



Italian
Excellences
2023 in Paris

October 10th, 2023

PATTERN
GROUP

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



**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**
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- 3. Group Strategy**
- 4. Events 2023**
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At a glance

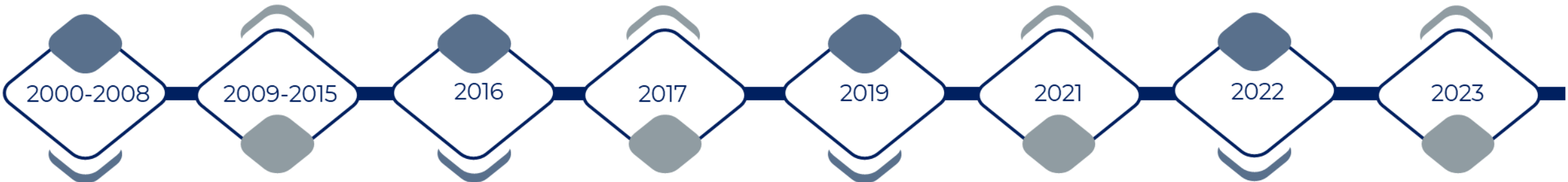
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is a

**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)**

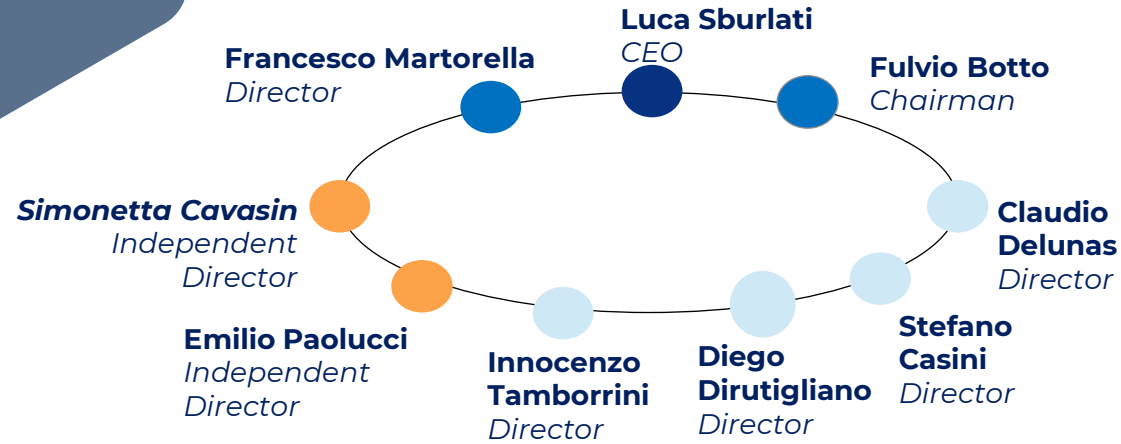


• Borsa Italiana IPO

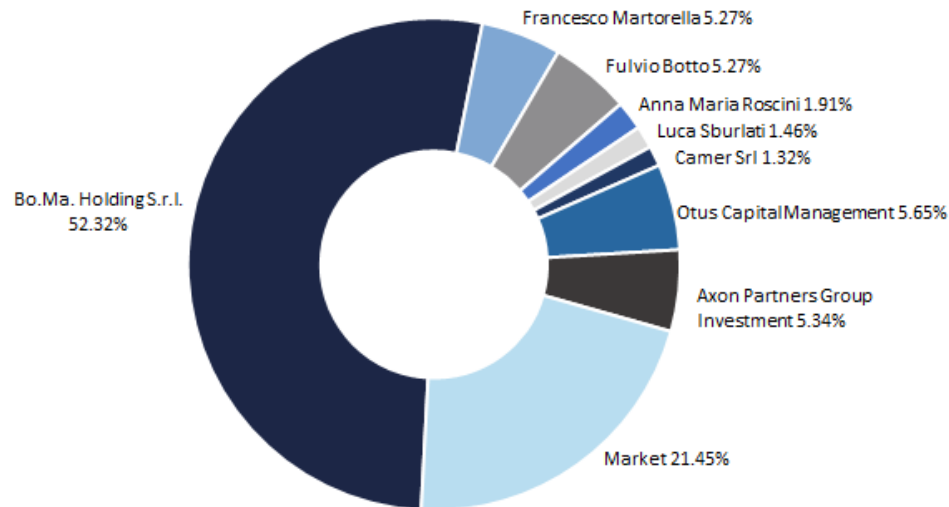


- Disposal of Turin plant business unit dedicated to its long-standing UK client Burberry
- Remaining **40%** of the share capital of **Petri & Lombardi S.r.l.**
- Remaining **30%** of the share capital of **Dyloan Bond Factory**
- Remaining **30%** of the share capital of **RGB.**

Board of Directors



Shareholder Structure



Fulvio Botto



Francesco Martorella



Luca Sburlati



Stefano Casini



Simonetta Cavasin



Claudio Delunas



Diego Dirutigliano



Emilio Paolucci

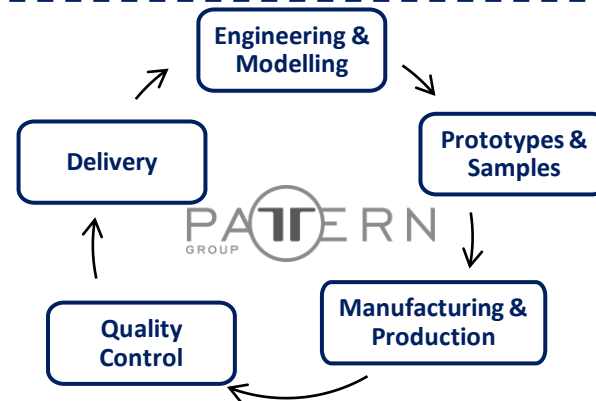
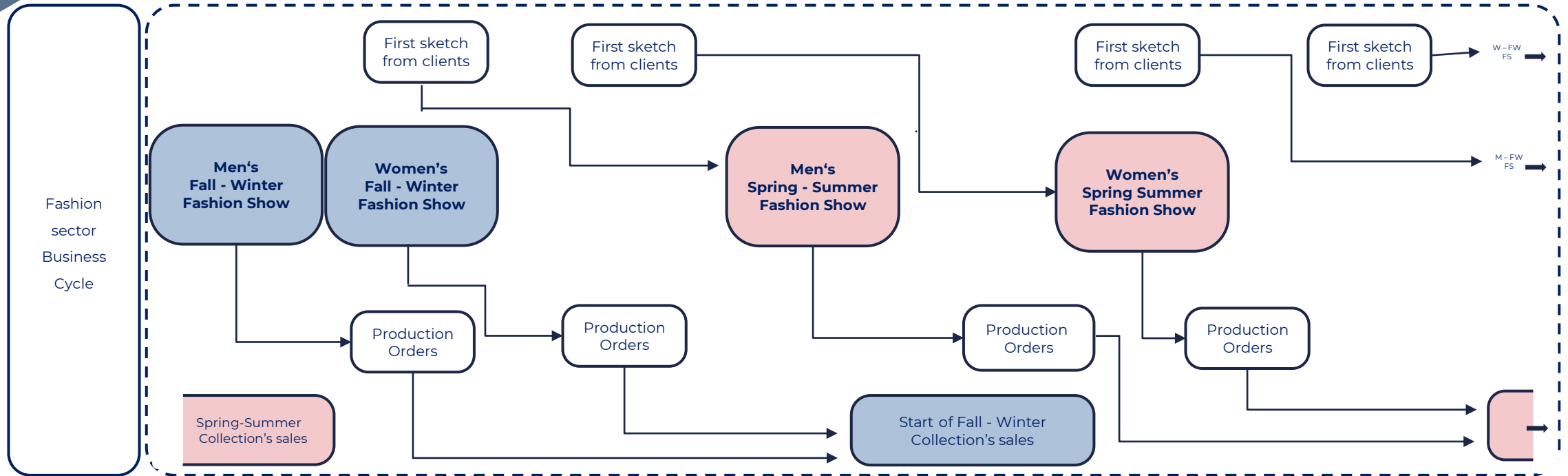


Innocenzo Tamborrini

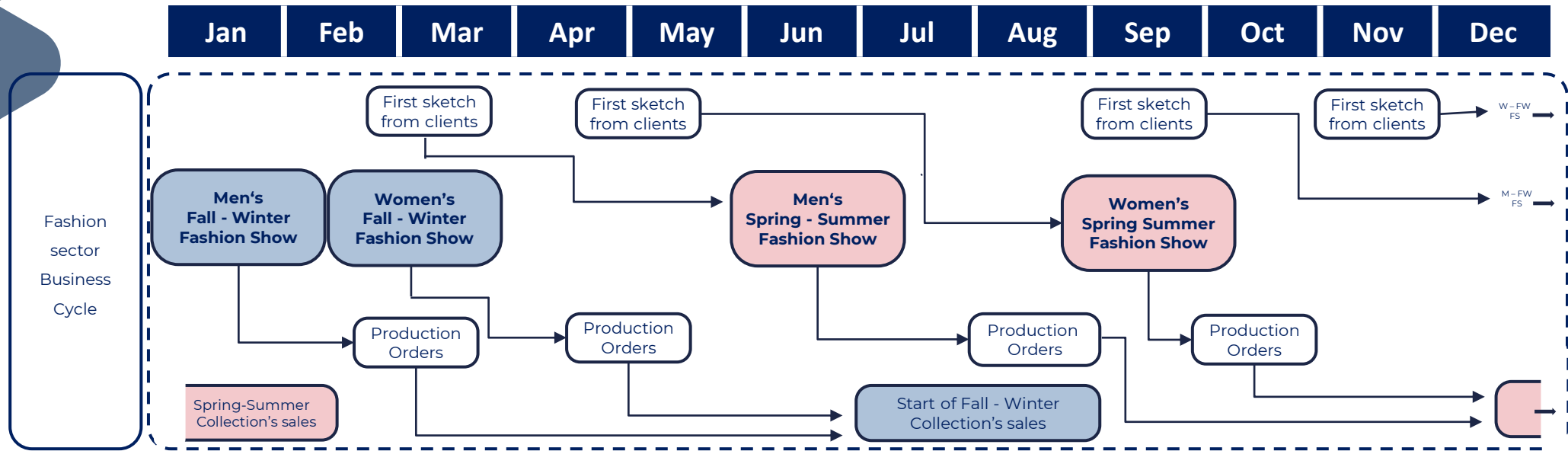


The Fashion Sector and Pattern Business Model

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

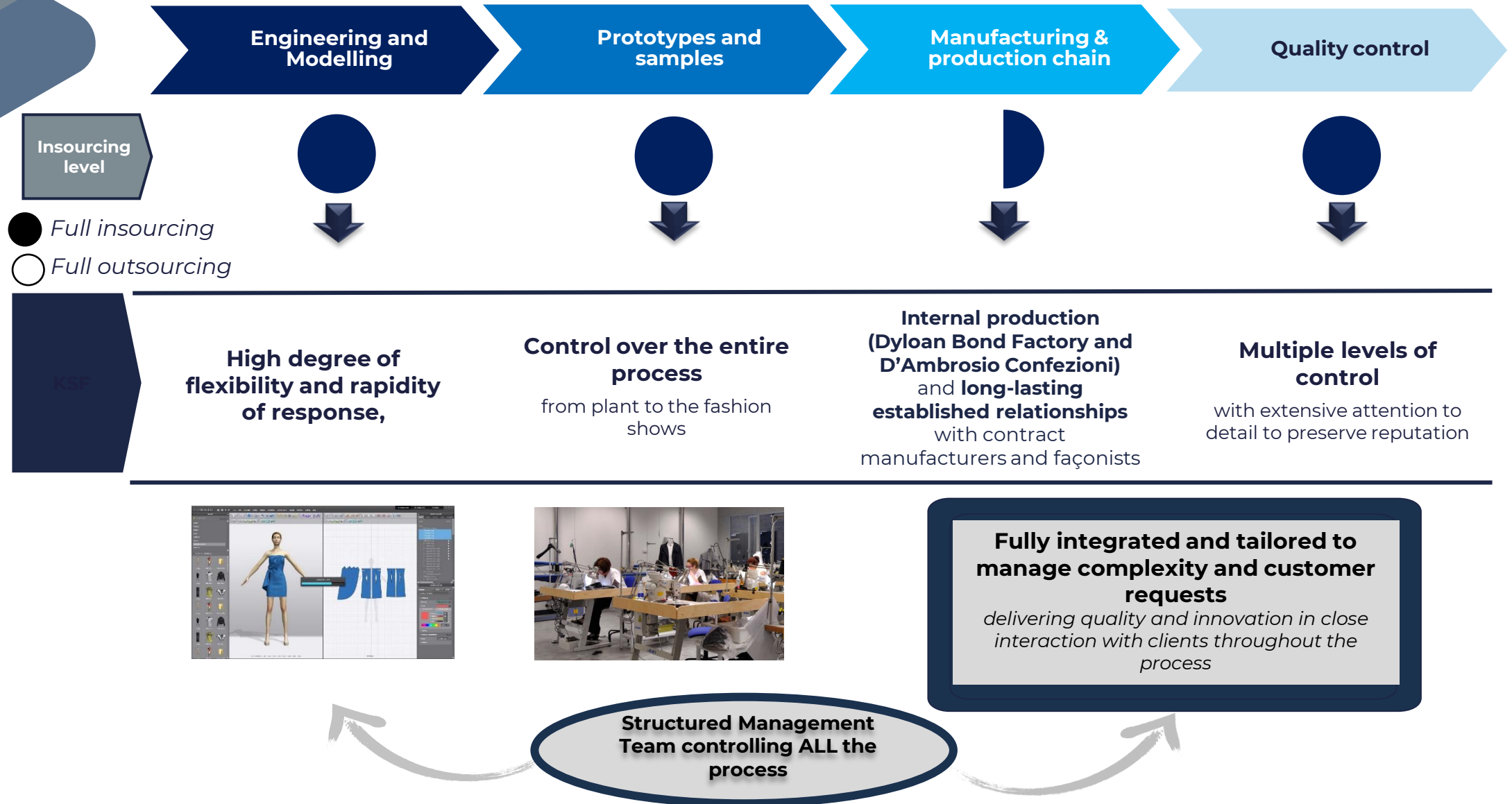
Superior time-to-market, thanks to newest technologies and proven procedures

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

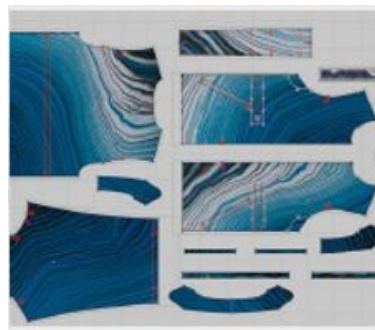
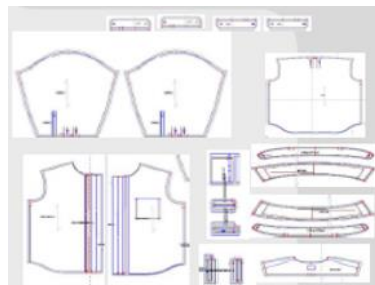
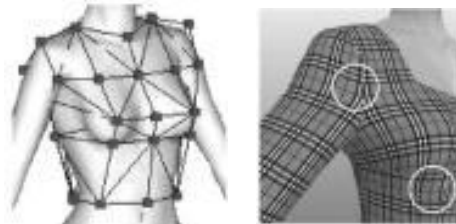


Unique balance between human craftsmanship and technology allows for superior flexibility in order execution

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

Group Strategy

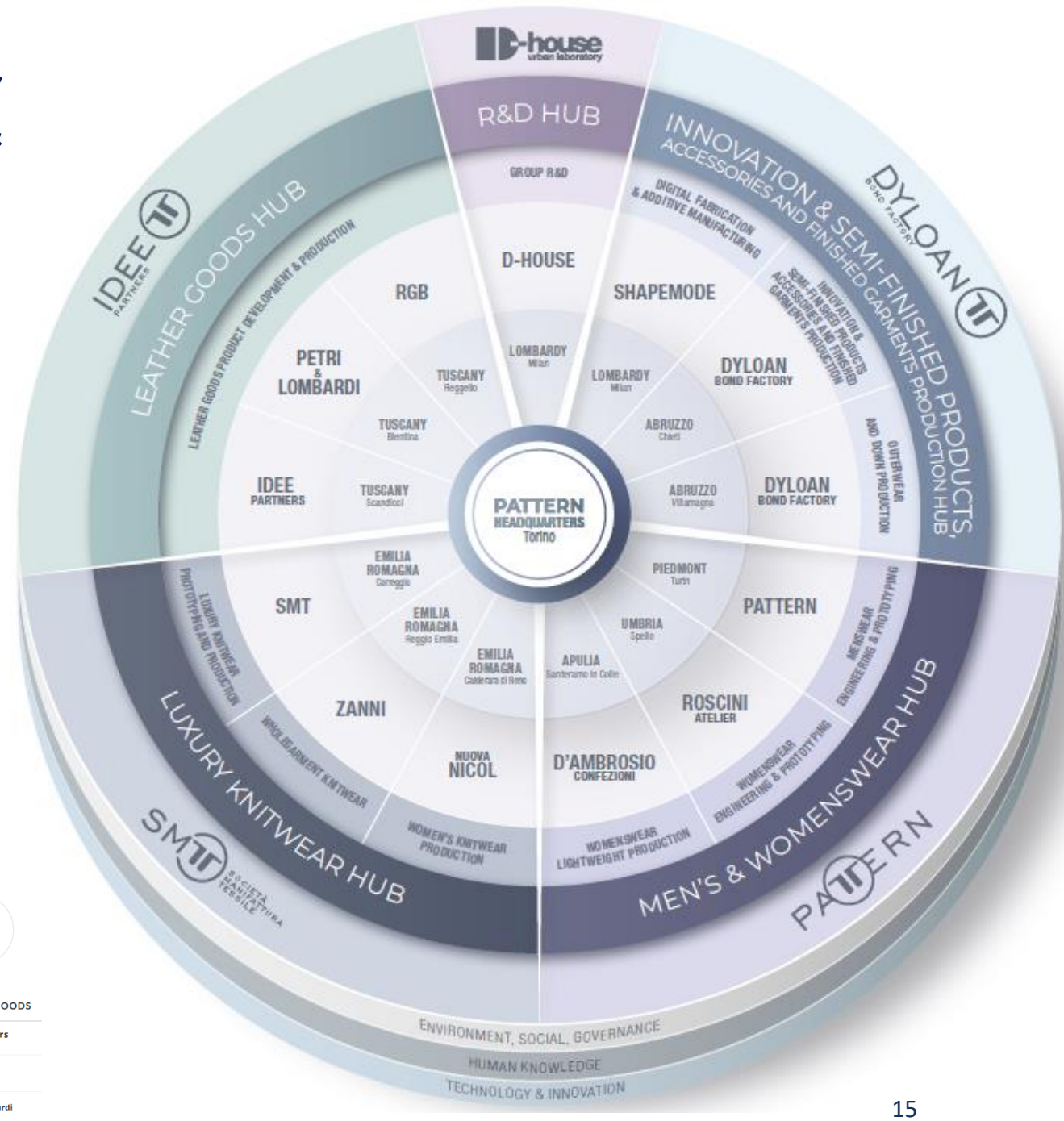
Group Strategy - The Italian Hub of Luxury Fashion Engineering & Production

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 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
Collegno - Headquarters
Roscini Atelier
Spello
D'Ambrosio Confezioni
Santeramo in Colle

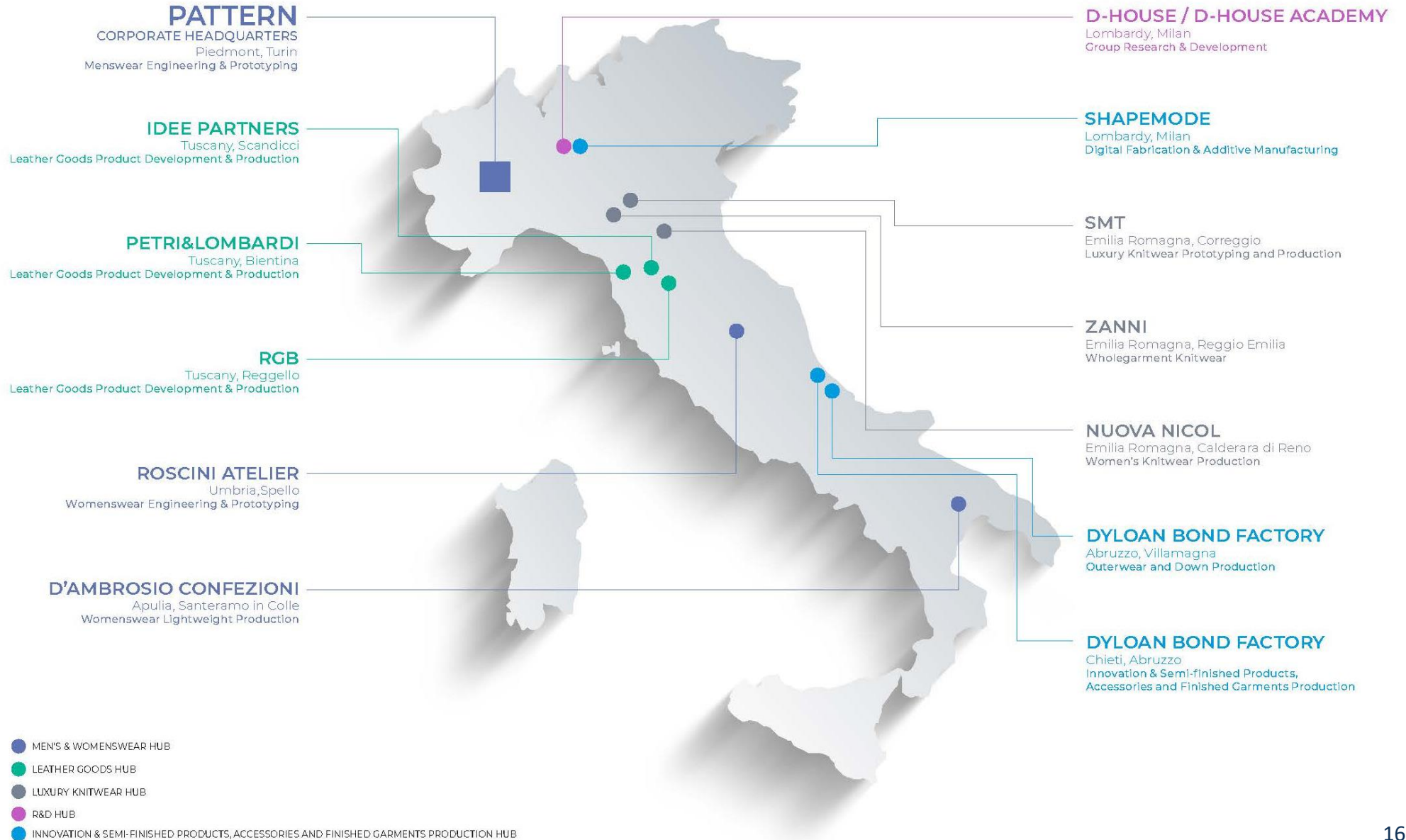


LUXURY KNITWEAR
SMT
Correggio
Zanni
Reggio Emilia
Nuova Nicol
Calderara di Reno

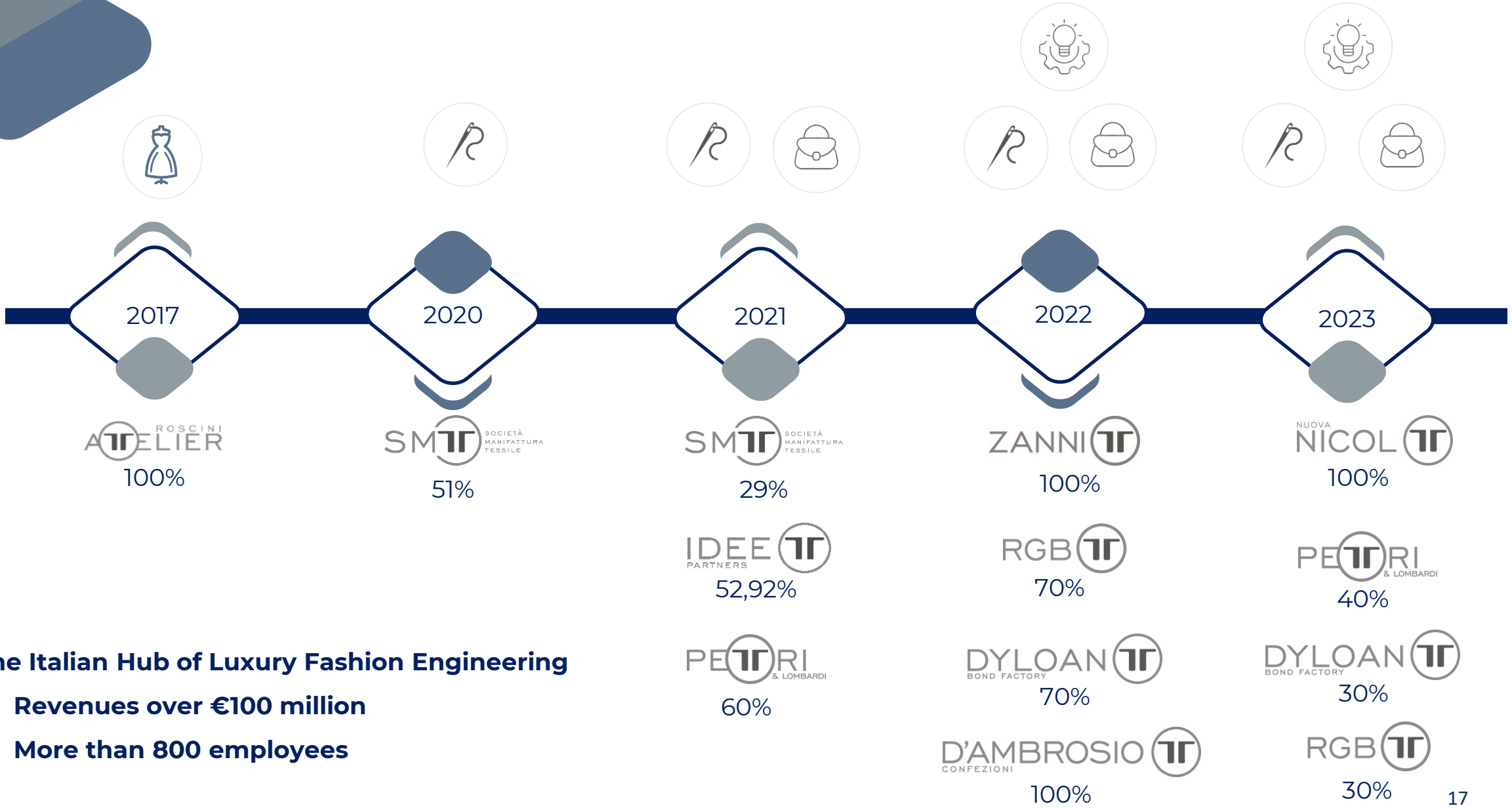


LEATHER GOODS
Idea Partners
Scandicci
RGB
Reggello
Petri & Lombardi
Bientina

The Italian Hub of Luxury Fashion Engineering & Production



Pattern Group M&A – M&A Track Record since 2017



The Italian Hub of Luxury Fashion Engineering

- Revenues over €100 million
- More than 800 employees

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)

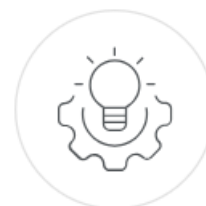
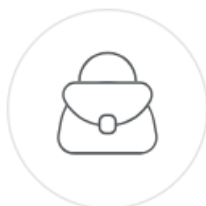
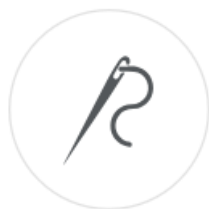
100% (2023)

60% (2021) + 40% (2023)

100%

70% (2022) + 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**.

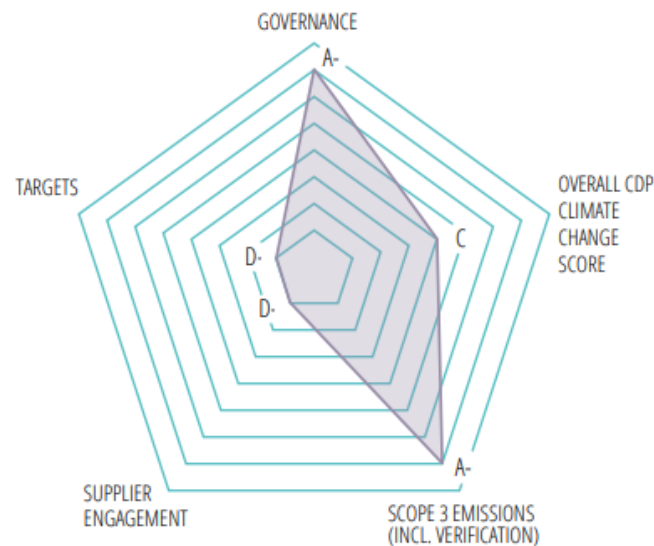
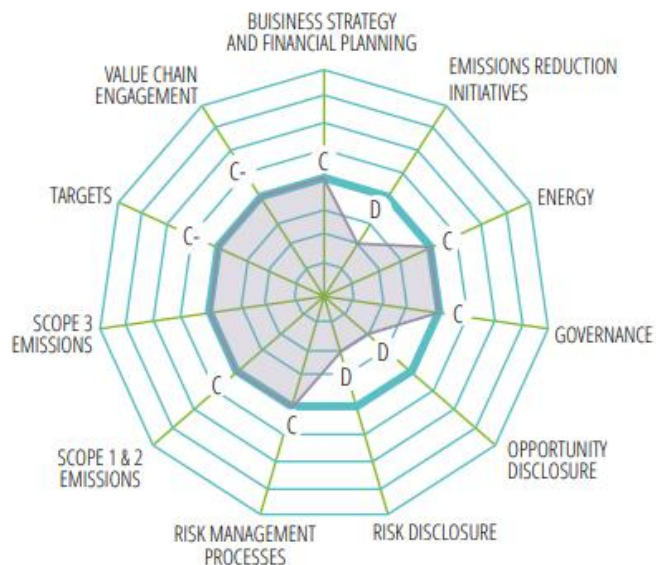
The vertical integrations within the Group, which will continue over the next 12 months, will run a recovery of margins for the best absorption of fixed costs as early as the second half of 2023.

ESG as part of the Strategy

ESG Impact Report

Pattern is an ESG Rated Company

The ESG rating is an assessment of a company's performance in terms of environmental sustainability, social impact and governance practices.



Pattern is a SER Rated Company

The Supplier Engagement Rating (SER) offers an evaluation of how effectively companies engage their suppliers on climate issues.

Pattern Group has chosen CDP (Carbon Disclosure Project) to measure its performance and obtain a reliable, internationally recognized and scientifically based ESG rating according to the best available standards. CDP is a nonprofit charitable organization that manages the global disclosure system for investors, companies, cities, States and regions to manage their environmental impact.



In 2022, Pattern Group obtained a **Level C ESG Rating** and a **Level D SER Rating**.

These ratings demonstrate a degree of awareness and comprehensiveness in understanding how environmental issues intersect with its business and how its operations impact people and ecosystems.

Pattern Group Strategic Plan 2021-24 – Our Values



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

Events 2023

2nd October 2023 - Closing for the disposal of the Turin plant's Business Unit dedicated to the client Burberry

Pattern Group announces the completion, in execution of the agreement signed on 27 March 2023, of the **disposal to Burberry** Italy Srl 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 € 22,4 million**.

Pattern's Next Steps:

- Additional financial resources and **improvement of 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



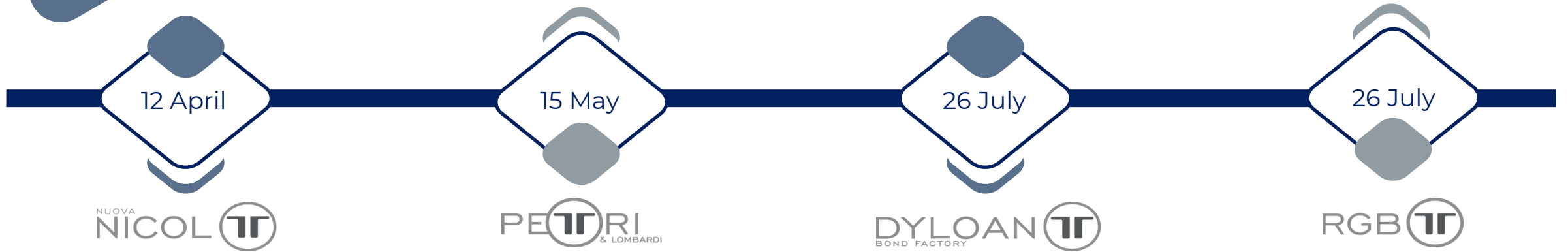
New Headquarters in Turin rendering

2nd October 2023 - Closing for the disposal of the Turin plant's Business Unit dedicated to the client Burberry

Basics of the Agreement

- The object of the Business Unit is the activity revolving around the **Engineering and Production** line of Burberry products in Turin plant.
- The Agreement provides for additional agreements, including:
 - **A transitional services agreement**
 - **A production agreement.**
 - A temporary secondment for 2 years to the transferred unit of **Francesco Martorella**, who will still sit on the Board of Directors of Pattern and the Group's subsidiaries, with no delegated powers

The disposal price is agreed upon between the parties at a total of **€ 22.4 million**. The Price may be subject to further adjustment, based on the final calculation of the Business Unit's trade working capital and net financial position as of closing date, as will be agreed between the parties in the coming months



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



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GROUP

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

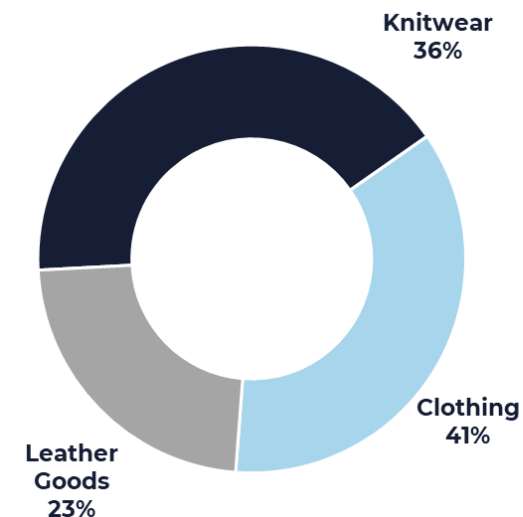
€ 13.9 M FY2022

*debt

1H2023 Income Statement

(€ 000)	1H2023	1H2022	%
Sales revenues	71.006	48.121	47,6%
Other revenues	1.071	981	9,2%
Total Revenues	72.077	49.102	46,8%
Change in inventories	2.222	1.160	91,6%
Value of production	74.299	50.262	47,8%
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%
EBITDA	7.606	5.478	38,9%
<i>EBITDA margin</i>	10,6%	11,2%	
D&A	(3.067)	(1.655)	85,3%
EBIT	4.539	3.823	18,7%
Net financial income	(330)	(101)	226,7%
EBT	4.209	3.722	13,1%
Taxes	(1.956)	(1.227)	59,4%
Net income	2.253	2.495	-9,7%
Group Net income	1.675	1.896	-11,6%

Revenues Breakdown



1H2023 Balance Sheet (Use and Sources)

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

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

Change in Net Financial Position

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

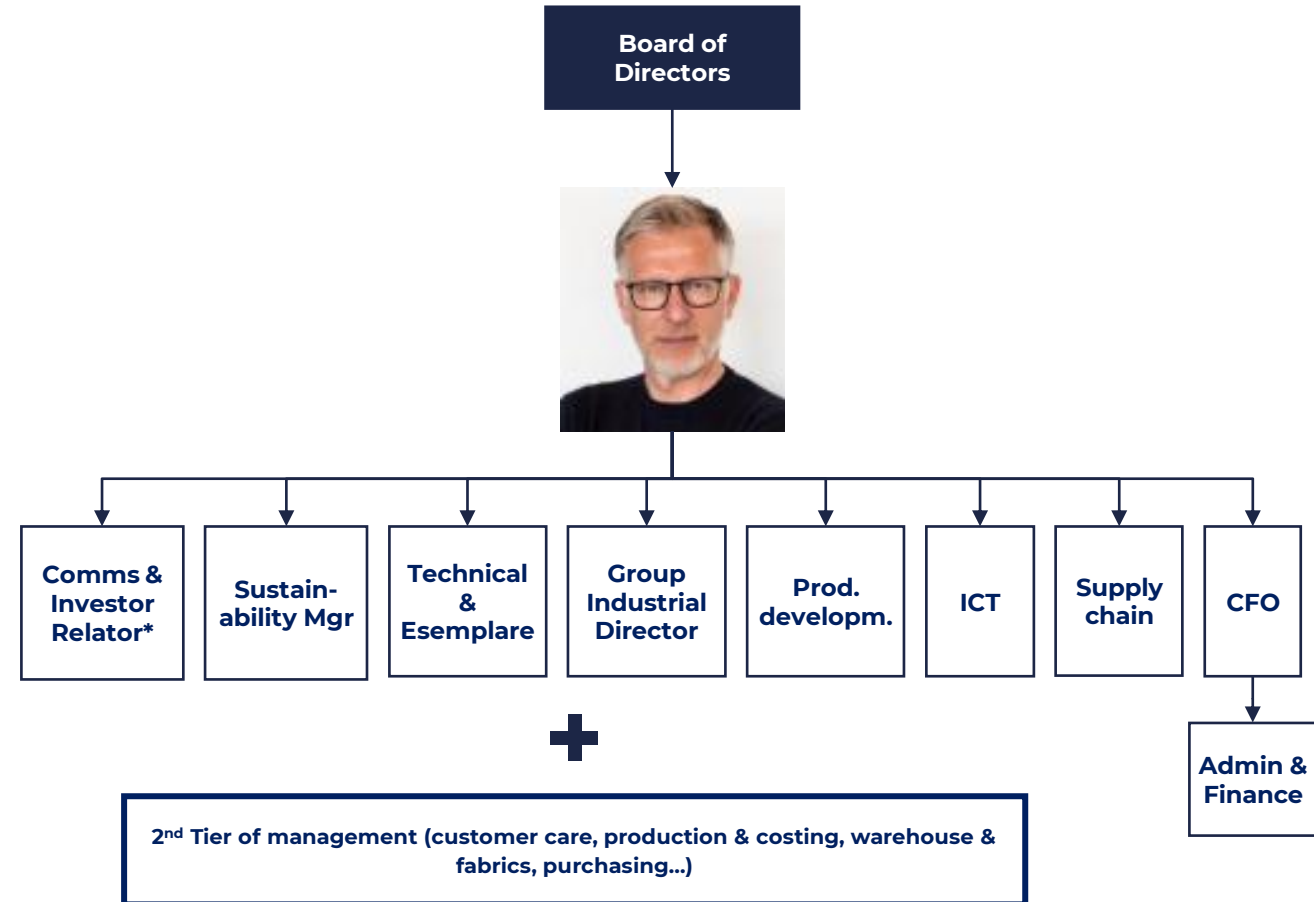
Appendix

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

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