



BRUNELLO CUCINELLI

Press Release

CASA DI MODA BRUNELLO CUCINELLI: the BoD has examined the Preliminary Net Revenues of the first half of 2022.

- Net revenues of Euro 415.2 million, up +32.3% at current exchange rates (+28.3% at constant exchange rates) compared to H1 2021;
- The beautiful sales growth in the second quarter further improved the already very positive trend reported in the first three months of the year, in all channels and geographies;
- Significant growth in all areas: Americas +52.7%, Asia +27.2%, Europe +20.7%, Italy +19.7%;
- Revenues increased strongly in both the retail channel, up +47.0%, and in the wholesale channel, up +16.0%;
- The very, very good trend of the semester, the deliveries of the Autumn Winter 22 collections which are going very well, the regularity of the production activity, and the particularly positive moment that we feel our brand is experiencing, lead us to estimate for 2022 a record year and a nice revenue growth of around +15%;
- With as much confidence and concreteness, also based on the very positive feedback that accompanied the presentation of the Spring/Summer 2023 men's collection and the related almost completed order collection, we can imagine a healthy growth in the region of +10% for 2023;
- We are therefore very satisfied with the path we are on, and we imagine that we can achieve a turnover of around Euro 1 billion as early as 2024.

Brunello Cucinelli, Executive Chairman and Creative Director of the Casa di Moda, commented:

*"The performance in the first half of 2022 was particularly good, with significant sales in terms of both quantity and quality. The autumn season began with excellent results and remarkable value in terms of image, so all this leads us to imagine a **record** year, with sales growth of around 15%."*

*"In the great capital cities worldwide we have set up spaces that we call **Casa Cucinelli** and which we feel are bestowing nobility and prestige onto the brand. The substantial order intake for the Spring-Summer 2023 men's collection leads us to envisage a healthy growth of around 10% for next year."*



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Solomeo, 12 July 2022 - The Board of Directors of Brunello Cucinelli S.p.A. - a Casa di Moda operating in the luxury goods sector, listed on the Italian Stock Exchange (now Euronext) - today examined the preliminary net revenues for the first half of 2022, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

The **first half of 2022** reported **excellent results**, with revenue growth of **+32.3%** (+28.3% at constant exchange rates), which further improved the already very positive trend of +19.6% in the first three months of the year.

In the **second quarter**, revenues thus grew by +46.4%, undoubtedly aided by the limited countervalue of 2021, enabling us to achieve our **best quarterly performance ever**, reaching a turnover of Euro 218.3 million.

Once again, as already commented in reference to first quarter, the strong growth in demand in **Europe, North America** and the **Middle East** allowed us to more than balanced the effects of the restrictions applied to the Russian market and the lower than expected growth in the Chinese market, which has faced the period of greatest restrictions related to the pandemic in recent months.

All continents report very nice growth, however, with **sales also increasing slightly in China** on both a **half-year** and **quarterly basis**.

The contribution of both sales channels was positive, with retail accounting for almost 60% of the half-year sales and about 40% accounted for by the wholesale channel; we find this channel mix very interesting and expect it to be very similar at the end of the year.

In particular, the very strong contribution of **physical retail** highlights the great and widespread desire to return to 'live' boutiques, with the digital component of our sales, still very important for our image, continuing on a sustained growth path, but at a more "*normal*" speed compared to the peaks of 2020 and 2021.

The **solidity of the first-half results** seems to us to have **structural connotations** that lead us to update our year-end estimates, imagining a growth in turnover of **around +15%** for **2022**.

For the year **2022**, we also envisioned a **small financial gift** for our Human Resources as a gesture of gratitude and support at a time of higher inflation than in previous years.

In our detailed analysis of the six-month period, several elements were, in our opinion, particularly rewarding for us in terms of client and partner acceptance:

The Product and High Craftsmanship

Firstly, we like to read in these results a full recognition of the love of many clients around the world for our **product**, which is considered by many to be **fresh, contemporary** and of the **highest craftsmanship**.

During the last quarter we recorded, both in our direct shops and in our multi-brand partners, **very interesting sell-through figures** for the **Spring/Summer 22** collections, and in the latter part of the quarter we were already able to appreciate a very good start of sales of the Fall/Winter collections.

In addition, in June we already collected a good part of the wholesale orders for the **Spring/Summer 23** men's collection presented at Pitti at the beginning of the month with a **result**, still partial, but already **strongly positive**. The excellent qualitative comments collected at Pitti and during Men's Fashion Week



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make us even more confident about the contribution that this collection can bring in sales to end clients already in the latter part of this year.

We believe that the main driver for the entire market is the intense **desire for luxury** products in all regions of the world, and we believe that products with the **highest craftsmanship content** are particularly rewarded at this time.

The **focus on sustainability** has further accelerated the search for a “**well-made**” product that can **last longer**.

In the development of our collections, the wealth of skills of invaluable craftsmen is constantly made available and, at the same time, stimulated by the creative teams in a mutually enriching relationship; the fruit of their collaboration seems to be particularly appreciated today.

The **product** continues to be at the **heart** of our **Casa di Moda's** activities, and its quality the indispensable foundation of our positioning in the absolute luxury segment.

It seems particularly important to us today to continue to invest in our **Schools of Arts and Crafts** with the aim, on the one hand, of restoring **moral and economic dignity** to these skills and, on the other, of ensuring the **generational continuity of “skilled hands”**, which are indispensable for maintaining a single, unified level of quality of production over time, even in the face of expected growth in sales.

Love for our beautiful factory

Equally decisive in the semester, in our opinion, was **the great reliability of our beautiful factory and our entire production facility**.

We seem to have succeeded also in this second quarter in guaranteeing an **excellent service in terms of punctuality** and **completeness of deliveries** and the **quality of our products** both to our wholesale partners and to our boutiques, allowing us to take full advantage of the opportunities arising from the strong consensus around our collections.

As usual, we were able to **secure raw material** requirements by anticipating our requests to our industrial partners as much as possible in a relationship of great cooperation, respect and mutual knowledge.

In **our relations with our suppliers and façonists**, we believe that we still benefit from the great activity of planning and sharing business objectives made, with courage, as early as mid-2020, category by category, which allowed us to be perfectly prepared to face and absorb the increase in demand without having to resort to any extraordinary initiatives.

The great responsiveness of our **short and entirely Italian supply chain** made possible to make as “normal” an increase in the volumes produced higher than experienced in the past.

The quest for exclusivity

We have always believed and continue to believe that **luxury** remains, at least in our interpretation, **synonymous with exclusivity**.

The quest for exclusivity has always existed but we believe that this trend is particularly strong at this historical stage and common to several markets.

The increased exposure and visibility that accompanies many people around the world has further increased their focus on how to present themselves to others, giving increasing prominence to categories such as **ready-to-wear**, which have a **fundamental contribution** in defining a person's **image**.



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We sense today in many categories a **search for the high-end** that particularly effectively supports the brands with the most prestigious positioning.

In this context, our idea of **not over-exposing** the product and **protecting** our **brand** seems to us to have **increased its appeal and attractiveness**.

Revenues by Geographical Area

	First Half 2022 prel.	%	First Half 2021 prel.	%	YoY Change %
	Eur '000		Eur '000		
Europe	115,719	27.9%	95,894	30.6%	20.7%
Italy	49,105	11.8%	41,038	13.1%	19.7%
Americas	152,626	36.8%	99,983	31.9%	52.7%
Asia	97,783	23.5%	76,849	24.5%	27.2%
Revenues	415,233	100.0%	313,764	100.0%	32.3%
YoY Change at constant exchange rates					28.3%

Europe - revenue of Euro 115.7 million, up +20.7% compared to first half of 2021, accounting for 27.9% of the total.

We consider this **growth to be very solid and promising**: the second quarter showed further improvement over the first, despite the continuing restrictions on sales to Russian clients. The contribution of Continental Europe was decisive, both in the big cities and in the provinces mainly covered by the wholesale channel; the start of sales in the resorts was definitely positive.

Europe continued to benefit from **local clients** purchases and **mobility** on a **regional basis**, which had already accompanied us in previous months, to which was added, in the latter part of the semester, an initial return of the **international client**.

Italy - revenues of Euro 49.1 million, an increase of +19.7% compared to the first half of 2021, accounting for 11.8% of the total.

The results benefit both from our presence in **provincial cities** within exclusive multi-brand spaces and *specialty stores*, and from the strong upturn in **international tourism**, especially American and Middle Eastern, in the **main cities** and the most prestigious **resorts** in recent weeks.

We believe that the **renewed enthusiasm of visitors** confirms the natural human desire to return to sociability and travel, and confirms the great international attractiveness of our Bel Paese with its natural and cultural wealth and its 'warm' and beautiful hospitality.

Americas - revenues of Euro 152.6 million, up +52.7% compared to the first half of 2021, accounting for 36.8% of the total.



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We remain **very confident** about the **contribution** the **American market** can continue to make to our short, medium and long-term growth path. We feel that our **ties** with **multi-brand partners** and established **clients** are very strong, with a steadily growing number of **new clients** approaching our brand due to their appreciation of the collection offer and brand appeal.

At the distribution level, we strongly believe in the potential of existing sales areas and we still see a positive contribution from a limited number of new openings and expansions of existing boutiques.

The increases reported in the first half of the year also benefited from the fact that in 2021 the weight of sales was proportionately higher in the second half of the year than in the first.

Asia - revenues of Euro 97.8 million, up +27.2% compared to the first half of 2021, accounting for 23.5% of the total.

The second quarter showed an excellent sales performance, which further increased the positive growth trend of the first quarter.

Significant increases in revenues in the **Middle East, Japan** and **South Korea**, with **growth**, albeit limited, also in **China**, both on a half-year and quarterly basis.

We consider the positive result in China, achieved despite the constraints related to the pandemic, to be excellent, and we believe that it was helped not only by the responsiveness of sales at the end of the restrictive measures, but also by the protection offered to us by certain structural elements of our offer such as our positioning in the highest luxury segment, the centrality of the Ready to Wear offer and the absence of logos.

We imagine that we have succeeded in creating a special relationship with our clients worldwide, not least through our idea of **balanced pricing**, which assumes the same level of profit between Europe, the Americas and Asia, with mark-up differentials essentially covering additional commercial costs, including transport and duties.

We believe that this approach is consistent with our corporate philosophy and a concrete implementation of the idea of **'healthy' profit**.

Revenues by Distribution Channel

	First Half 2022 prel. Eur '000	%	First Half 2021 prel. Eur '000	%	YoY Change %
Retail	243,245	58.6%	165,468	52.7%	47.0%
Wholesale	171,988	41.4%	148,296	47.3%	16.0%
Revenues	415,233	100.0%	313,764	100.0%	32.3%

Retail Channel - revenues of Euro 243.2 million, up +47.0% compared to the first half of 2021, accounting for 58.6% of the total.



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The progressive growth in the first six months of 2022 is related both to **like-for-like sales**, with the sell-outs of the collections confirming and further improving the positive trend of the beginning of the year, and to the contribution of sales of **new spaces**.

In relation to the development of the network, **flagship** openings, the opening of **important boutiques**, **prestigious extensions** of existing spaces, and **conversions to the direct management** of spaces within Luxury Department Stores, contribute to the result achieved, with the basis of comparison becoming more homogeneous in the second half of the year.

The number of **retail boutiques** was **117** as at 30 June 2022, compared to 112 boutiques as at 30 June 2021 (114 the number of boutiques as at 31 December 2021); the number of **hard shops** was **42** compared to 41 hard shops as at 30 June 2021 (43 the number of hard shops as at 31 December 2021).

We welcome new clients more and more frequently inside our sales areas, adding to the existing clients who have always been loyal to the brand; we believe that the trust and esteem attributed to the brand is also nurtured by the **hospitality** we try to convey in all our sales areas.

Hospitality has always been a **core value** for our Casa di Moda: welcoming our clients and guests is a sincere pleasure for us, and making them feel at ease is a genuine desire.

Our idea of hospitality is concretely realised in all our sales areas, from the **boutiques** to the spaces of **Casa Cucinelli**.

In our **boutiques** we have always imagined spaces that were not directly intended for sales, but which could make the clients' stay in the shops as pleasant as possible, extending the length of their visit.

Even in the smaller formats we have always created a space to offer a **small bar and cafeteria service** as a sign of attention and care towards the clients.

With the expansion of the flagship locations in New York, Milan, Paris, London and Monte Carlo, the in-house bar has become a **real meeting point**, visited by many clients even if only for a chat.

This idea of **warm, familiar and relaxed hospitality** was the 'inspiring principle' behind the creation of the **Case Cucinelli**, spaces for meeting and fully expressing our idea of lifestyle. The Case are now present in **Solomeo, Milan, Paris, New York, London, Tokyo** and soon in **Hong Kong, Shanghai** and **Dubai**.

Wholesale channel - sales of Euro 172.0 million, up +16% compared to the first half of 2021, accounting for 41.4% of the total.

We are very satisfied with the performance of the wholesale channel, which confirms its importance both for the results achieved and for its strategic value, as we have commented on several occasions.

The contribution to the results achieved by both the **Spring/Summer 22** and the **Fall/Winter 22** collections, whose order intake and first sell-outs show very high value results, was very positive.



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Our expectations

The excellent results of the **first half of 2022**, the beautiful order intake and the initial sell-outs of the **Fall/Winter 22** collections, confirm the **extremely positive momentum of the brand** and the absolute appreciation of the taste it represents.

These elements allow us to imagine a **beautiful 2022**, a **year** that we consider **record-breaking**, with **revenue growth of around +15%**.

The growth percentages for the first half of 2022 compared to year-end expectations benefit from the basis of comparison of 2021, where the incidence of sales, as a result of pandemic-related impacts and retail network development dynamics, was higher in the second half of the year.

Compared to 2019, our growth guidance represents an increase of around +35% for the full year 2022; for the second half of 2022, the expected growth compared to 2019 is therefore around +30%.

For **2022**, we fully confirm our expectations of a complete **rebalancing of margins**, which we expect to return to pre-pandemic 'normal' levels, with a cash generation capable of absorbing the **significant investments** planned within our multi-year planning, to which we have added the investment for the acquisition of the 43% stake in the prestigious Lanificio Cariaggi Cashmere.

Just as positively, we can envisage **revenue growth of around +10% in 2023**. The concreteness of our estimate is supported both by the planning of ongoing activities, with the **opening of new exclusive boutiques** for next year and major **expansions** of sales space, and by the initial visibility of the **Spring/Summer 23** collections.

In particular, the order collection for the **men's collections** is reporting excellent results, which fully confirm the appreciation expressed by the specialised press during the presentation during Milan Fashion Week and Pitti last June. The women's Spring/Summer 23 collections will be presented in the coming weeks.

We are therefore very proud of the path we are on, and with the same confidence we **finally imagine that we can achieve a turnover of around Euro 1 billion as early as 2024**.

Pursuant to and in accordance with article 154-bis, paragraph 2 of Italian Legislative Decree no. 58 of 1998, the financial reporting officer, Moreno Ciarapica, declares that the disclosures included in this press release correspond to the documented results and the accounting records and entries. The sales figures included in this release have not been audited.

This document may contain forward-looking statements on future events regarding the Brunello Cucinelli S.p.A. Group and its operating, business and financial results. By their very nature, these forecasts contain an element of risk and uncertainty as they depend on the occurrence of future events and developments.



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Brunello Cucinelli S.p.A. is an Italian Casa di Moda - founded in 1978 by the stylist and entrepreneur of the same name and listed on the Italian Stock Exchange - that operates in the **creation of luxury goods**. Our Casa di Moda, which has always been **rooted in the medieval village of Solomeo**, is considered an authentic expression of the idea of 'Humanistic Capitalism', capable of reconciling constant and solid growth with an entrepreneurial philosophy aimed at the great themes of **Harmony with Creation** and **Human Sustainability**.

A specialist in cashmere production, the **brand** is considered **among the most exclusive of chic ready-to-wear**, recognised worldwide as an expression of everyday lifestyle. The combination of **modernity** and **craftsmanship**, **elegance** and **creativity**, **passion** and **human values** make Brunello Cucinelli one of the most exclusive and admired **testimonials** of **Italian taste** in the world, authentically interpreting those values of **tailoring** and high **craftsmanship** characteristic of **Made in Italy** and peculiar to the Umbrian territory, skilfully combined with attention to **innovation** and **contemporary style**.

Through a **healthy, balanced** and **sustainable growth path**, the company's major objective is to try to make profits with **ethics and harmony**, with full respect for the moral and economic dignity of the more than 2,100 human resources working directly for the company, and for all those who collaborate with it.

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