

# 1H2023 Results

*Conference VideoCall*

**September 26<sup>th</sup>, 2023**



# Today's speakers

**Luca  
Sburlati**



*CEO*

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



**Innocenzo  
Tamborrini**



*CFO*

- 15 years in Pattern
- 22 years as CFO and Senior Controller
- Education: Graduated in Economics



**Sara  
De Benedetti**



*Investor Relations  
Manager*

- 6 years in Pattern
- 13 years in communication, last 9 years focused on the International Fashion Industry
- Education: MSc Bocconi in Economics





1. **At a glance**
2. **Group Strategy**
3. **Events 2023**
4. **1H2023**
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At a glance

**PATTERN**  
GROUP

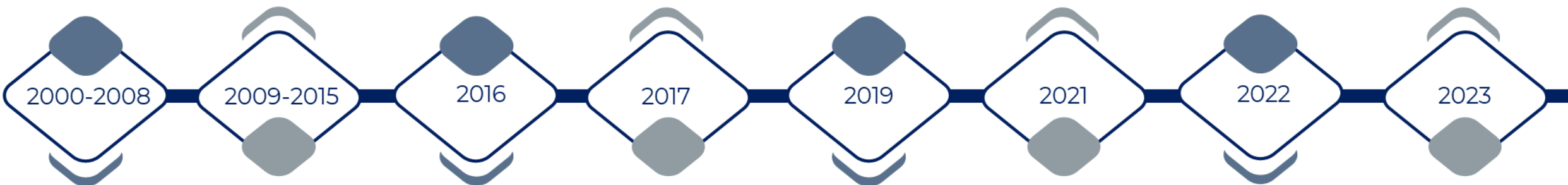
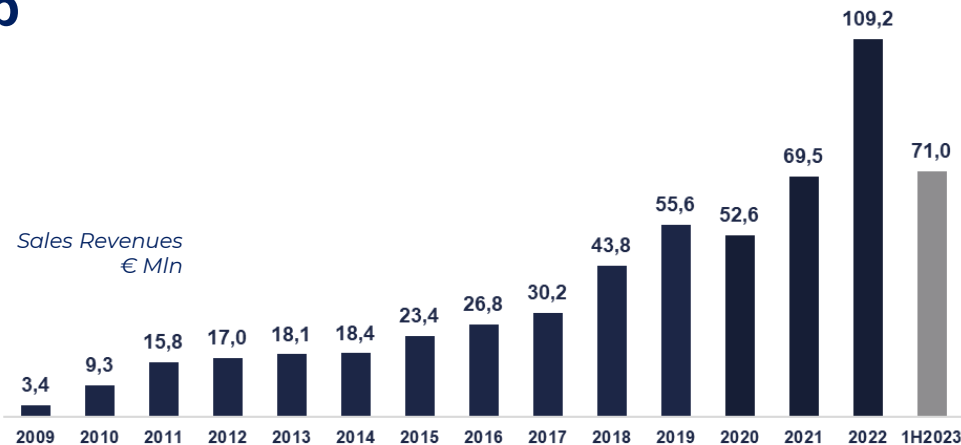


**PATTERN**  
GROUP

is a

**landmark for top-end  
Luxury Fashion**

**Engineering & Production**



Pattern was established in 2000 by Fulvio Botto and Francesco Martorella



- **Mr. Sburlati joining the team**
- Set up of the **Collegno plant**
- **First Italian brand to obtain the SA8000 Social Accountability Certificate**
- **First Sustainability Report (GRI index)**

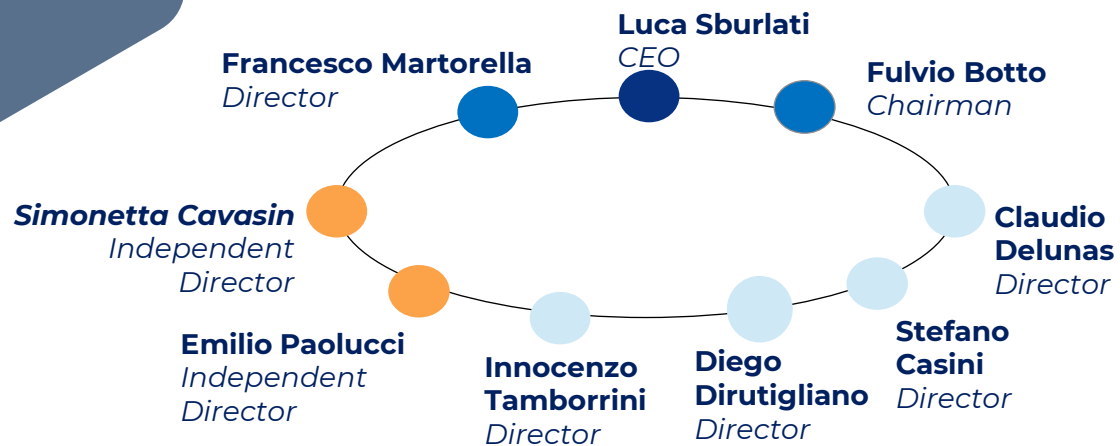


• Borsa Italiana IPO

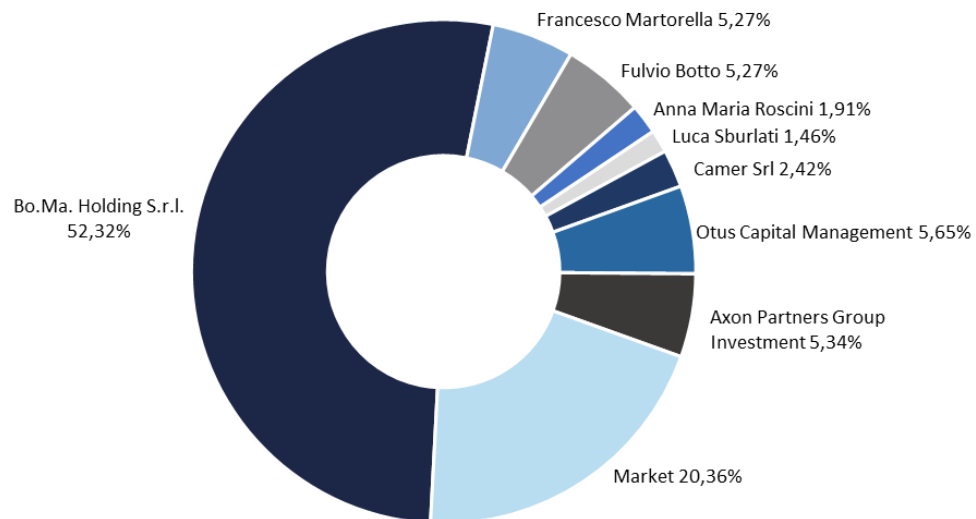


- Disposal of Turin plant business unit dedicated to its long-standing UK client Burberry
- Remaining **40%** of the share capital of **Petri & Lombardi S.r.l.**
- Remaining **30%** of the share capital of **Dyloan Bond Factory**
- Remaining **30%** of the share capital of **RGB.**

## Board of Directors



## Shareholder Structure



Fulvio Botto



Francesco Martorella



Luca Sburlati



Stefano Casini



Simonetta Cavasin



Claudio Delunas



Diego Dirutigliano



Emilio Paolucci

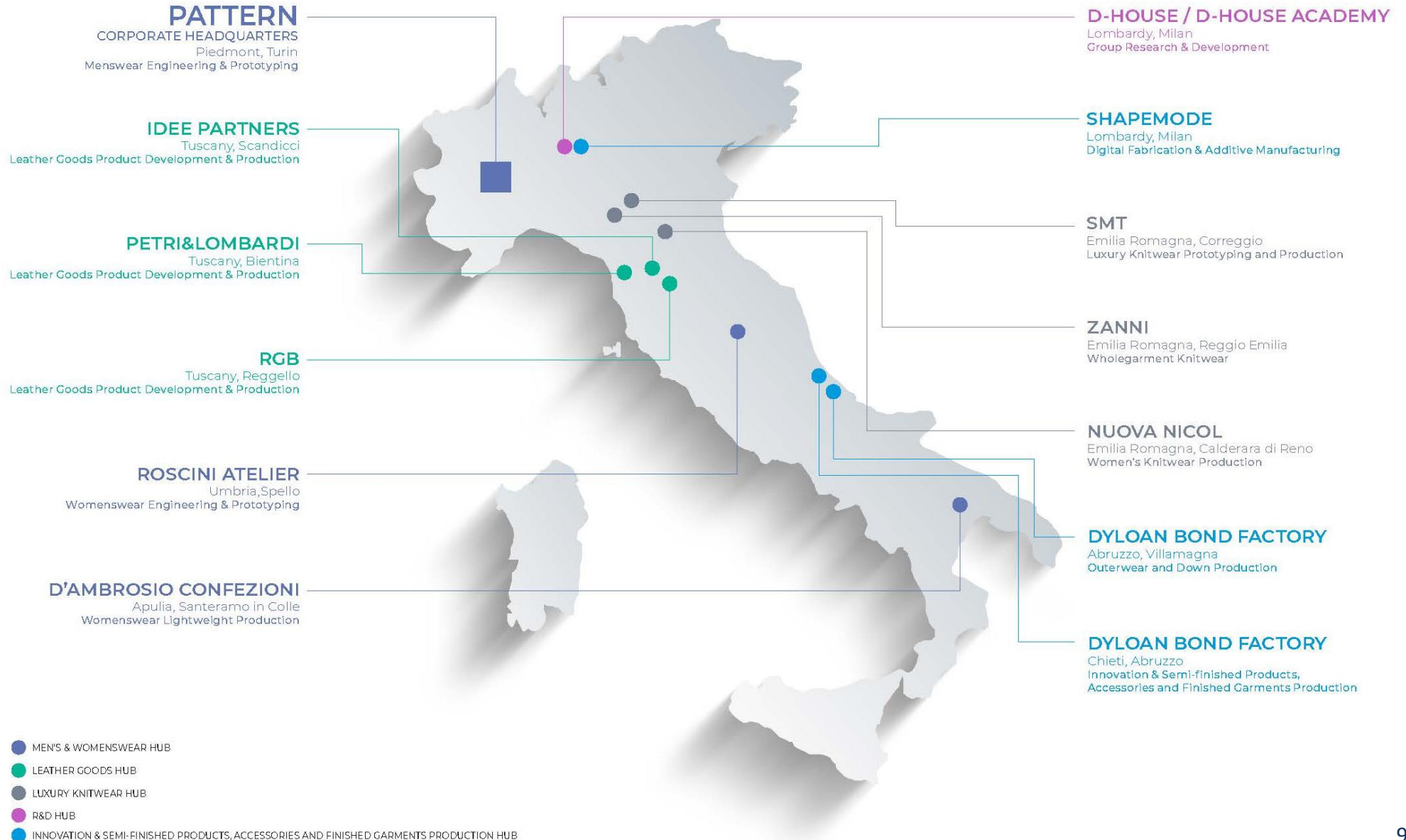


Innocenzo Tamborrini

Group strategy

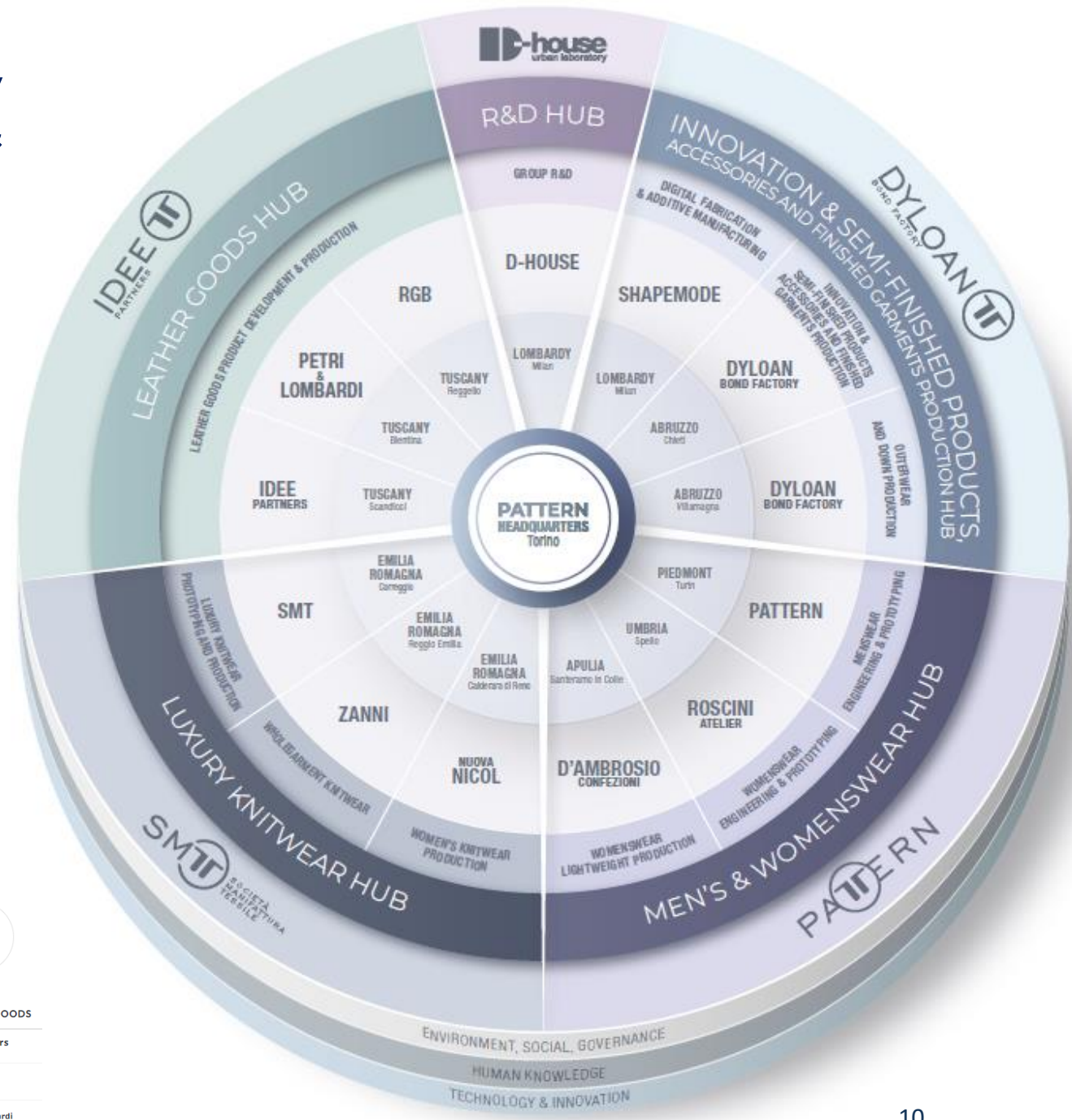


# The Italian Hub of Luxury Fashion Engineering & Production



# The Italian Hub of Luxury Fashion Engineering & Production

Pattern Group is present in the **main product categories** (men's and womenswear, knitwear, still fabrics, leather goods, clothing and accessories) starting from the **Research and Engineering** phase all the way through to **Production**



**R&D**

**D-house**  
Milan



**INNOVATION & SEMI-FINISHED PRODUCTS**

**Dyloan Bond Factory**  
Chieti

**Dyloan Bond Factory**  
Villamagna

**ShapeMode**  
Milan



**MEN'S & WOMENSWEAR**

**Pattern**  
Collegrno - Headquarters

**Roscini Atelier**  
Spello

**D'Ambrosio Confezioni**  
Santeramo in Colle



**LUXURY KNITWEAR**

**SMT**  
Correggio

**Zanni**  
Reggio Emilia

**Nuova Nicol**  
Calderara di Reno



**LEATHER GOODS**

**Idee Partners**  
Scandicci

**RGB**  
Reggello

**Petri & Lombardi**  
Bientina

# 1H of 2023 dedicated to strategically simplify the Group - Minorities



51% (2020) + 29% (2021)

**80%**

**52,92%** (2021)

70% (2022) + 30% (2023)

**100%**



**100%** (2022)

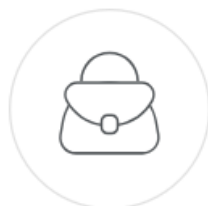
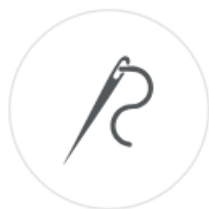
**100%** (2022)

60% (2021) + 40% (2023)

**100%**

70% (2021) + 30% (2023)

**100%**



The consolidation of minorities is part of the **simplification strategy of the Group's first management and then corporate structures**, with clear future benefits in terms of **efficiency**.

The vertical integrations within the Group, which will continue over the next 12 months, will run a recovery of margins for the best absorption of fixed costs as early as the second half of 2023.

# Events 2023

27th March 2023

## Pattern disposes of Turin plant Business Unit dedicated to Burberry to continue along the path of Industrial Growth and Investment

The Board of Directors resolved on approving the signing of a **binding framework agreement** on the disposal to **Burberry Limited** of the **Turin plant's Business Unit** dedicated to the **Engineering and Production of Burberry products**, through the disposal of shares in a newly-formed vehicle entity, for a disposal **price of € 21 million**, subject to **adjustments** based on the Trade Working Capital and Net Financial Position of the Business Unit at the closing date.

### Pattern's opportunities:

- Reach further financial resources and **improve NFP** to continue along the **path of Investments**, including further **M&As**, and **Industrial Growth** of the Group
- Building the **new Turin headquarters**
- Extraordinary distribution of dividends (subject to shareholders' approval)
- Confirmation of Piedmont's role as a region of clothing excellence

The Closing of the Transaction is expected to be **completed by the first days of October 2023**



*New Headquarters in Turin rendering*

27th March 2023

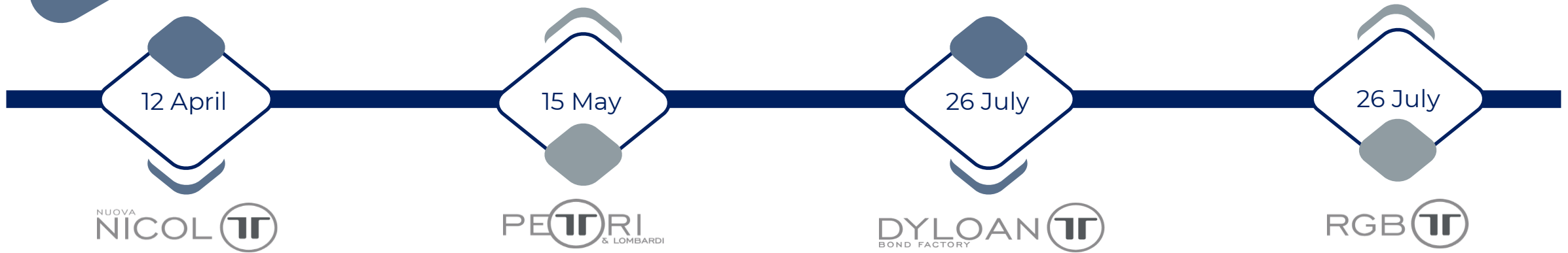
## Pattern disposes of Turin plant Business Unit dedicated to Burberry to continue along the path of industrial growth and investment

### Basics of the Agreement

- The object of the Business Unit is the activity revolving around the **Engineering and Production** line of Burberry products.
- The Agreement provides for additional agreements to be signed at Closing, including a **transitional services agreement** and a **production agreement**.
- The Closing will be followed by a **temporary** secondment to the Transferee 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 remain on the Board of Directors of Pattern and the Group's subsidiaries, with no delegated powers.
- The disposal price was agreed upon between the parties at a total of **€ 21 million**. This price is subject to adjustments based on the Trade Working Capital and Net Financial Position of the Business Unit at the closing date.

### 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.



Pattern, through its subsidiary SMT S.r.l., finalizes closing for **100% acquisition of Nuova Nicol S.r.l.**, an Emilia-based company specialized in the production of women's luxury knitwear

The Pattern Group builds on its position in the leather goods sector in Tuscany: Idee Partners **acquires the remaining 40% of Petri & Lombardi** and it now holds **100% of its share capital**

Pattern has completed the purchase of the **further 30% of Dyloan Bond Factory S.r.l.**, resulting in holding **100% of the share capital**

Idee Partners has completed the purchase of the **additional 30% of RGB S.r.l.**, a Tuscan company specialized in the production of leather goods, resulting in holding **100% of the share capital**



1H2023



# PATTERN GROUP 1H2023 Highlights

## TOTAL REVENUES

**€ 72.1 M**  
**+46.8% YoY**

€ 49.1 1H2022

## EBITDA

**€ 7.6 M**  
**+38,9% YoY**

€ 5.5 M 1H2022

## EBITDA MARGIN

**10.6%**

11.2% 1H2022

## EBIT

**€ 4.5 M**  
**+18.7% YoY**

€ 3.8 M 1H2022

## NFP\*

**€ 15.4 M**

€ 13.9 M FY2022

\*debt

# 1H2023 Income Statement

(€ 000)	1H2023	1H2022	%
Sales revenues	71.006	48.121	47,6%
Other revenues	1.071	981	9,2%
<b>Total Revenues</b>	<b>72.077</b>	<b>49.102</b>	<b>46,8%</b>
Change in inventories	2.222	1.160	91,6%
<b>Value of production</b>	<b>74.299</b>	<b>50.262</b>	<b>47,8%</b>
Raw materials	(17.074)	(13.882)	23,0%
Cost of services	(27.990)	(18.685)	49,8%
Leases and rentals	(1.637)	(1.042)	57,1%
Personnel Expenses	(18.809)	(10.932)	72,1%
Other operating expenses	(1.183)	(243)	386,8%
<b>EBITDA</b>	<b>7.606</b>	<b>5.478</b>	<b>38,9%</b>
<i>EBITDA margin</i>	10,6%	11,2%	
D&A	(3.067)	(1.655)	85,3%
<b>EBIT</b>	<b>4.539</b>	<b>3.823</b>	<b>18,7%</b>
Net financial income	(330)	(101)	226,7%
<b>EBT</b>	<b>4.209</b>	<b>3.722</b>	<b>13,1%</b>
Taxes	(1.956)	(1.227)	59,4%
<b>Net income</b>	<b>2.253</b>	<b>2.495</b>	<b>-9,7%</b>
<b>Group Net income</b>	<b>1.675</b>	<b>1.896</b>	<b>-11,6%</b>

## Revenues Breakdown



# 1H2023 Balance Sheet (Use and Sources)

(€ 000)	30/06/2023	31/12/2022	%
<b>Fixed Assets</b>	<b>43.738,5</b>	<b>36.831,9</b>	<b>18,8%</b>
Warehouse	13.135,1	9.359,5	<b>40,3%</b>
Trade Receivables	26.831,9	24.212,5	<b>10,8%</b>
Other Receivables	8.136,4	12.692,7	<b>-35,9%</b>
Prepayments and accrued income	2.013,6	847,3	<b>137,6%</b>
<b>Working Capital</b>	<b>50.117,0</b>	<b>47.112,0</b>	<b>6,4%</b>
Trade Payables	(24.316,1)	(22.251,2)	<b>9,3%</b>
Other Payables	(13.232,4)	(9.167,4)	<b>44,3%</b>
Accrued expenses and deferred income	(3.953,2)	(4.115,9)	<b>-4,0%</b>
<b>Net Working Capital</b>	<b>8.615,3</b>	<b>11.577,5</b>	<b>-25,6%</b>
Funds	(5.961,2)	(4.928,1)	<b>21,0%</b>
<b>Net Invested Capital</b>	<b>46.392,6</b>	<b>43.481,3</b>	<b>6,7%</b>

(€ 000)	30/06/2023	31/12/2022	%
<b>Shareholders' Equity</b>	<b>30.999,1</b>	<b>29.628,3</b>	<b>4,6%</b>
Group Shareholders' Equity	26.314,8	24.796,1	<b>6,1%</b>
Short term bank debt	9.365,6	8.995,5	<b>4,1%</b>
Medium term financial debt	21.938,1	23.910,1	<b>-8,2%</b>
<b>Bank Debt</b>	<b>31.303,7</b>	<b>32.905,6</b>	<b>-4,9%</b>
Current Financial assets time-depos	(2.000,0)	(2.500,0)	<b>-20,0%</b>
Cash and Cash equivalents	(13.910,2)	(16.552,6)	<b>-16,0%</b>
<b>Total liquidity</b>	<b>(15.910,2)</b>	<b>(19.052,6)</b>	<b>-16,5%</b>
<b>Net Debt/(Cash)</b>	<b>15.393,5</b>	<b>13.853,0</b>	<b>11,1%</b>
<b>Total Sources</b>	<b>46.392,6</b>	<b>43.481,3</b>	<b>6,7%</b>

## Change in Net Financial Position

(€ 000)	1H2023	1H2022	%
<b>Starting NFP of the Group (A)</b>	<b>(13.853)</b>	<b>3.087</b>	<b>-549%</b>
NFP of newly consolidated companies (B)	1.875	1.329	<b>41%</b>
Cash flow before changes in nwc	9.043	6.364	<b>42%</b>
Change in net working capital	2.745	(2.116)	<b>-230%</b>
Other changes	(2.730)	(2.122)	<b>29%</b>
<b>Cash flow from operating activities (C)</b>	<b>9.058</b>	<b>2.126</b>	<b>326%</b>
Cash flow from investing activities (D)	(12.006)	(8.101)	<b>48%</b>
<b>Cash flow from industrial operations (E=C+D)</b>	<b>(2.948)</b>	<b>(5.975)</b>	<b>-51%</b>
Cash flow from changes in net equity (F)	(747)	(1.186)	<b>-37%</b>
Other changes (G)	280	92	<b>204%</b>
Reduction (Increase) of NFP (H=B+E+F+G)	(1.540)	(5.740)	<b>-73%</b>
<b>Final NFP of the Group (A+H)</b>	<b>(15.393)</b>	<b>(2.653)</b>	<b>480%</b>

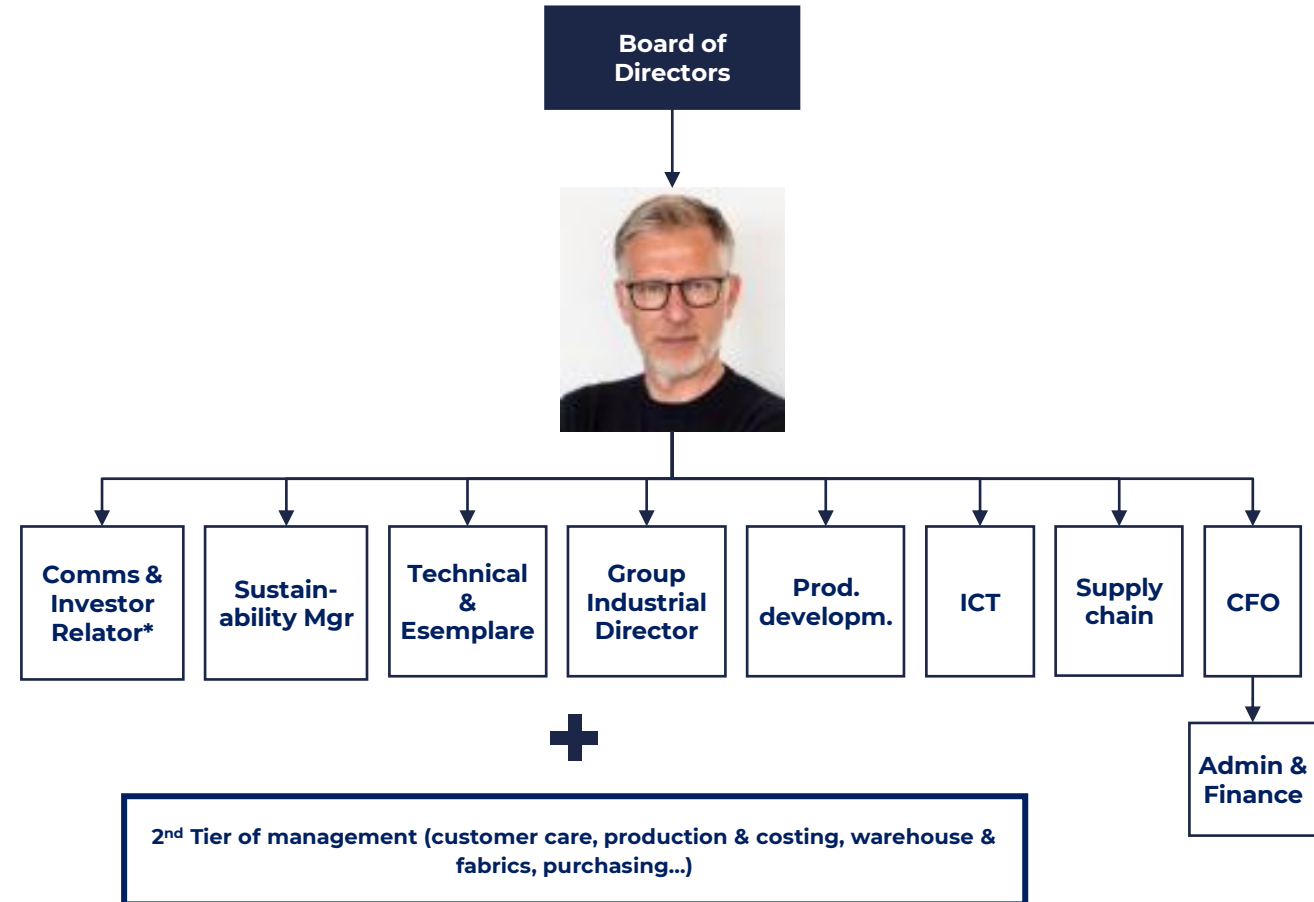
# Appendix

# HR - Highly Experienced and Committed Management Team



F. Botto and F. Martorella, founders and owners, are **recognized and valued professionals among fashion industry**, having cooperated with some of the most **prestigious brands** (i.e. Armani, Valentino)

- The two have **rapidly built a team of highly skilled personnel** thanks to a constant knowledge sharing approach and internal training of staff which ensure protection and leverage of their heritage



**Sole player, in its competitive arena, to have adopted a modern management structure as a key competitive advantage**

# Group Strategy - Consolidation of the Italian Hub of Luxury Fashion Engineering & Production

Pattern Group is present in the **main product categories** (men's and womenswear, knitwear, stationary fabrics, leather goods, clothing and accessories) starting from the **Research and Engineering** phase all the way through to **Production**

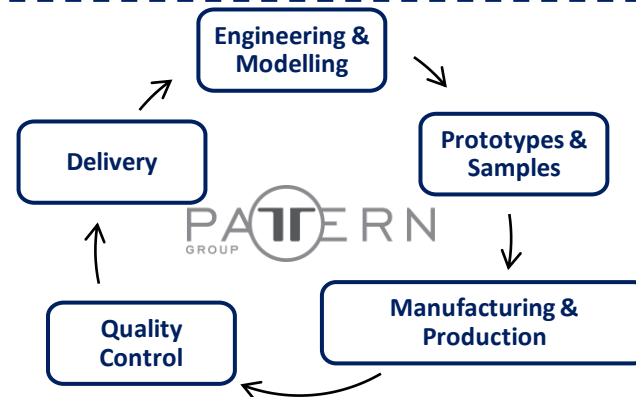
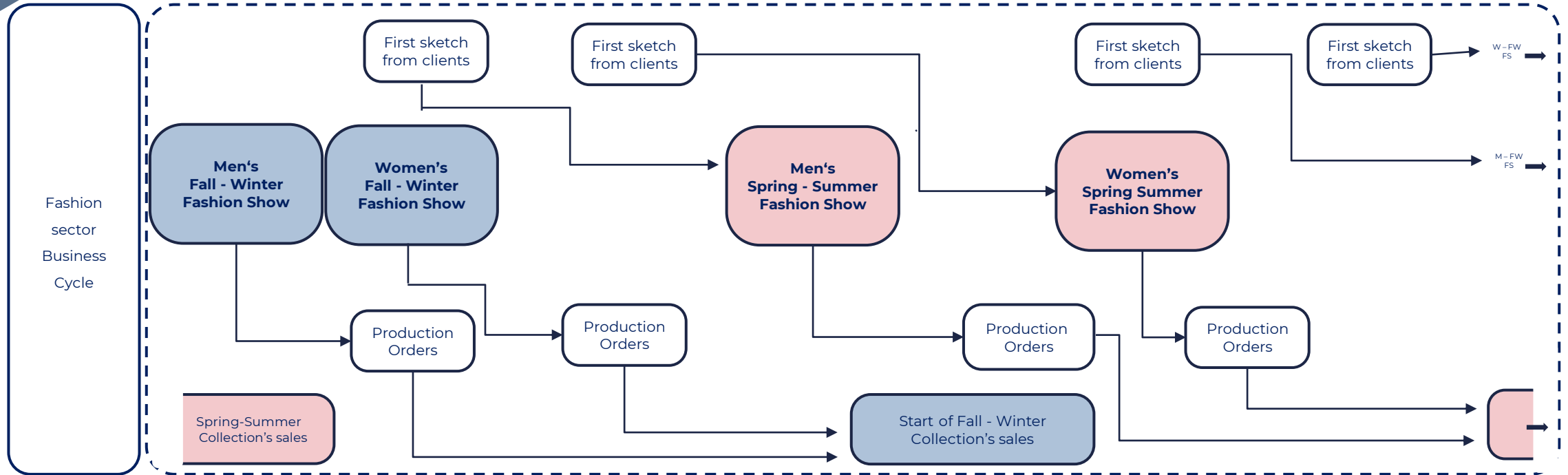




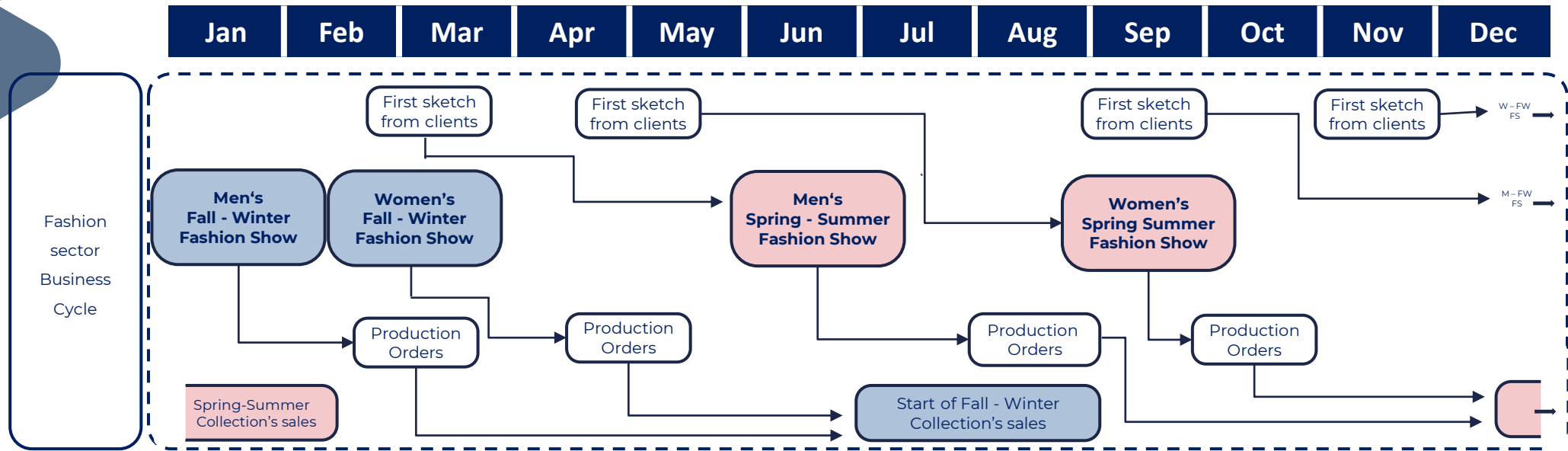
# The fashion sector and Pattern business model



# How the fashion sector used to work



# How the fashion sector works now



Fashion sector Business Cycle

*Capsule, outlet, special events, online one-spot collections, digital fashion shows, special production with VIP, etc...*

## Engineering & Prototyping & Production

### Pattern Competitive Advantages

#### Quality

Highest quality through technology, human resources and control of the supply chain

#### Flexibility

Flexible organizational structure with vertical integration

#### Speed

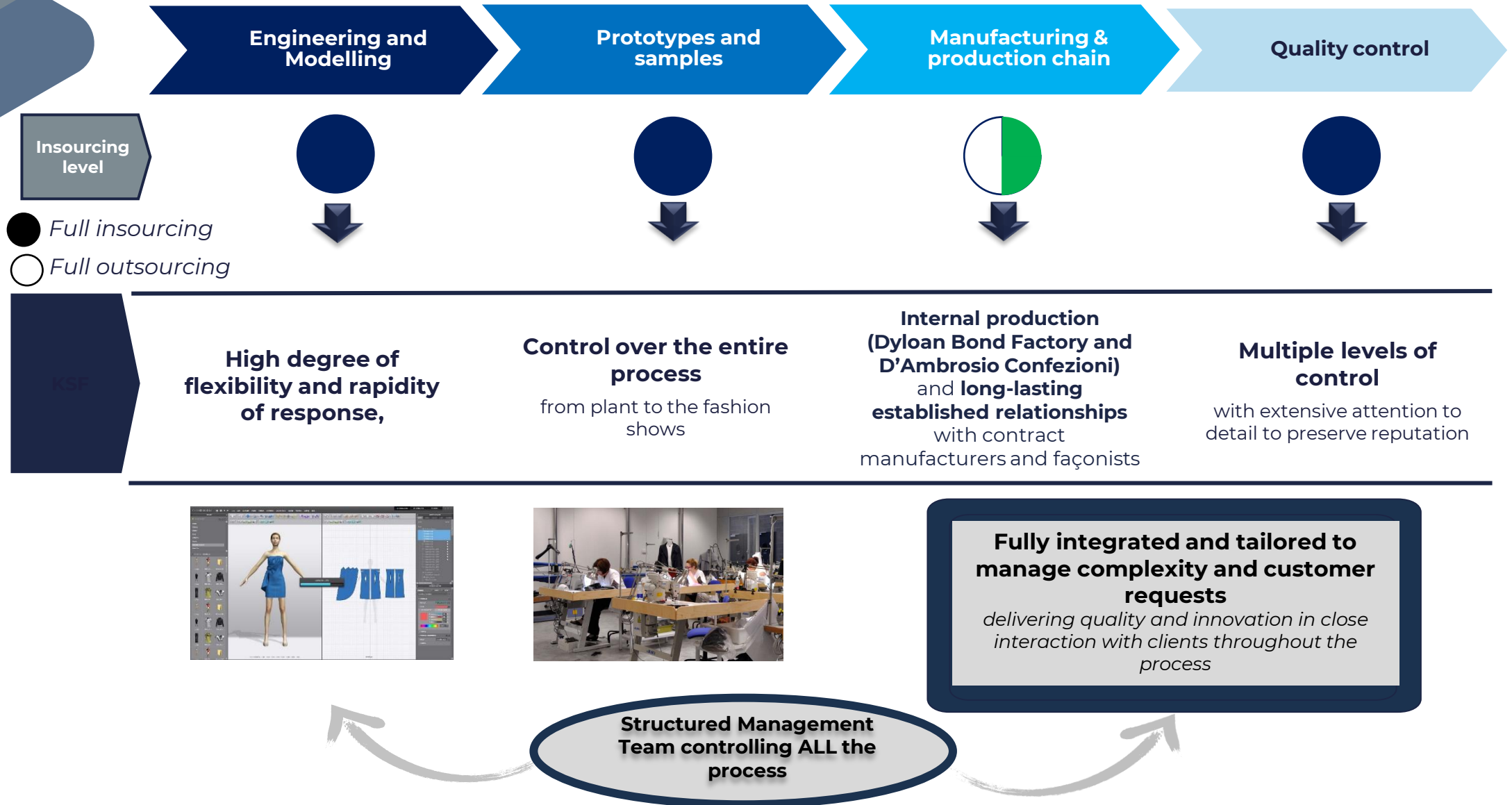
Superior time-to-market, thanks to newest technologies and proven procedures

#### Reputation

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's business model

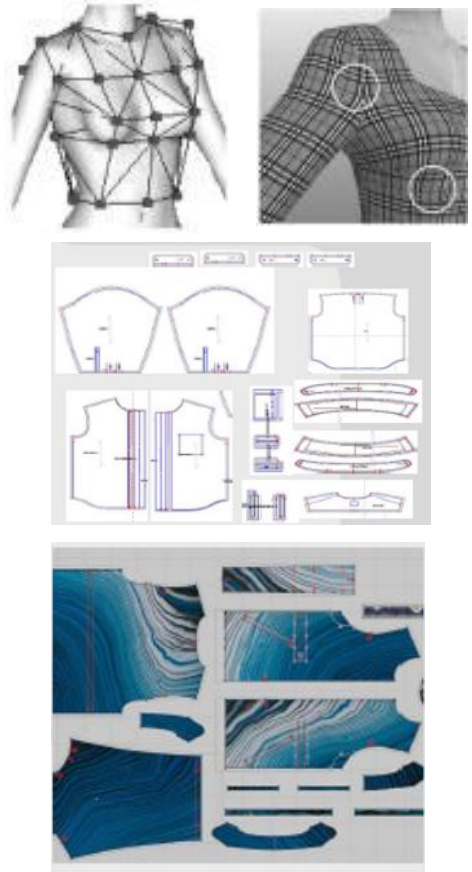


**Unique balance between human craftsmanship and technology allows for superior flexibility in order execution**

# Full integration with Italy's best suppliers and façonists



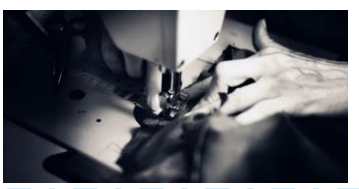
*Selection of suppliers*



- **Pre-production samples are prepared internally** to allow clients to pre-verify



- **Internal production (Dyloan Bond Factory and D'Ambrosio Confezioni) and long-lasting established relationships** with contract manufacturers and 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 internal production and established long-term partnership with the key players of a highly polarized industry**



Our values



**PATTERN**  
GROUP



## 3 Key values

Human Resources

Technology and R&D

Sustainability

**September 2021**  
**Introduction of the Organisational Model «231»: the supervisory infrastructure required under Legislative Decree 231/2001**

- TRASPARECY and REPUTATION
- IMPROVEMENT of the Internal Control System
- RELIABILITY

# 2022 M&A Operations

## February 2022 – Purchased the 100% of Zanni, through its subsidiary S.M.T.

Zanni is an over 60 years historic knitwear weaving company. At the forefront of the use of **WHOLEGARMENT** technology of the Japanese **SHIMA SEIKI**, Zanni represents excellence in the engineering and production of **Made in Italy seamless knitwear**, with a specific focus on **knitted accessories**.

- The Investment Agreement comprises the purchase by Pattern, through S.M.T. S.r.l. (80% controlled by Pattern) of **100% of Zanni S.r.l.** directly from the two founders Marco and Mauro Zanni, Mauro Zanni is confirmed Chief Executive Officer.
- **The agreed price is € 4.3 million** and is paid by Società Manifattura Tessile Srl. to the sellers for 70% on the date of execution of the purchase and for the remaining 30% in three annual instalments starting from 31 January 2023.
- **The acquisition price of € 4.3 million includes the production property and positive NFP (Cash).**
- Closing on February 2022.





## May 2022 – Purchased the 70% of RGB, through its subsidiary Idee Partners

**RGB S.p.A.**, a Tuscan company with around 100 employees specialising in the manufacturing and crafting of leather accessories. The company operates in a modern production plant of 2,500 square metres equipped with solar panels near Florence (Reggello). RGB combines a **strong production capacity with very high processing quality** thanks to an internal organization by lines and a modern and innovative production plant.



- Purchase by Idee Partners S.r.l. (54% owned by Pattern), of **70%** of RGB's share capital;
- The agreed price is **€ 2.275** million (the "Provisional Purchase Price"), set by the parties based on RGB's provisional conventional net financial position.
- Closing date: 10 May 2022



In the first quarter of 2022, RGB reported sales revenues of approximately € 2.3 million. Based on this figure, the current backlog and future prospects, it is estimated that **sales revenue for the full year 2022 could be between € 9 and € 10 million.**

## July 2022 – Purchased the 70% of Bond Factory (Dyloan)

The Abruzzo-based company was founded with the aim of specialising in **Research and Innovation**.

In 2003 the current structure was outlined under the **Dyloan brand**, with two complementary but distinct realities: **Dyloan Bond Factory**, in Abruzzo, as an **advanced production site** for **technological semi-finished products, accessories and finished garments** with a focus on **outerwear** (plants in Chieti and Villamagna), and **D-house**, based in **Milan**, as a **pure R&D Hub**.

In 2022 Dyloan also acquired **ShapeMode**, small company in Milan leader in **Digital Fabrication & Additive Manufacturing**

Today Dyloan has become one of the **leading companies in Development and Innovation and Advanced Production Hub** in the luxury sector.



- Sign an investment agreement for the purchase of **70%** of Bond Factory (Dyloan) share capital
- The agreed price is **€ 6.96** million is determined based on the value of the company adjusted by an estimated Net Financial Position of approximately €1.04 million.
- Closing date: 7 November 2022

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



## December 2022 – Purchased the 100% of Nuova Nicol

Nuova Nicol S.r.l., an Emilian company specialising in the Production **of Luxury Knitwear for Women** with a **top luxury customer portfolio**, is characterised by a specific **focus on the quality** of yarns, fabrics and details that stand out in the finishing, as well as by a **large pool of machinery** that allows for **a significant production capacity**.



The Investment Agreement provides for **the purchase by Pattern, through S.M.T. S.r.l. (an 80% subsidiary of Pattern), of 100% of the share capital of Nuova Nicol S.r.l.** directly from the three shareholders Gianluca Nicoli, Michele Marchi and Rita Nanni, holders of, respectively, a stake equal to 99.636%, 0.182% and 0.182% of the share capital of Nuova Nicol S.r.l..

### FY2021 highlights for Nuova Nicol S.r.l.:

- Value of production: about €8.3 million
- EBITDA about 1.9 € million
- NFP positive for about €0,236 million

**The purchase price is € 6 million** based on the following assumptions agreed upon between the parties:

- the Shareholders' Equity of Nuova Nicol S.r.l. as at 31 December 2022, reduced by all components referred to in the Demerger, is not less than € 1.4 million;
- earnings before tax of Nuova Nicol S.r.l., before taxes, without considering any impacts arising from the Demerger and therefore based on ordinary operations, recorded for the year 2022, is not less than € 1.5 million;
- the Net Financial Position, as of the date of the Closing, is positive and is not less than € 700,000.00.

Closing date: 12 April 2023

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