BRUNELLO CUCINELLI

INTERIM FINANCIAL REPORT AS AT 30 JUNE 2021

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONTENTS

CORPORATE DETAILS

Registered office of the Parent Company

Brunello Cucinelli S.p.A.
Viale Parco dell'Industria 5, frazione Solomeo
Corciano – Perugia, Italy

Legal data of the Parent Company

Approved share capital €13,600,000
Subscribed and fully paid-up share capital €13,600,000
Perugia Companies Register no. 01886120540

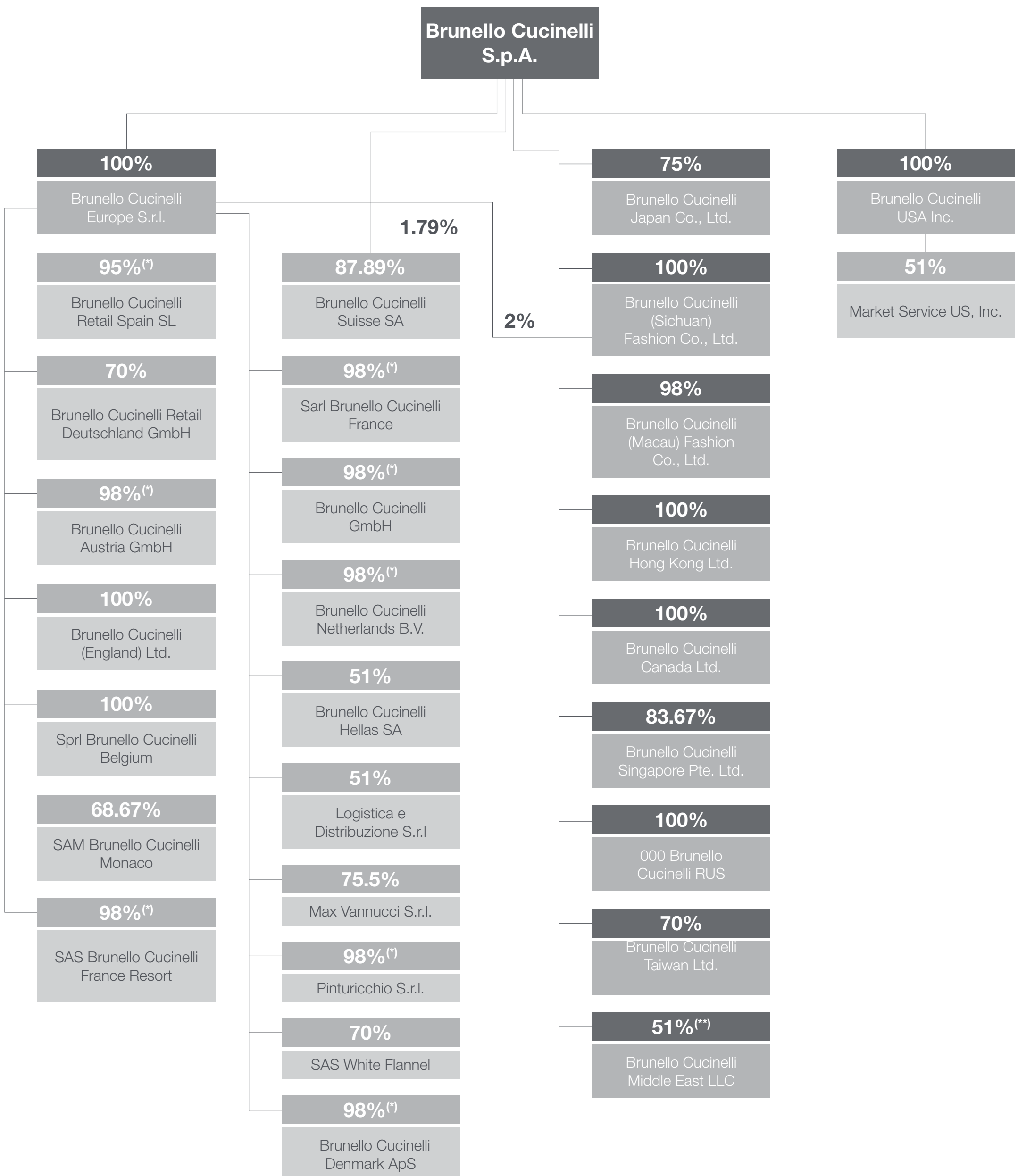
Company website http://investor.brunellocucinelli.com/eng/

CORPORATE GOVERNANCE BODIES AS AT 30 JUNE 2021

Board of Directors [1]	Brunello Cucinelli	Executive Chairman
	Riccardo Stefanelli	Managing Director and CEO
	Luca Lisandroni	Managing Director and CEO
	Giovanna Manfredi	Director
	Camilla Cucinelli	Director
	Carolina Cucinelli	Director
	Stefano Domenicali	Independent Director
	Anna Chiara Svelto	Independent Director
	Andrea Pontremoli	Independent Director
	Ramin Arani	Independent Director
	Maria Cecilia La Manna	Independent Director
	Emanuela Bonadiman	Independent Director
Lead Independent Director	Anna Chiara Svelto	
Control and Risks Committee	Anna Chiara Svelto	Chairwoman
	Andrea Pontremoli	
	Maria Cecilia La Manna	
Remuneration Committee	Anna Chiara Svelto	Chairwoman
	Stefano Domenicali	
	Emanuela Bonadiman	
Board of Statutory Auditors [1]	Paolo Prandi	Chairman
	Alessandra Stabilini	Standing
	Gerardo Longobardi	Standing Auditor
	Guglielmo Castaldo	Alternate Auditor
	Myriam Amato	Alternate Auditor
Auditing Firm	PricewaterhouseCoopers S.p.A.	
Financial Reporting Officer	Moreno Ciarapica	

(1) Appointed at the ordinary shareholders' meeting of 21 May 2020; will remain in office until the shareholders' meeting called to approve the financial statements for the year ending 31 December 2022.

THE BRUNELLO CUCINELLI GROUP AS AT 30 JUNE 2021



(*) The remaining percentage is held by BRUNELLO CUCINELLI S.p.A.
(**) Percentage of ownership held by virtue of voting agreements with the minority shareholder.

GROUP STRUCTURE AS AT 30 JUNE 2021

Company name	**Registered office**
Brunello Cucinelli S.p.A.	Corciano, frazione Solomeo (PG) – Italia
Brunello Cucinelli Europe S.r.l.	Corciano, frazione Solomeo (PG) – Italia
Max Vannucci S.r.l.	Corciano (PG) – Italia
Pinturicchio S.r.l.	Corciano, frazione Solomeo (PG) – Italia
Logistica e Distribuzione S.r.l.	Milan – Italy
Brunello Cucinelli Austria GmbH	Vienna – Austria
Sprl Brunello Cucinelli Belgium	Brussels – Belgium
Brunello Cucinelli Denmark ApS	Copenhagen – Denmark
Brunello Cucinelli Retail Deutschland GmbH	Munich – Germany
Brunello Cucinelli (England) Ltd.	London – United Kingdom
Sarl Brunello Cucinelli France	Paris – France
SAS Brunello Cucinelli France Resort	Courchevel – France
Brunello Cucinelli GmbH	Munich – Germany
Brunello Cucinelli Hellas SA	Athens – Greece
SAM Brunello Cucinelli Monaco	Principality of Monaco
Brunello Cucinelli Netherlands B.V.	Amsterdam – Holland
OOO Brunello Cucinelli RUS	Moscow – Russia
Brunello Cucinelli Retail Spain SL	Madrid – Spain
Brunello Cucinelli Suisse SA	Lugano – Switzerland
SAS White Flannel	Cannes – France
Brunello Cucinelli Canada Ltd.	Vancouver – Canada
Brunello Cucinelli USA Inc.	New York – USA
Market Service US, Inc.	New York – USA
Brunello Cucinelli (Sichuan) Fashion Co., Ltd.	Chengdu – China
Brunello Cucinelli Hong Kong Ltd.	Hong Kong – China
Brunello Cucinelli (Macau) Fashion Co., Ltd.	Macao – China
Brunello Cucinelli Japan Co., Ltd.	Tokyo – Japan
Brunello Cucinelli Singapore Pte. Ltd.	Singapore
Brunello Cucinelli Taiwan Ltd.	Taiwan – China
Brunello Cucinelli Middle East LLC	Dubai – United Arab Emirates

DISTRIBUTION NETWORK

The Group offers its products on the market through a number of different distribution channels.

From the standpoint of the end customer the Group is present on the market through:

- **the retail distribution channel,** i.e. the distribution channel with which the Group sells directly to the end customer through directly operated stores, the so-called DOS (Directly Operated Stores) and hard shops, i.e. spaces located inside department stores and managed under the Group's responsibility. At 30 June 2021, the directly managed boutiques (DOS) totalled 112, to which are added a number of hard shops within department stores equal to 41.

- **the wholesale distribution channel**, i.e. the distribution channel through which the Group sells to independent partners, with the result that in this case these resellers are the Group's customers (and not the end customer). This channel therefore includes both monobrand points of sale operated by third parties under commercial distribution agreements (Wholesale monobrand), independent multibrand points of sale and dedicated shop-in-shops in department stores (Wholesale multibrand). The Group uses a network of agents and distributors for sales to a number of wholesale monobrand and multibrand customers.
At 30 June 2021 there were 31 wholesale monobrand boutiques.

A summary is provided below of the Brunello Cucinelli Group's monobrand sales network at 30 June 2021 compared to the situation at 30 June 2020:

Distribution channel	30/06/2021	30/06/2020
Retail	112	107
Wholesale monobrand	31	30

The following table sets out existing sales points at 30 June 2021 by location:

	Italy	Europe	Americas	Asia	Total
Total Brunello Cucinelli stores	14	47	36	46	**143**

INTERIM REPORT ON OPERATIONS AS AT 30 JUNE 2021

COMPANY INFORMATION

OUR COMPANY

Brunello Cucinelli S.p.A. is a company incorporated under Italian law with registered office in Solomeo, Viale Parco dell'Industria 5, and listed on the Electronic Stock Exchange (MTA) of Borsa Italiana.

The company's business is focused on the production and sale of Brunello Cucinelli branded clothing, accessories and lifestyle. The brand is internationally recognized as a point of reference in the **luxury** goods sector, an expression of the best **Made in Italy** capable of interpreting new trends while always maintaining **excellent quality** and at the same time ensuring an **ethical** application of the concept of **work**.

Craftsmanship, exclusivity and **contemporaneity** within a more general vision of the world inspired by the values of **human dignity** and the **beauty of Creation** have always been distinguishing elements of the Brunello Cucinelli **women's, men's and children's total look collections**.

The company's collections "listen" to the evolution of traditional principles of elegance and interpret them in ***prêt-à-porter*** lines that are capable of harmoniously accommodating the needs of an international clientele in search of quality garments that maintain value over time.

The Brunello Cucinelli company is universally recognized as a leading example of "**humanistic capitalism**", capable of growing in a **healthy, balanced and sustainable** way, always maintaining as the cornerstone of its entrepreneurial philosophy an activity **in harmony with Creation** and an organization founded on "**human sustainability"**.

OUR FIRST SIX MONTHS OF THE YEAR

The first half of **2021** was characterized by a **very favourable trend** and a **very positive atmosphere** from a business point of view, as we sought to interpret and face the pandemic with a **courageous and wise** attitude, always trying to focus on **human dignity** and **our "way" of doing business**.

The renewed **confidence**, the justified **enthusiasm** and the long-awaited **return to sociality** have contributed to making this **first part of the year truly special**: we have slowly, carefully returned to a social life, good human relations and the pleasure of spending time together.

We are deeply convinced that this return to the pleasant habits and "normality" of daily life after spending some time "suspended" will continue to accompany us in the coming months, further consolidating the very promising trend that we enjoyed in this first part of the year.

We are fully satisfied not only with the performance of the first half of 2021 and the results we have achieved, but also with the "quality" **of our growth** thanks to the **excellent balance of performance by geographical area, distribution channel and product category**.

It seems to us that our selection is particularly well-received in all its facets – **product, taste and brand** – balanced **in the men's and women's collections**.

As we have grown we have seen the clear **loyalty** of our end customers, the predominant **domestic nature** of our business in many markets and the contribution of **new customers**.

We are focused on developing the **activities that will guide** our **journey in the coming years**, strictly drawing on the **humanistic and cultural values of the company** and the search for **creativity, exclusivity, uniqueness, craftsmanship** and **contemporaneity**, which have inspired our collections and our way of living and working.

The central role of the product and of the production structure

Our company is based on the **product**, an essential prerequisite in the vision of our solid positioning in the **absolute luxury** segment.

The special attention, the focus and the search for creativity that all our collections were developed with in the difficult months of the pandemic allowed us to continue to offer a **product** in our stores and in our showrooms that was judged by customers and journalists to be **fresh, young, authentically new, contemporary** and **attractive**.

In the first half of the year the sales of the **Spring/Summer 21** collection supported the excellent results of the retail network and the sell-out of the multibrand points of sale.

In recent weeks the contribution of the **Fall/Winter 21** collection has been quite propitious, with end customers confirming the rave reviews of international buyers and the specialized press at the beginning of the year when the collections were presented.

The **timeliness** and **quality** of **deliveries** confirm the value and precious contribution of our company's solid production structure, with over **360 artisanal workshops** all based in **Italy** able to guarantee both a very high **component of manual skill** in our collections and a modern and reliable organisation of the work.

In recent months this organization has allowed us to return perfectly in line with the ideal production schedule, in contrast with 2020 which had been impacted by the dynamics of the pandemic, ensuring a very important **advantage in deliveries.**

In fact, we have already delivered the first **restocking orders** of the **Fall/Winter 2021** collections, providing us with extremely useful information on which models are most popular with end customers.

In recent weeks we launched the sales campaign for the **Spring/Summer 2022** collection: the comments, and even more important the orders received so far, are very, very positive.

Our customer, the "pleasure of dressing nicely"

Local customers were the main drivers of the first part 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.

Our results have certainly benefited from the acclaim received by **collections** that we were proud to hear described as the "**most beautiful ever"** thanks to the great creativity that all of us, including our suppliers and our third-party manufacturers, have been able to develop in recent months, convinced that genius can achieve its maximum creativity in painful, intense moments.

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 want to have garments that maintain the comfort of the clothes we wore in these past months while also elevating their look in pursuit of a simple elegance.

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

We believe that the **distinctive** and **elegant** character of the brand and the **contemporaneity** infused into the collections represent an effective, important response to this desire, and sales in the first half have already confirmed this market trend.

Value of the physical experience and e-commerce

The **synergy and complementarity** with which we operate in the **digital** and **physical** channels have allowed us to achieve **significant results in all the markets** we operate in, with an important contribution from online sales in the areas most impacted by the closures related to the pandemic.

We have developed our **digital infrastructure** over the years and it is essential for us to keep it **always modern** through the use of the latest technological innovations and customisations of the service, with the **possibility of progressively expanding its spaces and resources** according to the needs and development of online demand.

While we are firmly convinced that e-commerce is very important for the visibility of the brand as a whole, we continue to attach **immense value to the "physical" experience**, which we consider fundamental, especially for apparel.

In fact, we imagine that certain types of **emotions** can only be shared through a physical experience, also thanks to the **advice of friendly sellers** who by virtue of their expertise and experience are able to give useful guidance and suggestions to the end customer on how to mix the garments.

Our collections

With regard to the men's collections, in the first half of 2021 the market returned some signals that in our opinion are very significant.

With regard to revenues, we saw **very positive results** in both the **retail** and **wholesale** channels. Specifically, the direct channel showed a strong acceleration in the sales of men's collections, recovering faster than women's purchases.

The **Fall/Winter 2021 men's collections** are already providing **very interesting sell-out** data, which we might even call "surprising" at this time of year.

Discussions with our multibrand customers have confirmed this **great desire for something new on the part of male customers**, who in some cases have been described as "*disoriented*" by a growing fashion component of the market.

Talking to important journalists during **Men's Fashion** in Milan and Pitti, we got the clear impression that our idea of focusing on a **proposal of "modern elegance"** can satisfy the search for a **look that is modern but suitable for any setting**.

In this renewed desire for elegance, we believe that our collections must embody balance, simplicity and gravitas, values that have always inspired the creativity of our Style Office.

The beginning of the year was marked by what highly esteemed journalists have defined as a “denim cycle”. We believe that this phase is already outdated, and that today men in many cities are seeking an **even more sophisticated look** with jackets returning to play a primary role.

We imagine that the **pleasure of dressing nicely** will also promote a resurgence of the suit, the symbol of elegance par excellence, but we believe it must be **reinterpreted in a modern, casual key** and free from the previous formal canons.

We have always believed strongly in the importance and great potential of a **Ready to Wear** for men that is luxury **yet non-fashion**, and the first results of this half of the year seem to reward our taste and positioning.

As for the women’s lines, after the very interesting results of the **Spring/Summer 2021** season, we have been equally satisfied with the performance of the **Fall/Winter 2021 women’s collections**, whose sell-out figures underscore the full esteem of the end customer, thus confirming the very positive opinions received during the presentation of the collections from multibrand customers and the trade press.

As with the men’s collections, for our women’s lines the product is always at the centre of our business and there is no room for compromising **quality**, craftsmanship or **creativity**.

Through our products, which must always be contemporary, we try to convey our company's values and the idea of beauty that we promote, maintaining our position of **absolute luxury** as an essential foundation.

We continue to devote our full creative effort to the development of complete collections, which we believe will be able to introduce innovations in a manner consistent with our distinctive taste, and we believe that the Spring/Summer 2021 and Fall/Winter 2021 collections are fully representative of our vision and our interpretation of silent refinement.

Taste and lifestyle

The results of the half year benefited not only from the popularity of the collections, but also from the full **recognition of our taste**, which clearly distinguished the collections and helped to create a **lifestyle** that we hope will well represent our **values**, the **brand** and the **community** we live and work in.

We believe in **artisanal products** of the **highest quality** that are **contemporary** and express an authentically **exclusive taste, without the need for a logo**. We would like the timeless style of our garments to allow them **to live beyond the seasons and even be left as a legacy**.

We are convinced that our local region has contributed significantly to the brand's charm and allure. From the beginning 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 local region.

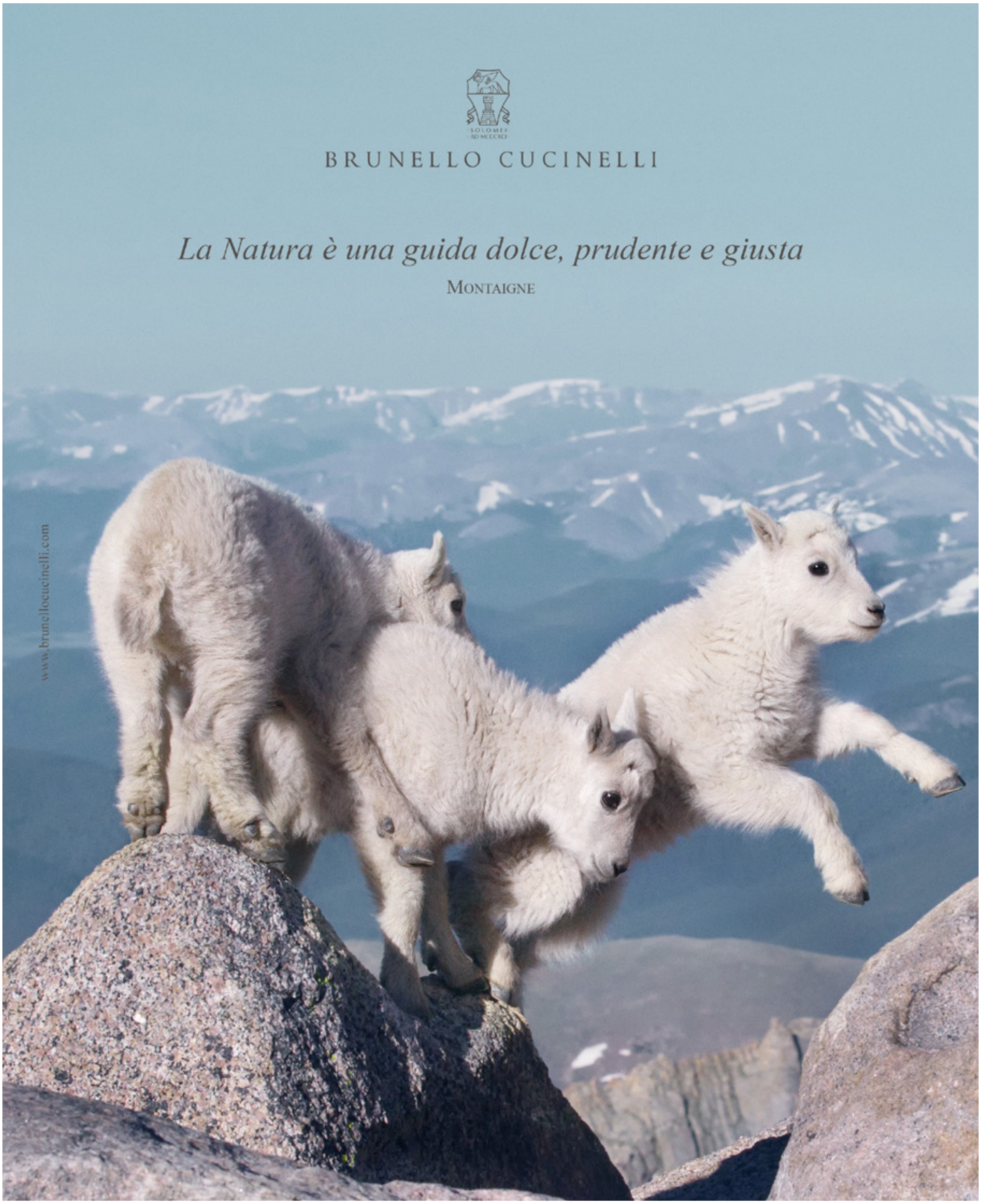
We have established our identity in the ready-to-wear segment, a category that possesses a strong element of style. In recent years we have tried to create a **style that somehow allows the brand to endure**, that is **recognizable** over time and **appealing**, with a **high level of creativity and great artisanal value made in Italy**.

We have received an important series of **acknowledgements** of the brand's recognisability from the international press and partners, which have made us proud and given us the strength to continue believing in this effort to distinguish ourselves. In recent years, these acknowledgements have grown in number and value, including **great reviews**: in 2018 *the New York Times defined our way of dressing as "suitable for young CEOs", and in 2019, GQ UK elected Brunello Cucinelli the "second-ranked among the most elegant men in the world", and finally in December 2020 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 years to come.

We have invested heavily in **visual merchandising**, coordinating both the staging of the collections and the preparation of the boutiques in order to emphasize the harmony of the men's and women's collections, guaranteed at the source by the same creative direction and constantly driven by the search for innovation pursued by the young creative teams.

Communications have the fundamental role of conveying the idea that the brand's distinctive Italian lifestyle is the main source of inspiration, which is expressed in products of the highest craftsmanship and – we hope – quality and taste.


BRUNELLO CUCINELLI
La Natura è una guida dolce, prudente e giusta
Montaigne
www.brunellocucinelli.com

Every single garment and every look thus becomes the vehicle for the transmission of values based on the quality of life, on the close relationship with the beauty of art and nature.

In fact, we believe that today the brand is equally recognisable and appealing to both women and men, of different ages and from different continents, thanks to the centrality attributed to traits having a universal character such as **quality, creativity and craftsmanship**.

We continue to believe in **absolute luxury** as our only area of action, imagining that the growth opportunities in this market segment may be more than adequate compared to the expectations for our company's development.

The **lifestyle** we represent has been built on **Ready To Wear**, which represents and will continue to represent **the heart of our brand**.

We would therefore like for the progressive growth of new categories such as **homewear** and eyewear to have as their primary purpose the completion of the idea of lifestyle, maintaining the same positioning.

With regard to homewear, we believe that the recent request to open our **first space entirely dedicated to furnishing accessories** by the Luxury Department Stores of Harrods, positioning ourselves together with the most prestigious and consolidated brands in this category, represents a very important recognition of the lifestyle line that we like to represent.

In fact, 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.

NEW PROJECTS

Brunello Cucinelli & Oliver Peoples: partnership for the launch of the first eyewear capsule

Last week we announced the beginning of the **partnership with Oliver Peoples** for the **launch of the first Brunello Cucinelli eyewear capsule** within the Californian brand's broad selection.

This partnership is primarily based on a great **affinity of taste** and on a common passion for a artisanal product of **great quality** and **without a logo**.

We strongly believe that the glasses that will be produced by this very pleasant collaboration will also represent a further element of value for our brand.

We are honoured by this **project with the majestic Luxottica**, owner of the Oliver Peoples brand, and we see this partnership as further proof of the health and attractiveness of our brand.

The glasses will be available as early as October, and will bear the **Brunello Cucinelli & Oliver Peoples** logo, testifying to the strong commitment of both companies to this project. The first release will feature five models, sun and prescription, for a total of about 25 combinations.

We are very happy with the association of the two brands, which in their respective categories have a very similar positioning, a special sensitivity in the search for **colour**, a common preference for **shapes** and **gravitas**.

The relationship with Oliver Peoples allows us to **enter the world of eyewear**, positioning ourselves immediately in the **highest part of the market** through a **product** with a strong implicit value and **100% made in Italy**.

With this partnership we also benefit from the highest guarantee of the product's technical quality, not to mention the punctuality and efficiency of the after-sales service of the Luxottica group.

As for **distribution**, in addition to being present in **our monobrand boutiques** and in those of **Oliver Peoples**, we can also count on a platform of **beautiful multibrand glasses** that will allow us to be present in the **highest range of the specialized channel**.

Solomeo
New thousand-year project

We have always imagined that the identification of a brand is inextricably linked to its territory and its people, especially when we speak of true luxury. We believe in some way that our medieval hamlet with its buildings, its stones, its epigraphs will remain in the centuries to come as a testimony of this enterprise, but also of the way it does business and the idea of **humanistic capitalism** that we hold so dear. The heart of **Solomeo** is found in the medieval part of the hill, with the castle, the church and the forum of the arts consisting of the theatre, the amphitheatre, the Garden of the Philosophers and the library. The medieval part of the village is harmoniously echoed by the lower part with the Park of Beauty, the Monument to the Dignity of Man and the Winery, an authentic monument to the Earth. The realization of this fascinating new project will contribute more and more to the moral, civil, spiritual, cultural and economic growth of the Brunello Cucinelli company in the times to come.

Starting from this basic idea “for our vision of the future of humanity”, the “Brunello and Federica Cucinelli” family foundation has always sought to be the custodian of these places and to embellish them as much as possible. Reflecting this philosophy, the foundation’s new project will be presented to the international press between October and November and has the objective of contributing in the years to come to the moral, ethical, spiritual, cultural and economic growth of the company, its community and its people.

COLLECTIONS FOR MEN, WOMEN AND CHILDREN

Created during a special time and dedicated to further stimulating a **reflection on the most authentic and distinctive values of the brand**, on **respect for nature** and on the new needs that mark our daily lives, the **Fall/Winter 2021** collections are inspired by the allure of the seasons.

Timeless garments combine **contemporary research** and the **principle of sustainability** insofar as they express a fresh, timeless elegance capable of enduring through changing trends, distinguished as always by special elements and processes with a **high level of craftsmanship**.

Iconic elements revisited with original materials take on a **modern appeal** and complete the styling in combination with new creations that express the brand's distinctive taste and research. Fine fabrics, natural yarns and refined leathers are the result of a meticulous selection aimed at giving each garment a tangible quality, enhanced by manual craftsmanship always at the service of comfort and lightness.

The **men's winter collection** acquires a perfect balance in the evolution of taste, balanced between the inspirations that over the history of the brand have shaped today's style and creativity oriented towards a timeless elegance.

The **women’s wardrobe for the winter** combines ease and distinction to go beyond the limits of the occasions they are worn for and to give life to a new versatile, spontaneous daywear with a minimalist, refined style, casual-chic without rigorous protocols, a contemporary fusion of comfort and elegance.

The **new Spring/Summer 2022 collections**, recently presented in our showrooms, gather formulas refined from years of research to create an essential elegance capable of exciting and lasting beyond the seasons. The presentations received enthusiastic feedback from partners and the trade press, followed by a **substantial number of orders**.

The most attentive **creativity** and an increasingly accurate **search** for **raw materials** were employed in the creation of new collections to create a contemporary and always distinctive style of our brand.

Both the Men's and the Women's collections satisfy what we believe to be one of the new primary needs of today's market: **a renewed desire for elegance and dressing well**, which **emerged** in response to a period characterized by a need for "home" clothing and the lack of opportunities to spend time with others.

The new summer collections are therefore already fully participating in what we have called a **"New Time", a moment of conscious, harmonious rebirth**.

The range expresses what we believe to be one of the most important market developments of recent times, as a **response to an event of global significance**. Once again in the course of history, as had already happened after the first world war, after a difficult period **the attention paid to clothing** is no longer based solely on functional or aesthetic elements, but rather takes on a higher task: **seeking a balance** through elegance, expressing the sensations of order and well-being, sharing the pleasure of spending time with others both for important occasions and in our daily lives.

The search for a chic, contemporary elegance that is deeply linked to the idea of everyday and ethical well-being that has always distinguished the brand therefore meets today with increasing attention and the renewed favour of the customer, who is increasingly interested in the history and values that enrich the products.

The combination of aesthetic and ethical quality now more than ever enhances the purchase experience, no longer a simple acquisition of goods but an expression of personal values and support for the brand's philosophy.

CHILDREN'S COLLECTION

Presented for the first time for the Fall/Winter 2019 season, the collections dedicated to **Boys and Girls** aged 4 to 14 continue to grow and expand with increasingly distinctive and refined elements. Partners and customers have shown that they clearly appreciate the collections' distinctive quality.

The search for the best materials, the high level of craftsmanship and the attention to detail are the valuable elements that elevate the creativity and youthful spirit infused into each garment.

The new collections are inspired by the pleasure of sharing simple, everyday things, the desire for well-being and protection on every occasion.

Its essential components are comfort and versatility, making both the warmth of the family home and the well-being of life outdoors special.

The fine fabrics, colour combinations and enveloping yarns express the brand's DNA.

The combination of technological innovations and refined craftsmanship perfects the style of each garment to ensure contemporary comfort.

INVESTMENTS: KEEPING THE COMPANY MODERN AND SUSTAINABLE OVER THE LONG TERM

Despite the difficulties caused by the prolonged health emergency and the new lockdowns that began in the last months of 2020, **the first half of 2021** maintained the **very high level of investments** made, including those aimed at opening new boutiques in the world's most important cities, and updating the company's digital image and production/logistics infrastructure.

The investments were made possible by the **solid corporate structure**, in the belief that now more than ever the **search for innovation** and the communication of a **contemporary image** is a decisive factor in keeping the **company modern and sustainable over the long term**.

The cornerstones of daily work, capable of making the product's superior quality central, distinctive and recognizable, remain deeply rooted in **creativity Made in Italy, high-end craftsmanship and exclusivity**, in the **preservation of value**s and in the **harmonious and respectful growth** of the pace of development of all areas of the company and of the world that welcomes us.

More specifically, **investments** at 30 June 2021 amounted to **€29.9 million**, compared to €22.3 million invested at 30 June 2020. **€22.5 million were commercial investments**, while other investments were allocated to **production, logistics, IT and digital services**.

The **commercial investments** fostered the development of the network of directly managed sales spaces. There are now 112 retail boutiques compared to the 107 on 31 December 2020 (including the conversion of two wholesale monobrand boutiques, one of them being the important space in the Dubai Mall).

The number of hard shops managed directly within the Department Stores amounted to 41 compared to 31 as at 31 December 2020, following 10 conversions to direct management finalized in the first six months of the year.

The significant investments in the retail channel have also made possible a number of prestigious boutique expansions that took place between the second half of 2020 and the first half of 2021, including those in London, Paris, St. Petersburg, Shanghai and Tokyo.

Our **direct presence** allows us to bring our garments and our philosophy to the most important cities in the world. Together with the **showrooms** that we have strategically positioned in the **most representative markets**, this network constitutes not only an important distribution structure but also a **form of vital and fascinating exchange** with the needs and visions of the different **cultures of the world**.

The **interior design** of all the spaces is always conceived in such a way as to blend the values and aesthetics of the Solomeo brand with the suggestions of the genius loci. Every detail is studied in order to offer a familiar, relaxed place, a refuge from the daily grind.

The **staging** completes the relaxed, harmonious atmosphere that we believe best enhances the quality of the collections, whose intrinsic value is fully appreciated in a "familiar", relaxed moment, with the polite support of our sales assistants.

Even the **digital channel**, with the website divided in two in order to reflect the balance between the value of philosophy and that of the product that distinguishes the brand, is constantly being renewed to offer an experience of navigation, communication and purchase that is always fresh, contemporary and captivating.

The presentation of the collections, organically coordinated with the physical boutiques, now represents both a fundamental sales channel and a **privileged channel for communication and interaction** carefully followed by a well-organized customer service office operating out of the headquarters in Solomeo.

The boutiques and showrooms are further complemented by a new, important environment for the promotion of the brand's taste, lifestyle and distinctive ambiance called **Casa Cucinelli**.

These new spaces, recently opened in **Milan, London, New York and Paris** in locations of high historical and strategic importance, have begun to host **events, meetings and social happenings** in order to round out the brand's offer, approach and human and value image, acting as "homes" throughout the world for hosting and conveying the principles that are preserved and cultivated on a daily basis in Solomeo.

INTRODUCTION

This Interim Financial Report as at 30 June 2021 has been prepared pursuant to Italian Legislative Decree no. 58/1998 as amended, and the Issuers' Regulations issued by Consob. This Interim Financial Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and has been drawn up in accordance with IAS 34 Interim Financial Statements, applying the same accounting standards as those used to prepare the Consolidated Financial Statements at 31 December 2020.

Note that at 30 June 2021, for the sake of greater clarity the item "Other revenues" in the Income Statement was classified within the "Total operating costs" section instead of being recorded in the "Revenues from sales and services" section as in the previous interim period. For uniformity and comparability of the data, the same reclassification was also made in the presentation of the Income Statement figures as at 30 June 2020.

SUMMARY DATA AS AT 30 JUNE 2021

The tables below show (i) the consolidated summary economic data as at 30 June 2021, compared with the corresponding previous half year; (ii) a consolidated balance sheet reclassified by sources and applications at 30 June 2021 with comparative figures at 31 December 2020 and 30 June 2020; and (iii) cash flows from operating activities, investing activities and financing activities, as well as the amount incurred for capital expenditure for the six months ended 30 June 2021, with comparative figures for the six months ended 30 June 2020.

Summary Consolidated Economic Data

(In thousands of euros)	**30/06/2021**	**% of sales**	**30/06/2020**	**% of sales**	**Change in the period**	**% change in the period**
Net Revenues	313,764	100.0%	205,143	100.0%	108,621	+52.9%
EBITDA	80,595	25.7%	(3,424)	-1.7%	84,019	<-100.0%
EBITDA excluding IFRS 16	*39,934*	*12.7%*	*(14,071)* (1)	*-6.9%*	*54,005*	*<-100.0%*
Operating profit	25,334	8.1%	(53,275)	-26.0%	78,609	<-100.0%
Profit for the period	21,854	7.0%	(47,657)	-23.2%	69,511	<-100.0%

(1) The figure as at 30 June 2020 eliminates the accounting effect relating to the extraordinary provision of €30.0 million relating to Inventories.

Reclassified equity position by sources and applications:

(In thousands of euros)	30/06/2021	Proportion %	31/12/2020	Proportion %	30/06/2020	Proportion %
Net working capital	186,052	20.1%	186,735	21.5%	195,045	22.3%
Fixed assets	700,367	75.8%	655,252	75.6%	639,829	73.2%
Other non-current assets/(liabilities)	37,053	4.1%	24,861	2.9%	39,222	4.5%
Net invested capital	**923,472**	**100.0%**	**866,848**	**100.0%**	**874,096**	**100.0%**
Net debt	96,271	10.4%	93,549	10.8%	136,542	15.6%
Financial lease liabilities	543,553	58.9%	512,195	59.1%	485,374	55.5%
Shareholders' equity	283,648	30.7%	261,104	30.1%	252,180	28.9%
Sources of funds	**923,472**	**100.0%**	**866,848**	**100.0%**	**874,096**	**100.0%**

Other summary data:

(In thousands of euros)	30/06/2021	30/06/2020	Change in the period	% change in the period
Cash flows generated/(used) in operating activities	63,693	(53,827)	117,520	<-100.0%
Cash flows used in investing activities	(29,661)	(12,906)	(16,755)	>100.0%
Cash flows generated/(used) in financing activities	(44,732)	109,936	(154,668)	<-100.0%
Total cash flows	**(10,700)**	**43,203**	**(53,903)**	**<-100.0%**
Investments	**29,900**	**22,379**	**7,521**	**+33.6%**

COVID-19 PANDEMIC UPDATE

Significant accounting aspects

– During H1 2021, in accordance with paragraphs 9 and 12 of IAS 36, appropriate assessments were made of the existence of indications that an asset may have been impaired, also carefully considering the situation relating to the COVID-19 epidemic. The business dynamics recorded in the periods examined and the updates of the forecasts of future trends are consistent with the assumptions made for the verification of the recoverability of the values calculated during the preparation of the Consolidated Annual Financial Statements as at 31 December 2020. Therefore no indicators of possible impairment were identified and no specific impairment tests were performed on the assets recorded in the financial statements.

– As in 2020, again in H1 2021 the Group decided to maintain and guarantee the employment and salaries of all its employees as well as confirming its main development projects, both of the expansion of the Retail Network and of the most important consolidations of its activities (channels, product lines, areas of intervention). In the first half of 2021 the Group benefited from the contributions related to supporting employment and salaries offered by the various governments for a total value of €1,335 thousand, representing a cost containment of 2.1% on the total payroll costs of the half-year.

– During H1 2021, costs were incurred for the purchase of personal protection equipment (PPE) and other devices necessary to contain and combat the COVID-19 epidemiological emergency for all employees and external contractors who work on the premises.
  Note also that in close collaboration with the Brunello and Federica Cucinelli Foundation and in concert with the Umbria Region and AUSL Umbria 1 national health office, the Parent Company sponsored a community vaccination point in "Park of Beauty" in the town of Solomeo.
  At 30 June 2021 the total costs incurred by the Group amounted to €774 thousand.

– With regard to existing lease contracts, as in the past year proposals for some reductions in rents for the periods most affected by the pandemic – mainly concentrated in the United Kingdom and Asia – were accepted. Taken as a whole, these reductions amounted to €1,937 thousand, representing a cost containment of 3.4% on the total cost of the half-year for rents (normalized by the effect of applying the IFRS 16 accounting standard).

– During the first half of 2021 the repayment of loans stipulated in the first half of 2020 following the COVID-19 epidemic began as per the relative amortization plans. Note that these were additional loans for a total amount of €116.5 million, entered into by the Parent Company with leading Italian banks and with 5-year repayment terms for €32.0 million and for 18-24 months for €84.5 million.

THE GROUP'S RESULTS FOR THE FIRST HALF OF 2021

We are particularly satisfied with the results achieved in this half year and even more so with the great attention that our brand received.
There are several reasons for this satisfaction with the results achieved in the first half of 2021.
The first and perhaps the most important is the actual result: double-digit growth with constant exchange rates compared to the first half of 2019 fully validates the attentive design work that has engaged the entire company and our external contractors over the past year.
Second, we would like to underscore once again the balance of our sales: growth in both the retail and wholesale channels, and the positive performance of all the regions.
As we have grown we have seen the clear loyalty of our end customers, the predominant domestic nature of our business in many markets and the contribution of new customers.
It seems to us that our selection is particularly well-received in all its facets: product, taste and brand.

ANALYSIS OF REVENUES

The Group's consolidated turnover for the first half of 2021 amounted to €313,764 thousand, an increase of +52.9% over the same period in 2020. The comparison with the first half of 2019 is more significant, with an increase of +7.7% at current exchange rates and +10.0% at constant exchange rates.

Below is an illustration of the figures relating to Revenues for the first half of 2021 compared to the data for the same period of 2019. In fact, note that the comparison with the first half of 2020 has limited relevance since the turnover of the first half of 2020 was strongly influenced by the closure of a significant number of boutiques around the world, especially in the second quarter.

The excellent performance of the first half of 2021 confirms the very favourable trend of the last 12 months after the parenthesis of the results for the second quarter of 2020.
In this context, the performance of the second quarter of 2021 was particularly worthy of note, with Revenues of €149,158 thousand, an increase of +13.8% compared to the same period of 2019.

REVENUES BY GEOGRAPHICAL AREA

The following table provides details of revenues broken down by geographical area at 30 June 2021 compared with 30 June 2020 and 30 June 2019, the latter being more useful for the purpose of understanding the performance of the six-month period under review.
Note that at 30 June 2021 sales are 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.

(In thousands of euros)	**H1 ended 30 June**						**Change in the period**	
	2021	**% of sales**	**2020**	**% of sales**	**2019**	**% of sales**	**2021 v 2020 %**	**2021 v 2019 %**
Europe	95,894	30.6%	66,807	32.6%	87,871	30.2%	+43.5%	+9.1%
Italy	41,038	13.1%	28,943	14.1%	44,308	15.2%	+41.8%	-7.4%
Americas	99,983	31.9%	57,976	28.3%	95,046	32.6%	+72.5%	+5.2%
Asia	76,849	24.4%	51,417	25.0%	64,188	22.0%	+49.5%	+19.7%
Total	**313,764**	**100.0%**	**205,143**	**100.0%**	**291,413**	**100.0%**	**+52.9%**	**+7.7%**

The following is an analysis of the increase in revenues by geographical area:

Europe

The European market (+9.1% compared to the first half of 2019) reported excellent results, for us of absolute importance considering its relative share of total sales (43.7% including Italy) and its leading role in defining fashion trends.

In the markets and cities with local customers sales were particularly steady. Therefore turnover increased considerably in the Russian Federation, in central-north Europe and in second-tier cities throughout Europe in general.
The main European cities and capitals showed a marked improvement in the second quarter, also thanks to reopenings after the lockdown periods, with a partial recovery in regional tourism flows. In the case of London and Paris we were pleased to see the positive contributions of the important expansions that were completed last year.

At 30 June 2021, the monobrand network (direct and wholesale monobrand) consisted of 47 boutiques.

Italy

Italy (-7.4% compared to the first half of 2019) saw a clear improvement in performance in the second quarter, thanks also to the reopening of boutiques and the increased presence of customers in the main cities. The multibrand channel contributed in particular to the results in the suburban cities, confirming the strategic importance of the complementarity between monobrand and multibrand channels and the deep local roots of the specialty stores.

At 30 June 2021, the monobrand network (direct and wholesale monobrand) consisted of 14 boutiques.

Americas

The American market (+5.2% compared to the first half of 2019, with even more positive growth at constant exchange rates) continues to demonstrate the strength of local demand and the strong return of customers to physical points of sale, to which is added the type of tourism that favours “domestic” resort locations.
After the gradual return of many to their main residences, the desire to get back to normal in fact stimulated the resumption of customers’ travels within their own country, facilitated by the perception of greater safety compared to international travel.
The marked growth in traffic and results within the Luxury Department Stores of the major American cities is certainly a positive sign, complementing the increases in sales that had already been seen in the Specialty Stores in recent months.

At 30 June 2021, the monobrand network (direct and wholesale monobrand) consisted of 36 boutiques.

Asia

The Asian market (+19.7% compared to the first half of 2019) continues its excellent growth, with even more sustained increases in Mainland China, accounting for 24.4% of the Group’s total revenues.
Growth in domestic China, whose potential is of primary interest in our long-term project, was favoured both by the purchases of traditional customers and by new customers who approach our brand driven by the evolution of their taste, interest in the product and adherence to the values that our brand represents.
Macao’s result in the first half of the year was also positive. Hong Kong’s performance improved significantly but is still negative, and we expect a gradual normalization only after the re-opening of its borders.

As for the rest of the Asian continent we saw positive numbers in the Korean market while in Japan the six-month period was less linear and still penalized by the instability of traffic in the main Department Stores.

At 30 June 2021, the monobrand network (direct and wholesale monobrand) consisted of 46 boutiques.

REVENUES BY DISTRIBUTION CHANNEL

The following table sets out the revenues earned by the Group in the first half of 2021, 2020 and 2019, analysed by distribution channel. Here also, as already specified above, the most significant comparison for the purpose of understanding the performance of the first half of 2021 is with the first half of 2019.

(In thousands of euros)	H1 ended 30 June						Change in the period	
	2021	% of sales	2020	% of sales	2019	% of sales	2021 v 2020 %	2021 v 2019 %
Retail	165,468	52.7%	102,517	50.0%	149,946	51.5%	+61.4%	+10.4%
Wholesale	148,296	47.3%	102,626	50.0%	141,467	48.5%	+44.5%	+4.8%
Total	**313,764**	**100.0%**	**205,143**	**100.0%**	**291,413**	**100.0%**	**+52.9%**	**+7.7%**

Retail

In the first half of 2021 the Retail channel achieved a growth of +10.4% compared to the first half of 2019, slightly increasing its relative impact, from 51.5% to 52.7%, and with an increase in turnover equal to +16.8% in the second quarter compared to the same period of 2019.
As at 30 June 2021 the Retail network counted 112 boutiques compared to the 107 on 30 June 2020, with the prestigious expansions of the boutiques in London, Paris, St. Petersburg, Shanghai and Tokyo, and the conversion of two wholesale monobrand boutiques, including the important space in the Dubai Mall.
We are very happy with the climate of confidence that increasingly pervades our stores, with an atmosphere of renewed energy and a strong desire to return to normality, which we have sought to leverage by organizing imaginative and creative moments to spend time with our customers.

Wholesale

The wholesale channel grew by +4.8% compared to the first half of 2019, with a relative weight of 47.3% (48.5% in the first half of 2019).
In our opinion the consistent positive results of the wholesale channel over time confirms the full health of the distribution network, which reported positive sell-out also thanks to the punctuality and quality of deliveries guaranteed by our company.
We are very satisfied with the result reported, also in consideration of the 10 conversions to direct management in the spaces of the luxury Department Stores in the first 6 months of 2021.

REVENUES BY PRODUCT LINE AND END CUSTOMER

The following is a presentation of the Brunello Cucinelli Group's revenues at 30 June 2021, 31 December 2020 and 30 June 2020, analysed by product line and end customer:

	30/06/2021	31/12/2020	30/06/2020
Men (%)	37.0%	37.3%	35.3%
Women (%)	63.0%	62.7%	64.7%
	100.0%	**100.0%**	**100.0%**

	30/06/2021	31/12/2020	30/06/2020
Apparel (%)	85.6%	86.0%	86.6%
Accessories (%)	14.4%	14.0%	13.4%
	100.0%	**100.0%**	**100.0%**

ANALYSIS OF THE INCOME STATEMENT

The following table provides a summary of the financial data as at 30 June 2021 and 30 June 2020.

In order to better understand the economic performance of the first half of the year, where deemed appropriate the data for the interim period ended 30 June 2021 are also compared to same period as at 30 June 2019. In fact, for certain income statement items the comparison of the first half of 2021 with the first half of 2020 is not very representative of the actual performance of the period as it was strongly influenced by the effects of the COVID-19 pandemic, especially the second quarter of 2020.

(In thousands of euros)	**as at 30 June**				**Change in the period**	**% change in the period**
	2021	**% of sales**	**2020**	**% of sales**		
Revenue	**313,764**	**100.0%**	**205,143**	**100.0%**	**108,621**	**+52.9%**
Raw and consumable materials	(46,926)	-15.0%	(10,657)	-5.2%	(36,269)	>100.0%
Services	(122,541)	-39.1%	(107,154)	-52.2%	(15,387)	+14.4%
Personnel	(61,491)	-19.6%	(57,483)	-28.0%	(4,008)	+7.0%
Other operating costs/ (revenues)	(2,211)	-0.7%	(3,273)	-1.6%	1,062	-32.4%
Extraordinary provision for inventories	-	0.0%	(30,000)	-14.6%	30,000	-100.0%
EBITDA	**80,595**	**25.7%**	**(3,424)**	**-1.7%**	**84,019**	**<-100.0%**
Depreciation/amortization	(55,261)	-17.6%	(49,851)	-24.3%	(5,410)	+10.9%
Operating profit	**25,334**	**8.1%**	**(53,275)**	**-26.0%**	**78,609**	**<-100.0%**
Net financial expense	(6,200)	-2.0%	(11,002)	-5.4%	4,802	-43.6%
Income before taxes	**19,134**	**6.1%**	**(64,277)**	**-31.3%**	**83,411**	**<-100.0%**
Taxes	2,720	0.9%	16,620	8.1%	(13,900)	-83.6%
Tax rate	*14.2%*		*-25.9%*			
Profit for the period	**21,854**	**7.0%**	**(47,657)**	**-23.2%**	**69,511**	**<-100.0%**
EBITDA excluding IFRS 16	*39,934*	*12.7%*	*(14,071)[1]*	*-6.9%*	*54,005*	*<-100.0%*

[1] The figure as at 30 June 2020 eliminates the accounting effect relating to the extraordinary provision of €30.0 million relating to Inventories.

EBITDA AND RESULTS

Note that the income statement data set out above confirm the trend that started in the second half of 2020, with the first half of 2021 recording a return to a positive margin after the results as at 30 June 2020 had been strongly influenced by the pandemic and the lockdown in the spring of 2020, the closure of shops in many countries around the world and the absence of international traffic.
More specifically, at 30 June 2021:

- **EBITDA** amounted to €80,595 thousand, equal to **25.7%** of Revenues (-€3,424 thousand at 30 June 2020 and €79,226 thousand at 30 June 2019, equal to 27.2% of Revenues).

- **EBITDA excluding IFRS 16** amounted to €39,934 thousand, equal to **12.7%** of Revenues (-€14,071 [(1)] thousand at 30 June 2020 and €49,864 thousand at 30 June 2019, equal to 17.1% of Revenues).

Below is the reconciliation of **EBITDA** as at 30 June 2021, highlighting the accounting effects relating to the application of IFRS 16, equal to €41,491 thousand related to the item "Lease expense" and equal to €830 thousand related to the item "Other operating costs/(revenues)":

(In thousands of euros)

EBITDA as at 30 June 2021	IFRS 16 effect: Cost for leases	IFRS 16 effect: Other operating costs/(revenues)	EBITDA as at 30 June 2021 excl. IFRS 16
80,595	(41,491)	830	**39,934**

- **The Operating Result** amounted to €25,334 thousand, equal to **8.1%** of Revenues (-€53,275 thousand at 30 June 2020 and €39,142 thousand at 30 June 2019, equal to 13.4% of Revenues).

- **The Period result** amounted to €21,854 thousand, equal to **7.0%** of Revenues (-€47,657 thousand at 30 June 2020 and €25,013 thousand at 30 June 2019, equal to 8.6% of Revenues).

OPERATING COSTS

At 30 June 2021 **production costs** (cost for raw materials and consumables and cost for external production) represented 33.2% of Revenues. The figure at 30 June 2020 represented 33.1% of revenues, substantially in line with the values at 30 June 2019 (impact equal to 33.5% of Revenues).

(In thousands of euros)	H1 ended 30 June				Change in the period	
	2021	% of sales	2020	% of sales	2021 v 2020	2021 v 2020 %
Costs for raw materials and consumables	43,661	13.9%	55,837	27.2%	(12,176)	-21.8%
Change in inventories	3,265	1.0%	(45,180)	-22.0%	48,445	<-100.0%
Outsourced work	57,393	18.3%	57,277	27.9%	116	+0.2%
Total	**104,319**	**33.2%**	**67,934**	**33.1%**	**36,385**	**+53.6%**

(1) The figure as at 30 June 2020 eliminates the accounting effect relating to the extraordinary provision of €30.0 million relating to Inventories.

Note that with respect to the cost for purchases of raw materials, the Group recorded lower volumes of raw materials compared to the same date of 2020 and 2019, returning to equilibrium with the important deliveries of the months of July and August 2021.

Payroll costs at 30 June 2021 amounted to €61,491 thousand, an increase in value as compared to the figure for the previous half of €4,008 thousand. The percentage impact amounted to 19.6% of Revenues (28.0% at 30 June 2020 and 18.5% at 30 June 2019).

(In thousands of euros)	H1 ended 30 June				Change in the period	
	2021	% of sales	2020	% of sales	2021 v 2020	2021 v 2020 %
Payroll costs	61,491	19.6%	57,483	28.0%	4,008	+7.0%

The FTE (Full Time Equivalent) figure was 2,127.4 at 30 June 2021 compared to 2,026.3 at 30 June 2020 (+101.1) broken down as follows:

	H1 ended 30 June		Change in the period
	2021	2020	
Executives and middle managers	68.6	68.5	0.1
Office and sales staff	1,517.8	1,421.8	96.0
Blue-collar workers	541.0	536.0	5.0
Total workforce	**2,127.4**	**2,026.3**	**101.1**

We note that to the extent that the various governments sought to support employment and salaries, the Group benefited from their relative contributions, which amounted to a total of €1,335 thousand, representing a cost containment of 2.1% on the total payroll costs of the half-year.

Finally, we recall that in H1 2021 the Group confirmed its decision to maintain and guarantee the employment and salaries of all its employees as well as confirming its main development projects, both of the expansion of the Retail Network and of the most important consolidations of its activities (channels, product lines, areas of intervention).

The following table provides a summary of the main income statement items for the first six months of 2021 and 2020 as they relate to revenues.

(In thousands of euros)	H1 ended 30 June				Change in the period	
	2021	% of sales	2020	% of sales	2021 v 2020	2021 v 2020 %
Lease expense	12,892	4.1%	4,703	2.3%	8,189	>100.0%
Advertising and other marketing costs	14,423	4.6%	13,335	6.5%	1,088	+8.2%
Transport and duties	12,999	4.1%	9,005	4.4%	3,994	+44.4%
Commissions and accessory charges	4,019	1.3%	5,912	2.9%	(1,893)	-32.0%
Credit card charges	3,075	1.0%	2,017	1.0%	1,058	+52.5%

Below is a brief commentary on the dynamics that characterized the operating costs described above:

- **Costs for leases** amounted to €12,892 thousand at 30 June 2021 compared to €4,703 thousand in H1 2020 (€10,310 thousand at 30 June 2019). This item mainly refers to lease contracts with variable consideration (and as such not included in the scope of IFRS 16).
  Finally, it should be noted that the cost of rents relating to leases included in the scope of IFRS 16 amounted to €41,491 thousand compared to €39,982 thousand at 30 June 2020 (€29,514 thousand at 30 June 2019). Therefore, excluding the aforementioned effects, the balance of the cost of rents at 30 June 2021 amounted to €54,383 thousand compared to €44,685 thousand in the past half year (€39,824 thousand at 30 June 2019). The increase is related to new openings and significant extensions of some of the existing areas.

- **Advertising and other commercial expenses** amounted to €14,423 thousand at 30 June 2021 compared to €13,335 thousand in H1 2020 (€16,223 thousand at 30 June 2019).
  These costs relate to the communication and promotional activities carried out by the Group to disseminate its image and philosophy throughout the world. These are mainly costs related to the production of physical and digital catalogues, campaigns and advertising materials, national and international trade shows and exhibitions, the latter clearly not yet in line with the first half of 2019 due to the prolongation of the pandemic, but with an important schedule of events concentrated in the second half. Conversely, we note an increase in digital communications in this first half of 2021, an increasingly important and strategic communications vehicle.

- **Transport and Duties** amounted to €12,999 thousand at 30 June 2021 compared to €9,005 thousand in H1 2020 (€10,409 thousand at 30 June 2019).
  The performance of this item, which is increasing in absolute terms both with respect to the first half of 2020 and 2019, is also attributable to the increase in rates applied by international carriers from the second half of 2020, primarily due to the pandemic.

- **Commissions and ancillary charges** amounted to €4,019 thousand at 30 June 2021 compared to €5,912 thousand in H1 2020 (€4,867 thousand at 30 June 2019).
  The decrease was due to the internalization of management for some sales areas through the use of direct staff.

- **Credit card charges** amounted to €3,075 thousand at 30 June 2021 compared to €2,017 thousand in H1 2020 (€2,735 thousand at 30 June 2019).

With regard to the remaining cost items that make up the income statement, note that at 30 June 2021 there was a total decrease of €1,062 thousand compared to the figure of 30 June 2020 (a decrease of €105 thousand at 30 June 2019).
These cost items include the purchase of personal protective equipment (PPE) and other devices to contain and combat the COVID-19 epidemiological emergency, as was the case in the first half of 2020. Note also that in close collaboration with the Brunello and Federica Cucinelli Foundation and in concert with the Umbria Region and AUSL Umbria 1 national health office, the Parent Company sponsored a community vaccination point in the "Park of Beauty" in the town of Solomeo.
At 30 June 2021 the costs directly related to the fight against the COVID-19 epidemiological emergency altogether incurred by the Group amounted to €774 thousand.

AMORTIZATION, DEPRECIATION, NET FINANCIAL EXPENSE, TAXATION AND NET PROFIT

Amortization and depreciation at 30 June 2021 amounted to €55,261 thousand, up €5,410 thousand compared to €49,851 thousand in H1 2020, mainly due to new leases. Amortization of Rights of Use amounted to €39,138 thousand, including amortization of key money of €2,258 thousand. At 30 June 2020 amortization and depreciation amounted to €36,010 thousand, of which €1,884 thousand relating to key money.

Excluding the effects relating to the application of IFRS 16 for leases, amortization and depreciation amounted to €18,981 thousand compared to €15,725 thousand in the first half of 2020.

Details of the investments for the half-year can be found in the "Investments" section of this Interim Financial Report.

Net **financial charges** at 30 June 2021 amounted to €6,200 thousand compared to €11,002 thousand in H1 2020, down €4,802 thousand.

Referring also to the notes to the financial statements for a separate statement of financial income and expense and for further details, the following table shows the result of financial management, detailing both the breakdown of financial income and expense of ordinary management (therefore related to loans and the management of bank accounts, both income and expenses) and the effect of the application of IFRS 16, currency exchange rates, as well as the fair value of derivative contracts.

(In thousands of euros)	**H1 ended 30 June**				**Change in the period**	
	2021	**% of sales**	**2020**	**% of sales**	**2021 v 2020**	**2021 v 2020 %**
Loan interest	378	0.1%	333	0.2%	45	+13.5%
Other net (income)/expense	426	0.2%	845	0.4%	(419)	-49.6%
Financial charges/(income) from ordinary operations	**804**	**0.3%**	**1,178**	**0.6%**	**(374)**	**-31.7%**
Lease financial charges/(income)	5,118	1.7%	5,482	2.7%	(364)	-6.6%
Foreign exchange losses/(gains) on leases	(1,178)	-0.4%	1,322	0.6%	(2,500)	<-100.0%
Foreign exchange losses/(gains)	657	0.2%	525	0.3%	132	+25.1%
Impairment of CGU ("Cash Generating Unit")	5	0.0%	572	0.3%	(567)	-99.1%
Financial charges/(income) for adjustment to the fair value of derivatives	794	0.2%	1,923	0.9%	(1,129)	-58.7%
Total net financial expense	**6,200**	**2.0%**	**11,002**	**5.4%**	**(4,802)**	**-43.6%**

At 30 June 2021 the financial charges of ordinary operations amounted to €804 thousand compared to €1,178 thousand in the previous half, with interest expense on loans in the first half of 2021, which are thus substantially stable compared to the first half of last year (€378 thousand compared to €333 thousand in the previous period).

With regard to the application of the IFRS 16 accounting standard, there was a decrease of €2,864 thousand in the impact of financial charges relating to leases, which at 30 June 2021 amounted to a total of €3,940 thousand (net of exchange gains of €1,178 thousand) compared to €6,804 thousand at 30 June 2020 (including exchange losses of €1,322 thousand).

Excluding the aforementioned effects relating to the application of IFRS 16 for leases, the overall balance of financial charges at 30 June 2021 amounted to €2,260 thousand compared to 4,198 thousand in the previous year, thus registering a reduction of €1,938 thousand.

With respect to the result of foreign exchange operations, there was substantial consistency with the previous half-year (€657 thousand compared to €525 thousand last half-year), while hedging transactions on interest rates and exchange rates amounted to €794 thousand in the first half of 2021 compared to €1,923 thousand in the last interim period. These balances mainly represent the costs incurred for hedging the risk arising from fluctuations in exchange rates, whose measurement is also affected by short- and medium-term expectations expressed by the exchange rate curves used; so by their nature they are subject to fluctuations between different periods.

In light of the above, **Pre-tax income** at 30 June 2021 amounted to €19,134 thousand compared to the negative result recorded at 30 June 2020 (-€64,277 thousand).

Income taxes for the period under review amounted to 14.2% of the consolidated pre-tax result.
Note that the tax rate for this interim period benefits from the recognition of deferred tax assets for a total amount of approximately €9.2 million, calculated on the balance of the provision for write-down of inventories for the "Brunello Cucinelli for Humanity" project.
In this regard, note that as at 31 December 2020 the Company had not recorded any deferred tax assets on the amount relating to the extraordinary write-down of inventories for the "Brunello Cucinelli for Humanity" project, primarily and prudently in consideration of the loss for the year and the general economic environment. At 30 June 2021 the Group decided to post the deferred tax assets mentioned above in view of the positive results achieved in the half-year, the positive trends of the macroeconomic environment and the important tax clarifications published in the second quarter of the current year, which also allowed starting the charitable donation of garments, in compliance with current tax regulations.

Consequently, the **net result** for the period amounted to €21,854 thousand, corresponding to 7.0% of revenues.

The breakdown of the net result between the Group's share and that of Non-controlling interests compared to the figure for the previous half is as follows:

(In thousands of euros)	**30/06/2021**	**30/06/2020**
Net profit of the Group	20,347	(47,520)
Net profit of Minority Interests	1,507	(137)
Net Profit	**21,854**	**(47,657)**

ANALYSIS OF BALANCE SHEET AND FINANCIAL ITEMS

Provided below are comments on the main items of the Group's statement of financial position at 30 June 2021 reclassified by sources and applications, with comparative figures at 31 December 2020 and 30 June 2020.

NET WORKING CAPITAL

The following table provides an analysis of the net working capital of the Brunello Cucinelli Group at 30 June 2021, at 31 December 2020 and at 30 June 2020:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**30/06/2020**
Trade receivables	75,673	78,871	72,398
Inventories	208,841	208,347	218,131
Trade payables	(76,306)	(91,412)	(74,055)
Other current assets/(liabilities), net	(22,156)	(9,071)	(21,429)
Net working capital	**186,052**	**186,735**	**195,045**

The net working capital at 30 June 2021 is substantially in line with the figure at 31 December 2020 and saw a total decrease of €8,993 thousand compared to the figure at 30 June 2020.

This change is due to a variety of factors as follows:

– Balance of "Trade receivables", slightly up compared to the balance at 30 June 2020 (increase of €3,275 thousand), but slightly down compared to the balance at 30 June 2019 (decrease of €4,275 thousand).
  The balance of trade receivables is related both to the increase in shipments of the wholesale channel in the second quarter of 2021, which increased by approximately €45.3 million compared to the second quarter of 2020 and by approximately €4.9 million compared to the second quarter of 2019, and to the return to ordinary conditions in terms of payment of some wholesale customers, to which – based on relationships of extreme mutual cooperation consolidated over time – postponements had been granted due to the difficulties created by the pandemic.
  The balance of receivables due at 30 June 2021 amounted to €13,709 thousand compared to €24,710 thousand at 30 June 2020 and €13,271 thousand at 30 June 2019 and reflects the above and testifies to the goodness of an elastic and positive credit management over the years (for further details see Note 9 to these Explanatory Notes), as well as the return to an ordinary situation with respect to the pandemic.
  We consider our receivables to be sound and payable without particular problems and have prudently set aside a provision for write-downs of €297 thousand, recording very low losses over the period (€112 thousand). As at 30 June 2021 the provision for bad debts therefore amounted to €2,494 thousand, an amount that we consider appropriate in order to bring the value of receivables back to their estimated realizable value.

– Balance of "Inventories", in line with the balance at 31 December 2020 (increase of €494 thousand) and down compared to the balance at 30 June 2020 for €9,290 thousand.
Changes in inventory confirm the full recovery of the increase in the balance recorded as at 30 June 2020, mainly related to the lockdown period, with deliveries of the Fall/Winter 2020 collections having been slightly postponed and efficiently recovered in the second part of 2020.
Here it is recalled that the balance of Inventories is also influenced by the organic growth of the Group and the development of its business, including the expansion of the network of directly managed stores since the beginning of the year, with new openings (5 DOS and 10 hard shops) and important extensions of some existing boutiques as well as the development of new initiatives related to the "Kids" collection and the "Solomeo Tailor" project, in addition to the development of activities in the digital channel.

The following table breaks down the Inventories of the Brunello Cucinelli Group at 30 June 2021, at 31 December 2020 and at 30 June 2020:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**30 June 2020**
Raw materials	31,132	34,032	39,252
Finished and semi-finished goods	210,662	206,042	208,879
Inventory write-down provision	(32,953)	(31,727)	(30,000)
Inventories	**208,841**	**208,347**	**218,131**

As highlighted above, at 30 June 2021 the balance of Inventories was impacted by the provision for write-downs for an amount equal to €32,953 thousand. Note that during the second quarter of 2021 the first donations of the "*Brunello Cucinelli for Humanity*" project were made, in compliance with current tax regulations. The project will develop over the course of the coming years with a program that will be more significant in the second half of 2021.

– Balance of "Trade payables", essentially in line with the balance at 30 June 2020 (increase of €2,251 thousand) and at 30 June 2019 (decrease of €3,419 thousand) and down compared to the balance at 31 December 2020 (decrease of €15,106 thousand).
It should also be noted that during the first half of 2021 the Company did not change the timing of payments to its suppliers, contractors and consultants.

– Other net current assets/(liabilities)", which at 30 June 2021 amounted to €22,156 thousand, compared to €21,429 thousand at 30 June 2020 and €17,630 thousand at 30 June 2019. Further details can be found in the comments included in the notes to the financial statements in this Interim Financial Report.

FIXED ASSETS AND OTHER NON-CURRENT ASSETS/LIABILITIES

The following table provides an analysis of fixed assets and other non-current assets/liabilities at 30 June 2021, at 31 December 2020 and at 30 June 2020:

(In thousands of euros)	30/06/2021	31/12/2020	30/06/2020
Intangible fixed assets	20,004	19,181	19,035
Right-of-use	500,259	470,197	461,607
Tangible fixed assets	156,389	150,254	144,223
Financial assets for leases – non-current	5,574	402	456
Other non-current financial assets	12,676	11,039	10,585
Investments in non-current financial assets	5,465	4,179	3,923
Other net non-current assets/(liabilities)	37,053	24,861	39,222
Net fixed assets and other assets/(liabilities)	**737,420**	**680,113**	**679,051**

Net fixed assets and other non-current assets/(liabilities) amounted to €737,420 thousand at 30 June 2021 compared to €680,113 thousand at 31 December 2020, representing a net increase of €57,307 thousand or 8.4%. Reference should be made to the specific note for details of the changes in the individual items in the above table.

The main changes are noted here:

– Increase in the item "Right-of-use", up €30,062 thousand compared to 31 December 2020, amounting to €500,259 thousand at 30 June 2021, which is attributable to new contracts for new points of sale and for extensions of existing points of sale.
  Note that this item represents the right to use the assets underlying the respective leases, to which the intangible assets for key money have been reclassified as considered initial direct costs of the lease arrangement.
– Increase in "Tangible fixed assets", up €6,135 thousand compared to 31 December 2020, amounting to €156,389 thousand at 30 June 2021. The main increases are due to works related to the openings and expansion of both direct and wholesale points of sale and improvements to existing boutiques and showrooms throughout the world, as well as expansions and upgrades carried out at the industrial hub of Solomeo.
– an increase of €12,192 thousand compared to 31 December 2020 under "Other net non-current assets/(liabilities)", mainly attributable to the recognition of receivables for deferred tax assets related to the extraordinary provision for the write-down of the inventory mentioned above.

INVESTMENTS

During the half-year ended 30 June 2021, the Group made investments in intangible fixed assets amounting to €8,958 thousand, in tangible fixed assets amounting to €19,122, in real estate investments amounting to €1,286 thousand while the net balance of financial fixed assets (security deposits) amounted to €534 thousand.

The following table shows the investments made by type and category by the Group during 30 June 2021, at 31 December 2020 and at 30 June 2020:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**30/06/2020**
Investments in Intangible fixed assets(*)	8,958	7,432	4,615
Investments in property plant and equipment	19,122	39,924	14,755
Investments in Financial fixed assets(**)	534	2,814	1,900
Investments in non-current financial assets	1,286	1,432	1,109
Total Investments	**29,900**	**51,602**	**22,379**

(*) This item also includes investments for key money paid, which as of 1 January 2019 are classified under the item “Right-of-use” in accordance with IFRS 16.
(**) Net financial fixed assets (balance of payments made net of refunds received).

As shown in the table, investments in the first six months of 2021 amounted to €29,900 thousand, attributable for about 22.5 million to investments of a commercial nature, for about 6.1 million to investments for production, logistics and IT/Digital and for about 1.3 million to real estate investments.

Commercial investments support selected openings and some major expansions of prestigious bouquets, contributing to the growth of sales areas in the network of monobrand points of sale, dedicated spaces in Luxury Department Stores and the renewal and expansion of our showrooms, in addition to supporting development initiatives in multibrand channels.

Investments in production and logistics support the top quality craftsmanship of our products thanks to the constant renewal of production equipment which is kept constantly up-to-date by combining innovation in processes with superb handiwork, and make suitable logistical structures available for managing the related activities. The investments in IT and Digital (also with specific platforms in evolving markets) are assuming increasing importance and at 30 June 2021 amounted to €3,945 thousand.

The real estate investments relate to property complexes as well as building land in Solomeo being managed with the aim of being restored and subsequently leased, an activity that began in this first half of 2021.

Following are the investments made by the Group at 30 June 2021, at 31 December 2020 and at 30 June 2020, broken down by type as described above:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**30/06/2020**
Commercial Investments	22,535	39,580	16,042
Investments in production and logistics	2,134	4,293	2,525
Investments in IT/Digital	3,945	6,297	2,703
Investments in non-current financial assets	1,286	1,432	1,109
Total Investments	**29,900**	**51,602**	**22,379**

NET DEBT

The net financial indebtedness required by Consob Reminder no. 5/21 of 29 April 2021 "Compliance with ESMA Guidelines on disclosure obligations pursuant to the prospectus regulation" is as follows:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**30/06/2020**
A. Cash and cash equivalents	(63,187)	(72,834)	(111,782)
B. Means equivalent to cash and cash equivalents	-	-	-
C.1 Other current financial assets	(71)	(11)	(23)
C.2 Other current financial liabilities for leases	(2,671)	(173)	(237)
D. Cash and cash equivalents (A + B + C)	**(65,929)**	**(73,018)**	**(112,042)**
E.1 Current financial debt	18,346	2,409	70,783
E.2 Current financial debt for leases	80,587	75,412	71,675
F. Current portion of non-current financial debt	92,787	103,635	42,508
G. Current financial debt (E + F)	**191,720**	**181,456**	**184,966**
H. Net current debt (G + D)	**125,791**	**108,438**	**72,924**
I.1 Non-current financial debt	48,396	60,350	135,056
I.2 Non-current financial debt for leases	465,637	436,956	413,936
J. Debt instruments	-	-	-
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I + J + K)	**514,033**	**497,306**	**548,992**
M. Total financial debt (H + L)	**639,824**	**605,744**	**621,916**
of which:			
Net financial debt for the core business	*96,271*	*93,549*	*136,542*
Payables for leases	*543,553*	*512,195*	*485,374*

At 30 June 2021, the financial debt of the Brunello Cucinelli Group amounted to €639,824 thousand, of which €543,553 thousand related to debt generated by the accounting of lease contracts pursuant to IFRS 16.
At 30 June 2020, financial debt amounted to €621,916 thousand (of which €485,374 thousand related to leases), while at 31 December 2020 it amounted to €605,744 thousand (of which €512,195 thousand related to leases).
The increase is attributable to new contracts for new points of sale and for extensions of existing points of sale.

Excluding the balances attributable to the application of IFRS 16, the net financial debt as at 30 June 2021 was equal to €96,271 thousand, still partially impacted by the loans stipulated during 2020 to meet the needs for additional funding sources created by the effects of the pandemic, but a marked improvement compared to the €136,542 thousand as at 30 June 2020, in line with the seasonal dynamics of the trend of net financial debt, which has always been higher at the end of the second and third quarter of the financial year, then falling again in the fourth quarter (31 December).

During the first half of 2021 repayments were made for a total of €28,912 thousand and disbursements for €5,080 thousand.
At the current date, the Parent Company has stipulated additional financing contracts at current favourable market conditions, which are expected to be disbursed in the second half of 2021 for a notional amount of approximately €27.0 million.

It should be noted that:
– The item "E.1 Current financial payables" also includes the measurement of debt for the purchase of majority interests in subsidiaries and current liabilities for derivative instruments hedging interest rate risk.
– The item "I.1 Non-current financial payables" also includes payables for loans to minority shareholders in subsidiaries (equal to €1,123 thousand) as well as non-current liabilities for derivative instruments hedging interest rate risk.

SHAREHOLDERS' EQUITY

The following table provides details of shareholders' equity at 30 June 2021, at 31 December 2020 and at 30 June 2020:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**30/06/2020**
Share Capital	13,600	13,600	13,600
reserves	246,000	278,585	285,228
Net profit of the Group	20,347	(33,216)	(47,520)
Equity attributable to the shareholders of the parent company	**279,947**	**258,969**	**251,308**
Equity attributable to non-controlling interests	3,701	2,135	872
Shareholders' Equity	**283,648**	**261,104**	**252,180**

Share capital at 30 June 2021 amounted to €13,600 thousand, fully paid, consisting of 68,000,000 ordinary shares.

The shareholding structure of Brunello Cucinelli S.p.A. at 30 June 2021 as compiled from the communications sent to the Company and Consob and from other communications to the market is set out below:

Shareholder	% of ordinary capital
Fedone S.r.l.	51.00%
FMR LLC	9.48%
Invesco	4.16%
Other shareholders	35.36%
Total	**100.00%**

Please refer to the section "Significant events after 30 June 2021" for a description of the transaction for the sale by the parent company Fedone S.r.l. of a total of 646,000 ordinary shares of Brunello Cucinelli S.p.A., equal to 0.95% of the share capital, completed on 19 July 2021. At the end of the transaction Fedone S.r.l. holds 50.05% of Brunello Cucinelli S.p.A.

A description of changes in equity can be found in the specific schedule of the financial statements and in note 15.

INFORMATION ON CORPORATE GOVERNANCE

Pursuant to article 123-bis of the Consolidated Finance Law (TUF), the Company is required to prepare an annual report on corporate governance and ownership structures containing a general description of the governance system adopted by the Brunello Cucinelli Group and its ownership structure, including the main governance practices applied and the characteristics of its risk management and internal control system in relation to its financial reporting process.
This report, approved by the Board of Directors at its meeting of 26 August 2021, may be consulted in the *Governance* section of the Company's website at http://investor.brunellocucinelli.com/eng/.

SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2021

Advance Pricing Agreement between Italy and the United States
Note that on 26 February 2021, following a similar request submitted by Brunello Cucinelli S.p.A. on 29 December 2020, Brunello Cucinelli USA Inc. submitted the request for a bilateral "Advance Pricing Agreement" between Italy and the United States of America. Thus were completed the formal requests necessary to activate this important tool for the preventive management of transfer pricing issues, put in place to regulate commercial transactions relating to the most important foreign market for the Group.
In the coming months the competent tax authorities will begin the investigation necessary to reach the signing of the agreement.

Establishment of Brunello Cucinelli Middle East LLC
The company Brunello Cucinelli Middle East LLC was established with effect from 1 March 2021, managed in part with the Al Tayer group. Brunello Cucinelli Middle East LLC manages the prestigious “Brunello Cucinelli” stores in the United Arab Emirates, until now managed as wholesale shops by the Al Tayer group.

RELATED PARTY TRANSACTIONS

Reference should be made to the notes to the condensed consolidated interim financial statements for a detailed description of related party transactions conducted in the first half of 2021.
Pursuant to Consob Resolution no. 17221 of 12 March 2010, it is acknowledged that during H1 2021 the Group did not enter into major or material transactions with related parties that significantly affected the Group’s capital or profit or loss.

FINANCIAL RISK MANAGEMENT

Full details of financial risks are provided in the section “Other information” of the notes to the financial statements, to which reference should be made.

SIGNIFICANT EVENTS AFTER 30 JUNE 2021

Sale of ordinary shares of Brunello Cucinelli S.p.A. by the parent company Fedone S.r.l.
On 14 July 2021 Fedone S.r.l. announced that it had successfully completed the sale of total 646,000 ordinary Brunello Cucinelli S.p.A. shares, equal to 0.95% of the share capital of the Company, at a price per share of €47.20 and for a total value of approximately €30 million.
The operation took place through an accelerated bookbuilding procedure, reserved for qualified investors in Italy and foreign institutional investors. The settlement of the transaction (delivery of the securities and payment of the consideration) took place on 19 July 2021. At the end of the transaction Fedone S.r.l. holds 50.05% of Brunello Cucinelli S.p.A.

MANAGEMENT OUTLOOK

The sales of **Spring/Summer 2021** were very, very positive, and we are absolutely satisfied that the performance of the **Fall/Winter 2021** season is showing an equally favourable result.
In recent weeks we presented our **Spring/Summer 2022 collections for men, women and children**, receiving great feedback from our multibrand customers and the trade press, and the number of orders received confirms this enthusiasm.
We are therefore very confident that we will continue the growth seen in the first part of the year, expecting a further acceleration in the **second half of 2021** compared to the results reported in the first six months of the year.

In the coming months we also imagine being able to **fully benefit from the sales space development plan** of the past quarters.
The important investment plan will continue, absolute luxury remaining our exclusive core business.
We are increasingly confident that in **2021**, the "year of rebalancing", we will achieve growth of around +10% compared to 2019, with an increase of **around +20% compared to 2020**, and continue this development in **2022**, with an increase of 10% compared to **2021 and high margin**s.
We believe that all this makes it very likely that we will be able **to realign with the objectives of the first five-year block (2019-2023)** of the ten-year plan that will end in **2028**, the year in which we expect to **double the turnover of 2018** and reach **€1.1 billion**.

Luca Lisandroni
Chief Executive Officer
Markets Area

Cav. Lav. Brunello Cucinelli
Chairman of the Board of
Directors

Riccardo Stefanelli
Executive Officer - Product
and Operations Area

FINANCIAL STATEMENTS AS AT 30 JUNE 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

(In thousands of euros)	NOTES	30 June 2021	*dof which with related parties*	31 December 2020	*of which with related partie*	30 June 2020	*of which with related parties*
Non-current assets							
Goodwill	1	7,045		7,045		7,045	
Right-of-use	2	500,259	4,932	470,197	5,193	461,607	5,337
Intangible assets	3	12,959		12,136		11,990	
Property, plant and equipment	4	156,389	12,288	150,254	17,487	144,223	18,629
Investments in non-current financial assets	5	5,465		4,179		3,923	
Non-current financial assets for leases	6	5,574		402		456	
Other non-current financial assets	7	12,676	32	11,039	32	10,585	32
Deferred tax assets	27	50,317		35,368		46,431	
Total non-current assets		**750,684**		**690,620**		**686,260**	
Current assets							
Inventories	8	208,841		208,347		218,131	
Trade receivables	9	75,673	7	78,871	51	72,398	8
Tax receivables	10	2,057		3,871		1,219	
Other current receivables and assets	11	16,854		20,068		18,181	
Current financial assets for leases	6	2,671		173		237	
Other current financial assets	12	71		11		23	
Cash and cash equivalents	13	63,187		72,834		111,782	
Current derivative financial assets	14	273		4,935		1,513	
Total current assets		**369,627**		**389,110**		**423,484**	
Total assets		**1,120,311**		**1,079,730**		**1,109,744**	

(In thousands of euros)	NOTES	30 June 2021	*dof which with related parties*	31 December 2020	*of which with related partie*	30 June 2020	*of which with related parties*
Shareholders' equity							
Equity attributable to the shareholders of the parent company							
Share capital	15	13,600		13,600		13,600	
Share premium reserve	15	57,915		57,915		57,915	
Other reserves	15	188,085		220,670		227,313	
Net profit attributable to the Group		20,347		(33,216)		(47,520)	
Total equity attributable to the shareholders of the parent company		**279,947**		**258,969**		**251,308**	
attributable to minority interests							
Capital and reserves attributable to non-controlling interests	15	2,194		988		1,009	
Net profit pertaining to non-controlling interests	15	1,507		1,147		(137)	
Total equity attributable to non-controlling interests		**3,701**		**2,135**		**872**	
Total shareholders' equity		**283,648**		**261,104**		**252,180**	
Non-current liabilities							
Post-employment benefits	16	3,011		3,108		3,212	
Provisions for risks and charges	17	2,280		937		930	
Non-current bank debt	18	47,169		60,133		134,799	
Non-current financial liabilities for leases	19	465,637	4.854	436,956	5,115	413,936	5,245
Non-current financial payables	20	1,123		-		-	
Other non-current liabilities	21	949		60		-	
Deferred tax liabilities	27	7,024		6,402		3,067	
Non-current financial derivative liabilities	14	104		217		257	
Total non-current liabilities		**527,297**		**507,813**		**556,201**	
Current liabilities							
Trade payables	22	76,306	463	91,412	550	74,055	291
Current bank debt	23	110,140		105,007		112,221	
Current financial liabilities for leases	19	80,587	525	75,412	516	71,675	510
Current financial payables	24	778		799		838	
Tax payables	25	8,327		2,621		5,251	
Current derivative financial liabilities	14	2,320		491		445	
Other current liabilities	26	30,908	490	35,071	2.552	36,878	2.611
Total current liabilities		**309,366**		**310,813**		**301,363**	
Total liabilities		**836,663**		**818,626**		**857,564**	
Total equity and liabilities		**1,120,311**		**1,079,730**		**1,109,744**	

CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2021

(In thousands of euros)		Half-year ended 30 Juneo			
	NOTES	2021	*of which with related parties*	2020	*of which with related parties*
Revenue from sales and services	**28**	**313,764**	**3**	**205,143**	**4**
Costs for raw materials and consumables	29	(46,926)	(20)	(10,657)	(25)
Cost of services	30	(122,541)	(2,033)	(107,154)	(1,065)
Payroll costs	31	(61,491)	(1,004)	(57,483)	(565)
Other operating costs	32	(3,983)		(4,294)	
Other operating income	33	2,162	4	1,347	3
Increases in fixed assets for internal costs	34	1,355		1,414	
Depreciation/amortization	35	(55,261)		(49,851)	
Value adjustments to assets and other provisions	36	(1,745)		(31,740)	
Total operating costs		**(288,430)**		**(258,418)**	
Operating profit		**25,334**		**(53,275)**	
Financial expense	37	(18,897)		(26,521)	
Financial income	38	12,697		15,519	
Income before taxes		**19,134**		**(64,277)**	
Income taxes	27	2,720		16,620	
Profit for the period		**21,854**		**(47,657)**	
Net profit of the Group	15	20,347		(47,520)	
Net profit of Minority Interests	15	1,507		(137)	
Basic earnings/(loss) per share	39	0.29922		(0.69882)	
Diluted earnings/(loss) per share	39	0.29922		(0.69882)	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2021

(In thousands of euros)		Half-year ended 30 June	
	NOTES	2021	2020
Net Result for the period (A)		**21,854**	**(47,657)**
Other components of the comprehensive income statement:			
Other components of the comprehensive income statement that will subsequently be reclassified to profit/(loss) for the period		**602**	**1,570**
Cash flow hedge	15	(4,279)	2,277
Tax effect	15	1,027	(546)
Effect of change in the cash flow hedge reserve	15	**(3,252)**	**1,731**
Differences in foreign financial statement translation		2,746	79
Exchange gains (losses) on net investments in foreign operations		1,458	(315)
Tax effect		(350)	75
Other components of the comprehensive income statement that will not subsequently be reclassified to profit/(loss) for the period:	15	**21**	**(15)**
Remeasurement of defined benefit plans (IAS 19)		28	(20)
Tax effect		(7)	5
Total other components of the comprehensive income statement, net of tax effects (B)		**623**	**1,555**
Total comprehensive income for the period (A) + (B)		**22,477**	**(46,102)**
Attributable to:			
Group		20,962	(45,970)
Non-controlling interests		1,515	(132)

CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2021

(In thousands of euros)		Half-year ended 30 June	
	NOTES	2021	2020
Cash flows from operating activities			
Net result for the period	15	21,854	(47,657)
Adjustments to reconcile net profit to cash flow generated / (used) by operating activities:			
Income taxes	27	(2,720)	(16,620)
Depreciation/amortization	35	55,261	49,851
Allocations to provisions for employee benefits	16	39	40
Allocations to provisions for risks and charges/allowance for obsolescence/allowance for bad doubtful debts		1,745	31,630
Change in other non-current liabilities		889	(252)
(Gains)/losses on disposal of non-current assets		11	110
Other components without cash movements under IFRS 16		(1,044)	(850)
Interest expense	37	659	1,068
Interest expense for lease liabilities	37	5,128	5,491
Interest income	38	(10)	(17)
Interest income for lease assets	38	(10)	(9)
Payments for employee termination indemnities	16	(105)	(31)
Payments from provisions for risks and charges	17	-	(639)
Net change in deferred tax assets and liabilities	27	(13,390)	(21,138)
Change in fair value of financial instruments	14	2,099	(2,001)
Changes in operating assets and liabilities:			
Trade receivables	9	3,474	(14,764)
Inventories	8	3,936	(45,130)
Trade payables	22	(18,332)	(15,045)
Interest expense paid		(671)	(1,068)
Interest paid on lease liabilities		(5,128)	(5,491)
Interest income received		10	17
Interest income received on lease assets		10	9
Income tax paid		(3,661)	(2,510)
Other current assets and liabilities		13,649	31,179
Net cash flows generated/(used) by operating activities (a)		**63,693**	**(53,827)**

(In thousands of euros)		Half-year ended 30 June	
	NOTES	2021	2020
Cash flows from investing activities			
Investments in property plant and equipment	4	(18,922)	(14,755)
Investments in intangible assets (including key money)	3	(7,274)	(4,615)
Investments in financial assets	7	(1,336)	(1,900)
Investments in property	5	(1,286)	(1,109)
Investments in/divestments of current financial assets		-	9,120
Acquisition of Brunello Cucinelli Middle East, net of cash acquired		(1,669)	-
Disposal of property, plant and equipment and key money		826	353
Cash flows generated/(used) in investing activities (b)		**(29,661)**	**(12,906)**
Cash flows from financing activities			
Drawdown of medium/long-term loans	18	5,080	151,729
Repayment of medium/long-term loans	18	(28,912)	(22,859)
Net change in short-term financial liabilities		15,898	15,793
Net change in long-term financial liabilities		1,111	-
Repayment of lease liabilities		(38,501)	(33,811)
Receipts from financial lease assets		592	137
Dividends paid		-	(1,076)
Changes in equity		-	23
Cash generated/(used) in financing activities (c)		**(44,732)**	**109,936**
Total cash flows (d=a+b+c)		**(10,700)**	**43,203**
Effect of exchange rates on cash and cash equivalents (e)		**1,053**	**(353)**
Cash and cash equivalents at the beginning of the period (f)	**13**	**72,834**	**68,932**
Cash and cash equivalents at the end of the period (g=d+e+f)	**13**	**63,187**	**111,782**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2021

(In thousands of euros)	Notes	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Profit for the period	Total equity attributable to the shareholders of the parent company	Total e quity attributable to non-controlling interests	Total net equity
Balance at 1 January 2021	**15**	**13,600**	**2,720**	**57,915**	**-**	**(7,779)**	**225,729**	**(33,216)**	**258,969**	**2,135**	**261,104**
Profit for the period								20,347	20,347	1,507	21,854
Other components of the comprehensive income statement							(3,237)		615	8	623
Total comprehensive profit / (loss)		**-**	**-**	**-**	**-**	**3,852**	**(3,237)**	**20,347**	**20,962**	**1,515**	**22,477**
Allocation of profit for the period	15						(33,216)	33,216			
Dividends paid	15										
Changes in scope of consolidation									-	51	51
Other changes							16		16		16
Balance at 30 June 2021	**15**	**13,600**	**2,720**	**57,915**	**-**	**(3,927)**	**189,292**	**20,347**	**279,947**	**3,701**	**283,648**

(In thousands of euros)	Notes	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Profit for the period	Total equity attributable to the shareholders of the parent company	Total equity attributable to non-controlling interests	Total net equity
Balance at 1 January 2020	**15**	**13,600**	**2,720**	**57,915**	**-**	**87**	**170,774**	**52,553**	**297,649**	**1,690**	**299,339**
Profit for the period								(47,520)	(47,520)	(137)	(47,657)
Other components of the comprehensive income statement							1,714		1,550	5	1,555
Total comprehensive profit / (loss)		**-**	**-**	**-**	**-**	**(164)**	**1,714**	**(47,520)**	**(45,970)**	**(132)**	**(46,102)**
Allocation of profit for the period	15						52,553	(52,553)	-		-
Dividends paid	15						(367)		(367)	(709)	(1,076)
Changes in scope of consolidation									-	23	23
Other changes							(4)		(4)		(4)
Balance at 30 June 2020	**15**	**13,600**	**2,720**	**57,915**	**-**	**(77)**	**224,670**	**(47,520)**	**251,308**	**872**	**252,180**

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2021

1. BASIS OF PREPARATION

1.1 CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated interim financial statements have been prepared pursuant to article 154-ter of Legislative Decree no. 58 of 24th February 1998 (TUF) as amended, on the basis of IAS 34 Interim Financial Reporting, and were submitted to the directors for approval on 26 August 2021.

The condensed consolidated interim financial statements at 30 June 2021 comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and these notes.

The consolidated statements present comparative figures at 31 December 2020 for the consolidated statement of financial position and for the period ended 30 June 2020 for the other primary statements.

The currency used is the euro and all amounts are rounded to thousands of euro unless otherwise stated.

The items in the consolidated statement of financial position are presented in order of liquidity, where:
- non-current assets comprise assets that are expected to be recovered after more than 12 months and include intangible assets, property, plant and equipment and financial assets;
- current assets consist of items that are expected to be recovered after no more than twelve months;
- non-current liabilities consist of items that are expected to be settled after more than twelve months, including loans, provisions and the employees' termination indemnity (TFR);
- current liabilities consist of items falling due after no more than twelve months, including the short-term portion of long-term loans, provisions and the employees' termination indemnity (TFR).

The format for the consolidated income statement classifies costs by nature.

The consolidated cash flow statement has been prepared using the indirect method and is presented in accordance with IAS 7, classifying cash flows into operating activities, investing activities and financing activities.

It should be noted that with reference to Consob Resolution no. 15519 of 27 July 2006 and Communication no. DEM6064293 of 28 July 2006, the financial statements present information on significant related party transactions in order to provide a more complete disclosure, and income and expense arising from non-recurring events or transactions, if significant, are shown separately in the comments provided by management and in the financial disclosures.

1.2 STATEMENT OF IFRS COMPLIANCE

The condensed consolidated interim financial statements at 30 June 2021 have been prepared in accordance with the international accounting standard on interim financial reporting (IAS 34 Interim Financial Reporting). The condensed interim consolidated financial statements do not include all the disclosures required to be included in the annual financial statements, and accordingly they should be read together with the Group's consolidated annual financial statements for the year ended 31 December 2020 published on the institutional website www.brunellocucinelli.com Investor Relations, Financial Reports section.

2. SCOPE OF CONSOLIDATION

The following table provides summary information on the Company's subsidiaries at 30 June 2021, consisting of the company's name and registered office and the percentage of share capital held directly and indirectly by the Brunello Cucinelli Group.

Company name	Registered office	Currency	Share capital in currency	Percentage holding	
				Direct	Indirect
Brunello Cucinelli Europe S.r.l.	Corciano (PG) - Italy	Euro	100,000	100.00%	
Max Vannucci S.r.l.	Perugia - Italy	Euro	118,000		75.50%
Pinturicchio S.r.l	Corciano (PG) - Italy	Euro	100,000	2.00%	98.00%
Logistica e Distribuzione S.r.l.	Milan - Italy	Euro	100,000		51.00%
Brunello Cucinelli Austria GmbH	Vienna - Austria	Euro	35,000	2.00%	98.00%
Sprl Brunello Cucinelli Belgium	Brussels - Belgium	Euro	20,000		100.00%
Brunello Cucinelli Denmark ApS	Copenhagen – Denmark	Danish krone	750,000	2.00%	98.00%
Brunello Cucinelli Retail Deutschland GmbH	Munich - Germany	Euro	200,000		70.00%
Brunello Cucinelli (England) Ltd.	London - United Kingdom	British pound	700		100.00%
Sarl Brunello Cucinelli France	Paris - France	Euro	200,000	2.00%	98.00%
SAS Brunello Cucinelli France Resort	Courchevel - France	Euro	100,000	2.00%	98.00%
Brunello Cucinelli GmbH	Munich - Germany	Euro	200,000	2.00%	98.00%
Brunello Cucinelli Hellas SA	Athens - Greece	Euro	25,200		51.00%
SAM Brunello Cucinelli Monaco	Principality of Monaco	Euro	150,000		68.67%
Brunello Cucinelli Netherlands B.V.	Amsterdam - Holland	Euro	200,000	2.00%	98.00%
OOO Brunello Cucinelli RUS	Moscow - Russia	Rouble	15,000,000	100.00%	
Brunello Cucinelli Retail Spain SL	Madrid - Spain	Euro	200,000	5.00%	95.00%
Brunello Cucinelli Suisse SA	Lugano - Switzerland	Swiss franc	223,000	1.79%	87.89%
SAS White Flannel	Cannes - France	Euro	50,000		70.00%
Brunello Cucinelli Canada Ltd.	Vancouver - Canada	Canadian dollar	10,445,100	100.00%	
Brunello Cucinelli USA Inc.	Ardsley (NY) - USA	US dollar	1,500	100.00%	
Market Service US, Inc.	New York - USA	US dollar	50,000		51.00%
Brunello Cucinelli (Sichuan) Fashion Co., Ltd.	Chengdu - China	Renminbi	200,000,000	100.00%	
Brunello Cucinelli Hong Kong Ltd.	Hong Kong - China	Hong Kong	2,000,000	100.00%	
Brunello Cucinelli (Macau) Fashion Co., Ltd.	Macao - China	MOP/Hong Kong dollar	22,847,312	98.00%	2.00%
Brunello Cucinelli Japan Co., Ltd.	Tokyo - Japan	Japanese yen	330,000,000	75.00%	
Brunello Cucinelli Singapore Pte. Ltd.	Singapore	Japanese yen	300,000	83.67%	
Brunello Cucinelli Taiwan Ltd.	Taiwan - China	Taiwan dollar	100,000	70.00%	
Brunello Cucinelli Middle East LLC	Dubai	Dirham	300,000	51.00%	

During H1 2021, the scope of consolidation saw the following changes:

- Entry of the company Brunello Cucinelli Middle East LLC with effect from 1 March 2021, 51% owned by the Parent Company Brunello Cucinelli S.p.A. by virtue of voting agreements with the shareholder Al Tayer and fully consolidated.
- Exit of the company Brunello Cucinelli Brasil LTDA, whose liquidation was completed during the first half of 2021. The Brazilian point of sale was converted into a wholesale store.

3. ACCOUNTING STANDARDS

3.1 INTRODUCTION

The condensed consolidated interim financial statements at 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting and were approved by the Board of Directors on 26 August 2021, which authorized their publication on the same date.

3.2 GENERAL BASIS OF PREPARATION

The condensed consolidated interim financial statements at 30 June 2021, drawn up pursuant to article 154-ter of Legislative Decree no. 58/98 as amended and the Consob Issuers' Regulations, have been prepared in accordance with the international accounting standards (IAS/IFRS) adopted by the European Union and in particular IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements, prepared on a going concern basis, do not disclose all the information required in the preparation of the consolidated annual financial statements. For this reason, it is necessary to read the condensed consolidated interim financial statements together with the consolidated financial statements as at 31 December 2020, also available on the website.

3.3 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective.

During the first half of 2021 there were no changes and interpretations that had a significant impact on the Group's consolidated financial statements.

On 31 March 2021 the IASB issued amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021" aimed at extending the simplifications introduced in 2020 relating to the possibility of not applying the provisions on "lease modification" to price concessions obtained by leaseholders as a result of COVID-19, also to price changes granted for royalties due on or prior to 30 June 2022 in the presence of certain requirements. The amendments to IFRS 16 are effective for annual periods beginning on or after 1 April 2021.
As already pointed out above, with regard to existing lease contracts, as in the past year proposals for some reductions in rents for the periods most affected by the pandemic – mainly concentrated in the United Kingdom and Asia – were accepted. Taken as a whole, these reductions amounted to €1,937 thousand, representing a cost containment of 4.5% on the total cost of the year for rents (normalized by the effect of applying the IFRS 16 accounting standard).

3.4 ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

There are no significant accounting standards, amendments or interpretations that have been issued but are not yet effective which might have a significant effect on these condensed consolidated interim financial statements or the next set of annual financial statements.

3.5 DISCRETIONAL ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the condensed consolidated interim financial statements requires the directors of the parent company to make subjective measurements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. The actual results could differ from these estimates. With regard to the accounting estimates and significant judgements made by the Company Management, please refer to the 2020 Annual Financial Report.

3.6 TRANSLATION OF FINANCIAL STATEMENTS IN A CURRENCY OTHER THAN THE EURO AND TRANSLATION OF FOREIGN CURRENCY ITEMS

The following table shows the exchange rates used for calculating the amounts in euro that are expressed in foreign currency in the financial statements of subsidiaries (currency amount per euro):

	Average exchange rates		Closing exchange rates		
	30/06/2021	30/06/2020	30/06/2021	31/12/2020	30/06/2020
US dollar	1.2053	1.1020	1.1884	1.2271	1.1198
Swiss franc	1.0946	1.0642	1.098	1.0802	1.0651
Japanese yen	129.8681	119.2668	131.43	126.49	120.66
RMB (yuan)	7.796	7.7509	7.6742	8.0225	7.9219
British pound	0.86801	0.87463	0.85805	0.89903	0.91243
Hong Kong dollar	9.3551	8.5531	9.2293	9.5142	8.6788
Real	6.4902	5.4104	5.905	6.3735	6.1118
Canadian dollar	1.503	1.5033	1.4722	1.5633	1.5324
Rouble	89.5502	76.6692	86.7725	91.4671	79.63
Singapore dollar	1.6059	1.5411	1.5976	1.6218	1.5648
Danish krone	7.4368	7.4648	7.4362	7.4409	7.4526
Taiwan dollar	33.7755	33.0701	33.1584	34.4807	33.0076
Dirham	4.4128	*	4.3644	*	*

3.7 SEASONAL OR CYCLICAL ASPECTS OF INTERIM TRANSACTIONS

While not subject to significant seasonal or cyclical changes in total annual sales, during the various quarters of the year the Group's activities suffer from a lack of perfect uniformity in the flow of revenues and costs deriving mainly from its businesses and collections (Autumn/Winter v Spring/Summer). Furthermore, the luxury market which the Group operates in is characterized at the level of sales channels by seasonal factors that have an impact on economic results in the various quarters. First of all, seasonality is linked to the sales methods of wholesale distribution channels, which see a concentration of revenues in the first and third quarters of each financial year. In fact, sales turnover is concentrated in the months of January-March for the spring/summer collection and in the months of July-September for the fall/winter collection, although international customers usually require shipments of the latter during the second quarter as well. With regard to the retail channel, Group sales saw a concentration of revenues mainly in the last quarter of each year, a period characterized by the sale of those products also having the highest unit value. Consequently, it is evident that the Group's interim results may not contribute in a uniform manner to the formation of the economic and financial results for each year.

3.8 OPERATING SEGMENTS

For the purposes of IFRS 8 Operating Segments the Group's business is conducted in a single operating segment.

4. COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

INTRODUCTION

In accordance with paragraphs 9 and 12 of IAS 36, appropriate assessments were made of the existence of indications that an asset may have been impaired, carefully considering the effects of the COVID-19 epidemic.
The business dynamics recorded in the periods examined and the updates of the forecasts on future trends are consistent with the assumptions made when verifying the recoverability of values during the preparation of the Annual Consolidated Financial Statements as at 31 December 2020. Consequently no indicators of possible impairment were identified and therefore no specific impairment tests were performed on the assets recorded in the financial statements.

Note 1. Goodwill

The composition of goodwill at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**Change**
Goodwill	7,045	7,045	-
Total goodwill	**7,045**	**7,045**	**-**

Goodwill at 30 June 2021 amounted to €7,045 thousand and mainly arises from the business combination that took place in 2017 for the acquisition of 62% of OOO Brunello Cucinelli RUS.
At 30 June 2021, there were no changes.

Note 2. Right-of-use

The composition of right-of-use assets at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**Change**
Right to use property	500,125	470,040	30,085
Right to use other tangible fixed assets	134	157	(23)
Total right-of-use assets	**500,259**	**470,197**	**30,062**

Details of cost, accumulated amortization and net book value of right-of-use assets at 30 June 2021 with comparative figures at 31 December 2020 are as follows:

(In thousands of euros)	30/06/2021			31/12/2020		
	Cost	**Accumulated amortization**	**Net value**	**Cost**	**Accumulated amortization**	**Net value**
Right to use property	799,442	(299,317)	500,125	744,268	(274,228)	470,040
Right to use other tangible fixed assets	309	(175)	134	303	(146)	157
Total right-of-use assets	**799,751**	**(299,492)**	**500,259**	**744,571**	**(274,374)**	**470,197**

Right-of-use assets at 30 June 2021 amounted to €500,259 thousand and mainly relate to leases for spaces in the Group's boutiques and showrooms, and to a residual extent to leases for offices and logistics. This item also includes Key Money paid by the Group as it is classified as an initial direct cost of leases according to IFRS 16.

The following table sets out changes in the net book value of intangible assets for the six months ended 30 June 2021:

(In thousands of euros)	**Right to use property**	**Right to use other tangible fixed assets**	**Total right-of-use assets**
Balance at 1 January 2021	**470,040**	**157**	**470,197**
Increases	60,911	51	60,962
Net decreases	(3,579)	(11)	(3,590)
Translation differences	10,144	-	10,144
Value adjustments	-	-	-
Reclassifications	-	-	-
Change in scope of consolidation	1,684	-	1,684
Depreciation/amortization	(39,075)	(63)	(39,138)
Balance at 30 June 2021	**500,125**	**134**	**500,259**

The main increases during the first half of the year relate to new lease agreements entered into in the period for opening new boutiques, hard shops and expanding monobrand points of sale.

Note 3. Intangible assets

The composition of intangible assets at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Concessions, licences, trademarks and similar rights	9,425	8,549	876
Other intangible fixed assets	808	1,012	(204)
Assets under construction and advances	2,726	2,575	151
Total intangible assets	**12,959**	**12,136**	**823**

Details of historical cost, accumulated amortization and the net book value of intangible assets at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021			31/12/2020		
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value
Concessions, licences, trademarks and similar rights	31,581	(22,156)	9,425	28,622	(20,073)	8,549
Other intangible fixed assets	1,722	(914)	808	1,721	(709)	1,012
Assets under construction and advances	2,726	-	2,726	2,575	-	2,575
Total intangible assets	**36,029**	**(23,070)**	**12,959**	**32,918**	**(20,782)**	**12,136**

Intangible assets amounted to €12,959 thousand at 30 June 2021 and consisted principally of concessions, licenses, trademarks and similar rights for software used in IT and Digital activities to support the business through the renovation and constant modernization of the Group's technological platforms.

The following table sets out changes in the net book value of intangible assets for the six months ended 30 June 2021:

(In thousands of euros)	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total intangible assets
Balance at 1 January 2021	**8,549**	**1,012**	**2,575**	**12,136**
Increases	1,366	-	1,665	3,031
Net decreases	-	-	-	-
Translation differences	18	2	-	20
Value adjustments	-	-	-	-
Reclassifications	1,514	(39)	(1,514)	(39)
Change in scope of consolidation	-	-	-	-
Depreciation/amortisation	(2,022)	(167)	-	(2,189)
Balance at 30 June 2021	**9,425**	**808**	**2,726**	**12,959**

Investments for the half year amounted to €3,031 thousand, of which €2,895 thousand relating to the project to upgrade the information technology and IT/Digital systems, accounted for as to €1,230 thousand under the items "Concessions, licenses, trademarks and similar rights" and as to €1,665 thousand under the items "Assets under construction and advances".

Note 4. Property, plant and equipment

The composition of property, plant and equipment at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Land	8,212	7,280	932
Buildings	41,763	42,071	(308)
Leasehold improvements	70,262	66,136	4,126
Plant and machinery	3,924	3,412	512
Industrial and commercial equipment	2,817	2,941	(124)
Other assets	28,557	24,849	3,708
Assets under construction and advances	854	3,565	(2,711)
Total property, plant and equipment	**156,389**	**150,254**	**6,135**

Details of historical cost, accumulated depreciation and the net book value of property, plant and equipment at 30 June 2021 with comparative figures at 31 December 2020 are as follows:

(In thousands of euros)	30/06/2021			31/12/2020		
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value
Land	8,212	-	8,212	7,280	-	7,280
Buildings	54,938	(13,175)	41,763	54,407	(12,336)	42,071
Leasehold improvements	143,713	(73,451)	70,262	131,967	(65,831)	66,136
Plant and machinery	14,652	(10,728)	3,924	13,645	(10,233)	3,412
Industrial and commercial equipment	14,371	(11,554)	2,817	13,268	(10,327)	2,941
Other assets	53,399	(24,842)	28,557	46,418	(21,569)	24,849
Assets under construction and advances	854	-	854	3,565	-	3,565
Total property, plant and equipment	**290,139**	**(133,750)**	**156,389**	**270,550**	**(120,296)**	**150,254**

The following table sets out the changes in the net book value of property, plant and equipment for the six months ended 30 June 2021:

(In thousands of euros)	**Land**	**Buildings**	**Leasehold improvements**	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**Assets under construction and advances**	**Total property, plant and equipment**
Balance at 1 January 2021	**7,280**	**42,071**	**66,136**	**3,412**	**2,941**	**24,849**	**3,565**	**150,254**
Increases	208	531	9,895	793	884	5,946	698	18,955
Net decreases	-	-	(782)	(12)	(5)	(32)	(5)	(836)
Translation differences	-	-	1,175	30	39	602	34	1,880
Value adjustments	-	-	(103)	(2)	(19)	(12)	-	(136)
Reclassifications	724	-	1,688	201	353	511	(3,438)	39
Change in scope of consolidation	-	-	161	-	-	6	-	167
Depreciation/ amortisation	-	(839)	(7,908)	(498)	(1,376)	(3,313)	-	(13,934)
Balance at 30 June 2021	**8,212**	**41,763**	**70,262**	**3,924**	**2,817**	**28,557**	**854**	**156,389**

In the first half of 2021 the Brunello Cucinelli Group made investments in property, plant and equipment of €18,955 thousand consisting mainly of the following:

- Investments totalling €531 thousand under "Buildings", mainly related to the expansion and functionality of the industrial hub of Solomeo.
- Investments of €9,895 thousand in "Leasehold improvements", principally due to the openings and expansion of DOS and wholesale points of sale and improvements to existing boutiques and showrooms throughout the world.
- Investments totalling €7,623 thousand, of which €793 thousand recognized under "Plant and machinery" (mainly referring to new machinery for production), €884 thousand under "Industrial and commercial equipment" (mainly for investments made at sales points and at Solomeo headquarters), €5,946 thousand under "Other assets" (mainly referring to investments in furniture and furnishings at sales points as well as for ordinary development and upgrading activities for new machinery, furniture and furnishings, vehicles and equipment and the "historic collection" at the headquarters in Solomeo);
- Additional investments recognized in "Assets under construction and advances" totalling €698 thousand, mainly relating to the work carried out in setting up Retail points of sale.

Investments in IT/Digital amounted to €1,050 thousand in the first half of 2021 and refer to tangible fixed assets.

"Value adjustments" amounting to €136 thousand refer to write-downs recorded in order to reflect the recoverable amount of tangible assets at 30 June 2021.

"Changes in scope of consolidation " refer to the subsidiary Brunello Cucinelli Middle East LLC.

Note 5. Investments in non-current financial assets

The composition of investment property at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Investments in non-current financial assets	5,465	4,179	1,286
Total investment property	**5,465**	**4,179**	**1,286**

This item, amounting to €5,465 thousand, relates to property complexes and building land located in Solomeo, managed with the aim of being restored and subsequently leased, an activity started in this first half of 2021.
As required by IAS 40, investment property is classified separately from the other properties owned by the Group. Investments of €1,286 thousand were made during the period.

Note 6. Current and non-current financial assets for leases

This item includes active subleases identified as "financial leases" that have been classified and accounted for as financial assets for investment.
This item was as follows at 30 June 2021:

(In thousands of euros)	Non-current	Current	Total at 30 June 2021
Financial assets for leases	5,574	2,671	8,245
Total financial assets for leases	**5,574**	**2,671**	**8,245**

Changes in the six months ended 30 June 2021 were as follows:

(In thousands of euros)	Total financial assets for leases
Balance at 1 January 2021	**575**
Increases	8,262
Decreases for early termination of leases	-
Increases for interest income	10
Decreases for cash received	(602)
Foreign exchange gains/(losses)	-
Translation differences	-
Balance at 30 June 2021	**8,245**

Note 7. Other non-current financial assets

The composition of other non-current financial assets at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Guarantee deposits and other financial receivables	12,676	11,039	1,637
Total other non-current financial assets	**12,676**	**11,039**	**1,637**

Other non-current financial assets consist mainly of guarantee deposits which essentially relate to amounts paid by the Brunello Cucinelli Group on entering lease agreements for monobrand points of sale.

Note 8. Inventories

The composition of inventories at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Raw, ancillary and consumable materials	31,132	34,032	(2,900)
Work in progress and semi-finished goods	6,224	5,670	554
Finished goods and merchandise	204,438	200,372	4,066
Inventory write-down reserve	(32,953)	(31,727)	(1,226)
Total inventories	**208,841**	**208,347**	**494**

A comprehensive comment on this item can be found in the Report on Operations.

Note 9. Trade receivables

Trade receivables at 30 June 2021 amounted to €75,673 thousand compared with €78,871 thousand at 31 December 2020. Detailed comments on changes in net working capital can be found in the Report on Operations.

Trade receivables represent amounts due for the supply of goods and services and are all collectible in the short term, which means that their carrying amount is effectively their fair value at the date of preparation of these financial statements.
The amount by which receivables in the financial statements have been written down is a reasonable estimate of the impairment arising from the specific non-collectability risk identified in these receivables.

Changes in the allowance for bad and doubtful debts during the period ended 30 June 2021, compared with the year ended 31 December 2020, are as follows:

(In thousands of euros)	30/06/2021	31/12/2020
Value at 1 January	**2,278**	**1,311**
Allocations	297	1,308
Uses	(96)	(336)
Exchange differences	15	(5)
Value at the end of the period	**2,494**	**2,278**

Allocations and utilizations are included under the item “Value adjustments to assets and other provisions” in the income statement.

The situation regarding overdue balances is illustrated in the usual ageing table:

	Situation as at 30 June		
Overdue by:	**2021**	**2020**	**2019**
0-90 days	6,153	14,574	8,252
91-180 days	3,213	6,537	4,145
More than 180 days	4,343	3,599	874
TOTAL	**13,709**	**24,710**	**13,271**

The change in balances relating to overdue receivables is explained in the comments in the Report on Operations, to which reference should be made, highlighting that as at 30 June 2021 the values are substantially in line with the situation as at 30 June 2019 since the hoped-for path back to an ordinary situation with respect to the period of the pandemic has occurred.

Note 10. Tax receivables

The composition of tax receivables at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
IRES corporate income tax receivables	-	1,468	(1,468)
IRAP regional production tax receivables	-	4	(4)
Other tax receivables	2,057	2,399	(342)
Total tax receivables	**2,057**	**3,871**	**(1,814)**

Tax receivables at 30 June 2021 amounted to €2,057 thousand, entirely attributable to "Other tax receivables". The balance refers to tax receivables recorded by foreign companies of the Group. Among these, note that the main amount refers to the American subsidiary Brunello Cucinelli USA Inc., which in 2020 benefited from the tax benefits deriving from the "Cares Act" applied retroactively on the 2019 tax period and whose collection began in the first half and is expected to end in 2021.

Note 11. Other current receivables and assets

The composition of other receivables and other current assets at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Tax receivables	3,534	4,534	(1,000)
Credit card receivables	3,924	3,362	562
Prepayments and accrued income	3,597	3,307	290
Advances to suppliers	2,991	5,571	(2,580)
Receivables from agents	239	266	(27)
Other receivables	2,569	3,028	(459)
Total other receivables and current assets	**16,854**	**20,068**	**(3,214)**

Receivables from the tax authorities amounted to €3,534 thousand at 30 June 2021 compared to €4,534 thousand at 31 December 2020 and €4,386 thousand at 30 June 2020. The amount mainly refers to VAT receivables recognized by the parent company and subsidiaries.

Credit cards receivables amounted to €3,924 thousand at 30 June 2021 compared to €3,362 thousand at 31 December 2020. The amount refers to payments received through credit cards, which occurred before the end of the period but have not yet been credited to current accounts.
Prepayments and accrued income mostly arise from advance payments for the production of catalogues for the fall/winter collection which will be delivered in the following half year and prepayments for utilities and insurance premiums and for advance charges relating to the digital sphere.

Advances to suppliers are mainly paid to the production chain, to support outsourced workers engaged in the production of Brunello Cucinelli Group products.

Note 12. Other current financial assets

Other current financial assets amounted to €71 thousand at 30 June 2021 compared to €11 thousand at 31 December 2020.

Note 13. Cash and cash equivalents

The composition of cash and cash equivalents at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Bank and postal deposits	62,555	72,297	(9,742)
Cash in hand	583	472	111
Cheques	49	65	(16)
Total cash and cash equivalents	**63,187**	**72,834**	**(9,647)**

The above amounts can be readily converted into cash, they are not liable to constraints or restrictions and are subject to an insignificant risk of change in value. The Brunello Cucinelli Group believes that the credit risk related to cash and cash equivalents is limited because this item mostly refers to deposits in various leading domestic and foreign banks.

Reference should be made to the cash flow statement for details of the sources and applications that generated changes in cash and cash equivalents in the period ended 30 June 2021 compared to those of the previous corresponding period.

Note 14. Derivative financial instruments

The Brunello Cucinelli Group enters certain derivative contracts to hedge the interest rate risk on its bank debt and the exchange risk on sales made in currencies other than the euro.

The Company only takes out these contracts for hedging purposes as the Group's financial management policy does not permit trading in financial instruments for speculative purposes. Derivative financial instruments meeting the requirements of international accounting standards are accounted for using hedge accounting. Changes in the fair value of derivative financial instruments not qualifying for hedge accounting under international accounting standards are recognized in profit or loss in the relevant reporting period.

The interest rate and currency derivatives used by the Company are over the counter (OTC) instruments, meaning those negotiated bilaterally with market counterparties, and the determination of the relative current value is based on valuation techniques that use input parameters (such as rate curves, foreign exchange rates, etc.) observable on the market (level 2 of the fair value hierarchy envisaged by IFRS 7).

The following is noted for outstanding financial instruments at 30 June 2021:

- all financial instruments at fair value form part of Level 2 (the same situation existed in 2020);
- there have been no transfers from Level 1 to Level 2 or vice versa in 2021;
- there have been no transfers from Level 3 to other levels or vice versa in 2021.

Derivatives are measured by taking as a reference the interest rates and yield curves observable at commonly quoted intervals.

Details of the composition of “Derivative financial instruments - assets” and “Derivative financial instruments – liabilities” at 30 June 2021 are set out below, with comparative figures at 31 December 2020:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Current assets for derivative instruments hedging currency risk	273	4,935	(4,662)
Current assets for derivative instruments hedging interest rate risk:			
- Current assets for derivative instruments hedging interest risk accounted for using hedge accounting	-	-	-
- Current assets for derivative instruments hedging interest risk not accounted for using hedge accounting	-	-	-
Total derivative financial instruments - current assets	**273**	**4,935**	**(4,662)**
Current liabilities for derivative instruments hedging currency risk	(2,106)	(253)	(1,853)
Current liabilities for derivative instruments hedging interest rate risk:			
- Current liabilities for derivative instruments hedging interest risk accounted for using hedge accounting	(214)	(238)	24
- Current liabilities for derivative instruments hedging interest risk not accounted for using hedge accounting	-	-	-
Total derivative financial instruments - current liabilities	**(2,320)**	**(491)**	**(1,829)**
Non-current liabilities for derivative instruments hedging currency risk	-	-	-
Non-current liabilities for derivative instruments hedging interest rate risk:			
- Current liabilities for derivative instruments hedging interest risk accounted for using hedge accounting	(104)	(217)	113
- Current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
Total derivative financial instruments - non-current liabilities	**(104)**	**(217)**	**113**

The contractual characteristics of derivative financial instruments used to hedge interest risk and their relative fair values at 30 June 2021 and 31 December 2020 are as follows.

Derivatives on interest rate risk accounted for using hedge accounting

(In thousands of euros)	30/06/2021		31/12/2020	
	Current portion	Non-current portion	Current portion	Non-current portion
Derivative assets/(liabilities)	(214)	(104)	(238)	(217)
Total fair value of IRS	**(214)**	**(104)**	**(238)**	**(217)**

The contractual characteristics of derivative financial instruments used to hedge currency risk and their relative fair value at 30 June 2021 and 31 December 2020 are as follows:

(In thousands of euros)	Negative fair value		Positive fair value	
	30/06/2021	**31/12/2020**	**30/06/2021**	**31/12/2020**
Derivative assets/(liabilities)	(2,106)	(253)	273	4,935
Total fair value foreign currency forward contracts	**(2,106)**	**(253)**	**273**	**4,935**

As required by IFRS 13 a calculation was made of the credit value adjustment and debit value adjustment for the outstanding derivative financial instruments but the result obtained was not material in terms of recognizing the effects in the financial statements.

Note 15. Capital and reserves

Share capital at 30 June 2021 amounted to €13,600 thousand, fully paid, consisting of 68,000,000 ordinary shares.

Shareholders' equity at 30 June 2021 amounted to €283,648 thousand, up €22,544 thousand compared to 31 December 2020.

Details of changes in equity for the periods ended 30 June 2021 and 30 June 2020 can be found in the consolidated statement of changes in equity.

The share premium reserve amounts to €57,915 thousand and is stated net of the listing costs incurred in 2012, which were deducted from shareholders' equity pro rata to the ratio between the number of new shares issued and the number of shares in existence following the IPO, in accordance with IAS 32.

Other equity reserves at 30 June 2021 with comparative figures at 31 December 2020 were as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Legal reserve	2,720	2,720	-
Extraordinary reserve	232,947	258,815	(25,868)
Revaluation reserve	3,060	3,060	-
Cash flow hedge reserve	(768)	2,484	(3,252)
IFRS first-time adoption reserve	(782)	(782)	-
Reserve for discounting TFR	(502)	(517)	15
Translation reserve	(3,925)	(7,779)	3,854
Consolidated retained profits/losses	(44,665)	(37,331)	(7,334)
Total other reserves	**188,085**	**220,670**	**(32,585)**

The change in the cash flow hedge reserve of €3,252 thousand reflects the items presented in the comprehensive income statement.

The translation reserve consists of the accumulated exchange differences arising from the translation of foreign financial statements expressed in a currency other than the euro, as well as the exchange differences generated by intercompany loans for which settlement is not planned nor likely to occur in the foreseeable future. As such it is classified and recognized initially in a separate component of equity in accordance with paragraph 15 of IAS 21 "Net Investment in a Foreign Operation".

Equity attributable to non-controlling interests was positive for €3,701 thousand at 30 June 2021 compared to €2,135 thousand at 31 December 2020 and represents third-party interests in the Group's subsidiaries.

Note 16. Post-employment benefits

This item consists exclusively of the termination indemnity due to employees of the Group's Italian companies as provided by article 2120 of the Italian civil code. The liability is discounted to present value by the means described in IAS 19.

The table below shows changes in employee benefits for the period ended 30 June 2021 compared with changes at 31 December 2020:

(In thousands of euros)	30/06/2021	31/12/2020
Present value of the obligation at the beginning of the period	**3,108**	**3,182**
Revaluation pursuant to article 2120 of the Italian civil code	78	114
Benefits paid	(105)	(133)
Financial (income)/expense	(39)	(32)
Exchange differences	(3)	(3)
Actuarial (gains)/losses	(28)	(20)
Present value of the obligation at the end of the period	**3,011**	**3,108**

The item "Actuarial (gains)/losses" reflects the balance to be found in the comprehensive income statement.

The main assumptions used in the calculation of the present value of the Italian employees' termination indemnity were as follows:

Financial assumptions

	30/06/2021	31/12/2020
Annual discount rate	0.39%	0.14%
Inflation rate	0.50%	0.50%
Expected staff turnover rate	8.80%	8.80%
Advances rate	1.00%	1.00%

Demographic assumptions

	30/06/2021	31/12/2020
Mortality	TABLE RG48	
Retirement age	65 years	

Turnover rate and advances on the employees' termination indemnity

	30/06/2021	31/12/2020
Advances rate %	1.00%	1.00%
Turnover rate %	8.80%	8.80%

Workforce

The following table sets out the average number of employees by category, expressed in terms of full time equivalent:

	30/06/2021	31/12/2020
Executives and middle managers	68.6	69.0
Office and sales staff	1,517.8	1,443.4
Blue-collar workers	541.0	532.3
Total workforce	**2,127.4**	**2,044.7**

Note 17. Provisions for risks and charges

Provisions for risks and charges mainly relate to the agents' supplementary termination indemnity provision, calculated in accordance with Italian legislation (article 1751-bis of the Italian civil code) and discounted to present value as required by IAS 37.

The following table sets out the changes in provisions for risks and charges for the period ended 30 June 2021 with comparative figures for the year ended 31 December 2020:

(In thousands of euros)	**30/06/2021**	**31/12/2020**
Agents' supplementary termination indemnity – value at 1 January	**445**	**660**
Allocations	160	1,281
Uses	-	(825)
Actuarial (gains)/losses	1,152	(671)
Agents' supplementary termination indemnity – balance at end of period	**1,757**	**445**
Other provisions for risks	523	492
Total provisions for risks and charges	**2,280**	**937**

Changes in uses during the half-year relate to early termination of the contractual relationship with some agents, and to the adjustment of the agents' supplementary termination indemnity provision of existing contractual relationships.

The main assumptions used in the actuarial calculation of the agents' supplementary termination indemnity were as follows:

	30/06/2021	**31/12/2020**
Turnover rate – voluntary	6.00%	6.00%
Turnover rate – employer initiated	5.00%	5.00%
Discount rate	0.12%	0.13%

Note 18. Non-current bank debt

Non-current bank debt consists of long-term loans.

The following table provides details of the Brunello Cucinelli Group's outstanding loans at 30 June 2021, showing the portion due within 12 months, between 1 and 5 years and after 5 years:

Description *(In thousands of euros)*	**Outstanding balance at 30 June 2021**	**Amount due within 12 months**	**Amount due between 1 and 5 years**	**Amount due after 5 years**
Total medium/long-term loans	139,956	92,787	47,169	-
Total non-current bank debt	**47,169**			

Financial covenants exist on certain of these loans. These are calculated on an annual basis by making reference to the consolidated financial statements of Brunello Cucinelli S.p.A. Note that the payables specified are not encumbered by collateral on company assets.
At the current date, the Parent Company has stipulated additional financing contracts at current favourable market conditions, which are expected to be disbursed in the second half of 2021 for a notional amount of approximately €27.0 million.

Note 19. Current and non-current lease liabilities

The application of the new IFRS 16 standard has led to the recognition of a financial liability consisting of the present value of residual future payments. The balance at 30 June 2021 breaks down as follows:

(In thousands of euros)	**Non-current**	**Current**	**Total at 30 June 2021**
Financial liabilities for leases	465,637	80,587	546,224
Total financial liabilities for leases	**465,637**	**80,587**	**546,224**

Changes in the six months ended 30 June 2021 were as follows:

(In thousands of euros)	**Total financial liabilities for leases**
Balance at 1 January 2021	**512,368**
Increases	65,419
Decreases for early termination of leases	(3,580)
Increases for interest expense	5,128
Decreases for payments made	(43,629)
Foreign exchange gains/(losses)	(1,273)
Translation differences	11,791
Balance at 30 June 2021	**546,224**

Net debt

The following table provides details of the net debt of the Brunello Cucinelli Group at 30 June 2021 compared to the situation at 31 December 2020, restated in accordance with the format required by Consob reminder no. 5/21 of 29 April 2021 “Compliance with ESMA Guidelines on disclosure obligations pursuant to the prospectus regulation”.

(In thousands of euros)	**30/06/2021**	**30/06/2020**
A. Cash and cash equivalents	(63,187)	(111,782)
B. Means equivalent to cash and cash equivalents	-	-
C.1 Other current financial assets	(71)	(23)
C.2 Other current financial liabilities for leases	(2,671)	(237)
D. Cash and cash equivalents (A + B + C)	**(65,929)**	**(112,042)**
E.1 Current financial debt	18,346	70,783
E.2 Current financial debt for leases	80,587	71,675
F. Current portion of non-current financial debt	92,787	42,508
G. Current financial debt (E + F)	**191,720**	**184,966**
H. Net current debt (G + D)	**125,791**	**72,924**
I.1 Non-current financial debt	48,396	135,056
I.2 Non-current financial debt for leases	465,637	413,936
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	**514,033**	**548,992**
M. Total financial debt (H + L)	**639,824**	**621,916**
of which:		
Net financial debt for the core business	*96,271*	*136,542*
Payables for leases	*543,553*	*485,374*

For detailed comments on this table reference should be made to the Report on Operations.

As required by IAS 7 Cash Flow Statements the following table sets out changes in liabilities deriving from financing activities:

(In thousands of euros)			Non-monetary flows			
	31/12/2020	Monetary flows	Change in exchange rates	Change in fair value	Other	30/06/2021
Non-current bank payables	60,133	(23,832)	-	-	10,868	47,169
Other non-current financial payables	217	-	-	1,010	-	1,227
Current portion of non-current debt	103,635	-	-	-	(10,848)	92,787
Current and non-current lease liabilities	512,368	(43,629)	10,519	-	66,966	546,224
Other current financial payables	2,409	15,898	(29)	(24)	92	18,346
Current financial assets	(11)	-	-	-	(60)	(71)
Current financial liabilities for leases	(173)	602	-	-	(3,100)	(2,671)
Cash and cash equivalents	(72,834)	10,700	(1,053)	-	-	(63,187)
Net debt	**605,744**	**(40,261)**	**9,437**	**986**	**63,918**	**639,824**

It should be noted that the column “Monetary flows” indicates the flows of the statement of consolidated financial statements, while the column “Other” mainly refers to the effects of reclassification from the “non-current” portion to the “current” portion of outstanding loans, as well as, with respect to the row “Current and non-current financial liabilities for leases”, to the amount generated by the effects of increases, decreases and discounted interest relating to contracts falling within the scope of IFRS 16.

Note 20. Non-current financial payables

The item Non-current financial payables, amounting to €1,123 thousand at 30 June 2021, refers to the loan payable to the shareholder Al Tayer from the subsidiary Brunello Cucinelli Middle East LLC.

(In thousands of euros)	30/06/2021	31/12/2020	Change
Non-current financial payables	1,123	-	1,123
Total non-current financial payables	**1,123**	**-**	**1,123**

Note 21. Other non-current liabilities

Other non-current liabilities amounted to €949 thousand at 30 June 2021 compared to €60 thousand at 31 December 2020. The balance is attributable to deferred liabilities on leases that do not fall within the application of IFRS 16.

(In thousands of euros)	30/06/2021	31/12/2020	Change
Non-current deferred income	949	60	889
Total other non-current liabilities	**949**	**60**	**889**

Note 22. Trade payables

The composition of trade payables at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Trade payables to third-party suppliers	76,306	91,412	(15,106)
Total trade payables	**76,306**	**91,412**	**(15,106)**

Trade payables represent amounts due for the supply of goods and services. Comments on changes in net working capital can be found in the Report on Operations.

Note 23. Current bank debt

The composition of current bank debt at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Current portion of medium/long-term loans	92,787	103,635	(10,848)
Bank advances received and invoices	17,265	1,261	16,004
Accrued interest liabilities	88	111	(23)
Total current bank debt	**110,140**	**105,007**	**5,133**

Bank advances refer to cash advanced on unaccepted trade bills and invoices which is used to finance operating activities.

The current portion of medium/long-term loans refers to the portion of bank loans falling due within 12 months.

Reference should be made to the Report on Operations for further details.

Note 24. Current financial payables

Current financial payables at 30 June 2021 amounted to €778 thousand and arose from the measurement of the payable for the purchase of minority holdings in subsidiaries.

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**Change**
Current financial payables	778	799	(21)
Total current financial payables	**778**	**799**	**(21)**

Note 25. Tax payables

Tax payables at 30 June 2021 amounted to €8,327 thousand compared to €2,621 thousand at 31 December 2020 and €5,251 thousand at 30 June 2020.

This item mainly includes payables for IRES and IRAP taxes of the Parent Company based on results as at 30 June 2021. Other tax payables refer to tax payables not yet paid by subsidiaries at 30 June 2021.

(In thousands of euros)	**30/06/2021**	**31/12/2020**	**Change**
Current IRES corporate income tax payables	5,701	-	5,701
Current IRAP regional production tax payables	1,067	208	859
Other tax payables	1,559	2,413	(854)
Total tax payables	**8,327**	**2,621**	**5,706**

Note 26. Other current liabilities

The composition of other current liabilities at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Payables to agents	2,868	2,860	8
Payables to employees	10,872	8,908	1,964
Social security payables	3,678	5,358	(1,680)
Taxes withheld by the Italian companies (IRPEF withholdings)	2,483	3,919	(1,436)
VAT payables	3,126	2,638	488
Payables for current taxes not on income	283	232	51
Accrued expenses and deferred income	424	812	(388)
Advances from customers	3,743	3,498	245
Other current payables to related parties	-	2,498	(2,498)
Other payables	3,431	4,348	(917)
Total other current liabilities	**30,908**	**35,071**	**(4,163)**

Amounts due to agents relate to accrued commissions payable by the Brunello Cucinelli Group to its agents but not yet paid at the balance sheet date.

Amounts due to employees consist of balances payable for June wages and salaries, settled during the first few days of July, and the accrual for vacation leave vested but not yet taken. Social security payables refer to contributions on wages and salaries paid in June and on wages and salaries accrued at the end of June but paid during the first days of July.

Taxes withheld by the Italian companies consist of end of period balances for IRPEF and withholding taxes paid in July.

VAT payables relate mainly to the balances of the Group's foreign companies.

Advances from customers refer to advances that Group companies receive before the shipment of goods from some customers, both retail and wholesale, mainly foreign.

Other current liabilities to related parties as at 31 December 2020 refer to payables to the company Solomeo S.r.l. following the operation carried out with the favourable opinion of the Control and Risks Committee relating to the purchase of building land adjacent to the industrial hub of Solomeo. As per the contract, the payable was paid on 21 January 2021.

Note 27. Taxes

Deferred tax assets and liabilities

The composition of deferred tax assets and liabilities at 30 June 2021 with comparative figures at 31 December 2020 is as follows:

(In thousands of euros)	30/06/2021	31/12/2020	Change
Deferred tax assets	50,317	35,368	14,949
Deferred tax liabilities	(7,024)	(6,402)	(622)

The balance of deferred tax assets is mainly attributable to the tax effect related to the elimination of intercompany margins on inventories and deferred taxation recorded on temporary differences generated by the accounting of rents. Deferred tax assets were also recorded on the balance of the provision for write-down of inventories.
Deferred tax assets are recognized to the extent that it is probable that sufficient future taxable profit will be available against which temporary deductible differences and carried forward tax assets and liabilities can be utilized.

Income taxes

The composition of the income tax charge in the consolidated income statement and total income taxes is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Current taxes	10,570	4,486	6,084
Net deferred taxes	(13,389)	(21,025)	7,636
Prior year taxes	99	(81)	180
Total income taxes in the consolidated income statement	**(2,720)**	**(16,620)**	**13,900**
Income taxes in the comprehensive income statement	(1,020)	541	(1,561)
Total income taxes	**(3,740)**	**(16,079)**	**12,339**

Taxes are calculated using the estimate at the balance sheet date of the expected annual tax rate.

In accordance with paragraph 16 A(c) of IAS 34 the Group has reported the most significant items in the Group's income tax balances, considering this information useful for obtaining an understanding of the total balance stated in the condensed consolidated interim financial statements.

5. COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

Note 28. Revenue from sales and services

The composition of revenues from sales and services for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	**30/06/2021**	**30/06/2020**	**Change**
Revenue from sales and services	313,764	205,143	108,621

Revenues are earned from the sale of clothing and accessories of the Brunello Cucinelli Group. For detailed comments on this table reference should be made to the Report on Operations.

Revenues may be broken down by geographical area as follows:

(In thousands of euros)	**H1 ended 30 June**				**Change in the period**	
	2021	**% %**	**2020**	**% %**	**2021 v 2020**	**2021 v 2020 %**
Europe	95,894	30.6%	66,807	32.6%	29,087	+43.5%
Italy	41,038	13.1%	28,943	14.1%	12,095	+41.8%
Americas	99,983	31.9%	57,976	28.3%	42,007	+72.5%
Asia	76,849	24.4%	51,417	25.0%	25,432	+49.5%
Total	**313,764**	**100.0%**	**205,143**	**100.0%**	**108,621**	**+52.9%**

Note that at 30 June 2021 sales are 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.

Revenues may be broken down by distribution channel as follows:

(In thousands of euros)	**H1 ended 30 June**				**Change in the period**	
	2021	**% %**	**2020**	**% %**	**2021 v 2020**	**2021 v 2020 %**
Retail	165,468	52.7%	102,517	50.0%	62,951	+61.4%
Wholesale	148,296	47.3%	102,626	50.0%	45,670	+44.5%
Total	**313,764**	**100.0%**	**205,143**	**100.0%**	**108,621**	**+52.9%**

In accordance with the accounting standard IFRS 15 the Group recognizes revenues for the sale of products at a point in time.

Reference should be made to the Report on Operations for comments on revenue performance.

Note 29. Costs for raw materials and consumables

The composition of costs for raw materials and consumables for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Costs for raw materials and consumables	43,661	55,837	(12,176)
Change in inventories	3,265	(45,180)	48,445
Total costs for raw materials and consumables	**46,926**	**10,657**	**36,269**

Reference should be made to the Report on Operations for comments on the differences.

Note 30. Cost of services

The composition of costs for services for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Outsourced work	57,393	57,277	116
Advertising and other marketing costs	14,423	13,335	1,088
Transport and duties	12,999	9,005	3,994
Lease expense	12,892	4,703	8,189
Commissions and accessory charges	4,019	5,912	(1,893)
Credit card charges	3,075	2,017	1,058
Outsourced services, training and miscellaneous consultancy	3,268	3,416	(148)
Maintenance services	2,880	2,146	734
Electricity, telephone, gas, water and postal expenses	2,856	2,837	19
Directors' and statutory auditors' fees	1,808	1,405	403
Insurance	827	820	7
Digital maintenance and support	2,014	1,073	941
Other general expenses	4,087	3,208	879
Total costs for services	**122,541**	**107,154**	**15,387**

The main "Costs for services" are discussed in the Report on Operations to which reference should be made.

With regard to the other items shown in the table and not commented on in the Report on Operations, it should be noted that they are substantially in line with the previous period. These include increases in maintenance services (increased by €734 thousand), costs for fees paid to Directors and Statutory Auditors linked to the renewal of the mandate in the half year (increased by €403 thousand), maintenance and digital support (increased by €941 thousand) and other general expenses (increased by €879 thousand).

In conclusion it should be noted that costs for services also include an amount of €3,018 thousand relating to expenses of an IT/Digital nature.

Note 31. Payroll costs

The composition of payroll costs for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Wages and salaries	47,315	45,129	2,186
Social security contributions	11,261	9,898	1,363
Employee severance indemnity	1,621	1,720	(99)
Other payroll costs	1,294	736	558
Total payroll costs	**61,491**	**57,483**	**4,008**

Reference should be made to the Report on Operations for comments on the differences.

Note 32. Other operating costs

The composition of other operating costs for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Taxes and duties	1,854	1,952	(98)
Losses on bad debts	16	13	3
Other operating costs	2,113	2,329	(216)
Total other operating costs	**3,983**	**4,294**	**(311)**

"Other operating costs" mainly refer to costs for the purchase of personal protective equipment (PPE) and other devices to contain and combat the COVID-19 epidemiological emergency.

Note 33. Other operating income

The composition of Other operating revenues at 30 June 2021 with comparative figures at 30 June 2020 is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Other operating income	2,162	1,347	815
Total other operating revenues	**2,162**	**1,347**	**815**

The item "Other operating income" is mainly represented by contributions granted by foreign governments to Group companies to cope with the economic crisis created by the pandemic, which at 30 June 2021 amounted to a total of €1,315 thousand.

Note 34. Increases in fixed assets for internal costs

The increase of €1,355 thousand in own work capitalized mainly relates to production costs incurred to develop the historical collection, costs for the internal fit-out of the Group's boutiques and costs for the development of new IT procedures. The balance at 30 June 2020 amounted to €1,414 thousand.

Note 35. Depreciation/amortisation

The composition of depreciation and amortization for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Amortization of right-of-use assets	39,138	36,010	3,128
Amortization of intangible assets	2,189	1,775	414
Depreciation of property, plant and equipment	13,934	12,066	1,868
Total depreciation and amortization	**55,261**	**49,851**	**5,410**

The increase in the depreciation and amortization charge is linked to the investments made by the Group.

Reference should be made to the Report on Operations for comments on the differences.

Note 36. Value adjustments to assets and other provisions

Value adjustments to assets and other provisions (€1,745 thousand in the first half of 2021 and €31,740 thousand in the first half of 2020) relate to allocations, provision for doubtful accounts, provisions for the agents' supplementary termination indemnity provision and adjustments to the residual net book value of tangible assets recognized on enlarging the Group's boutiques. It should be remembered that the balance of 30 June 2020 also included the extraordinary allocation to the provision for inventories for an amount equal to €30,000 thousand.

Note 37. Financial expense

The composition of financial expense for the six months ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	**30/06/2021**	**30/06/2020**	**Change**
Lease interest expense	5,128	5,491	(363)
Mortgage loan interest	378	333	45
Interest payable on advances	281	733	(452)
Bank interest expense	-	2	(2)
Realized exchange losses	10,852	11,260	(408)
Unrealized exchange losses	1,127	4,465	(3,338)
Lease exchange losses	94	1,390	(1,296)
Financial expense on derivatives	825	2,114	(1,289)
Impairment of CGU ("Cash Generating Unit")	5	572	(567)
Miscellaneous financial expense	207	161	46
Total financial expense	**18,897**	**26,521**	**(7,624)**

A comment on the changes can be found in the Report on Operations, where the item Financial expense is analysed together with the item Financial income.

Note 38. Financial income

The composition of financial income for the interim period ended 30 June 2021 with comparative figures for the six months ended 30 June 2020 is as follows:

(In thousands of euros)	30/06/2021	30/06/2020	Change
Lease interest income	10	9	1
Bank interest income	10	17	(7)
Realized exchange gains	9,983	12,677	(2,694)
Unrealized exchange gains	1,339	2,523	(1,184)
Lease exchange gains	1,272	68	1,204
Financial income on derivatives	31	191	(160)
Different income	52	34	18
Total financial income	**12,697**	**15,519**	**(2,822)**

A comment on the changes can be found in the Report on Operations, where the item Financial income is analysed together with the item Financial expense.

Note 39. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net profit for the period attributable to the ordinary shareholders of the Brunello Cucinelli Group by the weighted average number of outstanding ordinary shares during the period.

There is no difference between basic earnings per share and diluted earnings per share as there are no convertible bonds or other financial instruments with dilutive effects.

The following table shows net profit and share information used to calculate basic and diluted earnings per share:

	30/06/2021	30/06/2020
Net profit attributable to owners of the parent (in thousands of euros)	20,347	(47,520)
Number of ordinary shares at the end of the period	68,000,000	68,000,000
Weighted average number of ordinary shares used to calculate basic earnings per share	68,000,000	68,000,000
Weighted average number of ordinary shares used to calculate diluted earnings per share	68,000,000	68,000,000
Basic earnings/(loss) per share	0.29922	(0.69882)
Diluted earnings/(loss) per share	0.29922	(0.69882)

Note 40. Commitments and guarantees provided

As at 30 June 2021 the Group had commitments and guarantees mainly attributable to leases of new points of sale for an amount of €35.6 million.

Also note assets owned by the Brunello Cucinelli Group lent to third parties and mainly related to operating machines and electronic equipment lent at no charge to workshops and outside companies which use them to produce and supply apparel and services for an amount of €240 thousand.

6. OTHER INFORMATION

RELATED PARTY TRANSACTIONS

The following tables provide details of transactions with related parties as at 30 June 2021, all at market conditions:

(In thousands of euros)	Net revenues	Other operating income	Costs for raw materials and consumables	Cost of services	Payroll costs	Property, plant and equipment	Other non-current financial assets	Trade receivables	Trade payables	Other current liabilities
MO.AR.R. S.n.c.	2	1	17	22	-	7,169	-	2	198	-
CMB Impianti Industriali Srl (Cucinelli Giovannino)	-	-	-	-	-	-	-	-	-	-
AS.VI.P.I.M. Cucinelli Group	-	-	-	453	-	2	-	-	75	-
Foro delle Arti S.r.l. (former Solomeo S.r.l.	-	-	-	102	-	5,109	32	-	59	-
Verna S.r.l.	-	-	-	230	-	-	-	-	38	-
Brunello Cucinelli family	-	2	-	401	361	-	-	-	-	65
Directors and Executives with strategic responsibilities	-	-	-	553	643	-	-	-	-	425
Prime Service Italia S.r.l.	-	-	-	184	-	-	-	-	59	-
Fedone S.r.l.	-	-	-	32	-	-	-	-	20	-
Brunello Cucinelli Foundation	1	-	-	10	-	-	-	-	5	-
Parco Agrario Solomeo	-	1	3	46	-	8	-	1	9	-
S.C.R. Oratorio Interreligioso S.S.D. A.r.l.	-	-	-	-	-	-	-	4	-	-
Total related parties	**3**	**4**	**20**	**2,033**	**1,004**	**12,288**	**32**	**7**	**463**	**490**
Total consolidated financial statements	**313,764**	**2,162**	**46,926**	**122,541**	**61,491**	**156,389**	**12,676**	**75,673**	**76,306**	**30,908**
Proportion %	*0.00%*	*0.19%*	*0.04%*	*1.66%*	*1.63%*	*7.86%*	*0.25%*	*0.01%*	*0.61%*	*1.59%*

The following table sets out the balances at 30 June 2021 arising from the application of the new standard IFRS 16 to related party transactions:

(In thousands of euros)	Right-of-use	Non-current financial liabilities for leases	Current financial liabilities for leases	Depreciation/ amortisation	Financial expense
Foro delle Arti S.r.l.	4,932	4,854	525	272	77
Total related parties	**4,932**	**4,854**	**525**	**272**	**77**
Total consolidated financial statements	**500,259**	**465,637**	**80,587**	**55,261**	**18.897**
Proportion %	*0.99%*	*1.04%*	*0.65%*	*0.49%*	*0.41%*

Specifically:

– MO.AR.R. S.n.c.: commercial relations with the company MO.AR.R. S.n.c., of which Mr. Enzo Cucinelli, brother of Cav. Lav. Brunello Cucinelli, holds 50% of the share capital, relate to: (i) purchases of decorating materials used for fitting out exhibitions and fairs and (ii) investments for the furnishing of the new points of sale and offices.

– CMB Impianti Industriali S.r.l. (Cucinelli Giovannino): company that refers to Mr. Giovannino Cucinelli, brother of Cav. Lav. Brunello Cucinelli. Costs for services consist of expenses for the installation, maintenance and routine repair of plumbing and air-conditioning systems; expenditure incurred for the installation and extraordinary maintenance of the above mentioned systems is capitalized in property, plant and equipment.

– AS.VI.P.I.M. Gruppo Cucinelli: this association conducts the surveillance of all of the buildings located in Solomeo and used by the Group for its business. It should be noted that Cav. Lav. Brunello Cucinelli and the Group are both members.

– Foro delle Arti S.r.l. (former Solomeo S.r.l.): a company in which Cav. Lav. Brunello Cucinelli is the Chairman and CEO; transactions mainly relate to renting and making investments in property used by the Company for conducting operations in the area close to the Company's headquarters. The amounts involved and set out in the above table include the effects of applying the new accounting standard IFRS 16.

– Verna S.r.l.: this company, whose shareholders are Cav. Lav. Brunello Cucinelli and Fedone S.r.l., provides services for the cleaning of the premises and factories of the Company's administrative and production facility in Solomeo.

– Brunello Cucinelli family: this is the remuneration deriving from the employment relationship and the fees for the office of Director of the Parent Company of Cav. Lav. Brunello Cucinelli and his family members.

– Directors and Executives with strategic responsibilities: these are Executives with strategic responsibilities, including the remuneration deriving from the employment relationship and the fees for the position of directors of the Parent Company (including the fees of the CEO Riccardo Stefanelli).

– Prime Service Italia S.r.l.: this company, controlled by Cav. Lav. Brunello Cucinelli, provides transport services on behalf of Group companies.

– Fedone S.r.l.: a company in which Cav. Lav. Brunello Cucinelli is the Chairman and CEO and which at 30 June 2021 holds a 51% interest in the parent company.

– Brunello Cucinelli Foundation, Parco Agrario Solomeo and S.C.R. Oratorio Interreligioso S.S.D. A.r.l.: insignificant amounts relating mainly to recharges for services rendered.

SIGNIFICANT EVENTS AFTER 30 JUNE 2021

Reference should be made to the Report on Operations for significant events occurring after the reporting date of these condensed consolidated interim financial statements.

COMPENSATION OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

The total value of fees paid to members of the Board of Directors at 30 June 2021 amounted to €1,093 thousand.

The total value of fees paid to members of the Board of Statutory Auditors at 30 June 2021 amounted to €79 thousand.

FINANCIAL RISK MANAGEMENT

Financial risks are managed on the basis of guidelines established by the Board of Directors. The aim is to ensure a liability structure that remains balanced with the composition of assets to maintain adequate levels of solvency.

The Brunello Cucinelli Group is exposed to various types of financial risks connected with its core business. More specifically, the Group is simultaneously exposed to market risk (interest rate risk and currency risk), liquidity risk and credit risk.

Interest rate risk

It is the Company's policy to hedge its exposure on the medium and long-term portion of debt for market risk arising from interest rate changes. To manage such risk the Company uses derivative instruments such as interest rate swaps.

Currency risk

The Brunello Cucinelli Group is exposed to currency risk for the currencies (primarily the US dollar) in which sales are made to affiliates and third-party customers. This risk exists in the eventuality that the countervalue of revenues in euro may decrease in the event of adverse fluctuations in the exchange rate, thereby preventing the desired margin from being achieved.
To limit its exposure to the currency risk deriving from its business activities the Brunello Cucinelli Group enters into derivative contracts (forward exchange contracts) that predetermine the conversion rate or a range of conversion rates at future dates.

The forward contracts are stipulated when seasonal price lists in foreign currency are defined on the basis of estimated sales, with the expiry date of the derivative set as the expected collection date of the sales invoices. In particular, the Company sets its selling prices in euro and calculates the corresponding prices in US dollars by applying the contracted forward exchange rate.

Liquidity risk

The Brunello Cucinelli Group manages liquidity risk by strictly controlling the items making up working capital and, in particular, receivables from customers and payables to suppliers.

The Group strives to obtain good cash generation in order to settle trade payables without jeopardizing its short-term cash requirements and to avoid criticalities and strains of available cash.

Credit risks

Credit risk is the Company's exposure to potential losses arising from the failure by counterparties to meet their obligations.

The Brunello Cucinelli Group's exposure to commercial credit risk refers only to sales made to the wholesale multibrand channel and to the wholesale monobrand channel, whereas the remaining turnover refers to sales in the retail channel where payment is made in cash or by credit or debit card.

The Brunello Cucinelli Group generally prefers to do business with customers with whom it has established a consolidated relationship over time. It is the Group's policy to carry out checks on the relative credit class for customers requesting extended payment terms both by using information obtainable from specialized agencies and observing and analysing figures for the performance of established customers. In addition, balances are constantly monitored during the year in order to ensure timely action and reduce the risk of loss.

BALANCES OR TRANSACTIONS DERIVING FROM ATYPICAL OR UNUSUAL OPERATIONS

Pursuant to Consob Communication no. DEM/6064293 of 28 July 2006, it should be noted that there were no atypical and/or unusual transactions, as defined in said Communication.

Luca Lisandroni	**Cav. Lav. Brunello Cucinelli**	**Riccardo Stefanelli**
Chief Executive Officer Markets Area	Chairman of the Board of Directors	Chief Executive Officer - Product and Operations Area

CERTIFICATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Luca Lisandroni, as Chief Executive Officer of the Markets Area, Riccardo Stefanelli, as Chief Executive Officer of the Product and Operations Area, and Moreno Ciarapica, as the manager in charge of preparing the corporate accounting documents of Brunello Cucinelli S.p.A., hereby certify, taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- their adequacy with respect to the company and
- the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements during the course of the first half of 2021.

2. No significant aspects arose from applying the administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements as of and for the six months ended 30 June 2021.

3. We also certify that:

3.1 The condensed consolidated interim financial statements:

a) Have been prepared in accordance with the international accounting standards recognized by the European Community as per Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.
b) agree with the balances on the books of account and the accounting records;
c) are suitable for providing a true and fair view of the financial position, results and cash flows of the issuer as well as the set of companies included in the consolidation.

3.2 The interim report on operations includes a reliable analysis of the significant events that occurred during the first six months of the financial year and their effect on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of information on material transactions with related parties.

26/08/2021

Luca Lisandroni	Riccardo Stefanelli	Moreno Ciarapica
Chief Executive Officer Markets Area	Chief Executive Officer - Product and Operations Area	Manager in charge of preparing

REPORT OF THE EXTERNAL AUDITORS ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

REVIEW REPORT

BRUNELLO CUCINELLI SPA

CONSOLIDATED CONDENSED HALF YEAR FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Brunello Cucinelli SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Brunello Cucinelli SpA and its subsidiaries (the Brunello Cucinelli Group) as of 30 June 2021, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cashflow statement and the related explanatory notes. The directors of Brunello Cucinelli SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the Brunello Cucinelli Group as of 30 June 2021 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

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Other Matters

The consolidated financial statements as of and for the year ended 31 December 2020 and the consolidated condensed interim financial statements for the period ended 30 June 2020 were audited and reviewed, respectively, by other auditors, who on 25 March 2021 expressed an unqualified opinion on the consolidated financial statements, and on 27 August 2020 expressed an unmodified conclusion on the consolidated condensed interim financial statements.

Rome, 26 August 2021

PricewaterhouseCoopers SpA

Signed by

Stefano Amicone
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the condensed interim financial statements referred to in this report.