

1H2022 Results

Conference Call

September 27th, 2022

Today's speakers

**Luca
Sburlati**



CEO

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



**Innocenzo
Tamborrini**



CFO

- 14 years in Pattern
- 21 years as CFO and Senior Controller
- Education: Graduated in Economics



**Sara
De Benedetti**



*Investor Relations
Manager*

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



PATTERN
GROUP



1. **At a glance**
2. **Events 2022**
3. **1H2022**
4. **The fashion sector and Pattern business model**
5. **Our values**
6. **Innovation**
7. **Sustainability**
8. **Appendix**



At a glance

PATTERN
GROUP



is a

**landmark for top-end
Luxury Fashion
Engineering**



- Acquisition of the **tailoring production unit**, Bubel
- Beginning of managerialization process with **Mr. Sbulati joining the team**
- Set up of the **Collegno plant**

- Borsa Italiana **IPO**



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



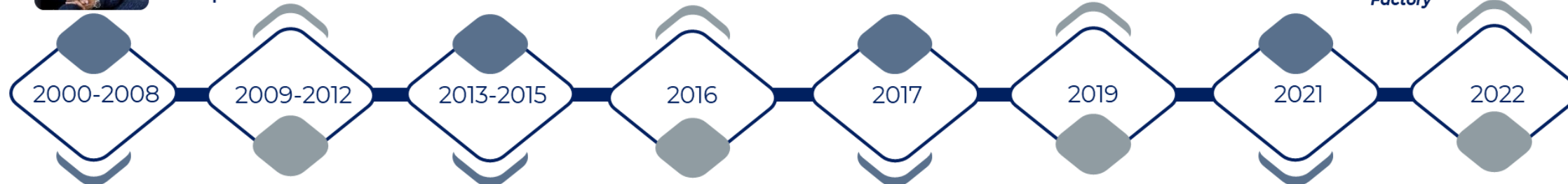
- **Acquisition of 100%** of the share capital of Zanni. through S.M.T
- **Opening of a Business Unit** in south of Italy (Puglia) dedicated to the production of women's dresses



- **Acquisition of 70%** of the share capital of RGB. through Idee Partners



- **Acquisition of 70%** of the share capital of **Dyloan Bond Factory**



Pattern was **established in 2000** by Fulvio Botto and Francesco Martorella

ESEMPLARE

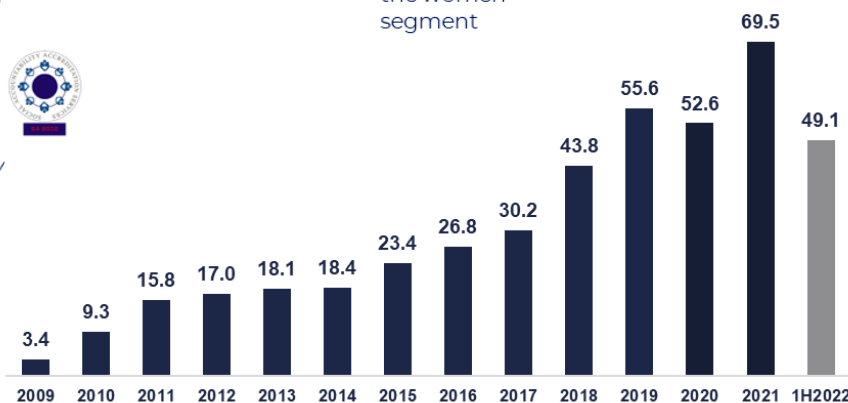
- **Acquisition of Esemplare brand**, specialized in outerwear
- **First Italian brand to obtain the SA8000 Social Accountability Certificate**
- **First Sustainability Report (GRI index)**



Acquisition of Roscini – Spello plant, reinforcing the women segment



Sales Revenues
€ Mln



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



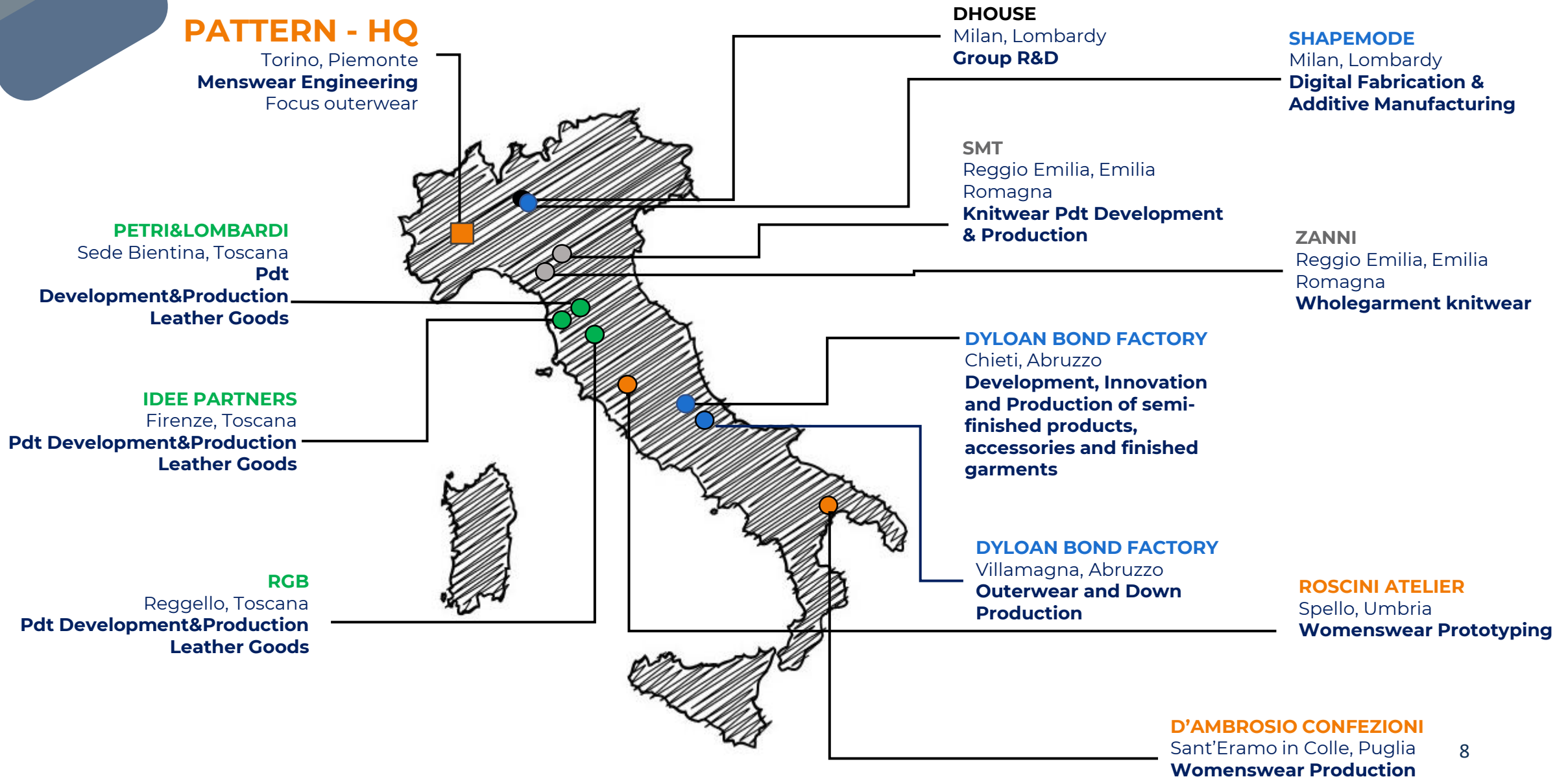
- **Acquisition of 54%** of Idee Partners. Pattern enters the leather goods sector.
- Idee owns 60% of Petri & Lombardi



A crumpled blue paper ball sits in the center of a spiral-bound notebook. The notebook page is covered with faint, hand-drawn sketches, including a large circle around the paper ball, a speech bubble, and various lines and arrows. The background is slightly blurred, emphasizing the paper ball and the sketches.

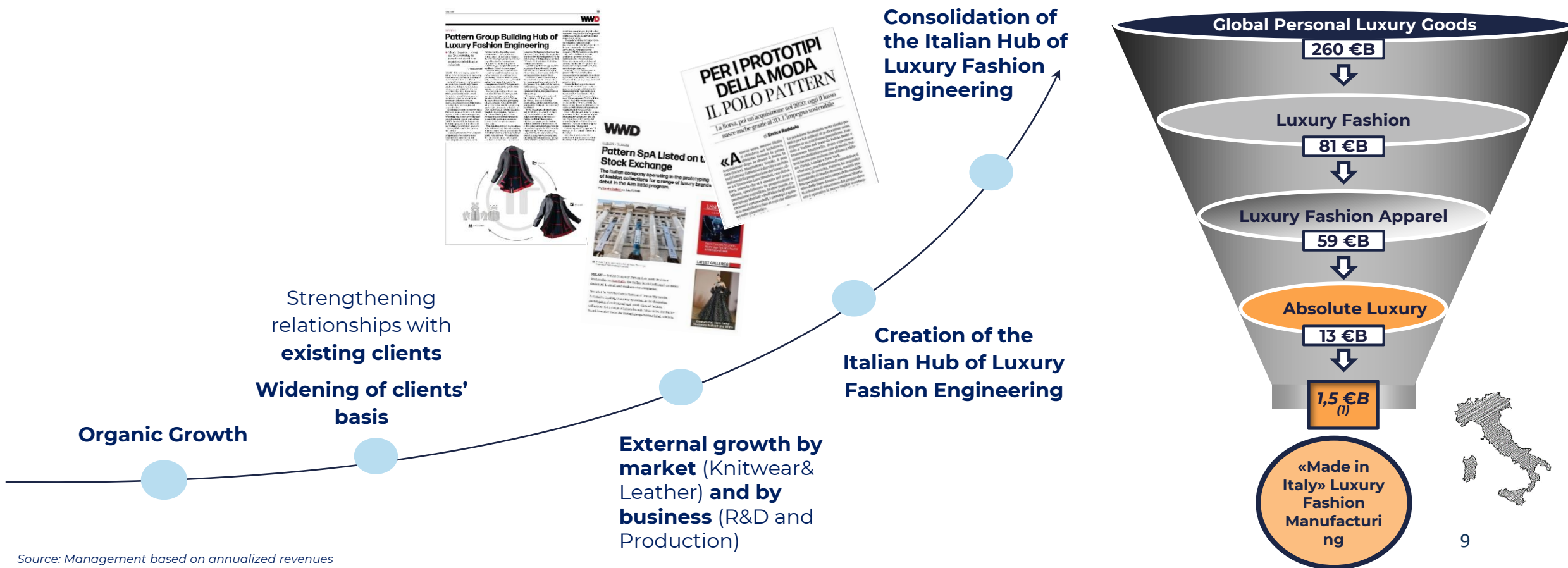
Group strategy

The Italian Hub of Luxury Fashion Engineering



Group Strategy - Consolidation of the Italian Hub of Luxury Fashion Engineering

Pattern Group is present in the **main product categories** (men's and womenswear, knitwear, stationary fabrics, leather goods, clothing and accessories) starting from the **Research and Engineering** phase all the way through to **Production**



Development, Innovation and Production of semi-finished products, accessories and finished garments

Technological Innovation & semi-finished pdt, accessories, finished garments Production

Dyloan Bond Factory

(2022)
Chieti and Villamagna, Abruzzo

- **Advanced production** site for **technological semi-finished products, accessories, finished garments** and **outerwear**
- Leader in **technological Innovation**
- **Fabrics research** and **new textures creation**
- Special Projects
- Screen printing
- 500 employees



Digital Fabrication & Additive Manufacturing



ShapeMode.

(2022)
Milan, Lombardy

- Specialized in **Digital Fabrication**
- **Innovative technologies**
- **Design, Fashion, Eyewear, Automotive**, etc ...
- 3 employees



Mens&Womenswear Engineering and Production Hub

Luxury Menswear Engineering

Pattern HQ

(2000)
Turin, Piedmont

- **Casual and technical menswear, outerwear**
- **New technologies** applied to pattern-making
- **Research & Development** and innovation
- **Sustainability**
- 130 employees



Luxury Womenswear Engineering

Roscini Atelier

(2017)
Spello, Umbria

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



Luxury Womenswear Production

D'Ambrosio Confezioni

(2022)
Sant'Eramo in Colle, Puglia

- **Luxury womenswear specialist**
- **Craftsmanship**
- **Made in Italy**
- 6 employees



Leather Goods Hub

Pdt Development&Production Leather Goods

Idee Partners

(2021)
Scandicci, Tuscany

- Focus on **Product Development**
- Flexibility
- **Customized** partnership with clients: from engineering to production depending on clients need
- 100 employees



Pdt Development&Production Leather Goods

Petri & Lombardi

(2021)
Bientina, Tuscany

- **Historical Tuscan leather goods manufacturer**
- **Manufactory excellence**
- **Made in Italy**
- 45 employees

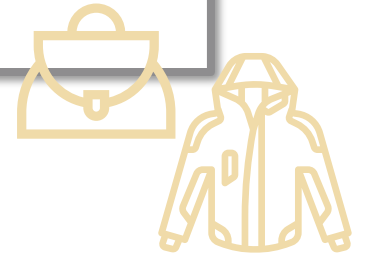


Pdt Development&Production Leather Goods

RGB

(2022)
Reggello, Tuscany

- **Manufactory and Production**
- Excellence
- Advanced manufactory
- 100 employees



Luxury Knitwear

Società Manifattura Tessile

(2019)
Correggio, Emilia Romagna

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

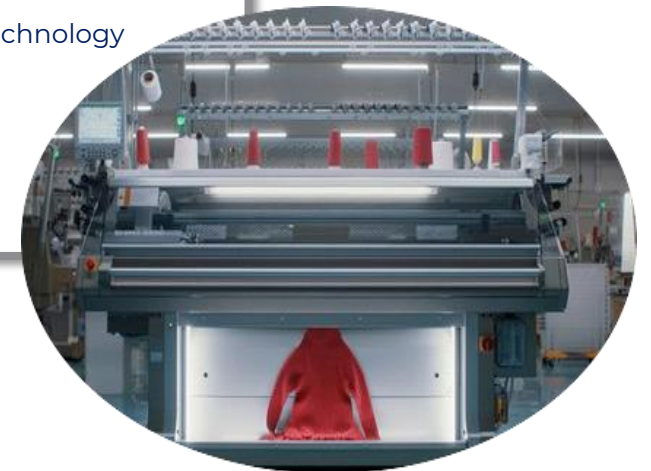


Wholegarment Seamless Knitwear Knitted Accessories

Zanni

(2022)
Reggio Emilia, Emilia Romagna

- Advanced technical know-how: **3D seamless Wholegarment**
- Focus on knitted accessories
- SHIMA SEIKI technology
- Focus on **Knitwear Accessories**
- A solid focus on Technology & Innovation
- 30 employees



D-house is the special project of Pattern Group dedicated to R&D.

D-house is created to bring **Innovation to the world of fashion**, a urban lab in Milan, a place for meeting, training, innovation and **sustainability**, with a strong **technological component** and **international scope**.

D-house advanced technologies:

- 3D Additive Manufacturing
- Embroidery
- Laser (NextGen)
- Embossed
- Digital Printing



The new-born **D-house Academy** is part of this vision, to involve schools, universities, academies and research centers and allow the dissemination and sharing of research results



Events 2022

July 2022 – Purchased the 70% of Bond Factory (Dyloan)

The Abruzzo-based company was founded with the aim of specialising in **Research and Innovation**.

In 2003 the current structure was outlined under the **Dyloan brand**, with two complementary but distinct realities: **Dyloan Bond Factory**, in Abruzzo, as an **advanced production site** for **technological semi-finished products, accessories and finished garments** with a focus on **outerwear** (plants in Chieti and Villamagna), and **D-house**, based in **Milan**, as a **pure R&D Hub**.

In 2022 Dyloan also acquired **ShapeMode**, small company in Milan leader in **Digital Fabrication & Additive Manufacturing**

Today Dyloan has become one of the **leading companies in Development and Innovation and Advanced Production Hub** in the luxury sector.



- Sign an investment agreement for the purchase of **70%** of Bond Factory (Dyloan) share capital
- The agreed price is **€ 6.96** million is determined based on the value of the company adjusted by an estimated Net Financial Position of approximately €1.04 million.
- Closing date: 7 November 2022

Bond Factory S.r.l. (**Dyloan**) closes the year 2021 as follows:

- Value of production: approx. € 15.3 mln
- Ebitda approx. € 2.1 mln
- NFP negative for about € 0.4 mln

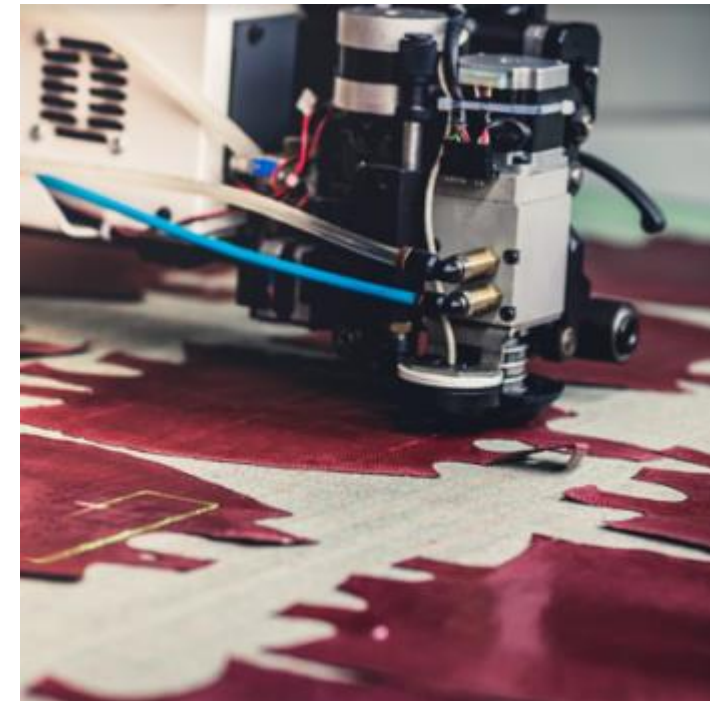


May 2022 – Purchased the 70% of RGB, through its subsidiary Idee Partners

RGB S.p.A., a Tuscan company with around 100 employees specialising in the manufacturing and crafting of leather accessories. The company operates in a modern production plant of 2,500 square metres equipped with solar panels near Florence (Reggello). RGB combines a **strong production capacity with very high processing quality** thanks to an internal organization by lines and a modern and innovative production plant.



- Purchase by Idee Partners S.r.l. (54% owned by Pattern), of **70%** of RGB's share capital;
- The agreed price is **€ 2.275** million (the "Provisional Purchase Price"), set by the parties based on RGB's provisional conventional net financial position.
- Closing date: 10 May 2022



In the first quarter of 2022, RGB reported sales revenues of approximately € 2.3 million. Based on this figure, the current backlog and future prospects, it is estimated that **sales revenue for the full year 2022 could be between € 9 and € 10 million.**

February 2022 – Purchased the 100% of Zanni, through its subsidiary S.M.T.

Zanni is an over 60 years historic knitwear weaving company. At the forefront of the use of **WHOLEGARMENT technology of the Japanese SHIMA SEIKI**, Zanni represents excellence in the engineering and production of **Made in Italy seamless knitwear**, with a specific focus on **knitted accessories**.

- The Investment Agreement comprises the purchase by Pattern, through S.M.T. S.r.l. (80% controlled by Pattern) of **100% of Zanni S.r.l.** directly from the two founders Marco and Mauro Zanni, Mauro Zanni is confirmed Chief Executive Officer.
- **The agreed price is € 4.3 million** and is paid by Società Manifattura Tessile Srl. to the sellers for 70% on the date of execution of the purchase and for the remaining 30% in three annual instalments starting from 31 January 2023.
- **The acquisition price of € 4.3 million includes the production property and positive NFP (Cash).**
- Closing on February 2022.





1H2022

PATTERN GROUP 1H2022 Highlights

TOTAL REVENUES

€ 49.1 M

€ 31.1M 1H2021

EBITDA

€ 5.5 M

€ 3.4M 1H2021

EBITDA MARGIN

11.2 %

10.9 % 1H2021

NET INCOME

€ 1.9 M

€ 1.2M 1H2021

NFP

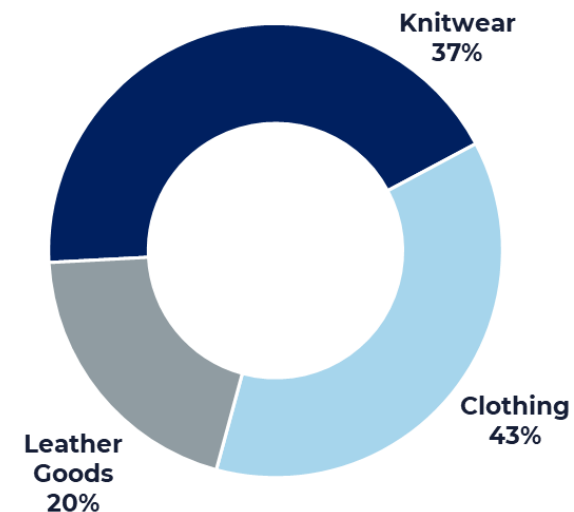
€ 2.7 M

Positive € 3.1M
FY2021

1H2022 Income Statement

(€ 000)	1H2022	1H2021	%
Sales revenues	48,121	30,869	55.9%
Other revenues	981	247	296.7%
Total Revenues	49,102	31,116	57.8%
Change in inventories	1,160	2,242	-48.3%
Value of production	50,262	33,358	50.7%
Raw materials	(13,882)	(11,050)	25.6%
Cost of services	(18,685)	(10,933)	70.9%
Leases and rentals	(1,042)	(744)	40.1%
Personnel Expenses	(10,932)	(7,122)	53.5%
Other operating expenses	(243)	(110)	120.4%
EBITDA	5,478	3,399	61.1%
<i>EBITDA margin</i>	11.2%	10.9%	
D&A	(1,655)	(1,111)	49.0%
EBIT	3,823	2,288	67.1%
Net financial income	(101)	(58)	72.4%
EBT	3,722	2,230	66.9%
Taxes	(1,227)	(743)	65.1%
Net income	2,495	1,487	67.8%
Group Net income	1,896	1,173	61.6%

Revenues Breakdown

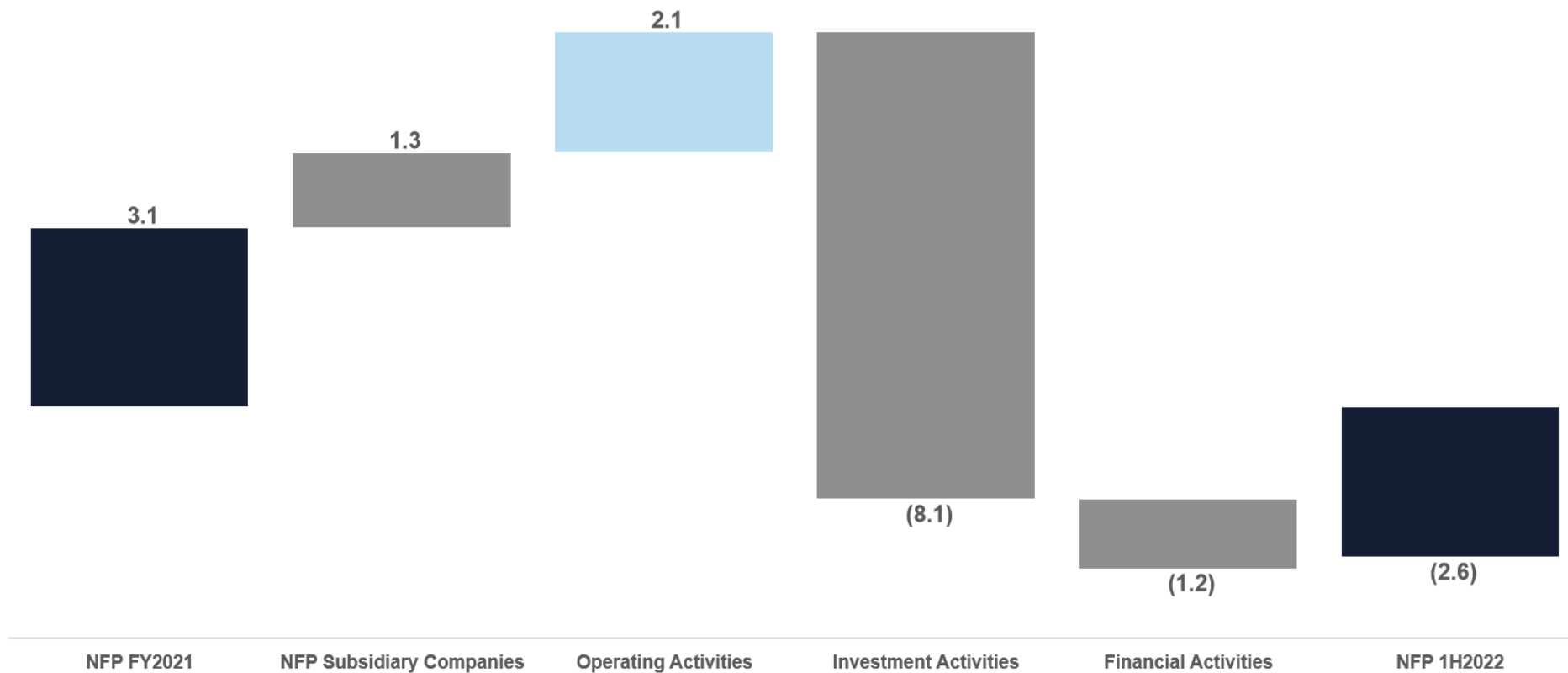


1H2022 Balance Sheet (Use and Sources)

(€ 000)	30/06/2022	31/12/2021	%
Fixed Assets	24,589.8	17,865.9	37.6%
Warehouse	10,623.0	8,289.6	28.1%
Trade Receivables	17,246.2	15,323.2	12.5%
Other Receivables	5,814.8	5,828.0	-0.2%
Prepayments and accrued income	804.6	459.1	75.3%
Working Capital	34,488.6	29,899.9	15.3%
Trade Payables	(18,451.4)	(17,669.1)	4.4%
Other Payables	(7,343.5)	(4,584.0)	60.2%
Accrued expenses and deferred income	(608.4)	(617.9)	-1.5%
Net Working Capital	8,085.3	7,028.9	15.0%
Funds	(3,398.8)	(2,857.4)	18.9%
Net Invested Capital	29,276.3	22,037.2	32.8%

(€ 000)	30/06/2022	31/12/2021	%
Shareholders' Equity	26,623.1	25,123.7	6.0%
Group Shareholders' Equity	24,022.4	22,922.0	4.8%
Cash and Cash equivalents	(22,164.9)	(22,794.2)	-2.8%
Short term bank debt	4,948.4	4,256.7	16.2%
Medium term financial debt	19,869.7	15,450.9	28.6%
Bank Debt	24,818.1	19,707.6	25.9%
Net Debt/(Cash)	2,653.2	(3,086.6)	-186.0%
Total Sources	29,276.3	22,037.1	32.8%

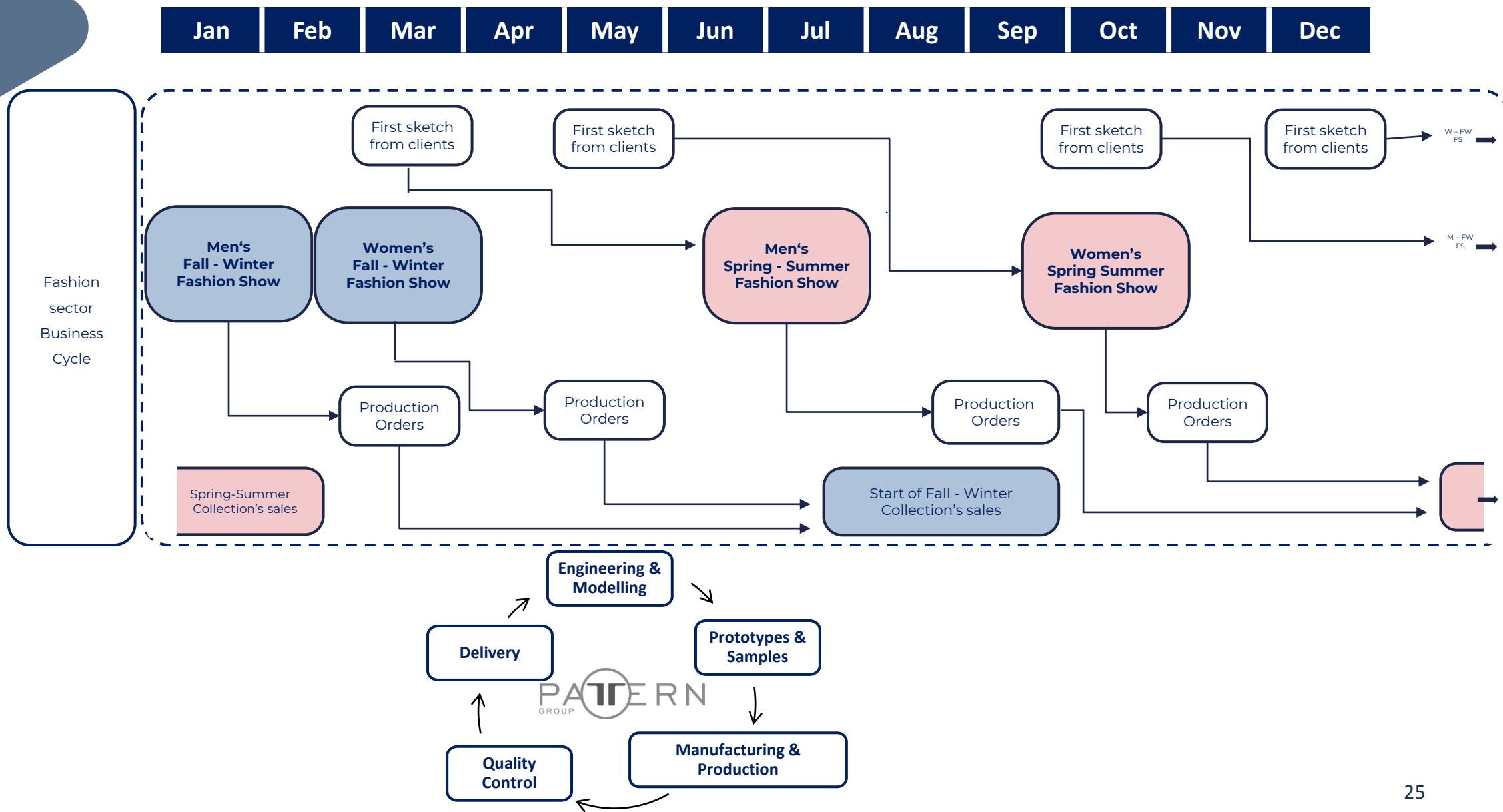
NFP bridge



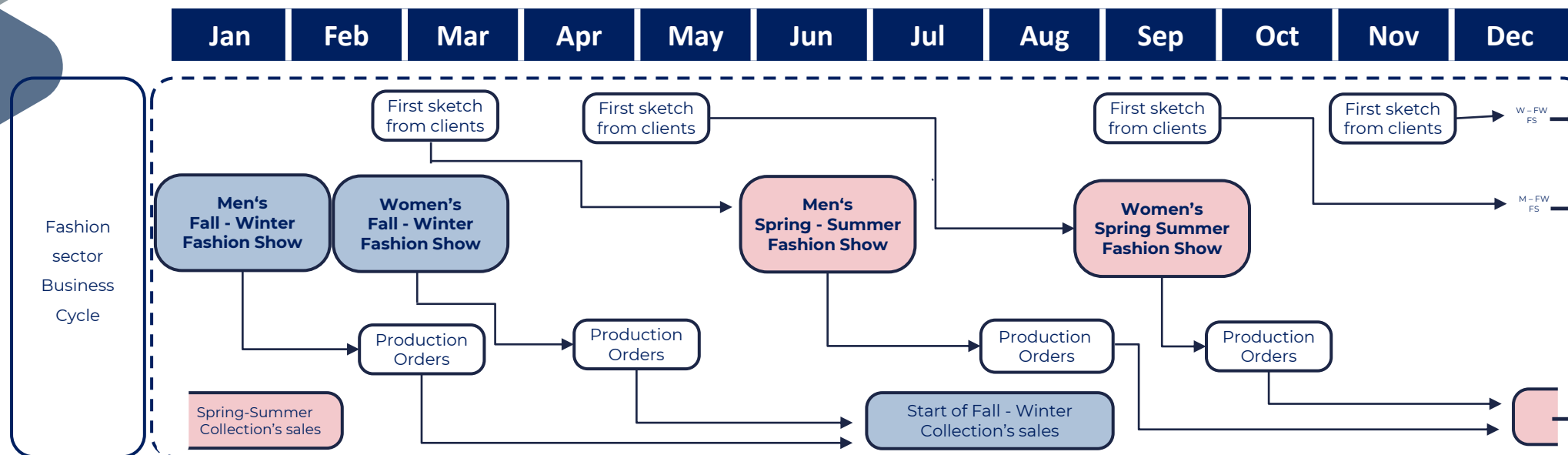


The fashion sector and Pattern business model

How the fashion sector used to work



How the fashion sector works now



Capsule, outlet, special events, online one-spot collections, digital fashion shows, special production with VIP, etc...

Engineering & Prototyping & Production

Pattern Competitive Advantages

Quality

Highest quality through technology, human resources and control of the supply chain

Flexibility

Flexible organizational structure with vertical integration

Speed

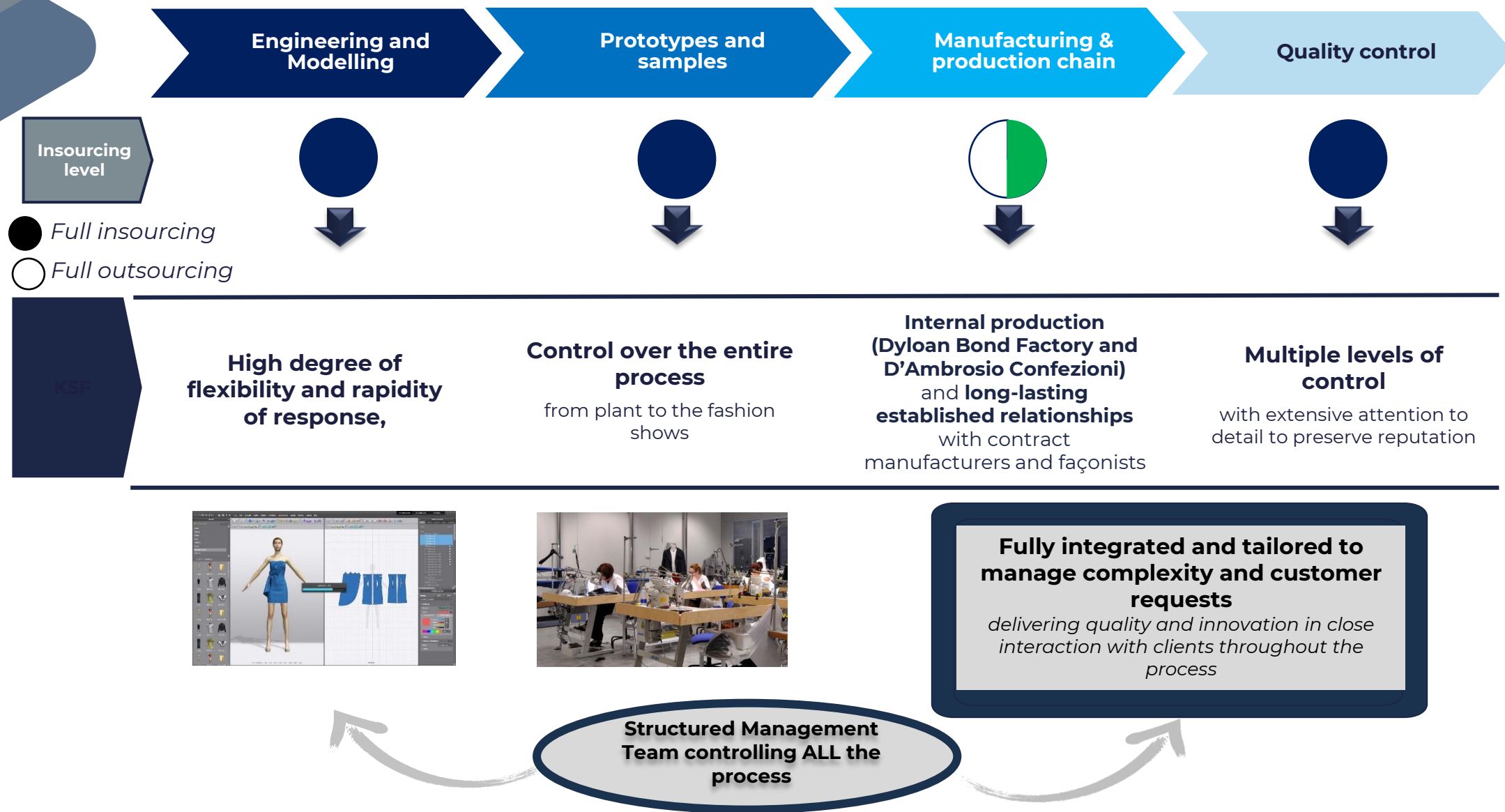
Superior time-to-market, thanks to newest technologies and proven procedures

Reputation

20 years heritage of a fine-tuned business model for the luxury apparel industry

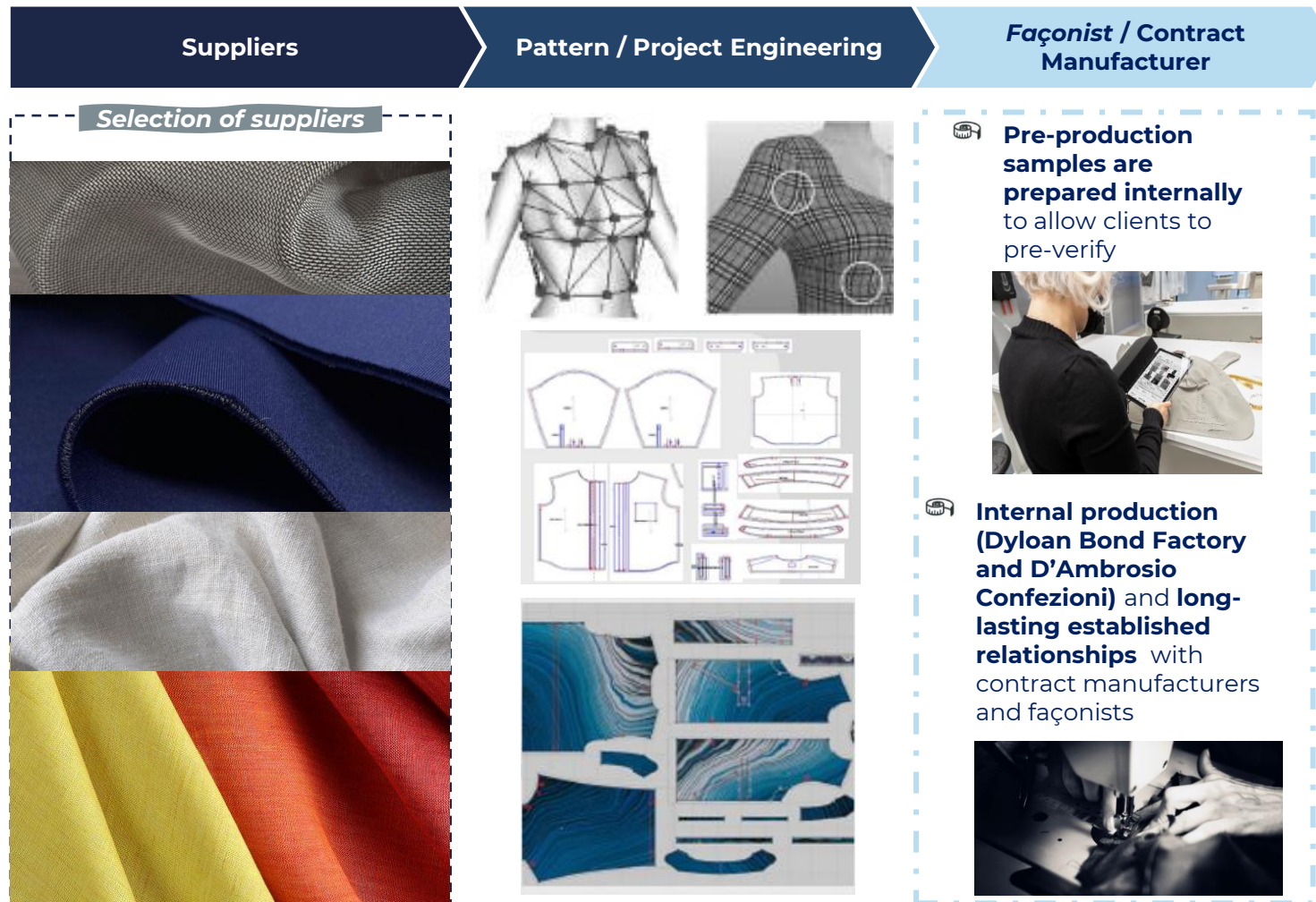
Pattern operates in a strategic stage of the process, the "Formula 1"

Pattern's business model



Unique balance between human craftsmanship and technology allows for superior flexibility in order execution

Full integration with Italy's best suppliers and 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 internal production and established long-term partnership with the key players of a highly polarized industry

A close-up photograph of several hands placing white puzzle pieces onto a rustic, weathered wooden surface. The puzzle pieces are scattered, and the hands are in the process of fitting them together. The lighting is soft and natural, highlighting the textures of the wood and the smoothness of the puzzle pieces.

Our values

Pattern Group Strategic Plan 2021-24



3 Key values

Human
Resources

Technology and
R&D

Sustainability

September 2021
Introduction of the Organisational Model
«231»: the supervisory infrastructure required
under Legislative Decree 231/2001

- TRASPARENCY and REPUTATION
- IMPROVEMENT of the Internal Control System
- RELIABILITY

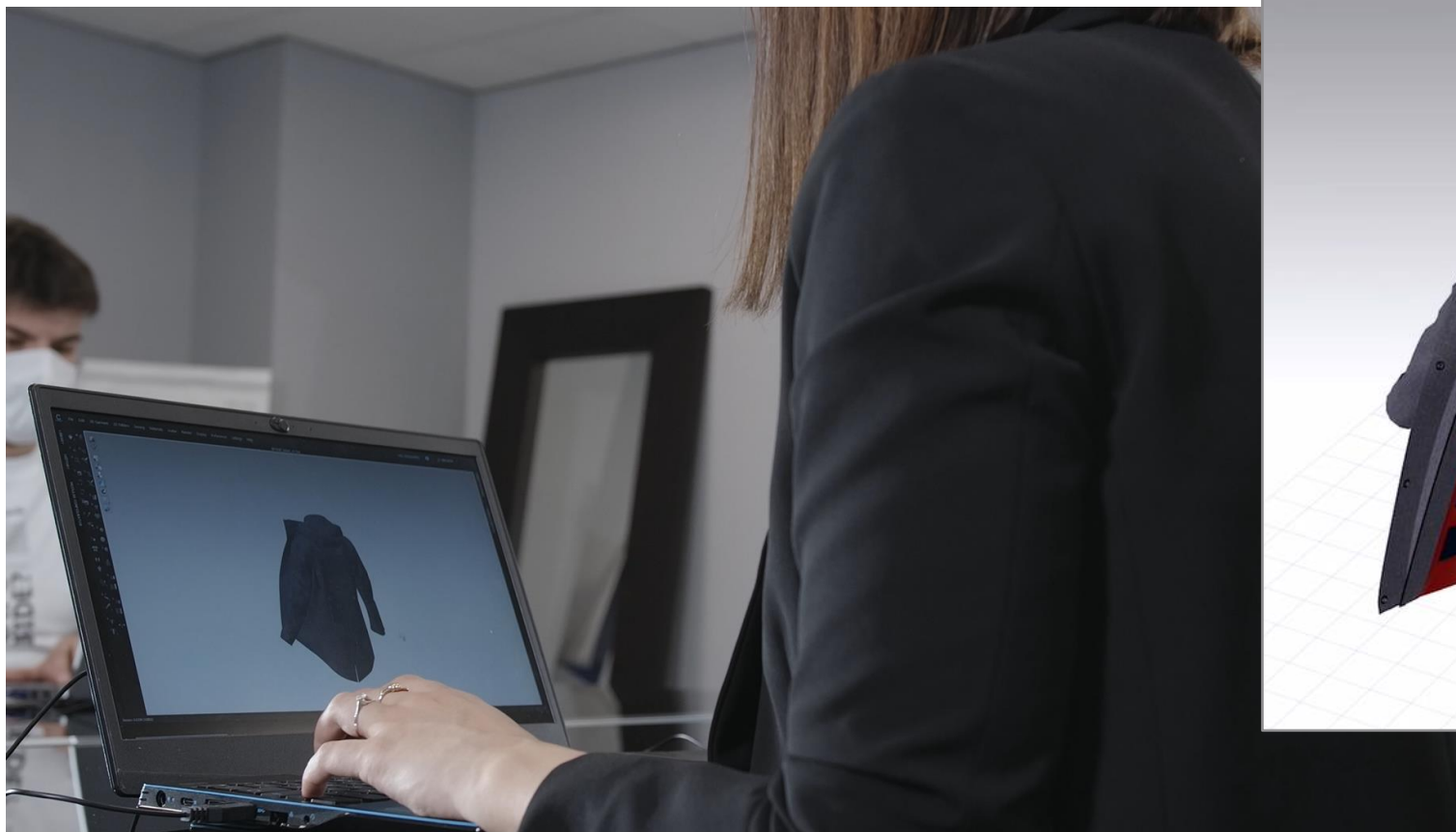


Innovation

3D Dimension 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.



Physical Fabric setting for different real fit

**Chiffon + silk
transparent organza**



Velvet

Eco-leather



Zero waste printed fabrics

Combining the long experience in placement of printed fabrics with the expertise on the 3D design system, Pattern is able to provide a **Print Engineering Service** through which graphics are designed specifically for each part of the pattern of each size (or size group). Therefore, the fabric is produced with engineered panels, considerably reducing the printed fabrics' consumption.

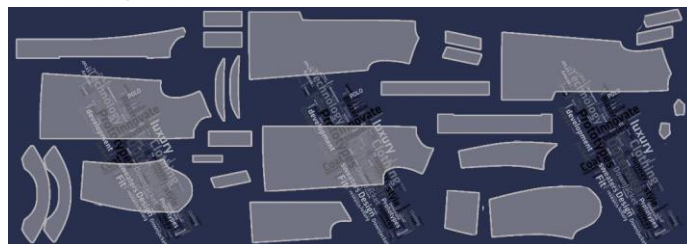
Advantages:

- Fabrics' consumption reduced by 30% to 40%
- Sustainable approach with decreased leftover: thanks to the 3D system, the garment outcome is immediately visible, without producing the sample
- Design unlimited creativity on artwork management
- Lead-time improvement
- Significant reduction in production costs

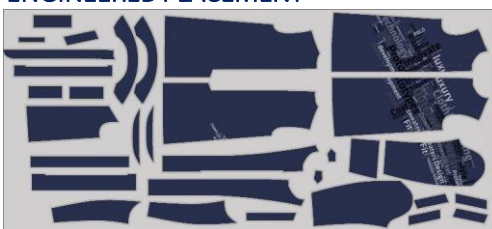


The **3D system** allows to accurately and immediately visualize the placement of each piece of graphics on the "real" garment and simulate their movements.

PRINT PLACEMENT



ENGINEERED PLACEMENT



WITH THIS METHOD WE
CAN SAVE UP TO 45%

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.



Sustainability



ESG RATING 2021

C

Pattern confirms its participation to the **Climate Change Reporting** managed by the international organization CDP and achieves a **2021 ESG Rating, referring to the year 2020, of level C.**

CATEGORY SCORES



2021 CDP SUPPLIER ENGAGEMENT LEADERBOARD

B-

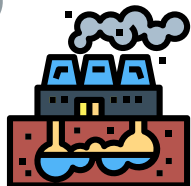
Pattern joins the other 400 international companies (7% of top companies) nominated into the CDP “2020 Supplier Engagement Leaderboard”, companies that are annually assessed with total transparency by CDP on the Supplier Engagement Rating (SER).



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.

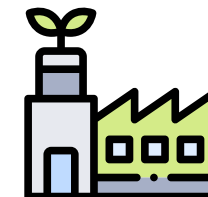


GEOHERMAL PLANT

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**.

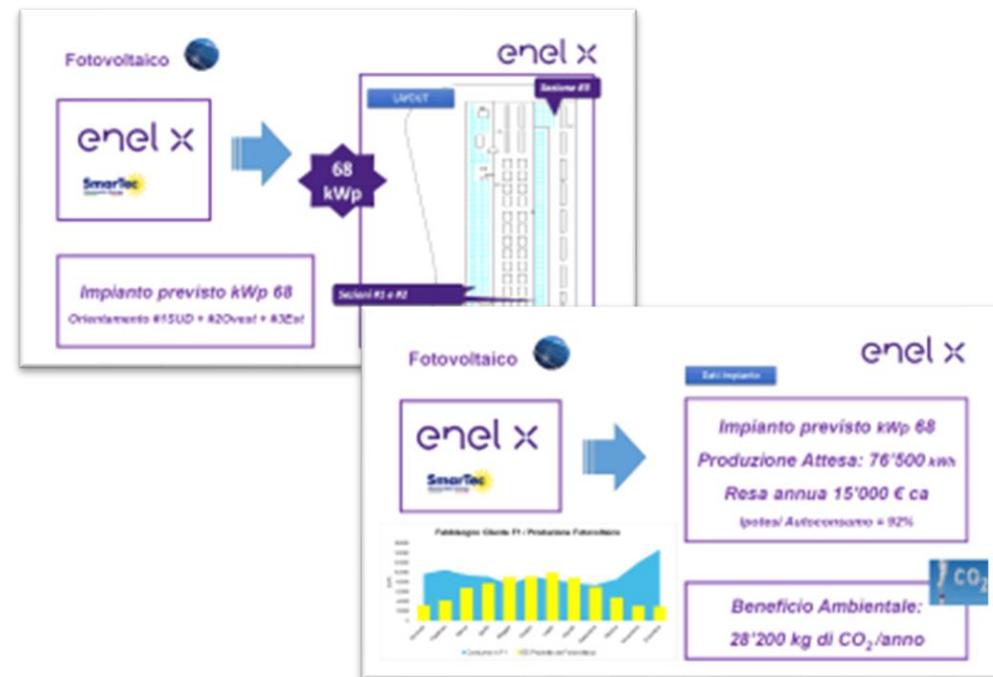


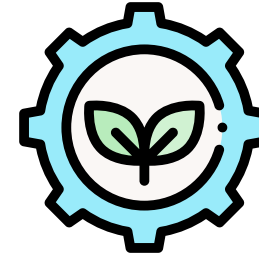
2 PHOTOVOLTAIC PLANTS: TURIN AND SPELLO



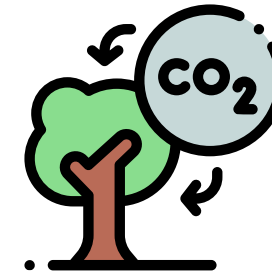
At the end of 2020, a **photovoltaic system** designed for self-consumption became operational in Pattern Turin allowing the company to be **almost completely self-sufficient**, fully covering the energy needs in the warmer months. By achieving this goal, the plant of Turin will **avoid CO2 emissions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

In addition, in 2022 Pattern signed the **acquisition of Roscini Atelier plant** including the installed and operative photovoltaic plant.

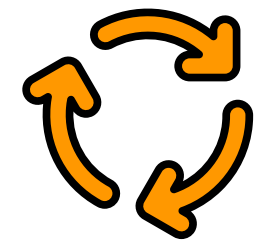




ECONOMIC & SOCIAL
SUSTAINABILITY



BEING
CARBON
NEUTRAL



CIRCULAR ECONOMY &
REVALUE WASTE

FROM RED TO GREEN CARPET

5 year plan announced in 2018 by Pattern.

3 main goals to achieve:

PATTERN PARTICIPANT OF THE UNITED NATIONS GLOBAL COMPACT

Global Compact's Ten Principles on Human Rights, Labour, Environment and Corruption and work together in order to take strategic actions to promote broader social objectives

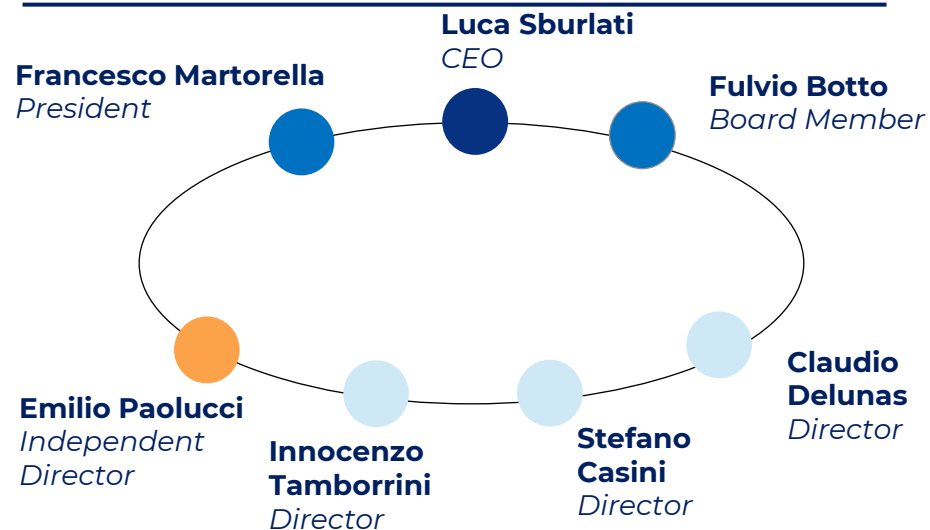
PATTERN ADHERES TO THE ONU'S "FASHION INDUSTRY CHARTER FOR CLIMATE ACTION"

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**.

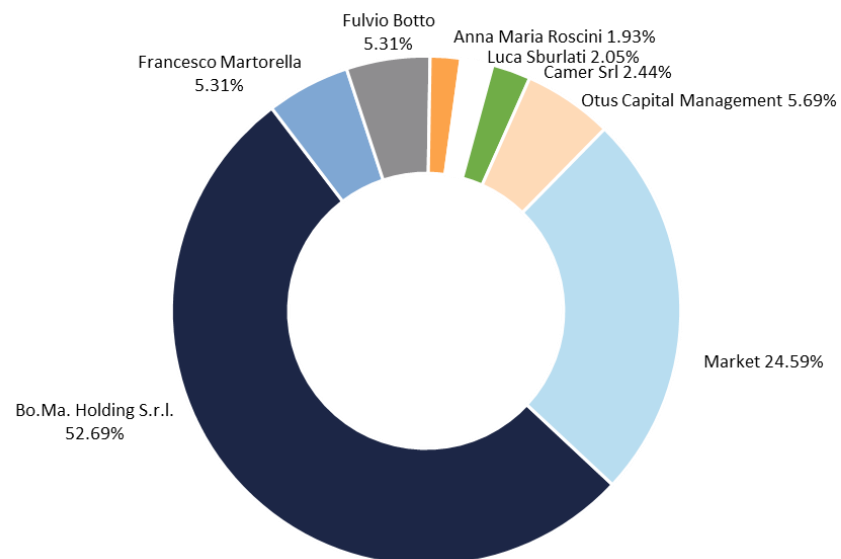
Appendix

Corporate Governance

Board of Directors




Shareholder Structure

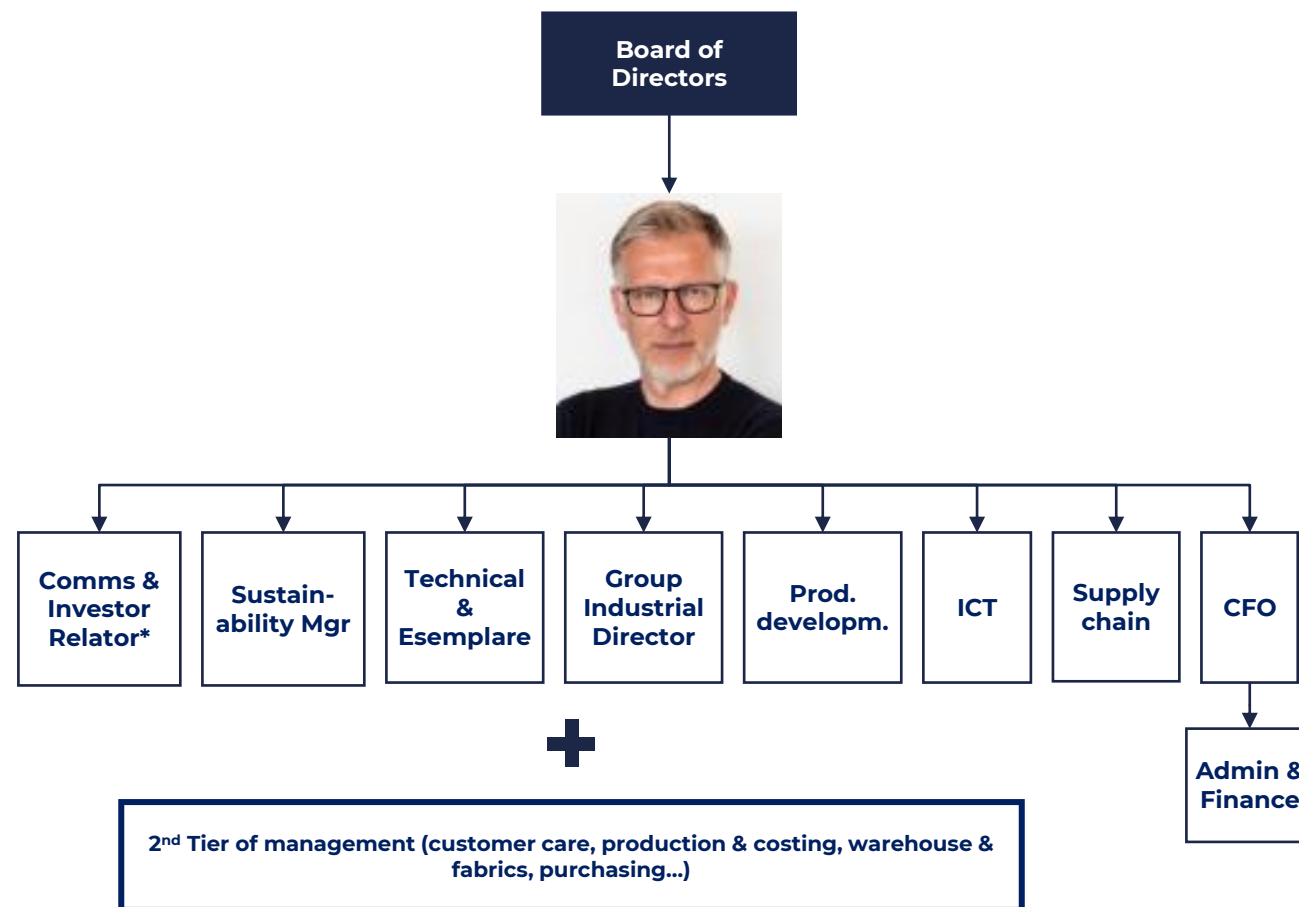


HR - Highly Experienced and Committed Management Team



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

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PATTERN
GROUP

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