

**PATTERN BOARD OF DIRECTORS
APPROVES DRAFT FINANCIAL STATEMENTS AND
CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022**

**BUILDING ON STRONG ORGANIC GROWTH AND MULTIPLE M&As COMPLETED IN
2022, THE PATTERN GROUP CONFIRMS DOUBLE-DIGIT REVENUE PERFORMANCE
+57%**

**AND SOLIDIFIES ITS POSITION AS THE ITALIAN HUB OF LUXURY FASHION
ENGINEERING AND PRODUCTION HAVING CLOSED FOUR MAJOR DEALS IN 2022,
EXCEEDING € 100 MILLION IN REVENUE**

**ORDINARY SHAREHOLDERS' MEETING CONVENED
ON 28 APRIL 2023**

- **Revenue from sales:** € 109.2 million (€ 69.5 million)¹ **+57.1%**
- **EBITDA²:** € 11.1 million (€ 7.7 million) **+44.6%**
- **EBITDA Margin:** 10% (11%)
- **Profit for the Year:** € 4.1 million (€ 3.7 million) **+10.6%**
- **NFP:** € 13.9 million (cash positive for € 3.1 million)

Turin, 27 March 2023 - **Pattern S.p.A. (EGM:PTR)**, an Italian company set up in 2000 by **Francesco Martorella and Fulvio Botto**, one of the leading players in the **engineering, development, prototyping and production** of clothing lines for the world's most prestigious high-end brands in the catwalk segment and in men's and women's first-level lines, today approved the **Parent Company's draft Financial Statements** and the **Consolidated Financial Statements at 31 December 2022**.

CONSOLIDATED INCOME AND FINANCIAL FIGURES AT 31 DECEMBER 2022

Revenue from sales at 31 December 2022 stood at € 109.2 million versus € 69.5 million at 31 December 2021, increasing strongly by **57.1%**.

Regarding the breakdown of revenue by business segment and the related changes from last year, knitwear rose sharply by +34.7%, while clothing increased by 13.9%. Leather was also on a strong rise, however, the figure cannot be compared with the prior year since only one month of the year had been consolidated last year.

Inventory of semi-finished and finished goods decreased considerably, from € 2.5 million to € -0.6 million.

As a result of the latter performance, the **value of production** increased by 52.3% from € 72.5 million at

¹ Income and financial data in brackets refer to December 31, 2021

² EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization – Gross Operating Profit) is an alternative performance indicator not defined by Italian accounting standards but used by company management to monitor and evaluate the company's operating performance, as it is not influenced by volatility due to the effects of the different criteria for calculating taxable income, the amount and the characteristics of capital employed as well as the relevant depreciation/amortization policies. This indicator is defined by Pattern as Profit/(Loss) for the period before amortization/depreciation and write-downs of tangible and intangible fixed assets, financial income and expenses and income taxes.

31 December 2021 to € 110.4 million at 31 December 2022.

Raw material consumption increased less than other costs, by 27.7% from € 22.3 million to € 28.4 million. This is explained by the lower percentage of raw materials on Pattern and SMT production, which alone cover more than 70% of revenue. Another reason is the consolidation of companies such as Zanni, RGB, and Dyloan Bond Factory, which work mainly with raw materials supplied by customers (on a contract basis).

Costs for services of € 42.3 million versus € 25.6 million in 2021 increased by 65.1%. This increase is attributable, firstly, to the increase in production volumes, and secondly, to the increase in certain specific items, such as electricity costs and consulting, resulting from the numerous acquisitions made.

Personnel expense increased by 67.4% from € 15.2 million to € 25.4 million at 31 December 2022. The increase is due to the multiple acquisitions made in 2022 and to a lesser extent to increased production volumes.

EBITDA, as a result of the above items, came to € 11.1 million versus € 7.7 million at 31 December 2021, up by 44.6%, while the **EBITDA margin** stood at approximately 10% versus approximately 11% at 31 December 2021.

Net profit for the year increased by 10.6% to € 4.1 million versus € 3.7 million at 31 December 2021. The **Group's share** decreased by 13.5%, and amounted to € 2.6 million versus € 3 million. This result was strongly affected by Pattern, the only company that is 100% consolidated. A substantial portion of net profit arises from leather goods, in addition to knitwear, where minorities carry a greater weight.

Fixed assets amounted to € 36.8 million, rising sharply from € 17.9 million at 31 December 2021. Approximately half of this increase comes from companies consolidated for the first time. Specifically, fixed assets of Dyloan Bond Factory amounted to € 8 million, of which nearly € 6 million were tangible fixed assets.

The further part of the increase, approximately € 10 million, comes from the goodwill arising from the acquisitions made and the purchase of the Spello plant.

Net working capital - amounting to € 11.6 million - increased by 64.7% from € 7 million at 31 December 2021. This is due to an increase in working capital (+57.6%, from just under € 30 million to € 47.1 million), slightly higher than the increase in current liabilities (+55.4% from € 22.8 million to € 35.5 million).

The **net financial position** stood at € 13.9 million (net debt) versus a cash positive of € 3.1 million at 31 December 2021, as a result mainly of the various M&As closed in 2022.

The **cash level remains extremely high** at € 19.1 million versus € 22.8 million at end 2021.

SIGNIFICANT EVENTS IN 2022

7 February 2022 - Pattern completes the purchase, through its subsidiary (80%) S.M.T. S.r.l., of 100% of Zanni S.r.l., an Emilia-based company specializing in the prototyping and production of luxury knitwear.

16 February 2021 - Signing of purchase agreement to acquire the property where Roscini Atelier is headquartered, located in Spello (PG) and already held by Pattern on a lease basis; the facilities focus on the engineering and pattern-making of the high-end women's lines.

The purchase price is €2 million and includes, in addition to a single building of approximately 5,000 square meters, the photovoltaic system which is currently in operation.

4 April 2022 - Idee Partners S.r.l., a subsidiary of Pattern, which holds 54% of its share capital, has signed a binding investment agreement for the purchase of 70% of the share capital of RGB S.p.A. (benefit company), a Tuscan company specialized in the manufacturing and processing of leather accessories.

4 April 2022 - The Board of Directors of Pattern S.p.A. has verified the achievement of the group's valuation objectives – as defined in the 2019-2022 Stock Grant Plan (the "Plan") approved at the time of listing – and the right to allocate 187,379 ordinary shares to CEO Luca Sburlati, relating to the second and third tranche of the Plan

10 May 2022 - Completion of the purchase by Idee Partners Srl of 70% of RGB Srl, a Tuscan company specializing in the manufacturing and processing of leather accessories. The total price paid was € 2.275 million.

18 July 2022 - Investment agreement signed for the acquisition of 70% of D-Holding S.r.l., the holding company of Bond Factory S.r.l and its subsidiaries. Bond Factory (known as Dyloan) is a company based in the Abruzzo region (between Chieti and Pescara) and a leader in innovative technologies and R&D, as well as an advanced manufacturing hub.

The provisional agreed price for the Acquired Shareholding of approximately € 6.96 million is 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.

8 November 2022 - Pattern announces completion of the purchase of 70% in 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.

21 December 2022 - Binding investment agreement signed to purchase, through its subsidiary (80%) S.M.T. - Società Manifattura Tessile S.r.l., 100% of Nuova Nicol S.r.l., an Emilia-based company specializing in the production of women's luxury knitwear.

SIGNIFICANT EVENTS AFTER YEAR END 2022

18 January 2023 - Pattern announces, pursuant to Article 17 of the Euronext Growth Milan Issuer Regulation, that it has received from the shareholder Axon Partners Group Investments the notice of a significant change in the investment status, whereby it has informed the Company that on 16 January 2023, it exceeded the relevant threshold of 5% of Pattern's share capital, holding 715,664 ordinary shares or 5.02%.

21 March 2023 - Pattern S.p.A. announces the fulfillment of the two conditions, envisaged in the sale/purchase agreement for the acquisition of 70% of the share capital of RGB S.p.A., to pay the seller an earn-out of € 1 million, to be paid within the time limits of the agreements entered into for the purchase of the investment.

OUTLOOK FOR THE YEAR

Regarding the Group's overall outlook for the current year, a point worth mentioning is that 2023 may pose potential ambiguities arising from the international geopolitical landscape. Regardless, the **luxury**

market is expected to remain on an upward trajectory, especially if these international tensions find a positive solution and the resulting inflationary and speculative pressures diminish.

Concurrently, the **Group's companies are undergoing vertical integrations, which will boost margins by absorbing fixed costs**; additionally, the adoption of engineering and production best practices will help mitigate the increases in raw materials and semi-finished goods costs, as well as transportation, labour, and energy costs.

Therefore, all exogenous conditions being equal, **moderate growth** can be anticipated for the Pattern Group in **2023**.

Looking at the medium to long term, the Pattern Group has successfully completed the first phase of its project a year and a half ahead of the projections made at the time of its IPO in July 2019; with **revenue exceeding € 100 million** and a workforce of over 800 employees, the Group can rightfully claim the title of "**The Italian Hub of Luxury Fashion Engineering and Production**", having closed four major deals in 2022.

The **second step** has now been taken, which seeks to **consolidate** and develop three hubs as Italian districts of excellence: the Tuscan district for leather goods, Emilia for luxury knitwear, and the central and northwest districts for ready-to-wear.

INCOME AND FINANCIAL FIGURES OF THE PARENT COMPANY PATTERN S.P.A.

Revenue from sales of the Parent Company amounted to € 47.0 million (€ 43.1 million in 2021), while the value of production at end 2022 was € 48.0 million (€ 44.4 million in 2021). EBITDA came to € 1.5 million (€ 2.2 million in 2021). The Net Financial Position stood at a negative € 8.4 million (a positive € 0.6 million at 31 December 2021), with an **extremely high cash** component of almost € 7.8 million.

ALLOCATION OF PROFIT FOR THE YEAR

Together with the approval of the financial statements at 31 December 2022, a proposal is made to allocate profit for the year of € 1,161,879 as follows:

- € 5,748 to the legal reserve, up to the legal limit pursuant to Article 2430 of the Italian Civil Code;
- the residual amount of € 1,156,131 to the extraordinary reserve.

CALLING OF ORDINARY SHAREHOLDERS' MEETING

The Board of Directors resolved to convene the Ordinary Shareholders' Meeting in first call on **28 April 2023** at the company's registered office in Collegno (Turin), Via Italia 6/A, to discuss and resolve on the following agenda:

1. Approval of the financial statements at 31 December 2022.
2. Allocation of profit for the year.
3. Increase in the number of board members from seven to nine and appointment of new members.
4. Determination of fees to certain directors.

5. Authorization to purchase and dispose of treasury shares, subject to revocation of the authorization resolution passed by the Shareholders' Meeting on 28 April 2022; relevant and ensuing resolutions.

Extraordinary session:

1. Integration of the corporate object to highlight the company's growing commitment to environmental and sustainability issues and ensuing amendment to Article 3 of the Bylaws; relevant and ensuing resolutions.

FILING OF DOCUMENTATION

A copy of the Consolidated Financial Report at 31 December 2022, including the Independent Auditors' Report, will be made publicly available within the time limits of law at the Company's registered office in Turin, as well as by publication on the corporate website www.patterngroup.it "Investors/Documenti Finanziari" section and on the authorized storage mechanism www.linfo.it.

About Pattern Group:

Pattern Spa is a leading company in prototyping, engineering and production of fashion show collections for the most important international luxury fashion brands.

The company, founded in 2000 by Franco Martorella and Fulvio Botto, began in 2017 a structured growth process, which ended in 2022 with the creation of the **Italian Hub of Luxury Fashion Engineering**.

Following the listing on the Euronext Growth Milan Market of Borsa Italiana in 2019, Pattern continued its strong growth by external lines with the acquisition of 10 companies, each leader in the prototyping and production of different luxury product categories.

Pattern Group is therefore present today with **12 companies** in **7 regions of the Italian territory** (Lombardy, Piedmont, Emilia Romagna, Tuscany, Abruzzo, Umbria and Puglia), it is positioned on the **main luxury product categories** (men's and womenswear, clothing and accessories, still fabric, knitwear and leather goods) from the **Research and Engineering phase up to Production**.

Pattern Spa is also the first Italian company in the sector to have obtained the **SA8000 / Social Accountability Certification** in 2013 and an **ESG Rating** from 2019, confirming the company's strategic choice to invest in sustainability, technology and human resources.

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

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Attached:

Reclassified Consolidated and Parent Company Income Statement

Consolidated and Parent Company Statement of Sources and Utilizations at 31 December 2022

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2022

INCOME STATEMENT OF THE PATTERN GROUP	31.12.2022	31.12.2021	% chg
(€)			
Revenue from sales	109,211,799	69,505,795	57.1%
Other revenue	1,799,414	519,908	246.1%
Total revenue	111,011,213	70,025,703	58.5%
Change in inventory of products	-584,997	2,495,576	n.c.
Value of production	110,426,216	72,521,279	52.3%
- Purchases of raw materials	28,110,572	22,590,632	24.4%
- Change in inventory of raw materials	338,924	-307,450	-210.2%
Consumption of raw materials	28,449,496	22,283,182	27.7%
Costs for services	42,277,181	25,602,896	65.1%
Rentals and leases	2,401,587	1,476,263	62.7%
Personnel expense	25,381,626	15,166,325	67.4%
Sundry operating expense	797,655	302,688	163.5%
EBITDA	11,118,671	7,689,925	44.6%
Amortization, depreciation, provisions and write-downs	4,236,271	2,423,902	74.8%
EBIT	6,882,400	5,266,023	30.7%
Net financial expense	-283,915	-125,014	127.1%
Value adjustments on net financial assets	0	0	n.c.
Profit (loss) before tax	6,598,485	5,141,009	28.3%
Current and deferred tax	2,534,852	1,467,453	72.7%
Profit for the year	4,063,633	3,673,556	10.6%
Group profit for the year	2,593,065	2,998,895	-13.5%

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE PATTERN GROUP AT 31 DECEMBER 2022

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE PATTERN GROUP	31.12.2022	31.12.2021	% chg
(€)			
Intangible fixed assets	19,796,010	11,357,607	74.3%
Property, plant and equipment	15,934,612	6,227,176	155.9%
Financial fixed assets	1,101,240	281,003	291.9%
Total fixed assets	36,831,862	17,865,786	106.2%
Inventory	9,359,495	8,289,580	12.9%
Receivables from customers	24,212,489	15,323,201	58.0%
Other receivables	12,692,670	5,827,980	117.8%
Accrued income and prepaid expense	847,322	459,091	84.6%
Working capital	47,111,976	29,899,852	57.6%
Payables to suppliers	-22,251,205	-17,669,125	25.9%
Other payables	-9,167,377	-4,584,035	100.0%
Accrued expense and deferred income	-4,115,916	-617,941	566.1%
Net working capital	11,577,478	7,028,751	64.7%
Provisions for risks and post-employment benefits	-4,928,065	-2,857,431	72.5%
Net capital employed	43,481,275	22,037,106	97.3%
Equity	29,628,289	25,123,663	17.9%
- of which Group	24,796,050	22,922,861	8.2%
Financial debt less than 12 months	8,995,472	4,256,718	111.3%
Financial debt more than 12 months	23,910,141	15,450,910	54.7%
Current financial assets	-2,500,000	0	n.c.
Cash	-19,052,627	-22,794,185	-16.4%
Net financial position	13,852,986	-3,086,557	-548.8%
Equity and net financial position	43,481,275	22,037,106	97.3%

RECLASSIFIED INCOME STATEMENT OF THE PARENT COMPANY AT 31 DECEMBER 2022

INCOME STATEMENT OF PATTERN SPA	31.12.2022	31.12.2021	% chg
(€)			
Revenue from sales	47,039,848	43,145,451	9.0%
Other revenue	763,132	122,323	523.9%
Total revenue	47,802,980	43,267,774	10.5%
Change in inventory of products	166,302	1,125,600	-85.2%
Value of production	47,969,282	44,393,374	8.1%
- Purchases of raw materials	14,341,896	15,348,335	-6.6%
- Change in inventory of raw materials	78,592	28,695	173.9%
Consumption of raw materials	14,420,488	15,377,030	-6.2%
Costs for services	20,538,367	16,522,641	24.3%
Rentals and leases	690,502	795,040	-13.1%
Personnel expense	10,629,596	9,279,326	14.6%
Sundry operating expense	186,533	182,884	2.0%
EBITDA	1,503,796	2,236,453	-32.8%
Amortization, depreciation, provisions and write-downs	904,860	572,971	57.9%
EBIT	598,936	1,663,482	-64.0%
Net financial income (expense)	660,976	435,578	51.7%
Profit (loss) before tax	1,259,912	2,099,060	-40.0%
Current and deferred tax	98,033	353,089	-72.2%
Profit (loss) for the period	1,161,879	1,745,971	-33.5%

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY AT 31 DECEMBER 2022

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF PATTERN SPA	31.12.2022	31.12.2021	% chg
(€)			
- Intangible fixed assets	585,385	718,173	-18.5%
- Property, plant and equipment	4,675,785	2,701,933	73.1%
- Financial fixed assets	20,961,064	13,637,470	53.7%
Total fixed assets	26,222,234	17,057,576	53.7%
Inventory	4,741,511	4,653,803	1.9%
Receivables from customers	8,575,983	7,672,126	11.8%
Other receivables	4,336,896	2,792,495	55.3%
Accrued income and prepaid expense	288,124	303,467	-5.1%
Working capital	17,942,514	15,421,891	16.3%
Payables to suppliers	-10,056,299	-8,587,736	17.1%
Other payables	-2,352,099	-1,817,319	29.4%
Accrued expense and deferred income	-246,066	-224,446	9.6%
Net working capital	5,288,050	4,792,390	10.3%
Provisions for risks and post-employment benefits	-1,537,164	-1,227,160	25.3%
Net capital employed	29,973,120	20,622,806	45.3%
Equity	21,597,736	21,219,763	1.8%
- Financial debt less than 12 months	4,465,221	2,843,335	57.0%
- Financial debt more than 12 months	11,751,213	10,324,630	13.8%
- Current financial assets	-1,000,000	0	n.c.
- Cash	-6,841,050	-13,764,922	-50.3%
Net financial position	8,375,384	-596,957	n.c.
Equity and net financial position	29,973,120	20,622,806	45.3%