500,000	500,000
Income and expense of Pattern Spa vs Idee Partners Srl	**31.12.2024**	**31.12.2023**
Income	46,026	43,995
Expense	194,321	12,533
Dividends paid to Pattern	195,804	410,400

Receivables and payables of Pattern Spa vs Dyloan Bond Factory Srl	31.12.2024	31.12.2023
Receivables	5,944	1,227
Payables	935,831	1,020,026
Loan granted by Pattern		400,000
Income and expense of Pattern Spa vs. Dyloan Bond Factory Srl	**31.12.2024**	**31.12.2023**
Income	24,708	6,289
Expense	2,662,153	2,665,328

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

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

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

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

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

Financial risks

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

Liquidity risk

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

In this regard:

- the Group maintains ample cash, in addition to short-term credit lines that are regularly adjusted to accommodate business growth and any related working capital requirements;
- the financial budget does not show any particular risk, since earnings flow in on a regular basis and commitments are planned well in advance;
- the procurement and use of financial resources are coordinated at Group level to enable each company to meet its own requirements;
- expenditure is covered mainly by medium-term bank loans, in order to correlate sources with the use of capital.

Interest rate risk

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

This is a narrow risk however, since debt consists of medium-term loans, part of which are fixed-rate or have related IRS hedges. The rating of Group companies allows financing terms among the best in the market.

Exchange rate risk

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

Credit risk

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

A credit insurance policy is in place in some Group companies.

Operational risks

Risks associated with dealings with external laboratories

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

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

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

Risks associated with the availability and supply of raw materials

As for the case of production where the purchase of raw materials is requested by the customer, the Company bears no risk, neither with regard to the certainty and timing of supply, nor with regard to purchase prices. Potential issues that may arise would be discussed and solved together with customers. In cases where raw materials are supplied on a job order basis, this type of risk is completely non-existent.

Risks associated with recruiting and retaining expert personnel

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

Cyber risks

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

For this reason, the Group has made significant investments, periodically updating safety standards as new technologies become available (see further details on this topic in the report).

Climate risks

Since 2015, Pattern has engaged in a collaborative process with its customers and suppliers to phase out chemicals considered harmful to humans and the environment by major international standards in its production processes. To this end, Pattern and its customers, suppliers, and subcontractors adopt the protocol outlined by the Zero Discharge of Hazardous Chemicals (ZDHC) foundation, established in 2011 to provide brands and all stakeholders in the textile, clothing, and footwear industry with a global, unified standard for responsible chemical management.

For more information on climate risks and their assessment and management within Pattern Group's policies, see the company website www.patterngroup.it, ESG section.

Strategic risks

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

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

Market risk

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

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

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

For these reasons, the Group - in addition to seeking new customers with the above profile - has pursued a continuous policy of product and customer diversification through external growth.

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 2024, as planned, we implemented a management system compliant with ISO 45001:2018 and ISO 14001:2015 standards, ensuring safety from crimes under Leg. Decr. 231/01 by obtaining certifications for the first corporate entities (Pattern SpA, Società Manifattura Tessile SpA, Dyloan Bond Factory Srl).

The certification path will continue in 2025, extending the management system to other Group companies, in line with the defined development plan.

In second half 2024, the Cascami Project, aimed at integrating circular economy principles into the business model and enhancing services for customers increasingly affected by evolving European regulations, entered an operational phase with pilot projects in the supply chain.

These initiatives are designed to test and optimize the textile waste tracking system, improving monitoring and resource management along the supply chain. The goal is to consolidate an effective and replicable model to optimize material management, reduce CO_2 emissions, and provide a competitive advantage through improved customer service, offering strategic leverage for market share gains through a deep understanding of current and future customer needs.

Supply chain qualification activities continued with a specific focus on expanding the supplier network assessed against the requirements of the SA8000:2014 Standard. This process improved control over sustainability requirements demanded by customers and boosted the Group's overall production capacity, strengthening the company's competitiveness in an increasingly sustainability-driven market.

In 2024, a digital platform was also developed and implemented for managing and issuing the Sustainability Report, compliant with the European Sustainability Reporting Standards (ESRS) of the Corporate Sustainability Reporting Directive (CSRD). This solution facilitates and unifies the collection of environmental, social, and governance (ESG) data, ensuring greater consistency and traceability throughout the corporate chain.

Thanks to the platform, Group companies can manage the reporting process more effectively, reducing data fragmentation and improving information quality. Adopting this tool integrates sustainability indicators into business processes in a structured way, supporting greater transparency and regulatory compliance. Additionally, the system ensures data reliability and completeness that allows third-party review, maximizing the Sustainability Report's credibility to stakeholders and investors.

EMPLOYEES AND IT SYSTEMS

Employees

There were 896 employees at 31.12.2024, including 661 women and 235 men. The significant growth since 2023 is due to the acquisition of Umbria Verde Mattioli.

The table below shows details by company.

Company	Employees at 31.12.2024			Employees at 31.12.2023		
	Women	Men	TOT	Women	Men	TOT
PATTERN SPA - COLLEGNO	52	20	72	48	20	68
PATTERN SPA - SPELLO	55	10	65	56	12	68
PATTERN SPA - SANTERAMO	8	0	8	8	0	8
SOCIETA' MANIFATTURA TESSILE SRL	144	65	209	121	54	175
NUOVA NICOL	27	5	32	23	5	28
IDEE PARTNERS SRL	150	53	203	163	53	216
DYLOAN BOND FACTORY SRL	163	53	216	172	58	230

UMBRIA VERDE MATTIOLI SRL	60	30	90	0	0	0
Total employees	**659**	**236**	**895**	**591**	**202**	**793**

In 2024, integration activities for the companies acquired in the two-year period 2022/2023 continued, and those for Umbria Verde Mattioli 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. The Group's HR management system was implemented in Umbria Verde as well.

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.

For developing industry-specific skills, training academies have been designed internally to enhance and standardize employees' technical and professional skills, and externally. The latter are designed with a territorial approach, addressing the specific needs of each location's specialty.

The in-house Academy, dedicated to direct employees, continues training projects focused on technological innovations and soft skill enhancement, including through funding.

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.

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 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. Infrastructure at Carpi, home to the Knitwear Factory, and Nuova Nicol offices was upgraded to meet demands for greater capacity and security, aligning with Group policies.

At Nuova Nicol, mobile phone reception was stabilized and enhanced by installing new antennas, along with completing the VPN connection to the SMT headquarters.

Connectivity at SMT, Factory, and Nuova Nicol was enhanced, including a backup connection for the Factory.

The project to unify management systems for companies in the knitwear hub began (the leather goods hub completed this process by end 2023, merging two sector companies). 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 project is underway, with go-live planned between first and second half 2025.

In 2024, Umbria Verde Mattioli joined the knitwear hub, starting the assessment process and defining intervention plans to align infrastructure and security with Group policies.

In the leather goods hub, Idee Partners' offices were connected via VPN, and data bandwidth was upgraded at the Bientina office, where domain server refurbishment and VLAN division of the internal network were completed, aligning with Group security policies.

At Pattern, a more advanced antispam system was activated, and an Endpoint Detection and Response (EDR) system was installed at the Collegno office, replacing the previous antivirus system. Regarding applications, an internal data analysis tool linked to the current ERP is being developed at Collegno, alongside the implementation of a platform for Group consolidated financial statements. At the Spello office, development finished on an internal application for logging scans from the X-ray machine, connected to the ERP and integrating artificial intelligence tools to support operators in detecting metal parts.

At Dyloan Bond Factory, an application to improve production efficiency on the company's production chain is being developed internally, and the financial cash flow planning and summarization tool - both desktop and mobile - has been brought up to speed. The use of the Audit Manager platform, already deployed at Pattern, has begun for testing audits of finished garments and processing.

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

TREASURY SHARES AND SHARES OF PARENT COMPANIES

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

FINANCIAL DERIVATIVES

Pursuant to Article 2428, paragraph 2, point 6-bis, of the Italian Civil Code, mention should be made that - at 31 December 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 € 4.8 million, with an overall mark-to-market at Group level of € +123 thousand.

BRANCH OFFICES

Pattern Spa has no branch offices, but has two local units. One in Spello/Perugia, for womenswear; one in Santeramo in Colle/Bari, where a production workshop is located.

INTRAGROUP AND RELATED PARTY TRANSACTIONS

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

Turin, 26 March 2025

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 € 1,456,292.90 of which € 1,445,455.40 subscribed and paid up
listed with the Turin Company Register no. 10072750010 tax code
R.E.A. no. 1103664

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

Consolidated statement of financial position

	31/12/2024	31/12/2023
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	37,564	55,284
2) development costs	82,612	16,142
3) industrial patent and intellectual property rights	409,872	333,292
4) concessions, licenses, trademarks and similar rights	20,355	306,000
5) goodwill	26,977,201	17,421,997
6) fixed assets in progress and advances	125,649	13,478
7) other	2,689,196	2,678,010
Total intangible fixed assets	*30,342,449*	*20,824,203*
II - Tangible fixed assets	-	-
1) land and buildings	6,760,214	7,201,634
2) plant and machinery	10,056,895	9,525,018
3) industrial and commercial equipment	155,954	283,558
4) other assets	1,238,810	931,142
5) fixed assets in progress and advances	5,289,892	318,784
Total tangible fixed assets	*23,501,765*	*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	1,991,943	2,600,701
due within one year	732,854	700,000
due beyond one year	1,259,089	1,900,701
Total receivables	*2,039,943*	*2,600,701*
4) Financial derivative assets	124,762	312,654
Total financial fixed assets	*2,167,105*	*2,913,890*
Total fixed assets (B)	*56,011,319*	*41,998,229*
C) Current assets		
I - Inventory	-	-

	31/12/2024	31/12/2023
1) raw and ancillary materials and consumables	1,790,526	2,711,610
2) work in progress and semi-finished products	3,061,647	3,289,607
4) finished products and goods	567,960	700,427
Total inventory	*5,420,133*	*6,701,644*
II - Receivables	-	-
1) from customers	20,343,184	20,388,413
due within one year	20,343,184	20,388,413
5-bis) tax receivables	8,045,104	8,127,102
due within one year	7,678,742	7,617,709
due beyond one year	366,362	509,393
5-ter) prepaid tax	1,021,227	171,385
5-quater) from others	381,383	2,751,150
due within one year	381,383	2,751,150
Total receivables	*29,790,898*	*31,438,050*
III - Current financial assets	-	-
6) other securities	8,000,000	7,088,494
Total current financial assets	*8,000,000*	*7,088,494*
IV - Cash	-	-
1) bank and postal deposits	20,838,252	19,432,562
3) cash and valuables on hand	24,684	15,223
Total cash	*20,862,936*	*19,447,785*
Total current assets (C)	*64,073,967*	*64,675,973*
D) Accrued income and deferred expense	**1,246,694**	**1,377,539**
Total assets	*121,331,980*	*108,051,741*
Liabilities		
A) Equity	**43,541,055**	**42,495,257**
I - Share capital	1,441,293	1,436,293
II - Share premium reserve	9,548,706	9,548,706
III - Revaluation reserves	-	-
IV - Legal reserve	288,259	287,259
V - Bylaw reserves	-	-
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	16,916,914	1,575,985
Reserve from derogations pursuant to article 2423 of the Italian Civil Code	-	-
Reserve for shares (units) of the parent company	-	-
Investment revaluation reserve	-	-
Payment for share capital increase	-	-

	31/12/2024	31/12/2023
Payment for share capital increase	-	-
Capital contributions	-	-
Payments to cover losses	-	-
Reserve for share capital reduction	-	-
Merger surplus reserve	-	-
Reserve for unrealized exchange gains	-	-
Reserve for profit adjustment in progress	-	-
Consolidation reserve	-	-
Reserve from translation differences	-	-
Various other reserves	9,042,460	3,253,967
Total other reserves	*25,959,374*	*4,829,952*
VII - Reserve for hedges of expected cash flows	94,819	237,617
VIII - Retained earnings (losses carried forward)	-	-
IX - Profit (loss) for the year	(1,017,212)	21,118,867
Loss covered in the year	-	-
X - Negative reserve for treasury shares in portfolio	-	-
Total equity attributable to the owners of the parent	36,315,239	37,458,694
Equity attributable to non-controlling interests	-	-
Share capital and reserves attributable to non-controlling interests	5,845,813	2,770,601
Profit (loss) attributable to non-controlling interests	1,380,003	2,265,962
Total equity attributable to non-controlling interests	*7,225,816*	*5,036,563*
Total consolidated equity	43,541,055	42,495,257
Total equity	36,315,239	37,458,694
B) Provisions for risks and charges		
1) for pensions and similar obligations	-	-
2) for tax, including deferred tax	30,466	75,984
4) other	3,150,137	61,265
Total provisions for risks and charges	*3,180,603*	*137,249*
C) Post-employment benefits	**6,259,015**	**5,283,614**
D) Payables		
4) payables to banks	33,848,133	25,549,717
due within one year	14,020,320	7,821,836
due beyond one year	19,827,813	17,727,881
5) payables to other lenders	160,047	344,963
due within one year	80,013	184,916
due beyond one year	80,034	160,047
6) advances	411,170	448,912

	31/12/2024	31/12/2023
due within one year	411,170	448,912
7) payables to suppliers	17,647,934	18,891,593
due within one year	17,647,934	18,891,593
12) tax payables	1,317,483	1,662,804
due within one year	1,317,483	1,662,804
13) payables to welfare and social security entities	2,050,270	1,718,006
due within one year	2,050,270	1,718,006
14) other payables	9,823,229	7,649,612
due within one year	5,423,229	7,649,612
due beyond one year	4,400,000	-
Total payables	*65,258,266*	*56,265,607*
E) Accrued expense and deferred income	**3,093,041**	**3,870,014**
Total liabilities	*121,331,980*	*108,051,741*

Consolidated income statement

	31/12/2024	31/12/2023
A) Value of production		
1) revenue from sales and services	125,794,367	145,597,647
2) changes in inventory in work in progress, semi-finished and finished products	(1,516,499)	(2,336,990)
5) other revenue and income	-	-
operating grants	196,982	397,123
other	2,024,289	1,909,463
Total other revenue and income	*2,221,271*	*2,306,586*
Total value of production	*126,499,139*	*145,567,243*
B) Production costs		
6) for raw and ancillary materials, consumables and goods	21,545,673	29,695,100
7) for services	49,155,751	56,213,122
8) for rentals and leases	3,267,850	3,151,721
9) for personnel	-	-
a) wages and salaries	26,973,449	27,265,682
b) social security expense	7,528,191	7,823,957
c) post-employment benefits	1,942,992	1,828,226
e) other costs	547,879	320,174
Total personnel expense	*36,992,511*	*37,238,039*
10) amortization, depreciation and write-downs	-	-
a) amortization of intangible fixed assets	3,892,416	3,423,185
b) depreciation of tangible fixed assets	2,647,618	2,766,159
c) other write-downs of fixed assets	2,885,281	4,026,652
d) write-down of receivables under current assets and cash	103,042	164,876
Total amortization, depreciation and write-downs	*9,528,357*	*10,380,872*
11) changes in inventory of raw and ancillary materials, consumables and goods	1,429,726	(867,070)
12) provisions for risks	-	61,265
14) sundry operating expense	1,077,200	1,308,566
Total production costs	*122,997,068*	*137,181,615*
Difference between value of production and production costs (A - B)	**3,502,071**	**8,385,628**
C) Financial income and expense		
15) income from investments	-	-
from subsidiaries	-	20,269,565
Total income from investments	*-*	*20,269,565*
16) other financial income	-	-
b) from securities under fixed assets other than investments	-	10,300

	31/12/2024	31/12/2023
c) from securities under current assets other than investments	4,359	408
d) income other than above	-	-
other	769,314	290,279
Total income other than the above	*769,314*	*290,279*
Total other financial income	*773,673*	*300,987*
17) interest and other financial expense	-	-
other	955,214	830,711
Total interest and other financial expense	*955,214*	*830,711*
17-bis) exchange gains and losses	2,696	(23,388)
Total financial income and expense (15+16-17+-17-bis)	*(178,845)*	*19,716,453*
D) Value adjustments to financial assets and liabilities		
19) write-downs	-	-
a) of investments	535	-
c) of securities under current assets other than investments	-	4,807
Total write-downs	*535*	*4,807*
Total value adjustments of financial assets and liabilities (18-19)	*(535)*	*(4,807)*
Profit (loss) before tax (A-B+-C+-D)	**3,322,691**	**28,097,274**
20) Income tax for the year, current, deferred and prepaid tax		
current tax	3,126,560	4,462,111
prior-years' tax	10,406	306,811
deferred tax assets and liabilities	(177,066)	(56,477)
Total income tax for the year, current, deferred and prepaid tax	*2,959,900*	*4,712,445*
21) Profit (loss) for the year	**362,791**	**23,384,829**
Profit (loss) attributable to the owners of the parent	**(1,017,212)**	**21,118,867**
Profit (loss) attributable to non-controlling interests	**1,380,003**	**2,265,962**

Consolidated statement of cash flows, indirect method

	Amount at 31/12/2024	Amount at 31/12/2023
A) Cash flow from operations (indirect method)		
Profit (loss) for the year	362,791	23,384,829
Income tax	2,959,900	4,712,445
Interest expense/(income)	181,541	529,893
(Gains)/losses from disposal of assets	(30,918)	(20,266,363)
1) Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	*3,473,314*	*8,360,804*
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	2,459,190	2,379,169
Amortization and depreciation of fixed assets	6,540,034	6,189,346
Impairment losses	2,885,816	4,031,459
Other upward/(downward) adjustments for non-monetary items	(42,347)	497,334
Total adjustments for non-monetary items that had no balancing item in the net working capital	*11,842,693*	*13,097,308*
2) Cash flow before changes in net working capital	*15,316,007*	*21,458,112*
Changes in net working capital		
Decrease/(Increase) in inventory	2,531,721	3,229,777
Decrease/(Increase) in receivables from customers	6,335,009	7,479,793
Increase/(Decrease) in payables to suppliers	(4,719,026)	(6,394,053)
Decrease/(Increase) in accrued income and deferred expense	(47,927)	127,149
Increase/(Decrease) in accrued expense and deferred income	(779,867)	(313,587)
Other decreases/(Other increases) in net working capital	(2,954,594)	1,450,768
Total changes in net working capital	*365,316*	*5,579,847*
3) Cash flow after changes in net working capital	*15,681,323*	*27,037,959*
Other adjustments		
Interest received/(paid)	(148,266)	(506,529)
(Income tax paid)	(3,518,998)	(4,021,621)
(Utilization of provisions)	(1,344,511)	(2,760,196)
Total other adjustments	(5,011,775)	(7,288,346)
Cash flow from operations (A)	***10,669,548***	***19,749,613***
B) Cash flow from investing activities		
Tangible fixed assets		
(Purchases)	(6,017,378)	(5,879,028)
Disposals	118,194	48,558
Intangible fixed assets		
(Purchases)	(828,278)	(1,893,048)
Disposals	10,496	5,537

	Amount at 31/12/2024	Amount at 31/12/2023
Financial fixed assets		
(Purchases)	(86,250)	(2,137,672)
Disposals	675,130	276,492
Current financial assets		
(Purchases)	(4,000,000)	(6,003,193)
Disposals	3,088,494	1,510,408
(Purchase of subsidiaries net of cash)	(10,643,617)	(12,286,740)
Disposal of subsidiaries net of cash		22,435,000
Cash flow from investing activities (B)	***(17,683,209)***	***(3,923,686)***
C) Cash flow from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	5,847,761	751,587
New loans	10,690,000	2,294,000
(Repayment of loans)	(8,424,261)	(9,337,024)
Equity		
(Dividends and interim dividends paid)	(974,196)	(8,956,041)
Cash flow from financing activities (C)	***7,139,304***	***(15,247,478)***
Increase (decrease) in cash (A ± B ± C)	***125,643***	***578,449***
Cash, beginning of year		
Bank and postal deposits	20,714,696	18,851,582
Cash and valuables on hand	22,597	17,754
Total cash, beginning of year	20,737,293	18,869,336
Cash, end of year		
Bank and postal deposits	20,838,252	19,432,562
Cash and valuables on hand	24,684	15,223
Total cash, end of year	20,862,936	19,447,785
Acquisition or disposal of subsidiaries		
Cash acquired or disposed of through acquisition/disposal of subsidiaries	1,289,508	2,316,709

ACQUISITION OF INVESTMENTS IN SUBSIDIARIES

The information required by OIC 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.p.A. - 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 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 31.12.24	17,000,000
- of which through share capital increase in SMT S.p.A.	9,000,000
- of which yet to be paid at 31.12.24	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.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2024

FOREWORD

These consolidated financial statements for the year ended 31 December 2024 of Pattern S.p.A. (hereinafter also "Parent Company" or "Parent"), SMT S.p.A., 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 "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 19 August 2024, in compliance with OIC 17 and OIC 30, and were prepared in accordance with the rules set out in Legislative Decree no. 127 of 9 April 1991, as updated by the amendments introduced by Legislative Decree no. 6 of 17 January 2003 and by Legislative Decree no. 139 of 18 August 2015, supplemented and construed by the OIC Accounting Standards.

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

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

The Notes to the Financial Statements contain the information required by Article 38 of 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, paragraph 2, Leg. Decr. 127/91):

Name	Registered office	Share capital at 31.12.2024	Equity at 31.12.2024	Profit (loss) for the period at 31.12.2024	Stake held directly by the Parent Company (%)	Stake held indirectly by the Parent Company (%)
SMT S.P.A.	Italy	2,500,000	26,276,447	6,469,782	80	/
IDEE PARTNERS SRL	Italy	1,000,000	2,873,589	(678,492)	52.92	/
DYLOAN BOND FACTORY SRL	Italy	400,000	521,167	(2,982,552)	100	/

NUOVA NICOL SRL	Italy	110,000	6,264,388	3,892,498	/	80
UMBRIA VERDE MATTIOLI SRL	Italy	1,000,000	5,497,073	3,074,389	/	80

The full consolidation scope includes the financial statements at 31 December 2024 of Pattern S.p.A., the 80%-owned subsidiary SMT S.p.A., 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 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 31 December 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.p.A., 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.p.A..

Additionally, on 12 June 2024, the subsidiary SMT S.p.A. 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.p.A., 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.p.A. 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.p.A. pertains only to the ownership of the 20% stake held by third parties.

On 23 October 2024, the Extraordinary Shareholders' Meeting of the consolidated Società Manifattura Tessile resolved to increase the share capital from € 1.1 million to € 2.5 million free of charge, and to convert the company into a joint-stock company, approving a new text of the Bylaws.

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.p.A. - incorporated into Pattern Group's consolidation at 30 June 2024, pursuant to § 52 of OIC 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***

I. CONSOLIDATION METHODS

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

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

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

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

  Specifically:

  - the lower amount of the portion of equity of the investee SMT S.p.A. 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, previously allocated to "Goodwill" and already partly adjusted last year to the recoverable value of the investee's cash-generating unit, was fully written down during the year under review.

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

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

- Reversal of dividends distributed in the year by the Subsidiaries: dividends collected in the year by the Parent Company - distributed by subsidiary SMT S.p.A. and subsidiary Idee Partners S.r.l. - and those collected by consolidated SMT S.p.A. - 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.

II. PREPARATION STANDARDS

As mentioned in the Foreword, the consolidated financial statements at 31 December 2024 were prepared in compliance with the provisions contained in Leg. Decr. no. 127/91 and the Italian Civil Code, construed and supplemented by the accounting standards prepared and revised by the Italian

Accounting Body ("OIC") and, where missing and not conflicting, by those issued by the International Accounting Standards Board ("IASB").

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

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

1. These financial statements were prepared clearly and give a true and fair view of the financial position and results of operations for the period of Pattern Group (Article 29, paragraph 2, Leg. Decr. 127/91).
2. The information required by the specific provisions of law governing the preparation of consolidated financial statements was deemed sufficient to give a true and fair view (Article 29, paragraph 3, Leg. Decr. 127/91).
3. Amounts are shown in Euro; the decision was taken not to take advantage of the option of drawing them up in Euro thousands (Article 29, paragraph 6, Leg. Decr. 127/91).
4. Items preceded by Arabic numerals were not grouped together.
5. No asset or liability component falls under more than one item of the schedule.
6. For each item in the statement of financial position, the amount of the corresponding figure at 31 December 2023 was shown; for each item in the income statement, the amount of the corresponding figure for the prior year was shown. With regard to the comparability of the items, as already mentioned in the Foreword of these Notes, the scope of the Consolidated Financial Statements at 31 December 2023 did not include the subsidiary Umbria Verde Mattioli S.r.l., whose acquisition took place on 12 June 2024.

   Additionally, the new OIC 34 was applied prospectively in the year under review with regard to Income Statement Revenue.
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, except for what is shown in the "Revenue” section in Part III of these explanatory notes below, regarding the updates introduced by the first-time application of OIC 34;

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

III. VALUATION CRITERIA

The criteria applied in the valuation of the items in the financial statements and in the value adjustments comply with the provisions of the Italian Civil Code, mainly contained in Article 2426 of the Italian Civil Code, and with the OIC Accounting Standards issued until 18 March 2024. These criteria, as envisaged in Article 35 of Leg. Decr. 127/91, are those adopted in the preparation of the Parent Company's financial statements.

The most important valuation criteria adopted in the preparation of the consolidated financial statements at 31 December 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 SMT S.p.A.;
- the cost incurred for goodwill acquired as a result of the acquisition by the subsidiary SMT S.p.A. of the Maglieria Talassi S.r.l. business unit;
- 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 SMT S.p.A., 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;

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

Other intangible fixed assets

Other intangible fixed assets include mainly the following items:

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

Tangible fixed assets

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

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

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

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

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

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

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

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

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

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

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

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

Fixed assets in progress are not subject to depreciation.

Fixed assets in progress and advances include tangible assets in progress and advances paid to suppliers of tangible 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 have not undergone any impairment (Article 2426, paragraph I, no. 3, of the Italian Civil Code), with the exception of "*Goodwill*", which required as in the prior year - as a result of the impairment test procedure - a write-down totaling € 4 million. During the year under review, an additional write-down of € 2.3 million was made to adjust the recoverable value of the Parent Company's controlling interest in Dyloan Bond Factory S.r.l..

Capital grants for tangible fixed assets

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

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

Finance leases

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

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

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

Investments under financial fixed assets

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

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

Investments in associates were measured on the basis of the cost incurred for their acquisition.

Receivables under financial fixed assets

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

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

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

Inventory

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

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

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

Inventory of raw and ancillary materials and consumables

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

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

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

Inventory of work in progress and semi-finished products

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

Inventory of finished products and goods

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

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

Receivables under current assets

Receivables entered in the consolidated financial statements as from 1 January 2016 are recognized at amortized cost, taking account of the time factor and estimated realizable value.

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

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

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

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

Cash

Cash is measured according to the following criteria:

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

Accruals and deferrals

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

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

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

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

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

Provisions for risks and charges

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

Provision for pensions and similar obligations

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

Other provisions for risks and charges

Other provisions for risks and charges include the best estimate of charges related to the acquisition of the total investment by the consolidated SMT S.p.A. in UVM S.r.l., as well as contributions from Mia Pelletteria S.r.l., a company acquired by the subsidiary Idee Partners S.r.l..

Post-employment benefits

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

Payables

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

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

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

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

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

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

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

Revenue

As of 1 January 2024, the Company has applied "OIC 34 - Revenues" for recognizing revenue from services and the sale of goods, regardless of its classification in the income statement.

It is specified that revenue from business disposals, rental income, reversions, and transactions not related to buying and selling are excluded from the application of OIC 34. Due to their specific nature, these transactions are addressed under other accounting standards.

Revenue was recorded on an accrual basis. Specifically, for the primary accounting units representing:

- sales of goods, revenue is recognized when the substantial transfer of risks and rewards associated with the sale has occurred, and the amount of revenue can be reliably determined;
- provision of services, revenue is recognized when the service has been fully completed, as the progress criterion could not be applied.

The effects of the first-time application of OIC 34 have been recognized in accordance with OIC 29. Specifically, the Company has applied the new standard prospectively, meaning it applies only to sales contracts (and other related transactions governed by OIC 34) entered into as of 1 January 2024, without the need to adjust comparative balances.

However, for sales contracts (and other related transactions governed by OIC 34) entered into before 1 January 2024, the Company continued to apply the previous accounting provisions.

Costs

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

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

Income Tax

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

The Pattern S.p.A. Group - SMT S.p.A. - Idee Partners S.r.l. - Dyloan Bond Factory S.r.l. - Nuova Nicol S.r.l., has adhered for the three-year period 2023 - 2025 to the national tax consolidation scheme, pursuant to Articles 117 et seq. of the T.U.I.R., and determines a single tax base for the group, benefiting from the possibility of offsetting taxable income against tax losses in a single statement. The subsidiary UVM S.r.l. did not choose the option for the domestic tax consolidation scheme, lacking the requirement of control under Article 120, paragraph 2, TUIR, as its acquisition by SMT S.p.A. took place on 12 June 2024.

Deferred taxation

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

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

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

Items in foreign currencies

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

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

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

Financial derivatives

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

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

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

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

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

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

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

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

Foreword

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

STATEMENT OF FINANCIAL POSITION

ASSETS

B) FIXED ASSETS

B.I) Intangible fixed assets

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

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

Movements in intangible fixed assets are shown in the table below (Article 38, paragraph I, lett. b-bis), Leg. Decr. 127/91). In this regard, the net amount of each item of intangible fixed assets 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	Patent rights	Concessions, licenses, trademarks and similar rights	Goodwill	Intangible fixed assets in progress and advances	Other intangible fixed assets	Total intangible fixed assets
Net amount at 31.12.23 Consolidated	55,284	16,142	333,292	306,000	17,421,997	13,478	2,678,010	20,824,203
Net amount at 30.06.24 UVM	0	0	20,726	0	0	0	131,443	152,169
Total Net Amount	**55,284**	**16,142**	**354,018**	**306,000**	**17,421,997**	**13,478**	**2,809,453**	**20,976,372**
Acquisitions	0	99,000	309,456	302	182,525	125,649	397,385	1,114,317
Other increases	0	0	0	0	14,726,077	0	0	14,726,077
Disposals	0	0	0	0	0	(10,496)	(18,009)	(28,505)
Reclassifications	0	0	0	0	0	(2,982)	5,059	2,077
Write-downs	0	0	0	(243,805)	(2,311,668)	0	0	(2,555,473)
Amortization	(17,720)	(32,530)	(253,602)	(42,142)	(3,041,730)	0	(504,692)	(3,892,416)
Net amount at 31.12.24 Consolidated	**37,564**	**82,612**	**409,872**	**20,355**	**26,977,201**	**125,649**	**2,689,196**	**30,342,449**

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, Nuova Nicol S.r.l. and UVM 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.p.A. of the business unit of Maglieria Talassi S.r.l..

The write-down of goodwill allocated to the cash-generating unit headed by the wholly-owned subsidiary DYLOAN Bond Factory S.r.l., amounting to € 2.3 million, considers the results of the assessments made by Pattern S.p.A. Management on the recoverability of the carrying amount of the investment in Pattern S.p.A.'s financial statements at 31 December 2024. For further information, see the section in the notes of the financial statements of Pattern S.p.A. named "Valuation criteria applied - Investments under financial fixed assets".

The write-down of item B.I.4) Concessions, licenses, trademarks and similar rights during the year - totaling € 243,806 - refers to the residual value write-off of trademarks operated by the subsidiary Dyloan Bond Factory S.r.l., following discontinuation of their commercial use.

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

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

The breakdown of this item is shown below (Article 38, paragraph 1, lett. d), Leg. Decr. 127/91):

Nature of asset	Gross amount	Net amount
Expansion costs	93,478	37,564
Total	**93,478**	**37,564**

B.I.2) Development costs

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Development costs	1,221,370	82,612
Total	**1,221,370**	**82,612**

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	28,171	12,321
Software licenses	1,298,975	397,551
Total	**1,327,146**	**409,872**

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

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Trademarks and brands	405,423	20,355
Total	**405,423**	**20,355**

During the year, the subsidiary Dyloan Bond Factory S.r.l. wrote down the residual trademark value after discontinuing their commercial use.

B.I.5) Goodwill

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Goodwill	34,205,656	26,977,201
Total	**34,205,656**	**26,977,201**

The above amounts are shown net of the total provision for write-down allocated, amounting to € 6.3 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.p.A. 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.p.A. - 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 cancelled investment and the corresponding value of the share of booked

equity of the consolidated company - is justified by the earnings capacity of the acquired business.

B.I.7) Other intangible fixed assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Extraordinary leasehold improvements	4,473,745	2,637,284
Other costs with long-term useful life	289,664	51,912
Total	**4,763,409**	**2,689,196**

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

	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
Net amount at 30.06.24 UVM	0	1,005,384	9,308	151,085	0	1,165,777
Total Net Amount	**7,201,634**	**10,530,402**	**292,866**	**1,082,227**	**318,784**	**19,425,913**
Acquisitions	26,040	1,560,822	95,755	557,288	4,971,108	7,211,013
Disposals	(625)	(108,316)	(1,438)	(58,405)	0	(168,784)
Reclassifications	0	159,250	(159,250)	11,048	0	11,048
Write-downs	(329,807)	0	0	0	0	(329,807)
Depreciation	(137,028)	(2,085,263)	(71,979)	(353,348)	0	(2,647,618)
Other changes	0	0	0	0	0	0
Net amount at 31.12.24 Consolidated	**6,760,214**	**10,056,895**	**155,954**	**1,238,810**	**5,289,892**	**23,501,765**

The most significant increases in Tangible Fixed Assets included € 5 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 12 months, as well as expenditure of approximately € 1.6 million made in plant and machinery by the subsidiaries SMT S.p.A., 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	2,971,353	2,952,258
Buildings	4,148,874	3,754,047
Lightweight constructions	65,935	53,910
Total	**7,186,161**	**6,760,214**

During the year under review, the subsidiary Dyloan Bond Factory S.r.l. wrote down the building located in Chieti by approximately € 330 thousand, following demolition works.

B.II.2) Plant and machinery

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
General plant	9,888,027	5,681,003
Photovoltaic systems	60,998	31,773
Machinery	12,967,929	4,344,119
Total	**22,916,954**	**10,056,895**

B.II.3) Industrial equipment

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Industrial and commercial equipment	1,065,929	155,954
Total	**1,065,929**	**155,954**

B.II.4) Other assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Furniture and office equipment	861,400	405,564
Electronic office machinery	1,373,354	445,772
Trucks	326,269	105,101
Motor vehicles	212,492	113,580
Internal means of transport	45,935	15,865
Telephone equipment and systems	52,299	8,238
Furniture	688,903	144,691
Total	**3,560,653**	**1,238,810**

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 € 887,376.

	Parent company PATTERN Spa (A)	Subsidiary SMT Spa (B)	Subsidiary IDEE PARTNERS Srl (C)	Subsidiary DYLOAN BOND FACTORY Srl (D)	Subsidiary NUOVA NICOL Srl (E)	Total Consolidated (A + B + C + D + E)
Total amount of leased financial assets at year end	105,692	378,314	202,297	1,060,759	5,360	**1,752,422**
Depreciation that would have been charged in the year	4,039	274,813	83,731	50,290	10,719	**423,592**
Value adjustments and write-backs that would have been posted in the year	0	0	0	0	0	**0**
Present amount of instalments of fees not yet due at year end	39,642	59,469	90,395	687,006	10,864	**887,376**

Financial expense for the year based on the effective interest rate	2,395	19,977	7,615	65,811	623	**96,421**

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
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)**
Amount at 31.12.24 Consolidated	**2,400**	**0**	**2,400**

The amount of investments in associates refers to the 24% investment held by the Parent Company in the associate MTD Manifattura Tessuti Double S.r.l., acquired 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**
Amount at 30.06.24 UVM	0	30,522	**30,522**
Total amount	0	2,631,223	**2,631,223**
Change in the year	48,000	(639,280)	**(591,280)**
Amount at 31.12.24 Consolidated	**48,000**	**1,991,943**	**2,039,943**
Portion due within one year	48,000	732,854	**780,854**
Portion due beyond one year	0	1,259,089	**1,259,089**
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 € 727,355 - set up for a total of € 1,427,355 (of which € 700,000 due beyond one year), as envisaged in the terms of payment of the price governed by the agreement on the disposal of the IGD Outerwear S.r.l. investment;
  - security deposits of € 5,499 for Parent Company contracts.
- *portion due beyond one year*:
  - the escrow deposit of the Parent Company of € 700,000;
  - security deposits for the building application for the construction of the Group's new headquarters, amounting to € 19,660;
  - financial receivables of the subsidiary SMT S.p.A. for the amount of € 79,638 related to the investment in a savings plan from 2015 with Unicredit; security deposits totaling € 91,022 for utilities and for existing leases on the Correggio and Carpi properties of the subsidiary SMT S.p.A.;
  - 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 € 6,000 for rent of the Sala Bolognese warehouse of the subsidiary Nuova Nicol;
  - security deposits totaling € 30,616 related to outstanding leases on the Corciano and Maglione properties (€ 30,450) and utility contracts (€ 166) of subsidiary UVM S.r.l..

In detail:

Description	Carrying amount
Security deposits	484,950
Financial receivables	1,506,993
Total	**1,991,943**

Amount of financial fixed assets

Pursuant to Article 38, paragraph 1, letter 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	1,991,943	1,991,943
Total	**2,039,943**	**2,039,943**

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	(187,892)
Amount at 31.12.24 Consolidated	**124,762**

This amount represents the positive fair value at 31 December 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 € 5,420,133 (€ 6,701,644 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 € 2,750,882, broken down as follows:

- € 1,413,205 as a reduction in the value of inventory of raw materials;
- € 235,246 as a reduction in the value of inventory of work in progress;
- € 1,102,431 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	3,289,607	700,427	6,701,644
Amount at 30.06.24 UVM	508,640	1,109,109	46,965	1,664,714
Total amount	**3,220,250**	**4,398,716**	**747,392**	**8,366,358**
Change in the year	(1,429,724)	(1,337,069)	(179,432)	(2,946,225)
Amount at 31.12.24 Consolidated	**1,790,526**	**3,061,647**	**567,960**	**5,420,133**

The reduction in inventory results from prudent adjustments for obsolescence and slow movement of raw materials and work in progress, as well as reduced production volumes in the first quarter of the following year.

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 31.12.24	Change	Consolidated amount 31.12.23
Raw materials in stock	3,198,662	(368,589)	3,567,251
Provision for write-down of raw materials inventory	(1,413,205)	(467,488)	(945,717)
Raw materials in transit	5,069	(85,007)	90,076
Total	**1,790,526**	**(921,084)**	**2,711,610**

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

Work in progress and semi-finished products	Consolidated amount 31.12.24	Change	Consolidated amount 31.12.23
Work in progress	3,296,893	(54,678)	3,351,571
Provision for write-down of work in progress inventory	(235,246)	(173,282)	(61,964)
Total	**3,061,647**	**(227,960)**	**3,289,607**

C.I.4) Finished products and goods

Finished products and goods	Consolidated amount 31.12.24	Change	Consolidated amount 31.12.23
Finished products	1,670,053	44,047	1,626,006
Provision for write-down of finished products inventory	(1,102,431)	(130,276)	(972,155)
Finished products in transit	338	(46,238)	46,576
Total	**567,960**	**(132,467)**	**700,427**

C.II) Receivables

Receivables under current assets amounted to € 29,790,898 (€ 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
Amount at 30.06.24 UVM	4,815,019	1,322,378	0	0	6,137,397
Total amount	**25,203,432**	**9,449,480**	**171,385**	**2,751,150**	**37,575,447**
Change in the year	(4,860,248)	(1,404,376)	849,842	(2,369,767)	(7,784,549)
Amount at 31.12.24 Consolidated	**20,343,184**	**8,045,104**	**1,021,227**	**381,383**	**29,790,898**
Portion due within one year	20,343,184	7,678,742		381,383	28,368,704
Portion due beyond one year	0	366,362		0	366,362
Of which with residual maturity of over 5 years	0	0		0	0

A breakdown of receivables under Current Assets is shown below:

C.II. 1) Receivables from customers

The item is broken down as follows:

Nature of receivable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Receivables from customers	20,623,824	19,533,353
Invoices to issue	330,089	185,118
Credit notes to issue	(231,906)	(31,613)
Bank receipts	289,218	1,368,112
Provision for bad debts	(668,041)	(666,557)
Total	**20,343,184**	**20,388,413**

Receivables from customers were almost in line with the prior year. The increase due to the enlarged consolidation scope was offset by lower receivables from customers recorded in the previous scope, reflecting the sales slowdown in the latter part of the year.

C.II. 5-bis) Tax receivables

The item is broken down as follows:

Nature of receivable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Revenue Agency VAT a/c	5,770,328	6,337,645
IRAP receivable	80,854	116,689
IRES receivable	1,476,770	68,501
Other tax receivables	350,790	1,094,874
Over 12 months		
Other tax receivables	366,362	509,393
Total	**8,045,104**	**8,127,102**

The VAT receivable position amounts to approximately € 5.8 million and is composed as follows: € 4.2 million attributable to the Parent Company, € 326 thousand to the subsidiary SMT S.r.l., € 172 thousand to the subsidiary Nuova Nicol S.r.l., € 156 thousand to the subsidiary Dyloan Bond Factory S.r.l., € 97 thousand to the subsidiary Idee Partners S.r.l. and € 778 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 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Receivables from social security entities	8,324	222
Advances to suppliers	112,115	294,509
Sundry receivables	260,944	2,456,419
Over 12 months		
Security deposits	0	0
Total	**381,383**	**2,751,150**

For information sake, it should be noted that during the year under review, € 2,050,416 was collected, representing the receivable adjustment for the business unit transfer transaction that took place in the prior year to the transferee Burberry Tecnica S.r.l. (formerly IGD Outerwear S.r.l.).

Receivables under current assets - breakdown by geographical area

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

Geographical area	Receivables from customers under current assets	Tax receivables under current assets	Deferred tax assets under current assets	Other receivables under current assets	Total
Italy	9,158,099	8,045,104	1,021,227	375,865	**18,600,295**
EU	7,647,820	0	0	5,518	**7,653,338**
Extra EU	3,537,265	0	0	0	**3,537,265**
Total	**20,343,184**	**8,045,104**	**1,021,227**	**381,383**	**29,790,898**

C.III) Current financial assets

At year end, current financial assets amounted to € 8,000,000 (€ 7,088,494 at 31 December 2023). These refer to:

- time deposits set up by the Parent Company:
    - with Intesa Sanpaolo Spa in the amount of € 2 million, maturing on 19 March 2025;
    - with Intesa Sanpaolo Spa in the amount of € 2 million, maturing on 19 June 2025.
- time deposits set up by the subsidiary SMT S.p.A. with Banco-Bpm Spa, maturing on 17 March 2025, in the amount of € 2 million;
- two time deposits of € 1 million each, set up by the subsidiary Nuova Nicol S.r.l. with Banco-Bpm Spa, maturing on 14 February 2025 and 28 February 2025 respectively.

	Securities
Amount at 31.12.23 Consolidated	7,088,494
Change in the year	911,506
Amount at 31.12.24 Consolidated	**8,000,000**

C.IV) Cash

At year end, cash amounted to € 20,862,936 (€ 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**
Amount at 30.06.24 UVM	1,282,134	0	7,374	**1,289,508**
Total amount	**20,714,696**	**0**	**22,597**	**20,737,293**
Change in the year	123,556	0	2,087	**125,643**
Amount at 31.12.24 Consolidated	**20,838,252**	**0**	**24,684**	**20,862,936**

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**
Amount at 30.06.24 UVM	0	19,443	**19,443**
Total amount	**118,121**	**1,278,861**	**1,396,982**
Change in the year	(36,634)	(113,654)	**(150,288)**
Amount at 31.12.24 Consolidated	**81,487**	**1,165,207**	**1,246,694**

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

Accrued income	Amount
Compensation for damages	0
Interest income	76,246
GSE Incentive Tariff	5,241
Total	**81,487**
Deferred expense	**Amount**
Rentals	98,407
Property leases	11,235
Purchase of services	146,344
Insurance	46,446
Service contracts	111,304
Software support contracts	61,933
Maxi lease fee	92,148
Other deferred expense	501,436
Bank expense	37,501
Rental expense	53,947
Sponsorships and advertising	4,506
Total	**1,165,207**

Capitalized financial expense

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

LIABILITIES

EQUITY

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

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

Below are the key elements of the individual items.

A.I) Share capital

The subscribed and paid-up share capital, amounting to € 1,441,293, 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 16 April 2024 a free share capital increase in the amount of € 5,000.00 was made, following the exercise of no. 50,000 rights related to the first tranche of the 2023-2025 Stock Grant Plan by the CEO. 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 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 year, 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 SMT S.p.A..

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

Balance at 31.12.24	**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 year under review are as follows:

Legal reserve	Amount
Prior-year amount	287,259
Allocation of prior year's profit	1,000
Balance at 31.12.24	**288,259**

A.VI) Other equity reserves

Extraordinary reserve

The Extraordinary Reserve amounts to € 16,916,914 with the following movements in the year:

Extraordinary reserve	Amount
Prior-year amount	1,575,985
Allocation of prior year's profit	15,340,929
Balance at 31.12.24	**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 31.12.24	**15,000**

A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € 94,819 and refers to the fair value at 31.12.24 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**
Amount at 30.06.24 UVM	0	0	**0**
Total amount	**75,984**	**61,265**	**137,249**
Allocation for the year	0	3,088,872	**3,088,872**
Utilization in the year	(45,518)	0	**(45,518)**
Amount at 31.12.24 Consolidated	**30,466**	**3,150,137**	**3,180,603**

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 moved as follows during the year:

	Current-year amount
Opening balance	61,265
Allocation for the year	3,088,872
Utilization for expense incurred	0
Utilization for provision surplus	0
Closing balance	**3,150,137**

The allocation recorded in the year under review refers to an allocation made by subsidiary SMT S.p.A. to the provision for charges to cover any further financial outlay in favor 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 € 6,259,015 (€ 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
Amount at 30.06.24 UVM	349,621
Total amount	**5,633,235**
Allocation for the year	1,604,064
Utilization in the year	(978,284)
Amount at 31.12.24 Consolidated	**6,259,015**

D) PAYABLES

Payables are recorded under liabilities for a total of € 65,258,266 (€ 56,265,607 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 over five years, separately for each item, and the changes during the period (Article 38, paragraph 1, letters c) and e), Leg. Decr. 127/91):

	Payables to banks	Payables to other lenders	Advances	Payables to suppliers	Tax payables	Payables to welfare and social security entities	Other payables	Total payables
Amount at 31.12.23 Consolidated	25,549,717	344,963	448,912	18,891,593	1,662,804	1,718,006	7,649,612	**56,265,607**
Amount at 30.06.24 UVM	0	0	0	2,464,626	2,567,676	147,468	538,821	**5,718,591**
Total amount	**25,549,717**	**344,963**	**448,912**	**21,356,219**	**4,230,480**	**1,865,474**	**8,188,433**	**61,984,198**
Change in the year	8,298,416	(184,916)	(37,742)	(3,708,285)	(2,912,997)	184,796	1,634,796	**3,274,068**
Amount at 31.12.24 Consolidated	**33,848,133**	**160,047**	**411,170**	**17,647,934**	**1,317,483**	**2,050,270**	**9,823,229**	**65,258,266**
Portion due within one year	14,020,320	80,013	411,170	17,647,934	1,317,483	2,050,270	5,423,230	**40,950,420**
Portion due beyond one year	19,827,813	80,034	0	0	0	0	4,400,000	**24,307,847**
Of which with residual maturity of over 5 years	748,175	0	0	0	0	0	0	**748,175**

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	33,848,133	160,047	62,047	17,317,467	1,317,483	2,050,270	9,823,229	64,578,676
EU	0	0	78,458	165,675	0	0	0	244,133
Extra EU	0	0	270,665	164,792	0	0	0	435,457
Total	**33,848,133**	**160,047**	**411,170**	**17,647,934**	**1,317,483**	**2,050,270**	**9,823,229**	**65,258,266**

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

D.4) Payables to banks

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

Nature of payable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Credit cards	29,479	19,929
Loans without collateral	13,618,105	7,767,382
Bank fees to settle	372,736	34,525
Over 12 months		
Loans without collateral	19,827,813	17,727,881
Total	**33,848,133**	**25,549,717**

The increase in payables to banks is a result of expenditure made and the excellent financing conditions obtained by the Group from the banking system, allowing it to raise higher resources to meet future needs; these resources were in turn used for short-term monetary investments.

D.5) Payables to other lenders

Payables to other lenders are shown below:

Nature of payable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Simest Spa loan	80,001	182,686
Other loans	12	2,230
Over 12 months		
Simest Spa loan	80,000	160,001
Other loans	34	46

Total	**160,047**	**344,963**

D.6) Advances

Payables for advances received are shown below:

Nature of payable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Customer advances	411,170	448,912
Total	**411,170**	**448,912**

These are advances received from customers on supplies of goods yet to be delivered (specifically, approximately € 4 thousand for advances received from customers by the Parent Company, approximately € 366 thousand by the subsidiary Idee Partners S.r.l., and approximately € 41 thousand by the subsidiary Dyloan Bond Factory S.r.l.).

D.7) Payables to suppliers

Payables to suppliers are shown below:

Nature of payable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Invoices received	15,549,121	15,667,591
Invoices to receive	2,017,133	2,864,502
Credit notes to receive	(51,668)	(140,418)
Payables for confirming buyer	133,348	499,918
Total	**17,647,934**	**18,891,593**

Payables to suppliers decreased by over € 1 million despite the enlarged consolidation scope, due to the slowdown in production activity, as noted in the commentary on receivables from customers.

D.12) Tax payables

Tax payables are shown below:

Nature of payable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Revenue Agency withholding tax on employees a/c	1,256,094	996,538
Revenue Agency withholding tax on self-employment a/c	24,527	30,976
Revenue Agency withholding tax on post-employment benefits a/c	3,763	2,054
Revenue Agency VAT a/c	0	22,248
Revenue Agency Irap a/c	22,767	168,542
Revenue Agency Ires a/c	0	382,851
Revenue Agency other payables a/c	10,332	59,595

Total	**1,317,483**	**1,662,804**

The sharp reduction in payables for IRAP and IRES versus 2023 balances is due to high advance payments made in 2024, resulting in a credit position by the Group for such tax.

D.13) Payables to welfare and social security entities

Payables to welfare and social security entities are shown below:

Nature of payable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Inps	1,477,497	1,177,137
Inail	27,534	19,731
Inps and Inail accruals	352,892	372,830
Contributions to supplementary pension funds	191,379	147,447
Enasarco	968	861
Total	**2,050,270**	**1,718,006**

The increase in payables to INPS is due to the enlarged consolidation scope and the resulting higher number of employees outstanding at year-end versus the prior year.

D.14) Other payables

Other payables are shown below:

Nature of payable	Consolidated amount 31.12.24	Consolidated amount 31.12.23
Within 12 months		
Payables to pension funds	9,038	6,021
Accruals for holidays not taken	1,581,125	1,622,261
Payables for salaries to settle	1,854,136	1,579,612
Payables for commissions to settle	0	965
Payables for fees to settle	46,476	60,881
Other payables	1,932,454	4,379,872
Over 12 months		
Payables from acquisition of stakes	4,400,000	0
Total	**9,823,229**	**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 consolidating company for € 1 million, as the price yet to be paid for the acquisition of the 8% investment in the subsidiary SMT S.p.A., in execution of the binding term-sheet signed by Pattern S.p.A. with Camer S.r.l. on 30 May 2024. This amount, totaling € 5 million, will be paid in five annual installments, the first due on 31 December 2025;
- the consolidated SMT S.p.A. for approximately € 1 million, of which € 430 thousand the price yet to be paid for the acquisition of the investee Zanni S.r.l., and € 400 thousand the price yet to be paid for the acquisition of the investee Nuova Nicol S.r.l..

• portion due beyond one year:

- the consolidating company for € 4 million, as the price yet to be paid for the acquisition of the 8% investment in the subsidiary SMT S.p.A.;
- the consolidated SMT S.p.A. 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.

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	3,731,429	**3,870,014**
Amount at 30.06.24 UVM	0	7,834	**7,834**
Total amount	**138,585**	**3,739,263**	**3,877,848**
Change in the year	(75,770)	(709,037)	**(784,807)**
Amount at 31.12.24 Consolidated	**62,815**	**3,030,226**	**3,093,041**

The significant change recorded in deferred income during the year is due to the reversal of deferrals related to tax receivables accrued in prior years and charged to the accrual portion in the year under review.

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

Accrued expense	Amount
Insurance	19,982
Services and utilities	1,964
Interest expense on medium/long-term loans	38,481
Other	2,388
Total	**62,815**
Deferred income	**Amount**
Purchase of services	70,679

Exclusive customer contract	18,695
Tax receivable for capital goods	2,940,852
Total	**3,030,226**

INCOME STATEMENT

A) VALUE OF PRODUCTION

A.1) Revenue from sales and services

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

Business category	Amount at 31.12.24	Amount at 31.12.23
Income from production area	110,511,815	128,888,294
Income from engineering area	13,839,902	14,742,941
Other income	1,442,650	1,966,412
Total	**125,794,367**	**145,597,647**

During the year under review, revenue from sales decreased by approximately 14%, partly due to the disposal of the business unit sold to Burberry, only partly offset by the consolidation of Umbria Verde Mattioli in the second half of the year, and partly due to reduced sales in the rest of the Group.

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

With regard to the provisions of Article 38, paragraph 1, lett. i), of Leg. Decr. 127/91, the table below also shows the breakdown of revenue by geographical area:

Geographical area	Amount at 31.12.24	Amount at 31.12.23
Italy	36,882,291	63,169,388
EU	59,589,164	37,766,433
Extra EU	29,322,912	44,661,826
Total	**125,794,367**	**145,597,647**

The EU area saw an increase, while the Extra EU area experienced a sharp decrease due to the disposal of the Burberry business unit following the transfer made by the Parent Company at the end of the prior year. The sharp reduction in sales in Italy was due to a different customer mix, with an increased weight of the foreign component, particularly European.

A.5) Other income

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

Nature	Amount at 31.12.24	Amount at 31.12.23
Operating grants	196,982	397,123

Other revenue		
Capital grants	462,926	849,976
Ordinary capital gains	66,761	44,058
Compensation	90,745	189,004
Rental income, rentals	6,737	66,690
Chargeback of costs	688,342	136,054
Other revenue and income	708,778	623,681
Total	**2,221,271**	**2,306,586**

The increase in chargeback of costs relates to personnel seconded until the end of the year to Burberry Tecnica S.r.l., transferee of the business unit transferred last year, based on agreements made at the time of transfer.

B) PRODUCTION COSTS

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

The item amounted to € 21,545,673 (€ 29,695,100 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.

The reduction in raw material costs relates to a lower proportion in the reporting year of so-called “marketed” products versus “job order” products in total sales, due to the disposal of the Burberry business unit transferred by contribution in the prior year.

B.7) Service costs

These involve mainly the following types of services:

Nature	Amount at 31.12.24	Amount at 31.12.23
Production services	40,828,289	47,346,140
Commercial services	1,353,813	1,453,957
Administrative and management services	6,973,649	7,413,025
Total	**49,155,751**	**56,213,122**

The reduction in production services results from lower external production, directly caused by the decline in revenue from sales; the decrease in administrative costs recorded during the year mainly reflects extraordinary costs of this nature incurred the prior year, due to the disposal of the Burberry business unit.

B.8) Rentals and leases

Costs are as follows:

Nature	Amount at 31.12.24	Amount at 31.12.23

Rental payments	1,976,046	1,570,692
Lease payments	396,189	905,408
Fees for software use	186,592	151,888
Car rental fees	422,963	379,608
Rental fees for other capital goods	186,894	117,934
Other rentals and leases	99,166	26,191
Total	**3,267,850**	**3,151,721**

The increase in rentals is partly due to the expansion of production sites, partly from including Umbria Verde Mattioli S.r.l. in the consolidation scope, and partly from the full enforcement of the contract for the Scandicci property, where the consolidated Idee Partners S.r.l. is based. Conversely, lease payments decreased due to the termination of certain machinery-related contracts and the transfer - by the consolidating company - of the lease for the Collegno property, included in the business unit contributed to Burberry last year.

B.9) Personnel expense

Labour costs totaled € 36,992,511 (€ 37,238,039 in the prior year).

The reduction in labour costs stems from cost containment actions, especially in the second half of the reporting year, following the decline in revenue from sales, which will continue in 2025. However, the average number of employees in 2024 was higher than in 2023 (see below), as was the workforce at 31 December 2024; this increase partly results from the newly-consolidated Umbria Verde Mattioli S.r.l. and despite the disposal of the significant business unit contributed to Burberry last year.

B.14) Sundry operating expense

Costs are as follows:

Nature	Amount at 31.12.24	Amount at 31.12.23
Sundry tax and duties	205,669	199,705
Gifts	10,436	24,084
Contingent liabilities	447,619	537,746
Other sundry operating expense	383,087	547,031
Capital losses	30,389	0
Total	**1,077,200**	**1,308,566**

C) FINANCIAL INCOME AND EXPENSE

C.16) Other financial income

Income is as follows:

Nature	Amount at 31.12.24	Amount at 31.12.23
Bank interest income	769,314	290,279
Other income	4,359	10,708
Total	**773,673**	**300,987**

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 31.12.24	Amount at 31.12.23
Bank interest expense	947,722	757,020
Sundry interest expense	7,492	73,691
Total	**955,214**	**830,711**

A detailed breakdown of financial expense is shown below:

Nature	Amount at 31.12.24	Amount at 31.12.23
Interest expense on medium-term loans	946,161	757,020
Interest expense on short-term loans	1,562	0
Other financial expense	7,491	73,691
Total	**955,214**	**830,711**

A detailed explanation of financials is available in the Directors' Report on Operations.

C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Amount at 31.12.24	Amount at 31.12.23
Valuation exchange differences	9,601	(23,508)
Realized exchange gains	1,414	9,341
Realized exchange losses	(8,319)	(9,221)
Total	**2,696**	**(23,388)**

Revenue items of exceptional size or incidence

In the year, no revenue of an extraordinary nature, size or incidence worthy of mention was earned, pursuant to Article 38, paragraph 1, letter m), Leg. Decr. 127/91.

Cost items of exceptional size or significance

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

- write-down of the residual consolidation difference of the total investment held in the subsidiary Dyloan Bond Factory S.r.l. for € 2.3 million.

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.p.A. - Idee Partners S.r.l. - Dyloan Bond Factory S.r.l. - Nuova Nicol S.r.l., has adhered for the three-year period 2023 - 2025 to the national tax consolidation scheme, pursuant to Articles 117 et seq. of the T.U.I.R., and determines a single tax base for the group, benefiting from the possibility of offsetting taxable income against tax losses in a single statement. The subsidiary UVM S.r.l. did not choose the option for the domestic tax consolidation scheme, lacking the requirement of control under Article 120, paragraph 2, TUIR, as its acquisition by SMT S.p.A. took place on 12 June 2024.

Tax for the reporting period totaled € 2,959,900 and consisted of current tax (€ 3,126,560), prior-years' tax (€ 10,406) and the provision for deferred tax assets and liabilities (€ -177,066).

V. OTHER INFORMATION

HEADCOUNT

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

	Average at 31.12.24	Average at 31.12.23
Executives	11	12
Managers	29	30
White collars	216	215
Blue collars	504	487
Trainees	85	67
Total Employees	**845**	**811**

Employees amounted to 897 at 31 December 2024, including 660 women and 236 men.

	In service at 31.12.24	In service at 31.12.23
Executives	12	10
Managers	29	28
White collars	233	202
Blue collars	529	474
Trainees	93	79
Total Employees	**896**	**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	**1,087,281**	**88,740**

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	153,647
Other non-audit services	9,700
Total fees payable to the Auditor or to the Independent Auditors	**163,347**

GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

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

Guarantees issued

Nature	Amount at 31.12.24	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 € 887,377.

To provide thorough information, it should be noted that on 21 March 2025, the Parent Company formalized an irrevocable commitment to provide capital and financial support for the business activities of its consolidated Dyloan Bond Factory S.r.l., in response to the loss forecasts estimated for 2025 by the subsidiary's governing body.

For information sake, the property lease entered into by the subsidiary Dyloan Bond Factory S.r.l., in the remaining amount of € 669,726, is secured by a guarantee from Società cooperativa di garanzia dei fidi tra piccole e medie imprese della Sardegna (Sardafidi) and the Guarantee Fund Law no. 662 of 23/12/1996 with Medio Credito Centrale.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to Article 38, paragraph 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.p.A., 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.p.A. and Nuova Nicol S.r.l. carried out business transactions among themselves for the processing of goods on market conditions;
- the subsidiaries SMT S.p.A. 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.p.A. and Idee Partners S.r.l..

In prior years, the Parent Company entered into service contracts with its subsidiaries SMT S.p.A. 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 linked to non-controlling interests.

During the year under review, the following Related Party transactions also 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

Pursuant to Article 38, paragraph 1, letter o-sexies), Leg. Decr. 127/91, the following should be noted.

In 2024, as part of the purchase of 100% of Umbria Verde Mattioli S.r.l. by the consolidated SMT S.r.l., the Parent Company signed the following with:

- Camer S.r.l., a minority shareholder of the subsidiary SMT S.p.A., a five-year shareholders' agreement. This agreement, among other provisions, grants Camer the irrevocable right to exercise, during the term of the agreement and upon the occurrence of fully identified and described events, a put option for the sale of its entire 10% stake in SMT. In turn, the agreement gives Pattern the irrevocable right to exercise - upon occurrence of certain events - a call option to purchase the entire stake in SMT owned by Camer. In this regard, it should be noted that the shareholders' agreement explicitly defines the criteria to be followed for the timely valuation of the minority investment in the event of the exercise of either option;

- Simone and Leonardo Mattioli, minority shareholders in the subsidiary SMT, each holding a 5% stake in SMT's share capital, a five-year shareholders' agreement. This agreement grants the Mattioli shareholders, either jointly or severally, the irrevocable right to exercise a put option to dispose of their stake at the end of the five-year term of the agreement. The agreement further stipulates that, should either or both Mattioli shareholders fail to exercise the put option to sell, Pattern is granted the irrevocable right to exercise a call option to purchase their minority stake(s). Lastly, the shareholders' agreement provides that, over the five-year term, each of the two Mattioli shareholders, upon the occurrence of certain events, has the irrevocable right to sell their stake in SMT to Pattern. In turn, the shareholders' agreement grants Pattern, during the term of the agreement, an irrevocable right to purchase each Mattioli shareholder's stake in SMT, contingent upon the occurrence of a specific event. In this regard, it should be noted that the shareholders' agreement explicitly defines the criteria to be followed for the timely valuation of the minority stake(s) in the event of the exercise of any of the put/call options outlined above.

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 year end.

OUTLOOK FOR THE YEAR

For an analysis of the outlook for the current year, including with regard to individual sectors, please refer to the Directors' Report on Operations.

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

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

Derivative hedging instruments	Start date - End date	Fair Value at 31.12.24
IRS Unicredit	30.6.20 – 31.3.25	1,200
IRS Intesa Sanpaolo	19.6.20 – 19.6.26	22,560
IRS Intesa Sanpaolo 37742307	31.12.20 - 30.11.26	11,677
IRS Intesa Sanpaolo 39742170	26.02.21 - 26.02.27	5,711
IRS Banco BPM	18.06.21 - 18.06.27	12,070
IRS Intesa Sanpaolo 95066711	29.01.21 – 29.01.27	10,342
IRS Intesa Sanpaolo 41912272	06.08.21 – 06.08.29	52,255
IRS BNL 25278047	24.03.21 - 24.03.26	3,049
IRS BNL 25278048	24.03.21 - 09.12.26	5,898
		124,762

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

				Other reserves							
	Share capital	**Share premium reserve**	**Legal reserve**	**Extraordinary reserve**	**Restricted reserve for share capital increase Stock Grant Plan**	**Other reserves**	**Reserve for hedges of expected cash flows**	**Group profit (loss) for the year**	**Equity attributable to the owners of the parent**	**Equity attributable to non-controlling interests**	**Total equity**
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		0
Free share capital increase to service the Stock Grant Plan	5,000				(5,000)				0		**0**
Increases in the year						16,555	(142,798)		(126,243)	(16,554)	**(142,797)**
Reserved share capital increase									0	1,800,000	**1,800,000**
Dividend distribution									0	(974,196)	**(974,196)**
Changes in consolidation									0		**0**
Other changes						0			0	0	
Profit (loss) for the year								(1,017,212)	(1,017,212)	1,380,003	**362,791**
Balance at 31 December 2024	**1,441,293**	**9,548,706**	**288,259**	**16,916,914**	**15,000**	**9,027,460**	**94,819**	**(1,017,212)**	**36,315,239**	**7,225,816**	**43,541,055**

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

RECONCILIATION OF FINANCIAL STATEMENTS - PARENT COMPANY CONSOLIDATED FINANCIAL STATEMENTS

	Profit (loss) for the year	**Equity at 31.12.2024**
Financial statements of the Parent Company	**(3,341,200)**	**25,061,477**
Adjusted results of consolidated subsidiaries and difference between adjusted equity and amount of investments	7,924,385	19,398,982
Derecognition of recorded dividends	(5,395,804)	-
Amortization of positive consolidation difference	(2,412,923)	(6,807,737)
Derecognition of the results of intra-group transactions and other adjustments	3,588,333	5,888,333
Consolidated financial statements	**362,791**	**43,541,055**
of which Group share	**(1,017,212)**	**36,315,239**
of which non-controlling interests	**1,380,003**	**7,225,816**

General information about the Company

Overview

Name:	PATTERN SPA
Registered office:	VIA ITALIA 4 COLLEGNO TO
Share capital:	1,445,455.40
Fully paid-up share capital:	yes
Chamber of Commerce Code:	TO
VAT no.:	10072750010
Tax Code:	10072750010
REA no.:	1103664
Legal status:	JOINT-STOCK COMPANY
Main activity code (ATECO):	141020
Company in liquidation:	no
Company with sole shareholder:	no
Company subject to the direction and coordination of others:	yes
Name of the company or entity exercising direction and coordination:	BO.MA. Holding S.r.l.
Part of a group:	yes
Name of parent company:	PATTERN SPA
Country of parent company:	ITALY
Cooperative company registration number:	

FINANCIAL STATEMENTS AT 31 DECEMBER 2024

STATEMENT OF FINANCIAL POSITION

	31/12/2024	31/12/2023
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
3) industrial patent and intellectual property rights	90,515	51,024
4) concessions, licenses, trademarks and similar rights	16,405	18,420
7) other	74,658	87,250
Total intangible fixed assets	*181,578*	*156,694*
II - Tangible fixed assets	-	-
1) land and buildings	4,331,977	4,392,521
2) plant and machinery	645,313	765,521
3) industrial and commercial equipment	1,070	1,994
4) other assets	203,012	262,349
5) fixed assets in progress and advances	5,156,863	265,994
Total tangible fixed assets	*10,338,235*	*5,688,379*
III - Financial fixed assets	-	-
1) investments in	-	-
a) subsidiaries	19,631,434	18,131,434
b) associates	2,400	-
Total investments	*19,633,834*	*18,131,434*
2) receivables	-	-
a) from subsidiaries	500,000	900,000
due within one year	500,000	900,000
b) from associates	48,000	-
due within one year	48,000	-
d-bis) from others	1,452,514	2,100,160
due within one year	732,854	700,000
due beyond one year	719,660	1,400,160
Total receivables	*2,000,514*	*3,000,160*
4) Financial derivative assets	23,760	94,098
Total financial fixed assets	*21,658,108*	*21,225,692*
Total fixed assets (B)	*32,177,921*	*27,070,765*
C) Current assets		
I - Inventory	-	-
1) raw and ancillary materials and consumables	181,352	234,105
2) work in progress and semi-finished products	345,581	146,413

	31/12/2024	31/12/2023
4) finished products and goods	189,130	408,051
Total inventory	*716,063*	*788,569*
II - Receivables	-	-
1) from customers	4,019,594	3,158,363
due within one year	4,019,594	3,158,363
2) from subsidiaries	408,476	1,070,176
due within one year	408,476	1,070,176
5-bis) tax receivables	5,785,159	3,597,706
due within one year	5,751,130	3,507,956
due beyond one year	34,029	89,750
5-ter) prepaid tax	93,477	98,153
5-quater) from others	7,452	2,061,906
due within one year	7,452	2,061,906
Total receivables	*10,314,158*	*9,986,304*
III - Current financial assets	-	-
6) other securities	4,000,000	7,000,000
Total current financial assets	*4,000,000*	*7,000,000*
IV - Cash	-	-
1) bank and postal deposits	6,536,879	6,072,915
3) cash and valuables on hand	12,016	11,729
Total cash	*6,548,895*	*6,084,644*
Total current assets (C)	*21,579,116*	*23,859,517*
D) Accrued income and deferred expense	**222,155**	**244,255**
Total assets	*53,979,192*	*51,174,537*
Liabilities		
A) Equity	**25,061,476**	**28,456,134**
I - Share capital	1,441,293	1,436,293
II - Share premium reserve	9,548,705	9,548,705
IV - Legal reserve	288,259	287,259
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	16,916,914	1,575,984
Merger surplus reserve	174,449	174,449
Various other reserves	15,000	20,000
Total other reserves	*17,106,363*	*1,770,433*
VII - Reserve for hedges of expected cash flows	18,057	71,514
IX - Profit (loss) for the year	(3,341,201)	15,341,930
Total equity	25,061,476	28,456,134

	31/12/2024	31/12/2023
B) Provisions for risks and charges		
2) for tax, including deferred tax	5,702	22,583
Total provisions for risks and charges	*5,702*	*22,583*
C) Post-employment benefits	**866,873**	**722,277**
D) Payables		
4) payables to banks	13,580,693	11,584,652
due within one year	6,030,294	3,746,433
due beyond one year	7,550,399	7,838,219
5) payables to other lenders	160,001	242,221
due within one year	80,001	82,220
due beyond one year	80,000	160,001
6) advances	4,623	11,270
due within one year	4,623	11,270
7) payables to suppliers	6,057,717	5,048,392
due within one year	6,057,717	5,048,392
9) payables to subsidiaries	1,570,543	1,264,168
due within one year	1,570,543	1,264,168
12) tax payables	223,198	251,807
due within one year	223,198	251,807
13) payables to welfare and social security entities	498,164	459,458
due within one year	498,164	459,458
14) other payables	5,731,780	2,771,502
due within one year	1,731,780	2,771,502
due beyond one year	4,000,000	-
Total payables	*27,826,719*	*21,633,470*
E) Accrued expense and deferred income	**218,422**	**340,073**
Total liabilities	*53,979,192*	*51,174,537*

INCOME STATEMENT

	31/12/2024	31/12/2023
A) Value of production		
1) revenue from sales and services	29,348,949	46,783,833
2) changes in inventory in work in progress, semi-finished and finished products	(19,752)	(2,469,819)
5) other revenue and income	-	-
operating grants	61,206	57,496
other	882,094	421,944
Total other revenue and income	*943,300*	*479,440*
Total value of production	*30,272,497*	*44,793,454*
B) Production costs		
6) for raw and ancillary materials, consumables and goods	3,482,370	9,671,226
7) for services	17,900,022	21,949,506
8) for rentals and leases	446,453	648,958
9) for personnel	-	-
a) wages and salaries	6,417,749	8,285,597
b) social security expense	1,893,338	2,564,031
c) post-employment benefits	409,010	491,240
e) other costs	138,490	121,592
Total personnel expense	*8,858,587*	*11,462,460*
10) amortization, depreciation and write-downs	-	-
a) amortization of intangible fixed assets	85,216	191,779
b) depreciation of tangible fixed assets	291,751	447,301
d) write-down of receivables under current assets and cash	23,301	18,351
Total amortization, depreciation and write-downs	*400,268*	*657,431*
11) changes in inventory of raw and ancillary materials, consumables and goods	52,753	(311,173)
14) sundry operating expense	262,161	220,163
Total production costs	*31,402,614*	*44,298,571*
Difference between value of production and production costs (A - B)	**(1,130,117)**	**494,883**
C) Financial income and expense		
15) income from investments	-	-
from subsidiaries	3,395,804	21,507,965
Total income from investments	*3,395,804*	*21,507,965*
16) other financial income	-	-
a) from receivables under fixed assets	-	-
from subsidiaries	25,427	9,970
Total financial income from receivables under fixed assets	*25,427*	*9,970*

	31/12/2024	31/12/2023
d) income other than above	-	-
other	428,864	199,175
Total income other than the above	*428,864*	*199,175*
Total other financial income	*454,291*	*209,145*
17) interest and other financial expense	-	-
other	394,485	395,773
Total interest and other financial expense	*394,485*	*395,773*
17-bis) exchange gains and losses	4,608	(24,047)
Total financial income and expense (15+16-17+-17-bis)	*3,460,218*	*21,297,290*
D) Value adjustments to financial assets and liabilities		
19) write-downs	-	-
a) of investments	5,900,000	6,300,000
Total write-downs	*5,900,000*	*6,300,000*
Total value adjustments of financial assets and liabilities (18-19)	*(5,900,000)*	*(6,300,000)*
Profit (loss) before tax (A-B+-C+-D)	**(3,569,899)**	**15,492,173**
20) Income tax for the year, current, deferred and prepaid tax		
current tax	-	162,385
deferred tax assets and liabilities	4,676	(12,142)
income (expense) from tax consolidation/tax transparency	233,374	-
Total income tax for the year, current, deferred and prepaid tax	*(228,698)*	*150,243*
21) Profit (loss) for the year	**(3,341,201)**	**15,341,930**

STATEMENT OF CASH FLOWS, INDIRECT METHOD

	Amount at 31/12/2024	Amount at 31/12/2023
A) Cash flow from operations (indirect method)		
Profit (loss) for the year	(3,341,201)	15,341,930
Income tax	(228,698)	150,243
Interest expense/(income)	(59,806)	186,628
(Dividends)	(3,395,804)	(1,238,400)
(Gains)/losses from disposal of assets	(33,919)	(20,287,839)
1) Profit (loss) for the year before income tax, interest, dividends and gains/losses from disposals	*(7,059,428)*	*(5,847,438)*
Adjustments for non-monetary items that did not have a balancing item in the net working capital		
Allocations to provisions	335,939	285,673
Amortization and depreciation of fixed assets	376,967	639,082
Impairment losses	5,900,000	6,300,000
Total adjustments for non-monetary items that had no balancing item in the net working capital	*6,612,906*	*7,224,755*
2) Cash flow before changes in net working capital	*(446,522)*	*1,377,317*
Changes in net working capital		
Decrease/(Increase) in inventory	127,700	4,328,047
Decrease/(Increase) in receivables from customers	(861,231)	5,417,620
Increase/(Decrease) in payables to suppliers	(240,718)	(5,041,221)
Decrease/(Increase) in accrued income and deferred expense	(26,574)	31,323
Increase/(Decrease) in accrued expense and deferred income	(114,355)	83,008
Other decreases/(Other increases) in net working capital	(994,696)	(879,743)
Total changes in net working capital	*(2,109,874)*	*3,939,034*
3) Cash flow after changes in net working capital	*(2,556,396)*	*5,316,351*
Other adjustments		
Interest received/(paid)	101,184	(163,264)
(Income tax paid)	26,875	(17,278)
Dividends received	3,395,804	1,238,400
(Utilization of provisions)	(246,537)	
Other receipts/(payments)		(1,426,527)
Total other adjustments	*3,277,326*	*(368,669)*
Cash flow from operations (A)	***720,930***	***4,947,682***
B) Cash flow from investing activities		
Tangible fixed assets		
(Purchases)	(3,787,016)	(2,660,261)
Disposals	58,304	24,798

	Amount at 31/12/2024	Amount at 31/12/2023
Intangible fixed assets		
(Purchases)	(39,034)	(39,351)
Financial fixed assets		
(Purchases)	(2,575,399)	(7,018,667)
Disposals	1,172,645	
Current financial assets		
(Purchases)		(6,000,000)
Disposals	3,000,000	
Disposal of business units net of cash		22,435,000
Cash flow from investing activities (B)	***(2,170,500)***	***6,741,519***
C) Cash flow from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	2,991,695	26,718
New loans	2,700,000	
(Repayment of loans)	(3,777,874)	(4,072,884)
Equity		
(Dividends and interim dividends paid)		(8,399,441)
Cash flow from financing activities (C)	***1,913,821***	***(12,445,607)***
Increase (decrease) in cash (A ± B ± C)	***464,251***	***(756,406)***
Cash, beginning of year		
Bank and postal deposits	6,072,915	6,829,251
Cash and valuables on hand	11,729	11,799
Total cash, beginning of year	6,084,644	6,841,050
Cash, end of year		
Bank and postal deposits	6,536,879	6,072,915
Cash and valuables on hand	12,016	11,729
Total cash, end of year	6,548,895	6,084,644

EXPLANATORY NOTES, OPENING SECTION

PATTERN S.P.A.

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

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31/12/2024

FOREWORD

These financial statements for the period from 1 January 2024 to 31 December 2024, prepared in accordance with the provisions of Article 19 of the EGM Issuer Regulation in force since 19 August 2024, consisting of the statement of financial position, the income statement, the statement of cash flows and the notes to the financial statements, were prepared in accordance with the provisions of Legislative Decree no. 127 of 9 April 1991, as supplemented by the amendments introduced by Legislative Decree no. 6 of 17 January 2003 and Legislative Decree no. 139 of 18 August 2015, and give a true and fair view of the Company's financial position and results of operations for the year. These financial statements are also accompanied by the Directors' Report on Operations presented earlier.

The Financial Statements were prepared in accordance with the provisions of Articles 2423 ter, 2424, 2424 bis, 2425, 2425 bis and 2425 ter of the Italian Civil Code.

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

The criteria applied in the valuation of the items in the financial statements and in the value adjustments are unchanged from the prior year and in accordance with the provisions of the Italian Civil Code, mainly contained in Article 2426, also following issuance by the Italian Accounting Body ("OIC") of the amendments to the accounting standards published until 18 March 2024.

Pursuant to the provisions of Articles 25 and 26 of Leg. Decr. no. 127/91, the Company prepared consolidated financial statements. The full consolidation scope includes the financial statements at 31 December 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 consolidation scope at 31 December 2024 changed from 31 December 2023, due to the inclusion of Umbria Verde Mattioli S.r.l., a company specializing in the production of men's and women's luxury knitwear, wholly acquired by the subsidiary SMT S.r.l..

PART I: GENERAL PRINCIPLES

1. These financial statements were prepared clearly and give a true and fair view of the Company's financial position and results of operations for the year (Article 2423, paragraph two, Italian Civil Code).

2. The information required by the specific provisions of law governing the preparation of financial statements was deemed sufficient to give a true and fair view. However, additional information deemed appropriate for a more complete and detailed disclosure was provided. This includes, in particular:

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

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

Preparation standards

PART II: PREPARATION STANDARDS OF THE FINANCIAL STATEMENTS

The financial statements at 31 December 2024 were drawn up in compliance with the provisions of the Italian Civil Code, construed and supplemented by the accounting standards prepared and revised by the Italian Accounting Body ("OIC") and, where missing and not conflicting, by those issued by the International Accounting Standards Board ("IASB").

The following standards were adopted in the preparation of the financial statements.

1. The items were measured pursuant to the principle of prudence and on a going concern basis, also taking account of the economic function of the asset or liability item considered (Article 2423 bis, paragraph I, no. 1, of the Italian Civil Code), and of substance over form in a transaction or contract.

2. Only profits earned at the end of the year were shown (Article 2423 bis, paragraph I, no. 2, Italian Civil Code).

3. Income and expense pertaining to the year were taken into account, regardless of the date of collection or payment (Article 2423 bis, paragraph I, no. 3, Italian Civil Code). Costs associated with profits charged to the year were considered accrued.

4. Risks and losses pertaining to the year were taken into account, even if they became known after year end (Article 2423 bis, paragraph I, no. 4, Italian Civil Code).

5. The heterogeneous elements included in the individual items were measured separately (Article 2423 bis, paragraph I, no. 5, Italian Civil Code).

6. The following criteria were applied for the structure of the statement of financial position and income statement.

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

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

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

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

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

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

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

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

Changes in accounting standards

8. The valuation criteria are unchanged from the prior year, except for what is shown in the "Revenue" section in Part III of these explanatory notes below, regarding the updates introduced by the first-time application of OIC 34 (Article 2423 bis, paragraph I, No. 6, Italian Civil Code).

Correction of material errors

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

Comparability and adjustment

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

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

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

- prudence;
- going concern assumption;
- material presentation;
- accruals basis;
- consistent valuation criteria, with the clarifications made in point 8 above;
- relevance;
- comparability, with the exception of Revenue for which the new OIC 34 (Article 2423 ter, paragraph V, Italian Civil Code) was applied prospectively in the year under review.

Valuation criteria applied

PART III: ACCOUNTING AND VALUATION CRITERIA

The criteria applied in the valuation of the items in the financial statements and in the value adjustments comply with the provisions of the Italian Civil Code, mainly contained in Article 2426 of the Italian Civil Code, also following issuance by the Italian Accounting Body ("OIC") of the amendments to the accounting standards issued until 18 March 2024.

The most important valuation criteria adopted in the preparation of the financial statements at 31 December 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.

Industrial patent and intellectual property rights

Application software purchased under ownership or acquired under an indefinite license for use is recognized as an asset at a value equal to the sums paid to obtain it and is amortized according to its useful life and, if not determinable, over 3 years.

Concessions, licenses, trademarks and similar rights

Concessions, licenses, trademarks and similar rights, if acquired against payment, are recorded under assets at a value equal to the sums paid by the Company to obtain them, and are amortized according to their useful life, which does not exceed the legal or contractual limit.
For trademarks, the useful life shall not exceed twenty years.
In the case of an internally-produced trademark, the cost recorded under intangible fixed assets includes the direct costs, both internal and external, incurred for its production.

Goodwill

Goodwill was recorded under assets with the consent of the Board of Statutory Auditors, in that it was acquired against payment, within the limits of the cost incurred for it following purchase of the business unit of Modalis S.r.l., in a procedure with an arrangement with creditors. Goodwill is fully amortized.

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

Other intangible fixed assets

Other intangible fixed assets include mainly the following items:

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

Tangible fixed assets

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

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

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

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

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

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

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

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

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

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

Tangible fixed assets are reclassified under current assets when they are intended to be disposed of, and are therefore measured at the lower of net book value and realizable value based on market trends, i.e. the selling price during the ordinary course of business net of direct costs of sale and disposal. Additionally, assets held for sale are no longer subject to depreciation.
Obsolete assets and, more generally, assets that will no longer be used or usable in the production cycle on a permanent basis, are measured at the lower of net carrying amount and recoverable value, and are no longer subject to depreciation.

Fixed assets in progress are not subject to depreciation.

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

Impairment losses on tangible and intangible fixed assets

At each reporting date, the company assesses whether there are any indications that tangible and intangible assets (including goodwill) may be impaired.

If there is such evidence, the carrying amount of the assets is reduced to the relating recoverable value, i.e., the higher of fair value less costs to sell and its value in use.

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

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

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

Capital grants for tangible fixed assets

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

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

Finance leases

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

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

Investments under financial fixed assets

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

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

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

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

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

The Company fully wrote down the cost of the investment in DYLOAN Bond Factory S.r.l. during the year under review, due to the additional loss recorded by the investee in 2024, which added to the losses from 2022 and 2023. This resulted in a total reduction of approximately 90 percentage points in equity holdings.

Receivables under financial fixed assets

Financial receivables recognized in the financial statements as from 1 January 2016 are measured at amortized cost, taking account of the time factor and estimated realizable value.

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

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

Inventory

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

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

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

Inventory of raw and ancillary materials and consumables

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

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

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

Inventory of work in progress and semi-finished products

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

Inventory of finished products and goods

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

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

Receivables under current assets

Receivables entered in the financial statements are recognized at amortized cost, taking account of the time factor and estimated realizable value.

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

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

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

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

Current financial assets

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

Cash

Cash is measured according to the following criteria:

- bank deposits, postal deposits and cheques (current account, bankers' drafts and similar), being receivables, are measured in accordance with the general principle of estimated realizable value. This value normally coincides with the nominal value, while in situations of difficult collectability the estimated net realizable value is shown;
- cash and stamps on hand are measured at nominal value;
- foreign currency holdings are measured at the exchange rate in force at the year-end date.

Accruals and deferrals

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

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

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

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

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

Provisions for risks and charges

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

Post-employment benefits

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

Payables

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

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

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

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

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

Transaction costs, any commission income and expense and difference between initial value and nominal value at maturity are included in the calculation of amortized cost using the effective interest method over the expected life of the payable.
Under OIC 19, the Company has applied the amortized cost method with regard to payables to Banks classified under item D.4) of the Statement of financial position - Liabilities, while it has not applied the amortized cost method for all other types of payables recorded in the Statement of financial position - Liabilities, since compliance with the method would have had an irrelevant effect for the purposes of a true and fair presentation.

Revenue

As of 1 January 2024, the Company has applied "OIC 34 - Revenues" for recognizing revenue from services and the sale of goods, regardless of its classification in the income statement.

It is specified that revenue from business disposals, rental income, reversions, and transactions not related to buying and selling are excluded from the application of OIC 34. Due to their specific nature, these transactions are addressed under other accounting standards.

Revenue was recorded on an accrual basis. Specifically, for the primary accounting units representing:

- *sales of goods*, revenue is recognized when the substantial transfer of risks and rewards associated with the sale has occurred, and the amount of revenue can be reliably determined;
- *provision of services*, revenue is recognized when the service has been fully completed, as the progress criterion could not be applied.

The effects of the first-time application of OIC 34 have been recognized in accordance with OIC 29. Specifically, the Company has applied the new standard prospectively, meaning it applies only to sales contracts (and other related transactions governed by OIC 34) entered into as of 1 January 2024, without the need to adjust comparative balances.
However, for sales contracts (and other related transactions governed by OIC 34) entered into before 1 January 2024, the Company continued to apply the previous accounting provisions.

Costs

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

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

Income Tax

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

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

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

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

Deferred taxation

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

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

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

Items denominated in foreign currencies

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

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

Financial derivatives

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

Transactions which, in compliance with the risk management policies implemented by the company, are able to meet the requirements set by the standard for treatment as hedge accounting, are classified as hedges and, specifically, as cash flow hedges.

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

Cash flow hedge: if a financial derivative is to hedge the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecast transaction that could affect the income statement, the effective portion of any profit or loss on the financial derivative is recognized directly in equity under item A) VII *Reserve for hedges of expected cash flows*. The cumulative profit or loss is recorded in the income statement in the same period in which the relevant operating effect of the hedged transaction is recognized and is recorded as an adjustment to the hedged item. The gain or loss associated with a hedge (or a portion of the hedge) which has become ineffective is immediately recorded in the income statement under item D) 18 d) *write-back of financial derivatives* and D) 19 d) *write-down of financial derivatives*, respectively. If a hedging instrument or a hedging relationship is terminated, but the hedged transaction has not yet taken place, the cumulative profit or loss, up to that moment recorded in the specific Equity reserve, is recorded in the income statement upon completion of the related transaction in connection with the recognition of the operating effects of the hedged transaction. If the hedged transaction is no longer considered probable, the cumulative unrealized profit or loss still recognized in equity is immediately recognized in the income statement in D18 d) or D19 d).

Financial derivatives with a positive fair value are classified under Current Assets (item C.III.5 Financial derivative assets) or under Provisions for risks if the fair value is negative (item B3 *Provision for financial derivative liabilities*).
Where hedge accounting cannot be applied, profit or loss arising from the measurement of the derivative instrument is recognized immediately in the income statement under items D18 d) or D19 d).

Other information

PART IV: REVIEW OF INDIVIDUAL ITEMS

Foreword

The additional information required by Articles 2426 and 2427 of the Italian Civil Code, as well as any additional information required by Article 2423, paragraph III, of the Italian Civil Code, is provided, where necessary, following the order of the items envisaged in the mandatory financial statements. *For the statement of financial position and income statement items indicated below, the amount of the corresponding item for the prior year was shown. The items are comparable (Article 2423 ter, paragraph V, Italian Civil Code).*

EXPLANATORY NOTES - ASSETS

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

Fixed assets

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

Intangible fixed assets

B.I) Intangible fixed assets

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

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

Movements in intangible fixed assets

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

	Start-up and expansion costs	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Goodwill	Other intangible fixed assets	Total intangible fixed assets
Amount at beginning of year						
Cost	37,712	270,676	399,460	301,380	184,536	1,193,764
Amortization (Amortization fund)	37,712	219,652	185,334	301,380	97,286	841,364
Write-downs	-	-	195,706	-	-	195,706
Carrying amount	-	51,024	18,420	-	87,250	156,694
Changes in the year						
Increases from acquisitions	-	110,100	-	-	-	110,100
Amortization for the year	-	70,609	2,015	-	12,592	85,216
Total changes	-	*39,491*	*(2,015)*	-	*(12,592)*	*24,884*
Amount at year end						
Cost	-	380,776	399,460	301,380	184,536	1,266,152
Amortization (Amortization fund)	-	290,261	187,349	301,380	109,878	888,868
Write-downs	-	-	195,706	-	-	195,706
Carrying amount	-	90,515	16,405	-	74,658	181,578

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

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Software licenses	380,776	90,515
Total	**380,776**	**90,515**

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

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Trademarks and brands	399,461	16,405
Provision for write-down of trademark	(195,706)	0
Total	**203,755**	**16,405**

As mentioned in Part III of these Notes, in 2022, the residual value of the Esemplare Trademark was written down; the trademark was acquired in the same year as a result of the merger by incorporation of Pattern Project.

B.I.5) Goodwill

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

The item is broken down as follows:

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

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

B.I.7) Other intangible fixed assets

The item is broken down as follows:

Nature of asset	Gross amount	Net amount
Extraordinary leasehold improvements	182,528	74,436
Other costs with long-term useful life	2,008	222
Total	**184,536**	**74,658**

Tangible fixed assets

B.II) Tangible fixed assets

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

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

Movements in tangible fixed assets

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

	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets in progress and advances	Total tangible fixed assets
Amount at beginning of year						

	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets in progress and advances	Total tangible fixed assets
Cost	4,524,134	1,342,292	159,645	761,288	265,994	7,053,353
Depreciation (Depreciation fund)	131,613	576,771	157,651	498,939	-	1,364,974
Carrying amount	4,392,521	765,521	1,994	262,349	265,994	5,688,379
Changes in the year						
Increases from acquisitions	-	23,880	-	83,594	4,890,869	4,998,343
Decreases due to disposals and divestments (of the carrying amount)	-	-	-	56,736	-	56,736
Depreciation for the year	60,544	144,088	924	86,195	-	291,751
Total changes	*(60,544)*	*(120,208)*	*(924)*	*(59,337)*	*4,890,869*	*4,649,856*
Amount at year end						
Cost	4,524,134	1,366,172	159,645	785,323	5,156,863	11,992,137
Depreciation (Depreciation fund)	192,157	720,859	158,575	582,311	-	1,653,902
Carrying amount	4,331,977	645,313	1,070	203,012	5,156,863	10,338,235

The most significant increases in Tangible Fixed Assets are related to “Fixed assets in progress and advances", which reflect expenditure for work connected to the Company's construction of the Group’s new headquarters in Collegno, Piedmont. This is expected to be completed next year.

Finance leases

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

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

Amount	
Total amount of leased financial assets at year end	105,692
Depreciation that would have been charged in the year	4,039
Present amount of instalments of fees not yet due at year end	39,642
Financial expense for the year based on the effective interest rate	2,395

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

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

Financial fixed assets

Movements in investments, other securities and fixed financial derivative assets

B.III.1) Investments

On 21 March 2024, 24% of the share capital of the associate MTD - Manifattura Tessuti Double S.r.l. - was acquired.
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%.

The amount of the total investment in Dyloan Bond Factory S.r.l., as mentioned in Part III of these notes, was fully written off for a further € 5.9 million.

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

	Investments in subsidiaries	Investments in associates	Total investments	Financial derivative assets
Amount at beginning of year				
Cost	24,431,434	-	24,431,434	94,098
Write-downs	6,300,000	-	6,300,000	-

	Investments in subsidiaries	Investments in associates	Total investments	Financial derivative assets
Carrying amount	18,131,434	-	18,131,434	94,098
Changes in the year				
Increases from acquisitions	6,200,000	2,400	6,202,400	-
Write-downs made during the year	5,900,000	-	5,900,000	-
Other changes	1,200,000	-	1,200,000	(70,338)
Total changes	1,500,000	2,400	1,502,400	(70,338)
Amount at year end				
Cost	31,831,434	2,400	31,833,834	23,760
Write-downs	12,200,000	-	12,200,000	-
Carrying amount	19,631,434	2,400	19,633,834	23,760

Changes in and maturity of long-term receivables

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

	Amount at beginning of year	Changes in the year	Amount at year end	Portion due within one year	Portion due beyond one year
Receivables from subsidiaries	900,000	(400,000)	500,000	500,000	-
Receivables from associates	-	48,000	48,000	48,000	-
Receivables from others	2,100,160	(647,646)	1,452,514	732,854	719,660
Total	**3,000,160**	**(999,646)**	**2,000,514**	**1,280,854**	**719,660**

B.III.2 a) Receivables from subsidiaries

The item is broken down as follows:

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

Regarding interest-bearing loans, entered into in the prior year under treasury agreements with subsidiaries Dyloan Bond Factory S.r.l. and Idee Partners S.r.l., the Company waived repayment of the outstanding loan with Dyloan Bond Factory S.r.l. during the year.

B.III.2 b) Receivables from associates

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Manifattura Tessuti Double Srl	48,000	0
Total	**48,000**	**0**

During the year, the Company granted an interest-free loan to the associate M.T.D. S.r.l.

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

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
within one year		
Escrow Deposit	727,355	700,000
Security deposits on contracts	5,499	
beyond one year		
Escrow Deposit	700,000	1,400,000
Security deposits on rents	19,660	160
Total	**1,452,514**	**2,100,160**

Long-term receivables from others are represented by the escrow deposit amounting to € 1,400,000, plus interest. This deposit was set up under the terms of payment in the contract of sale of the investment in IGD Outerwear S.r.l. that took place in the prior year, along with security deposits for contracts and rents.

Details of long-term investments in subsidiaries

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

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the most recent year in €	Equity in €	Stake held in €	Stake held in %	Book value or corresponding receivable
DYLOAN BOND FACTORY SRL	CHIETI (CH)	01876580695	400,000	(2,982,552)	521,167	521,167	100.000	-

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the most recent year in €	Equity in €	Stake held in €	Stake held in %	Book value or corresponding receivable
SMT SRL	CORREGGIO (RE)	01182020352	1,000,000	6,469,782	26,276,447	21,021,158	80.000	15,600,000
IDEE PARTNERS SRL	SCANDICCI (FI)	06165440964	1,000,000	(678,492)	2,873,589	1,520,703	52.920	4,031,434
Total								19,631,434

The investment in the subsidiary DYLOAN Bond Factory S.r.l. (100%) initially recorded based on the cost incurred for its acquisition, was fully written down in the year under review.

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

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

Details on long-term investments in associates

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

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the most recent year in €	Equity in €	Stake held in €	Stake held in %	Book value or corresponding receivable
Manifattura Tessuti Double Srl	Santeramo in Colle (BA)	08922560720	10,000	291	10,291	2,470	24.000	2,400
Total								2,400

The investment in the associate M.T.D. S.r.l. (24%) is measured on the basis of the cost incurred for its acquisition.

Breakdown of long-term receivables by geographical area

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

Geographical area	Long-term receivables from subsidiaries	Long-term receivables from associates	Long-term receivables from others	Total long-term receivables
ITALY	500,000	48,000	1,452,514	2,000,514

Amount of financial fixed assets

There are no financial fixed assets recorded at a value higher than the relating fair value.

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

Details of the value of long-term receivables from subsidiaries

Description	Carrying amount	Fair value
Idee Partners Srl	500,000	500,000
Total	**500,000**	**500,000**

B.III.4) Financial derivative assets

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

Financial derivative assets	Beginning of year	Change	End of year
Recognition of fair value of derivative assets	94,098	(70,338)	23,760
Total	**94,098**	**(70,338)**	**23,760**

Current assets

Inventory

Inventory under current assets amounted to € 716,063 (€ 788,569 in the prior year).
Given the risk of obsolescence and the risk of slow-moving goods, the value of inventory was adjusted by means of a specific provision for write-down totaling € 795,845, broken down as follows:

- € 260,268 as a reduction in the value of raw materials inventory. This provision decreased from the amount at the end of the prior year (€ 413,864) following the disposal of obsolete materials;
- € 535,577 as a reduction in the value of finished products inventory. This provision increased versus the amount at the end of the prior year (€ 437,175), as the disposal of obsolete finished garments did not occur by the end of the year.

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

	Amount at beginning of year	Changes in the year	Amount at year end
raw and ancillary materials and consumables	234,105	(52,753)	181,352

	Amount at beginning of year	Changes in the year	Amount at year end
work in progress and semi-finished products	146,413	199,168	345,581
finished products and goods	408,051	(218,921)	189,130
Total	*788,569*	*(72,506)*	*716,063*

Inventory of raw materials decreased as in the prior year, after adjusting for obsolescence and slow movement, attributable to the increase in the relevance of customers operating on a job order basis.

Inventory of Finished Products and Goods decreased, as part of the production was in work in progress. This is reflected in the parallel increase in inventory of work in progress versus the prior year.

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

Raw and ancillary materials and consumables	Beginning of year	Change	End of year
Raw materials in stock	600,101	(158,481)	441,620
Provision for write-down of raw materials inventory	(413,864)	153,596	(260,268)
Raw materials in transit	47,868	(47,868)	0
Total	**234,105**	**(52,753)**	**181,352**

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

Work in progress and semi-finished products	Beginning of year	Change	End of year
Work in progress	146,413	198,168	345,581
Provision for write-down of work in progress inventory	0	0	0
Total	**146,413**	**198,168**	**345,581**

C.I.4) Finished products and goods

Finished products and goods	Beginning of year	Change	End of year
Finished products	798,650	(74,281)	724,369
Provision for write-down of finished products inventory	(437,175)	(98,402)	(535,577)
Finished products in transit	46,576	(46,238)	338
Total	**408,051**	**(218,921)**	**189,130**

Receivables under current assets

Receivables under current assets amounted to € 10,314,158 (€ 9,986,304 in the prior year).

Changes in and maturity of receivables under current assets

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

	Amount at beginning of year	Change in the year	Amount at year end	Portion due within one year	Portion due beyond one year
Receivables from customers	3,158,363	861,231	4,019,594	4,019,594	-
Receivables from subsidiaries	1,070,176	(661,700)	408,476	408,476	-
Tax receivables	3,597,706	2,187,453	5,785,159	5,751,130	34,029
Prepaid tax	98,153	(4,676)	93,477	-	-
Receivables from others	2,061,906	(2,054,454)	7,452	7,452	-
Total	**9,986,304**	**327,854**	**10,314,158**	**10,186,652**	**34,029**

The breakdown of receivables under current assets is as follows:

C.II. 1) Receivables from customers

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Receivables from customers	4,346,929	3,395,490
Invoices to issue	120,038	52,410
Credit notes to issue	(142,175)	(1,210)
Bank receipts	0	0
Provision for bad debts	(305,198)	(288,327)
Total	**4,019,594**	**3,158,363**

The increase in receivables from customers reflects the increase in production and sales in the latter part of the year.

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

opening provision for bad debts	288,327
utilization in the year	(6,430)
allocation for the year	23,301
closing provision for bad debts	305,198

The adjustment provision refers to receivables from customers.

C.II. 2) Receivables from subsidiaries

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount

Idee Partners S.r.l., invoices issued	45,654	44,821
Umbria Verde Mattioli S.r.l., invoices to be issued	6,720	0
Dyloan Bond Factory S.r.l., invoices issued	3,934	1,228
SMT S.r.l., invoices issued	279,193	177,555
SMT S.r.l., Tax Consolidation	0	846,572
Nuova Nicol S.r.l., Tax Consolidation	72,975	0
Total	**408,476**	**1,070,176**

With regard to the subsidiary Nuova Nicol S.r.l., as a result of its adherence to the optional tax consolidation scheme, the remuneration accrued during the year due for the transfer of the payable to the tax authorities for IRES, net of receivables for withholding tax incurred on interest income, as well as tax advances paid, amounting to € 72,975, was recorded in the receivables due from the subsidiary under item C.II.2) Receivables from subsidiaries.

C.II. 5-bis) Tax receivables

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Within 12 months		
Revenue Agency VAT a/c	4,241,672	3,347,620
IRAP receivable	44,792	4,663
IRES receivable	1,408,945	68,501
Other tax receivables	55,721	87,172
Over 12 months		
Other tax receivables	34,029	89,750
Total	**5,785,159**	**3,597,706**

For information sake, it is noted that the item “Other tax receivables" includes the tax receivable for expenditure in capital goods pursuant to Article 1, paragraphs 184-197 of Law 160/2019 and Article 1, paragraphs 1051-1063 of Law 178/2020 for a total of € 89,750 (of which € 34,029 beyond 12 months).

C.II. 5-ter) Deferred tax assets

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount
Deferred tax assets	93,477	98,153
Total	**93,477**	**98,153**

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

C.II. 5-quater) Other receivables

The item is broken down as follows:

Nature of receivable	Current-year amount	Prior-year amount

Receivables from social security entities	7,052	222
Advances to suppliers	400	11,155
Sundry receivables	0	2,050,529
Total	**7,452**	**2,061,906**

For information sake, it should be noted that during the year under review, € 2,050,416 was collected, representing the receivable adjustment for the business unit transfer transaction that took place in the prior year to the transferee Burberry Tecnica S.r.l. (formerly IGD Outerwear S.r.l.).

Breakdown of receivables under current assets by geographical area

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

Geographical area	Receivables from customers under current assets	Receivables from subsidiaries under current assets	Tax receivables under current assets	Deferred tax assets under current assets	Other receivables under current assets	Total receivables under current assets
EU	2,296,884	-	-	-	-	2,296,884
EXTRA EU	1,482,788	-	-	-	-	1,482,788
ITALY	239,922	408,476	5,785,159	93,477	7,452	6,534,486
Total	**4,019,594**	**408,476**	**5,785,159**	**93,477**	**7,452**	**10,314,158**

The above breakdown shows that the amount of receivables, receivables from customers in the Eurozone and outside Europe in particular, represents approximately 94% of the total amount of receivables. The analysis clearly confirms, also for 2024, that Pattern S.p.A. continues to target an international market in particular, consistent with the specific nature of its core business and business sector.

Current financial assets

Changes in current financial assets

Financial assets under current assets amounted to € 4,000,000 (€ 7,000,000 in the prior year).

On 9 May 2024, the escrow account deposit, so-called time deposit set up with Intesa Sanpaolo Spa in the prior year, for the amount of € 7 million, was settled.

On 23 December 2024, the Company set up an escrow account deposit with Intesa Sanpaolo Spa, so-called time deposit:

- for the amount of € 2 million, maturing on 19 March 2025;
- for the amount of € 2 million, maturing on 19 June 2025.

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

Item description	Amount at beginning of year	Changes in the year	Amount at year end
other securities	7,000,000	(3,000,000)	4,000,000
Total	*7,000,000*	*(3,000,000)*	*4,000,000*

Cash

At year end, cash amounted to € 6,548,895 (€ 6,084,644 in the prior year).

Reference is made to the Statement of Cash Flows for changes in cash flow in 2024.

	Amount at beginning of year	Changes in the year	Amount at year end
bank and postal deposits	6,072,915	463,964	6,536,879
cheques	-	-	-
cash and valuables on hand	11,729	287	12,016
Total	*6,084,644*	*464,251*	*6,548,895*

Accrued income and deferred expense

	Amount at beginning of year	Change in the year	Amount at year end
Accrued income	116,064	(53,554)	62,510
Deferred expense	128,191	31,454	159,645
Total accrued income and deferred expense	**244,255**	**(22,100)**	**222,155**

The increase in the amount of deferred expense recorded in the financial statements, versus the prior year, is due primarily to certain IT and listing costs incurred during the year but partly accrued in the following year.

Description	Detail	Current-year amount
ACCRUALS AND DEFERRALS		
	ACCRUED INCOME	
	GSE Incentive Tariff	5,241
	Interest income	57,269
	DEFERRED EXPENSE	
	Term contract work compensation	9,324
	Property lease fees	142
	Purchase of services	22,835
	Insurance	13,049
	Service contracts	3,185

Description	Detail	Current-year amount
	Software support contracts	40,572
	Maxi lease fees	2,256
	Bank and miscellaneous expense	17,618
	Rental expense	46,361
	Sponsorships and advertising	4,303
	Total	**222,155**

Capitalized financial expense

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

EXPLANATORY NOTES - LIABILITIES AND EQUITY

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

Equity

A.I) Share capital

The subscribed and paid-up share capital, amounting to € 1,441,293, 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 16 April 2024 a free share capital increase in the amount of € 5,000.00 was made, following the exercise of no. 50,000 rights related to the first tranche of the 2023-2025 Stock Grant Plan by the CEO. 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 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..

A.IV) Legal reserve

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

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

A.VI) Other equity reserves

Extraordinary reserve

The Extraordinary Reserve amounts to € 16,916,914 with the following movements in the year:

Extraordinary reserve	Amount
Prior-year amount	1,575,984
Allocation of prior year's profit	15,340,930
Balance at year end	**16,916,914**

Reserve for merger surplus

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

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

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

Other reserves

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

With a resolution passed 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. During the reporting period, as mentioned earlier, the reserve was used for a free share capital increase of € 5,000, following allocation of the first tranche of the above Stock Grant Plan.

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 year end	**15,000**

A.VII) Reserve for hedges of expected cash flows

The Reserve for hedges of expected cash flows amounts to € 18,057 and refers to the fair value at 31.12.24 of two IRS derivative contracts to hedge the interest rate risk on loans entered into in prior years by the Company. The Reserve is recognized net of deferred tax effects of € 5,702 pursuant to OIC 32.

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

Changes in equity items

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

	Amount at beginning of year	Allocation of prior year's result - Other allocations	Other changes - Increases	Other changes - Decreases	Profit (loss) for the year	Amount at year end
Share capital	1,436,293	-	5,000	-	-	1,441,293
Share premium reserve	9,548,705	-	-	-	-	9,548,705
Legal reserve	287,259	1,000	-	-	-	288,259
Extraordinary reserve	1,575,984	15,340,930	-	-	-	16,916,914
Merger surplus reserve	174,449	-	-	-	-	174,449
Various other reserves	20,000	-	(5,000)	-	-	15,000
Total other reserves	1,770,433	15,340,930	(5,000)	-	-	17,106,363
Reserve for hedges of expected cash flows	71,514	-	-	53,457	-	18,057
Profit (loss) for the year	15,341,930	(15,341,930)	-	-	(3,341,201)	(3,341,201)
Total	**28,456,134**	**-**	**-**	**53,457**	**(3,341,201)**	**25,061,476**

Availability and utilization of equity

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

Description	Amount	Origin/Nature	Eligibility for utilization	Portion available	Summary of utilizations made in the past three years - for other reasons
Share capital	1,441,293	Share capital		-	-
Share premium reserve	9,548,705	Share capital	A;B;C	9,548,705	-
Legal reserve	288,259	Profit	B	288,259	-
Extraordinary reserve	16,916,914	Profit	A;B;C	16,916,914	8,399,441
Merger surplus reserve	174,449	Profit	A;B;C	174,449	-
Various other reserves	15,000	Profit	A	15,000	33,738
Total other reserves	17,106,363	Profit		17,106,363	-
Reserve for hedges of expected cash flows	18,057	Profit		-	-
Total	**28,402,677**			**26,943,327**	**8,433,179**
Non-distributable portion				303,259	
Remaining distributable portion				26,640,066	
Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory obligations; E: other					

Origin, eligibility for utilization and distribution of various other reserves

Description	Amount	Origin/Nature	Eligibility for utilization	Portion available	Summary of utilizations made in the past three years - for other reasons
Restricted reserve for share capital increase	15,000	Profit	A	15,000	33,738
Total	**15,000**			**15,000**	**33,738**

Description	Amount	Origin/Nature	Eligibility for utilization	Portion available	Summary of utilizations made in the past three years - for other reasons
Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory obligations; E: other					

Changes in the reserve for hedges of expected cash flows

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

	Amount at beginning of year	Changes in the year - Decrease due to change in fair value	Changes in the year - Deferred tax effect	Amount at year end
Reserve for hedges of expected cash flows	71,514	59,159	5,702	18,057

Lastly, it should be noted that no Equity item at 31 December 2024 is subject to tax suspension restrictions.

Provisions for risks and charges

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

	Amount at beginning of year	Changes during the year - Other changes	Changes in the year - Total	Amount at year end
Provision for tax, including deferred tax	22,583	(16,881)	(16,881)	5,702

Post-employment benefits

Post-employment benefits are recorded under liabilities for a total of € 866,873 (€ 722,277 in the prior year).

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

	Amount at beginning of year	Changes in the year - Allocation	Changes in the year - Utilization	Changes in the year - Total	Amount at year end
POST-EMPLOYMENT BENEFITS	722,277	409,010	264,414	144,596	866,873

Payables

Payables are recorded under liabilities for a total of € 27,826,719 (€ 21,633,470 in the prior year).

Changes and maturity of payables

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

	Amount at beginning of year	Change in the year	Amount at year end	Portion due within one year	Portion due beyond one year	Of which with residual maturity of over 5 years
Payables to banks	11,584,652	1,996,041	13,580,693	6,030,294	7,550,399	2,700,000
Payables to other lenders	242,221	(82,220)	160,001	80,001	80,000	-
Advances	11,270	(6,647)	4,623	4,623	-	-
Payables to suppliers	5,048,392	1,009,325	6,057,717	6,057,717	-	-
Payables to subsidiaries	1,264,168	306,375	1,570,543	1,570,543	-	-
Tax payables	251,807	(28,609)	223,198	223,198	-	-
Payables to welfare and social security entities	459,458	38,706	498,164	498,164	-	-
Other payables	2,771,502	2,960,278	5,731,780	1,731,780	4,000,000	-
Total	**21,633,470**	**6,193,249**	**27,826,719**	**16,196,320**	**11,630,399**	**2,700,000**

Breakdown of payables by geographical area

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

Geographical area	Payables to banks	Payables to other lenders	Advances	Payables to suppliers	Payables to subsidiaries	Tax payables	Payables to welfare and social security entities	Other payables	Payables
ITALY	13,580,693	160,001	4,623	6,018,228	1,570,543	223,198	498,164	5,731,780	27,787,230
EU	-	-	-	2,750	-	-	-	-	2,750
EXTRA EU	-	-	-	36,739	-	-	-	-	36,739
Total	**13,580,693**	**160,001**	**4,623**	**6,057,717**	**1,570,543**	**223,198**	**498,164**	**5,731,780**	**27,826,719**

Payables secured by collateral on company assets

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

	Payables unsecured by collateral	Total
Payables to banks	13,580,693	13,580,693
Payables to other lenders	160,001	160,001
Advances	4,623	4,623
Payables to suppliers	6,057,717	6,057,717
Payables to subsidiaries	1,570,543	1,570,543
Tax payables	223,198	223,198
Payables to welfare and social security entities	498,164	498,164
Other payables	5,731,780	5,731,780
Total payables	**27,826,719**	**27,826,719**

Loans made by shareholders of the company

The Company has not received any shareholder loans.

Other debt items are detailed below:

D.4) Payables to banks

Payables to banks are shown below:

Nature of payable	Current-year amount	Prior-year amount
Within 12 months		
Credit cards	14,093	10,056
Loans without collateral	5,998,367	3,706,201
Bank fees to settle	17,834	30,176
Over 12 months		
Loans without collateral	7,550,399	7,838,219
Total	**13,580,693**	**11,584,652**

Details of outstanding loans, shown at amortized cost, are provided below, as anticipated in Part III of these Notes.

Bank	Amount granted	Disbursement	Maturity	Remaining debt at 31.12.2024	Debt within 12 months	Debt over 12 months
Unicredit	2,997,285	2020	2025	175,041	175,041	0
Intesa Sanpaolo	2,994,286	2020	2026	1,000,207	673,602	326,605
BNL	2,348,017	2020	2026	830,553	553,284	277,269
Intesa Sanpaolo	3,493,000	2021	2028	2,334,679	581,665	1,753,014
Banco-BPM	2,495,000	2022	2029	1,780,524	413,493	1,367,031
CREDEM	2,996,400	2022	2027	1,727,763	601,283	1,126,480

Intesa Sanpaolo	2,700,000	2024	2035	2,700,000	0	2,700,000
CREDEM	3,000,000	2024	2025	3,000,000	3,000,000	0
TOTAL	**23,023,988**			**13,548,767**	**5,998,368**	**7,550,399**

Bank	**Remaining debt prior year**	**New loans**	**Repayments**	**Remaining debt current year**
Banco-BPM	250,067	0	(250,067)	0
Unicredit	841,153	0	(666,112)	175,041
Intesa Sanpaolo	1,665,692	0	(665,485)	1,000,207
BNL	1,383,766	0	(553,213)	830,553
Intesa Sanpaolo	2,913,004	0	(578,325)	2,334,679
Banco-BPM	2,190,773	0	(410,249)	1,780,524
CREDEM	2,299,965	0	(572,202)	1,727,763
Intesa Sanpaolo	0	2,700,000	0	2,700,000
CREDEM	0	3,000,000	0	3,000,000
TOTAL	**11,544,420**	**5,700,000**	**(3,695,653)**	**13,548,767**

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

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

- IRS Sanpaolo indicates a positive Mark To Market of €: 22,560;

- IRS Unicredit indicates a positive Mark To Market of €: 1,200.

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

D.5) Payables to other lenders

In 2019 (on 30 January 2019), the Company took out a loan with SIMEST S.p.A. (loan to support the capitalization of exporting SMEs pursuant to Article 6, paragraph 2, lett. c, of Law no. 133/2008) for the amount of € 400,000, expiring on 31 December 2026.
During the year, the Company paid off the loan with Porsche Financial Service S.p.A. for the maintenance of the car under a finance lease, which was closed during the year.

Nature of payable	**Current-year amount**	**Prior-year amount**
Within 12 months		
Simest Spa loan	80,001	80,001
Porsche Financial Service Spa loan	0	2,219
Over 12 months		
Simest Spa loan	80,000	160,001
Total	**160,001**	**242,221**

D.6) Advances

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Customer advances	4,623	11,270
Total	**4,623**	**11,270**

D.7) Payables to suppliers

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Invoices received	5,537,361	3,987,529
Invoices to receive	531,957	1,139,705
Credit notes to receive	(11,601)	(78,842)
Total	**6,057,717**	**5,048,392**

The amount of payables to suppliers increased versus the prior year, together with the increase in receivables from customers. This rise can be attributed to the higher activity in the last quarter of the year versus the same period of 2023.

D.9) Payables to subsidiaries

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Idee Partners S.r.l., invoices received	8,291	19,685
Idee Partners S.r.l., credit notes to be received	0	(6,980)
Idee Partners S.r.l., Tax Consolidation	209,054	117,492
Dyloan Bond Factory S.r.l., invoices received	174,760	298,967
Dyloan Bond Factory S.r.l., invoices to be received	18,205	31,940
Dyloan Bond Factory S.r.l., credit notes to be received	(12,010)	0
Dyloan Bond Factory S.r.l., Tax Consolidation	754,876	691,441
SMT S.r.l., invoices received	197,806	81,699
SMT S.r.l., invoices to be received	70,054	29,916
SMT S.r.l., Tax Consolidation	149,507	0
Total	**1,570,543**	**1,264,168**

The effect of joining the optional tax consolidation scheme for the three-year period 2023 - 2025 was recognized in payables to subsidiaries under item D.9) Payables to subsidiaries.

D.12) Tax payables

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Revenue Agency withholding tax on employees a/c	214,801	188,878
Revenue Agency withholding tax on self-employed work a/c	5,883	19,910
Revenue Agency - Withholding tax on post-employment benefits a/c	809	0
Other tax payables	1,705	43,019
Total	**223,198**	**251,807**

D.13) Payables to welfare and social security entities

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Inps	309,474	269,181
Inail	0	344
Inps and Inail accruals	114,924	120,796
Contributions to supplementary pension funds	72,799	68,276
Enasarco	967	861
Total	**498,164**	**459,458**

D.14) Other payables

The item is broken down as follows:

Nature of payable	Current-year amount	Prior-year amount
Payables for salaries to settle	317,425	312,118
Payables for commissions to settle	0	965
Payables to pension funds	4,350	6,021
Accruals for holidays not taken	410,005	425,311
Other payables	5,000,000	2,027,087
Total	**5,731,780**	**2,771,502**

This item includes residual payables for accrued but not yet paid accruals to employees, as well as the payable to Camer S.r.l. of € 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.

Accrued expense and deferred income

The item is broken down as follows:

	Amount at beginning of year	Change in the year	Amount at year end
Accrued expense	114,537	(82,076)	32,461
Deferred income	225,536	(39,575)	185,961
Total accrued expense and deferred income	**340,073**	**(121,651)**	**218,422**

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

Description	Detail	Current-year amount
ACCRUALS AND DEFERRALS		
	ACCRUED EXPENSE	-
	Insurance	6,382
	Services and utilities	1,964
	Interest expense	23,513
	Other	602
	DEFERRED INCOME	-
	Capital goods investment bonus	185,961
	Total	**218,422**

EXPLANATORY NOTES, INCOME STATEMENT

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

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

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

Value of production

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

Breakdown of revenue from sales and services by business category

A.1) Revenue

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

Business category	Current-year amount
Production area	26,476,134
Engineering area	2,685,097
Other revenue	187,718
Total	**29,348,949**

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

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

Revenue from sales decreased during the year due to the loss of the business unit transferred to Burberry in October of the prior year.
For an in-depth analysis of this issue, reference is made to the Directors' Report on Operations.

Breakdown of revenue from sales and services by geographical area

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

Geographical area	Current-year amount
Italy	3,336,622
EU	19,739,673
Extra EU	6,272,654
Total	**29,348,949**

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

Geographical area	Prior-year amount
Italy	4,046,241
EU	15,745,479
Extra EU	26,992,113

Geographical area	Prior-year amount
Total	**46,783,833**

The overall share of business with foreign customers is 88.63%, down from 91.35% last year.
The EU area saw an increase, while the Extra EU area experienced a sharp decrease due to the divestment of the Burberry business unit following the transfer made at the end of the prior year.

A.5) Other income

Income is as follows:

Nature	Current-year amount	Prior-year amount
Operating grants		
Incentive Rate	17,186	16,282
Training plan grant Fondirigenti / Fondimpresa	44,020	27,500
Tax receivable, LD 176/2022	0	13,714
Other revenue		
Ordinary capital gains	33,919	18,470
Capital grants	39,575	37,761
Compensation for damages	7,486	23,875
Outgoing secondment	449,173	136,648
Other revenue and income	351,941	205,190
Total	**882,094**	**479,440**

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

Production costs

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

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

This item amounted to € 3,482,370 (€ 9,671,226 in the prior year) and includes mainly costs incurred for the procurement of raw materials and accessories used in the production of garments made by the company.

B.7) Service costs

These involve mainly the following types of services:

Nature	Current-year amount	Prior-year amount
Production services	15,600,033	18,966,219
Commercial services	544,557	795,063

Administrative and management services	1,755,432	2,188,224
Total	**17,900,022**	**21,949,506**

Specifically:

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

B.8) Rentals and leases

Costs are as follows:

Nature	Current-year amount	Prior-year amount
Rental payments	74,000	84,104
Lease payments	25,486	224,024
Fees for software use	119,728	96,004
Car rental fees	191,836	194,015
Other rentals and leases	35,403	50,811
Total	**446,453**	**648,958**

B.9) Personnel expense

Labour costs totaled € 8,858,587 (€ 11,462,460 in the prior year). The decrease was due to the loss of the major business unit sold to Burberry in the last quarter of the prior year, 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	Current-year amount	Prior-year amount
Sundry tax and duties	72,995	85,896
Contingent liabilities	91,479	18,450
Other sundry operating expense	97,687	115,817

Total	**262,161**	**220,163**

Financial income and expense

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

Breakdown of income from investments

C.15) Income from investments

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

	Income from investments
From subsidiaries	3,395,804
Total	**3,395,804**

Income from investments from subsidiaries refers to the dividend passed on 23 April by the subsidiary S.M.T S.r.l. as allocation of the prior year's result of € 3,200,000, and the dividend passed on 22 April by the subsidiary Idee Partners S.r.l. as allocation of the prior year's result of € 195,804.

C.16) Other financial income

Income is as follows:

Interest and other financial income	**Current-year amount**	**Prior-year amount**
Interest from subsidiaries	25,427	9,970
Bank interest income	425,891	195,076
Other interest income	2,973	4,099
Total	**454,291**	**209,145**

Breakdown of interest and other financial expense by type of payables

C.17) Interest and other financial expense

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

	Payables to banks	**Other**	**Total**
Interest and other financial expense	394,330	155	394,485

Nature	Current-year amount	Prior-year amount
Interest expense on medium-term loans	394,330	395,688
Other financial expense	155	85
Total	**394,485**	**395,773**

C.17 bis) Exchange gains and losses

The items are as follows:

Nature	Current-year amount	Prior-year amount
Valuation exchange differences	10,007	(23,508)
Realized exchange gains	627	7,104
Realized exchange losses	(6,026)	(7,643)
Total	**4,608**	**(24,047)**

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

In the year, the Company did not earn revenue of an extraordinary nature, size or incidence to be reported pursuant to Article 2427, paragraph I, no. 13, of the Italian Civil Code.

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

- write-down of the investment held in the subsidiary Dyloan Bond Factory S.r.l. totaling € 5,900,000.

Income tax for the year, current, deferred and prepaid tax

Income tax

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

Pursuant to the provisions of OIC 25, the table below shows the "RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX RATE".

IRES

Amounts in € thousands	**2024**	
Profit (loss) before tax for the year		(3,569,899)
Actual income tax	(233,374)	6.5%
Lower tax (versus theoretical rate)		
Utilization of taxed provision	36,863	-1.0%
Capital goods investment bonus	9,498	-0.3%

Supplementary pension	1,666	0.0%
Super depreciation	4,424	-0.1%
Goodwill and trademark amortization	8,935	-0.3%
Dividends	774,243	-21.7%
Reversal of foreign exchange differences	8,043	-0.2%
Other decreases	2,400	-0.1%
Higher tax (versus theoretical rate)		
Motor vehicle costs	(20,936)	0.6%
Entertainment expense	(4,574)	0.1%
Write-down of investment	(1,416,000)	39.7%
Land portion of property lease payments	(404)	0.0%
Non-deductible depreciation	(253)	0.0%
Allowance for impairment	(23,616)	0.7%
Other increases	(3,691)	0.1%
Theoretical income tax	**(856,776)**	**24.0%**

The statement of "RECONCILIATION OF THE THEORETICAL AND EFFECTIVE TAX RATES" is not provided since the Company has no IRAP taxable base subject to taxation during the year under review.

Deferred taxation

A description of the temporary differences that led to the recognition of deferred tax assets and liabilities, as well as deferred tax assets booked for losses incurred, is shown in the tables below "DETAILS OF DEDUCTIBLE TEMPORARY DIFFERENCES" and “DETAILS OF TAXABLE DIFFERENCES” (Article 2427, I paragraph, no. 14, Italian Civil Code).

The table ”DETAILS OF TEMPORARY DIFFERENCES EXCLUDED" also shows the temporary differences for which deferred taxation was not recognized.

Details of deductible temporary differences

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Non-deductible amortization of goodwill	217,595	(16,757)	200,838	24.00	48,201	3.90	7,833

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Write-down of receivables in excess of art. 106 TUIR limit	156,014	-	156,014	24.00	37,443	-	-

Details of taxable temporary differences

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Reserve hedges of expected cash flows	94,097	(70,337)	23,760	24.00	5,702	-	-

Details of temporary differences excluded

Description	Amount at end of prior year	Change in the year	Amount at year end	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Inventory write-down of raw materials	413,863	(153,596)	260,267	24.00	62,464	3.90	10,150
Inventory write-down of finished products	437,175	98,402	535,577	24.00	128,539	3.90	20,888
Unpaid membership fees	10,000	(9,750)	250	24.00	60	-	-
Unpaid tax	-	1,016	1,016	24.00	244	-	-
Provision for bad debts	5,839	-	5,839	24.00	1,401	-	-
Write-down of trademark	186,508	(20,472)	166,036	24.00	38,849	-	-

Explanatory Notes - Other information

PART V: ADDITIONAL INFORMATION

Other information required by the Italian Civil Code is provided below.

HEADCOUNT

The average number of employees, broken down by category, is shown in the table below (Article 2427, paragraph I, no. 15, Italian Civil Code):

	Executives	Managers	White collars	Blue collars	Other employees	Total employees
Average number	7	13	61	47	19	147

Employees amounted to 146 at 31 December 2024, including 116 women and 30 men (144 employees at 31 December 2023, including 112 women and 32 men).

The table below shows a breakdown by category of employees at 31 December 2024 and 31 December 2023:

	31.12.2024	31.12.2023
Executives	8	6
Managers	12	13
White collars	58	63
Blue collars	47	46
Trainees	21	16
Total	**146**	**144**

FEES, ADVANCES AND RECEIVABLES GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS UNDERTAKEN ON THEIR BEHALF

Information regarding the Statutory Auditors is given below (Article 2427, paragraph I, no. 16, Italian Civil Code).

	Directors	Statutory Auditors
Fees	25,000	32,760

FEES TO THE AUDITOR OR TO THE INDEPENDENT AUDITORS

The information regarding fees paid to the Independent Auditors is provided below (Article 2427, paragraph I, no. 16-bis, Italian Civil Code).

	Statutory auditing	Total fees payable to the Auditor or to the Independent Auditors
Amount	54,000	54,000

CATEGORIES OF SHARES ISSUED BY THE COMPANY

The information required by Article 2427, paragraph I, no. 17, of the Italian Civil Code, with regard to data on the shares forming the company's capital, the number and par value of the shares subscribed in the year can be summarized as follows: the share capital, as indicated above, is made up of no. 14,441,293 ordinary shares, with no indication of the par value, subject as from 1 July 2019 to the dematerialization scheme and therefore admitted to the centralized management system of financial instruments pursuant to Articles 83-bis et seq. of Leg. Decr. 58/1998 (Article 2427, paragraph I, no. 17).

Additionally, it should be noted that the approved share capital amounts to a total of € 1,456,293. As already explained in Part IV of these Notes, the difference between the authorized share capital and the subscribed and paid-up share capital, amounting to € 1,441,293, is attributable to the Retained Earnings Reserve to service the free share capital increase, in the amount of € 15,000, resolved by the extraordinary shareholders' meeting on 6 December 2023. The free share capital increase is to service the Stock Grant Plan (for the period 2023 - 2025), approved by the Ordinary Shareholders' Meeting of 6 December 2023, regarding the granting to the Managing Director and CEO of the right to receive a maximum of 200,000 ordinary shares free of charge, subject to the achievement of certain annual targets for the company's growth.

	Initial amount, number	Final amount, number
Ordinary shares	14,441,293	14,441,293

SECURITIES ISSUED BY THE COMPANY

It is acknowledged that the Company has never issued dividend-bearing shares, bonds convertible into shares, warrants, options and similar securities or instruments, pursuant to Article 2427, paragraph I, no. 18, of the Italian Civil Code.

DETAILS OF OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

It is acknowledged that the Company has never issued other equity financial instruments pursuant to Article 2427, paragraph I, no. 19, of the Italian Civil Code.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION

The table below shows details of the guarantees given and commitments undertaken by the Company (Article 2427, paragraph I, no. 9, Italian Civil Code).

Guarantees issued

	Amount
Guarantees	85,072
of which collateral	-

Specifically, this is the guarantee issued by the Company for the loan granted in 2019 by Simest S.p.A., in the amount equal to 20% of the loan amount as repayment of the principal and 1.268% of the loan amount as interest, in addition to ancillary expense.

To provide thorough information, it should be noted that on 21 March 2025, the Company formalized an irrevocable commitment to provide capital and financial support for the business activities of its subsidiary Dyloan Bond Factory S.r.l., in response to the loss forecasts estimated for 2025 by the subsidiary's governing body.

Lastly, it should be noted that the commitments, resulting from fees and redemption rates, and arising from contracts related to leased assets which expire in subsequent years, amount to a total of approximately € 39,642.

ASSETS AND LOANS ALLOCATED FOR A SPECIFIC TRANSACTION

Assets allocated for a specific transaction

As inferred from the financial statements, pursuant to Article 2427, paragraph I, no. 20 and 21, of the Italian Civil Code, in the year the Company did not allocate any assets exclusively for specific transactions (pursuant to Article 2447-bis, paragraph I, lett. a) of the Italian Civil Code); nor, with regard to specific transactions, did it take out any loans (pursuant to Article 2447-bis, paragraph I, lett. b) of the Italian Civil Code).

Loans allocated for a specific transaction

It is certified that, at the balance sheet date, there are no loans allocated for a specific purpose pursuant to point 21 of Article 2427 of the Italian Civil Code.

TRANSACTIONS WITH RELATED PARTIES

Pursuant to the provisions of Article 2427, paragraph 1, no. 22 bis, of the Italian Civil Code, with regard to transactions with related parties, it should be noted that the Company entered into minor supply transactions with its subsidiaries, SMT S.r.l., Idee Partners S.r.l.., DYLOAN Bond Factory S.r.l., Nuova Nicol S.r.l. and Umbria Verde Mattioli S.r.l., on market conditions.

In prior years, Pattern 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.

As already mentioned in Part IV of these explanatory notes under B.III 2.a), Pattern S.p.A. entered into a treasury contract with the subsidiary Idee Partners S.r.l. on market conditions.

Additionally, during the year the company entered into incoming secondment contracts with the subsidiary SMT S.r.l. and subsidiary DYLOAN Bond Factory S.r.l., on market conditions.

During the first half of the year, the following Related Party transactions also 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.

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

AGREEMENTS NOT RESULTING FROM THE STATEMENT OF FINANCIAL POSITION

Pursuant to Article 2427, paragraph I, No. 22-ter, of the Italian Civil Code, the following should be noted.

In 2024, as part of the purchase of 100% of Umbria Verde Mattioli S.r.l. by the parent company SMT S.r.l., the Company signed the following with:

- Camer S.r.l., a minority shareholder of the subsidiary SMT S.r.l., a five-year shareholders' agreement. This agreement, among other provisions, grants Camer the irrevocable right to exercise, during the term of the agreement and upon the occurrence of fully identified and described events, a put option for the sale of its entire 10% stake in SMT. In turn, the agreement gives Pattern the irrevocable right to exercise - upon occurrence of certain events - a call option to purchase the entire stake in SMT owned by Camer. In this regard, it should be noted that the shareholders' agreement explicitly defines the criteria to be followed for the timely valuation of the minority investment in the event of the exercise of either option;

- Simone and Leonardo Mattioli, minority shareholders in the subsidiary SMT, each holding a 5% stake in SMT's share capital, a five-year shareholders' agreement. This agreement grants the Mattioli shareholders, either jointly or severally, the irrevocable right to exercise a put option to dispose of their stake at the end of the five-year term of the agreement. The agreement further stipulates that, should either or both Mattioli shareholders fail to exercise the put option to sell, Pattern is granted the irrevocable right to exercise a call option to purchase their minority stake(s). Lastly, the shareholders' agreement provides that, over the five-year term, each of the two Mattioli shareholders, upon the occurrence of certain events, has the irrevocable right to sell their stake in SMT to Pattern. In turn, the shareholders' agreement grants Pattern, during the term of the agreement, an irrevocable right to purchase each Mattioli shareholder's stake in SMT, contingent upon the occurrence of a specific event. In this regard, it should be noted that the shareholders' agreement explicitly defines the criteria to be followed for the timely valuation of the minority stake(s) in the event of the exercise of any of the put/call options outlined above.

SIGNIFICANT EVENTS AFTER YEAR END

Pursuant to Article 2427 paragraph 1, no. 22-quater), of the Italian Civil Code, mention should be made that no significant events occurred after year end.

For a more detailed description of the outlook for Pattern and the Group, reference is made to the Directors' Report on Operations.

ENTITIES THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGER/SMALLER BODY OF ENTITIES THEY ARE PART OF AS SUBSIDIARIES

As mentioned, the Company prepared the consolidated financial statements. The full consolidation scope includes the financial statements at 31 December 2024 of Pattern S.p.A., the subsidiaries S.M.T. S.r.l., Idee Partners S.r.l., DYLOAN BOND FACTORY S.r.l., Nuova Nicol S.r.l. and Umbria Verde Mattioli S.r.l..

Pursuant to Article 2427, numbers 22-quinquies and 22-sexies of the Italian Civil Code, the following table indicates the name and registered office of the undertaking preparing the consolidated financial statements, of the larger body, of which the company is part as a consolidated company.

It also indicates the place where the copy of the consolidated financial statements is available.

	Larger body
Name of the undertaking	BO.MA. Holding S.r.l.
City, if in Italy, or foreign country	Turin (TO)
Tax code (for Italian companies)	12067380019
Place of filing of the consolidated financial statements	Turin (TO)

Reclassified statement of financial position

As a supplement to the financial statements, the reclassified Statement of Financial Position is shown below in order to present, with regard to loans, the breakdown of invested capital and, for sources of financing, the calculation of the value of the net financial position.

	current year in €	**%**	**prior year in €**	**%**
Fixed assets (excluding long-term securities and financial derivative assets)	32,154,161		26,976,667	
TOTAL FIXED ASSETS	**32,154,161**	**113.9%**	**26,976,667**	**99.5%**
Inventory	716,063		788,569	
Receivables relating to working capital	10,314,158		9,986,303	
Investments not held as fixed assets	0		0	

Accrued income and deferred expense	222,155		244,255	
Payables relating to working capital	(14,086,025)		(9,806,596)	
Accrued expense and deferred income	(218,422)		(340,073)	
Provisions for risks	(5,702)		(22,583)	
Provision for post-employment benefits	(866,873)		(722,277)	
NET WORKING CAPITAL	**(3,924,646)**	**-13.9%**	**127,598**	**0.5%**
INVESTED CAPITAL	**28,229,515**	**100.0%**	**27,104,265**	**100.0%**
Equity (net of receivables from shareholders for payments due)	25,061,476		28,456,134	
EQUITY	**25,061,476**	**88.8%**	**28,456,134**	**105.0%**
Financial liabilities	13,740,694		11,826,873	
Financial assets	(4,023,760)		(7,094,098)	
Cash	(6,548,895)		(6,084,644)	
NET FINANCIAL POSITION	**3,168,039**	**11.2%**	**(1,351,869)**	**-5.0%**
ACQUIRED CAPITAL	**28,229,515**	**100.0%**	**27,104,265**	**100.0%**

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

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

Derivative hedging instruments	Start date - End date	Fair Value at 31.12.24
IRS Unicredit	30.6.20 – 31.3.25	1,200
IRS Intesa Sanpaolo	19.6.20 – 19.6.26	22,560
Total		**23,760**

In 2020, the Company entered into two IRS derivative contracts to hedge the interest rate risk on bank loans taken out; the value of these derivative products was adjusted to reflect their fair value at 31.12.24.

SUMMARY OF THE FINANCIAL STATEMENTS OF THE COMPANY EXERCISING DIRECTION AND COORDINATION

The Company is subject to the direction and coordination of BO.MA. Holding S.r.l.; specifically, pursuant to the provisions of Article 2497-bis of the Italian Civil Code, a summary is shown below of the key figures from the most recent approved financial statements of the company or entity exercising direction and coordination activities over it.

The key figures of the parent company BO.MA. Holding S.r.l. shown in the summary statement as required by Article 2497-bis of the Italian Civil Code, were taken from the relevant financial statements for the year ended 31 July 2024. For an adequate and full understanding of the financial position of BO.MA. Holding S.r.l. at 31 July 2024, as well as the results achieved by the company in the year ended on that date, reference is made to the financial statements which, together with the Independent Auditors' Report, are available in the forms and manners required by law.

Summary statement of financial position of the company exercising direction and coordination

	Most recent year	Date	Prior year	Date
Date of most recent approved financial statements		31/07/2024		31/07/2023
B) Fixed assets	2,484,629		1,237,975	
C) Current assets	3,200,000		8,956	
D) Accrued income and deferred expense	59,585		186	
Total assets	**5,744,214**		**1,247,117**	
Share capital	110,000		110,000	
Reserves	39,603		1,164,146	
Profit (loss) for the year	4,382,809		(34,542)	
Total equity	**4,532,412**		**1,239,604**	
D) Payables	1,207,265		6,308	
E) Accrued expense and deferred income	4,537		1,205	
Total liabilities	**5,744,214**		**1,247,117**	

Summary income statement of the company exercising direction and coordination

	Most recent year	Date	Prior year	Date
Date of most recent approved financial statements		31/07/2024		31/07/2023

	Most recent year	Date	Prior year	Date
A) Value of production	-		99	
B) Production costs	37,623		34,643	
C) Financial income and expense	4,450,866		2	
Income tax for the year	30,434		-	
Profit (loss) for the year	4,382,809		(34,542)	

INFORMATION PURSUANT TO ARTICLE 1, PARAGRAPH 125, OF LAW NO. 124 OF 4 AUGUST 2017

With regard to the information requirement referred to in Article 1, paragraph 125 of Law 124/2017, for grants received in the year from Public Administration entities or public investee companies, reference is made to the information contained in the National State Aid Register, Transparency section, which provides the overall situation of grants from public entities.

With regard to grants subject to disclosure, and based on the interpretation of Assonime Circular 5/2019 and the clarifications provided by the National Agency for Active Employment Policies, the following do not apply:

- sums received as consideration for public works, services and supplies or due as compensation;
- paid assignments part of the company's ordinary operations;
- forms of incentive/subsidy received in application of a general aid scheme to all eligible parties;
- public resources attributable to public entities in other countries (European or non-European) and to European institutions;
- training grants received from interprofessional funds set up in the legal form of an association.

Based on the above, the public grants, relevant pursuant to the aforementioned Law 124/17, from which Pattern S.p.A. has benefited, as recorded in the National State Aid Register based on the date of grant identified therein, are listed below:

Paying entity	Date granted	Aid instrument	Grant collected
Inps	30/01/2024	Southern contribution reduction / Contribution incentive	6,725.30
Enterprise Fund	17/09/2024	Training Aid / Grant interest/ac	12,500.00
Enterprise Fund	13/11/2024	Training Aid / Grant interest/ac	9,600.00
Enterprise Fund	13/11/2024	Training Aid / Grant interest/ac	9,600.00
Revenue Agency	21/03/2024	Tax receivable for the textile, fashion and accessories industry	396,359.00

PROPOSED ALLOCATION OF PROFIT OR COVERAGE OF LOSSES

To cover the loss for the year of € 3,341,201.24, it is proposed - at this time - to carry it forward. In any case, this loss is not relevant for the purposes of Article 2446 of the Civil Code.

EXPLANATORY NOTES - CLOSING SECTION

Shareholders, in our opinion, these financial statements, which comprise the Statement of Financial Position, Income Statement, Statement of Cash Flows and Notes, give a true and fair view of the Company's financial position at the reporting date, and of its results of operations for the year, and match the accounting records.

The Financial Statements are true and fair and match the accounting records

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

Digitally signed by
Fulvio BOTTO

PATTERN S.P.A.

Registered office in Collegno, Via Italia 4

Share capital: € 1,456,293

Turin Company Register

Tax Code and VAT Number 10072750010

Company or entity exercising direction and coordination: BO.MA. Holding S.r.l.

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REPORT TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2024 DRAWN UP PURSUANT TO ARTICLE 2429, PARAGRAPH 2, ITALIAN CIVIL CODE

Shareholders of Pattern S.p.A.,

during the year ended 31 December 2024, the activities of this Board of Statutory Auditors were conducted in accordance with the national regulations on Financial Statements and the Rules of Conduct of the Board of Statutory Auditors recommended by the Italian Association of Public Accountants and Accounting Professionals.

The Governing Body made available the following documents for the year ended 31 December 2024:

- draft financial statements along with the Notes;
- Directors' Report on Operations.

The financial statements were made available to us within the time limits of law.

Supervisory activities pursuant to Article 2403 et seq. of the Italian Civil Code

In 2024, the Board of Statutory Auditors conducted the customary regular audits as required by the provisions of law, and supervised compliance with them and with the bylaws. In this regard, it confirms that the books and mandatory accounting records have been properly kept and that the principles of proper administration have been observed.

Specifically, the Board of Statutory Auditors obtained information from the Board of Directors on the Company's results of operations, activities carried out, and the transactions having material effects on the balance sheet, income statement, and cash flows, and has found no violations of the law or the bylaws, nor any transactions that were manifestly imprudent, risky, in potential conflict of interest, or such as to compromise the integrity of the Company's assets.

The Board certifies that, during the supervisory activity carried out, no abnormal transactions referring to normal operations or facts deemed reprehensible were found, no complaints were received pursuant to Article 2408 of the Italian Civil Code, no complaints were made pursuant to Article 2409, paragraph 7, of the Italian Civil Code, and no action was taken owing to omissions by the Governing Body pursuant to Article 2406 of the Italian Civil Code.

During the year, the Board did not issue opinions.
In light of the above, we can confirm that the actions taken and implemented by the Governing Body are in compliance with both the law and the bylaws, they do not pose potential conflicts of interest or conflict with the resolutions passed at the Shareholders' Meeting and align with the principles of proper administration.
Additionally, this Board of Statutory Auditors reviewed and supervised the adequacy and operation of the organizational, administrative and accounting system, as well as the reliability of the latter to properly present operations, also with regard to the timely reporting of potential events or circumstances that may give rise to significant doubts of crisis situations or loss of the going concern assumption; in this context, it acted by requesting and obtaining information from the heads of the departments and the directors, as well as on the basis of the review of company documents, and in this regard, also taking account of the adjustment processes underway, it notes - as disclosed also by the Governing Body - that the luxury market, overall, is experiencing a downturn. The directors' analyses indicate that a return to the levels seen in 2022-2023 within a short, foreseeable timeframe is not feasible. 2024 was affected by this downturn, despite the consolidation of Umbria Verde Mattioli S.r.l. and the strong performance of the knitwear segment in which it operates. 2025 is expected to be even more complex than 2024, not only due to the uncertainties that already impacted the prior year, but also because of U.S. trade policies. The Board of Statutory Auditors has called for continuous monitoring of the company's performance, including reviewing the upcoming business plan, the 2025 budget, and 12-month cash flows.
In light of the above, the Board of Statutory Auditors recommends strict and ongoing monitoring of the Company's performance, alongside the implementation of internal verification and audit procedures, as required by Internal Audit.
This Board of Statutory Auditors met with the Internal Auditing Department and acquired the necessary information from it; in this regard, no additional relevant data and information was found that should be highlighted in this report.
This Board of Statutory Auditors acquired all the necessary information from the Independent Auditors PwC Italia S.p.A., and in this regard, no relevant data or information was found that needs to be highlighted in this report, except for the situation regarding Dyloan Bond Factory S.r.l. and the related support letter requested.
This Board of Statutory Auditors met with the Supervisory Board and acquired the necessary information from it; in this regard, no relevant data and information was found that should be highlighted in this report.
No reports were made to the Governing Body pursuant to and in accordance with Article 25-octies

of Leg. Decr. no. 14 of 12 January 2019. No reports were received from qualified public creditors pursuant to and in accordance with Article 25-novies of Leg. Decr. no. 14 of 12 January 2019.

Remarks on the financial statements

The Independent Auditors, in their Report, submitted the following opinion: *"[...] In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of operations and cash flows for the year ended at such date, in accordance with the Italian regulations governing the criteria for their preparation*".

The draft financial statements for the year ended 31 December 2024 were approved by the Board of Directors on 26.03.2025 and consist, as required by Article 2423 of the Italian Civil Code, of the Statement of Financial Position, Income Statement, Statement of Cash Flows, Notes to the Financial Statements and is accompanied by the Directors' Report on Operations.

The financial statements show a loss for the year of € 3,341,201 summarized as follows:

Statement of financial position:

Assets	€.	53,979,192
Liabilities	€.	28,917,716
Equity	€.	28,402,677
Loss for the year	€.	3,341,201

Income statement:

Value of production	€.	30,272,497
Production costs	€.	31,402,614
Difference	€.	(1,130,117)
Financial income and expense	€.	3,460,218
Value adjustments of financial assets and liabilities	€.	(5,900,000)
Income tax	€.	228,698
Loss for the year	€.	3,341,201

It is the responsibility of the Company's Governing Body to prepare the draft financial statements. Additionally, as this Board of Statutory Auditors is not responsible for conducting a detailed review of the content of the financial statements, we supervised the general approach and general compliance with the law as far as their preparation and structure are concerned, and in this regard there are no remarks to make.

The draft financial statements were reviewed, on which the following information is provided:

- the criteria used in the preparation of the financial statements for the year ended 31 December 2024 do not differ from those used in the preparation of the financial statements for the prior year;

- the statement of financial position and income statement formats required by the Italian Civil Code in Articles 2424 and 2425 have been complied with;
- the financial statements were prepared according to the XBRL taxonomy;
- Article 2423-*ter* of the Italian Civil Code was complied with, and no special items were added;
- the items are comparable with those of the prior year;
- the Notes to the Financial Statements were prepared in compliance with Article 2427 of the Italian Civil Code and provide all the necessary information, including tax-related information, for a comprehensive understanding. Moreover, the Company has fulfilled its obligation of transparency and disclosure according to Article 1, paragraphs 125-129 of Law no. 124/2017, regarding grants, contributions, and other economic benefits obtained from public administrations;
- start-up and expansion costs, pursuant to Article 2426, paragraph 1, no. 5 of the Italian Civil Code, with long-term useful life, were booked under assets, with the consent of the Board of Statutory Auditors. These costs are fully amortized;
- the cost of goodwill, pursuant to Article 2426, paragraph 1, no. 6 of the Italian Civil Code, was recorded with the consent of the Board of Statutory Auditors. This cost is fully amortized.

Lastly, the conformity of the Directors' Report on Operations to the annual financial statements with regard to its structure and formation was verified in accordance with the current regulations. In the Board's view, the report is consistent with the financial statements and offers further insights into the Company's operating results and financial prospects.

Remarks and proposals regarding the approval of the financial statements

The Board of Statutory Auditors, taking into account the results of its activities, as recorded in its meeting minutes, also considered the findings from the Independent Auditors, as detailed in the special report accompanying the financial statements. The Board further reviewed the information shared with the supervisory bodies of the companies directly controlled by Pattern S.p.A., as well as what has been disclosed to date by the Chief Executive Officer and the Chief Financial Officer of the Company. Based on this, the Board believes there are no objections to the approval of the Company’s financial statements for the year ended 31 December 2024, as prepared by the Directors. It also supports the proposal made by the Directors, as detailed in the notes to the financial statements, concerning the carry-forward of the loss.

Turin, 11 April 2025

The Board of Statutory Auditors

Davide Di Russo

....

Lucia Margherita Calista Rota

....

Riccardo Cantino

....

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Pattern SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pattern SpA (the "Company"), which comprise the statement of financial position as of 31 December 2024, the income statement and the statement of cash flows for the year then ended and related explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10

The directors of Pattern SpA are responsible for preparing a report on operations of Pattern SpA as of 31 December 2024, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations with the financial statements;
- express an opinion on the compliance with the law of the report on operations;
- issue a statement on material misstatements, if any, in the report on operations.

In our opinion, the report on operations is consistent with the financial statements of Pattern SpA as of 31 December 2024.

Moreover, in our opinion, the report on operation is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 11 April 2025

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

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

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Pattern SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Pattern group (the "Pattern Group" or the "Group"), which comprise the consolidated statement of financial position as of 31 December 2024, the consolidated income statement and the consolidated statement of cash flows for the year then ended and related explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Pattern SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Pattern SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of

the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Compliance with other Laws and Regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10

The directors of Pattern SpA are responsible for preparing a report on operations of the Pattern Group as of 31 December 2024, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations;
- issue a statement on material misstatements, if any, in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Pattern Group as of 31 December 2024.

Moreover, in our opinion, the report on operation is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 11 April 2025

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.