

**PATTERN'S BOARD OF DIRECTORS
APPROVES THE CONSOLIDATED HALF-YEAR REPORT
AS AT 30 JUNE 2023**

**EXCELLENT PERFORMANCE OF THE GROUP'S KEY ECONOMIC INDICATORS VS H1 2022:
REVENUES +46.8%, EBITDA +38.9%, EBIT +18.7%.**

**ONGOING POSITIVE CONTRIBUTION FROM ALL PRODUCT CATEGORIES COVERED BY THE GROUP
(CLOTHING, KNITWEAR, LEATHER GOODS)
IMPROVEMENT DUE TO BOTH ORGANIC GROWTH AND LATEST POSITIVE ACQUISITIONS¹**

- **Revenues:** € 72.1 million (€ 49.1 million)² + 46.8%
- **EBITDA³:** € 7.6 million (€ 5.5 million) +38.9%; EBITDA Margin 10.6% (11.2%)
- **EBIT:** € 4.5 million (€ 3.8 million) + 18.7%
- **NFP negative** by € 15.4 million (negative by € 13.9 million at the end of 2022)

Turin, 25 September 2023 — The Board of Directors of **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 Fashion Show segment and in men's and women's first-level lines, held today, approved the **Consolidated Half-Year Report as at 30 June 2023**, subject to limited audit.

CONSOLIDATED FINANCIAL DATA AS AT 30 JUNE 2023

The first half of 2023 confirmed **expectations of significant growth** in terms of overall business post pandemic, although the impact of the energy crisis led to significant pressure on prices and sometimes on margins, as some luxury companies put more strain on their supply chain to maintain or improve their margins, particularly in the ready-to-wear sector. The production of raw materials and semi-finished goods itself reported significant price increases. **However, all sectors performed positively**, in particular the more recently developed ones such as **knitwear and leather goods**.

For the Pattern Group, this first part of the year was key for the **consolidation of minority interests**, particularly in the leather goods sector: Idee Partners acquired the remaining shares of both Petri & Lombardi and RGB, whereas Pattern S.p.A. bought the remaining 30% of Dyloan Bond Factory, the **strategic rationale** of this being the significant **streamlining the Group's first management and then corporate structures, with clear future benefits in terms of efficiency**.

Having completed the first phase of the project to create **the Italian Hub of Luxury Fashion Engineering**, almost a year and a half ahead of what was envisaged at the IPO in July 2019, **with revenues well in excess of €100 million and more than 800 employees**, and with the sale of part of

¹ The scope of consolidation for the first half of 2023 fully includes the economic results of RGB, Dyloan Bond Factory and Nuova Nicol, which were not included in the consolidation for the first half of 2022.

² Figures in brackets refer to profit and loss figures as at 30 June 2022 and balance sheet figures as at 31 December 2022.

³ 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.

the Turin factory to the Burberry brand underway, the Pattern Group is consolidating and strengthening its position in the Top Luxury sector, focusing on true "Made in Italy".

Thus, the second phase of the Group's strategic plan has begun, which aims to consolidate and **develop the Hubs** as Italian districts of excellence: the Tuscan district for leather goods, the Emilia district for luxury knitwear, and the central-south and north-west districts for ready-to-wear.

Total revenues as at 30 June 2023 amounted to € 72.1 million, up 46.8% compared to revenues as at 30 June 2022 (€ 49.1 million). This result is due to both the volume growth of the individual companies and the expansion of the consolidation area, which now also includes RGB, Dyloan Bond Factory and Nuova Nicol.

All business areas improved, especially the more recently developed ones such as knitwear and leather goods, and the contribution by business segment was as follows:

Sales revenue by business segment	30.06.2023	30.06.2022	Var %
Clothing	29,224,655	20,750,084	40.8%
Knitwear	25,529,225	17,795,791	43.5%
Leather Goods	16,252,450	9,575,814	69.7%
Total sales revenue	71,006,330	48,121,689	47.6%

The value of production reached € 74.3 million, an increase of 47.8% compared to 30 June 2022 (€ 50.3 million). The increase in production value was slightly higher due to the change in inventories of semi-finished and finished products, which almost doubled, as a result of the orders in progress with delivery in the second half of the year.

Costs for services amounted to € 28 million (€ 18.7 million), an increase of 49.8% due to the fact that Group companies with a lower raw materials consumption have a higher incidence of services, particularly industrial production services.

Raw material consumption stood at € 17.1 million (€ 13.9 million), an increase of 23%.

Lease and rental costs amounted to € 1.6 million, up 57.2% compared to H1 2022.

Personnel costs of € 18.8 million increased more than other expenses + 72.1% (€ 10.9 million): the higher impact was due to the consolidation of Dyloan, which alone accounted for € 4.3 million.

Ebitda, as a result of the items commented above, was positive at € 7.6 million, **up 38.9%** compared to 30 June 2022 (€ 5.5 million). The **Ebitda Margin** stood at 10.6% compared to 11.2% in the first half of 2022. The lower margin resulted from the still negative first-half performance of Dyloan Bond Factory and the extraordinary tax charges incurred in SMT.

Depreciation and amortisation of € 3.1 million (€ 1.7 million) increased mainly due to the expansion of the scope of consolidation.

EBIT amounted to € 4.5 million (€ 3.8 million), **an increase of 18.7%**.

Net financial expenses, at € 330 thousand, went up by 227.7% (€ 101 thousand). In addition to the enlarged scope of consolidation, this significant change is mainly due to the **spike in interest rates** and the worsening of the net financial position in the already consolidated companies.

As a result of the items described above, **the Pattern Group's net profit** amounted to € 1.7 million, compared to € 1.9 million as at 30 June 2022.

Net invested capital amounted to € 46.4 million, up slightly from € 43.5 million at the end of 2022.

Fixed assets stood at € 43.7 million, up 18.8% from € 36.8 million as at 31 December 2022. Net fixed assets increased mainly due to the acquisition of Nuova Nicol and the land on which the new factory in Collegno will be built, for a total investment of about € 6 million.

Net working capital amounted to € 8.6 million (€ 11.6 million). The level reached by net working capital is very low if one takes into account the volume of revenues achieved. However, it is in line with the average of the last three years, while the value of production averaged about half that of this year.

Equity amounted to € 31 million, up 4.6% (€ 29.6 million). Group equity is € 26.3 million (€ 24.8 million).

The net financial position was negative € 15.4 million, compared to negative € 13.9 million as at 31 December 2022. This change was caused by the cash absorption of industrial operations of € 2.3 million, the distribution of dividends of € 747,000, and the reclassification to financial liabilities of € 1.1 million. Total financial requirements therefore amounted to € 4.1 million, which was partly covered by the acquisition of Nuova Nicol's initial liquidity of € 2.6 million.

Liquidity amounted to € 13.9 million (€ 16.5 million at the end of 2022).

MAIN SIGNIFICANT EVENTS OCCURRED DURING AND AFTER THE FIRST HALF OF 2023

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%.

27 March 2023 - Pattern announces that the Board of Directors has resolved to approve the signing of a binding framework agreement for the sale to **Burberry Limited** – or another entity of the Burberry group designated by Burberry Limited – of the business unit of the Turin plant dedicated to the prototyping and production of Burberry branded products, through the sale of the shares of a newly incorporated vehicle company, for a transfer price of Euro 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. **The closing of the transaction is expected within the first days of October 2023.**

12 April 2023 - Finalisation of the acquisition – through its subsidiary (80%) S.M.T. Società Manifattura Tessile S.r.l. – of **100% of Nuova Nicol S.r.l.**, a company from Emilia specialising in the production of luxury knitwear for women.

14 April 2023 - Pattern communicates, pursuant to Article 17 of the Euronext Growth Milan Issuers' Regulations, the new composition of the share capital resulting from the assignment of 100,000 ordinary shares to CEO Luca Sburlati - related to the fourth and last tranche of the 2019-2022 Stock Grant Plan, following the achievement of the group's valuation targets as defined in the "Plan" approved at the time of listing.

15 May 2023 - Idee Partners S.r.l., a subsidiary of Pattern that holds 54% of its share capital, acquired the remaining 40% of the share capital of **Petri & Lombardi S.r.l.**, a historic Tuscan company specialising in the production and processing of leather accessories, thus reaching a total of 100% ownership.

26 July 2023 - Finalisation of the purchase of a further 30% of the share capital of **Dyloan Bond Factory S.r.l.**, a company already controlled by the Group with a 70% stake, in execution of the agreement signed on 3 July 2023.

26 July 2023 - Idee Partners, a subsidiary of Pattern, finalised the closing for the purchase of a further 30% stake in **RGB S.r.l.**, a Tuscan company specialised in the production of leather goods, thus reaching 100% of the share capital.

FORESEEABLE EVOLUTION OF OPERATIONS

As to the Group's overall outlook for the end of the current financial year, it should be noted in 2023 the international geopolitical situation was subject to considerable ups and downs, starting with the war in Ukraine and US-China tensions.

Nevertheless, the luxury market, particularly for some Brands and more generally for some of our client Groups, should **maintain a positive trend** according to the forecasts.

The **vertical integrations within the Group**, which will continue over the next 12 months, **will favour a recovery of margins due to the better absorption of fixed costs as early as the second half of 2023**.

In addition, the adoption of **prototyping and production best practices** will help mitigate the increases in raw materials and semi-finished products, particularly yarns and fabrics, as well as those in transport costs, labour costs and energy costs, albeit decreasing in recent months. It should be emphasised that the Group's companies are not energy-intensive and investments in self-production plants are proving effective (1 geothermal plant and 4 photovoltaic plants are already in operation).

We can therefore expect our Group to **maintain the trends of the first half of the year** for the full year - all external conditions being equal. In the ready-to-wear segment, pressures on prices and therefore on margins will be kept under control by pursuing the **industrial improvement and efficiency plan** that is still in progress, particularly at the Dyloan Bond Factory.

Looking at the individual sectors, in apparel there will be the impact of the sale of the business unit to Burberry, which will make its effects felt in the last quarter. As far as Dyloan Bond Factory is concerned, production volumes and consequently operating margins are expected to improve. The results should be significantly visible in 2024.

FILING OF DOCUMENTATION

A copy of the Report on Operations as at 30 June 2023, including the Auditors' Report, will be made available to the public within the terms of the law at the Company's registered office in Turin, as well as through publication on the institutional website www.pattern.it, "Investor/Financial Statements and Periodic Reports" section and on the authorised storage mechanism www.iinfo.it.

The Group's results for the first half of 2023 will be presented to the financial community on 26 September 2023 during a conference call at 10:00 a.m. CEST (UTC +01:00). For further information, a list of contacts is provided at the end of this press release.

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/>

For further information:

Euronext Growth Advisor

CFO SIM S.p.A.

e-mail ecm@cfosim.com

tel. +39 02 30343 1

Pattern Investor and Media Relations

[Sara De Benedetti sara.debenedetti@pattern.it](mailto:Sara.DeBenedetti.sara.debenedetti@pattern.it)

IR Advisor – CDR Communication

Silvia Di Rosa silvia.dirosa@cdr-communication.it

Claudia Gabriella Messina claudia.messina@cdr-communication.it

Marika Martinciglio marika.martinciglio@cdr-communication.it

In attachment:

Reclassified Consolidated Income Statement

Consolidated Sources and Uses Statement as at 30 June 2023

PATTERN GROUP INCOME STATEMENT	30.06.2023	30.06.2022	Var %
(amounts in euro)			
Revenues from sales	71,006,330	48,121,689	47.6%
Other revenues	1,070,870	980,661	9.2%
Total revenue	72,077,200	49,102,350	46.8%
Change in product inventories	2,222,493	1,159,680	91.6%
Value of production	74,299,693	50,262,030	47.8%
- Purchases of raw materials	18,020,412	15,050,344	19.7%
- Change in raw material inventories	-946,768	-1,168,352	-19.0%
Raw material consumption	17,073,644	13,881,992	23.0%
Costs for services	27,990,509	18,685,249	49.8%
Costs rents and leases	1,637,381	1,041,580	57.2%
Personnel costs	18,808,527	10,931,759	7.1%
Other operating expenses	1,182,659	243,138	386.4%
Ebitda	7,606,973	5,478,312	38.9%
Amortisation, depreciation, provisions and write-downs	3,067,603	1,654,717	85.4%
Ebit	4,539,370	3,823,595	18.7%
Net financial expenses	-329,786	-100,641	227.7%
Profit before tax	4,209,584	3,722,954	13.1%
Current and deferred taxes	1,956,577	1,227,481	59.4%
Profit for the period	2,253,007	2,495,473	-9.7%
Group profit for the period	1,675,297	1,895,624	-11.6%

PATTERN GROUP RECLASSIFIED BALANCE SHEET	30.06.2023	31.12.2022	Var %
(amounts in euro)			
Intangible assets	23,361,056	19,796,010	18.0%
Tangible assets	19,246,844	15,934,612	20.8%
Financial assets	1,130,623	1,101,240	2.7%
Total assets	43,738,523	36,831,862	18.8%
Inventories	13,135,125	9,359,495	40.3%
Receivables from customers	26,831,870	24,212,489	10.8%
Other receivables	8,136,448	12,692,670	-35.9%
Accrued and deferred assets	2,013,609	847,322	137.6%
Working capital	50,117,052	47,111,976	6.4%
Payables to suppliers	-24,316,168	-22,251,205	9.3%
Other payables	-13,232,372	-9,167,377	44.3%
Accrued and deferred liabilities	-3,953,259	-4,115,916	-4.0%
Net working capital	8,615,253	11,577,478	-25.6%
Provisions for risks and TFR (employee severance indemnity)	-5,961,185	-4,928,065	21.0%
Net invested capital	46,392,591	43,481,275	6.7%
Shareholders' equity	30,999,099	29,628,289	4.6%
- of which of the Group	26,314,797	24,796,050	6.1%
Financial debt under 12 months	9,365,633	8,995,472	4.1%
Financial debt over 12 months	21,938,084	23,910,141	-8.2%
Current financial assets	-2,000,000	-2,500,000	20.0%
Cash and cash equivalents	-13,910,224	-16,552,627	-16.0%
Net financial position	15,393,493	13,852,986	11.1%
Equity and Net financial position	46,392,592	43,481,275	6.7%

CHANGE IN NET FINANCIAL POSITION OF THE PATTERN GROUP (amounts in euro)	30.06.2023	30.06.2022	Var %
Starting NFP of the Group (A)	-13,852,986	3,086,557	-548.8%
NFP of newly consolidated companies (B)	1,874,496	1,328,851	41.1%
Cash flow before changes in nwc	9,042,628	6,364,011	42.1%
Change in net working capital	2,745,644	-2,115,918	-229.8%
Other changes	-2,730,418	-2,121,792	28.7%
Cash flow from operations (C)	9,057,834	2,126,301	326.0%
Cash flow from investments (D)	-12,006,345	-8,101,070	48.2%
Cash flow from industrial operations (E=C+D)	-2,948,491	-5,974,769	-50.7%
Cash flow from changes in net equity (F)	-746,600	-1,185,979	-37.0%
Reclassification of some items (G)	280,088	92,177	203.9%
Reduction (Increase) of NFP (H=B+E+F+G)	-1,540,507	-5,739,720	-73.2%
Final NFP (A-H)	-15,393,493	-2,653,163	480.2%