BRUNELLO CUCINELLI

Press Release

BRUNELLO CUCINELLI: the Board of Directors has approved the 2019 consolidated financial statements and the draft statutory accounts[1]

- **Net revenues of €607.8 million, +9.9% at current exchange rates (+8.6% at constant exchange rates) compared to €553.0 million at 31 December 2018;**
- **EBITDA of €106.1 million, a rise of +11.5%;**
- **Normalized net income[2] of €49.3 million, a rise of +7.1%;**
- **An increase of +11.5% in the International markets and +1.7% in the Italian market;**
- **Europe +12.9%, North America +9.0%, China +14.6%, Rest of the World +12.4%;**
- **Growth in all distribution channels: retail +14.6%, wholesale monobrand +8.0%, wholesale multibrand +4.1%;**
- **Consistent investments of €52.6 million to support the brand within the scope of the Three-Years' Project, with Net debt of €30.1 million at 31 December 2019;**
- **The Board of Directors will make a proposal to the Shareholders' Meeting – called for 23 April 2020 in single call – for the distribution of a dividend of €0.35 per share, equal to a payout ratio of 45.3%;**
- **Approved the 2019 Consolidated Non-Financial Statement.**

Brunello Cucinelli, Chairman and CEO, has commentated as follows:

*"We have defined the past year, **2019**, as an **excellent** one because of the growth enjoyed by our company both from a financial point of view, with a sound increase in sales and margins, and in terms of brand positioning."*

*"We are leading our company with **balanced apprehension** and collective commitment as we try to implement all of the indications provided by the World Health Organization and our Government, fully sharing their strategies and anxiously awaiting reassuring news from the **scientists** around the world. With the very same dedication, we are taking care of the relationship with our Italian external production chain that represents something special for us and for our beloved nation, fully aware that **what is happening** to the economy is something **conjunctural** that will soon be solved and does not resemble the **deeply structural 2008** recession that weighed upon us for years."*

*"Knowing that the trend in fashion has veered towards a taste more suited to our own, having completed the Spring Summer 2020 deliveries as well as the Fall Winter 2020 order collection with excellent results and with pleasing feedback from buyers and the trade press, **we look towards 2020 with a positive attitude**; we are fully aware that the coming year will call for a very careful reading and we will see it as **separate** not affecting our 2019-2022 plan and ten year 2019-2028, in which we expect to double our turnover and achieve healthy, balanced and sustainable profits."*

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[1] The impact of implementing the new IFRS 16 accounting standard, in force since 1 January 2019, is excluded from all data reported in order to allow comparability with previous periods. The impacts relating to the application of IFRS 16 are reported in the comparative tables at the end of this document. This note applies to the whole Press Release.

[2] The normalized Net income excludes the effects of the tax benefit under the so-called "Patent Box", equal to €5.6 million in 2019 and €5.0 million at 31 December 2018. Including the estimated tax benefit of the Patent Box, the Net income at 31 December 2019 amounts to €55.0 million, with a rise of +7.7% compared to €51.0 million last year.

Solomeo, 11 March 2020 - The Board of Directors of Brunello Cucinelli S.p.A. – an Italian maison operating in the luxury goods sector and listed on the Borsa Italiana Electronic Stock Exchange (MTA) – today examined and approved the Group's consolidated financial statements and the draft statutory accounts for the year ended 31 December 2019.

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The figures for the year ended 31 December 2019 have been processed and presented after neutralizing the effect generated by the application of the new IFRS 16 accounting standard in force since 1 January 2019, to allow comparability with previous periods. The impacts relating to the application of IFRS 16 are reported in the comparative tables at the end of this document.

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We consider **2019** an **excellent year**, one of the best in our history, and the first in our **growth project** with the goal of **doubling our turnover in 10 years**.

We have the concrete impression that the **feeling about the brand is very very positive**: international press, large luxury department stores, multibrand customers and end-customers have clearly expressed their enthusiasm and share the values of our company, values that we try to respect every day in our home town of **Solomeo**, which we love to call "**Hamlet of the Spirit**".

The company has always been committed to **"working and living in harmony with the Created"**, searching for "good relations" with employees, collaborators and stakeholders. For this reason, the places where we live and work – made up of large, tidy spaces illuminated with natural light where everyone can best express their genius – are an essential part of the way we try to do business.

A healthy, balanced and sustainable **profit**, the right **balance between work and private life** and the desire to **repair and re-use** are core values of our company and we believe they are fully shared by all those who, with pride and diligence, contribute to the growth of our industrial business and the surrounding community.

We have also always tried to conduct our business by following the high and noble principle of what we call "**Humanistic Capital**", trying to make profits with ethics, morality and dignity.

We have always believed that the company must pursue a **gracious growth**, maintaining the brand's exclusivity while at the same time allowing the **artisanal workshops** that produce the precious garments at the hearth of our collections to grow in a harmonious manner.

We believe that the long-term success of a luxury fashion brand cannot ignore the presence of **highly specialized manual skills** that produce the collections.

For this reason, in addition to the efforts we make on behalf of our outside contractors and artisanal workshops, we attach great importance to the **Trade Schools** in Solomeo, which contribute to spreading this highly specialized kind of work, where moral and economic dignity must always go hand in hand.

We are also receiving the same **very positive feedback** from the **digital world** and on the **web**, thanks to the "**Humanist Artisans of the Web**" project, which offers a tailor-made experience to customers who find our brand online and shares our product offer together with the company's history, values and philosophy.

BRUNELLO CUCINELLI

We are honored by the special relationship we have established with our friends from Silicon Valley, and it was exciting to host some of these "**Young Leonardos of the Third Millennium**" in Solomeo, including Jeff Bezos, Drew Houston, Reid Hoffman and Marc Benioff, the latter present through a beautiful letter sent to the group.

In the days we spent together, we devoted time to our souls, talking about the big issues in life, like **our responsibility towards humanity** and our desire to **feel like guardians** who plan for those who will come after us, trying to share a vision of the world for future millennia.

We introduced many **new initiatives** in 2019 while remaining fully consistent with the brand's positioning and values.

In particular, we are very happy with the results we are achieving with the **"Sartoria Solomeo" project**, with which we have sought to respond to those male customers looking for a youthful and contemporary "sartorial" look that does not sacrifice elegance and extreme refinement.

2019 was also the year of the launch of our **Kids' collections**, a natural extension of our ready-to-wear line. The comments received from all our partners and the initial feedback arriving with the orders are very positive. It appears that we have managed to transfer the look that distinguishes the adult collections – a sort of Mini-Me – to our children's line.

We still believe in the great value of **repairing, re-using and handing down** our garments, thanks to the skilled seamstresses who are able to regenerate and give new life to garments consumed by the passage of time.

Sales Performance

Net revenues for 2019 rose by 9.9% at current exchange rates (8.6% at constant exchange rates) to reach €607.8 million, compared to €553.0 million at 31 December 2018; revenue from sales and services, including other operating income, amounted to €608.8 million, an increase of +9.8% over the €554.4 million at 31 December 2018.

Italian market – growth of +1.7%, with revenues of €89.7 million (14.8% of the total), compared to €88.2 million last year.

The growth in local customer demand has accompanied a solid increase in international customer purchases thanks to the collection proposal and the important contribution of our flagship store in Montenapoleone-Milan, a city that we consider to be one of the European fashion capitals together with London and Paris.

European market – growth of +12.9%, to reach a turnover of €184.8 million (30.4% of the total) compared to €163.7 million in 2018.

All geographical areas report solid results thanks to the presence of our brand in successful boutiques, which are very important for us. Indeed, we believe that, by paying attention to details and visual merchandising, boutiques can contribute decisively to further strengthen the brand's allure.

North American market – growth of +9.0%, with sales of €204.1 million (33.6% of the total) compared to €187.2 million at 31 December 2018.

We are fully satisfied with the registered growth, our relationships with the customers – both final and multibrand – and our presence in the market, with exclusive spaces in the monobrand and multibrand channels.

We are very satisfied with the agreement reached for the upcoming opening of the boutique in the *"*Meatpacking District*"* in New York, considered a very chic, trendy and young area, fully in line with the style of our products.

China – growth of +14.6%, with sales reaching €62.9 million (10.3% of the total) compared to €54.9 million last year.

We consider the performance in China to be significant, fully consistent with the growth forecasted in the long-term planning of our "**Celestial Empire**" project.

This market undoubtedly has a great potential, both for the monobrand and multibrand channels, and we would like to gradually seize these opportunities, maintaining the brand's prestige and allure.

Rest of the World – increase of +12.4% with sales rising to €66.3 million (10.9% of the total) compared to €59.0 million at 31 December 2018.

The collection has enjoyed growth in all geographical areas, and customers' interest in the luxury of special garments is increasingly evident and fully aligns with the distinctive characteristics of our brand.

Revenues by Distribution Channel

Retail monobrand channel – growth of +14.6%, with sales of €339.5 million (55.8% of the total) compared to €296.3 million in 2018.

We consider the +4.2% **like-for-like growth** reported in 2019 to be very positive, also thanks to a current market orientation that is particularly similar to ours. As at 30 September 2019, the network consisted of 106 boutiques compared to 100 as at 31 December 2018, with 3 openings in the last quarter of 2019.

Wholesale monobrand channel – growth of +8.0%, with revenues of €32.6 million (representing 5.4%) compared to €30.2 million last year. The network has 30 boutiques compared to 27 as at 31 December 2018.

Wholesale multibrand channel – increase of +4.1%, with sales of €235.7 million (38.8% of the total) compared to €226.5 million in 2018.

The growth in the multibrand channel is supported by the special relationship that binds us to the most important global luxury department and specialty stores, which have increased the space dedicated to our brand to meet the demands of the most sophisticated customers, while also increasing the traffic of the highest luxury segment.

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Analysis of Results

EBITDA of €106.1 million, with an increase of +11.5% compared to €95.1 million last year and margins growing by +20 basis points, from 17.2% last year to 17.4%.The growing EBITDA benefitted from the growing business, the increase in like-for-like sales by +4.2%, and very positive sell-outs, accompanied by a favorable price mix.

The positive business performance proportionally goes hand in hand with the increase in the costs arising from development, the purchase of raw materials, staff, services and communication.

The retail channel accounted for 55.8% compared to 53.6% last year, with increasing costs for rents due to the development of the network in prestigious locations. In 2019, 6 monobrand retail boutiques were opened, with some expansions of the existing boutiques and 5 new directly managed concession sales spaces inside malls and luxury department stores.

The increase in operating costs was also due to the investments for the initiatives under way, including digital initiatives and new projects, which include the natural expansion of the offer to kids' collections and the proposal of men's tailored suit.

The cost of rents, equal to €85.6 million (representing 14.1%) is increasing by +20.4% compared to €71.1 million (12.8%) last year, while payroll costs amounted to €112.2 million (18.4%), with a growth of +14.1% compared to the previous €98.3 million (17.7%).

Investments in communication to support the brand's allure and the establishment of more and more personal relationships with each customer amounted to €35.5 million (representing 5.8%), with a growth of +9.9%, compared to €32.3 million (5.8%).

Depreciation and amortization amounted to €29.2 million (representing 4.8%) compared to €25.6 million last year (4.6%) and showed a progressive growth in connection with the important investment plan under way, which is going to continue in the upcoming years.

Net financial expense is equal to €5.4 million (representing 0.9%) compared to €4.3 million last year (0.8%), whose dynamic is mainly connected to the performance of forex management, to the timing and costs of related hedging, and to the average net financial position.

Normalized net income – excluding the fiscal benefits of the Patent Box scheme amounted to €49.3 million, with a growth of +7.1% compared to €46.0 million in 2018, with a tax rate of 30.9% compared to the previous 29.5%.

Including the fiscal benefits arising from the Patent Box scheme, net profit grows by +7.7% to reach €55.0 million[3], with income taxes amounting to €16.4 million (a tax rate of 23.0%), compared to €51.0 million as at 31 December 2018[4], with the related taxes amounting to €14.2 million (a tax rate of 21.8%).

[3] The tax benefits of the Patent Box scheme recognized as at 31 December 2019 amount to €5.6 million.

[4] The tax benefits of the Patent Box scheme recognized as at 31 December 2018 amount to €5.0 million.

Balance Sheet

Net working capital, including "Other net assets/liabilities"[5], amounted to €152.5 million (representing 25.1%[6]) compared to €129.5 million (23.4%) last year.

Inventories amounted to €204.9 million as at 31 December 2019, compared to €161.8 million as at 31 December 2018.

The related dynamics – in line with the trend that had brought inventories to account for 31.3% on sales as at 30 June 2019 and for 33,7% as at 31 December 2019 – are due to the development of the network, including the opening of direct boutiques, expansions and new spaces directly managed in luxury department stores, and to new initiatives.

Particularly, inventories reflect the strong growth of production levels against very positive completed order placements, important strategic initiatives in the last 12 months, among which we would like to point out the expansion of the collection offer to kidswear, present in some of the more important selling spaces from the end of FY 2019, the enhancement of the proposal of tailor-made suits for men and all the new initiatives on digital channels.

Trade receivables amount to €58.6 million compared to €61.4 million last year, thanks to a careful cash management received and with a dynamic in the second half of the year that reflected the trend of sales in the wholesale channel.

Trade payables amount to €89.8 million compared to €76.6 million last year, with an increase mainly related to the growth of the production levels in the second half of the year following the very positive trend in order collections.

Capex and Net Financial Position

As at 31 December 2019, **important investments to support the brand** amounted to €52.6 million (€45.0 million as at 31 December 2018).

Commercial investments, equal to €37.7 million, were directed towards some exclusive openings and to increases in prestigious boutiques, contributing to the growth of sales areas in luxury department stores and the renewal and expansion of our showrooms.

Other **investments**, equal to €14.9 million, were mainly directed to **production, logistics and digital IT**, to support the development of IT infrastructure, our digital presence and the continuous renewal of production facilities and logistics infrastructure.

The **net financial position** is equal to **€30.1 million** (€14.5 million as at 31 December 2018), thanks to the positive cash flow generated by operating activities, the sound management of the commercial working capital, and the significant investments currently under way.

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[5] "Other net assets/liabilities" are negative by €21.5 million as at 31 December 2019, compared to €17.2 million as at 31 December 2018, with dynamics substantially related to the assessment of the fair value on derivatives to hedge exchange risks.

[6] The incidence of the items making up the Working Capital is calculated on the annual turnover.

Business Outlook

We have defined the past year, **2019,** as an **excellent** one because of the growth enjoyed by our company both from a financial point of view, with a sound increase in sales and margins, and in terms of brand positioning.

We are leading our company with **balanced apprehension** and collective commitment as we try to implement all of the indications provided by the World Health Organization and our Government, fully sharing their strategies and anxiously awaiting reassuring news from the scientists around the world. With the very same dedication, we are taking care of the relationship with our Italian external production chain that represents something special for us and for our beloved nation, fully aware that **what is happening** to the economy is something **conjunctural** that will soon be solved and does not resemble the **deeply structural 2008** recession that weighed upon us for years.

Knowing that the trend in fashion has veered towards a taste more suited to our own, having completed the Spring Summer 2020 deliveries as well as the Fall Winter 2020 order collection with excellent results and with pleasing feedback from buyers and the trade press, **we look towards 2020 with a positive attitude**; we are fully aware that the coming year will call for a very careful reading and we will see it as **separate** not affecting our 2019-2022 plan and ten year one 2019-2028, in which we expect to double our turnover and achieve healthy, balanced and sustainable profits.

We continue to support an important level of investments, always careful to seize the opportunities that the market offers us, to keep always very high the brand allure and modern the company, in the desire to be "prepared" at the time of the economic restart.

Proposal for the Allocation of Net Income

The Board of Directors will propose the payment of a dividend of €0.35 per share (gross of any amounts to be withheld by law) to shareholders at their next general meeting, to be held on 23 April 2020 in single call, equal to a pay-out of 45.3% of the Group's net income for the year compared to 40.2% for the previous year.

The dividend will be put into payment on 20 May 2020 with the share going ex-dividend on 18 May 2020 (detachment of coupon no.8). The record date will be 19 May 2020.

Notice of Call for the Shareholders' Meeting

The Board of Directors has resolved to call a shareholders' meeting on 23 April 2020 in single call to approve the financial statements for the year ended 31 December 2019, to allocate net income for the year, to appoint the new Board of Directors and Board of Statutory Auditors, to approve the Report on the policy regarding remuneration and fees paid and some changes to the Company Bylaws in relation to the gender balance regulation.

The notice calling the shareholders' meeting will be published within the time limits laid down by law on the website (http://investor.brunellocucinelli.com) and an excerpt will also be published in the daily papers Il Sole 24 Ore and MF-Milano Finanza.

BRUNELLO CUCINELLI

Corporate Governance Report and Report on the policy regarding remuneration and fees paid

The Company's Board of Directors has approved the 2019 Report on Corporate Governance and Ownership Structures and the Report on the policy regarding remuneration and fees paid pursuant to art. 123-ter of Legislative Decree no. 58/1998.

2019 Consolidated Non-Financial Statement

The Board of Directors has also examined and approved the 2019 Consolidated Non-Financial Statement, prepared as a report separate from the financial statements in accordance with the requirements of Legislative Decree no. 254/2016 on the communication of non-financial information.

This statement contains information relating to the company's activity, its performance, its results and the effect produced by such, in connection with environmental matters, social matters, employee-related matters, respect for human rights and combatting corruption.

The 2019 Consolidated Non-Financial Statement will be published within the time limits laid down by law.

Documentation

The 2019 Annual Financial Report (together with the Report of the Board of Statutory Auditors and the Report of the External Auditors), the 2019 Report on Corporate Governance and Ownership Structures, the Report on the policy regarding remuneration and fees paid, the 2019 Consolidated Non-Financial Statement and the illustrative reports prepared by the directors on the matters on the agenda (also approved at today's meeting of the Board of Directors) will be made available to the public within the time limits and by the means laid down by current law at the Company's registered office in Corciano, Solomeo (PG), Italy, on the "eMarket Storage" system (www.emarketstorage.com) and in the specific sections of the Company's website (http://investor.brunellocucinelli.com).

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BRUNELLO CUCINELLI

The manager in charge of preparing the corporate accounting documents, Moreno Ciarapica, declares pursuant to and to the effects of article 154-bis, paragraph 2 of Legislative Decree no. 58 of 1998 that the disclosures included in this press release correspond to the balances on the books of account and the accounting records and entries. The presentation to analysts of the 2019 results in pdf format can be consulted on the website http://investor.brunellocucinelli.com/ita/presentazioni/. The figures stated in this press release refer to the 2018 consolidated financial statements.

This document (and in particular the section "Business Outlook") contains forward-looking statements on future events regarding the Brunello Cucinelli Group and its operating, economic and financial results. By their nature these statements contain an element of risk and uncertainty as they depend on the occurrence of future events and developments.

The 2019 consolidated financial statements and draft statutory accounts are currently subject to audit procedures which have not yet been completed at today's date. The auditors perform procedures on the board of directors' report on operations and the corporate governance report. The 2019 Consolidated Non-Financial Statement is in turn subject to a limited assurance engagement by the auditors in accordance with article 3, paragraph 10 of Legislative Decree no. 254/2016.

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Brunello Cucinelli S.p.A. is an Italian maison creating luxury goods. It was founded in 1978 by the fashion designer and entrepreneur of the same name and is listed on the Borsa Italiana 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 the Created** and **Human Sustainability**.

Specialized 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**, **passion** and **human values** make Brunello Cucinelli one of the most exclusive and admired **ambassadors** of **Italian style** in the world. In fact, the brand authentically expresses the values of **tailoring** and **artisanship** that characterize **Made in Italy** production and the territory of the Umbria region in particular, combined with an eye on **innovation** and **contemporary style**.

Through **healthy, balanced** and **sustainable growth**, the company's main goal is to gain profits with **ethics**, **morale** and **dignity**, respecting the moral and economic dignity of the over 1,800 directly employed Human Resources and of all the company's collaborators.

In 2019, the company reported over €600 million revenues, a selected presence in the market, with 136 monobrand boutiques and the most prestigious spaces in the leading multibrand stores worldwide.

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Contacts: **Investor Relations & Corporate Planning**
Pietro Arnaboldi
Brunello Cucinelli S.p.A.
Tel. 075/69.70.079

Media

Vittoria Mezzanotte
Brunello Cucinelli S.p.A.
Tel. 02/34.93.34.78

Ferdinando de Bellis
Barabino & Partners
Tel. 02/72.02.35.35

Corporate website: www.brunellocucinelli.com

The financial statements are attached.

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

(Euro/000)	December 31, 2019	*related parties*	December 31, 2018	*related parties*
Non-current assets				
Goodwill	7.045		7.045	
Right of use	433.621	5.611	-	
Intangible assets	11.463		31.538	
Property, plant and equipment	142.705	19.013	125.652	16.804
Investment property	2.814		919	
Non-current financial assets for leases	676		-	
Other non-current financial assets	8.767	32	7.675	32
Deferred tax asset	25.436		16.777	
Total non-current assets	**632.527**		**189.606**	
Current assets				
Inventories	204.868		161.764	
Trade receivables	58.622	51	61.444	46
Tax receivables	978		828	
Other receivables and other current assets	21.003		16.076	
Current financial assets for leases	315		-	
Other current financial assets	9.130		9.013	
Cash and cash equivalents	68.932		56.606	
Current derivative financial instruments	552		418	
Total current assets	**364.000**		**306.149**	
Total assets	**996.927**		**495.755**	

(Euro/000)	December 31, 2019	*related parties*	December 31, 2018	*related parties*
Shareholders' equity				
Shareholders' equity attributable to parent company shareholders				
Share capital	13.600		13.600	
Share-premium Reserve	57.915		57.915	
Reserves	173.581		162.466	
Net income for the period	52.553		50.692	
Total shareholders' equity attributable to owners of the parent	**297.649**		**284.673**	
Shareholders' equity attributable to non-controlling interests				
Capital and reserves attributable to non-controlling interests	1.160		2.359	
Net income for the period attributable to non-controlling interests	530		350	
Total shareholders' equity attributable to non-controlling interests	**1.690**		**2.709**	
Total shareholders' equity	**299.339**		**287.382**	
Non-current liabilities				
Employees termination indemnities	3.182		3.048	
Provisions for risks and charges	1.127		920	
Non-current payables towards banks	30.474		25.934	
Financial liabilities for non-current leases	388.816	5.502	-	
Other non-current liabilities	247		11.921	
Deferred Tax liabilities	2.504		1.256	
Non-current derivative financial instruments liabilities	150		92	
Total non-current liabilities	**426.500**		**43.171**	
Current liabilities				
Trade payables	89.453	556	76.585	818
Current payables towards banks	71.987		51.081	
Financial liabilities for current leases	62.661	509	-	
Current financial liabilities	5.329		2.842	
Income tax payables	3.960		2.781	
Current derivative financial instruments	3.871		5.401	
Other current liabilities	33.827	2.567	26.512	1.074
Total current liabilities	**271.088**		**165.202**	
Total liabilities	**697.588**		**208.373**	
Total equity and liabilities	**996.927**		**495.755**	

BRUNELLO CUCINELLI

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2019

(Euro/000)	December 31, 2019	*related parties*	December 31, 2018	*related parties*
Net revenues	607.761	5	552.996	16
Other operating income	826	43	1.448	75
Revenues	**608.587**		**554.444**	
Costs of raw materials and consumables	(72.279)	(3)	(88.056)	(50)
Costs for services	(248.067)	(2.753)	(268.328)	(2.937)
Payroll costs	(112.199)	(1.351)	(98.329)	(887)
Other operating (expenses)/revenues, net	(7.530)		(5.916)	
Costs capitalized	2.382		2.470	
Depreciation and amortization	(86.250)		(25.605)	
Impairment of assets and other accruals	(1.268)		(1.142)	
Total operating costs	**(525.211)**		**(484.906)**	
Operating Income	**83.376**		**69.538**	
Financial expenses	(41.401)		(26.330)	
Financial income	27.201		22.074	
Income before taxation	**69.176**		**65.282**	
Income taxes	(16.093)		(14.240)	
Net income for the period	**53.083**		**51.042**	
Net income for the period attributable to owners of the parent	52.553		50.692	
Net income for the period attributable to non-controlling interests	530		350	
Base earnings per share	0,77284		0,74547	
Diluted earnings per share	0,77284		0,74547	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Euro/000)	December 31	
	2019	**2018**
Net profit (loss) for the year (A)	**53.083**	**51.042**
Other items of comprehensive income:		
Other items of comprehensive income that will later be reclassified on the income statement:	**1.731**	**(1.653)**
Cash flow hedge	752	(3.266)
Income taxes	(181)	784
Effect of changes in cash flow hedge reserve	**571**	**(2.482)**
Translation differences on foreign financial statements	1.483	349
Profit / (Losses) on net investment in a foreign operation	(425)	632
Tax effect	102	(152)
Other items of comprehensive income that will not later be reclassified on the income statement:	**(113)**	**(35)**
Remeasurement of defined benefit plans (IAS 19)	(149)	(46)
Tax effect	36	11
Total other comprehensive income net of tax effect (B)	**1.618**	**(1.688)**
Total comprehensive income net of tax (A) + (B)	**54.701**	**49.354**
Attributable to:		
Shareholders of parent company	54.206	48.821
Non-controlling interests	495	533

BRUNELLO CUCINELLI

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2019

(Euro/000)

CONSOLIDATED STATEMENTS OF CASH FLOWS	December 31, 2019	December 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	53.083	51.042
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:		
Income tax	16.093	14.240
Depreciation and amortization	86.250	25.605
Provisions for employees termination indemnities	95	97
Provisions for risks and charges / inventory obsolescence / doubtful accounts	1.279	1.179
Change in other non-current liabilities	(11.900)	911
(Gain)/Loss on disposal of Fixed assets	126	52
Interest expense	1.566	1.082
Interest on lease liabilities	10.463	-
Interest income	(108)	(100)
Interest on lease activities	(22)	-
Termination indemnities payments	(114)	(283)
Payments of Provisions for risks and charges	-	-
Net change in deferred tax assets and liabilities	(2.031)	(1.248)
Change in fair value of financial instruments	(855)	6.277
Changes in operating assets and liabilities:		
Change in trade receivables	2.573	(16.614)
Change in inventories	(40.360)	(7.284)
Change in trade payables	9.611	7.836
Interest expense paid	(1.563)	(1.424)
Interest on the lease liabilities paid	(10.463)	-
Interest income cashed	108	100
Interest on lease activities cashed	22	-
Income tax paid	(16.401)	(10.784)
Change in other current assets and liabilities	17.644	(582)
Net cash provided by/(used in) operating activities	**115.096**	**70.102**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(38.629)	(27.327)
Additions to intangible assets	(11.442)	(15.781)
Additions/(disposals) of financial assets	(625)	(1.190)
Additions to investment property	(1.895)	(678)
Investement/Disinvestments in financial assets held for trading	(124)	(8.996)
Proceeds from disposal of property, plant and equipment	708	563
Assets held for sale	-	-
Net cash provided by/(used in) investing activities	**(52.007)**	**(53.409)**
CASH FLOW FROM FINANCING ACTIVITIES		
Medium/Long-term loans received	26.950	15.045
Repayment of medium/long-term loans	(28.414)	(36.244)
Net change in short-term financial debt	29.396	22.650
Net change in long-term financial debt	-	-
Repayment of lease liabilities	(53.272)	-
Receipts of financial assets for leasing	288	-
Dividends paid	(20.483)	(18.471)
Share capital and reserves increase	(6.060)	(6.662)
Net cash provided by/(used in) financing activities	**(51.595)**	**(23.682)**
TOTAL CASH FLOW FOR THE PERIOD	**11.494**	**(6.989)**
Effect of exchange rate changes on cash and cash equivalents	**832**	**642**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**56.606**	**62.953**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**68.932**	**56.606**