

1H2021 Results Conference Call



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Today's speakers

**Luca
Sburlati**



CEO

-  7 years in Pattern
-  13 years of Fashion & Luxury industry experience as a Top Manager
-  Education: Executive MBA Bocconi / Graduated International Political Sciences

**Innocenzo
Tamborrini**



CFO

-  10 years in Pattern
-  18 years as CFO and Senior Controller
-  Education: Graduated in Economics

**Sara
De Benedetti**



Investor Relations Manager

-  Joined Pattern in July 2018
-  9 years in communication, last 5 years focused on the International Fashion Industry
-  Education: MSc Bocconi in Economics

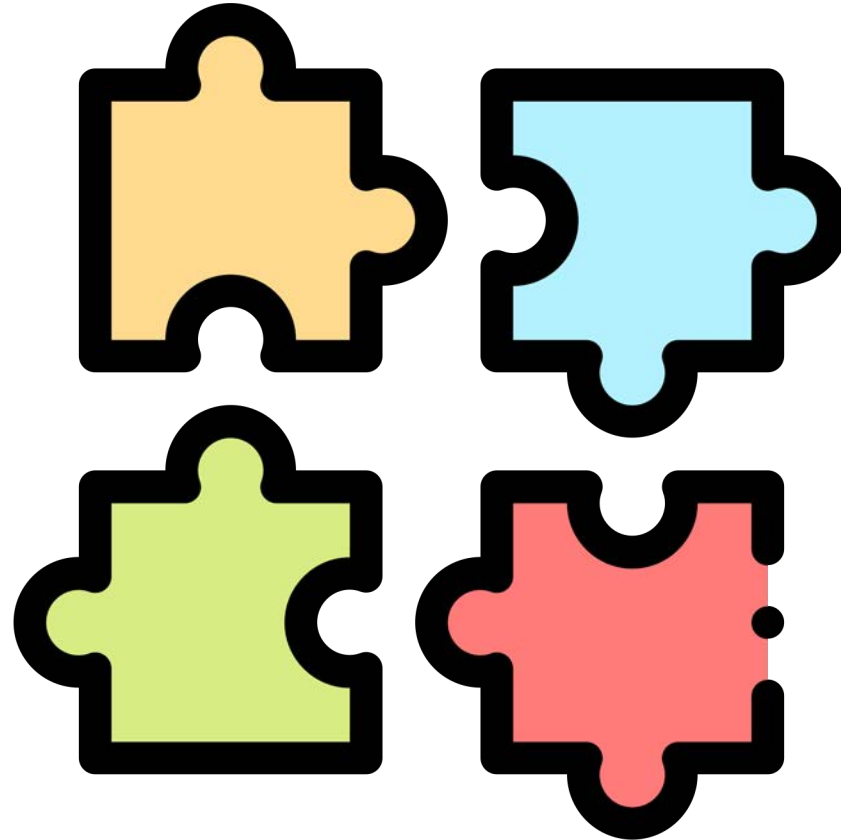


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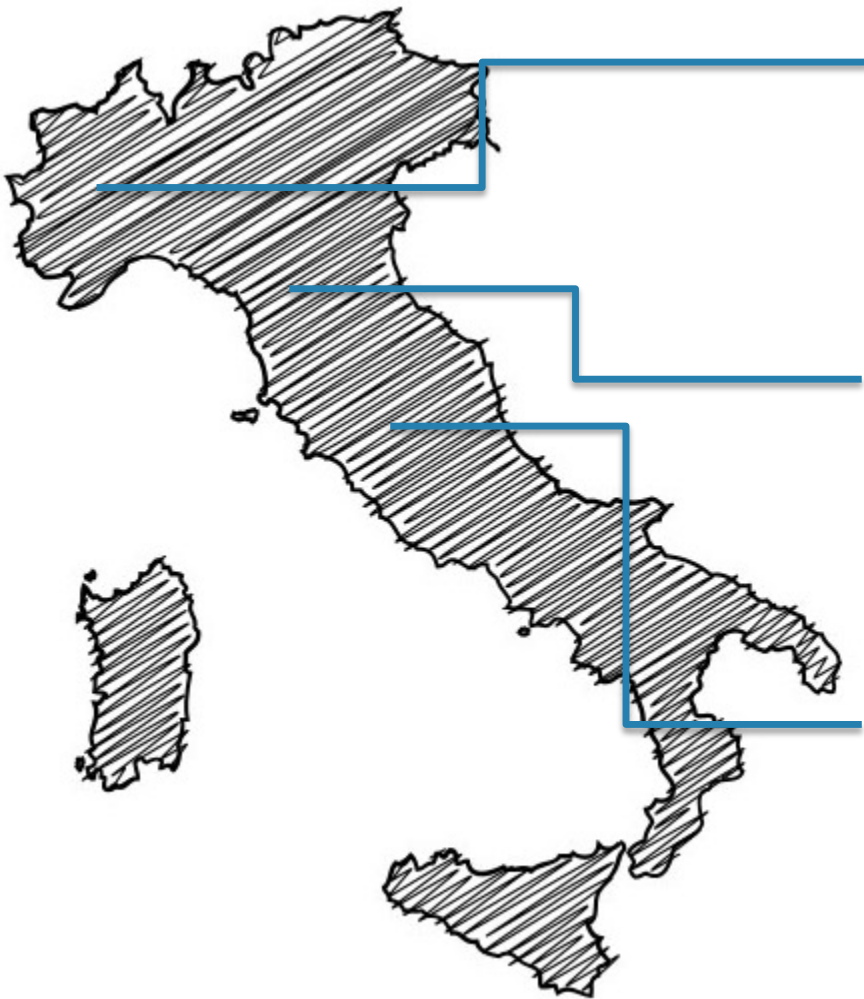


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Group at a glance & Updates



The Italian Hub of Luxury Fashion Engineering



PATERN

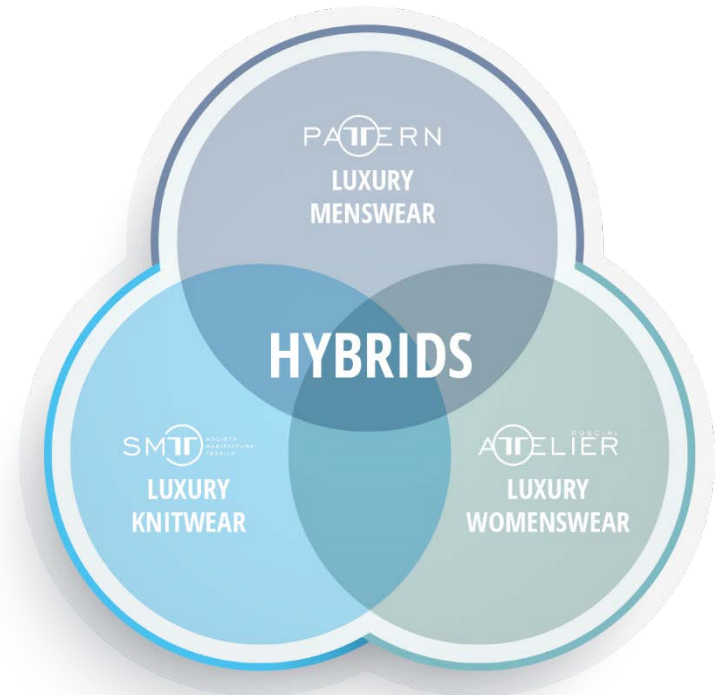
Torino, Piemonte
Luxury menswear / outerwear,
sportswear and tailoring

SMIT SOCIETÀ
MANIFATTURA
TESSILE

Reggio Emilia, Emilia Romagna
Luxury knitwear

ATELIER ROSCINI

Spello, Umbria
Luxury womenswear / soft fabrics
and jersey, dresses and tailoring



The Italian Hub of Luxury Fashion Engineering

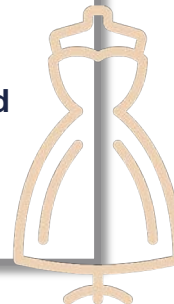
Pattern: Luxury Menswear Engineering

- **Casual and technical menswear, outerwear** specialist for men and women
- Focus on new **technologies applied to pattern-making**
- Attention to **Research & Development and innovation**
- A business model based on **sustainability**



Roscini Atelier: Luxury Womenswear Engineering

- **Dresses and tailoring,** soft fabrics and jersey
- **Double construction**
- Flexibility and Reputation
- A solid focus on **craftsmanship and innovation**

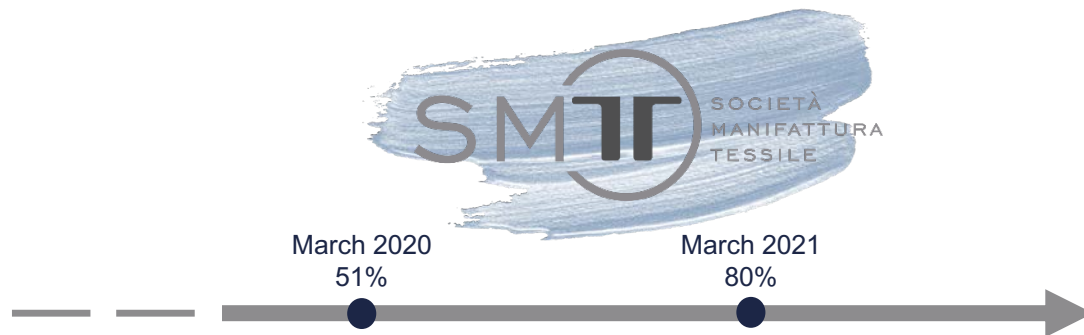


S.M.T.: Luxury Knitwear

- Both **SHIMA SEIKI** and **STOLL** production technologies
- More than 100 weaving machines, 20 programmer technicians and a chain of external laboratories
- **Excellence, Quality**
- **Proactivity**
- A solid focus on **Research & Development**



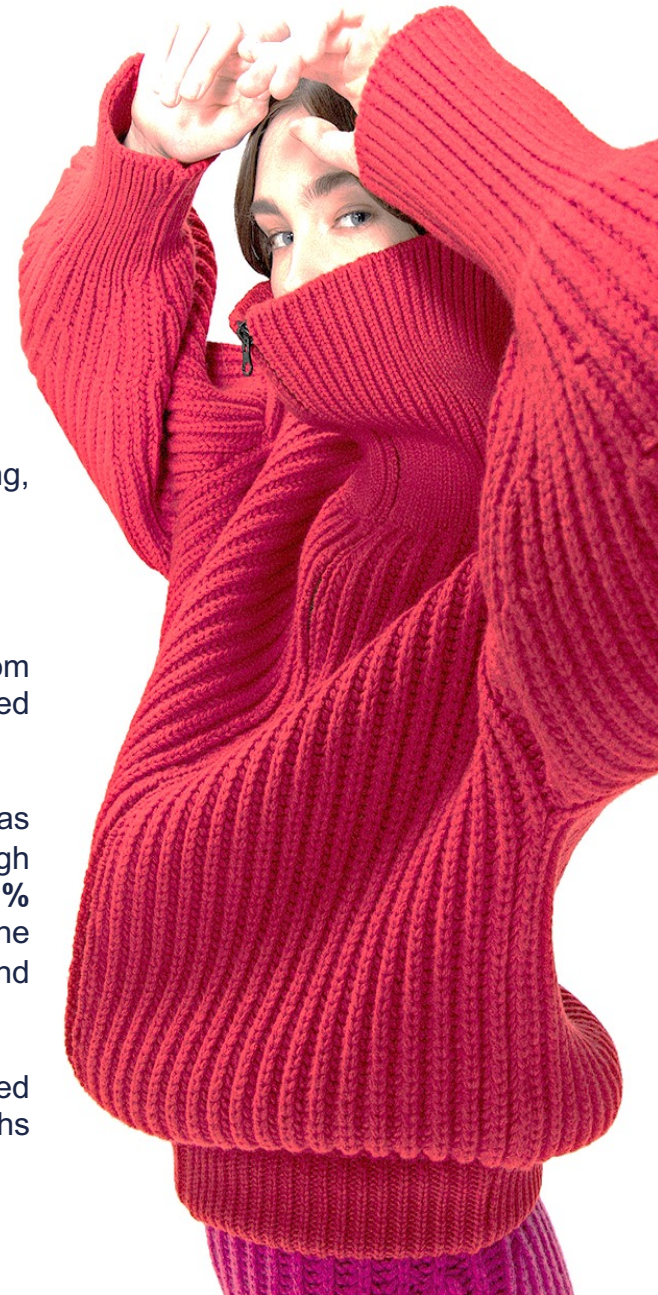
March 2021 – Purchased an additional 29% of S.M.T.



On **March 5, 2021**, acquisition of an additional 29% of the share capital of S.M.T., thus reaching, 80% of the share capital.

OPERATION DESCRIPTION

- Purchase by Pattern of a further 29% of the share capital of SMT, of which **19% directly** from Stefano Casini, the founder and CEO of S.M.T., and **10% from Camer** - a wholly-owned subsidiary of Stefano Casini, at a **total price of € 3.9 million**
- The closing of the transaction was achieved through: i) the signing of the deed of sale having as its object the **transfer of 19% of SMT by Stefano Casini to Pattern** against payment through cash of € 2,555,000; ii) the signing of the deed of contribution concerning the contribution of **10% of STM by Camer to Pattern against the assignment to Camer**, on the effective date of the contribution, of newly issued ordinary shares of Pattern, as part of a capital increase in kind reserved to Camer to service the transaction, at a total price of € 1,345,000.
- **€ 3.87**: the subscription price of the newly issued shares, calculated on the basis of the weighted average price of all stock market transactions of Pattern shares on AIM Italia in the six months prior to the date of signing the Investment Agreement.



1H2021 Results



PATTERN GROUP 1H2021 Highlights

REVENUES

€ 31.1M

€24.5M 1H2020

EBITDA

€ 3.4M

€2.5M 1H2020

EBITDA MARGIN

10.9%

10.2% 1H2020

GROUP NET INCOME

€ 1.2M

€1.0M 1H2020

POSITIVE NFP

€ 5.0M

€8.8M FY2020

€3.9M 1H2020

1H2021 Income Statement

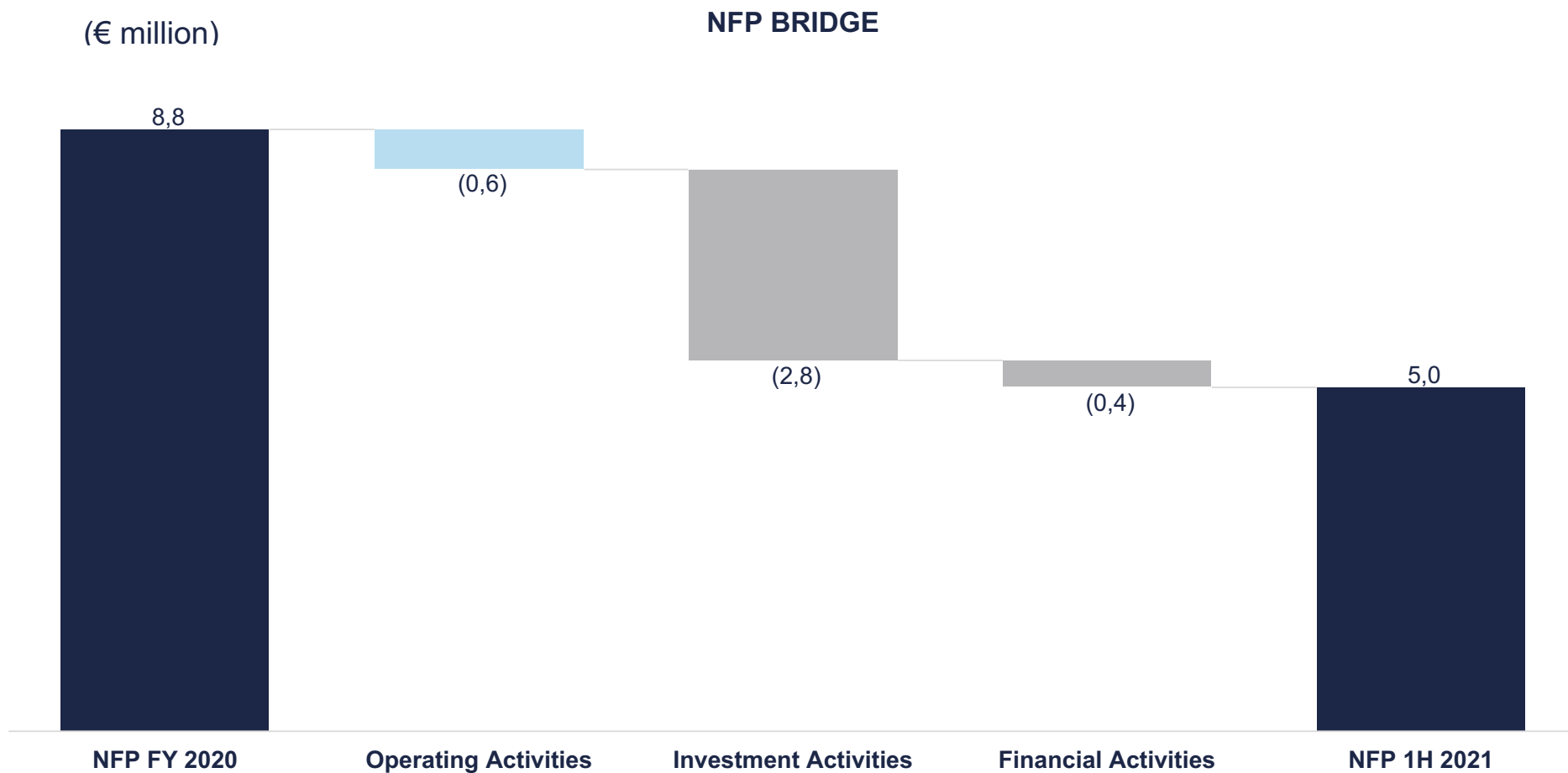
(€ 000)	1H 2021	1H 2020	%
Sales revenues	30,869	23,809	29.7%
Other revenues	247	729	-66.1%
Total Revenues	31,116	24,538	26.8%
Increase in fixed assets for internal work	-	-	-
Change in inventories	2,242	580	286.6%
Value of production	33,358	25,118	32.8%
Raw materials	(11,050)	(6,811)	62.2%
Cost of services	(10,933)	(9,082)	20.4%
Leases and rentals	(743)	(733)	1.5%
Personnel Expenses	(7,122)	(5,906)	20.6%
Other operating expenses	(110)	(94)	17.2%
EBITDA	3,400	2,492	36.4%
<i>EBITDA margin</i>	<i>10.9%</i>	<i>10.2%</i>	
D&A	(1,111)	(895)	24.1%
EBIT	2,289	1,597	43.3%
<i>EBIT margin</i>	<i>7.4%</i>	<i>6.5%</i>	
Net financial income	(58)	(61)	-3.6%
Value adjustments to net financial assets			
EBT	2,230	1,537	45.2%
Taxes	(743)	(230)	222.8%
Net income	1,487	1,306	13.8%

1H2021 Balance Sheet (Use and Sources)

(€ 000)	30-giu-21	31-dic-20
Fixed Assets	13.182,8	10.849,8
Warehouse	7.660,7	4.288,7
Trade Receivables	12.738,7	8.682,9
Other Receivables	2.103,6	2.059,5
Prepayments and accrued income	580,0	529,7
Working Capital	23.083,0	15.560,7
Trade Payables	(13.276,4)	(9.664,0)
Other Payables	(3.377,7)	(2.512,8)
Accrued expenses and deferred income	(348,3)	(155,1)
Net Working Capital	6.080,6	3.228,8
Funds	(2.050,1)	(1.923,3)
Net Invested Capital	17.213,3	12.155,3

(€ 000)	30-giu-21	31-dic-20
Shareholders' Equity	22.206,4	20.931,5
Group Shareholders' Equity	21.076,2	18.932,2
Cash and Cash equivalents	(18.685,7)	(23.619,0)
Short term bank debt	2.815,0	2.096,3
Medium term financial debt	10.877,5	12.746,6
Bank Debt	13.692,6	14.842,8
Net Debt/(Cash)	(4.993,1)	(8.776,2)
Total Sources	17.213,3	12.155,3

NFP bridge



Notwithstanding the investment in Società Manifattura Tessile, **NFP as at 30 June 2021 shows an improvement (+ 27%)** compared to the NFP as at 30/6/2020 which reported a positive figure of € 3.9 M.

The Luxury Fashion Market



What's up in our business? Concentration is the keyword



October 2020, born **Florence S.p.A**, **luxury fashionwear production hub in Italy, competing with Pattern Group**.

The holding, born thanks to the initiative of **Fondo Italiano d'Investimento** and private equity **Vam Investments**, aggregates **Giuntini S.p.A** of Peccioli (Pisa), **Ciemmecci Fashion srl** of Empoli (Florence), **Mely's Maglieria** of Arezzo (Florence), **Manifatture Cesari** of Cerbara (Perugia) and **Antica Valserchio** of Castelnuovo di Garfagnana (Lucca).

Florence Group is controlled for about 65% by the consortium led by Vam Investments, Fondo Italiano d'Investment (through the Italian Consolidation and Growth Fund - FICC), Italmobiliare and for the remaining 35% by families Giuntini, Capezzuoli, Maltinti, Ciampolini and Sanarelli, to which the Romolini are added today. Turnover estimated at the end of the year of € 150 million and over 700 employees.

The approach makes the difference with Pattern: Gruppo Florence has a financial approach, Pattern Group is an **industrial, know-how-based pole**

OTB

OTB Group – Only The Brave - is an international fashion group that owns Diesel, Maison Margiela, Marni, Viktor&Rolf and the companies Staff international and Brave Kid.

In March 2021 confirmed the acquisition of Jil Sander and anticipated the possibility to make acquisitions in the production chain and down the supply chain.

Group Strategy & Outlook

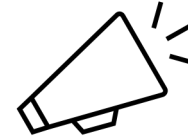


Pattern Group Strategic Plan 2021-24



E-QUALITY

100% Product Quality
but also egalitarian
company



WATCH THE VIDEO OF
PATTERN STRATEGIC
PLAN 2021-24 ON VIMEO.
LOOK AT THE LINK ON
THE EMAIL WE SENT YOU



EASINESS

Mental flexibility
and creativity



ECOLOGY-ESG

Goal is Circular
Economy



EXCELLENCE & TECHNOLOGY

Industrialization of products
and company management
systems



EFFICIENCY

Productivity and
efficiency of processes



Group Strategy

Proceed with the growth of the Italian Hub of Luxury Fashion Engineering



Outlook 2021

As for the economic trend, after a still weak first half of the year, due to a carry-over effect from what happened in 2020, **expectations are for a second half featuring economic recovery also in Western countries**, thanks to the implementation of vaccination campaigns (sales in Far-Eastern markets were also positive in the first part of the year).

As regards our Group, due to the peculiar seasonality of fashion market, the period from July to December is characterized by the finalization and delivery of autumn-winter collections, while a significant part of the spring-summer collections is still in production. The backlog of the Group suggests that **the second half of the year can improve**, at least moderately, **the results of the first half**.

The management continues to screen external growth opportunities for the development of the **"Italian Hub of Luxury Fashion Engineering"**. In this regard, it is confirmed by the **market concentration** that we're observing that the economic crisis has not only made the **search for partnerships** more pressing, but it has also highlighted the need to **accelerate the consolidation process of SMEs** that was under discussion even before Covid.



Pattern: Innovation



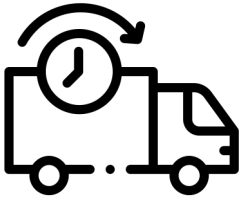


3D Virtual Prototyping

Today 3D prototyping represents one of the most important company's strategic investments with a dedicated Digital Team.

Pattern uses the most advanced fashion prototyping software program which allows to bring to life virtual models by **replicating 2D CAD patterns into a 3D platform.**

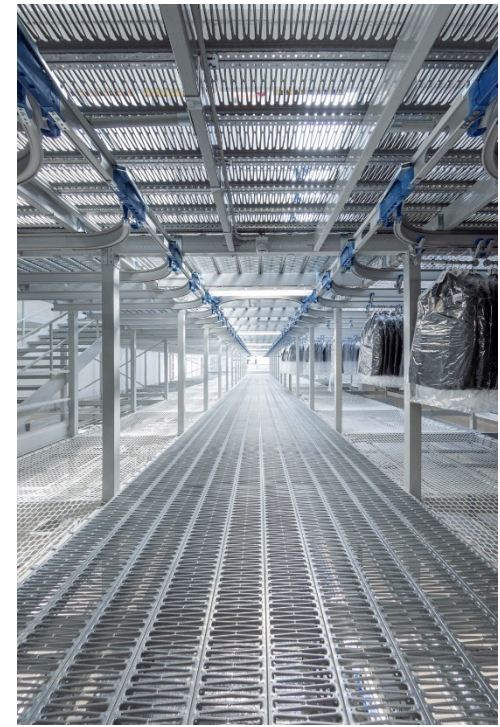




New Digital Warehouse 4.0

Completed in autumn 2020, the new warehouse is an **innovative system state-of-the-art** in the logistic field.

A cutting-edge warehouse, 100% digitalized, where, thanks to **RFID technology**, every single garment is unequivocally identified and traced.



Pattern: Sustainability



ESG RATING 2020

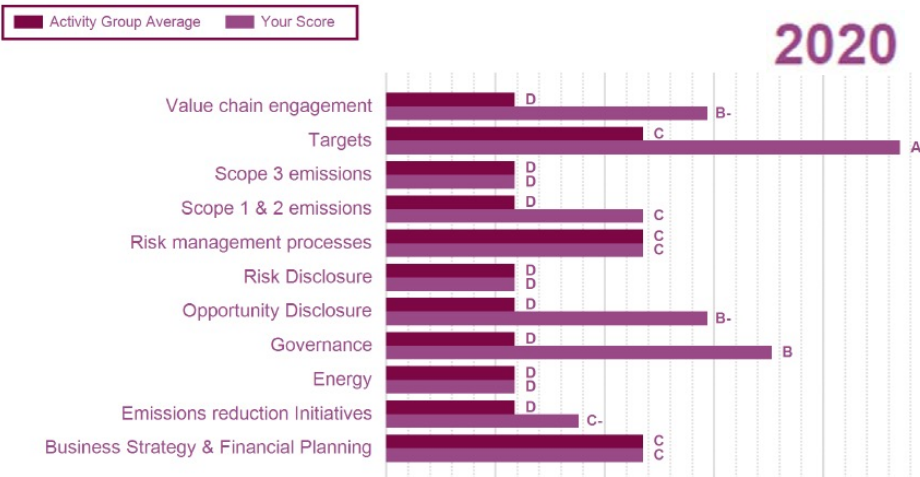
PATTERN OVERPERFORMS THE MARKET

B-

Pattern confirms its participation to the **Climate Change Reporting** managed by the international organization CDP and achieves a **2020 ESG Rating, referring to the year 2019, of level B-**.

An exceptional score, **almost unique in the fashion world** - especially in Italy - higher than the European regional average of C, and higher than the global "Textile&Fabric Goods" global sector average of D.

CATEGORY SCORES BENCHMARKING



PATTERN ACHIEVES A PLACE ON THE

2020 CDP SUPPLIER ENGAGEMENT LEADERBOARD

Pattern joins the other 400 international companies (7% of top companies) nominated into the CDP "2020 Supplier Engagement Leaderboard", companies that are annually assessed with total transparency by CDP on the Supplier Engagement Rating (SER) .



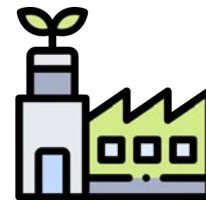
2020

CDP is recognized as the global standard of environmental reporting. The British NGO has a strong reputation and receives its mandate from a pool of institutional investors. The market demand for corporate environmental transparency is louder than ever: 515 investors with US\$106 trillion in assets, and 150+ large purchasers with US\$4 trillion in buying power requested thousands of companies to disclose through CDP in 2020. They use CDP data, including scores, to inform their investment and procurement strategies.



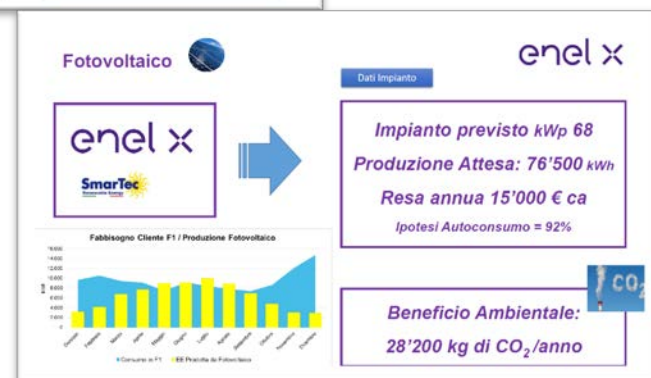
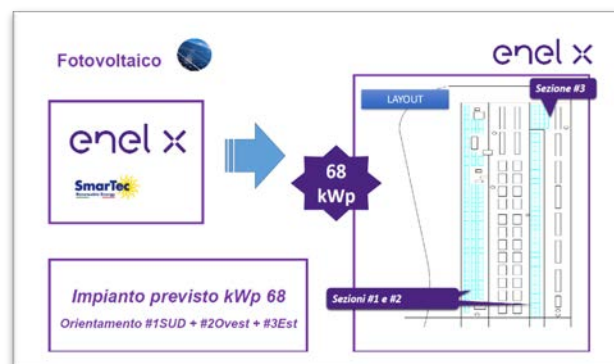
GEOHERMAL PLANT

In 2020 the 140-kW **geothermal plant**, designed to meet the **energy needs required for heating and cooling of a new warehouse and part of the existing laboratory**, has become operational. The important savings on operating costs and the elimination of fuel will be accompanied by a **reduction of about 25,000 kg / year of carbon dioxide**.



PHOTOVOLTAIC PLANT

At the end of 2020, a **photovoltaic system designed for self-consumption** became operational allowing the company to be **almost completely self-sufficient**, fully covering the energy needs in the warmer months. By achieving this goal, Pattern will **avoid CO2 emissions for 28 tons per year**, pursuing the path to become **totally sustainable and zero emissions by 2023**.



FROM RED TO GREEN CARPET

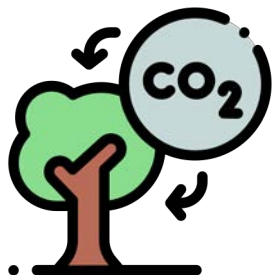
“From Red to Green Carpet” is a **five-year plan announced in 2018 by Pattern**.

The aim is to create the same luxury but drastically reducing the impact on the environment without compromising the quality.

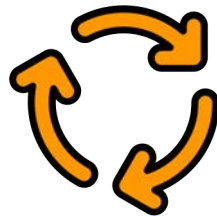
Pattern has identified three main goals to achieve:



ECONOMIC & SOCIAL
SUSTAINABILITY



BEING CARBON
NEUTRAL



CIRCULAR ECONOMY &
REVALUE WASTE

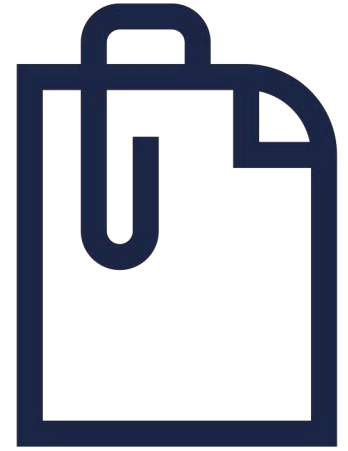
PATTERN ADHERES TO THE ONU'S “FASHION INDUSTRY CHARTER FOR CLIMATE ACTION”

Pattern is the first Italian company to join the **UNFCCC's Fashion for Global Climate Action** initiative as a signatory to the **Fashion Industry Charter for Climate Action**.

In line with the principles enshrined in the Charter and the aims of the Paris Agreement, **Pattern commits to a 30% GHG emissions reduction by 2030** and will strive to de-carbonization of the production phase, selection of climate friendly and sustainable materials, low-carbon transport, consumer dialogue and awareness, work with the financing community and policymakers to catalyse scalable solutions, and explore circular business models.



Appendix



1. Pattern overview



History of Continuous Growth



Set up of the **Collegno plant**

First Italian brand to obtain the SA8000 Social Accountability Certificate



First Sustainability Report (GRI index)

Acquisition of **Roscini – Spello plant**, reinforcing the women segment

Acquisition of an additional 29% of the share capital of S.M.T.

Borsa Italiana IPO

2000-2008

2009

2012

2013

2014

2015

2016

2017

2019

2021

Pattern was established in 2000 by Fulvio Botto and Francesco Martorella

Acquisition of the **tailoring production unit** Bubie, focused on handmade garments

Acquisition of **Esemplare brand**, specialized in sport/urban collections

ESEMPLARE

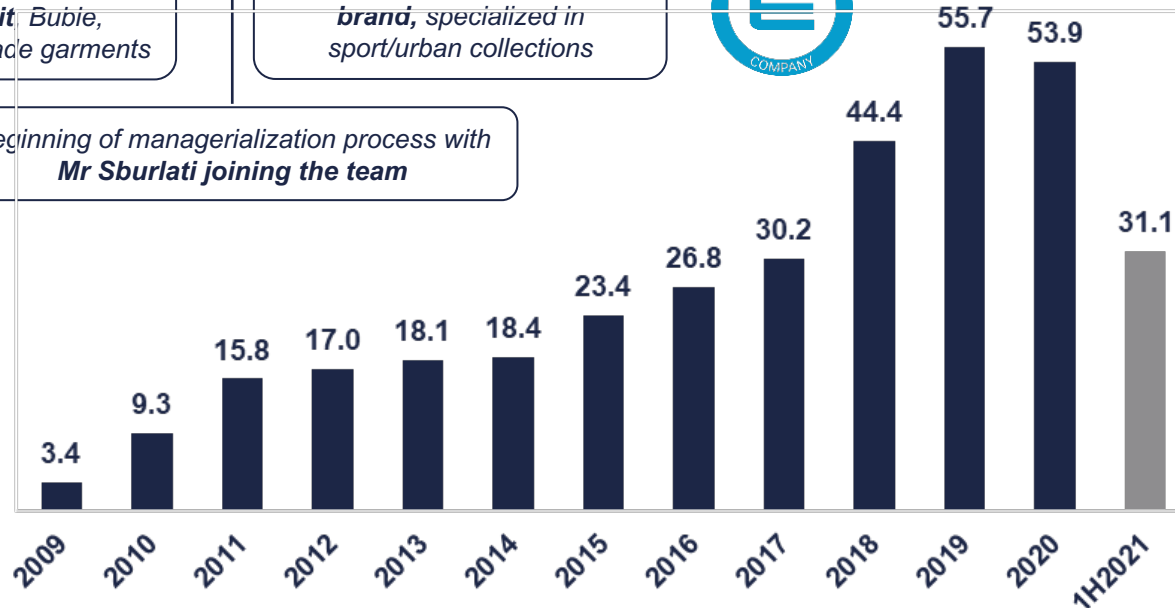
Acquisition of S.M.T. Pattern enters the luxury knitwear sector



Beginning of managerialization process with Mr Sburlati joining the team

PATTERN


Sales Revenues
€ Mln

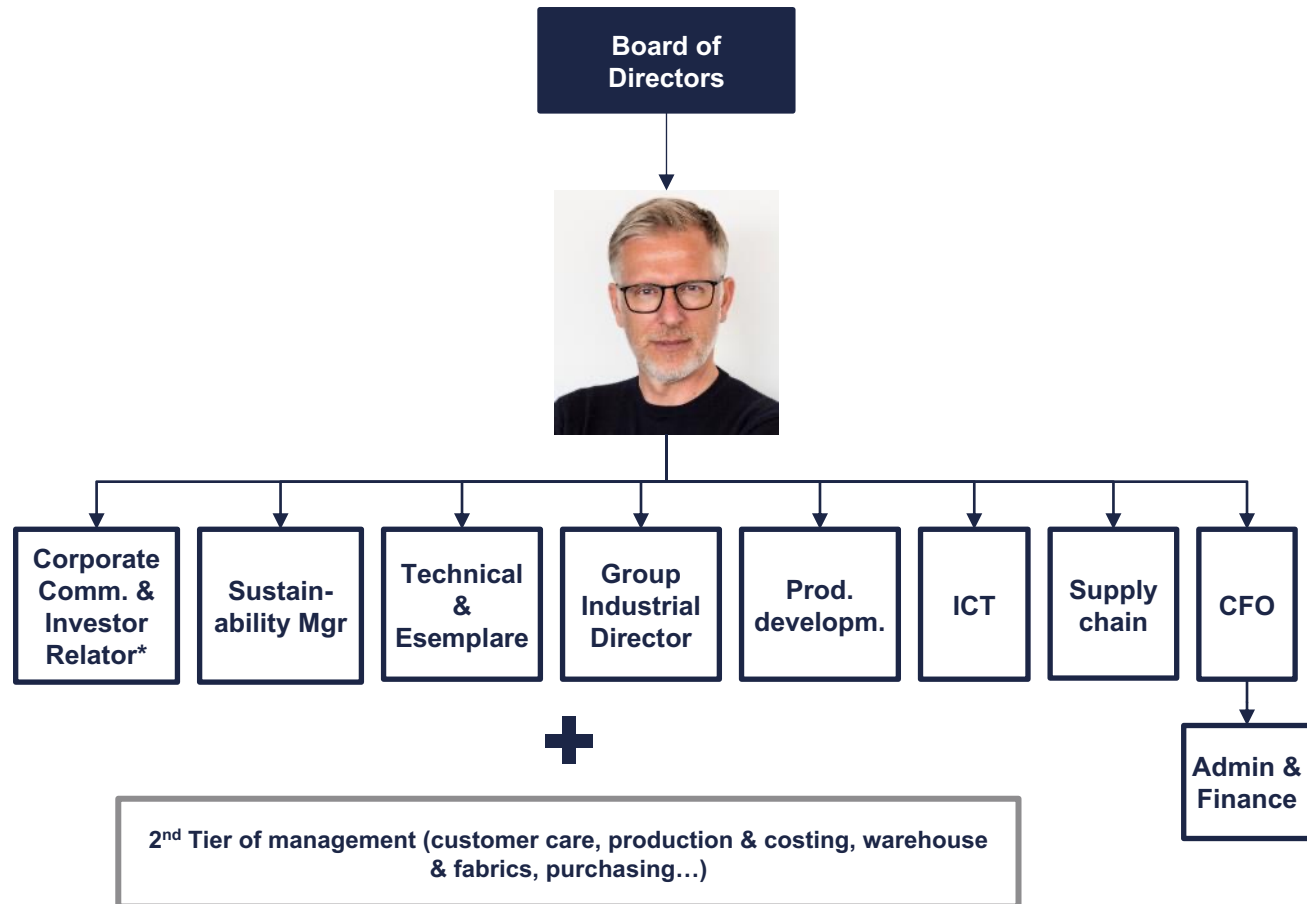


HR - Highly Experienced and Committed Management Team



F. Botto and F. Martorella, founders and owners, are **recognized and valued professionals among fashion industry**, having cooperated with some of the most **prestigious brands** (i.e. Armani, Valentino)

 The two have **rapidly built a team of highly skilled personnel** thanks to a constant knowledge sharing approach and internal training of staff which ensure protection and leverage of their heritage

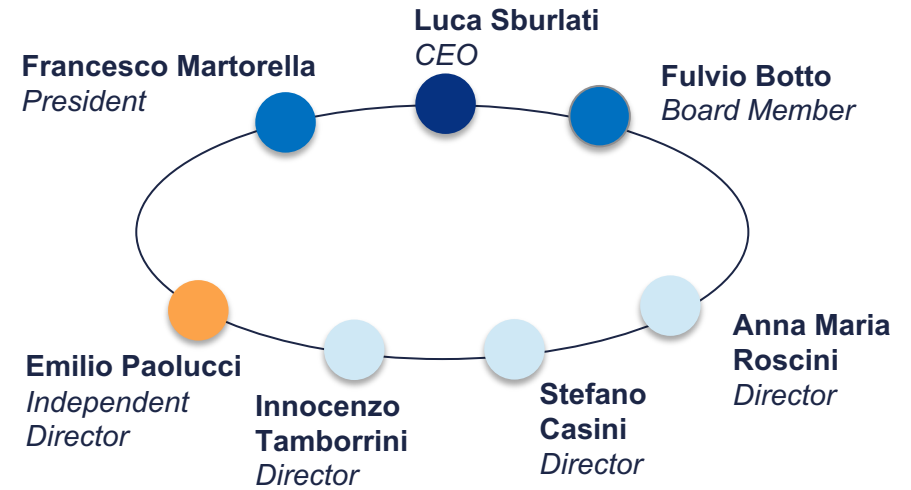


Sole player, in its competitive arena, to have adopted a modern management structure as a key competitive advantage

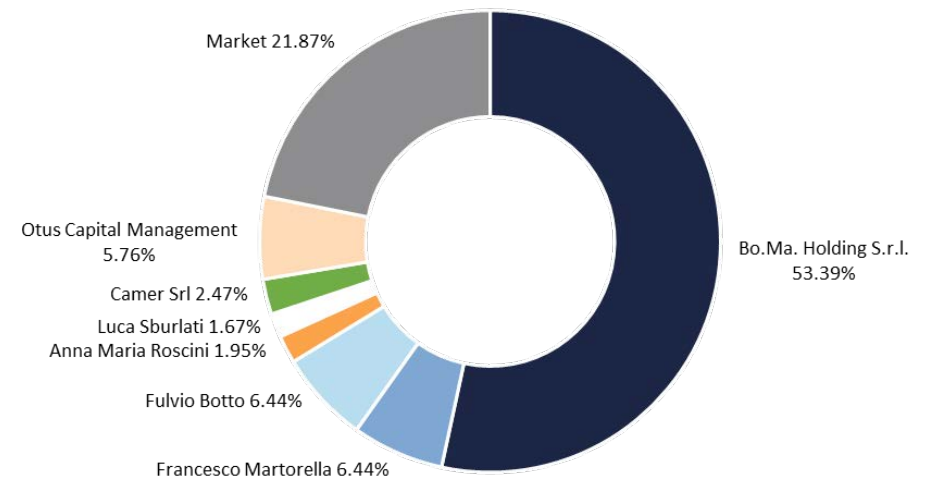
Corporate Governance



Board of Directors



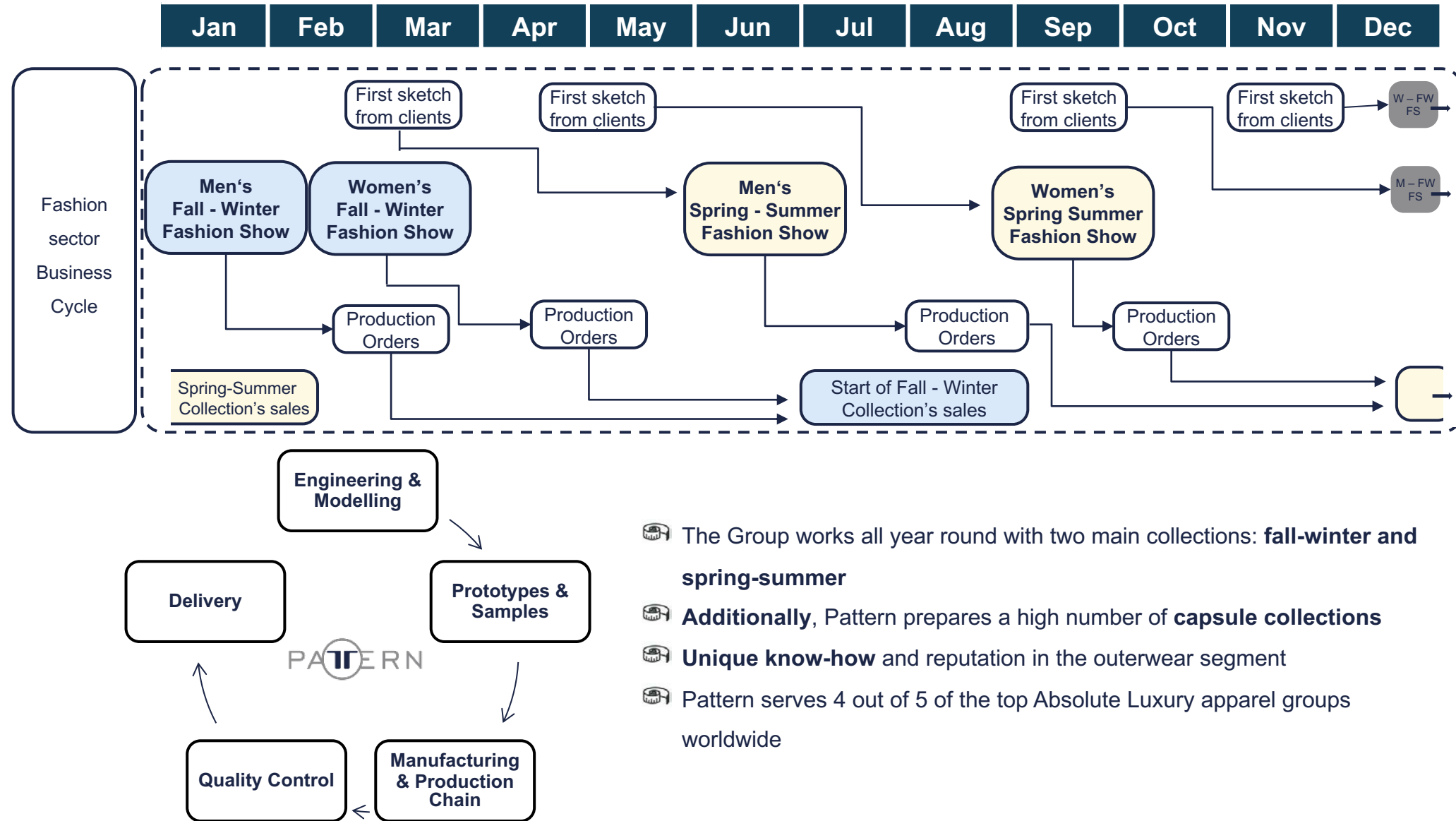
Shareholder Structure



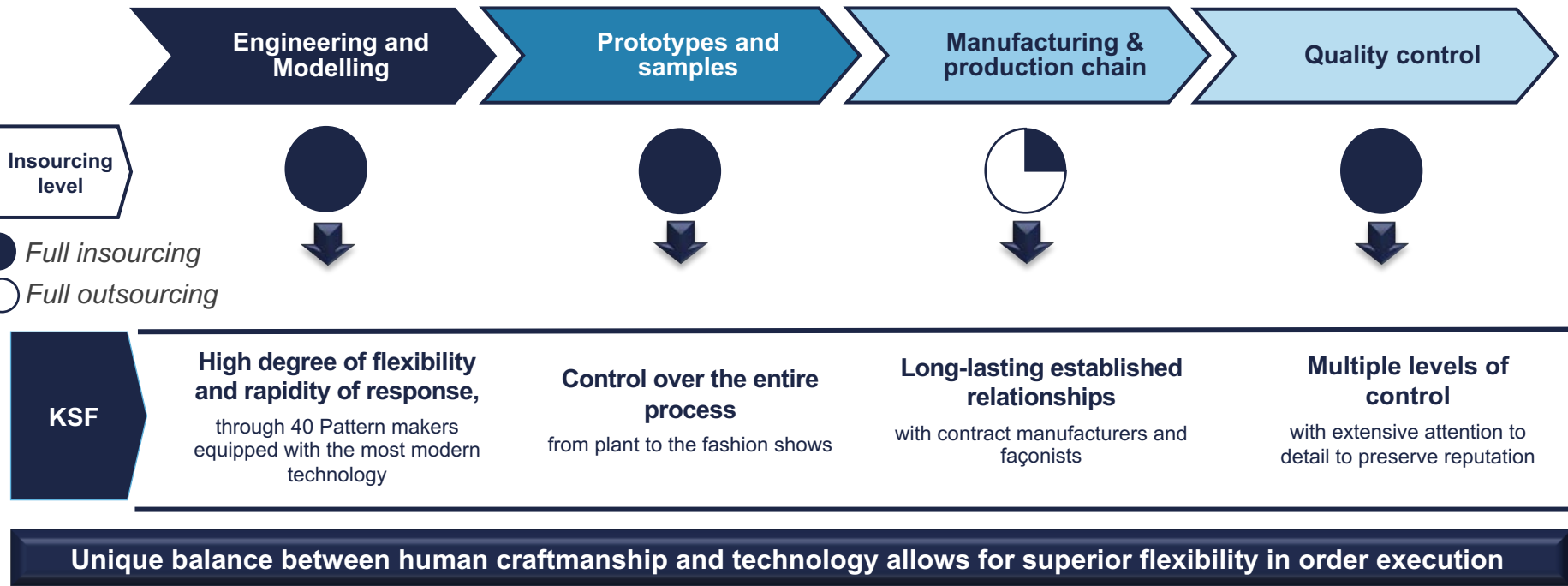
2. Business and Values



How the fashion sector works



Pattern's business model



Competitive Advantages

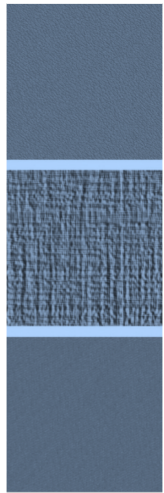
Quality	Flexibility	Speed	Reputation
Highest quality through technology, human resources and control of the supply chain	Flexible organizational structure with vertical integration	Superior time-to-market, thanks to newest technologies and proven procedures	20 years heritage of a fine-tuned business model for the luxury apparel industry

Pattern operates in a strategic stage of the process, the “Formula 1”

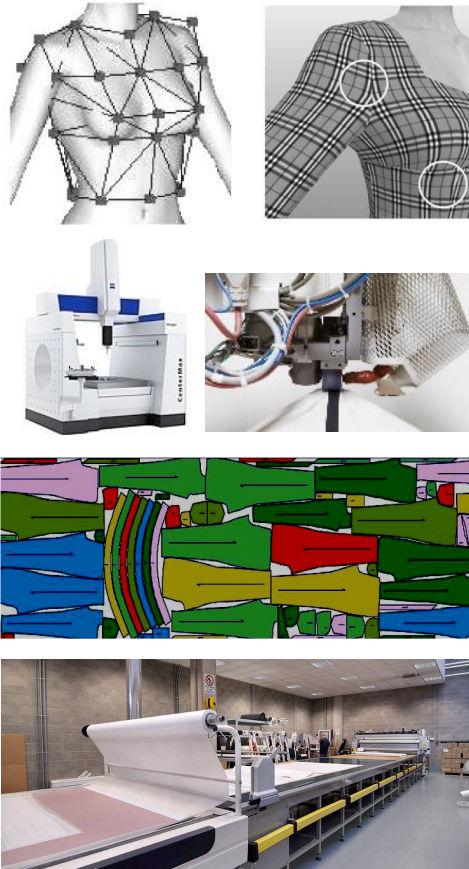
Pattern is fully integrated with Italy's Best Suppliers and *Façonists*

Suppliers


Selection of suppliers




Pattern / Project Engineering



Façonist / Contract Manufacturer

 Pre-production samples are prepared internally to allow clients to pre-verify



 The majority of production is carried out externally by *façonists*



 High fragmentation of minor suppliers

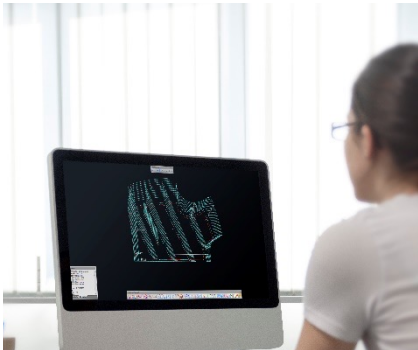
 Full control over the value chain by dictating own standards

Established partnerships with suppliers of certified raw materials, mainly located in Italy

Full control over the value chain through established long-term partnership with the key players of a highly polarized industry

Pattern's Key Business Values

Technology and R&D



Unique laborations

Human Resources

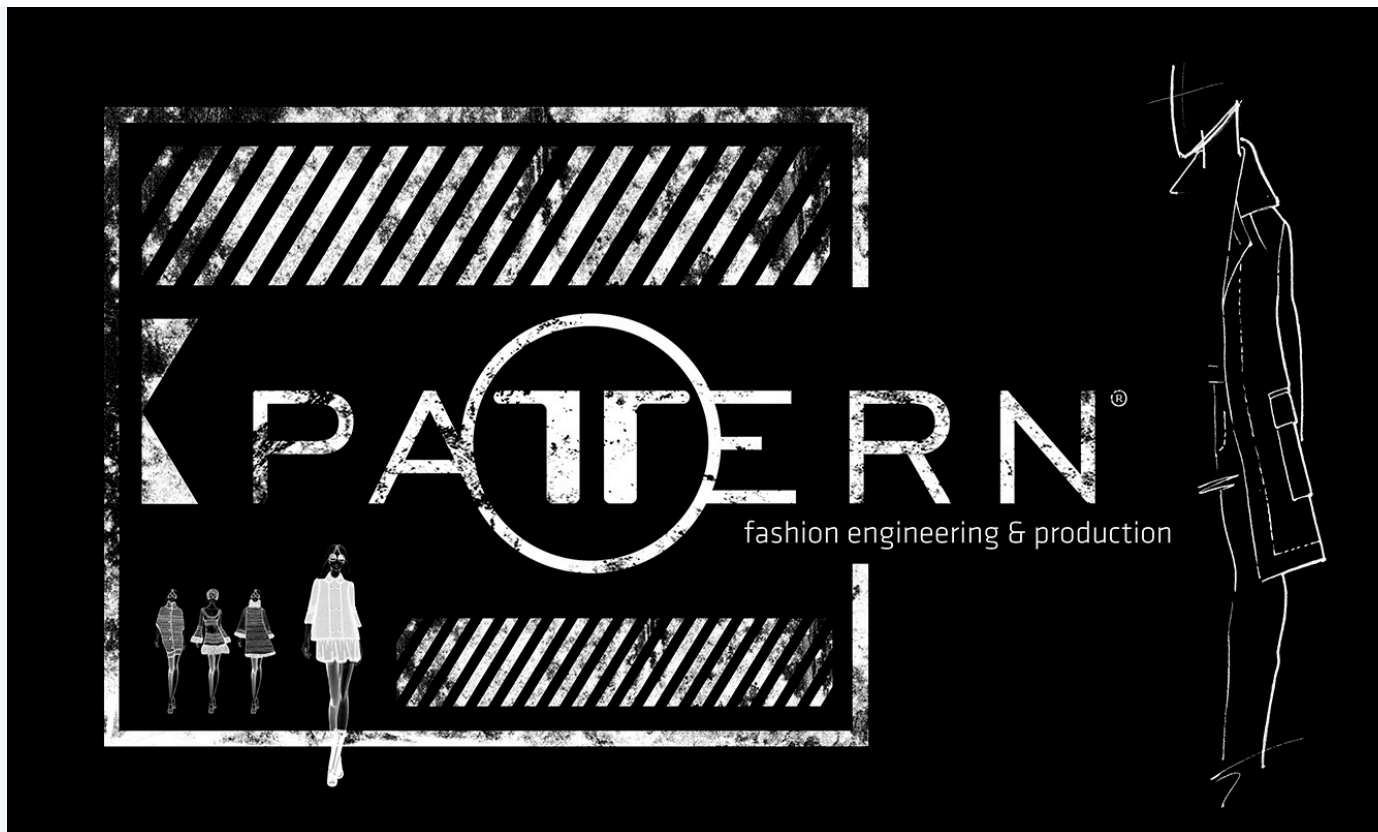


Quality assurance

Sustainability



Circular economy



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