

PATTERN GROUP

Fashion Luxury Engineering

1Q26: All as Expected

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

1Q26 in Line, Confirming the Recovery Path

1Q26 KPIs confirm the positive trend already visible in 2H25, with:

- 1) Revenues at €27.6mn (+19.3% y/y), with growth across all divisions: Knitwear +17.1%, Leather Goods +46.6% and Ready-to-Wear +7.4%. The 1Q26 revenue figure represents ~23% of our FY26E Value of Production of €118.0mn, which looks consistent with the usual back-end loaded profile of the business;
- 2) EBITDA at €2.1mn, vs. almost breakeven in 1Q25, with margin improving to 7.8%. This is close to our FY26E EBITDA margin assumption of 8.0%, despite 1Q not being the strongest quarter;
- 3) Net Debt at €25.7mn at March 26, vs. €19.8mn at Dec 25, with the increase almost entirely explained by the €5.8mn cash-out related to the SMT minorities buyout. Excluding this deal, PFN was broadly stable despite likely WC absorption linked to the +19% y/y revenue growth in 1Q. We therefore still see our €20.3mn FY26E Net Debt as achievable, assuming the remaining €7.4mn EBITDA embedded in our forecast converts into ~€5.4mn FCF over 2Q-4Q26.

Our Take: Op. Leverage is Kicking In and FY26E on Track

We view 1Q26 KPIs as supportive of our FY26 forecasts, with a mildly positive bias on profitability. Revenues are progressing well, but the key point is the speed of margin recovery: EBITDA margin at 7.8% is already almost in line with our FY26E assumption, while the implied incremental margin of ~46% confirms that the rationalization measures implemented in 2025 are starting to show through the P&L. At this stage, we leave estimates unchanged, as the sector backdrop remains volatile and visibility is still limited. However, 1Q26 clearly reduces execution risk on our FY26E EBITDA forecast: Pattern now needs an 8.2% EBITDA margin over the remaining nine months to reach our €9.5mn FY26E EBITDA estimate.

Estimates and Fair Value Confirmed

We therefore reiterate our Fair Value of €5.60 per share.

At current prices: 1) Pattern is trading at compressed multiples, which in our view do not fully reflect the ongoing EBITDA recovery and the expected cash generation over 2026–28E; 2) The stock implies a ~27% EFCF yield on 2028E, while cumulatively, the EFCF expected over 2026–28E corresponds to ~50% of Market Cap.

FAIR VALUE (€) **5.60**

MARKET PRICE (€) **2.34**

MARKET CAP (€mn) **34.8**

KEY FINANCIALS	FY25	FY26E	FY27E
VALUE OF PRODUCTION	117.4	118.0	123.3
EBITDA	5.9	9.5	11.6
EBIT	-1.9	2.1	4.2
NET PROFIT ADJ.	-1.6	1.7	3.6
GROUP NET EQUITY	40.8	34.4	36.0
NET DEBT (-) / NET CASH (+)	-19.8	-20.3	-12.9
EPS ADJ.	-0.11	0.11	0.24
DPS	0.04	0.04	0.04

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

RATIOS AND MULTIPLES	FY25	FY26E	FY27E
EBITDA MARGIN (%)	5.0	8.0	9.4
EBIT MARGIN (%)	nm	1.8	3.4
NET DEBT / EBITDA (x)	3.4	2.1	1.1
NET DEBT / NET EQUITY (x)	0.5	0.6	0.4
ROCE b.t. (%)	nm	3.9	8.5
EV / SALES (x) (*)	0.7	0.6	0.5
EV / EBITDA (x) (*)	13.0	6.9	5.0
EV / EBIT (x) (*)	nm	30.8	13.8
P / E ADJ. (x) (*)	nm	20.9	9.8

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

STOCK DATA	
MARKET PRICE (€)	2.34
NOSH (mn)	15.0
MARKET CAP (€mn)	34.8
ENTERPRISE VALUE (€mn)	65.2
FREE FLOAT (%)	32.7
AVG L30D VOLUME ('000)	9,184
RIC / BBG	PTR.MI / PTR.IM
52 WK MAX - MIN (€)	5.00-2.34

Source: Stock Market Data

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 (25% CAGR 2009-2025), 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 31% stake each, with key managers owning another 7%.

Financial Highlights

KEY FINANCIALS (IT GAAP, €mn)	FY24	FY25	FY26E	FY27E	FY28E
Value of Production	126.5	117.4	118.0	123.3	129.5
y/y (%)	14.6%	-7.2%	0.5%	4.5%	5.0%
EBITDA	13.0	5.9	9.5	11.6	14.3
EBITDA Margin (%)	10.3%	5.0%	8.0%	9.4%	11.0%
EBIT	3.5	-1.9	2.1	4.2	6.9
EBIT Margin (%)	2.8%	<0	1.8%	3.4%	5.3%
Net Profit	-1.0	-3.0	-0.8	1.2	3.2
y/y (%)	nm	nm	nm	nm	nm
Adj. Net Profit	3.5	-1.6	1.7	3.6	5.4
y/y (%)	nm	nm	nm	nm	51.7%
Net Fin. Position [Net Debt (-) / Cash(+)]	-14.4	-19.8	-20.3	-12.9	-3.7
Net. Fin. Pos. / EBITDA (x)	1.1	3.4	2.1	1.1	0.3
Capex	-6.7	-11.7	-2.5	-2.5	-2.5
OpFCF b.t.	4.3	-5.6	8.0	10.1	12.4
OpFCF b.t. / EBITDA (%)	32.7%	nm	84.5%	86.8%	87.1%

Source: Pattern Group, Value Track Analysis

Investment Case

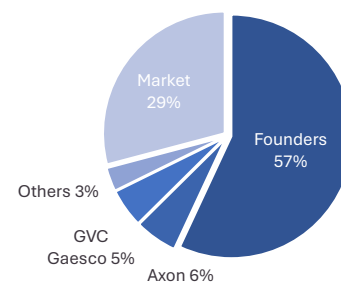
Strengths / Opportunities

- Hard-to-replicate engineering and “Made in Italy” manufacturing network, essential for luxury brands’ top-quality supply chain;
- Solid M&A track record (solid rationales at attractive multiples, i.e. <6x EV/EBITDA), with activity potentially resuming in 2026-27;
- Distinct positioning in a market in strong consolidation;
- Margin upside if 2026 brings volume stabilization after the 2025 trough.

Weaknesses / Risks

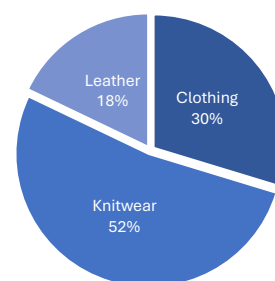
- Luxury demand remains weak, with limited visibility due to geopolitical issues and a structurally smaller market;
- High operating leverage, with lower volumes having a disproportionate impact on profitability;
- The order-based Cost-plus approach limits B2B margins.

SHAREHOLDERS' STRUCTURE*



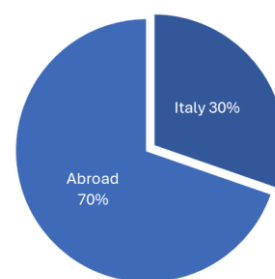
Source: Pattern

SALES BY BUSINESS LINE FY25



Source: Pattern Group

SALES BY GEOGRAPHY FY25



Source: Pattern Group

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	1.0	0.9
EV / EBITDA (x)	12.1	9.2
EV / EBIT (x)	54.1	25.6
EV / CAP. EMPLOYED	2.1	2.2
OpFCF Yield (%)	7.0	9.6
P / E (x)	nm	nm
P / BV (x)	2.9	2.8
Dividend Yield (%)	0.6	0.6

Source: Value Track Analysis

Quarterly KPI Evolution: 1Q25–1Q26

KPIs Evolution: 1Q25-1Q26*

(OIC, €mn)	1Q25	2Q25	3Q25	4Q25	1Q26
Revenues	23.1	29.8	32.5	30.0	27.6
QoQ (%)	-	29%	9%	-8%	-8%
YoY	-	-	-	-	19%
EBITDA	0.0	1.5	2.8	1.5	2.1
QoQ (%)	-	nm	87%	-48%	42%
NFP @ Period End	-	-19.9	-22.8	-19.8	-25.7
Δ NFD	-	-	-2.9	3.0	-5.9

Source: Pattern Group, Value Track analysis. 2Q25 and 4Q25 figures are implied calculations derived from published half-year and 9M figures

Stock Performance vs. Luxury Sector

Stock Performance vs. Luxury & Fashion Companies

Name	Current Price (€)	Change 1M (%)	Change 3M (%)	Change YTD (%)	Change 1Y (%)
Burberry Group	13.3	0.3	-3.1	-8.3	40.7
Capri Holdings	14.8	-12.8	-12.1	-28.9	-11.0
Ermenegildo Zegna	10.6	7.6	14.3	21.0	37.4
PVH Corp.	70.3	-9.2	22.6	23.2	-1.1
HUGO BOSS	36.0	-3.4	-1.6	-0.4	-13.6
Gentili Mosconi	3.0	13.2	-10.7	-13.3	20.5
Safilo Group	1.6	-13.7	-22.3	-19.1	78.1
Geox	0.3	0.2	-7.7	-11.5	-23.2
Hermes International	1,579.0	-10.2	-27.4	-25.6	-37.8
Brunello Cucinelli	82.1	-2.1	-4.9	-16.6	-22.8
LVMH	453.1	-6.3	-13.6	-29.8	-14.6
Kering	239.1	-13.5	-15.0	-20.6	27.0
Pattern	2.34	-14.1	-32.8	-30.5	-47.7

Source: Factset

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



Source: Factset

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