

PATTERN GROUP

Fashion Luxury Engineering

Further Step in Group Consolidation

Pattern Group is a leading independent player in the luxury engineering segment (B2B), serving as a trusted partner, the world's most prestigious luxury brands. With a strong track record of organic growth, diversification and M&A, PTR is now executing an ambitious plan to build new HQs and expand operations, reinvesting proceeds of 2023 disposal.

The News: SMT 10% Minority Buyout

PTR recently announced the buyout of Camer's 10% minority stake in SMT for an aggregate consideration of €7.85m, structured as (i) a min. €5.35m cash-funded repurchase of 6.82% of SMT shares by SMT itself, creating treasury shares at subsidiary level, and (ii) the contribution of the remaining 3.18% into PTR via a max €2.5m reserved capital increase settled in shares. Upon completion, PTR's direct stake in SMT will increase to ~83%, with an additional ~7% held via SMT treasury shares, while the Mattioli family retains the remaining 10%. The final cash/equity mix may vary, as the equity leg is priced on a six-month VWAP and capped at a 5% stake in PTR. The buyout is expected by January, with the contribution following by April.

Our Take: Strong Rationale & Balanced Deal Terms

We view the deal positively as it: 1) increases exposure to PTR's most attractive business segment in terms of profitability, growth potential and resilience; 2) improves financial efficiency, reducing leakage of dividends at SMT level (~€200–300k p.a. in FY26E–27E in our model); 3) avoids funding issues, by issuing equity at holding level and deploying cash at subsidiary level, close to the bulk of operating cash flow; 4) simplifies governance & removes certain minority-related constraints; 5) retains Stefano Casini with a strategic management role.

In terms of price, in absolute value it is broadly aligned to our assumptions as for "value of minorities" but it implies lower than expected multiples / better financials.

Estimates and Fair Value Updated

Based on better financials in knitwear and strong 9M KPIs (released in November), we upgrade our forecasts and incorporate the deal effect, which is earnings accretive in itself: based on our estimates ~15-20% over FY26E–27E. The higher NFD (~€5.7m, on our cash/equity mix assumption) seems manageable (~2.1x NFD/EBITDA FY26E).

We raise our FV to €5.6 per share (from €5.2), driven by upgraded estimates and a lower ERP, partly offset by mild dilution from the equity issuance below FV and higher minority-related valuation adjustments, reflecting improved knitwear prospects. We also note that the transaction delivers medium-term benefits not fully captured by the DCF, such as simplified governance, lower dividend leakage and greater exposure to future knitwear-led M&A upside.

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FAIR VALUE (€) **5.60**

MARKET PRICE (€) **3.40**

MARKET CAP (€mn) **51.1 (*)**

KEY FINANCIALS	FY24	FY25E	FY26E
VALUE OF PRODUCTION	126.5	115.0	117.5
EBITDA	13.0	6.0	9.5
EBIT	3.5	-1.0	2.1
NET PROFIT ADJ.	3.7	1.4	2.8
GROUP NET EQUITY	43.5	42.2	36.9
NET DEBT (-) / NET CASH (+)	-14.4	-20.5	-20.0
EPS ADJ.	0.26	0.10	0.18
DPS	0.00	0.00	0.00

Source: Pattern Group (historical figures), Value Track (estimates)

RATIOS AND MULTIPLES	FY24	FY25E	FY26E
EBITDA MARGIN (%)	10.3	5.2	8.1
EBIT MARGIN (%)	2.8	nm	1.8
NET DEBT / EBITDA (x)	1.1	3.4	2.1
NET DEBT / NET EQUITY (x)	0.3	0.5	0.5
ROCE b.t. (%)	6.0	nm	3.7
EV / SALES (x) (*)	0.8	0.7	0.7
EV / EBITDA (x) (*)	8.1	13.2	8.3
EV / EBIT (x) (*)	30.1	nm	37.2
P / E ADJ. (x) (*)	19.4	35.7	18.4

Source: Pattern Group (historical figures), Value Track (estimates), (*) Post-transaction shares issuance

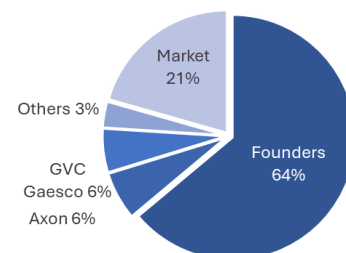
STOCK DATA	
MARKET PRICE (€)	3.40
NOSH (mn)	15.0 (*)
MARKET CAP (€mn)	51.1 (*)
ENTERPRISE VALUE (€mn)	79.1 (*)
FREE FLOAT (%)	32.7
AVG L30D VOLUME ('000)	3,606
RIC / BBG	PTR.MI / PTR.IM
52 WK MAX - MIN (€)	3.20–5.84

Source: Stock Market Data, (*) Post-transaction shares issuance

Description

Pattern Group is one of the leading independent players in the luxury engineering segment (B2B), serving as a benchmark for the world's most prestigious luxury brands. The Company reported steady growth since inception (27% CAGR 2009-2024), on a mix of organic growth and solid M&A. It operates under three product segments: Men's and Womenswear, Knitwear, and Leather Goods and is still controlled by the two founders with a 32% stake each, with key managers owning another 3%. Following the signing of the agreement of 24th December 2025, these ownership percentages remain subject to the final terms and structure of the deal.

SHAREHOLDERS' STRUCTURE*



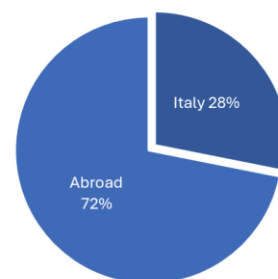
Source: Pattern, (*) Pre-transaction shares issuance

REVENUES BY BUSINESS LINE 1H25



Source: Pattern Group

REVENUES BY GEOGRAPHY 1H25



Source: Pattern Group

Financial Highlights

KEY FINANCIALS (IT GAAP, €mn)	FY24	FY25E	FY26E	FY27E
Value of Production	126.5	115.0	117.5	123.3
y/y (%)	14.6%	-9.1%	2.2%	5.0%
EBITDA	13.0	6.0	9.5	11.9
EBITDA Margin (%)	10.3%	5.2%	8.1%	9.6%
EBIT	3.5	-1.0	2.1	4.0
EBIT Margin (%)	2.8%	-0.9%	1.8%	3.2%
Net Profit	-1.0	-1.0	0.2	1.5
y/y (%)	nm	3.0%	nm	nm
Adj. Net Profit	3.7	1.4	2.8	4.0
y/y (%)	nm	nm	98.1%	44.6%
Net Fin. Position [Net Debt (-) / Cash(+)]	-14.4	-20.5	-20.0	-12.0
Net. Fin. Pos. / EBITDA (x)	1.1	3.4	2.1	1.0
Capex	-6.7	-12.2	-2.5	-2.5
OpFCF b.t.	4.3	-5.7	7.9	10.2
OpFCF b.t. / EBITDA (%)	32.7%	nm	83.8%	85.5%

Source: Pattern Group, Value Track Analysis

Investment Case

Strengths / Opportunities

- Hard-to-replicate engineering and “Made in Italy” manufacturing network, essential for luxury brands’ top-quality supply chain;
- Strong balance sheet and solid M&A track record (solid rationales at attractive multiples, i.e. <6x EV/EBITDA);
- Distinct positioning in a market in strong consolidation.

Weaknesses / Risks

- Luxury market is facing negative momentum, with expected weakness in Europe and US also in 2025E;
- The order-based Cost-plus approach limits B2B margins.

STOCK MULTIPLES @ FV*	FY26E	FY27E
EV / SALES (x)	1.0	0.8
EV / EBITDA (x)	11.8	8.7
EV / EBIT (x)	52.8	26.0
EV / CAP. EMPLOYED	2.0	2.0
OpFCF Yield (%)	7.5	10.0
P / E (x)	30.3	21.0
P / BV (x)	2.6	2.5
Dividend Yield (%)	0.0	0.0

Source: Value Track Analysis(*) Post-transaction shares issuance

Agreement's rationale and technicalities

In the last week of December, PTR announced the buyout of Camer's 10% minority stake in SMT, increasing its controlling stake of the "knitwear sub-holding" to 90%, with the remaining stake still in the hands of the Mattioli family.

Strong industrial and economic rationale

The gradual buyout of Pattern's minorities in the knitwear segment has been highly recommended by us since our Initiation of Coverage for its industrial rationale and potential financial benefits, and therefore we welcome the deal.

The main positives of the deal are the following:

- the increased exposure to the most **attractive business** segment, as knitwear boasts higher profitability, stronger growth potential and better resilience compared to leather good and ready-to-wear segments;
- the improved **financial efficiency**, as the buyout will reduce the leakage of dividends at SMT level (we estimate ~€200–300k p.a. in FY26E–27E in our model), improving the free cash flow of the Group and the Group bottom line;
- a simplified **governance** and the termination of certain minority-related constraints set out in the existing shareholders' agreement with Camer;
- the "selling shareholder" **Stefano Casini** will be retained with a direct stake in PTR (via Camer) and with a strategic management role for him (*ad-personam*) within the BoD of PTR;
- in addition, thanks to the deal structure (as described below), the buyout does **not** raise **funding issues**, as it entails the issuing of equity at holding level and the deployment of cash at SMT level, close to the bulk of operating cash flow.

An effective deal structure

The value attributed to SMT equity is **€78.5mn** and hence the 10% stake of Camer will be acquired for an aggregate consideration of €7.85m, structured as a mix of (i) a cash-funded repurchase of SMT shares by SMT itself, creating treasury shares at subsidiary level, and (ii) the contribution of SMT shares into PTR via a reserved capital increase settled in PTR shares. The **final cash/equity mix may vary**, as the equity leg is priced on a six-month VWAP and capped at a 5% stake in PTR, with the remaining settled in cash through the SMT share repurchases. The buyout is expected by January, with the contribution following by April.

Our model is based on the following equity/cash mix, based upon a six-month VWAP of PTR of €3.90.

Sensitivity of Cash / Equity Mix to PTR Shares Issue Price

€		3.70	3.80	3.90 (VTCas)	4.0	4.1
Equity / Cash (€mn)	Equity	2.07	2.13	2.20	2.24	2.30
	Cash	5.78	5.72	5.65	5.61	5.55

Source: Value Track Analysis

Upon completion, PTR's direct stake in SMT will increase to ~83%, with an additional ~7% held via SMT treasury shares, while the Mattioli family retains the remaining ~10%.

At PTR level Camer will own a 5% stake, while the founders' stake will fall from 63.9% to 61.5%.

While the technicalities of the deal may appear cumbersome, we believe they are very effective, as:

- they allow the Group to reach all the benefits listed above, without rising complex funding issues or putting too much pressure on the financial structure of the Group in terms of funding needs and NFP/EBITDA (2.1x in FY26 on revised forecasts, see in next sections);
- in IFRS terms (PTR is moving towards IFRS accounting), the deal is positive for the Group NFP, as the potential liabilities related to Put/Call agreements are already included, while part of the buyout is carried by PTR reserved capital increase.

The value of SMT equity set at 5.9x FY26E EV/EBITDA, below expectations

We can draw the following considerations relative to the valuation of SMT agreed in the deal:

- it is **fully aligned to the valuation** agreed upon the acquisition of the 8% stake of SMT finalized by PTR in **June 2024**;
- in absolute value (€7.85mn) the price is **broadly aligned to our expectations** (i.e. to the “value of minorities” in our valuation model, updated in October 2025) of a potential cost of €7.6mn for Camer’s stake in SMT, based on 6.4x FY26E EV/EBITDA;
- according to the report produced by the related parties committee, **the price entails** the following multiples, **7.1x EV/EBITDA FY25E and 5.9x EV/EBITDA FY26E**, lower than our assumptions;
- this difference suggests that SMT has been performing better than we expected in FY25E and projections for FY26 are above our forecasts. In other words, the value attributed to the 10% stake sold by Camer is a touch higher than our expectations in absolute value, but it **implies better profitability and lower multiples** than we expected.

Revised forecasts

As anticipated above, the deal provides also a positive read-across for the business outlook, as the multiples implied by the buyout suggest that the knitwear segment is performing better than we expected. This view is somehow supported also by the 9M25 KPIs (released on 12 Nov 2025), which we see as very reassuring on current operations. The table below shows that our revised estimates still imply a very reasonable 4Q performance.

Implied 3Q KPIs and 4Q Revised VT Estimates

(OIC, €mn)		1H25	3Q25	4Q Est.
Value of Production		57.5	27.9	29.6
EBITDA		1.6	2.8	1.6
NFD @ Period End		-19.9	-22.8	-20.5
Δ NFD		-5.5	-2.9	2.3

Source: Pattern Group, Value Track Analysis

As a result, we have **updated our model to reflect stronger operating performance ahead of the transaction effects**, incorporating:

- Better revenues and margins for the knitwear division**, only partially offset by more cautious assumptions for the RTW and leather good segments;
- Better financial position at Group level**, prior to the deal also supported by the unwinding of the extraordinarily high VAT credits built up in connection with the investments for the new headquarters;
- The deal effect**, which - based on our assumption of a ~€3.90 issue price per share (current 6-month VWAP) - includes (i) a €2.2m reserved capital increase by PTR for the contribution of a 3.2% stake in SMT, and (ii) a €5.65m cash outlay for the buyout of SMT-owned shares.

Versus our previous estimates, this results in an uplift of ~€5m in FY25 revenues and ~€1m at EBITDA level. For FY26–27, the operating uplift is more moderate (~+2% on EBITDA), while net income benefits more visibly from the buyout, as a higher share of knitwear profits accrues to the Group following the reduction of minorities, partly offset by the cash impact on net debt (net of dividend leakage savings).

Overall, the combined effect of stronger fundamentals and transaction mechanics implies a **~5% revenue CAGR and ~40% EBITDA CAGR over 2025E–27E**, pointing to **~€12m of EBITDA by FY27** and **>€8m of annual EFCF**, while remaining fully consistent with a disciplined balance sheet profile.

Old vs. New Estimates FY25-27E

(OIC, €mn)	2025			2026			2027		
	Old	New	Chg. %	Old	New	Chg. %	Old	New	Chg. %
Value of Production	110.0	115.0	4.5%	117.5	117.5	0.0%	123.3	123.3	0.0%
EBITDA	4.9	6.0	21.9%	9.3	9.5	2.3%	11.7	11.9	1.5%
EBITDA Margin (%)	4.5%	5.2%	74 bps	7.9%	8.1%	18 bps	9.5%	9.6%	15 bps
EBIT	-2.8	-1.0	nm	1.3	2.1	68.7%	3.0	4.0	30.9%
EBIT Margin (%)	nm	nm	nm	1.1%	1.8%	73 bps	5.2%	6.0%	76 bps
Net Profit	-3.3	-1.0	nm	-1.0	0.2	nm	0.1	1.5	nm
Net Financial Position	-23.1	-20.5	2.6	-17.9	-20.0	-2.1	-11.1	-12.0	-0.8

Source: Pattern Group, Value Track Analysis

Profit and Loss FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E	CAGR _{FY24-27E}
Value of Production	126.5	115.0	117.5	123.3	-0.8%
Raw Materials, Δ Inventory (Finished Goods)	-23.0	-23.0	-22.6	-23.4	0.7%
Gross Profit	103.5	92.0	94.9	99.9	-1.2%
Gross Margin (%)	81.8%	80.0%	80.8%	81.0%	-84bps
Costs of Services	-49.2	-44.3	-44.6	-46.9	-1.6%
Costs of Rent	-3.3	-2.5	-2.2	-2.3	-10.5%
G&A	-1.1	-0.7	-0.6	-0.5	-22.9%
Labour Costs	-37.0	-38.6	-37.9	-38.3	1.2%
EBITDA	13.0	6.0	9.5	11.9	-3.0%
EBITDA Margin (%)	10.3%	5.2%	8.1%	9.6%	-67bps
D&A	-6.5	-6.8	-7.3	-7.9	6.5%
Provisions	-3.0	-0.2	0.0	0.0	nm
EBIT	3.5	-1.0	2.1	4.0	4.4%
Interest Expenses	-0.2	0.3	-0.9	-0.7	58.3%
Pre-Tax Profit	3.3	-0.8	1.2	3.3	-0.5%
Taxes	-3.0	-0.1	-0.4	-1.0	nm
Minorities	-1.4	-0.2	-0.6	-0.8	nm
Net Profit	-1.0	-1.0	0.2	1.5	nm
Net Profit Adj.	3.7	1.4	2.8	4.0	3.7
Net Profit Adj. Margin (%)	2.9%	1.2%	2.4%	3.3%	2.9%

Source: Pattern Group, Value Track Analysis

Balance Sheet FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E
Net Fixed Assets	56.0	61.6	56.7	51.3
Net Working Capital	8.3	8.2	7.8	7.8
Provisions	6.4	7.1	7.6	8.4
Total Capital Employed	57.9	62.7	56.9	50.8
Group Net Equity	43.5	42.2	36.9	38.8
Net Financial Position	-14.4	-20.5	-20.0	-12.0

Source: Pattern Group, Value Track Analysis

Cash Flow FY24-FY27E

(OIC, €mn)	FY24	FY25E	FY26E	FY27E
EBITDA	13.0	6.0	9.5	11.9
Δ NWC	-3.1	0.1	0.4	0.0
Capex (excl. Financial Inv.)	-6.7	-12.2	-2.5	-2.5
Δ Provision	1.0	0.4	0.6	0.8
OpFCF b.t.	4.3	-5.7	7.9	10.2
<i>As a % of EBITDA</i>	<i>32.7%</i>	<i>-94.5%</i>	<i>83.8%</i>	<i>85.5%</i>
Cash Taxes	-3.0	-0.1	-0.4	-1.0
OpFCF a.t.	1.3	-5.8	7.5	9.1
Others (incl. Financial Inv. & Div. to min.)	-16.1	-0.6	-2.7	-0.3
Net Financial Charges	-0.2	0.3	-0.9	-0.7
Deal Cash-Out & Cap. Increase	0.0	0.0	-3.5	0.0
Δ Net Financial Position	-15.0	-6.1	0.4	8.1
Net Financial Position	-14.4	-20.5	-20.0	-12.0

Source: Pattern Group, Value Track Analysis

Valuation

The impact of the earnings revision and of the deal is positive on the stock value: the outcome of our DCF model moves from €5.2 to €5.6 per share, thanks to the upgrade in estimates and free cash flow, the financial benefits of the buyback of SMT shares, and despite the recapitalization of PTR - assumed at a price of €3.90/share (est. 6-month VWAP) is slightly dilutive on our fair value.

Our updated **€5.6 per share** fair value (from €5.20), still relies on DCF model, as the most appropriate methodology to capture Pattern's medium-term potential in a context of elevated short-term volatility. This implies a **~6.6x EV/EBITDA 2028E**, based on a normalized EBITDA margin assumption (11%), fully consistent with both Pattern's historical performance, comparable peers and management's guidance.

At current prices, the stock implies a **16.4% EFCF yield on 2027E**, or roughly **10% of our €5.6 Fair Value**.

We continue to view peer multiples as an unreliable benchmark but provide below a summary of selected peers' ratings as a reference, and we underline they have started a slow rerating process. In addition, the luxury manufacturing segment remains in a structural consolidation phase, supporting a potential speculative appeal of the Italian manufacturing champions, despite near-term headwinds.

Discounted Cash Flow Model

We run a DCF model and calculate a Fair Equity Value p/s of €5.60, mid-point of two methodologies depending on Pattern capital structure. Our DCF assumptions are:

- Reference date Dec 2025, with 2026E-30E as explicit forecasts time horizon;
- 2.0% Risk Free Rate in line with medium term inflation target;
- Unlevered Beta at 1.05, (Source: Damodaran, Apparel Europe);
- 4.95% implied Italian equity risk premium (Source: Damodaran, January 2026 Update);
- 2.5% Pattern specific small-size risk premium (unchanged);
- 3.8% pre-tax and 2.9% after-tax cost of debt, broadly in line with the latest company disclosure on average cost of debt ;
- 1% Perpetuity Growth Rate ("g") TV calculated with perpetual growth model, and implying an exit multiple of ~7.6x EV/EBITDA (both unchanged);
- Target Capital structure with Net Debt at 20% of the Capital Invested.

On a rolling capital structure, Pattern WACC starts from 8.7% in 2026E (~35% Net Debt/Total Capital Employed) and lands at 9.7% in 2030E (Net Cash). At target 20% leverage structure, Pattern WACC is fixed at 9.1% for the whole period.

DCF Model Outcome

€mn	Rolling Capital Structure	Target Capital Structure
PV of future cash flows (2026-2030)	33.7	34.1
PV of Terminal Value	80.0	87.9
Fair EV	113.7	122.0
NFP 2025 adj. for €5.65mn Cash-Out	-26.1	-26.1
Minorities	-7.6	-7.6
Fair Equity Value	80.0	88.2
NOSH post #561k Share Issuance	15.0	15.0
Fair Equity Value p.s.	5.33	5.87

Source: Value Track Analysis

Sensitivity of DCF model @ Target Capital Structure

g =1%		0.50%	0.75%	1.0%	1.25%	1.5%
WACC (%)	8.60%	6.0	6.2	6.5	6.7	7.0
	8.85%	5.8	6.0	6.2	6.4	6.6
	9.10%	5.5	5.7	5.9	6.1	6.3
	9.35%	5.3	5.5	5.6	5.8	6.0
	9.60%	5.1	5.2	5.4	5.6	5.8

Source: Value Track Analysis

Peers Analysis

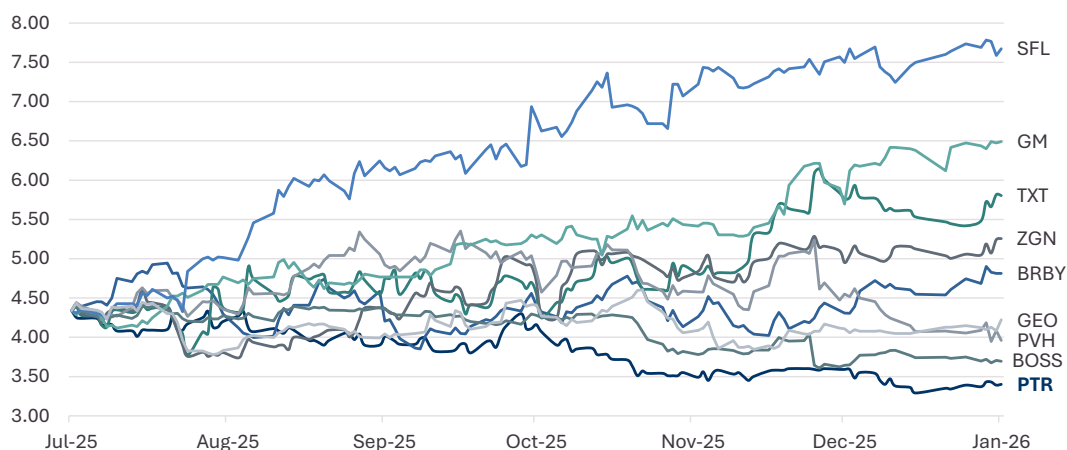
For reference purposes only, we include a peer valuation table, underlying that since our last update in October 2025, the peer group has undergone a further **8% multiple re-rating**. Nevertheless, we continue to consider the peers' approach less relevant, given the deterioration in Pattern's near-term fundamentals.

Peers' Group trading multiples

Company	EV/EBITDA			EV/EBIT			P/E		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Global Brands									
Burberry	8.7	7.1	6.3	32.1	18.4	13.8	>50	35.3	23.6
Capri Holdings	15.4	12.2	9.1	36.1	22.6	13.9	19.7	14.8	11.9
Ermenegildo Zegna	11.0	9.9	8.6	26.3	22.2	17.9	42.4	36.0	28.6
PVH Corp.	5.1	4.7	4.4	6.9	6.4	5.9	6.1	6.0	5.7
Hugo Boss	4.2	4.3	3.9	8.5	9.2	7.9	10.6	12.3	10.9
Global Brands - Average	8.9	7.6	6.4	22.0	15.8	11.9	19.7	20.9	16.2
Global Brands - Median	8.7	7.1	6.3	26.3	18.4	13.8	15.2	14.8	11.9
ITA SME Branded Goods & B2B									
Gentili Mosconi	13.3	7.5	5.9	28.0	13.5	9.5	43.7	21.6	15.1
Safilo Group	8.4	7.8	6.7	12.9	11.9	9.5	18.5	19.6	15.8
Geox	6.6	5.5	5.1	<0	>40	30.1	<0	<0	<0
ITA SME Branded Goods & B2B - Average	9.5	6.9	5.9	20.4	12.7	16.4	31.1	20.6	15.5
ITA SME Branded Goods & B2B - Median	8.4	7.5	5.9	20.4	12.7	9.5	31.1	20.6	15.5
Total Average	9.1	7.4	6.2	21.5	14.9	13.6	23.5	20.8	16.0
Total Median	8.5	7.3	6.1	26.3	13.5	11.7	19.1	19.6	15.1

Source: Pattern Group, Value Track Analysis

6M Price Performance vs. Peers (prices rebased to Pattern)



Source: Value Track analysis

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