

## Italy – Luxury Engineering

## Solid FY-24 results but substantial headwinds ahead

1<sup>st</sup> April 2025

### FY-24 RESULTS RELEASE

RIC: PTRN.MI  
BBG: PTR IM

Pattern's FY-24 results were in line with market expectations and our forecasts concerning sales and EBITDA but significantly better regarding NFP. The group reported turnover closer to the 2023 pro-forma figure, thanks to 1) the consolidation of UVM, a knitting mill focused on thin and super-thin knitwear, and 2) its resilient business model relying on high-end luxury customers always eager to invest in product innovation.

#### Rating:

**Neutral (Buy)**

#### Price Target:

**€ 6.00 (€ 8.00)**

Upside/(Downside): 8.7%

Last Price: € 5.52

Market Cap.: € 79.6m

1Y High/Low: € 6.48 / € 4.50

Avg. Daily Turn. (3M, 6M): € 24k, € 26k

Free Float: 34.2%

#### Major shareholders:

Bo.Ma. Holding Srl	52.2%
Fulvio Botto	5.3%
Francesco Martorella	5.3%



#### Stock price performance

	1M	3M	12M
<b>Absolute</b>	-3.2%	14.0%	-13.1%
<b>Rel.to FTSE IT Growth</b>	-1.6%	16.5%	-8.2%
<b>Rel.to Sector</b>	14.1%	20.6%	20.8%

#### Analysts:

Gianluca Mozzali  
+39 02 30343 396  
gianluca.mozzali@cfosim.com

Luca Solari  
+39 02 30343 397  
luca.solari@cfosim.com

Chiara Francomacaro  
+39 02 30343 394  
chiara.francomacaro@cfosim.com

#### Estimates revised downwards: new DCF-based PT of € 6.00 (€ 8.00). Neutral (Buy)

In 2024, once again, Pattern demonstrated its ability to face the headwinds of the global luxury market thanks to its industrial footprint. However, in 2025, the global fashion industry is expected to experience an even more complex year than 2024. As a consequence, we have revised our model by factoring in: 1) sales growth lower than previously expected; 2) a certain rationalisation of the operating structure; 3) a reshuffling of the capex plan for the new headquarters in Turin; 4) no dividend for the next years (prev. 35% pay-out). Furthermore, we have introduced FY-27 projections and updated the DCF valuation criteria. The combined result is a new PT of € 6.00/s (€ 8.00). On the back of the revised estimates, we believe that Pattern is currently fairly priced on fundamentals. Thus, we change our rating to Neutral (Buy). However, we believe that once the luxury market resumes growth, Pattern will undeniably be among the few players capable of benefiting from positive momentum, thanks to its robust financial structure, unique competitive positioning, and strong relationships with high-end luxury customers.

#### Sales of € 125.8m, broadly in line with FY-23 pro-forma figure

Sales were € 125.8m, -0.5% compared to the 2023 pro-forma figure of € 126.4m, and perfectly in line with our estimate of € 125.7m. This was also thanks to UVM's contribution for 6 months (€ 8.7m), which counterbalanced the significant decline experienced by the leather goods segment (down by € 7.5m YoY) and the decrease of the knitwear division in H2-24 (down by € 2.0m YoY). As a consequence, on a like-for-like basis, Pattern's turnover declined by approximately 7% YoY. Looking at the FY-23 reported figure of € 145.6m, which includes the BU sold to Burberry in Oct-23, FY-24 turnover declined by 13.6% YoY.

#### EBITDA of € 13.0m, 10.4% margin. Adj. Net Profit of € 3.7m

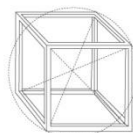
EBITDA was € 13.0m, 10.4% margin (€ 18.8m, 12.9% margin, in FY-23), in line with our forecast (€ 13.0m). The decrease was mainly due to lower sales, in particular concerning the leather goods segment, and the negative performance of Dyloan. The consolidation of UVM in the second half of the year contributed for € 1.9m. EBIT was € 3.5m, 2.8% margin (€ 8.4m, 5.8% margin in FY-23), following D&A expenses of € 9.5m (€ 10.4m in FY-23), including goodwill amortisation of € 2.4m, the € 2.3m write-off of Dyloan's goodwill and extraordinary D&As of € 0.6m. The Group's Adj. Net Profit was € 3.7m (€ 7.9m in FY-23).

#### NFP of € 14.4m, 1.1x NFP/EBITDA

NFP was € 14.4m debt (1.1x EBITDA) compared to € 0.6m cash at year-end 2023, mainly because of 1) the acquisition of 100% of UVM and the additional 8% of SMT, 2) the starting of the building of the new group's headquarters in Turin and 3) the purchase of a few pieces of machinery in SMT.

#### Pattern, key financials and ratios

€ m	2023	2024	2025e	2026e	2027e
Sales	145.6	125.8	114.1	123.2	133.7
Total Revenues	147.9	128.0	115.9	125.1	135.7
EBITDA	18.8	13.0	7.0	10.4	14.4
EBIT	8.4	3.5	(1.0)	1.9	5.9
Net profit	21.1	(1.0)	(2.8)	(1.6)	0.9
Adj. Net Profit	7.9	3.7	0.2	1.4	3.9
NFP (cash)/debt	(0.6)	14.4	21.5	18.5	12.8
EBITDA margin	12.7%	10.2%	6.0%	8.3%	10.6%
EBIT margin	5.7%	2.7%	-0.9%	1.5%	4.4%
Adj. EPS	0.55	0.26	0.01	0.10	0.27
Dividend Yield	8.3%	-	-	-	-
ROCE	11.1%	4.2%	n.m.	2.3%	7.0%
NWC/Sales	5.6%	6.4%	7.5%	7.1%	6.8%
EV/Sales x	0.68	0.78	0.87	0.78	0.68
EV/EBITDA x	5.0	5.6	14.5	9.4	6.4
EV/EBIT x	7.0	12.1	50.9	20.2	10.4
PER x	12.7	23.0	n.m.	56.9	20.6
Free Cash Flow Yield	19.8%	-7.7%	-9.0%	3.8%	7.1%



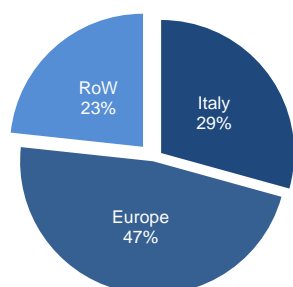
## The Company at a glance

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.

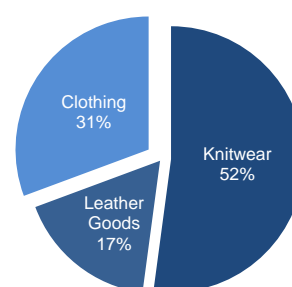
Since 2017, Pattern has been embarking on an external growth process, with the acquisition of Roscini (luxury womenswear) in 2017, S.M.T. (luxury knitwear) in 2019, Idee Partners (luxury leather goods) in 2021, and Zanni (wholegarment knitwear manufacturing technique), RGB (luxury leather goods accessories), Dyloan (luxury technology R&D and production) and Nuova Nicol (luxury knitwear for women) in 2022, and UVM (thin and super thin knitwear) in 2024, thus creating the first 'Italian hub of luxury fashion engineering & production'. In terms of products, the group's production comes from knitwear for 52% of the total, clothing for 31% and leather goods for 17%.

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 2024, revenues were € 125.8m, EBITDA was € 13.0m, 10.2% of revenues. NFP was € 14.4m debt.

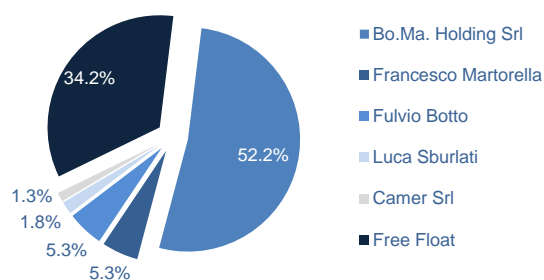
### 2024 breakdown by geography...



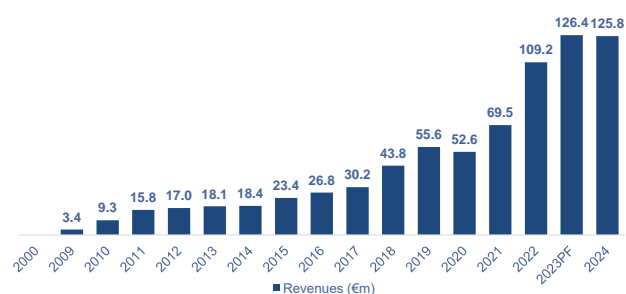
### ... and by product line



### Shareholders structure



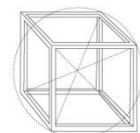
### Top line evolution



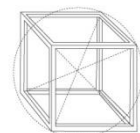
### Peer group multiples table

EV & Price multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Burberry Group PLC	1.54	1.58	10.4	7.4	n.m.	23.2	n.m.	30.3
Capri Holdings Ltd	1.05	0.98	15.9	12.1	45.0	26.5	19.1	16.9
Compagnie Financiere Richemont SA	3.75	3.46	13.5	11.8	17.5	15.1	24.7	20.9
Hermes International SCA	14.27	12.71	31.5	27.8	35.2	30.8	51.6	44.3
Kering SA	2.03	1.92	8.0	7.2	14.3	12.2	18.9	15.0
LVMH Moet Hennessy Louis Vuitton SE	3.38	3.12	11.1	10.0	14.4	12.9	20.6	18.2
<b>Median Luxury</b>	<b>2.71</b>	<b>2.52</b>	<b>12.3</b>	<b>10.9</b>	<b>17.5</b>	<b>19.2</b>	<b>20.6</b>	<b>19.6</b>
Brembo SpA	0.84	0.77	5.0	4.4	8.4	7.2	10.0	8.7
Eurotech SpA	0.73	0.65	10.2	4.6	9.4	8.7	12.4	10.3
Fine Foods & Pharmaceuticals NTM SpA	1.12	1.06	11.3	8.1	12.3	8.1	22.0	16.1
Sabaf SpA	0.87	0.79	5.5	4.7	9.6	7.9	10.5	8.9
<b>Median domestic B2B</b>	<b>0.85</b>	<b>0.78</b>	<b>7.8</b>	<b>4.7</b>	<b>9.5</b>	<b>8.0</b>	<b>11.5</b>	<b>9.6</b>
<b>Pattern SpA</b>	<b>0.87</b>	<b>0.78</b>	<b>14.5</b>	<b>9.4</b>	<b>50.9</b>	<b>20.2</b>	<b>n.m.</b>	<b>56.9</b>

Sources: CFO SIM, Refinitiv Workspace



Income statement (€ m)	2023	2024	2025e	2026e	2027e
Sales	145.6	125.8	114.1	123.2	133.7
Total Revenues	147.9	128.0	115.9	125.1	135.7
Value of Production	145.6	126.5	115.9	125.1	135.7
Raw material and processing	(28.8)	(23.0)	(21.1)	(22.5)	(24.4)
Services	(56.2)	(49.2)	(45.0)	(48.1)	(51.9)
Personnel expenses	(37.2)	(37.0)	(38.9)	(40.0)	(40.7)
Other opex	(4.5)	(4.3)	(3.9)	(4.0)	(4.3)
EBITDA	18.8	13.0	7.0	10.4	14.4
D&A	(10.4)	(9.5)	(8.0)	(8.5)	(8.5)
EBIT	8.4	3.5	(1.0)	1.9	5.9
Financials	(0.6)	(0.2)	(0.8)	(0.9)	(0.9)
Re/(Devaluation) of financial assets	(0.0)	(0.0)	0.0	0.0	0.0
Extraordinary	20.3	0.0	0.0	0.0	0.0
Pre-Tax profit	28.1	3.3	(1.8)	1.0	5.1
Income taxes	(4.7)	(3.0)	(0.4)	(1.4)	(2.7)
Minorities	(2.3)	(1.4)	(0.6)	(1.2)	(1.5)
Group's Net Profit	21.1	(1.0)	(2.8)	(1.6)	0.9
Adj. EBITDA	19.9	17.8	7.0	10.4	14.4
Adj. Group's Net Profit	7.9	3.7	0.2	1.4	3.9
Balance sheet (€ m)	2023	2024	2025e	2026e	2027e
Net Working Capital	8.2	8.1	8.7	8.9	9.2
Net Fixed Assets	39.1	53.8	58.3	54.8	51.3
Equity Investments	2.9	2.2	2.2	2.2	2.2
Other M/L Term A/L	(8.3)	(6.2)	(6.3)	(6.5)	(6.6)
Net Invested Capital	41.9	57.9	62.8	59.5	56.1
Net Financial Debt	(0.6)	14.4	21.5	18.5	12.8
Minorities	5.0	7.2	7.8	9.1	10.5
Group's Shareholders Equity	37.5	36.3	33.5	31.9	32.7
Financial Liabilities & Equity	41.9	57.9	62.8	59.5	56.1
Cash Flow statement (€ m)	2023	2024	2025e	2026e	2027e
Total net income	3.4	0.4	(2.2)	(0.4)	2.3
Depreciation	10.4	9.5	8.0	8.5	8.5
Other non-cash charges	2.7	0.7	0.1	0.1	0.1
Cash Flow from Oper. (CFO)	16.5	10.6	5.9	8.3	10.9
Change in NWC	3.1	0.1	(0.6)	(0.3)	(0.3)
FCF from Operations (FCFO)	19.7	10.7	5.4	8.0	10.6
Net Investments (CFI)	(3.9)	(16.8)	(12.5)	(5.0)	(5.0)
Free CF to the Firm (FCFF)	15.8	(6.1)	(7.1)	3.0	5.6
CF from financials (CFE)	(12.9)	7.5	(2.4)	(3.2)	(2.0)
Free Cash Flow to Equity (FCFE)	2.9	1.4	(9.6)	(0.2)	3.6
Financial ratios	2023	2024	2025e	2026e	2027e
EBITDA margin	12.7%	10.2%	6.0%	8.3%	10.6%
EBIT margin	5.7%	2.7%	-0.9%	1.5%	4.4%
Adj. Net profit margin	5.3%	2.9%	0.1%	1.1%	2.9%
Tax rate	16.8%	89.1%	34.0%	34.0%	34.0%
Op NWC/Sales	5.6%	6.4%	7.5%	7.1%	6.8%
Interest coverage x	0.07	0.05	(0.80)	0.46	0.14
Net Debt/EBITDA x	(0.03)	1.10	3.08	1.78	0.89
Debt-to-Equity x	(0.02)	0.40	0.64	0.58	0.39
ROIC	50.5%	-1.8%	-4.5%	-2.7%	1.6%
ROCE	11.1%	4.2%	n.m.	2.3%	7.0%
ROACE	11.5%	4.4%	-1.2%	2.3%	7.1%
ROE	56.4%	-2.8%	-8.5%	-5.0%	2.7%
Payout ratio	n.m.	0.0%	0.0%	0.0%	0.0%
Per share figures	2023	2024	2025e	2026e	2027e
Number of shares # m	14.36	14.41	14.41	14.41	14.41
Number of shares Fully Diluted # m	14.36	14.41	14.41	14.41	14.41
Average Number of shares Fully Diluted # m	14.31	14.39	14.41	14.41	14.41
EPS stated €	1.48	(0.07)	(0.20)	(0.11)	0.06
EPS adjusted €	0.55	0.26	0.01	0.10	0.27
EBITDA €	1.32	0.91	0.48	0.72	1.00
EBIT €	0.59	0.24	(0.07)	0.13	0.41
BV €	2.96	3.02	2.87	2.84	3.00
FCFO €	1.37	0.74	0.37	0.56	0.74
FCFF €	1.10	(0.42)	(0.50)	0.21	0.39
FCFE €	0.20	0.10	(0.66)	(0.01)	0.25
Dividend €	0.58	0.00	0.00	0.00	0.00

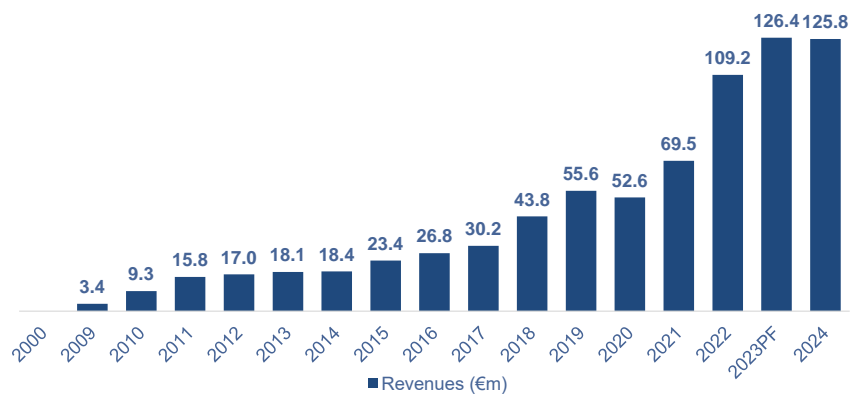


## Pattern in a Nutshell

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 **27.2% sales CAGR** in 2009-24. In 2024, revenues were € 125.8m, EBITDA was € 13.0m, 10.2% of revenues. NFP was € 14.4m debt.

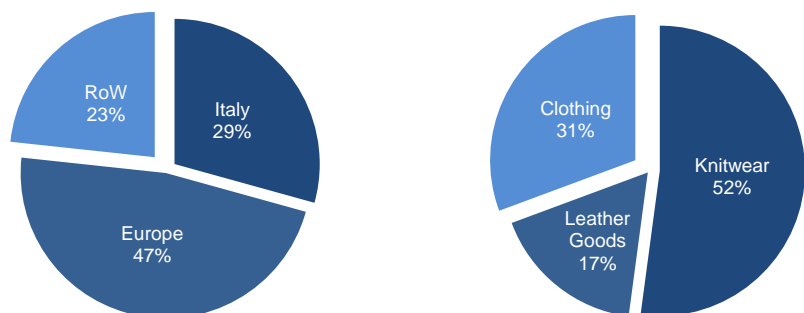
Chart 1 – Pattern, 2000-24 top line evolution



Source: Company data

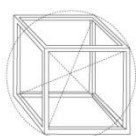
**Pattern's global export sales reached 71% of total revenues.** It is worth remembering that several customers of Pattern are the Italian branches of global luxury brands, thus a great share of domestic turnover is intended for the abroad. **In terms of products**, the group's production comes from **knitwear for 52%** of the total, **clothing for 31%** and **leather goods for 17%**.

Chart 2 – Pattern, 2024 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.

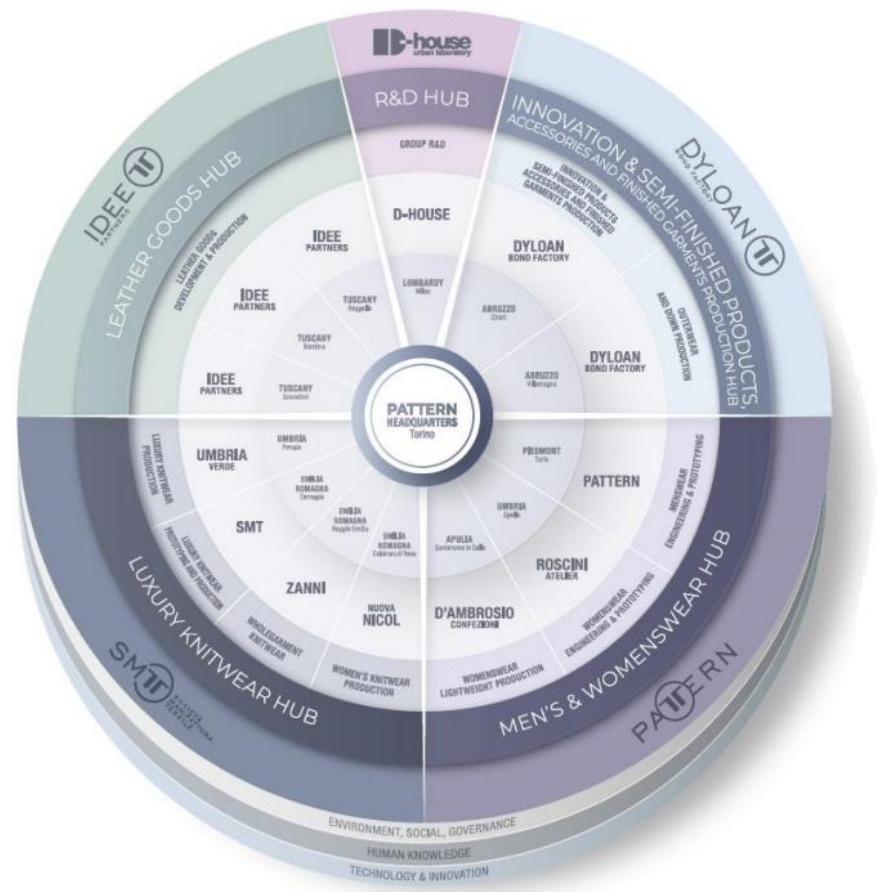


## The Italian hub of luxury fashion engineering & production

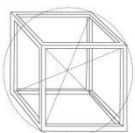
As of today, Pattern is becoming ever more **the main Italian hub of luxury fashion engineering & production**, operating with five 'sub-hubs' focused on specific niches:

- 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;
- 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 and Umbria, composed of **S.M.T.**, **Zanni**, **Nuova Nicol** and **Umbria Verde Mattioli (UVM)**;
- 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

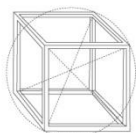
Following the outstanding growth path recorded since its establishment, Pattern is now aiming to continue its development and the consolidation of its competitive positioning, with a view to becoming **the market leader in the “Made in Italy” luxury fashion engineering segment**, namely strengthening 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, Nuova Nicol and UVM 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 “outstanding” 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.
- **ESG:** Pattern has always dedicated extensive efforts towards sustainability, founding its culture on ESG principles. In particular, **in 2024, Pattern achieved the SA8000 certification on Social Accountability for all the companies and plants of the group.** This is a one-of-a-kind achievement in the Italian fashion industry. Moreover, Pattern plans to achieve by 2027 the harmonization across all plants for ISO 14001 and ISO 45001 certifications for environmental and occupational safety.

In addition, the group's **2025-30 ESG Integrated Strategic Plan** envisages:

- ✓ A **decarbonization** path thanks to structural investments to achieve 100% electricity from renewable sources by the implementation of photovoltaic systems at all production sites and a geothermal system in the new headquarters in Turin.
- ✓ A strong commitment for the **transition to a Circular Economy business model**, by implementing Industrial Waste Management systems, such as the launch of the first Advanced Platform for traceability and management of textile waste for recovery and regeneration of scrap, developed in collaboration with Retex.Green, a consortium for managing textiles and fashion at the end of their life with Pattern as a founding member. The platform enables the tracks information throughout production stages, calculates expected scrap, and enables the activation of the recycling chain in advance.



## 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**
- ❑ Pattern is the **only ESG-rated player** in the competitive arena
- ❑ **Flexible manufacturing structure**, low WC pressure, complete offer
- ❑ **High customer loyalty**

#### WEAKNESSES

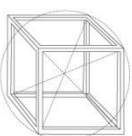
- ❑ Management functions in the hands of **a few key people**
- ❑ A certain **customer and supplier concentration**
- ❑ **Limited sustainability certified façonnists** available, now mitigated by the internal production capacity

#### 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)



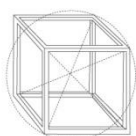
## ESG Profile

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)**. **In 2024, Pattern achieved the SA8000 certification** on Social Accountability **for all the companies and plants of the group**. This is a one-of-a-kind achievement in the Italian fashion industry. Moreover, Pattern plans to achieve by 2027 the harmonization across all plants for ISO 14001 and ISO 45001 certifications for environmental and occupational safety.

Chart 4 – Pattern, ESG Profile

<p><b>E</b>ntire Environmental</p>	<ul style="list-style-type: none"> <li>❑ <u>2025-30 ESG Integrated Strategic Plan:</u> <ul style="list-style-type: none"> <li>✓ Decarbonisation;</li> <li>✓ Transition to a Circular Economy business model.</li> </ul> </li> <li>❑ <u>ESG Rating assigned by CDP:</u> C</li> <li>❑ <u>Organisation Carbon Footprint</u>, 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</li> <li>❑ New headquarters in Turin (ready in Sep/Oct 2025): photovoltaic plant (205 kW) and geothermal plant (300 kW)</li> </ul>
<p><b>S</b>ocial</p>	<ul style="list-style-type: none"> <li>❑ Compliance with the SA8000 standards since 2013</li> <li>❑ <u>Supplier selection policy</u>: suppliers and façonnists must hold process certifications (in particular the SA8000 standard) and sign a ratification of Code of Conducts for Suppliers</li> <li>❑ An <u>Integrated Management System</u> implemented with the aim to standardise company's processes for quality, environment, health and safety management</li> <li>❑ <u>SER (Supplier Engagement Rating) certification with rating C</u>: issued by CDP, the rating assesses how effectively an organisation inspires supply chain engagement on climate change issues</li> </ul>
<p><b>G</b>overnance</p>	<ul style="list-style-type: none"> <li>❑ Publication of the Sustainability Report since 2015</li> <li>❑ Organisational Model pursuant to Legislative Decree no. 231/2001</li> <li>❑ Code of Ethics and Code of Conduct</li> <li>❑ List voting: 5%</li> <li>❑ 9 members in the BoD, 2 Independent Director, 2 women</li> </ul>

Source: CFO SIM analysis on company data





## FY-24 Results

Pattern has announced FY-24 results broadly in line with market expectations and our forecasts concerning sales and EBITDA but significantly better in terms of NFP. The group reported turnover in line with the 2023 pro-forma figure (namely by excluding the BU sold to Burberry in October 2023), also thanks to the contribution of Umbria Verde Mattioli (UVM), acquired in late May 2024 and consolidated for 6 months in FY-24. UVM is a knitting mill focused on thin and super-thin knitwear and, thanks to its acquisition, Pattern unquestionably reinforced the group's leadership in knitwear. This segment demonstrated a strong resiliency in the last years and is anticipated to experience a significant evolution in the near future.

**Table 1 – Pattern, FY-24 results summary**

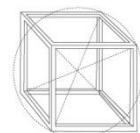
€ m	2024	2023	% YoY	2024e	% Δ
<b>Sales</b>	<b>125.8</b>	<b>145.6</b>	<b>(13.6)</b>	<b>125.7</b>	<b>0.1</b>
Increase in finished products	(1.5)	(2.3)		0.0	
Other revenues	2.2	2.3		1.3	
<b>Value of Production</b>	<b>126.5</b>	<b>145.6</b>	<b>(13.1)</b>	<b>126.9</b>	<b>(0.3)</b>
Raw material and processing	(23.0)	(28.8)		(24.1)	
Services	(49.2)	(56.2)		(48.5)	
Personnel expenses	(37.0)	(37.2)		(37.6)	
Other opex	(4.3)	(4.5)		(3.8)	
<b>EBITDA</b>	<b>13.0</b>	<b>18.8</b>	<b>(30.8)</b>	<b>13.0</b>	<b>0.6</b>
% margin	10.4	12.9		10.3	
D&A	(9.5)	(10.4)		(7.2)	
<b>EBIT</b>	<b>3.5</b>	<b>8.4</b>	<b>(58.2)</b>	<b>5.8</b>	<b>(39.6)</b>
% margin	2.8	5.8		4.6	
Financials	(0.2)	(0.6)		(0.8)	
Re/(Devaluation) of financial assets	(0.0)	(0.0)		0.0	
Extraordinary	0.0	20.3		0.0	
<b>Pre-Tax profit</b>	<b>3.3</b>	<b>28.1</b>	<b>(88.2)</b>	<b>5.0</b>	<b>(33.9)</b>
% margin	2.6	19.3		4.0	
Income taxes	(3.0)	(4.7)		(1.8)	
Tax rate	89.1%	16.8%		35.0%	
Minorities	(1.4)	(2.3)		(2.3)	
<b>Group's Net Profit</b>	<b>(1.0)</b>	<b>21.1</b>	<b>n.m.</b>	<b>1.0</b>	<b>n.m.</b>
% margin	(0.8)	14.5		0.8	
<b>Adj. EBITDA</b>	<b>17.8</b>	<b>19.9</b>	<b>(10.3)</b>	<b>13.0</b>	<b>37.6</b>
% margin	14.2	13.7		10.3	
<b>Adj. Group's Net Profit</b>	<b>3.7</b>	<b>7.9</b>	<b>(53.0)</b>	<b>1.0</b>	<b>n.m.</b>
% margin	2.9	5.4		0.8	
<b>Net Financial Position debt/(cash)</b>	<b>14.4</b>	<b>(0.6)</b>	<b>n.m.</b>	<b>18.6</b>	<b>(22.6)</b>

Sources: Company data, CFO SIM estimates

**Sales were € 125.8m, -0.5% compared to the 2023 pro-forma figure of € 126.4m** (namely by excluding the BU sold to Burberry in October 2023), **and perfectly in line with our estimate of € 125.7m**. This was also thanks to UVM's contribution for 6 months (€ 8.7m), which counterbalanced the significant decline experienced by the leather goods segment (down by € 7.5m YoY) and the decrease of the knitwear division in H2-24 (on a yearly basis, turnover declined by € 2.0m). As a consequence, **on a like-for-like basis, Pattern's turnover declined by approximately 7% YoY**.

In particular, UVM was consolidated as of June 2024, thus positively impacting the group's performance in H2-24, which accounted for € 66.5m in terms of sales, slightly higher compared to € 65.3m reported in H2-23 on a pro-forma basis.

Looking at the FY-23 reported figure of € 145.6m, which includes the BU sold to Burberry in October 2023, FY-24 turnover declined by 13.6% YoY.



**Table 2 – Pattern, FY-24 sales by product line**

€ m	2024	2023	% YoY	2024e	% Δ
Knitwear	65.9	58.9	12.0	64.7	1.9
Leather Goods	21.7	29.2	(25.8)	24.1	(10.1)
Clothing	38.2	57.5	(33.6)	36.8	3.7
<b>Sales</b>	<b>125.8</b>	<b>145.6</b>	<b>(13.6)</b>	<b>125.7</b>	<b>0.1</b>
<b>% on total sales</b>					
Knitwear	52.4%	40.4%		51.5%	
Leather Goods	17.2%	20.1%		19.2%	
Clothing	30.3%	39.5%		29.3%	
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

Sources: Company data, CFO SIM estimates

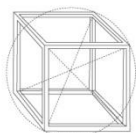
**EBITDA totalled € 13.0m, 10.4% margin** (€ 18.8m, 12.9% margin in FY-23), bang-in-line with our forecast (€ 13.0m). The decrease in profitability was mainly due to a lower sales volume, in particular concerning the leather goods segment, and the negative performance of Dyloan Bond Factory. **The consolidation of UVM in the second half of the year contributed for € 1.9m to the full year EBITDA**, almost compensating the EBITDA lost with the sale of the business unit to Burberry (namely € 2.2m considering the consolidation for 9 months in FY-23).

**EBIT was € 3.5m, 2.8% margin** (€ 8.4m, 5.8% margin in FY-23), following D&A expenses of € 9.5m (€ 10.4m in FY-23), including the goodwill amortisation of € 2.4m, the write-off of Dyloan's goodwill of € 2.3m and other extraordinary D&As of € 0.6m.

**The Group's Net Profit was negative for € 1.0m**, compared to € 21.1m in FY-23 (including the capital gain obtained thanks to the sale of the BU to Burberry). **The figure adjusted for the non-recurring items as well as the goodwill amortisation was € 3.7m.**

In 2024, net financial charges were € 179k, significantly lower compared to € 553k reported in FY-23, thanks the excellent management of cash available. **The average cost of debt was ca. 3.1%**, slightly lower compared to the average Euribor in 2024 (i.e. 3.4%).

**NFP was € 14.4m debt (1.1x NFP/EBITDA)** compared to € 0.6m cash at year-end 2023, mainly because of 1) the acquisition of 100% of UVM and the additional 8% of SMT, 2) the starting of the building of the new group's headquarters in Turin and 3) the purchase of a few pieces of machinery in SMT. NFP came in significantly better than our forecast of € 18.6m, mainly due to lower-than-expected capex. Our estimates included overestimated capex for the new headquarters in 2024, namely ca. € 8.0m compared to € 3.7m realised. In our understanding, the reason is a simple shift in 2025 of some investments for the new headquarters previously expected in 2024.



## Estimates, Outlook, Valuation & Risks

In 2024, once again, **Pattern demonstrated its ability to face the headwinds of the global luxury market thanks to its industrial footprint**, which includes providing top-luxury brands with high-value-added services in engineering, product development, and production. Pattern resilience specifically relies on its **focus on high-end luxury customers**, who are eager to invest in product innovation and continuously update their offerings.

Moreover, the acquisition campaign started since the IPO in 2019, allows Pattern to be present in **the main product categories**, such as men's and womenswear, knitwear, still fabrics, leather goods, clothing and accessories, and to **cover the entire value chain**, from research and engineering phases to the production.

**In 2025, the global fashion industry is expected to experience an even more complex year than 2024** because of several headwinds that are affecting the market, namely the still ongoing conflicts in Ukraine and the Gaza Strip, the potential tariffs announced by Trump and the buying decisions of Chinese consumers. The Government of China, in particular, introduced several stimulus measures to support domestic brands, negatively impacting international luxury brands. As a result, a rebound of the Chinese market in the short term appears unlikely. Regarding the US tariffs, they could further worsen the decline in sales volumes and, indirectly, margins, as brands will have to lower suppliers' costs by requesting/imposing better prices to maintain their profitability.

**As concerns Italy, the 2025 outlook is very tough**, as several companies will be threatened with bankruptcy because of the expected hard contraction in sales volumes. Nevertheless, **Pattern is well-positioned to navigate this harsh environment** thanks to a customer portfolio composed of luxury brands placed at the top of the market pyramid. However, the management expects a **very weak first half of 2025 and likely increasing results in the second part of the year**.

On the back of the FY-24 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 2025 characterised by declining turnover in all the product categories and a recovery starting from 2026; 2) a certain rationalisation of the operating structure; 3) a reshuffling of the capex plan for the new headquarters in Turin, with the bulk of investments now expected in 2025 (previously in 2024); 4) no dividend for the next years (previously 35% pay-out) to focus the investments on new development, innovation and, possibly, M&A. Furthermore, we have introduced 2027 projections.

**Table 3 – Pattern, 2025e new/old estimates**

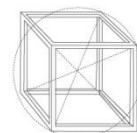
€ m	New	Old	Δ %	Δ € m
<b>Total Revenues</b>	<b>115.9</b>	<b>152.9</b>	(24.2)	<b>(37.1)</b>
<b>EBITDA</b>	<b>7.0</b>	<b>18.9</b>	(63.0)	<b>(11.9)</b>
% margin	6.0	12.3		
<b>EBIT</b>	<b>(1.0)</b>	<b>11.1</b>	n.m.	<b>(12.1)</b>
% margin	(0.9)	7.3		
<b>Adj. Group's Net Profit</b>	<b>0.2</b>	<b>4.4</b>	(96.4)	<b>(4.3)</b>
% margin	0.1	2.9		
<b>NFP debt/(cash)</b>	<b>21.5</b>	<b>15.6</b>	37.8	<b>5.9</b>

Source: CFO SIM

**Table 4 – Pattern, 2026e new/old estimates**

€ m	New	Old	Δ %	Δ € m
<b>Total Revenues</b>	<b>125.1</b>	<b>169.5</b>	(26.2)	<b>(44.4)</b>
<b>EBITDA</b>	<b>10.4</b>	<b>22.3</b>	(53.5)	<b>(11.9)</b>
% margin	8.3	13.2		
<b>EBIT</b>	<b>1.9</b>	<b>14.4</b>	(87.1)	<b>(12.6)</b>
% margin	1.5	8.5		
<b>Adj. Group's Net Profit</b>	<b>1.4</b>	<b>6.5</b>	(78.6)	<b>(5.1)</b>
% margin	1.1	3.9		
<b>NFP debt/(cash)</b>	<b>18.5</b>	<b>6.0</b>	n.m.	<b>12.5</b>

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 2025. The combined result is a new **DCF-based PT of € 6.00/s (€ 8.00), 8.7% upside potential.**

On the back of the revised estimates for the 2025-26 period, we believe that Pattern is currently fairly priced on fundamentals. Thus, **we change our recommendation to Neutral (Buy).** We believe that once the luxury market resumes growth, Pattern will undeniably be among the few players capable of benefiting from positive momentum, thanks to its robust financial structure, unique competitive positioning, and strong relationships with high-end luxury customers.

## DCF

In the valuation via the DCF method, we determine the company's value by identifying an explicit forecast period until 2029 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 5 - WACC derived from:**

Interest costs, pre-tax	3.00%
Tax rate	34.0%
<b>Int. costs, after taxes</b>	<b>2.0%</b>
Risk premium, incl. small size premium	9.0%
Risk-free (10Y Gov. Bond 200gg simple moving average)	3.65%
Beta levered (x)	1.00
<b>Required ROE</b>	<b>12.7%</b>

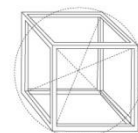
Sources: CFO SIM, Refinitiv Workspace

**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 40:60% debt/equity balance-sheet structure** (prev. 30:70%), thus taking into account some additional leverage required for the realisation of the new headquarters as well as for financing some acquisitions.

**Table 6 - Pattern, DCF model**

€ m	2025e	2026e	2027e	2028e	2029e	TV
EBIT	(1.0)	1.9	5.9	13.8	16.8	
Tax rate	34.0%	34.0%	34.0%	34.0%	34.0%	
<b>Operating profit (NOPAT)</b>	<b>(0.7)</b>	<b>1.2</b>	<b>3.9</b>	<b>9.1</b>	<b>11.1</b>	
Change working capital	(0.6)	(0.3)	(0.3)	(0.2)	(0.1)	
Depreciation	8.0	8.5	8.5	6.3	4.0	
Investments	(12.5)	(5.0)	(5.0)	(4.5)	(4.0)	
<b>Free Cash Flows</b>	<b>(5.7)</b>	<b>4.5</b>	<b>7.1</b>	<b>10.7</b>	<b>11.0</b>	<b>151.0</b>
Present value	(5.3)	3.7	5.3	7.2	6.7	<b>103.0</b>
WACC	8.4%	8.4%	8.4%	8.4%	8.4%	
<b>Long-term growth rate</b>	<b>1.0%</b>					

Source: CFO SIM



**Table 7 – Pattern, DCF derived from:**

€ m	
Total EV present value € m	120.7
<i>thereof terminal value</i>	85.3%
NFP last reported	(14.4)
Pension provision last reported	(6.3)
Minorities valued @ 2.0 P/BV	(14.1)
<b>Equity value € m</b>	<b>85.9</b>
#m shares	14.41
<b>Equity value €/s</b>	<b>6.00</b>
% upside/(downside)	8.7%

Source: CFO SIM

By applying our DCF model, we attained an **equity value of € 85.9m (€ 6.00/s)** for Pattern.

The following tables illustrate the sensitivity of the equity value per share 1) compared to changes in **WACC** (range between 7.63% and 9.13%) and **terminal growth rate** (range between 0.25% and 1.75%), and 2) compared to changes in **risk-free rate** (range between 2.90% and 4.40%) and **Equity Risk Premium** (range between 8.25% and 9.75%).

**Table 8 – Pattern, equity value sensitivity to changes in WACC and terminal growth rate**

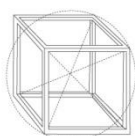
€ per share		Terminal growth rate						
		0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
<b>WACC</b>	7.63%	6.10	6.40	6.70	7.00	7.40	7.70	8.20
	7.88%	5.80	6.10	6.40	6.60	7.00	7.30	7.70
	8.13%	5.50	5.80	6.00	6.30	6.60	6.90	7.20
	<b>8.38%</b>	5.30	5.50	5.70	<b>6.00</b>	6.20	6.50	6.80
	8.63%	5.00	5.20	5.40	5.70	5.90	6.20	6.50
	8.88%	4.70	4.90	5.10	5.40	5.60	5.80	6.10
	9.13%	4.50	4.70	4.90	5.10	5.30	5.50	5.80

Source: CFO SIM

**Table 9 – Pattern, equity value sensitivity to changes in risk free rate and ERP**

€ per share		Equity Risk Premium						
		8.25%	8.50%	8.75%	9.00%	9.25%	9.50%	9.75%
<b>Risk-free</b>	2.90%	7.30	7.10	6.80	6.60	6.40	6.20	6.00
	3.15%	7.10	6.80	6.60	6.40	6.20	6.00	5.80
	3.40%	6.80	6.60	6.40	6.20	6.00	5.80	5.60
	<b>3.65%</b>	6.60	6.40	6.20	<b>6.00</b>	5.80	5.60	5.40
	3.90%	6.40	6.20	6.00	5.80	5.60	5.40	5.20
	4.15%	6.20	6.00	5.80	5.60	5.40	5.20	5.00
	4.40%	6.00	5.80	5.60	5.40	5.20	5.00	4.90

Source: CFO SIM





## Market Multiples

Pattern offers high-value luxury apparel modelling, engineering, grading, prototyping, and manufacturing services: **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 companies operating with a B2B business model listed on the Italian Stock Exchange.

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 also licenses third parties to manufacture and distribute products using the Burberry trademarks. 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. The company is predominantly specialised in the designing, manufacturing, and marketing luxury leather and saddlery goods, clothes, shoes, accessories, silk and textile products, clocks and watchmaking articles, perfumes and beauty products, jewellery and home decoration products.

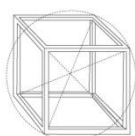
**Kering SA:** as a global luxury group, Kering develops an ensemble of luxury houses in fashion, leather goods, jewellery and watches: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Ginori 1735, as well as Kering Eyewear and Kering Beaute. The 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, Fendi, Berluti, Marc Jacobs, Givenchy; 3) perfumes and cosmetics, and 4) watches and jewellery, comprising, among others, Bulgari, TAG Heuer, Zenith, Hublot and Tiffany. LVMH is also active in selective retailing as well as other activities.

**Amongst B2B companies,** we selected the following:

**Brembo NV:** 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.

**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.



**Gentili Mosconi SpA:** an Italy-based company engaged in apparel and accessories manufacturing. The company provides products, including printed and dyed fabrics, with jacquard and yarn-dyed processing, among others. It presents its collection dedicated to every season within segments, such as Haute Couture, Pret A Porter, Accessories and Home collection.

**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**

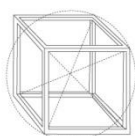
€ m	Country	Mkt Cap	Sales FY1	EBITDA FY1	EBITDA %	Sales CAGR <sub>24-27</sub>	EBITDA CAGR <sub>24-27</sub>	EBIT CAGR <sub>24-27</sub>	EPS CAGR <sub>24-27</sub>	NFP FY1	NFP /EBITDA
Burberry Group PLC	UK	3,316	2,934	432	14.7%	-2.5%	-8.2%	-13.5%	-14.2%	1,194	2.8
Capri Holdings Ltd	US	2,151	4,232	279	6.6%	-5.6%	-8.6%	-13.8%	n.m.	2,287	8.2
Compagnie Financiere Richemont SA	F	86,349	21,329	5,933	27.8%	5.6%	5.4%	6.3%	6.8%	(6,420)	n.m.
Hermes International SCA	F	254,762	16,971	7,680	45.3%	11.5%	11.4%	11.7%	12.3%	(12,516)	n.m.
Kering SA	F	23,585	16,885	4,286	25.4%	3.6%	3.9%	8.5%	15.3%	10,727	2.5
LVMH Moet Hennessy Louis Vuitton SE	F	286,194	88,831	27,108	30.5%	5.9%	6.6%	8.2%	9.4%	14,254	0.5
<b>Median Luxury</b>		<b>54,967</b>	<b>16,928</b>	<b>5,109</b>	<b>26.6%</b>	<b>4.6%</b>	<b>4.6%</b>	<b>7.3%</b>	<b>9.4%</b>	<b>1,741</b>	<b>2.6</b>
Brembo NV	IT	2,636	3,885	656	16.9%	4.3%	6.5%	8.6%	8.8%	616	0.9
Fine Foods & Pharmaceuticals NTM SpA	IT	155	269	19	7.2%	11.1%	16.2%	23.5%	32.2%	42	2.2
Gentili Mosconi SpA	IT	66	43	4	9.9%	-1.6%	-5.0%	-2.2%	-1.9%	(18)	n.m.
Sabaf SpA	IT	187	298	47	15.9%	4.2%	7.6%	17.3%	46.4%	71	1.5
<b>Median domestic B2B</b>		<b>171</b>	<b>284</b>	<b>33</b>	<b>12.9%</b>	<b>4.3%</b>	<b>7.1%</b>	<b>12.9%</b>	<b>20.5%</b>	<b>56</b>	<b>1.5</b>
<b>Pattern SpA</b>	IT	<b>80</b>	<b>116</b>	<b>7</b>	<b>6.0%</b>	<b>2.0%</b>	<b>-6.8%</b>	<b>2.7%</b>	<b>1.4%</b>	<b>22</b>	<b>3.1</b>

Sources: CFO SIM, Refinitiv Workspace

**Table 11 - Pattern, peer group EV multiple table**

x	Sales FY1	Sales FY2	Sales FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Burberry Group PLC	1.54	1.58	0.95	10.4	7.4	4.2
Capri Holdings Ltd	1.05	0.98	0.92	15.9	12.1	9.1
Compagnie Financiere Richemont SA	3.75	3.46	3.22	13.5	11.8	10.6
Hermes International SCA	14.27	12.71	11.26	31.5	27.8	24.5
Kering SA	2.03	1.92	1.70	8.0	7.2	6.3
LVMH Moet Hennessy Louis Vuitton SE	3.38	3.12	2.79	11.1	10.0	8.8
<b>Median Luxury</b>	<b>2.71</b>	<b>2.52</b>	<b>2.24</b>	<b>12.3</b>	<b>10.9</b>	<b>8.9</b>
Brembo NV	0.84	0.77	0.69	5.0	4.4	3.9
Fine Foods & Pharmaceuticals NTM SpA	0.73	0.65	0.57	10.2	4.6	3.9
Gentili Mosconi SpA	1.12	1.06	0.93	11.3	8.1	6.1
Sabaf SpA	0.87	0.79	0.71	5.5	4.7	4.2
<b>Median domestic B2B</b>	<b>0.85</b>	<b>0.78</b>	<b>0.70</b>	<b>7.8</b>	<b>4.7</b>	<b>4.1</b>
<b>Pattern SpA</b>	<b>0.87</b>	<b>0.78</b>	<b>0.68</b>	<b>14.5</b>	<b>9.4</b>	<b>6.4</b>
% premium/(discount) to luxury peers	(67.8)	(68.9)	(69.6)	18.0	(13.3)	(28.3)
% premium/(discount) to domestic B2B peers	2.5	0.9	(3.0)	85.3	n.m.	58.0

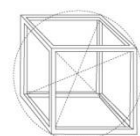
Sources: CFO SIM, Refinitiv Workspace



**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	n.m.	23.2	9.3	n.m.	30.3	16.6
Capri Holdings Ltd	45.0	26.5	16.1	19.1	16.9	10.5
Compagnie Financiere Richemont SA	17.5	15.1	13.4	24.7	20.9	18.6
Hermes International SCA	35.2	30.8	27.3	51.6	44.3	39.3
Kering SA	14.3	12.2	10.2	18.9	15.0	12.4
LVMH Moet Hennessy Louis Vuitton SE	14.4	12.9	11.2	20.6	18.2	16.9
<b>Median Luxury</b>	<b>17.5</b>	<b>19.2</b>	<b>12.3</b>	<b>20.6</b>	<b>19.6</b>	<b>16.7</b>
Brembo NV	8.4	7.2	6.2	10.0	8.7	7.7
Fine Foods & Pharmaceuticals NTM SpA	9.4	8.7	6.5	12.4	10.3	8.2
Gentili Mosconi SpA	12.3	8.1	7.1	22.0	16.1	13.3
Sabaf SpA	9.6	7.9	6.9	10.5	8.9	7.6
<b>Median domestic B2B</b>	<b>9.5</b>	<b>8.0</b>	<b>6.7</b>	<b>11.5</b>	<b>9.6</b>	<b>7.9</b>
<b>Pattern SpA</b>	<b>50.9</b>	<b>20.2</b>	<b>10.4</b>	<b>n.m.</b>	<b>56.9</b>	<b>20.6</b>
% premium/(discount) to luxury peers	n.m.	5.4	(15.7)	n.a.	n.m.	23.1
% premium/(discount) to domestic B2B peers	n.m.	n.m.	54.6	n.a.	n.m.	n.m.

Sources: CFO SIM, Refinitiv Workspace



## 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	(4.2)	(7.7)	(30.3)	(19.8)	10.1	(21.2)	(36.4)
Capri Holdings Ltd	(2.8)	(7.2)	(13.6)	(3.8)	(53.5)	(6.3)	(56.4)
Compagnie Financiere Richemont SA	(3.4)	(5.6)	(17.3)	10.9	14.3	10.9	11.2
Hermes International SCA	(1.0)	(3.5)	(11.8)	4.6	9.3	3.8	1.9
Kering SA	(4.2)	(5.7)	(28.9)	(19.5)	(25.7)	(19.9)	(47.9)
LVMH Moet Hennessy Louis Vuitton SE	(2.6)	(4.1)	(17.2)	(9.2)	(17.0)	(10.0)	(31.4)
<b>Median Luxury</b>	<b>(3.1)</b>	<b>(5.7)</b>	<b>(17.2)</b>	<b>(6.5)</b>	<b>(3.8)</b>	<b>(8.2)</b>	<b>(33.9)</b>
Brembo NV	(3.4)	(9.6)	(18.5)	(13.3)	(19.8)	(13.3)	(33.6)
Fine Foods & Pharmaceuticals NTM SpA	(2.0)	(3.0)	1.7	(6.7)	(22.9)	(6.7)	(15.7)
Gentili Mosconi SpA	(0.6)	6.1	7.1	38.8	45.8	38.8	(4.7)
Sabaf SpA	(2.6)	0.3	2.4	(2.6)	(16.4)	(2.6)	(17.5)
<b>Median domestic B2B</b>	<b>(2.3)</b>	<b>(1.4)</b>	<b>2.1</b>	<b>(4.7)</b>	<b>(18.1)</b>	<b>(4.7)</b>	<b>(16.6)</b>
<b>Pattern SpA</b>	<b>4.2</b>	<b>(2.8)</b>	<b>(3.2)</b>	<b>14.0</b>	<b>(5.8)</b>	<b>14.0</b>	<b>(13.1)</b>
MSCI World Index	(0.2)	(2.9)	(3.8)	(2.4)	(2.5)	(2.1)	5.6
EUROSTOXX	(1.6)	(3.1)	(4.4)	7.9	5.1	7.4	4.3
FTSE Italia All Share	(1.8)	(2.3)	(2.6)	10.7	10.9	10.7	8.9
FTSE Italia STAR	(2.1)	(3.7)	(6.4)	(4.8)	(7.0)	(4.8)	(10.8)
FTSE Italia Growth	(1.8)	(2.1)	(1.5)	(2.5)	(4.3)	(2.5)	(4.9)

Source: Refinitiv Workspace

**Table 14 – Pattern relative performances**

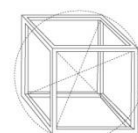
%	1D	1W	1M	3M	6M	YTD	1Y
to MSCI World Index	4.3	0.0	0.6	16.5	(3.3)	16.2	(18.6)
to EUROSTOXX	5.7	0.3	1.2	6.1	(10.9)	6.7	(17.3)
to FTSE Italia All Share	5.9	(0.5)	(0.6)	3.4	(16.8)	3.4	(22.0)
to FTSE Italia STAR	6.2	0.8	3.2	18.8	1.2	18.8	(2.3)
to FTSE Italia Growth	5.9	(0.7)	(1.6)	16.5	(1.5)	16.5	(8.2)
to Domestic B2B Peer Median	6.5	(1.5)	(5.2)	18.7	12.3	18.7	3.5
to Luxury Peer Median	7.3	2.8	14.1	20.6	(2.0)	22.2	20.8

Source: Refinitiv Workspace

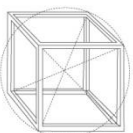
## Risks

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

- impact on P&L account and balance sheet profiles triggered by a sharp decline in global economic growth or geopolitical instability;
- loss of reputation among customers;
- 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).

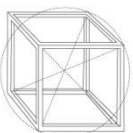


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DATE	TARGET PRICE	RATING
01/04/2025	€6.00	NEUTRAL
12/02/2025	€8.00	BUY
01/10/2024	€8.00	BUY
04/06/2024	€7.50	BUY
02/04/2024	€7.00	NEUTRAL

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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.

