

**THE BOARD OF DIRECTORS OF PATTERN
APPROVES THE PARENT COMPANY'S DRAFT FINANCIAL STATEMENTS
AND THE CONSOLIDATED REPORT AS OF DECEMBER 31, 2019**

**GROWTH OF ALL ECONOMIC INDICATORS
EXCEEDED THE ESTIMATED 2019 TARGETS, DISCLOSED IN IPO
SOLID POSITIVE NET FINANCIAL POSITION
POSITIVE GENERATION OF OPERATING CASH FLOW**

- **Revenues:** € 55.7 million (€ 44.4 million)¹ + **26%**
- **Adj² EBITDA³** € 7.2 million (€ 5.4 million) + **33%**; **Adj EBITDA Margin 12.9%**
- **Adj² Profit for the period** € 4.7 million (€ 3.5 million) + **33%**
- **NFP positive** for € 12.4 million (€ 3.9 million)

Turin, April 9, 2020 - The Board of Directors of Pattern SpA (AIM: PTR), an Italian company, **founded in 2000 by Francesco Martorella and Fulvio Botto**, among the most important operators in the field of **engineering, development, prototyping and production** of fashion lines for the most prestigious brands worldwide exclusively for the top luxury range, held today approved the **Parent Company's draft financial statements and consolidated report at 31 December 2019**.

CONSOLIDATED ECONOMIC AND FINANCIAL DATA AS OF DECEMBER 31, 2019

| <i>€ million</i> | 2019 | 2018 | Var % |
|--------------------------|--------------|--------------|------------|
| Total Revenues | 55.7 | 44.4 | 26% |
| EBITDA | 5.9 | 5.4 | 10% |
| <i>EBITDA Margin</i> | <i>10.7%</i> | <i>12.2%</i> | |
| EBITDA Adj | 7.2 | 5.4 | 33% |
| <i>EBITDA Margin Adj</i> | <i>12.9%</i> | <i>12.2%</i> | |
| Net Result | 3.8 | 3.5 | 8% |
| Net Result Adj | 4.7 | 3.5 | 33% |

In order to allow a better comparison between the data as at 31 December 2019 and the income statement and balance sheet data as at 31 December 2018, the latter have been pro-formed by including in the consolidation perimeter, in addition to Pattern and Pattern Project, as it was in 2019, also Pattern Immobiliare and Roscini Atelier (transactions concluded in May 2019), which last year were autonomous companies.

¹ The figures in brackets refer to the economic and financial data as at 31 December 2018

² The "Adj" indicators exclude costs incurred for listing on the AIM.

³ EBITDA: Alternative Performance Indicator: EBITDA (Earning Before Interest Taxes Depreciations and Amortizations - Gross Operating Margin) represents an alternative performance indicator not defined by Italian accounting standards but used by the company's management to monitor and evaluate the operating performance of the itself, insofar as it is not influenced by the volatility due to the effects of the various criteria for determining the taxable income, the amount and characteristics of the capital employed as well as the related amortization policies. This indicator is defined by Pattern as Profit / (Loss) for the period before depreciation and write-downs of tangible and intangible fixed assets, financial income and expenses and income taxes.

Total revenues at 31 December 2019 stood at € 55.7 million compared to € 44.4 million at 31 December 2018, showing a significant increase of around 26%.

External production costs, equal to € 40.2 million (€ 31.8 million), are made up of Consumption of raw materials equal to € 16.5 million (€ 14.1 million) with an increase compared to 2018, equal to 17%, lower than that of Revenues, consequently **improving the production margins**.

Service costs of € 23.0 million compared to € 16.9 million in 2018, increased by 36%. This increase is also due to the costs incurred for the listing on the AIM, fully expensed during the year, of approximately € 1.2 million and for the costs deriving from the extraordinary operations carried out in 2019, which are: the merger by incorporation of Pattern Immobiliare Srl and Roscini Atelier Srl and the agreement for the purchase of 51% of the knitting company SMT S.p.A.

Personnel costs went from € 7.3 million to € 9.2 million at 31 December 2019 with an increase of 26% due both to an increase in the per capita labor cost for hiring personnel with important professional skills and from increase in the average number of employed workers from 155 to 169.

EBITDA, due to the items commented above, is positive for € 5.9 million compared to € 5.4 million at 31 December 2018, with an increase of 10%, and the **EBITDA margin** stands at 10.7% compared to 12.2%.

Adjusted EBITDA, excluding the costs incurred for the listing, is € 7.2 million, which compared to 2018 shows an increase of 33%, and an **EBITDA margin** of 12.9%.

Net profit for the year was € 3.8 million, an increase of 8% compared to € 3.5 million in 2018, while the **adjusted net profit**, always excluding extraordinary costs, was € 4.7 million with an increase of 33% compared to the 2018 profit.

The amount of **fixed assets** equal to € 3.6 million, increased by 99% compared to € 1.8 million at 31 December 2018. The investments concerned **intangible and tangible fixed assets** pertaining to operating activities, the purchase of the company branch Modalis Srl, as well as the financial assets for the payment of the deposit on 18 December 2019, upon signing the Framework Agreement, aimed at acquiring the 51% stake in the Società Manifattura Tessile Srl.

Working capital increased slightly, from € 2.0 million to € 2.3 million where:

- **Inventories** remained almost constant, having gone from € 3.3 million to € 3.4 million.
- **Trade Receivables** increased significantly from € 3.9 million to € 8.0 million. This increase is linked to an increase in the share of sales revenues in the last quarter of the year, from 23% to 28% and equal to € 5.5 million in absolute terms.
- **Trade payables** increased from € 4.4 million to € 8.9 million, this increase is also mainly due to the production of the last quarter.

The parallel increase in trade receivables and payables attests to the balance of Pattern's financial cycle, which is able to grow without absorption of financial resources in the working capital.

The **net financial position** improved significantly from positive € 3.9 million at 31 December 2018 to positive € 12.4 million at 31 December 2019 thanks to the injection of equity for the IPO on the AIM market and the generation of cash resulting from the excellent performance of the year.

SIGNIFICANT EVENTS DURING 2019

May 27, 2019, Pattern Immobiliare Srl and Roscini Atelier Srl were incorporated into Pattern, with administrative and tax effects backdated to January 1, 2019.

June 27, 2019, the acquisition of the Modalis Srl business unit was completed, which had previously been leased by Roscini Atelier and then by Pattern itself, after merging the first into the second.

July 17, 2019 Pattern was admitted to trading its ordinary shares on the multilateral exchange system AIM Italia, organized and managed by Borsa Italiana Spa.

For the IPO, 2,615,384 shares were issued and underwritten at a price of 3.25 euros, of which 3.15 as share premium, for a total value of 8,499,998 euros.

The transaction also provided for:

- a) the sale by the shareholders of Pattern of 769,230 shares, on the listing admission day;
- b) a *greenshoe* option for the sale by the selling shareholder of 461,538 additional shares.

Following the full exercise of the *greenshoe* option, the free float reached 28.2% of the company's share capital.

July 19, 2019 Pattern officially joined the **UNFCCC Fashion for Global Climate Action initiative** as a signatory of the **Fashion Industry Charter for Climate Action**. The objective of the initiative is to support the fashion industry in identifying the possible actions to be taken to achieve climate neutrality.

December 19, 2019 Pattern S.p.A, confirming what was announced as proceed of the IPO, signed a binding agreement for the purchase of 51% of S.M.T. Srl (Textile Manufacturing Company), a Reggio Emilia company operating in the luxury knitwear sector. The equity value of S.M.T. Srl was set at € 10.8 million and the consideration for the operation is equal to € 5.5 million with a protection mechanism linked to the closing of the 2020 financial statements of S.M.T. Srl.

The transaction allowed Pattern to enter the previously unattended luxury knitwear sector.

BUSINESS OUTLOOK

Despite an excellent 2019, the trend of the world economy has undergone a sudden change due to the spread of the virus called COVID-19. At the moment, it is not possible to know what the effects will be on the system of companies at the end of the year, certainly a strong impact nonetheless, although Pattern operates in a sector - that of luxury - characterized by an inelastic demand so far.

While also affecting the luxury sector, it should also be stressed that the main clients of Pattern and of Società Manifattura Tessile (SMT) srl, specialized in luxury knitwear and joined the Group this year, are represented by very solid international groups, both for the market power of its brands and for the liquidity position they have.

Furthermore, a significant contribution is expected from S.M.T, which, acting on a parallel sector and with diversified customers compared to Pattern, will certainly play an important role at the end of the year to achieve satisfactory results.

Looking at a medium to long term horizon, it is important to underline the following strengths of the Group:

- a) ability to work on different areas (men, women and knitwear) and on differentiated customers, an example of versatility almost unique on the market.
- b) great competence in enabling technologies for the development of remote collections through 3D pattern-making and engineering, in a context that severely limits physical movements.
- c) presence of certification tools of the supply chain also via blockchain.
- d) a solid financial structure with a positive NFP of € 12.4 million.
- e) a rather variable cost structure.

These elements suggest that there will be good opportunities to continue the development of the "Italian hub of Luxury Fashion engineering" and the consolidation of the partnership with the main international luxury players in an innovative way.

DESTINATION OF THE NET RESULT

Together with the approval of the financial statements as at 31 December 2019, in relation to the current global economic scenario heavily influenced by the spread of the Covid-19 virus pandemic, in order to support capital solidity and contain future economic-financial impacts, the destination of the operating result of € 3,810,925 is as follows:

- Legal reserve of € 72,308 until reaching the legal limit pursuant to art. 2430 of the Civil Code;
- Extraordinary reserve for the remainder of € 3,738,617

NOTICE OF THE ORDINARY SHAREHOLDERS 'MEETING

The Board of Directors resolved to call the Ordinary Shareholders' Meeting on 11 June 2020 in a single call, at the company's registered office in Collegno (Turin), in via Italia 6 / A, to discuss and resolve on the following agenda:

- Approval of the financial statements at 31 December 2019. Related and consequent resolutions.

DEPOSIT OF THE DOCUMENTATION

Copy of the Consolidated Financial Report at 31 December 2019, including the Independent Auditor's Report, will be made available to the public at the registered office in Turin, in accordance with the law, as well as through publication on the institutional website www.pattern.it, section "Investors / Financial Documents" and on the authorized storage mechanism www.1info.it

About Pattern Group:

Pattern Spa is a leading company in **engineering, pattern-making and production of runways' collections** of the most **prestigious fashion luxury brands** and, since 2014, is the owner the brand ESEMPLARE, specialized in functional menswear.

The company, **founded in 2000 by Franco Martorella and Fulvio Botto**, began in 2017 a structured and integrated growing process. Thanks to the acquisition of Roscini Atelier srl, leader in the pattern-making and production of the luxury womenswear and, in 2019, to the entry in the Group of Società Manifattura Tessile (S.M.T.), specialized into prototype and production of luxury knitwear, the Group gave birth to **The Italian Hub of luxury fashion engineering**.

Pattern listed on the AIM segment of Borsa Italiana in 2019 and was the first Italian company of the sector to achieve in 2013 the SA8000/Social Accountability Certification and the first Italian signatory in 2019 of the United Nations' Fashion Climate Action Charter confirming the company's strategic choice to **invest in sustainability, technology and human resources**.

For further information:

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Attachments:

Reclassified Income Statement: Consolidated and of the Parent Company

Sources and Uses Prospectus: Consolidated and of the Parent Company as at 31 December 2019

CONSOLIDATED RECLASSIFIED INCOME STATEMENT AS OF DECEMBER 31, 2019

| CONSOLIDATED RECLASSIFIED INCOME STATEMENT (in euros) | 31-12-19 | 31-12-18 Pro forma | Var % | |
|--|----------------------------|-----------------------|------------------|------------|
| Sales revenues | 55,603,081 | 44,088,902 | 26% | |
| Other revenues | 134,505 | 279,442 | -52% | |
| Total revenues | 55,737,586 | 44,368,344 | 26% | |
| Increase in fixed assets for internal work | 0 | 70,980 | -100% | |
| Change in inventories | -399,672 | 129,803 | -408% | |
| Value of production | 55,337,914 | 44,569,127 | 24% | |
| - Raw materials purchases | 17,019,073 | 13,898,123 | 22% | |
| - Change in raw materials inventories | -556,733 | 155,959 | -457% | |
| Raw materials consumption | 16,462,340 | 14,054,082 | 17% | |
| Service costs | 22,979,628 | 16,859,236 | 36% | |
| Leases and rentals costs | 571,771 | 822,438 | -30% | |
| Other operating expenses | 140,691 | 105,068 | 34% | |
| External production costs | 40,154,430 | 31,840,824 | 26% | |
| Value added | 15,183,484 | 12,728,303 | 19% | |
| Personnel costs | 9,238,945 | 7,348,359 | 26% | |
| EBITDA | 5,944,539 | 5,379,944 | 10% | |
| | Adjusted EBITDA | 7,180,900 | 5,379,944 | 33% |
| Depreciation, provisions and write-downs | 453,687 | 409,794 | 11% | |
| EBIT | 5,490,852 | 4,970,150 | 10% | |
| Net financial income/(loss) | -54,579 | -14,864 | 267% | |
| Value adjustments to net financial assets | 0 | 0 | n.d. | |
| EBT | 5,436,273 | 4,955,286 | 10% | |
| Current and deferred taxes | 1,643,652 | 1,430,382 | 15% | |
| Net result | 3,792,621 | 3,524,904 | 8% | |
| | Adjusted Net result | 4,684,037 | 3,524,904 | 33% |

CONSOLIDATED STATEMENT OF SOURCES AND USES AS OF DECEMBER 31, 2019

| CONSOLIDATED STATEMENT OF SOURCES AND USES | 31-12-19 | 31-12-18 | Var % |
|---|--------------------|-------------------|--------------|
| <i>(in euros)</i> | | <i>Pro forma</i> | |
| USES | | | |
| Intangible fixed assets | 900,835 | 561,305 | 60% |
| Tangible fixed assets | 1,562,500 | 1,243,104 | 26% |
| Financial fixed assets | 1,125,960 | 3,160 | n.s. |
| Total net fixed assets | 3,589,295 | 1,807,569 | 99% |
| Current Assets | 13,284,970 | 8,600,210 | 54% |
| Inventories | 3,434,954 | 3,277,892 | 5% |
| Trade receivables | 8,005,583 | 3,861,349 | 107% |
| Other receivables | 1,331,972 | 1,190,513 | 12% |
| Prepayments and accrued income | 512,461 | 270,456 | 89% |
| Current Liabilities | 10,938,009 | 6,584,173 | 66% |
| Trade payables | 8,894,442 | 4,412,655 | 102% |
| Other current liabilities | 2,021,039 | 2,157,258 | -6% |
| Accrued expenses and deferred income | 22,528 | 14,260 | 58% |
| Net Working Capital | 2,346,961 | 2,016,037 | 16% |
| Other funds | 52,179 | 36,683 | 42% |
| Employee termination indemnity | 875,952 | 791,225 | 11% |
| Total funds | 928,131 | 827,908 | 12% |
| TOTAL NET INVESTED CAPITAL | 5,008,125 | 2,995,698 | 67% |
| SOURCES | | | |
| Share capital (Paid-up) | 1,361,538 | 1,000,000 | 36% |
| Reserves | 12,239,539 | 2,389,994 | 412% |
| Net Result | 3,792,621 | 3,524,904 | 8% |
| Shareholders' Equity | 17,393,698 | 6,914,898 | 152% |
| Financial debt of less than 12 months | 925,818 | 1,144,388 | -19% |
| Financial debt over 12 months | 2,762,509 | 1,328,384 | 108% |
| Third party means | 3,688,327 | 2,472,772 | 49% |
| Liquid assets | -16,073,900 | -6,391,972 | 151% |
| Net financial debt | -12,385,573 | -3,919,200 | 216% |
| TOTAL SOURCES | 5,008,125 | 2,995,698 | 67% |

RECLASSIFIED INCOME STATEMENT OF THE PARENT COMPANY AS OF DECEMBER 31, 2019

| RECLASSIFIED INCOME STATEMENT (in euros) | 31-12-19 | 31-12-18 | Var % | |
|---|----------------------------|-------------------|------------------|------------|
| Sales revenues | 55,604,081 | 38,249,828 | 45% | |
| Other revenues | 134,502 | 230,778 | -42% | |
| Total revenues | 55,738,583 | 38,480,606 | 45% | |
| Increase in fixed assets for internal work | 0 | 64,942 | -100% | |
| Change in inventories | -399,672 | -8,037 | 4873% | |
| Value of production | 55,338,911 | 38,537,511 | 44% | |
| - Raw materials purchases | 17,019,073 | 13,177,760 | 29% | |
| - Change in raw materials inventories | -556,733 | 167,466 | -432% | |
| Raw materials consumption | 16,462,340 | 13,345,226 | 23% | |
| Service costs | 22,977,309 | 14,608,244 | 57% | |
| Leases and rentals costs | 631,771 | 530,706 | 19% | |
| Other operating expenses | 139,882 | 70,966 | 97% | |
| External production costs | 40,211,302 | 28,555,142 | 41% | |
| Value added | 15,127,609 | 9,982,369 | 52% | |
| Personnel costs | 9,238,945 | 5,183,626 | 78% | |
| EBITDA | 5,888,664 | 4,798,743 | 23% | |
| | Adjusted EBITDA | 7,125,025 | 4,798,743 | 48% |
| Depreciation, provisions and write-downs | 433,215 | 335,154 | 29% | |
| EBIT | 5,455,449 | 4,463,589 | 22% | |
| Net financial income/(loss) | -9,578 | 32,301 | -130% | |
| Value adjustments to net financial assets | 0 | 0 | n.d. | |
| EBT | 5,445,871 | 4,495,890 | 21% | |
| Current and deferred taxes | 1,634,946 | 1,229,857 | 33% | |
| Net result | 3,810,925 | 3,266,033 | 17% | |
| | Adjusted Net result | 4,702,341 | 3,266,033 | 44% |

STATEMENT OF SOURCES AND USES OF THE PARENT COMPANY AS OF DECEMBER 31, 2019

| STATEMENT OF SOURCES AND USES | 31-12-19 | 31-12-18 | Var % |
|---------------------------------------|--------------------|-------------------|--------------|
| <i>(in euros)</i> | | | |
| USES | | | |
| Intangible fixed assets | 652,912 | 236,651 | 176% |
| Tangible fixed assets | 1,562,500 | 1,100,556 | 42% |
| Financial fixed assets | 1,292,960 | 242,000 | n.s. |
| Total net fixed assets | 3,508,372 | 1,579,207 | 122% |
| Current Assets | 13,284,969 | 6,928,116 | 92% |
| Inventories | 3,434,954 | 3,005,966 | 14% |
| Trade receivables | 8,005,583 | 2,900,927 | 176% |
| Other receivables | 1,331,971 | 969,052 | 37% |
| Prepayments and accrued income | 512,461 | 52,171 | 882% |
| Current Liabilities | 10,991,548 | 5,489,537 | 100% |
| Trade payables | 8,893,574 | 3,450,961 | 158% |
| Other current liabilities | 2,075,446 | 2,024,323 | 3% |
| Accrued expenses and deferred income | 22,528 | 14,253 | 58% |
| Net Working Capital | 2,293,421 | 1,438,579 | 59% |
| Other funds | 52,179 | 36,683 | 42% |
| Employee termination indemnity | 875,952 | 768,244 | 14% |
| Total funds | 928,131 | 804,927 | 15% |
| TOTAL NET INVESTED CAPITAL | 4,873,662 | 2,212,859 | 120% |
| SOURCES | | | |
| Share capital (Paid-up) | 1,361,538 | 1,000,000 | 36% |
| Reserves | 12,085,924 | 2,071,396 | 483% |
| Net Result | 3,810,925 | 3,266,033 | 17% |
| Shareholders' Equity | 17,258,387 | 6,337,429 | 172% |
| Financial debt of less than 12 months | 925,818 | 521,914 | 77% |
| Financial debt over 12 months | 2,762,509 | 1,328,384 | 108% |
| Third party means | 3,688,327 | 1,850,298 | 99% |
| Liquid assets | -16,073,052 | -5,974,868 | 169% |
| Net financial debt | -12,384,725 | -4,124,570 | 200% |
| TOTAL SOURCES | 4,873,662 | 2,212,859 | 120% |