



# BRUNELLO CUCINELLI

## Press Release

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**BRUNELLO CUCINELLI: the BoD has examined Net Revenues of the first quarter 2021.**

### Revenues for Q1 2021 compared to 31 March 2020

- Net revenues of €164.6 million, +5.1% at current exchange rates (+7.0% at constant exchange rates).
- Performance by geographical area: Europe +3.9%, Italy -3.6%, Americas -4.8%, Asia +28.9%.
- Performance by distribution channel: retail +11.5%, wholesale +0.4%.

### Revenues for Q1 2021 compared to 31 March 2019

- Q1 2021 saw an increase of +2.6% at current exchange rates (+3.3% at constant exchange rates).
- Strong growth in Asia (+18.2%), solid performance in America (+4.0%) and Europe (+1.5%), a “limited” contraction in Italy (-17.0%).
- Both sales channels are growing, with the retail channel increasing by +3.2% and the wholesale channel up by +2.2%.

**Brunello Cucinelli**, Executive Chairman and Creative Director of the Company, commented as follows:

*“It is with a feeling of “great positivity” that we disclose our results achieved in the first quarter of this year 2021, which we have defined as the “year of rebalancing”. It was a very, very positive quarter, which indicates a gradual return to “normality” in daily life, with a strong desire for healthy planning.*

*The taste that the brand represents is currently generating a strong consensus that translates into important international awards that honour our company, our culture, our land and all of us.*

*The more than satisfying performance of spring collection sales and the sizeable quantity of orders in the portfolio for Autumn Winter, with the resulting more than loving feedback of the world press on our collections, make us envisage a year 2021 with an “excellent” growth in turnover of between 15 and 20%. We also see a healthy increase in sales for the year 2022, i.e. around 10%.”*



## BRUNELLO CUCINELLI

Solomeo, 21 April 2021 - The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector and listed on the Electronic Stock Exchange (MTA) of Borsa Italiana – today examined the turnover for the first quarter of 2021 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IAB).

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### Letter of gratitude to our workers<sup>1</sup>

*My esteemed friends,*

*My heart is with you for your courage and the patience you have so effectively demonstrated in this period of pain and uncertainty, which are the same ones I felt. If in our enterprise now economic and human positivity reigns, if we can imagine Italy enriched by the gracious reception of our creations, if all this has come about with special genius and craftsmanship, I certainly owe it to you.*

*So how can I thank you generous souls for the responsibility, dedication, creativity, understanding, closeness, and capacity to feel the pain as a teacher? For me it is a joy recognising all of you as the most meritorious workers each in his or her own role. Particularly dear to me are the veterans, the first stewards of beauty and art that improve life. They are the ones who remind the newer ones of some universal golden rules, such as those pronounced by Confucius in the 6th century before Christ: “even simple things are worth doing well” and “work must be proportionate to a person’s age and strength”.*

*I am fascinated by rites that guide us back to natural laws and save us from uncertainty; they are the living source of human action. Artisanry also draws on rites, they are the source of its ever renewed creativity. The history of civilisation goes hand in hand with the history of craft, harmoniously joining human and natural forces. For centuries it has been the fertile fruit of our nation, and for centuries it has based its genius on rules and discipline. Indeed, artisans appear to me as real poets, they know how to seamlessly unite technical skill, artistic vision, taste, finesse and quality in original products. I believe I owe it to you if, in this period, we may have created the most beautiful collections in our history, affirming a genius that unleashes its creativity precisely when things get difficult. During this intense period we have worked with the same courage as in more serene times and this is what has kept us united.*

*All these merits demonstrate your love for the work. You know that economic profit is a strong spring, but in our hearts we also know that it is not the only one: through our work, we take part in the marvel of Creation that we are called upon to care for with each any every one of our individual and collective actions; through our hard work performed in respect for the planet, we show our love for our community every day. It is true, and I am grateful to you; your actions have been and are for me proof and spur that we must never lose hope or wallow in fear. Many of our conversations have brought us close to tears, knowing we are faithful navigators, soldiers mustered for the painful challenge. They bring to mind history and the great stoic philosopher, my teacher, Marcus Aurelius. Before a decisive battle, he turned to his soldiers with these moving words: “my esteemed men, tomorrow Rome will need us, may God protect us”. In you I see special people who know that progress and economic development do not always go hand in hand.*

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<sup>1</sup> The following letter is part of the "Philosophical and strategic report of the company" from Brunello Cucinelli and is included in the "2020 Consolidated Financial Statements" published on 26 March 2021.



## BRUNELLO CUCINELLI

*In my opinion, there is a right way to live life, and it is ethically, because ethics allows us to discern the universal in daily details and makes us universal men and women. If you climb up to the Bosco della Spiritualità in Solomeo, you will find a phrase by Saint Benedict at the entrance:*

*HONOUR ALL PEOPLE*

*I now render to you, with sincere heart, this noble honour.*

*Thank you,*

*Brunello*

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### **The beginning of a New Time and opening of the Vaccinations Center**

For us, the new year represents the beginning of the long-awaited "**New Time**", which has arrived also thanks to the launch of vaccination campaigns worldwide.

For months we have been engaged in a great work of **trust, extreme seriousness** and **renewed enthusiasm** for our work, where we have tried to interpret and face the pandemic with wisdom, always trying to focus on **human dignity** and our "**way**" of doing business.

We have all continued to cultivate this seed of hope with care, so sought after from the beginning of the pandemic, with the great goal of a **careful but progressive return to our habits of sociality and conviviality**.

The decision to open a **Vaccination Centre** in **Solomeo**, promptly accepting the invitation of the esteemed President of the Council of Ministers of the Italian Republic Mario Draghi, has only **reinforced this basic attitude**, where for us trust in medical researchers and gratitude to healthcare professionals represent further elements of hope and positivity.

The **work** of our Vaccination Centre started in **early April**, following the health protocols and **priority rules defined by the authorities**. Hopefully, starting in May – depending on the number of vaccines available – we will be ready to organise three shifts per day so that any young person who wants to can get vaccinated at any time of the day or night.

We believe that the sooner we complete the vaccination campaign the more lives will be saved, and the sooner the country's economy can start growing again.

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### **Our First Quarter 2021**

We are **very, very pleased** with the figures for Q1 2021, which maintained the **positive trend that started as early as H2 of last year**.

The great positivity with which we communicate the performance of this beginning of the year – which we have defined as a "**year of rebalancing**" – is coloured by the awareness that we have taken the first steps on the path back to the "normality" of daily life, with a strong desire for healthy planning.



## BRUNELLO CUCINELLI

Our vision of the global market is very positive, with **growth** that is well-distributed across **geographic markets** and **distribution channels**, balanced **in the men's and women's collections** and in the different **product categories**.

We believe that the quarter's results were underpinned by three dynamics:

- The **strong "domestic" component of our sales**.
- The **vitality of the physical retail channel, especially in America and part of Europe**.
- The evolution of customer interests and a return to the **"pleasure of dressing nicely"**.

**Local customers** were the main drivers of these first three months of 2021. This was true in all areas, both in structurally domestic markets such as the United States, China and Japan, and in those where tourists have a greater relative weight such as Europe and Italy.

We are particularly pleased with our results achieved in Europe, given the overall weight of this market on our sales (equal to 45%) and its importance in defining fashion trends.

The **American market** continues to achieve excellent results, in continuity with H2 2020, but with a growing physical component of sales.

For several weeks now we have been sensing that our American customers have a strong desire to get back to physical stores and the personal interaction with our sellers.

Based on the constant dialogue we have had with customers over the last year, we can definitely say that people want to progressively return to sociality.

Where possible, during the last month we have encouraged a return to physical boutiques through the organisation of small events, very personal trunk shows that have been quite popular and produced excellent results.

This clear trend in the American market is common across both sales channels and increasingly geographically distributed throughout the nation, along with the gradual return of many to their primary residences.

We are confident that this dynamic, already evident in China since April of last year and today very concrete in the United States, will soon reach the European continent as well.

We have also noted that the expected and imminent return to habits of sociality and conviviality is progressively refocusing customer preferences and interests on the **pleasure of dressing nicely**.

In this first part of 2021 we have seen that our customers are looking for garments that, while maintaining the same characteristics of "comfort" of the way of dressing that has accompanied us in the past months, elevate their look in the search for a sober elegance.

We have the feeling that this evolution is representative of the "New Time" that we all seek, and that the way we dress will help us to put the past year behind us and **return to that daily life of relationships and spending time together** that the pandemic put on hold.

We believe that our collection offering and our taste satisfy this desire, and sales in the first quarter have already confirmed this market trend.



## BRUNELLO CUCINELLI

### The collections

We believe that **product offering** was once again decisive in achieving this result.

The **Spring/Summer 21** collections, currently in stores, were **well received** by end customers worldwide, with a **performance of spring sales that we consider “more than good”**.

The freshness of the collections and the total absence of items from the previous season were decisive in stimulating customer interest and winning them over.

We are equally excited about the very positive feedback received from wholesale customers and journalists on our **Fall/Winter 2021** collections.

The large number of orders we have received confirm our outlook for 2021. The amount of attention paid to our collections by the trade press also leads us to imagine that the sell-out will continue to be significant through the winter.

### The taste and identity of our brand

We have always worked with the idea and goal of developing and consolidating a specific distinctive taste.

We feel we can say that we have managed to achieve this ambitious result, making our brand clearly recognizable.

We have received **international recognitions** from the international press and partners regarding the recognition of the brand, which have honored us and given us the strength to continue to believe in our taste, and in its contemporaneity.

In the last years, these recognitions have taken a lot of relevance and turned into **great awards**: in 2018, the *NY Times* defines our way “*of dressing appropriate for young CEOs*”, in 2019, *GQ UK* elected Brunello Cucinelli “*the runner-up among the most stylish men in the world*”, and finally in December 2020, the *Telegraph UK* called him “***The most stylish man of the last ten years***”.

We are convinced that the ability to affirm a distinctive taste has been a fundamental prerequisite for the company's growth, and it continues to be a very important distinctive element for projecting our brand into the coming years.

We have established our identity in the Ready-to-Wear segment, a category that possesses a strong element of style.

We chose not to entrust our recognisability to a logo but rather to a look combining materials, colours and forms that our customers mentally associate with our territory.

We invested heavily in visual merchandising, emphasising the harmony of the men's and women's collections, guaranteed by the same creative direction and constantly driven by the search for innovation thanks to the many young people who work in our creative departments.

Our communications then had the role of reinforcing this idea of a specific lifestyle by focusing on the transmission of values based on the quality of life, on the close relationship between the beauty of art and nature instead of being based on product images.

This work now returns a characteristic of our brand that is very dear to us, which is **balance**.

In fact, we believe that today our brand is equally credible and recognisable for both women and men, equally appealing to people of different ages and from different continents, evident in product categories that all share the same attention to quality, creativity and craftsmanship.



## BRUNELLO CUCINELLI

Indeed, we recently inaugurated a first **corner** in the luxury department store of **Harrod's** entirely dedicated to the **homewares** in our collection (tartan blankets, pillows, candles, table art, etc.), and we have been positioned next to very prestigious brands that boast consolidated ranges in this category.

We took Harrod's invitation to develop this corner very seriously, seeing it as further recognition of the attention paid to our taste and its immediate association with absolute luxury, even in this category.

### Outlook

At the end of the first three months of 2021 we are particularly satisfied with the evolution of the business, both in consideration of the **sell-outs of the Spring/Summer 2021 collection** and the **significant number of orders already collected for the Fall/Winter 2021 collections**, defined as "beautiful" by customers and the global trade press.

For **2021**, a year that we define as one of "**rebalancing**", we confirm our growth estimates between **+15% and +20% compared to 2020**, and an increase from **+3% to +7% compared to 2019**.

The results for Q1 2021 are in line with these expectations, and we forecast a **progressive increase** in performance **in the coming quarters** compared to 2019.

The growth will continue in the following two years, with an increase in turnover that we forecast to be around **+10% for both 2022 and 2023**.

We believe that these growth expectations will allow us, after the 2020, to **realign once again with the objectives of the first five-year period (2019-2023) of the 2019-2028 ten-year plan**, which should lead us to **double our turnover in 2028**, allowing us to reach about **€1.1 billion of revenues**.

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### Analysis of Q1 2021 sales performance

Revenues<sup>2</sup> at 31 March 2021 were equal to €164.6 million, with a performance at current exchange rates of +5.1% (+7.0% at constant exchange rates) compared to €156.7 million as at 31 March 2020.

Growth in Q1 2021 compared to €160.4 million at 31 March 2019 was equal to +2.6% (+3.3% at constant exchange rates).

### Revenues by Geographical Area

**European Market** – revenues equal to €50.9 million (30.9% of the total), with an increase of +3.9% compared to €49.0 million last year.

The growth compared to the first quarter of 2019 was +1.6%, a result that we consider to be very positive.

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<sup>2</sup> Starting from Q1 2021, sales will be presented by market based on the geographical affiliation (Europe, Americas, Asia) of the different countries that the Group operates in, maintaining a specific focus on Italy. This mode of presentation makes it possible to give greater emphasis to the weight that each geographical area holds for the Group. In this regard, sales in countries that were previously included in the "Rest of the World" category were allocated to the specific geographical areas of reference.



## BRUNELLO CUCINELLI

As we await a full return to normality, we feel that there is great ferment in Europe, with the performance of the first three months of the year benefiting from sales in the regions with **local customers**. The results were very solid in central-northern Europe and the Russian Federation, while tourist cities suffered more from the effects of the pandemic and lockdowns.

We believe that the result achieved was possible thanks to our **special relationship with customers** – especially local ones – that our friendly sellers have been able to build over the years, and which allowed us to better manage sales in this first part of 2021 despite the prolonged lockdowns.

The **contribution** to revenues of the **prestigious expansion** that took place during the last year, including in London and Paris, was positive during the periods when they had the opportunity to operate, confirming their important medium-long term potential.

**Italian market** – sales were equal to €23.6 million (14.3% of the total), with a decrease of -3.6% compared to €24.4 million as at 31 March 2020.

The performance compared to Q1 2019 showed a decrease of -17.0%.

The sales figures show that while performance was negatively impacted by the lockdowns and the lack of tourists in the main Italian cities, **the suburbs saw solid results** since in these areas we are mainly present in beautiful **Specialty Stores** that are always able to **interpret the taste of our collections in a distinctive manner** and with extensive **knowledge of local customers** and their preferences.

**American market** – revenues equal to €48.6 million (29.5% of the total), with a performance of -4.8% compared to €51.1 million in the first three months of 2020, which had not yet been affected by the effects of the pandemic.

The increase compared to Q1 2019 was +4.0%, confirming the favourable trend of the second half of 2020 where the North American market had shown great **resilience in local demand**.

The performance was supported by both the **wholesale and retail channels**, with **digital sales** continuing to show very positive results. The last weeks of these first three months of 2021 finally showed a significant **acceleration in sales in physical boutiques**.

**Asian market** – revenues as at 31 March 2021 were equal to €41.6 million (25.3% of the total), with a performance of +28.9% compared to €32.3 million as at 31 March 2020.

The growth compared to Q1 2019 was +18.2%, with **Mainland China** reporting a **very significant increase** supported by the opening of exclusive spaces, selected expansions of boutiques and the entry into new specialty stores in the wholesale channel, confirming the long-term growth potential.

**Macao** has already shown interesting results in this first quarter of 2021 compared to 2019. This dynamic supports our feeling that **Hong Kong**, now penalised by the complete absence of tourism, could return to normal levels of performance as soon as the borders reopen.

There were also solid results in other key regions in the Asian market such as **Japan** and **South Korea**, whose dynamics remain linked primarily to the purchasing behaviours of local customers.





## BRUNELLO CUCINELLI

### Revenues by Distribution Channel

**Retail channel** – revenues were €73.5 million (44.6% of the total), with growth of +11.5% compared to the €65.9 million as at 31 March 2020.

Sales in Q1 2021 increased by +3.2% compared to 31 March 2019, a result that benefited from the continuous **investments in our physical and digital networks**, the **value of the local customer** and the progressive **return to shopping in physical boutiques**.

In our planning we devoted the utmost attention to further expanding the **perception of our brand's exclusivity** through **selected openings** and **expansion of boutiques**.

Our **online boutique sales** confirm the good growth of 2020, with a percentage of total turnover that remains around 5%.

We are already seeing the great value of **returning to the physical channel**, which for us will continue to represent the most **“natural” destination for our customers**.

Lastly, sales dynamics underscore our customers' preference for special garments, which fully reward the search for exclusivity and craftsmanship typical of the high-end luxury sector.

As at 31 March 2021 our network includes 110 boutiques (107 boutiques as at 31 March 2020), with the prestigious expansions of the shops in London, Paris, St. Petersburg, Shanghai and Tokyo being completed in the last 12 months.

**Wholesale Channel** – sales were €91.1 million (55.4% of the total), with a performance of +0.4% compared to €90.8 million as at 31 March 2020.

The growth compared to Q1 2019 was +2.2%, a result that we consider to be very, very positive and which, once again, testifies to the **strategic importance** that we have always attached to multibrand customers, who are able to interpret our taste in line with the needs of the **local customer**.

The overall result reflects the performance achieved in the various channels<sup>3</sup> we operate in, the **Specialty Stores** allowing us to benefit from the dynamism of local realities.

With regard to our presence in the **digital multibrand channel**, cooperation with major international players and the opportunities offered by local players have finally allowed us to fully leverage the brand image and increase relative sales.

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*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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<sup>3</sup> The wholesale channel includes revenues related to the multibrand and monobrand wholesale channel, whose network consists of 30 boutiques as at 31 March 2021 (30 boutiques as at 31 March 2020).





## BRUNELLO CUCINELLI

**Brunello Cucinelli S.p.A. is an Italian maison that produces luxury goods.** It was founded in 1978 by the fashion designer and entrepreneur of the same name and is listed on the Italian Electronic Stock Exchange. The Company has always been **rooted in the medieval hamlet of Solomeo** and it is considered an authentic expression of the concept of "Humanistic Capitalism" since it can match constant, sound growth with an entrepreneurial philosophy addressing the major issues of **Harmony with Creation** and **Human Sustainability**.

Specialised in cashmere, the **brand** is currently believed to be **one of the most exclusive brands in the chic prêt-à-porter sector**, an expression of everyday lifestyle worldwide. The combination of **modernity** and **craftsmanship, elegance** and **creativity**, and **passion** and **human values** make Brunello Cucinelli one of the world's most exclusive and admired **ambassadors of Italian style**. In fact, the brand authentically expresses the values of **tailoring** and **craftsmanship** typical of products **Made in Italy** and the territory of the Umbria region in particular, combined with a focus on **innovation** and **contemporary style**.

Through **healthy, balanced** and **sustainable growth**, the company's main goal is to earn profits with **ethics, morality** and **dignity**, respecting the moral and economic dignity of the over 2,000 directly employed Human Resources and all those who work with them. In 2020 the company reported €544 million in revenues through a selective market presence, with 138 monobrand boutiques and the most prestigious spaces in the world's leading multibrand stores.

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