

Italy – Luxury Engineering

Brilliant FY-23, challenging environment expected in 2024

2nd April 2024

FY-23 RESULTS RELEASE

RIC: PTRN.MI
BBG: PTR IM

Pattern reported FY-23 results significantly better than expectations, in particular concerning EBITDA and CF generation. The tremendous increase in EBITDA margin was mainly driven by the knitwear segment, which posted a brilliant second half of the year. In 2024, Pattern expects H1 with performance in line with the previous year and potentially growing results in H2, with a consolidation of margins.

Rating:

Neutral (Buy)

Price Target:

€ 7.00 (€ 7.80)

Upside/(Downside): 10.2%

Last Price: € 6.35

Market Cap.: € 91.5m

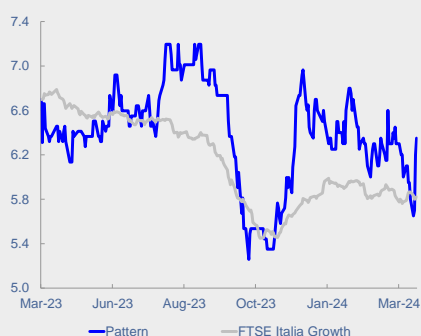
1Y High/Low: € 7.20 / € 5.26

Avg. Daily Turn. (3M, 6M): € 48k, € 78k

Free Float: 32.4%

Major shareholders:

Bo.Ma. Holding Srl	52.4%
Fulvio Botto	5.3%
Francesco Martorella	5.3%



Stock price performance

	1M	3M	12M
Absolute	-3.8%	-3.8%	-4.7%
Rel.to FTSE IT Growth	-2.6%	-1.4%	8.9%
Rel.to Sector	-2.1%	-6.8%	-0.9%

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Estimates revised downwards: new PT of € 7.00/s (€ 7.80), 10.2% upside. Neutral (Buy)

Following the FY-23 results and the qualitative outlook announced by the group, we have revised our model by factoring in: 1) sales growth lower than previously expected; 2) profitability still at double-digit but lower than FY-23; 3) € 500k investment in a JV with a domestic producer of cashmere; 4) a fine-tuning of capex for the new headquarters in Turin. The combined result is an avg. 5.3%, 13.1% and 42.7% cut in revenues, EBITDA and Net Profit in 2024-25. Moreover, CFO has updated the DCF valuation criteria and postponed its first valuation projection to 2024. The result is a new PT of € 7.00/s (€ 7.80), 10.2% upside. On the back of the new estimates, we believe that Pattern is currently fairly priced. Thus, we change our rating to Neutral (Buy). The reduction in PT is partly due to the higher-than-expected extraordinary dividend (€ 0.58/s vs our forecast of € 0.17/s).

Revenue growth mainly driven by the knitwear segment

Revenues were € 145.6m, up by 33.3% YoY, and 6.3% higher than our projection. This result was driven by solid organic growth higher than the reference market, as well as the positive contribution of M&As. The combined effect of organic and external growth more than offsets the disposal of the Turin-based BU to Burberry (deconsolidated for 3M). Pattern exhibited a significant growth in the knitwear segment thanks to a growing reference market coupled with the top-notch expertise of the group in the sector. Concerning the leather goods segment, Pattern streamlined its operations by merging the subsidiaries Petri e Lombardi and RGB into Idee Partners.

Adj. EBITDA at € 19.9m, significantly better than our estimate

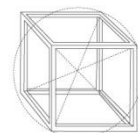
EBITDA was € 18.8m, 12.9% margin (€ 11.1m, 10.2% margin in 2022), 28% greater than our estimate. This outstanding result was obtained thanks to a strong H2-23, particularly concerning the knitwear segment, the profitability of which increased by about 50%. By excluding € 1.1m of extraordinary costs linked to the disposal of the BU to Burberry, adj. EBITDA reached € 19.9m, 13.7% margin. EBIT totalled € 8.4m, 5.8% margin (€ 6.9m, 6.3% margin, in 2022), after D&A of € 10.4m, including a write-off of the Dyloan's goodwill of € 4.0m. After 1) financial charges of € 0.6m (€ 0.3m in 2022), 2) the capital gain of € 20.3m stemming from the above-mentioned disposal, 3) taxes of € 4.7m and 4) minority interest of € 2.3m, the group's Net profit was € 21.1m. Adj. Net Profit was € 5.7m (€ 2.6m in 2022).

NFP turned to net cash thanks to a disposal and the significant CF generation in H2

NFP stood at € 0.6m cash, compared to € 13.9m debt at the end of 2022. It is worth remembering that the disposal of the business unit dedicated to Burberry's products in Oct-23 generated net proceeds of € 22.4m, which were partially distributed to shareholders through an extraordinary dividend of € 0.58/s (€ 8.4m) paid in Dec-23.

Pattern, key financials and ratios

€ m	2022	2023	2024e	2025e	2026e
Revenues	109.2	145.6	120.8	135.4	147.5
Value of Production	110.4	145.6	122.1	136.7	149.0
EBITDA	11.1	18.8	12.2	16.1	19.1
EBIT	6.9	8.4	5.6	9.4	12.4
Net profit	2.6	21.1	1.7	4.2	6.0
Adj. Net Profit	2.6	5.7	1.7	4.2	6.0
NFP (cash)/debt	13.9	(0.6)	4.1	0.5	(7.9)
EBITDA margin	10.2%	12.9%	10.1%	11.9%	12.9%
EBIT margin	6.3%	5.8%	4.6%	7.0%	8.4%
Adj. EPS	0.18	0.40	0.12	0.29	0.42
Adj. EPS growth	-15.5%	120.0%	-70.6%	147.1%	45.4%
ROCE	10.0%	11.4%	7.3%	11.4%	13.8%
NWC/Sales	10.3%	5.6%	8.6%	8.9%	9.0%
EV/Sales x	0.92	0.69	0.79	0.68	0.57
EV/EBITDA x	9.0	5.0	7.8	5.7	4.4
EV/EBIT x	14.5	7.5	17.0	9.8	6.8
PER x	33.2	17.6	54.4	22.0	15.1
Free Cash Flow Yield	-17.4%	25.1%	-5.2%	4.6%	10.9%



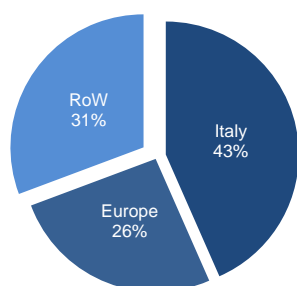
The Company at a glance

Founded in 2000 by Fulvio Botto and Francesco Martorella, Pattern is a leading domestic player specialised in the modelling, engineering, grading, prototyping and production of luxury clothing for men and women, and the undisputed leader in the outerwear niche, operating in the catwalk segment and among the top lines of the most prestigious global luxury brands. Pattern manages the entire engineering and production cycle from patterns to prototypes, from the creation of ready-to-wear garments to successive productions. Pattern runs the high value-added engineering and prototyping phases whilst production is partially outsourced to a plethora of suppliers.

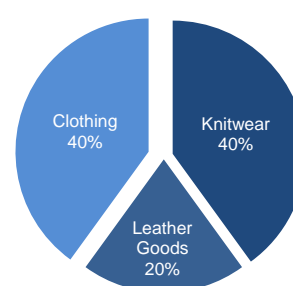
Since 2017, Pattern has been embarking on an external growth process, with the acquisition of Roscini (luxury womenswear) in 2017, S.M.T. (luxury knitwear) in 2019, Idee Partners (luxury leather goods) in 2021, and Zanni (wholegarment knitwear manufacturing technique), RGB (luxury leather goods accessories), Dyloan (luxury technology R&D and production) and Nuova Nicol (luxury knitwear for women) in 2022, thus creating the first 'Italian hub of luxury fashion engineering & production'. In terms of products, the group's production comes from knitwear for 40% of the total, clothing for 40% and leather goods for 20%.

Since 2015, Pattern has been voluntarily drawing up sustainability reports in accordance with the reporting guidelines of the Global Reporting Initiative (GRI Standards), focusing its attention on Corporate Social Responsibility principles. In 2023, revenues were € 145.6m, adjusted EBITDA was € 19.9m, 13.7% of revenues. NFP was € 0.6m cash.

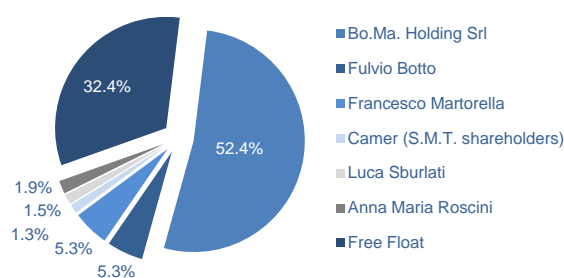
2023 breakdown by geography...



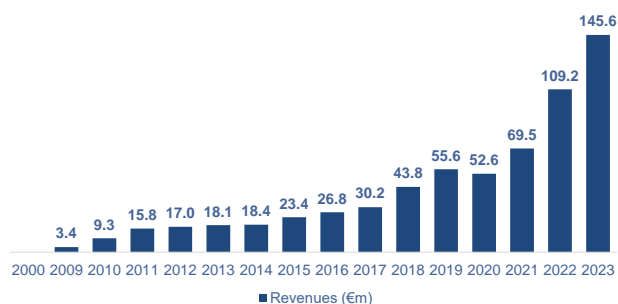
... and by product line



Shareholders structure



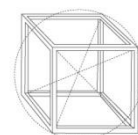
Top line evolution



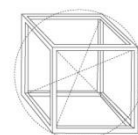
Peer group multiples table

EV multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Burberry Group PLC	1.37	1.34	5.6	5.5	9.7	9.3	15.4	15.2
Capri Holdings Ltd	2.01	1.29	14.7	8.5	19.7	11.1	12.0	10.3
Compagnie Financiere Richemont SA	3.37	3.20	11.2	10.5	14.3	13.3	20.9	18.4
Hermes International SCA	15.77	13.96	34.0	30.1	38.1	33.5	53.9	47.9
Kering SA	2.74	2.55	9.0	8.0	12.5	11.0	16.4	14.6
LVMH Moet Hennessy Louis Vuitton SE	4.67	4.38	14.0	13.0	17.7	16.4	25.9	23.5
Median Luxury	3.05	2.88	12.6	9.5	16.0	12.2	18.6	16.8
Brembo SpA	1.08	0.97	6.2	5.5	10.0	8.6	12.5	11.1
Eurotech SpA	0.67	0.51	7.0	3.5	17.8	5.4	23.6	7.1
Fine Foods & Pharmaceuticals NTM SpA	0.69	0.41	5.8	3.3	12.6	n.a.	18.1	11.6
Sabaf SpA	1.04	0.94	6.5	5.4	12.2	9.1	14.5	11.2
Median domestic B2B	0.87	0.73	6.4	4.5	12.4	8.6	16.3	11.2
Pattern SpA	0.79	0.68	7.8	5.7	17.0	9.8	54.4	22.0

Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2022	2023	2024e	2025e	2026e
Revenues	109.2	145.6	120.8	135.4	147.5
Value of Production	110.4	145.6	122.1	136.7	149.0
Raw material and processing	(28.4)	(28.8)	(23.2)	(26.0)	(28.3)
Services	(42.3)	(56.2)	(46.4)	(52.0)	(56.6)
Personnel expenses	(25.4)	(37.2)	(36.6)	(38.6)	(40.5)
Other opex	(3.2)	(4.5)	(3.7)	(4.1)	(4.5)
EBITDA	11.1	18.8	12.2	16.1	19.1
D&A	(4.2)	(10.4)	(6.6)	(6.7)	(6.7)
EBIT	6.9	8.4	5.6	9.4	12.4
Financials	(0.3)	(0.6)	(1.0)	(1.0)	(1.0)
Re/(Devaluation) of financial assets	0.0	0.0	0.0	0.0	0.0
Extraordinary	0.0	20.3	0.0	0.0	0.0
Pre-Tax profit	6.6	28.1	4.7	8.5	11.4
Income taxes	(2.5)	(4.7)	(1.4)	(2.5)	(3.4)
Minorities	(1.5)	(2.3)	(1.6)	(1.8)	(1.9)
Group's Net Profit	2.6	21.1	1.7	4.2	6.0
Adj. EBITDA	11.1	19.9	12.2	16.1	19.1
Adj. Group's Net Profit	2.6	5.7	1.7	4.2	6.0
Balance sheet (€ m)	2022	2023	2024e	2025e	2026e
Net Working Capital	11.3	8.2	10.5	12.1	13.4
Net Fixed Assets	35.7	39.1	44.4	45.2	42.5
Equity Investments	1.1	2.9	2.9	2.9	2.9
Other M/L Term A/L	(4.7)	(8.3)	(8.0)	(8.6)	(9.2)
Net Invested Capital	43.5	41.9	49.9	51.6	49.7
Net Financial Debt	13.9	(0.6)	4.1	0.5	(7.9)
Minorities	4.8	5.0	6.6	8.4	10.3
Group's Shareholders Equity	24.8	37.5	39.1	42.7	47.3
Financial Liabilities & Equity	43.5	41.9	49.9	51.6	49.7
Cash Flow statement (€ m)	2022	2023	2024e	2025e	2026e
Total net income	4.1	3.4	3.3	5.9	8.0
Depreciation	4.2	10.4	6.6	6.7	6.7
Other non-cash charges	2.9	2.8	(0.4)	0.6	0.6
Cash Flow from Oper. (CFO)	11.2	16.6	9.5	13.2	15.2
Change in NWC	(5.4)	3.1	(2.3)	(1.6)	(1.3)
FCF from Operations (FCFO)	5.8	19.7	7.2	11.6	13.9
Net Investments (CFI)	(21.7)	3.2	(11.9)	(7.4)	(4.0)
Free CF to the Firm (FCFF)	(15.9)	23.0	(4.8)	4.2	9.9
CF from financials (CFF)	9.7	(20.1)	0.0	(0.6)	(1.5)
Free Cash Flow to Equity (FCFE)	(6.2)	2.9	(4.8)	3.6	8.5
Financial ratios	2022	2023	2024e	2025e	2026e
EBITDA margin	10.2%	12.9%	10.1%	11.9%	12.9%
EBIT margin	6.3%	5.8%	4.6%	7.0%	8.4%
Adj. Net profit margin	2.4%	3.9%	1.4%	3.1%	4.1%
Tax rate	38.4%	16.8%	30.0%	30.0%	30.0%
Op NWC/Sales	10.3%	5.6%	8.6%	8.9%	9.0%
Interest coverage x	0.04	0.07	0.17	0.10	0.08
Net Debt/EBITDA x	1.25	(0.03)	0.34	0.03	(0.42)
Debt-to-Equity x	0.56	(0.02)	0.11	0.01	(0.17)
ROIC	6.0%	50.5%	3.4%	8.1%	12.2%
ROCE	10.0%	11.4%	7.3%	11.4%	13.8%
ROACE	11.7%	11.8%	7.4%	11.8%	14.3%
ROE	10.5%	56.4%	4.3%	9.7%	12.8%
Payout ratio	0.0%	n.m.	35.0%	35.0%	35.0%
Per share figures	2022	2023	2024e	2025e	2026e
Number of shares # m	14.36	14.36	14.36	14.36	14.36
Number of shares Fully Diluted # m	14.36	14.36	14.36	14.36	14.36
Average Number of shares Fully Diluted # m	14.31	14.36	14.36	14.36	14.36
EPS stated €	0.18	1.47	0.12	0.29	0.42
EPS adjusted €	0.18	0.40	0.12	0.29	0.42
EBITDA €	0.78	1.31	0.85	1.12	1.33
EBIT €	0.48	0.58	0.39	0.66	0.86
BV €	2.06	2.96	3.19	3.56	4.01
FCFO €	0.41	1.37	0.50	0.81	0.97
FCFF €	(1.11)	1.60	(0.33)	0.29	0.69
FCFE €	(0.44)	0.20	(0.33)	0.25	0.59
Dividend €	0.00	0.58	0.04	0.10	0.15

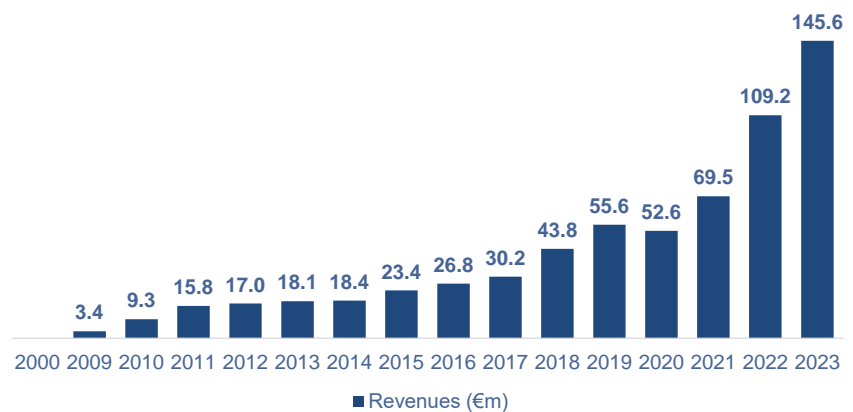


Pattern in a Nutshell

Founded in 2000 by Fulvio Botto and Francesco Martorella, Pattern is a leading **Italian player** specialised in **modelling, engineering, grading, prototyping and manufacturing of luxury clothing** for men and women, and the undisputed **leader in the outerwear niche**, operating in the **catwalk segment and among the top lines** of the most prestigious global luxury brands. The group **manages the entire engineering and production cycle** from patterns to prototypes, to the creation of ready-to-wear garments and successive productions. **Pattern runs the high value-added engineering and prototyping phases** whilst production is partially outsourced to a plethora of suppliers ('façonists').

The group has shown outstanding growth since its establishment: a 30.8% sales CAGR in 2009-23. In 2023, revenues were € 145.6m, adjusted EBITDA was € 19.9m, 13.7% of revenues. NFP was € 0.6m cash.

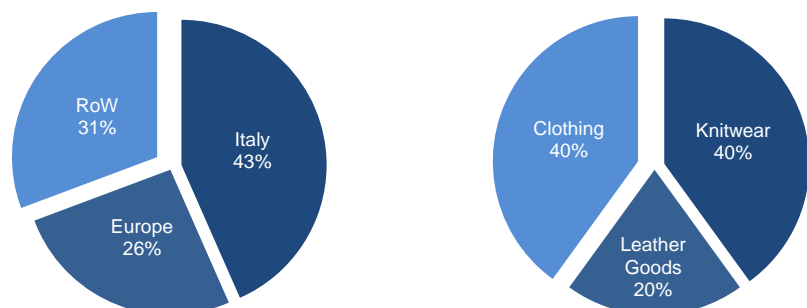
Chart 1 – Pattern, 2000-23 top line evolution



Source: Company data

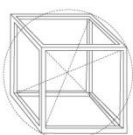
Pattern's global export sales reached 57% of total revenues. It is worth remembering that several customers of Pattern are the Italian branches of global luxury brands, thus a great share of domestic turnover is intended for the abroad. **In terms of products**, the group's production comes from **knitwear for 40%** of the total, **clothing for 40%** and **leather goods for 20%**.

Chart 2 – Pattern, 2023 top line breakdown by geography and product line



Source: Company data

The group's reference market is Luxury Clothing for men and women. In particular, **Pattern focuses on the segment of "absolute luxury" brands**, players that generally outsource the engineering and production processes to trustworthy third-party suppliers.

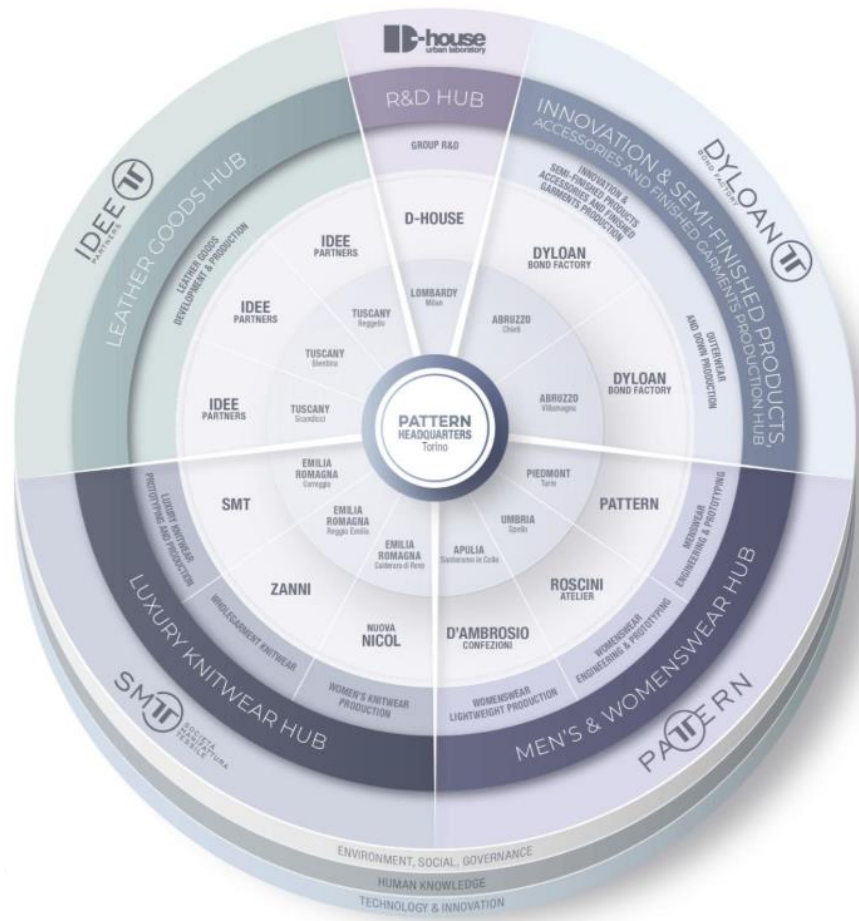


The Italian hub of luxury fashion engineering & production

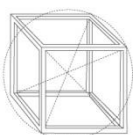
As of today, Pattern is becoming ever more **the main Italian hub of luxury fashion engineering & production**, operating with five 'sub-hubs' focused on specific niches:

- 1) The **Hub of R&D**, headed by **D-house**, an urban innovation and research laboratory based in Milan;
- 2) The **Hub of Innovation and Production** of semi-finished and finished garments as well as accessories, composed of **Dyloan Bond Factory**, based in Abruzzo, and **ShapeMode**, based in Milan and specialised in Digital Fabrication & Additive Manufacturing;
- 3) The **Hub of Menswear and Womenswear**, namely Pattern in Piedmont, Roscini Atelier in Umbria and D'Ambrosio Confezioni in Apulia;
- 4) The **Hub of Luxury Knitwear** in Emilia Romagna, composed of **S.M.T.**, **Zanni** and **Nuova Nicol**;
- 5) The **Hub of Leather Goods** in Tuscany, with Idee Partners.

Chart 3 – Pattern, the Italian hub of luxury fashion engineering & production



Source: Company data

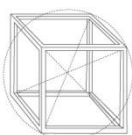


Strategy

Following the outstanding growth path recorded since its establishment, Pattern is now aiming to continue its development and the consolidation of its competitive positioning, with a view to becoming **the market leader in the “Made in Italy” luxury fashion engineering segment**, namely strengthening the **Italian Hub of Luxury Fashion Engineering & Production**.

In line with its growth path, Pattern's principal strategy is focused on:

- **Continuing with organic growth:** Pattern aims to increase its customer portfolio, gaining new partnerships with absolute luxury brands and strengthening the relationships with the existing ones. After the acquisition of S.M.T., Zanni and Nuova Nicol in the knitwear segment, IDEE Partners, RGB and Petri & Lombardi in the leather niche, and Dyloan, focused on R&D and innovative production technologies for the luxury brands, **Pattern is one of the few industry players able to internally manage all the main product categories** (men's and womenswear, knitwear, stationary fabrics, leather goods, clothing and accessories) **and hybrids**, complex garments made from different materials and through various processes, starting from the Research and Engineering phases to production.
- **Pursuing external growth opportunities:** the reference market is highly fragmented with a few medium-sized players and a plethora of small local players. In order to further expand its business and after the recently completed acquisitions, Pattern is still looking for M&A opportunities among companies operating in different product categories. It is worth noting that **Pattern's M&A strategy is not based on a compulsive acquisition process:** the focus is on companies characterised by a **strong product development activity managed by entrepreneurs who share the group's industrial project** and are not only interested in selling their companies to the best offeror.
- **Technological development:** in the last few years, Pattern has invested in prototyping and production technologies, namely 3D virtual prototyping to demonstrate to their customers how the final garment shall look in the prototyping phase. In addition, Pattern set up a new innovative warehouse equipped with the RFID blockchain technology able to satisfy the industry's increasing requests for product transparency and traceability.



SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out with regard to a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieving that objective.

- **Strengths:** characteristics of the business that give it an advantage over others.
- **Weaknesses:** characteristics that place the business at a disadvantage vs. others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s/70s using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- ❑ **Reference partner of the key absolute luxury brands**
- ❑ **Made in Italy** as primary key success factor in the luxury fashion industry
- ❑ **R&D:** innovative fabrics, advanced production techniques and cutting-edge **3D pattern-making** technologies
- ❑ **Internal production capacity** thanks to Dyloan and D'Ambrosio Confezioni
- ❑ Pattern is the **only ESG-rated player** in the competitive arena
- ❑ **Flexible manufacturing structure**, low WC pressure, complete offer
- ❑ **High customer loyalty**

WEAKNESSES

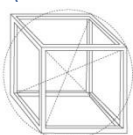
- ❑ Management functions in the hands of a **few key people**
- ❑ A certain **customer and supplier concentration**
- ❑ **Limited sustainability certified façonists** available, now mitigated by the internal production capacity

OPPORTUNITIES

- ❑ **Consolidation opportunities** in the highly-fragmented domestic market
- ❑ Growing demand for **casual and high technological content fashion apparel**
- ❑ Increased market attention to **sustainability and circular economy**
- ❑ Growing demand for luxury fashion and products from **younger generations**

THREATS

- ❑ Some absolute luxury brands may decide for the **insourcing of the engineering and production process**
- ❑ **Shortage of highly skilled and committed personnel** and to a certain extent of **production capacity**
- ❑ **Reputational risk:** a negative perception of services provided could have a negative long-term impact
- ❑ **New potential consolidating players** in the industry with huge fire power (i.e. private equity funds)



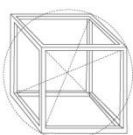
ESG Profile

Pattern **founded its culture on ESG principles** and, since 2015, has been voluntarily preparing sustainability reports in accordance with the **GRI (Global Reporting Initiative) guidelines**. In addition, some of its ESG targets are inspired by the **United Nations' Sustainable Development Goals (SDGs)**. The rigorous efforts towards sustainability will make the company Carbon Neutral by 2023 thanks to targeted investments, i.e. geothermal and photovoltaic plants, and have been recognised with a remarkable ESG rating. In addition, Pattern represents the first Italian company in its sector to have adhered to the SA8000 standard.

Chart 4 – Pattern, ESG Profile

<p>E Environmental</p>	<ul style="list-style-type: none"> ❑ Included among the “2021 Leaders of Sustainability” ❑ Photovoltaic plant in Turin (75 kW) and in Spello (70 kW) ❑ 140 kW geothermal plant operational since 2020 ❑ The five-year plan ‘From Red to Green Carpet’ aims to: <ul style="list-style-type: none"> ✓ achieve Carbon Neutrality by 2023 ✓ extend the Circular Economy principles to all the group’s activities ❑ ESG Rating assigned by CDP: C ❑ Organisation Carbon Footprint, allows to precisely quantify the overall direct and indirect environmental impact (according to GHG Protocol and considering scope 1, 2 and 3 parameters) of the group across all the value chain
<p>S Social</p>	<ul style="list-style-type: none"> ❑ Pattern provides information about the composition of its workforce ❑ Compliance with the SA8000 standards since 2013 ❑ Supplier selection policy: suppliers and façonists must hold process certifications (in particular the SA8000 standard) and sign a ratification of Code of Conducts for Suppliers ❑ An Integrated Management System will be rolled out within 2023 with the aim to standardise company’s processes for quality, environment, health and safety management ❑ SER (Supplier Engagement Rating) certification with rating B-referred to 2021: issued by CDP, the rating assesses how effectively an organisation inspires supply chain engagement on climate change issues
<p>G Governance</p>	<ul style="list-style-type: none"> ❑ Publication of the Sustainability Report since 2015 ❑ Organisational Model pursuant to Legislative Decree no. 231/2001 ❑ Code of Ethics and Code of Conduct ❑ List voting: 5% ❑ 9 members in the BoD, 2 Independent Director, 2 women

Source: CFO SIM analysis on company data



FY-23 Results

Pattern reported FY-23 results significantly better than expectations, in particular concerning EBITDA and CF generation. The tremendous increase in EBITDA margin was mainly driven by the knitwear segment, which posted a brilliant second half of the year.

Table 1 – Pattern, FY-23 results summary

€ m	2023	2022	% YoY	2023e	% Diff.
Revenues	145.6	109.2	33.3	137.0	6.3
Increase in finished products	(2.3)	(0.6)		0.0	
Other revenues	2.3	1.8		0.3	
Value of Production	145.6	110.4	31.8	137.3	6.1
Raw material and processing	(28.8)	(28.4)		(33.6)	
Services	(56.2)	(42.3)		(53.5)	
Personnel expenses	(37.2)	(25.4)		(31.2)	
Other opex	(4.5)	(3.2)		(4.3)	
EBITDA	18.8	11.1	69.3	14.7	28.1
% margin	12.9	10.2		10.7	
D&A	(10.4)	(4.2)		(6.3)	
EBIT	8.4	6.9	21.8	8.4	0.3
% margin	5.8	6.3		6.1	
Financials	(0.6)	(0.3)		(0.8)	
Re/(Devaluation) of financial assets	0.0	0.0		0.0	
Extraordinary	20.3	0.0		20.0	
Pre-Tax profit	28.1	6.6	n.m.	27.6	2.0
% margin	19.3	6.0		20.1	
Income taxes	(4.7)	(2.5)		(2.3)	
Tax rate	16.8%	38.4%		30.0%	
Minorities	(2.3)	(1.5)		(1.7)	
Group's Net Profit	21.1	2.6	n.m.	23.6	(10.5)
% margin	14.5	2.4		17.2	
Adj. EBITDA	19.9	11.1	78.8	14.7	35.3
% margin	13.7	10.2		10.7	
Adj. Group's Net Profit	5.7	2.6	n.m.	3.6	58.6
% margin	3.9	2.4		2.6	
NFP debt/(cash)	(0.6)	13.9	n.m.	7.1	n.m.

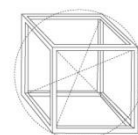
Source: Company data, CFO SIM estimates

Revenues were € 145.6m, up by 33.3% YoY, exceeding our projection of € 137.0m by 6.3%. This result was driven by solid organic growth higher than the reference market, as well as the positive contribution of the latest acquired company, Nuova Nicol, and the full consolidation of RBG and Dyloan (consolidated for 6M and 2M, respectively, in 2022).

The combined effect of organic and external growth more than offsets the disposal of the BU dedicated to Burberry, a long-standing customer (deconsolidated for the last 3M).

In particular, Pattern exhibited a **significant growth in the knitwear** segment thanks to a growing reference market coupled with the **top-notch expertise of the group in the sector**. In addition, the knitwear segment benefitted from the acquisition of Nuova Nicol which expanded the group's customer portfolio in the luxury women's segment.

Concerning the **leather goods segment**, Pattern streamlined its operations by **merging the subsidiaries Petri e Lombardi and RGB in Idee partners**. This reorganisation started to produce the first synergies, as the leather goods division started to work under a joint strategic and operational management.



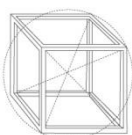
EBITDA was € 18.8m, 12.9% margin, almost 70% higher than € 11.1m (10.2% margin) reported in 2022, and **28% greater than our estimate of € 14.7m** (10.7% margin). This outstanding result was obtained thanks to a **strong second half of the year, particularly concerning the knitwear segment, the profitability of which increased by about 50%**.

It is worth remembering that the knitwear segment offers margins greater than the group's average and is highly scalable, thus the increase in the turnover translates in a more than proportional progression of margins. By excluding € 1.1m of extraordinary costs linked to the disposal of the business unit to Burberry, **adjusted EBITDA reached € 19.9m, 13.7% margin**.

EBIT totalled € 8.4m, 5.8% margin (€ 6.9m, 6.3% margin, in 2022), perfectly aligned with our forecast despite a better-than-expected EBITDA as a result of **higher-than-anticipated D&A**, which came in at € 10.4m, compared to our estimate of € 6.3m and € 4.2m reported in 2022. The increase in D&A was **primarily due to a write-off of € 4.0m concerning the goodwill generated by the acquisition of the Dyloan Bond Factory** and to a lesser extent to the extended perimeter of the group following the recent acquisitions. By excluding the above-mentioned write-off, D&A came in broadly in line with our forecast.

After 1) financial charges of € 0.6m (vs € 0.3m in 2022), 2) capital gain of € 20.3m stemming from the disposal of the BU to Burberry, 3) taxes of € 4.7m and 4) minority interest of € 2.3m, the **Group's Net profit was € 21.1m, 14.5% margin**. By excluding the capital gain and the one-off costs related to the above-mentioned disposal as well as the write-off of the participation in Dyloan, **Group's adjusted Net Profit reached € 5.7m**, compared to € 2.6m in 2022.

Net Financial Position stood at € 0.6m cash, compared to € 13.9m debt at the end of 2022 and € 15.4m debt registered at the end of H1-23. It is worth remembering that the disposal of the business unit dedicated to Burberry's products in Oct-23 generated net proceeds of € 22.4m, which were partially distributed to the shareholders through an **extraordinary dividend of € 0.58/s (€ 8.4m) paid in Dec-23**, higher than our forecast of € 0.17/s. NFP came in significantly better than our forecast of € 7.1m debt, showing a stronger-than-anticipated cash flow generation in the second half of the year.



Estimates, Outlook, Valuation & Risks

FY-23 was an outstanding year for Pattern, thanks to the double-digit sales growth coupled with a more than proportional progression of margins. In addition, the disposal of the business unit dedicated to Burberry's products generated significant value for shareholders.

Following the massive M&A campaign carried out since the IPO, in 2023 the operating synergies among the acquired companies started to materialise, opening up further opportunities for cross-selling activities in the coming years with positive effects on turnover and profitability growth.

In 2024, the uncertainties plaguing the current macroeconomic environment, such as the ongoing conflicts in Ukraine and the Gaza Strip, could affect the global luxury industry. In particular, **the trend is an increasing gap between top luxury brands**, whose high-value-added products are more resilient, granting steady growth over time, **and fashion luxury brands**, which are more tied to the product's aesthetics instead of the quality, with a consequent higher volatility of sales.

In this context, Pattern aims at consolidating its leading position in the luxury engineering and production segment thanks to its **strong technological and ESG efforts** and its **focus on innovation and product development**. As a consequence, **management expects the performance of the first half of 2024 being in line with the previous year and potentially growing results in the second semester**. Moreover, to defend margins and take advantage of synergies, Pattern will further work on the streamlining of the group's structure and the optimisation of the operating processes.

On the back of the FY-23 results release and the qualitative outlook announced by the group, **we have revised our model** by factoring in: 1) sales growth lower than previously expected, with 2024 characterised by broadly stable sales of knitwear and clothing (on a like-for-like basis), and slightly declining revenues of leather goods; 2) profitability still at double-digit but lower than FY-23; 3) € 500k investment in a joint venture with a domestic producer of cashmere for the realisation of double construction garments; 4) a fine-tuning of capex for the new headquarters in Turin (overall € 12.0m in 2024-25). **The combined result is an average 5.3%, 13.1% and 42.7% cut in revenues, EBITDA and Net Profit in 2024-25**. Furthermore, we have introduced 2026 projections. We remind that, FY-24 will be the first year of full deconsolidation of the Turin-based BU dedicate to Burberry's products, while in FY-23 it was deconsolidated only for 3 months.

Table 2 – Pattern, 2024e new/old estimates

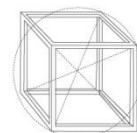
€ m	New	Old	% Diff.	€ m Diff.
Revenues	120.8	130.4	<i>(7.3)</i>	(9.6)
EBITDA	12.2	14.8	<i>(17.9)</i>	(2.7)
% margin	10.1	11.4		
EBIT	5.6	8.9	<i>(36.7)</i>	(3.3)
% margin	4.6	6.8		
Adj. Net Profit	1.7	3.9	<i>(57.3)</i>	(2.3)
% margin	1.4	3.0		
Y/E net debt / (net cash)	4.1	1.9	<i>n.m.</i>	2.2

Source: CFO SIM

Table 3 – Pattern, 2025e new/old estimates

€ m	New	Old	% Diff.	€ m Diff.
Revenues	135.4	140.0	<i>(3.3)</i>	(4.7)
EBITDA	16.1	17.6	<i>(8.3)</i>	(1.5)
% margin	11.9	12.5		
EBIT	9.4	11.5	<i>(18.3)</i>	(2.1)
% margin	7.0	8.2		
Adj. Net Profit	4.2	5.8	<i>(28.1)</i>	(1.6)
% margin	3.1	4.1		
Y/E net debt / (net cash)	0.5	(3.9)	<i>n.m.</i>	4.5

Source: CFO SIM



Moreover, CFO has updated the DCF valuation criteria, bringing the Risk-Free Rate up-to-date and postponed its first valuation projection to 2024. The combined result is a new **DCF-based PT of € 7.00/s (€ 7.80), 10.2% upside potential**. The reduction in PT is partly due to the higher-than-expected extraordinary dividend distributed in Dec-23 (€ 0.58/s vs our forecast of € 0.17/s) and to a lesser extent to the estimates revision.

On the back of the revised estimates for the 2024-26 period, **we believe that Pattern is currently fairly priced on fundamentals**. Thus, we change our recommendation to **Neutral (Buy)**.

DCF

In the valuation via the DCF method, we determine the company's value by identifying an explicit forecast period until 2028 and then by cautiously assuming a long-term growth rate of 1.0%. Cash flows are discounted back at a weighted average cost of capital, calculated according to the following parameters:

Table 4 - WACC derived from:

Interest costs, pre-tax	4.5%
Tax rate	30.0%
Int. costs, after taxes	3.2%
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200gg simple moving average)	4.18%
Beta levered (x)	1.00
Required ROE	13.2%

Sources: CFO SIM, Refinitiv Eikon

Risk premium at 9.0% factors in the minute size of the company and basically all the concerns that an investor might have with regard to Euronext Growth Milan. **Beta at 1.00** has been set prudentially, taking into account the company's lower liquidity. **The WACC is computed by using a 30:70% debt/equity balance-sheet structure** (prev. 80:20%), thus taking into account some leverage required for the realisation of the new headquarters as well as for financing some acquisitions.

Table 5 - Pattern, DCF model

€ m	2024e	2025e	2026e	2027e	2028e	TV
EBIT	5.6	9.4	12.4	16.4	18.9	
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	
Operating profit (NOPAT)	3.9	6.6	8.7	11.5	13.2	
Change working capital	(2.3)	(1.6)	(1.3)	(0.7)	(0.1)	
Depreciation	6.6	6.7	6.7	5.1	3.5	
Investments	(11.9)	(7.4)	(4.0)	(3.8)	(3.5)	
Free Cash Flows	(3.7)	4.2	10.0	12.1	13.2	145.2
Present value	(3.5)	3.6	7.7	8.4	8.3	91.7
WACC	10.2%	10.2%	10.2%	10.2%	10.2%	
Long-term growth rate	1.0%					

Source: CFO SIM

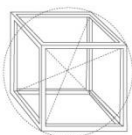


Table 6 – Pattern, DCF derived from:

€ m	
Total EV present value € m	116.2
<i>thereof terminal value</i>	78.9%
NFP last reported	0.6
Pension provision last reported	(4.6)
Minorities valued @ 2.4 P/BV	(11.9)
Equity value € m	100.4
#m shares	14.36
Equity value €/s	7.00
% upside/(downside)	10.2%

Source: CFO SIM

By applying our DCF model, we attained an **equity value of € 100.4m (€ 7.00/s)** for Pattern.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value of **€ 6.46-7.61/s (perpetuity range between 0.25% and 1.75%)**, while 2) if compared to changes in the free risk rate, it produces an equity value of **€ 6.57-7.44/s (free risk range between 4.78% and 3.58%)** and 3) if compared to changes in the risk premium, including the small-size premium, it results in an equity value of **€ 6.02-8.21/s (risk premium range between 10.5% and 7.50%)**.

Table 7 – Pattern, equity value sensitivity to changes in terminal growth rate

€ m	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
Present value of CF	24.6	24.6	24.6	24.6	24.6	24.6	24.6
PV of terminal value	84.1	86.5	89.0	91.7	94.5	97.4	100.6
Total value	108.7	111.1	113.6	116.2	119.0	122.0	125.1
NFP last reported	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Pension provision	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)
Minorities	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)
Equity value	92.8	95.2	97.7	100.4	103.2	106.1	109.3
Equity value/share €	6.46	6.63	6.80	7.00	7.18	7.39	7.61

Source: CFO SIM

Table 8 – Pattern, equity value sensitivity to changes in free risk rate

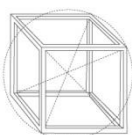
€ m	3.58%	3.78%	3.98%	4.18%	4.38%	4.58%	4.78%
Present value of CF	24.9	24.8	24.7	24.6	24.4	24.3	24.2
PV of terminal value	97.8	95.7	93.6	91.7	89.7	87.9	86.1
Total value	122.7	120.5	118.3	116.2	114.2	112.2	110.3
NFP last reported	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Pension provision	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)
Minorities	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)
Equity value	106.9	104.7	102.5	100.4	98.3	96.4	94.4
Equity value/share €	7.44	7.29	7.14	7.00	6.85	6.71	6.57

Source: CFO SIM

Table 9 – Pattern, equity value sensitivity to changes in risk premium

€ m	7.50%	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%
Present value of CF	25.5	25.2	24.9	24.6	24.3	24.0	23.7
PV of terminal value	108.3	102.3	96.7	91.7	87.0	82.6	78.6
Total value	133.8	127.5	121.6	116.2	111.2	106.6	102.3
NFP last reported	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Pension provision	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)
Minorities	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)	(11.9)
Equity value	118.0	111.6	105.8	100.4	95.4	90.8	86.4
Equity value/share €	8.21	7.77	7.36	7.00	6.64	6.32	6.02

Source: CFO SIM



Market Multiples

Pattern provides high value-added luxury apparel engineering and design services with production outsourced to *façonists*: **the company does not have any comparable listed companies**. We conducted an analysis on two clusters: 1) six companies operating in the absolute luxury and fashion arena; 2) four Italian companies operating with a B2B business model.

Among luxury fashion companies, we have selected the following:

Burberry Group PLC: a global luxury brand with British heritage, core outerwear, and large leather goods base. The company designs and sources apparel and accessories. Burberry sells its products worldwide, namely to the Asia Pacific and EMEA regions as well as the Americas.

Capri Holding Ltd: the holding company, through its brands (such as Versace, Jimmy Choo and Michael Kors), covers the full spectrum of fashion luxury categories including women's and men's accessories, footwear and ready-to-wear products as well as wearable technology, watches, jewellery, eyewear and a full line of fragrance products.

Compagnie Financière Richemont SA: holds a portfolio of leading international 'Maisons' which are recognised for their distinctive heritage, craftsmanship and creativity. The group operates in four business areas: jewellery Maisons, specialist watchmakers, online distributors, and other fashion & accessories Maisons.

Hermes International SCA: founded in 1837, it is an independent, family-owned company dedicated to keeping the essential element of production in France through its 42 workshops and to developing its network of 310 stores in over 49 countries.

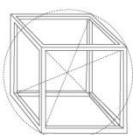
Kering SA: as a global luxury group, Kering develops an ensemble of luxury houses in fashion, leather goods, jewellery and watches: Gucci, Saint Laurent, Bottega Veneta, Alexandre McQueen, Balenciaga, Ulysse Nardin, etc. The company specialises in ready-to-wear products, sports goods, shoes, jewellery, and watches.

LVMH SE: Louis Vuitton Moët Hennessy operates in four business segments: 1) wines and spirits, with brands like Moët & Chandon, Dom Pérignon, Veuve Clicquot Ponsardin, Krug, Ruinart, Belvedere; 2) fashion and leather goods, which include some absolute luxury brands such as Louis Vuitton, Christian Dior Couture, Celine, Loewe, Fendi, Berluti; 3) perfumes and cosmetics, and 4) watches and jewellery, comprising, among others, Bvlgari, TAG Heuer, Zenith and Hublot. LVMH is also active in selective retailing as well as other activities.

Amongst B2B Italian companies, we selected the following:

Eurotech SpA: it is engaged in the research, development, production, and marketing of miniaturised and high-performance computers featuring high computing capacity. It operates in the NanoPC and High-Performance Computing (HPC) segments. It also offers boards and embedded modules. In addition, the company provides panel PCs, industrial monitors and computers, mobile and portable systems, and environmental monitoring systems. Furthermore, it offers the Everyware Device Cloud solution, which enables customers to make business decisions; the Machine-to-Machine Integration Platform, which simplifies device and data management; and Everyware Software Framework, which acts as a link between the private device network and the local network, public Internet, or cellular network; finally, it offers consulting and solutions design services.

Fine Foods & Pharmaceuticals NTM SpA: founded in 1984, it is a domestic leading independent company in the development, contract development and manufacturing of solid oral forms for the pharmaceutical and nutraceutical industries. The company is recognised on the market for the high quality of its products. It also has consolidated and continuous relationships with most of its customers.



Brembo SpA: the world's undisputed leader and acknowledged innovator of disc brake technology for automotive vehicles, Brembo supplies high performance brake systems to the most important manufacturers of cars, commercial vehicles and motorbikes worldwide, as well as clutches and other components for racing. Brembo is also a leader in the racing sector and has won more than 400 championships.

Sabaf SpA: with its 800 employees, it is the key manufacturer in Italy, and one of the world's leading producers of components for kitchens and domestic gas cooking appliances. It produces valves, thermostats and burners for gas cooking appliances and hinges for ovens, washing machines and dishwashers. Technological expertise, manufacturing flexibility, and the ability to offer a vast range of tailor-made components are Sabaf's key strengths.

Table 10 - Pattern, peer group summary table

€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR ₂₃₋₂₆	EBITDA CAGR ₂₃₋₂₆	EBIT CAGR ₂₃₋₂₆	EPS CAGR ₂₃₋₂₆	NFP FY1	NFP /EBITDA
Burberry Group PLC	UK	5,096	3,462	846	24.4%	1.6%	-6.0%	-7.6%	-10.5%	(346)	n.m.
Capri Holdings Ltd	US	4,922	4,821	661	13.7%	-0.1%	-3.0%	-4.7%	-1.8%	4,772	7.2
Compagnie Financiere Richemont	F	76,003	20,632	6,189	30.0%	5.0%	3.3%	2.5%	5.1%	(6,516)	n.m.
Hermes International SCA	F	249,777	15,090	6,990	46.3%	11.3%	11.1%	10.9%	11.7%	(11,880)	n.m.
Kering SA	F	45,215	19,592	5,951	30.4%	4.7%	3.9%	5.0%	4.9%	8,450	1.4
LVMH Moet Hennessy Louis Vuitton	F	418,018	90,351	30,034	33.2%	6.6%	6.8%	7.7%	6.9%	3,915	0.1
Median Luxury		60,609	17,341	6,070	30.2%	4.9%	3.6%	3.7%	5.0%	1,785	1.4
Brembo SpA	IT	3,978	4,030	701	17.4%	6.3%	8.8%	11.7%	10.1%	380	0.5
Eurotech SpA	IT	62	100	9	9.5%	n.a.	n.a.	n.a.	n.m.	5	0.5
Fine Foods & Pharmac. NTM SpA	IT	184	273	33	11.9%	9.9%	n.a.	n.a.	n.a.	5	0.1
Sabaf SpA	IT	228	273	44	16.0%	8.8%	28.3%	78.1%	89.1%	57	1.3
Median domestic B2B		206	273	38	13.9%	8.8%	18.6%	44.9%	49.6%	31	0.5
Pattern SpA	IT	92	121	12	10.1%	0.4%	-1.4%	-2.6%	1.8%	4	0.3

Sources: CFO SIM, Refinitiv Eikon

Table 11 - Pattern, peer group EV multiple table

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Burberry Group PLC	1.37	1.34	1.24	5.6	5.5	4.9
Capri Holdings Ltd	2.01	1.29	1.18	14.7	8.5	7.4
Compagnie Financiere Richemont	3.37	3.20	2.95	11.2	10.5	9.5
Hermes International SCA	15.77	13.96	12.57	34.0	30.1	26.4
Kering SA	2.74	2.55	2.35	9.0	8.0	7.2
LVMH Moet Hennessy Louis Vuitton	4.67	4.38	3.87	14.0	13.0	11.5
Median Luxury	3.05	2.88	2.65	12.6	9.5	8.4
Brembo SpA	1.08	0.97	0.85	6.2	5.5	4.7
Eurotech SpA	0.67	0.51	n.a.	7.0	3.5	n.a.
Fine Foods & Pharmac. NTM SpA	0.69	0.41	n.a.	5.8	3.3	n.a.
Sabaf SpA	1.04	0.94	0.85	6.5	5.4	4.7
Median domestic B2B	0.87	0.73	0.85	6.4	4.5	4.7
Pattern SpA	0.79	0.68	0.57	7.8	5.7	4.4
% premium/(discount) to luxury peers	(74.1)	(76.4)	(78.6)	(37.9)	(39.8)	(47.9)
% premium/(discount) to domestic B2B peers	(8.7)	(6.4)	(33.4)	22.9	27.6	(7.2)

Sources: CFO SIM, Refinitiv Eikon

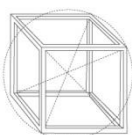
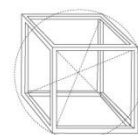


Table 12 - Pattern, peer group EV & price multiple table

x	EBIT FY1	EBIT FY2	EBIT FY3	PER FY1	PER FY2	PER FY3
Burberry Group PLC	9.7	9.3	8.0	15.4	15.2	12.7
Capri Holdings Ltd	19.7	11.1	9.5	12.0	10.3	9.1
Compagnie Financiere Richemont	14.3	13.3	12.5	20.9	18.4	16.7
Hermes International SCA	38.1	33.5	29.7	53.9	47.9	42.5
Kering SA	12.5	11.0	9.7	16.4	14.6	12.8
LVMH Moet Hennessy Louis Vuitton	17.7	16.4	14.2	25.9	23.5	21.5
Median Luxury	16.0	12.2	11.1	18.6	16.8	14.7
Brembo SpA	10.0	8.6	7.1	12.5	11.1	9.7
Eurotech SpA	17.8	5.4	n.a.	23.6	7.1	n.a.
Fine Foods & Pharmac. NTM SpA	12.6	n.a.	n.a.	18.1	11.6	n.a.
Sabaf SpA	12.2	9.1	7.7	14.5	11.2	10.0
Median domestic B2B	12.4	8.6	7.4	16.3	11.2	9.8
Pattern SpA	17.0	9.8	6.8	54.4	22.0	15.1
% premium/(discount) to luxury peers	6.5	(19.9)	(38.9)	191.9	31.0	2.7
% premium/(discount) to domestic B2B peers	37.9	13.4	(8.9)	234.2	96.9	54.1

Sources: CFO SIM, Refinitiv Eikon



Peer Stock Performance

Pattern was listed on Euronext Growth Milan on **17 July 2019 at € 3.25/share**, corresponding to a **post-money market cap. of € 44.2m**. Adopting the same approach used in setting up the peer sample for assessing Pattern's value, we conducted an analysis on two clusters: 1) six companies operating in the absolute luxury and fashion arena; 2) four Italian companies operating with a B2B business model.

Table 13 - Pattern, peer group and indices absolute performance

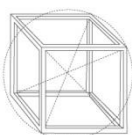
%	1D	1W	1M	3M	6M	YTD	1Y
Burberry Group PLC	(1.5)	1.9	(5.6)	(14.1)	(36.5)	(14.3)	(50.6)
Capri Holdings Ltd	0.1	0.2	(1.0)	(9.7)	(13.5)	(9.7)	(3.5)
Compagnie Financiere Richemont	0.7	(0.3)	(2.2)	19.3	25.1	18.8	(4.1)
Hermes International SCA	(0.9)	(1.8)	2.3	23.8	37.6	23.3	30.1
Kering SA	(0.1)	(1.3)	(13.8)	(8.0)	(14.7)	(8.2)	(37.3)
LVMH Moët Hennessy Louis Vuitton	0.4	(1.7)	(1.1)	14.0	18.1	13.6	1.4
Median Luxury	0.0	(0.8)	(1.6)	3.0	2.3	2.7	(3.8)
Brembo SpA	(0.6)	0.4	3.8	6.6	1.4	6.9	(9.3)
Eurotech SpA	2.5	(1.4)	(20.9)	(29.6)	(24.2)	(29.6)	(42.6)
Fine Foods & Pharmac. NTM SpA	(0.5)	(1.0)	(3.5)	(5.0)	2.2	(5.4)	(0.1)
Sabaf SpA	0.6	5.1	4.6	5.1	17.0	3.0	11.9
Median domestic B2B	0.0	(0.3)	0.2	0.0	1.8	(1.2)	(4.7)
Pattern SpA	2.4	6.7	(3.8)	(3.8)	(0.2)	(2.3)	(4.7)
MSCI World Index	(0.4)	0.1	1.9	8.1	20.6	8.1	22.7
EUROSTOXX	-	0.8	3.7	9.7	19.2	9.7	13.8
FTSE Italia All Share	(0.0)	1.2	6.5	13.9	23.2	13.8	27.9
FTSE Italia STAR	0.0	2.8	4.3	1.3	16.8	1.3	(0.4)
FTSE Italia Growth	-	(0.2)	(1.2)	(2.3)	(1.4)	(2.3)	(13.6)

Source: Refinitiv Eikon

Table 14 – Pattern relative performances

%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	2.8	6.6	(5.6)	(11.8)	(20.9)	(10.4)	(27.4)
to EUROSTOXX	2.4	5.9	(7.5)	(13.5)	(19.4)	(12.0)	(18.5)
to FTSE Italia All Share	2.5	5.5	(10.3)	(17.6)	(23.5)	(16.1)	(32.6)
to FTSE Italia STAR	2.4	3.9	(8.1)	(5.1)	(17.0)	(3.6)	(4.3)
to FTSE Italia Growth	2.4	6.9	(2.6)	(1.4)	1.2	0.0	8.9
to Domestic B2B Peer Median	2.4	7.0	(4.0)	(3.8)	(2.0)	(1.1)	0.1
to Luxury Peer Median	2.4	7.5	(2.1)	(6.8)	(2.5)	(5.0)	(0.9)

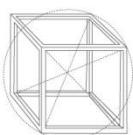
Source: Refinitiv Eikon



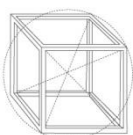
Risks

The principal investment **risks** associated with Pattern include:

- high level of customer concentration;
- loss of reputation among customers;
- difficulty in managing investments and in finding the resources to support growth;
- the reference market consolidation process may put the company's market share under pressure;
- impact on P&L account and balance sheet profiles triggered by a sharp decline in global economic growth or geopolitical instability;
- exit of key relevant people;
- M&A execution might be hampered by potential consolidating players with huge firepower in the industry (i.e. private equity funds).



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DATE	TARGET PRICE	RATING
02/04/2024	€7.00	NEUTRAL
12/02/2024	€7.80	BUY
04/10/2023	€7.80	NEUTRAL
30/03/2023	€7.80	NEUTRAL

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- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

