



BRUNELLO CUCINELLI

Press Release

CASA DI MODA BRUNELLO CUCINELLI: Board of Directors approves Half-Yearly Financial Report 2023

- **REVENUES** of €543.9 million, with outstanding growth of 31.0% at current exchange rates (30.5% at constant exchange rates) compared to the first half of 2022;
- **EBIT** of €87.7 million, up 51.8% compared to €57.8 million as at 30 June 2022, with a margin of 16.1% compared to 13.9% as at 30 June 2022;
- **NET PROFIT** of €66.7 million, up 31.9% from €50.6 million as at 30 June 2022, with a margin of 12.3% in line with 12.2% as at 30 June 2022;
- **Solid capital structure**, with significant investments of €34.9m as at 30 June 2023 (€36.6¹ million as at 30 June 2022);
- **Net financial debt for the core business²** amounted to €38.6 million as at 30 June 2023 (€63.8 million as at 30 June 2022).
- **The excellent results for the first half of the year and the great sales trend mean a growth in turnover of around +19% in 2023 can be expected.**

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

"The first half of 2023 ended with excellent results both in terms of sales and profits. Globally, we believe that there is a strong demand for ready-to-wear displaying high quality and craftsmanship, with a special focus on the exclusivity and rarity of these items. All this translates into great satisfaction for the "positioning of our brand" at the top of the luxury pyramid.

As eight months of this very interesting year have now gone by, and given the excellent start to sales at the boutiques of the Autumn - Winter collections, we envisage a pleasant end to the year with a turnover up around +19% and profits that we could define as "highly appreciable".

The Spring - Summer 2024 men's and women's order collection is coming to an end with excellent results and great appreciation for taste and sobriety as the true identification of that "quiet luxury" much valued at this moment in human history. This makes us very confident in achieving our growth outlook of around +10% for next year."

¹ Added to the €36.6 million invested as at 30 June 2022 were €15.05 million for the acquisition of a 43% stake in the Cariaggi Lanificio.

² Financial liabilities for leases are excluded. The reported figure was therefore determined without the application of IFRS 16.



BRUNELLO CUCINELLI

Solomeo, 29 August 2023 - The Board of Directors of Brunello Cucinelli S.p.A., an Italian *maison* operating in the luxury goods sector and listed on the Italian Stock Exchange, today reviewed and approved the Half-Yearly Financial Report 2023 (audited figures) drafted in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Revenues amounted to €543.9 million, up 31.0% at current exchange rates (30.5% at constant exchange rates) compared to 30 June 2022, in line with the preliminary figures released on 13 July.

	1H 23	% on	1H 22	% on	YoY
	Eur '000	Revenues	Eur '000	Revenues	Change %
Italy	60,888	11.2%	49,187	11.8%	23.8%
Europe (excl. Italy)	141,881	26.1%	115,768	27.9%	22.6%
Total Europe	202,769	37.3%	164,955	39.7%	22.9%
Americas	189,007	34.7%	152,613	36.8%	23.8%
Asia	152,166	28.0%	97,789	23.5%	55.6%
Revenues	543,942	100.0%	415,357	100.0%	31.0%
YoY Change at constant exchange rates					30.5%

	1H 23	% on	1H 22	% on	YoY
	Eur '000	Revenues	Eur '000	Revenues	Change %
Retail	344,648	63.4%	243,325	58.6%	41.6%
Wholesale	199,294	36.6%	172,032	41.4%	15.8%
Revenues	543,942	100.0%	415,357	100.0%	31.0%

Income Statement

The first half of 2023 closed with **very good results** in terms of **growth** and **profits**, including a **healthy EBIT margin** of **16.1%**, a **balanced cost structure** and the complete reabsorption of the transitory effects of the pandemic that had characterised previous periods.

The **First Margin** as at 30 June 2023 was up by 30.6%, in line with the growth in sales and a substantially unchanged percentage impact of 71.5.

Growth in operating costs reflects the **expansion of business activities**, the development of **new initiatives**, the **selected growth of the network** and **significant investments in communication**.



BRUNELLO CUCINELLI

Investments in communication amounted to €36.3 million as at 30 June 2023, compared to €20.4 million as at 30 June 2022, with a percentage impact of 6.7 compared to 4.9 as at 30 June 2022.

The first half of 2023 highlights the enormous importance of **investments in communication**. Casa di Moda Brunello Cucinelli has always sought to achieve a “**silent**” and “**refined**” **communication** based on its desire to **share the brand’s values** during the many opportunities to meet in **boutiques**, in “**Case Cucinelli**”, in multi-brand stores and in the hamlet of **Solomeo**.

In the first half of 2023, communication spending were significantly related to the important brand events promoted during the reporting period, sharing the strong desire for social and physical experiences and a celebration of the important awards received, including the prestigious **Neiman Marcus Fashion Award for Distinguished Service in the Field of Fashion**.

Payroll costs amounted to €93.3 million as at 30 June 2023 compared to €78.4 million as at 30 June 2022, with a percentage impact of 17.2 compared to 18.9 last year.

The **headcount** reached 2,531 Full Time Equivalent (FTE) as at 30 June 2023 compared to 2,254 FTE as at 30 June 2022, supporting development plans, business growth, new commercial initiatives and our artisan structure.

Lease expenses reached €22.8 million as at 30 June 2023, compared to €16.1 million as at 30 June 2022, with a percentage impact of 4.2 compared to 3.9 last year.

Net of IFRS 16 effects, lease expenses amounted to €73.4 million, compared to €61.3 million as at 30 June 2022, with a percentage impact of 13.5 compared to 14.8 as at 30 June 2022.

EBITDA net of IFRS 16 effects amounted to €104.8 million, with a margin of 19.3% compared to 18.1% as at 30 June 2022. The very significant growth in turnover, the increase in payroll and rental costs less than proportional to the increase in revenues, and significant investments in communication all characterised the main dynamics of margins in the first six months of the year.

EBITDA as at 30 June 2023 was €154.8 million, up 29.1% from €120.0 million as at 30 June 2022, with a margin of 28.5% compared to 28.9% last year.

Depreciation and amortisation amounted to €67.1 million compared to €62.2 million as at 30 June 2022.

EBIT as at 30 June 2023 reached €87.7 million, up 51.8% compared to €57.8 million as at 30 June 2022, hence a margin of 16.1% compared to 13.9% for the same period last year.

The **result from financial operations** as at 30 June 2023 saw a total of €2.4 million in expenses, compared to income of €11.9 million as at 30 June 2022.

The effect is defined to an important extent by foreign exchange management (significant unrealised foreign exchange gains as at 30 June 2022 versus unrealised foreign exchange losses as at 30 June 2023³).

³ Currency dynamics had resulted in total exchange rate gains of €16 million, mostly unrealised, as at 30 June 2022, while total exchange rate losses of €9.4 million were recorded as at 30 June 2023, mostly unrealised. It should be noted that as at 31 December 2022 the performance of the euro against the main currencies with which the Group operates had already resulted in a significant dilution of the positive economic effect recorded as at 30 June 2022, with total unrealised FX gains of €4.0 million.



BRUNELLO CUCINELLI

The value as at 30 June 2023 benefited from some positive effects related to the accounting of the sale of a minority stake in the Cariaggi Lanificio to Chanel⁴.

Net profit reached €66.7 million⁵, up 31.9% from €50.6 million⁶ as at 30 June 2022, with a margin of 12.3% compared to 12.2% last year.

Financial Position

Net working capital including “Other net assets/liabilities”⁷ stood at €174.8 million, compared to €140.8 million as at 31 December 2022.

Net trade working capital was €196.4 million, compared to €182.4 million as at 31 December 2022.

Due to the significant growth of the business, **inventory** reached €262.8 million compared to €242.8 million as at 31 December 2022. As at 30 June 2023, inventory as a percentage of rolling turnover for the last 12 months was 25.1% (26.4% as at 31 December 2022).

Trade receivables amounted to €75.2 million, a slight decrease compared to €76.6 million as at 31 December 2022, indicating an exceptionally healthy situation, including in light of the significant growth in turnover as at 30 June 2023, with the wholesale channel in particular up by 15.8%.

Trade payables stood at €141.5 million, compared to €137.0 million as at 31 December 2022. Furthermore, in the first half of 2023 the Group did not alter payment terms to suppliers, collaborators or consultants.

⁴ As at 30 June 2022, the item “Charges/(Income) from equity investments” showed income of €4.7 million, following recognition of the purchase of the 43% stake in Cariaggi Lanificio S.p.A., which took place on 14 March 2022.

With the agreement signed on 23 May 2023, following the sale to the Maison Chanel of part of the shareholding initially held, Brunello Cucinelli’s shareholding in Cariaggi Lanificio S.p.A. was reduced from 43% to 24.5%.

As at 30 June 2023, the balance of the item “Charges/(Income) from equity investments” showed income of €17.6 million, including the capital gain on the sale of said shareholding, as well as the result for the period.

It should be borne in mind that with the sale of a further 6% of the capital of Cariaggi Lanificio S.p.A directly from the Cariaggi family to Chanel, the Cariaggi family now holds 51%, Brunello Cucinelli S.p.A. 24.5% and Chanel the remaining 24.5%.

⁵ The tax rate as at 30 June 2023 was 21.8%, benefiting from the application of the participation exemption regime (PEX) to the economic effects recognised under “Charges/(Income) from equity investments”. The normalised tax rate is 27.3%.

⁶ Tax rate of 27.4% as at 30 June 2022.

⁷ “Other net assets/liabilities” were -€21.6 million as at 30 June 2023, compared to -€41.6 million as at 31 December 2022. The changes are mainly related to the fair value valuation on derivative instruments hedging currency risk.



BRUNELLO CUCINELLI

Investments and Net Financial Debt

Investments amounted to **€34.9 million** in the first half of 2023 (€36.6 million as at 30 June 2022).

Commercial investments of **€16.3 million** (€20.3 million as at 30 June 2022) were mainly focused on the expansion and updating of boutiques, the renovation of showrooms and the increase in sales areas.

Other investments, amounting to **€18.6 million** (€16.3 million as at 30 June 2022), were dedicated to the industrial structure, mainly to support the constant updating of information systems and the renovation of the production facilities in which the company operates, and the development of two new projects.

The first concerned the **expansion of our factory**, which commenced in 2022 with the redevelopment of an 8-hectare area on the outskirts of **Solomeo**. The initial phases of the extension of the new Solomeo plant commenced following the completion of the redevelopment of this vast area, where an industrial complex had been constructed in the 1970s and operated until roughly thirty years ago.

The second involved the establishment of a new facility dedicated solely to the manufacture of **men's outerwear** for which investments commenced in the first half of 2023. This will be constructed in **Penne**, an area historically associated with expertise in men's tailoring.

Net financial debt for the core business⁸ stood at **€38.6 million** as at 30 June 2023, an improvement compared to €63.8 million as at 30 June 2022. As is usual, the value reached as at 30 June represents the structural peak of the net financial position due to the seasonality of sales, which declines in the following months.

Outlook

The outlook is very positive for the full year 2023 and a growth in revenue in the region of **+19%** is expected, hence at the upper end of the previously disclosed +17% to +19% guidance, with **healthy margins** and **very attractive growth** in earnings.

The **results** of the **first half of the year, business performance**, the very healthy **order intake** for the **Autumn-Winter 2023** collections, and the strong demand for handcrafted and exclusive products (a demand akin to our **taste, sober** and **clean**) all support these expectations.

The growth forecast takes into account the **increasing basis of comparison** of 2022, in which the first quarter was defined as "good", the second quarter as "more than good", and the third and fourth quarters as "very good".

Order intake for the **Spring-Summer 2024 Men's** collections, presented in the first half of June at Pitti Uomo/Florence and later at Milan Fashion Week, closed with **excellent results**, confirming the initial appreciation expressed by both the trade press and multi-brand customers. As regards the **Spring-Summer 2024 Women's** collections recently presented, order intake is reporting **equally great results, with particularly good feedback for style**.

For **2024** we therefore believe we have **great visibility, and we imagine healthy and balanced growth** in the region of **+10%**, with a focus on style, elegance, rarity, exclusivity.

⁸ This excludes finance lease payables. The figure reported therefore does include the application of IFRS 16.



BRUNELLO CUCINELLI

Greenhouse gas emission reduction plan: validation of targets by the SBTi

We gladly welcomed the validation by the **Science Based Targets initiative (SBTi)**⁹ of our short- and long-term greenhouse gas emission reduction targets¹⁰, which were found to be consistent with the actions needed to achieve the 1.5° climate warming limit as defined in the Paris Agreement.

In particular, the targets validated and presented by the Casa di Moda:

- 70% reduction in GHG Scope 1 and 2 emissions by 2028 compared to 2019;
- reduction of GHG Scope 3 emissions by 22.5% by 2028 compared to 2019;
- reduction of GHG Scope 1, 2 and 3 emissions by 90% by 2050 compared to 2019;
- achieving net-zero by 2050, as outlined in the SBTi net-zero Standard, by taking part in the Business Ambition for 1.5°C and net-zero UNFCCC Race to Zero Campaign initiatives.

Prior to achieving net-zero emissions, decarbonisation will be prioritized and any remaining emissions will be neutralized (where applicable) in accordance with SBTi criteria.

The manager responsible for preparing the Company's financial reports, Dario Pipitone, hereby declares, pursuant to and for the purposes of Article 154-bis, paragraph 2, of Legislative Decree no. 58 of 1998, that the information contained in this press release corresponds to the document results, books and accounting records. It should be noted that the pdf version of the Analyst Presentation relating to the results at 30 June 2023 is available in the "Presentations" section of the Company's website at <http://investor.brunellocucinelli.com/ita/presentazioni/>.

This press release contains forward-looking statements regarding future events and the operating, economic and financial results of the Brunello Cucinelli Group. By their very nature, these forward-looking statements contain an element of risk and uncertainty, as they depend on the occurrence of future events and developments.

The Company announces that the Half-Yearly Financial Report as at June 30, 2023, approved by the Board of Directors on August 29, 2023, will be made available to the public within the terms of law at the Company's registered office in Viale Parco dell'Industria, 5 - Solomeo (Perugia), at the "eMarket Storage" mechanism (www.emarketstorage.com) and will also be available in the "Results - Financial Reports" section of the Company's website (investor.brunellocucinelli.com).

⁹ The SBTi is a joint initiative of the Carbon Disclosure Project (CDP), UN Global Compact (UNGC), the World Resources Institute (WRI) and World Wide Fund for Nature (WWF). Its role is to support companies in setting targets to reduce greenhouse gas emissions in line with scientific recommendations for keeping the rise in global temperatures below 1.5 °C.

¹⁰ Validation took place after the review process, which ended in June 2023.



BRUNELLO CUCINELLI

Brunello Cucinelli S.p.A. is an Italian Casa di Moda - founded in 1978 by the fashion designer 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 steady and solid growth with an entrepreneurial philosophy aimed at the great themes of **Harmony with Creation** and **Human Sustainability**.

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

Through a **healthy, balanced** and **sustainable growth path**, the company's great goal is to try to make profits with **ethics and harmony**, with full respect for the moral and economic dignity of the more than 2,300 Human Resources who work directly for the company, and for all those who collaborate with it.

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The financial statements are attached.



BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

<i>(Euro/000)</i>	June 30, 2023	<i>related parties</i>	December 31, 2022	<i>related parties</i>
Non-current assets				
Right of use	494,947	3,939	520,066	4,154
Intangible assets	14,186		13,970	
Property, plant and equipment	196,568	13,193	188,692	12,755
Investment property	8,257		7,223	
Non-current financial assets for leases	4,560		5,633	
Other non-current financial assets	30,373	13,476	38,623	22,115
Deferred tax asset	77,580		65,337	
Non-current derivative financial assets	701		1,101	
Total non-current assets	827,172		840,645	
Current assets				
Inventories	262,758		242,844	
Trade receivables	75,195	168	76,608	137
Tax receivables	519		3,779	
Other receivables and other current assets	32,331		32,350	450
Current financial assets for leases	2,854		2,628	
Other current financial assets	144		108	
Cash and cash equivalents	91,261		117,400	
Current derivative financial instruments	10,383		6,626	
Total current assets	475,445		482,343	
Total assets	1,302,617		1,322,988	

<i>(Euro/000)</i>	June 30, 2023	<i>related parties</i>	December 31, 2022	<i>related parties</i>
Shareholders' equity				
Shareholders' equity attributable to parent company shareholders				
Share capital	13,600		13,600	
Share-premium Reserve	57,915		57,915	
Reserves	257,455		230,429	
Net income for the period	61,782		80,599	
Total shareholders' equity attributable to owners of the parent	390,752		382,543	
Shareholders' equity attributable to non-controlling interests				
Capital and reserves attributable to non-controlling interests	7,728		3,827	
Net income for the period attributable to non-controlling interests	4,905		6,606	
Total shareholders' equity attributable to non-controlling interests	12,633		10,433	
Total shareholders' equity	403,385		392,976	
Non-current liabilities				
Employees termination indemnities	3,010		3,060	
Provisions for risks and charges	2,719		3,015	
Non-current payables towards banks	33,951		46,386	
Financial liabilities for non-current leases	447,744	3,821	474,931	4,058
Other Financial liabilities	3,443		1,251	
Other non-current liabilities	137		386	
Deferred Tax liabilities	12,756		12,478	
Total non-current liabilities	503,760		541,507	
Current liabilities				
Trade payables	141,507	8,878	137,040	7,959
Current payables towards banks	90,295		75,006	
Financial liabilities for current leases	96,511	572	90,066	562
Current financial liabilities	2,288		2,012	
Income tax payables	8,114		32,492	
Other current liabilities	55,549	695	47,911	713
Current derivative financial instruments	1,208		3,978	
Total current liabilities	395,472		388,505	
Total liabilities	899,232		930,012	
Total equity and liabilities	1,302,617		1,322,988	



BRUNELLO CUCINELLI

CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2023

<i>(Euro/000)</i>	June 30, 2023	<i>related parties</i>	June 30, 2022	<i>related parties</i>
Revenues	543,942	80	415,357	70
Costs of raw materials and consumables	(54,000)	(9,320)	(33,575)	(7,962)
Costs for services	(227,840)	(2,030)	(172,185)	(1,878)
Payroll costs	(93,333)	(2,927)	(78,381)	(3,227)
Other operating expenses	(13,581)		(5,207)	
Other operating income	983	49	742	11
Costs capitalized	762		861	
Depreciation and amortization	(67,115)		(62,198)	
Impairment of assets and other accruals	(2,125)		(7,660)	
Total operating costs	(456,249)		(357,603)	
Operating Income	87,693		57,754	
Financial expenses	(49,067)		(44,063)	
Financial income	46,638	1,556	56,005	4,689
Income before taxation	85,264		69,696	
Income taxes	(18,577)		(19,125)	
Net income for the period	66,687		50,571	
Net income for the period attributable to owners of the parent	61,782		46,586	
Net income for the period attributable to non-controlling interests	4,905		3,985	
Base earnings per share	0.90880		0.68509	
Diluted earnings per share	0.90880		0.68509	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(Euro/000)</i>	June 30, 2023	June 30, 2022
Net income for the period (A)	66,687	50,571
<i>Other items of comprehensive income:</i>		
Other items of comprehensive income that will later be reclassified on the income statement:	(5,176)	9,314
Cash flow hedge	857	(5,302)
Tax effect	(239)	1,314
Effect of changes in cash flow hedge reserve	618	(3,988)
Translation differences on foreign financial statements	(3,352)	11,767
Profit / (Losses) on net investment in a foreign operation	(3,213)	2,020
Tax effect	771	(485)
Other items of comprehensive income that will not later be reclassified on the income statement:	27	(142)
Remeasurement of defined benefit plans (IAS 19)	35	(187)
Tax effect	(8)	45
Total other comprehensive income, net of tax (B)	(5,149)	9,172
Total comprehensive income net of tax (A) + (B)	61,538	59,743
<i>Attributable to:</i>		
Shareholders of parent company	56,816	55,676
Non-controlling interests	4,722	4,067



BRUNELLO CUCINELLI

CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2023

<i>(Euro/000)</i>	June 30, 2023	June 30, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	66,687	50,571
<i>Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:</i>		
Income tax	18,577	19,125
Depreciation and amortization	67,115	62,198
Provisions for employees termination indemnities	83	34
Provisions for risks and charges/doubtful accounts and impairment of assets	2,142	7,687
Change in other non-current liabilities	(249)	(153)
(Gain)/Loss on disposal of Fixed assets	8	42
(Gain)/Loss from Participations	(16,904)	(4,689)
Other non-monetary items IFRS 16	6,669	(10,171)
Interest expense	2,542	751
Interest on lease liabilities	5,988	5,557
Interest income	(271)	(92)
Interest on lease activities	(39)	(10)
Termination indemnities payments	(89)	(127)
Payments of Provisions for risks and charges	(178)	-
Net change in deferred tax assets and liabilities	(11,992)	(2,180)
Change in fair value of financial instruments	(5,123)	2,937
<i>Changes in operating assets and liabilities:</i>		
Change in trade receivables	(749)	(1,764)
Change in inventories	(27,399)	(32,038)
Change in trade payables	9,960	381
Interest expense paid	(2,509)	(821)
Interest on the lease liabilities paid	(5,988)	(5,557)
Interest income cashed	271	92
Interest on lease activities cashed	39	10
Income tax paid	(51,327)	(18,101)
Change in other current assets and liabilities	22,333	4,824
Net cash provided by/(used in) operating activities (A)	79,597	78,506
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(29,515)	(24,537)
Additions to intangible assets	(3,422)	(4,116)
Additions/(disposals) of financial assets	(1,128)	(16,807)
Additions to investment property	(1,106)	(851)
Investments/Disinvestments in non-current financial assets	25,900	-
Proceeds from disposal of property, plant and equipment	121	37
Net cash provided by/(used in) investing activities (B)	(9,150)	(46,274)
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	-	5,000
Repayment of medium/long-term loans	(17,433)	(20,701)
Net change in short-term financial debt	19,187	64,285
Net change in long-term financial debt	1,282	-
Repayment of lease liabilities	(47,067)	(47,885)
Receipts of financial assets for leasing	1,421	1,331
Dividends paid	(48,139)	(32,294)
Purchase of treasury shares	(3,332)	-
Net cash provided by/(used in) financing activities (C)	(94,081)	(30,264)
TOTAL CASH FLOW FOR THE PERIOD (D=A+B+C)	(23,634)	1,968
Effect of exchange rate changes on cash and cash equivalents (E)	(2,505)	5,513
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	117,400	98,003
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	91,261	105,484