

# Sustainability Day 2021



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# Today's speakers

**Luca  
Sburlati**

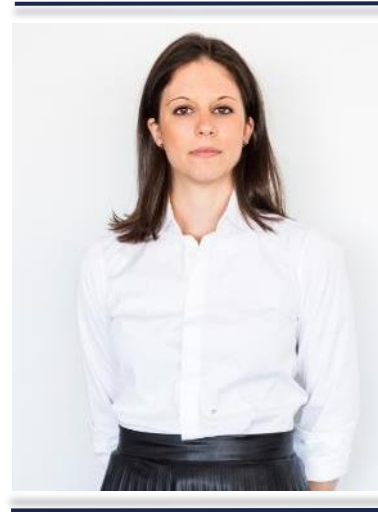


*CEO*

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



**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

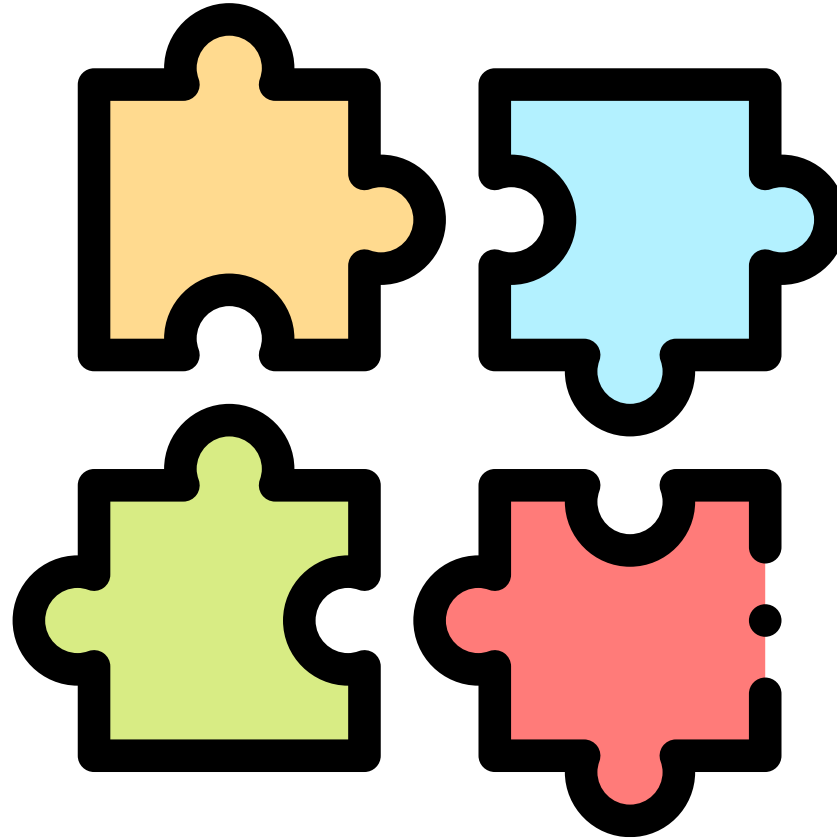


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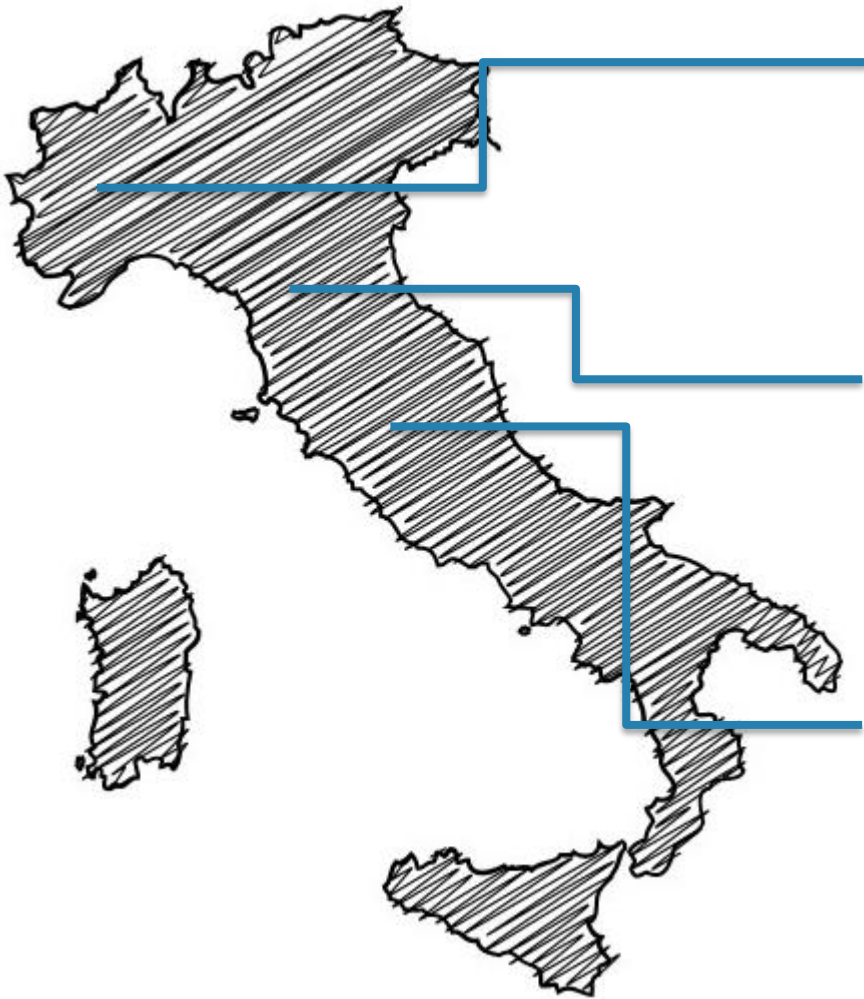
1. Group at a glance & Updates
2. Group Strategy
3. Pattern's Key Business Values
4. The Luxury Fashion Market
5. FY 2020 Results
6. Appendix
  - Pattern Overview
  - Business and Values

# Group at a glance & Updates





# The Italian Hub of Luxury Fashion Engineering



**PATTERN**

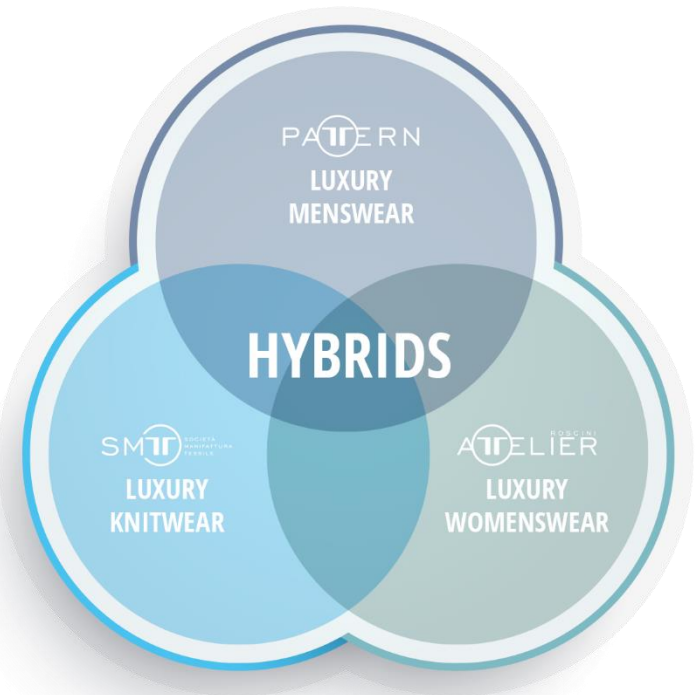
Torino, Piemonte  
Luxury menswear / outerwear,  
sportswear and tailoring

**SMTI** SOCIETÀ  
MANIFATTURA  
TESSILE

Reggio Emilia, Emilia Romagna  
Luxury knitwear

**ATELIER** ROSCINI

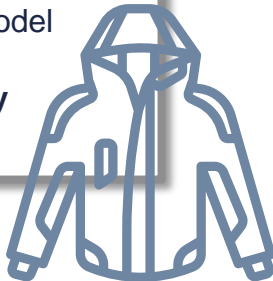
Spello, Umbria  
Luxury womenswear / soft fabrics  
and jersey, double construction,  
dresses and tailoring



# 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**



# Group Strategy





# Group Strategy

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



# Pattern's Key Business Values

## Sustainability



## Technology and R&D



## Human Resources



# ESG RATING 2020

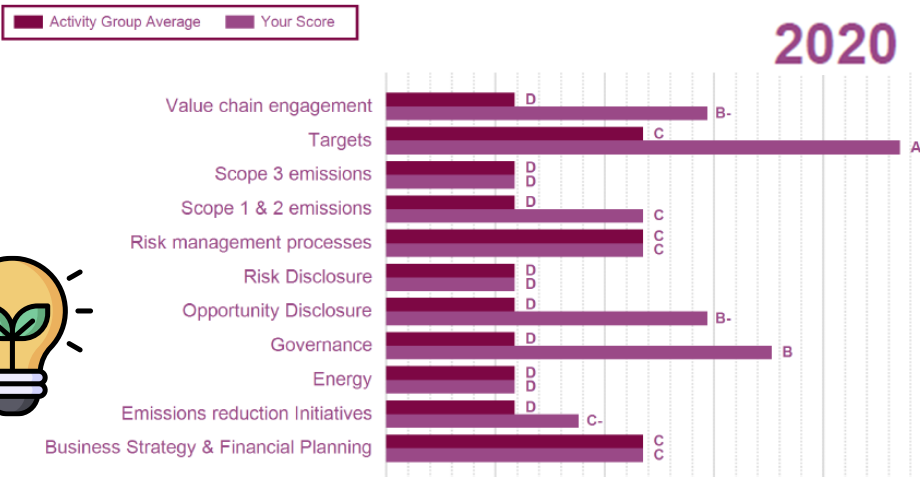
## PATTERN OVERPERFORMS THE MARKET

**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



# 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) .



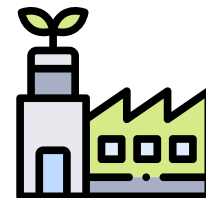
**2020**

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.



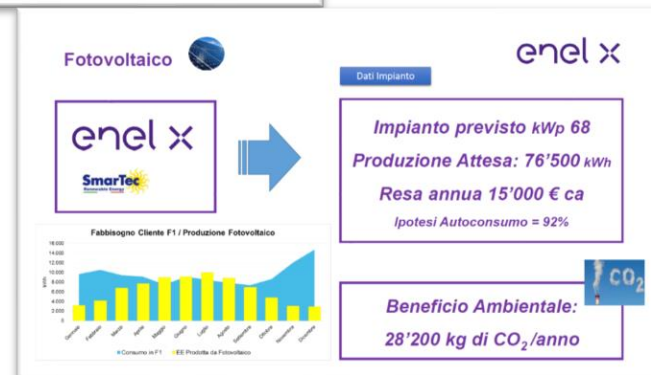
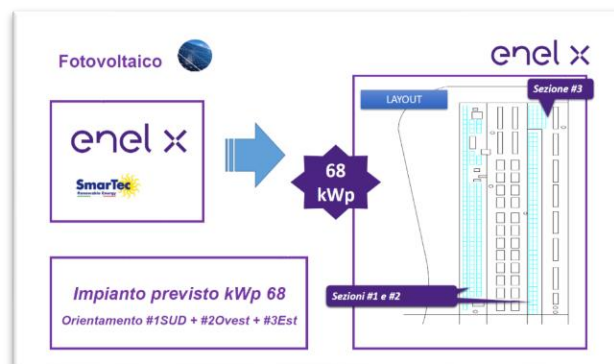
## GEO THERMAL PLANT

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**.

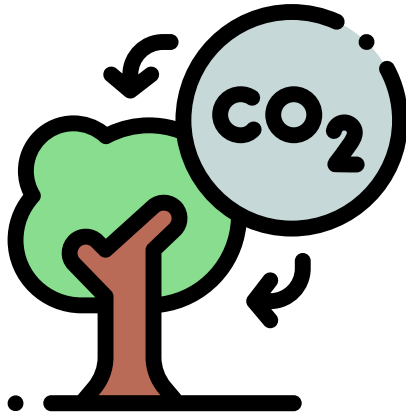


# FROM RED TO GREEN CARPET

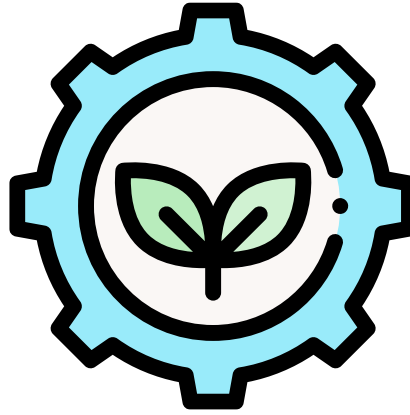
“From Red to Green Carpet” is a **five-year plan** announced in 2018 by Pattern.

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

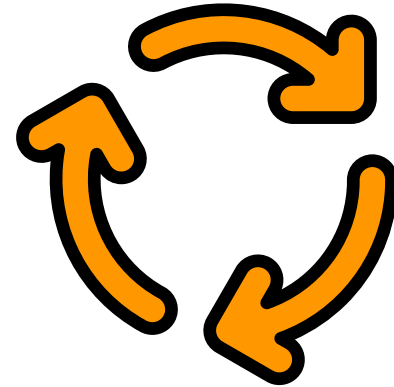
Pattern has identified three main goals to achieve:



**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

## New Digital Warehouse 4.0

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 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**.



## 3Dimention 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**.



## 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 &  
EEMPLARE

Group Industrial  
Director

Pdt. developm

ICT

Supply  
chain

CFO

Admin &  
Finance



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

## Social Responsibility System

No gender discrimination

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

Promotion of Key Talents

Employees involvement

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



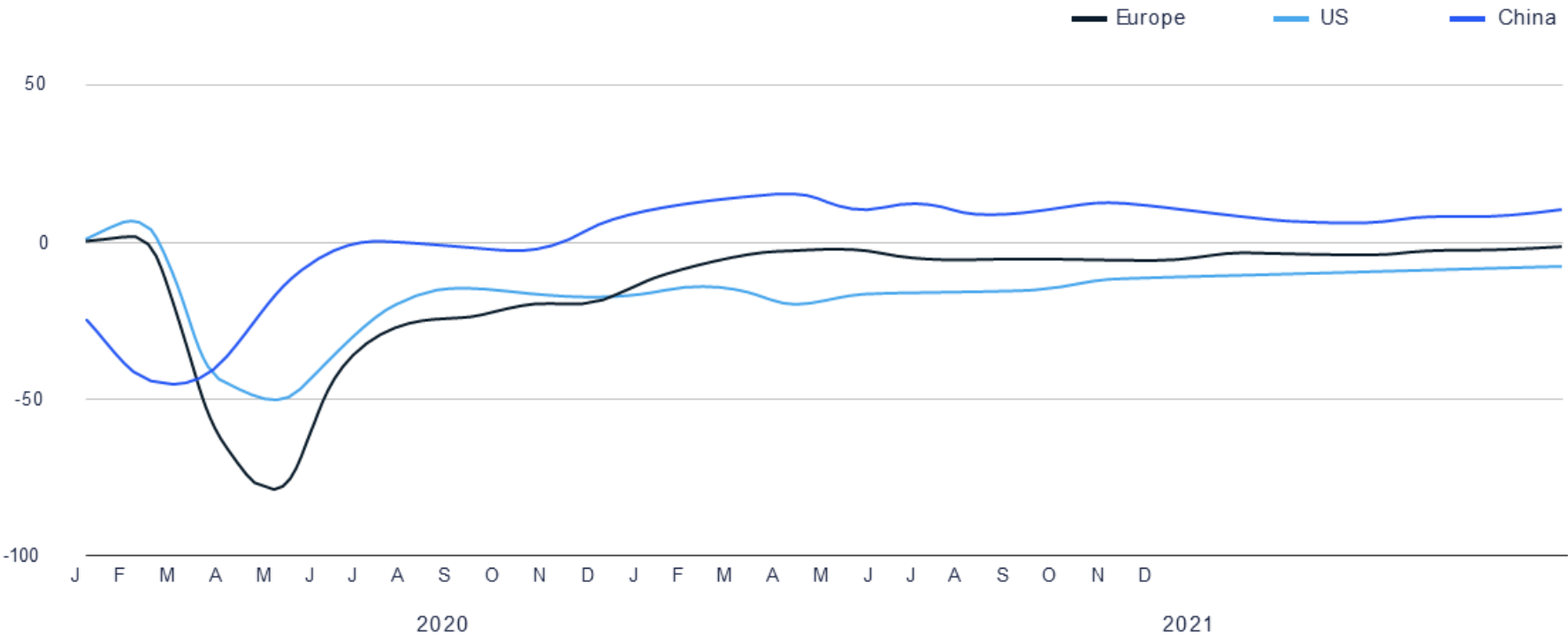
Importance of territory and training

# The Luxury Fashion Market



# Fashion Industry Recovery post COVID19

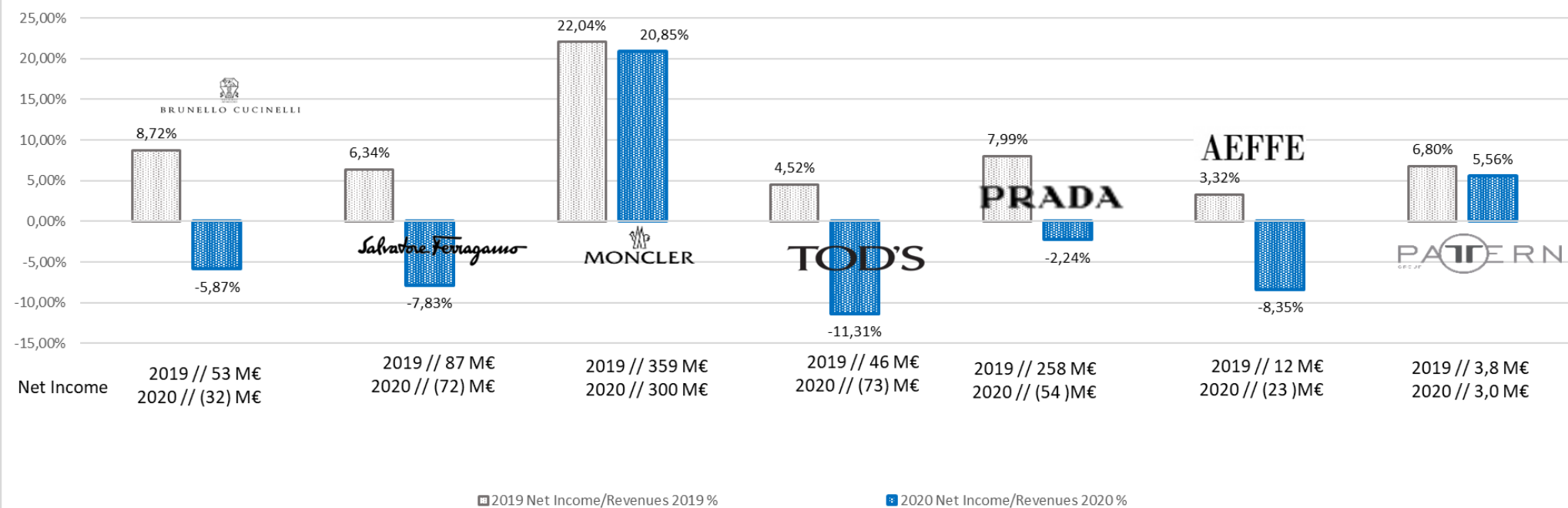
Fashion Sales in the earlier recovery scenario by McKinsey, compared to 2019





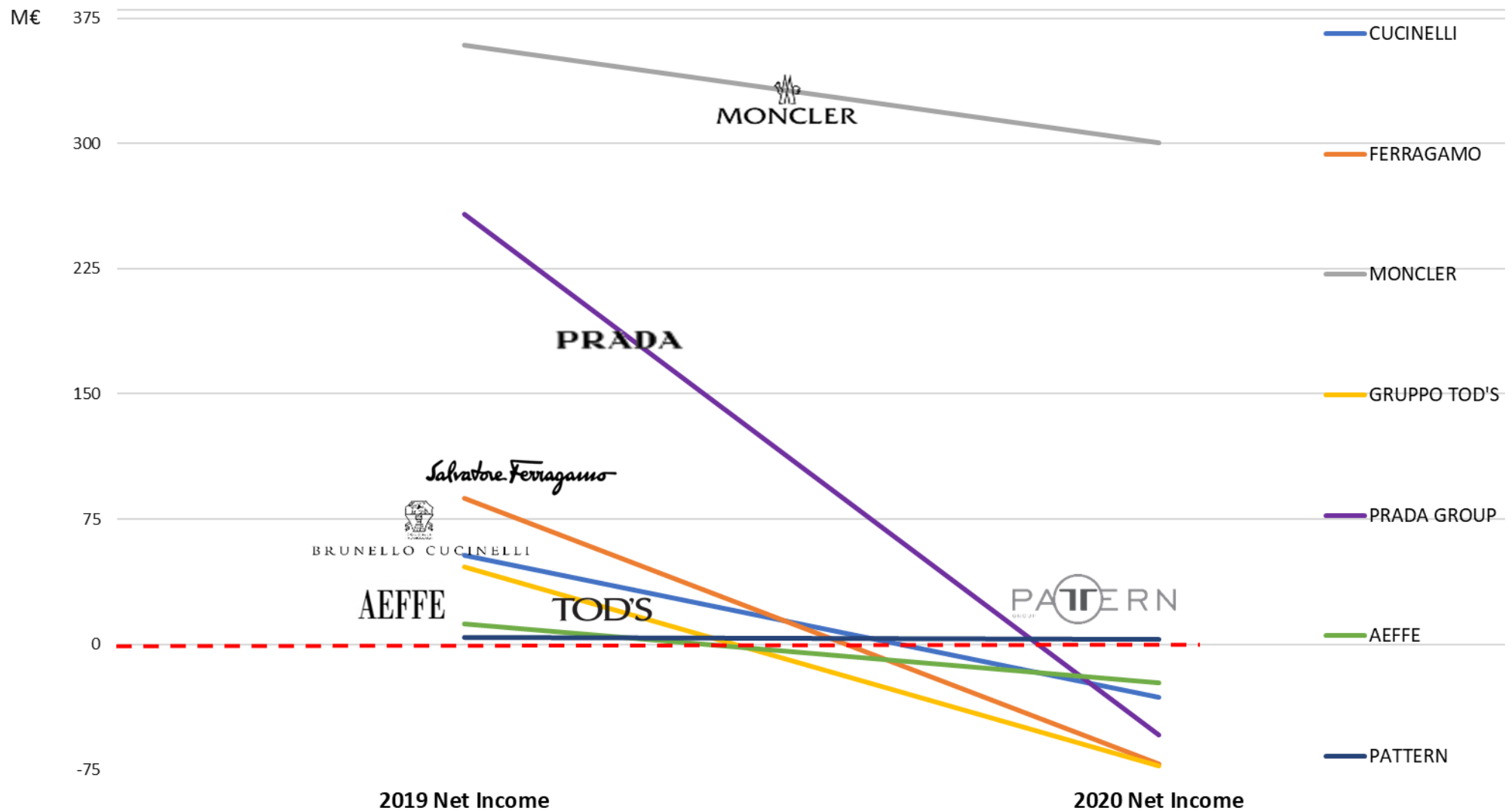
# Pattern outperforms the Italian luxury fashion industry

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, **Ciemmecci 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. Last June, **Manifatture Cesari** - founded in 1988 and specialising in jersey production, was acquired by Florence group through a capital increase.

Florence Group is controlled for about 65% by the consortium led by Vam Investments, Fondo Italiano d'Investment (through the Italian Consolidation and Growth Fund - FICC), Italmobiliare and for the remaining 35% by families Giuntini, Capezzuoli, Maltinti, Ciampolini and Sanarelli, to which the Romolini are added today. 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**



# 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

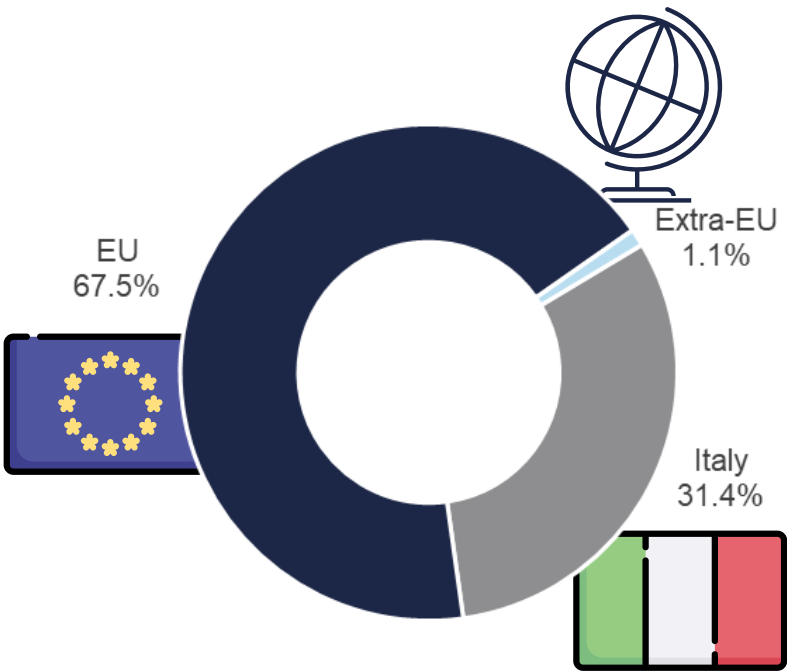
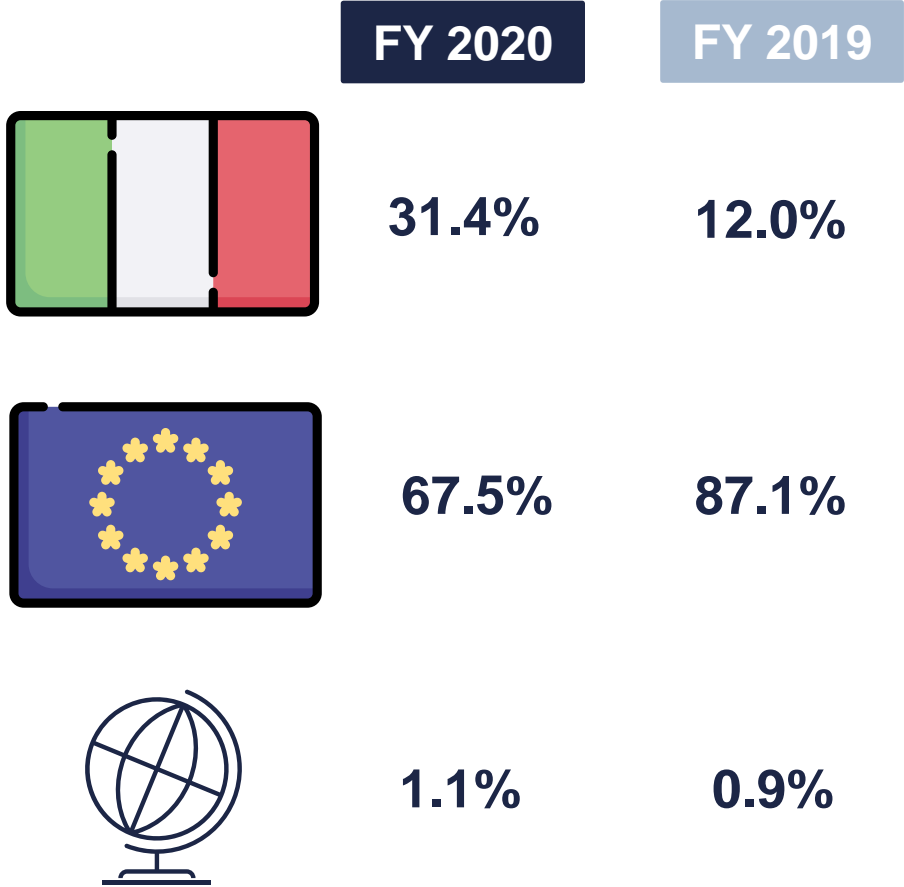
**POSITIVE NFP**

**€ 8.8M**

€12.4M FY19

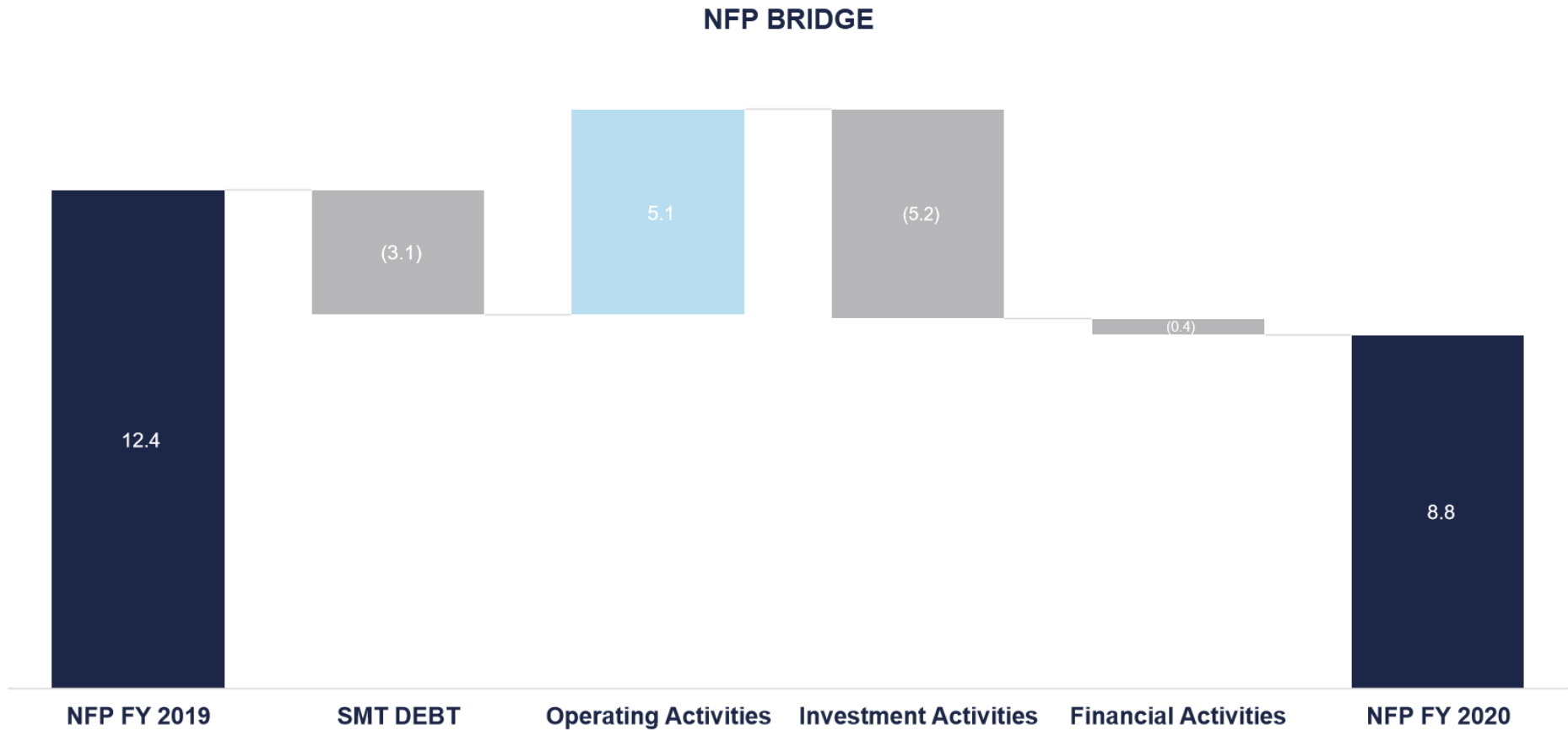


# Revenues Breakdown



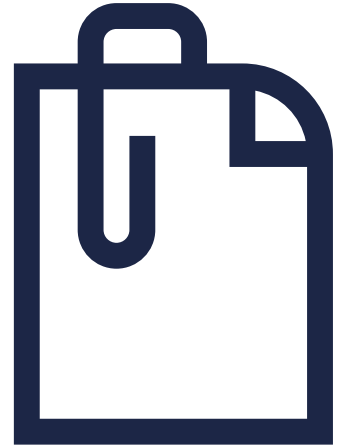
The geographical breakdown of sales shows a significant **increase in revenues from Italian clients**, whose share of the total has more than doubled, rising from 12% to 31.4%. **The internationalization rate of S.M.T. it is high**, but lower than that of Pattern. Overall, the foreign share of sales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

# 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

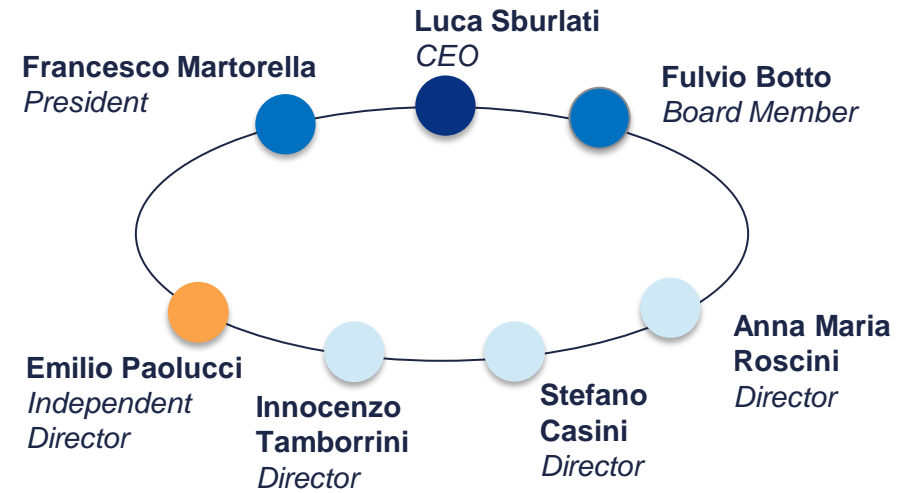
# Appendix



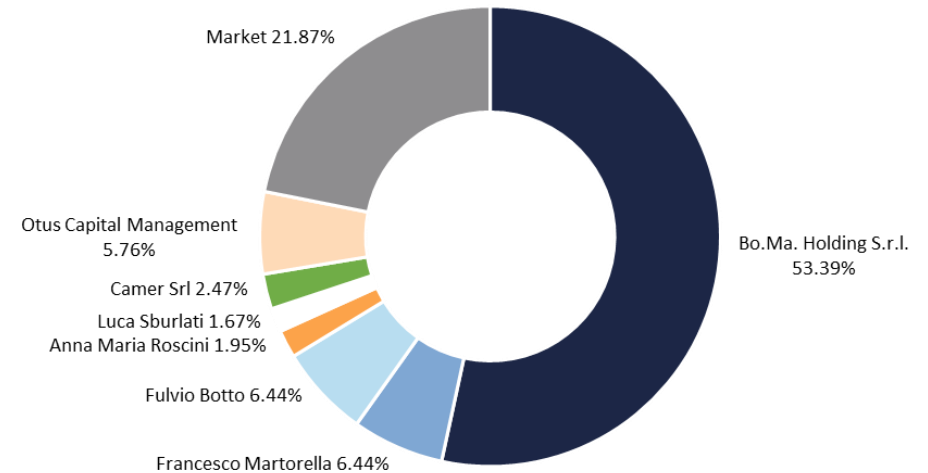
# Corporate Governance



## 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**



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**

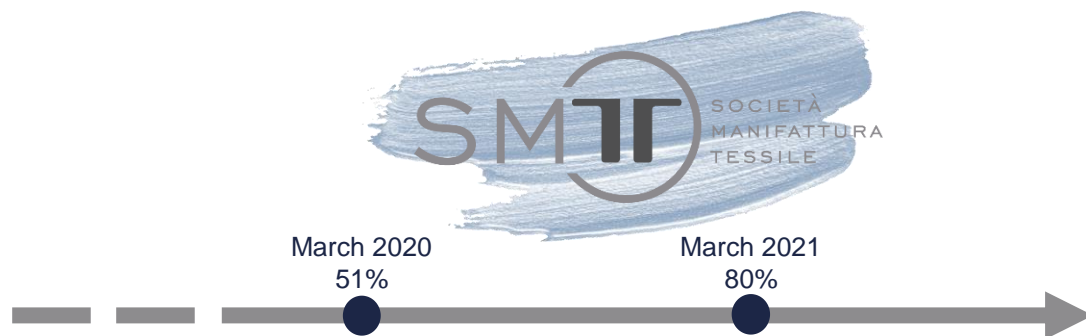


**Sales Revenues**  
€ Mln





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



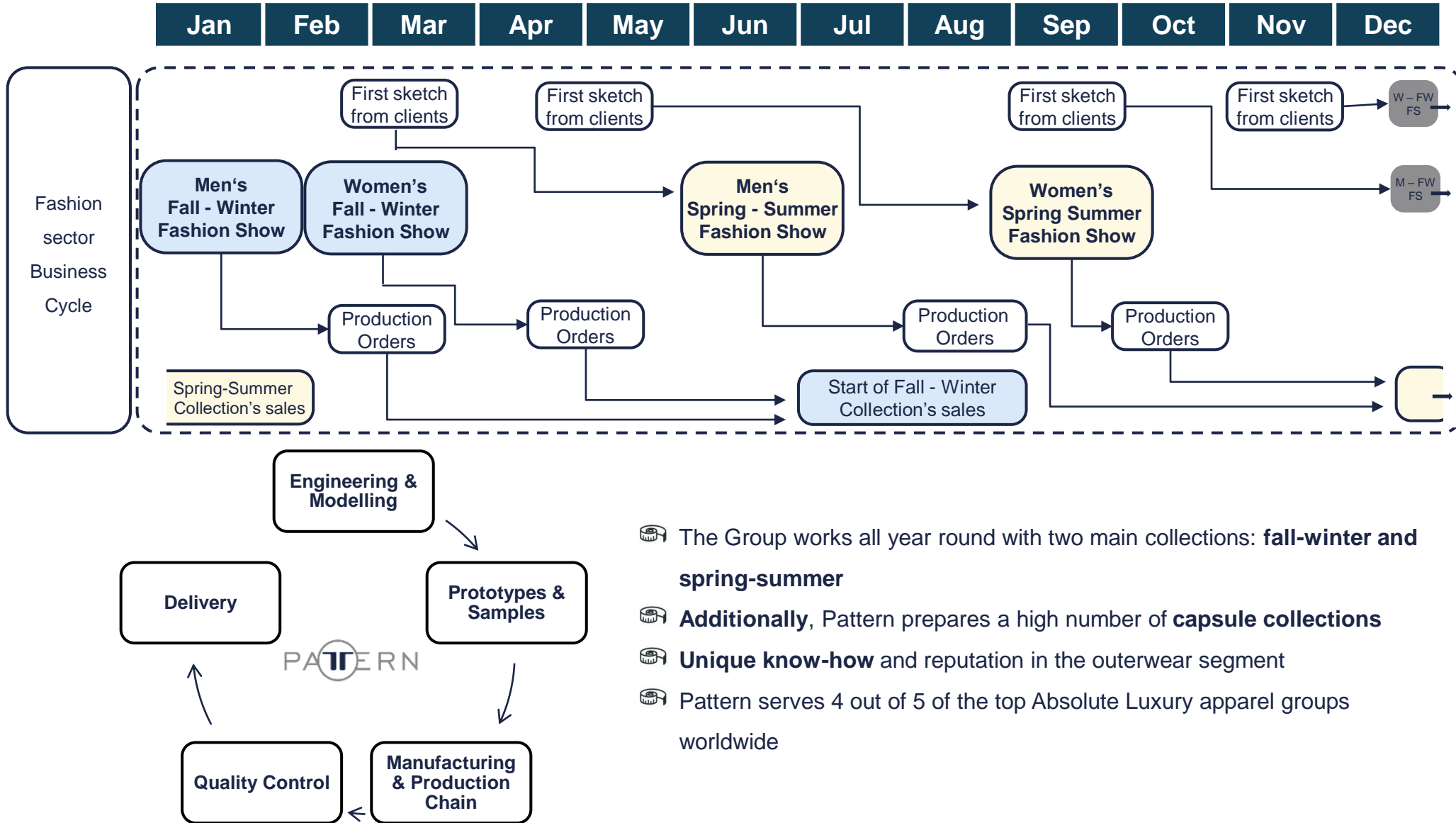
On **March 5, 2021**, acquisition of an additional 29% of the share capital of S.M.T., thus reaching, 80% of the share capital.

### OPERATION DESCRIPTION

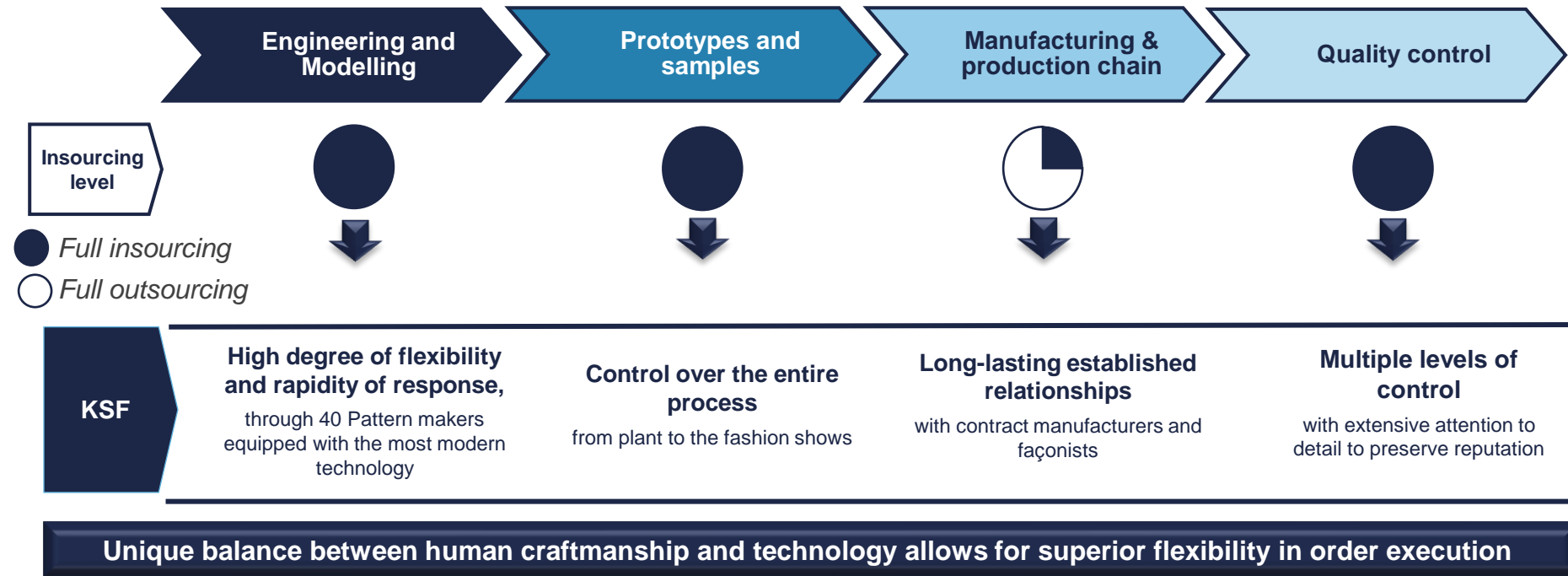
- Purchase by Pattern of a further 29% of the share capital of SMT, of which **19% directly** from Stefano Casini, the founder and CEO of S.M.T., and **10% from Camer** - a wholly-owned subsidiary of Stefano Casini, at a **total price of € 3.9 million**
- The closing of the transaction was achieved through: 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.



# How the fashion sector works



# Pattern's business model



## Competitive Advantages

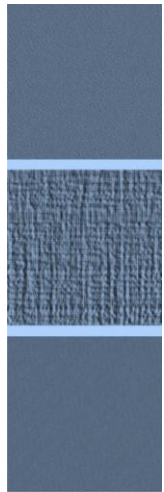
Quality	Flexibility	Speed	Reputation
Highest quality through technology, human resources and control of the supply chain	Flexible organizational structure with vertical integration	Superior time-to-market, thanks to newest technologies and proven procedures	20 years heritage of a fine-tuned business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

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

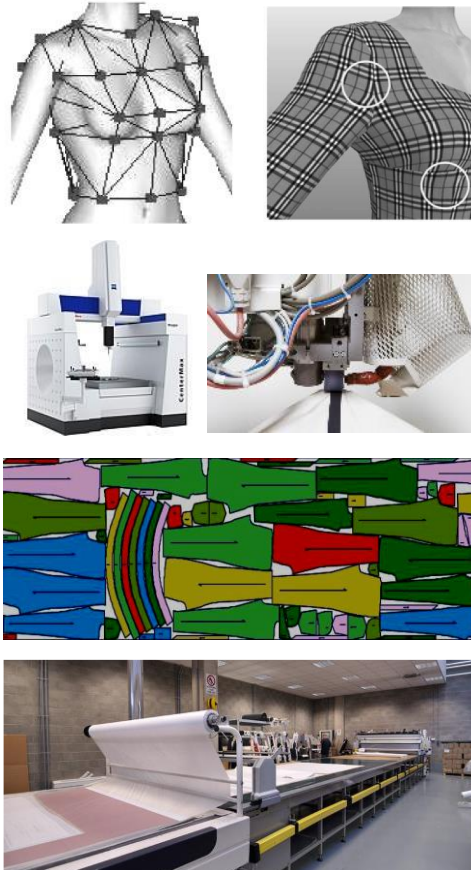
# Pattern is fully integrated with Italy's Best Suppliers and *Façonists*

## 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



# 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**".*

# FY 2020 Income Statement

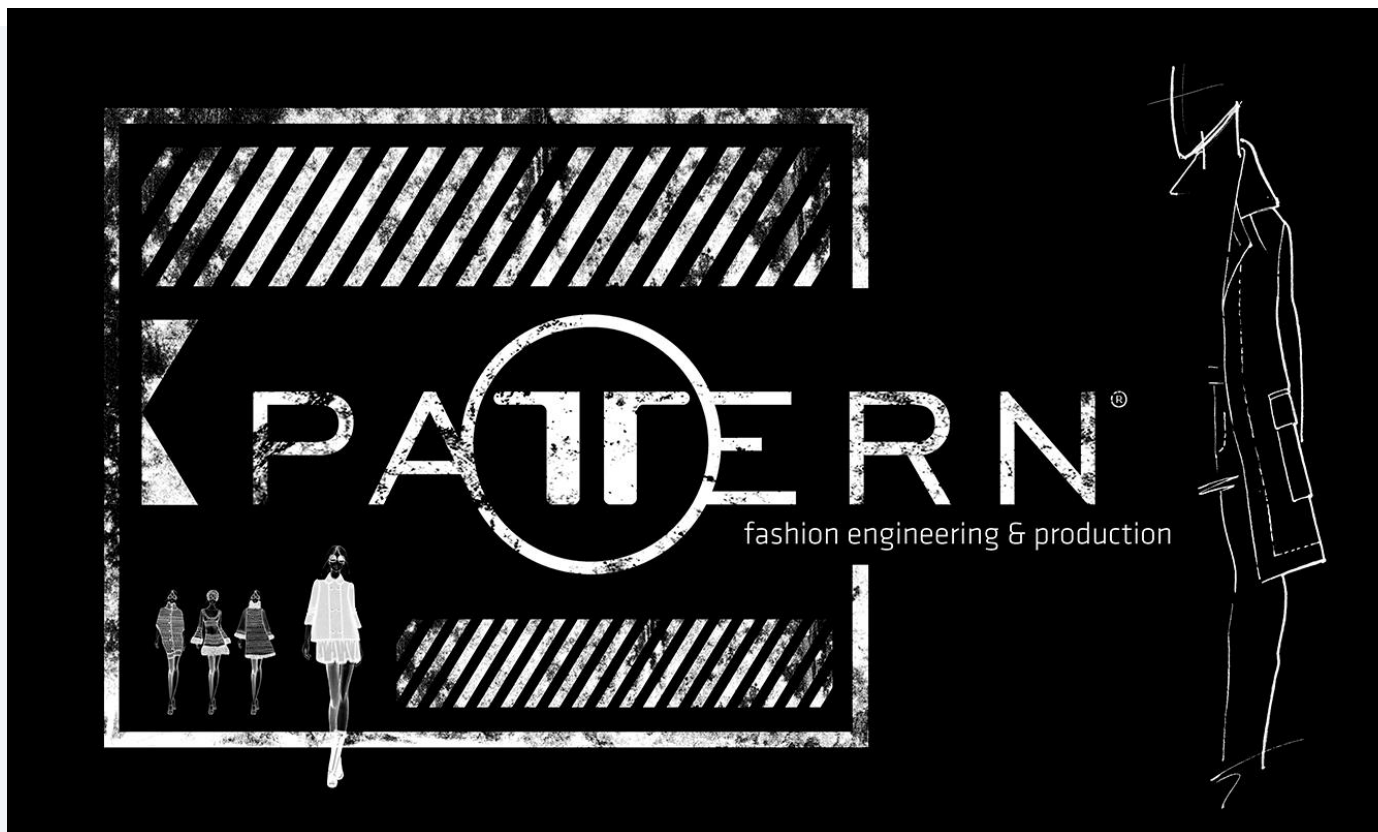
(€ 000)	FY 2020	FY 2019
Sales revenues	52,584	55,603
Other revenues	1,279	135
<b>Total Revenues</b>	<b>53,864</b>	<b>55,738</b>
Increase in fixed assets for internal work	-	-
Change in inventories	156	(400)
<b>Value of production</b>	<b>54,020</b>	<b>55,338</b>
Raw materials	(15,514)	(16,462)
Cost of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

# FY 2020 Balance Sheet (Use and Sources)

(€ 000)	31-Dec-20	31-Dec-19
<b>Fixed Assets</b>	<b>10,849.8</b>	<b>3,589.3</b>
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
<b>Working Capital</b>	<b>15,560.7</b>	<b>13,285.0</b>
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)
<b>Net Working Capital</b>	<b>3,228.8</b>	<b>2,347.0</b>
Funds	(1,923.3)	(928.1)
<b>Net Invested Capital</b>	<b>12,155.3</b>	<b>5,008.1</b>

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





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