

AIM Conference 2021



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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

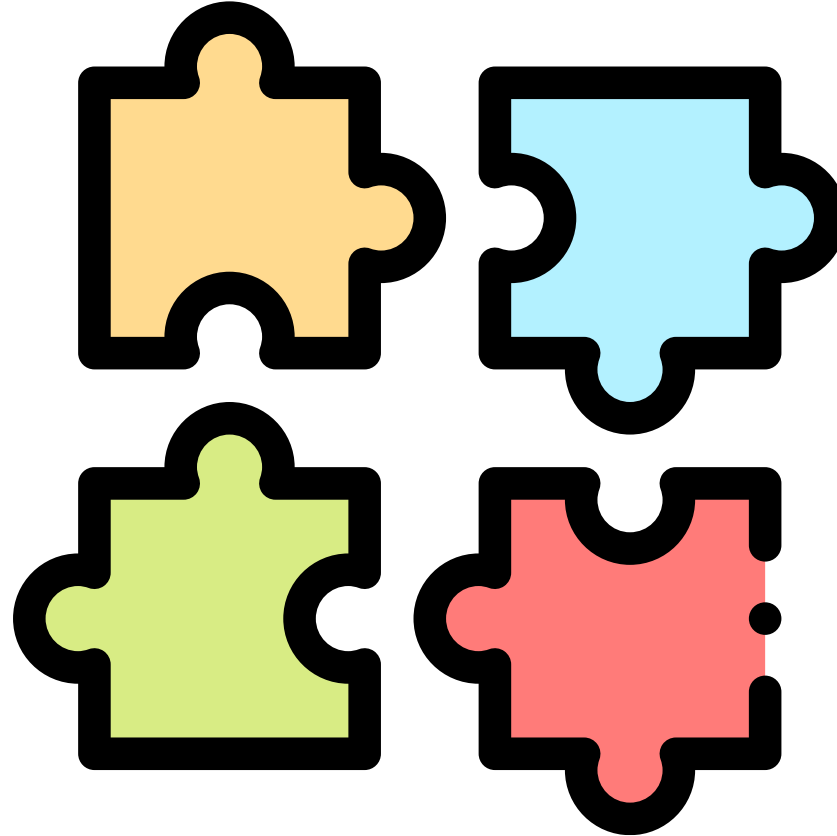


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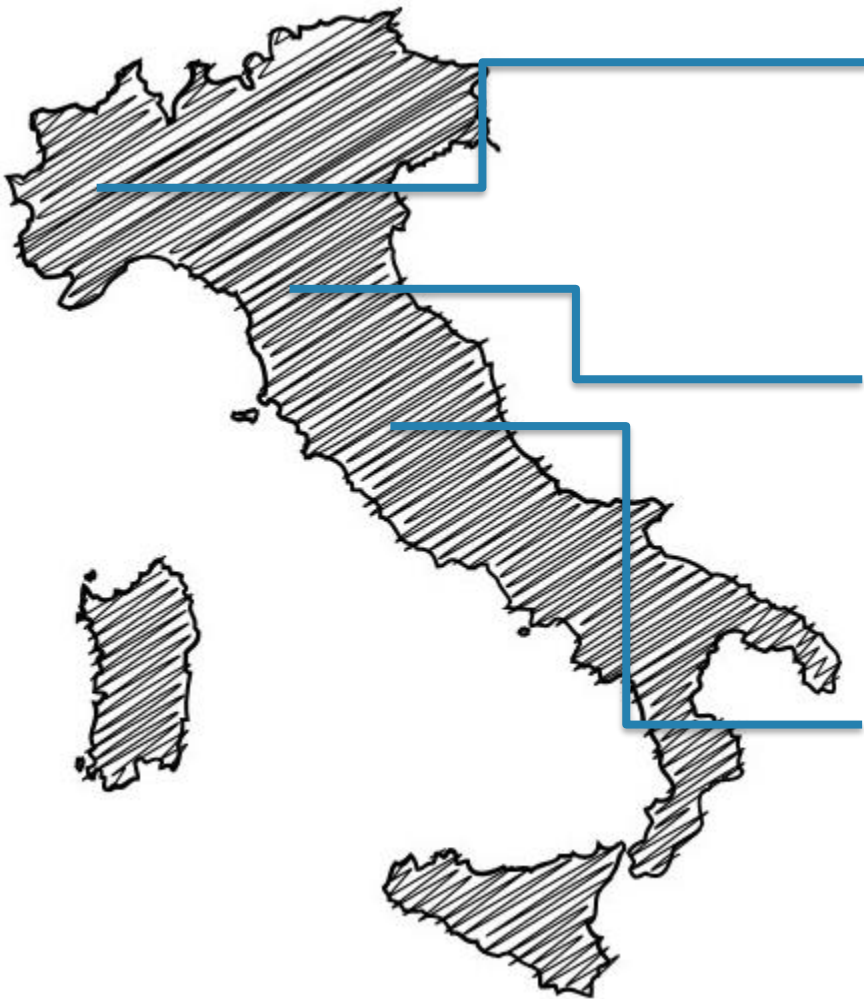


1. Group at a glance & Updates
2. FY 2020 Results
3. The Luxury Fashion Market
4. Group Strategy & Outlook
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 - Pattern Overview
 - Business and Values

Group at a glance & Updates



The Italian Hub of Luxury Fashion Engineering



PATTERN

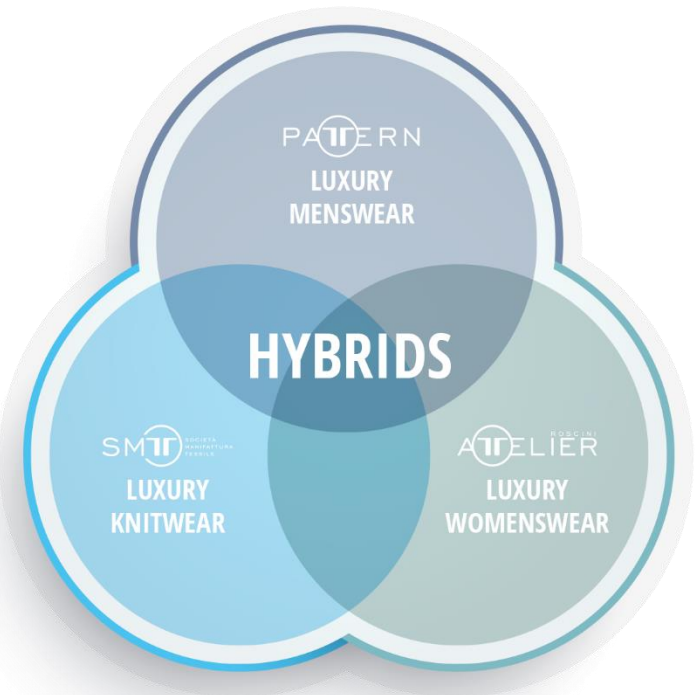
Torino, Piemonte
Luxury menswear / outerwear,
sportswear and tailoring

SMTI SOCIETÀ
MANIFATTURA
TESSILE

Reggio Emilia, Emilia Romagna
Luxury knitwear

ATELIER ROSCINI

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

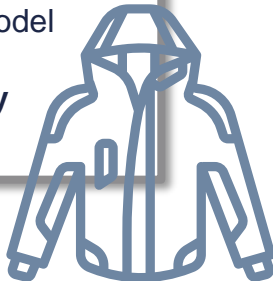


The Italian Hub of Luxury Fashion Engineering

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**



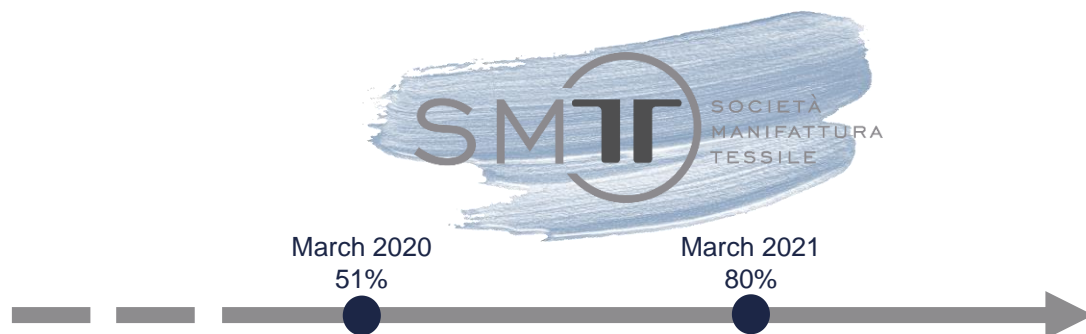
S.M.T.:

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**



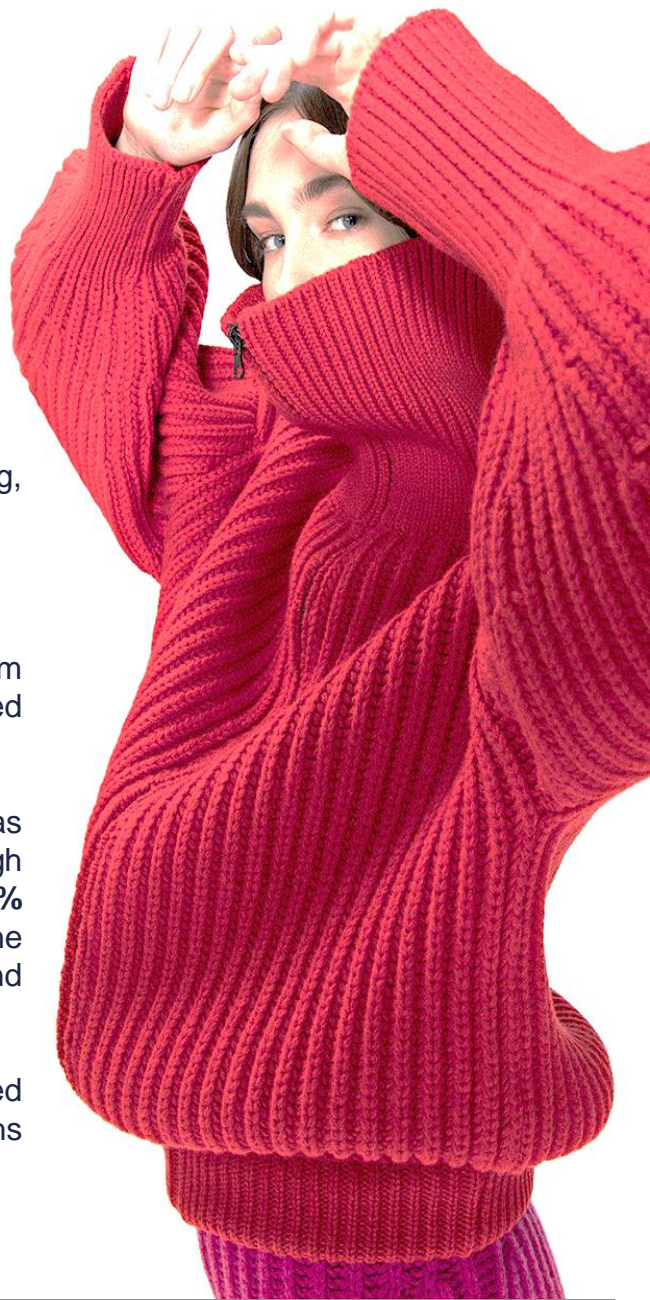
March 2021 – Purchased an additional 29% of S.M.T.



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.



FY 2020 Results



PATTERN GROUP FY 2020 Highlights

REVENUES

€ 53.9M

€55.7M FY19

EBITDA

€ 5.4M

€5.9M FY19

EBITDA MARGIN

10%

10.7% FY19

NET INCOME

€ 3.0M

€3.8M FY19

POSITIVE NFP

€ 8.8M

€12.4M FY19

FY 2020 Highlights: A focus on SMT



REVENUES

€ 19.0M

€18.9M FY19

EBITDA

€ 2.8M

€1.7M FY19

EBITDA MARGIN

14.7%

9.2% FY19

NET INCOME

€ 1.5M

€ 0.7M FY19

POSITIVE NFP

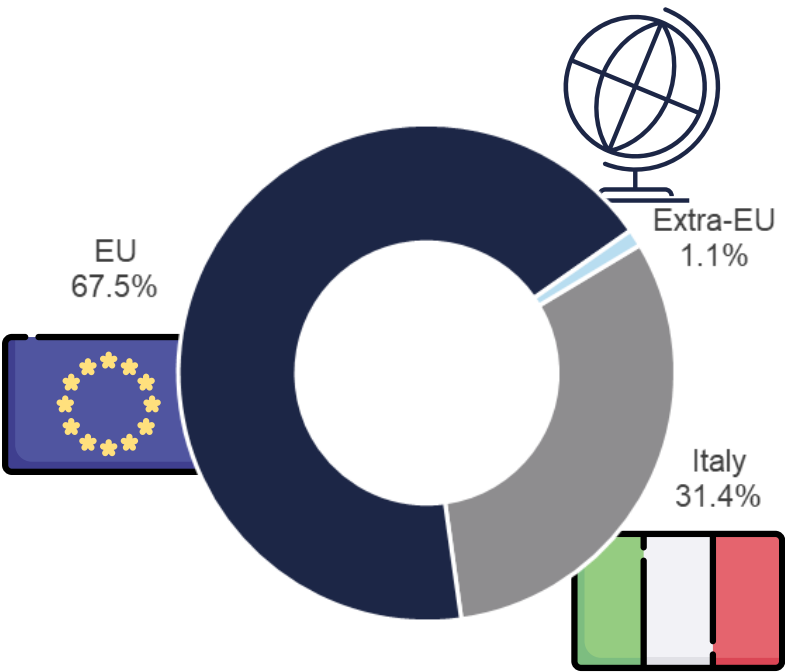
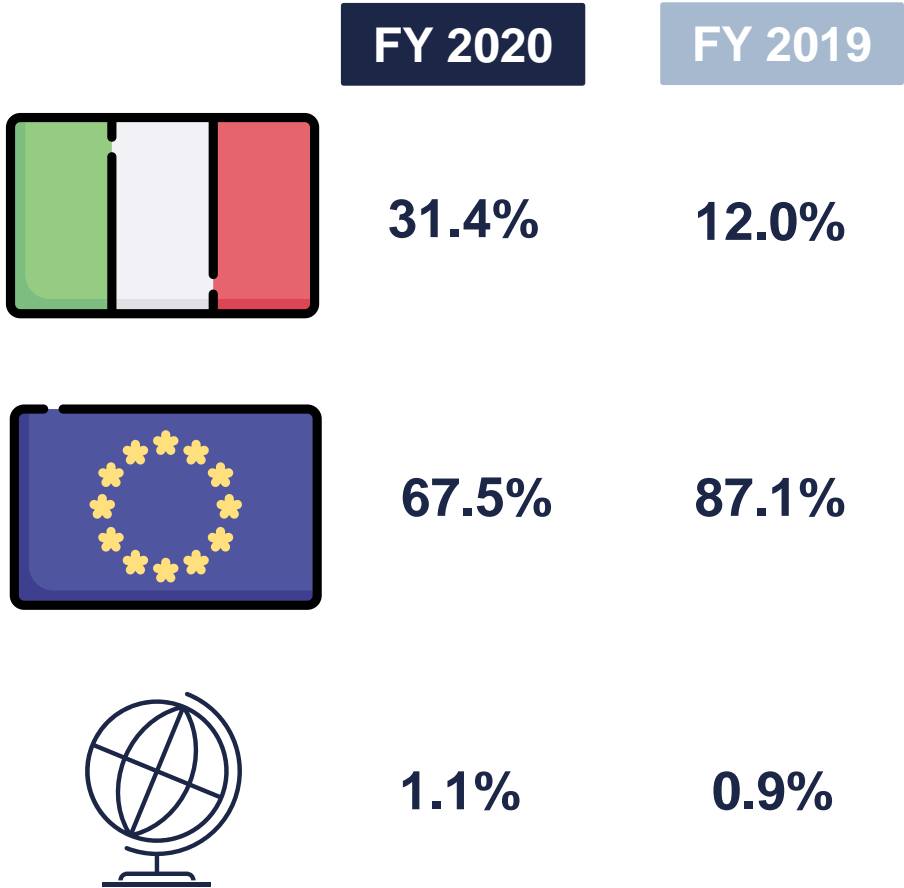
€ 0.041M

NEGATIVE
€ -3.1M FY19

FY 2020 Income Statement

(€ 000)	FY 2020	FY 2019
Sales revenues	52,584	55,603
Other revenues	1,279	135
Total Revenues	53,864	55,738
Increase in fixed assets for internal work	-	-
Change in inventories	156	(400)
Value of production	54,020	55,338
Raw materials	(15,514)	(16,462)
Cost of services	(19,049)	(22,980)
Leases and rentals	(1,470)	(572)
Personnel Expenses	(12,406)	(9,239)
Other operating expenses	(196)	(141)
EBITDA	5,385	5,945
<i>EBITDA margin</i>	10.0%	10.7%
D&A	(1,819)	(454)
EBIT	3,565	5,491
<i>EBIT margin</i>	6.6%	9.9%
Net financial income	(112)	(55)
Value adjustments to net financial assets	(2)	-
EBT	3,452	5,436
Taxes	(456)	(1,644)
Net income	2,996	3,793

Revenues Breakdown



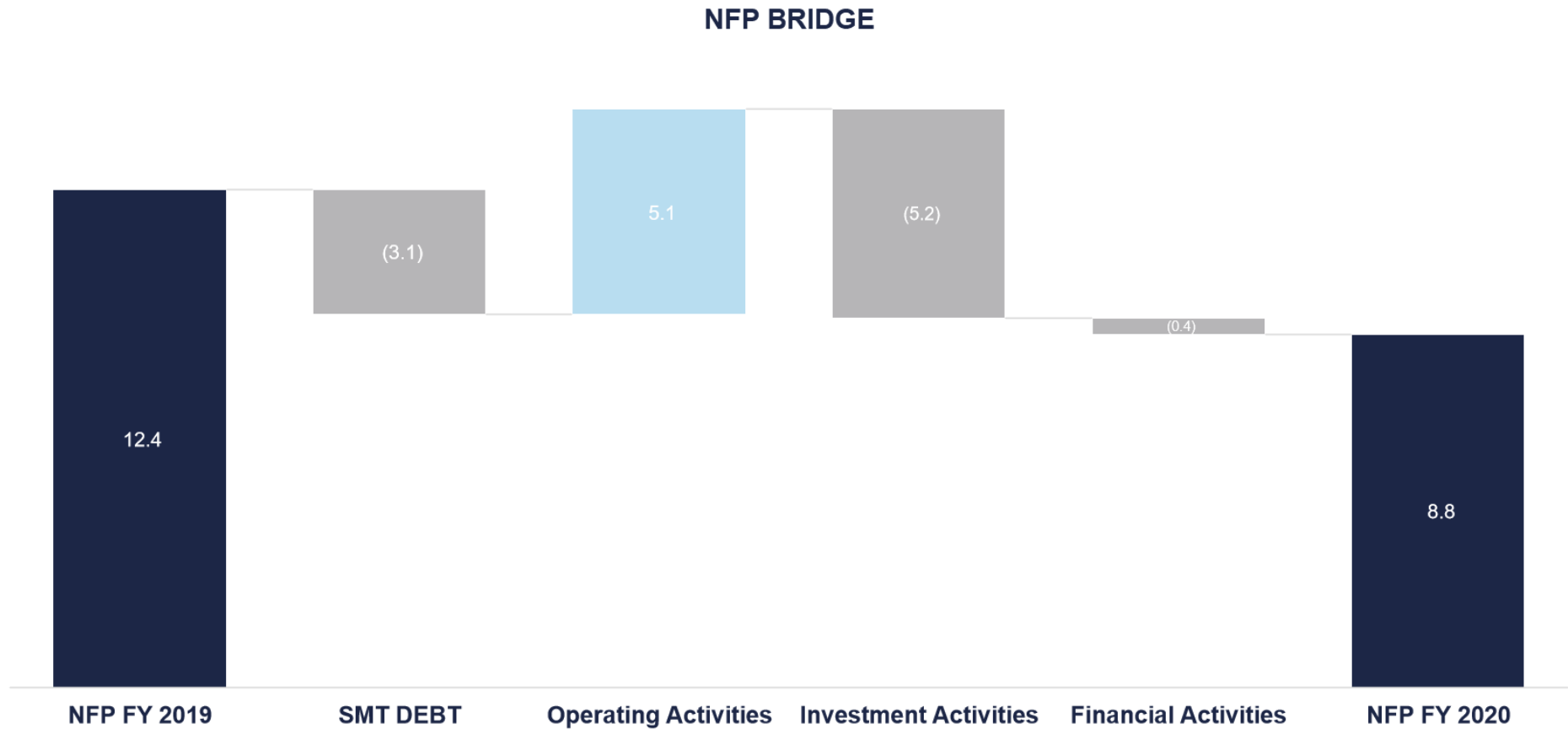
The geographical breakdown of sales shows a significant **increase in revenues from Italian clients**, whose share of the total has more than doubled, rising from 12% to 31.4%. **The internationalization rate of S.M.T. it is high**, but lower than that of Pattern. Overall, the foreign share of sales revenues remains very high, since it stands at 68.6%.

FY 2020 Balance Sheet (Use and Sources)

(€ 000)	31-Dec-20	31-Dec-19
Fixed Assets	10,849.8	3,589.3
Warehouse	4,288.7	3,435.0
Trade Receivables	8,682.9	8,005.6
Other Receivables	2,059.5	1,332.0
Prepayments and accrued income	529.7	512.5
Working Capital	15,560.7	13,285.0
Trade Payables	(9,664.0)	(8,894.4)
Other Payables	(2,512.8)	(2,021.0)
Accrued expenses and deferred income	(155.1)	(22.5)
Net Working Capital	3,228.8	2,347.0
Funds	(1,923.3)	(928.1)
Net Invested Capital	12,155.3	5,008.1

(€ 000)	31-Dec-20	31-Dec-19
Shareholders' Equity	20,931.5	17,393.7
Cash and Cash equivalents	(23,619.0)	(16,073.9)
Short term bank debt	2,096.3	925.8
Medium term financial debt	12,746.6	2,762.5
Bank Debt	14,842.8	3,688.3
Net Debt/(Cash)	(8,776.2)	(12,385.6)
Total Sources	12,155.3	5,008.1

NFP bridge



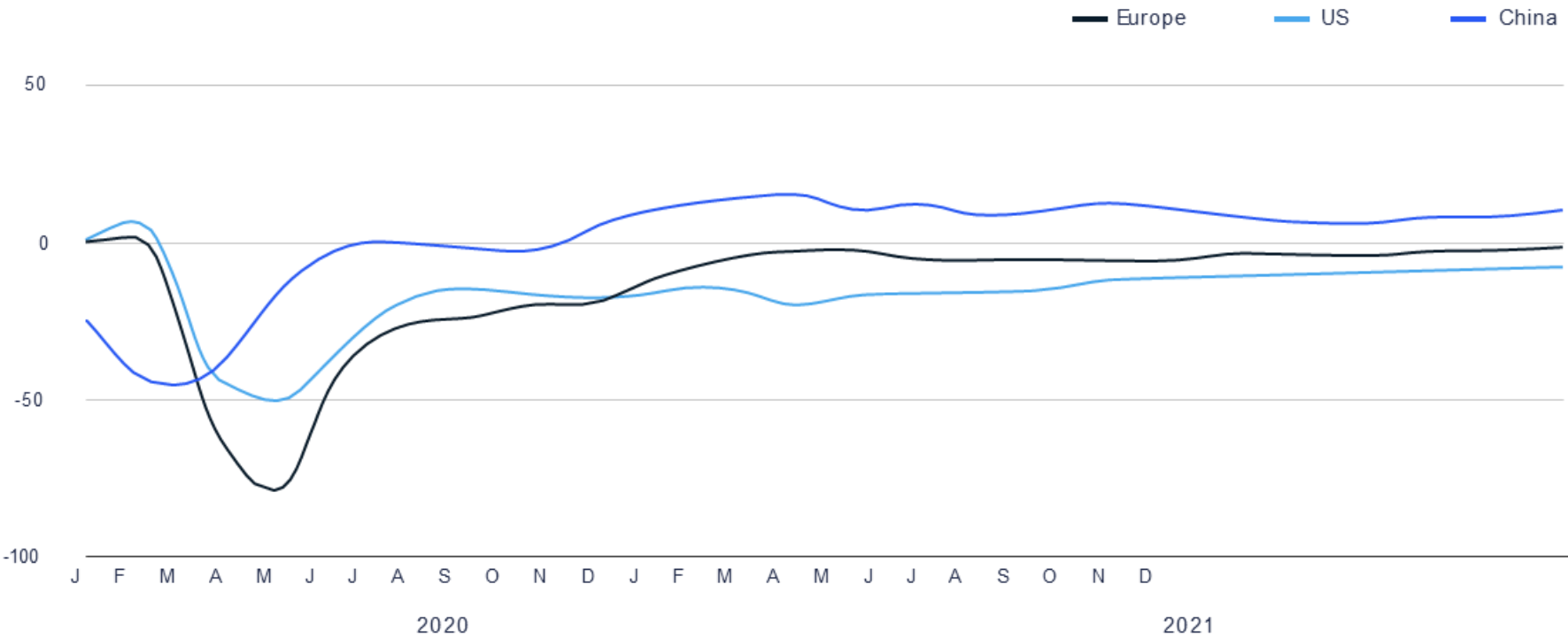
NFP as at 31 December 2020 shows a **clear improvement (+ 123%)** compared to the NFP as at 30/6/2020 which reported a positive figure of € 3.9 M

The Luxury Fashion Market



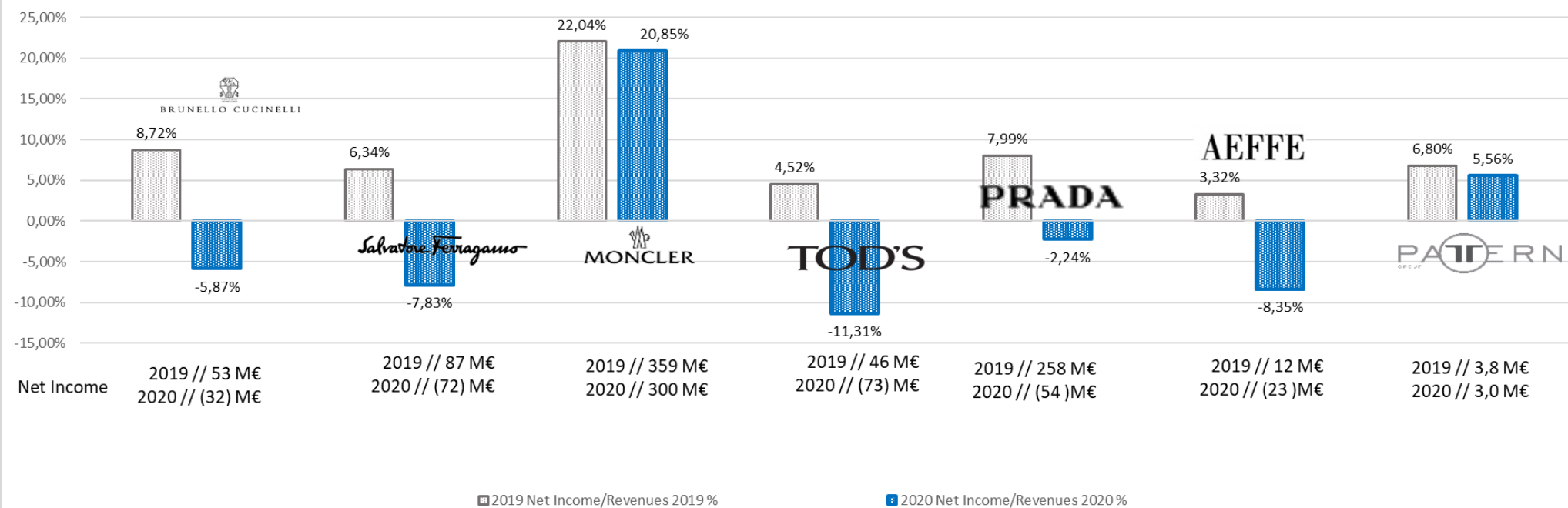
Fashion Industry Recovery post COVID19

Fashion Sales in the earlier recovery scenario by McKinsey, compared to 2019



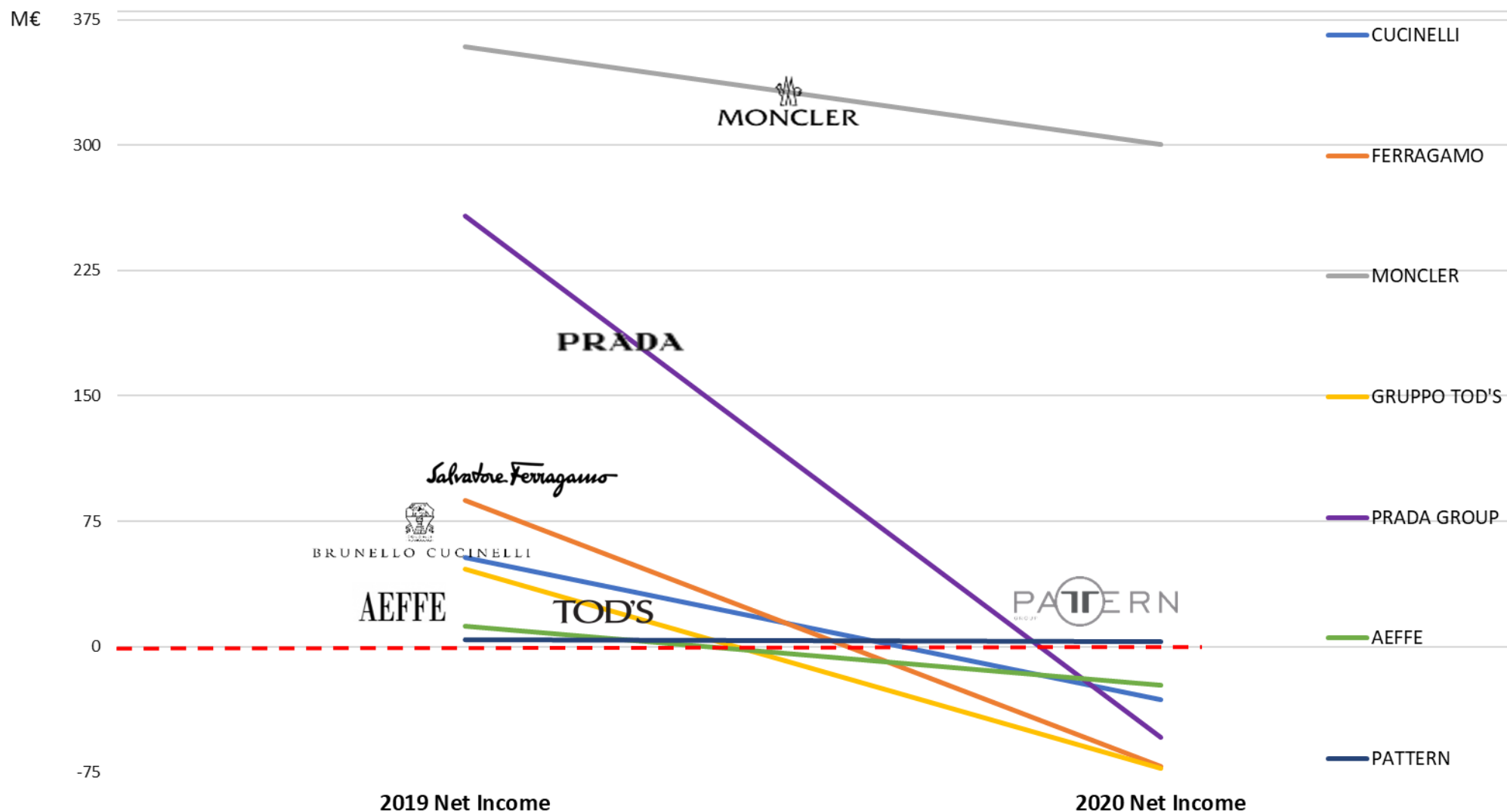
Pattern outperforms the Italian luxury fashion industry

Listed Italian luxury fashion companies
2019 VS 2020 Net Income/Revenues %



Pattern outperforms the Italian luxury fashion industry

Listed Italian Luxury fashion companies // 2019 VS 2020 Net Income



What's up in our business?

A positive competition: new entrant to the market

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), luxury fashion outerwear specialist, with a turnover of €76.1 million in 2019 and € 9,7 million profit, **Ciemmec Fashion** srl of Empoli (Florence), specialized in the production of leatherwear, €17.3 million turnover in 2018; and **Mely's Maglieria** di Arezzo, knitwear specialist, with a turnover of €15.5 million in 2019.

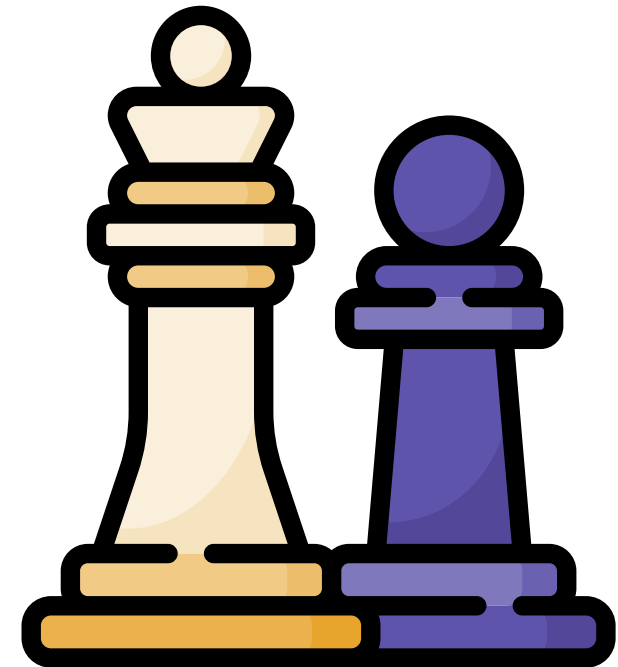
Next announced steps are the entering in the jersey fashionwear sector, then denim and bags businesses.

The consortium of investors, in which Italmobiliare also participates, will control 65% of the newly created holding Florence, which will own 100% of the three companies. The remaining 35% remains with the founding families, Giuntini, Capezzuoli, Maltinti, Ciampolini and Sanarelli, who have reinvested in the project

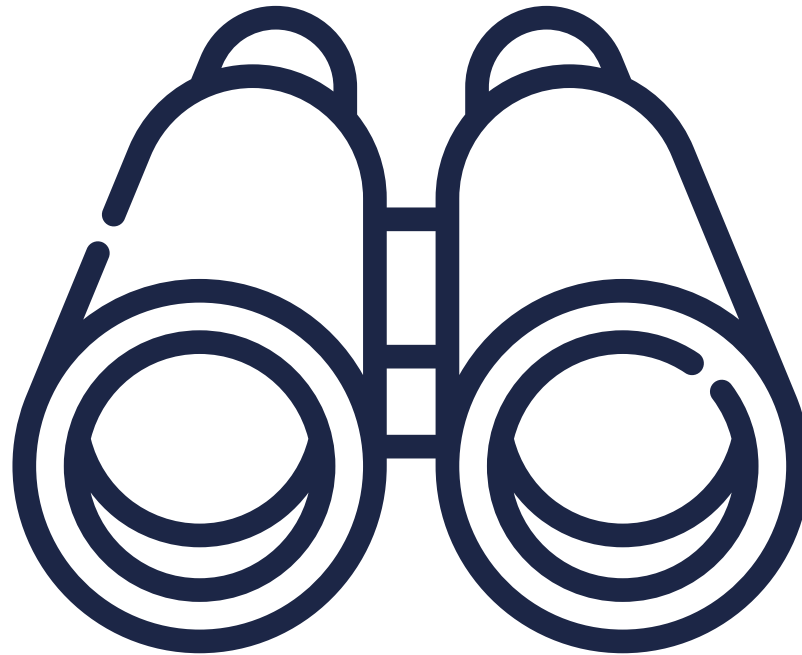
Turnover estimated at the end of the year of € 150 million and over 700 employees.

Strengths & Opportunities of Pattern:

- **Positive and winning strategy started in 2019**
- Competition creates a **reference benchmark** - always useful
- Florence is mainly a financial, not an **industrial, know-how-based pole**



Group Strategy & Outlook



Group Strategy

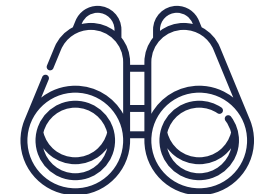
Proceed with the growth of the Italian Hub of Luxury Fashion Engineering



Outlook 2021

As for the economic trend, in the **second half of 2021 the first signs of recovery will probably** emerge in Western countries too, thanks to the vaccination campaigns.

In parallel with the internal management of the Group's activities, the management continues to screen external growth opportunities for the development of the "**Italian Hub of Luxury Fashion Engineering**". In this regard, it is believed that the economic crisis affecting the country and Western economies in general has not only made the **search for partnerships** more pressing in all sectors in order to better face the crisis, but it has also highlighted the need to **accelerate the consolidation process of SMEs** that was already being discussed before Covid. This is the issue of the increase in the size of Italian companies, which is not always adequate to face the competition and demands of international markets.

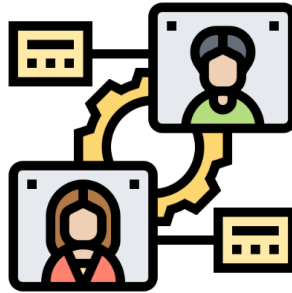


Pattern's Key Business Values

Technology and R&D



Human Resources



Sustainability





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.**



New Digital Warehouse 4.0

The year 2020 saw an important investment for Pattern logistics, the **installation of the New Warehouse 4.0**, with a capacity of 13,000 finished garments and equipped with a dynamic structure.

In this **fully digitized state-of-the-art warehouse**, through RFID technology, each item and its movements are uniquely identifiable, **traceable**, and managed by a dedicated departmental software, a WMS (Warehouse Management System) completely interfaced with the company management software.

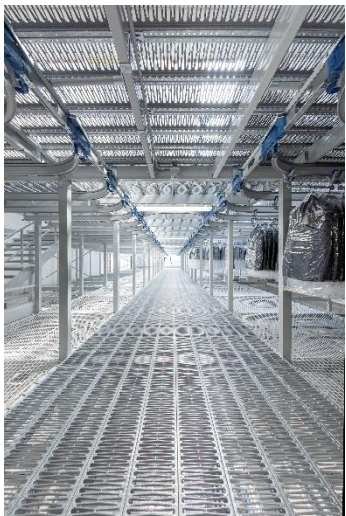
In addition the entire **accessories warehouse** has been compacted and automated through the introduction of **two drawer cabinets driven by a software dedicated to the WMS warehouse**.



Fully digitalized quality control



Since 2021 the Quality Control process is **fully digitized** in the aspects of planning, execution and recording of audits: thanks to the use of tablets connected to **the Audit Manager system**, the execution of audits is guided, the individual findings recorded in the system and documented with images, and it is therefore possible to have **real-time updated reports** and statistics for the period, ensuring **better traceability and transparency**.





High-Profile Know-How

Board of Directors

Group CEO
L. Sburlati

Group
Comm.
Mgr &
Investor
Relator

Sustain-
ability Mgr

Technical &
ESEMPLARE

Group
Industrial
Director

Pdt.
developm

ICT

Supply
chain

CFO



2nd Tier of management (customer care, production & costing, warehouse & fabrics, purchasing...)

Admin &
Finance

Social Responsibility System

No gender discrimination

GENDER	PATTERN	ROSCINI	SMT
Male	32	10	25
Female	79	53	83
Total	111	63	108

Promotion of Key Talents

Employees involvement

- Code of Ethics
- Code of Conduct
- SA8000 procedures
- Internal Communication procedures
- Social Performance Teams



Importance of territory and training

ESG RATING 2020

PATTERN OVERPERFORMS THE MARKET

B-

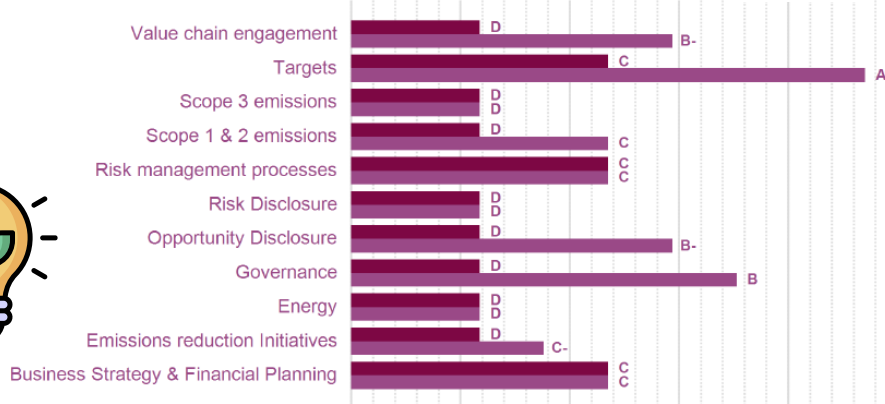
Pattern confirms its participation to the **Climate Change Reporting** managed by the international organization CDP and achieves a **2020 ESG Rating, referring to the year 2019, of level B-**.

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

Activity Group Average Your Score

2020



PATTERN ACHIEVES A PLACE ON THE

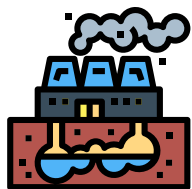
2020 CDP SUPPLIER ENGAGEMENT LEADERBOARD

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) .



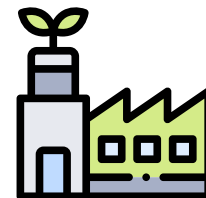
2020

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.



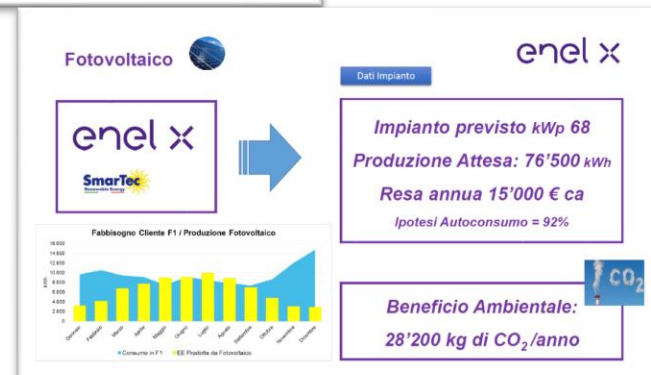
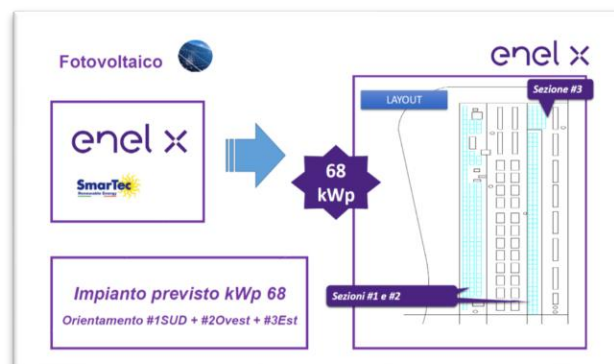
GEO THERMAL PLANT

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**.

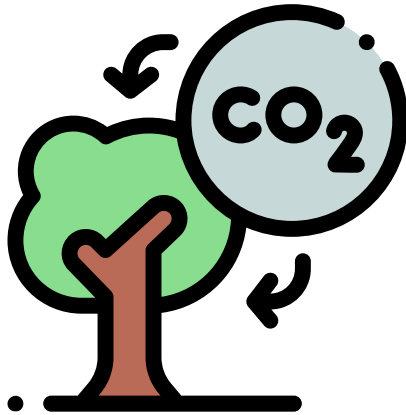


FROM RED TO GREEN CARPET

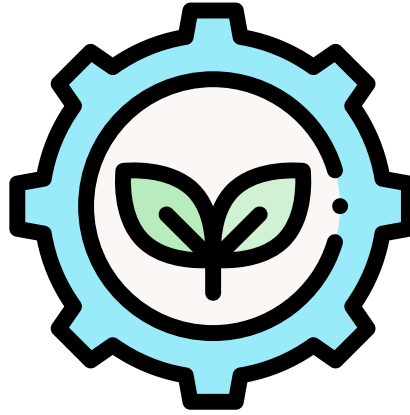
“From Red to Green Carpet” is a **five-year plan** announced in 2018 by Pattern.

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

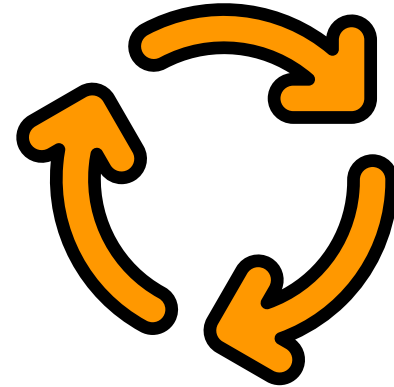
Pattern has identified three main goals to achieve:



**BEING CARBON
NEUTRAL**



**ECONOMIC &
SOCIAL
SUSTAINABILITY**



**CIRCULAR
ECONOMY &
REVALUE WASTE**

With this project Pattern is facing an important challenge: creating value from sustainability. In order to achieve these ambitions Pattern aims to involve suppliers through its actions, including them in a path of raw materials and workers sustainability, by trying to improve the environment in which they operate.

Pattern responds to the U.N. invitation on 2030 Agenda for Sustainable Development



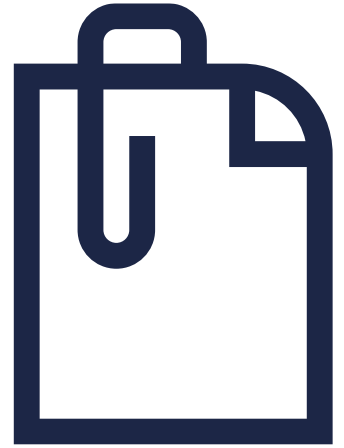
Pattern adheres to the ONU's “Fashion Industry Charter for Climate Action”

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.

Global Climate Action
United Nations Climate Change

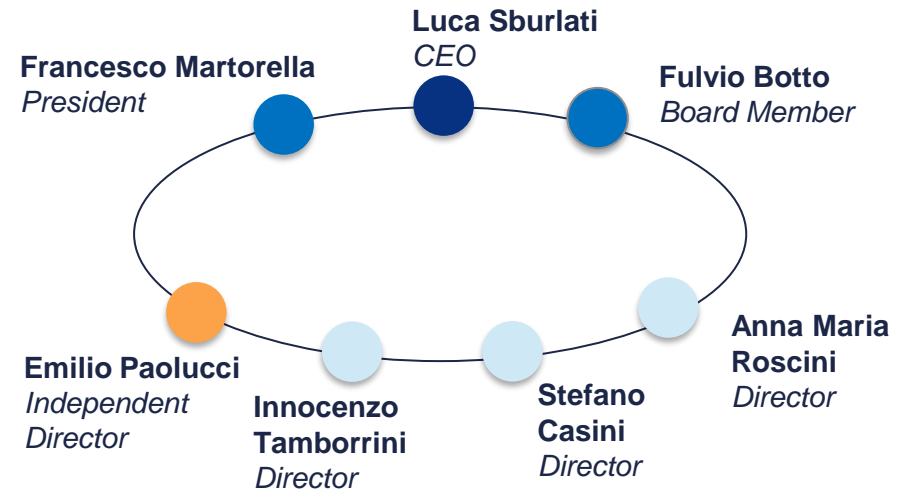
Appendix



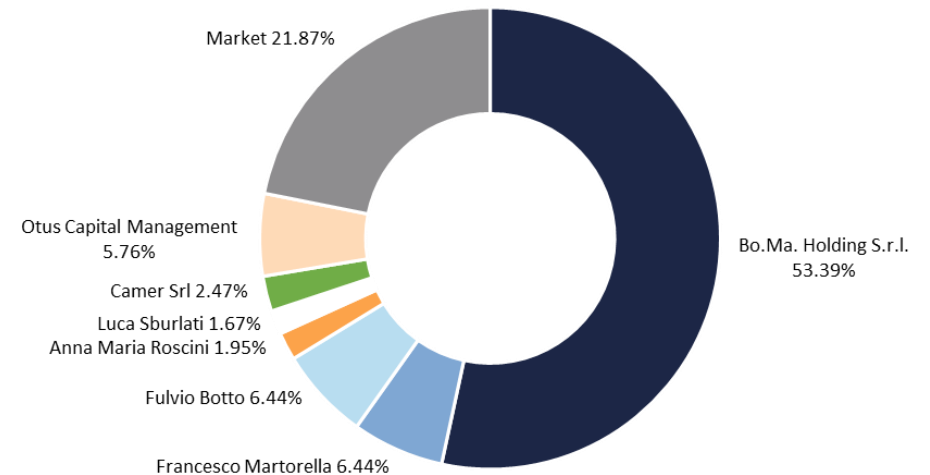
Corporate Governance



Board of Directors



Shareholder Structure



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**, Buble, focused on handmade garments

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

ESEMPLARE

Beginning of managerialization process with Mr Sburlati joining the team

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



PATTERN

Sales Revenues
€ Mln



Stakeholder initiatives during COVID

Local Community:

- Engineering and production of top-quality face mask for local community (3 plants Torino, Spello and Correggio)
- Direct support to design schools maintained during lock-down

Employees:

- Implementation of a **strong working protocol** with several different preventions systems into our offices and facilities (mandatory temperature measurement / plexiglass barriers / spaces sanitations / creations of working shifts / mandatory use of mask also into offices since early February)
- Supply of face mask also for employees' families
- Strong use of **homeworking** across company
- Block of business trip since February
- Private Covid Insurance for employees

Business recovery plan:

- Definition of **backup plan** in case of shutdown of one of the plant and complete support of the others
- Management self cutting salary** (25% CEO, 20% Mgmt Team)
- Use of **social safety nets** (cassa integrazione) for the 3 plants with an average of about 20% after lockdown and 90% during lockdown weeks

Tax and Government:

- Notwithstanding the possibility given by the Covid Law (moratoria), it was decided – thanks to the positive cash – not to postpone tax payments or suspend leasings.

December 2020 - Pattern wins the "Premio dei Premi" 2020 award Prize is awarded by the President of the Italian Republic, Sergio Mattarella



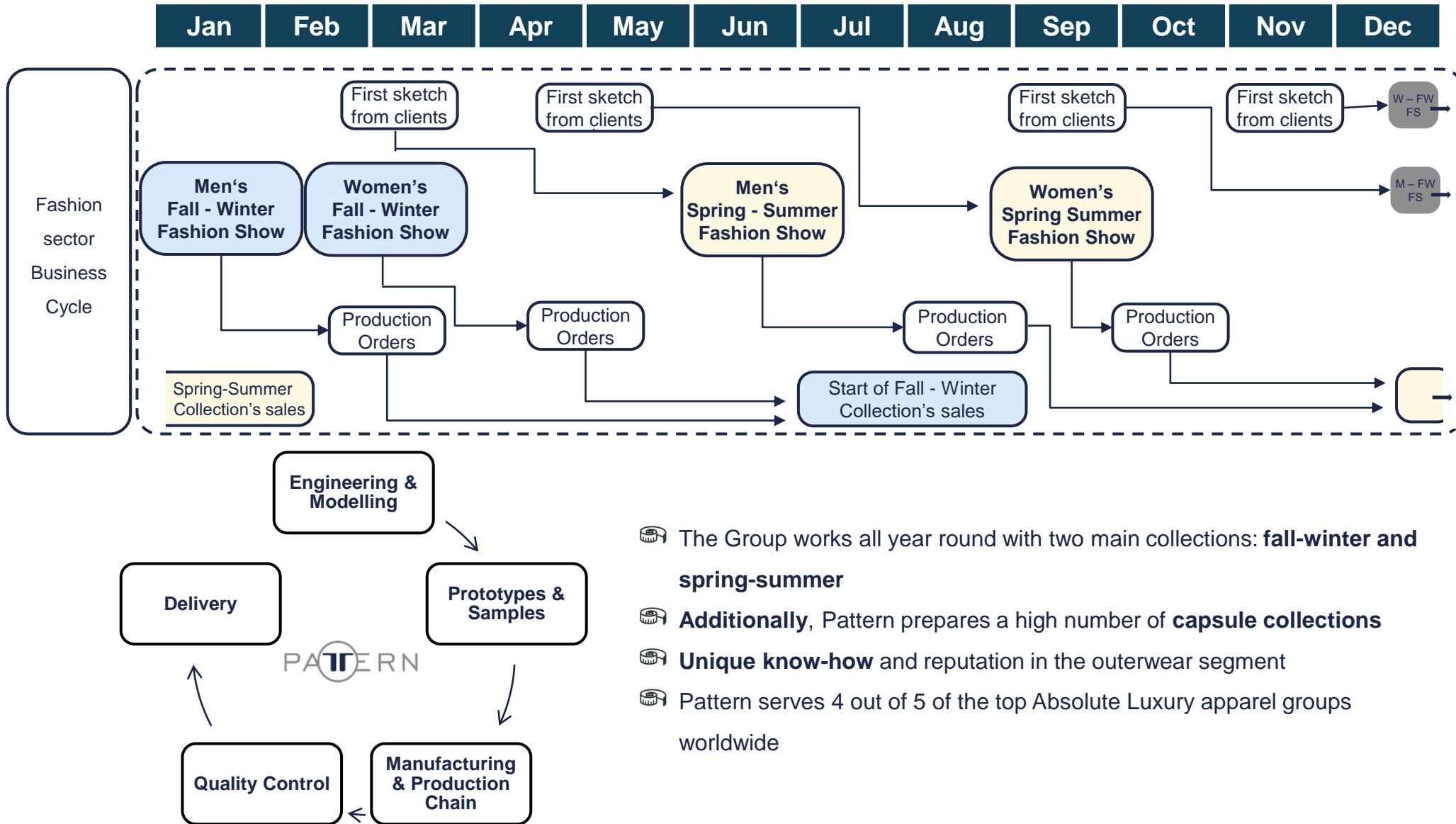
Pattern is selected, amongst the winning companies of the XI Edition of “Imprese x Innovazione” award - organized by Confindustria. This prestigious recognition is awarded by the President of the Italian Republic, Sergio Mattarella, and established on behalf of the President of the Italian Republic within the Fondazione Nazionale per l'Innovazione Tecnologica COTEC (National Foundation of Technological Innovation).

The aim is to enhance the **best innovative and creative skills and to support the value of R&D and innovation** in every form and intensity.

Francesco Martorella - Founder & President of Pattern - receives the award from the President of the Italian Republic in the presence of Minister for Public Administration, Fabiana Dadone, the Minister for Technological Innovation and Digitization, Paola Pisano and the President of COTEC Foundation, Luigi Nicolais:

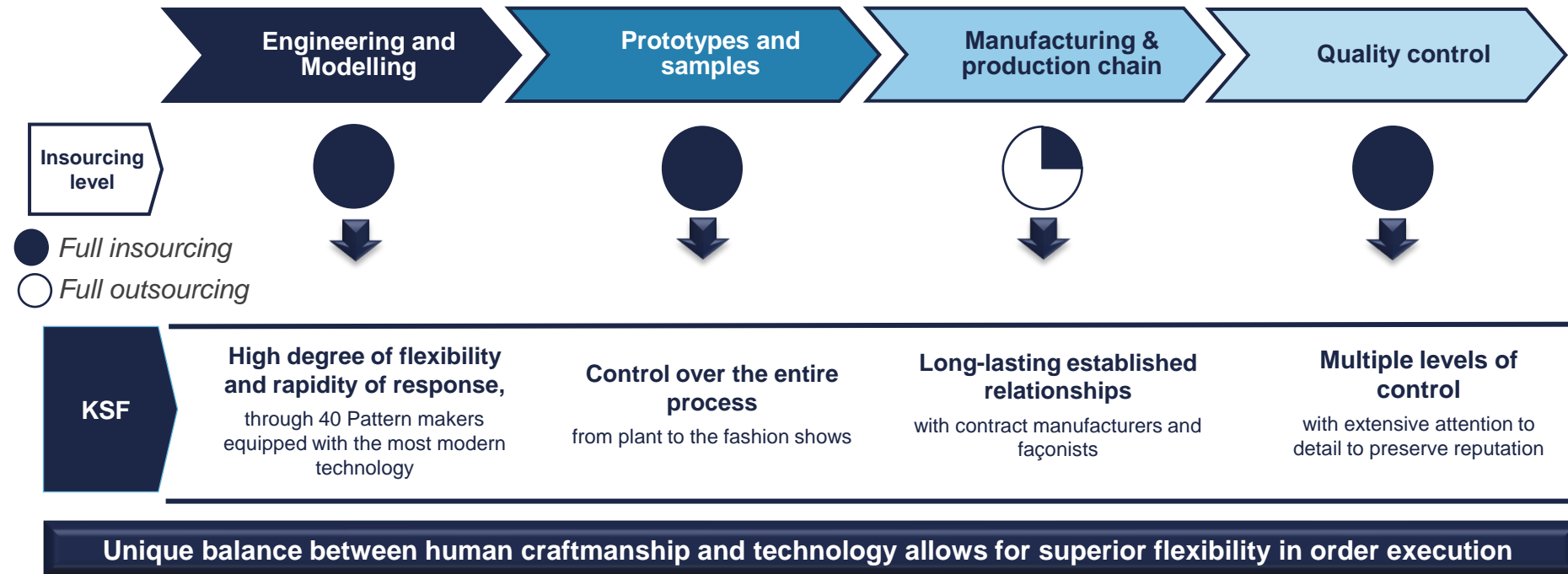
*"For the systematic research for a **balanced combination of sartorial craftsmanship and technological innovation** and for the development of an innovative strategy to **achieve sustainability and zero impact on the environment**".*

How the fashion sector works



- The Group works all year round with two main collections: **fall-winter** and **spring-summer**
- Additionally**, Pattern prepares a high number of **capsule collections**
- Unique know-how** and reputation in the outerwear segment
- Pattern serves 4 out of 5 of the top Absolute Luxury apparel groups worldwide

Pattern's business model



Competitive Advantages

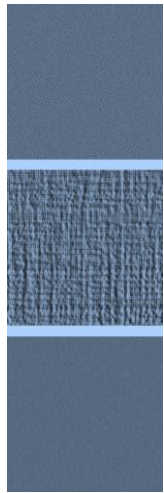
Quality	Flexibility	Speed	Reputation
Highest quality through technology, human resources and control of the supply chain	Flexible organizational structure with vertical integration	Superior time-to-market, thanks to newest technologies and proven procedures	20 years heritage of a fine-tuned business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

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

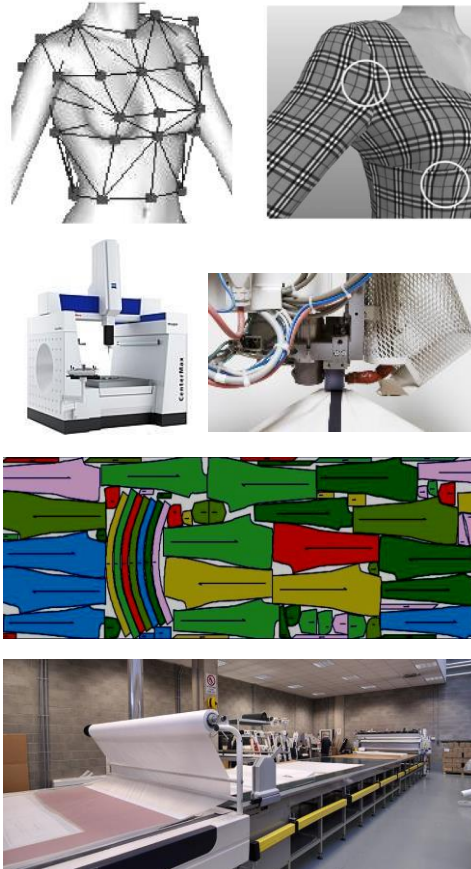
Pattern is fully integrated with Italy's Best Suppliers and *Façonists*

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*

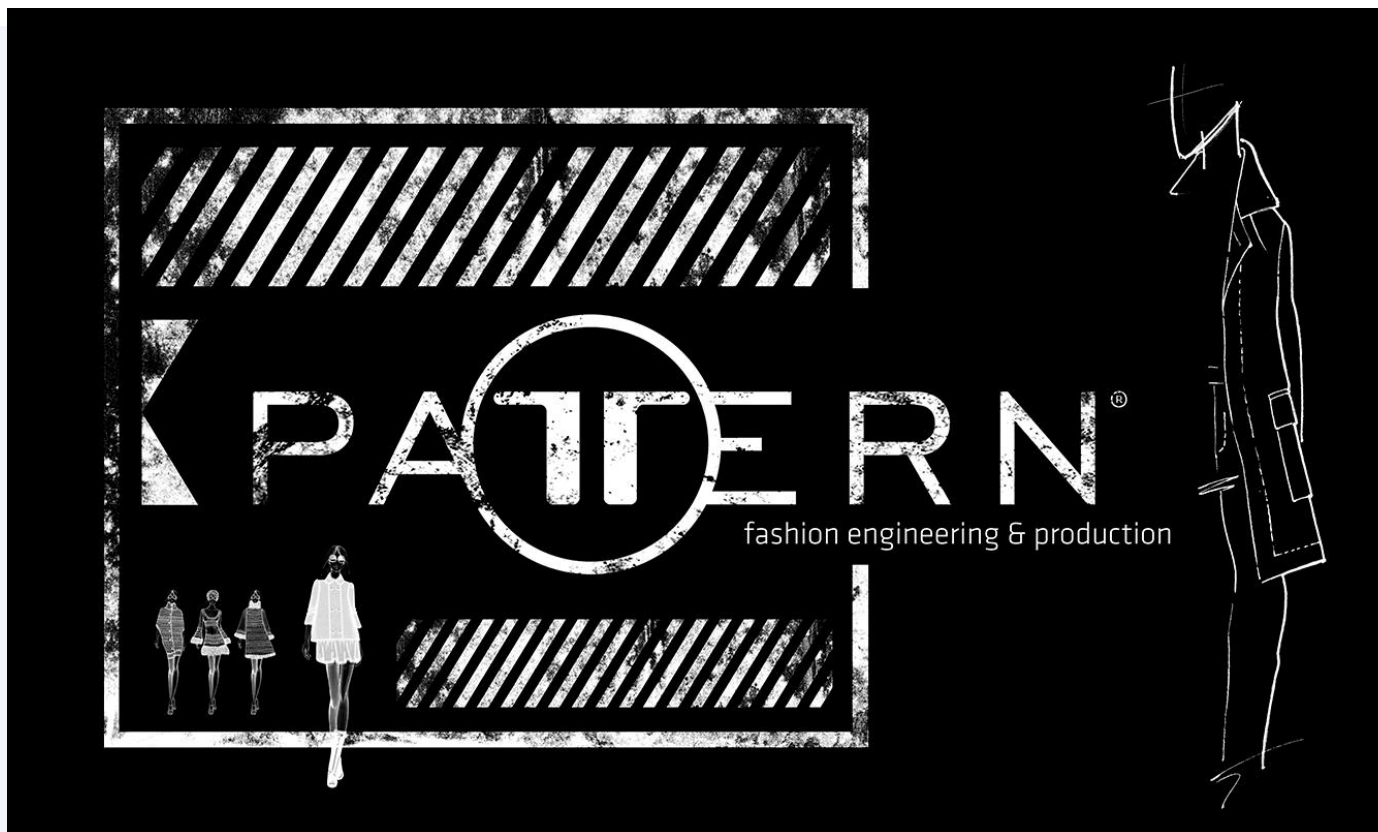


 High fragmentation of minor suppliers

 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



Follow us:



Sede Legale e Amministrativa
Via Italia, 6/A
10093 Collegno (TORINO) Italy



Investor Relations

Sara De Benedetti

sara.debenedetti@pattern.it



NOMAD

CFO SIM

ecm@cfosim.com