

## PATTERN SIGNS BINDING INVESTMENT AGREEMENT TO ACQUIRE 70% OF D-HOLDING, BOND FACTORY HOLDING COMPANY (KNOWN AS DYLOAN)

### THE PATTERN GROUP COMPLETES THE FIRST GROWTH PHASE ENVISAGED IN THE BUSINESS PLAN BY VERTICALISING ITS R&D AND ADVANCED MANUFACTURING ACTIVITIES

Turin, 18 July 2022 – **Pattern S.p.A. (EGM:PTR)**, an Italian company founded in 2000 by Francesco Martorella and Fulvio Botto, featuring among the leading players **in the Pattern-making, Engineering, Development, Prototyping and Production** of fashion lines for some of the most prestigious brands, exclusively top luxury segment, announces that it has signed an **investment agreement** for the acquisition of **70%** of D-Holding S.r.l. ("**D-Holding**"), the holding company of **Bond Factory S.r.l. ("Bond Factory")** and, indirectly, of Bond Factory's subsidiaries.

**Bond Factory** (known as **Dyloan**) is a company based in the **Abruzzo region between Chieti and Pescara** and it features **among the main leaders in innovative technologies and R&D**, besides being an advanced **manufacturing hub** (thanks also to the recent acquisition of **Orlando Confezioni** and the **T-Shock** business unit in 2022).

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*Luca Sburlati, CEO of Pattern Group, together with **Franco Martorella and Fulvio Botto, Founders and Majority Shareholders of Pattern**, comment: "We are delighted that **a new district of excellence**, the one in **Abruzzo**, joins those already part of our Italian industrial project. Through the Dyloan /Bond Factory, acquisition, the Group indeed **completes the first phase announced upon its listing**: the setting up of the Italian Hub of Luxury Fashion Engineering. Drawing on the experience of Anna Maria and Loreto Di Rienzo, Dyloan's founders, and their team, we are now able to internalise **the best innovative and R&D technologies** applied to luxury and move towards the verticalization in Abruzzo of high-tech production activities in Bond Factory and outerwear production in Orlando Confezioni. A perfect union.*

*The current Pattern Group was born out of an idea dating back a few years, and now it is finally reality. The **human and industrial growth of each of our Italian hubs** will now follow."*

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Pattern **completes the first phase of the growth strategy** announced upon its listing in 2019: setting up the first **Italian Hub of Luxury Fashion Engineering**. In 2019, after acquiring **Roscini Atelier** - a specialist in women's lines - in 2017, Pattern announces its entry into the Group of the Emilia-based knitwear manufacturer **S.M.T.** (Società Manifattura Tessile), specialised in luxury knitwear. In 2021, **Idee Partners**, a Tuscan company leader in product development of luxury leather goods, joins the Group; Idee Partners also includes **Petri & Lombardi**, a historic leather goods company in Florence. 2022 is once again a year of buoyant growth: first the acquisition of **Zanni** of Reggio Emilia, a reference point in wholegarment (seamless) knitwear, then **RGB**, a Tuscan specialist in the production and processing of leather accessories.

Today, the alliance with **Bond Factory** leads to the **integration of R&D and production within the Group**. The Pattern Group will therefore be present in the **main product categories** (men's and women's lines, clothing and accessories, stationary fabric, knitwear and leather goods) starting from the **research and engineering** phase all the way through to **production**: a strategic partnership, given that over the years Bond Factory has managed to internalise important **innovative and R&D technologies applied to luxury**.

This **consolidates a Group** that, projecting the 2021 turnovers for the entire year of all the companies acquired to date (with the exception of RGB, which began operations in July 2021), **currently exceeds € 100 million in turnover<sup>1</sup>** and employs **approximately 800 people**.

A second phase now opens, which aims to consolidate and develop the existing hubs in the different Italian districts of excellence.

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## DESCRIPTION OF INVESTMENT AGREEMENT

The Investment Agreement provides for the purchase from Mrs. Anna Maria Di Rienzo (the "**Seller**") of **70% of the share capital of D-Holding** (the "**Acquired Participation**"). D-Holding holds a 100% interest in Bond Factory. The Investment Agreement provides that by the closing of the Transaction, the Seller shall procure that a deed of merger of D-Holding into Bond Factory is signed, which deed shall be filed with the competent commercial registers after the closing.

**The provisional agreed price for the Acquired Participation of approximately €6.96 million** is determined based on the value of the company adjusted by an estimated Net Financial Position of approximately €1.04 million. The provisional price will be subject to an adjustment mechanism based on the consolidated Net Financial Position at the closing date.

The agreement also provides for further amounts that Pattern may pay in the future as **Earn-Out** based on the following schedule:

- **First Earn-Out**, amounting to € 1.5 million provided that Target's consolidated EBITDA as at 31 December 2023 is € 1.54 million. If Ebitda of at least 75% of the threshold value is achieved, this amount will be recognised with a proportional reduction;
- **Second Earn-Out**, amounting to € 1.5 million provided that Target's consolidated EBITDA as at 31 December 2024 is € 3.49 million. If Ebitda of at least 75% of the threshold value is achieved, this amount will be recognised with a proportional reduction;
- **Extraordinary Earn-Out**, equal to € 1.0 million if the First and Second Earn-Out amounts are reached in full.

The Investment Agreement provides that the **date of execution of the transaction** (the closing of the Transaction) shall occur no later than 31 October 2022.

Furthermore, the Investment Agreement provides that at the closing a shareholders' agreement shall be signed between Pattern S.p.A. and the Seller providing, inter alia, for: i) a lock-up bond for the parties in respect of the Bond Factory participations held by them for a period of 5 years from the date of subscription, in order to ensure the stability of the current corporate structure; ii) the appointment of a new Board of Directors of Target made up of 5 members: 3 appointed by Pattern (including the Chairman of the Board of Directors) and 2 by the Seller iii) the appointment of Anna Maria Di Rienzo as

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<sup>1</sup> The unaudited consolidated turnover 2021 was calculated by the Company by consolidating the 2021 turnovers of all companies controlled and acquired to date by the Pattern Group

Chief Executive Officer of Target as of the signing of the agreement and iv) the appointment of a new Board of Statutory Auditors of which two standing auditors and one alternate auditor appointed by Pattern and one standing auditor (the Chairman of the Board of Statutory Auditors) and one alternate auditor appointed by the Seller.

The aforementioned agreement will also include

- an option right between the parties ("call" option and "put" option) for a portion of the Bond Factory shareholding held by the Seller equal to 10% of the share capital of Bond Factory at a predetermined price (equal to 6.5 times the average consolidated EBITDA 2023-2024 net of the Net Financial Position), within a period of 60 business days from the approval of the Target's financial statements for the financial year ending 31 December 2024 (in addition to a further 60 business days upon the expiry of such period for the exercise of the put option).
- a second option right between the parties ("call" option and "put" option) for a further portion of the Bond Factory shareholding held by the Seller equal to 20% of the share capital of Bond Factory which may be exercised (i) in the 60 business days following the approval of the Target's financial statements for the financial year ending 31 December 2026 (in addition to a further 60 business days upon the expiry of such term for the exercise of the put option) at a predetermined price (equal to 6,5 times the average consolidated EBITDA 2025-2026 net of the Net Financial Position), or (ii) in the 60 business days following the approval of the Target's financial statements for the year ended 31 December 2027 (in addition to an additional 60 business days upon the expiration of such deadline for the exercise of the put option) at a predetermined price (equal to 6.5 times the average consolidated EBITDA 2026-2027 net of the Net Financial Position).

As part of the agreements, BO.MA. Holding S.r.l., Pattern's parent company, undertook to enter into a shareholders' agreement with Anna Maria Di Rienzo, subject to the closing, regulating the terms and conditions of Anna Maria Di Rienzo's appointment as a new member of Pattern's Board of Directors by and no later than the Pattern shareholders' meeting approving the financial statements for the year ending 31 December 2022.

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## BOND FACTORY

**The Abruzzo-based company**, based between Chieti and Pescara, was founded in 1987 with the aim of specialising in **Research and Innovation** to find new ideas and innovative solutions for the world of fashion and luxury. In 2003, the current structure was outlined under the Dyloan brand, with two complementary but distinct realities: **Bond Factory**, in Abruzzo, as an advanced production site for technological semi-finished products and outerwear, and **D-House**, based in Milan, as a pure innovation hub. In 2022 the company acquires **Orlando Confezioni** and the **T-Shock** business unit, investing even more in the production activity.

Today Dyloan has become one of the **leading companies in R&D and technological innovation in the luxury sector**, focusing above all on this phase to achieve increasingly important goals and forming a **new way of thinking about the product and its production**.

The agreement is intended to prompt the Abruzzo-based company and the Group to **strengthen the already existent relations with its customers**, providing **corporate continuity and valuing the Management** that has run the company to date. Indeed, **Mrs. Anna Maria Di Rienzo** retains the role of

**Dyloan's CEO, Mr. Loreto Di Rienzo that of Dyloan's R&D Director and is appointed R&D Director of the Pattern Group and Mr. Nicola Di Marcoberardino is confirmed Dyloan's General Manager.**

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

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## ADVISOR

Pattern was assisted by the Gianni & Origoni Law Firm on legal aspects, by Studio Ricci for legal due diligence, Studio Associato CMFC in the persons of Emanuele Chieli, Alessandro Forte and Luca Piovano for tax due diligence, Audirevi Advisory for accounting due diligence and by Studio Ranalli e Associati and Luca Ambroso, partner of Studio Ranalli e Associati, for the evaluation. The Seller was assisted for the legal and fiscal aspects by Studio Biscozzi Nobili Piazza and by Dr. Trischitta for the financial accounting aspects.

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### About Gruppo Pattern:

Pattern Spa is a leading company in the **pattern-making, engineering and production of runways' collections** for the most prestigious luxury brands and, since 2014, is owner of ESEMPLARE, brand of excellence in research and development. 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 luxury womenswear, followed in 2019 by the entry in the Group of Società Manifattura Tessile (S.M.T.), Emilian company specialized in luxury knitwear, in 2021 of Idee Partners, Tuscan excellence in leather goods and in 2022 of Zanni, Emilian specialist in wholegarment knitwear technique and RGB, a Tuscan specialist in the production and processing of leather accessories, giving birth to **The Italian Hub of Luxury Fashion Engineering**.

Pattern Spa listed in 2019 on **Euronext Growth Milan** segment of Borsa Italiana and was the first Italian company of the sector to achieve in 2013 the **SA8000/Social Accountability Certification** and in 2019 a **ESG rating**, confirming the company's strategic choice to invest in sustainability, technology and human resources.

<https://www.pattern.it/>

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