Italian Excellences 2024 in Paris

PATTERN GROUP

October 8th, 2024

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

PATTERN
GROUP

is a

landmark for top-end Luxury Fashion Engineering & Production

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At a glance

Pattern Group

2000-2008

Pattern was **established in 2000** by Fulvio Botto and Francesco Martorella

2009-2015

- **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)*

2016

ELITE COMPANY

2017

ROSCINI ATELIER

2019

- Borsa Italiana **IPO**

SMT SOCIETÀ MANIFATTURA TESSILE

2021

IDEE PARTNERS

PETRI & LOMBARDI

2022

NUOVA NICOL

DYLOAN BOND FACTORY

D'AMBROSIO CONFEZIONI

RGB

ZANNI

2023

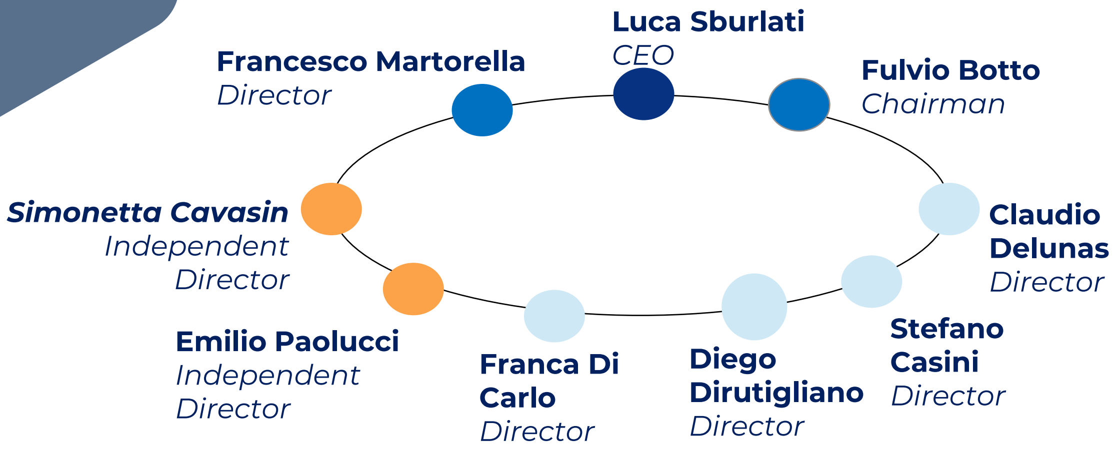
- *Disposal of Turin plant business unit dedicated to its long-standing UK client Burberry*
- *Remaining **40%** of the share capital of **Petri & Lombardi S.r.l.***
- *Remaining **30%** of the share capital of **Dyloan Bond Factory***
- *Remaining **30%** of the share capital of **RGB**.*

2024

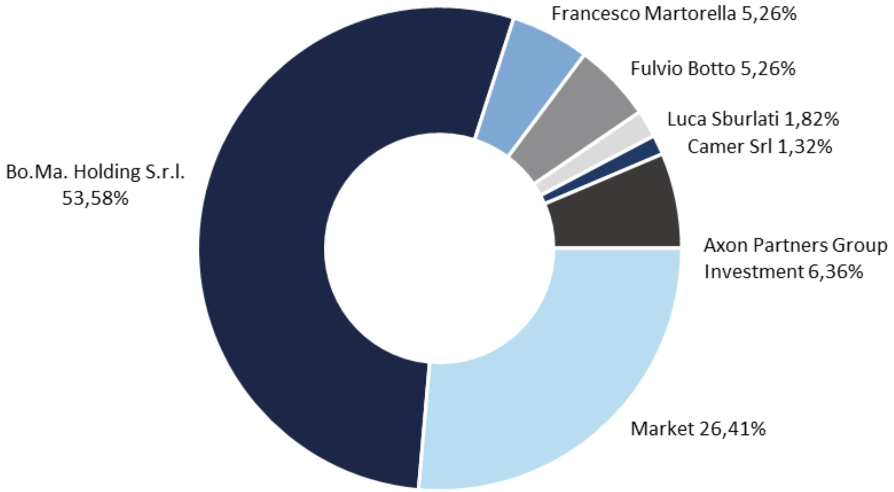
UMBRIA VERDE

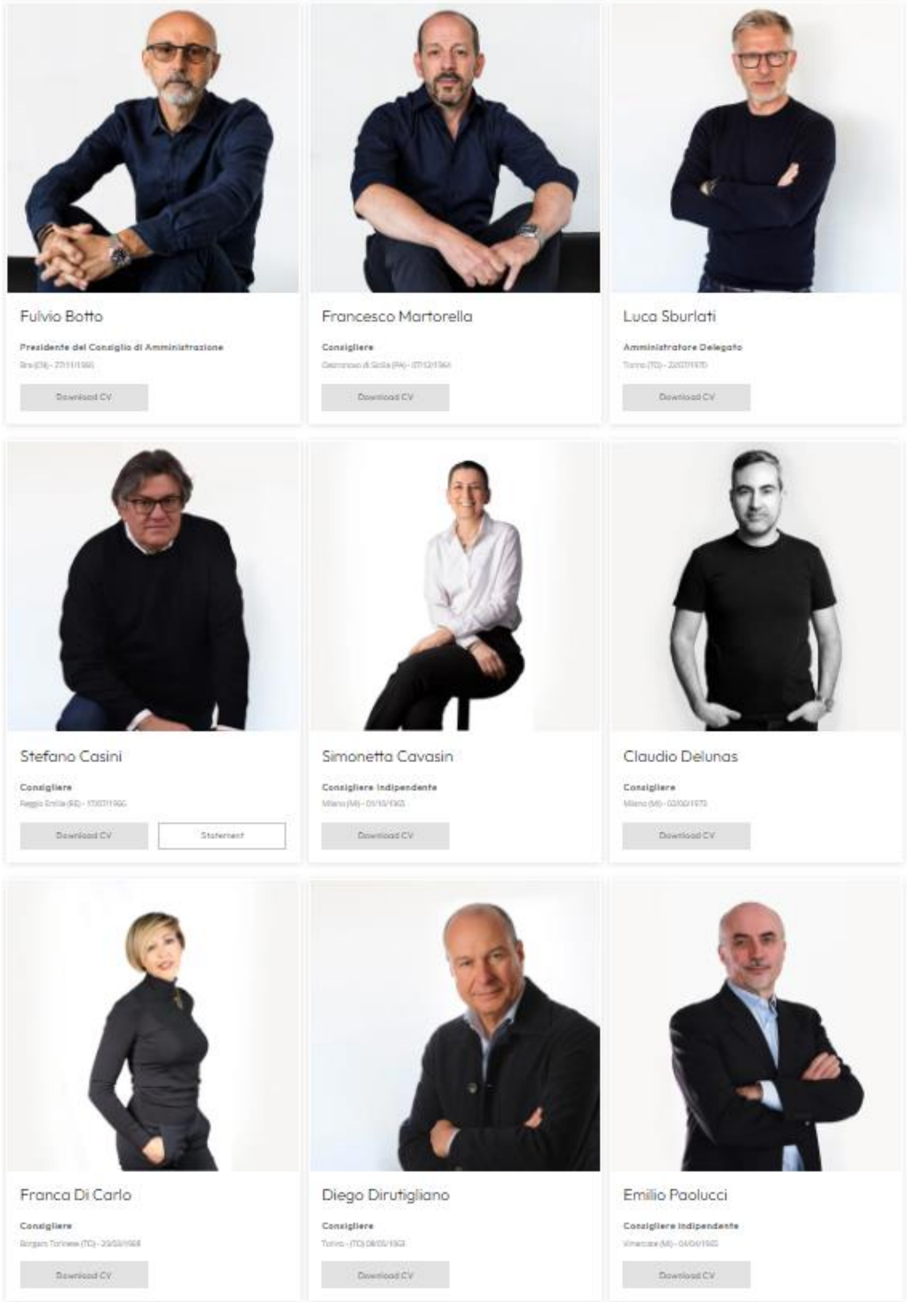
Corporate Governance

Board of Directors

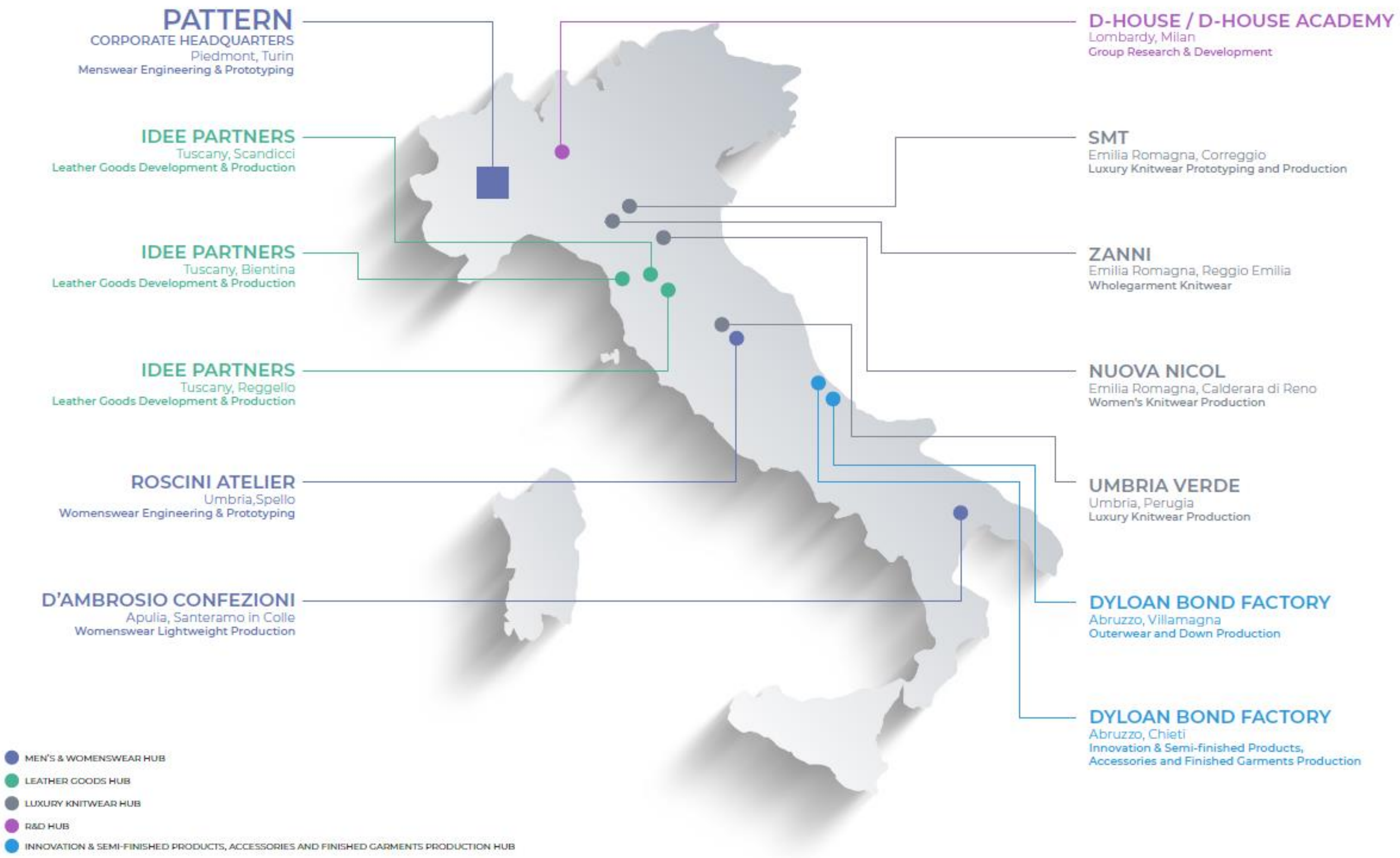


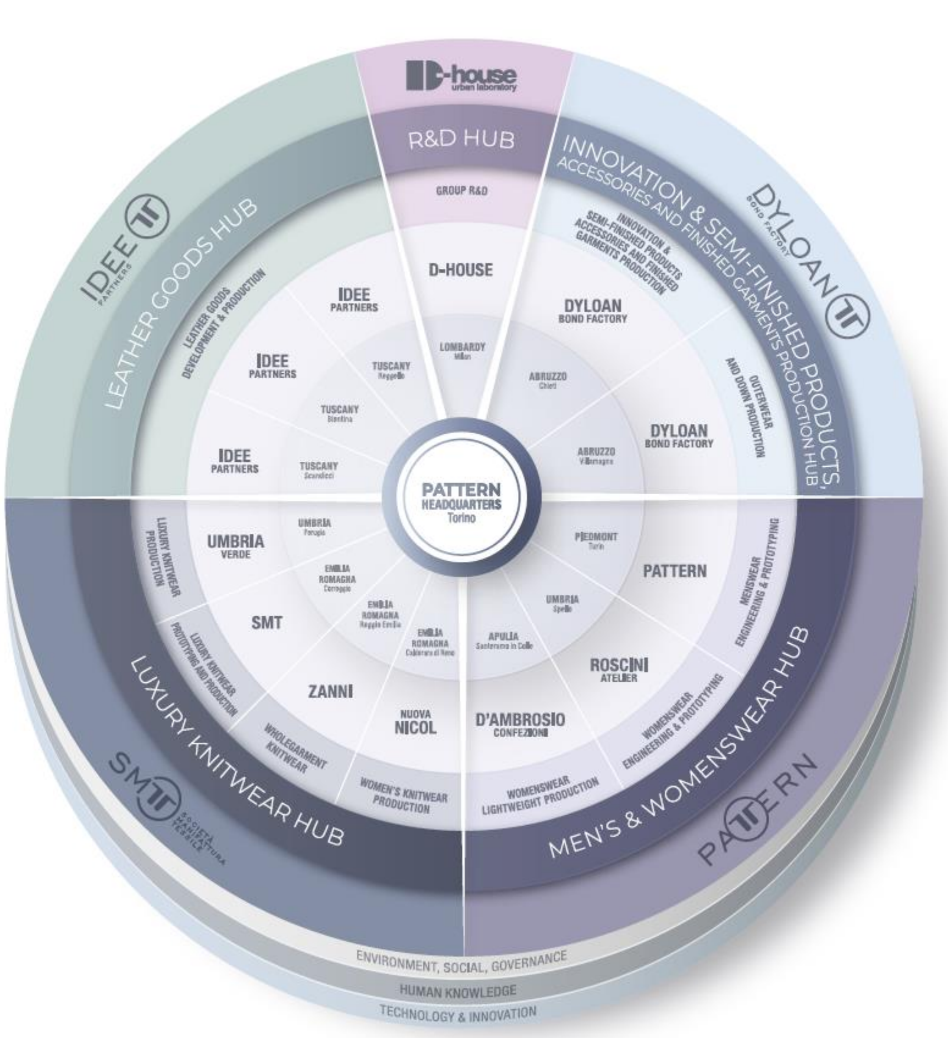
Shareholder Structure





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**

1H2024 Overwiev & Financials

1H2024 Overview

Market scenario strongly influenced by the geopolitical situation

1H2024 **results in line with the 2023 proforma** and expectations, and **improvement in marginality**

- **Knitwear:** excellent performance
- **Ready-to-wear:** good stability
- **Leather goods:** sharply decreasing result

Very solid financial structure, despite the UVM acquisition

Success factors:
a) a mix of customers that is on average more "resilient";
b) having an integrated Group focused on the ability to design and engineer and not just produce.

Product development has guaranteed innovative capabilities in moments of marked market uncertainty.

Decrease in revenues also due to the sale of part of the Collegno (Turin) plant, and part of the staff (67 people) to Burberry, but this **represented** useful cash injection for the “extraordinary” initiatives undertaken.

1H2024 Overview

Acceleration of the **process of management simplification of the Group**, through the merger by incorporation of some companies and, in particular, the industrial synergy between the various companies whose geographical proximity was verified with the creation of category production poles such as the "Factory" dedicated to the production of knitwear located in Carpi (Mo).

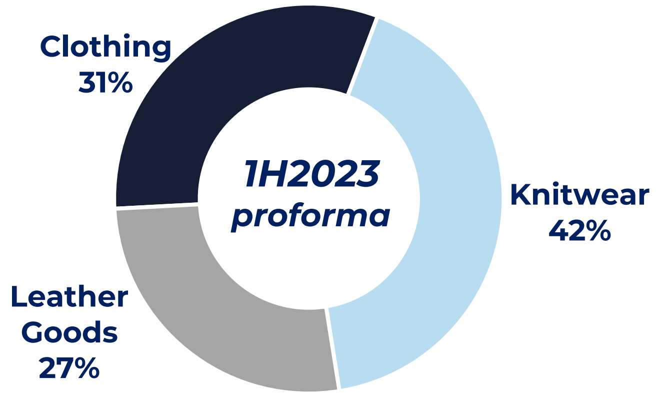
This verticalization of production, combined with being probably the only **Group with all its companies certified SA8000,** represents a **uniqum on the Italian market**, an important competitive advantage in a period in which all brands are "cleaning" their supply chains from non-transparent subjects

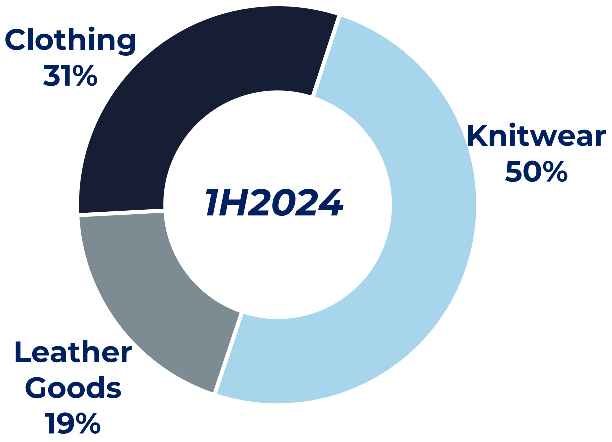
Investment in technologies continues: DHouse-Dyloan Bond Factory continues its path of "sustainability" through "circular design" technologies and innovative production methodologies, collaborating with large international companies.

A change in market trends is not expected in 2024 and probably not even in the first half of 2025, just as we do not imagine China will grow in our product categories so much, but we continue to have a flexible company, very focused on product innovation also in ESG terms and on a high-level transparent Italian supply chain.

PATTERN GROUP 1H2024 Highlights VS 2023 PROFORMA*

SALES REVENUES BREAKDOWN BY PRODUCT





TOTAL REVENUES

€ 60.3 M
-2.9% YoY

€ 62.1 M 1H2023

EBITDA

€ 6.6 M
-1.8% YoY

€ 6.7 M 1H2023

EBITDA MARGIN

10.9%

10.8% 1H2023

NET INCOME*

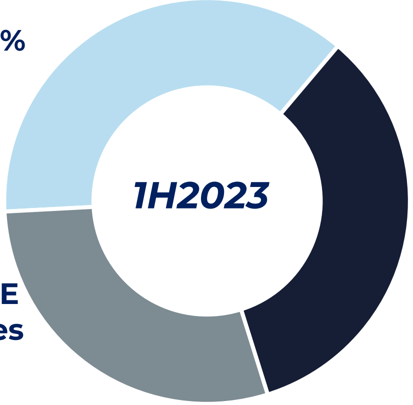
€ 2.2 M
+25.8% YoY

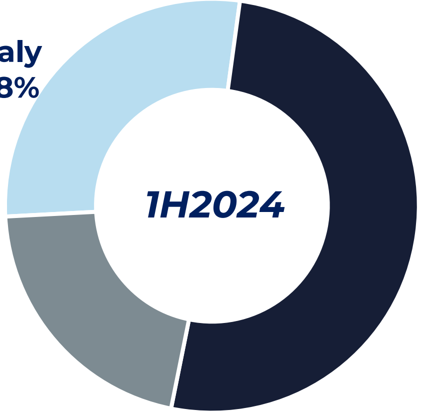
€ 1.7 M 1H2023

* In order to give a more complete representation of the performance in the first half of 2024, the income statement figures for the first half of this year are shown compared with the **pro forma figures for the first half of 2023**, which do not include the business then sold to Burberry at the beginning of October 2023.

PATTERN GROUP 1H2024 Highlights

SALES REVENUES BREAKDOWN BY GEOGRAPHICAL AREA





TOTAL REVENUES

€ 60.3 M
-16.3% YoY

€ 72.1 M 1H2023

EBITDA

€ 6.6 M
-13.3% YoY

€ 7.6 M 1H2023

EBITDA MARGIN

10.9%
+30 BPs YoY

10.6% 1H2023

NET INCOME

€ 2.2 M
-4.2% YoY

€ 2.3 M 1H2023

NFP

€ 12.4 M (debt)

€ 0.6 M (cash) FY2023

Market, Outlook & Group Strategy

Market in 2H2024 and most likely in the 1H2025

- 2024 is a complex year. In this scenario, the gap between **top luxury** with high-quality value attributed to the product over time and **fashion luxury**, tied more to **aesthetics alone**, will further increase

- The market is thus clearly moving towards a **"normalization" of the "extreme" phenomena** that occurred post-pandemic, both in terms of growth and excesses.

- **No major change in the market trend.** A return of China to the growth rates of previous years, in the Group's product categories, **is not considered likely**

Market Scenario
+1-3% growth
vs 2023

- ***More cautious outlook in China*** *with technical rebound domestically and slow restart of internal consumption*

- ***Limited confidence*** *of consumers in Western markets, with second half 2024 heavily impacted by economic uncertainty (mid-low single digit growth in US and Europe)*

PATTERN GROUP Outlook 2H2024

- **The Group does not expect**, - as occurred in the 2H2023 - **a further acceleration of the knitwear sector**, also in consideration of the significant increase achieved in this sector in the 1H2024

- **Consolidation of Umbria Verde -** in 1H2024 was consolidated only at equity level

- A first **partial recovery of the leather goods business**, which should **partially offset the result of the 1H2024**

- In this context, the work carried out in the **technological and ESG fields**, along with the strong drive for innovation and product development by **Pattern Group, ensures excellent resilience for our Group**. This resilience is bolstered by an increasingly high-end market pyramid customer mix

- **The Group's M&A strategy will continue, not at any cost**, but only when considering "exceptional" companies strong in product development, with entrepreneurs who wish to partake in the project as described above, and not interested in speculative ventures

PATTERN REMAINS A FLEXIBLE GROUP, WITH A VERY SOLID FINANCIAL STRUCTURE AND A RESILIENT CUSTOMER BASE WITHIN A "NORMALIZED MARKET" LIKEWISE THE CURRENT MARKET

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**

New strategic plan 2025-2028

Consolidation of the Italian Hub of Luxury Fashion Engineering & Production

Strengthening relationships with **existing clients and widening of clients' basis**

Creation of the Italian Hub of Luxury Fashion Engineering & Production

Organic Growth

External growth by market (Knitwear& Leather, Clothing&Accessories) **and by business** (from R&D to Production).
Strategic plan 2020-2024

Appendix

Pattern's Business Model

Engineering and Modelling → Prototypes and samples → Manufacturing & production chain → Quality control

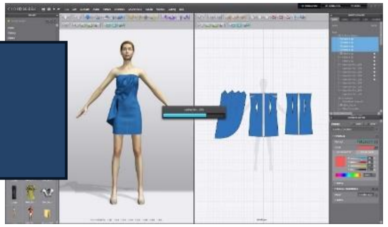
Insourcing level

- *Full insourcing*
- *Full outsourcing*

KSF

Engineering and Modelling	Prototypes and samples	Manufacturing & production chain	Quality control
High degree of flexibility and rapidity of response,	**Control over the entire process** from plant to the fashion shows	**Internal production (Dyloan Bond Factory and D'Ambrosio Confezioni)** and **long-lasting established relationships** with contract manufacturers and façonists	**Multiple levels of control** with extensive attention to detail to preserve reputation

appendix



Fully integrated and tailored to manage complexity and customer requests

delivering quality and innovation in close interaction with clients throughout the process

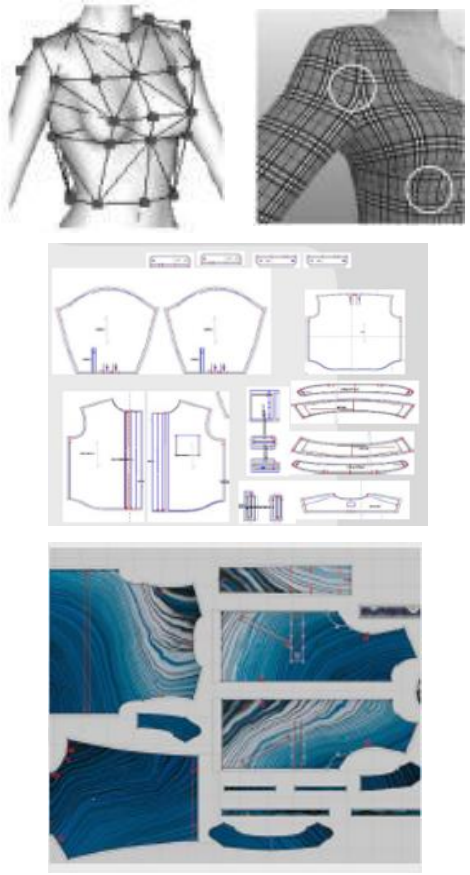
Structured Management Team controlling ALL the process

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

Full integration with Italy's best suppliers and façonists

Suppliers → **Pattern / Project Engineering** → ***Façonist* / Contract Manufacturer**

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

appendix

Full control over the value chain through internal peoduction and established long-term partnership with the key players of a highly polarized industry

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

The Italian Hub of Luxury Fashion Engineering

2017
- ROSCINI ATELIER – 100%

2020
- SMT Società Manifattura Tessile – 51%

2021
- SMT Società Manifattura Tessile – 29%
- IDEE PARTNERS – 52,92%
- PETRI & LOMBARDI – 60%

2022
- ZANNI – 100%
- RGB – 70%
- DYLOAN BOND FACTORY – 70%
- D'AMBROSIO CONFEZIONI – 100%

2023
- NUOVA NICOL – 100%
- PETRI & LOMBARDI – 40%
- DYLOAN BOND FACTORY – 30%
- RGB – 30%

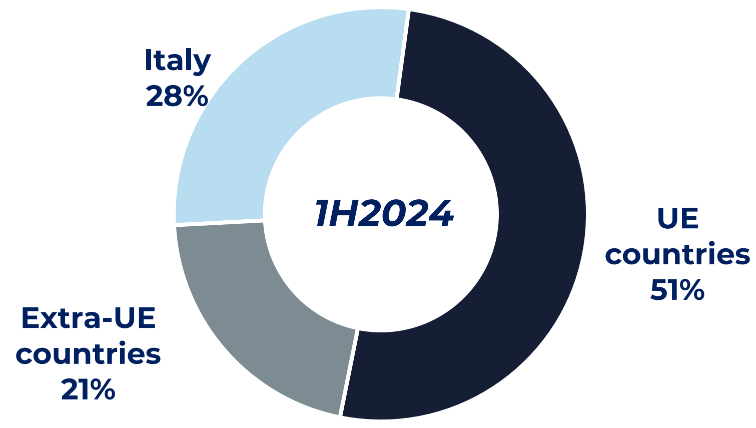
2024
- UMBRIA VERDE – 100%

PATTERN GROUP 1H2024 Income Statement

(€ 000)	1H2024	1H2023	%
Sales revenues	59,252	71,006	-16.6%
Other revenues	1,067	1,071	-0.4%
Total Revenues	**60,319**	**72,077**	**-16.3%**
Change in inventories, semi and finished prc	1,441	2,222	-35.1%
Value of production	**61,760**	**74,299**	**-16.9%**
Raw materials	(11,059)	(17,074)	-35.2%
Cost of services	(24,057)	(27,990)	-14.1%
Leases and rentals	(1,525)	(1,637)	-6.8%
Personnel Expenses	(18,078)	(18,809)	-3.9%
Other operating expenses	(446)	(1,183)	-62.3%
EBITDA	**6,594**	**7,606**	**-13.3%**
EBITDA margin	*10.9%*	*10.6%*	
D&A	(2,956)	(3,067)	-3.6%
EBIT	**3,638**	**4,539**	**-19.9%**
Financial income	400	36	1011.1%
Financial Expense	(402)	(366)	9.8%
EBT	**3,636**	**4,209**	**-13.6%**
Taxes	(1,477)	(1,956)	-24.5%
Net income	**2,159**	**2,253**	**-4.2%**
Group Net income	**1,442**	**1,675**	**-13.9%**

IMPROVEMENT IN MARGINALITY

SALES REVENUES BREAKDOWN BY GEOGRAPHICAL AREA



PATTERN GROUP 1H2024 Income Statement VS 2023 PROFORMA

(€ 000)	1H2024	1H2023 proforma	%
Sales revenues	59,252	61,057	-3.0%
Other revenues	1,067	1,071	-0.4%
Total Revenues	**60,319**	**62,128**	**-2.9%**
Change in inventories, semi and finished prc	1,441	2,275	-36.7%
Value of production	**61,760**	**64,403**	**-4.1%**
Raw materials	(11,059)	(13,348)	-17.1%
Cost of services	(24,057)	(24,499)	-1.8%
Leases and rentals	(1,525)	(1,423)	7.2%
Personnel Expenses	(18,078)	(17,247)	4.8%
Other operating expenses	(446)	(1,167)	-61.8%
EBITDA	**6,594**	**6,718**	**-1.8%**
EBITDA margin	*10.9%*	*10.8%*	
D&A	(2,956)	(2,923)	1.1%
EBIT	**3,638**	**3,795**	**-4.1%**
Financial income	400	36	1011.1%
Financial Expense	(402)	(366)	9.8%
EBT	**3,636**	**3,465**	**4.9%**
Taxes	(1,477)	(1,749)	-15.6%
Net income	**2,159**	**1,716**	**25.8%**
Group Net income	**1,442**	**1,139**	**26.6%**

RESULTS IN LINE WITH 2023 PROFORMA AND IMPROVEMENT IN MARGINALITY

PATTERN GROUP 1H2024 Balance Sheet (Use and Sources)

(€ 000)	30/06/2024	31/12/2023	%
Intangible fixed assets	34,614.6	20,824.2	66.2%
Tangible fixed assets	21,006.9	18,260.1	15.0%
Financial fixed assets	2,993.7	2,913.9	2.7%
Fixed Assets	**58,615.2**	**41,998.2**	**39.6%**
Warehouse	10,640.4	6,701.6	58.8%
Trade Receivables	23,881.6	20,388.4	17.1%
Other Receivables	7,345.0	11,049.6	-33.5%
Prepayments and accrued income	1,611.3	1,377.5	17.0%
Working Capital	**43,478.4**	**39,517.2**	**10.0%**
Trade Payables	(21,038.2)	(18,891.6)	11.4%
Other Payables	(13,149.8)	(11,479.3)	14.6%
Accrued expenses and deferred income	(3,470.6)	(3,870.0)	-10.3%
Net Working Capital	**5,819.8**	**5,276.3**	**10.3%**
Funds	(6,056.7)	(5,420.9)	11.7%
Net Invested Capital	**58,378.3**	**41,853.7**	**39.5%**

(€ 000)	30/06/2024	31/12/2023	%
Shareholders' Equity	**45,433.9**	**42,495.3**	**6.9%**
Group Shareholders' Equity	*38,859.0*	*37,458.7*	*3.7%*
Short term bank debt	13,229.6	8,006.8	65.2%
Medium term bank debt	22,359.5	17,887.9	25.0%
Other financial debt	8,000.0	-	n.a.
Financial debt	**43,589.1**	**25,894.7**	**68.3%**
Current Financial assets time-depos	(13,050.6)	(7,088.5)	84.1%
Cash and Cash equivalents	(17,594.1)	(19,447.8)	-9.5%
Total liquidity	**(30,644.7)**	**(26,536.3)**	**15.5%**
Net Debt/(Cash)	**12,944.4**	**(641.6)**	**n.a.**
Total Sources	**58,378.3**	**41,853.7**	**39.5%**

INCREASE IN FIXED ASSETS MAINLY FOR THE INCREASE OF INTANGIBLES DUE TO THE CONSOLIDATION OF UVM

PATTERN GROUP 1H2024 Change in Net Financial Position

(€ 000)	1H2024	1H2023	%
Starting NFP of the Group (A)	**642**	**(13,853)**	**-105%**
NFP of newly consolidated companies (B)	1,290	1,874	-31%
Cash flow before changes in nwc	7,460	9,043	-18%
Change in net working capital	520	2,745	-81%
Other changes	(1,025)	(2,730)	-62%
Intangible and tangible investments net of divestments	(2,316)	(5,179)	-55%
Cash flow from operating activities (C)	**4,640**	**3,879**	**20%**
Cash flow from financial investments (D)	(18,541)	(6,828)	172%
Cash flow from changes in net equity (F)	(974)	(746)	31%
Other changes (G)	-	280	-100%
Reduction (Increase) of NFP (H=B+C+D+E+F+G)	**(13,586)**	**(1,541)**	**782%**
Final NFP of the Group (A+H)	**(12,944)**	**(15,393)**	**-16%**

VERY SOLID FINANCIAL STRUCTURE

NET DEBT/EBITDA
1
on annual basis

GEARING RATIO
28%

UMBRIA VERDE MATTIOLI* 1H2024 Income Statement Highlights

TOTAL REVENUES

€ 9.1 M

€ 17.4 M
in FY2023

VoP

€ 9.4 M

€ 17.8 M
in FY2023

EBITDA

€ 2.8 M
Ebitda margin 31%

€ 4.8 M in FY2023
Ebitda margin 28%

EBIT

€ 2.7 M

€ 4.5 M
in FY2023

NET INCOME

€ 1.9 M

€ 3.1 M
in FY2023

NFP

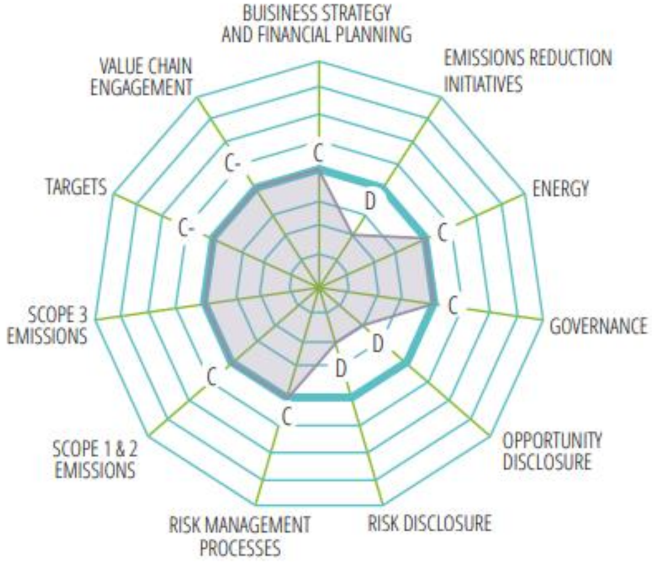
€ 1.3 M cash

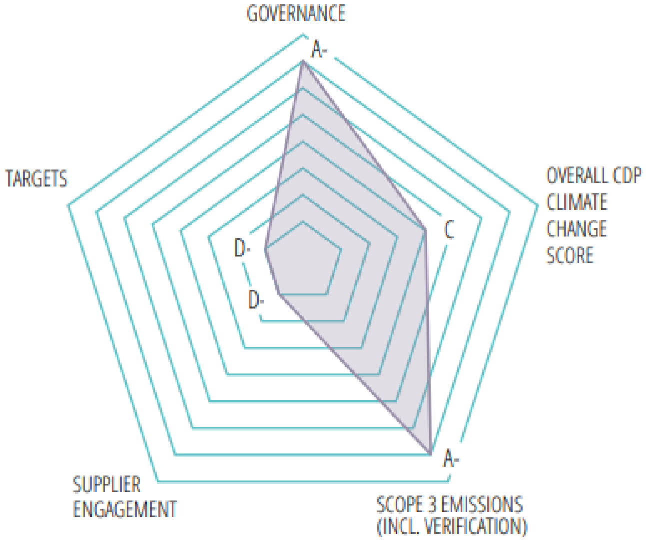
* The scope of consolidation as of June 30, 2024 includes the consolidation of Umbria Verde Mattioli only at the balance sheet level.

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

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