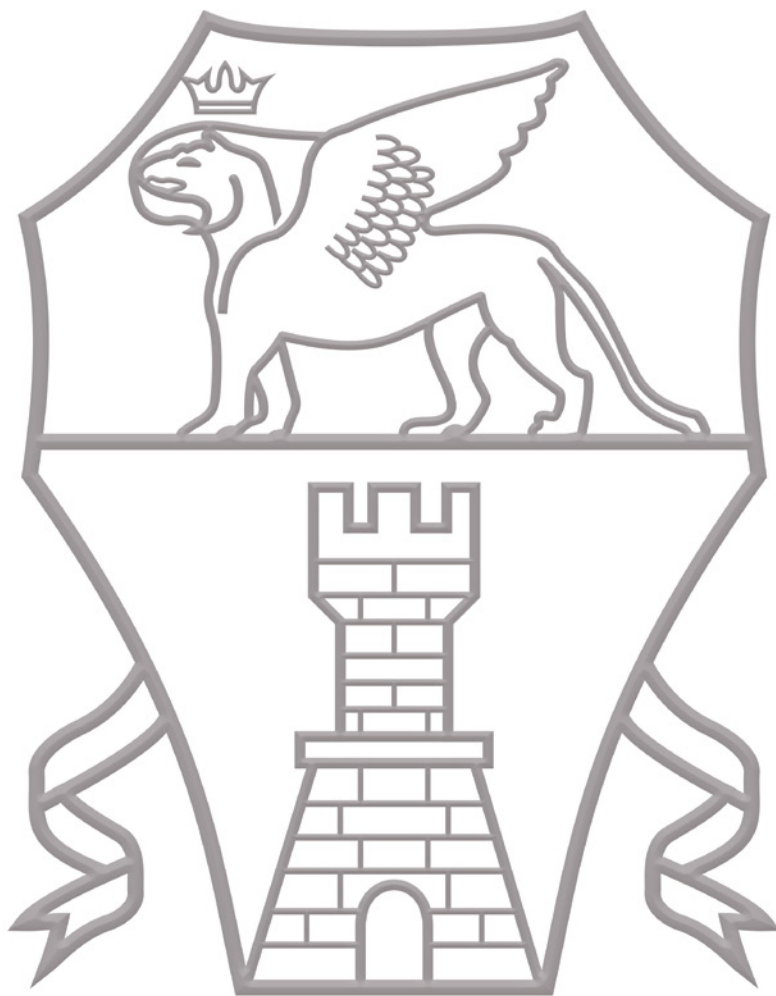




BRUNELLO CUCINELLI



INTERIM FINANCIAL REPORT AS AT 30 JUNE 2022

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)



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## **CORPORATE DETAILS**

### **Registered office of the Parent Company**

Brunello Cucinelli S.p.A.  
Viale Parco dell'Industria 5, Solomeo hamlet  
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/>

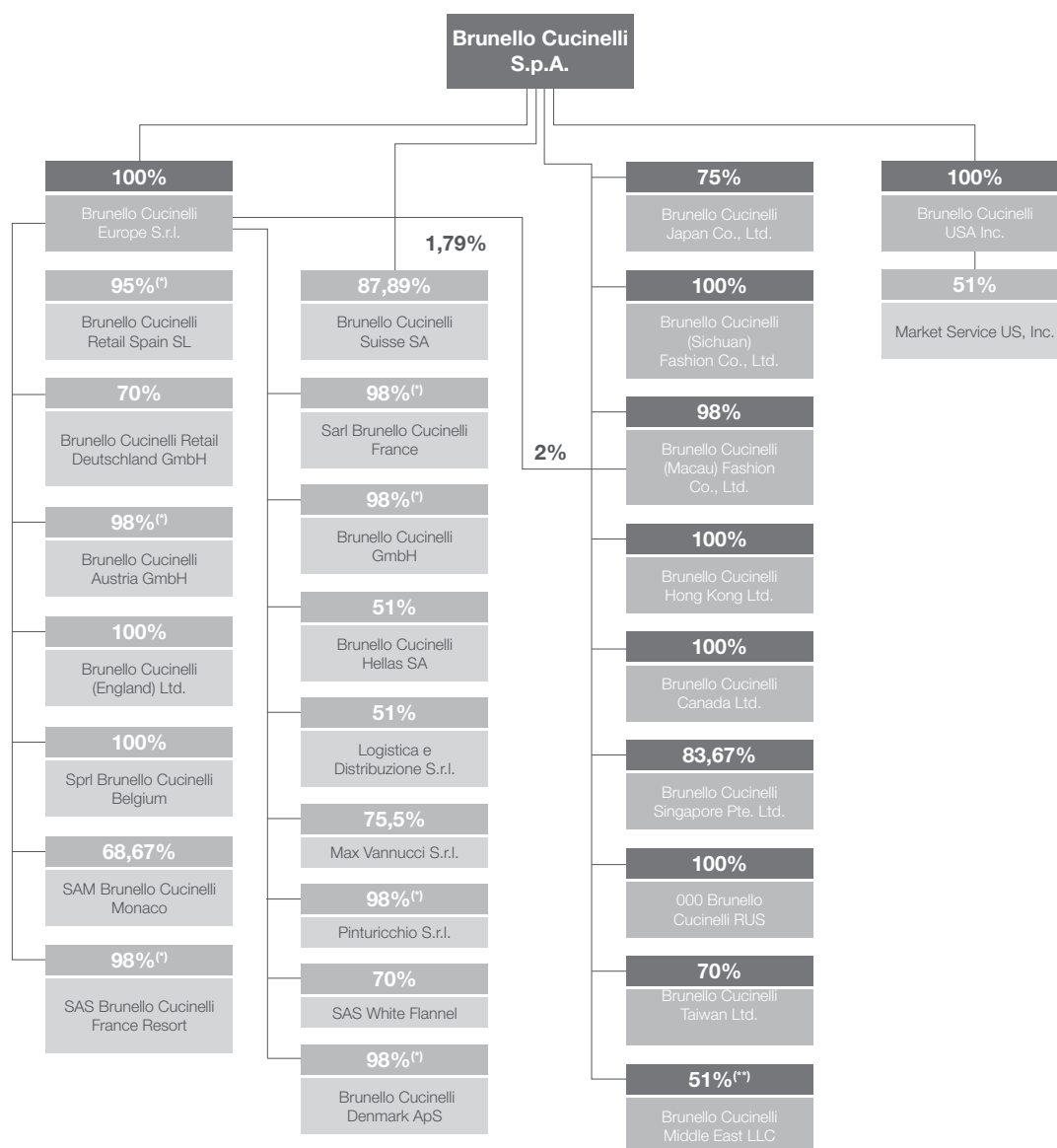
**CORPORATE GOVERNANCE BODIES AS AT 30 JUNE 2022**

<b>Board of Directors<sup>(1)</sup></b>	Brunello Cucinelli Riccardo Stefanelli Luca Lisandrone Giovanna Manfredi Camilla Cucinelli Carolina Cucinelli Stefano Domenicali Andrea Pontremoli Ramin Arani Maria Cecilia La Manna Emanuela Bonadiman	Executive Chairman CEO CEO Director Director Director Independent Director Independent Director Independent Director Independent Director Independent Director
<b>Lead Independent Director</b>	Ramin Arani	
<b>Audit and Risk Committee</b>	Maria Cecilia La Manna Andrea Pontremoli Emanuela Bonadiman	Chairman
<b>Remuneration Committee</b>	Emanuela Bonadiman Stefano Domenicali Ramin Arani	Chairwoman
<b>Board of Statutory Auditors<sup>(1)</sup></b>	Paolo Prandi Alessandra Stabilini Gerardo Longobardi Guglielmo Castaldo Myriam Amato	Chairman Standing Auditor Standing Auditor Alternate Auditor Alternate Auditor
<b>Auditing Firm</b>	PricewaterhouseCoopers S.p.A.	
<b>Financial Reporting Officer</b>	Moreno Ciarapica	

(1) Appointed at the ordinary shareholders' meeting of 21 May 2017; 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 2022



(\*) 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 2022**

<b>Company name</b>	<b>Location</b>
Brunello Cucinelli S.p.A.	Corciano, Solomeo hamlet (PG) – Italy
Brunello Cucinelli Europe S.r.l.	Corciano, Solomeo hamlet (PG) – Italy
Max Vannucci S.r.l.	Corciano (PG) – Italy
Pinturicchio S.r.l.	Corciano, Solomeo hamlet (PG) – Italy
Logistica e Distribuzione S.r.l.	Milan – Italy
Brunello Cucinelli Austria GmbH	Vienna – Austria
Sprl Brunello Cucinelli Belgium	Bruxelles – 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
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 and with direct employees. At 30 June 2022, the directly managed boutiques (DOS) totalled 117, to which are added a number of hard shops within department stores equal to 42.
- 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 single-brand stores operated by third parties under commercial distribution agreements (Single-brand wholesale), independent multi-brand points of sale and dedicated shop-in-shops in department stores (Multi-brand wholesale). The Group uses a network of agents and distributors for sales to a number of single-brand and multi-brand wholesale customers.  
At 30 June 2022 there were 30 single-brand wholesale boutiques.

A summary is provided below of the Brunello Cucinelli Group's single-brand sales network at 30 June 2022 compared to the situation at 30 June 2021:

Distribution channel	30/06/2022	30/06/2021
Retail	117	112
Single-brand wholesale	30	31

The following table sets out existing sales points at 30 June 2022 by location:

	Italy	Europe	Americas	Asia	Total
Total Brunello Cucinelli stores	14	46	36	51	147



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**INTERIM MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AS  
AT 30 JUNE 2022**

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## 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 recognised 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 recognised 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 organisation founded on "**Human Sustainability**".





## OUR FIRST SIX MONTHS OF THE YEAR

The excellent results of the first half of 2022 are very satisfying, a sentiment accompanied by a **melancholic** mood with respect to the ongoing situation in Ukraine. As always, in keeping with the spirit that animates the work and life of Solomeo, each day we try to cultivate the **hope** that a new era of peace and dialogue between peoples will soon come.

We continue to **focus on our work** in the conviction that the great dedication and extreme care we devote to our products expresses the same care we devote to our human resources, our suppliers, our fashion designers and all those customers, partners, journalists and friends we interact with on a daily basis.

With regard to the dynamics of the half year, the strong growth in demand in **Europe, North America** and the **Middle East** allowed us to more than cover the effects of the restrictions applied to the Russian market. **Increased** sales in the **Asian market** significantly contributed to the outstanding results achieved in the **Middle East, Japan** and **Korea**.

**China** saw solid **growth**, albeit limited, in both **Q1** and **Q2 2022** despite new pandemic-related restrictions in recent months.

There was **wonderful growth** in both sales channels, **retail and wholesale**: an important complementarity in sales contribution and fascinating with respect to the contribution that the multi-brand channel is able to offer us in keeping the collections fresh, modern and contemporary.

In the first six months of 2022 retail accounted for almost 60% of the half-yearly sales, while approximately 40% was accounted for by the wholesale channel, and to us this combination always seems quite attractive.

We believe that the very strong contribution of **physical retail** underscores the great, widespread desire to return to enjoy the Brunello Cucinelli experience within our boutiques, which have been constantly updated and are ready to welcome and amaze customers once again. The digital channel, always very important for our image, has continued its sustained growth though at a more “*harmonious*” speed than the peaks of 2020 and 2021.



A very important growth in revenues is accompanied by a **complete rebalancing** of our **margins**.

Revenue growth allowed us to fully reabsorb the transitory effects of the pandemic on major cost lines and to be able, today, to fully benefit from the decisions of having preserved the corporate structure and kept investment choices and business planning unchanged.

We believe this choice has been a key contributor to revenue growth in the first half of 2022, with the second quarter reporting its best quarterly performance ever, **further strengthening relationships with all of the Company's stakeholders**.

We believe that there are many elements that contribute to these results, and among these we would like to spotlight **the high level of craftsmanship incorporated in the product**, an **industrial dimension** capable of creating **unique handiwork**, a planning and organisation that allows for **punctual, efficient deliveries**, the positioning in absolute luxury, and the **pursuit of exclusivity**.

We also imagine there are other important aspects that facilitate our growth: the offer of a complete, consistent **lifestyle** that revolves around a ready-to-wear clothing range, as well as the **authentic, special relationship** we try to establish with all our **customers** based on trust and mutual esteem, and also fuelled by the sense of **hospitality** that we try to convey in all our sales spaces.

Finally, we believe that the authenticity of our product range and the value of our ideals of **Human Sustainability and Humanistic Capitalism** – in all its environmental, economic, cultural and spiritual variations – continue to be one of the major criteria for why so many customers have chosen us.



Our Casa di Moda has always been and remains a business inspired by the most harmonious balance possible between profit and giving, respecting every human being, as well as the responsible use of every resource. With this in mind, for **2022** we have therefore planned a **small economic gift** for our Human Resources as a gesture of gratitude and support at a time of higher inflation than in previous years.





### The Product and High Craftsmanship

First of all, the results for H1 2022 reveal a full recognition of the love of many customers around the world for our **product**, which is considered by many to be **fresh, contemporary** and of the **highest craftsmanship**.

During the last quarter we recorded **very interesting sell-through figures** for the **Spring/Summer 22** collections in both our direct shops and our multi-brand partners, and in the latter part of the quarter we were already able to see an excellent start of sales of the Fall/Winter collections.

In June we also collected a large part of the wholesale orders for the **Spring/Summer 23** men's collection presented at Pitti at the beginning of the month with a **very positive result**.

We believe that the main driving force for the entire market is the intensity of the **desire for luxury** products in all regions of the world, and we believe that products with the **highest craftsmanship** are particularly attractive at this time. The **focus on sustainability** has further accelerated the search for a **“well-made” product**, created according to ethical criteria and intended to **last over time**.



The **product** continues to be the **focus** of our **Casa di Moda**, and its quality remains the indispensable foundation of our positioning in the absolute luxury segment.

In the development of our collections, the wealth of skills of our invaluable artisans is constantly available and at the same time stimulated by the creative teams in a mutually enriching relationship.

The unique, distinctive fruit of their collaboration seems to us to be particularly valued today by customers who are as attentive to research as to the highest expressions of savoir faire.

It seems particularly important to us today to continue investing in our **School of Contemporary High Craftsmanship and Arts in Solomeo**.

On the one hand, we believe it is our duty to try to restore **moral and economic dignity** to these skills, and on the other hand to ensure the **generational continuity of “expert hands”**, which are indispensable for maintaining a consistently high level of production quality over time, even in the face of increased sales growth.

### School of Contemporary High Craftsmanship and Arts in Solomeo

In order to entice our youth to understand the proper value of manual labour, not to leave our precious traditions behind, the School of Contemporary High Craftsmanship and Arts in Solomeo was founded in recent years, inspired by the ideas of those great visionaries who were John Ruskin and William Morris and the humanistic revaluation of Arts and Crafts.



A building was constructed specifically for the Solomeo School, from which one can admire the beautiful Umbrian landscape, and some rooms in the castle that until recently housed the company's production have been used as classrooms.

In these environments, artisans have been trained for several years in those arts and crafts that have long been the glory of Italian creativity, and technology – a precious gift of the human mind – is placed at the service of the human hand and eye. As in the ancient workshops, teaching is hands on and provided by an experienced master: in Women's Patterns and Tailoring, Men's Cutting and Tailoring, Mending and Mending, Horticulture and Gardening, and Masonry Arts.

By attending these courses, with a monthly stipend, working only in the mornings for five hours a day, many young people have been able to understand and appreciate the real value of craftsmanship as an art form, have become enthusiastic, and eagerly inform their friends about a type of work they now love. A benefit that is not just theirs, because it goes to the glorious rebirth of our craftsmanship and moral and economic dignity.





This is the comment of **Brunello Cucinelli**: *“From a young age I admired the objects and manufactures that Italian artisanal genius made unique, useful and beautiful. I sensed behind the hands that laboriously shaped the material something greater that dictated their action, the creative spirit that the whole world sees in us. I would like this to become an important value for our young Italians to be proud of again”.*

### Love for our beautiful factory

Our industry and Casa di Moda was founded with the aim of **producing high quality, handcrafted products**, the result of adopting the highest standards in all phases of creation, from the selection of materials to packaging, so that the product expresses timeless values and, also by virtue of its durability, it handed down from generation to generation.

Over the years, the company has grown a great deal, acquiring and consolidating customer esteem and appreciation, and bearing witness to the world to the concept of **Made in Italy** in its broadest value, including the **beauty, creative genius** and **taste** associated with the **Italian lifestyle**.

Thanks to constant attention to the choice of the **most prestigious raw materials**, the **work of the skilled hands** of our **human resources** and all the **artisans and fashion designers** we work with, our company has evolved to become what the international press, customers and stakeholders recognise as an **authentically Italian manufacturing industry**.



We believe that a decisive factor in achieving the results of this half year was the great **reliability** of our **beautiful factory** and our entire production facility.

We feel that we have succeeded in guaranteeing an **excellent service both in terms of the quality of our products** and the **punctuality** and **completeness** of the **deliveries** to our wholesale partners and our direct shops, allowing us to take full advantage of the opportunities arising from the strong consensus around our collections.

As usual, we were able to **ensure the availability of raw material** by anticipating our requests to our industrial partners as much as possible due to a relationship of great cooperation, respect and mutual understanding.

In **our relations with our suppliers and fashion designers**, we believe that we still benefit from the designing and sharing of company objectives conscientiously carried out as early as mid-2020, refined for each product category.

This design allowed us to be perfectly prepared for increased demand without having to resort to any extraordinary initiatives.

The great responsiveness of our **short, all-Italian supply chain** thus made it possible to absorb an increase in product volumes faster than experienced in the past.



### Our factory and future development projects

While remaining focused on the day-to-day business of our work, we always keep a **long-term view**, which will allow us to harmoniously pursue our sustainable growth.

In this regard, we finalised two important transactions in the first half of the year, namely the **acquisition of a large eight-hectare area** on the outskirts of Solomeo and the **acquisition of 43% of the prestigious Lanificio Cariaggi Cashmere**.

The **eight-hectare** area is located in the immediate vicinity of our hamlet of Solomeo where there was an industrial complex built in the 1970s and that remained operational until about 30 years ago.

This area will be completely redeveloped and reclamation work has already started, which will be followed by the building recovery plan to gradually build up to approximately 40,000 square metres (plus related services and outdoor spaces).

Through this project **ample space will be made available** for our Casa di Moda, in a location that is extraordinarily close to the Solomeo factory, in order to allow for the company's growth in the years to come, as needed, *"for the next 50 years"*.

We therefore believe that this project is in line with the company's philosophy and our idea of Humanistic Capitalism and Human Sustainability, which always aim at **promoting the area** we live and work in through a major redevelopment of what we call the **"lovable neighbourhoods"**.

It is precisely for this reason that, in the name of human sustainability and **love for the land and its dignity**, we seek to **use only existing structures**, in this case abandoned factories, without building new structures and thus occupying more land.

Also our current site was originally a factory from the 1960s and 1970s, which has been completely renovated, extended and adapted to contemporary working life.



Equally important for our future development was, on 14 March 2022, the **acquisition of 43%** of the prestigious **Lanificio Cariaggi Cashmere**, a historical cashmere supplier based in the medieval Borgo of Cagli. Brunello Cucinelli commented on the operation as follows:

*“It is with a great sense of gratitude that we announce that our company has acquired 43% of Cariaggi Lanificio S.p.A., of Cagli.*

*I had the opportunity to start my own business in cashmere thanks to the human trust that the Cariaggi and Caprai families placed in me. For this, thank you very much. I have always believed that Cariaggi is perhaps one of the jewels of Italian manufacturing, with products of great quality and craftsmanship; there is no doubt that it should be counted among the first industries in the sector in the world, if not the first, and that it represents something important for our territory and its culture. In this project, I am not hiding my love for our land, as well as the great opportunity that our respective children and grandchildren will have to continue manufacturing products in this wonderful fibre that we call ‘golden fleece’ for decades to come, thus contributing to improving the living conditions of our people”.*

This is the first time that our Casa di Moda has opted to invest in an external company that is part of our production chain, and we imagine this step as a renewed sign of an indelible bond between our Casa di Moda and cashmere.

The decision to enter directly into the capital of Lanificio Cariaggi represents the latest stage in a journey and partnership that began over 30 years ago: **Lanificio Cariaggi Cashmere** has always been a serious **supplier of top-quality raw materials** to our industry.

The splendid collaboration between the two companies is enriched by an **equally special relationship between the Cucinelli and Cariaggi families**, united by their focus on the absolute quality of raw materials, the provision of the best working conditions in their respective workshops, and more generally a perfectly consistent interpretation of the same inspiring principles that underpin our idea of human sustainability.



### The quest for exclusivity

We have always believed and continue to believe that **luxury**, at least the way we see it, remains **synonymous with exclusivity**.

The customer's search for exclusivity has always been an important criterion, but we believe that this trend is particularly strong in several markets at this time.

The increased exposure and visibility of many people around the world has further increased the attention paid to how they present themselves to others, boosting the importance of the **ready-to-wear** category, which makes a **fundamental contribution** in defining a person's **everyday image**.



In many categories today we see a **search for the very high quality** that effectively supports the brands with the most prestigious positioning.

In this context, our careful strategy of **not overexposing** the product and **protecting the brand** seems to us to have consistently **increased the appeal, attractiveness and sense of exclusivity** of our product range, thus promoting traits inherent in handicrafts with a high degree of craftsmanship.

## BOUTIQUES and our idea of HOSPITALITY

The concept of hospitality has always been a **fundamental value** for our Casa di Moda: welcoming customers as if they were our guests, offering polite attention to make them feel at ease and to share a sincere, serene and human interaction.

In fact, in all our boutiques we genuinely try to convey the same sense of hospitality that we offer in the village of Solomeo.

In all of our **boutiques** we have always imagined and carefully arranged spaces that are not directly intended for sales, but rather dedicated to the **pleasure of the customers and guests' time in the shop**, so that the visit can be spent naturally in an atmosphere of familiarity with the places, people and values.



Thus, our boutiques aspire to become cosy homes, also thanks to the role of the store managers who act as “hosts” and brand ambassadors, paying attention to all those details that contribute to a familiar, warm atmosphere.

Even in the smallest boutiques we have always created a space to offer a **small bar and coffee service** as a sign of customer care, and at the same time as an expression of a distinctly Italian lifestyle that celebrates the pleasure of meeting together with the offer of a coffee or a small refreshment.



We believe that the kindness shown and the **loveliness of the relationship** established has helped to create a strong bond between the boutique and its customers, who enthusiastically return to our spaces to spend a pleasant moment together, to enjoy a coffee during a chat or to catch up on the latest news, thus enriching buying experiences with a natural sense of familiarity.

Indeed, with the expansion of the areas in the flagships in New York, Milan, Paris, London and Monte Carlo, the in-house bar has become a **meeting place**, visited by many customers even if only to enjoy the ambiance and participate in our reality.





We feel it is crucial to dedicate quality time to the customer from the moment they enter any of our boutiques, and we believe that the **value of the experience**, which is becoming increasingly important in long-term relationships, can offer a significant enrichment of our brand's allure.

The relationship that is thus established between our “**brand ambassadors**” and the end customer is intended to be a long-term, sustainable human relationship that can go beyond the sale of a garment, and we believe this is precisely why Cucinelli customers like to spend much more time in boutiques than other luxury customers are used to spending on their purchases.

Our spontaneous inclination to **naturally take care of our guest** also includes avoiding any form of intrusiveness, focusing our attention on how the guest can feel most comfortable in the boutique.



### The CASA CUCINELLI experience

This idea of attentive, familiar and relaxed hospitality was the “guiding principle” in the development of **Casa Cucinelli**, a space for meeting and fully expressing our idea of lifestyle.



We wanted to call this special place “Casa Cucinelli” in order to underscore the feelings of familiarity and well-being that distinguish Italian charm and our philosophy.

Born in the beginning as an idea of digital “hospitality” during the months of lockdown, as a shared “home” available through the web to maintain contacts and relationships with our loyal customers, it then developed into a series of actual locations in some of the great fashion capitals of the world, **Milan, Paris, New York, London, Tokyo** – and soon in **Hong Kong, Shanghai and Dubai** – where we try to offer a direct and even more profound experience of the brand philosophy.



In harmony with the culture of the individual host city, each Casa Cucinelli develops its own identity with the intention of conveying the **experience of the lifestyle as it is understood in Solomeo** in an open and harmonious manner: harmony of time, well-being of the spirit and the pleasure of spending time together.

The rooms in each house – the **library** with its local texts, the **kitchen** where wines are stored and flavours are blended, the **large convivial living room** and the cosy **spaces** dedicated to **study** – all represent places of the soul, nourished by those values present in the **village of Solomeo**, which we call the “**Village of Cashmere and Harmony**”.



The great care taken over the furnishings, the scrupulous choice of the rarest and most precious materials, and the harmonious distribution of the spaces reflect the vision of an **Italian home** as the ultimate expression of the brand's values: marble from the prestigious Carrara quarries, unique antiques reborn in a contemporary perspective, textured finishes with Italian clays, authentic natural notes of Italian woods, travertine surfaces and burnished metals. All the elements revolve around the value of time and a taste for exclusive value.

Each **Casa Cucinelli** is therefore **intended to host** friends and colleagues, intimate events and special receptions just like our own home, with the **product** becoming a **complementary** and harmonic part of the Casa Cucinelli experience.



## COLLECTIONS, LIFESTYLE AND NEW CATEGORIES

Always in pursuit of timeless and harmoniously balanced elegance, the collections are created with the aim of conveying **creativity and innovation** through a **high level of craftsmanship** and the **expertise of Umbrian and Italian traditions**.

The meticulous search for the highest quality fabrics and materials has refined a selection that offers maximum comfort and lightness, renewing the taste while maintaining the identity of the fabric and its texture, as well as the unique character of the materials.



The beating heart of the collections – **knitwear** – is included in all categories with its distinctive comfortable and refined character. The soft surfaces of knitwear are used employing original techniques on outerwear with a contemporary and exclusive taste. The classics of the wardrobe are enhanced with new inspirations to offer the perfect formula for every occasion, while new models are the fruit of an innovative approach to tradition, always under the banner of refined, harmonious, balanced taste.

Each category as well as the looks offered accommodate contemporary needs for flexibility and versatility through a balanced combination of classic elements and seasonal inspirations, so as to create an ideal formula for every moment of the day, from meetings to leisure, from spending time with others to special occasions.



The focal point of all proposals and creations is the definition of a **distinctive, recognisable taste**, as developed over the years by the collections. Even the prestigious **awards received by Brunello Cucinelli in 2021** from authoritative trade journals underscored the value of an **identifiable style** capable of establishing a dynamic yet consistent balance between the brand's own characteristics and the open, attentive interpretation of contemporary innovations and the stimuli of the younger generation.

The **Fall/Winter 2022 Men's Collection** is inspired by an urban world on the move, a crossroads where different interpretations of an everyday style can intersect, where culture moves from tradition according to contemporary needs, free without forgetting the past. As in a journey, styles and occasions influence each other, creating the right balance for the evolution of elegance.



Comfort, dynamism and softness are the values that run through all the fabrics and volumes to create a precious balance of elegance and well-being. Following the **tailored lines of the jacket**, which enhance the male physique, all the elements come together to form enveloping, soft shapes that combine contemporary dynamism and refined style.

Harmonised by timeless neutrals – the delicate shades of beige, greys and blues, ambassadors of ageless elegance – new colours emerge to convey an enterprising, fresh, bright taste. Patterns populate the fabric with a refined taste – classic pinstripes alternate with interpretations of tweed, houndstooth, Prince of Wales – introducing sophisticated colour harmonies.



Rich in references, patterns and new silhouettes, the **Fall/Winter 2022 Women's Collection** elaborates a seductive balance in search of a well-groomed and stimulating beauty, capable of nourishing the pleasure of conviviality. Just as with the fine compositional blend of a perfume, in the collection it is possible to identify the ingredients and themes in a visual pyramid that follows the characteristics and functions of the olfactory notes.



The top notes consist of diffuse feminine highlights, the intense light accents that catch the eye at first glance. Laminated surfaces, transparencies wrapped in brilliant embroideries, luminous designs running through fluid satins and feminine volumes permeate the entire wardrobe with a seductive ambiance, connecting daywear and event dressing.

The heart notes infuse the most important elements of the season with an enveloping feeling. The iconic northern patterns, the soft texture of fabrics and knits with bouclé, gauze or fleece looks, quilted effects on precious materials, the reinterpretations in an urban key of high-altitude locations. All components are infused with inspirations from the earth and nature, the saturated nuances of woods and animal fleeces, the floral designs of the inlays and embroideries.

The base notes constitute the iconic memory that gives **value to the brand identity**, reflecting a sense of belonging conveying one's essence. The charm of neutral, delicate nuances, the pleasure of **noble fibres of the highest quality**, the **superior level of craftsmanship** and the **search for innovation grafted onto tradition**.

For men as for women, **accessories** are an increasingly important component of the expression of a distinctive taste, of a complete lifestyle. The fine materials and workmanship are distilled to create a harmonious continuity with the clothing. Lightness and comfort remain the primary focus of all elements.





Dedicated to the liveliness and joy of little girls and boys, the **FW22 Kids Collection** was inspired by everyday life. Sophisticated elements become part of **everyday wear**, while Nordic patterns, sartorial elements and play time in the open air serve as cross-cutting traits that influence the entire collection on various levels. The garments and accessories, enriched by natural materials and highly crafted workmanship, reflect the iconic Brunello Cucinelli style and the quest for the highest standards of the brand identity.



This season also marks the debut of the **Back-to-School selection**, which brings together different items from the collection to create comfortable, contemporary outfits designed for the specific occasion. This selection emphasises even more the importance of looks that satisfy different **contemporary needs**, based on a combination of comfortable and versatile garments, repositing **the same approaches as the Men's and Women's Collections but on a smaller scale**.

The latest addition to the Brunello Cucinelli range, the **Eyewear Collection**, takes the same approach as the clothing and accessory collections and is designed to be consistent with the brand's distinctive overall look.



The collection is the result of the **collaboration** between the research of **Brunello Cucinelli** and the expertise of **Oliver Peoples** and boasts a creative orientation that fuses the distinctive traits of both the Solomeo and Los Angeles brands. Decorations, details, shapes and colours, as well as the **important component of craftsmanship**, are a straightforward expression of Brunello Cucinelli's taste and style. The frames and the shape of the rims draw inspiration from the Hollywood golden age of the 1960s and 1970s, a salient feature of the Oliver Peoples style.

All the glasses are the result of the blending of tradition and innovation, a combination that creates an authentic design full of unique details. As is the case for all Brunello Cucinelli collections, each frame is carefully handcrafted in Italy, where expert hands perform most of the manufacturing processes, especially with regard to the refinement of important aesthetic details such as inlays, inserts and rivets. Fundamental to the Brunello Cucinelli taste, the choice of summery and contemporary nuances conveys a feeling of freshness and harmony.



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

Our investment project continues into this new year, accompanying the desire to keep the brand's image and desirability very high, as it did in the 2020-2021 biennium despite the pandemic.

In the first half of 2022 our investment plan amounted to €36.6 million, after having invested €29.9 million as at 30 June 2021 (€61.6 million investments in the full year 2021).

**Commercial investments** amounted to **€20.3 million** (€22.5 million as of 30 June 2021), mainly for the opening of boutiques and the renovation and expansion of existing boutiques, also supporting the care of the new Casa Cucinelli spaces and developments in the wholesale channel.

These investments were fully consistent with what had already taken place during the months of the pandemic, continuing the renovation that enabled the boutiques and dedicated spaces around the world to be ready for when customers were able to visit again.

As at 30 June 2022, there were **117 retail boutiques**, compared to 114 boutiques as at 31 December 2021, and 112 boutiques as at 30 June 2021. There were 42 hard shops operated directly within the department stores, substantially in line with the 41 hard shops as at 30 June 2021.

In keeping with the brand's distinctive philosophy and the concept of the new **Casa Cucinelli** spaces around the world, all the new surfaces and extensions aim to convey the spirit of the collections within the ideal of familiarity and serenity that the brand intends to express in direct contact with customers.

Each boutique and each Casa Cucinelli is located in a strategic position and combines the historic charm of that location with its strategic importance in the world of fashion and luxury. This way they represent a "window" on the values, traditions and sentiments that govern the village of Solomeo.

The furnishings, colours and staging of each space aim to significantly intertwine the humanistic principles of the Solomeo enterprise with the characteristics of the host country. This way brand identity and brand recognition dialogue openly and authentically with elements of different cultures.

**Other investments** amounted to **€16.3 million** (€7.4 million as of 30 June 2021). Within these investments, those dedicated to production and logistics have supported the continuous renovation of the production facilities, which is essential to further develop the structures and make available adequate space for the management of the business, while digital investments have kept our web presence and online boutique up to date.

Added to these investments is the acquisition of a **43%** stake in the prestigious **Lanificio Cariaggi**, the purchase price of which was **€15.05 million**, the company having always been a serious supplier of cashmere yarn for knitwear of the highest quality, craftsmanship and creativity for our industry.



## INTRODUCTION

This Half-Yearly Financial Report as at 30 June 2022 has been prepared pursuant to Italian Legislative Decree No. 58/1998, as amended, and the Issuers' Regulations issued by Consob. This Half-Yearly 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 *Half-Yearly Financial Statements*, applying the same accounting standards as those used to prepare the Consolidated Financial Statements at 31 December 2021.

## SUMMARY DATA AS AT 31 JUNE 2022

The tables below show (i) the consolidated summary economic data as at 30 June 2022, compared with the corresponding previous half year; (ii) a consolidated balance sheet reclassified by sources and applications at 30 June 2022 with comparative figures at 31 December 2021 and 30 June 2022; 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 2022, with comparative figures for the six months ended 30 June 2021.

### Summary Consolidated Economic

<i>(In thousands of euros)</i>	30/06/2022	% of sales	30/06/2021	% of sales	Change in the % period	Change in the period
Revenue from sales and services	415,357	100.0%	313,764	100.0%	101,593	+32.4%
EBITDA	119,952	28.9%	80,595	25.7%	39,357	+48.8%
EBITDA excluding IFRS 16	75,272	18.1%	39,934	12.7%	35,338	+88.5%
Operating profit	57,754	13.9%	25,334	8.1%	32,420	>+100.0%
Income before taxes	69,696	16.8%	19,134	6.1%	50,562	>+100.0%
Profit for the period	50,571	12.2%	21,854	7.0%	28,717	>+100.0%

### Consolidated statement of financial position reclassified by sources and uses:

<i>(In thousands of euros)</i>	30/06/2022	Proportion %	31/12/2021	Proportion %	30/06/2021	Proportion %
Net working capital	164,593	16.2%	142,162	15.9%	186,052	20.1%
Fixed assets	812,941	80.0%	715,133	80.2%	700,367	75.8%
Other non-current assets/(liabilities)	38,485	3.8%	34,864	3.9%	37,053	4.1%
<b>Net invested capital</b>	<b>1,016,019</b>	<b>100.0%</b>	<b>892,159</b>	<b>100.0%</b>	<b>923,472</b>	<b>100.0%</b>
Net debt	63,834	6.3%	23,029	2.6%	96,271	10.4%
Financial lease liabilities	598,442	58.9%	546,730	61.3%	543,553	58.9%
Shareholders' equity	353,743	34.8%	322,400	36.1%	283,648	30.7%
<b>Sources of financing</b>	<b>1,016,019</b>	<b>100.0%</b>	<b>892,159</b>	<b>100.0%</b>	<b>923,472</b>	<b>100.0%</b>

**Other summary data:**

<i>(In thousands of euros)</i>	<b>30 June 2022</b>	<b>30/06/2021</b>	<b>Change in the period</b>	<b>% Change in the period</b>
Cash flows generated/(used) from operating activities	78,506	63,693	14,813	+23.3%
Cash flows generated/(used) from investment activities from	(46,274)	(29,661)	(16,613)	+56.0%
Cash flows generated/(used) financing activities	(30,264)	(44,732)	14,468	-32.3%
<b>Total cash flows</b>	<b>1,968</b>	<b>(10,700)</b>	<b>12,668</b>	<b>&gt;-100.0%</b>
<b>Investments</b>	<b>51,682</b>	<b>29,900</b>	<b>21,782</b>	<b>+72.8%</b>



## ALTERNATIVE PERFORMANCE INDICATORS

In order to allow for a better assessment of management performance, the Brunello Cucinelli Group uses some alternative performance indicators that are not identified as accounting measures under IFRS. These indicators are determined in accordance with the provisions of the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with communication No. 92543 of 3 December 2015.

The definition of alternative performance indicators used in this Financial Report is as follows:

- **EBITDA:** this is represented by the *Operating Profit* before *Depreciation and Amortisation*.
- **EBITDA excluding IFRS 16:** this is the *Operating Profit* calculated using the accounting principles in force prior to the introduction of IFRS 16 before *Depreciation and Amortisation* calculated using the accounting principles in force prior to the introduction of IFRS 16.
- **Net Working Capital:** is calculated as the sum of the *Inventories* and *Trade receivables* net of *Trade payables* and the balance (positive or negative) of all other balance sheet items classified as *Current assets* or *Current liabilities*.
- **Net Invested Capital:** this is the total of *Non-current assets* and *Current assets*, less *Non-current liabilities* and *Current liabilities*, excluding items of a financial nature that are included in the balance of Net financial debt (*Other current financial assets*, *Cash and cash equivalents*, *Current and non-current payables to banks*, *Current and non-current financial payables*, *Current lease liabilities* and *Non-current lease liabilities*).
- **Net Financial Indebtedness:** is calculated in accordance with Consob Reminder No. 51/21 of 29 April 2021.
- **Investments:** refer to gross increases in Intangible Assets (including Key Money), in Tangible Assets, in Real Estate and net increases in Non-current Financial Assets.



## THE GROUP'S RESULTS FOR THE FIRST HALF OF 2022

The first half of 2022 saw excellent results, with revenue growth of +32.4% (+28.3% at constant exchange rates), which further improved the already very positive trend of +19.6% in the first three months of the year.

In the second quarter revenues thus grew by +46.4%, undoubtedly aided by the limited value of 2021, enabling us to achieve our best quarterly performance ever, reaching a turnover of €218.3 million.

Once again, as already noted with respect to Q1, the strong growth in demand in Europe, North America and the Middle East allowed us to more than cover the effects of the restrictions applied to the Russian market and the lower-than-expected growth in the Chinese market, which in recent months has dealt with a period of great restrictions related to the pandemic.

In any case, all continents have reported very nice growth, with sales also increasing slightly in China on both a half-yearly and quarterly basis.

The contribution of both sales channels was positive, with retail accounting for almost 60% of the half-yearly sales and about 40% represented by the wholesale channel. We find this channel mix very interesting and expect it to be very similar at the end of the year.

Indeed, the very strong contribution of physical retail underscores the great, widespread desire to return to “live” shops, with the digital component of our sales still being very important for our image, continuing on a sustained growth path but at a more “normal” speed compared to the peaks of 2020 and 2021.





## ANALYSIS OF REVENUES

The Group's consolidated turnover for the first half of 2022 amounted to €415,357 thousand, an increase of +32.4% over the same period in 2021. At constant exchange rates, meaning using the same average exchange rates as those used in 2021, revenues would have been €402,669 thousand, equal to +28.3%.

The excellent performance in the first half of 2022 confirms the very favourable trend of the last 12 months.

Recall that the results of individual quarters are impacted by the dynamics of collection delivery between the end of one quarter and the beginning of the next. In fact, 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 based on sales calendars and related shipment times. For this reason, an analysis thereof during the year cannot be considered fully representative, and it would therefore be erroneous to consider the indicators of the period as a proportionate share of the entire year.

## REVENUES BY GEOGRAPHICAL AREA

During the first six months of 2022, the Brunello Cucinelli Group showed significant growth in all international markets, which accounted for 88.2% of revenues, and where overall increases of +34.3% were recorded compared to the figures for the previous interim period. The Italian market also reported an interesting increase in revenues, equal to +19.9%, showing healthy and sustainable results.

The following table provides details of revenues at 30 June 2022 compared with the same period of the previous year, analysed by geographical area.

<i>(In thousands of euros)</i>	Half-year ended 30 June				Change	
	2022	% of sales	2021	% of sales	2022 v 2021	2022 v 2021%
Europe	115,768	27.9%	95,894	30.6%	19,874	+20.7%
Italy	49,187	11.8%	41,038	13.1%	8,149	+19.9%
Americas	152,613	36.8%	99,983	31.9%	52,630	+52.6%
Asia	97,789	23.5%	76,849	24.4%	20,940	+27.2%
<b>Total</b>	<b>415,357</b>	<b>100.0%</b>	<b>313,764</b>	<b>100.0%</b>	<b>101,593</b>	<b>+32.4%</b>





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

## Europe

We consider this **growth to be very solid and promising**: the second quarter showed further improvement over the first, despite the continuing restrictions on sales to Russian customers.

The contribution of Continental Europe was decisive, both in the big cities and in the provinces mainly covered by the wholesale channel. The start of sales in resorts was definitely positive.

Europe continued to benefit from **local customer** purchases and **mobility** on a **regional basis**, which we had already seen in previous months, to which was added an initial return of **international customers** in the latter part of the half-year.

At 30 June 2022, the single-brand network (direct and single-brand wholesale) consisted of 46 boutiques.

## Italy

Italy recorded revenues of €49,187 thousand, an increase of +19.9% compared to the first half of 2021, and a relative weight of 11.8%.

The results benefit both from our presence in **smaller cities** within exclusive multi-brand spaces and specialty stores, and from the strong upturn in **international tourism** in recent weeks, especially American and Middle Eastern **tourism** in the **main cities** and the most prestigious **resorts**.

We believe that the **renewed enthusiasm of visitors** confirms the natural human desire to return to spending time with others and travelling, and confirms the great international attractiveness of our *Bel Paese* with its natural and cultural richness and its “warm”, beautiful hospitality.

At 30 June 2022, the single-brand network (direct and single-brand wholesale) consisted of 14 boutiques.

## Americas

In the American market, revenues amounted to €152,613 thousand, an increase of +52.6% compared to the first half of 2021, accounting for 36.8% of sales.

We remain **very confident** about the **contribution** the **US market** can continue to make to our short-, medium- and long-term growth. We feel that the **ties** with **multi-brand partners** and established **end customers** are very strong, with a steadily growing number of **new customers** approaching our brand due to their appreciation of the selection and brand appeal.

At the distribution level, we strongly believe in the potential of existing sales areas and we still see a positive contribution from a limited number of new openings and expansions of existing boutiques.



The increases reported in the first half of the year also benefited from the fact that in 2021 the weight of sales was proportionately higher in the second half of the year than in the first.

At 30 June 2022, the single-brand network (direct and single-brand wholesale) consisted of 36 boutiques.

## Asia

The Asian market recorded a turnover of €97,789 thousand, up +27.2% compared to the first half of 2021, with a sales impact of 23.5%.

The second quarter showed excellent sales performance, which further increased the positive growth of the first quarter.

**Significant increases** in revenues in the **Middle East, Japan and South Korea**, with **growth** – albeit limited – also in **China**, both on a half-yearly and quarterly basis.

In spite of the constraints related to the pandemic, we consider the positive result achieved in China to be excellent, and we believe that it was made possible not only by the responsiveness of sales at the end of the restrictive measures, but also by the protection offered to us by certain structural elements of our product range such as the positioning in the highest luxury segment, the centrality of the Ready-to-Wear selection and the absence of logos.

At 30 June 2022, the single-brand network (direct and single-brand wholesale) consisted of 51 boutiques.



## REVENUES BY DISTRIBUTION CHANNEL

The following table sets out the revenues earned by the Group in the first half of 2022 and 2021, analysed by distribution channel.

	Half-year ended 30 June				Change	
	2022	% of sales	2021	% of sales	2022 v 2021	2022 v 2021%
Retail	243,325	58.6%	165,468	52.7%	77,857	+47.1%
Wholesale	172,032	41.4%	148,296	47.3%	23,736	+16.0%
<b>Total</b>	<b>415,357</b>	<b>100.0%</b>	<b>313,764</b>	<b>100.0%</b>	<b>101,593</b>	<b>+32.4%</b>

## Retail channel

In the first half of 2022 the retail channel recorded revenues of €243,325 thousand, an increase of +47.1% compared to the first half of 2021, with a relative proportion of sales of 58.6%.

The progressive growth in the first six months of 2022 is related both to **like-for-like sales**, with the sell-outs of the collections confirming and further improving the positive trend of the beginning of the year, and to the contribution of sales of **new spaces**.

With regard to the development of the network, **flagship** openings, the opening of **important boutiques**, **prestigious expansions** of existing spaces, and **conversions to the direct management** of spaces within Luxury Department Stores contributed to the result achieved, with the basis of comparison becoming more homogeneous in the second half of the year.

There were **117 retail boutiques** at 30 June 2022, compared to 112 boutiques at 30 June 2021 (the number of boutiques at 31 December 2021 was 114); the number of **hard shops** was **42**, compared to 41 hard shops at 30 June 2021 (the number of hard shops at 31 December 2021 was 43).

We increasingly welcome new customers within our sales areas, adding to the existing customers who have always been loyal to the brand. We believe that the trust and esteem attributed to the brand is also nurtured by the **hospitality** we try to convey in all our sales areas.

Hospitality has always been a **core value** for our Casa di Moda: welcoming our customers and guests is a sincere pleasure for us, and we genuinely want to make them feel at home with us.

Our idea of hospitality is concretely implemented in all our sales areas, from the **boutiques** to the spaces of **Casa Cucinelli**.

In the **boutiques** we have always imagined spaces that are not directly intended for sales, but which could make the customers' stay in the shops as pleasant as possible, extending the length of their visit.

Even in smaller formats, we have always created a space to offer a **small bar and coffee service** as a sign of attention and care for the customer.



With the expansion of the areas in the flagships in New York, Milan, Paris, London and Monte Carlo, the in-house bar has become a **meeting place**, visited by many customers even if only for a conversation.

This idea of **warm, familiar and relaxed hospitality** was the “guiding principle” in the development of **Case Cucinelli**, spaces for meeting and fully expressing our idea of lifestyle. Today, Case Cucinelli are present in **Solomeo, Milan, Paris, New York, London, Tokyo** and soon in **Hong Kong, Shanghai and Dubai**.

### Wholesale channel

In the wholesale channel, sales amounted to €172,032 thousand, an increase of +16.0% over H1 2021, with a relative weight of 41.4%.

We are very satisfied with the performance of the wholesale channel, which confirms its importance both for the results achieved and for its strategic value, as we have commented on several occasions.

The **Spring/Summer 2022** and the **Fall/Winter 2022** collections have both seen very positive sales, the orders and first sell-outs showing very high value results.

### REVENUES BY PRODUCT LINE AND END CUSTOMER

The following is a presentation of the Brunello Cucinelli Group’s revenues at 30 June 2022, 31 December 2021 and 30 June 2021, analysed by product line and end customer:

	30/06/2022	31/12/2021	30/06/2021
Men (%)	41.1%	39.8%	37.0%
Women (%)	58.9%	60.2%	63.0%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

	30/06/2022	31/12/2021	30/06/2021
Apparel (%)	84.2%	84.1%	85.6%
Accessories (%)	15.8%	15.9%	14.4%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>





## ANALYSIS OF THE INCOME STATEMENT

The following table provides a summary of the financial data as at 30 June 2022 and 30 June 2021:

(In thousands of euros)	at 30 June				Change of the period	Change % of the period
	2022	% of sales	2021	% of sales		
Revenue from sales and services	<b>415,357</b>	<b>100.0%</b>	<b>313,764</b>	<b>100.0%</b>	<b>101,593</b>	<b>+32.4%</b>
Costs for raw materials and consumables	(33,575)	-8.1%	(46,926)	-15.0%	13,351	-28.5%
Cost of services	(172,185)	-41.5%	(122,541)	-39.1%	(49,644)	+40.5%
Payroll costs	(78,381)	-18.9%	(61,491)	-19.6%	(16,890)	+27.5%
Other operating (costs)/revenues	(11,264)	-2.7%	(2,211)	-0.7%	(9,053)	>+100%
<b>EBITDA</b>	<b>119,952</b>	<b>28.9%</b>	<b>80,595</b>	<b>25.7%</b>	<b>39,357</b>	<b>+48.8%</b>
Depreciation	(62,198)	-15.0%	(55,261)	-17.6%	(6,937)	+12.6%
<b>Operating profit</b>	<b>57,754</b>	<b>13.9%</b>	<b>25,334</b>	<b>8.1%</b>	<b>32,420</b>	<b>&gt;+100.0%</b>
Net financial income/(charges) and from equity investments	11,942	2.9%	(6,200)	-2.0%	18,142	>-100.0%
<b>Income before taxes</b>	<b>69,696</b>	<b>16.8%</b>	<b>19,134</b>	<b>6.1%</b>	<b>50,562</b>	<b>&gt;+100.0%</b>
Taxes	(19,125)	-4.6%	2,720	0.9%	(21,845)	>-100.0%
<b>Profit for the period</b>	<b>50,571</b>	<b>12.2%</b>	<b>21,854</b>	<b>7.0%</b>	<b>28,717</b>	<b>&gt;+100.0%</b>
EBITDA excluding IFRS 16	75,272	18.1%	39,934	12.7%	35,338	+88.5%

### EBITDA AND RESULTS

As at 30 June 2022:

- **EBITDA** amounted to €119,952 thousand, equal to **28.9%** of Revenues (€80,595 thousand at 30 June 2021 equal to 25.7% of Revenues).
- **EBITDA excluding IFRS 16** amounted to €75,272 thousand, equal to **18.1%** of Revenues (€39,934 thousand at 30 June 2021, equal to 12.7% of Revenues).

Below is the reconciliation of **EBITDA** as at 30 June 2022, highlighting the accounting effects relating to the application of IFRS 16, equal to €45,197 thousand related to the item “Lease expense” and equal to €517 thousand related to the item “Other operating (costs)/revenues”:

(In thousands of euros)	EBITDA as at 30 June 2022	IFRS 16 effect: Cost for leases	IFRS 16 effect: Other operating (costs)/revenues	EBITDA as at 30 June 2022 excluding IFRS 16
	<b>119,952</b>	(45,197)	517	<b>75,272</b>



- The **Operating Result** amounted to €57,754 thousand, equal to **13.9%** of Revenues (€25,334 thousand at 30 June 2021, equal to 8.1% of Revenues).
- The **Pre-tax result** amounted to €69,696 thousand, equal to **16.8%** of Revenues (€19,134 thousand at 30 June 2021, equal to 6.1% of Revenues).
- The **Period result** amounted to €50,571 thousand, equal to **12.2%** of Revenues (€21,854 thousand at 30 June 2021, equal to 7.0% of Revenues).

The very important growth in revenues was accompanied by a **complete rebalancing** of our **margins** after they had been impacted over the **last two years** by the decision to fully preserve our corporate structure, keeping our **investment** and **business planning choices unchanged**, despite the various lockdowns that followed.

We believe this choice has been a key contributor to revenue growth in the first half of 2022, with the second quarter reporting its best quarterly performance ever, **further strengthening relationships with all of the Company's stakeholders**, from our human resources to our customers, suppliers, workshops and shareholders.

## OPERATING COSTS

At 30 June 2022 **production costs** (cost for raw materials and consumables and cost for external production) represented 28.3% of Revenues. The figure as at 30 June 2021 represented 33.2% of revenues.

(In thousands of euros)	H1 ended 30 June				Change in the period	
	2022	% of sales	2021	% of sales	2022 vs. 2021	2022 vs. 2021 %
Costs for raw materials and consumables	65,711	15.8%	43,661	13.9%	22,050	+50.5%
Change in inventories	(32,136)	-7.7%	3,265	1.0%	(35,401)	>-100.0%
Outsourced work	83,901	20.2%	57,393	18.3%	26,508	+46.2%
<b>Total</b>	<b>117,476</b>	<b>28.3%</b>	<b>104,319</b>	<b>33.2%</b>	<b>13,157</b>	<b>+12.6%</b>

As a result, our first margin as at 30 June 2022 was 71.7% compared to 67.3% as at 31 December 2021 and 66.8% as at 30 June 2022, due in particular to the evolution of our sales mix (Channels, Areas and Products) and the dynamics of the euro's exchange rate against other currencies.

Concurrent with the evolution of the network, the development of new commercial initiatives and the consolidation of operations, operating costs are gradually increasing, also impacted by dynamics of the exchange rate.



**Payroll costs** at 30 June 2022 amounted to €78,381 thousand, an increase in value as compared to the figure for the previous half of €16,890 thousand. The percentage of revenue (18.9% as at 30 June 2022) is lower than the 19.6% as at 30 June 2021.

	H1 ended 30 June				Change in the period	
	2022	% of revenues	2021	% of sales	2022 v 2021	2022 v 2021 %
Payroll costs	78,381	18.9%	61,491	19.6%	16,890	+27.5%

The dynamics of personnel costs also reflect the development of our human resources structure. In fact, the FTE (Full Time Equivalent) figure was 2,254.5 as at 30 June 2022 compared to 2,127.4 as at 30 June 2021 (+127.1), broken down as follows:

	H1 ended 30 June		Change of the period
	2022	2021	
Executives and managers	82.5	68.6	13.9
Office and sales staff	1,589.4	1,517.8	71.6
Blue-collar workers	582.6	541.0	41.6
<b>Total workforce</b>	<b>2,254.5</b>	<b>2,127.4</b>	<b>127.1</b>

The following table provides a summary of the main income statement items for the first six months of 2022 and 2021 as they relate to revenues.

	H1 ended 30 June				Change in the period	
	2022	% of sales	2021	% of sales	2022 v 2021	2022 v 2021 %
Lease expense	16,107	3.9%	12,892	4.1%	3,215	+24.9%
Advertising and other marketing costs	20,406	4.9%	14,423	4.6%	5,983	+41.5%
Transport and duties	18,223	4.4%	12,999	4.1%	5,224	+40.2%
Commissions and accessory charges	3,184	0.8%	4,019	1.3%	(835)	-20.8%
Credit card charges	5,074	1.2%	3,075	1.0%	1,999	+65.0%

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

- **Costs for leases** amounted to €16,107 thousand at 30 June 2022 compared to €12,892 thousand in H1 2021. This item mainly refers to lease contracts with variable consideration (and as such not included in the scope of IFRS 16). Note that the cost of rents relating to leases included in the scope of FRS 16 amounted to €45,197 thousand compared to €41,491 thousand as at 30 June 2021. Excluding the aforementioned effects, the balance of the total rental cost as at 30 June 2022 was €61,304 thousand (or 14.8% of revenue) compared to €54,383 thousand (or 17.3% of revenue) in the previous half year. Growth relates to new openings and major expansions of some of the existing surfaces and the opening of the Casa Cucinelli spaces, with important areas dedicated to our idea



of hospitality. Hospitality has always been a fundamental value for our Casa di Moda, and in the boutiques, we have always imagined spaces not directly intended for sales, but for making the customers' stay in the stores more special, with areas dedicated to a small bar and coffee shop.

The same idea of hospitality is also the “inspiring principle” behind Casa Cucinelli, spaces for meeting and fully expressing our idea of lifestyle now operational in Solomeo, Milan, Paris, New York, London, Tokyo and soon in Hong Kong, Shanghai and Dubai.

- **Advertising and other commercial expenses** of €20,406 thousand (4.9% of Revenues) as of 30 June 2022 compared to €14,423 thousand (4.6% of Revenues) in the first half of 2021.  
Major investments refer to costs incurred for communication and promotional activities carried out by the Group to disseminate its image and philosophy throughout the world. More specifically, they are mainly incurred for the production of physical and digital catalogues, advertising campaigns and fairs and exhibitions organised in Italy and abroad, and the important activity of digital communication, an increasingly strategic communication vehicle.
- **Transport and Duties** amounted to €18,223 thousand (4.4% of Revenues) at 30 June 2022 compared to €12,999 thousand (4.1% of Revenues) in the first half of 2021. The increase in Transport and Duties as a percentage of turnover is also attributable to the increase in tariffs applied by international carriers as a consequence of the critical international situation (pandemic and conflict in Ukraine). This increase was contained thanks to some process optimisations implemented by the Company.
- **Commissions and ancillary charges** amounted to €3,184 thousand at 30 June 2022 compared to €4,019 thousand in H1 2021.  
The decrease was due to the internalisation of management for some sales areas through the expansion of direct staff.
- **Commissions on the use of credit cards** amounted to €5,074 thousand at 30 June 2022 compared to €3,075 thousand in the first half of 2021, amounting to 1.2% as a percentage of revenues, substantially in line with the previous period.

With regard to the remaining income statement items, the following aspects are noted:

- Other items included in “Costs for services” amounted to a total of €25,290 thousand compared to a value of €17,740 thousand at 30 June 2021.  
The increase of €7,550 thousand is due in part to the impact of exchange rate dynamics (weakening of the euro against other currencies) on costs incurred abroad, in part to the growth of the spaces where activities are carried out (maintenance and security costs that increased by €1,013 thousand), to the significant increase in energy tariffs (increase of €1,514 thousand), to the growth in costs related to the development of digital activities (increase of €1,530 thousand) and to the important restart (post-pandemic) of the international travel of our people with a consequent increase in costs.
- “Other operating (costs)/revenues” amounted to €11,264 thousand compared to €2,211 thousand in H1 2021 and included €7,660 thousand in asset impairment losses. The aforesaid impairment losses refer, as to €7,045 thousand, to the full write-down of goodwill allocated to the OOO Brunello Cucinelli RUS CGU, recognised in these financial statements following the results of the impairment test conducted as at 30 June 2022.





## AMORTISATION, DEPRECIATION, NET FINANCIAL EXPENSE, TAXATION AND NET PROFIT

**Amortisation and depreciation** at 30 June 2022 amounted to €62,198 thousand, up €6,937 thousand compared to €55,261 thousand in H1 2021, mainly due to new leases.

Amortisation of Rights of Use amounted to €43,619 thousand, including amortisation of key money of €2,782 thousand. At 30 June 2021 amortisation and depreciation amounted to €39,138 thousand, of which €2,258 thousand relating to key money.

Excluding the effects of the application of IFRS 16 relating to leasing contracts, depreciation and amortisation amounted to €21,498 thousand (5.2% of revenues), compared to €18,981 thousand (6.0% of revenues) in the first half of 2021.

For details of the investments for the half-year period, see the following section “Investments” in this Board of Directors’ Management Report.

**Net financial income** as at 30 June 2022 amounted to €11,942 thousand, compared to **net financial expenses** amounting to €6,200 thousand in H1 2021.

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 and financial effects deriving from the valuation of company assets.

	Half-year ended 30 June				Change	
	2022	% of sales	2021	% of sales	2022 v 2021	2022 v 2021 %
Loan interest	300	0.1%	378	0.1%	(78)	-20.6%
Other net (income)/expense	1,394	0.3%	426	0.2%	968	>+100.0%
<b>Financial charges/(income) from ordinary operations</b>	<b>1,694</b>	<b>0.4%</b>	<b>804</b>	<b>0.3%</b>	<b>890</b>	<b>&gt;+100.0%</b>
Lease financial charges/(income)	5,547	1.3%	5,118	1.7%	429	+8.4%
Foreign exchange losses/(gains) on leases	(10,263)	-2.4%	(1,178)	-0.4%	(9,085)	>+100.0%
<b>Financial charges/(income) from lease operations</b>	<b>(4,716)</b>	<b>-1.1%</b>	<b>3,940</b>	<b>1.3%</b>	<b>(8,656)</b>	<b>&gt;-100.0%</b>
Foreign exchange losses/(gains)	(5,821)	-1.5%	657	0.2%	(6,478)	>-100.0%
Effect of valuation of equity investments using the equity method	(4,689)	-1.1%	-	0.0%	(4,689)	>+100.0%
Miscellaneous financial charges/(income)	-	0.0%	5	0.0%	(5)	-100.0%
Financial expenses/(income) for adjustment of derivatives to fair value	1,590	0.4%	794	0.2%	796	>+100.0%
<b>Total net financial expense</b>	<b>(11,942)</b>	<b>-2.9%</b>	<b>6,200</b>	<b>2.0%</b>	<b>(18,142)</b>	<b>&gt;-100.0%</b>



At 30 June 2022 the financial charges of ordinary operations amounted to €1,694 thousand compared to €804 thousand for last half-year, with a percentage impact of 0.4% compared to 0.3% last half-year.

In connection with the application of IFRS 16, we report a net effect of **financial income** of €4,716 thousand at 30 June 2022, compared to a net effect of **Financial charges** of €3,940 at 30 June 2021. This effect is attributable to the recognition of exchange rate gains on leases, by their nature “unrealised”, resulting from the valuation at the exchange rates of 30 June 2022, which saw the euro weaken significantly against almost all currencies, both with respect to 30 June 2021 and 31 December 2021. In view of what had been the exchange rate trend in the second half of 2021, and the estimates of authoritative international financial institutions for the exchange rate forecast up to 31 December 2022, we anticipate that this positive effect seen as at 30 June 2022 could be very diluted at 31 December 2022.

With regard to the result of foreign exchange management, a net positive value of **Foreign Exchange Gains** of €5,821 thousand was recorded compared to a net negative value of **Foreign Exchange Losses** of €657 thousand as of 30 June 2021.

Again, the effect is mainly attributable to unrealised gains, calculated in accordance with the accounting principle with the exchange rates of 30 June 2022, as a consequence of the momentary weakness of the euro. As above, we anticipate a dilution of this item in the second half of the year.

The balance of the item “effect of the valuation of equity investments using the equity method” refers to the 43% stake in the share capital of the company Lanificio Cariaggi S.p.A. acquired during this half-year and valued according to the approved financial statements as at 30 June 2022.

Finally, we note the impact of interest rate and exchange rate hedging transactions, which amounted to €1,590 thousand in the first half of 2022 compared to €794 thousand in the previous interim period. These are mainly financial expenses determined by the fair value adjustment of exchange rate derivatives, the valuation of which is also influenced by short- and medium-term expectations expressed by the exchange rate curves used, and therefore by their nature subject to fluctuations between individual periods.

In light of the above, **Pre-tax income** at 30 June 2022 amounted to €69,969 thousand compared to the result recorded at 30 June 2021 (€19,134 thousand).

Income taxes for the period under review amounted to 27.4% of the consolidated pre-tax result. Note that the effective tax rate for the current interim period was affected by the non-taxability of the financial income, amounting to €4,689 thousand, resulting from the valuation of the investments using the equity method. By neutralising the pre-tax result from this financial income, the effective tax burden would be 29.6%.

Consequently, the **net result** for the period amounted to €50,571 thousand, corresponding to 12.2% 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:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>30/06/2021</b>
Net profit of the Group	46,586	20,347
Net profit of Minority Interests	3,985	1,507
<b>Net Profit</b>	<b>50,571</b>	<b>21,854</b>



## 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 2022 reclassified by sources and applications, with comparative figures at 31 December 2021 and 30 June 2021.

### NET WORKING CAPITAL

The following table provides an analysis of the net working capital of the Brunello Cucinelli Group at 30 June 2022, at 31 December 2021 and at 30 June 2021:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2021</b>
Trade receivables	75,188	72,809	75,673
Inventories	243,138	199,266	208,841
Trade payables	(112,863)	(102,654)	(76,306)
Other current assets/(liabilities), net	(40,870)	(27,259)	(22,156)
<b>Net working capital</b>	<b>164,593</b>	<b>142,162</b>	<b>186,052</b>

Net Working Capital at 30 June 2022 increased by €22,431 thousand compared to the figure at 31 December 2021 and decreased by €21,459 thousand compared to the figure at 30 June 2021.

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

- Balance of “Trade Receivables”, which increased by €2,379 thousand at 30 June 2022, but decreased slightly compared to the balance at 31 December 2021.  
In the presence of a significant increase in turnover as at 30 June 2022, with the growth of the wholesale channel increasing by 16.0%, the substantial stability of the balance of the value of receivables testifies to an extremely healthy situation.  
We consider our receivables to be sound and payable without particular problems, and have prudently set aside a provision for write-downs of €431 thousand, in the period recording very few losses on receivables in the income statement and use of the provision (a total of €528 thousand, equal to 0.13% of Revenues). As at 30 June 2022 the provision for bad debts therefore amounted to €3,214 thousand, an amount that we consider appropriate in order to bring the value of receivables back to their estimated realisable value.
- Value of Inventories, which, due to the significant growth of the business, increased organically compared to both 30 June 2021 (€208,841 thousand) and 31 December 2021 (€199,266 thousand), and amounted to €243,138 thousand at 30 June 2022. As a percentage of turnover (rolling for the last twelve months), inventories as at 30 June 2022 amounted to 29.9%, while as at 30 June 2021 they amounted to 32.0%, and as at 31 December 2021 they amounted to 28.0%. The organic growth of the business with respect to 30 June 2021 refers both to the growth of the wholesale channel, and especially to the growth of the retail channel with five new directly operated boutiques in addition to major expansions.



The following table breaks down the Inventories of the Brunello Cucinelli Group at 30 June 2022, at 31 December 2021 and at 30 June 2021:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2021</b>
Raw materials	38,358	36,923	31,132
Finished and semi-finished goods	238,052	193,963	210,662
Inventory write-down provision	(33,272)	(31,620)	(32,953)
<b>Inventories</b>	<b>243,138</b>	<b>199,266</b>	<b>208,841</b>

- Balance of “Trade payables”, up compared to the balance at 30 June 2021 (increase of €36,557 thousand), and compared to the balance at 31 December 2021 (increase of €10,209 thousand).  
Noted also that in the first half of 2022 the Group did not change its payment terms to its suppliers, employees and consultants, and that the change is due to the increase in purchases (mainly raw materials and external production).
- “Other net current assets/(liabilities)”, which at 30 June 2022 amounted to €40,870 thousand, compared to €22,156 thousand at 30 June 2021. The changes are mainly attributable to the balances of tax receivables and payables and the fair value of derivative instruments hedging currency risk. For further details, please refer to the comments in the explanatory notes to this Board of Directors’ Management 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 2022, at 31 December 2021 and at 30 June 2021:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2021</b>
Intangible fixed assets	14,255	20,115	20,004
Right-of-use	566,845	504,968	500,259
Property, plant and equipment	181,922	166,033	156,389
Financial assets for leases – non-current	6,821	3,886	5,574
Other non-current financial assets	35,712	13,538	12,676
Investments in non-current financial assets	7,386	6,593	5,465
Other net non-current assets/(liabilities)	38,485	34,864	37,053
<b>Fixed assets and other net non-current assets/(liabilities)</b>	<b>851,426</b>	<b>749,997</b>	<b>737,420</b>

Net fixed assets and other assets/(liabilities) amounted to €851,426 thousand at 30 June 2022 compared to €749,997 thousand at 31 December 2021, representing a net increase of €101,429 thousand, or 13.5%.





For details on the changes in the individual items shown in the table during the period see the Notes to the Financial Statements.

The main changes are noted here:

- Increase in “Right-of-use”, up €61,877 thousand compared to 31 December 2021, amounting to €566,845 thousand at 30 June 2022.  
Note that this item represents the right to use the assets underlying the respective leases and key money considered initial direct costs of the lease arrangement.
- Increase in “Property, plant and equipment”, up €15,889 thousand compared to 31 December 2021, amounting to €181,922 thousand at 30 June 2022. The main increases are due to works related to the openings and expansion of both direct and wholesale stores and improvements to existing boutiques and showrooms throughout the world, as well as expansions and renovations carried out at the industrial hub.
- Increase of €3,621 thousand compared to 31 December 2021 under “Other net non-current assets/(liabilities)”, mainly attributable to the recognition of receivables for deferred tax assets.

## INVESTMENTS

During the half-year ended 30 June 2022, the Group made investments in intangible fixed assets amounting to €9,419 thousand, in Property, plant and equipment amounting to €24,571, in real estate investments amounting to €851 thousand while the net balance of Other non-current financial assets (security deposits) amounted to €1,791 thousand.

The following table shows the investments made by type and category by the Group during 30 June 2022, at 31 December 2021 and at 30 June 2021:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2021</b>
Investments in Intangible fixed assets(*)	9,419	15,118	8,958
Investments in property plant and equipment	24,571	43,031	19,122
Investments in Other non-current financial assets(**)	1,791	981	534
Investments in non-current financial assets	851	2,472	1,286
<b>Total Investments</b>	<b>36,632</b>	<b>61,602</b>	<b>29,900</b>
Investments in Equity Investments in associate companies	15,050	-	-
<b>Total Investments, including Investments in Equity Investments in associate companies</b>	<b>51,682</b>	<b>61,602</b>	<b>29,900</b>

(\*) 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.

(\*\*) Other net non-current financial assets (balance of payments made net of repayments received).



As shown in the table, investments in the first six months of 2022 amounted to €51,682 thousand.

Net of Investments in Equity Investments in associate companies, total Investments amounted to €36.6 million, up compared to €29.9 million in the first half of 2021. Of these, €20.3 million is attributable to commercial investments, €15.5 million to investments in production, logistics and IT/Digital, and €0.8 million to real estate investments. Investments in technical fixed assets include the purchase of a large area on the outskirts of Solomeo where the strategic expansion of our production site will take place.

Investments in affiliated companies amounting to €15.05 million refer to the purchase of 43% of the share capital of Cariaggi Lanificio S.p.A.

Commercial investments support selected openings and some major expansions of prestigious bouquets, contributing to the growth of sales areas in the network of single-brand stores, dedicated spaces in Luxury Department Stores and the renewal and expansion of our showrooms, in addition to supporting development initiatives in multi-brand stores.

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 2022 amounted to €6,843 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 H1 2021.

Following are the investments made by the Group at 30 June 2022, at 31 December 2021 and at 30 June 2021, broken down by type as described above:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2021</b>
Commercial Investments	20,208	45,888	22,535
Investments in production and logistics	8,730	4,829	2,134
Investments in IT/Digital	6,843	8,413	3,945
Investments in non-current financial assets	851	2,472	1,286
<b>Total Investments</b>	<b>36,632</b>	<b>61,602</b>	<b>29,900</b>
Investments in Equity Investments with associate companies	15,050	-	-
<b>Total Investments, including Investments in Equity Investments in associate companies</b>	<b>51,682</b>	<b>61,602</b>	<b>29,900</b>



## 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:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2021</b>
A. Cash and cash equivalents	(105,484)	(98,003)	(63,187)
B. Means equivalent to cash and cash equivalents	-	-	-
C.1 Other current financial assets	(515)	(80)	(71)
C.2 Other current financial liabilities for leases	(2,606)	(2,633)	(2,671)
<b>D. Cash and cash equivalents (A + B + C)</b>	<b>(108,605)</b>	<b>(100,716)</b>	<b>(65,929)</b>
E.1 Current financial debt	65,222	10,934	18,346
E.2 Current financial debt for leases	89,694	79,610	80,587
F. Current portion of non-current financial debt	43,233	35,324	92,787
<b>G. Current financial debt (E + F)</b>	<b>198,149</b>	<b>125,868</b>	<b>191,720</b>
<b>H. Net current debt (G + D)</b>	<b>89,544</b>	<b>25,152</b>	<b>125,791</b>
I.1 Non-current financial debt	61,378	74,854	48,396
I.2 Non-current financial debt for leases	511,354	469,753	465,637
J. Debt instruments	-	-	-
K. Trade payables and other non-current payables	-	-	-
<b>L. Non-current financial debt (I + J + K)</b>	<b>572,732</b>	<b>544,607</b>	<b>514,033</b>
<b>M. Total financial debt (H + L)</b>	<b>662,276</b>	<b>569,759</b>	<b>639,824</b>
<i>of which:</i>			
<i>Net financial debt for the core business</i>	<i>63,834</i>	<i>23,029</i>	<i>96,271</i>
<i>Payables for leases</i>	<i>598,442</i>	<i>546,730</i>	<i>543,553</i>

At 30 June 2022, the financial debt of the Brunello Cucinelli Group amounted to €662,276 thousand, of which €598,442 thousand related to debt generated by the accounting of lease contracts pursuant to IFRS 16.

At 30 June 2021, financial debt amounted to €639,824 thousand (of which €543,553 thousand related to leases), while at 31 December 2021 it amounted to €569,759 thousand (of which €546,730 thousand related to leases).

Excluding the balances attributable to the application of IFRS 16, financial debt at 30 June 2022 amounted to €63,834 thousand, a marked improvement compared to €96,271 thousand at 30 June 2021.

As already noted with respect to the figures for 31 December 2021, we now consider the rebalancing of our net financial position, which had been impacted by the effects of the pandemic in the previous two years, to be almost complete.



Due to the production and commercial cycle and the asymmetry of the weight of the different seasons, our Company's financial position structurally peaks at 30 June and then decreases at 31 December.

These dynamics led to the repayment of medium/long-term loans for a total of €20,701 thousand according to ordinary repayment plans, against new disbursements received during the period for €5,000 thousand.

Note that item "I.1 Non-current financial debt" also includes the debt for loans to minority shareholders in subsidiaries (amounting to €1,178 thousand).

## SHAREHOLDERS' EQUITY

The following table provides details of shareholders' equity at 30 June 2022, at 31 December 2021 and at 30 June 2021:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>30/06/2021</b>
Share Capital	13,600	13,600	13,600
Reserves	286,278	249,219	246,000
Net profit of the Group	46,586	53,322	20,347
<b>Equity attributable to the shareholders of the parent company</b>	<b>346,464</b>	<b>316,141</b>	<b>279,947</b>
Equity attributable to non-controlling interests	7,279	6,259	3,701
<b>Shareholders' Equity</b>	<b>353,743</b>	<b>322,400</b>	<b>283,648</b>

The Share Capital of the Parent Company at 30 June 2022 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 2022 as compiled from the communications sent to the Company and Consob and from other communications to the market is set out below:

<b>Shareholder</b>	<b>% of ordinary capital</b>
Fedone S.r.l.	50.05%
FMR LLC	9.48%
Invesco	4.16%
Other shareholders	36.31%
<b>Total</b>	<b>100.00%</b>





For a description of changes in shareholders' equity, refer to Note 15 to the Condensed Consolidated Half-Yearly Financial Statements as at 30 June 2022.

## 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 30 August 2022, may be consulted in the Governance section of the Company's website at <http://investor.brunellocucinelli.com/en>.

## UPDATE ON THE CONFLICT BETWEEN RUSSIA AND UKRAINE

After a splendid 2021, defined as the year of rebalancing, the first half of 2022 was characterised by a great performance both in terms of business results and brand image.

However, the beginning of 2022 was also characterised by great sorrow over the conflict between Russia and Ukraine and the ensuing international tensions, which we never imagined could happen in contemporary times and which with immense faith in human responsibility we hope will soon come to an end.

The limited effects of the conflict on the Group's sales as at 30 June 2022 were more than offset both by the excellent performance of the other geographical areas the Group operates in and by the fact that deliveries of the Spring Summer 2022 collections had already been completed in the period prior to the increase in sanctions.

The sanctioning measures adopted by the international community against Russia, as well as the countermeasures taken by that country, have led to a sharp increase in prices, mainly of raw materials and energy, as well as interruptions and turbulence in the operation of international trade chains, which at present have not impacted the Group's profitability.

The Group does not purchase raw materials in Ukraine or Russia, and even in cases where raw materials originally come from abroad (e.g., cashmere from China), note that the supply chain does not at any time pass through the territories affected by the conflict and therefore the supply network has not slowed.

Production is carried out entirely in Italy, so no subcontractors located in Russia or Ukraine are involved. Finally, note that the Group is regularly collecting receivables from counterparties under Russian and Ukrainian law.

Although the uncertainty regarding the development of the situation and the possible repercussions at a global macroeconomic level remains very high, no significant negative consequences on the Group's 2022 results are currently expected.



The Group is closely monitoring the development of the conflict in order to promptly identify the consequences on its current and prospective situation. In light of the continuation of the sanctions, the company's management has updated the assessments made as at 31 December 2021 with respect to the recoverability of the value of the assets attributable to the OOO Brunello Cucinelli RUS CGU. Based on the impairment test performed at 30 June 2022, discussed in more detail in the section "Introduction - Impairment" in the notes to the condensed consolidated half-yearly financial statements to which reference should be made, the value of Goodwill amounting to about €7 million was fully written down in these financial statements.

The Group will monitor the situation on an ongoing basis and update its assessment if necessary.

## SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2022

### **Purchase of equity investment in Cariaggi Lanificio S.p.A.**

On 14 March 2022, the Company acquired from the Cariaggi family a 43% stake in the share capital of Cariaggi Lanificio S.p.A., a company based in Cagli (Pesaro and Urbino) and a manufacturer of knitting yarns, leader in the production of cashmere and fine wools. The Company is one of Cariaggi Lanificio S.p.A.'s main customers. The purchase price of the stake was €15.05 million.

The acquisition of the shareholding by the Company was financed entirely from its own resources.

Control and day-to-day management of Cariaggi Lanificio S.p.A. remain in the hands of the Cariaggi family, which retains a total of 57% of the share capital.

### **Shareholders' Meeting of Brunello Cucinelli S.p.A.**

The Ordinary Shareholders' Meeting of the Parent Company Brunello Cucinelli S.p.A. was held on 27 April 2022. The Shareholders' Meeting resolved to approve the annual financial statements as at 31 December 2021 and to allocate the profit for the year, as to the amount of €28,560 thousand, by allocating to the shareholders a dividend of € 0.42 per share, and as to the amount of €32,419,680, to be carried forward by allocation to retained earnings.

### **2022-2024 Stock Grant Plan**

On 10 March 2022, the Board of Directors of Brunello Cucinelli SpA approved the 2022-2024 Stock Grant Plan (the "Plan") submitted for subsequent approval by the Ordinary Shareholders' Meeting on 27 April 2022.

The plan provides for the free allocation of Company shares to executive directors and employees of the Company and its subsidiaries if certain performance targets are achieved.



## **RELATED PARTY TRANSACTIONS**

Reference should be made to the notes to the condensed consolidated half-yearly financial statements for a detailed description of related party transactions conducted in the first half of 2022.

Pursuant to Consob Resolution No. 17221 of 12 March 2010, it is acknowledged that during H1 2022 the Group did not enter into major or material transactions with related parties that significantly affected the Group's capital or profit or loss for the period.

## **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 2022**

There were no significant events affecting the Group's operations after the closing of this half-yearly report.



## MANAGEMENT OUTLOOK

The excellent results of the first semester 2022, the performance over the last few weeks and the sell-out figures for the Fall Winter 2022 collections, which confirm the enthusiasm of the fantastic order collection concluded in the first months of the year, enhance a moment of great positivity and appreciation of our brand.

We can therefore fully confirm the expectations of a **wonderful 2022**, a year that we consider record-breaking, with revenue **growth of around +15%**.

Compared to 2019, our growth guidance represents an increase of approximately +35% for the full year 2022; therefore, for the second half of 2022, the expected growth compared to 2019 is approximately +30%.

We would like to recall that in comparison with 2021, the growth percentages for the first half of 2022 compared to year-end expectations benefit from the use of 2021 as a comparative base, a year in which the incidence of sales was significantly higher in the second half of the year, as a result of the impact related to the pandemic and the development dynamics of the retail network.

For **2022** we fully confirm our expectations of an absolute **rebalancing of margins** to “normal” pre-pandemic levels, in line with the dynamics of the first six months of the year.

We remain convinced that the **investment plan**, which has contributed to the results achieved as at 30 June 2022 and will continue to promote the brand's growth while protecting its exclusivity and allure, will continue to be crucial in **2022**.

Our expectations for 2022 clearly take into account the current conflict between Russia and Ukraine, against which we have assumed that the Russian market will account for around 4% of total sales this year, down significantly from around 9% of sales at the end of 2021. We recall the extraordinary nature of 2020 and 2021 in the middle of the pandemic when Russian customers bought almost exclusively at home and the Russian market benefited from significant transfers of goods from our large European flagships in Milan, London, Paris and Munich subject to restrictive measures and the availability of timely refill orders. The result for the first half of this year, which includes a €7 million write-down of intangible assets in Russia, is consistent with the year-end forecast. The current conflict has no impact on our fully-Italian supply and production chains.

The visibility of the **Spring/Summer 2023** collections also contributes to our great positivity for 2023.

The order campaign for the men's collections was concluded with very good results, which confirmed both the apprehension expressed by the trade press at the presentation during Milan Fashion Week and Pitti last June, and the initial indications that we had gathered and shared when the preliminary results were announced at the beginning of July.

The Spring/Summer 2023 Women's and Children's collections have been presented in recent weeks, receiving equally flattering remarks and an order collection that is showing results of great value.



We therefore believe that our expectations of **growth** of around **+10% in 2023** are very, very real, also thanks to ongoing business planning, with the expected opening of new, exclusive boutiques and major expansions of sales areas.

Finally, considering the appreciation we see of our brand and our idea of Humanistic Capitalism and Human Sustainability on a daily basis, we can unhesitatingly confirm our idea of being able to achieve a turnover of around **€1 billion in 2024**.

**Luca Lisandroni**  
Chief Executive Officer  
Markets Area

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

**Riccardo Stefanelli**  
Chief Executive Officer  
Product and Operations Area





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**FINANCIAL STATEMENTS AS AT 30 JUNE 2022**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022***(In thousands of euros)*

	NOTES	30 June 2022	of which with related parties	31 December 2021	of which with related parties	30 June 2021	of which with related parties
<b>NON-CURRENT ASSETS</b>							
Goodwill	1	-		7,045		7,045	
Right-of-use	2	566,845	4,406	504,968	4,677	500,259	4,932
Intangible assets	3	14,255		13,070		12,959	
Property, plant and equipment	4	181,922	12,296	166,033	12,517	156,389	12,288
Investments in non-current financial assets	5	7,386		6,593		5,465	
Non-current financial assets for leases	6	6,821		3,886		5,574	
Other non-current financial assets	7	35,712	19,953	13,538	32	12,676	32
Deferred tax assets	27	58,670		49,546		50,317	
Non-current financial derivative assets	14	1,023		125			
<b>TOTAL NON-CURRENT ASSETS</b>		<b>872,634</b>		<b>764,804</b>		<b>750,684</b>	
<b>CURRENT ASSETS</b>							
Inventories	8	243,138		199,266		208,841	
Trade receivables	9	75,188	104	72,809	52	75,673	7
Tax receivables	10	982		1,735		2,057	
Other current receivables and assets	11	27,817		29,010		16,854	
Current financial assets for leases	6	2,606		2,633		2,671	
Other current financial assets	12	78		80		71	
Cash and cash equivalents	13	105,484		98,003		63,187	
Current derivative financial assets	14	1,777		161		273	
<b>TOTAL CURRENT ASSETS</b>		<b>457,070</b>		<b>403,697</b>		<b>369,627</b>	
<b>TOTAL ASSETS</b>		<b>1,329,704</b>		<b>1,168,501</b>		<b>1,120,311</b>	
<b>SHAREHOLDERS' EQUITY</b>							
<b>GROUP SHAREHOLDERS' EQUITY</b>							
Share capital	15	13,600		13,600		13,600	
Share premium reserve	15	57,915		57,915		57,915	
Other reserves	15	228,363		191,304		188,085	
Net profit of the Group	15	46,586		53,322		20,347	
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>		<b>346,464</b>		<b>316,141</b>		<b>279,947</b>	
<b>MINORITY SHAREHOLDERS' EQUITY</b>							
Capital and reserves attributable to non-controlling interests	15	3,294		3,286		2,194	
Net result of minority interests	15	3,985		2,973		1,507	
<b>TOTAL MINORITY SHAREHOLDERS' EQUITY</b>		<b>7,279</b>		<b>6,259</b>		<b>3,701</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>353,743</b>		<b>322,400</b>		<b>283,648</b>	



<i>(In thousands of euros)</i>	NOTES	30 June 2022	<i>of which with related parties</i>	31 December 2021	<i>of which with related parties</i>	30 June 2021	<i>of which with related parties</i>
<b>NON-CURRENT LIABILITIES</b>							
Post-employment benefits	16	3,131		3,044		3,011	
Provisions for risks and charges	17	2,386		2,400		2,280	
Non-current bank debt	18	60,093		73,676		47,169	
Non-current financial liabilities for leases	19	511,354	4,318	469,753	4,595	465,637	4,854
Non-current financial payables	20	1,285		1,178		1,123	
Other non-current liabilities	21	639		788		949	
Deferred tax liabilities	27	15,052		8,575		7,024	
Non-current financial derivative liabilities	14	-		-		104	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>593,940</b>		<b>559,414</b>		<b>527,297</b>	
<b>CURRENT LIABILITIES</b>							
Trade payables	22	112,863	6,845	102,654	621	76,306	463
Current bank debt	23	105,567		43,375		110,140	
Current financial liabilities for leases	19	89,694	549	79,610	541	80,587	525
Current financial payables	24	2,888		2,649		778	
Tax payables	25	14,298		12,242		8,327	
Current derivative financial liabilities	14	17,890		6,954		2,320	
Other current liabilities	26	38,821	506	39,203	717	30,908	490
<b>TOTAL CURRENT LIABILITIES</b>		<b>382,021</b>		<b>286,687</b>		<b>309,366</b>	
<b>TOTAL LIABILITIES</b>		<b>975,961</b>		<b>846,101</b>		<b>836,663</b>	
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,329,704</b>		<b>1,168,501</b>		<b>1,120,311</b>	

**CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2022**

(In thousands of euros)	Half-year ended 30 June				
	NOTES	2022	of which with related parties	2021	of which with related parties
Revenue from sales and services	28	415,357	70	313,764	3
Costs for raw materials and consumables	29	(33,575)	(7,962)	(46,926)	(20)
Cost of services	30	(172,185)	(1,878)	(122,541)	(2,033)
Payroll costs	31	(78,381)	(3,227)	(61,491)	(1,004)
Other operating costs	32	(5,207)		(3,983)	
Other operating revenues	33	742	11	2,162	4
Increases in fixed assets for internal costs	34	861		1,355	
Depreciation	35	(62,198)		(55,261)	
Value adjustments to assets and other provisions	36	(7,660)		(1,745)	
Total operating costs		(357,603)		(288,430)	
Operating profit		57,754		25,334	
Financial expense	37	(44,063)		(18,897)	
Financial income and from equity investments	38	56,005	4,689	12,697	
Income before taxes		69,696		19,134	
Income taxes	27	(19,125)		2,720	
Profit for the period		50,571		21,854	
Net profit of the Group	15	46,586		20,347	
Net profit of Minority Interests	15	3,985		1,507	
Basic earnings/(loss) per share (euros per share)	39	0.68509		0.29922	
Diluted earnings/(loss) per share (euros per share)	39	0.68509		0.29922	

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2022**

<i>(In thousands of euros)</i>	Half-year ended 30 June		
	NOTES	2022	2021
<b>Result for the period (A)</b>		<b>50,571</b>	<b>21,854</b>
Other components of the comprehensive income statement:			
<b>Other components of the comprehensive income statement that will subsequently be reclassified in the Result for the period</b>		<b>9,314</b>	<b>602</b>
Cash flow hedge	15	(5,302)	(4,279)
Tax effect	15	1,314	1,027
<b>Effect of change in the cash flow hedge reserve</b>	<b>15</b>	<b>(3,988)</b>	<b>(3,252)</b>
Differences in foreign financial statement translation		11,767	2,746
Exchange gains (losses) on net investments in foreign operations		2,020	1,458
Tax effect		(485)	(350)
<b>Other components of the comprehensive income statement that will not subsequently be reclassified in the Result for the period</b>	<b>15</b>	<b>(142)</b>	<b>21</b>
Remeasurement of defined benefit plans (IAS 19)		(187)	28
Tax effect		45	(7)
<b>Total other components of the comprehensive income statement, net of tax effects (B)</b>		<b>9,172</b>	<b>623</b>
<b>Total comprehensive income for the period (A) + (B)</b>		<b>59,743</b>	<b>22,477</b>
<i>Attributable to:</i>			
Group		55,676	20,962
Non-controlling interests		4,067	1,515



**CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2022**

<i>(In thousands of euros)</i>	Half-year ended 30 June		
	NOTES	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period	15	50,571	21,854
<i>Adjustments to reconcile net profit to cash flow generated / (used) by operating activities:</i>			
Income taxes	27	19,125	(2,720)
Depreciation	35	62,198	55,261
Allocations to provisions for employee benefits	16	34	39
Allocations to provisions for risks and charges / allowance for obsolescence / provision for bad debts and impairment of assets		7,687	1,745
Change in other non-current liabilities		(153)	889
(Gains)/losses on disposal of non-current assets		42	11
Effects of the valuation of investments using the equity method		(4,689)	-
Other components without cash movements under IFRS 16		(10,171)	(1,044)
Interest expense	37	751	659
Interest expense for lease liabilities	37	5,557	5,128
Interest income	38	(92)	(10)
Interest income for lease assets	38	(10)	(10)
Payments for employee termination indemnities	16	(127)	(105)
Net change in deferred tax assets and liabilities	27	(2,180)	(13,390)
Change in fair value of financial instruments	14	2,937	2,099
<i>Changes in operating assets and liabilities:</i>			
Trade receivables	9	(1,764)	3,474
Inventories	8	(32,038)	3,936
Trade payables	22	381	(18,332)
Interest expense paid		(821)	(671)
Interest paid on lease liabilities		(5,557)	(5,128)
Interest income received		92	10
Interest income received on lease assets		10	10
Income tax paid		(18,101)	(3,661)
Other current assets and liabilities		4,824	13,649
<b>NET CASH FLOWS GENERATED/(USED) BY OPERATING ACTIVITIES (A)</b>		<b>78,506</b>	<b>63,693</b>



(In thousands of euros)	Half-year ended 30 June		
	NOTES	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments in property plant and equipment	4	(24,537)	(18,922)
Investments in intangible assets (including key money)	3	(4,116)	(7,274)
Investments in financial assets	7	(16,807)	(1,336)
Investments in property	5	(851)	(1,286)
Acquisition of Brunello Cucinelli Middle East LLC, net of cash acquired		-	(1,669)
Disposal of property, plant and equipment and key money		37	826
<b>CASH FLOWS GENERATED/(USED) IN INVESTING ACTIVITIES (B)</b>		<b>(46,274)</b>	<b>(29,661)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of medium/long-term loans	18	5,000	5,080
Repayment of medium/long-term loans	18	(20,701)	(28,912)
Net change in short-term financial liabilities		64,285	15,898
Net change in long-term financial liabilities		-	1,111
Repayment of lease liabilities		(47,885)	(38,501)
Receipts from financial lease assets		1,331	592
Dividends paid		(32,294)	-
Changes in equity		-	-
<b>NET CASH FLOWS GENERATED/(USED) FROM FINANCING ACTIVITIES (C)</b>		<b>(30,264)</b>	<b>(44,732)</b>
<b>TOTAL CASH FLOW (D=A+B+C)</b>		<b>1,968</b>	<b>(10,700)</b>
<b>EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (E)</b>		<b>5,513</b>	<b>1,053</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)</b>	<b>13</b>	<b>98,003</b>	<b>72,834</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)</b>	<b>13</b>	<b>105,484</b>	<b>63,187</b>



## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 JUNE 2022

<i>(In thousands of euros)</i>	NOTES	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Profit for the period	Total Shareholders' Equity of the Group	Total Shareholders' Equity of Minority Interests	Total Shareholders' value
<b>Balance at 1 January 2022</b>	15	13,600	2,720	57,915	-	2,168	186,416	53,322	316,141	6,259	322,400
Profit for the period								46,586	46,586	3,985	50,571
Other components of the comprehensive income statement						13,212	(4,122)		9,090	82	9,172
<b>Total overall result</b>		-	-	-	-	13,212	(4,122)	46,586	55,676	4,067	59,743
Allocation of profit for the period	15						53,322	(53,322)	-		-
Dividends paid	15						(28,560)		(28,560)	(3,734)	(32,294)
Stock grant reserve							2,875		2,875		2,875
Other changes							332		332	687	1,019
<b>Balance at 30 June 2022</b>	15	13,600	2,720	57,915	-	15,380	210,263	46,586	346,464	7,279	353,743

<i>(In thousands of euros)</i>	NOTES	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Profit for the period	Total Shareholders' Equity of the Group	Total Shareholders' Equity of Minority Interests	Total Shareholders' value
<b>Balance at 1 January 2021</b>	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 comprehensive income						3,852	(3,237)		615	8	623
<b>Total overall result</b>		-	-	-	-	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								-	51	51
Changes in scope of consolidation						-	51	51	16		16
Other changes				16		16		16	279,947	3,701	283,648
<b>Balance at 30 June 2021</b>	15	13,600	2,720	57,915	-	(3,927)	189,292	20,347	279,947	3,701	283,648



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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY  
FINANCIAL STATEMENTS**

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## 1. BASIS OF PREPARATION

### 1.1 CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated half-yearly financial statements have been prepared on the basis of IAS 34 Half-Yearly Financial Reporting, and were submitted to the directors for approval on 30 August 2022.

The condensed consolidated half-yearly financial statements at 30 June 2022 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 2021 for the consolidated statement of financial position and for the period ended 30 June 2021 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 consist of items that are expected to be recovered after more than 12 months.
- Current assets consist of items that are expected to be recovered after no more than 12 months.
- Non-current liabilities consist of items that are expected to be settled after more than twelve months, including loans, provisions and the employee severance indemnity (TFR).
- Current liabilities include payables that are expected to be settled in the Group's normal operating cycle or in the 12 months following the end of the reporting period.

The format for the consolidated income statement classifies revenues and 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.

Note 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.

These condensed consolidated half-yearly financial statements are subject to a limited audit by PricewaterhouseCoopers S.p.A.

### 1.2 STATEMENT OF IFRS COMPLIANCE

The condensed consolidated half-yearly financial statements at 30 June 2022 have been prepared in accordance with the international accounting standard on half-yearly financial reporting (IAS 34 Half-Yearly Financial Reporting). The condensed consolidated half-yearly 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 2021 published on the institutional website [www.brunellocucinelli.com](http://www.brunellocucinelli.com) Investor Relations, Financial Reports section.





## 2. SCOPE OF CONSOLIDATION

The condensed consolidated half-yearly financial statements present the financial position, results and cash flows of the parent company Brunello Cucinelli S.p.A. and its Italian and foreign subsidiaries, together identified as the Brunello Cucinelli Group, as of and for the six months ended 30 June 2022.

Such financial statements have been prepared on the basis of the accounting situations of the Company and its subsidiaries, suitably adjusted to comply with IFRSs.

As at 30 June 2022, the Brunello Cucinelli Group does not have any stakes in joint ventures (defined as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, pursuant to IFRS 11).

As far as equity investments in associate companies are concerned (companies in which the Group holds at least 20% of the voting rights or exercises significant influence over financial and operating policies, but not control or joint control), as of the first half of 2022 the Group holds a 43% equity investment in the share capital of Cariaggi Lanificio S.p.A. (with registered office in Cagli (PU) - Italy and share capital of €7,000 thousand).



The following table provides summary information on the Company's subsidiaries at 30 June 2022, 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	Principal unit of currency	Percentage of control	
				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%
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.	Ardley (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	RMB	200,000,000	100.00%	
Brunello Cucinelli Hong Kong Ltd.	Hong Kong – China	Hong Kong dollar	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	Singapore dollar	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%	

Note that during the first half of 2022 the scope of consolidation changed following the exit of Brunello Cucinelli Netherlands B.V., whose liquidation process was completed in the aforementioned period.



### 3. ACCOUNTING STANDARDS

#### 3.1 INTRODUCTION

The condensed consolidated half-yearly financial statements at 30 June 2022 have been prepared in accordance with IAS 34 Half-Yearly Financial Reporting and were approved by the Board of Directors on 30 August 2022.

#### 3.2 GENERAL BASIS OF PREPARATION

The condensed consolidated half-yearly financial statements at 30 June 2022, 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 Half-Yearly Financial Reporting.

In preparing this half-yearly financial report, the same accounting principles, recognition and measurement criteria were applied, as well as consolidation criteria adopted in preparing the consolidated financial statements at 31 December 2021 and the half-yearly financial report at 30 June 2021.

#### 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 2022 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.

#### 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 half-yearly financial statements or the next set of annual financial statements.



### 3.5 DISCRETIONAL ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the condensed consolidated half-yearly 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 2021 Annual Financial Report.

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

The condensed consolidated half-yearly financial statements are presented in euros, the functional and presentation currency adopted by the Company. As required by IAS 1, the amounts were represented in thousands of euros.

Each Group entity establishes its own functional currency which it uses to measure the items included in the individual financial statements. Transactions in foreign currency are initially recognised at the exchange rate (referring to the functional currency) at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate ruling at the balance sheet date.

All exchange differences are recognised in the income statement.

Non-monetary items, measured at historic cost in foreign currency, are translated at the exchange rates at the date of the initial recognition of the transaction.

The financial statements of foreign companies being consolidated are translated into euro using the current exchange rate method, under which balance sheet items are translated using the exchange rate at the balance sheet date and income statement items are translated using the average exchange rate for the period.

Translation differences are recognised directly in equity and presented in a separate reserve. On the sale of a foreign company the cumulative exchange differences in equity are recognised in the income statement.



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		
	30/06/2022	30/06/2021	30/06/2022	31/12/2021	30/06/2021
US dollar	1.0934	1.2053	1.0387	1.1326	1.1884
Swiss franc	1.0319	1.0946	0.996	1.0331	1.098
Japanese yen	134.3071	129.8681	141.5400	130.3800	131.43
Renminbi	7.0823	7.796	6.9624	7.1947	7.6742
British pound	0.8424	0.86801	0.8582	0.84028	0.85805
Hong Kong dollar	8.5559	9.3551	8.1493	8.8333	9.2293
Canadian dollar	1.39	1.503	1.3425	1.4393	1.4722
Rouble	85.741	89.5502	57.4991	85.3004	86.7725
Singapore dollar	1.4921	1.6059	1.4483	1.5279	1.5976
Danish krone	7.4402	7.4368	7.4392	7.4364	7.4362
Taiwan dollar	31.3697	33.7755	30.8788	31.3671	33.1584
Dirham	4.0155	4.4128	3.8146	4.1595	4.3644

The exchange rates shown above are taken from data published by the Bank of Italy with the exception of the Rouble. The tensions caused by the Russian-Ukrainian conflict led to a significant volatility of the Euro/Rouble exchange rate. Indeed, due to the current market conditions, the Bank of Italy decided to suspend the publication of the Belarusian rouble exchange rate until further notice, and the last figure published was 28 February 2022. Therefore, in order to translate the rouble-denominated balances as at 30 June 2022 into euros in accordance with IAS 21, the Group used the euro/rouble exchange rate published on the date by Bloomberg.

### 3.7 SEASONAL OR CYCLICAL ASPECTS OF INTERIM TRANSACTIONS

The Brunello Cucinelli Group carries out a business which although not subject to significant seasonal or cyclical trends in terms of total annual sales during the course of the year suffers from a lack of perfect homogeneity in the various months in terms of the flow of revenues and costs deriving from its activities. In addition, the market in which the Group operates is characterised by the typical seasonal nature of retail sales.

For these reasons an analysis of the half-yearly results or operating and financial indicators should not be considered to be entirely representative, and it would be erroneous to consider benchmark figures for the half year as strictly proportional to the full year. Reference should also be made to the Management Report of the Board of Directors for a further description of “seasonality” phenomena.

### 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 - IMPAIRMENT

As at 30 June 2022, as required by IAS 34, IAS 36 and internal procedures, the Group assessed the existence of indicators of a significant impairment of non-current assets, and in particular of:

- Goodwill (€7.0 million as at 30 June 2022 before impairment).
- Right-of-use (€567 million as at 30 June 2022), which also includes compensation paid to the lessee in accordance with industry practice in order to take over a lease contract for a store located in a strategic position (so-called Key Money).
- Intangible assets (€14 million as at 30 June 2022).

The impairment test starts from the identification of the Cash Generating Unit (CGU) or group of CGUs to which goodwill, property, plant and equipment and intangible assets with finite useful lives of the Group should be allocated. This assessment is complex and requires the application of technical and professional judgement by Management. Taking into account the organisational structure and type of business, the way in which management controls the operations of the Company and the Group, and makes decisions on whether to keep operational or dispose of assets or the group of assets and services that generate economic benefits, in line with the last financial statements and previous years and in the absence of organisational and/or structural changes at a Group level, Management has identified the individual legal entities controlled by the Group or the set of assets (including goodwill and usage rights) pertaining to the individual legal entities controlled by the Group as the smallest group of assets capable of generating cash flows that are largely independent of those generated by other assets or groups of assets.

As of 30 June 2022, the directors identified a trigger event for only the OOO Brunello Cucinelli RUS CGU, and therefore the impairment test as of 30 June 2022 was performed for this CGU using a method consistent with the last financial statements and those of previous years. Specifically, the impairment test was performed by comparing the net book value of the CGU (understood as Net Invested Capital in the CGU) with the recoverable value in the sense of value in use.

The main assumptions used to calculate the recoverable value included:

- An estimation of future operating flows.
- The Weighted Average Cost of Capital (WACC).
- The nominal long-term growth rate “g”.
- The terminal value.

A model based on discounting the expected future cash flows (Discounted Cash Flow – DCF) generated by the CGU was used to estimate the value in use.

The expected operating cash flows for the period from the second half of 2022 to 31 December 2025 used to determine the recoverable value are based on the most recent economic, equity and financial projections approved by the Company’s Board of Directors on 30 August 2022, updated to take into account the most recent information available on the CGU’s actual performance and the forecasts of the trend of retail business in the local market in light of the restrictive measures adopted towards Russia.



Indeed, in the definition of the main assumptions underlying the updating of the prospective data – compared to those used to perform the impairment test at 31 December 2021 – elements of prudence were incorporated with respect to the estimate of the economic components to take into account the impact of the conflict, the sanctions in place and the possible resumption of business in the domestic territory, as per ESMA and OIV recommendations.

However, due to the increased volatility and uncertainty of the Group's business sector and in the entire stock market in general compared to 2021, the parameters for defining the real discount rate contain elements of prudence and result in higher values compared to those estimated at 31 December 2021, including in particular the use of base rates and country-specific risks estimated on a timely basis at 30 June 2022 (instead of a normalised average of these rates). The discount rate ("WACC") reflecting the specific risks of the CGU at the valuation date and for the explicit forecast period is estimated at 23.1%.

Cash flows after the period covered by the financial projections ("terminal value") were estimated by normalising: (i) the information contained in the financial projections; (ii) the discount rate, estimated at 8.8% to bring it in line with the CGU's long-term outlook, once the current maximum volatility had been overcome; and (iii) the growth rate ("g rate"), estimated at 2.9%, based on the most up-to-date estimates of medium/long-term GDP for the country provided by an external provider.

Taking into account the still very recent manifestation of the conflict and the objective difficulty of defining an unambiguous scenario, a multi-scenario analysis was performed, consistent with the Authorities' instructions.

Based on the results of the impairment test performed as of 30 June 2022 in these financial statements, the value of Goodwill allocated to CGU OOO Brunello Cucinelli RUS, amounting to €7,045 thousand, was fully written down.

#### **Note 1. Goodwill**

The item Goodwill, which amounted to €7,045 thousand as at 31 December 2021, attributable to the business combination in 2017 for the acquisition of 62% of the company OOO Brunello Cucinelli RUS, was fully written down on the basis of the impairment test performed as at 30 June 2022.

For further details, please refer to the section "Introduction - Impairment".

#### **Note 2. Right-of-use**

The composition of right-of-use assets at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Right to use property	566,109	504,551	61,558
Right to use equipment	241	261	(20)
Right to use other tangible fixed assets	495	156	339
<b>Total right-of-use assets</b>	<b>566,845</b>	<b>504,968</b>	<b>61,877</b>



Details of cost, accumulated depreciation and net book value of right-of-use assets at 30 June 2022 with comparative figures at 31 December 2021 are as follows:

<i>(In thousands of euros)</i>	30 June 2022			31 December 2021		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Right to use property	952,856	(386,747)	566,109	844,350	(339,799)	504,551
Right to use equipment	281	(40)	241	281	(20)	261
Right to use other tangible fixed assets	680	(185)	495	314	(158)	156
<b>Total right-of-use assets</b>	<b>953,817</b>	<b>(386,972)</b>	<b>566,845</b>	<b>844,945</b>	<b>(339,977)</b>	<b>504,968</b>

Right-of-use assets at 30 June 2022 amounted to €566,845 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, equipment and other assets. 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 2022:

<i>(In thousands of euros)</i>	Right to use property	Right to use equipment	Right to use other tangible fixed assets	Total right-of-use assets
<b>Balance as at 1 January 2022</b>	<b>504,551</b>	<b>261</b>	<b>156</b>	<b>504,968</b>
Increases	80,348	-	438	80,786
Net decreases	(6,511)	-	-	(6,511)
Translation differences	31,221	-	-	31,221
Value adjustments	-	-	-	-
Reclassifications	-	-	-	-
Change in scope of consolidation	-	-	-	-
Depreciation	(43,500)	(20)	(99)	(43,619)
<b>Balance as at 30 June 2022</b>	<b>566,109</b>	<b>241</b>	<b>495</b>	<b>566,845</b>

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, expanding single-brand points of sale and conversions from the wholesale channel.

No indications of a possible loss in value emerged during the period.

**Note 3. Intangible assets**

The composition of intangible assets at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	31/12/2021	Change
Concessions, licences, trademarks and similar rights	12,440	10,061	2,379
Other intangible fixed assets	474	641	(167)
Assets under construction and advances	1,341	2,368	(1,027)
<b>Total intangible assets</b>	<b>14,255</b>	<b>13,070</b>	<b>1,185</b>

Details of historical cost, accumulated amortisation and the net book value of intangible assets at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	30 June 2022			31 December 2021		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Concessions, licences, trademarks and similar rights	40,803	(28,363)	12,440	35,293	(25,232)	10,061
Other intangible fixed assets	1,722	(1,248)	474	1,722	(1,081)	641
Assets under construction and advances	1,341	-	1,341	2,368	-	2,368
<b>Total intangible assets</b>	<b>43,866</b>	<b>(29,611)</b>	<b>14,255</b>	<b>39,383</b>	<b>(26,313)</b>	<b>13,070</b>

Intangible assets amounted to €14,255 thousand at 30 June 2022 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 modernisation of the Group's technological platforms, in particular those for the e-commerce website and for digital sales.

The following table sets out changes in the net book value of intangible assets for the six months ended 30 June 2022:

<i>(In thousands of euros)</i>	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total intangible assets
<b>Balance as at 1 January 2022</b>	<b>10,061</b>	<b>641</b>	<b>2,368</b>	<b>13,070</b>
Increases	3,285	-	831	4,116
Net decreases	-	-	-	-
Translation differences	107	-	-	107
Value adjustments	-	-	-	-
Reclassifications	1,858	-	(1,858)	-
Change in scope of consolidation	-	-	-	-
Depreciation	(2,871)	(167)	-	(3,038)
<b>Balance as at 30 June 2022</b>	<b>12,440</b>	<b>474</b>	<b>1,341</b>	<b>14,255</b>



Investments for the half year amounted to €4,116 thousand, of which €3,994 thousand relating to the project to upgrade the information technology and IT/Digital systems, accounted for as to €3,163 thousand under the items “Concessions, licenses, trademarks and similar rights” and as to €831 thousand under the items “Assets under construction and advances”.

No indications of a possible loss in value emerged during the period.

#### Note 4. Property, plant and equipment

The composition of Property, plant and equipment at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	31/12/2021	Change
Land	14,794	7,974	6,820
Buildings	40,831	40,732	99
Leasehold improvements	80,685	75,572	5,113
Plant and machinery	4,657	4,471	186
Industrial and commercial equipment	1,814	2,584	(770)
Other assets	34,360	32,558	1,802
Assets under construction and advances	4,781	2,142	2,639
<b>Total property, plant and equipment</b>	<b>181,922</b>	<b>166,033</b>	<b>15,889</b>

Details of historical cost, accumulated depreciation and the net book value of property, plant and equipment at 30 June 2022 with comparative figures at 31 December 2021 are as follows:

<i>(In thousands of euros)</i>	30 June 2022			31 December 2021		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Land	14,794	-	14,794	7,974	-	7,974
Buildings	55,453	(14,622)	40,831	54,542	(13,810)	40,732
Leasehold improvements	175,418	(94,733)	80,685	158,461	(82,889)	75,572
Plant and machinery	16,623	(11,966)	4,657	15,686	(11,215)	4,471
Industrial and commercial equipment	16,206	(14,392)	1,814	15,742	(13,158)	2,584
Other assets	69,089	(34,729)	34,360	61,992	(29,434)	32,558
Assets under construction and advances	4,781	-	4,781	2,142	-	2,142
<b>Total property, plant and equipment</b>	<b>352,364</b>	<b>(170,442)</b>	<b>181,922</b>	<b>316,539</b>	<b>(150,506)</b>	<b>166,033</b>



The following table sets out the changes in the net book value of property, plant and equipment for the six months ended 30 June 2022:

<i>(In thousands of euros)</i>	Land	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total property, plant and equipment
<b>Balance as at 1 January 2022</b>	<b>7,974</b>	<b>40,732</b>	<b>75,572</b>	<b>4,471</b>	<b>2,584</b>	<b>32,558</b>	<b>2,142</b>	<b>166,033</b>
Increases	6,201	911	7,736	653	154	4,411	4,471	24,537
Net decreases	-	-	(21)	(1)	(3)	(54)	-	(79)
Translation differences	-	-	5,414	116	18	1,388	249	7,185
Value adjustments	-	-	(240)	-	-	(31)	-	(271)
Reclassifications	619	-	719	-	16	727	(2,081)	-
Change in scope of consolidation	-	-	-	-	-	-	-	-
Depreciation	-	(812)	(8,495)	(582)	(955)	(4,639)	-	(15,483)
<b>Balance as at 30 June 2022</b>	<b>14,794</b>	<b>40,831</b>	<b>80,685</b>	<b>4,657</b>	<b>1,814</b>	<b>34,360</b>	<b>4,781</b>	<b>181,922</b>

In the first half of 2022 the Brunello Cucinelli Group made investments in property, plant and equipment of €24,537 thousand consisting of the following:

- Investments for a total of €6,201 thousand in the item “Land”, mainly related to the purchase of a large area just outside Solomeo where the expansion of our production site will take place.
- Investments totalling €911 thousand under “Buildings”, mainly related to the expansion and functionality of the industrial hub.
- Investments of €7,736 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 €5,218 thousand, of which €653 thousand recognised under “Plant and machinery” (mainly referring to new machinery for production), €154 thousand under “Industrial and commercial equipment” (mainly for investments made at sales points and at Solomeo headquarters), €4,411 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 recognised in “Assets under construction and advances” totalling €4,471 thousand, mainly relating to the work carried out in setting up points of sale.

Investments in IT/Digital amounted to €2,849 thousand in the first half of 2022 and refer to property, plant and equipment.

No indications of a possible loss in value emerged during the period.



**Note 5. Investments in non-current financial assets**

The composition of investment property at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	31/12/2021	Change
Investments in non-current financial assets	7,386	6,593	793
<b>Total investment property</b>	<b>7,386</b>	<b>6,593</b>	<b>793</b>

This item, amounting to €7,386 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 2021.

The table below shows changes in the net book value of investment properties for H1 2022:

<i>(In thousands of euros)</i>	Total Real Estate Investments
<b>Balance as at 1 January 2020</b>	<b>6,593</b>
Increases	851
Net decreases	-
Reclassifications	-
Depreciation	(58)
<b>Balance as at 30 June 2022</b>	<b>7,386</b>

**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 2022:

<i>(In thousands of euros)</i>	Non-current	Current	Total at 30 June 2022
Financial assets for leases	6,821	2,606	9,427
<b>Total financial assets for leases</b>	<b>6,821</b>	<b>2,606</b>	<b>9,427</b>



Changes in the six months ended 30 June 2022 were as follows:

<i>(In thousands of euros)</i>	<b>Total financial assets for leases</b>
<b>Balance at 1 January 2020</b>	<b>6,519</b>
Increases	4,239
Decreases for early termination of leases	-
Increases for interest income	10
Decreases for payments received	(1,341)
Foreign exchange gains/(losses)	-
Translation differences	-
<b>Balance at 30 June 2022</b>	<b>9,427</b>

#### **Note 7. Other non-current financial assets**

The composition of other non-current financial assets at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Guarantee deposits and other financial receivables	15,791	13,538	2,253
Equity investments in associate companies	19,921	-	19,921
<b>Total other non-current financial assets</b>	<b>35,712</b>	<b>13,538</b>	<b>22,174</b>

The item Other non-current financial assets includes €15,791 thousand, mainly referring to guarantee deposits related to the sums paid by the Brunello Cucinelli Group in connection with the stipulation of lease agreements for mono-brand shops, which increased due to new lease agreements. This item also includes €19,921 thousand relative to the investment in the associate company Cariaggi Lanificio S.p.A..

On 14 March 2022, Brunello Cucinelli S.p.A. acquired a 43% shareholding in Cariaggi Lanificio S.p.A. at a price of €15,050 thousand.

As required by IAS 28 for shareholdings in associated companies, the shareholding was valued using the equity method, recording an increase in value of €4,871 thousand.

**Note 8. Inventories**

The composition of inventories at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Raw, ancillary and consumable materials	38,358	36,923	1,435
Work in progress and semi-finished goods	11,377	8,205	3,172
Finished goods and merchandise	226,675	185,758	40,917
Inventory write-down reserve	(33,272)	(31,620)	(1,652)
<b>Total inventories</b>	<b>243,138</b>	<b>199,266</b>	<b>43,872</b>

For a comprehensive commentary on this item, please refer to the Management Report of the Board of Directors.

**Note 9. Trade receivables**

Trade receivables at 30 June 2022 amounted to €75,188 thousand compared with €72,809 thousand at 31 December 2021. For a comment on the changes in Net Working Capital, see the Board of Directors' Management Report.

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, as well as the expected loss in value.

Changes in the allowance for bad and doubtful debts during the period ended 30 June 2022, compared with the year ended 31 December 2021, are as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>
<b>Value at 1 January</b>	<b>3,249</b>	<b>2,278</b>
Allocations	431	1,135
Uses	(487)	(190)
Exchange differences	21	26
<b>Value at the end of the period</b>	<b>3,214</b>	<b>3,249</b>

Allocations and utilisations for the period are included under the item "Value adjustments to assets and other provisions" in the income statement.



In H1 2022, losses were recorded on receivables in the income statement for a total of €41 thousand, which together with the uses of the provision for bad debts represented 0.13% of period Revenues.

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

Overdue by:	Situation as at 30 June	
	2022	2021
0-90 days	6,524	6,153
91-180 days	1,963	3,213
More than 180 days	1,898	4,343
<b>TOTAL</b>	<b>10,385</b>	<b>13,709</b>

The change in the balances on overdue receivables highlights the rebalancing that has now been fully achieved, compared to the payment extensions granted during the pandemic.

#### Note 10. Tax receivables

The composition of tax receivables at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	31/12/2021	Change
IRES corporate income tax receivables	-	6	(6)
IRAP regional production tax receivables	-	1	(1)
Other tax receivables	982	1,728	(746)
<b>Total tax receivables</b>	<b>982</b>	<b>1,735</b>	<b>(753)</b>

Tax receivables at 30 June 2022 amounted to €982 thousand, entirely attributable to “Other tax receivables”. The balance refers to tax receivables recognised by the Group’s foreign companies. Among these, the main amounts refer to the receivable generated by the higher advance payments with respect to the balance of income taxes for the year paid by the subsidiaries Brunello Cucinelli Usa Inc. and Brunello Cucinelli (Sichuan) Fashion Co., Ltd.

**Note 11. Other current receivables and assets**

The composition of other receivables and other current assets at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Tax receivables	11,907	11,144	763
Credit card receivables	4,475	5,466	(991)
Accrued income and prepaid expenses	7,729	5,148	2,581
Advances to suppliers	771	1,515	(744)
Receivables from agents	79	220	(141)
Other receivables	2,856	5,517	(2,661)
<b>Total other receivables and current assets</b>	<b>27,817</b>	<b>29,010</b>	<b>(1,193)</b>

Tax receivables amounted to €11,907 thousand at 30 June 2022 compared to €11,144 thousand at 31 December 2021. The item mainly refers to the VAT credit recognised by the Parent Company and its subsidiaries and the tax credit for Research and Development recognised by the Parent Company Brunello Cucinelli S.p.A. in 2021.

Credit cards receivables amounted to €4,475 thousand at 30 June 2022 compared to €5,466 thousand at 31 December 2021. 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.

Accrued income and prepaid expenses are attributable to various types of advance payments, which can be summarised in the following types: advance costs for the production of catalogues relating to the winter collection and which will be produced and distributed in the second half of the year, advance payments for rents (which increased significantly), utilities, insurance premiums and, with increasing importance, fees relating to IT/digital management. Concerning the latter, advance multi-year fees amounted to €2,837 thousand at 30 June 2022, an increase of €867 thousand compared to 31 December 2021.

Advances to suppliers are mainly paid to the production chain, especially fashion designers for the external production of Group products.

**Note 12. Other current financial assets**

Other current financial assets amounted to €78 thousand at 30 June 2022 compared to €80 thousand at 31 December 2021. This refers to short-term financial assets, including prepaid expenses on financial commissions.

**Note 13. Cash and cash equivalents**

The composition of cash and cash equivalents at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Bank and postal deposits	104,973	97,451	7,522
Cash in hand	479	525	(46)
Cheques	32	27	5
<b>Total cash and cash equivalents</b>	<b>105,484</b>	<b>98,003</b>	<b>7,481</b>

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 2022 compared to those of the previous corresponding interim 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 recognised 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 2022:

- All financial instruments at fair value form part of Level 2 (the same situation existed in 2021).
- There have been no transfers from Level 1 to Level 2 or vice versa in 2022.
- There have been no transfers from Level 3 to other levels or vice versa in 2022.

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 2022 are set out below, with comparative figures at 31 December 2021:

<i>(In thousands of euros)</i>	<b>30 June 2022</b>	<b>31/12/2021</b>	<b>Change</b>
Current assets for derivative instruments hedging currency risk	1,340	161	1,179
Current assets for derivative instruments hedging interest rate risk:			
- Current assets for derivative instruments hedging interest rate risk accounted for using hedge accounting	437	-	437
- Current assets for derivative instruments hedging interest rate risk: not accounted for using hedge accounting	-	-	-
<b>Total derivative financial instruments - current assets</b>	<b>1,777</b>	<b>161</b>	<b>1,616</b>
Non-current assets for derivative instruments hedging currency risk	-	-	-
Non-current assets for derivative instruments hedging interest rate risk:			
- Non-current assets for derivative instruments hedging interest rate risk accounted for using hedge accounting	1,023	125	898
- Non-current assets for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
<b>Total derivative financial instruments - non-current assets</b>	<b>1,023</b>	<b>125</b>	<b>898</b>
Current liabilities for derivative instruments hedging currency risk	(17,890)	(6,721)	(11,169)
Current liabilities for derivative instruments hedging interest rate risk:			
- Current liabilities for derivative instruments hedging interest rate accounted for using hedge accounting	-	(233)	233
- Current liabilities for derivative instruments hedging interest rate not accounted for using hedge accounting	-	-	-
<b>Total derivative financial instruments - current liabilities</b>	<b>(17,890)</b>	<b>(6,954)</b>	<b>(10,936)</b>
Non-current liabilities for derivative instruments hedging currency risk	-	-	-
Non-current liabilities for derivative instruments hedging interest rate risk:			
- Non-current liabilities for derivative instruments hedging interest rate accounted for using hedge accounting	-	-	-
- Non-current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
<b>Total derivative financial instruments - non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>



The contractual characteristics of derivative financial instruments used to hedge interest risk and their relative fair values at 30 June 2022 and 31 December 2021 are as follows:

### Derivatives on interest rate risk accounted for using hedge accounting

<i>(In thousands of euros)</i>	30/06/2022		31/12/2021	
	current portion	non-current portion	current portion	non-current portion
Derivative assets/(liabilities)	437	1,023	(233)	125
<b>Total fair value of IRS</b>	<b>437</b>	<b>1,023</b>	<b>(233)</b>	<b>125</b>

The contractual characteristics of derivative financial instruments used to hedge currency risk and their relative fair value at 30 June 2022 and 31 December 2021 are as follows:

<i>(In thousands of euros)</i>	<i>Negative fair value</i>		<i>Positive fair value</i>	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Derivative assets/(liabilities)	(17,890)	(6,721)	1,340	161
<b>Total fair value foreign currency forward contracts</b>	<b>(17,890)</b>	<b>(6,721)</b>	<b>1,340</b>	<b>161</b>

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 recognising the effects in the financial statements.

**Note 15. Capital and reserves**

Share capital at 30 June 2022 amounted to €13,600 thousand, fully paid, consisting of 68,000,000 ordinary shares.

Shareholders' equity at 30 June 2022 amounted to €353,743 thousand, up €31,343 thousand compared to 31 December 2021.

Details of changes in equity for the periods ended 30 June 2022 and 30 June 2021 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 2022 with comparative figures at 31 December 2021 were as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Legal reserve	2,720	2,720	-
Extraordinary reserve	265,367	232,948	32,419
Revaluation reserve	3,060	3,060	-
Stock grant reserve	2,876	-	2,876
Cash flow hedge reserve	(6,611)	(2,623)	(3,988)
IFRS first-time adoption reserve	(782)	(782)	-
Reserve for IAS 19 effects	(695)	(561)	(134)
Translation reserve	15,380	2,168	13,212
Consolidated retained profits/(losses)	(52,952)	(45,626)	(7,326)
<b>Total other reserves</b>	<b>228,363</b>	<b>191,304</b>	<b>37,059</b>

Note that the change in the "Extraordinary Reserve" amounting to €32,419 thousand refers to the allocation of the profit for the year, as resolved by the Shareholders' Meeting on 27 April 2022.

The change in the cash flow hedge reserve of €3,988 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 recognised initially in a separate component of equity in accordance with paragraph 15 of IAS 21 "Net Investment in a Foreign Operation".

With regard to the stock grant reserve, note that on 10 March 2022 the Board of Directors of Brunello Cucinelli S.p.A. approved the 2022-2024 stock grant plan (the "Plan") submitted for subsequent approval by the Ordinary Shareholders' Meeting on 27 April 2022.



The Plan provides for the free allocation of shares to executive directors and employees of the Company and its subsidiaries if certain performance targets are achieved. Treasury shares of the Parent Company, the purchase of which was authorised by the Company's Ordinary Shareholders' Meeting on 27 April 2022, will be used to service the Plan. As required by IFRS 2, equity-settled stock grant plans are measured at fair value through profit or loss under personnel costs over the period from the grant date to the vesting date, with an offsetting entry in an equity reserve. The determination of the fair value of stock grants is made on the grant date, reflecting the market conditions existing on that date.

Equity attributable to non-controlling interests was positive for €7,279 thousand at 30 June 2022 compared to €6,259 thousand at 31 December 2021 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 companies. The liability is set aside by law and discounted to present value by the means described in IAS 19.

The table below shows changes in liabilities for employee benefits for the period ended 30 June 2022 compared with changes at 31 December 2021:

<i>(In thousands of euros)</i>	30/06/2022	31/12/2021
<b>Present value of the obligation at the beginning of the period</b>	<b>3,044</b>	<b>3,108</b>
Revaluation of employee severance indemnity	134	169
Benefits paid	(127)	(204)
Financial (income)/expense	(100)	(90)
Exchange differences	(7)	(2)
Remeasurement of defined benefit plans (IAS 19)	187	63
<b>Present value of the obligation at the end of the period</b>	<b>3,131</b>	<b>3,044</b>

The item "Remeasurement of defined benefit plans (IAS 19)" reflects the items presented 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

	30/06/2022	31/12/2021
Annual discount rate	2.06%	0.23%
Inflation rate	4.00%	0.50%
Expected staff turnover rate	8.80%	8.80%
Advances rate	1.00%	1.00%

**Demographic assumptions**

	30 June 2022	31 December 2021
Mortality	TABLE RG48	
Retirement age	65 years	

**Turnover rate and advances on the employees' termination indemnity**

	30 June 2022	31 December 2021
Advance rate %	1.00%	1.00%
Turnover rate %	8.80%	8.80%

Note that the Company performed a sensitivity analysis on the actuarial assumptions used to determine the liability at 30 June 2022. Specifically, under the same conditions, a change of +10% in the discount rate used would result in a decrease in the balance of the liability equal to €41 thousand, while a change of -10% would result in an increase in the balance of the liability equal to €42 thousand.

**Workforce**

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

	30/06/2022	31/12/2021
Executives and managers	82.5	75.0
Office and sales staff	1,589.4	1,543.3
Blue-collar workers	582.6	541.8
<b>Total workforce</b>	<b>2,254.5</b>	<b>2,160.1</b>

**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 2022 with comparative figures for the year ended 31 December 2021:

<i>(In thousands of euros)</i>	30/06/2022	31/12/2021
<b>Agents' supplementary termination indemnity - value at 1 January</b>	<b>1,808</b>	<b>445</b>
Allocations	138	959
Uses	-	(664)
Actuarial losses/(gains)	(237)	1,068
<b>Agents' supplementary termination indemnity - balance at end of period</b>	<b>1,709</b>	<b>1,808</b>
<b>Other provisions for risks - value at 1 January</b>	<b>592</b>	<b>492</b>
Exchange differences	51	40
Allocations	34	77
Uses	-	(17)
<b>Other provisions for risks - value at period end</b>	<b>677</b>	<b>592</b>
<b>Total provisions for risks and charges</b>	<b>2,386</b>	<b>2,400</b>

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 discount rate used in the actuarial calculation of the provision for agents' severance indemnity was 2.06%, compared to 0.22% on 31 December 2021.

#### **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 2022, showing the portion due within 12 months, between 1 and 5 years and after 5 years:

<b>Description</b> <i>(In thousands of euros)</i>	<b>Outstanding balance at 30 June 2022</b>	<b>Amount due within 12 months</b>	<b>Amount due between 1 and 5 years</b>	<b>Amount due after 5 years</b>
Total medium/long-term loans	103,326	43,233	60,093	-
<b>Total non-current bank debt</b>	<b>60,093</b>			

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.

Finally note that the payables specified are not encumbered by collateral on company assets.



**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 2022 breaks down as follows:

<i>(In thousands of euros)</i>	<b>Non-current</b>	<b>Current</b>	<b>Total at 30 June 2022</b>
Financial liabilities for leases	511,354	89,694	601,048
<b>Total financial liabilities for leases</b>	<b>511,354</b>	<b>89,694</b>	<b>601,048</b>

Changes in the six months ended 30 June 2022 were as follows:

<i>(In thousands of euros)</i>	<b>Total financial liabilities for leases</b>
<b>Balance as at 1 January 2022</b>	<b>549,363</b>
Increases for new leases	82,241
Decreases for early termination of leases	(3,780)
Increases for interest expense	5,557
Decreases for payments made	(53,442)
Foreign exchange gains/(losses)	(10,197)
Translation differences	31,306
<b>Balance as at 30 June 2022</b>	<b>601,048</b>

**Net debt**

The following table provides details of the net debt of the Brunello Cucinelli Group at 30 June 2022 compared to the situation at 31 December 2021, 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”.

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>
A. Cash and cash equivalents	(105,484)	(98,003)
B. Means equivalent to cash and cash equivalents	-	-
C.1 Other current financial assets	(515)	(80)
C.2 Other current financial liabilities for leases	(2,606)	(2,633)
<b>D. Cash and cash equivalents (A + B + C)</b>	<b>(108,605)</b>	<b>(100,716)</b>
E.1 Current financial debt	65,222	10,934
E.2 Current financial debt for leases	89,694	79,610
F. Current portion of non-current financial debt	43,233	35,324
<b>G. Current financial debt (E + F)</b>	<b>198,149</b>	<b>125,868</b>
<b>H. Net current debt (G + D)</b>	<b>89,544</b>	<b>25,152</b>
I.1 Non-current financial debt	61,378	74,854
I.2 Non-current financial debt for leases	511,354	469,753
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
<b>L. Non-current financial debt (I + J + K)</b>	<b>572,732</b>	<b>544,607</b>
<b>M. Total financial debt (H + L)</b>	<b>662,276</b>	<b>569,759</b>
<i>of which:</i>		
<i>Net financial debt for the core business</i>	<i>63,834</i>	<i>23,029</i>
<i>Payables for leases</i>	<i>598,442</i>	<i>546,730</i>

For a comment, see the Management Report of the Board of Directors.



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

	31/12/2021	Monetary flows	Non-monetary flows			30/06/2022
			Change	Variazione dei fair value	Other	
(In thousands of euros)						
Non-current bank payables	73,676	(5,701)	-	-	(7,882)	60,093
Other non-current financial payables	1,178	-	107	-	-	1,285
Current portion of non-current debt	35,324	-	-	-	7,909	43,233
Current and non-current lease liabilities	549,363	(53,442)	22,785	-	82,342	601,048
Other current financial payables	10,934	54,285	223	(233)	13	65,222
Current financial assets	(80)	-	-	-	(435)	(515)
Current financial liabilities for leases	(2,633)	1,341	-	-	(1,314)	(2,606)
Cash and cash equivalents	(98,003)	(1,968)	(5,513)	-	-	(105,484)
<b>Net debt</b>	<b>569,759</b>	<b>(5,485)</b>	<b>17,602</b>	<b>(233)</b>	<b>80,633</b>	<b>662,276</b>

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 €1,285 thousand at 30 June 2022, refers to the loan payable, for its share, by the shareholder Al Tayer to the subsidiary Brunello Cucinelli Middle East LLC, a loan that for the proportional part was made by the Group itself.

(In thousands of euros)	30/06/2022	31/12/2021	Change
Non-current financial payables	1,285	1,178	107
<b>Total non-current financial payables</b>	<b>1,285</b>	<b>1,178</b>	<b>107</b>

#### Note 21. Other non-current liabilities

Other non-current liabilities amounted to €639 thousand at 30 June 2022 compared to €788 thousand at 31 December 2021. The balance is attributable to deferred liabilities on leases that do not fall within the application of IFRS 16.

(In thousands of euros)	30/06/2022	31/12/2021	Change
Non-current deferred income	639	788	(149)
<b>Total other non-current liabilities</b>	<b>639</b>	<b>788</b>	<b>(149)</b>

**Note 22. Trade payables**

The composition of trade payables at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Trade payables to third-party suppliers	112,863	102,654	10,209
<b>Total trade payables</b>	<b>112,863</b>	<b>102,654</b>	<b>10,209</b>

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

**Note 23. Current bank debt**

The composition of current bank debt at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Current portion of medium/long-term loans	43,233	35,324	7,909
Bank advances received and invoices	62,317	8,040	54,277
Accrued interest liabilities	17	11	6
<b>Total current bank debt</b>	<b>105,567</b>	<b>43,375</b>	<b>62,192</b>

Amounts due to banks for advances relate to advances on trade receivables for financing operations.

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 Management Report of the Board of Directors for further details.

**Note 24. Current financial payables**

Current financial payables as of 30 June 2022 amounted to €2,888 thousand, compared to €2,649 thousand as of 31 December 2021.

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Current financial payables	2,888	2,649	239
<b>Total current financial payables</b>	<b>2,888</b>	<b>2,649</b>	<b>239</b>

**Note 25. Tax payables**

Tax payables at 30 June 2022 amounted to €14,298 thousand compared to €12,242 thousand at 31 December 2021 and €8,327 thousand at 30 June 2021.

The item mainly includes the IRES and IRAP tax payables of the Parent Company for H1 2022 and the current tax payable contributed to the consolidation by the subsidiaries.

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Current IRES corporate income tax payables	10,836	9,217	1,619
Current IRAP regional production tax payables	2,055	1,583	472
Other tax payables	1,407	1,442	(35)
<b>Total tax payables</b>	<b>14,298</b>	<b>12,242</b>	<b>2,056</b>

**Note 26. Other current liabilities**

The composition of other current liabilities at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Payables to agents	1,893	2,769	(876)
Payables to employees	14,617	12,072	2,545
Social security payables	4,293	5,588	(1,295)
Payables of Italian companies for withholding tax (IRPEF, withholdings)	2,521	3,904	(1,383)
VAT payables	4,444	5,254	(810)
Payables for current taxes not on income	256	335	(79)
Accrued expenses and deferred income	442	701	(259)
Advances from customers	5,628	5,359	269
Other payables	4,727	3,221	1,506
<b>Total other current liabilities</b>	<b>38,821</b>	<b>39,203</b>	<b>(382)</b>

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.

**Note 27. Taxes****DEFERRED TAX ASSETS AND LIABILITIES**

The composition of deferred tax assets and liabilities at 30 June 2022 with comparative figures at 31 December 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>31/12/2021</b>	<b>Change</b>
Deferred tax assets	58,670	49,546	9,124
Deferred tax liabilities	(15,052)	(8,575)	(6,477)

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 and losses on foreign exchange from valuation. Deferred tax assets were also recorded on the balance of the provision for write-down of inventories.

Deferred tax assets are recognised 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 utilised.

The balance of deferred tax liabilities is attributable, as to €9,258 thousand, to the deferred taxation of foreign companies, which amounted to €8,112 thousand as of 31 December 2021; as to €5,794 thousand, it is substantially attributable to the deferred taxation recognised on temporary differences generated by the recognition of exchange rate gains that were “unrealised” by their nature, which originated from the valuation at the exchange rate of 30 June 2022, as a consequence of the momentary weakness of the euro. For further information, see the Management Report of the Board of Directors.

**INCOME TAXES**

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

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>Change</b>
Current taxes	21,265	10,570	10,695
Net deferred taxes	(2,182)	(13,389)	11,207
Prior year taxes	42	99	(57)
<b>Total income taxes in the consolidated income statement</b>	<b>19,125</b>	<b>(2,720)</b>	<b>21,845</b>
Income taxes in the comprehensive income statement	(1,359)	(1,020)	(339)
<b>Total income taxes</b>	<b>17,766</b>	<b>(3,740)</b>	<b>21,506</b>

Taxes are calculated using the best 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 half-yearly 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 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	30/06/2021	Change
Revenue from sales and services	415,357	313,764	101,593

Revenues are earned from the sale of clothing, accessories and services of the Brunello Cucinelli Group.

Revenues may be broken down by geographical area as follows:

<i>(In thousands of euros)</i>	H1 ended 30 June				Change in the period	
	2022	% %	2021	% %	2022 v 2021	2022 v 2021 %
Europe	115,768	27.9%	95,894	30.6%	19,874	+20.7%
Italy	49,187	11.8%	41,038	13.1%	8,149	+19.9%
Americas	152,613	36.8%	99,983	31.9%	52,630	+52.6%
Asia	97,789	23.5%	76,849	24.4%	20,940	+27.2%
<b>Total</b>	<b>415,357</b>	<b>100.0%</b>	<b>313,764</b>	<b>100.0%</b>	<b>101,593</b>	<b>+32.4%</b>

Revenues may be broken down by distribution channel as follows:

<i>(In thousands of euros)</i>	H1 ended 30 June				Change in the period	
	2022	% %	2021	% %	2022 v 2021	2022 v 2021 %
Retail	243,325	58.6%	165,468	52.7%	77,857	+47.1%
Wholesale	172,032	41.4%	148,296	47.3%	23,736	+16.0%
<b>Total</b>	<b>415,357</b>	<b>100.0%</b>	<b>313,764</b>	<b>100.0%</b>	<b>101,593</b>	<b>+32.4%</b>

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

Reference should be made to the Management Report of the Board of Directors 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 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>Change</b>
Costs for raw materials and consumables	65,711	43,661	22,050
Change in inventories	(32,136)	3,265	(35,401)
<b>Total costs for raw materials and consumables</b>	<b>33,575</b>	<b>46,926</b>	<b>(13,351)</b>

Reference should be made to the Management Report of the Board of Directors for comments on this item.

**Note 30. Cost of services**

The composition of costs for services for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>Change</b>
Outsourced work	83,901	57,393	26,508
Advertising and other marketing costs	20,406	14,423	5,983
Transport and duties	18,223	12,999	5,224
Lease expense	16,107	12,892	3,215
Commissions and accessory charges	3,184	4,019	(835)
Credit card charges	5,074	3,075	1,999
Outsourced services, training and miscellaneous consultancy	4,831	3,432	1,399
Maintenance and security services	4,339	3,326	1,013
Electricity, telephone, gas, water and postal expenses	4,370	2,856	1,514
Directors' and statutory auditors' fees	2,065	1,808	257
Insurance	1,021	827	194
IT and digital maintenance and support	4,112	2,582	1,530
Other general expenses	4,552	2,909	1,643
<b>Total costs for services</b>	<b>172,185</b>	<b>122,541</b>	<b>49,644</b>

The "Costs for services" are discussed in the Management Report of the Board of Directors, to which reference should be made.

Note that costs for services also include an amount of €4,602 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 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>Change</b>
Wages and salaries	61,705	47,315	14,390
Social security contributions	13,574	11,261	2,313
Employee severance indemnity	1,835	1,621	214
Other payroll costs	1,267	1,294	(27)
<b>Total payroll costs</b>	<b>78,381</b>	<b>61,491</b>	<b>16,890</b>

Note that the item Personnel Cost includes the cost accrued as of 30 June 2022 (equal to €2,723 thousand) with respect to the 2022-2024 Stock Grant Plan. For more details on this transaction, please refer to Note 15.

Reference should be made to the Management Report of the Board of Directors for a comment on personnel costs.

**Note 32. Other operating costs**

The composition of other operating costs for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>Change</b>
Taxes and duties	2,398	1,854	544
Losses on bad debts	41	16	25
Other operating costs	2,768	2,113	655
<b>Total other operating costs</b>	<b>5,207</b>	<b>3,983</b>	<b>1,224</b>

For the item “Other operating costs” shown in the table, a significant part is represented by costs for the purchase of devices and other personal protective equipment (PPE) aimed at containing and combating the COVID-19 epidemic emergency.

**Note 33. Other operating revenues**

The composition of Other operating revenues at 30 June 2022 with comparative figures at 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	30/06/2021	Change
Other operating revenues	742	2,162	(1,420)
<b>Total other operating revenues</b>	<b>742</b>	<b>2,162</b>	<b>(1,420)</b>

**Note 34. Increases in fixed assets for internal costs**

The increase of €861 thousand in own work capitalised mainly relates to production costs incurred to develop the historical collections, costs for the internal fit-out of the Group's boutiques and costs for the development of new IT procedures. The value at 30 June 2021 amounted to €1,355 thousand.

**Note 35. Depreciation**

The composition of depreciation and amortisation for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	30/06/2021	Change
Depreciation of right-of-use assets	43,619	39,138	4,481
Amortisation of intangible assets	3,038	2,189	849
Depreciation of property, plant and equipment	15,483	13,934	1,549
Depreciation of investment properties	58	-	58
<b>Total depreciation and amortisation</b>	<b>62,198</b>	<b>55,261</b>	<b>6,937</b>

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

Reference should be made to the Management Report of the Board of Directors for comments on depreciation trends.

**Note 36. Value adjustments to assets and other provisions**

Value adjustments to assets and other provisions (€7,660 thousand in the first half of 2022 and €1,745 thousand in the first half of 2021) mainly refer for €7,045 thousand to the write-down of goodwill referred to in the paragraph “Introduction – impairment”, to which reference is made, and for the remaining part to allocations to the provision for bad debts, to the provisions for agents’ supplementary termination indemnity and adjustments to the residual net book value of tangible assets recognised on enlarging the Group’s boutiques.

**Note 37. Financial expense**

The composition of financial expense for the six months ended 30 June 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>Change</b>
Lease interest expense	5,557	5,128	429
Mortgage loan interest	300	378	(78)
Interest payable on advances	449	281	168
Bank interest expense	2	-	2
Realised exchange losses	19,706	10,852	8,854
Unrealised exchange losses	13,329	1,127	12,202
Lease exchange losses	1,514	94	1,420
Financial expense on derivatives	2,066	825	1,241
Miscellaneous financial expense	1,140	212	928
<b>Total financial expense</b>	<b>44,063</b>	<b>18,897</b>	<b>25,166</b>

For a comment on the trend, please see the Management Report of the Board of Directors where the item Financial charges is analysed together with the item Financial income and from equity investments.

**Note 38. Financial income and from equity investments**

The composition of Financial income and from equity investments for the interim period ended 30 June 2022 with comparative figures for the six months ended 30 June 2021 is as follows:

<i>(In thousands of euros)</i>	30/06/2022	30/06/2021	Change
Lease interest income	10	10	-
Bank interest income	92	10	82
Realised exchange gains	23,390	9,983	13,407
Unrealised exchange gains	15,466	1,339	14,127
Lease exchange gains	11,777	1,272	10,505
Financial income on derivatives	476	31	445
Effects of valuation of equity investments using the equity method	4,689	-	4,689
Other income	105	52	53
<b>Total Financial income and from equity investments</b>	<b>56,005</b>	<b>12,697</b>	<b>43,308</b>

For a comment on the trend, please see the Management Report of the Board of Directors where the item Financial income and from equity investments is analysed together with the item Financial charges.

**Note 39. Basic and diluted earnings per share**

Basic earnings/(loss) per share is calculated by dividing net earnings/(loss) for the half-year attributable to the ordinary shareholders of the Brunello Cucinelli Group by the weighted average number of outstanding ordinary shares during the half-year.

There is no difference between basic earnings/(loss) 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/(loss) per share:

<i>(In thousands of euros)</i>	30/06/2022	30/06/2021
Net earnings/(loss) attributable to shareholders of the parent	46,586	20,347
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 <i>(in euros)</i>	0.68509	0.29922
Diluted earnings/(loss) per share <i>(in euros)</i>	0.68509	0.29922

**Note 40. Commitments and risks**

As at 30 June 2022 the Group had commitments mainly attributable to leases of new points of sale for an amount of €1.5 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 €298 thousand.





## OTHER INFORMATION

### RELATED PARTY TRANSACTIONS

The following tables provide details of transactions and balances with related parties. The companies indicated have been identified as related parties because they are directly or indirectly connected with the Brunello Cucinelli Group's shareholders of reference.

Pursuant to Consob Resolution No. 17221 of 12 March 2010, it is acknowledged that during H1 2022 the Group did not enter into major or material transactions with related parties that significantly affected the Group's capital or profit or loss.

All transactions that are part of the normal operations of Brunello Cucinelli Group companies have been carried out in the exclusive interest of the Group, applying contractual conditions consistent with those theoretically achievable in negotiations with third parties.

Details of the Brunello Cucinelli Group's transactions and balances with related parties as at 30 June 2022 are as follows:

<i>(In thousands of euros)</i>	Net revenues	Other operating revenues	Costs for raw materials and consumables	Cost of services	Payroll costs	Financial Income	Property, plant and equipment	Other non-current financial assets	Trade receivables	Trade payables	Other current liabilities
MO.A.R.R. S.n.c.	2	3	3	46	-	-	7,231	-	-	120	-
Cariaggi Lanificio S.p.A.	67	5	7,959	-	-	4,689	-	19,921	87	6,583	-
AS.V.I.P.I.M. Cucinelli Group	-	-	-	459	-	-	-	-	-	76	-
Foro delle Arti S.r.l.	-	-	-	101	-	-	900	32	-	4	-
Verna S.r.l.	-	-	-	230	-	-	-	-	-	38	-
Brunello Cucinelli family	-	2	-	425	392	-	-	-	-	-	75
Directors and Executives with strategic responsibilities	-	-	-	584	2,835	-	-	-	-	-	431
Fedone S.r.l.	-	-	-	32	-	-	-	-	15	20	-
Brunello Cucinelli Foundation	1	-	-	1	-	-	-	-	1	1	-
Castello di Solomeo S.a.S.	-	1	-	-	-	-	4,165	-	1	3	-
<b>Total related parties</b>	<b>70</b>	<b>11</b>	<b>7,962</b>	<b>1,878</b>	<b>3,227</b>	<b>4,689</b>	<b>12,296</b>	<b>19,953</b>	<b>104</b>	<b>6,845</b>	<b>506</b>
<b>Total consolidated financial statements</b>	<b>415,357</b>	<b>742</b>	<b>33,575</b>	<b>172,185</b>	<b>78,381</b>	<b>56,005</b>	<b>181,922</b>	<b>35,712</b>	<b>75,188</b>	<b>112,863</b>	<b>38,821</b>
<i>Proportion %</i>	<i>0.02%</i>	<i>1.48%</i>	<i>23.71%</i>	<i>1.09%</i>	<i>4.12%</i>	<i>8.37%</i>	<i>6.76%</i>	<i>55.87%</i>	<i>0.14%</i>	<i>6.06%</i>	<i>1.30%</i>



The following table sets out the balances at 30 June 2022 arising from the application of the new standard IFRS 16 to related party transactions:

<i>(In thousands of euros)</i>	<b>Right-of-use</b>	<b>Non-current financial liabilities for leases</b>	<b>Current financial liabilities for leases</b>	<b>Depreciation</b>	<b>Financial expenses</b>
Foro delle Arti S.r.l.	4,406	4,318	549	272	70
<b>Total related parties</b>	<b>4,406</b>	<b>4,318</b>	<b>549</b>	<b>272</b>	<b>70</b>
<b>Total consolidated financial statements</b>	<b>566,845</b>	<b>511,354</b>	<b>89,694</b>	<b>62,198</b>	<b>44,063</b>
<i>Proportion %</i>	<i>0.78%</i>	<i>0.84%</i>	<i>0.61%</i>	<i>0.44%</i>	<i>0.16%</i>

Specifically:

- MO.A.R.R. S.n.c.: commercial relations with the company MO.A.R.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.
- Cariaggi Lanificio S.p.A.: these are trade relations with the company Cariaggi Lanificio S.p.A. and essentially concern the purchase of yarn for production. Moreover, since it is an associate company of the parent company, which holds 43% of the share capital, it is also financial income from the valuation of the shareholding against its purchase value.
- 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.: 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 some of his family members.
- Directors and Executives with Strategic Responsibilities: includes the remuneration paid to Executives with Strategic Responsibilities for the employment relationship as well as the emoluments for the position of Directors of the Parent Company (including the emoluments of the CEO Riccardo Stefanelli). The significant increase compared to 31 December 2021 relates to the cost accrued as at 30 June 2022 for the 2022-2024 Stock Grant Plan.
- Fedone S.r.l.: a company in which Cav. Lav. Brunello Cucinelli is the Chairman and CEO and which at 31 December 2021 holds a 50.05% interest in the parent company.
- Brunello Cucinelli Foundation and Castello di Solomeo S.a.S. (formerly Parco Agrario Solomeo): these are non-significant amounts mainly related to recharges of services rendered.



## SIGNIFICANT EVENTS AFTER 30 JUNE 2022

There were no significant events affecting the Group's operations after the closing of this half-yearly report.

## COMPENSATION OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS

The amount of remuneration due to the members of the Board of Directors of Brunello Cucinelli S.p.A. as of 30 June 2022 is equal to a total of €1,101 thousand.

The compensation accruing to the Board of Statutory Auditors of Brunello Cucinelli S.p.A. at 30 June 2022 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 market value 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 jeopardising 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 multi-brand channel and to the single-brand wholesale 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 specialised 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 Lisandrone**  
Chief Executive Officer  
Markets Area

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

**Riccardo Stefanelli**  
Chief Executive Officer  
Product and Operations Area



## **CERTIFICATION OF THE CONDENSED HALF-YEARLY 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 Financial Reporting Officer 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 half-yearly financial statements during the course of the first half of 2022.
2. No significant aspects arose from applying the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements as of and for the six months ended 30 June 2022.
3. We also certify that:
  - 3.1 The condensed consolidated half-yearly financial statements:
    - a) Have been prepared in accordance with the international accounting standards recognised 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 half-yearly 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.

Solomeo, 30 agosto 2022

**Luca Lisandroni**  
Chief Executive Officer  
Markets Area

**Riccardo Stefanelli**  
Chief Executive Officer  
Product and Operations Area

**Moreno Ciarapica**  
Financial Reporting Officer



## **REPORT OF THE EXTERNAL AUDITORS ON THE REVIEW OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS**







