

PATTERN'S BOARD OF DIRECTORS
APPROVED THE CONSOLIDATED HALF-YEAR REPORT AS AT JUNE 30, 2020

REVENUES HIGHER THAN EXPECTED +14%, PRODUCTION VALUE IN LINE WITH THE 1H 2019
POSITIVE RESULT FOR THE PERIOD
DESPITE THE HEALTH PANDEMIC THAT HAS NEGATIVELY IMPACTED
THE ENTIRE LUXURY WORLD

NAMED SARA DE BENEDETTI AS INVESTOR RELATIONS MANAGER

- **Revenues:** € 24.5 million (€ 21.6 million)¹ + **14%**
- **EBITDA**² € 2.5 million (€ 2.0 million) +**22%**; **EBITDA Margin 10.2%**
- **Profit for the period** € 1.3 million (€ 1.2 million) +**5%**
- **Positive NFP** at € 3.9 million (€ 12.4 million)

Turin, September 24, 2020 – the Board of Directors of **Pattern S.p.A (AIM:PTR)** an Italian company, founded in 2000 by Francesco Martorella and Fulvio Botto, among the most important operators in the field of pattern-making, engineering, development, prototyping and production of fashion lines for the most prestigious brands worldwide exclusively for the top luxury range, met today and approved the **Consolidated Half-Year Report as at June 30, 2020**.

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET FIGURES AS AT JUNE 30, 2020

<i>€ million</i>	1H 2020	1H 2019	Var %
Total Revenues	24.5	21.6	14%
EBITDA	2.5	2.0	22%
<i>EBITDA Margin</i>	<i>10.2%</i>	<i>9.5%</i>	
Net Result	1.3	1.2	5%

¹ Figures in brackets refer to financial statements as at June 30, 2019 for income statement figures and financial statements as at December 31, 2019 for balance sheet figures

² EBITDA: Alternative Performance Indicator: EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation – Gross Operating Profit) is an alternative performance indicator not defined by Italian accounting standards but used by company management to monitor and evaluate the company's operating performance, as it is not influenced by volatility due to the effects of the different criteria for calculating taxable income, the amount and the characteristics of capital employed as well as the relevant depreciation/amortisation policies. This indicator is defined by Pattern as Profit/(Loss) for the period before amortisation/depreciation and write-downs of tangible and intangible fixed assets, financial income and expenses and income taxes.

Luca Sburlati, CEO of the Group, commented: “COVID has been having a significant impact on the entire luxury fashion sector and this obviously also affects the first half of Pattern.

However, we are **proud to present a result in line with that of the most performing luxury players**, thanks to the **fundamental contribution of S.M.T.** - from this year in the Pattern Group - to a light cost structure as it is mainly composed of variable costs, to the use of social safety nets (*cassa integrazione*) and the voluntary reduction of remuneration agreed by all management.

This allows us to continue without hesitation on our path towards the **creation of the Italian Hub of Luxury Fashion Engineering** and to confirm the strategic investments already planned regarding sustainability, technology and innovation.”

Total revenues at June 30, 2020 amounted to € 24.5 million with an increase of approximately 14% compared to revenues at June 30, 2019. This growth is essentially due to the positive contribution from the consolidation of S.M.T. (company acquired on March 31 and retroactively included in the consolidation period from January 1, 2020) whose expertise and belonging to a sector that is more resilient to the luxury crisis have meant that, in these first six months of 2020, the company has not experienced significant decreases or cancellations of production orders.

The geographic distribution of sales has highlighted a significant increase in revenues from Italian clients, whose share of the total has more than doubled, rising from 14.1% to 31.5%. The internationalization rate of sales of S.M.T. is high, but lower than Pattern. The portion of revenues from EU countries dropped from 85.3% to 67.3%, while that from non-EU countries rose from 0.6 to 1.2%. Overall, the foreign portion of sales revenues has remained very high, since it stands at 68.5%.

Before analysing some cost items and the consequent margins, it is important to point out that the consolidation of S.M.T. has partially changed the structure of the income statement of the Pattern Group. In fact, S.M.T. has a higher contribution margin than that of Pattern, but a higher incidence of labour costs and amortisation/depreciation, as a consequence of greater vertical integration on the engineering and production cycle.

Among the cost items, we highlight **Raw material consumption** equal to € 6.8 million (€ 8.6 million) with a decrease, compared to 1H 2019, of 21% related to the consolidation of S.M.T., as highlighted above. **Service costs** of € 9.1 million (€ 9.8 million) with a reduction of 8% also thanks to the savings actions taken after the start of the pandemic.

Costs for rents and leases went from € 260 to € 733 thousand (+182%) essentially for the purchase of leased machinery by S.M.T.

Personnel costs went from € 4.3 million to € 5.9 million at June 30, 2020 with a growth of approximately 38% related to the increase in average personnel following the consolidation of S.M.T. (average number of S.M.T. employees of 117, in addition to the 175 of Pattern). The increase in personnel costs would certainly be higher if severe reduction measures had not been implemented, such as the use of the redundancy fund and the voluntary cut in management remuneration.

As a result of the items commented above, **EBITDA** was positive for € 2.5 million (€ 2.0 million), recording an increase of more than 22%. The **Ebitda margin** stood at 10.2% compared to 9.5%, while net of the tax credit for the costs incurred for the listing of € 500 thousand, it would have been 8.3%.

Amortisation, depreciation and provisions increased significantly, from € 215 thousand to € 895 thousand. This increase is due:

- to the amortisation/depreciation recorded in the half-year at S.M.T. of € 472 thousand, which reflects the greater capital invested of this company, due to the production quota realised internally.

- to the amortisation/depreciation of the consolidation difference of S.M.T. equal to € 209 thousand, which derives from the difference between the purchase cost of the investment and the corresponding portion of shareholders' equity.

Net profit for the period was € 1.3 million (Pattern Group net profit for the period € 1.0 million), up 5% compared to € 1.2 million last June 2019 thanks to the lower incidence of current taxes related to the tax credit for the listing, exempt from taxes.

Also at equity level, the acquisition of 51% of S.M.T. brought substantial changes due to the different structure of the latter, which reflects greater vertical integration with respect to Pattern and which entailed greater fixed capital -especially for investments in machinery - and greater working capital, due to the lower variability of operating costs.

The amount of **fixed assets** equal to € 10.5 million, grew by 191% compared to € 3.6 million as at December 31, 2019. The investments concerned **intangible and tangible fixed assets**. The former mainly refer to the recognition of the consolidation difference (€ 4 million). The increase in tangible fixed assets, on the other hand, is a consequence of the consolidation of S.M.T. **Financial assets** decreased by about 80%, following the cancellation of the security deposit paid in December last year under the framework contract signed for the purchase of the investment in S.M.T.

Net working capital increased considerably, from € 2.3 to € 7.3 million, recording +211%. This increase is explained by the expansion of the consolidation area, but also by a higher working capital compared to S.M.T. turnover. Finally, the lock-down due to Covid-19 also had an impact to the extent that production was postponed by a month. This contributed to keeping the Group's working capital higher.

Net invested capital as at June 30, 2020 was approximately € 16 million, compared to € 5 million as at December 31, 2019, with a consequent increase of 219%.

The structure of the sources of capital also changed due to the different consolidation area. **Shareholders' equity** increased by 15% from € 17.4 million to € 19.9 million. The Group's equity is equal to € 18.4 million (€ 17.4 million).

The **net financial position** is positive for approximately € 3.9 million, down from € 12.4 million as at December 31, 2019 following the payment for the acquisition of the S.M.T. investment and for the consolidation of the negative financial position of the latter company. It is important to highlight the high amount of the Group's cash and cash equivalents, equal to approximately € 18 million.

MAIN SIGNIFICANT EVENTS OCCURRED DURING 1H 2020

March 11, 2020 The production activities of Pattern and S.M.T. were stopped during the lock-down period due to the closure of their respective offices. The management, corporate and administrative functions continued to operate. During the period, the Group developed an innovative project concerning the production of masks aimed both at the personal use of its employees and at sales. After the reopening, following government indications, it was considered appropriate to reduce trips and visits from the outside to the essentials. Where possible, the use of smart working is encouraged. Technological investments in 3D CAD were enhanced to continue working on the modelling and engineering part with clients through virtual modelling and prototypes.

March 31, 2020, the Italian Hub of Luxury Fashion Engineering was set up. The closing was finalised for the entry of the S.M.T. knitwear company into the Pattern Group. Furthermore, with the acquisition of S.M.T., the responsibilities relating to the administration, finance and control area, information technology, personnel, SA 8000 and environmental sustainability have been assumed by the respective functions of Pattern.

April 24, 2020, Pattern's Board of Directors assigned 100,000 new shares to the Chief Executive Officer, Luca Sburlati, in accordance with the 2019-2022 Stock Grant Plan. On said occasion, Mr. Sburlati communicated his intention to exercise the rights he is entitled to. Consequently, the share capital of Pattern was increased by € 10 thousand, through the use of the reserve recorded in the financial statements for the aforementioned plan.

After the start of the Coronavirus pandemic, for prudential purposes, the Group resorted to the possibility of requesting the suspension of the repayments of the medium-term loans outstanding in March.

After having verified, thanks to the resumption of activities and the prospects that consolidated positively, that there was no real need, it was decided to request revocation.

At the same time, new medium-term loans were entered into, mainly based on the liquidity decree, for € 6.8 million.

BUSINESS OUTLOOK

The second part of 2020 will also be affected by the pandemic in progress, as was anticipated in the report to the 2019 annual financial statements.

The forecast for the second part of the year is an economic trend in line with that of the first half, both in terms of volumes and in terms of margins. To achieve this result, redundancies and the reduction of management remuneration throughout the Group will continue until the end of the year, while ensuring not to compromise the functioning of the business.

With regard to the equity and financial situation, an improvement is expected with respect to that recorded as at June 30, thanks to the reduction in net working capital, which should correspond to a strengthening of the net financial position. In this latter regard, it should be noted that at August 31, it was positive for € 5.7 million, with an increase of 46% compared to the situation as at June 30, 2020.

A year-end such as the one envisaged above would certainly be positive, also considering the international environmental context, not only the economic one, which characterised the current year.

Furthermore, in accordance with article 6-bis of the AIM Issuers Regulation, the Board of Directors has conferred the role of Investor Relations Manager on Sara De Benedetti.

FILING OF DOCUMENTATION

Copy of the Report on Operations as at June 30, 2020, including the Report of the Independent Auditors, will be made available to the public in accordance with the law at the registered office in Turin, as well as by publication on the institutional website www.pattern.it "Investors/Financial Documents" section and on the authorised storage mechanism www.1info.it

About Pattern Group:

Pattern Spa is a leading company in **engineering, pattern-making and production of runways' collections** of the most **prestigious fashion luxury brands** and, since 2014, is the owner of the outerwear brand ESEMPLARE.

The company, **founded in 2000 by Franco Martorella and Fulvio Botto**, began in 2017 a structured and integrated growing process thanks, first, to the acquisition of Roscini Atelier Srl, leader in the pattern-making and production of the women's lines, and then in 2019 to the merger in the group of Società Manifattura Tessile (S.M.T.), historical company specialized into prototype and production of luxury knitwear.

Pattern Spa listed on the AIM segment of Borsa Italiana on 2019 and was the first Italian company in its sector to have obtained in 2013 the SA8000/Social Accountability Certification and the first Italian signatory in 2019 of the United Nations' Fashion Climate Action Charter confirming the company's strategic choice to **invest in sustainability, technology and human resources**.

For further information:

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Statements annexed:
Reclassified Income Statement - Consolidated and of the Parent Company
Sources and Uses Prospectus - Consolidated and of the Parent Company as at June 30, 2020

PATTERN GROUP INCOME STATEMENT (figures in Euro)	06.30.2020	06.30.2019	Change %
Revenues from sales	23,808,834	21,520,384	11%
Other revenues	728,683	33,292	2089%
Total revenues	24,537,517	21,553,676	14%
Change in product inventories	579,998	3,565,794	-84%
Production value	25,117,515	25,119,470	0%
- Purchases of raw materials	6,969,171	10,461,118	-33%
- Change in inventories of raw materials	-158,310	-1,841,026	-91%
Raw material consumption	6,810,861	8,620,092	-21%
Costs for services	9,081,648	9,845,795	-8%
Costs for rents and leases	732,594	259,811	182%
Personnel costs	5,906,270	4,288,631	38%
Other operating expenses	94,127	66,879	41%
Ebitda	2,492,015	2,038,262	22%
Amortisation, depreciation, provisions and write-downs	894,868	215,375	315%
Ebit	1,597,147	1,822,887	-12%
Net financial income (expenses)	-60,568	-37,485	62%
Pre-tax result	1,536,579	1,785,402	-14%
Current and deferred taxes	230,325	544,491	-58%
Profit (loss) for the period	1,306,254	1,240,911	5%
Group profit (loss) for the period	1,028,844	1,240,911	-17%

PATTERN GROUP RECLASSIFIED BALANCE SHEET (figures in Euro)	06.30.2020	12.31.2019	Change %
Intangible assets	5,668,992	900,835	529%
Tangible assets	4,566,402	1,562,500	192%
Financial assets	221,788	1,125,960	-80%
Total Assets	10,457,182	3,589,295	191%
Inventories	5,201,060	3,434,954	51%
Receivables from customers	9,250,573	8,005,583	16%
Other receivables	2,659,027	1,331,972	100%
Accrued and deferred assets	718,877	512,461	40%
Working capital	17,829,537	13,284,970	34%
Payables to suppliers	-7,291,225	-8,894,442	-18%
Other payables	-3,170,224	-2,021,039	57%
Accrued and deferred liabilities	-75,834	-22,528	237%
Net working capital	7,292,254	2,346,961	211%
Provisions for risks and TFR (employee severance indemnity)	-1,751,218	-928,131	89%
Net invested capital	15,998,218	5,008,125	219%
Shareholders' equity	19,930,327	17,393,698	15%
<i>of which of the Group</i>	<i>18,381,546</i>	<i>17,393,698</i>	<i>6%</i>
Financial debt under 12 months	4,213,524	925,818	355%
Financial debt over 12 months	9,777,713	2,762,509	254%
Cash and cash equivalents	-17,923,346	-16,073,900	12%
Net financial position	-3,932,109	-12,385,573	-68%
Equity and Net financial position	15,998,218	5,008,125	219%

PATTERN SPA INCOME STATEMENT (figures in Euro)	06.30.2020	06.30.2019	Change %
Revenues from sales	14,782,413	21,520,884	-31%
Other revenues	523,208	33,292	1472%
Total revenues	15,305,621	21,554,176	-29%
Change in product inventories	55,630	3,565,794	-98%
Production value	15,361,251	25,119,970	-39%
- Purchases of raw materials	4,620,006	10,461,118	-56%
- Change in inventories of raw materials	-280,331	-1,841,026	-85%
Raw material consumption	4,339,675	8,620,092	-50%
Costs for services	5,742,380	9,844,318	-42%
Costs for rents and leases	317,441	289,811	10%
Personnel costs	3,576,947	4,288,631	-17%
Other operating expenses	49,018	66,266	-26%
Ebitda	1,335,790	2,010,852	-34%
Amortisation, depreciation, provisions and write-downs	203,989	205,019	-1%
Ebit	1,131,801	1,805,833	-37%
Net financial income (expenses)	32,543	7,515	333%
Pre-tax result	1,164,344	1,813,348	-36%
Current and deferred taxes	156,382	539,888	-71%
Profit (loss) for the period	1,007,962	1,273,460	-21%

PATTERN SPA RECLASSIFIED BALANCE SHEET	06.30.2020	12.31.2019	Change %
Intangible assets	689,043	652,912	6%
Tangible assets	1,678,725	1,562,500	7%
Financial assets	5,746,660	1,292,960	344%
Total assets	8,114,428	3,508,372	131%
Inventories	3,770,914	3,434,954	10%
Receivables from customers	4,094,581	8,005,583	-49%
Other receivables	1,412,615	1,331,971	6%
Accrued and deferred assets	444,603	512,461	-13%
Working capital	9,722,713	13,284,969	-27%
Payables to suppliers	4,285,514	8,893,574	-52%
Other payables	1,967,993	2,075,446	-5%
Accrued and deferred liabilities	68,142	22,528	202%
Net working capital	3,401,064	2,293,421	48%
Provisions for risks and TFR (employee severance indemnity)	1,011,521	928,131	9%
NET INVESTED CAPITAL	10,503,971	4,873,662	116%
Equity	18,227,055	17,258,387	6%
Financial debt under 12 months	1,500,384	925,818	62%
Financial debt over 12 months	8,087,545	2,762,509	193%
Liquidity	-17,311,013	-16,073,052	8%
Net financial position	-7,723,084	-12,384,725	-38%
EQUITY AND NET FINANCIAL POSITION	10,503,971	4,873,662	116%