BRUNELLO CUCINELLI

HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2023

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONTENTS

CORPORATE DETAILS

Registered office of the Parent Company

Brunello Cucinelli S.p.A.
Viale Parco dell'Industria, 5, Solomeo hamlet
Corciano - Perugia

Legal data of the Parent Company

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

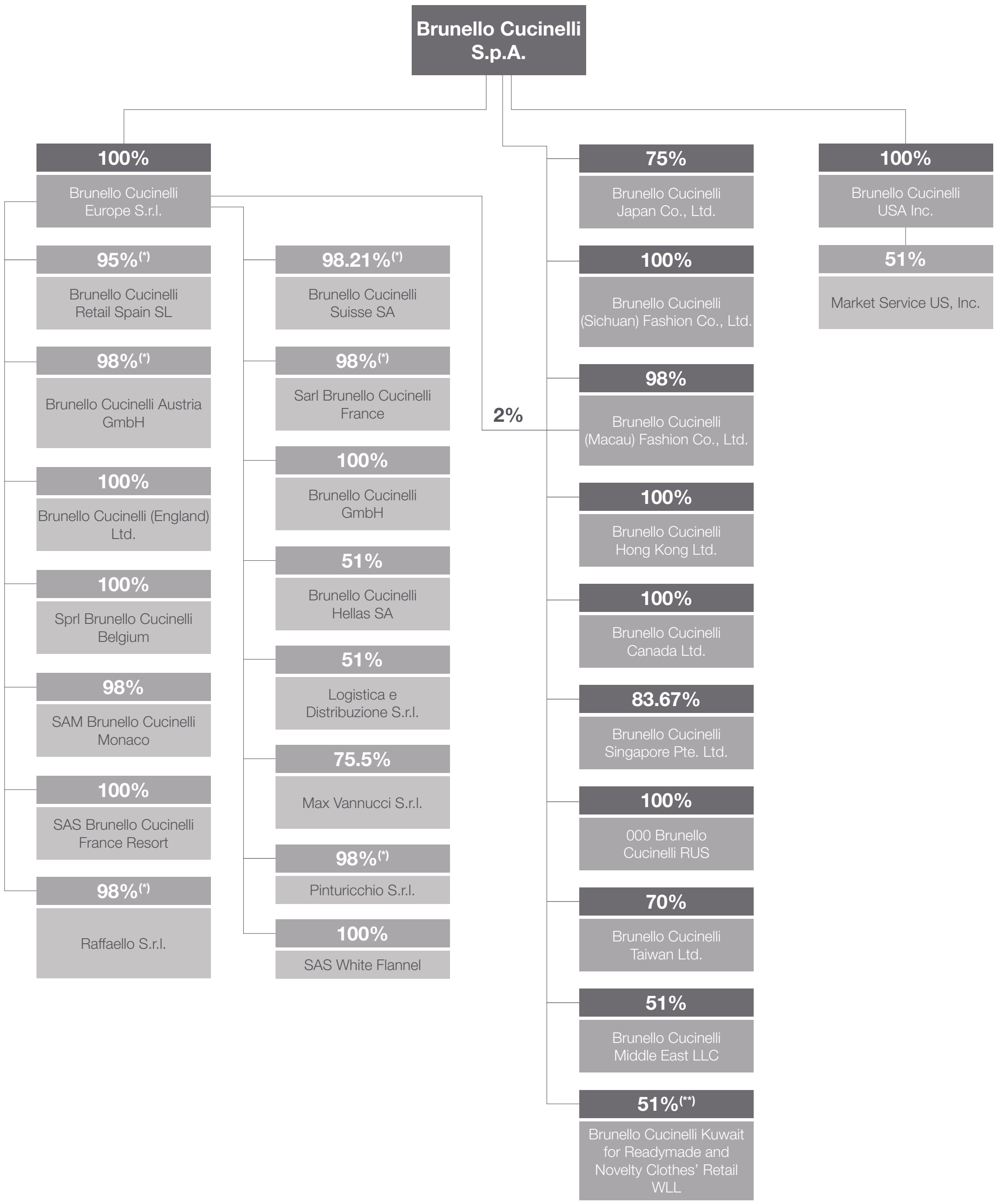
Corporate website: http://investor.brunellocucinelli.com/eng/

CORPORATE GOVERNANCE BODIES AS AT 30 JUNE 2023

Board of Directors (1)	Brunello Cucinelli	Executive Chairman
	Riccardo Stefanelli	CEO
	Luca Lisandroni	CEO
	Camilla Cucinelli	Director
	Carolina Cucinelli	Director
	Alessio Piastrelli	Director
	Giovanna Manfredi	Director
	Andrea Pontremoli	Director
	Ramin Arani	Independent Director
	Maria Cecilia La Manna	Independent Director
	Stefano Domenicali	Independent Director
	Guido Barilla	Independent Director
	Chiara Dorigotti	Independent Director
	Emanuela Bonadiman	Independent Director
Lead Independent Director	Maria Cecilia La Manna	
Audit and Risk Committee	Maria Cecilia La Manna	Chairperson
	Chiara Dorigotti	
	Emanuela Bonadiman	
Remuneration and Appointments Committee	Emanuela Bonadiman	Chairperson
	Ramin Arani	
	Chiara Dorigotti	
Board of Statutory Auditors (1)	Paolo Prandi	Chairperson
	Dante Valobra	Standing Auditor
	Anna Maria Fellegara	Standing Auditor
	Isabella Ippolita Soldani	Substitute Auditor
	Myriam Amato	Substitute Auditor
Independent Auditor	PricewaterhouseCoopers S.p.A.	
Manager charged with preparing Company's Financial Reports	Dario Pipitone	

(1) Appointed at the ordinary shareholders' meeting of 27 April 2023; will remain in office until the shareholders' meeting called to approve the financial statements for the year ending 31 December 2025.

THE BRUNELLO CUCINELLI GROUP AS AT 30 JUNE 2023



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

GROUP STRUCTURE AS AT 30 JUNE 2023

Company name	Location
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
Raffaello 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	Brussels – Belgium
Brunello Cucinelli (England) Ltd.	London – United Kingdom
Sarl Brunello Cucinelli France	Paris – France
SAS Brunello Cucinelli France Resort	Paris – 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.	Ardsley (NY) – 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
Brunello Cucinelli Kuwait for Readymade and Novelty Clothes' Retail WLL	Kuwait City – Kuwait

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, 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 directly employed staff.
  At 30 June 2023, the directly managed boutiques (DOS) numbered 124, along with a total of 42 hard shops within department stores.

– 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 avails of a network of agents and distributors for sales to a number of single-brand and multi-brand wholesale customers.
  At 30 June 2023 there were 27 single-brand wholesale boutiques.

A summary is provided below of the Brunello Cucinelli Group's single-brand sales network at 30 June 2023 compared to the situation at 30 June 2022:

Distribution channel	30 June 2023	30 June 2022
RETAIL	124	117
WHOLESALE	27	30

The following table sets out existing sales points at 30 June 2023 by geographical area:

	Italy	Europe	Americas	Asia	Total
Total Brunello Cucinelli stores	13	45	36	57	**151**

INTERIM MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AS AT 30 JUNE 2023

COMPANY INFORMATION

OUR COMPANY

Brunello Cucinelli S.p.A. is a Casa di Moda and 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 business of the Casa di Moda is focused on the creation, production and sale of Brunello Cucinelli branded clothing, accessories and lifestyle which make up **women's, men's and kid's total look collections**, which are always conceived as an expression of the ethical and human values cultivated in the hamlet of Solomeo. The brand is internationally recognised as a benchmark of **Made in Italy** excellence and a point of reference in the **luxury** goods sector, with the ability to combine the timeless qualities derived from the **selection of the finest materials**, **craftsmanship** and **exclusivity** with **contemporary creativity** that is attentive to market trends and technological innovations.

The company, based on the founding values of respect for **human dignity** and the **beauty of Creation**, pursues **growth in line with the principles of balance, harmony** and **sustainability**, with constant attention to the rhythms of mankind and of nature. The Brunello Cucinelli Casa di Moda is universally recognised as a prime example of **"Humanistic Capitalism"**, combining the **safeguarding of traditions**, appreciation of the **"thinking souls"** who work for the greater good of the company, and promotion of important projects aimed at **beautifying Creation and the legacy left to future generations**.

OUR FIRST SIX MONTHS OF THE YEAR

We achieved **excellent results** in the first half of 2023. The very strong growth in sales of +31.0%, which exceeded our beginning-of-year expectations, was achieved thanks to the **positive and synergistic contribution of both sales channels** and is, in our opinion, very well distributed and **balanced geographically**.

We believe we can safely say that, at this moment in time, the **allure** of our brand and our product offering are particularly valued internationally, and we are delighted to have collected **important awards** from the specialist press and from industry operators, not least of all the "**Neiman Marcus Fashion Award for Distinguished Service in the field of Fashion**" which was presented to us in March in Paris.

We believe these honours justify our highly positive assessment of the global journey undertaken by our Casa di Moda, and help to create a virtuous cycle that is as important for the brand image as it is for business results across all channels and sectors.

These excellent results stand on a solid foundation which is the continuous pursuit of **exclusivity** that has always guided our strategies and brand positioning, in the most exclusive segment of absolute luxury:

– an offering of **unique creations** characterised by **exquisite quality, outstanding craftsmanship and manual skills**, crafted with the idea that they might be handed down from one generation to another;
– the **exclusivity** of our market presence, through **“unique” spaces** designed to convey the **brand's allure.**

For the entire first half of the year, we think there has been a slight perceived **scarcity of the offering of very high-end products in the market,** and against this backdrop we have continued to benefit from choices made in the very first months of the pandemic, which have allowed us to maintain a relationship of consistency and responsibility with all stakeholders, further strengthening our robust **production, logistical and distribution** structure.

In addition, we believe that the current market conditions are highly favourable for the absolute luxury segment, which in terms of taste is associated with a quest for **understated style**.

We firmly believe that the growing success of **more understated and less ostentatious** taste, coinciding with the cyclical return to a **smart, polished style of dressing**, is a key characteristic of the current trend in fashion. This pursuit of **contemporary elegance**, which encompasses men’s and women’s collections alike, significantly overlaps with the distinctive taste that has always characterised our brand.

THE DYNAMICS OF THE MARKETS AND THE COLLECTIONS

Both quarters of the first six months of the year highlighted the excellent state of health of all markets.

In particular, the **American market** is showing a structural increase in demand in the high-end luxury segment, which enabled us to achieve very significant growth of +23.8% in the first half of 2023. The second quarter saw very solid growth, even considering last year as a basis of comparison (bearing in mind that the second quarter of 2022 saw an increase of +67%).

The particular dynamism of American clients and their quest for special garments contribute not only to the results in the domestic market, but also to strong growth in **Europe** and **Italy**, which returned half-yearly growth of +22.6% and +23.8% respectively.

In **Asia**, and China in particular, we saw superb growth of +55.6% in the first 6 months of 2023, always taking into account that our share of turnover achieved in these markets remains limited.

At product level, quarterly sales were driven by **excellent sell-outs** of the **Spring-Summer 2023** men's and women's collections, in both the retail and the wholesale channel, generating a very encouraging volume of restocking over the course of the season.

In the second quarter, in particular, extremely **prompt deliveries** of the **Fall-Winter 2023** collections contributed to **impressive performance** in the wholesale channel, meeting the desire of very many clients to receive the new products as quickly as possible.

The very positive feedback received following the presentation of the Fall-Winter 2023 collections also allows us to have confidence in the quality of the products present in our boutiques and in multi-brand clients also in the second half of this year.

Lastly, important results were achieved in relation to orders for the **Spring-Summer 2024 Men's** collection, following enthusiastic reactions from clients and journalists during Pitti Uomo and Milan Fashion Week.

The **Spring-Summer 2024 Women's** collections, presented after the end of the half-year, were greeted with unanimous approval, and are seeing a very positive order collection.

OUR 45TH ANNIVERSARY AND “SOLOMEO INSIEME”

2023 began with an important anniversary: on **13th February**, in the production area of the Solomeo factory overlooking the fountains that adorn the gardens, the entire company gathered to celebrate the **forty-fifth anniversary** of the foundation of our Casa di Moda, with an affectionate surprise gathering for the Chairman, Brunello Cucinelli.

On this occasion, a delighted and emotional Brunello Cucinelli thanked all the company’s employees in Italy and around the world for the unwavering **passion, dedication** and **creativity** shown in their daily work, also sharing his reflections on the return to normality after three agonising years caused by the pandemic.

Another important date that involved the whole company in its global roll-out was “**Solomeo Insieme**”, which took place on 16 and 17 May 2023. Around 350 employees and collaborators from all around the world gathered together in Solomeo for two intense and enjoyable days of dialogue, meetings and in-depth analysis of the **company philosophy**, **Solomeo projects** and **the cultural and natural environment of Umbria**, the region where our company has its cultural roots.

This provided a valuable opportunity for our human resources from all markets to come together, and this was all the more valuable coming after the restrictions imposed during the pandemic.

The various meetings held over the two-day event – including plenary sessions and dedicated meetings for channels and commercial regions – on the one hand provided a chance to share the **cornerstones of our philosophy**, the **foundations of Humanistic Capitalism** and the **value aspects of the brand**, and on the other hand allowed direct comparisons on **sustainable long-term growth**, always respecting the **moral** and **economic dignity** of the human being.

COMPANY VALUES AND THE CENTRALITY OF THE DIGNITY OF WORK

Humanistic values have always been at the core of all the choices made and activities undertaken by the Casa di Moda. One of the key principles of our idea of Humanistic Capitalism and Human Sustainability is the very deliberate protection of **dignity of work** and, more broadly, of the human being.

Profound respect in relationships between **Human Resources** is supported by the pursuit of sustainable development, based on the **centrality of the human being**. With ever-growing dedication and investments, the company pays particular attention to the **beauty, welcoming atmosphere** and **good design of work and production spaces**, in the firm belief that beautiful, orderly surroundings stimulate brilliance and creativity, as well as forming the basis of professional and human respect.

Another of the company's founding principles is **fair recognition of work**, and in particular all those skilled **manual and craft trades** that form the foundations of the great tradition of **Made in Italy**, valued the world over as an example of unqualified **excellence**.

To this end, one of the company's main goals is to **make manual work appear relevant and attractive** to younger age groups entering the workplace today or in the coming years. At this particular moment in time, restoring **moral and economic dignity to blue collar work** is, to our minds, an essential requisite for an Italian company operating in the manufacturing sector; a sector that around the world represents the benchmark of product excellence, thanks to the superb quality of the manual skills of our artisans and workers.

In this context, we believe that wages represent a noble means of pursuing an equally noble end, just as protection of the dignity of work is essentially expressed also through **care devoted to workplaces**.

In conjunction with its commitment to the quality of working life and satisfaction with pay, the company has confirmed and expanded the training offering provided through its "**School of Contemporary High Craftsmanship and Arts**", a major long-term project designed to nurture the artisans of tomorrow who are keen to learn this precious craft.

THE EXPANSION OF THE SOLOMEO HEADQUARTERS AND THE NEW FACTORY IN PENNE

In order to tackle the Solomeo-based company's need for more room and to meet its requirements for the foreseeable future, at the start of 2022 the company completed the purchase of a vast eight-hectare **site on the outskirts of Solomeo**, which is currently undergoing redevelopment and restructuring. Once completed, this project will provide the company with an additional 40,000 m² of space, plus related services and outdoor spaces.

The site formerly housed an industrial complex built in the 1970s, which remained operational until around thirty years ago. The redevelopment of this now abandoned site is in line with the company's philosophy and the idea of Humanistic Capitalism and Human Sustainability that guides company processes and strives to better the area through a major **regeneration project of so-called "pleasant peripheries"**.

The area's strategic position, located in the immediate vicinity of our hamlet of Solomeo, will allow us to expand our company premises and to "enhance the beauty" of the suburb, always endeavouring to "*rebuild and renovate*" rather than occupy new spaces.

Convinced that **manual skills** and **craftsmanship** are at the core of the quality of the products offered by our Casa di Moda, plans are under way for a new factory in **Penne**, in the Abruzzo region, a place that has traditionally played an **extremely important** role in the history of Italian **handcrafted tailoring**, particularly **men's suits.**

With the new production facility in Penne, we aim to create our "beautiful factory", which will progressively employ a significant number of highly skilled workers, dedicated entirely to the production of men's sartorial outerwear garments.

This represents a concrete expression of the brand's desire and commitment to strengthen and further enhance this segment of the collection, following our purchase in 2013 of the production division of the prestigious "**Sartoria D'Avenza**" in Carrara, another example of Made in Italy excellence in the production of men's suits.

These new projects are part of our plans for healthy and balanced growth in harmony with the local area and its traditions, in accordance with the principles that have always guided the company.

THE AGREEMENT WITH CHANEL TO ENHANCE THE EXCELLENCE OF CARIAGGI

With the agreement signed on **23 May 2023**, the prestigious **Maison Chanel** acquired a minority stake in the **prestigious Lanificio Cariaggi S.p.A.**, a leading company in the supply and processing of the finest quality cashmere.

Following this operation, Brunello Cucinelli's stake in Lanificio **Cariaggi** went from 43% to 24.5%; with the sale by the Cariaggi family of a 6% stake in the capital to Chanel, the company's share capital is now held by the Cariaggi family with a stake of **51%,** and by **Brunello Cucinelli** and **Chanel** with a stake of **24.5%** each.

We are honoured to be part of this project, also because it is the **first time** that the incredibly prestigious **Chanel**, a "*point of reference in style, modus operandi and kindness*", has collaborated **with another brand inside a manufacturing company**, sharing the same belief in valuing exclusivity and **craftsmanship** in the highest bracket of the luxury market.

We also believe that this agreement will help protect and further develop Cariaggi, which is an icon of **Italian manufacturing excellence** worldwide.

On the signing of the agreement, Brunello Cucinelli commented:

"I am particularly happy on this day of truly historic importance. The agreement we have reached represents a splendid diadem that will enhance the value of the entire Italian supply chain, enormously pleased by the fact that a Maison of absolute excellence in global fashion like Chanel has chosen to invest in Made in Italy by sharing with us the beautiful "Cariaggi woollen mill project". I therefore consider it a joyful day of celebration, which we believe will be followed by years full of great achievements by virtue of this very, very special collaboration. After all, with Chanel we are in the presence of a true international icon of style, elegance and beauty, and I am immensely honoured that they have decided to work with us. This agreement, I am certain, will constitute for all of us the best possible leaven for magnificent growth as humans, not just professionals, over the coming decades.

By virtue of all these healthy and concrete elements, I sincerely thank the esteemed Cariaggi family, to whom my family and I have always been tied in a virtuous relationship of shared values, and the equally esteemed Bruno Pavlovsky, President of fashion at the prestigious French Maison, which gives this memorable agreement an added value of great beauty".

AWARDS AND THE BRAND'S SIGNATURE LOOK

Very important recognition for the evolution of the brand and its definition of taste came with the ***"Neiman Marcus Fashion Award for Distinguished Service in the field of Fashion"*** **2023**, awarded to Brunello Cucinelli in March in Paris, following the announcement in December 2022.

This award, which we consider a sort of "**fashion Oscar**" is bestowed by Neiman Marcus, the Dallas-based luxury goods department store, upon those who have most influenced fashion around the world. Winners of the award since its launch back in the 1930s include some absolute icons of fashion like Coco Chanel, Christian Dior, Valentino Garavani, Giorgio Armani, Miuccia Prada and Karl Lagerfeld.

This award marks further important **confirmation of the recognition** that the market reserves for our Casa di Moda, particularly for the **taste** the brand has created over the years, establishing its own distinctive signature look, based on the pursuit of **elegance** that mixes **understatement** and **sophistication**, for an expression of a "**contemporary casual chic**" style.

This recognition comes in addition to another important award collected in 2021, when **GQ UK** presented Brunello Cucinelli with the title "**Designer of the Year"**. These awards also had a significant impact over subsequent months, not only in terms of perceived image, but also in a direct boost to sales.

THE LAUNCH OF BRUNELLO CUCINELLI FRAGRANCES AND THE CONTEMPORANEITY OF THE COLLABORATIONS

On 28 March 2023 in Milan, at a press conference attended by numerous journalists and industry operators, **the two new fragrances expressing** the creativity of the Casa di Moda were officially unveiled.

The fragrances "**Brunello Cucinelli pour Femme**" and "**Brunello Cucinelli pour Homme**" are the culmination of a collaboration with Lombard company EuroItalia, an esteemed Italian firm with an excellent international reputation, owned by the Sgariboldi family and specialised in the creation and distribution of luxury fragrances.

The two fragrances add yet another layer of complexity to the men's and women's ready-to-wear collections, and in general enhance the interpretation of the **lifestyle** our brand represents, adding another element to clearly define our distinctive taste, which is always based on materials of the finest quality, handcrafted creativity and the pursuit of a balanced, timeless style.

Both scents are the result of a synergistic and meticulous **process** that **began in 2019** and was developed with the expert perfumer noses Daphné Bugey and Olivier Cresp.

Around three months after the presentation press conference, we began to receive initial product **feedback**, which coincided with the roll-out of distribution in the **specialised channel**.

The fragrances are currently sold in our **directly managed boutiques** in **Europe**, and in a fine, select group of independent, high-end Italian perfumeries.

We are truly honoured to have been chosen by these **highly important multi-brand customers,** our initial distribution objective. It gives us great pleasure to underline their **positive judgement** on our **fragrances**, described as **modern** and **contemporary**.

At a product level, for these first two products our research was guided by the desire to transfer the brand identity into olfactory notes, creating an **"essential" product capable of representing us** over time, as if it were a "***crew-neck cashmere sweater***".

We believe that the first feedback gathered validates our impression of having succeeded in activating a new sense, in line with the **understatement**, **quality** and **exclusivity** naturally associated with our brand.

Over the course of the summer, distribution began in the multi-brand channel in the rest of Europe, seeking to establish, with the same attention in each country, a presence in **retail spaces** whose **beauty**, **importance** and **exclusive profile** make them the optimal local showcases for our product.

Furthermore, we expect to begin serving the **North American** and **Middle Eastern markets** starting in **Autumn,** and **Asian markets** come the start of the **new year**.

Completion of distribution will still take several months, but we have decided to devote the **"right amount of time"** to this aspect as well, as we consider it essential to build a solid distribution platform that is capable of guaranteeing in the long term a clear connotation of **exclusivity,** and a possible **materiality** of our business in this category.

The collaboration with the Sgariboldi family for fragrances follows the agreement with **EssilorLuxottica** for **eyewear**, signed in November 2022.

We believe that the **relevance** of these **collaborations** lies precisely in the care and dedication shown by our partners and our Casa di Moda in working closely together to follow every aspect and stage of **product development** and, very importantly, product **distribution**.

The exclusive licensing agreement with EssilorLuxottica for the design, production and distribution of "Brunello Cucinelli" optical eyewear and sunglasses, links the two companies from 1 January 2023 until 31 December 2032, and envisages the presentation of the first collection in the first quarter of 2024. This agreement represents an extension of the ongoing collaboration between the two companies, which have been collaborating since the launch of the first capsule collection signed "Brunello Cucinelli e Oliver Peoples", an EssilorLuxottica brand.

COLLECTIONS, LIFESTYLE AND NEW CATEGORIES

With the progressive addition of new lines to the prêt-à-porter collections, the Brunello Cucinelli offering becomes increasingly complete and articulated, further developing the signature **Italian lifestyle** image across all areas of the market. For every line and each product, the guiding principle remains the pursuit of **harmoniously balanced elegance**, based on carefully chosen raw materials and **superb Made in Italy craftsmanship**, capable of combining new trends with an **understated, timeless look**, an authentic expression of the brand's original characteristics.

Knitwear remains the **focal point of the collections** and one of the main sources of inspiration for **innovations** across the whole collection in terms of **stylistic** content and new **materials**. In this way, the category historically linked to the company's core business contaminates every category with a distinctive, comfortable and refined style, particularly well-developed in the winter collections.

Every aspect of the collections, like the coordinated looks proposed, which are a real distinguishing feature of the offering of a complete image representing the **brand's lifestyle**, is based on the contemporary need for **flexibility** and **versatility**. Classic and iconic elements are updated according to the most sophisticated materials and techniques, while new trends are reinterpreted in line with the brand's own **principles of style and quality**. The scale and variety of the collections makes it possible to create an ideal formula for **every moment of the day**, from formal meetings to leisure time, and from socialising to special occasions.

The recognition recently received from leading industry publications and from esteemed collaborators validates the path taken by the company over the years in its bid to define a **signature sophisticated** and **chic taste** in the **absolute luxury** segment.

Men's Fall-Winter 2023 Collection

The result of in-depth study of codes and keen awareness of contemporary influences, the Men's Fall-Winter 2023 Collection is fully focused on the **importance attributed to time**: the time for experience that cultivates knowledge, the time for artisanal creation, the time through which every garment has the opportunity to reinvent itself with pairings that enhance its intrinsic qualities. Just like a classic piece which, thanks to strong roots, can take on new and richer meanings day after day.

Every **look is characterised by a key garment**, the focal point which expresses the overall style, but which at the same time is defined by the harmony of combinations. A tailored cashmere coat, a special hand-knitted sweater, or a suit crafted in a precious fabric can all constitute the primary focus, which is balanced in a contemporary way with layering, trousers and accessories. **Suits** are again one of the cornerstones of the collection: **contemporary** and **comfortable**, and now more versatile than ever thanks to fabrics that allow the style of the jacket to change when paired with different trousers. Outerwear garments emphasise their distinctive character based on intended use: more elegant coats show off sublime tailoring, while casual and down jackets underline their dynamic, contemporary style.

All the elements are strictly organised to reflect a desire for balance between references, proportions and style. The **winter knitwear collection** is expanded to make it truly comprehensive, offering the ideal choice for every occasion and factoring in the changing season.

Women's Fall-Winter 2023 Collection

The notes of the Women's Fall-Winter 2023 Collection compose a dense rhythm, full of melodies and cross-contaminations, with a distinctive sound **combining timeless mood** and **contemporary appeal.**

Harmonies based on the clean lines, pure colours and compact fabrics that emerged in the '90s create clean, seductive chords that support the fluid mingling of melodies, forming a stylistic synthesis. The British manor leitmotif introduces the warmest and most enveloping notes, tactile effects of **exquisite craftsmanship**, luxuriously soft, fleecy surfaces and a country vibe. The refrain that balances the music is inspired by a mood of academic charm: regimental stripes and sartorial micropatterns, pleated miniskirts, tennis-style V-necks, ties, baseball caps and socks worn with loafers and heels. A contemporary take on folk overtones and glamorous jazz club-inspired flourishes add sophistication to the soundtrack of the season.

The timbres, the iconic sounds that convey the **brand's identity, are the colours**: winter whites and beiges speak softly of luxurious, quiet charm. Blue, with its magnetism and noble ancestry, adds a sophisticated variation to the base palette: like a "non-colour", it has the ability to quietly refine the spirit of the other hues or to finetune refined tone-on-tone effects.

Kids' Fall-Winter 2023 Collection

The Kids' Fall-Winter 2023 Collection enhances the essential styling that ideally suits little ones, expressing **relaxed elegance** that is still packed with personality. Every element, from the colour palette to the patterns inspired by the men's and women's collections, is a reflection of the childlike, high-energy spirit, elevated thanks to superb-quality materials and exquisite craftsmanship.

Patches, prints and patterns play an essential role in the creation of looks, above all to express a college vibe where soft hues and embroidered or printed graphics convey a playful style that characterises the Brunello Cucinelli kids' collection.

Light, versatile materials alternate with more sophisticated, textured proposals, and special attention is devoted to the creation of linings and padding, for practical and functional outerwear that remains lightweight and comfortable.

The numerous messages and iconic motifs featured throughout the collection testify to the **brand's unbreakable bond** with its **own history** and **values**, which are thus championed by little ones.

Spring-Summer 2023 Eyewear Collection

The new **Brunello Cucinelli & Oliver Peoples** Eyewear collection for 2023 Spring-Summer, currently available from Brunello Cucinelli boutiques and selected retailers, adds another layer to **the brand's distinctive style** and introduces **important new** components, details and shapes, always basing the aesthetic of each model on the harmony it can create with the style and quality of the **Men's and Women's** collections.

For the summer season, the collection focuses on sunglasses in particular, with versatile, contemporary conversion possibilities. Alongside nuances that explore the collection's neutral colour palette, a series of colours and combinations express the style of the eyewear models with cool, contemporary and feisty looks.

Refined handcrafted elements enhance all the frames, and expert hands meticulously carry out the majority of manufacturing processes, especially the precision-finishing of key styling details like inlays, inserts and rivets. Moreover, all the eyewear models are the result of the **fusion of tradition and innovation**, a combination that creates **authentic design** with an abundance of **unique details**.

New Fragrances Collection

The creation of the new line of fragrances, presented in Milan in March, expresses the **same values** that underpin the creation of **all the collections**: respect for the land, attention to elegance and beauty, promotion of handcrafted creations and a celebration of natural materials of the finest quality to create a timeless style.

To create the fragrances, the master perfumers selected **ingredients of the finest quality** which marry harmoniously to produce an **elegant and contemporary fragrance**, instantly reminiscent of the world of nature, and inspired by Umbria in particular: the region's rolling countryside and woods, its medieval heritage and the spirituality that permeates the hamlet of Solomeo.

Although very different in both style and ingredients, the men's and women's fragrances are both characterised by subtle, sophisticated sensations, far removed from the harsh, bold impression left by more intense, bold fragrances.

The two fragrances are designed **to complement the Brunello Cucinelli style with refined versatility,** sowing a natural harmony in exactly the same way as the delicate nuances of the prêt-à-porter collections, the enveloping embrace of cashmere and the exquisitely tailored creations.

INTRODUCTION

This Half-year financial report as at 30 June 2023 was prepared according to Legislative Decree 58/1998 and as amended, as well as the Consob Issuers' Regulation. This Half-year financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and has been drawn up in accordance with IAS 34 *Interim Financial Reporting*, applying the same accounting standards as those used to prepare the Consolidated Financial Statements at 31 December 2022.

SUMMARY DATA AS AT 30 JUNE 2023

The tables below show (i) the consolidated summary economic data as at 30 June 2023, compared with the corresponding previous half year; (ii) a consolidated statement of financial position reclassified by sources and applications at 30 June 2023 with comparative figures at 31 December 2022 and 30 June 2022; and (iii) cash flows from operating activities, investment activities and financing activities, as well as the amount incurred for investments for the six months ended 30 June 2023, with comparative figures for the six months ended 30 June 2022.

Summary Consolidated Economic Data

(In thousands of euros)	30 June 2023	% of revenues	30 June 2022	% of revenues	Change	% change
Revenues	543,942	100.0%	415,357	100.0%	128,585	+31.0%
EBITDA	154,808	28.5%	119,952	28.9%	34,856	+29.1%
EBITDA *excluding IFRS 16*	104,775	19.3%	75,272	18.1%	29,503	+39.2%
Operating Income	87,693	16.1%	57,754	13.9%	29,939	+51.8%
Income before taxation	85,264	15.7%	69,696	16.8%	15,568	+22.3%
Net income for the period	66,687	12.3%	50,571	12.2%	16,116	+31.9%

Consolidated statement of financial position reclassified by sources and applications:

(In thousands of euros)	30 June 2023	% proportion	31 December 2022	% proportion	30 June 2022	% proportion
Net working capital	174,808	17.8%	140,786	14.6%	164,593	16.2%
Fixed assets	748,891	76.2%	774,207	80.4%	812,941	80.0%
Other net non-current assets/ (liabilities)	59,659	6.0%	47,499	5.0%	38,485	3.8%
Net invested capital	**983,358**	**100.0%**	**962,492**	**100.0%**	**1,016,019**	**100.0%**
Net financial debt	38,572	3.9%	7,147	0.7%	63,834	6.3%
Financial lease liabilities	541,401	55.1%	562,369	58.5%	598,442	58.9%
Shareholders' Equity	403,385	41.0%	392,976	40.8%	353,743	34.8%
Sources of financing	**983,358**	**100.0%**	**962,492**	**100.0%**	**1,016,019**	**100.0%**

Other summary data:

(In thousands of euros)	30 June 2023	30 June 2022	Change	% change
Net cash flows generated from/(used in) in operating activities	79,597	78,506	1,091	+1.4%
Net cash flows generated from/(used in) in investing activities	(9,150)	(46,274)	37,124	-80.2%
Net cash flows generated from/(used in) in financing activities	(94,081)	(30,264)	(63,817)	>+100.0%
Total cash flows	**(23,634)**	**1,968**	**(25,602)**	**>-100.0%**
Investments	**34,862**	**51,682**	**(16,820)**	**-32.5%**

ALTERNATIVE PERFORMANCE MEASURES

In order to allow for a better assessment of management performance, the Brunello Cucinelli Group uses some alternative performance measures that are not identified as accounting measures under IFRS. These indicators are determined in accordance with the provisions of the Guidelines on Alternative Performance Measures 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 Half-year financial report is as follows:

– **EBITDA**: this is represented by the *Operating Income* before *Depreciation and Amortisation*.

– **EBITDA *excluding IFRS 16***: this is the *Operating Income* 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.

– **Commercial Net Working Capital**: it is calculated as the sum of the *Inventory* and *Trade receivables* net of *Trade payables*.

– **Net Working Capital**: is calculated as the sum of the Commercial Net Working Capital and the balance (positive or negative) of all the other balance sheet items classified as *Current asset*s 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 Other Financial liabilities, Current lease liabilities* and *Non-current lease liabilities*).

– **Net Financial Debt**: is calculated in accordance with Consob Warning Notice No. 5/21 of 29 April 2021.

– **Investments**: refer to gross increases in Intangible Assets (including *Key Money*), in Property, plant and equipment, in investment property and net increases in Other non-current financial assets.

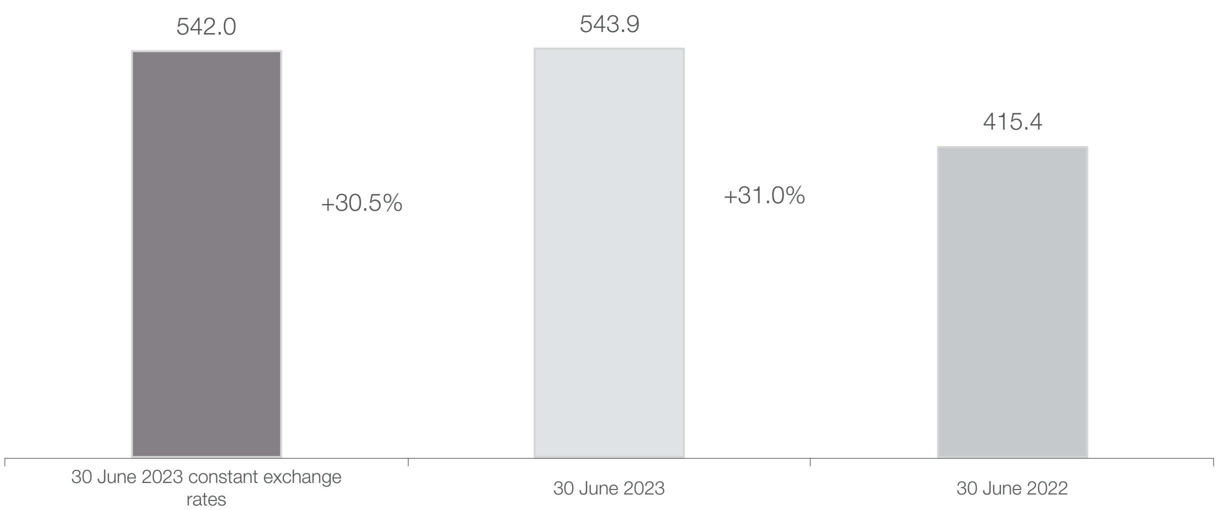
THE GROUP'S RESULTS FOR THE FIRST HALF OF 2023

ANALYSIS OF REVENUES

The Group's consolidated turnover for the first half of 2023 amounted to €543,942 thousand, an increase of +31.0% over the same period in 2022. At constant exchange rates, meaning using the same average exchange rates as those used in 2022, revenues would have been €541,991 thousand, equal to +30.5%.

The excellent performance in the first half of 2023 confirms the very favourable trend of the previous period.

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 2023, the Brunello Cucinelli Group showed significant growth in all international markets, which accounted for 88.8% of revenues, and where overall increases of +31.9% were recorded compared to the figures for the previous interim period; also the Italian market showed an interesting increase in revenues, equal to +23.8%, also thanks to the strong impulse of international tourism in our country.

The revenues divided by geographic area as at 30 June 2023 are shown below in comparison to the previous period:

(In thousands of euros)	Half-year ended 30 June					
	2023	% of revenues	2022	% of revenues	Change	% change
Europe	141,881	26.1%	115,768	27.9%	26,113	+22.6%
Italy	60,888	11.2%	49,187	11.8%	11,701	+23.8%
Americas	189,007	34.7%	152,613	36.8%	36,394	+23.8%
Asia	152,166	28.0%	97,789	23.5%	54,377	+55.6%
Total	**543,942**	**100.0%**	**415,357**	**100.0%**	**128,585**	**+31.0%**

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

Europe

In the European market, revenues amounted to €141,881 thousand, an increase of +22.6% compared to the first half of 2022, with a relative weight of 26.1%.

Local **demand** was very **solid** on the entire continent, with a **growing presence** of **high-end tourism**, in particular tourists from **North America**, and directed mainly in Italy, in large European capitals and resort areas.

At 30 June 2023, the single-brand network (direct and single-brand wholesale) consisted of 45 boutiques.

Italy

In Italy, turnover amounted to €60,888 thousand, an increase of 23.8% compared to the first half of 2022, with a relative weight of 11.2%.

As for the European market, **local demand is solid** and additionally reinforced by the **growth in high-end tourism** coming from **North America**.

Pitti Uomo in Florence and the Milan **Fashion Week** recorded the presence of a significant number of **customers** and **trade journalists**, with **very positive comments** on the new **2024 Spring Summer Men's Collection.**

At 30 June 2023, the single-brand network (direct and single-brand wholesale) consisted of 13 boutiques.

Americas

The turnover for the American market amounted to €189,007 thousand, an increase of +23.8% compared to the first half of 2022, accounting for 34.7% of sales.

The **first half** was **very positive in North America**, with widespread dynamism in the various regions of the country, resulting in **very solid growth**.

We believe that there is still a strong desire to shop in **brick and mortar stores** and participate in the various brand events promoted during the period of reference.

These include the **celebration of the Neiman Marcus award** in **Dallas**, during April; we think it was a moment of joy and sharing with the loyal customers of Neiman Marcus and of deep gratitude for all personnel at the Department Stores who have made our partnership so solid and rewarding over time.

At 30 June 2023, the single-brand network (direct and single-brand wholesale) consisted of 36 boutiques.

Asia

In the Asian market, revenues amounted to €152,166 thousand, an increase of 55.6% compared to the first half of 2022, with a relative weight of 28.0%.

The results fully confirm the **very strong** sales trend, in particular in **China**, which is gradually and constantly achieving the great growth potential as previously stated. **Japan** and **Korea** are maintaining **solid growth** that is almost exclusively domestic, and the **Middle East** continues providing **very significant growth.**

At 30 June 2023, the single-brand network (direct and single-brand wholesale) consisted of 57 boutiques.

REVENUES BY DISTRIBUTION CHANNEL

The following table sets out the revenues earned by the Group in the first half of 2023 and 2022, analysed by distribution channel:

(In thousands of euros)	Half-year ended 30 June					
	2023	**% of revenues**	**2022**	**% of revenues**	**Change**	**% change**
Retail	344,648	63.4%	243,325	58.6%	101,323	+41.6%
Wholesale	199,294	36.6%	172,032	41.4%	27,262	+15.8%
Total	**543,942**	**100.0%**	**415,357**	**100.0%**	**128,585**	**+31.0%**

Retail

The retail channel grew by 41.6% with respect to the first half of 2022, which accounted for 63.4% of sales, an increase as compared to 58.6% for the first six months of 2022.

We are very satisfied with the sell-out as well as the **fantastic performance with a uniform comparison basis** that was progressively normalized during the year.

The **boutique network** includes **124 direct shops**, as compared to the 117 boutiques as at 30 June 2022 (119 boutiques as at 31 December 2022).

These include the important opening of the new **flagship in Rome**, which was celebrated with a pleasant evening together with many friends, customers and special guests and, during April, the opening of the boutique resort in Forte dei Marmi, which both are conversions to direct management with respect to the previous single-brand wholesale management.
In particular, the new Rome boutique is located in **Via dei Condotti**, one of the most emblematic and famous areas of the "Eternal City", and is located on four finely furnished floors among references to the world of Solomeo and unique pieces that evoke Roman history.

Wholesale

The wholesale channel grew 15.8% compared to the first half of 2022, with a relative weight of 36.6%.

The sell-out of the **2023 Spring Summer** collections was **optimal**, both in Speciality Stores as well as in luxury Department Stores, with a timely restocking service that made it possible for us to obtain greater importance in these spaces.

The **initial sales data** for the **2023 Autumn Winter** collections are **very encouraging**, following the deliveries during the second quarter.

REVENUES BY PRODUCT LINE AND END CUSTOMER

The following is a presentation of the Brunello Cucinelli Group's revenues at 30 June 2023, 31 December 2022 and 30 June 2022, analysed by end customer and product line:

	30 June 2023	31 December 2022	30 June 2022
Men (%)	42.9%	44.0%	41.1%
Women (%)	57.1%	56.0%	58.9%
	100.0%	**100.0%**	**100.0%**

	30 June 2023	31 December 2022	30 June 2022
Apparel (%)	83.9%	84.4%	84.2%
Accessories (%)	16.1%	15.6%	15.8%
	100.0%	**100.0%**	**100.0%**

ANALYSIS OF THE INCOME STATEMENT

The following table provides a summary of the financial data as at 30 June 2023 and 30 June 2022:

(In thousands of euros)	Half-year ended 30 June					
	2023	% of revenues	2022	% of revenues	Change	% change
Revenues	**543,942**	**100.0%**	**415,357**	**100.0%**	**128,585**	**+31.0%**
Costs of raw materials and consumables	(54,000)	-9.9%	(33,575)	-8.1%	(20,425)	+60.8%
Costs for services	(227,840)	-41.9%	(172,185)	-41.5%	(55,655)	+32.3%
Payroll costs	(93,333)	-17.2%	(78,381)	-18.9%	(14,952)	+19.1%
Other operating (costs)/income	(13,961)	-2.6%	(11,264)	-2.7%	(2,697)	+23.9%
EBITDA	**154,808**	**28.5%**	**119,952**	**28.9%**	**34,856**	**+29.1%**
Depreciation and amortisation	(67,115)	-12.3%	(62,198)	-15.0%	(4,917)	+7.9%
Operating Income	**87,693**	**16.1%**	**57,754**	**13.9%**	**29,939**	**+51.8%**
Net financial income/(expenses) and partecipation	(2,429)	-0.4%	11,942	2.9%	(14,371)	>-100.0%
Income before taxation	**85,264**	**15.7%**	**69,696**	**16.8%**	**15,568**	**+22.3%**
Taxes	(18,577)	-3.4%	(19,125)	-4.6%	548	-2.9%
Net income for the period	**66,687**	**12.3%**	**50,571**	**12.2%**	**16,116**	**+31.9%**
EBITDA excluding IFRS16	104,775	19.3%	75,272	18.1%	29,503	39.2%

EBITDA AND RESULTS

As at 30 June 2023:

– **EBITDA** amounted to €154,808 thousand, equal to **28.5%** of revenues (€119,952 thousand at 30 June 2022 equal to 28.9% of revenues).

– EBITDA **excluding IFRS 16** amounted to €104,775 thousand, equal to **19.3%** of revenues (€75,272 thousand at 30 June 2022, equal to 18.1% of revenues).

Below is the reconciliation of **EBITDA** as at 30 June 2023, highlighting the accounting effects relating to the application of IFRS 16, equal to €50,620 thousand related to the item “Lease expense” and equal to €587 thousand related to the item “Other operating (costs)/revenues”:

(In thousands of euros)

EBITDA as at 30 June 2023	IFRS 16 effect: Cost for leases	IFRS 16 effect: Other operating (costs)/revenues	EBITDA excl. IFRS16 at 30 June 2023
154,808	(50,620)	587	**104,775**

- The **Operating Income** amounted to €87,693 thousand, equal to **16.1%** of revenues (€57,754 thousand at 30 June 2022, equal to 13.9% of revenues).

- The **Pre-tax result** amounted to €85,264 thousand, equal to **15.7%** of revenues (€69,696 thousand at 30 June 2022, equal to 16.8% of revenues).

- The **Net income for the period** amounted to €66,687 thousand, equal to **12.3%** of revenues (€50,571 thousand at 30 June 2022, equal to 12.2% of revenues).

OPERATING COSTS

The percentage of **production costs** (cost for raw materials and consumables and cost for outsourced work) remains substantially stable, amounting to 28.5% at 30 June 2023 compared to 28.3% at 30 June 2022.
The percentage of production costs at 31 December 2022 was equal to 28.5% of revenues.

(In thousands of euros)	Half-year ended 30 June					
	2023	**% of revenues**	**2022**	**% of revenues**	**Change**	**% change**
Costs of raw materials and consumables	81,380	15.0%	65,711	15.8%	15,669	+23.8%
Change in inventories	(27,380)	-5.0%	(32,136)	-7.7%	4,756	-14.8%
Outsourced work	100,902	18.6%	83,901	20.2%	17,001	+20.3%
Total	**154,902**	**28.5%**	**117,476**	**28.3%**	**37,426**	**+31.9%**

Our first margin at 30 June 2023 amounts to €389,040 thousand compared to €297,881 thousand at 30 June 2022, an increase in absolute value of €91,159 thousand, equal to +30.6%.

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.

The percentage of **payroll costs** at 30 June 2023 amounted to 17.2% of revenues, down from 18.9% at 30 June 2022.
Payroll costs at 30 June 2023 amounted to €93,333 thousand, an increase in absolute value as compared to the figure for the previous half of the previous year amounting to €14,952 thousand.

(In thousands of euros)	Half-year ended 30 June					
	2023	**% of revenues**	**2022**	**% of revenues**	**Change**	**% change**
Payroll costs	93,333	17.2%	78,381	18.9%	14,952	+19.1%

The dynamics of payroll costs also reflect the development of our Human Resources structure. The FTE (Full Time Equivalent) amounts to 2,531.1 at 30 June 2023 compared to 2,254.5 at 30 June 2022 (+276.6), which includes an increase in production workers as part of the project for strengthening our artisan structure as indicated below:

	Half-year ended 30 June		
	2023	2022	Change
Executives and managers	91.3	82.5	8.8
Office and sales staff	1,773.4	1,589.4	184.0
Blue-collar workers	666.4	582.6	83.8
Total workforce	**2,531.1**	**2,254.5**	**276.6**

The following table provides a summary of the main income statement items for the first six months of 2023 and 2022 as they relate to revenues:

(In thousands of euros)	Half-year ended 30 June					
	2023	% of revenues	2022	% of revenues	Change	% change
Lease expense	22,807	4.2%	16,107	3.9%	6,700	+41.6%
Advertising and other marketing costs	36,256	6.7%	20,406	4.9%	15,850	+77.7%
Transport and duties	23,446	4.3%	18,223	4.4%	5,223	+28.7%
Commissions and accessory charges	4,408	0.8%	3,184	0.8%	1,224	+38.4%
Credit card charges	7,557	1.4%	5,074	1.2%	2,483	+48.9%

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

– **Costs for leases** amounted to €22,807 thousand at 30 June 2023 compared to €16,107 thousand at 30 June 2022.
  This item mainly refers to lease contracts with variable consideration (and as such not included in the scope of IFRS 16).
  Details are provided below for lease expense and the cost for leases relative to the lease contracts included in the scope of IFRS 16 for the first half of 2023 compared with the corresponding 2022 period:

(In thousands of euros)	Half-year ended 30 June					
	2023	% of revenues	2022	% of revenues	Change	% change
Lease expense	22,807	4.2%	16,107	3.9%	6,700	+41.6%
Cost for leases included in IFRS 16	50,620	9.3%	45,197	10.9%	5,423	+12.0%
Total	**73,427**	**13.5%**	**61,304**	**14.8%**	**12,123**	**+19.8%**

  Therefore excluding the effects of applying IFRS 16, the balance for the cost for leases at 30 June 2023 amounts to €73,427 thousand (equal to 13.5% of revenues) compared to €61,304 thousand (equal to 14.8% of revenues) at 30 June 2022: the growth is related both to new openings, including, as mentioned, the new flagship in Via dei Condotti in Rome, the boutique resort of Forte dei Marmi and the important flagship "Mall of Emirates" in Dubai as well as the significant expansion of some of the existing areas as well as new spaces dedicated to hospitality. These include the presence of small bars of different sizes and libraries in the boutiques, and the

"Casa Cucinelli" spaces, areas for meeting with customers, partners, journalists, analysts and investors where we attempt to fully express our lifestyle ideas.

- **Advertising and other commercial expenses** of €36,256 thousand (6.7% of revenues) as of 30 June 2023 compared to €20,406 thousand (4.9% of revenues) at 30 June 2022.
  The first half of 2023 demonstrates the considerable importance of investments in communication, which we believe benefit the allure of the brand, consolidate our positioning in the segment of absolute luxury and reinforce those relationships we like to define as "special" and "unique" with the clients and "friends" of the brand. We aspire to a "silent" and "refined" communication that is based on the desire to communicate the brand's values during our multiple occasions for meeting at our boutiques, at our "Case Cucinelli", at the multi-brands, and in the hamlet of Solomeo.
  This desire to share also characterises the events for the presentation of our collections, where we are very pleased to invite not only trade journalists and our multi-brand customers, but also end customers, enhancing both the product, as the synthesis of our idea of modernity and contemporaneity, as well as the "amiable" way we would always like to characterise our relationship.
  The investments in communication during the first 6 months of the year were dedicated significantly to important brand events that were promoted during the period of reference, sharing our strong desire for social relations and the physical experience, and celebrating the very important recognitions received, including the prestigious "*Neiman Marcus Fashion Award for Distinguished Service in the field of Fashion*".

- **Transport and duties**, equal to €23,446 thousand at 30 June 2023 (4.3% of revenues) compared to €18.223 thousand at 30 June 2022 (4.4% of revenues).
  The item is substantially stable in terms of percentage of revenues in the considered periods, also thanks to significant process optimisations implemented by the Group starting in the second half of the previous year.

- **Commissions and accessory charges**, related to the remuneration paid to the agent networks, whose percentage of revenues is stable (0.8% of revenues in both periods).

- **Credit card commissions** amounting to €7,557 thousand (1.4% of revenues) as of 30 June 2023 compared to €5,074 thousand (1.2% of revenues) at 30 June 2022. The increase in credit card commissions in percentage terms with respect to turnover substantially follows the development of the sales channels.

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 €32,464 thousand at 30 June 2023 compared to €25,290 thousand at 30 June 2022.
  The €7,174 thousand increase (+28.4% compared to the first half of the previous year) is mainly due to structural aspects: the increase in spaces where business is carried out, with increasing costs for maintenance and security, the significant increase in costs inherent to the development of digital activities and the considerable post-pandemic resumption of international travel of our people for development, creativity and implementation of management.

– The item “Other operating (costs)/revenues” has a negative balance amounting to €13,961 thousand at 30 June 2023 compared to a negative balance amounting to €11,264 thousand at 30 June 2022, recording a substantial balance in terms of percentage of turnover in the considered periods (2.6% of revenues for the half year ended 30 June 2023 compared to 2.7% of revenues for the half year ended 30 June 2022).

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

Depreciation and amortisation at 30 June 2023 amounted to €67,115 thousand, up €4,917 thousand compared to €62,198 thousand in the first half of 2022, mainly due to new leases.

Amortisation of Rights of Use amounted to €46,570 thousand, including amortisation of key money of €2,039 thousand. At 30 June 2022 depreciation and amortisation amounted to €43,619 thousand, of which €2,782 thousand relating to key money.

The details of the depreciation and amortisation and the effects inherent to that item deriving from the application of IFRS 16 to leasing contracts at 30 June 2023 and 30 June 2022 are provided below:

(In thousands of euros)	Half-year ended 30 June					
	2023	**% of revenues**	**2022**	**% of revenues**	**Change**	**% change**
Depreciation and amortisation	67,115	12.3%	62,198	15.0%	4,917	+7.9%
Exclusion of the effects of IFRS 16 application	(44,386)	-8.1%	(40,700)	-9.8%	(3,686)	+9.1%
Total	**22,729**	**4.2%**	**21,498**	**5.2%**	**1,231**	**+5.7%**

As shown in the above table, excluding the effects of the application of IFRS 16 relating to lease contracts, depreciation and amortisation amounted to €22,729 thousand (4.2% of revenues) at 30 June 2023 compared to €21,498 thousand (5.2% of revenues) in the first half of 2022.

For details of the investments for the first half of 2023, see the following section “Investments” in this Board of Directors’ Interim Management Report at 30 June 2023.

The item **Net financial expense/(income)** at 30 June 2023 is negative, equal to €2,429 thousand, compared to a positive balance of €11,942 thousand at 30 June 2022.

Referring also to the notes to these Consolidated condensed interim 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, as well as the effects of the financial income and expenses from equity investments.

(In thousands of euros)	Half-year ended 30 June					
	2023	% of revenues	2022	% of revenues	Change	% change
Loan interest	897	0.2%	300	0.1%	597	>+100.0%
Other net (income)/expense	1,589	0.3%	1,394	0.3%	195	+14.0%
Financial charges/(income) from ordinary operations	**2,486**	**0.5%**	**1,694**	**0.4%**	**792**	**+46.8%**
Lease financial charges/(income)	5,949	1.1%	5,547	1.3%	402	+7.2%
Foreign exchange losses/(gains) on leases	6,670	1.2%	(10,263)	-2.4%	16,933	>-100.0%
Financial charges/(income) from lease operations	**12,619**	**2.3%**	**(4,716)**	**-1.1%**	**17,335**	**>-100.0%**
Foreign exchange losses/(gains)	2,705	0.4%	(5,821)	-1.5%	8,526	>-100.0%
(Gain)/Loss from Participations	(17,590)	-3.2%	(4,689)	-1.1%	(12,901)	>+100.0%
Financial expenses/(income) for adjustment of derivatives to fair value	2,209	0.4%	1,590	0.4%	619	+38.9%
Total net financial expense/(income)	**2,429**	**0.4%**	**(11,942)**	**-2.9%**	**14,371**	**>-100.0%**

As at 30 June 2023 the financial expenses for ordinary operations amounted to €2,486 thousand, compared to €1,694 thousand for the first half of 2022, accounting for 0.5% as compared to 0.4% for the first half of 2022; this is mainly due to the effect of the progressive increase in the interest rates starting from the second half of the previous year and the increase in the volume of operational transactions in relation to the increase in business.

The financial expenses/(income) for leasing are equal to €5,949 thousand at 30 June 2023 compared to €5,547 thousand at 30 June 2022, recording an increase of €402 thousand. This item represents the ordinary and recurring financial component that includes payable and receivable interest, each determined based on the leasing liabilities and assets.

As instead regards the item foreign exchange losses/(gains) for leasing, it is mainly comprised of unrealized gains and losses on exchange rates determined by the conversion into Euro at the current exchange rate at the end of the year of the financial liabilities for leases expressed in currency and, therefore, reflects the trend of the foreign currencies with respect to the Euro.
Due to the effect of this trend, the item presents a positive effect equal to €10,263 thousand at 30 June 2022, which was then reduced to €2,320 thousand at 31 December 2022, with a negative effect equal to €6,670 thousand at 30 June 2023.

With regard to the result of foreign exchange management, a net negative value of foreign exchange losses equal to €2,705 thousand was recorded compared to a net positive value of foreign exchange gains of €5,821 thousand as at 30 June 2022.
This change is mainly due to the net effect of unrealised gains and losses on exchange rates resulting from the assessment of the items in foreign currency at 30 June 2023, which experienced a considerable strengthening of the Euro, both respect to 30 June 2022 as well as to 31 December 2022, in relation to almost all currencies in which the Group operates.
Due to its nature, this item is strongly conditioned by the dynamics of exchange rates managed by the Group in order to limit the oscillation risk, also through the stipulation of derivatives contracts.

For more details, please refer to the paragraph Financial risk management of the notes to the Consolidated condensed interim financial statements.
Therefore please note that as previously commented with reference to foreign exchange losses/(gains) on leases, the prospective economic effects of this item will be a direct consequence of the Euro situation evaluated at the individual dates of reference.

The balance of the item (Gain)/Loss from Participations mainly includes the effects related to the associated company Cariaggi Lanificio S.p.A.:
- the assessment based on the *reporting package* as at 30 June 2023, appropriately adjusted to harmonise it with the Group's accounting principles;
- the capital gain following the sale to Chanel of a minority investment. For more details concerning the operation, refer to the following paragraph "Significant events during the first half of 2023" in this Board of Directors' Interim Management Report as at 30 June 2023.

Finally, we note the impact of the charges deriving from interest rate and exchange rate hedging transactions, which amounted to €2,209 thousand in the first half of 2023 compared to €1,590 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 2023 amounted to €85,264 thousand compared to the result recorded at 30 June 2022 (€69,696 thousand).

Income taxes are equal to €18,577 thousand at 30 June 2023, amounting to 21.8% of the consolidated pre-tax result.
This item was positively impacted by the application of the *participation exemption* system pursuant to art. 87 of Presidential Decree no. 917/86 – "Consolidated Income Tax Law" regarding the economic effects recorded under the previously described item (Gain)/Loss from Participations.
By normalising the calculation of the taxes from the application of this tax system, the tax rate at 30 June 2023 would be 27.3%, which we consider to be our ordinary tax rate level in absence of operations subject to particular deductibility schemes.
As at 31 December 2023, the benefit with respect to our ordinary tax rate level deriving from what is indicated above is less, as it is diluted based on the results for the entire year.

The **net income** for the period amounted to €66,687 thousand, corresponding to 12.3% of Revenues.

The breakdown of the net profit between the Group's share and that of non-controlling interests compared to the figure at 30 June 2022:

(In thousands of euros)	**30 June 2023**	**30 June 2022**
Net income for the period	61,782	46,586
Net income for the period attributable to non-controlling interests	4,905	3,985
Net profit	**66,687**	**50,571**

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 2023 reclassified by sources and applications, with comparative figures at 31 December 2022 and 30 June 2022.

NET WORKING CAPITAL

The following table provides an analysis of the net working capital of the Brunello Cucinelli Group at 30 June 2023, at 31 December 2022 and at 30 June 2022:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**30 June 2022**
Trade receivables	75,195	76,608	75,188
Inventories	262,758	242,844	243,138
Trade payables	(141,507)	(137,040)	(112,863)
Commercial net working capital	**196,446**	**182,412**	**205,463**
Other current assets/(liabilities), net	(21,638)	(41,626)	(40,870)
Net working capital	**174,808**	**140,786**	**164,593**

Commercial net working capital at 30 June 2023 increased €14,034 thousand compared to the figure at 31 December 2022.

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

– the balance of **Trade receivables**, equal to €75,195 thousand, which decreased slightly as compared to the balance at 31 December 2022 for an amount equal to €1,413 thousand.
  In the presence of a significant increase in turnover as at 30 June 2023, with the growth of the wholesale channel increasing by 15.8 %, the substantial stability of the balance of the value of receivables as at 30 June 2022 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 €1,257 thousand, in the period recording very few losses on receivables in the income statement and use of the provision (a total of €440 thousand, equal to 0.08 % of Revenues). As at 30 June 2023 the provision for bad debts equalled €4,408 thousand (€3,586 thousand at 31 December 2022), an amount we consider suitable in order to cover the expected losses on receivables.

– The amount of **Inventory** equal to €262,758 thousand that, due to the effect of the considerable increase in business, which increased organically both as compared to 31 December 2022 (€242,844 thousand) as well as compared to 30 June 2022 (€243,138 thousand).
  As a percentage of turnover (rolling for the last twelve months), inventories as at 30 June 2023 amounted to 25.1%, while as at 31 December 2022 they amounted to 26.4%.

The following table breaks down the Inventories of the Brunello Cucinelli Group at 30 June 2023, at 31 December 2022 and at 30 June 2022:

(In thousands of euros)	30 June 2023	31 December 2022	30 June 2022
Raw materials	52,238	47,899	38,358
Finished and semi-finished goods	280,653	238,431	238,052
Inventory write-down provision	(70,133)	(43,486)	(33,272)
Inventories	**262,758**	**242,844**	**243,138**

– the balance of **Trade payables**, equal to €141,507 thousand at 30 June 2023 compared to €137,040 thousand at 31 December 2022, with an increase equal to €4,467 thousand.
Note that also during the first half of 2023 the Group did not change its payment terms towards its suppliers, collaborators and consultants.

Other net current assets/(liabilities) has a negative balance at 30 June 2023 of €21,638 thousand, compared to a negative balance of €40,870 thousand at 30 June 2022. The changes are mainly attributable to the balances of tax receivables and payables and the fair value of derivative instruments hedging currency risk. For more details, refer to the comments in the notes to these Consolidated condensed interim financial statements.

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 2023, at 31 December 2022 and at 30 June 2022:

(In thousands of euros)	30 June 2023	31 December 2022	30 June 2022
Intangible Assets	14,186	13,970	14,255
Right of use	494,947	520,066	566,845
Property, plant and equipment	196,568	188,692	181,922
Non-current financial assets for leases	4,560	5,633	6,821
Other non-current financial assets	30,373	38,623	35,712
Investment property	8,257	7,223	7,386
Other net non-current assets/(liabilities)	59,659	47,499	38,485
Fixed assets and other non-current assets/(liabilities)	**808,550**	**821,706**	**851,426**

Fixed assets and other non-current assets/(liabilities) amounted to €808,550 thousand at 30 June 2023 compared to €821,706 thousand at 31 December 2022, representing a net decrease of €13,156 thousand, or -1.6%.

For details on the changes in the individual items shown in the table during the period see the Notes to these Consolidated condensed interim financial statements.

The main changes are noted here:

– net decrease in "Right of use", mainly due to the effect of significant depreciation and amortisation equalling €46,570 thousand greater than the investments of the period, with a decrease of €25,119 thousand compared to 31 December 2022, amounting to €494,947 thousand at 30 June 2023.
  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;

– net increase in "Property, plant and equipment", up €7,876 thousand compared to 31 December 2022, amounting to €196,568 thousand at 30 June 2023. The main increases are due to work and furnishings 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;

– net decrease in "Other non-current financial assets", down €8,250 thousand as compared to 31 December 2022. The variation is main attributed to the change in the interest held in the associated company Cariaggi Lanificio S.p.A. following its sale to Chanel. For more details concerning the operation, refer to the following paragraph "Significant events during the first half of 2023" in this Board of Directors' Interim Management Report as at 30 June 2023;

– Increase of €12,160 thousand compared to 31 December 2022 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 2023, the Group made investments in intangible assets amounting to €3,422 thousand, in Property, plant and equipment amounting to €29,515, in investment property amounting to €1,106 thousand while the net increases in Other non-current financial assets amounted to €819 thousand.

The following table shows the capital expenditure made by type and category by the Group during the first half of 2023, during 2022 and the first half of 2022:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**30 June 2022**
Investments in intangible assets (*)	3,422	12,901	9,419
Additions to property, plant and equipment	29,515	55,470	24,571
Investments in other non-current financial assets (**)	819	3,206	1,791
Investment property	1,106	910	851
Total Investments	**34,862**	**72,487**	**36,632**
Investments in Equity Investments in associate companies	-	15,050	15,050
Total Investments, including Investments in Equity Investments in associate companies	**34,862**	**87,537**	**51,682**

(*) 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 2023 amounted to €34,862 thousand.

Of these, €16.3 million is attributable to commercial investments, €17.5 million to investments in production, logistics and IT/Digital, and €1.1 million to investment property .

Following are the investments made by the Group during the first half of 2023, during 2022 and the first half of 2022, broken down by type as described above:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**30 June 2022**
Commercial Investments	16,316	46,545	20,208
Investments in production and logistics	12,919	15,812	8,730
Investments in IT/Digital	4,521	9,220	6,843
Investment property	1,106	910	851
Total Investments	**34,862**	**72,487**	**36,632**
Investments in Equity Investments in associate companies	-	15,050	15,050
Total Investments, including Investments in Equity Investments in associate companies	**34,862**	**87,537**	**51,682**

Commercial investments equal to €16,316 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 worldwide, in addition to supporting development initiatives in multi-brand stores and in department stores.

Investments in production and logistics equal to €12,919 thousand 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, with constant attention to maintaining comfortable work environments.
The investments in technical fixed assets include the start of work for building requalification and reconversion in a vast area of 8 hectares on the outskirts of Solomeo, which were purchased during the previous year for the strategic expansion of our production hub as well as the initial investments targeted towards the construction of a new factory in Penne, Abruzzo, which is an area that traditionally has been very important in the Italian history of artisan tailoring, in particular men's suits.

The investments in IT and Digital (also with specific platforms in evolving markets) are assuming increasing importance and at 30 June 2023 amounted to €4,521 thousand.

The investment property 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 already began in the first half of 2021.

NET FINANCIAL DEBT

The net financial debt required by Consob Warning Notice No. 5/21 of 29 April 2021 "Compliance with ESMA Guidelines on disclosure requirements pursuant to the prospectus regulation" is as follows:

(In thousands of euros)	30 June 2023	31 December 2022	30 June 2022
A. Cash and cash equivalents	(91,261)	(117,400)	(105,484)
B. Means equivalent to cash and cash equivalents	-	-	-
C.1. Other current financial assets	(144)	(108)	(515)
C.2. Other financial liabilities for current leases	(2,854)	(2,628)	(2,606)
D. Cash and cash equivalents (A+B+C)	**(94,259)**	**(120,136)**	**(108,605)**
E.1. Current financial debt	56,398	45,854	65,222
E.2. Current financial debt for leases	96,511	90,066	89,694
F. Current portion of non-current financial debt	36,185	31,164	43,233
G. Current financial debt (E+F)	**189,094**	**167,084**	**198,149**
H. Net current financial debt (G+D)	**94,835**	**46,948**	**89,544**
I.1. Non-current financial debt	37,394	47,637	61,378
I.2. Non-current financial debt for leases	447,744	474,931	511,354
J. Debt instruments	-	-	-
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	**485,138**	**522,568**	**572,732**
M. Total financial debt (H+L)	**579,973**	**569,516**	**662,276**
of which:			
Net financial debt for the core business	*38,572*	*7,147*	*63,834*
Payables for leases	*541,401*	*562,369*	*598,442*

At 30 June 2023, the financial debt of the Brunello Cucinelli Group amounted to €579,973 thousand, of which €541,401 thousand related to debt generated by the accounting of lease contracts pursuant to IFRS 16.
At 30 June 2022 financial debt amounted to €662,276 thousand, (of which €598,442 thousand relating to lease contracts).

Excluding the balances due to the application of IFRS 16, financial debt at 30 June 2023 equalled €38,572 thousand, which is a considerable improvement as compared to €63,834 thousand at 30 June 2022, thanks to the positive economic result of the last twelve months, even with the important investment plan of €34.9 million and the dividend payment for a total of €48.1 million.

This resulted in the repayment of medium/long-term loans for a total of €17,433 thousand according to ordinary depreciation and amortisation plans.

Note that item "I.1 Non-current financial debt" also includes the debt for loans to minority shareholders in subsidiaries (amounting to €2,496 thousand).

SHAREHOLDERS' EQUITY

The following table provides details of shareholders' equity at 30 June 2023, 31 December 2022 and at 30 June 2022:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**30 June 2022**
Share Capital	13,600	13,600	13,600
Reserves	315,370	288,344	286,278
Net income for the period	61,782	80,599	46,586
Group shareholder's equity	**390,752**	**382,543**	**346,464**
Shareholders' equity attributable to non-controlling interests	12,633	10,433	7,279
Shareholders' Equity	**403,385**	**392,976**	**353,743**

The share capital of the Parent Company at 30 June 2023 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 2023 as compiled from the communications sent to the Company and Consob and from other communications to the market is set out below:

Shareholder	**% of ordinary capital**
Foro delle Arti S.r.l.	50.05%
FMR LLC	9.48%
Invesco	4.16%
Other shareholders	36.31%
Total	**100.00%**

For a description of the changes in shareholders' equity, refer to the balance sheet and what is indicated in Note 14 of the notes to these Consolidated condensed interim financial statements.

INFORMATION ON CORPORATE GOVERNANCE

Pursuant to article 123-bis of the Consolidated Law on Finance (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 related to the year ended on 31 December 2022, approved by the Board of Directors at its meeting of 15 March 2023, can be consulted in the *Corporate governance* section of the Company's website at **http://investor.brunellocucinelli.com/en.**

SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2023

Purchase and assignment of treasury shares in performance of the 2022-2024 Stock Grant Plan
On 9 January 2023 the Board of Directors of the Parent Company, in implementation of the resolution approved by the Shareholders' Meeting held on 27 April 2022 concerning the 2022-2024 Stock Grant Plan granted a mandate to Mediobanca – Banca di Credito Finanziario S.p.A. to start a program for purchasing treasury shares on behalf of the Parent Company starting on 10 January 2023, in an independent manner, in compliance with the applicable regulations and what was dictated by the resolution approved by the Shareholders' Meeting.
The program for purchasing treasury shares was carried out, making use of the *safe harbour* pursuant to art. 5 of Regulation (EU) no. 596/2014.
The program was completed with the total purchase of 47,250 treasury shares by the Parent Company.
As of the date of this Half-year financial report, all of these shares were assigned free of charge to the executive directors and employees in top positions of the company and its subsidiaries, in execution of the 2022-2024 Stock Grant Plan.

Shareholders' Meeting of Brunello Cucinelli S.p.A.
The Ordinary Shareholder's Meeting of the Parent Company Brunello Cucinelli S.p.A. was held on 27 April 2023. The Shareholders' Meeting resolved to approve the annual financial statements as at 31 December 2022 and to allocate the profit for the year, as to the amount of €44,200,000, by allocating to the shareholders a dividend of € 0.65 per share, and as to the amount of €55,640,598, to be carried forward by allocation to retained earnings.

The Shareholders' Meeting also:
– appointed the new Board of Directors, composed of 14 members for the 2023-2025 three-year period, who will remain in office until the Shareholders' Meeting is requested to approve the financial statements for the year that will close on 31 December 2025. Based on the two lists that were presented, the following Directors were appointed: Brunello Cucinelli (Executive Chairman and Creative Director), Luca Lisandroni and Riccardo Stefanelli (Managing Directors and CEO), Camilla Cucinelli, Carolina Cucinelli, Alessio Piastrelli, Giovanna Manfredi, Ramin Arani (independent), Maria Cecilia La Manna (independent), Stefano Domenicali (independent), Guido Maria Barilla (independent), Chiara Dorigotti (independent), Andrea Pontremoli, taken from list no. 1 presented by the majority shareholder Foro delle Arti S.r.l., and Emanuela Bonadiman (independent) taken from list no. 2, presented by a group of savings management companies and institutional investors;

- appointed the new Board of Statutory Auditors for the 2023-2025 three-year period, who will remain in office until the Shareholders' Meeting is requested to approve the financial statements for the year that will close on 31 December 2025. Based on the two lists that were presented, the following appointments were made: Paolo Prandi, Chairman of the Board of Statutory Auditors, taken from list no. 2 presented by a group of savings management companies and institutional investors; Dante Valobra and Anna Maria Fellegara, standing auditors, taken from list no. 1 presented by the majority shareholder Foro delle Arti S.r.l.; Isabella Ippolita Soldani, alternate auditor, taken from list 1 and Myriam Amato, alternate auditor, taken from list no. 2;
- revoked, for the part that was not executed, the authorisation for the purchase and disposal of the company treasury shares granted by the deliberation of the Shareholders' Assembly on 27 April 2022 and, at the same time, approved a new authorization for the purchase and disposal of ordinary company shares servicing the 2022-2024 Stock Grant Plan according to the terms and conditions of the proposal approved by the Board of Directors on 15 March 2023.

The same extraordinary Shareholders' Meeting held on 27 April 2023 resolved to approve the changes to the articles of association in order to introduce a voting increase pursuant to article 127-*quinquies* of the Consolidated Law on Finance (TUF), which specifies that the increase in the voting right is acquired at the start of the minimum period of holding the shares of 24 months and defining the maximum limit of the increase to two votes per share. The change to the articles of association does not grant the right of withdrawal to shareholders pursuant to art. 2437 of the Italian Civil Code.
The idea of introducing the increased system of voting results from the intention to guarantee the longevity of the company, protecting its value over time. This system appeared coherent with the long-term profile of many investors who indicated that they agreed with our company's idea of Humanistic Capitalism and Human Sustainability.

Sale to Chanel of a minority investment in Cariaggi Lanificio S.p.A.
In data 23 May 2023 the company reached an agreement with Chanel and the Cariaggi family for the sale to Chanel by Brunello Cucinelli S.p.A. of a 18.5% share in the capital of Cariaggi Lanificio S.p.A.
The company held 43% of Cariaggi Lanificio S.p.A. With the sale, its investment has become 24.5%.
Based on this same agreement, the Cariaggi family sold, in turn, 6% of the capital of Cariaggi Lanificio S.p.A. to Channel.
As a result of the sales operations, the share capital of the company Cariaggi Lanificio S.p.A. is held 51% by the Cariaggi family, and 24.5% each by Brunello Cucinelli S.p.A. and Chanel.
The parties signed a long-term agreement to regulate the corporate governance of Cariaggi Lanificio S.p.A. which specifies that the Cariaggi family retains the control and management of the company.
The economic effect of the sale is accounted for in the item "Financial income".

Merger operation of the company Brunello Cucinelli Retail Deutschland GmbH into the company Brunello Cucinelli GmbH
During the first half of 2023 the merger by incorporation of Brunello Cucinelli GmbH, as the incorporating company, and Brunello Cucinelli Retail Deutschland GmbH, as the incorporated company, was carried out.
For accounting and tax purposes, the merger operation is effective as of 1 January 2023.
The merger operation was approved for the purposes of organisational simplification, concentrating all the operating activities in the German territory in a single legal entity.

RELATED PARTY TRANSACTIONS

Reference should be made to the notes to this Consolidated condensed interim financial statements for a detailed description of related party transactions carried out in the first half of 2023.

Pursuant to Consob Resolution No. 17221 of 12 March 2010, it is acknowledged that during the first half of 2023 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 on financial risk management are provided in the section "Other information" of the notes to the Consolidated condensed interim financial statements, to which reference is made.

SIGNIFICANT EVENTS AFTER 30 JUNE 2023

Project for the merger of SAS White Flannel into SAS Brunello Cucinelli France Resort
The project for the merger by incorporation of SAS Brunello Cucinelli France Resort, as the incorporating company, and SAS White Flannel, as the incorporated company, was presented on 21 July.
The merger operation will become operationally effective upon elapse of the necessary public-law deadlines required by French regulations, but for accounting and tax purposes, it will be effective as of 1 January 2023.
The merger operation was approved for the purposes of organisational simplification of the Group, concentrating all the operating activities of the sales points in the resort towns of the French Riviera.
As both companies are held directly and indirectly 100% by the Parent Company, the operation will not have any accounting effects on the Group's consolidated financial statements.

MANAGEMENT OUTLOOK

The outlook is very positive for the full year 2023 and a growth in revenue in the region of **+19%** is expected, hence at the upper end of the previously disclosed +17% to +19% guidance, with **healthy margins** and **very attractive growth** in **earnings**.

The **results** of the **first half of the year, business performance**, the very healthy **order intake** for the **Fall-Winter 2023** collections, and the strong demand for handcrafted and exclusive products (a demand akin to our **taste**, **sober** and **clean**) all support these expectations.

The growth forecast takes into account the **increasing basis of comparison** of 2022, in which the first quarter was defined as "good", the second quarter as "more than good", and the third and fourth quarters as "very good".

Order intake for the **Spring-Summer 2024 Men's** collections, presented in the first half of June at Pitti Uomo/Florence and later at Milan Fashion Week, closed with **excellent results**, confirming the initial appreciation expressed by both the trade press and multi-brand customers. As regards the **Spring-Summer 2024 Women's** collections recently presented, order intake a is reporting **equally great results, with particularly good feedback for style**.

For **2024 we therefore believe we have great visibility, and we imagine healthy and balanced growth** in the region of +10%, with a focus on style, elegance, rarity, exclusivity.

Solomeo, 29 August 2023

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

FINANCIAL STATEMENTS AS AT 30 JUNE 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

(In thousands of euros)	NOTES	30 June 2023	*of which with related parties*	31 December 2022	*of which with related parties*	30 June 2022	*of which with related parties*
Non-current assets							
Right of use	1	494,947	3,939	520,066	4,154	566,845	4,406
Intangible assets	2	14,186		13,970		14,255	
Property, plant and equipment	3	196,568	13,193	188,692	12,755	181,922	12,296
Investment property	4	8,257		7,223		7,386	
Non-current financial assets for leases	5	4,560		5,633		6,821	
Other non-current financial assets	6	30,373	13,476	38,623	22,115	35,712	19,953
Deferred tax asset	26	77,580		65,337		58,670	
Non-current derivative financial assets	13	701		1,101		1,023	
Total non-current assets		**827,172**		**840,645**		**872,634**	
Current assets							
Inventories	7	262,758		242,844		243,138	
Trade receivables	8	75,195	168	76,608	137	75,188	104
Tax receivables	9	519		3,779		982	
Other receivables and other current assets	10	32,331		32,350	450	27,817	
Current financial assets for leases	5	2,854		2,628		2,606	
Other current financial assets	11	144		108		78	
Cash and cash equivalents	12	91,261		117,400		105,484	
Current derivative financial instruments	13	10,383		6,626		1,777	
Total current assets		**475,445**		**482,343**		**457,070**	
Total assets		**1,302,617**		**1,322,988**		**1,329,704**	

(In thousands of euros)	NOTES	30 June 2023	*of which with related parties*	31 December 2022	*of which with related parties*	30 June 2022	*of which with related parties*
Shareholders' equity							
Shareholders' equity attributable to parent company shareholders							
Share capital	14	13,600		13,600		13,600	
Share-premium Reserve	14	57,915		57,915		57,915	
Reserves	14	257,455		230,429		228,363	
Net income for the period	14	61,782		80,599		46,586	
Total shareholders' equity attributable to owners of the parent		**390,752**		**382,543**		**346,464**	
Shareholders' equity attributable to non-controlling interests							
Capital and reserves attributable to non-controlling interests	14	7,728		3,827		3,294	
Net income for the period attributable to non-controlling interests	14	4,905		6,606		3,985	
Total shareholders' equity attributable to non-controlling interests		**12,633**		**10,433**		**7,279**	
Total shareholders' equity		**403,385**		**392,976**		**353,743**	
Non-current liabilities							
Employees termination indemnities	15	3,010		3,060		3,131	
Provisions for risks and charges	16	2,719		3,015		2,386	
Non-current payables towards banks	17	33,951		46,386		60,093	
Financial liabilities for non-current leases	18	447,744	3,821	474,931	4,058	511,354	4,318
Other Financial liabilities	19	3,443		1,251		1,285	
Other non-current liabilities	20	137		386		639	
Deferred tax liabilities	26	12,756		12,478		15,052	
Total non-current liabilities		**503,760**		**541,507**		**593,940**	
Current liabilities							
Trade payables	21	141,507	8,878	137,040	7,959	112,863	6,845
Current payables towards banks	22	90,295		75,006		105,567	
Financial liabilities for current leases	18	96,511	572	90,066	562	89,694	549
Current financial liabilities	23	2,288		2,012		2,888	
Income tax payables	24	8,114		32,492		14,298	
Current derivative financial instruments	13	1,208		3,978		17,890	
Other current liabilities	25	55,549	695	47,911	713	38,821	506
Total current liabilities		**395,472**		**388,505**		**382,021**	
Total liabilities		**899,232**		**930,012**		**975,961**	
Total equity and liabilities		**1,302,617**		**1,322,988**		**1,329,704**	

CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2023

(In thousands of euros)	NOTES	30 June 2023	*of which with related parties*	30 June 2022	*of which with related parties*
Revenues	**27**	**543,942**	**80**	**415,357**	**70**
Costs of raw materials and consumables	28	(54,000)	(9,320)	(33,575)	(7,962)
Costs for services	29	(227,840)	(2,030)	(172,185)	(1,878)
Payroll costs	30	(93,333)	(2,927)	(78,381)	(3,227)
Other operating expenses	31	(13,581)		(5,207)	
Other operating income	32	983	49	742	11
Costs capitalized	33	762		861	
Depreciation and amortisation	34	(67,115)		(62,198)	
Impairment of assets and other accruals	35	(2,125)		(7,660)	
Total operating costs		**(456,249)**		**(357,603)**	
Operating Income		**87,693**		**57,754**	
Financial expenses	36	(49,067)		(44,063)	
Financial income	37	46,638	1,556	56,005	4,689
Income before taxation		**85,264**		**69,696**	
Income taxes	26	(18,577)		(19,125)	
Net income for the period		**66,687**		**50,571**	
Net income for the period attributable to owners of the parent	14	61,782		46,586	
Net income for the period attributable to non-controlling interests	14	4,905		3,985	
Base earnings per share	38	0.90880		0.68509	
Diluted earnings per share	38	0.90880		0.68509	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2023

(In thousands of euros)		Half-year ended 30 June	
	NOTES	2023	2022
Net income for the period (A)		**66,687**	**50,571**
Other items of comprehensive income:			
Other items of comprehensive income that will later be reclassified on the income statement:		**(5,176)**	**9,314**
Cash flow hedge	14	857	(5,302)
Tax effect	14	(239)	1,314
Effect of changes in cash flow hedge reserve	**14**	**618**	**(3,988)**
Translation differences on foreign financial statements		(3,352)	11,767
Profit/(Losses) on net investment in a foreign operation		(3,213)	2,020
Tax effect		771	(485)
Other items of comprehensive income that will not later be reclassified on the income statement:	**14**	**27**	**(142)**
Remeasurement of defined benefit plans (IAS 19)		35	(187)
Tax effect		(8)	45
Total other comprehensive income, net of tax (B)		**(5,149)**	**9,172**
Total comprehensive income net of tax (A) + (B)		**61,538**	**59,743**
Attributable to:			
Shareholders of parent company		56,816	55,676
Non-controlling interests		4,722	4,067

CONSOLIDATED CASH FLOWS STATEMENT AS AT 30 JUNE 2023

(In thousands of euros)		Half-year ended 30 June	
	NOTES	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the period	14	66,687	50,571
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:			
Income tax	26	18,577	19,125
Depreciation and amortisation	34	67,115	62,198
Provisions for employees termination indemnities	15	83	34
Provisions for risks and charges/doubtful accounts and impairment of assets		2,142	7,687
Change in other non-current liabilities		(249)	(153)
(Gain)/Loss on disposal of Fixed assets		8	42
(Gain)/Loss from Participations		(16,904)	(4,689)
Other non-monetary items IFRS 16		6,669	(10,171)
Interest expense	36	2,542	751
Interest on lease liabilities	36	5,988	5,557
Interest income	37	(271)	(92)
Interest on lease activities	37	(39)	(10)
Termination indemnities payments	15	(89)	(127)
Payments of Provisions for risks and charges	16	(178)	-
Net change in deferred tax assets and liabilities	26	(11,992)	(2,180)
Change in fair value of financial instruments	13	(5,123)	2,937
Changes in operating assets and liabilities:			
Change in trade receivables	8	(749)	(1,764)
Change in inventories	7	(27,399)	(32,038)
Change in trade payables	21	9,960	381
Interest expense paid		(2,509)	(821)
Interest on the lease liabilities paid		(5,988)	(5,557)
Interest income cashed		271	92
Interest on lease activities cashed		39	10
Income tax paid		(51,327)	(18,101)
Change in other current assets and liabilities		22,333	4,824
Net cash provided by/(used in) operating activities (A)		**79,597**	**78,506**

(In thousands of euros)		Half-year ended 30 June	
	NOTES	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	(29,515)	(24,537)
Additions to intangible assets	2	(3,422)	(4,116)
Additions/(disposals) of financial assets	6	(1,128)	(16,807)
Additions to investment property	4	(1,106)	(851)
Investments/Disinvestments in non-current financial assets		25,900	-
Proceeds from disposal of property, plant and equipment		121	37
Net cash provided by/(used in) investing activities (B)		**(9,150)**	**(46,274)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Medium/Long-term loans received		-	5,000
Repayment of medium/long-term loans		(17,433)	(20,701)
Net change in short-term financial debt		19,187	64,285
Net change in long-term financial debt		1,282	-
Repayment of lease liabilities		(47,067)	(47,885)
Receipts of financial assets for leasing		1,421	1,331
Dividends paid		(48,139)	(32,294)
Purchase of treasury shares		(3,332)	-
Net cash provided by/(used in) financing activities (C)		**(94,081)**	**(30,264)**
TOTAL CASH FLOWS FOR THE PERIOD (D=A+B+C)		**(23,634)**	**1,968**
Effect of exchange rate changes on cash and cash equivalents (E)		**(2,505)**	**5,513**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	**12**	**117,400**	**98,003**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**12**	**91,261**	**105,484**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 30 JUNE 2023

(In thousands of euros)	NOTES	Share capital	Legal reserve	Share-premium Reserve	Reserve for grants from shareholders	Translation reserve	Reserves	Net income for the period	Total Group shareholder's equity	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
Balance at 1 January 2023	**14**	**13,600**	**2,720**	**57,915**	**-**	**2,339**	**225,370**	**80,599**	**382,543**	**10,433**	**392,976**
Net income for the period								61,782	61,782	4,905	66,687
Other components of the comprehensive income statement						(5,606)	640		(4,966)	(183)	(5,149)
Total comprehensive result		**-**	**-**	**-**	**-**	**(5,606)**	**640**	**61,782**	**56,816**	**4,722**	**61,538**
Allocation of net income for the period	14						80,599	(80,599)	-		-
Dividends paid	14						(44,200)		(44,200)	(3,939)	(48,139)
Deconsolidation of Brunello Cucinelli Denmark ApS							(61)		(61)		(61)
Stock grant reserve	14						2,036		2,036		2,036
Assignment of treasury shares	14						(3,332)		(3,332)		(3,332)
Other changes							(3,050)		(3,050)	1,417	(1,633)
Balance at 30 June 2023	**14**	**13,600**	**2,720**	**57,915**	**-**	**(3,267)**	**258,002**	**61,782**	**390,752**	**12,633**	**403,385**

(In thousands of euros)	NOTES	Share capital	Legal reserve	Share-premium Reserve	Reserve for grants from shareholders	Translation reserve	Reserves	Net income for the period	Total Group shareholder's equity	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
Balance at 1 January 2022	**14**	**13,600**	**2,720**	**57,915**	**-**	**2,168**	**186,416**	**53,322**	**316,141**	**6,259**	**322,400**
Net income 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
Total comprehensive result		**-**	**-**	**-**	**-**	**13,212**	**(4,122)**	**46,586**	**55,676**	**4,067**	**59,743**
Allocation of net income for the period	14						53,322	(53,322)	-		-
Dividends paid	14						(28,560)		(28,560)	(3,734)	(32,294)
Stock grant reserve							2,875		2,875		2,875
Other changes							332		332	687	1,019
Balance at 30 June 2022	**14**	**13,600**	**2,720**	**57,915**	**-**	**15,380**	**210,263**	**46,586**	**346,464**	**7,279**	**353,743**

EXPLANATORY NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

1.1 CONTENT AND FORMAT OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

These Consolidated condensed interim financial statements have been prepared on the basis of art. 154-ter of Italian Leg. Decree dated 24 February 1998, no. 58 of the Consolidated Law on Finance (TUF) and as amended.

The Consolidated condensed interim financial statements at 30 June 2023 comprise the consolidated statement of financial position, the consolidated income statement, the consolidated comprehensive income statement, the consolidated cash flows statement, the consolidated statement of changes in shareholders' equity and these notes.

The Consolidated condensed interim financial statements are presented in Euro, the currency used by the Parent Company Brunello Cucinelli S.p.A., and all figures are rounded to thousands of Euro, unless otherwise indicated.

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 liabilities for employment benefits;
- 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 flows statement has been prepared using the indirect method and is presented in accordance with IAS 7, classifying cash flows into operating activities, investment 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 Consolidated condensed interim financial statements are subject to a review by PricewaterhouseCoopers S.p.A.

1.2 STATEMENT OF IFRS COMPLIANCE

The Consolidated condensed interim financial statements at 30 June 2023 have been prepared in accordance with the international accounting standard on interim financial reporting (IAS 34 Interim Financial Reporting). The Consolidated condensed interim 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 2022 published on the institutional website www.brunellocucinelli.com Investor Relations, Financial Reports section.

2. SCOPE OF CONSOLIDATION

The Consolidated condensed interim 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 2023.

These Consolidated condensed interim financial statements were prepared on the basis of the accounting situations of the Company and its subsidiaries, suitably adjusted to comply with IFRSs.

As at 30 June 2023, 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 date of these Consolidated condensed interim financial statements, the Group holds a 24.5% 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 and associate companies at 30 June 2023, 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	Location	Currency	Capital unit of currency	Controlling interest	
				Direct	Indirect
Equity investments in subsidiaries					
Brunello Cucinelli Europe S.r.l.	Corciano (PG) – Italy	Euro	100,000	100.00%	
Max Vannucci S.r.l.	Corciano (PG) – Italy	Euro	118,000		75.50%
Pinturicchio S.r.l.	Corciano (PG) – Italy	Euro	100,000	2.00%	98.00%
Raffaello 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 (England) Ltd.	London – United Kingdom	Pound sterling	700		100.00%
Sarl Brunello Cucinelli France	Paris – France	Euro	200,000	2.00%	98.00%
SAS Brunello Cucinelli France Resort	Paris – France	Euro	100,000		100.00%
Brunello Cucinelli GmbH	Munich – Germany	Euro	200,000		100.00%
Brunello Cucinelli Hellas SA	Athens – Greece	Euro	25,200		51.00%
SAM Brunello Cucinelli Monaco	Principality of Monaco	Euro	150,000		98.00%
OOO Brunello Cucinelli RUS	Moscow – Russia	Rouble	15,000,000	100.00%	
Brunello Cucinelli Retail Spain SL	Madrid – Spain	Euro	200,000	5.00%	95.00%
Brunello Cucinelli Suisse SA	Lugano – Switzerland	Swiss franc	223,000	1.79%	98.21%
SAS White Flannel	Cannes – France	Euro	50,000		100.00%
Brunello Cucinelli Canada Ltd.	Vancouver – Canada	Canadian dollar	10,445,100	100.00%	
Brunello Cucinelli USA Inc.	Ardsley (NY) – USA	US dollar	1,500	100.00%	
Market Service US, Inc.	New York – USA	US dollar	50,000		51.00%
Brunello Cucinelli (Sichuan) Fashion Co., Ltd.	Chengdu – China	Renminbi	200,000,000	100.00%	
Brunello Cucinelli Hong Kong Ltd.	Hong Kong – China	Hong Kong 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 – United Arab Emirates	Dirham	300,000	51.00%	
Brunello Cucinelli Kuwait for Readymade and Novelty Clothes' Retail WLL	Kuwait City – Kuwait	Kuwaiti dinar	100,000	51.00%	
Equity investments in associate companies					
Cariaggi Lanificio S.p.A.	Cagli – Italy	Euro	7,000,000	24.50%	

During the first half of 2023, the following changes were made to the scope of consolidation:

- inclusion of Raffaello S.r.l. fully controlled by the Group. The company was established to create a new productive activity in Penne, Abruzzo, which is an area that traditionally has been very important in the Italian history of artisan tailoring, in particular men's suits;

- exit from the company Brunello Cucinelli Denmark ApS, whose liquidation process was completed during the first half of 2023.

3. ACCOUNTING STANDARDS

3.1 INTRODUCTION

The Consolidated condensed interim financial statements at 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and were approved by the Board of Directors on 29 August 2023.

3.2 GENERAL BASIS OF PREPARATION

The Consolidated condensed interim financial statements at 30 June 2023 prepared on the basis of art. 154-ter of Italian Leg. Decree 58/1998 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 in accordance with IAS 34 Interim Financial Reporting.

In preparing this Half-year 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 2022 and the Half-year financial report at 30 June 2022.

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.

Various changes were applied for the first time in 2023 but did not have impact on the Group's Consolidated condensed interim financial statements.

IFRS 17 Insurance contracts

In May 2017, IASB issued IFRS 17 Insurance contracts, which is a new accounting standard for insurance contracts that considers the recognition and measurement, the presentation and the disclosure. IFRS 17 replaces IFRS 4 Insurance contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g. life, non-life, direct insurance and reinsurance), independently of the type of issuing entity, as well as some guarantees and financial tools with a discretionary participation features; some exceptions are applicable with reference to the scope of application. The main objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and coherent for insurers. Unlike the requirements of IFRS 4, which are mainly based on the maintenance

of the previous local accounting standards, IFRS 17 provides a complete model for insurance contracts that covers all relevant accounting aspects. IFRS 17 is based on a general model, integrated by:
– a specific adjustment for contracts with direct participation features (the variable commission approach);
– a simplified approach (the premium allocation approach) mainly for short-term contracts.
The changes did not have any impact on the Group's Consolidated condensed interim financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The changes to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting principles and the correction of errors. They also clarify how the entities use the assessment techniques and the inputs for calculating the accounting estimates.
The changes did not have any impact on the Group's Consolidated condensed interim financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The changes to IAS 1 and IFRS *Practice Statement 2 Making Materiality Judgements* provide guidance and examples to help entities apply significant judgements to the disclosure of accounting policies. The changes aim to help entities provide information on the most useful accounting principles, replacing the obligation for entities to disclose their "significant" accounting principles with the obligation to disclose their "relevant" accounting principles and adding a guide on how entities apply the concept of materiality when making decisions regarding the disclosure of accounting principles.
The changes did not have any impact on the Group's Consolidated condensed interim financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The changes to IAS 12 Income taxes narrow the scope of application of the exception to initial recognition, such that it no longer applies to transactions that give rise to temporary taxable and deductible differences, the same as in the case of leases and liabilities for dismantling.
The changes entered into force starting from financial years starting on 1 January 2023.
The changes did not have any impact on the Group's Consolidated condensed interim financial statements.

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 Consolidated condensed interim financial statements or the next set of annual financial statements.

3.5 DISCRETIONAL ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Consolidated condensed interim financial statements requires the directors of the parent company to make subjective measurements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. The actual results could differ from these estimates.

With regard to the accounting estimates and significant judgements made by the Company Management, of the Parent Company, please refer to the Annual Financial Report as at 31 December 2022.

For further considerations, refer to what is indicated below in note 7 of these Consolidated condensed interim financial statements.

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

The Consolidated condensed interim 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 euros using the current exchange rate method, under which the exchange rate at the balance sheet date is used for the translation of the balance sheet items, the historical exchange rates for the shareholders' equity items and the average exchange rate of the period for the income statement items.

Translation differences are recognised directly in shareholders' equity and presented in a separate reserve. On the sale of a foreign company the cumulative exchange differences in shareholders' 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 June 2023	30 June 2022	30 June 2023	31 December 2022	30 June 2022
US dollar	1.0866	1.0934	1.0807	1.0666	1.0387
Swiss franc	0.9788	1.0319	0.9856	0.9847	0.996
Japanese yen	157.16	134.3071	145.7604	140.66	141.54
Renminbi	7.8983	7.0823	7.4894	7.3582	6.9624
Pound sterling	0.85828	0.8424	0.87638	0.88693	0.8582
Hong Kong dollar	8.5157	8.5559	8.4709	8.3163	8.1493
Canadian dollar	1.4415	1.39	1.4565	1.444	1.3425
Rouble	97.1175	85.741	83.7680	79.2258	57.4991
Singapore dollar	1.4732	1.4921	1.444	1.43	1.4483
Danish krone	*	7.4402	*	7.4365	7.4392
Taiwan dollar	33.8158	31.3697	33.0264	32.7603	30.8788
Dirham	3.9905	4.0155	3.9687	3.9171	3.8146
Kuwaiti dinar	0.3342	*	0.3313	0.3266	*

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 at 30 June 2023 for a further description of the "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

During the first half of 2023, in compliance with paragraphs 9 and 12 of IAS 36 and internal procedures, suitable evaluations were carried out to determine if an asset could have been impaired.
The dynamics of the business recorded in the period under examination and the updates to future trends are improvements with respect to the assumptions made for verifying the recoverability of values carried out when preparing the consolidated financial statement at 31 December 2022.
Therefore no indicators of possible loss of value were identified and therefore no specific impairment tests were carried out for assets entered in the financial statements.

Note 1. Right of use

The composition of right of use assets at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	30 June 2023	31 December 2022	Change
Right to use property	494,259	519,454	(25,195)
Right to use equipment	201	221	(20)
Right to use other tangible fixed assets	487	391	96
Total right of use assets	**494,947**	**520,066**	**(25,119)**

Details of cost, accumulated depreciation and amortisation and net book value of right of use assets at 30 June 2023 with comparative figures at 31 December 2022 are as follows:

(In thousands of euros)	30 June 2023			31 December 2022		
	Cost	Accumulated depreciation and amortisation	Net value	Cost	Accumulated depreciation and amortisation	Net value
Right to use property	929,550	(435,291)	494,259	932,551	(413,097)	519,454
Right to use equipment	281	(80)	201	281	(60)	221
Right to use other tangible fixed assets	835	(348)	487	631	(240)	391
Total right of use assets	**930,666**	**(435,719)**	**494,947**	**933,463**	**(413,397)**	**520,066**

Right of use assets at 30 June 2023 amounted to €494,947 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 2023:

(In thousands of euros)	**Right to use property**	**Right to use equipment**	**Right to use other tangible fixed assets**	**Total right of use assets**
Balance at 1 January 2023	**519,454**	**221**	**391**	**520,066**
Increases	38,897	-	235	39,132
Net decreases	(8,199)	-	-	(8,199)
Translation differences	(9,482)	-	-	(9,482)
Depreciation and amortisation	(46,411)	(20)	(139)	(46,570)
Balance at 30 June 2023	**494,259**	**201**	**487**	**494,947**

The main increases during the first half of 2023 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.

Note 2. Intangible assets

The composition of intangible assets at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Concessions, licences, trademarks and similar rights	11,561	11,213	348
Other intangible fixed assets	153	306	(153)
Fixed assets under construction and advances	2,472	2,451	21
Total intangible assets	**14,186**	**13,970**	**216**

Details of cost, accumulated depreciation and amortisation and net book value of intangible assets at 30 June 2023 with comparative figures at 31 December 2022 are as follows:

(In thousands of euros)	**30 June 2023**			**31 December 2022**		
	Cost	**Accumulated depreciation and amortisation**	**Net value**	**Cost**	**Accumulated depreciation and amortisation**	**Net value**
Concessions, licences, trademarks and similar rights	45,961	(34,400)	11,561	42,840	(31,627)	11,213
Other intangible fixed assets	1,721	(1,568)	153	1,721	(1,415)	306
Fixed assets under construction and advances	2,472	-	2,472	2,451	-	2,451
Total intangible assets	**50,154**	**(35,968)**	**14,186**	**47,012**	**(33,042)**	**13,970**

Intangible assets amounted to €14,186 thousand at 30 June 2023 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 2023:

(In thousands of euros)	**Concessions, licences, trademarks and similar rights**	**Other intangible fixed assets**	**Fixed assets under construction and advances**	**Total intangible assets**
Balance at 1 January 2023	**11,213**	**306**	**2,451**	**13,970**
Increases	2,686	-	628	3,314
Translation differences	(29)	-	(4)	(33)
Reclassifications	603	-	(603)	-
Depreciation and amortisation	(2,912)	(153)	-	(3,065)
Balance at 30 June 2023	**11,561**	**153**	**2,472**	**14,186**

Capital expenditures for the first half of 2023 amounted to €3,314 thousand, of which €3,131 thousand relating to the project to upgrade the information technology and IT/Digital systems, accounted for as to €2,503 thousand under the items "Concessions, licenses, trademarks and similar rights" and as to €628 thousand under the items "Fixed assets under construction and advances".

Note 3. Property, plant and equipment

The composition of Property, plant and equipment at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Land	19,184	17,303	1,881
Buildings	44,962	41,857	3,105
Leasehold improvements	78,503	78,933	(430)
Plant and machinery	4,779	4,878	(99)
Industrial and commercial equipment	2,382	1,783	599
Other assets	36,691	36,315	376
Fixed assets under construction and advances	10,067	7,623	2,444
Total property, plant and equipment	**196,568**	**188,692**	**7,876**

Details of historical cost, accumulated depreciation and amortisation and the net book value of property, plant and equipment at 30 June 2023 with comparative figures at 31 December 2022 are as follows:

(In thousands of euros)	30 June 2023			31 December 2022		
	Cost	Accumulated depreciation and amortisation	Net value	Cost	Accumulated depreciation and amortisation	Net value
Land	19,184	-	19,184	17,303	-	17,303
Buildings	61,228	(16,266)	44,962	57,294	(15,437)	41,857
Leasehold improvements	184,224	(105,721)	78,503	180,335	(101,402)	78,933
Plant and machinery	17,890	(13,111)	4,779	17,388	(12,510)	4,878
Industrial and commercial equipment	16,361	(13,979)	2,382	16,109	(14,326)	1,783
Other assets	79,944	(43,253)	36,691	75,376	(39,061)	36,315
Fixed assets under construction and advances	10,067	-	10,067	7,623	-	7,623
Total property, plant and equipment	**388,898**	**(192,330)**	**196,568**	**371,428**	**(182,736)**	**188,692**

Property, plant and equipment at 30 June 2023 amounted to €196,568 thousand and is mainly comprised of the value of buildings used for production and the logistics for the main office, the improvements made to leased stores as well as equipment, plants and machinery useful for production and logistics and store furnishings.

The following table sets out the changes in the net book value of property, plant and equipment for the six months ended 30 June 2023:

(In thousands of euros)	Land	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total property, plant and equipment
Balance at 1 January 2023	**17,303**	**41,857**	**78,933**	**4,878**	**1,783**	**36,315**	**7,623**	**188,692**
Increases	1,881	3,635	9,204	575	926	5,004	8,290	29,515
Net decreases	-	-	(30)	-	(5)	(83)	(11)	(129)
Translation differences	-	-	(2,325)	(27)	-	(664)	(126)	(3,142)
Value adjustments	-	-	(710)	-	-	(250)	-	(960)
Reclassifications	-	299	3,506	-	-	1,904	(5,709)	-
Depreciation and amortisation	-	(829)	(10,075)	(647)	(322)	(5,535)	-	(17,408)
Balance at 30 June 2023	**19,184**	**44,962**	**78,503**	**4,779**	**2,382**	**36,691**	**10,067**	**196,568**

In the first half of 2023 the Brunello Cucinelli Group made additions to investment property , plant and equipment of €29,515 thousand consisting of the following:

– investments totalling €1,881 thousand under "Land", also related to the purchase of land where the new factory will be built in Penne, Abruzzo;
– investments totalling €3,635 thousand under "Buildings", mainly related to the purchase of a factory for industrial use near Solomeo;
– investments of €9,204 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 €6,505 thousand, of which €575 thousand recognised under "Plant and machinery" (mainly referring to new machinery for production), €926 thousand under "Industrial and commercial equipment" (mainly for investments made at sales points and at Solomeo headquarters), €5,004 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 machinery, furniture and furnishings, vehicles and equipment and the "historic collection" at the headquarters in Solomeo);
– additional investments entered among "Assets under construction and advances" for €8,290 thousand, including the start of work for building requalification and reconversion in a vast area of 8 hectares on the outskirts of Solomeo, which were purchased during the previous year for the strategic expansion of our production hub as well as for the preparation of points of sale.

Overall, the investments for IT/Digital in the first half of 2023 that relate to tangible fixed assets account for a total of €1,390 thousand.

The "Value adjustments" at 30 June 2023 equalled €960 thousand, whereas at 31 December 2022 they amounted to €443 thousand.

Note 4. Investment property

The composition of investment property at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	30 June 2023	31 December 2022	Change
Investment property	8,257	7,223	1,034
Total investment property	**8,257**	**7,223**	**1,034**

This item, amounting to €8,257 thousand, relates to property complexes and building land located in Solomeo, managed with the aim of being restored and subsequently leased, an activity started already during the first half of 2021.

The table below shows changes in the net book value of investment property for the first half of 2023:

(In thousands of euros)	Total investment property
Balance at 1 January 2023	**7,223**
Increases	1,106
Depreciation and amortisation	(72)
Balance at 30 June 2023	**8,257**

Note 5. 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 2023:

(In thousands of euros)	Non-current	Current	Total at 30 June 2023
Financial assets for leases	4,560	2,854	7,414
Total financial assets for leases	**4,560**	**2,854**	**7,414**

Changes in the six months ended 30 June 2023 were as follows:

(In thousands of euros)	**Total financial assets for leases**
Balance at 1 January 2023	**8,261**
Increases for new leases	574
Increases for interest income	39
Decreases for payments received	(1,460)
Balance at 30 June 2023	**7,414**

Note 6. Other non-current financial assets

The composition of other non-current financial assets at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Guarantee deposits and other financial receivables	16,929	16,540	389
Equity investments in associate companies	13,444	22,083	(8,639)
Total other non-current financial assets	**30,373**	**38,623**	**(8,250)**

The item Other non-current financial assets includes €16,929 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 single-brand shops, which increased due to new lease agreements. This item also includes €13,444 thousand relative to the investment in the associate company Cariaggi Lanificio S.p.A.

The reduction in the value of the interest held in Cariaggi Lanificio S.p.A., equal to €8,639 thousand, reflects the assessment of the associate company using the shareholders' equity method as required by accounting standard IAS 28 and the sale to Chanel of a minority investment (for more details regarding the transaction, refer to the paragraph “Significant events during the first half of 2023” in the Board of Directors’ Interim Management Report as at 30 June 2023).

Note 7. Inventories

The composition of inventories at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(in thousands of euros)	30 June 2023	31 December 2022	Change
Raw materials and consumables	52,238	47,899	4,339
Work in progress and semi-finished goods	12,889	11,929	960
Finished goods and merchandise	267,764	226,502	41,262
Inventory write-down provision	(70,133)	(43,486)	(26,647)
Total inventories	**262,758**	**242,844**	**19,914**

The increase in sales achieved during the past years has resulted in a significant increase in the production volumes of our collections, with the consequent increase in gross inventories and the relative inventory write-down provision. Also in consideration of the connected factors of variability, we adjusted some parameters of the determination criterion adopted for estimating the inventory write-down provision with respect to 31 December 2022, and therefore this adjustment significantly contributed to the change in the inventory write-down provision at 30 June 2023.

For more information on this item, please refer to the Interim Management Report of the Board of Directors at 30 June 2023.

Note 8. Trade receivables

Trade receivables at 30 June 2023 amounted to €75,195 thousand compared with €76,608 thousand at 31 December 2022. For a comment on the changes in Net Working Capital, see the Board of Directors' Management Report at 30 June 2023.

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 2023, compared with the year ended 31 December 2022, are as follows:

(in thousands of euros)	30 June 2023	31 December 2022
Value at 1 January	**3,586**	**3,249**
Allocations	1,257	836
Uses	(435)	(521)
Exchange differences	-	22
Value at the end of the period	**4,408**	**3,586**

Allocations for the period are included under the item “Impairment of assets and other accruals ” in the income statement.

During the first half of 2023, losses were recorded on receivables in the income statement for a total of €5 thousand, which together with the uses of the provision for bad debts represented 0.08 % of period revenues.

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

(in thousands of euros)			
Overdue by:	**30 June 2023**	**31 December 2022**	**30 June 2022**
0-90 days	7,647	5,639	6,524
91-180 days	1,932	2,577	1,963
More than 180 days	928	2,096	1,898
TOTAL	**10,507**	**10,312**	**10,385**

Due to the significant increase in turnover of the wholesale channel equal to +18.2% (rolling for the final months), the substantial stability of overdue balances testifies to an extremely healthy situation.

Note 9. Tax receivables

The composition of tax receivables at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
IRES regional production tax receivables	-	43	(43)
IRAP regional production tax receivables	-	8	(8)
Other tax receivables	519	3,728	(3,209)
Total tax receivables	**519**	**3,779**	**(3,260)**

Tax receivables at 30 June 2023 amounted to €519 thousand, attributable to “Other tax receivables”. The balance refers to tax receivables for income taxes recorded by the Group's foreign companies.

Note 10. Other receivables and other current assets

The composition of other receivables and other current assets at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	30 June 2023	31 December 2022	Change
Tax receivables	8,974	9,820	(846)
Credit card receivables	6,920	8,223	(1,303)
Accrued income and prepaid expenses	11,392	7,699	3,693
Advances to suppliers	1,268	1,590	(322)
Other receivables	3,777	5,018	(1,241)
Total other receivables and current assets	**32,331**	**32,350**	**(19)**

Tax receivables amounted to €8,974 thousand at 30 June 2023 compared to €9,820 thousand at 31 December 2022. The item refers mainly to the VAT credit recorded by the parent company and by subsidiaries.

Credit card receivables amounted to €6,920 thousand at 30 June 2023 compared to €8,223 thousand at 31 December 2022. 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 spring summer collection and which will be delivered for use in the second half of the year, advance payments for rents, utilities, insurance premiums and, with increasing importance, fees relating to IT/digital management. Concerning the latter, advance multi-year fees amounted to €4,340 thousand at 30 June 2023, continuously increasing.

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

Note 11. Other current financial assets

Other current financial assets amounted to €144 thousand at 30 June 2023, whereas it equalled €108 thousand at 31 December 2022. This refers to short-term financial assets, including prepaid expenses on financial commissions.

Note 12. Cash and cash equivalents

The composition of cash and cash equivalents at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	30 June 2023	31 December 2022	Change
Bank and postal deposits	90,604	116,272	(25,668)
Cash in hand	648	756	(108)
Cheques	9	372	(363)
Total cash and cash equivalents	**91,261**	**117,400**	**(26,139)**

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 consolidated cash flows statement for details of the sources and applications that generated changes in cash and cash equivalents in the period ended 30 June 2023 compared to those of the previous corresponding interim period.

Note 13. 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 Parent 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 the income statement 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 2023:
– all financial instruments measured at fair value are included in Level 2 (identical situation in 2022);
– during the first half of 2023, there were no transfers from Level 1 to Level 2 or vice versa;
– during the first half of 2023, there were no transfers from Level 3 to other levels or vice versa.

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

Details of the composition of “Current derivative financial instruments - assets” and “Current derivative financial instruments – liabilities” at 30 June 2023 are set out below, with comparative figures at 31 December 2022:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Current assets for derivative instruments hedging currency risk	9,199	5,359	3,840
Current assets for derivative instruments hedging interest rate risk:			
- Current assets for derivative instruments hedging interest rate risk accounted for using hedge accounting	1,184	1,267	(83)
- Current assets for derivative instruments hedging interest rate risk: not accounted for using hedge accounting	-	-	-
Total derivative financial instruments - current assets	**10,383**	**6,626**	**3,757**
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	701	1,101	(400)
- Non-current assets for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
Total derivative financial instruments - non-current assets	**701**	**1,101**	**(400)**
Current liabilities for derivative instruments hedging currency risk	(1,208)	(3,978)	2,770
Current liabilities for derivative instruments hedging interest rate risk:			
- Current liabilities for derivative instruments hedging interest rate accounted for using hedge accounting	-	-	-
- Current liabilities for derivative instruments hedging interest rate not accounted for using hedge accounting	-	-	-
Total derivative financial instruments - current liabilities	**(1,208)**	**(3,978)**	**2,770**
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 risk accounted for using hedge accounting	-	-	-
- Non-current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
Total derivative financial instruments - non-current liabilities	**-**	**-**	**-**

The contractual characteristics of derivative financial instruments used to hedge interest risk and their relative fair values at 30 June 2023 and 31 December 2022 are as follows:

Derivatives on interest rate risk accounted for using hedge accounting

(In thousands of euros)	30 June 2023		31 December 2022	
	current portion	non-current portion	current portion	non-current portion
Derivative assets/(liabilities)	1,184	701	1,267	1,101
Total fair value of IRS	**1,184**	**701**	**1,267**	**1,101**

The contractual characteristics of derivative financial instruments used to hedge currency risk and their relative fair value at 30 June 2023 and 31 December 2022 are as follows:

(In thousands of euros)	*Negative fair value*		Positive fair value	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Derivative assets/(liabilities)	(1,208)	(3,978)	9,199	5,359
Total fair value foreign currency forward contracts	**(1,208)**	**(3,978)**	**9,199**	**5,359**

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 14. Capital and reserves

Share capital at 30 June 2023 amounted to €13,600 thousand, fully paid, consisting of 68,000,000 ordinary shares.

Shareholders' equity at 30 June 2023 amounted to €403,385 thousand, up €10,409 thousand compared to 31 December 2022.

Details of changes in shareholders' equity for the periods ended 30 June 2023 and 31 December 2022 can be found in the consolidated statement of changes in shareholders' equity.

The share-premium reserve amounts to €57,915 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 2023 with comparative figures at 31 December 2022 were as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Legal reserve	2,720	2,720	-
Extraordinary reserve	317,676	265,368	52,308
Revaluation reserve	3,060	3,060	-
Cash flow hedge reserve	7,632	7,014	618
IFRS first-time adoption reserve	(782)	(782)	-
Reserve for effects of IAS19	(610)	(632)	22
Translation reserve	(3,267)	2,339	(5,606)
Stock grant reserve	7,559	5,523	2,036
Consolidated retained profits/(losses)	(76,533)	(54,181)	(22,352)
Total reserves	**257,455**	**230,429**	**27,026**

The change in the "Extraordinary reserve", equalling €52,308 thousand, is mainly attributed to the destination of the year's profits, as approved by the Shareholders' Assembly on 27 April 2023, as well as the value of the treasury shares that were purchased during the period by the Parent Company, all of which were assigned free of charge to executive directors and employees of the company and its subsidiaries, in execution of the 2022-2024 Stock Grant Plan. For more details refer to the following paragraph "Significant events during the first half of 2023" in the Board of Directors' Interim Management Report as at 30 June 2023.

The change in the cash flow hedge reserve of €618 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 shareholders' 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.
The same ordinary Shareholders' Assembly of 27 April 2022 has approved the use of the treasury shares of the Parent Company to service the plan, authorising the purchase at the same time.
On 9 January 2023 the Board of Directors of the Parent Company, in implementation of the resolution approved by the Shareholders' Meeting held on 27 April 2022 concerning the 2022-2024 Stock Grant Plan granted a mandate to Mediobanca – Banca di Credito Finanziario S.p.A. to start a program for purchasing treasury shares on behalf of the Parent Company starting on 10 January 2023, in an independent manner, in compliance with the applicable regulations and what was dictated by the resolution approved by the Shareholders' Meeting.
The program for purchasing treasury shares was carried out, making use of the *safe harbour* pursuant to art. 5 of Regulation (EU) no. 596/2014 and was completed with the total purchase of 47,250 treasury shares by the Parent Company.
As of the date of this Half-year financial report, all of these shares were assigned for free to the executive directors and employees of the company and its subsidiaries, in execution of the 2022-2024 Stock Grant Plan.
The shareholders' meeting on 27 April 2023 revoked, for the part that was not executed, the authorisation for the purchase and disposal of the company treasury shares granted by the deliberation of the Shareholders' Assembly on 27 April 2022 and, at the same time, approved a new authorization for the purchase and disposal of ordinary company shares servicing the "2022-2024 Stock Grant Plan" according to the terms and conditions of the proposal approved by the Board of Directors on 15 March 2023.
As required by IFRS 2, the "equity-settled" stock grant plans are measured at fair value and recognised in the income statement among the costs over the period of the provision of the services by the beneficiaries and offset by a shareholders' 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.

For information about the informational documents regarding the Plan, refer to the company website **www.brunellocucinelli.it** in the section "*Governance*".

Shareholders' equity attributable to non-controlling interests attributable to non-controlling interests equalled €12,633 thousand at 30 June 2023 compared to €10,433 thousand at 31 December 2022 and represents third-party interests in the Group's subsidiaries.

Note 15. Employees termination indemnities

This item consists exclusively of the termination indemnity due to employees of the Group's Italian 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 at 30 June 2023, compared with changes at 31 December 2022:

(In thousands of euros)	**30 June 2023**	**31 December 2022**
Current value of the obligation at 1 January	**3,060**	**3,044**
Revaluation of employee severance indemnity	65	279
Benefits paid	(89)	(200)
Financial (income)/expense	18	(146)
Exchange differences	(9)	(7)
Remeasurement of defined benefit plans (IAS19)	(35)	90
Present value of the obligation at the end of the period	**3,010**	**3,060**

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 June 2023	**31 December 2022**
Annual discount rate	2.24%	2.15%
Inflation rate	4.00%	4.00%
Expected staff turnover rate	8.80%	8.80%
Advances rate	1.00%	1.00%

Demographic assumptions

	30 June 2023	**31 December 2022**
Mortality	TABLE RG48	
Retirement age	65 years	

Turnover rate and termination severance indemnity (TFR) advances

	30 June 2023	31 December 2022
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 2023. 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 €52 thousand, while a change of -10% would result in an increase in the balance of the liability equal to €53 thousand.

Workforce

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

	30 June 2023	31 December 2022
Executives and managers	91.3	82.6
Office and sales staff	1,773.4	1,624.7
Blue-collar workers	666.4	601.0
Total workforce	**2,531.1**	**2,308.3**

Note 16. 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 2023 with comparative figures for the year ended 31 December 2022:

(In thousands of euros)	**30 June 2023**	**31 December 2022**
Agents' supplementary termination indemnity - value at 1 January	**1,960**	**1,808**
Allocations	160	260
Uses	-	-
Actuarial losses/(gains)	(254)	(108)
Agents' supplementary termination indemnity - balance at end of period	**1,866**	**1,960**
Other provisions for risks - value at 1 January	**1,055**	**592**
Exchange differences	(24)	34
Allocations	-	429
Uses	(178)	-
Other provisions for risks - value at period end	**853**	**1,055**
Total provisions for risks and charges	**2,719**	**3,015**

The change in the first half of 2023 to the Agents' supplementary termination indemnity refers to the adjustment of the indemnity for the contractual relationships in force.

The discount rate used in the actuarial calculation of the provision for agents' severance indemnity at 30 June 2023 was 2.26%, compared to 2.18% on 31 December 2022.

Note 17. Non-current payables towards banks

Non-current payables towards banks consists of long-term loans.

The following table provides details of the Brunello Cucinelli Group's outstanding loans at 30 June 2023, showing the portion due within 12 months, between 1 and 5 years and after 5 years:

(In thousands of euros)	**Outstanding balance 30 June 2023**	**Amount due within 12 months**	**Amount due within 5 years**	**Amount due after 5 years**
Total medium long-term loans	70,136	36,185	33,951	-
Total non-current payables towards banks	**33,951**			

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 18. Current and non-current lease liabilities

The application of the accounting principle 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 2023 breaks down as follows:

(In thousands of euros)	Non-current	Current	Total at 30 June 2023
Financial liabilities for leases	447,744	96,511	544,255
Total financial liabilities for leases	**447,744**	**96,511**	**544,255**

Changes in the six months ended 30 June 2023 were as follows:

(In thousands of euros)	Total financial liabilities for leases
Balance at 1 January 2023	**564,997**
Increases for new leases	40,568
Decreases for early termination of leases	(9,171)
Increases for interest expense	5,988
Decreases for payments made	(53,056)
Foreign exchange gains/(losses)	6,668
Translation differences	(11,739)
Balance at 30 June 2023	**544,255**

Net financial debt

The following table provides details of the structure of the net financial debt of the Brunello Cucinelli Group at 30 June 2023 compared to the situation at 31 December 2022, restated in accordance with the format required by Consob reminder No. 5/21 of 29 April 2021 "Compliance with ESMA Guidelines on disclosure obligations pursuant to the prospectus regulation".

(In thousands of euros)	**30 June 2023**	**31 December 2022**
A. Cash and cash equivalents	(91,261)	(117,400)
B. Means equivalent to cash and cash equivalents	-	-
C.1. Other current financial assets	(144)	(108)
C.2. Other financial liabilities for current leases	(2,854)	(2,628)
D. Cash and cash equivalents (A+B+C)	**(94,259)**	**(120,136)**
E.1. Current financial debt	56,398	45,854
E.2. Current financial debt for leases	96,511	90,066
F. Current portion of non-current financial debt	36,185	31,164
G. Current financial debt (E+F)	**189,094**	**167,084**
H. Net current financial debt (G+D)	**94,835**	**46,948**
I.1. Non-current financial debt	37,394	47,637
I.2. Non-current financial debt for leases	447,744	474,931
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	**485,138**	**522,568**
M. Total financial debt (H+L)	**579,973**	**569,516**
of which:		
Net financial debt for the core business	*38,572*	*7,147*
Payables for leases	*541,401*	*562,369*

For a comment, see the Management Report of the Board of Directors at 30 June 2023.

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

(In thousands of euros)			Non-monetary flows			
	31 December 2022	**Monetary flows**	**Exchange rate changes**	**Changes in fair value**	**Other**	**30 June 2023**
Non-current payables towards banks	46,386	-	-	-	(12,435)	33,951
Other Financial liabilities	1,251	-	(36)	-	2,228	3,443
Current portion of non-current debt	31,164	(17,433)	-	-	22,454	36,185
Current and non-current lease liabilities	564,997	(53,055)	(5,072)	-	37,385	544,255
Other current financial liabilities	45,854	20,469	(13)	-	(9,912)	56,398
Current financial assets	(108)	-	-	-	(36)	(144)
Financial liabilities for current leases	(2,628)	1,460	-	-	(1,686)	(2,854)
Cash and cash equivalents	(117,400)	23,634	2,505	-	-	(91,261)
Net financial debt	**569,516**	**(24,925)**	**(2,616)**	**-**	**37,998**	**579,973**

It should be noted that the column “Monetary flows” indicates the flows of the consolidated cash flows statement, 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 financial liabilities for non-current 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 19. Other Financial liabilities

The item Other Financial liabilities, amounting to €3,443 thousand at 30 June 2023, refers to the loan payable, for its share, by the shareholder Al Tayer to the subsidiaries Brunello Cucinelli Middle East LLC and Brunello Cucinelli Kuwait for Readymade and Novelty Clothes’ Retail WLL, a loan that for the proportional part was made by the Group itself.

(In thousands of euros)	30 June 2023	31 December 2022	Change
Other Financial liabilities	3,443	1,251	2,192
Total other Financial liabilities	**3,443**	**1,251**	**2,192**

Note 20. Other non-current liabilities

Other non-current liabilities amounted to €137 thousand at 30 June 2023 compared to €386 thousand at 31 December 2022. The balance is attributable to deferred liabilities on leases that do not fall within the application of IFRS16.

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Non current accrued expenses	3	3	-
Non current deferred income	134	383	(249)
Total other non-current liabilities	**137**	**386**	**(249)**

Note 21. Trade payables

The composition of trade payables at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Trade payables to third-party suppliers	141,507	137,040	4,467
Total trade payables	**141,507**	**137,040**	**4,467**

Trade payables represent amounts due for the supply of goods and services.
For the comment on the changes in Net Working Capital, see the Board of Directors' Management Report at 30 June 2023.

Note 22. Current payables towards banks

The composition of current payables towards banks at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Current portion of medium/long-term loans	36,185	31,164	5,021
Bank advances received and invoices	54,108	43,840	10,268
Accrued interest liabilities	2	2	-
Total current payables towards banks	**90,295**	**75,006**	**15,289**

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 Interim Management Report of the Board of Directors at 30 June 2023 for further details.

Note 23. Current financial liabilities

Current financial liabilities as of 30 June 2023 amounted to €2,288 thousand, compared to €2,012 thousand as of 31 December 2022.

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Current financial liabilities	2,288	2,012	276
Total current financial liabilities	**2,288**	**2,012**	**276**

Note 24. Income tax payables

Current financial liabilities at 30 June 2023 amounted to €8,114 thousand, compared to €32,492 thousand as of 31 December 2022.

The item mainly includes the IRES and IRAP income tax payables of the Parent Company for the first half of 2023 and the current tax payable contributed to the consolidation by the subsidiaries.

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Current IRES regional production income tax payables	2,232	27,006	(24,774)
Current IRAP regional production income tax payables	1,061	4,751	(3,690)
Other income tax payables	4,821	735	4,086
Total income tax payables	**8,114**	**32,492**	**(24,378)**

Note 25. Other current liabilities

The composition of other current liabilities at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Payables to agents	2,078	2,081	(3)
Payables to employees	18,524	13,890	4,634
Social security payables	4,982	5,715	(733)
Payables of Italian companies for withholding tax (IRPEF, withholdings)	3,112	4,334	(1,222)
Payables for current taxes not on income	303	258	45
VAT payables	5,054	7,523	(2,469)
Accrued expenses and deferred income	402	719	(317)
Advances from customers	8,867	7,146	1,721
Other payables	12,227	6,245	5,982
Total other current liabilities	**55,549**	**47,911**	**7,638**

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 and deferred remuneration (such as, for example, the thirteenth salary). 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 26. Taxes

DEFERRED TAX ASSETS AND LIABILITIES

The composition of deferred tax assets and liabilities at 30 June 2023 with comparative figures at 31 December 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**31 December 2022**	**Change**
Deferred tax assets	77,580	65,337	12,243
Deferred tax liabilities	(12,756)	(12,478)	(278)

The balance of deferred tax assets is mainly attributable to the tax effect related to the elimination of intercompany margins on inventories, the recognition of deferred tax assets on the write-down reserve for inventory and the deferred taxation recorded on temporary differences generated by the accounting of rents and losses on foreign exchange from valuation.

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.

INCOME TAXES

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

(In thousands of euros)	**30 June 2023**	**30 June 2022**	**Change**
Current taxes	30,588	21,265	9,323
Net deferred taxes	(11,990)	(2,182)	(9,808)
Prior year taxes	(21)	42	(63)
Total income taxes in the consolidated income statement	**18,577**	**19,125**	**(548)**
Income taxes in the comprehensive income statement	(524)	(1,359)	835
Total income taxes	**18,053**	**17,766**	**287**

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

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

Note 27. Revenues

The composition of revenues at 30 June 2023 with comparative figures at 30 June 2022 is as follows:

(In thousands of euros)	30 June 2023	30 June 2022	Change
Revenues	543,942	415,357	128,585

Revenues are earned from the sale of clothing, accessories and services of the Brunello Cucinelli Group.
For a detailed comment, see the Management Report of the Board of Directors at 30 June 2023.

Revenues may be broken down by geographical area as follows:

(In thousands of euros)	Half-year ended 30 June					
	2023	% of revenues	2022	% of revenues	Change	% change
Europe	141,881	26.1%	115,768	27.9%	26,113	+22.6%
Italy	60,888	11.2%	49,187	11.8%	11,701	+23.8%
Americas	189,007	34.7%	152,613	36.8%	36,394	+23.8%
Asia	152,166	28.0%	97,789	23.5%	54,377	+55.6%
Total	**543,942**	**100.0%**	**415,357**	**100.0%**	**128,585**	**+31.0%**

Revenues may be broken down by distribution channel as follows:

(In thousands of euros)	Half-year ended 30 June					
	2023	% of revenues	2022	% of revenues	Change	% change
Retail	344,648	63.4%	243,325	58.6%	101,323	+41.6%
Wholesale	199,294	36.6%	172,032	41.4%	27,262	+15.8%
Total	**543,942**	**100.0%**	**415,357**	**100.0%**	**128,585**	**+31.0%**

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 Interim Management Report of the Board of Directors for comments on revenue performance at 30 June 2023.

Note 28. Costs of raw materials and consumables

The composition of costs of raw materials and consumables for at 30 June 2023 as compared to the situation at 30 June 2022 is as follows:

(In thousands of euros)	30 June 2023	30 June 2022	Change
Costs of raw materials and consumables	81,380	65,711	15,669
Change in inventories	(27,380)	(32,136)	4,756
Total costs of raw materials and consumables	**54,000**	**33,575**	**20,425**

Reference should be made to the Interim Management Report of the Board of Directors for comments on this item at 30 June 2023.

Note 29. Costs for services

The composition of Costs for services at 30 June 2023 with comparative figures at 30 June 2022 is as follows:

(In thousands of euros)	30 June 2023	30 June 2022	Change
Outsourced work	100,902	83,901	17,001
Advertising and other marketing costs	36,256	20,406	15,850
Transport and duties	23,446	18,223	5,223
Lease expense	22,807	16,107	6,700
Commissions and accessory charges	4,408	3,184	1,224
Credit card charges	7,557	5,074	2,483
Outsourced services, training and miscellaneous consultancy	6,084	4,831	1,253
Maintenance and security services	5,357	4,339	1,018
Electricity, telephone, gas, water and postal expenses	3,121	4,370	(1,249)
Directors' and statutory auditors' fees	2,097	2,065	32
Insurance	1,121	1,021	100
IT and digital maintenance and support	5,932	4,112	1,820
Other general expenses	8,752	4,552	4,200
Total costs for services	**227,840**	**172,185**	**55,655**

The main Costs for services are commented in the Interim Management Report of the Board of Directors at 30 June 2023, to which reference should be made.

Finally, note that Costs for services also include an amount of €7,412 thousand relating to expenses of an IT/Digital nature at 30 June 2023 compared to €4,602 thousand at 30 June 2022.

Other general expenses amounts to €8,752 thousand at 30 June 2023 compared to €4,552 thousand at 30 June 2022. The increase of €4,200 thousand is mainly due to the significant post-pandemic resumption of international travel of our people for development, creativity and implementation of management.

In addition, the item Other general expenses shown in the table includes, for a residual amount equal to €90 thousand, relocation costs paid by the Parent Company and paid indirectly to the parent company Foro delle Arti S.r.l. through a company specialised in the transport sector.
As a result, given the indirect nature of the relationship, this amount was not indicated in the paragraph concerning related party transactions in these notes.

Note 30. Payroll costs

The composition of Payroll costs at 30 June 2023 with comparative figures at 30 June 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**30 June 2022**	**Change**
Wages and salaries	73,874	61,705	12,169
Social security contributions	16,125	13,574	2,551
Employee severance indemnity	2,057	1,835	222
Other payroll costs	1,277	1,267	10
Total payroll costs	**93,333**	**78,381**	**14,952**

Note that Payroll costs include the cost accrued as of 30 June 2023 (equal to €1,909 thousand) with respect to the 2022-2024 Stock Grant Plan. For more details on this transaction, please refer to Note 14.

Reference should be made to the Interim Management Report of the Board of Directors at 30 June 2023 for a comment regarding Payroll costs.

Note 31. Other operating expenses

The composition of Other operating expenses at 30 June 2023 with comparative figures at 30 June 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**30 June 2022**	**Change**
Taxes and duties	3,213	2,398	815
Losses on bad debts	5	41	(36)
Socially useful expenses and donations	872	918	(46)
Other operating expenses	9,491	1,850	7,641
Total other operating expenses	**13,581**	**5,207**	**8,374**

Other operating expenses includes costs resulting from an operation with the purpose of changing the commercial agreements with a minority shareholder.

Note 32. Other operating income

The composition of Other operating income at 30 June 2023 with comparative figures at 30 June 2022 is as follows:

(In thousands of euros)	30 June 2023	30 June 2022	Change
Other operating income	983	742	241
Total other operating income	**983**	**742**	**241**

The Other operating income item equals €983 thousand and mainly refers to rent income for spaces used by commercial partners not included in the scope of application of IFRS 16, insurance contributions and reimbursements received during the period.

Note 33. Costs capitalized

The increase of €762 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 boutique. The value at 30 June 2022 amounted to €861 thousand.

Note 34. Depreciation and amortisation

The composition of depreciation and amortisation and amortisation at 30 June 2023 with comparative figures at 30 June 2022 is as follows:

(In thousands of euros)	30 June 2023	30 June 2022	Change
Depreciation and amortisation of right of use assets	46,570	43,619	2,951
Amortisation of intangible assets	3,065	3,038	27
Depreciation and amortisation of property, plant and equipment	17,408	15,483	1,925
Depreciation and amortisation of investment property	72	58	14
Total depreciation and amortisation	**67,115**	**62,198**	**4,917**

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

Reference should be made to the Interim Management Report of the Board of Directors at 30 June 2023 for comments on depreciation and amortisation trends.

Note 35. Impairment of assets and other accruals

The Impairment of assets and other accruals (€2,125 thousand at 30 June 2023 and €7,660 thousand at 30 June 2022) refer to the provisions to the provision for bad debts, provisions to the supplementary termination indemnity provision and adjustments to the net residual carrying amount for tangible assets recorded upon expansion of Group boutiques.

Note 36. Financial expense

The composition of Financial expense at 30 June 2023 with comparative figures at 30 June 2022 is as follows:

(In thousands of euros)	**30 June 2023**	**30 June 2022**	**Change**
Lease interest expense	5,988	5,557	431
Mortgage loan interest	897	300	597
Interest payable on advances	1,641	449	1,192
Bank interest expense	4	2	2
Realised exchange losses	21,251	19,706	1,545
Unrealised exchange losses	9,238	13,329	(4,091)
Realised exchange losses for leasing	1,531	92	1,439
Unrealised exchange losses for leasing	5,139	1,422	3,717
Financial expense on derivatives	3,136	2,066	1,070
Miscellaneous financial expense	242	1,140	(898)
Total financial expense	**49,067**	**44,063**	**5,004**

For a comment on the trend, please see the Interim Management Report of the Board of Directors at 30 June 2023 where the item Financial expense is analysed together with the item Financial income .

Note 37. Financial income

The composition of Financial income at 30 June 2023 with comparative figures for the six months ended 30 June 2022 is as follows:

(In thousands of euros)	30 June 2023	30 June 2022	Change
Lease interest income	39	10	29
Bank interest income	271	92	179
Realised exchange gains	23,342	23,390	(48)
Unrealised exchange gains	4,442	15,466	(11,024)
Realised exchange gains for leasing	-	1,526	(1,526)
Unrealised exchange gains for leasing	-	10,251	(10,251)
Financial income on derivatives	927	476	451
Income from equity investments	17,590	4,689	12,901
Other income	27	105	(78)
Total Financial income	**46,638**	**56,005**	**(9,367)**

For a comment on the trend, please see the Interim Management Report of the Board of Directors at 30 June 2023 where the item Financial income is analysed together with the item Financial expense.

Note 38. Basic and diluted earnings per share

The basic earnings/(losses) per share is calculated by dividing the earnings/(losses) by the weighted average number of ordinary shares of the Brunello Cucinelli Group in circulation, also taking into account the weighted average effect of the treasury shares held by the Company during the period of reference.

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

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

	30 June 2023	30 June 2022
Net earnings/(loss) attributable to shareholders of the parent company	61,782	46,586
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	67,982,070	68,000,000
Weighted average number of ordinary shares used to calculate diluted earnings per share	67,982,070	68,000,000
Base earnings per share	0.90880	0.68509
Diluted earnings per share	0.90880	0.68509

Note 39. Commitments and risks

As at 30 June 2023 the Group had commitments mainly attributable to leases of new points of sale for an amount of €24.3 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 €317 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 the first half of 2023 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.

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 2023 are as follows:

(In thousands of euros)	Revenues	Other operating income	Costs of raw materials and consumables	Costs for services	Payroll costs	Financial income	Property, plant and equipment	Other non-current financial assets	Trade receivables	Trade payables	Other current liabilities
MO.AR.R. S.n.c.	1	-	16	108	-	-	7,958	-	-	228	-
Cariaggi Lanificio S.p.A.	68	34	9,304	40	-	1,556	-	13,444	158	8,489	-
AS.VI.P.I.M. Gruppo Cucinelli	-	1	-	493	-	-	-	-	-	-	-
Verna S.r.l.	-	-	-	-	-	-	-	-	5	-	-
Brunello Cucinelli family	-	4	-	404	539	-	-	-	-	-	152
Directors and Executives with strategic responsibilities	-	-	-	590	2,388	-	-	-	-	-	543
Foro delle Arti S.r.l.	11	3	-	348	-	-	5,227	32	4	152	-
Brunello Cucinelli Foundation	-	3	-	1	-	-	-	-	-	1	-
Castello di Solomeo S.a.S.	-	3	-	46	-	-	8	-	1	8	-
S.C.R.Oratorio Interreligioso S.S.D. A.r.l.	-	1	-	-	-	-	-	-	-	-	-
Total related parties	**80**	**49**	**9,320**	**2,030**	**2,927**	**1,556**	**13,193**	**13,476**	**168**	**8,878**	**695**
Total consolidated financial statements	**543,942**	**983**	**54,000**	**227,840**	**93,333**	**46,638**	**196,568**	**30,373**	**75,195**	**141,507**	**55,549**
% Proportion	*0.01%*	*4.98%*	*17.26%*	*0.89%*	*3.14%*	*3.34%*	*6.71%*	*44.37%*	*0.22%*	*6.27%*	*1.25%*

The following table sets out the balances at 30 June 2023 arising from the application of the standard IFRS 16 to related party transactions:

(In thousands of euros)	Right of use	Financial liabilities for non-current leases	Financial liabilities for current leases	Depreciation and amortisation	Financial expense
Foro delle Arti S.r.l.	3,939	3,821	572	280	64
Total related parties	**3,939**	**3,821**	**572**	**280**	**64**
Total consolidated financial statements	**494,947**	**447,744**	**96,511**	**67,115**	**49,067**
% Proportion	*0.80%*	*0.85%*	*0.59%*	*0.42%*	*0.13%*

Specifically:

– MO.AR.R. S.n.c.: commercial relationships with MO.AR.R. S.n.c., of which Enzo Cucinelli, brother of Cavaliere del Lavoro Brunello Cucinelli, holds 50% of 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.: the Parent Company has trade relations with the company Cariaggi Lanificio S.p.A. and essentially concern the purchase of yarn for production. Furthermore, based on the relationship of association between the Parent Company and Cariaggi Lanificio S.p.A. the value of the interest is recorded under Other non-current financial assets as well as financial income deriving from the valuation of the equity investment with the shareholders' equity method, as required by accounting principle IAS 28;

– 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 Cavaliere del Lavoro Brunello Cucinelli and the Group are both members.

– Verna S.r.l.: this company, whose shareholders are Cavaliere del Lavoro Brunello Cucinelli and Foro delle Arti 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 Cavaliere del Lavoro 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, the emoluments for the position of Directors of the Parent Company (including the emoluments of the CEO Riccardo Stefanelli), as well as the cost accrued as at 30 June 2023 with respect to the 2022-2024 Stock Grant Plan;

– Foro delle Arti S.r.l.: company in which Cavaliere del Lavoro Brunello Cucinelli is the Chairman and CEO and holds 50.05% of the Parent Company at 30 June 2023; transactions mainly relate to renting and making additions to investment 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 international accounting standard IFRS 16;

– Fondazione Brunello Cucinelli, Castello di Solomeo S.a.S. e S.C.R. Oratorio Interreligioso S.S.D. A.r.l.: this concerns insignificant amounts related mainly to expense recharges for services.

SIGNIFICANT EVENTS AFTER 30 JUNE 2023

For a comment on significant events that occurred after the date of these Consolidated condensed interim financial statements, refer to the Interim Management Report of the Board of Directors at 30 June 2023.

COMPENSATION OF THE BOARD OF DIRECTORS AND 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 2023 is equal to a total of €1,102 thousand.

The compensation accruing to the Board of Statutory Auditors of Brunello Cucinelli S.p.A. at 30 June 2023 amounted to €87 thousand.

ENVIRONMENTAL RISKS

The Brunello Cucinelli Groups considers the prevention and management of risks able to jeopardise the attainment of the company's objectives and its ability to continue as a going concern as a strategic priority.

In consideration of the Group's sector of operation and the low possibility that the identified climatic risks will the impact the business, we consider that the Group's current exposure to consequences of climate change is limited - in terms of its ability to influence its strategies and financial cash flows.

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 foreign currency 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.

Solomeo, 29 August 2023

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

CERTIFICATION OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE DATED 24 FEBRUARY 1998 NO. 58 (CONSOLIDATED LAW ON FINANCE) AND ARTICLE 81- TER OF CONSOB REG. NO. 11971 DATED 14 MAY 1999 AND SUBSEQUENTS 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 Dario Pipitone, as the Manager charged with preparing Company's Financial Reports 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:
   - the adequacy in relation to the company's structure; and
   - the effective application of the administrative and accounting procedures for the preparation of the Consolidated condensed interim financial statements during the course of the first half of 2023.

2. No significant aspects arose from applying the administrative and accounting procedures for the preparation of the Consolidated condensed interim financial statements as of and for the six months ended 30 June 2023.

3. We also certify that:

   3.1 The Consolidated condensed interim 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 management 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 Consolidated condensed interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year.
   The interim management report on operations also includes a reliable analysis of information on significant transactions with related parties.

Solomeo, 29 August 2023

Luca Lisandroni
Chief Executive Officer
Markets Area

Riccardo Stefanelli
Chief Executive Officer Product and Operations Area

Dario Pipitone
Manager charged
with preparing Company's
Financial Reports

REPORT OF THE EXTERNAL AUDITORS ON THE LIMITED AUDIT OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

REVIEW REPORT

BRUNELLO CUCINELLI SPA

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2023

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Brunello Cucinelli SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Brunello Cucinelli SpA and its subsidiaries (the Brunello Cucinelli Group) as of 30 June 2023, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flows statement and related explanatory notes.

The directors of Brunello Cucinelli Group are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997.

A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated

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condensed interim financial statements of Brunello Cucinelli Group as of 30 June 2023 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Pescara, 29 August 2023

PricewaterhouseCoopers SpA

Signed by

Stefano Amicone
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.