

**PATTERN DISPOSES OF TURIN PLANT BUSINESS UNIT DEDICATED TO ITS LONG-
STANDING UK CLIENT BURBERRY AND ANNOUNCES BUILDING OF NEW
HEADQUARTERS IN TURIN**

**THE DISPOSAL PRICE OF € 21 MILLION ENABLES THE PATTERN GROUP TO IMPROVE ITS
NFP AND CONTINUE ALONG THE PATH OF INDUSTRIAL GROWTH**

Turin, 27 March 2023 - **Pattern S.p.A. (EGM:PTR)** - (the "**Company**" or "**Pattern**"), 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, announces that the Board of Directors resolved today on approving the signing of a binding framework agreement (the "**Agreement**") on the disposal to Burberry Limited or other entity of the Burberry group designated by Burberry Limited ("**Burberry**" or the "**Buyer**") of the Turin plant's business unit dedicated to the engineering and production of Burberry products (the "**Business Unit**"), through the disposal of shares in a newly-formed vehicle entity, for a disposal price of € 21 million (the "**Transaction**"). The Agreement was signed today between the Company and the Buyer.

In the words of **Luca Sburlati**, CEO of Pattern Group, along with **Francesco Martorella and Fulvio Botto**, Founders and Majority Shareholders of Pattern: *"This is a very important milestone for our territory, the people and our company, from which a Technical Outerwear Hub for the leading British luxury brand was born today. Pattern disposes of the part dedicated to its long-standing client Burberry in order to build the **Group's new headquarters** in Turin over the next 24 months and have the resources to **continue along the path of full industrial growth with increasing effectiveness**, and to invest in the **Italian territory**".*

Following a path of growth through acquisitions, resulting today in **12 companies located in 7 Italian regions**, Pattern raises the resources to continue on its path of industrial growth with greater strength.

A strategy that also helps confirm **Piedmont's** role as a region of clothing excellence. The deal with Burberry allows, in fact, for the creation of a *Technical Outerwear Hub* in Piedmont, complementing the finest fabric district of Biella and Novara of ready-to-wear production for the top luxury brands.

Once the Transaction is completed, the Company will have further financial resources, which its Management intends to allocate to continue to grow the Group, including through **further M&As**, to improve its **NFP** and build the new **Turin headquarters**, as well as for an extraordinary dividend distribution subject to shareholders' approval.

Structure of the transaction

The object of the Business Unit is the activity revolving around the engineering and production line of Burberry products.

The disposal price was agreed upon between the parties at a total of € 21 million (the "**Price**"). This price is subject to adjustments based on the trade working capital and net financial position of the Business Unit at the closing date. A portion of the disposal price (amounting to € 2.1 million) will be held in an escrow account to secure any obligations of the Company under the Agreement.

The Agreement includes representations and warranties issued by the Company that are customary for this type of transaction, related indemnification clauses in favour of the Buyer and mitigation of any indemnification to the benefit of the Company such as, but not limited to, *de minimis*, deductible and cap thresholds. Once the closing (the "**Closing**") of the Transaction is completed, the Company will be subject to confidentiality obligations and non-solicitation for a period of three years following closing.

The Agreement provides for additional agreements to be signed between the parties at Closing including, among others: (i) a transitional services agreement; (ii) a production agreement.

Under the Agreement, the Closing will be followed by a **temporary** secondment to the disposed unit for 2 years of one of the two founders, Francesco Martorella, in order to ensure continuity to the transferred activities. During this period, Francesco Martorella will still remain on the Board of Directors of Pattern and the Group's subsidiaries, with no delegated powers.

Conditions Precedent

The effectiveness of the Agreement and the Closing of the Transaction are subject to fulfillment, by 30 September 2023 (extendable by a further month by the Buyer), of certain conditions precedent including, *inter alia*: (i) the transfer of certain administrative authorizations to the Business Unit; (ii) the consent of certain third parties to the transfer of certain contracts functional to the operation of the Business Unit; and (iii) the absence of MAC. These conditions precedent were envisaged in the sole interest of the Buyer and may be waived by the Buyer.

Additionally, the effectiveness of the Agreement and Closing of the Transaction are subject to fulfillment, by 30 September 2023 (extendable automatically by an additional two months), of a condition precedent represented by the completion of the process of separating the IT systems of the Business Unit and the Company. This condition precedent was envisaged in the interest of both parties and can only be waived by mutual agreement.

The Closing of the Transaction is expected to be completed by approximately September 2023, unless extended.

Significant Transactions pursuant to Article 12 of the Euronext Growth Issuer Regulation

The effects of the Transaction give rise to a "Significant Transaction" pursuant to Article 12 of the Euronext Growth Milan Issuer Regulation, as the materiality index of the consideration exceeds 25%.

Use of proceeds from the disposal

The proceeds from the disposal will be used to continue the Group's growth including through further M&As, to improve its NFP and build the new Turin headquarters, as well as for an extraordinary dividend distribution subject to shareholders' approval.

About the BU

At 31 December 2022, the BU generated **revenue of € 25.0 million** with **EBITDA at € 3.7 million**. To accurately estimate the BU's profitability, it should be noted that the EBITDA shown does not include certain overhead costs, related mainly to executive, managerial, HR, ESG, administrative figures, as well as IT infrastructure, that are essential for the functioning of the BU, and that will instead remain in Pattern to ensure the Group's business continuity.

The Agreement does not provide for the transfer of financial payables.

ADVISORS

The Company was assisted by the international law firm Gianni & Origoni, for the legal, contractual and corporate matters, and by the M&A team of PricewaterhouseCoopers Business Services S.r.l. ("PwC") as exclusive Financial Advisor. PwC's Transaction Services and Tax teams also provided assistance on the financial and tax matters of the transaction.

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 and Production**. 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) starting 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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