



BRUNELLO CUCINELLI

Press Release

CASA DI MODA BRUNELLO CUCINELLI: the Board of Directors has examined the 2021 preliminary results

- Net revenues of 712,0€ million, up +30.9% at current exchange rates (+32.4% at constant exchange rates) compared to 2020;
- Beautiful growth reported in all geographical areas: Americas +36.7%, Asia +32.9%, Europe +26.5%, Italy +23.2%;
- Very important growth in both sales channels, with retail up +56.0% and wholesale up +6.3%;
- Compared to 2019, 2021 revenues grew +17.2% at current exchange rates, with the retail channel growing +23.5% and wholesale +9.1%;
- Significant investments as per multi-year plan of approximately €61 million, further increasing from the € 51.6 million invested in 2020, to support modernity and contemporaneity of our “Casa di Moda”;
- Characteristic Net Financial Indebtedness¹ amounting to approximately €23 million, with a significant improvement over the €93.5 million at 31 December, 2020 and below the €30.1 million at 31 December 2019, driven by cash generation and the very positive working capital management.

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

*“This year 2021 has been one of the **best** for our Casa di Moda. We have achieved some important results both in terms of economics and image worldwide, which has led us to call this time: **the year of rebalancing**.”*

*The Spring Summer 2022 collections and the Fall Winter 2022 pre-collections received great appreciation from both buyers and the international press. Building on these results, we imagine a **fine, gracious and balanced** growth of around 10% for the current year. There is no doubt that all this allows us to work with healthy focus and dedication, envisaging a bright future for our “Casa”, for the territory and the next generations.”*

¹ Characteristic Net Financial Indebtedness and Investments does not reflect the effects of the application of IFRS 16.



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Solomeo, 10 January 2022 - The Board of Directors of Brunello Cucinelli S.p.A. – “Casa di Moda” operating in the luxury goods sector, listed on the Italian Stock Exchange – today examined the Group's preliminary consolidated net sales for the year 2021 and the net financial debt as at 31 December 2021. The complete and final annual data for 2021 will be examined and approved by the Board of Directors at its meeting scheduled for 10 March.

The **2021** was a year to be considered **among the best of our history**.

A year in which we seem to have succeeded in achieving decidedly positive results in tandem with the perception of a further strengthening of the image of our Casa di Moda and our brand in terms of **taste** identity, positioning in **absolute luxury, reliability** and **correctness of behavior** towards all our stakeholders, customers, suppliers and shareholders.

A year in which we received two great worldwide awards. The first regarding taste: in London at the Tate Modern Museum, at the beginning of September Brunello Cucinelli was named "**Designer of the Year**" by the prestigious **British** men's fashion magazine **GQ**. The second, Brunello Cucinelli's personal participation as a speaker together with Prince Charles of England at the **G20 in Rome** on October 31, with a testimony on **Humanistic Capitalism and Human Sustainability**. It's easy to see that all this has honored us from a human point of view and has undoubtedly had a positive impact on the brand's image and sales.

We feel deeply reassured by the **proximity to our brand** of so many customers, of the largest wholesale luxury operators as well as of the most precious *specialty stores*, which bring their vision of contemporary beauty to the world.

At the same time, the acquisition of **new customers** in the various geographies contributed to the steady sales growth experienced during the year.

Moreover, in these 12 months, our **production chain**, entirely Italian and with a very high level of craftsmanship (more than 50% of our product is made by "hands"), seems to have shown great operational, financial and planning solidity for the decades to come.

We believe that these results give full credit to the **rational positivity** that has inspired us, as well as to the **determination** with which we have acted in these 12 months, guided by the intent not to "reduce" in any way our offer to customers but, on the contrary, to try to offer them what they might want in the different individual moments we have gone through.

Respect for Human Privacy, moments of confrontation on the great themes of life, physical or virtual trunk shows, in-store events as soon as deemed possible and appropriate, moderation and creativity: these were all elements that accompanied us, very different from each other but all equally important.

In this year we believe we have reaffirmed even more strongly the "**co-essentiality**" of **physical and digital**, and we have significantly appreciated the great pleasure with which many customers have returned to visit the boutiques in person.

We continue to believe that the **physical experience** is and will remain the **essential** center of the luxury market, for the fullness, immediacy and intensity with which brand content can be perceived by the end customer.

At the same time we see further concrete development opportunities for our digital boutiques, both in relation to the geographical dimension, through the extension of our digital offer in areas where we had



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not yet arrived, and in relation to the demographic dimension, aware that we have already registered a large number of new young customers who have become digitally acquainted with our brand.

We think that 2021 is the year in which our interpretation of **Humanistic Capitalism and Human Sustainability** has become even clearer and appreciated by the sensibility of many people in the world. In our idea of Sustainability, the important **environmental dimension** coexists with three other fundamental dimensions: the **economic**, the **moral** and the **cultural**.

As far as the **environment** is concerned, we have always been committed to **Living in Harmony with Creation**, which has guided us over time to use technology and every possible tool to reduce the externalities generated by our activity which, due to its artisanal nature, is not associated with a particularly high level of emissions.

At the end of the year, we decided to make our commitment measurable by communicating the target of a **60% reduction in greenhouse gas emissions** in terms of economic intensity by 2028 and in absolute terms by 70% for scope 1 and 2 emissions and by 22.5% for scope 3.

We have tried to **give dignity to our earth**, respecting its natural rhythms and enhancing it rather than exploiting it. The factory where we work in Solomeo already existed in the last century, and our focus has been on making it modern and contemporary, rather than building new spaces. We will maintain the same approach in the years to come for the future development of our Casa di Moda, with the next expansions to take place exclusively in the surroundings of the village of Solomeo.

The harmonious relationship that we seek with nature, with other living beings and with the resources of the planet, also has a counterpart in the economic field. We believe, in fact, that there is also a real **economic sustainability**, by virtue of which we have always tried to combine **profit and gift** in the best possible way.

For this reason we always try to **protect the conditions of the people who work with us**, and we would be particularly careful to the **places where we work** and to the **remuneration**, concerning both our human resources and the craftsmen of the external laboratories with which we produce our garments.

For our Casa di Moda, the relationship with our esteemed **façonisti**, great producers and authentic manufacturers, true artisans on whom we know we can always count with unwavering confidence, is a priority and of the utmost importance.

We seek the same amiable relationship with **suppliers of raw materials**, towards whom we try to behave with absolute correctness, reciprocated by a perfect spirit of collaboration.

There is also the great theme of **moral sustainability**, to which we have always devoted considerable energy, seeking dignity in work, and in a broader sense the **dignity of the human being**, so that everyone, going to work, can feel truly treated as a human being.

Moral sustainability for us means working the right hours, as well as staying connected for the right amount of time, and we are convinced that the young and very young are and will be increasingly attentive to the type of production, the treatment of workers, the management of resources and the big issue of fair profit.

Another major theme, which Brunello Cucinelli had the opportunity to discuss at the last G20 summit, is **strict compliance with the law**, which is linked, for example, to the duty to pay the right taxes in one's own country. In our view, this too is part of the moral sustainability we are referring to.



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Finally, as far as **cultural sustainability** is concerned, also through the Brunello and Federica Cucinelli Foundation, we have always tried to promote a culture inspired by the principles of humanism. The **Theater**, the **Winery**, the **Monument to the Human Dignity**, are expressions of cultural sustainability, as are the **schools of Arts and Crafts**, through which we seek the transmission of ancient and precious artisan knowledge for a contemporary craftsmanship.

In the near future Solomeo will be enriched by the construction of its **Universal Library**, inspired by the great Library of Alexandria conceived by Ptolemy I, which has the ambition to collect a large amount of publications from all over the world, in a small number of disciplines including philosophy, architecture, literature, poetry and crafts.

Through this work promoted by the Brunello and Federica Cucinelli Foundation, we would like to follow up the thought of Emperor Adriano: *"Books have shown me the way of life, when I grew up life made me understand the meaning of books"*.

The Universal Library of Solomeo will be located in the noble eighteenth-century Villa with a large park, close to the Church and the Theater, in the heart of **Solomeo, defined by us Hamlet of Cashmere and Harmony**.

Revenues by Geographical Area

Preliminary **2021** Revenues² of €712.0 million, with **beautiful growth** of **+30.9%** compared to 2020 (+32.4% at constant exchange rates) and +17.2% compared to 2019.

	FY 2021	%	FY 2020	%	YoY Change %	FY 2019	Var. %
	Eur '000		Eur '000		FY 2021/ FY 2020	FY 2021/ FY 2019	
Europe	219,007	30.8%	173,078	31.8%	+26.5%	176,900	+23.8%
Italy	84,193	11.8%	68,323	12.6%	+23.2%	89,720	-6.2%
Americas	238,232	33.4%	174,242	32.0%	+36.7%	205,768	+15.8%
Asia	170,590	24.0%	128,370	23.6%	+32.9%	135,373	+26.0%
Revenues	712,022	100.0%	544,013	100.0%	+30.9%	607,761	+17.2%
YoY Change at constant exchange rates					+32.4%		

In the **European market**, we reported **excellent growth**, with sales up +26.5% over 2020 and +23.8% over 2019, accounting for 30.8% of sales.

² As from 2021, the representation of sales by reference market is carried out on the basis of the geographical area (Europe, Americas, Asia) of the various countries in which the Group operates, maintaining specific evidence for Italy. This method of representation makes it possible to give greater evidence of the weight that each geographical area has for the Group; in this regard, sales in countries that were previously included in the "Rest of the World" category have been allocated to the specific geographical areas of reference.



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The structural **domestic connotation** of our business, the **loyalty of end customers**, as well as the presence of **new customers**, contribute to the achievement of these results, which show an excellent **balance** between **retail and multibrand channel**.

The **great European luxury capitals**, such as Paris, Milan, London, have shown significant responsiveness in the recovery of sales and especially in the desire of customers to return to "live" the physical spaces of the boutiques, which has led us to organize several events and meeting moments inside our boutiques.

We were particularly excited about the "official" inauguration of the new boutiques in London on New Bond Street and in Paris on Avenue Montaigne, which with their charm and warmth represent an excellent example of our idea of hospitality.

In addition to the excellent results in **Russia**, which during these months has made an important contribution to our growth in Europe, in the second half of the year we appreciated the contribution of **central and northern Europe**, of the *second tier cities*, and the progressive recovery in the **Mediterranean area**, also thanks to the increasing of regional tourism flows and the first arrivals of international clients, particularly from North America.

In **Italy** there is an **important improvement** in the sales trend in the last part of the year; in 2021 growth is +23.2% compared to 2020, with a marginal drop of -6.2% compared to 2019; very significant growth in the fourth quarter compared to 2020, with a performance close to parity in the comparison with 2019.

The recovery of **local demand** was solid, balancing the prolonged absence of international tourism; the contribution of the results in **provincial cities** was very significant, thanks also to the presence of dedicated spaces in the most important **Specialty Stores**, which confirm the great value both for the achievement of the year's results and for the contribution to the taste and appeal of the brand.

We believe that these multi-brand clients have always represented an absolute reference in the Ready to Wear sector, for their ability to innovate and constantly search for the most modern, chic and contemporary proposals, with development plans and investments that allow us to plan together for the medium-long term.

The **American market** is growing very significantly, with a **beautiful increase** in sales of +36.7% compared to 2020 and 15.8% compared to 2019, reaching a weight on total sales of 33.4%, thanks in part to strong demand in the absolute luxury segment and a very positive performance in the last quarter of the year.

The beautiful growths also find their basis in the growing **desire to "dress well"**, in men as well as women, after periods spent away from sociality and physical encounters.

The reported results are aided by a **balanced and synergistic** presence in major cities, provincial and resort locations, through single-brand boutiques, Specialty Stores and Luxury Department Stores.

Domestic tourism made a positive contribution, with resorts in the USA becoming a reference point for exclusive stays, as did **digital sales**, which complemented sales in the physical channel.

The **Asian market** reports a **wonderful growth** of 32.9% over 2020 and +26.0% over 2019, with a relative weight of 24.0%; the last quarter of the year shows a significant acceleration of sales, thanks in particular to the performance of **Mainland China**.

We believe these **results are brilliant**, both for the absolute value of the performance and for the way in which we have achieved them. In the pursuit of balanced, healthy and quiet growth, we believe that



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our approach to China, in full respect of its millenary culture, can give us **beautiful and sustainable growth in the coming years**.

Along with our desire to be **close to China culture**, with an approach that is always respectful in order to make our presence as rooted in the territory as possible, we also think that offering an **exclusive product** and **"no logo" clothing** fully meets the demand of the most exclusive luxury segment.

Even **Japan**, which had shown some volatility during the year, thanks to the very positive results of the fourth quarter closes 2021 substantially in line with the 2019 value; finally, very solid results were achieved in **South Korea** and in some countries of **South East Asia**.

Revenues by Distribution Channel

	FY 2021	%	FY 2020	%	YoY Change %	FY 2019	Var. %
	Eur '000		Eur '000		FY 2021/ FY 2020	FY 2021/ FY 2019	
Retail	419,324	58.9%	268,773	49.4%	+56.0%	339,435	+23.5%
Wholesale	292,698	41.1%	275,240	50.6%	+6.3%	268,326	+9.1%
Revenues	712,022	100.0%	544,013	100.0%	+30.9%	607,761	+17.2%

The **retail channel** grows +56.0% over 2020 and +23.5% over 2019, with the relative weight of sales rising to 58.9% compared to 55.9% in 2019.

The increase in revenues is supported by the solidity of **like-for-like** sales and the **growth of the network**, thanks to new openings, the expansion of existing spaces and conversions to the direct management of certain spaces within Luxury Department Stores.

The growth trend in the last part of the year increases very significantly, benefiting from the **contribution of new spaces, increased traffic** in the boutiques, and increases in **sell-outs**, which reach very important results for the winter season, which we believe may have been favored by the **prestigious awards** received in the last part of the year.

Retail **boutiques** totaled **114** as of December 31, 2021, compared to 107 boutiques in the prior year, with four openings and three single-brand wholesale boutique conversions, including major space in Dubai Mall and space in the exclusive resort town of Gstaad.

Directly managed **hard shops** within Department Stores are **43**, compared to 31 hard shops at December 31, 2020, an increase primarily related to the conversion to direct management of 10 spaces within Nordstrom's Luxury Department Stores.

In addition to the **prestigious boutique expansions** carried out between 2020 and 2021, including those in London, Paris, St. Petersburg, Shanghai and Tokyo, the last part of 2021 saw the addition of the Madison Avenue flagship in New York, celebrated with a major event in December, with the participation of customers, trade press.

The **wholesale channel** increases sales by +6.3% over 2020 and +9.1% over 2019, accounting for 41.1% of sales compared to 44.1% in 2019.



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The outstanding results reported in all the quarters of the year contribute to the final result, with the positive contribution of sales of **Spring Summer 2022**, which followed the wonderful order collection completed in recent months and the excellent reviews by the international press.

The **Fall-Winter** collection has excellent sell-out figures, and the long-term planning shared with multibrand partners make the results achieved - also in consideration of the **10 conversions** to the direct management of spaces in luxury Department Stores by 2021 - even more solid and sustainable over time.

In this 2021, we believe that our multibrand channel and the network of Specialty Stores have shown a very high value, maintaining their role as "**guardians**" of the brand, **source of inspiration and comparison** in the **development of Ready to Wear collections**, great **connoisseurs** of the habits and behaviors of **local customers**.

Casa Cucinelli

Our desire is to offer our clients more and more welcoming spaces, within which we can recreate that same atmosphere and shared moments, experiences and culture that we try to transmit to all those who come to visit us in Solomeo.

This special attention has directed the "**Casa Cucinelli**" project, through the creation of multifunctional spaces that, starting from **Solomeo**, are now present in **Milan, London, Paris** and **New York**, with the desire to open them in the future also in Shanghai and Tokyo.

These spaces are strongly connoted with the elements that make up our lifestyle, giving us the opportunity to further deepen the relationship with our customers and elevate their brand experience. They are private and very welcoming meeting places, where we can host people, transfer the corporate culture, breathe the taste of the brand, with the presence of small libraries and the possibility to taste the typical Italian cuisine.

Our production structure

The fundamental role that we have always attributed to Italy is related both to its fundamental contribution in the definition of a reference taste, and to the very important role attributed to the offer of **Made in Italy** luxury garments.

The manufacture of our garments, which we always try to make special and precious, finds its "natural home" in the **more than 360 artisan laboratories** of the highest quality craftsmanship, all based in Italy, capable of guaranteeing a component of **true manual skill** greater than **50% (needle, thread, scissors)** for all our collections. These artisan laboratories employ mainly between 10 and 40 employees each, **80% of which are located in Umbria** and the remaining **20%** in the **districts of excellence** for specific types of processing.

We have always valued the creativity of the product, the quality of the manufactured articles, the reliability and timeliness of deliveries. All these elements are made possible by the modern and reliable organization of the work of these laboratories, real **partners of the company**, fully **integrated in our production process** and able to give life to the **collections developed internally**, through a *model workshop* with over 100 highly qualified workers.



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In these months we believe we have further strengthened the relationships of esteem, collaboration and friendship that have bound us for many years, making **our production structure solid in the long run**.

This is possible both through the possibility of dimensional growth of the laboratories that already collaborate with us, and through the increase in the share of work reserved for us by that half of the *façonists* who operate in a regime of multi-commissioning, and who increasingly decide to enter fully into our production structure.

Investments and Net Financial Position

We believe it is essential to keep the image of our Casa di Moda modern and contemporary, with the brand firmly positioned in the Absolute Luxury segment.

In 2021, our **investment plan was therefore very important** and amounted to **61 million €**. **Commercial investments** were mainly allocated to the expansion of prestigious boutiques, including our Madison Avenue flagship in New York and Omotesando in Tokyo, new openings, the constant updating of the image of our showrooms around the world and the Casa Cucinelli project.

We have also paid the same attention to **digital, technological and production/logistic** investments to accompany the company's growth process.

The significant investment plan was supported by the company's solid structure, with cash generation related to operating activities and excellent results in net working capital management, which allowed us to very significantly improve our **characteristic Net Financial Debt³**, amounting to approximately **23 million €** at December 31, 2021, compared with the € 93.5 million of the previous year and the €30.1 million at 31 December 2019.

Our expectations

Our expectations for the next two years are fully confirmed, with **fine, gracious, balanced** growth around **10%** for both **2022** and **2023**.

We consider these growth expectations very concrete, given the performance of the collections, the selected **boutique network** development project, and the like-for-like results we expect.

The wonderful order collection of the Spring Summer 22 collections, which follows the very positive trend of the Fall Winter 21 collections, and the sales obtained from the important openings, expansions and repositioning carried out in the last months, contribute to our strong positivity, with a visibility on the expected result for the next months that we consider very high.

We are progressively returning to the profitability levels prior to the start of the pandemic, which have always been based on the values that inspire us: the right **growth**, the right **profit**, the **right balance between profit and gift**.

³ Characteristic Net Financial Indebtedness and Investments does not reflect the effects of the application of IFRS 16.



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Thus, we have concrete expectations that we will be able to end the **first five-year 2019-2023** period of our 2019-2028 10-year plan very favorably, and **slightly higher than the expectations** we had before the pandemic began.

The manager in charge of drawing up the corporate accounting documents, Moreno Ciarapica, 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 documented results, books and accounting records. Please note that the turnover figures in this press release have not been audited.

The document contains forward-looking statements regarding future events and the operating, economic and financial results of the Brunello Cucinelli Group. By their very nature, these forecasts are subject to risk and uncertainty, as they depend on the occurrence of future events and developments.

Brunello Cucinelli S.p.A. is an Italian Casa di Moda - founded in 1978 by the homonymous designer and entrepreneur and listed on the Italian Stock Exchange - which 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 a steady 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**, recognized worldwide as an expression of everyday lifestyle. The combination of **modernity** and **craftsmanship**, **elegance** and **creativity**, **passion** and **human values** makes 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, 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**, in full respect of the moral and economic dignity of the more than 2,100 Human Resources who work directly for the company, and for all those who collaborate with it.

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

Corporate website: www.brunellocucinelli.com