

THE ITALIAN HUB OF LUXURY FASHION ENGINEERING IS BORN: SOCIETÀ MANIFATTURA TESSILE (S.M.T.) ENTERS THE PATTERN GROUP

Turin, 19 December 2019 – **Pattern S.p.A (AIM:PTR)** an Italian company 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, announces that it has signed a preliminary contract for the acquisition of 51% of S.M.T. S.r.l. (Società Manifattura Tessile), a company from Reggio Emilia operating in the luxury knitwear sector.

Luca Sburlati, CEO of Pattern S.p.A, commented: *“The entry of the S.M.T. knitwear factory within the Pattern Group is a **fundamental step**, after the listing, towards our goal: **to create the Italian hub of luxury fashion engineering**. In choosing the Emilia-Romagna region, as well as the previous acquisition of Roscini Atelier in Umbria, the company aims to enhance the **different entrepreneurial excellences and extraordinary skills of the Italian territory**. It was above all fundamental that we meet people who share our corporate culture and our values related to technology and sustainability. Stefano Casini from S.M.T. represents what we believe in. This company is based on the values of **technological innovation combined with tradition and craftsmanship**, which are then declined in the engineering and production of luxury knitwear for the most important fashion houses. These are unique skills to be exploited, skills on which our country must continue to invest”.*

Pattern thus confirms the expected growth path and announces the entry of S.M.T. in the Group, this achievement will allow the Piedmontese company (Pattern) to **enter the luxury knitwear sector** which up until now was not a part of the company’s activities.

The union with this Italian company aims to enhance the growth prospects of both companies as well as to create a **transversal school of trade**. This will bridge the training gap existing today for the creation of future profiles in the engineering, modeling, and sartorial fields.

OPERATION DESCRIPTION

The binding preliminary contract provides for the purchase by Pattern of 51% of S.M.T. srl while the remaining 49% will remain in the property of Stefano Casini.

The equity value of S.M.T. has been fixed at € 10.8 million. The transaction price, therefore, was set at € 5.5 million with a possible price adjustment linked to the closure of the 2020 financial statements of S.M.T. Srl.

Pattern paid a deposit of € 1.1 million, while the remaining price of the transaction will be paid upon the sale of the shares, or after the approval of S.M.T.’s 2019 financial statements.

The contract also provides for the formalization of a shareholders' agreement that regulates among other things i) the appointment of a new S.M.T. Board of Directors consisting of 3 members of which 2 will be from Pattern and 1 from the current shareholders of S.M.T. ii) the appointment of Stefano Casini as CEO iii) a 5-year lock-up restriction for the current shareholders of S.M.T. to guarantee a stable management of the company.

SOCIETÀ MANIFATTURA TESSILE (S.M.T.)

S.M.T. srl, a historical company of Correggio (Reggio-Emilia) specialized in prototyping and production of luxury knitwear, has grown over the years with a keen eye on research and development and attention to the human capital well-being, two values that have become strategic for the business. Working with the most important international luxury brands today, SMT has a workforce of over 110 employees, including a team of over 20 programmers dedicated to the development of new customer collections.

S.M.T. srl expects 2019 revenues to exceed € 17 million (€ 11.3 million FY 2018), with a 2019 adjusted EBITDA margin of 14% (8.8% reported FY 2018), it also forecasts a negative NFP 2019 of around € 3 million (negative NFP of € 3.5 million FY 2018).

ADVISORS

Pattern was assisted by Ricci Avvocati Associati of Turin for the legal aspects of the operation, with the team led by Giuseppe M. Ricci together with Andrea Alloati and Maria Tindara Manganaro; Studio Ranalli e Associati, in the person of its partner Luca Ambroso, acted as advisor for the evaluation and negotiation aspects.

The shareholders of SMT were assisted by Baldi & Partners of Reggio Emilia with their partner Luigi Spadaccini, for accounting and tax matters; as well as from Grimaldi Studio Legale with a team led by partner Riccardo Bovino and composed of Giada Salvini and Alessandro Passanisi for legal aspects.

About Pattern Group:

Pattern is a leading company in the design and production of fashion shows for the most important international luxury fashion brands. The company, which has more than tripled consolidated revenues in the last 6 years, now exceeding 40 million euros, is SA 8000 / Social Accountability certified, confirming the choice to invest in technologies, innovation and human resources. Since 2014 the company has also been the owner of the Esemplare brand dedicated to urbanwear and, in 2017, signed an agreement, which was then concluded in 2019, for the acquisition of Roscini Atelier Srl, a leader in modeling and production of the women's segment, to give further strength to a structured and integrated growth process.

For further information:

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