

PATTERN GROUP

Fashion Luxury Engineering

Recovery Underway but Longer Horizon

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.

1H Confirms Margins Recovery in Weak Backdrop

1H26 results confirm the recovery emerged in 2H25. Revenues up to €57.4mn (+7.3% y/y) and EBITDA more than doubled to €3.8mn, with margin at 6.4% of VoP (from 2.7% in 1H25), driven by i) improved mix and cost efficiency in Leather Goods; ii) narrower EBITDA loss in Ready-to-Wear, on better top line and reduced cost base; while Knitwear reported lower EBITDA (-17.2% y/y), despite it continues to outperform a weak underlying market. Net Debt stood at €23.4mn (€19.8mn at FY25-end), reflecting the one-off transactions of 1Q26 (c.€6mn) and dividend payment, while underlying OpFCF remained positive.

2026 Actions Focused on Platform, Positioning, Margins

PTR has continued to strengthen and simplify its corporate structure and key actions included: 1) buy-out of Camer's residual stake in S.M.T. and of a 1.08% minority stake in Idee Partners; 2) approval of Dyloan Bond Factory merger into Pattern S.p.A. and of U.V.M. into S.M.T., for a leaner and cheaper cost structure. In addition, management keep focusing on a) better positioning to wave the "polarization" trends faced by the luxury industry (i.e. very selected clients, top-quality products, supply-chain reliability) and b) cost optimization and NWC discipline.

Estimates Down on Softer Demand

While the PTR recovery is well visible, mostly due to management actions, the luxury fashion system has yet to see clear signs of improvement. Hence, we lower our FY26E-28E estimates, as the pace of margin normalization is proving slower than we had assumed, due to weaker luxury demand, in particular for Knitwear. In fact, in the short term its softness (apparently cyclical/fashion-driven rather than structural) more than offset the smaller-than-expected loss in RTW and a stronger-than-expected turnaround in Leather Goods, but we take a more cautious approach also over FY27-28, as visibility remains poor. We cut FY26-28E forecasts by avg 3% at top line and 19% for EBITDA and increase NFP projections accordingly (FY28E NFD/EBITDA at 1x).

Fair Value at €4.30 Per Share

Based on revised forecasts, we lower our Fair Value to €4.30 (from €5.60), still based on our DCF model as the most appropriate methodology to capture Pattern's medium-term potential. At current market price the stock still offers a ~65% upside, while the EFCF expected over 2026–28E remains a key medium-term value driver.

Valentina Romitelli
valentina.romitelli@value-track.com

Luca Bernini
luca.bernini@value-track.com

FAIR VALUE (€) **4.30**

MARKET PRICE (€) **2.60**

MARKET CAP (€mn) **39.0**

KEY FINANCIALS	FY25	FY26E	FY27E
VALUE OF PRODUCTION	117.4	117.1	120.0
EBITDA	5.9	8.3	9.6
EBIT	-1.9	0.3	1.8
NET PROFIT ADJ.	-1.6	1.1	2.2
GROUP NET EQUITY	40.8	38.7	38.4
NET DEBT (-) / NET CASH (+)	-19.8	-21.3	-15.6
EPS ADJ.	-0.11	0.07	0.14
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	7.1	8.0
EBIT MARGIN (%)	nm	0.2	1.5
NET DEBT / EBITDA (x)	3.4	2.6	1.6
NET DEBT / NET EQUITY (x)	0.5	0.6	0.4
ROCE b.t. (%)	nm	0.5	3.4
EV / SALES (x)	0.6	0.6	0.5
EV / EBITDA (x)	11.8	8.4	6.7
EV / EBIT (x)	nm	nm	35.5
P / E ADJ. (x)	nm	36.0	18.1

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

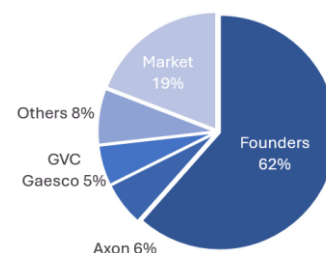
STOCK DATA	
MARKET PRICE (€)	2.60
NOSH (mn)	15.0
MARKET CAP (€mn)	39.0
ENTERPRISE VALUE FY26E (€mn)	70.6
FREE FLOAT (%)	30.8
AVG L30D VOLUME	4,917
RIC / BBG	PTR.MI / PTR.IM
52 WK MAX - MIN (€)	2.34-4.30

Source: Stock Market Data, (*) Including Axon and Gaesco

Description

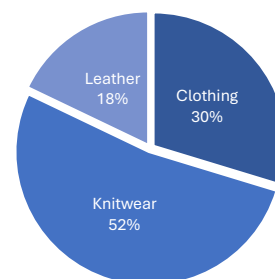
Pattern Group is one of the leading independent players in the luxury engineering segment (B2B), serving as a benchmark for the world's most prestigious luxury brands. The Company reported steady growth since inception (25% CAGR 2009-2025), on a mix of organic growth and solid M&A. It operates under 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%.

SHAREHOLDERS' STRUCTURE



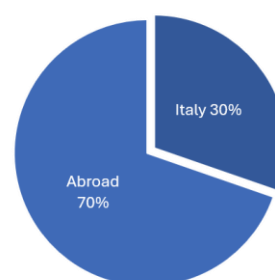
Source: Pattern

SALES BY BUSINESS LINE FY25



Source: Pattern Group

SALES BY GEOGRAPHY FY25



Source: Pattern Group

Financial Highlights

KEY FINANCIALS (IT GAAP, €mn)	FY24	FY25	FY26E	FY27E	FY28E
Value of Production	126.5	117.4	117.1	120.0	123.5
y/y (%)	14.6%	-7.2%	-0.3%	2.5%	2.9%
EBITDA	13.0	5.9	8.3	9.6	10.3
EBITDA Margin (%)	10.3%	5.0%	7.1%	8.0%	8.3%
EBIT	3.5	-1.9	0.3	1.8	2.7
EBIT Margin (%)	2.8%	<0	0.2%	1.5%	2.2%
Net Profit	-1.0	-3.0	-1.8	-0.6	0.2
y/y (%)	nm	nm	nm	-68.0%	-128.7%
Adj. Net Profit	3.5	-1.6	1.1	2.2	2.8
y/y (%)	nm	nm	nm	99.1%	27.8%
Net Fin. Position [Net Debt (-) / Cash(+)]	-14.4	-19.8	-21.3	-15.6	-10.0
Net. Fin. Pos. / EBITDA (x)	1.1	3.4	2.6	1.6	1.0
Capex	-6.7	-11.7	-2.4	-2.5	-2.5
OpFCF b.t.	4.3	-5.6	6.6	7.9	7.9
OpFCF b.t. / EBITDA (%)	32.7%	nm	79.1%	81.7%	76.4%

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.

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	0.8	0.8
EV / EBITDA (x)	11.5	9.3
EV / EBIT (x)	nm	nm
EV / CAP. EMPLOYED	1.6	1.7
OpFCFYield (%)	6.9	8.7
P / E (x)	nm	nm
P / BV (x)	2.0	2.0
Dividend Yield (%)	0.8	0.8

Source: Value Track Analysis

1H26 Results

Key Messages

1H26 results were solid, confirming the recovery trend that started in 2H25.

Revenues reached €57.4mn (+7.3% y/y), driven by strong growth in Leather Goods (+30.4% y/y) and Ready-to-Wear (+6.8% y/y), while Knitwear was broadly stable. EBITDA more than doubled to €3.8mn (+143.5% y/y), with EBITDA margin on VoP up to 6.4% (from 2.7% in 1H25).

We would highlight the following key points:

- i) **1H26 revenues** are **broadly in line** with our full-year expectations, confirming the recovery trajectory that emerged in 2H25, but we reckon a different mix in terms of segments, with knitwear weaker than expected;
- ii) the **improvement in profitability** was primarily **driven by the turnaround in Leather Goods**, which returned to generating positive results, and by the resilience of Knitwear, alongside rigorous **cost control** (also in Ready-to-Wear) and selective repricing toward higher-tier clients. However, the first half margin improvement, combined with the lack of clear recovery signs from luxury sector demand over second half, suggests **our January 2026 projections appear demanding**;
- iii) below the line, EBIT was still marginally negative at -€72k (vs. -€2.1mn in 1H25), reflecting higher D&A from the Group's investment plan, while the net financial result turned negative at -€436k (vs. +€850k in 1H25, which had benefited from a €1.1mn one-off gain); **Net Profit Adj. improved markedly to break-even** (-€84k vs. -€1.4mn in 1H25), while reported Group Net Profit was flat at -€1.6mn (vs. -€1.6mn in 1H25);
- iv) 1H26 NFP reflects the buy-out of Camer's residual stake in S.M.T., the buy-back of a 1.08% minority stake in Idee Partners and the €0.5mn PTR dividend pay-out for total of c. €6.5mn, suggesting that the **free cash flow from operations and NWC management were positive**;
- v) the split of 1H26 between the quarters underlines a marked slowdown in **Q2**, following a very strong 1Q, which benefitted from a) an easier comp with an extremely weak 1Q25 and b) the short term "flash demand" related to the changes of top designers undertaken by many global luxury brands. We note that we have no historical records for PTR quarterly data yet - as quarterly reporting started only in 3Q25 - but we see this as an indication of **weakening momentum**, which mirrors the gloomy macro and geopolitical picture;
- vi) management confirmed that the Italian fashion industry, which had anticipated a moderate **recovery in 1Q, was subsequently dampened by the war in the Persian Gulf** and by a contraction in other key international markets: the **US**, due to tariffs and a weak dollar, **China**, due to domestic policy decisions, and **Russia**.

Profit & Loss

- **Value of Production** at €59.2mn (+3.0% y/y); Revenues from Sales at €57.4mn (+7.3% y/y), driven by strong growth in Leather Goods (+30.4% y/y) and Ready-to-Wear (+6.8% y/y), while Knitwear was broadly stable. The increase in Value of Production also reflects a 54.8% reduction in the change in Finished Goods/WIP inventories (from €4.0mn to €1.8mn), due to a more efficient delivery timing.

Revenues & EBITDA: Semi-Annual Trends

(OIC, €mn)	1H25	2H25	1H26	2H26E ⁽³⁾
Sales Revenues	52.9	62.5	57.4	58.9
y/y (%)	-12.3%	-4.6%	8.5%	-5.8%
Total Revenues⁽¹⁾	53.5	63.5	57.4	58.9
y/y (%)	-12.9%	-4.7%	7.3%	-7.2%
Value of Production⁽²⁾	57.5	59.9	59.2	57.9
y/y (%)	-6.9%	-7.4%	3.0%	-3.4%
EBITDA	1.6	4.3	3.8	4.5
y/y (%)	-76.5%	-32.8%	143.6%	5.2%
As a % of VoP	2.7%	7.2%	6.4%	7.9%

Source: Pattern Group, Value Track Analysis, (1) Including Other Revenues, (2) Including Δ Inventory (3) Implied on revised forecasts

Revenues & EBITDA Quarterly Trends

(OIC, €mn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Sales Revenues	23.1	29.8	32.5	30.0	27.6	29.8
y/y (%)	//	//	//	//	19.7%	-0.1%
Total Revenues⁽¹⁾	23.2	30.3	33.0	30.5	27.6	29.7
y/y (%)	//	//	//	//	19.3%	-1.9%
Value of Production⁽²⁾	25.1	31.8	30.7	28.2	28.5	30.7
y/y (%)	//	//	//	//	13.7%	-3.5%
EBITDA	0.0	1.5	2.8	1.5	2.1	1.6
y/y (%)	//	//	//	//	nm	7.3%
As a % of VoP	//	//	//	//	7.4%	5.3%

Source: Pattern Group, Value Track Analysis, (1) Including Other Revenues, (2) Including Δ Inventory

- **Raw Materials** Consumption at €11.4mn, broadly stable vs. €11.6mn in 1H25 (-1.7% y/y) despite higher volumes, while Labour Costs at €19.0mn were also broadly in line with €18.8mn in 1H25 (+1.1% y/y); Other Operating Charges declined 34.5% y/y to €461k (vs. €707k in 1H25);
- **EBITDA** at €3.8mn, +143.5% y/y (vs. €1.6mn in 1H25), with EBITDA margin up to 6.4% of VoP (vs. 2.7% in 1H25). The improvement was driven by both the revenue increase and cost containment, most notably from the restructuring actions undertaken in Leather Goods and in Dyloan Bond Factory within Ready-to-Wear. Leather Goods was the largest contributor to the growth of 1H EBITDA, driven by both an improved client mix — following the exit from a number of clients whose terms implied very weak margins — and cost efficiencies, together generating an incremental margin in excess of 70%; Ready-to-Wear followed, narrowing its EBITDA loss by c.€1mn y/y on the back of +6.8% revenue growth; Knitwear profitability declined 17.2% y/y but remained the Group's best-performing division in absolute terms, outperforming the broader market, which reported a double digit decline, according to management. Across segments, a selective repricing of c.1-1.5% was implemented in 1H26, most notably in Ready-to-Wear and Leather Goods, against a backdrop of broader price pressure at retail level across the luxury sector;
- **EBIT** was still marginally negative at -€72k, a marked improvement vs. -€2.1mn in 1H25, reflecting the higher amortization from the Group's continued investment plan, including goodwill amortization at ca. €1.6mn (up from €1.3mn of 1H25 due to the Camer deal);

- **Net Financial Result** turned negative at -€436k (vs. +€850k in 1H25, which had benefited from a €1.1mn one-off gain). Group Net Profit was flat at -€1.6mn (vs. -€1.6mn in 1H25), while adjusted for the goodwill amortization pertaining to the group, Net Profit Adj. improved markedly to -€84k (vs. -€1.4mn in 1H25).

Profit and Loss 1H25-1H26

(OIC, €mn)	1H25	1H26	y/y %
Value of Production	57.5	59.2	+3.0%
COGS	-11.6	-11.4	-1.7%
Gross Profit	45.9	47.8	+4.1%
Gross Margin (%)	79.8%	80.7%	+90bps
Labour Costs	-18.8	-19.0	+1.1%
EBITDA	1.6	3.8	+143.5%
EBITDA Margin (%)	2.7%	6.4%	+369bps
EBIT	-2.1	-0.1	nm
Net Fin. Results	0.9	-0.4	nm
Pre-Tax Profit	-1.2	-0.5	nm
Net Profit	-1.6	-1.6	0.0%
Net Profit Adj.	-1.4	-0.1	nm
Net Profit Margin Adj. (%)	<0	<0	nm

Source: Pattern Group, Value Track Analysis

Cash Flow & Balance Sheet

Net Financial Position stood at -€23.4mn on 30 June 2026, compared to -€19.8mn at year-end 2025. The change mainly reflects extraordinary transactions carried out in the period, including the purchase of S.M.T. treasury shares from Camer and the buy-back of a 1.08% minority stake in Idee Partners, as well as the €0.5mn dividend pay-out of PTR and of S.M.T. to minorities. Hence, net of these elements (adding to €6.7mn) the Group confirmed a positive and continuous capacity to generate operating cash, supported by both the improved economic result and disciplined working capital management.

Balance Sheet & Net Financial Position FY25-1H26

(OIC, €mn)	FY25	1H26
Net Working Capital	8.1	6.1
As a % of VoP (%)	6.9%	10.2%
Net Invested Capital	60.6	61.0
Total Shareholders' Equity	40.8	37.4
Group Net Equity (excl. Minorities)	33.3	33.2
Net Financial Position [Net debt (-) / Cash (+)]	-19.8	-23.4
NFP / EBITDA (LTM, x)	3.4	2.9

Source: Pattern Group, Value Track Analysis

Net Invested Capital increased to €61.0mn (vs. €60.6mn at year-end 2025), mainly reflecting an 8.5% rise in intangible assets (from €26.5mn to €28.7mn) due to the goodwill recognized on the S.M.T. shares acquired as part of the 10% stake buy-out. Net Working Capital declined 24.8% to €6.1mn (vs. €8.1mn at year-end 2025), despite the mid-year seasonal peak, on a more contained inventory build (vs. c.€11mn at June 2025) and a lower VAT credit (down to €2.3mn from €3.3mn at year-end 2025).

Revising Our Estimates

Following the 1H26 results, we materially lower our FY26E-28E estimates while 1H26 confirmed the recovery trend that emerged in 2H25, the pace of margin normalization is proving slower than we had assumed in our January 2026 update, driving a c.12-28% cut to our EBITDA estimates over the plan horizon (c.1-5% at Value of Production level). We note that our FY26E estimates imply c.€57mn of revenues in 2H26E, down y/y against a tough comparison base: we remind that 2H25 had benefited from certain deliveries slipped from 1H into 2H and from some anticipations of 1Q26 deliveries. This factor inflates the apparent y/y decline forecasted in 2H26, without reflecting an equivalent deceleration in underlying demand.

The **key swing factor versus our prior model is Knitwear**, where 1H26 profitability declined 17.2% y/y against our expectation of a recovery. Knitwear's underperformance also reflects its more limited exposure to the premiumization trend currently benefiting Leather Goods and RTW and management does not see a structural issue behind the softness, attributing it to a combination of cyclical slowdown and a fashion-related effect that has recently amplified the negative trend.

Such a negative impact is only partly offset by a **smaller-than-expected loss in Ready-to-Wear** and by a **stronger-than-expected turnaround in Leather Goods**, now expected to grow at a moderate pace: in short, our read-across from the 1H26 results and management commentary is also that the Italian fashion system did not see the market recovery we had anticipated, held back by the worsened geopolitical and macro picture and more broadly, we now expect Pattern's margin recovery to take longer than previously anticipated.

As a result, despite management has not provided any comments about the 2026-2028 Strategic Plan targets, we now assume a more cautious stance and **project the double-digit EBITDA margin targeted by management by FY28 as more likely to be achieved in FY29-FY30**, beyond our current estimates' horizon.

For reference, management's 2026-2028 Strategic Plan targets (ex-M&A) guided to Revenues of €125-140mn (with potential upside of 12-20% in case of M&A), a low-double-digit EBITDA Margin (medium-double-digit including M&A), and a cash-positive NFP (neutral including M&A), while our revised estimates (ex-M&A) now sit c.25% below the FY28E EBITDA guidance.

As a result of lower profitability, we now expect NFP to remain higher than previously forecasted, through the plan horizon, albeit still on a clear deleveraging trajectory, with NFP/EBITDA declining toward c.1.0x by FY28E (from 3.4x at FY25).

Overall, our revised estimates point to a softer pace of growth: ~1.7% Value of Production CAGR and ~21% EBITDA CAGR over 2025-28E, with FY28E EBITDA now at €10.3mn (vs. previous €14.3mn) and cumulated EFCF of c.€17.3mn over 2026-28E (vs. c.€21.4mn previously).

Old vs. New Estimates FY26-28E

(OIC, €mn)	FY26E			FY27E			FY28E		
	Old	New	Chg. %	Old	New	Chg. %	Old	New	Chg. %
Value of Production	118.0	117.1	-0.8%	123.3	120.0	-2.7%	129.5	123.5	-4.6%
EBITDA	9.5	8.3	-12.0%	11.6	9.6	-16.9%	14.3	10.3	-27.8%
EBITDA Margin (%)	8.0%	7.1%	-91 bps	9.4%	8.0%	-137 bps	11.0%	8.3%	-268 bps
EBIT	2.1	0.3	-86.8%	4.2	1.8	-56.3%	6.9	2.7	-60.9%
EBIT Margin (%)	1.8%	0.2%	-155 bps	3.4%	1.5%	-187 bps	5.3%	2.2%	-313 bps
Net Profit	-0.8	-1.8	nm	1.2	-0.6	nm	3.2	0.2	nm
Net Financial Position	-20.3	-21.3	-1.0	-12.9	-15.6	-2.7	-3.7	-10.0	-6.3

Source: Pattern Group, Value Track Analysis

Profit and Loss FY25-FY28E

(OIC, €mn)	FY25	FY26E	FY27E	FY28E	CAGR FY25-28E
Value of Production	117.4	117.1	120.0	123.5	1.7%
Raw Materials, Δ Inventory	-21.6	-21.1	-21.6	-22.2	1.0%
Gross Profit	95.8	96.0	98.4	101.3	1.9%
Gross Margin (%)	81.6%	82.0%	82.0%	82.0%	39bps
Costs of Services	-47.5	-46.2	-46.8	-48.1	0.4%
Costs of Rent	-3.2	-2.9	-3.0	-3.1	-1.6%
G&A	-1.6	-0.5	-0.5	-0.5	-32.0%
Labour Costs	-37.6	-38.0	-38.5	-39.3	1.5%
EBITDA	5.9	8.3	9.6	10.3	20.6%
EBITDA Margin (%)	5.0%	7.1%	8.0%	8.3%	334bps
D&A	-7.1	-7.8	-7.8	-7.6	2.3%
Provisions	-0.6	-0.2	0.0	0.0	-100.0%
EBIT	-1.9	0.3	1.8	2.7	-212.4%
Net Fin. Results	0.4	-1.1	-1.1	-0.9	-229.5%
Pre-Tax Profit	-1.5	-0.8	0.7	1.8	-206.7%
Taxes	-0.8	0.0	-0.2	-0.6	-10.7%
Minorities	-0.7	-1.0	-1.0	-1.1	16.1%
Net Profit	-3.0	-1.8	-0.6	0.2	n.m.
Net Profit Adj.	-1.6	-1.5%	-0.5%	0.1%	n.m.
Net Profit Adj. Margin (%)	<0	1.1	2.2	2.8	n.m.

Source: Pattern Group, Value Track Analysis

Balance Sheet FY25-FY28E

(OIC, €mn)	FY25	FY26E	FY27E	FY28E
Net Fixed Assets	59.1	59.1	53.8	48.7
Net Working Capital	8.1	8.4	7.5	7.2
Provisions	6.5	7.5	7.3	7.1
Total Capital Employed	60.6	60.0	53.9	48.8
Group Net Equity	40.8	38.7	38.3	38.8
Net Financial Position	-19.8	-21.3	-15.6	-10.0

Source: Pattern Group, Value Track Analysis

Cash Flow FY25-FY28E

(OIC, €mn)	FY25	FY26E	FY27E	FY28E
EBITDA	5.9	8.3	9.6	10.3
Δ NWC	0.3	-0.4	1.0	0.3
Capex (excl. Financial Inv.)	-11.7	-2.4	-2.5	-2.5
Δ Provision	-0.1	1.0	-0.2	-0.2
OpFCF b.t.	-5.6	6.6	7.9	7.9
<i>As a % of EBITDA</i>	<i>-96.0%</i>	<i>79.1%</i>	<i>81.7%</i>	<i>76.4%</i>
Cash Taxes	-0.8	0.0	-0.2	-0.6
OpFCF a.t.	-6.5	6.6	7.6	7.3
Financial Inv./others & Div. to minorities	0.6	-0.6	-0.3	-0.3
Net Financial Charges	0.4	-1.1	-1.1	-0.9
EFCF	-5.5	4.9	6.2	6.1
Dividends Paid & Deal effect	0.0	-6.4	-0.5	-0.5
Δ Net Financial Position	-5.5	-1.5	5.7	5.6

Source: Pattern Group, Value Track Analysis

Valuation

Following the cut to our estimates, we lower our **Fair Value to €4.30** (from €5.60), still relying on the DCF model as the most appropriate methodology to capture Pattern's medium-term potential in the context of elevated short-term volatility. As of this update, Terminal Value is calculated using a 7.0x EV/EBITDA exit multiple rather than a perpetual growth rate. Our revised Fair Value implies a ~8.2x EV/EBITDA 2028E on our current estimates, which would fall below 6.0x once Pattern reaches the double-digit EBITDA margin we now expect between FY29E and FY30E, outside our current estimates' horizon.

At current prices, the stock implies a ~16% EFCF yield on 2028E, while cumulatively, the EFCF expected over 2026–28E corresponds to 44% of our Current Market Value.

We continue to view peer multiples as an unreliable benchmark for PTR at the moment but provide below a summary of selected peers' ratings as a reference.

Discounted Cash Flow Model

We run a DCF model and calculate a Fair Equity Value p/s of €4.30, mid-point of two methodologies depending on Pattern capital structure. Our DCF assumptions are:

- Reference date Dec 2026, with 2027E-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);
- 2.5% Pattern specific small-size risk premium (unchanged);
- 3.8% pre-tax and 2.9% after-tax cost of debt, in line with PTR disclosure on average cost of debt;
- TV based on a 7.0x EV/EBITDA exit multiple, in place of the perpetual growth model used previously;
- Target Capital structure with Net Debt at 20% of the Capital Invested.

On a rolling capital structure, WACC starts from 8.7% in 2026E (~36% NFP/Capital Employed) and lands at 9.7% in 2030E (Net Cash). At target 20% leverage structure, 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 (2027-2030)	26.5	26.6
PV of Terminal Value	69.1	70.6
Fair EV	95.6	97.2
NFP 2026E	-21.3	-21.3
Minorities	-10.0	-10.0
Fair Equity Value	64.3	65.9
NoSh	15.0	15.0
Fair Equity Value p.s.	4.28	4.39

Source: Value Track Analysis

Sensitivity of DCF model @ Target Capital Structure

Exit Multiple		5.0x	6.5x	7.0x	7.5x	8.0x
WACC (%)	8.6%	3.1	4.1	4.5	4.8	5.1
	8.9%	3.0	4.1	4.4	4.7	5.1
	9.1%	3.0	4.0	4.3	4.7	5.0
	9.4%	3.0	4.0	4.3	4.6	5.0
	9.6%	2.9	3.9	4.2	4.6	4.9

Source: Value Track Analysis

Peers Analysis

For reference purposes only, we include a peer valuation table, noting that since our last update in May 2026 the peer group has undergone a further c.10% average de-rating, almost entirely driven by estimate revisions, with share prices broadly unchanged, albeit with very diversified performances within the peer group.

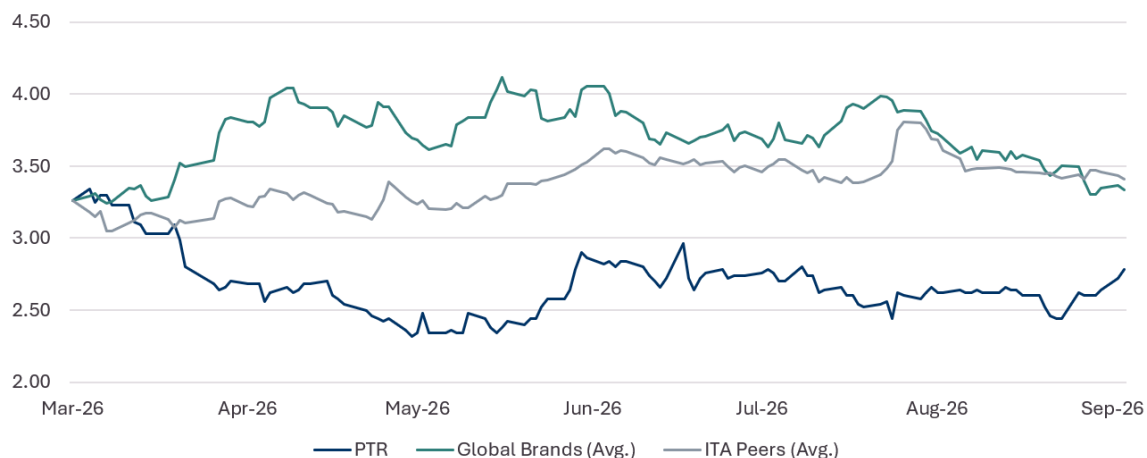
Peers' Group trading multiples

Company	EV/EBITDA		EV/EBIT		P/E	
	2026E	2027E	2026E	2027E	2026E	2027E
Global Brands						
Burberry	4.9	4.5	10.5	8.2	18.0	13.8
Capri Holdings	5.5	6.1	8.7	9.5	6.4	6.5
Ermenegildo Zegna	9.1	8.3	19.4	16.7	30.4	25.5
PVH Corp.	4.9	5.7	6.6	7.2	6.5	6.6
Hugo Boss	4.1	3.7	8.4	7.3	11.9	10.7
Global Brands - Average	5.7	5.6	10.7	9.8	14.6	12.6
Global Brands - Median	4.9	5.7	8.7	8.2	11.9	10.7
ITA SME Branded Goods & B2B						
Gentili Mosconi	5.1	4.0	8.2	6.1	13.6	11.8
Safilo Group	5.7	4.9	8.3	6.9	13.6	12.2
Geox	4.6	4.0	19.1	13.0	16.2	7.7
ITA SME Branded Goods & B2B - Average	5.1	4.3	11.9	8.7	14.5	10.5
ITA SME Branded Goods & B2B - Median	5.1	4.0	8.3	6.9	13.6	11.8
Total Average	5.5	5.1	11.1	9.3	14.6	11.9
Total Median	5.0	4.7	8.5	7.7	13.6	11.2

Source: Factset, Value Track Analysis

Over the past 6 months, share price shows significant divergence across the peer group, with PTR down -17.0%, compared to +2.2% for the Global Brands Average (BRBY, CPRI, ZGN, PVH, BOSS) and +4.5% for the ITA Peers Average (GM, SFL, GEO).

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



Source: Value Track analysis

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