BRUNELLO CUCINELLI

ANNUAL FINANCIAL REPORT

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONTENTS

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

I would like to begin this customary letter with sincere thanks on behalf of our Casa di Moda.

2024 rewarded us with particularly positive results, including reaching the milestone of twelve years since listing on the Stock Exchange, which would not have been possible without the trust you chose to place in our company. Together, over these years we have undertaken a long and exciting journey, and the numerous challenges that we have faced have rewarded us with feelings of togetherness and hope. We remain as truly grateful today as we were back then for your decision to embrace our humanistic dream; a dream that is pursued every day in the present, and that also looks to the future, in our cherished idea of planning for the next 50, 100, 500 years, for the generations to come who will inherit the world that we choose to safeguard today.

We had the opportunity to meet again and celebrate this beautiful journey with an "Evening of Gratitude" on 30 September in Milan, together with the esteemed analysts, journalists, bankers and industrialists who have supported us from the time of listing right up to the present day. Meeting again gave us the chance to remember how the value of the listing is inextricably linked to the value of dignity in every shape and form. This experience has allowed us to grow and to experience unforgettable moments of great humanity, and above all it has enabled us to share with the world the humanistic ideas that we support.

This is a truly historic moment for our Casa di Moda, a result that we attribute to our choices and inspiration rooted in the ideals of Humanistic Capitalism and Human Sustainability that have always guided us. Profound values like respect for human dignity and the beauty of Creation, the value of labour – above all skilled manual work, in both its physical and spiritual dimension – and the aesthetic enhancement of spaces that are part of our lives, from natural landscapes to work environments, continue to inspire our journey. And could we possibly forget to mention the great theme of artisan trades? The crucially important theme of "skilled manual work" which it is our duty to protect and dignify, recognising its great value which is not only economic, but above all moral. We believe that these values are like everlasting sources of nourishment for our work, driving us to instil quality, uniqueness and humanity in everything we create here in Solomeo, with steadfastness and determination.

We like to think that it is precisely these humanistic values that in 2024 led to us receiving a series of prestigious awards, which we consider some of the most important recognition of our way of working and creating. Last September, in Milan, we received the "Visionary Award" at the CNMI "Sustainable Fashion Awards"; shortly after, in October 2024 in New York, we were awarded the prestigious "WWD John B. Fairchild Honor" lifetime achievement award by the influential Women's Wear Daily magazine, in recognition of the "ongoing success" based on the excellence of Made in Italy craftsmanship and the "perennial focus on mastery, creativity, craftsmanship, exclusivity, and the dignity of man". In November we received the important "Good Business" award assigned by Bloomberg China during the "The Year Ahead 2025" event, for the values of Humanistic Capitalism and Human Sustainability that shape every aspect of our company, from craftsmanship to the new frontiers of technological innovation and, as we like to define it, of "artificial human intelligence".

We are particularly honoured to have received these awards because, apart from representing a fascinating tribute to our way of doing business, they are dedicated to our distinctive taste: the Designer of the Year 2023 award conferred by the GQ China men's magazine in the stunning location of Puyuan, the "Neiman Marcus Fashion Award" in 2022 and the "Designer of the Year 2021" received in London from British GQ.

We are proud of how these awards contribute to recognising first of all the value of the beating heart of the company: the great expertise of our artisans and the daily creativity of all our valued collaborators, the foundations supporting our creations' ability to express excellence. Through the culture of mutual respect, trust and grace that we strive to promote in Solomeo, we believe that the value of these awards also naturally embraces the artisan workshops and the suppliers with whom we have built lasting and positive relationships, based on mutual esteem and the desire to create something new and innovative every day, while always respecting the great traditional manufacturing trades.

We have already mentioned how the idea of planing for years to come is an aspect inherent to the very philosophy of our company. This year's major investments reflect our desire to expand the company's foundations for growth, and the desire to strengthen the brand's appeal. On the outskirts of Solomeo, on a vast site previously occupied by an industrial complex which is now derelict, we will build a new structure that will allow us to significantly expand our factory. As with the Industrial Estate that is now home to the company headquarters, in the Solomeo valley involved in the "Pleasant Peripheries" project, the new production facility will also be housed in a restored building, enabling us not only to avoid exploiting more undeveloped land, but also to make the human footprint here more beautiful and harmonious. Large windows will allow staff to work in bright, airy and welcoming spaces, where at any moment they can enjoy views of the sky and be inspired by the beauty of Creation. As well as the expansion of the factory in Solomeo, work is also underway on new production facilities located in Penne, in Abruzzo, and Gubbio, veritable centres of excellence that will be dedicated to the production of men's outerwear and tailored suits. Here, too, it was very important to us to ensure that we create factories that are welcoming, well-designed and spacious, in accordance with the "beautiful factory" principles that have always inspired us in terms of the design and creation of work spaces.

Human dignity is the ultimate goal of our every action, and goes hand-in-hand with the dignity of labour, which we wish to enhance and protect, especially manual labour and all those artisan trades that we feel is our duty to safeguard and pass down to future generations. We believe that manufacturing is something our country can truly be proud of: a remarkable heritage that is recognised and esteemed the world over. Thus the culture of work, especially that of artisan trades, is an important part of the mix in terms of the human sustainability of our way of doing business, which goes hand-in-hand with the advanced training offer that we launched in 2013 with our School of Contemporary High Craftsmanship and Arts, dedicated to young people eager to learn traditional craftsmanship trades. For us, the attention that we devote to younger generations, to the evolution of traditional crafts and the mutual influence between the digital world and manual skills, represents an important sensitivity towards the future, looking at the skilled trades that will give substance to our growth and prestige to Made in Italy craftsmanship around the world.

To further explore the themes of digital development, which is so important in every aspect of contemporary life, in May 2024 we organised the Second Universal Symposium on Soul and Economics, picking up and developing the conversation initiated at the first edition held in 2019. The three-day symposium was attended by numerous personalities and top international experts in Artificial Intelligence, and many others. The dialogue with leading experts in the fields of humanism, art, science and nature gave us the chance once again to reflect on the great existential themes of modern civilisation, like the relationship between ethics and Artificial Intelligence, between humanism and technology.

The time spent with these fascinating minds, whom I like to call "the young Leonardos of the third millennium", underlined one of the fundamental values that we have adopted as a guide in these times of great change: technological innovation is a blessing from Creation that must be welcomed and nurtured in the light of humanistic values, in order to boost the fruitfulness of the expressions of human genius, while also making them fairer. We firmly believe that care and attention to tradition goes hand-in-hand with a serene propensity for growth, and that we must always seize the best of what our century offers us, so that we are not guided by fear, but by hope and the highest ideals. With these convictions in mind, in mid July we launched the new Brunello Cucinelli AI-powered website, the culmination of three years of study and work, and we have been very pleased with the positive feedback from numerous experts in the field of the study and advanced application of Artificial Intelligence, who declared the new website a veritable "invention".

The past few months, which have been packed full of events, give us confidence and inspiration for the busy 2025 calendar that awaits our Casa di Moda. We are honoured by and pleased with the excellent sales results for the Spring-Summer 2025 Collection, achieved with the invaluable help of our multibrand clients, and the enthusiastic response from the specialist press; the recent order intake of the new Men's and Women's Fall-Winter 2025 Collections was also very positive, echoing the equally positive comments received in response to the respective presentations.

We are profoundly grateful for the 2024 full-year results, mindful of the essential value of growth in line with our vision of development that is gracious and attentive to the great theme of balance. For these reasons, we believe that we can look confidently to the future, envisaging for the years 2025 and 2026 a beautiful and balanced growth of around 10% with healthy profits.

I would like to devote one final thought to my beloved young people, our "sentinels of the future" as I like to call them: I would like to try to pass on to them a message of great faith. I would like to urge them to have the courage to replace fear with hope, to have the courage to look up at the sky and take inspiration from the wonder of Creation. I would like to encourage them, humanity's young hopes, not to turn their backs on their neighbour, but to look on them with kindness and affection because, I am convinced, in those difficult moments that we all encounter in life, even just the touch or a smile of another human being can help to restore inner serenity. I am confident that the world's younger generations will succeed in safeguarding the universal values of humanity, managing to guide us wisely towards that tempus novum which, for us, will be like the dawn of a bright future.

Solomeo, 13 March 2025

Brunello Cucinelli
Chairman of the Board
of Directors

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 paid-up share capital €13,600,000
Perugia Business Registry no. 01886120540.

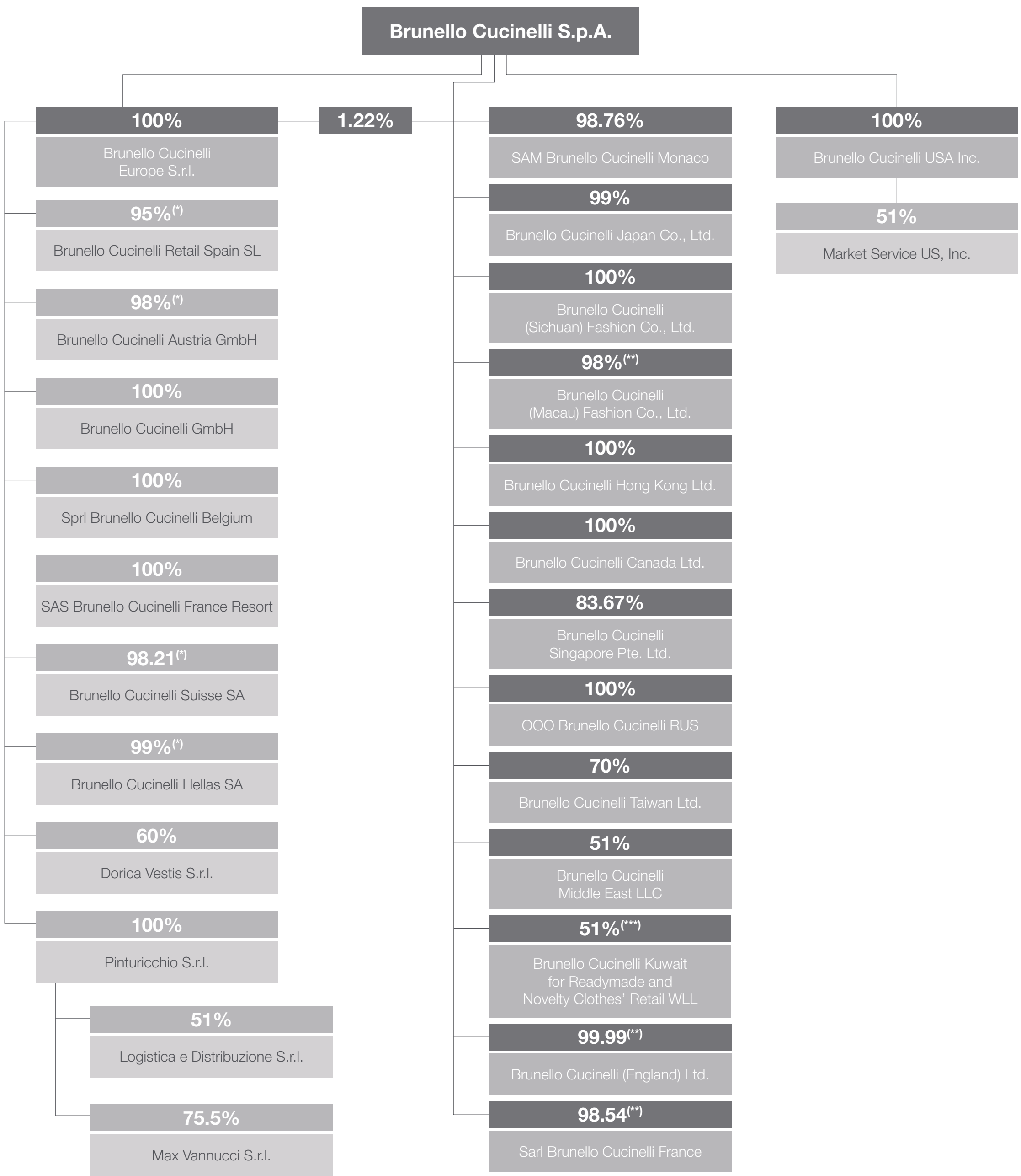
Corporate website: http://investor.brunellocucinelli.com/eng/

CORPORATE GOVERNANCE BODIES AS AT 31 DECEMBER 2024

Board of Directors(1)	Brunello Cucinelli	Chairman
	Riccardo Stefanelli	Managing Director and CEO
	Luca Lisandroni	Managing Director and CEO
	Camilla Cucinelli(2)	Executive director and Vice-president
	Carolina Cucinelli(2)	Executive director and Vice-president
	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
	Katia Riva(3)	Independent Director
Lead Independent Director	Maria Cecilia La Manna	
Control and Risk Committee	Maria Cecilia La Manna	Chairperson
	Chiara Dorigotti	
	Katia Riva(3)	
Remuneration and Appointments Committee	Chiara Dorigotti	Chairperson
	Ramin Arani	
	Katia Riva(3)	
Board of Statutory Auditors(1)	Paolo Prandi	Chairperson
	Dante Valobra	Standing Auditor
	Anna Maria Fellegara	Standing Auditor
	Isabella Ippolita Soldani	Alternate auditor
	Myriam Amato	Alternate auditor
Independent auditors	PricewaterhouseCoopers S.p.A.	
Financial Reporting Officer	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.
(2) Vice-president designate by the Board of Directors at its meeting of 11 July 2024, following changes to the Articles of Association approved by the Extraordinary Shareholders' Meeting of 23 April 2024.
(3) Co-opted by the Board of Directors at its meeting of 11 July 2024 to replace the independent and non-executive Director, Emanuela Bonadiman, who tendered her resignation on 13 June 2024.

THE BRUNELLO CUCINELLI GROUP AS AT 31 DECEMBER 2024



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

GROUP STRUCTURE AS AT 31 DECEMBER 2024

Company name	Location
Brunello Cucinelli S.p.A.	Corciano, Solomeo hamlet (PG) – Italy
Brunello Cucinelli Europe S.r.l.	Corciano, Solomeo hamlet (PG) – Italy
Dorica Vestis S.r.l.	Corciano, Solomeo hamlet (PG) – Italy
Pinturicchio S.r.l.	Corciano, Solomeo hamlet (PG) – Italy
Max Vannucci S.r.l.	Corciano (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	Düsseldorf – 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
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.	Taipei – 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 31 December 2024, the directly operated stores (DOS) numbered 130, along with 50 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 31 December 2024 there were 27 single-brand wholesale boutiques.

A summary is provided below of the Brunello Cucinelli Group's single-brand sales network at 31 December 2024 compared to the situation at 31 December 2023:

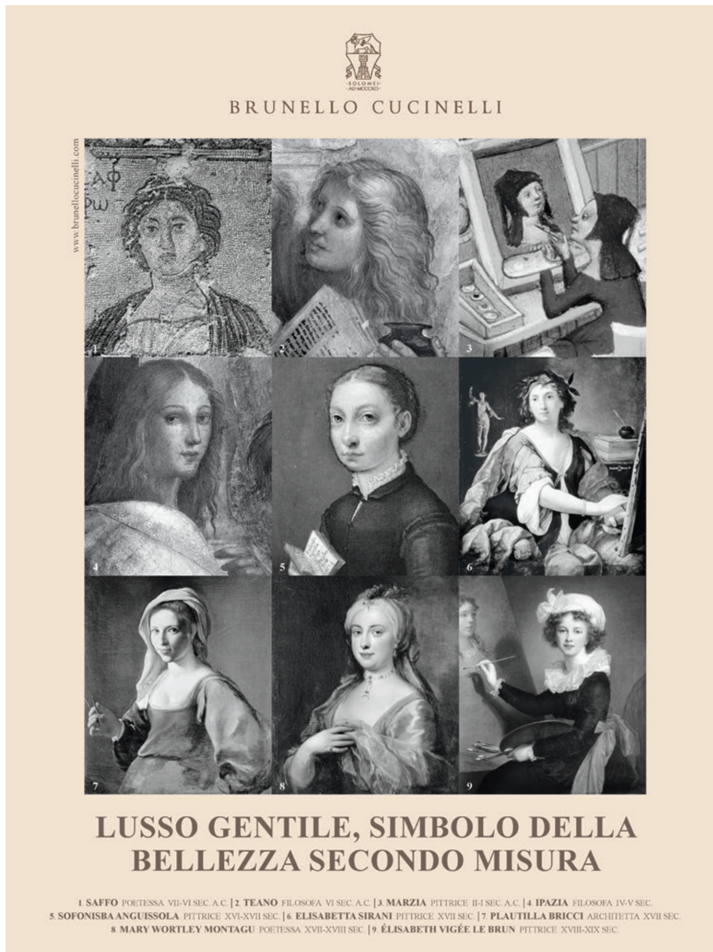
Distribution channel	31 December 2024	31 December 2023
RETAIL	130	125
WHOLESALE	27	27

The following table sets out existing sales points at 31 December 2024 by geographical area:

	Italy	Europe	Americas	Asia	Total
Total Brunello Cucinelli stores	13	46	38	60	**157**

REPORT ON OPERATIONS OF THE BOARD OF DIRECTORS

COMPANY PHILOSOPHICAL AND STRATEGIC REPORT



The product of my work is, in important respects, based on luxury, and I have always thought that speaking of luxury means speaking of beauty. As a child, I lived in the countryside and was in constant contact with the purest form of beauty, which is that of Creation; every morning and every evening, I would observe the cyclical nature of the seasons which returned year after year, always the same and eternal.

The word beauty is one of the first to appear in the Bible; I think of beautiful and good as having the same meaning, and I am convinced that both exist when there is measure. I am very fond of the words that the Greeks embraced as a guide: kalòs kai agathòs (beautiful and good) and katà metron (according to measure), and I sometimes think of beauty as a universal rule for a serene life, a rule that is like one side of a coin, on the flip side of which is aesthetics. For all these reasons, I believe that there is also a direct, dynamic and effective link between aesthetics, which governs beauty, and ethics, which guide behaviour according to moral values. I am fascinated by Dostoevsky's prophecy that "Beauty will save the world".

I like beauty even if it cannot be explained according to reason, and perhaps precisely because of that: there is some golden dust of madness in it, that of the poets, and how can one not see that truth too is a fruitful product of beauty? Every day I am reminded of the link between beauty and truth and how, as Aristotle argued, truth in turn has to do with wonder. Even though I am not a philosopher, I love philosophy and the great thinkers, who have taught me a thousand things.

According to Plato, starting from physical beauty, through the beauty of gods and laws, one finally reaches the beauty of knowledge; Thomas, that great saint, stated very simply that when something produces pleasure in us, that is beauty. Another great thinker, Kant, maintained that beauty is without concept or purpose other than to stir gentle pleasure in us, and regarding luxury he stated: “Luxury is found in human beings of good taste. It satisfies, with its variety, our capacity for judgement; it provides many with employment, and enlivens the whole of social life”.

From here I developed my idea of gentle luxury as the most faithful expression of our idea, of our creations, of our style; for gentleness is one of the greatest factors of happiness as, I believe, it allows us to follow our good “demon”. For this reason, the ancient Greeks called happiness “eudamonia”.

So what is gentle luxury? As a concept very close to that of beauty, it is not easy to find an exclusive definition, but I see luxury as a symbol. To me, luxury appears symbolic because it is something that binds us to beauty. “Gentle luxury, more simply, is a friend who welcomes you with a sincere smile, someone who reaches out to you, it is creativity and genius without excess, it is finding beauty in simplicity. It is hospitality for everyone, at the right pace, and is always welcome for the awareness of the value of respecting others. That is why gentle luxury has a universal value, which is well represented by women; hence the idea of a contextual figurative representation of some of the many women whose glorious deeds are immortalised in history; the idea has taken the form of a poster, almost a contemporary tapestry, which brings together nine evocative female figures from across the ages, including Sappho, the famous poet who lived between the 7th and 6th centuries BC; Theano, a Greek philosopher who was a disciple and probably the wife of Pythagoras; and Hypatia, the philosopher and mathematician from Alexandria who lived between the 4th and 5th centuries AD. The idea of such a testimony expresses, I hope, with simplicity a feeling of gratitude for these and all women who have contributed to the greatness of culture and the arts in humanity.

Brunello Cucinelli
Chairman of the Board
of Directors

Brunello Cucinelli

COMPANY INFORMATION

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 Euronext Milan Stock Exchange 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 Children'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**.

YEAR 2024

2024 was an "**enchanting**" year thanks to the great results achieved by our Casa di Moda.
Turnover amounted to **€1,278.5 million**, thanks to very positive sales recorded over the course of the whole year. Quarter after quarter, the company succeeded in meeting all its set objectives, and sales for the final weeks of the year – particularly in the direct sales channel – allowed us to exceed even our most optimistic growth expectations for 2024, reviewed at the start of December as between +11% and +12%.

The **increase** in revenues of **+12.2%** (+12.4% at constant exchange rates) not only represents an excellent sales result, but also testifies to an important consolidation of the brand image.

The Operating Income amounted to €211.7 million, with a +12.9% increase compared to the previous year, while the Net Profit amounted to €128.5 million, representing growth of +3.8%. These results show a solid income statement structure, with an EBIT margin of 16.6% and a healthy profit ratio of 10.1%.

The Balance Sheet and Financial Position are equally solid, with net Financial Debt for the core business of €103.6 million at 31 December 2024, plus a significant level of investments reaching €109.5 million, with an 8.6% impact on sales, essential for preserving the contemporaneity of the company and the brand's exclusivity.

Results for 2024 fully confirmed the sustainability of the idea of **gracious growth**, which develops gradually while always remaining faithful to the principles of **humanistic capitalism** and **human sustainability**.

We also believe that our brand is enjoying a very positive moment from the perspective of style, exclusivity and craftsmanship, and we remain as committed as ever to outstanding customer care, as we strive to pass on a way of working "according to measure", with the utmost respect for every living being: an approach that fosters authentic, enduring relationships, enhancing the quality of our products and the overall experience of every client.

Resounding satisfaction with sales performance is matched by optimism regarding the brand's prospects, which we believe are well supported by the identifying features of our business model. These include, above all:
- An **exclusive network** of **direct boutiques** which we constantly work on to ensure we always offer clients modern, attractive spaces where our collaborators have the chance to showcase the quality and style of our collections, while also taking on the role of genuine "ambassadors" of the lifestyle and values of the brand;
- a **very dynamic wholesale channel**, geographically well distributed and balanced thanks to long-term planning shared with our valued clients, who in turn show great dynamism, a profound sense of trust and strong ties with our brand;
- a **balanced distribution** of **turnover** within the different **international geographical areas**;
- an excellent **balance** in terms of the contribution of the **Men's and Women's collections**, which show consistent growth;
- a **communication style that is measured** and **elegant**, reflecting the core values of our brand in order to create a meaningful and **authentic bond** with **end customers**; a "special" relationship, strengthened also through a series of **events** that we like to describe as **artisan;**
- a constant and synergistic contribution of all product categories – clothing, accessories, fragrance and eyewear – towards the definition of a **unique identity of taste,** and a single positioning in terms of quality and price.

We believe that by virtue of these principles, our **Casa di Moda,** in addition to being a **producer of clothing with a distinctive taste**, qualifies as champion of a unique and recognisable **lifestyle** idea, which is expressed right from our attention to the spaces and ways in which the brand presents itself in all geographical areas. A prime example of this aspect is the stream of messages of thanks received from **customers**, who not only praise the **quality** of our **products**, but voice their appreciation for the time spent together and the **experience offered to them in all the boutiques**.

In addition, **growing attention** paid by consumers of luxury goods to the **behaviour** of companies, to **how they produce**, to **working conditions on the factory floor** from a moral perspective, to **levels of pay** and requirements **for workplaces,** is increasingly reflected in the history and reality of the brand, which has embraced these very aspects as the **foundation** of its concepts of **Humanistic Capitalism and Human Sustainability**, promoted from the earliest days of the company. We are particularly honoured to have won the trust and loyalty of customers who embrace this new sensitivity.

Looking at the dynamics of the luxury sector, top-flight customers' propensity to purchase has remained unchanged, or has perhaps even increased, when it comes to absolute luxury products with a **fair price**. We can note an increasingly widespread, conscious and attentive quest for a **special** and **exclusive** type of product, with a constant increase in demand for **rare products** of **exquisite craftsmanship**. Creating unique goods of the finest artisanal quality, whose value endures over time, has always been one of the key objectives of our Casa di Moda, and the growing demand for this type of product dovetails perfectly with our creative and production prospects.

It therefore seems to us that **the brand is enjoying a highly fruitful period in terms of style, exclusivity and craftsmanship,** and above all in the way it tries to convey to valued clients the idea of **a way of working "according to measure",** with the utmost respect for every living being.

We can therefore glimpse **"great opportunities"** that lie ahead, and this allows us to look to the future with **great confidence also for the years 2025 and 2026,** where we envisage **growth in the region of 10%.**

THE DYNAMICS OF THE MARKETS AND THE COLLECTIONS

Constant praise from **new customers** and the essential contribution of **customers already loyal** to the brand boosted the structural increase in demand for **exclusive**, **special and contemporary** products, **evenly distributed** across all the markets: Americas, Asia, Europe. In addition to the importance of **local customers** is the positive contribution of **tourism**, characterised throughout 2024 by a more diverse mix of nationalities.

A crucially important element is the balance of the brand's **geographical distribution**, with highly significant growth in all markets (Americas +17.8%, Asia +12.6%, Europe +6.6%), and in both **distribution channels** (retail channel +14.0% and wholesale channel +8.8%).

In **Europe** the company recorded turnover of €456.6 million (+6.6%), or 35.7% of total sales. The solid growth in this area is not limited to major cities, but is also driven by the numerous resort locations where the brand maintains a presence, thanks to an affectionate local clientèle and increasingly diversified tourism.

In the **Americas** revenues amounted to €476.5 million (+17.8%), with an incidence on total turnover of 37.3%. The growth in North America confirms the strong demand for exclusivity and unique garments, desired by an ever increasing number of clients.

In **Asia** we recorded sales worth €345.4 million (+12.6%), amounting to 27.0% of total revenues. There were excellent results in the Middle East, South Korea, Japan and China, which confirmed the trend of steady growth also thanks to a particularly positive final quarter. Numerous factors contributed to the excellent results in Asia, including exclusive distribution, the clientèle's growing appreciation of the artisanal quality of our garments, and the increasingly solid positioning of the brand in the highest luxury segment.

As regards the performance of the various distribution channels, 2024 ended with an excellent result in the **Retail** channel, with double-digit growth in every quarter and +15.5% in the last quarter. The comparable performance of the physical channel was also excellent in all geographical areas, and at 31 December 2024 the total network stood at 130 boutiques. Furthermore, the number of hard shops as at 31 December was 50, with one new space counted over the 12 months of 2024.

Around double-digit growth was reported in the **digital channel** too, which benefited from the launch in mid July of the **new Brunello Cucinelli AI-powered website**, welcomed enthusiastically by numerous specialists and experts in the field of **Artificial Intelligence**.

There were also excellent results from the **Wholesale** channel, which continues to be central to the brand's strategy, maintaining a fundamental role in preserving its contemporaneity, thanks to the expertise, seriousness and "taste" with which multibrand clients are able to present the collections within their stunning spaces.
Both the Spring-Summer 2024 and Fall-Winter 2024 collections recorded excellent sales, with significant restocking during the year.

Looking to 2025, sales of the new Spring-Summer 2025 collections and the start of the order intake for the Fall-Winter 2025 collections are more than favourable.

INTERNATIONAL RECOGNITION

The year just ended brought **two major international awards.**

On 29 October in New York, Brunello Cucinelli was awarded the prestigious ***"WWD John B. Fairchild Honor"***. This illustrious lifetime achievement award, bestowed annually by the renowned American journal **Women's Wear Daily** – one of the **most influential fashion publications** in the world – fully acknowledges the outstanding Made in Italy craftsmanship of the Solomeo-based Casa di Moda.

Brunello Cucinelli was chosen as the recipient of the 2024 edition of the award, in light of the "*ongoing success of your company*", its continual innovations and the "*perennial focus on mastery, creativity, craftsmanship, exclusivity, and the dignity of man*"; as well as the "*philanthropic efforts for the well-being of future generations, cultivated over the years by the Solomeo-based company".*

Brunello Cucinelli commented on the event as follows:
"I am profoundly honoured to receive such a prestigious prize, awarded over the years to such illustrious figures within the global fashion industry. I like to consider it, first and foremost, a tribute to the dignity of labour which, together with my collaborators, we strive to cultivate each day with our company in Solomeo. Upon receiving this wonderful news, my first thoughts went to my family and to all my collaborators, past and present, who, with their creativity, their grace and their meticulous work, have made this success possible. I believe that "beauty" begins with beautiful human relationships and, in this sense, we think of our creations as ambassadors of not

only the highest quality raw materials and craftsmanship, but also of a certain way of living and working. I am immensely grateful to WWD for its invaluable contribution to fostering knowledge and appreciation of Italian taste worldwide, to the esteemed James Fallon, a profound connoisseur of beauty and spiritual growth which he always promotes in humanity, and to Amanda Smith (CEO Fairchild Media), a person of great sensitivity, grace and expertise. My final thought goes to all my beloved young people, the sentinels of the 21st century, to remind them that the soul is always the source of great thinking".

In addition, on 29 November 2024, during the "**The Year Ahead 2025**" event, **Bloomberg China** bestowed on Brunello Cucinelli the **"Good Business"** award for the values of Humanistic Capitalism and Human Sustainability. These principles have always shaped every aspect of the Solomeo-based company, from craftsmanship to the new frontiers of technological innovation which "Human artificial intelligence", as Brunello Cucinelli is fond of calling it, invites us to explore fearlessly.

These awards follow other highly prestigious acknowledgements received by Brunello Cucinelli in recent years:
- the "**Neiman Marcus Award for Distinguished Service in the Field of Fashion**", conferred in March 2023 by the famous Dallas luxury department store;
- the "**GQ Designer of the Year 2023**", also bestowed last year by the authoritative men's magazine GQ China;
- the "**Designer of the Year**" award, conferred upon Brunello Cucinelli in 2021 by the authoritative British magazine, GQ.

All these awards are a great honour for the brand, and they celebrate the objectives achieved over the years in terms of recognition and appreciation for the "**Brunello Cucinelli taste**", both from the specialist press and from so many customers all over the world.

EXCLUSIVITY, PRODUCT CREATION, BALANCE

Exclusivity and "safeguarding" of the brand

The Casa di Moda is positioned in the **most exclusive segment of absolute luxury**, always supported by a demanding clientèle, in search of contemporary products and outstanding quality. In this market, **the perception of exclusivity** is a key element, a value to be seized and interpreted in order to respond to the demands of modern consumers of such goods.

We firmly believe that the **brand's image of exclusivity is closely linked to the carefully protected, exquisite craftsmanship of the collections and the promotion of the Italian lifestyle**. "**Safeguarding the brand**" means preserving its allure through discreet communication that is consistent with the company's identifying values; it also means careful selection of prime sales locations, paying constant attention to curating the company's spaces and digital presence, in accordance with the essential principles of sobriety that set us apart.

Today we are seeing a growing demand for high-end products in numerous sectors; in this context, **the strategy of avoiding overexposure of the product and protecting the brand identity has further strengthened its allure and appeal**.

High Craftsmanship

The founding mission of the Casa di Moda was to create products of outstanding prestige and the finest artisanal craftsmanship, embodying an idea of **exclusivity** that is reflected in both the selection of materials and the production techniques. The goal is to make **creations designed to last, which can be passed down to future generations**.

We believe that **luxury goods customers today are looking for products characterised by exceptional craftsmanship**, an expression of authenticity and refinement, with a modern, contemporary aesthetic. In addition, **an increasing focus on sustainability**, a very important topic for the future, has further consolidated the demand for garments of the highest quality, designed with longevity in mind.

Every stage of the creative process behind Brunello Cucinelli collections involves and showcases expert craftsmanship, creating a virtuous creative cycle driven by collaboration between highly skilled artisans and creative teams. This synergy has allowed us to place **the product at the centre of our vision** and, based on its intrinsic quality, to carve out a **solid positioning of the brand in the absolute luxury segment**.

In order to guarantee the quality and longevity of our creations, **customers have the opportunity to have their garments repaired and refurbished, thus prolonging product life**. This approach not only strengthens the bond of trust with those who choose our products, but also helps to reduce waste, in the hope that every garment, which is the fruit of timeless expert craftsmanship, can be passed down to the next generation.

Handiwork of Excellence

The success of the collections, coupled with positive sales results and high praise from sector experts, have therefore highlighted a particularly distinctive segment of the product range: that of **more artisanal garments of highly sophisticated manufacture**.

The fruit of painstaking research and experimentation, **these creations are characterised by complex production techniques and unique craftsmanship**, characteristics that are also reflected in their end value. Customers who choose these products fully appreciate their exceptional quality, **their exclusivity and the fine balance between craftsmanship and economic sustainability**.

The use of entirely manual production techniques or advanced, innovative methods endows each garment with a unique and inimitable quality, making each piece a distinctive one-off.

The importance of Ready-to-Wear

Increased exposure and visibility in daily life has led people to pay increasing attention to their own image, boosting the **centrality of the Ready-to-Wear segment**, which accounts for 83.5% of the Group's total revenues. We believe that **the priority given to the product and its positioning in the luxury sector have enabled the brand to respond effectively to the widespread desire to "dress well"**, a requirement shared not only by more experienced customers, but also by younger generations.

We believe that the Ready-to-Wear range from our Casa di Moda, oriented towards "contemporary elegance" and enhanced both by carefully studied looks and its association with a distinctive lifestyle, allows us to **offer modern customers a comprehensive and innovative experience**. At the same time, we pay great attention to renewing shop window displays and personalising the proposal based on the specific characteristics of each market. These aspects have without a doubt contributed significantly to the constant increase in the number of customers recorded in the past year.

Balance and synergy between sales channels

A fundamental aspect for the quality of sales is **the balance between the different distribution channels** (retail, wholesale), **between the various geographical areas** (Italy, Europe, Americas and Asia) and **between product categories**, including the balance between women's and men's collections.

A key element in 2024 was the **complementarity between the wholesale and retail channels**, which allowed the brand to treat even distant markets as "domestic", and to respond to growing demand both in major cities and in smaller towns and luxury resorts.

The multibrand channel recorded another extremely dynamic year, with a positive performance in the most important luxury multibrand and speciality stores, and in all geographical areas. The results achieved benefited from our partners' need to meet ever-stronger demand, with consequent delivery demands that production departments managed to guarantee.

As far as the **retail channel** is concerned, the company continues to invest in the **exclusivity of its network of boutiques**, with select new openings, expansions and repositionings in strategic locations.

Balance between the Women's and Men's collections

The Casa di Moda is constantly perfecting the brand's style and seeking **a harmonious balance between the Men's and Women's collections** in a bid to maintain a unique and distinctive recognisability, regardless of product gender. This stylistic identity reflects the savoir-faire and distinctive aesthetic of the Brunello Cucinelli brand.

A distinguishing feature of the offering is the absence – or discreet presence in sportier garments – of a logo, balanced by an unmistakeable signature style: **handcrafted details, refined production techniques** and a meticulous combination of elements, which represent the essence of our style.

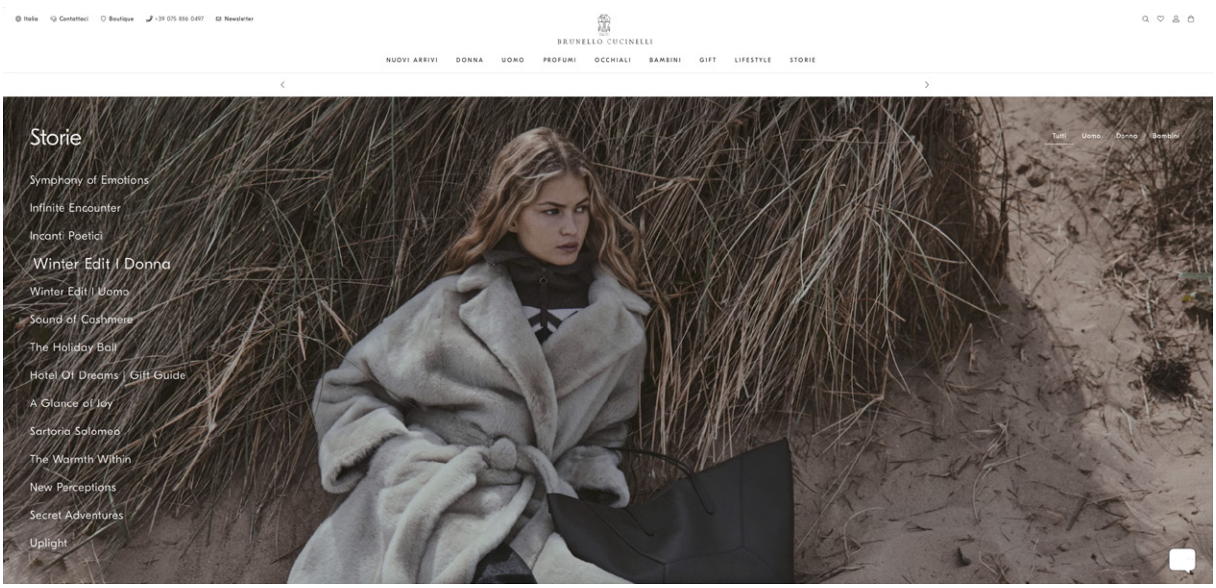
The praise bestowed on the collections over the course of the year, both by the specialist press and by clients and friends of the brand, gives us great joy. We are particularly proud of **the positive feedback from those who recognise in our offering a fresh, contemporary elegance** that succeeds in combining refinement and modernity.

E-commerce as a global showcase

Today, physical and digital channels are more complementary than ever, and both are essential in order to achieve a well-structured development of distribution, and to disseminate the brand's image and values worldwide.

E-commerce was conceived as a digital flagship store, featuring a vast product range and playing a vital role, showcasing the collections, the company's creativity and the brand's lifestyle. Constant updating of the platform and the user experience enables us to offer an intuitive interface that is consistent with our identity, supported by our customer care service based in Solomeo.

Thanks to this approach, the company aims to offer an online shopping experience which aligns with that of our physical stores, characterised by the same care, attention and warmth dedicated to every customer.



OUR IDEA OF HOSPITALITY

The concept of hospitality has always been a **fundamental value** for the Casa di Moda: we have always aimed to welcome customers as if they were our guests, offering gracious attention to make them feel at ease and to share a sincere, serene and human interaction. In all our spaces we try to convey the same sense of hospitality that we offer in the hamlet of Solomeo.

Boutiques

Over the years the company has devoted special attention to developing the boutique network so that each space can be an expression of a **peaceful, welcoming atmosphere**, combining the pleasure of a **familiar, domestic vibe** with the ability to empathetically communicate the philosophy and allure of Solomeo's products to the customer.

All the boutiques have been equipped with small bars, depending on the availability of the different locations, with generous seating and bookcases: areas not strictly intended for sales but dedicated to the relaxation of customers and guests. In this way, we strive to convey a concept of **hospitality** as it is understood in Italy and in our hamlet of Solomeo, as we believe it is essential to associate the experience inside the boutiques with authentic sensations and the idea of a **gracious**, **humanly sustainable luxury**.

The inspiration for all our boutiques is the idea of a cosy home, where the store managers play the role of "**hosts**" and **brand ambassadors**, paying attention to all those details that contribute to a homey, warm ambiance.

Even in the smallest boutiques we strive to create a space to accommodate a small bar and refreshments area as a sign of customer care, and at the same time as an expression of a **distinctly Italian lifestyle** that celebrates the pleasure of meeting and socialising over a coffee or a small refreshment.

Visual merchandising

An inherent part of the complete lifestyle offer, the value of store staging, with carefully curated spaces and all the visual merchandising activities, represents a **fundamental aspect of the brand's image**.

We believe that visual merchandising plays the very important role of **promoting the aesthetic perception of collections** and environments that are in perfect harmony, while also **conveying the brand's philosophy**. In a consistent and harmonious manner, in all our spaces around the world, store staging aims to **recreate the familiar ambiance** and **hospitality of Italian homes**, according to the possibilities of each space and carefully combined with the culture that hosts our sales point.

The company takes special care to ensure that **in all the spaces** that host the collections, from single-brand to multi brand, our **product range is perceived as freshly contemporary** through a coordinated, dynamic display that is regularly renewed and attentive to the needs of each individual location.

Care of the Digital Boutique

The same philosophy that guides the organisation of the physical boutique network is also the point of reference for image and relationship management through the digital channel. The "**digital boutique**" is constantly monitored to appear aligned with the boutique layout, and is also enhanced through the production of specially designed materials, especially images and videos.

We believe that in this way the digital image, which is **increasingly important and complementary** to the image disseminated by the **physical boutiques**, also remains **fresh and stimulating, constantly updated** and capable of responding in the best possible manner to the demands of customers in search of new products and special offers.

We try to convey the same sensitivity and skill that we pursue in bricks-and-mortar boutiques through the digital world with the aid of people we call "**Humanist Artisans of the Web**", the ideal meeting point between the savoir-faire of the new generations and the knowledge of tradition according to the humanist approaches of the Solomeo brand. The publications, product ranges and communications attempt to create a **pleasant** and at the same time **comprehensive experience**, in keeping with the **values** demonstrated in **boutiques around the world**.

The Casa Cucinelli experience

The desire to share the fundamental value of **hospitality** is the guiding principle behind the Casa Cucinelli project.

The guiding principle in the creation of each **Casa Cucinelli** is based on the expression of a **kind, familiar** and **relaxed hospitality**, enshrined in a meeting space that conveys our idea of lifestyle. The very name "Casa Cucinelli" is intended to immediately evoke the **feelings of familiarity and well-being** that are distinctive to the brand, which immediately convey a certain **Italian taste**.

Each Casa Cucinelli is intended to host friends and collaborators, intimate events and social receptions just as we receive guests in our own home. The spaces of each Casa Cucinelli include a **large social lounge**, a **library** with books in the original language, a **kitchen** where flavours are blended and wines are stored, as well as a series of different spaces for each location designed to promote the specific values of each host culture.

The great care taken with the furnishings, the scrupulous choice of the rarest and most precious materials, the harmonious distribution of spaces, the unique antiques recovered and restored with a contemporary perspective, the finishes with refined materials, all elements revolve around the value of time and an exclusive experience.

The intention is to openly and harmoniously convey the **experience of time as it is understood in the Italian lifestyle, and especially in Solomeo**, according to an approach that we believe allows us to best promote the value of the products.

THE RELATIONSHIP WITH CUSTOMERS AND 'ARTISAN' EVENTS

An increasingly important dimension in our relationship with customers is represented by our so-called "**artisan events**", which allow us to establish and consolidate a bond of trust with those who appreciate or want to connect with our brand.

The added value of each event lies in the limited number of guests, a choice that allows us to create **unique**, **personalised experiences**, where we can dedicate the right amount of time and space to each guest and, last but not least, create a profound harmony with the *genius loci* and the culture of the location.

Among these events, we have particularly fond memories of evenings dedicated to the **themes of friendship and conviviality**, which were held in **Shanghai**, **Dubai** and **Los Angeles**, as well as the two-day initiative "**Castello di Solomeo welcomes La Paulée**", inspired by the ancient annual harvest festival held in France.

2024 rounded off with the customary end-of-year **convivial meetings** with esteemed **investors** at our **Case Cucinelli** in **Paris, London, New York** and **Milan**, to thank them for their invaluable contribution and reflect on the big issues that dominated the past year, and to consider what we can do together in the near future.

"Gratitude Dinner" at the Milan Stock Exchange

On 30 September 2024, we held what we decided to call a "**Gratitude Dinner**" at the Milan Stock Exchange. This was our way of thanking our friends at Borsa Italiana, esteemed analysts, journalists, bankers and industrialists of listed companies, as well as our dear investors and all those who have kept faith and accompanied us over the course of these past **12 years since the listing on 27 April 2012**, when our company was floated on the stock market at a share price of €7.75.

To honour the great value attributed to being listed on the stock market, over the years the company has always tried to remain true to its ethical and founding values: from the values of **Humanistic Capitalism** and **Human Sustainability**, to the enhancement of craftsmanship in all its forms, and the pursuit of **harmony with Creation** and **healthy, sustainable growth**.

Brunello Cucinelli commented on the evening as follows:

"When we decided to go public 12 years ago, we had a dream in mind: to respect the moral and economic dignity of the human being and of work, in particular that of artisan trades. Yesterday evening, at Palaeozoic Mezzanotte in Milan, our aim was to dedicate an evening "of gratitude" to our friends at Borsa Italiana, to the esteemed analysts, journalists, bankers and industrialists, and to our dear investors, who have supported us with confidence

over the years. The experience of the listing has provided us with indelible memories of great humanity and has enabled us to meet many people with whom we share the idea, rooted in Humanistic Capitalism and Human Sustainability, that pursuing healthy, balanced and decent profit is possible. We would like to sincerely thank all those who, then as now, feel like "temporary custodians" of this enterprise that looks to the world from Solomeo, in an attempt to imagine the next hundred years. To you, our most sincere gratitude".

HUMANISTIC CAPITALISM AND HUMAN SUSTAINABILITY

The vision of **Human Sustainability** that drives the company harmoniously embraces different spheres: **environmental, economic, cultural, spiritual, moral** and **technological**. Each of these spheres is closely connected to the others, creating a multicoloured picture in which each shade plays a specific role within the broader company strategy, as Brunello Cucinelli himself explained:

"*I like to think of sustainability as inclusive of both material and spiritual values, a concrete place where the environment, economy, technology, culture, spirit and morals live together. I am convinced that in this way we can act in a sustainable and complete way, because in spite of technology we live immersed in nature and, as Leibniz put it, nature "does not make leaps", that is, the relationships between things are of continuity and not disruption. For this reason, we imagine that there should be environmental, economic, technological, cultural, spiritual and moral sustainability*".

Artisanal dimension and harmonious production

Humanistic ideals have always been at the core of all the choices made and activities undertaken by the company. These values are expressed above all in the **constant safeguarding of the dignity of labour** and, more in general, **of every individual**. The deep respect we have for our human resources is accompanied by the pursuit of healthy, balanced development in which human beings continue to play a central role.

Constantly pursuing a **balance** between **fair profit** and **gracious growth**, the Casa di Moda has also always strived to ensure that workplaces reflect attention to the same **economic** and **moral dignity** that were the company's founding ideals, in the conviction that nobility of work must also be guaranteed through **particular attention to workplaces.**

The dignity of labour and its centrality in company values

Company development over the course of 2024 was also aided by the **growing number of human resources**: the Group currently has **over 3000 direct employees**, a number we expect to increase further in 2025 in line with our expansion plans. Approximately half of our human resources operate in Italy, largely specialised in production and craftsmanship, while the remaining half, mainly dedicated to commercial activities, work in various countries around the world.

Over the course of 2024, the company continued to devote the utmost attention to the principles of Humanistic Capitalism and Human Sustainability. In line with respect for our core values, the company continues to pursue **"fair profit"**, **"fair growth"** and a **"fair balance"**.

For the company, the concept of ‘fair profit’ also implies fully recognising the central role played by those directly involved in manual work, and in particular our esteemed workers and artisans. **Craftsmanship and manual skills** constitute **the cornerstone of Made in Italy** and are appreciated the world over as examples of **excellence** of the highest level.

Making manual work modern and attractive is thus a key objective, above all for those young people entering the labour market now and in the coming years. At this particular moment in time, restoring **moral and economic dignity** to skilled manual work is an absolute priority for our company, as well as a valuable way of helping to safeguard our manufacturing sector.

Economic dignity and love for our beautiful factory

The pursuit of balanced profit translates, in practical terms, into devoting attention to **fair pay for our esteemed artisans and workers**. For our company, **salaries** are not just monetary payment, but a **noble way of achieving another equally lofty goal**. Similarly, **safeguarding the dignity of labour also means paying particular attention to workplaces.**

The Casa di Moda has always devoted great attention to the **beauty, welcoming ambiance and orderly nature of production spaces**. This vision was the inspiration behind the design of the **Beautiful Factory in Solomeo**, characterised by harmonious interiors overlooking fountains and green spaces, in the conviction that “a beautiful and orderly space favours genius and creativity”, and helps to produce a virtuous cycle of esteem, responsibility and amiability.

The value of the factory extends far beyond its function as a centre of production efficiency, as it is also viewed as a space to cultivate outstanding creativity and craftsmanship of the highest quality. It is no coincidence that Brunello Cucinelli likes to recall the words of Leonardo Del Vecchio, an Italian entrepreneur and business founder, who insisted that in addition to being functional, a factory must also be “beautiful”.

SAFEGUARDING OF THE PRODUCTION CHAIN AND RELATIONSHIPS WITH PARTNERS

Throughout 2024, the company worked hard to guarantee the constant supply of raw materials, cultivating relationships based on collaboration, respect and mutual understanding. Thanks to the superb responsiveness of our short, 100% Italian supply chain, we succeeded in managing the increase in production very efficiently.

We are delighted with the **continuous growth of the network of small craft enterprises (*façonisti*)**. The artisanal nature of this network remains unchanged, and we firmly believe that this close relationship – both territorial and human – represents an added value for the quality of the collections, the allure of the brand, and its positioning, fully in line with our idea of luxury.

The absolute importance and fundamental role that the Casa di Moda has always attributed to **Italy** is highlighted by the approximately **400 artisan workshops – around 70% located in Umbria** – which, together with the **directly managed manufacturing units**, contribute to the creation of our collections offering.

By enhancing the creativity of the product, the quality of the goods, and the reliability and timeliness of deliveries, these artisan workshops contribute to achieving a **complement of over 60% of genuine manual skills in our collections (with needle, thread and scissors)**, which has increased even further in recent years.

Over the years, the company has established a solid relationship of mutual trust and esteem with its façonisti, who are considered veritable strategic partners. Fully integrated in our manufacturing process, they work closely with **our in-house team of creatives and workers to guarantee** the highest possible quality of craftsmanship in each and every garment in our collections.

Over the course of the year, the company's manufacturing capacity was further strengthened thanks to the **dimensional growth** of the small craft enterprises we already collaborate with, by **increasing the amount of time** that *façonisti* work for us, given that they have multiple clients, and, finally, thanks to **new, highly specialised workshops** that have begun working with us.

INVESTMENT PROJECTS IN THE HANDICRAFT INDUSTRY

The balanced growth of industrial spaces

From the purchase and restoration of the castle of Solomeo which lay in ruins, to the first expansion in the valley opposite the hamlet, over the course of the years the **continuous and harmonious evolution of company premises has developed in tune with the company philosophy and with the landscape in which Solomeo nestles**. Every stage of development has been guided by strong ties with the local area, by attention to harmony with nature and with people.

The development of **new manufacturing facilities** and **the expansion plans for the Solomeo factory** integrate seamlessly in the project aimed at enhancing suburbs as places of renewed beauty and humanity, with constant respect for the land and for sustainable development.

Investment projects in the handicraft industry

Short- and long-term growth plans are supported by a major investment plan, aimed at bringing about a significant **increase in manufacturing and artisan production capacity**. These investments will guarantee **manufacturing capacity** for the **next decade**, supporting plans aimed at **doubling** 2023 turnover by **2030**.

The company has always held by the principle that to produce twice as many garments, you need twice as many hands, and it firmly believes that **industry and craftsmanship must be mutually beneficial**. It thus supports **a handicraft industry** where production efficiency and technological innovation go hand-in-hand with the values and techniques of traditional craftsmanship.

The creation of a manufacturing model that enhances uniqueness and artisan quality is also achieved by **taking on and training new staff specialised in production of the highest quality**. Thanks to this approach, the company is confident it will be able to maintain the essential traits for which it is recognised: great attention to quality, to craftsmanship, and to taste.

The expansion of the Solomeo factory

The company's major investment plans include the building of a new complex as part of the **significant expansion of the Solomeo factory**, which is proceeding with a timeline that is perfectly in step with our expectations.

The new manufacturing and logistics centre will be built on reclaimed land, on the site of a former industrial complex that is now derelict: this "**redevelopment project**" will allow us to avoid using more undeveloped land, instead redeveloping the countryside around the hamlet of Solomeo, in line with **the company's long-standing**

preference for improving and enhancing existing structures, and preserving and protecting the landscape.

The company expects this project to deliver **a significant increase in its manufacturing capacity** compared to the current situation, thus providing staff with even more space and enhancing manual activities.

The new "beautiful factories" of Penne and Gubbio, with respect for the land and the local area

Further major investment was directed towards the development of **new manufacturing facilities** dedicated entirely to the **production of men's outerwear and tailored suits**, within districts specialised in Italian artisan tailoring: the "beautiful factories" of **Penne in Abruzzo** and **Gubbio in Umbria**.

The factories of Penne and Gubbio have been designed to be welcoming, beautifully built and spacious, in line with the concept of the "**beautiful factory**" that has long inspired the company in the design and construction of the workspaces that accommodate all our collaborators.

A fundamental element of this project, as far as we are concerned, is the addition of new specialised human resources, in a setting that truly enhances the dignity of human beings. Taking on **new workers specialised in production of the highest quality** is indeed essential in order to tackle our long-term growth plan with integrity and from a solid footing, while maintaining the essential traits that we believe distinguish the company on the market: great attention to **quality**, to **craftsmanship**, and to **taste**.

As was the case for the headquarters in Solomeo, based on the redevelopment of former industrial factories, the new production facilities will also follow a clear and functional vision that is laser-focused on **employee well-being** and **respect for the land and the local area**.

Commenting on the project for the ‘beautiful factory’ in Gubbio, which got underway in the first half of 2024, Brunello Cucinelli said:

“...in Gubbio, too, we are now also building a small facility with magnificent panoramic views of the medieval citadel, where we can work in harmony with Creation. I am very confident in the value of beautiful, well-made garments made in Italy that we can leave as our legacy. Perhaps in times to come the theme will not be to whom we sell these special garments, but rather whose masterful hands will be making these little masterpieces”.

SECOND UNIVERSAL SYMPOSIUM ON SOUL AND ECONOMICS IN SOLOMEO

With regard to **technological sustainability**, we attribute particular importance to the **Second Universal Symposium on Soul and Economics in Solomeo,** which took place from 23 to 25 May in Solomeo, picking up on the first edition held in May 2019.

The three-day Symposium provided the opportunity to reflect at length on the great existential themes of modern civilisation, like the relationship between **ethics** and **Artificial Intelligence**, and between **humanism** and **technology**. The event was attended by a large number of leading **international experts** in Artificial Intelligence and other fields including humanism, art, science, and nature.

Guests included Reid Hoffman, a world-renowned entrepreneur acknowledged as one of the founding fathers of Generative Artificial Intelligence, who was awarded an honorary PhD in Human Sciences by the University of Perugia for his *"seminal contribution to the development of this new technological frontier of humanity"*.

We are profoundly grateful for the commendable contribution of all attendees to the discussion, including Laurene Powell Jobs (US philanthropist, founder and president of Emerson Collective), Nicholas Thompson (CEO of The Atlantic), James Manyika (SVP Google Technology and Society), Fei-Fei Li (co-director of the Stanford Institute for Human-Centered Artificial Intelligence), Refik Anadol (world-renowned artist), Michael Evans (President of Alibaba), Arvind Krishna (CEO of IBM), Uzodinma Iweala (prominent African writer), Kevin Scott (CTO of Microsoft), Pieter Van der Does (CEO of Adyen), Jacqueline Novogratz (prominent US philanthropist, CEO of Acumen).

Brunello Cucinelli commented on the event as follows:

"The three-day "Second Universal Symposium on Soul and Economics in Solomeo" was a memorable experience. Our beloved hamlet hosted some of the top international experts in AI and other fields such as humanism, art, science and nature, such as Laurene Powell Jobs, who we welcomed as a kind of godmother of the Symposium, and many other esteemed friends including Nicholas Thompson, Reid Hoffman, James Manyika, Fei-Fei Li, Refik Anadol, Michael Evans, Arvind Krishna, Uzodinma Iweala, Kevin Scott, Pieter van der Does and Jacqueline Novogratz. I believe that these days will be remembered forever by all attendees as an experience fostering their human and spiritual growth; and I hope that this Symposium will enlighten those who will read the Charter summarising its contributions. As often reiterated, technological innovation is a blessing from Creation, and if we know how to combine it with humanistic values, I think it will help us to increase the fruitfulness of the expressions of human creative genius".

HUMANISTIC PROJECTS

The School of Arts and Crafts

The theme of manual skills is a core element within the Casa di Moda's broader strategy of sustainability. On this basis, in 2013 the company established the **School of Contemporary High Craftsmanship and Arts in Solomeo**, which trains the "**young artisans of the future**": young people who have learned age-old traditional crafts, from hand-knitting to tailoring, and have found employment with the company or the network of external workshops, thus preserving and renewing the manufacturing excellence of our region.

The theme of **training and generational turnover** is actually a crucial topic for the company, which has always tried to champion a **Made in Italy production model,** centred around top quality materials and excellent craftsmanship. Thus, just as we can only express thoughts if we have the words to do so, in the same way we can only create unique garments if we have mastered the necessary artisan techniques; the school allows the company to cultivate this tradition, considered a fundamental part of Italianness.

On a par with its industrial projects, **the company considers the school a true investment in the future**, a great long-term project designed for **the artisans of the future** who, learning now, will go on to play the valuable role of skilled **custodians of manual creativity**. The fruits that the company has reaped from this work are irreplaceable and a source of great pride.

Himalayan Regenerative Fashion Living Lab

The "**Himalayan Regenerative Fashion Living Lab**" project, in collaboration with the **Circular Bioeconomy Alliance (CBA)** and the **Sustainable Market Initiative (SMI)**, continues to demonstrate the company's deep commitment to **sustainable fashion** and the development of a **circular economy**. This commitment is expressed through the preservation of **traditional cashmere value chains**, with a strong focus on protecting **biodiversity**.

On 21 November, **our Casa di Moda had the honour of taking part in the event organised by the CBA at St. James's Palace in London**. In the presence of **His Majesty King Charles III**, along with experts, companies and investors, the conversation centred around how to **accelerate the transition** towards companies that are respectful of nature in various sectors.

On this occasion, we had the opportunity to present an update on the **important project developed in the Himalayan region** – the joint brainchild of Brunello Cucinelli and Federico Marchetti –, in which the Solomeo-based company will continue to be involved, with the firmly established goal of ensuring a production output that is mindful of humankind's well-being, without ever forgetting the need to safeguard nature and the planet we live on.

CEO Riccardo Stefanelli had the honour of speaking to His Majesty King Charles himself, and was able to show him the first items produced with the cashmere from the Himalayan areas involved with the project, collected in the Ladakh region; as the CEO commented:

"Just like the first day when we undertook this significant commitment at the behest of King Charles, today too we are deeply honoured to be able to offer our contribution to such a noble cause. I am grateful to those who so splendidly organised this special event, during which I had the privilege and pleasure of being able to illustrate, first to a highly prestigious audience and then to His Majesty himself, the milestones we have achieved in the project's first phase. Being able to handle the very first garments made thanks to the project was hugely exciting. In the name of Human Sustainability, which has always inspired our company in Solomeo, we will continue to do our best to contribute to the Himalayan Regenerative Fashion Living Lab project, in which we truly believe and which we are sure will shine a new light on humanity's path".

BRUNELLO CUCINELLI: CONTEMPORARY LIFESTYLE BRAND

We believe that the **excellent results and prestigious awards achieved over the course of the past year** further consolidate the brand's ability to interpret and promote a distinctive **contemporary lifestyle** proposal. Characterised by a highly recognisable taste, our lifestyle is based on an idea of elegance that is always fresh, understated, refined, and of exquisite quality as it is based on high levels of craftsmanship and unwavering passion for stylistic research.

This reference universe is today even more complete thanks to the **enhancement of the brand's offering**, as in 2024 it presented new creations thanks to the introduction of the **"contemporary licenses" launched in 2023,** relating to the product categories of **eyewear** and **fragrances,** an important integration of our **looks** and our **lifestyle**.

Eyewear Collection

In October, the partnership agreement signed with EssilorLuxottica, which came into force on 1st January 2023, led to the launch of the second collection, this time for the Fall-Winter 24 season. The major joint endeavour of the creative teams of Solomeo and Agordo consolidates the respectful and fruitful understanding between the two manufacturers, stemming from the mutual esteem and fondness that brought Brunello Cucinelli and Leonardo Del Vecchio together. The men's good-natured, kindly friendship led to a painstaking research and development project, conducted in complete harmony and synergy and aimed at producing creations representing "well-made in Italy".

Brunello Cucinelli had this to say at the launch of the Eyewear collection last March:

"Leonardo del Vecchio confessed to me one day: "Dear Brunello, I don't know whether the glasses we make are beautiful, but I do know that I really like them, and that without a doubt they're crafted in the best way possible"! As I observed the impressive outcome of our collaboration with EssilorLuxottica during the launch of our new Eyewear Collection, I couldn't help but reflect on those remarks. Leonardo possessed the ability to inspire enthusiasm in his colleagues, including his highly esteemed friend Francesco Milleri, who, with his exceptional compassion, fostered a connection of mutual respect and friendliness amongst our teams. Plato said: 'Beauty is the splendour of truth', which is why I anticipate that the eyeglasses resulting from this heartfelt partnership will be valued for the principles of truth and beauty that motivated their design. I find it intriguing to consider how these ideals offer a unique interpretation of the worldwide concept of 'Gentle Luxury', which represents beauty in moderation. This concept embodies an elegance that is not excessive, but rather manifests itself through deliberate and respectful authenticity".

The new fragrances

The **second line** of fragrances, launched on the market in December 2024, adds **six new perfumes**, with gender-neutral labelling, which form a new olfactory collection called "**Incanti Poetici**". These new products form part of a **very high-end market segment**, with a **distribution strategy** consistent with our core principles of exclusivity and quality. For the presentation of our **fragrances** proposal to sector specialists on 12 September, we welcomed 200 of the world's top multi-brands to Solomeo, presenting the characteristics of the new line together with EuroItalia. We are extremely pleased with initial feedback from the market and sector experts alike, as they seem to recognise the effort the company has gone to in order to create a highly distinctive product which, with different ingredients, conveys the same level of craftsmanship that has always characterised the garments of the Ready-to-Wear collections.

The new line joins the first two **fragrances**, presented in March 2023, **pour homme** and **pour femme**, created with the idea of offering the stylistic equivalent of "cashmere crewneck sweaters", with that elegant, timeless style, which right from the outset met with a favourable reaction from multi-brands, which are always important to us, and from end customers.

READY-TO-WEAR COLLECTIONS

The gradual addition of new lines to the **Ready-To-Wear** range contributed to the expansion of our offer of an increasingly complete lifestyle, capable of responding to the many and growing demands of the market. The new lines that have been added represent a major step towards completing the **total look proposal for Men and Women, a core concept of the brand's vision**.

The creation of the **Ready-To-Wear Collections**, which remain **the cornerstone of the brand's stylistic identity**, was inspired by the growing demand for clothing that is understated, refined and immaculate, capable of combining **contemporary elegance** with the formulation of a **comfortable, relaxed style** – essential qualities of the distinctive Brunello Cucinelli taste, which always seeks a point of encounter between indoor and outdoor, between work and free time. The values of artisan quality and fine materials, of comfort and lightness remain in fact at the centre of our attention, but our focus projected towards the future makes it possible to interpret them according to the contemporary canons of dressing well, in a new order focused on the **balance between tailoring and informality, sophistication and ease**.

The **pursuit of elegance based on sartorial foundations, but which at the same time conveys a contemporary appeal**, informs both the Women's collection, which increasingly includes elements expressing feminine, casual tailoring, and the Men's collection, the focus of special attention for several years now thanks to a distinctive range of outerwear, including suits and jackets, alongside expertly measured, more casual elements.

We are really pleased that the presentation of the new stylistic proposals continues to be associated with a special moment, partly thanks to the friendly, relaxed atmosphere we believe has been created together with the trade press and our customers. The **new Fall-Winter 2025 collections** recently presented received very favourable comments from customers and industry insiders, who combined their praise for the latest designs with the **recognition of a line oriented towards contemporary, casual and balanced elegance**.

The offer of a balanced, recognisable and complete taste – the interpretation of an authentic Italian lifestyle – remains the foundation and goal of our collections; collections which do not stop at simply proposing individual creations, but instead interpret and enhance them in **carefully developed combinations** that are increasingly a way of offering a veritable reinterpretation of a classic element, as well as a definitive and iconic expression of the Brunello Cucinelli taste.

Alongside the definition of a look, there is a growing **selection of special, highly exclusive elements**, the result of unique craftsmanship in terms of both expertise and creativity. For the Women's collection, **the OPERA tops, made entirely by hand** – hand-knitted or crochet – are joined by a special series called "**Couture Knitwear**", the result of sophisticated embroidery that can create original effects and thus reinterpret the very concept of knitting. For the Men's collection, in addition to the introduction of knitwear with a significant hand-knitted component, the special garments include **outerwear with a very high content of craftsmanship**, produced in very precious materials, and finally the new production techniques that enhance **the value of knitwear** on unusual elements with a casual style.

In the **Women's Fall-Winter 2025 Collection**, craftsmanship and tailoring are interpreted in a daily version, formulating urban side atmospheres that provide an updated reading key also for timeless classics. Cavallo blazers, waterproof capes, ribbons on poplin shirts and shiny lavallières are a reference to order and the world of equestrianism, but equestrian-cut trousers are worn - with one of several harmoniously offbeat notes - with feminine flats. The English overtones of Prince of Wales, checks, tweeds and tartan is made unique by unexpected elements: stitched denim collar stands, belts that emphasise the waist, and sparkling embroidered bezels. The looks tend to combine separates, with formality and a more casual style alternating in a continuous, fruitful dialogue. Colour also brings the two fundamental poles of the collection into dialogue: the light and natural tones of *panama* highlight the most traditional designs, as well as the more intense shades of *burgundy* and *dark brown*.

In the **Men's Fall-Winter 2025 Collection** the various elements of the men's wardrobe rediscover their original identity and offer the inspiration for a contemporary and balanced mix, perfectly cohesive and always more than the sum of its parts. Each garment contributes to a fine balance, rich colours stand out thanks to carefully chosen combination, with each pairing refined by details and lightness – the two essential characteristics of the collection and of daily life. It is thanks to these connections that synergies are renewed: from the elegance of suits with colourful sweaters, refined jackets worn with denim trousers, and soft coats with a laid-back allure, every look sums up a style that finds the perfect balance between precision and dynamism. Outerwear garments are light, soft thanks to the quality of materials, and enhanced by exquisite details, while knitwear expresses a handcrafted three-dimensionality elevated by new buttoned yarns and sophisticated jacquard patterns. Colour combinations remain the linchpin of every outfit, enhancing the intensity of *amaranth*, *pumpkin*, *radicchio*, *sapphire* and *cloud* alongside timeless neutral hues.

The **Girls'** and **Boys' Collections** represent a natural extension of the Women's and Men's collections, whose distinctive characters and models have been redesigned in a mini-me version, also adding a number of specific elements that reinterpret the Brunello Cucinelli taste for younger wearers. The quality of the materials and workmanship is perfectly in line with the main collections, while the constructions and details meet the requirements of comfort, dynamism and ease of use ideal for children. Through the distinctive expression of the brand's contemporary style, the boys' and girls' collections aim to express the magic and wonder of children, for whom joy and living carefree are fundamental, to be harmonised with feelings of lightness, freedom and fun.

INTRODUCTION

This financial report as at 31 December 2024 was prepared according to Legislative Decree 58/1998 and as amended, as well as the Consob Issuers' Regulation. This Report was prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union.

SUMMARY DATA AS AT 31 DECEMBER 2024

The tables below show (i) the consolidated summary economic data as at 31 December 2024, compared with the corresponding previous year; (ii) a consolidated statement of financial position reclassified by sources and applications as at 31 December 2024 with comparative figures as at 31 December 2023; and (iii) cash flow from operating activities, investment activities and financing activities, as well as the amount incurred for investments as at 31 December 2024, with comparative figures as at 31 December 2023.

Summary Consolidated Income Statement

(Euro/000)	Year ended 31 December					
	2024	**% of revenues**	**2023**	**% of revenues**	**Change**	**% change**
Revenues	1,278,540	100.0%	1,139,420	100.0%	139,120	+12.2%
EBITDA	364,675	28.5%	326,251	28.6%	38,424	+11.8%
Operating Income	211,671	16.6%	187,406	16.4%	24,265	+12.9%
Profit before taxes	179,737	14.1%	173,341	15.2%	6,396	+3.7%
Net profit	128,513	10.1%	123,809	10.9%	4,704	+3.8%

Statement of financial position reclassified by sources and uses:

(Euro/000)	Situation at			
	31 December 2024	**31 December 2023**	**Change**	**% change**
Net working capital	246,332	178,330	68,002	+38.1%
Fixed assets	953,688	773,784	179,904	+23.2%
Other non-current assets/(liabilities)	88,058	62,586	25,472	+40.7%
Net invested capital	**1,288,078**	**1,014,700**	**273,378**	**+26.9%**
Net financial debt	103,581	6,146	97,435	>+100.0%
Financial lease liabilities	677,904	554,941	122,963	+22.2%
Shareholders' equity	506,593	453,613	52,980	+11.7%
Sources of financing	**1,288,078**	**1,014,700**	**273,378**	**+26.9%**

Other summary data:

(Euro/000)	Situation at			
	31 December 2024	31 December 2023	Change	% change
Net cash flow generated/(used) in operating activities	188,930	209,048	(20,118)	-9.6%
Net cash flow generated/(used) from/in investment activities	(108,946)	(52,842)	(56,104)	>+100.0%
Net cash flow generated/(used) from/in financing activities	(6,510)	(163,618)	157,108	-96.0%
Total cash flow	**73,474**	**(7,412)**	**80,886**	**>-100.0%**
Total Investments	**109,545**	**79,076**	**30,469**	**+38.5%**

ALTERNATIVE PERFORMANCE INDICATORS

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

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

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

– **Commercial net working capital**: calculated as the sum of the *Inventories* 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 assets* or *Current liabilities*, with the exclusion of financial items.

– **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 towards banks*, *Current and non-current financial liabilities, Current financial lease receivables, Current financial liabilities for leases and Non-current financial liabilities for leases, Liabilities for derivative financial instruments covering current and non-current interest rate risk)*.

– **Net Financial Debt**: is calculated in accordance with Consob Reminder No. 51/21 of 29 April 2021.

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

SEASONALITY OF SALES

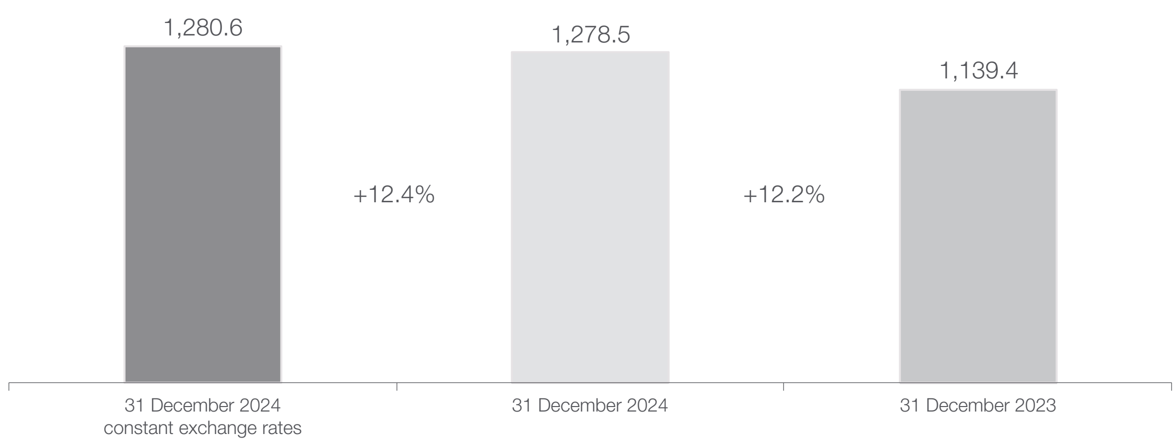
While not subject to significant seasonal or cyclical changes in total annual sales, during the various quarters of the year, the Group's activities suffer from a lack of perfect uniformity in the flow of revenues and costs deriving mainly from its businesses.
Furthermore, the luxury market which the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

THE GROUP'S RESULTS FOR THE YEAR 2024

ANALYSIS OF REVENUES

The Group's consolidated turnover for the year 2024 amounted to €1,278,540 thousand thanks to very positive sales results achieved throughout the year, an increase of +12.2% on the year 2023. At constant exchange rates, meaning using the same average exchange rates as those used in 2023, revenues would have been €1,280,616 thousand, equal to +12.4%.

2024 was an "enchanting" year thanks to the great results achieved by our Casa di Moda, with revenue growth of +12.2% (+12.4% growth at constant exchange rates), both in terms of turnover and for having further strengthened the brand image.



REVENUES BY GEOGRAPHICAL AREA

We attach great value to the balance of the brand's geographical distribution, with highly significant growth in all markets (Americas +17.8%, Asia +12.6%, Italy +9.4%, Europe +5.4%).
We believe that the following factors have specifically contributed to our achievement of these great results:
- full acknowledgement of the exclusivity and positioning of our brand, of the quality and the very high level of craftsmanship of the collections proposal, deemed to possess a wealth of innovation and creativity;
- the great trust shown by our customers, the appeal of our brand, also to new clients, and the very pleasant and familiar atmosphere that we feel pervades our sales spaces.

Revenues by geographic area as at 31 December 2024 compared with 31 December 2023 are presented below:

(Euro/000)	Year ended 31 December					
	2024	% of revenues	2023	% of revenues	Change	% change
Europe	315,666	24.7%	299,380	26.3%	16,286	+5.4%
Italy	140,921	11.0%	128,852	11.3%	12,069	+9.4%
Americas	476,559	37.3%	404,453	35.5%	72,106	+17.8%
Asia	345,394	27.0%	306,735	26.9%	38,659	+12.6%
Total	**1,278,540**	**100.0%**	**1,139,420**	**100.0%**	**139,120**	**+12.2%**

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

Europe

In the European market, revenues amounted to €315,666 thousand, an increase of 5.4% compared to 2023, with a relative weight of 24.7%.

The **results** in the European continent are very good, proving **solid** not only in the **major cities** but also in the **exclusive resort locations** where the brand maintains a presence.

Healthy growth was achieved across all markets, thanks to the loyal **local customers** and the constant presence of **tourism** increasingly diversified by origin.

At 31 December 2024, the single-brand network (direct and single-brand wholesale) consisted of 46 boutiques.

Italy

In Italy, turnover amounted to €140,921 thousand, up 9.4% compared to 2023, with a relative weight of 11.0%.

As mentioned above for the European market, there was **strong demand from local customers**, further strengthened by **growth in international tourism**.

At 31 December 2024, the single-brand network (direct and single-brand wholesale) consisted of 13 boutiques.

Americas

The American market recorded a turnover of €476,559 thousand, an increase of 17.8% compared to last year, with a sales impact of 37.3%.

The growth in North America reaffirms and certifies the **great potential** we continue to see in this region, where the search for **exclusivity**, **uniqueness** and the desire to "**dress up**" in **special garments** is not new, but is increasingly desired by a growing number of customers.

At 31 December 2024, the single-brand network (direct and single-brand wholesale) consisted of 38 boutiques.

Asia
In the Asian market, revenues amounted to €345,394 thousand, an increase of 12.6% compared to 2023, accounting for 27.0% of sales.

We have recorded highly significant, robust **growth** throughout the scope in question, from **China** and **Japan** to **South Korea** and the **Middle East**.

The high value of sales in **China** is confirmed, in terms of both growth and continuity of results; increases in turnover were reported for all quarters of the year, with particularly positive revenues in the last part of the year and approximately **double-digit** year-on-year **growth**.

Among the success factors, it is essential to mention the "**exclusive**" distribution, the growing appreciation by customers who are increasingly attentive to the **artisan quality** of garments, as well as increasingly consistent acknowledgement of the positioning of our brand in the **highest luxury segment**, together with the **no-logo Ready-to-Wear** offering.

The strong demand from local customers, together with the constant and balanced contribution of tourism, had a more than positive effect on results in **South Korea** and **Japan**.

Very solid results were reported for the **Middle East** too, with the contribution of both local customers, numbers of whom are gradually growing, and the international presence.

At 31 December 2024, the single-brand network (direct and single-brand wholesale) consisted of 60 boutiques.

REVENUES BY DISTRIBUTION CHANNEL

The following table sets out the revenues earned by the Group in 2024 and 2023, analysed by distribution channel:

(Euro/000)	Year ended 31 December					
	2024	**% of revenues**	**2023**	**% of revenues**	**Change**	**% change**
Retail	851,243	66.6%	746,816	65.5%	104,427	+14.0%
Wholesale	427,297	33.4%	392,604	34.5%	34,693	+8.8%
Total	**1,278,540**	**100.0%**	**1,139,420**	**100.0%**	**139,120**	**+12.2%**

RETAIL

The retail channel grew by 14.0% compared to 2023, with the relative percentage impact on sales rising to 66.6% compared to 65.5% in 2023.

2024 ended with an outstanding result in the retail channel, with **double-digit growth in all quarters of the year** and an increase of +15.5% in the fourth quarter, thanks to the increase in sales on a **comparable basis** and the positive contribution of **selected openings**.
The total network consisted of **130 boutiques** at 31 December 2024 (compared to a network of 126 boutiques at 30 June 2024). The number of hard shops as of 31 December 2024 was 50, with one new space counted over the 12 months of 2024.

The comparable performance of the physical channel in **all geographical areas** was **very solid**.

Approximately **double-digit** growth was recorded in the **digital channel** too, which benefited from growing attention and corresponding increase in traffic following the launch of the **new Brunello Cucinelli AI website** in mid-July after three years of study and work.

Great satisfaction for the very positive comments from numerous specialists in the field of the study and advanced application of Artificial Intelligence, who declared the new website a veritable “**invention**”.

WHOLESALE

The wholesale channel grew 8.8% compared to 2023, accounting for 33.4% of sales.

We are also very pleased with the results of the wholesale channel, which we consider excellent. Wholesale continues to be central to our strategy, maintaining a **fundamental role** in preserving the contemporaneity of the brand, thanks to the seriousness and “taste” with which multi-brand customers can present the collections within their stunning spaces.

Both the **Spring-Summer 2024** and **Fall-Winter 2024** collections recorded great sales, thanks to appreciation by end customers, with significant restocking during the year.

As for the **Fall-Winter 2024** collections, we noted slightly earlier demand for deliveries compared to last year, especially in Q3 2024.

Finally, the contribution of the initial deliveries of the new **Spring-Summer 2025** collection was more than positive, and the start of the order intake for the **Fall-Winter 2025** collections was equally favourable.

REVENUES BY PRODUCT LINE AND END CUSTOMER

The following is a presentation of the Brunello Cucinelli Group's revenues at 31 December 2024 and 31 December 2023, analysed by type of end customer and by product line:

	31 December 2024	31 December 2023
Men (%)	46.6%	44.8%
Women (%)	53.4%	55.2%
	100.0%	**100.0%**

	31 December 2024	31 December 2023
Apparel (%)	83.5%	84.2%
Accessories (%)	16.5%	15.8%
	100.0%	**100.0%**

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

The following table provides a summary of the financial data as at 31 December 2024 and 31 December 2023:

(Euro/000)	Year ended 31 December					
	2024	% of revenues	2023	% of revenues	Change	% change
Revenues	**1,278,540**	**100.0%**	**1,139,420**	**100.0%**	**139,120**	**+12.2%**
Costs of raw materials and consumables	(101,800)	-8.0%	(114,343)	-10.0%	12,543	-11.0%
Costs for services	(560,361)	-43.8%	(475,769)	-41.8%	(84,592)	+17.8%
Payroll costs	(233,492)	-18.3%	(194,969)	-17.1%	(38,523)	+19.8%
Other operating (costs)/revenues	(18,212)	-1.4%	(28,088)	-2.5%	9,876	-35.2%
EBITDA	**364,675**	**28.5%**	**326,251**	**28.6%**	**38,424**	**+11.8%**
Depreciation and amortization	(153,004)	-12.0%	(138,845)	-12.2%	(14,159)	+10.2%
Operating income	**211,671**	**16.6%**	**187,406**	**16.4%**	**24,265**	**+12.9%**
Net financial income/(expenses) and from equity investments	(31,934)	-2.5%	(14,065)	-1.2%	(17,869)	>+100.0%
Profit before taxes	**179,737**	**14.1%**	**173,341**	**15.2%**	**6,396**	**+3.7%**
Taxes	(51,224)	-4.0%	(49,532)	-4.3%	(1,692)	+3.4%
Net profit	**128,513**	**10.1%**	**123,809**	**10.9%**	**4,704**	**+3.8%**

EBITDA AND RESULTS

At 31 December 2024:

– **EBITDA** amounted to €364,675 thousand, equal to **28.5%** of Revenues (€326,251 thousand at 31 December 2023 equal to 28.6% of Revenues).

– The **Operating income** amounted to €211,671 thousand, equal to **16.6%** of Revenues (€187,406 thousand at 31 December 2023, equal to 16.4% of Revenues).

– **Profit before taxes**[1] amounted to €179,737 thousand, equal to **14.1%** of Revenues (€173,341 thousand at 31 December 2023, equal to 15.2% of Revenues).

– **Net profit**[1] amounted to €128,513 thousand, equal to **10.1%** of Revenues (€123,809 thousand at 31 December 2023, equal to 10.9% of Revenues).

OPERATING COSTS

The percentage of **production costs** (costs of raw materials and consumables and cost for outsourced work) dropped to 25.5% at 31 December 2024 compared to 27.5% at 31 December 2023.

(Euro/000)	Year ended 31 December					
	2024	% of revenues	2023	% of revenues	Change	% change
Costs of raw materials and consumables	174,400	13.6%	168,389	14.8%	6,011	+3.6%
Change in inventories	(72,600)	-5.7%	(54,046)	-4.7%	(18,554)	+34.3%
Outsourced work	223,724	17.5%	199,325	17.5%	24,399	+12.2%
Total	**325,524**	**25.5%**	**313,668**	**27.5%**	**11,856**	**+3.8%**

As a result, our first margin as at 31 December 2024 was €953,016 thousand, compared to €825,752 thousand at 31 December 2023, an increase in absolute value of €127,264 thousand, or +15.4%, thanks also to the evolution of our sales mix (channels, areas, products) and the opening of new production facilities in Italy for the production of men's outerwear and tailored suits, within districts of excellence in artisan tailoring. With reference to this process of internalisation of certain processes for the production of exclusive, top-quality garments, we would like to point out that the lower incidence of production costs nevertheless entails the incurring of higher other operating costs, mainly for staff.

1 It should be noted that the Profit before taxes and the Result for the year as at 31 December 2023 benefited from the important contribution of the capital gain related to the sale of a minority stake in the associated company Cariaggi Lanificio S.p.A..

Concurrent with the evolution of the network, the development of new commercial initiatives and the consolidation of operations, operating costs.

The percentage of **Payroll costs** as at 31 December 2024 amounted to 18.3% of Revenues, up from 17.1% compared to 31 December 2023.

Payroll costs at 31 December 2024 amounted to €233,492 thousand, an increase in value compared to the figure for the previous year of €38,523 thousand.

(Euro/000)	Year ended 31 December					
	2024	% of revenues	2023	% of revenues	Change	% change
Payroll costs	233,492	18.3%	194,969	17.1%	38,523	+19.8%

The increase in payroll costs is mainly attributable to the development of our Human Resources structure and the cost accrued with reference to the 2022-2024 Stock Grant Plan and the 2024-2026 Stock Grant Plan.
The FTE (Full Time Equivalent) amounts to 3,101.4 as at 31 December 2024 compared to 2,623.3 as at 31 December 2023 (+478.1), which includes an increase in production workers as part of the project to expand our artisan structure in connection with the opening of new production facilities in Italy for the production of men's outerwear and tailored suits.

	Year ended 31 December		
	2024	2023	Change
Executives and managers	112.4	93.0	+19.4
Office and sales staff	2,063.0	1,833.6	+229.4
Blue-collar workers	926.0	696.7	+229.3
Total workforce	**3,101.4**	**2,623.3**	**+478.1**

The following table provides a summary of the main income statement items for 2024 and 2023 as they relate to Revenues:

(Euro/000)	Year ended 31 December					
	2024	% of revenues	2023	% of revenues	Change	% change
Lease expense	61,582	4.8%	50,598	4.4%	10,984	+21.7%
Advertising and other marketing costs	92,348	7.2%	78,938	6.9%	13,410	+17.0%
Transport and duties	55,162	4.3%	46,855	4.1%	8,307	+17.7%
Commissions and accessory charges	11,127	0.9%	10,002	0.9%	1,125	+11.2%
Credit card charges	18,298	1.4%	15,692	1.4%	2,606	+16.6%

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

- **Costs for leases** amounted to €61,582 thousand at 31 December 2024 compared to €50,598 thousand at 31 December 2023.
  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 2024 compared with 2023:

(Euro/000)	Year ended 31 December					
	2024	% of revenues	2023	% of revenues	Change	% change
Lease expense	61,582	4.8%	50,598	4.4%	10,984	+21.7%
Cost for leases included in IFRS 16	121,652	9.5%	104,414	9.2%	17,238	+16.5%
Total	**183,234**	**14.3%**	**155,012**	**13.6%**	**28,222**	**+18.2%**

  Excluding therefore the effects of the application of IFRS 16, the balance of rental costs as at 31 December 2024 amounted to €183,234 thousand (equal to 14.3% of Revenues) compared to €155,012 thousand (equal to 13.6% of Revenues) as at 31 December 2023: the growth is related to both new openings and relocations, including the Miami Design District in May and the inauguration of the new location of our boutique in Venice, as well as the important extensions of some of our existing surfaces. It is worth mentioning the presence in our network of boutiques of hospitality spaces such as small bars of different formats and bookshops 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 €92,348 thousand (7.2% of Revenues) as of 31 December 2024 compared to €78,938 thousand (6.9% of Revenues) at 31 December 2023.
  We continue to attach great importance, following on from the previous year, to investments in communication, which we believe benefit the allure of the brand and consolidate our positioning in the absolute luxury segment. These so-called "artisan events" allow us to establish and consolidate a bond of trust with those who appreciate or wish to connect with our brand.
  These events, with a limited number of guests, allow us to create unique, personalised experiences, where we can dedicate the right amount of time and space to each guest and, last but not least, create a profound harmony with the *genius loci* and the culture of the location.

- **Transport and duties**, equal to €55,162 thousand at 31 December 2024 (4.3% of Revenues) compared to €46,855 thousand at 31 December 2023 (4.1% of Revenues).
  The item presents a slight increase in terms of percentage compared to the previous year, mainly due to the growth in turnover in the various geographical areas where this cost item is more onerous.

- **Commissions and accessory charges**, related to the remuneration paid to the agent networks, whose percentage of Revenues is stable (0.9% at 31 December 2024 and 0.9% at 31 December 2023).

– **Commissions on the use of credit cards**, amounting to €18,298 thousand as at 31 December 2024 compared to €15,692 thousand as at 31 December 2023, were substantially stable in terms of percentage incidence on revenues (1.4% of Revenues in both years).

With regard to the remaining Income statement items, the following aspects should be noted:

– other items included in “Costs for services” amounted to a total of €98,120 thousand at 31 December 2024 compared to €74,359 thousand at 31 December 2023.
  The increase of €23,761 thousand (+32.0% compared to 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, the increase in expenses for outsourced services and miscellaneous consultancy and international travel of our people for development, creativity and implementation of management.

– The item “Other operating (costs)/revenues” has a negative balance amounting to €18,212 thousand at 31 December 2024 compared to a negative balance amounting to €28,088 thousand at 31 December 2023, recording a substantial reduction in terms of percentage of turnover in the considered years (1.4% of Revenues as at 31 December 2024 compared to 2.5% of Revenues as at 31 December 2023).
  This item mainly includes non-income taxes and fees, social benefit and charitable charges, the provision to adjust the allowance to cover expected losses on receivables, and other miscellaneous operating expenses.

DEPRECIATION, AMORTIZATION, NET FINANCIAL EXPENSE AND NET PROFIT

Depreciation and amortization at 31 December 2024 amounted to €153,004 thousand, up €14,159 thousand compared to €138,845 thousand in 2023, mainly due to new leases.

Amortization of Rights of Use amounted to €107,566 thousand, including amortisation of key money of €3,363 thousand. At 31 December 2023 depreciation and amortization amounted to €95,664 thousand, of which €3,982 thousand relating to key money.

The details of the depreciation and amortization and the effects inherent to that item deriving from the application of IFRS16 to leasing contracts at 31 December 2024 and 31 December 2023 are provided below:

(Euro/000)	Year ended 31 December					
	2024	**% of revenues**	**2023**	**% of revenues**	**Change**	**% change**
Depreciation and amortization	153,004	12.0%	138,845	12.2%	14,159	+10.2%
Exclusion of the effects of IFRS 16 application	(103,985)	-8.1%	(91,426)	-8.0%	(12,559)	+13.7%
Total	**49,019**	**3.8%**	**47,419**	**4.2%**	**1,600**	**+3.4%**

As shown in the above table, excluding the effects of the application of IFRS 16 relating to lease contracts, depreciation and amortization amounted to €49,019 thousand (3.8% of Revenues), compared to €47,419 thousand (4.2% of Revenues) in 2023.

Net financial expense at 31 December 2024 amounted to €31,934 thousand compared to €14,065 thousand in 2023, up €17,869 thousand.
For completeness of information, it should be noted that 2023 was positively impacted by the capital gain realised on the sale of a minority interest.

Referring also to the notes to these Consolidated 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.

(Euro/000)	Year ended 31 December					
	2024	**% of revenues**	**2023**	**% of revenues**	**Change**	**% change**
Net loan interest expense	3,585	0.3%	702	0.1%	2,883	>+100.0%
Other net (income)/expense	146	0.0%	2,984	0.2%	(2,838)	-95.1%
Financial expenses /(income) from ordinary operations	**3,731**	**0.3%**	**3,686**	**0.3%**	**45**	**+1.2%**
Lease financial expenses/(income)	20,218	1.6%	12,944	1.1%	7,274	+56.2%
Foreign exchange losses/(gains) on leases	5,055	0.4%	6,870	0.6%	(1,815)	-26.4%
Financial expenses/(income) from lease operations	**25,273**	**2.0%**	**19,814**	**1.7%**	**5,459**	**+27.6%**
Foreign exchange losses/(gains)	1,972	0.2%	3,207	0.3%	(1,235)	-38.5%
Financial expenses/(Income) on derivative instruments hedging currency risk	3,010	0.2%	5,557	0.5%	(2,547)	-45.8%
(Gain)/Loss from participations	(2,052)	-0.2%	(18,199)	-1.6%	16,147	-88.7%
Total net financial expenses/(income)	**31,934**	**2.5%**	**14,065**	**1.2%**	**17,869**	**>+100.0%**

As at 31 December 2024, the financial expense of ordinary management, inclusive of the effects of the fair value adjustment of financial instruments covering interest rate risk, amounted to €3,731 thousand, compared to €3,686 thousand for the previous year, recording an increase of +1.2%. This change is mainly due to the increase in net financial debt to support significant investments partially offset by the effects deriving from the fair value adjustment of obligations deriving from agreements with minority shareholders.

The Financial expenses/(income) for leasing are equal to €20,218 thousand at 31 December 2024 compared to €12,944 thousand at 31 December 2023, recording an increase of €7,274 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. The increase in this item mainly reflects the effect of new leases for both new openings and renewals of the existing boutique network.

As instead regards the item Foreign exchange losses/(gains) for leasing, it is mainly comprised of unrealised 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.

With regard to the result of foreign exchange management, a net negative value of Foreign exchange losses equal to €1,972 thousand was recorded compared to a net negative value of Foreign exchange losses of €3,207 thousand as at 31 December 2023.
This change is due to the net effect of foreign exchange gains and losses, realised and unrealised, resulting from the performance of the Euro, which over the course of 2024 presented a slight weakening against some other currencies, mainly the US dollar, with 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 these Consolidated 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 impact of the charges deriving from interest rate and exchange rate hedging transactions amounted to €3,010 thousand at 31 December 2024 compared to €5,557 thousand the previous year. 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 years.

We note that the balance of the item (Gains)/losses from equity investments as at 31 December 2024 relates to the valuation of investments in associated companies using the equity method.
At 31 December 2023, this item included the capital gain realised on the sale of a minority interest held in Cariaggi Lanificio S.p.A..

In light of the above, **Profit before taxes** at 31 December 2024 amounted to €179,737 thousand, an increase as compared to the result recorded at 31 December 2023 (€173,341 thousand).

Net profit for the year amounted to €128,513 thousand, an increase of 3.8% on the previous year.

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

(Euro/000)	**31 December 2024**	**31 December 2023**
Net profit attributable to Parent company shareholders	119,478	114,617
Net profit attributable to Non-controlling interests	9,035	9,192
Net profit	**128,513**	**123,809**

ANALYSIS OF BALANCE SHEET AND FINANCIAL ITEMS

Provided below are comments on the main items of the Group's consolidated statement of financial position at 31 December 2024 reclassified by sources and applications, with comparative figures at 31 December 2023.

NET WORKING CAPITAL

The following table provides an analysis of the Net Working Capital of the Brunello Cucinelli Group at 31 December 2024 and at 31 December 2023:

(Euro/000)	**31 December 2024**	**31 December 2023**
Trade receivables	82,092	78,170
Inventories	369,953	287,291
Trade payables	(169,217)	(166,244)
Commercial Net Working Capital	**282,828**	**199,217**
Other net current assets/(liabilities)	(36,496)	(20,887)
Net Working Capital	**246,332**	**178,330**

Commercial Net Working Capital at 31 December 2024 increased €83,611 thousand compared to the figure at 31 December 2023.

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

– the balance of **Trade receivables** increased as compared to 31 December 2023 for an amount equal to €3,922 thousand (+5.0%).
The percentage incidence of Trade receivables on Revenues recorded a decrease compared to the previous year (6.4% at 31 December 2024 compared to 6.9% at 31 December 2023), albeit in the presence of very positive sales and the consequent increase in reported turnover in 2024, with particular regard to the growth of the wholesale channel, up +8.8%, indicating 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 €2,021 thousand, recording for the year losses on receivables in the income statement and use of the provision (a total of €308 thousand, equal to 0.02 % of Revenues). As at 31 December 2024 the provision for bad debts equalled €6,774 thousand (€5,017 thousand at 31 December 2023), an amount we consider suitable in order to cover the expected losses on receivables.

– the amount of **Inventories** equal to €369,953 thousand which, due to the effect of the considerable increase in business, increased organically compared to 31 December 2023 (€287,291 thousand).
The incidence of the Inventory value as at 31 December 2024, equal to 28.9%, a level we deem healthy in relation to our collection offering, up from 25.2% as at 31 December 2023, which reflected sales growth of 23.9%, is well above expectations at the beginning of the period.

The following table breaks down the Inventories of the Brunello Cucinelli Group at 31 December 2024 and at 31 December 2023:

(Euro/000)	**31 December 2024**	**31 December 2023**
Raw materials	61,775	61,358
Finished and Semi-finished Goods	407,836	304,344
Inventory write-down provision	(99,658)	(78,411)
Inventories	**369,953**	**287,291**

– the balance of **Trade payables**, equal to €169,217 thousand at 31 December 2024 compared to €166,244 thousand at 31 December 2023, with an increase equal to €2,973 thousand.
  Note that also during 2024 the Group did not change its payment terms towards its suppliers, collaborators and consultants. The increase in the balance of the item is mainly attributable to investments for production and logistics made during the last quarter of 2024 compared to the same period the previous year.
  For further details, see the following section "Investments" in this Report on Operations of the Board of Directors.

Other Net current assets/(liabilities) had a negative balance as at 31 December 2024 of €36,496 thousand, compared to a negative balance of approximately €20,887 thousand as at 31 December 2023. This change is mainly attributable to the fair value adjustment of derivative instruments hedging currency risk, partially offset by the variation in the balance of tax receivables and payables. For more details, refer to the comments in the Notes to these Consolidated 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 31 December 2024 and at 31 December 2023:

(Euro/000)	**31 December 2024**	**31 December 2023**
Intangible assets	16,432	13,824
Right of use	611,641	501,051
Property, plant and equipment	268,840	213,036
Non-current financial lease receivables	2,421	3,272
Other non-current financial assets	44,588	32,529
Investment property	9,766	10,072
Other net non-current assets/(liabilities)	88,058	62,586
Fixed assets and other net non-current assets/(liabilities)	**1,041,746**	**836,370**

Fixed assets and other net non-current assets/(liabilities) amounted to €1,041,746 thousand as at 31 December 2024 compared to €836,370 thousand as at 31 December 2023, representing a net increase of €205,376 thousand, or +24.6%.

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

The main changes are noted here:

– a net increase in the balance of the item "Right of use" of €110,590 thousand compared to 31 December 2023, amounting to €611,641 thousand as at 31 December 2024, mainly due to the expansion of the retail network and the renewal of lease contracts for certain boutiques;
  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 €55,804 thousand compared to 31 December 2023, amounting to €268,840 thousand at 31 December 2024. The main increases are attributable to the progress of the project to double the Solomeo factory, which will be built on the outskirts of the hamlet in a former industrial complex that has been entirely reclaimed and redeveloped; to investments dedicated to creating the new factory in Gubbio, Umbria and developing the factory in Penne, Abruzzo for the production of men's outerwear and tailored suits within districts of excellence in artisan tailoring; to works and furnishings related to the opening and expansion of both directly operated and wholesale shops; and to improvements made to existing boutiques, showrooms around the world, and "Casa Cucinelli" spaces;

– increase of €25,472 thousand compared to 31 December 2023 under "Other net non-current assets/(liabilities)", mainly attributable to the variation in the balances of deferred tax assets and deferred tax liabilities.

INVESTMENTS

During 2024, the Group made investments in Intangible assets amounting to €10,559 thousand, in Property, plant and equipment amounting to €92,153 thousand, in Investment property amounting to €433 thousand, while the net increases in Other non-current financial assets amounted to €6,400 thousand.

The following table shows the investments by type and category made by the Group at 31 December 2024 and at 31 December 2023:

(Euro/000)	**31 December 2024**	**31 December 2023**
Investments in Intangible assets (*)	10,559	7,116
Investments in Property, plant and equipment	92,153	66,417
Investment property	433	2,994
Investments in Other non-current financial assets (**)	6,400	2,549
Total Investments	**109,545**	**79,076**

(*) This item also includes investments for key money paid, which as at 1 January 2019 are classified under the item "Right of use" in accordance with IFRS 16.
(**) Net guaranteed deposits (balance of payments made net of repayments received).

As shown in the table, investments in 2024 amounted to €109,545 thousand.

Of these, €47.9 million is attributable to commercial investments, €61.2 million to investments in production, logistics and IT/Digital, and €0.4 million to investments in investment property.

The following table provides details of the investments made by the Group during the year ended on 31 December 2024 and the year ended on 31 December 2023, broken down by type as described above:

(Euro/000)	**31 December 2024**	**31 December 2023**
Commercial investments	47,903	31,272
Investments in production and logistics	49,850	36,525
Investments in IT/Digital	11,359	8,285
Investment property	433	2,994
Total Investments	**109,545**	**79,076**

Commercial investments equal to €47,903 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.

Investments in production and logistics equal to €49,850 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.
These investments in technical fixed assets include the continuation of the project to double the Solomeo factory, which will be built on the outskirts of the hamlet in a former industrial complex that has been entirely reclaimed and redeveloped, and the investments dedicated to creating the new factory in Gubbio, Umbria and developing the factory in Penne, Abruzzo for the production of men's outerwear and tailored suits within districts of excellence in artisan tailoring.

The investments in IT and Digital (also with specific platforms in evolving markets) are assuming increasing importance and at 31 December 2024 amounted to €11,359 thousand.

The investments in non-current financial assets relate to property complexes as well as building land in Solomeo being managed with the aim of being restored and subsequently leased.

NET FINANCIAL DEBT

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

(Euro/000)	**31 December 2024**	**31 December 2023**
A. Cash and cash equivalents	(182,050)	(106,944)
B. Means equivalent to cash and cash equivalents	-	-
C.1. Other current financial assets	(695)	(883)
C.2. Other current financial assets for leases	(945)	(2,954)
D. Cash and cash equivalents (A+B+C)	**(183,690)**	**(110,781)**
E.1. Current financial debt	62,294	64,782
E.2. Current financial debt for leases	106,134	97,498
F. Current portion of non-current financial debt	64,274	24,259
G. Current financial debt (E+F)	**232,702**	**186,539**
H. Net current financial debt (G+D)	**49,012**	**75,758**
I.1. Non-current financial debt	159,758	24,932
I.2. Non-current financial debt for leases	572,715	460,397
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	**732,473**	**485,329**
M. Total financial debt (H+L)	**781,485**	**561,087**
of which:		
Net financial debt for the core business	*103,581*	*6,146*
Payables for leases	*677,904*	*554,941*

At 31 December 2024, the financial debt of the Brunello Cucinelli Group amounted to €781,485 thousand, of which €677,904 thousand related to debt generated by the accounting of lease contracts pursuant to IFRS 16.
At 31 December 2023, financial debt amounted to €561,087 thousand, (of which €554,941 thousand relating to lease contracts).

Excluding balances attributable to the application of IFRS 16, Financial debt at 31 December 2024 amounted to €103,581 thousand, an increase on the €6,146 thousand of 31 December 2023; contributing to this, the major investment plan worth €109.5 million, the payment of dividends for a total of €66.1 million, and Net working capital dynamics.

During the first half of 2024, the Group took out new medium-/long-term loans for a total of €211,000 thousand, repaying a total of €38,367 thousand according to ordinary amortization schedules.

Note that item "I.1 Non-current financial debt" also includes the debt for loans to minority shareholders in subsidiaries (amounting to €3,264 thousand).

SHAREHOLDERS' EQUITY

The following table provides details of Shareholders' equity at 31 December 2024 and at 31 December 2023:

(Euro/000)	**31 December 2024**	**31 December 2023**
Share Capital	13,600	13,600
Reserves	356,860	313,574
Net profit attributable to Parent company shareholders	119,478	114,617
Shareholders' equity attributable to Parent company shareholders	**489,938**	**441,791**
Shareholders' equity attributable to Non-controlling interests	16,655	11,822
Shareholders' equity	**506,593**	**453,613**

The share capital of the Parent Company at 31 December 2024 amounted to €13,600 thousand, fully paid, consisting of 68,000,000 ordinary shares.

The shareholding structure of Brunello Cucinelli S.p.A. at 31 December 2024 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%
Other shareholders	40.47%
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 financial statements.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET PROFIT OF THE PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND NET PROFIT

The following is a reconciliation of the Shareholders' equity and Net profit of the Parent Company and consolidated Shareholders' equity and Net profit for the year as at 31 December 2024 and as at 31 December 2023:

(Euro/000)	31 December 2024		31 December 2023	
	Shareholders' Equity	Result	Shareholders' equity	Result
Financial statements of the Parent Company	**557,364**	**118,504**	**518,669**	**108,345**
Difference between shareholders' equity of consolidated companies and the book value of the equity investments	79,255	32,327	39,277	44,509
Elimination of the effects of intercompany transactions	(152,831)	(33,654)	(119,177)	(22,692)
Elimination of dividends	-	(1,508)	-	(2,659)
Net investments in foreign operations	-	681	-	3,851
Tax effects of consolidation adjustments	43,453	10,249	33,204	6,659
Other	(37,303)	(7,121)	(30,182)	(23,396)
Group total	**489,938**	**119,478**	**441,791**	**114,617**
Shareholders' equity and net profit attributable to non-controlling interests	16,655	9,035	11,822	9,192
Total consolidated financial statements	**506,593**	**128,513**	**453,613**	**123,809**

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 2024, approved by the Board of Directors at its meeting of 13 March 2025, can be consulted in the "Corporate governance" section of the Company's website at **www.brunellocucinelli.it**.

PERFORMANCE OF THE COMPANY'S SHARE LISTED ON THE BORSA ITALIANA S.P.A. MILAN EURONEXT STOCK EXCHANGE

On 30 December 2024, the final trading day of the year, the closing price of the Brunello Cucinelli share was €105,40 (+1,260.00% compared to the €7.75 per share set for the IPO, +18.96% compared to the 2023 closing value of €88,60). Market capitalisation at 31 December 2024 was €7,167,200 thousand.

The following table provides details of the Company's share price and performance between 1 January 2024 and 31 December 2024:

	Euro	Date
IPO price	7.75	-
Minimum Price(1)	80.95	6-Aug-24
Maximum Price(1)	116.80	14-Mar-24
Closing price	105.40	30-Dec-24
Capitalisation	7,167,200,000	30-Dec-24
Number of outstanding shares(2)	33,916,000	30-Dec-24
Free float	3,574,746,400	30-Dec-24

(1) Highs and lows recorded during daily trading which accordingly do not coincide with the official reference prices for the day.
(2) The Number of outstanding shares does not include n. 50,000 treasury shares held by the Parent Company as at the date of this annual Financial Report

SIGNIFICANT EVENTS DURING 2024

Purchase and assignment of treasury shares in performance of the 2022-2024 Stock Grant Plan
On 29 August 2023 the Board of Directors of the Parent Company, in implementation of the resolution approved by the Shareholders' Meeting held on 27 April 2023 concerning the 2022-2024 Stock Grant Plan granted a mandate to Mediobanca – Banca di Credito Finanziario S.p.A. to start a program for the purchase of treasury shares on behalf of the Parent Company, 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 in March 2024.
As of the date of this annual 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.

2024-2026 Stock Grant Plan
On 14 March 2024 the Board of Directors of Brunello Cucinelli S.p.A. approved the 2024-2026 Stock Grant Plan submitted for subsequent approval by the Ordinary Shareholders' Meeting on 23 April 2024. The Plan provides for the free allocation of Company shares to executive directors and employees of the Company and its subsidiaries if certain performance targets are achieved.

Co-opting of a new Director and additions to the membership of the Control and Risk Committee and Remuneration and Appointments Committee
On 11 July 2024, the Board of Directors of Brunello Cucinelli S.p.A., with the favourable opinion of the Remuneration and Appointments Committee and with a resolution approved by the Board of Statutory Auditors, pursuant to Art. 2386 of the Italian Civil Code and the Articles of Association and with regard to the gender quotas, has co-opted Katia Riva as the Company's new non-executive Director, to replace the independent non-executive Director Emanuela Bonadiman who resigned on 13 June 2024. It should be noted that, on the occasion of the renewal of the Board of Directors by resolution of the Shareholders' Meeting of 27 April 2023, Emanuela Bonadiman was taken from the minority slate presented by a number of institutional investors under the aegis of Assogestioni. With the appointment of Katia Riva, the Company's Board of Directors accepted the invitation formulated by the Assogestioni Managers' Committee, which, by letter dated 1 July 2024, submitted the relevant nomination for its independent evaluation.
The Board of Directors has ascertained that there are no grounds for the ineligibility or incompatibility of Katia Riva and that she meets the requirements of integrity and independence laid down in current legislation and in the Corporate Governance Code. It was also ascertained that Katia Riva possessed adequate knowledge and experience in remuneration policies and in financial and risk management matters.
Katia Riva has accepted the appointment and will remain in office until the next Shareholders' Meeting.
In addition, following the resignation of Emanuela Bonadiman (former Chair of the Remuneration and Appointments Committee, and a former member of the Control and Risk Committee), the Board of Directors of Brunello Cucinelli S.p.A., with the support of the Remuneration and Appointments Committee, appointed Katia Riva as a member of the Control and Risk Committee and of the Remuneration and Appointments Committee; Ms Chiara Dorigotti was also appointed as Chair of the Remuneration and Appointments Committee.

Purchase of treasury shares in performance of the Stock Grant 2022-2024 and the Stock Grant 2024-2026
On 11 December 2024 the Board of Directors of the Parent Company, in implementation of the resolution approved by the shareholders' meeting held on 23 April 2024, granted a mandate to Mediobanca – Banca di Credito Finanziario S.p.A. to start a program for the purchase of treasury shares on behalf of the Parent Company for the purpose of the Stock Grant Plan 2022-2024 and the Stock Grant Plan 2024-2026, 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 50,000 treasury shares by the Parent Company in December 2024.
Following this purchase, as at the date of the present Annual Financial Report, the Parent Company holds n. 50,000 treasury shares, equal to 0.0735% of the shares making up the share capital.

RELATED PARTY TRANSACTIONS

Reference should be made to the Notes to the consolidated financial statements for a detailed description of related party transactions conducted in 2024.

Pursuant to Consob Resolution No. 17221 of 12 March 2010, it is acknowledged that during 2024 the Group did not enter into major or material transactions with related parties that significantly affected the Group's financial situation or net profit for the year.

INFORMATION ON SIGNIFICANT COMPANIES OUTSIDE THE EU

Brunello Cucinelli S.p.A., the Parent Company, directly or indirectly controls 6 companies (Brunello Cucinelli USA Inc., Brunello Cucinelli (Sichuan) Fashion Co. Ltd., Brunello Cucinelli Japan Co. Ltd., 000 Brunello Cucinelli RUS, Brunello Cucinelli England Ltd., Brunello Cucinelli Middle East LLC) established and regulated by the law of states not members of the European Union ("Significant Companies outside the EU" as defined by Consob resolution no. 20249/2017).

As regards these companies, note that:
– all prepare financial statements for the purpose of preparing the consolidated financial statements. The balance sheet and income statement of these companies are made available to the shareholders of Brunello Cucinelli S.p.A. in accordance with the relevant regulations;
– Brunello Cucinelli S.p.A. has acquired the by-laws and the governance and powers of the corporate bodies;
– the Significant Companies outside the EU: i) provide the auditor of the parent company with the information necessary to audit the annual and interim accounts of said parent company; ii) have a suitable administrative-accounting system to regularly provide management, the controlling body and the auditor of the parent company with the economic, equity and financial data necessary for the preparation of the consolidated financial statements.

In order to comply with its regulatory obligations, the Board of Statutory Auditors of Brunello Cucinelli S.p.A. verified the suitability of the administrative-accounting system to regularly provide management and the auditor of Brunello Cucinelli S.p.A. with the economic, equity and financial data necessary for the preparation of the consolidated financial statements and the effectiveness of the flow of information through meetings both with the auditor and with the Financial Reporting Officer.

CERTIFICATION AS PER ART. 16, PARAGRAPH 4 OF THE MARKET REGULATION ADOPTED WITH RESOLUTION NO. 20249 OF 28 DECEMBER 2017

Brunello Cucinelli S.p.A. is controlled by right by Foro delle Arti S.r.l. More specifically, Foro delle Arti S.r.l. owns the ordinary shares and has a voting right in the Issuer equal to 50.05% of the share capital thereof.

The Issuer is not subject to management and coordination by its Parent Company Foro delle Arti S.r.l.
For information on this subject, please refer to the Report on Corporate Governance and ownership structure approved by the Board of Directors on 13 March 2025, which may be consulted in the "Governance" section of the Company's website **www.brunellocucinelli.it**.

MAIN RISKS AND UNCERTAINTIES

Market risks

Risks related to the high level of competition in the market that Brunello Cucinelli Group operates in
The luxury market – and in particular the absolute luxury sector – which the Brunello Cucinelli Group operates in, is highly competitive and therefore it cannot be excluded that in the coming years new brands or brands currently located in other segments of the luxury market might position themselves in the same segment, thus becoming direct competitors of the Company.

Risks associated with the international sale of Brunello Cucinelli Group products
The Group sells its products all over the world, particularly in Europe, North America, Japan and China. The Group's presence in various international markets exposes it to risks associated among other things with the geopolitical and macroeconomic conditions of the countries that it operates in and their possible changes. Sales could be affected by various events such as market instability, the occurrence of natural disasters or socio-political upheavals (e.g. terrorist attacks, coups d'etat and wars). The occurrence of these events could negatively affect the demand for luxury goods in a given country or cause a contraction in tourism, with possible negative effects on the Group's business and growth prospects.

Risks associated with changes in the national and international regulatory framework that Brunello Cucinelli Group operates in
In the various jurisdictions that it operates in the Group is subject to the regulations applicable to products it manufactures and/or sells. Of particular importance among these are regulations on consumer protection, industrial and intellectual property rights and competition, the health and safety of workers and the environment.

The issuance of new regulations or amendments to current legislation could force the Brunello Cucinelli Group to adopt stricter standards, and this could entail costs of adapting production or product characteristics, or limit the Brunello Cucinelli Group's operations with a consequent negative effect on its growth prospects. More specifically, with regard to commercial distribution in countries other than Italy, Brunello Cucinelli Group products could be subject to the application of duties and other protectionist rules governing the importation of products into those nations.

Operating risks

Risks related to the continuity of craftsmanship and artisanal skills
One of the distinctive characteristics of Brunello Cucinelli brand products is the high level of craftsmanship inherent in the production, made possible also thanks to the constant internal training performed by the Company and the years of experience it has acquired. While the Brunello Cucinelli Group promotes the development of artisanal production techniques at a regional level, it is possible that in the future the number of specialised people engaged in this type of production could diminish.

Risks associated with the availability of raw materials (cashmere, in particular) and the increase in its price
The main raw materials used by the Brunello Cucinelli Group are yarns (particularly cashmere yarns), fabrics and leather. The availability of cashmere is subject to several factors that do not fall within the Brunello Cucinelli Group's sphere of control, some of which are not easily predictable. For example, climatic conditions in the regions (mainly Mongolia) where the raw cashmere comes from, changes in goat farming policies in producing countries or goat diseases and epidemics could affect the availability of cashmere and consequently its price.
Should there be a decrease in the availability of cashmere (or other raw materials) or an increase in demand and a consequent increase in price, the Brunello Cucinelli Group may encounter supply difficulties in the medium term and be forced to bear an increase in the costs incurred for the purchase of raw materials.

Risks associated with the retail sale of Group products
The risks associated with the management of the currently existing DOSs (Directly Operated Stores) are mainly related to possible difficulties in renewing existing lease agreements, greater costs for rent, revocation or non-renewal of commercial licences (where necessary) and decreases in sales.
With regard to the opening of new DOSs, it should be noted that the increase in costs associated with new openings may not be accompanied by adequate revenue growth. In the competitive landscape that the Group operates in, the possibility of expanding the DOS network depends on the ability to obtain the availability – under economically sustainable conditions – of spaces located in positions deemed to be strategic by the Group. Among retail operators, there is strong competition to secure commercial spaces located in the most prestigious locations of the most important cities in the world. For this reason, when searching for new spaces the Group may have to compete with other retail operators, including those belonging to its same sector, having similar or greater economic and financial capacities than its own.

Risks related to relations with third-party manufacturers (façonisti)

Brunello Cucinelli Group products are produced using third-party manufacturers with respect to Brunello Cucinelli Group, in Italy known as façonisti. The relations between the Company and most of the third-party manufacturers with which it maintains long-term commercial relationships are not governed by multi-year agreements, but are based on orders entrusted to them for the collections of the individual seasons, in line with industry practice. Any termination of relations (in a short period of time) with a significant number of these façonisti or their repeated failure to comply with the production calendar, however shared, could have negative effects on the Brunello Cucinelli Group's business. Furthermore, it cannot be excluded that some façonisti may in the future default or terminate the collaboration relationship with the Company without notice.

Risks related to the defence of industrial and intellectual property rights

The protection of the Brunello Cucinelli brand and other intellectual property rights is fundamental for its positioning in the luxury market, especially in the absolute luxury sector that the Group competes in. The value of the brand could be compromised if its protection or the protection of the design of Brunello Cucinelli brand products was impracticable or particularly difficult.

While the Company invests significantly to ensure the protection of its trademark and intellectual property rights as well as the design of some of its most successful products worldwide, it cannot be excluded that the actions taken may prove ineffective in preventing imitations of the Group's trademark and products. Moreover, if the Group wishes to expand its business in countries where the Brunello Cucinelli trademark has not yet been registered, any previous use and/or registration of the trademark (or trademarks that can be confused with it) by third parties could result in a limitation (or an impediment) to the Group's business in these countries. Finally, the laws of many foreign countries do not protect intellectual property rights with the same intensity as Italian law or the laws of other EU countries.

Risks related to the perception of new trends

The sector that Brunello Cucinelli Group operates in is characterised by changes – sometimes even sudden ones – in customer trends, tastes and lifestyles and purchasing.

Therefore, the Brunello Cucinelli Group is subject to the risk of not always being able to perceive such fashion trends or adequately interpret them during the styling, design and development phases of the final product. This circumstance could therefore compromise the success of the collections.

Cyber risks

Brunello Cucinelli Group's business, also in view of the growing organisational complexity and technological innovation in the sector, is exposed to risks of cyber attacks aimed at compromising business continuity and the improper collection of confidential data.

In order to strengthen the actions implemented to mitigate these risks, and in order to continuously align management with IT experts, an internal committee called the "IT Security Committee" has been established for years with the aim of supervising the business processes most at risk of cyber attacks and identifying the appropriate mitigation tools.

In addition to the consolidation of business continuity in the ICT field, continuous monitoring services and tools have been introduced, supported by the most modern technologies and with the assistance of highly specialised technological partners.

Technological activities such as the VAPT (Vulnerability Assessment Penetration Test) are accompanied by continuous training plans for personnel, aimed at increasing awareness on the subject of cybersecurity.

The ultimate objective is to standardise and extend the level of monitoring and control to all Group companies and all employees.

For a description of the overall internal control and risk management system through which they are managed and controlled, refer to the specific description in the Report on Corporate governance and ownership structures, approved by the Board of Directors on 13 March 2025, which can be consulted on the corporate website **www.brunellocucinelli.it** in the“Governance” section.

RESEARCH AND DEVELOPMENT

Investing in research and development is crucial for the Brunello Cucinelli Group in order to create new products that meet the needs of customers, but also to consolidate the know-how developed over the years. Also important is the search for and testing of materials and the creation of prototypes.

PUBLIC GRANTS

During this financial year, the Parent Company Brunello Cucinelli S.p.A. and its Italian subsidiaries benefited from the following concessions:
– contribution exemptions introduced for the COVID health emergency and subsequently extended, considered state aid, totalling €330 thousand;
– contribution exemptions (Italian Law 205/2017) for a total of €48 thousand;
– Art Bonus tax credit (article 1, Italian Decree-Law 83/2014) totalling €158 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.

Within the overall risk profile, the Company has therefore identified the main risks related to climate change or environmental issues that may have implications or an impact on its business. The risks identified are those arising from environmental damage attributable to the organisation’s operations and/or from inefficient resource management or risks arising from the occurrence of natural events (e.g. earthquakes, floods, etc.) and/or related to climate change, both in terms of physical risks, i.e. more frequent extreme weather events or gradual climate change, and in terms of transition risks, i.e. related to the transition to a low-carbon economy and the resulting government policies). However, considering the Group’s sector of operation – the Group’s current exposure to the consequences of climate change are considered low, both in terms of probability as well as in terms of the ability to influence strategies and financial cash flows.

For further information on environmental risk management, see the Consolidated Sustainability Statement.

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 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 exchange rate risk), liquidity risk, credit risk and tax risk.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates.
Market interest rate fluctuations influence the level of net financial expense and the market value of financial assets and liabilities. The Group is exposed to the risk of an increase in financial costs in the income statement as a result of an unfavourable change in interest rates. Changes in market interest rates affect the cost of loans and the return on forms of use and therefore the level of the Group's financial income and expenses, and also their fair value.
It is the Group'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.

EXCHANGE RATE RISK

Exchange rate risk is the risk that the fair value or future cash flows of an exposure will change due to changes in exchange rates.
The Group operates internationally and is therefore exposed to risks arising from exchange rate fluctuations, which have an impact on profits and the value of shareholders' equity.
Furthermore, due to the fact that the Company prepares its consolidated financial statements in euros, fluctuations in the exchange rates used to convert the financial statements of the subsidiaries originally expressed in foreign currency could significantly influence the results, net financial debt and consolidated shareholders' equity as expressed in euros in the Group's financial statements and in financial ratios.

The Company is exposed to exchange rate risk for the currencies in which sales are made to Group companies 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 Company 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

Liquidity risk is the risk related to the unavailability of financial resources necessary to meet the commitments assumed by the Group and its financial needs in the short term. The main factors that determine the Group's level of liquidity are, on the one hand, the resources generated or absorbed by operating and investment activities, and on the other hand, the maturity and renewal status of payables or the liquidity of financial commitments and market conditions.

The Group manages liquidity risk by strictly controlling the items making up working capital and, in particular, Receivables from customers and Payables to suppliers.

The Company 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 RISK

Credit risk is the risk that a counterparty will not fulfil its obligations under a financial instrument or a commercial contract, thus leading to a financial loss.
Credit risk is the Group's exposure to potential losses arising from the failure by counterparties to meet their obligations.
The Group's exposure to commercial credit risk refers to sales to the wholesale channel. For sales to the retail channel, the risk is limited only to sales managed by the *landlord*, owner of the bricks and mortar of the *mall* and direct manager of receipts within the boutiques. The remaining turnover comes from the pure retail sales channel, with payment in cash or by credit or debit card.

The 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 customer economic-financial figures. In addition, balances are constantly monitored during the year in order to ensure timely action and reduce the risk of loss.

TAX RISK

At 31 December 2024, the Group consisted of 28 companies located in various countries around the world. The Group companies, Italian and foreign, are subject to audits of tax returns and tax obligations by the tax authorities of the various countries. The tax risk limitation measures put in place by management to verify the adequacy and correctness of tax obligations obviously cannot completely exclude the risk of tax assessments.

The group has adopted the Transfer Pricing the Transactional Net Margin Method. The Group has centralised its risks and assets in the *Principal* (Brunello Cucinelli S.p.A.), while the other Group companies, carrying out distribution (mainly retail, with the exception of some companies that also operate in the wholesale trade), are considered entities performing “routine” functions and thus they are consequently entitled to receive a remuneration for their activities in line with that of independent companies engaged in similar functions. This remuneration, which must be aligned with the functions they perform and the risks incurred, is measured periodically through a benchmark analysis.

For a detailed analysis and representation of the financial risk management, as well as for the other information required by IFRS 7, please also refer to what is detailed in the Notes to these Consolidated Financial Statements.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2024

There were no significant events affecting the Group's operations after the closure of the present Annual Financial Report.

MANAGEMENT OUTLOOK

Sales in the first part of 2025 are very positive, with a very interesting sell-out of the Spring-Summer 2025 collections that confirms the superb feedback received during the presentations last September.

The order intake for the new **Fall-Winter 2025 Collections** has shown particularly positive results, with invaluable comments from the specialist press for both the men's presentation, held in January in Florence at Pitti Immagine and then in Milan, as well as for the women's, during Milan Fashion Week in February.

The impressive performance in the **first quarter of the year**, coupled with the conclusion and planning of selected and exclusive openings and expansions of boutiques scheduled for 2025, increases our visibility and strengthens the solidity of growth forecasts.

The **great opportunities** that lie ahead for our brand, the **exclusive positioning** and the promising **prospects** in all **geographical areas** and in the various **distribution channels** mean we can therefore decidedly confirm our goal of turnover growth of approximately **+10%** for **2025** and **2026**, with healthy and balanced profits.

The major 2024-2033 project to double production capacity, which is already underway, leads us to forecast an investment impact of around 9% for the three-year period 2024-2025-2026. At the end of 2026 we envision having completed our network of Tailors with the 4 beautiful factories of Solomeo, Carrara, Penne and Gubbio. The level of investment will return to normal from 2027, with an expected impact of on turnover around 7%, as per the figure recorded 2023.

This path is part of our sustainable growth project, further consolidating our long-term vision and imagining growth that will lead to **doubling of 2023 turnover** by **2030**.

Luca Lisandroni
Chief Executive Officer
Markets Area

Brunello Cucinelli
Chairman of the Board of
Directors

Riccardo Stefanelli
Chief Executive Officer
Product and Operations Area

CONSOLIDATED SUSTAINABILITY REPORT

OUR IDEA OF HUMANISTIC CAPITALISM AND HUMAN SUSTAINABILITY

"I dreamed of a company that would be profitable while upholding ethics and dignity, without causing any harm to people or offence to Creation, or at least, as little as possible"

The concept of Humanistic Capitalism and Human Sustainability represent the idea that a company must generate profits while simultaneously operating according to the principles of ethics, dignity and morals.

Human Sustainability constitutes a concrete area in which environment, economics, culture, spirit, morals and technology can coexist in harmony. This approach is behaviour that takes care of and protects, not limiting itself to the valorisation and promotion of human dignity, but extends to all aspects of living in harmony with Creation, guided by the objective of causing no harm, or to limit it as far as possible.

There are six forms of Human Sustainability: environmental sustainability, economic sustainability, cultural sustainability, spiritual sustainability, moral sustainability and technological sustainability.

These six forms are correlated to the long-standing ideals that characterise the life and work of the company, an expression of the values formalised into five decalogues that guide the daily activities and the actions that are undertaken.

The concept of Humanistic Capitalism and Human Sustainability has been evolved and consolidated over the years through the numerous initiatives carried out with the ultimate aim of generating value not only for the Casa di Moda but also for the plurality of stakeholders with which the company interacts.

Consolidated Sustainability Report

The first edition of the Consolidated Sustainability Report was prepared in compliance with ESRS (European Sustainability Reporting Standards) according to what is specified by Italian Leg. Decree 125/2024, which implements the Corporate Sustainability Reporting Directive (hereafter also "CSRD"). This report is structured as follows:
- **General information** (ESRS 2): the criteria are defined for the preparation, governance and sustainability strategy. Furthermore, this chapter illustrates the Double Materiality methodology based on which the sustainability issues relevant for the Casa di Moda were defined;
- **Environmental information**: this covers topics concerning *Climate change* (E1), *Pollution* (E2), *Water and marine resources* (E3), *Biodiversity and ecosystems* (E4), *Use of resources and the circular economy* (E5). This also includes reporting regarding Taxonomy Regulation (EU Regulation 2020/852);
- **Social information**: issues are covered regarding *Own workforce* (S1), *Workers in the value chain* (S2), *Affected communities* (S3), *Consumers and end-users* (S4).
- **Governance information**: the approach of the Casa di Moda is illustrated concerning the *Business conduct* (G1).

Two relevant issues identified as "entity specific" were also described, concerning specific aspects of value to the organisation: *Work sites* (at the end of the social information chapter), *Generational transition* (at the end of the informational governance chapter).
A detailed index with the ESRS disclosure obligations is available on page 104 of the document.

GENERAL INFORMATION

PREPARATION CRITERIA

BP-1 General basis for preparation of sustainability statements
Brunello Cucinelli S.p.A.'s sustainability report is prepared on a consolidated basis and the reporting scope coincides with that of the Consolidated Financial Statements. The Consolidated Financial Statements include the Parent Company Brunello Cucinelli S.p.A. and its Italian and foreign subsidiaries, together identified as the Brunello Cucinelli Group. The companies, Brunello Cucinelli Europe S.r.l., Logistica and Distribuzione S.r.l., Market Service US, Inc., have been included in the scope of reference, but do not contribute towards the reporting of quantitative social or environmental data in the document as they do not have employees.

Reporting covers the entire value chain, within the limits of the available information: the mapping of the impacts, risks and opportunities is concentrated on company operations and at the same time on the upstream value chain – starting from the activities for the production or extraction of raw materials, up to the subsequent phases of their transformation and processing and including the upstream logistical flows– and on the downstream value chain – the wholesale distribution channel, end customers, including the downstream logistic flows.
The company points out that it did not make use of the option to omit specific information from this document corresponding to intellectual property, know-how or the results of innovation.

BP-2 Disclosures in relation to specific circumstances
The time periods adopted in this document coincide with those adopted by the ESRS, specifically the "short term: 1 year", "medium-term: up to 5 years", "long-term: beyond 5 years".
For the metrics regarding the calculation of scope 3 emissions, due to the fact that precise data was not available, an estimation was made with the methodology that is described in the section "E1-6 Gross scopes 1, 2, 3 and total GHG emissions".

For the purposes of reporting the prospective information in compliance with the ESRS, some of the information included in the following consolidated sustainability report is described based on hypotheses, as related to events that could happen in the future and possible future actions by the Group. Due to the uncertainty connected to the occurrence of any future event, both regarding the actual occurrence as well as what concerns the scope and timing of its occurrence, the deviations between the final values and the prospective information could be significant.

STRATEGY

SBM-1 Strategy, business model and value chain
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 Children's total look collections, which are always conceived as an expression of the ethical and human values cultivated in the hamlet of Solomeo[2]. The brand is internationally recognised as a benchmark of Made in Italy excellence and a point of reference in the luxury

2 No product in the Casa di Moda collection is prohibited in specific markets of reference.

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 total look for men and women has been expanded by the addition of the Ready to Wear collection and the Eyewear and Fragrances collection. The company's category of customers and the geographical markets are presented, respectively, in the paragraphs of the Report on operations of the Board of Directors, “Distribution network” and “Company information”, “Analysis of revenues - Revenues divided by geographical area”.
For more information regarding the business model, refer to the Report on Operations of the Board of Directors.

The foundations of the business model of the Casa di Moda remain firmly anchored to the distinctive elements that identify and position the brand within the ultra-high end of the luxury range: elevated and extremely high quality of the supply of raw materials, the excellence of craftsmanship and manual work, and an exclusive prêt-à-porter offer, a symbol of authentic Made in Italy. The exclusive offer of excellence continues together with the maintenance of the values that are part of the company’s DNA: dignity of profit and the special relationships with the territory. The Brunello Cucinelli Casa di Moda is universally recognised as a prime example of “Humanistic Capitalism”, combining the safeguarding of traditions, appreciation of the persons who work for the greater good of the company, and promotion of important projects aimed at beautifying the territories in which the company operates and the legacy left to future generations.

In 2024, Group human resources equalled 3,326. For more details pertaining to the number of employees by single geographical area, refer to section “S1-6 Own workforce”.

The Group companies operate in the retail trade sector (NACE Section G), classified as at high climatic impact[3], all the revenues generated and energy consumption are attributed to these activities. The revenues correspond to what is reported in Note 27 “Revenues” of the notes to these Consolidated Financial Statements.
For more details regarding the allocation of total revenues in the financial statements, for the significant ESRS sectors refer to paragraph “Operating segments” in the notes to the Consolidated Financial Statements.

THE SUSTAINABILITY PLAN “IN HARMONY WITH CREATION”

The company has stated its sustainability strategy in the Sustainability Plan “In Harmony with Creation” (2024-2028)», which was updated and approved by the Board of Directors (hereafter also the “BoD”) on 11 July 2024. The Plan[4] systematises the strategies concerning Human Sustainability, defined in alignment with and in support of the industrial plan.
The objectives that were identified and the relative qualitative and quantitative targets - short, medium and long-term - result from the intention to not cause any harm to Creation, or try to cause as little as possible, and from the awareness of the greatest current challenges. The Plan accounts for the context in which the Casa di Moda operates, the demands of its main shareholders, the projects already under way in the field of Human Sustainability and the framework defined by the United Nations 2030 Agenda and the related Sustainable Development Goals (SDGs).

3 The sectors with a high climatic impact are those listed in sections A to H and in section L of NACE (as defined in the delegated regulation (EU) 2022/1288 of the Commission).
4 The Sustainability Plan is inherent to all products of the Casa di Moda, to all the geographical areas in which it operates and to all the utilised sales channels.

The Plan is organised into six pillars that represent the six forms of Human Sustainability. Each is linked to one or more precepts of the Decalogue “Our Enduring Ideals of Life and Work” which define the ultimate goal that the Group sets itself with respect to each pillar and that we like to consider as the “beacon that lights our way” in achieving the qualitative and quantitative objectives and targets defined in the short, medium and long-term.

Figure 1: The structure of the Sustainability Plan, “In Harmony with Creation” (2024-2028)

THE FORMS OF HUMAN SUSTAINABILITY	ENVIRONMENTAL SUSTAINABILITY	ECONOMIC SUSTAINABILITY	CULTURAL SUSTAINABILITY	SPIRITUAL SUSTAINABILITY	MORAL SUSTAINABILITY	TECHNOLOGICAL SUSTAINABILITY
OUR ENDURING IDEALS OF LIFE AND WORK	POINT II *We do not use more resources than is necessary and natural. We make careful use of the universe* POINT III *We always act as loyal guardians of Creation*	POINT V *During work we support fair profitability and harmony between profit and giving back to the community*	POINT VIII *We believe in universalism and we act displaying great respect for all civilisations*	POINT I *We love and respect Mother Earth: we cultivate our land according to nature and we welcome its fruits as its greatest gift* POINT X *We are fond of young people and pass down to them hope and the dream of a bright future awaiting them*	POINT IV *We believe in the moral dignity of the human being* POINT VI *We seek harmony between fair work and human privacy* POINT VII *We commemorate our forefathers. They taught us to Respect the law, and our story is written in their words*	POINT IX *We welcome fair change in order to experience the best from our time*
THE PLAN SECTIONS	• Combating climate change • Procurement and management of raw materials • Regenerative approach • Sustainable supply chain management	• Brand identity • Made in Italy quality and craftsmanship	• Support for local communities and the surrounding	• Dignity and beauty in workplaces	• Diversity, Inclusion and fairness • Health and safety • Protection of human rights and dignity of work • Governance • Ethical business conduct • Human privacy	• Digitalisation and Artificial Intelligence

The Sustainability Plan is subject to annual monitoring, the outcomes of which are presented and discussed at the meeting of the Company’s Board of Directors, after being evaluated by the Council for Human Sustainability and Humanistic Capitalism. On the other hand, the update of the Plan, in terms of the redefinition of relevant objectives and targets, will take place every two years.

THE VALUE CHAIN

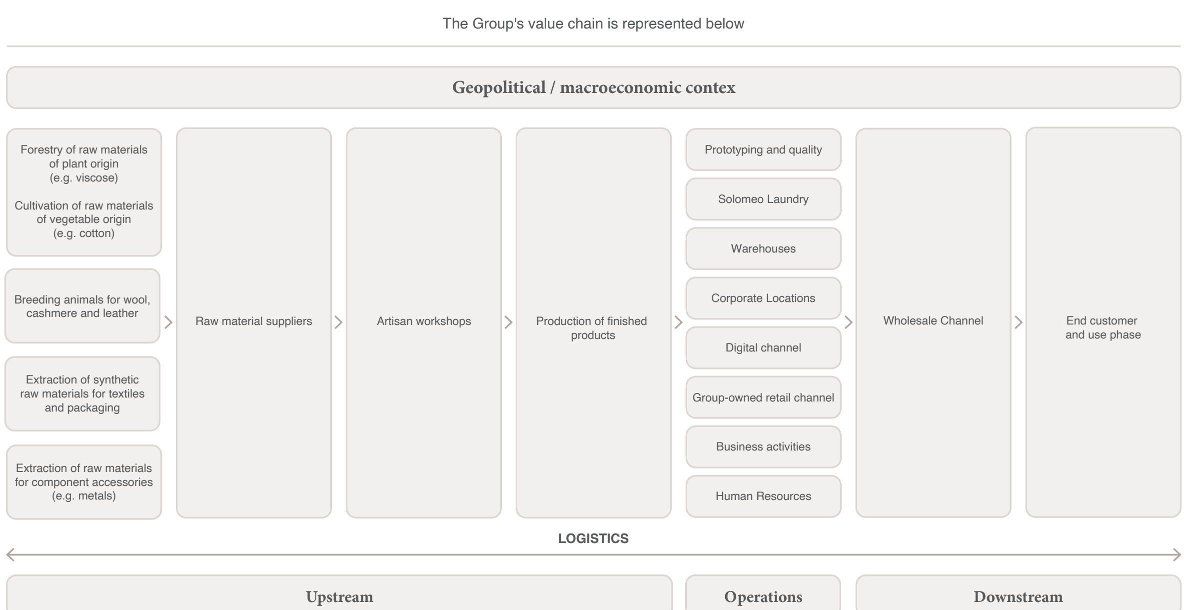
The Company is responsible for the design, production and sale of its collections through the physical and digital retail channel and the wholesale channel.

The process started with the creativity phase at the Style and Design Office, a creative team comprised of more than 60 people who work together with more than 100 tailors on a daily basis. The creative process involves defining the style of collections, designing the products and choosing the materials in accordance with quality and sustainability standards.

Once approved, the designed models are transmitted to the Company’s Prototype Department, which is a highly specialised workplace with more than 100 masters and technicians. The set of the validated prototypes creates the basis for developing the samples for the collection.

The products are produced in the laboratories of the small craft enterprises that represent the external production system. During each phase, repeated and rigorous quality checks are carried out directly by the Company to ensure the absolute quality of the finished product. These laboratories process the raw materials that were carefully searched for and selected by the Company. The first level of the supply chain is therefore comprised mainly by these two categories - suppliers of raw materials and artisan companies that produce the final product starting from the yarns and fabrics, accessories and components. This production phase has incoming and outgoing logistical flows that permit controls to be performed on the semi-finished product.
Upstream of the raw material suppliers, there are the people who cultivate, raise or extract the raw materials necessary for creating the products and the relative packaging that the company purchases abroad.
The downstream chain is instead comprised mainly of the channels that sale the collections, that is the physical and digital retail channel and the wholesale channel. The end customer that uses the products represents the final link in the value chain. The entire downstream value chain has logistical flows that differ depending on the customer and the geographical areas.

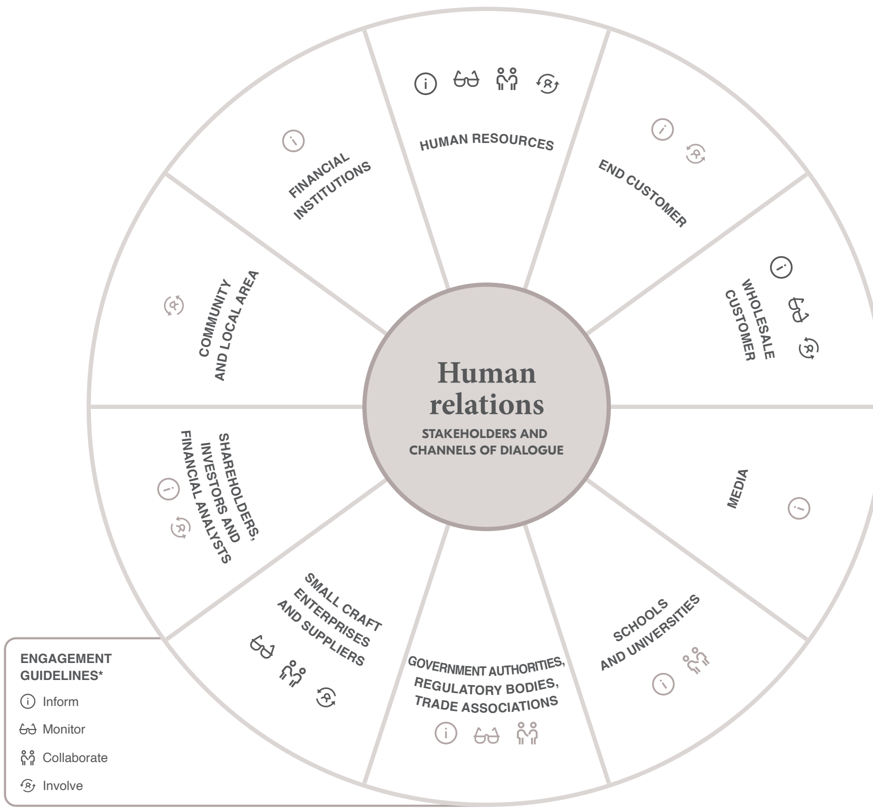
Figure 2: The value chain of the Casa di Moda



SBM-2 Interests and views of stakeholders

In managing our relationship with our stakeholders, we want them to be kept up to date on the Group's strategy, commitments and activities, in order also to gather their feedback in an increasingly conscious manner.

Figure 3: Our stakeholders



The company approach to the dialogue with stakeholders is defined in the Human Relations Policy (ref. "MDR-P Policies of the Casa di Moda"), which aims to define the principles and values that must guide moments of dialogue with all stakeholders, direct the methods of involvement and identify the internal functions responsible for the engagement and relative reporting process.

To make the Human Relations Policy operative, we formalised a Stakeholder Engagement Plan, with the following objectives:

– Promote strategic, continuous stakeholder engagement;
– Identify areas of improvement;
– Plan the best solutions in terms of involvement initiatives, differentiated by category of stakeholder;
– Provide a mechanism for evaluating the opportunities for engagement that have arisen.

Each stakeholder category has been classified by company management according to four guidelines of strategic importance that make it possible to identify the best dialogue channels to use to reinforce communication between the Group and its stakeholders.

In addition to the informal and ordinary methods of dialogue, since 2022 the company has organized ad hoc occasions every year to directly involve representatives of various stakeholder categories, based mainly on the topics of Human Sustainability. Until now, this has involved representatives from human resources, schools and universities, the PA and professional associations, artisan companies and raw material suppliers, the financial and regional community (ref. Sections S1-2 "Processes for engaging with own workforce and workers' representatives about impacts", "S2-2 Processes for engaging with value chain workers about impacts", "S3-2 Processes for engaging

with affected communities about impacts" and "S4-2 Processes for engaging with consumers and end-users about impacts").
We have also developed tools to support the monitoring of the engagement activity, with the aim of mapping the activities carried out and assessing the effectiveness of the engagement by each function on a semi-annual basis. The results of this semi-annual summary are then shared, as an aggregate, with the Council for Human Sustainability and for Humanistic Capitalism, as well as with the administration, management and control bodies.
Listening to stakeholder requests, which are collected through information channels as well as the procedures described above, allow the company to continuously include the evaluations of its stakeholders in the internal decision-making and strategic processes.

Stakeholders are also involved annually in the process of developing the Double Materiality analysis. The results of these analyses are reported to the CEO and the BoD for final approval.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Our relevant impacts, risks and opportunities (hereafter also "IROs") refer to all the ESRS Standard Topic and to two entity specific disclosures (i.e. work sites, generational transition). These IROs are mainly of a social nature, and secondly, environmental. The identified impacts are connected to the business model and are taken into consideration in the analysis for defining company strategies. Among the impacts that emerged, those of a potential nature prevail, which are equally distributed among those that concern own operations and the value chain.
The impacts and risks within the value chain require continuous management of the collaboration with suppliers and artisan laboratories, both from a social and environmental point of view, aimed at a constant consolidation of relations. This also includes a high-degree of control of the purchased raw materials. To mitigate the negative impact due to greenhouse gas emissions, the Group has developed a Carbon Strategy whose targets have been approved by the Science Based Target initiative (SBTi). The initiatives for the requalification and safeguarding of the territories generate positive impacts in Italy and abroad while also increasing the allure and exclusivity of the brand, generating opportunities in terms of reputation as they promote commercial development while positioning the brand within the exclusive high-end of the market.
The main impacts on a level of own operations concern employees. As the garments are mainly produced by the external production structure, the environmental impacts on a level of own operations are modest. In addition to guaranteeing legislative compliance, the company undertakes to implement additional virtuous measures, to the extent of its control.
Multiple risks derive from internal issues, such as risks related to corruption, generational transition, the violation of integrity of personal data, failure to respect the parameters of accessibility and inclusion towards end customers. Specific internal controls have therefore been defined and implemented, in terms of dedicated resources, governance structures and dedicated projects.
The Casa di Moda has also identified a positive impact and a risk connected to specific disclosures. The positive impact concerns the increase in employee wellbeing by promoting the beauty of the workplaces, which is a relevant principle of the company's philosophy that guarantees that operational activities, both in the offices as well as in the production departments, are carried out in well-kept and visually appealing workplaces. The risk concerns the potential compromising of brand positioning as a result of inadequate management of the generational transition on a governance level.
The Casa di Moda has started an analysis that is dedicated to identifying the possible financial effects related to the risks and opportunities of sustainability that have been identified as relevant. The analysis shows that in 2024, these risks and opportunities did not involve any financial effect.

The relevant topics, impacts, risks and opportunities are detailed below.

Table 1: List of the relevant topics, impacts, risks and opportunities

E1				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Negative impacts				
Generation of greenhouse gas due to the production and transformation or the raw materials used for the Collections	Actual	Upstream	Long-term	Climate change mitigation
Generation of greenhouse gas due to the upstream and downstream transport and distribution of the raw materials and semi-finished goods necessary for the Collections	Actual	Upstream Downstream	Long-term	
Increase in GHG emissions deriving from high levels of energy consumption at the company premises/ points of sale	Potential	Own operations	Medium-term	Climate change mitigation; energy
Risks				
Disruption of business continuity (e.g. warehouse operations/business support activities) due to extreme natural events	N.A.	N.A.	Short-term	Adaptation to climate change
Worsening of the financial conditions related to internal factors that involve failure to comply with the commitments taken on regarding financial or ESG aspects	N.A.	N.A.	Long-term	Climate change mitigation
Regulatory changes concerning the fight against climate change (e.g. Green Deal & Fit for 55) and absence of company governance/strategy concerning the climate	N.A.	N.A.	Medium-term	
Compromise of the image/reputation of the Brunello Cucinelli brand due to failure to reach the objectives of climate change mitigation	N.A.	N.A.	Long-term	

E2				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Negative impacts				
Water pollution due to inadequate management of water discharges by small craft enterprises and suppliers	Potential	Upstream	Medium-term	Water pollution
Pollution caused by the use of chemicals, in particular hazardous ones, along the supply chain (including the company)	Potential	Upstream Own operations	Medium-term	Substances of concern
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of pollution	N.A.	N.A.	Medium-term	Water pollution Substances of concern

E3				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Negative impacts				
Insufficient consumption of water resource along the supply chain (including the company)	Potential	Upstream Own operations	Medium-term	Water consumption
Inefficient management of water withdrawals, in particular in water-stressed areas along the supply chain (including the company)	Potential	Upstream Own operations	Medium-term	Water withdrawals
Water pollution due to inadequate management of water discharges by small craft enterprises and suppliers	Potential	Upstream	Medium-term	Water discharges
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of the consumption of water resources	N.A.	N.A.	Medium-term	Water consumption

E4				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Positive impacts				
Positive impacts on the local biodiversity conditions in territories of the Himalayas where the regenerative agriculture project “Himalayan Regenerative Fashion Living Lab” is ongoing	Actual	Upstream	Medium-term	Impacts and dependencies in terms of ecosystem services
Negative impacts				
Negative impacts on biodiversity resulting from cultivation, breeding and deforestation practices (for the production of cellulose, from which viscose is obtained) necessary for the production of the raw materials used in the collections	Actual	Upstream	Long-term	Soil degradation, desertification, soil sealing
Opportunity				
Reputational benefits and greater attractiveness towards investors by means of the positive external effects generated by the regenerative agriculture project “Himalayan Regenerative Fashion Living Lab”, whose significance is international	N.A	Upstream	Medium-term	Impacts and dependencies in terms of ecosystem services

E5				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Positive impacts				
Implementation of solutions that promote circularity, with particular reference to the longevity of the garments, their repair and recovery of production scraps	Actual	Upstream Downstream	Long-term	Inflows of resources, including use of the resources Outflows of resources connected to products and services
Negative impacts				
Negative impacts caused by inefficient management of waste along the supply chain (including the company), in terms of excessive production and poor attention to recovery and recycling operations	Potential	Upstream Own operations	Long-term	Waste
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of pollution	N.A.	N.A.	Medium-term	Waste

S1				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Positive impacts				
Increase in employee wellbeing by promoting company welfare and the payment of a correct wage	Potential	Own operations	Medium-term	Adequate wages
Development of human resources by defining continuous improvement and skill learning courses	Actual	Own operations	Medium-term	Skill training and development
Negative impacts				
Limited attention to aspects of work-life balance	Potential	Own operations	Medium-term	Work-life balance
Occupational accidents and/or diseases when performing work activities and/or related to interference (specific risks of the location), in reference to the human resources of the Casa di Moda	Actual	Own operations	Medium-term	Health and safety
Negative impacts on female employees, in terms of limited possibilities for personal and professional growth due to the presence of a pay gap between women and men	Potential	Own operations	Long-term	Gender equality and equal pay for equal work
Insufficient satisfaction regarding expectations for personal and professional growth of human resources	Potential	Own operations	Medium-term	Skill training and development
Lack of respect for values of diversity and inclusion or equal opportunities at the Casa di Moda	Potential	Own operations	Medium-term	Employment and inclusion of people with disabilities Diversity
Compromise of the privacy/availability/integrity of personal and human resource data due to internal factors (i.e. non-conformity of procedures, governance, applications in terms of privacy) and/or external factors (e.g. suppliers responsible for processing data for which the Casa di Moda is the data controller)	Potential	Own operations	Medium-term	Privacy
Risks				
Difficulties in finding specific resources and/or skills in the market or attracting them, mainly related to the increasing market demand for flexibility	N.A.	N.A.	Medium-term	Work-life balance
Risk of losing key skills/knowledge	N.A.	N.A.	Medium-term	Work-life balance
Labour law disputes	N.A.	N.A.	Medium-term	Health and safety
Undermining of employee motivation due to the failed/reduced application of diversity and inclusion values in the company, with negative consequences on reaching company objectives	N.A.	Own operations	Medium-term	Gender equality and equal pay for equal work Employment and inclusion of people with disabilities Diversity

S1				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Internal skill/knowledge level not aligned with the needs of the organisation, which can be traced back to the training phase (core business)	N.A.	Own operations	Medium-term	Skill training and development
Inability by the Group to meet requests from data subjects or failure to meet legal deadlines (e.g. deletion, access to data, rectification of data, withdrawal of consent)	N.A.	Upstream Own operations Downstream	Short-term	Privacy
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to external factors (e.g. suppliers responsible for processing the data for which BC is the data controller)	N.A.	Upstream Own operations Downstream	Short-term	
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to internal factors	N.A.	Upstream Own operations Downstream	Short-term	

S2				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Negative impacts				
Occupational accidents and/or diseases while performing work activities for the workers in the supply chain	Potential	Upstream	Medium-term	Health and safety
Failure to respect the principles of equal opportunity, diversity and inclusion, with reference to inclusion of persons with disabilities along the supply chain	Potential	Upstream	Short-term	Employment and inclusion of people with disabilities Diversity
Violation of human rights and fundamental labour rights along the supply chain, with particular reference to the phenomena of child labour	Potential	Upstream	Short-term	Child labour
Violation of human rights and fundamental labour rights along the supply chain, with particular reference to the phenomena of forced/mandatory labour	Potential	Upstream	Short-term	Forced labour
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of health and safety	N.A.	N.A.	Short-term	Health and safety

S2				
Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group to protect the principles of equality opportunities, diversity and inclusion	N.A.	N.A.	Short-term	Employment and inclusion of people with disabilities Diversity
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of the forced/mandatory labour and child labour	N.A.	N.A.	Short-term	Child labour Forced labour

S3				
Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Positive impacts				
Positive impacts on the local economy in territories of the Himalayas where the regenerative agriculture project “Himalayan Regenerative Fashion Living Lab” is ongoing	Actual	Upstream	Medium-term	Impacts related to the territory
Support for the redevelopment of the region and the promotion of the local artistic and cultural heritage	Actual	Upstream Own operations Downstream	Long-term	
Development/promotion of the quality and craftsmanship that reside in the territory deriving from the exclusivity and allure of the brand	Actual	Upstream Own operations Downstream	Long-term	
Opportunity				
Reputational benefits deriving from the lasting support activities for the local territories and communities	N.A.	Upstream Downstream	Long-term	Impacts related to the territory

S4

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Negative impacts				
Failed or partial protection of the privacy of personal data of customers and consumers	Potential	Downstream	Short-term	Privacy Protection of children
Risks				
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to external factors (e.g. suppliers responsible for processing the data for which BC is the data controller)	N.A.	Upstream Own operations Downstream	Short-term	Privacy
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to internal factors	N.A.	Upstream Own operations Downstream	Short-term	
Litigation with customers/associations (i.e. class action)	N.A.	Own operations Downstream	Short-term	Health and safety Responsible business practices
Negative effects for the Group deriving from products (e.g. manufactured items/lifestyle line) that do not comply with the Brunello Cucinelli quality standards (potentially harmful for the end customer)	N.A.	Own operations Downstream	Short-term	Health and safety
Inability by the Group to meet requests from data subjects or failure to meet legal deadlines (e.g. deletion, access to data, rectification of data, withdrawal of consent)	N.A.	Own operations Downstream	Short-term	Protection of children
Partial accessibility to shops by people with motor disabilities	N.A.	Own operations Downstream	Short-term	Non-discrimination Access to products and services

G1

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Negative impacts				
Failure to observe, along the supply chain, the practices necessary to guarantee respect for animal welfare	Potential	Upstream	Medium-term	Animal welfare
Harm to the interests of investors due to market abuses	Potential	Own operations	Medium-term	Accidents
Positive impacts				
Positive current and long-term impact on the artisan laboratories that collaborate with the Group, in relation to business volumes that are higher than the rest of the market that the Casa di Moda generates and has generated, also during periods of crisis	Actual	Upstream	Short-term	Management of supplier relations

G1				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Risks				
Acts of corruption in relations with public authorities (e.g. Inspection agencies, Customs Agency, Revenue Office) and private authorities (e.g. suppliers/ intermediaries)	N.A.	N.A.	Medium-term	Company culture
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group to ensure animal welfare	N.A.	N.A.	Medium-term	Animal welfare
Offence of abuse of privileged information (e.g. insider trading)	N.A.	N.A.	Medium-term	Accidents

Specific impact, risk and opportunity disclosures

Workplaces				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Positive impacts				
Increase in employee wellbeing by promoting the beauty of the workplaces	Actual	Own operations	Medium-term	/
Generational transition				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Risks				
Compromise of brand positioning as a result of inadequate management of the generational transition	N.A.	N.A.	Medium-term	/

RESILIENCE OF THE COMPANY STRATEGY AND MODEL

The Company has performed a qualitative analysis of the resilience of its own company model as regards its ability to face the relevant impacts and risks and take advantage of the relevant opportunities. This initial analysis covers a one-year period, in line with the Industrial plan and with the analysis of the compatibility of the objectives of the industrial plan with the company risk profile with respect to global and sector trends.

The result demonstrates a solid level of resilience with respect to the impacts, risks and opportunities.

The ability to mitigate the negative impacts and continue realising positive impacts has been analysed in consideration of the objectives of the industrial plan, the Sustainability plan (including the SBTi targets), the results of the 2024 ERM risk profile and the analysis of the compatibility of the objectives of the Industrial plan. In particular, the impacts related to climate change are monitored within the scope of the trajectory of emissions validated by SBTi; the impacts related to the supply chain, both environmental and social, are managed through the supplier qualification and selection processes; the business strategy, which is based on the absolute quality of the fashion garments, guarantees positive impacts thanks to maximum durability and the repair service offered by the company; the impacts related to employees (e.g. training, privacy, diversity, workplaces) are managed using multiple activity flows, whose resources are provided by the industrial plan.

The Company's resilience to risks is assessed at least once a year by the BoD through the internal control and risk management system (ref. ESRS 2 IRO-1).

In 2024, the Company carried out the following activities in order to assess its ability to manage risks:

– annual risk assessment, with the involvement of all the Company’s risk owners and the main Group subsidiaries;
– vertical analysis of the compatibility of the short-term strategic objectives with the risk profile defined by means of the risk assessment, with the global and sector trends for the 2024-25 period and with the possible risks emerging from these trends;
– vertical analysis of the risks connected to climate change, aimed at assessing the company’s ability to face the physical climate risks in different scenarios and take advantage of possible insights regarding transition risks and/or opportunities.

Based on the analyses performed, the BoD did not find elements that would make them believe that the audit and risk management system is not effective and adequate as regard the characteristics of the Company and its risk profile.

The Company's ability to take advantage of opportunities was assessed on a basis consistent with the approval of the Industrial plan, which includes projects and the relative economic resources able to provide continuity to the numerous initiatives for which the Casa di Moda is known as a reference of ethical luxury and from which significant reputational benefits derive.

GOVERNANCE

GOV-1 The role of the administrative, management and supervisory bodies

The corporate governance system is divided into the following bodies.

Administrative bodies	Board of Directors
Management bodies	Chief Executive Officers (CEOs); Chief Financial Officer (CFO)
Control bodies	Board of Statutory Auditors, External Auditors

In addition to these bodies, there is the Supervisory Board pursuant to Legislative Decree 231/2001 (SB).

Figure 4: The corporate governance structure

The responsibilities of the Group's governance bodies with regard to the impacts, risks and opportunities are stated in the "Procedure for defining the Double Materiality process pursuant to ESRS" and in the "Procedure for collecting the data necessary for the purposes of Consolidated Sustainability Reporting pursuant to Legislative Decree 125/2024". They are interpreted more specifically in multiple company policies, in particular the Human Relations Policy, Environmental Policy "We always act as loyal guardians of Creation", the Human Sustainability Policy "In Harmony with Creation", the Diversity and Inclusion, and Anti-corruption Policies, for which the administrative, management and supervisory bodies and/or the internal managerial functions are responsible for their implementation.

The Chief Executive Officers are responsible for the process for identifying and assessing the impacts, risks and opportunities connected to sustainability issues regarding the company and in the value chain. Company directors actively participate in assessing the IROs and the Board of Directors has the final responsibility for approving the results of the Double Materiality analysis.
The following functions participate in this process:
– Administration, Finance and Control, reporting to the CFO;
– Human Sustainability, reporting to the CEOs;
– ERM & Internal Audit, reporting to the Board of Directors.
The Board of Statutory Auditors, according to what is specified by art. 10 (1) of Legislative Decree 125/2024, supervises the observance of the provisions of the Decree and reports on this in the annual report to the Shareholders' Meeting. The external auditors verify compliance of the Double Materiality process pursuant to ESRS.

In relation to the sustainability objectives, the Board of Directors is ultimately responsible for the approval of the objectives contained in the Sustainability Plan.
The Council for Human Sustainability and Humanistic Capitalism performs an investigative, propositional and advisory support role, ensuring the coordination, monitoring and preparation of proposals for updating the content of the Sustainability plan.
The Chief Executive Officers (CEOs) contribute towards the process by performing a preliminary technical validation of the objectives before they are submitted to the BoD for final approval.
This governance structure guarantees an integrated decision-making process in which the BoD holds the final strategic responsibilities, and who are supported by the technical expertise and investigative contributions of the other bodies.

Responsibilities regarding sustainability are distributed among the various administrative, management and supervisory bodies, with particular reference to the Executive Chairman, the Chief Executive Officers, the CFO, some directors, members of the Board of Statutory Auditors as well as the external auditors. The members of the Board of Directors, which include the Chief Executive Officers, also currently include managers of the Company and Independent Directors with many years of experience and expertise in the fashion and luxury sector or in listed companies[5]. Furthermore, on a level of internal company functions, the Human Sustainability team is specifically dedicated to managing sustainability topics, with a proactive and advisory role that benefits the BoD and their internal advisory committees. Within the scope of the implementation of the Sustainability Plan, the Human Sustainability team coordinates and monitors the progress of the objectives and targets set by the Plan, in consultation with the corporate functions directly involved and reporting to the Chief Executive Officers. The Company has also relied on a network of expert sustainability advisors for many years.

5 For further details on the technical and specific skills of each member, please refer to the CVs published on the Company's Investor Relations website, at the following link: https://investor.brunellocucinelli.com/en/governance/board-of-directors.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The BoD, the Chief Executive Officers, the CFO and the Board of Statutory Auditors are informed at least annually on the relevant impacts, risks and opportunities by means of information flows managed by the Enterprise Risk Management & Internal Audit function and the Human Sustainability team. Furthermore, the latter also provides annual disclosures to the same bodies regarding the results and effectiveness of the policies, actions, metrics and objectives.

Starting from 2024, the Internal Audit team, with the support of consultants, also carries out an annual session that, with the direct involvement of at least one CEO, performs a more deep analysis of the strategic risks, also emerging ones, that can have an impact on the Group's Industrial plan in the short-term.

GOV-3 Integration of sustainability-related performance in incentive schemes

The incentive systems and remuneration policies connected to sustainability issues are regulated within the Company Remuneration Report[6].

Specifically, the remuneration policy for the Company's Directors, Top Management and Statutory Auditors is approved by the Shareholders' Meeting, following a proposal by the Board of Directors assisted by the Remuneration and Appointments Committee, in accordance with the recommendations of the Italian Stock Exchange Corporate Governance Code.

The remuneration policy provides for the payment of a fixed remuneration and a variable remuneration (Management By Objectives - MBO), to which performance metrics related to sustainability are added.

For the definition of the variable components intended for the Chief Executive Officers, the remuneration policy distinguishes between short-term components (with an annual time frame), connected to reaching short-term performance objectives, also of a non-economic nature (e.g. ESG), consisting (primarily) in a cash remuneration, as well as medium- and long-term components connected to reaching medium- to long-term performance objectives (objectives of at least 24 months), consisting "also" in financial instruments (equity-based). The short-term variable remuneration envisaged for CEOs is associated 50% with economic performance (turnover) and 50% with Human Sustainability goals.

GOV-4 Statement on due diligence

The Company implements its due diligence activities with the objective of identifying, assessing and managing its negative impacts on the environment and on people, as well as the risks deriving from these aspects, in reference both to their own activities as well as those related to the value chain.

The following table shows the disclosure requirements for sustainability reporting as well as the fundamental elements of our due diligence process.

6 The Company Remuneration Report can be consulted online at the following link: https://investor.brunellocucinelli.com/en.

Table 2: Due diligence

Fundamental elements of due diligence	Paragraphs in the Sustainability Statement
Integrate due diligence into governance, the strategy and the company model	GOV-1 The role of the administrative, management and supervisory bodies GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies GOV-3 Integration of sustainability-related performance in incentive schemes SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
Involve the stakeholders in all the fundamental phases of due diligence	SBM-2 Interests and views of stakeholders
Identify and assess the negative impacts	GOV-1 The role of the administrative, management and supervisory bodies SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities
Intervene to address the negative impacts	E1-3 Actions and resources in relation to climate change policies E2-2 Actions and resources related to pollution E3-2 Actions and resources related to water and marine resources E4-3 Actions and resources related to biodiversity and ecosystems E5-2 Actions and resources related to resource use and circular economy S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Fundamental elements of due diligence	Paragraphs in the Sustainability Statement
Monitor the effectiveness of the measures and communicate	E1-5 Energy consumption and mix E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions E2-4 Pollution of air, water and soil E2-5 Substances of concern and substances of very high concern E3-4 Water consumption E4-5 Impact metrics related to biodiversity and ecosystems change E5-4 Resource inflows E5-5 Resource outflows S1-6 Characteristics of the undertaking's employees S1-7 Characteristics of non-employee workers in the undertaking's own workforce S1-9 Diversity metrics S1-10 Adequate wages S1-12 Persons with disabilities S1-13 Training and skills development metrics S1-14 Health and safety metrics S1-15 Work-life balance S1-16 Compensation metrics S1-17 Incidents, complaints and severe human rights impacts G1-4 Confirmed incidents of corruption or bribery

GOV-5 Risk management and internal controls over sustainability reporting

The Casa di Moda has defined an internal control and management system for the risks connected to the sustainability reporting process. The system, which has been updated based on the reporting requirements defined by the CSRD and ESRS, benefits from the company's experience in terms of risk control and management acquired within the context of preparing the sustainability reports prior to the CSRD obligation.

Two interconnected procedures have been defined within the scope of sustainability reporting process governance, the "Procedure for collecting the data necessary for the purposes of Sustainability Reporting pursuant to Legislative Decree 125/2024" and the "Procedure for defining the Double Materiality process pursuant to ESRS", which regulate the processes for the definition, collection, preparation and approval of the sustainability disclosure subject to reporting.

The potential risks related to the reporting processes identified by the Casa di Moda concern: quality, accuracy and completeness of the data, failure to observe the deadlines and compliance with the regulations of reference.

The data collection and validation process includes three control levels: the first is performed by the data owners and the contact persons performing the operations; the second is performed by the Administration, Finance and Control team and the Human Sustainability team, also by means of reconciliation with other company information sources; the third is performed by the Internal Audit team, whose checks are subject to specific reporting to the administrative and control bodies.

With specific reference to the calculation of the organisation's carbon footprint, which includes the analysis of the so-called Scope 3 related to the value chain, the company has already been subjecting its own GHG emission inventory to Limited Assurance by third parties for many years.

In 2024, the Company started a significant and group-wide digitalisation process with the purpose of transforming company processes and information systems, which will also apply to the sustainability reporting processes.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

The process of identifying the impacts, risks and opportunities is based on analyses carried out on multiple categories of documentary sources: macrotrends and sector reports, economic-financial results and the Group's 2023 Consolidated non-financial statement (NFS), ESG rating and Group risk rating, ESRS, ex-TCFD and TNFD framework[7], a selection of peers, regulatory sources. Furthermore, the value chain of the Casa di Moda was analysed by mapping the categories of actors that are part of it and, for each of them, the sector, the measurement of relevance and the type of relation with the Casa di Moda, the specific activity performed and the geographical location was identified for each of them.

Each impact was identified in consideration of the connections with the risks and opportunities that can derive from them. Furthermore, each impact, risk and opportunities identified in a long list was associated with one or more sub-sub-topics defined by the ESRS, or to sustainability topics not covered by the ESRS.

The nature (effective or potential), the area of the value chain in which it falls, the connected geographic factors, the relative business reports in the case of upstream and/or downstream impacts, the time period of the effects and any correlation with human rights were identified for every impact.

The time period of the financial effects on the organisation was identified for every risk and opportunity.

The process of assessing the impacts, risks and opportunities is carried out through the involvement both of company management as well as some stakeholder categories. Management was involved through interviews concerning their area of responsibility (e.g. impacts, risks and opportunities connected to the sub-sub-topic “health and safety of the own workforce” were evaluated by the RSPP). The involved stakeholders were selected in accordance with the Company's Stakeholder Engagement Plan and with the methodological requirements of the ESRS: this concerns one expert stakeholder (e.g. university professor with recognised sustainability experience), a representative sample of human resources and the financial community. Each of them was requested to assess the impacts, risks and opportunities (the latter are assessed only by the expert stakeholder and the financial community) based on their areas of responsibility (e.g. the employees assessed the impacts connected to the own workforce). The tools used were face-to-face focus groups and digital interviews and surveys. Both the management as well as the stakeholders had the possibility to add to the long list of impacts, risks and opportunities by identifying additional ones.

The relevance of the impacts was assessed using a metric based on probability and severity parameters. Three separate dimensions of severity were analysed, the extent, scope and, only in the case of negative impacts, the irreparable nature. Each impact was traced to an area of reference (e.g. environment, person, etc.), to each of which specific metrics correspond. The severity of the impact is calculated as the average of the values for the extent, scope and, if applicable, the irreparable nature. In the case of impacts regarding human rights, a stricter materiality threshold was applied, which places more weight on severity with respect to the probability of occurrence. The probability is assessed in relation to the potential positive and negative impacts.

The risks are identified and assessed using the Enterprise Risk Management (ERM) processes, through annual risk assessments. This process, which is regulated by the ERM guidelines approved by the BoD, was integrated into the Double Materiality analysis as required by the relative procedure. According to the methodology defined by the Company, the assessment process is based on interviews with the risk owners performed by the Internal Audit team, with the support of specialised consultants. During these interviews, the risks are identified and assessed by the Risk Owners on an inherent level (i.e. regardless of the internal control system used by the Company), regarding their Probability and Extent, in accordance with the metrics approved by the CEOs and based on economic-financial criteria as well as qualitative criteria.

7 *Task Force on Climate-related Financial Disclosure* and *Task Force on Nature-related Financial Disclosure*.

Risk identification and assessment can include aspects connected to the topics mapped by the ESRS. Any correlation, also in terms of causality, with these topics (and/or the impacts already mapped by the same owners or other owners) is addressed by the Internal Audit team during the risk assessment, together with the other teams identified in the Double Materiality procedure and with the methods defined therein. This possible correlation is subject to validation by the responsible risk owners.

The opportunities, to the extent in which they are connected to ESG topics, are identified and assessed during the Double Materiality process based on qualitative metrics (mainly based on reputational criteria) as well as quantitative metrics (based on economic-financial criteria). The Administration, Finance and Control function is responsible for this.
The risks are prioritised at the end of the risk assessment activities, in consideration of the residual level of the risk. The risks related to sustainability are included in this prioritisation, without prevalence when attributing the priority of treatment.
Nevertheless, based on the ERM guidelines, if a risk has an assessment with a residual level that exceeds the risk appetitive determined by the Company for its category, the management of reference is required to immediately define a plan that aims to return the risk profile within the limits defined by the BoD.
The Company has adopted a procedure for performing the Double Materiality analysis that regulates the method for integrating the identification and assessment of the impacts, risks and opportunities. This integration is based on the collaboration of the Administration, Finance and Control, Internal Audit and Human Sustainability teams. Also from this point of view, the ERM process foresees that validation of the risk assessment by the owners includes the possible correlation between the identified risks and impacts. These impacts can also be among the causes or consequences of the risk mapped in the risk register.
The identification and assessment of the opportunities is limited to the opportunities connected to the ESG topics specified by the ESRS.
The results of the Double Materiality analysis led to the identification of the relevant information to provide in this report.

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
2	BP-1	General basis for preparation of sustainability statements		82
	BP-2	Disclosures in relation to specific circumstances		82
	GOV-1	The role of the administrative, management and supervisory bodies	Gender diversity in the board, paragraph 21, letter d)	98
			Percentage of independent members of the board of directors, paragraph 21, letter e)	98

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		100
	GOV-3	Integration of sustainability-related performance in incentive schemes		100
	GOV-4	Statement on due diligence		100
	GOV-5	Risk management and internal controls over sustainability reporting		102
	SBM-1	Strategy, business model and value chain	Involvement in activities connected to activities in the fossil fuel sector, paragraph 40 (d) (i)	82
			Involvement in activities connected to the production of chemicals, paragraph 40 (d) (ii)	82
			Participation in activities connected to controversial weapons, paragraph 40 (d) (iii)	Not applicable
			Involvement in activities connected to the cultivation and production of tobacco, paragraph 40 (d) (iv)	Not applicable
	SBM-2	Interests and views of stakeholders		85
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		87
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities		103
	IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements		104
	Policies MDR-P	Policies adopted to manage material sustainability matters		114
	Actions MDR-A	Actions and resources in relation to material sustainability matters		117
	Metrics MDR-M	Metrics in relation to material sustainability matters		117

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	Targets MDR-T	Tracking effectiveness of policies and actions through targets		117
E1	ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes		119
	E1-1	Transition plan for climate change mitigation	Transition plan to reach climate neutrality by 2050, paragraph 14	119
			Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	119
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		119
	ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities		120
	E1-2	Policies related to climate change mitigation and adaptation		122
	E1-3	Actions and resources in relation to climate change policies		124
	E1-4	Targets related to climate change mitigation and adaptation	GHG emission reduction targets, paragraph 34	124
	E1-5	Energy consumption and mix	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	125
			Energy consumption and mix, paragraph 37	125
			Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	126
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Gross GHG emissions intensity paragraphs 53 to 55	127
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits		Not applicable as the Casa di Moda does not use carbon credits
	E1-8	Internal carbon pricing		Not applicable as the Casa di Moda does not use an internal carbon pricing system

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		Phase-in
E2	ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities		133
	E2-1	Policies related to pollution		133
	E2-2	Actions and resources related to pollution		134
	E2-3	Targets related to pollution		134
	E2-4	Pollution of air, water and soil	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	135
	E2-5	Substances of concern and substances of very high concern		135
	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities		Phase-in, except for 40b: during the period of reference, the Casa di Moda did not have operating expenses (Opex) or capital expenditures (Capex) in conjunction with major deposits and incidents
E3	ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities		136
	E3-1	Policies related to water and marine resources	Water and marine resources, paragraph 9	137
			Dedicated policy, paragraph 13	Not applicable
			Sustainable oceans and seas paragraph 14	Not applicable
	E3-2	Actions and resources related to water and marine resources		137
	E3-3	Targets related to water and marine resources		137

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	E3-4	Water consumption	Total water recycled and reused paragraph 28 (c)	138
			Total water consumption in m3 per net revenue on own operations, paragraph 29	138
	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities		Phase-in
E4	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model		139
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		139
	ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	E4 paragraph 16 (a) (i)	139
			E4 paragraph 16 (b)	139
			E4 paragraph 16 (c)	139
	E4-2	Policies related to biodiversity and ecosystems	Sustainable land / agriculture practices or policies paragraph 24 (b)	Not applicable
			Sustainable oceans / seas practices or policies paragraph 24 (c)	Not applicable
			Policies to address deforestation paragraph 24 (d)	140
	E4-3	Actions and resources related to biodiversity and ecosystems		141
	E4-4	Targets related to biodiversity and ecosystems		141

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	E4-5	Impact metrics related to biodiversity and ecosystems change		The Company has not identified sites located in or near biodiversity-sensitive areas that it is negatively affecting. Furthermore, the Casa di Moda does not directly contribute to the impact drivers of land-use change, freshwater -use change and/or sea-use change
	E4-6	Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities		Phase-in
E5	ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities		142
	E5-1	Policies related to resource use and circular economy		142
	E5-2	Actions and resources related to resource use and circular economy		143
	E5-3	Targets related to resource use and circular economy		144
	E5-4	Resource inflows		144
	E5-5	Resource outflows	Non-recycled waste paragraph 37 (d)	146
			Hazardous waste and radioactive waste paragraph 39	147
	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities		Phase-in
S1	ESRS 2 SBM-2	Interests and views of stakeholders		169

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Risk of incidents of forced labour, paragraph 14 (f)	169
			Risk of incidents of child labour, paragraph 14 (g)	169
	S1-1	Policies related to own workforce	Human rights policy commitments, paragraph 20	162
			Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	172
			Processes and measures for preventing trafficking in human beings paragraph 22	172
			Workplace accident prevention policy or management system paragraph 23	172
	S1-2	Processes for engaging with own workers and workers' representatives about impacts		174
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Grievance/complaints handling mechanisms paragraph 32 (c)	175
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		179
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		181
	S1-6	Characteristics of the undertaking's employees		182
	S1-7	Characteristics of non-employee workers in the undertaking's own workforce		184
	S1-9	Diversity metrics		184
	S1-8	Collective bargaining coverage and social dialogue		Non-material topic
	S1-10	Adequate wages		185
	S1-11	Social protection		Non-material topic
	S1-12	Persons with disabilities		185

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	S1-13	Training and skills development metrics		186
	S1-14	Health and safety metrics	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	187
			Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	187
	S1-15	Work-life balance metrics		188
	S1-16	Compensation metrics (pay gap and total compensation)	Unadjusted gender pay gap paragraph 97 (a)	189
			Excessive CEO pay ratio paragraph 97 (b)	189
	S1-17	Incidents, complaints and severe human rights impacts	Incidents of discrimination paragraph 103 (a)	189
			Non-respect of UNGPs on Business and Human Rights and OECD, paragraph 104 (a)	189
Specific disclosure		Workplaces		191
S2	ESRS 2 SBM-2	Interests and views of stakeholders		193
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	193
	S2-1	Policies related to value chain workers	Human rights policy commitments, paragraph 17	196
			Policies related to value chain workers, paragraph 18	196
			Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	196
			Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19	196
	S2-2	Processes for engaging with value chain workers about impacts		196
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns		197

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	198
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		198
S3	ESRS 2 SBM-2	Interests and views of stakeholders		199
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		199
	S3-1	Policies related to affected communities		200
	S3-2	Processes for engaging with affected communities about impacts		200
	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns		201
	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions		201
	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		202

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
S4	ESRS 2 SBM-2	Interests and views of stakeholders		203
	ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		203
	S4-1	Policies related to consumers and end-users	Policies related to consumers and end-users, paragraph 16	205
			Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 17	205
	S4-2	Processes for engaging with consumers and end-users about impacts		206
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		206
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Human rights issues and incidents paragraph 35	207
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities		207
G1	GOV-1	The role of the administrative, management and supervisory bodies		208
	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities		210
	G1-1	Corporate culture and business conduct policies	United Nations Convention against Corruption paragraph 10 (b)	211
			Protection of whistle- blowers paragraph 10 (d)	Not applicable
	G1-2	Management of supplier relations		213

ESRS Standard	Disclosure obligation	Description of the disclosure obligation	List of the information specified in the transversal and thematic standards deriving from other EU legislative acts	Page reference section/ Reason for the exclusion
	G1-3	Prevention and detection of corruption and bribery		214
	G1-4	Confirmed incidents of corruption or bribery	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	215
			Standards of anti- corruption and anti-bribery paragraph 24 (b)	215
	G1-5	Political influence and lobbying activities		Non-material topic
	G1-6	Payment practices		Non-material topic
Entity specific		Generational transition		216

MDR-P Policies of the Casa di Moda[8]

The Casa di Moda has a broad and structured policy system for the protection of the environment and the main stakeholder categories[9], in line with ethical business conduct.

The **Code of Ethics** lies at the base of the entire body of internal policies and defines the rules, values and principles that form the basis of Group operations, and takes on a role of guiding the behaviours and actions of all stakeholders.

The adoption and application of the Code of Ethics is essential for the achievement of the Company's primary objective, which is the creation of value for all the Group's stakeholders.

It is an integral part and reference ethical framework of Brunello Cucinelli's Model 231, formalising a coherent system of organisational, management and control principles, provisions and procedures.

The Company policies are presented below.

8 For more information about the policies of the Casa di Moda, refer to the *Governance* section of the website, at the following link: https://investor.brunellocucinelli.com/en/services/archive/governance/human-sustainability.

9 The policies must be brought to the attention of all stakeholders, including the employees of all Group companies, through suitable communication channels, including publication on the corporate website and on the corporate intranet, and translated into pertinent languages to guarantee effective dissemination. Once properly informed, all the stakeholders are required to comply with the principles contained therein.

Figure 5: Presentation of company policies

Policy	Contents and objectives	Scope of application	Monitoring and most senior level responsible	Reference Regulations	Reference ESRS
Human Sustainability Policy "In Harmony with Creation"	Approved in 2021, it represents the philosophical framework of the Casa di Moda. It is embodied in the commitments that the Group has defined internally and in its relations with external stakeholders and which also constitute the cornerstones of the strategy expressed in the Sustainability Plan. In this sense, the Policy represents the frame of reference for the management processes of impacts, risks and opportunities in the field of sustainability.	The recipients of the Human Sustainability Policy are all those who act in the name of and/or on behalf of the Group or in its interest. For example: corporate bodies and their members, employees, collaborators, raw material suppliers and small craft enterprises, consultants and all our other partners.	The Council for Humanistic Capitalism and Human Sustainability is directly responsible of the implementation, coordination, monitoring and the updating of the contents of the Policy. It is approved by the Board of Directors, which holds the ultimate responsibility for strategic decisions and projects on sustainability issues.	United Nations General Assembly Resolution 217A (III) Universal Declaration of Human Rights, A/RES/217(III) (10 December 1948) The United Nations General Assembly Resolution 70/1, Transforming our World: the 2030 Agenda for Sustainable Development, A/RES/70/1 (25 September 2015) United Nations Framework Convention on Climate Change 2015 Paris Agreement UN Global Compact, The 10 Principles (24 June 2004) Organizzazione per la Organisation for Economic Co-operation and Development, OECD Guidelines for Multinational Enterprises (25 May 2011) International Labour Organisation, Conventions on fundamental labour rights and principles	*E1 – Climate change* *E2 – Pollution* *E3 – Water and marine resources* *E4 – Biodiversity and ecosystems* *E5 – Resource use and circular economy* *S1 – Own workforce* *S2 – Workers in the value chain* *S3 – Affected communities* *G1 – Business conduct*
Human Relations Policy	Adopted in 2021, it is based on the core value of sharing, which permeates the company philosophy and working method. It embraces all the subjects involved within the value creation chain with the aim of implementing a strategic approach capable of preserving lasting human relations. The Policy contains principles and values that must guide the moments of dialogue with all stakeholders and represents the frame of reference for the management of all sustainability impacts, risks and opportunities connected to the management of relations with stakeholders pertaining to the Casa di Moda. The multiplicity and heterogeneity of the categories of stakeholders with whom we interact requires us to use tools and channels of dialogue that take into account the specificities and interests of each type. Stakeholder communication and involvement is mainly developed through informal dialogue channels, which are based on direct relations between the relevant corporate functions and individual stakeholders. The frequency of dialogue varies depending on the type of stakeholder and the channel activated: there may be annual occasions for discussion, as well as interactions characterised by a daily continuity, capable of adapting to the needs of the stakeholders. Informal channels of dialogue are then complemented by periodic formalised moments of engagement (focus groups or questionnaires).	The Policy is addressed to all the Group's Regions and all the functions identified as responsible for engagement with the different categories of Stakeholders, who are considered the direct recipients of its contents and are Employees, End Customers, Wholesale Customers, Media, Public Administration, Regulatory Bodies, Trade Associations, Schools and Universities, Community and territory, Small craft enterprises and suppliers, Community (shareholders, investors and financial analysts), Financial Institutions.	The Council for Humanistic Capitalism and Human Sustainability is directly responsible of the implementation, coordination, monitoring and the updating of the contents of the Policy. The Policy is approved by the Board of Directors. The ultimate responsibility for strategic decisions and projects on sustainability lies with the Board of Directors itself, which has a role in defining and guiding the Group's sustainability policies implementation activities. The Group is committed to periodically monitoring the effectiveness of its stakeholder engagement processes, assessing in particular the following dimensions: i) commitment; ii) objectives; iii) inclusiveness, in terms of internal functions and categories of stakeholders involved; iv) operational methods of engagement; v) level of stakeholder participation.	Universal Declaration of Human Rights of 1948 Conventions on fundamental labour rights and principles of International Labour Organisation (ILO) AA1000 Stakeholder Engagement Standard (2015) ESRS of CSRD, with specific reference to the principle of "stakeholder inclusiveness"	*S1 – Own workforce* *S2 – Workers in the value chain* *S3 – Affected communities* *S4 – Consumers and end-users*

Policy	Contents and objectives	Scope of application	Monitoring and most senior level responsible	Reference Regulations	Reference ESRS
Environmental Sustainability Policy "We always act as loyal guardians of Creation"	Adopted by the Board of Directors on 29 August 2023, the policy identifies the fight against climate change as one of the main areas of environmental action, in terms of climate change mitigation and adaptation, with particular reference to the calculation of the carbon footprint and the climate strategy with reduction targets validated by SBTi. We are committed to ensuring that environmental protection is always recognised as a core principle of our business activities. The Policy defines the main guidelines around which specific actions and strategies are defined to achieve environmental objectives.	It covers all the company's activities, both direct and indirect. With reference to the supply chain, the Casa di Moda is committed to monitoring the alignment of partners with what is regulated by the Policy. Where possible, direct suppliers are requested to implement the same checks in respect of their own suppliers. The main stakeholders affected by the policy are producers and suppliers of raw materials and craft workshops, human resources and other collaborators, and consultants.	The Council for Humanistic Capitalism and Human Sustainability is directly responsible of the implementation, coordination, monitoring and the updating of the contents of the Policy. It is approved by the Board of Directors, which holds the ultimate responsibility for strategic decisions and projects on sustainability issues. The monitoring of the impacts of the Casa di Moda's activities is subject of specific reporting within the Consolidated Sustainability Reporting.	United Nations Rio Declaration on Environment and Development (1992) Ten Principles of the UN Global Compact (Principles VII, VIII and IX) United Nations 2030 Agenda for Responsible Development Sustainable Development Goals (SDGs) SDGs #7 – Affordable and clean energy, #12 – Responsible consumption and production, #13 - Climate action and #15 – Life on land 2015 Paris Agreement EU Green Deal OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023)	*E1 – Climate change* *E2 – Pollution* *E3 – Water and marine resources* *E4 – Biodiversity and ecosystems* *E5 – Resource use and circular economy*
Diversity and Inclusion Policy	Adopted in 2021, it is structured in five pillars: "dignity of work", "culture of diversity", "inclusive leadership" and "equal opportunities" and "inclusive communication". For each pillar, the Policy defines specific actions that we are committed to implementing. We are committed to ensuring that the principles and commitments expressed within this policy underpin the entire professional life of our collaborators - both employees and non-employees - and are extended to the Group's relations with the outside world, with the aim of promoting their universality.	The Policy applies to all companies in the Brunello Cucinelli Group, as well as in relations with third parties entertained by those acting in the name of and on behalf of the companies in the Brunello Cucinelli Group.	The Council for Humanistic Capitalism and Human Sustainability is directly responsible of the implementation, coordination, monitoring and the updating of the contents of the Policy.	Universal Declaration of Human Rights and the United Nations Convention No. 111 on Discrimination of the International Labour Organisation (ILO) Sustainable Development Goals (SDGs) #5 – Gender equality and Goal #10 – Reduced inequalities	*S1 – Own workforce* *S2 – Workers in the value chain*
Privacy Policy System	The Policy system deals with the processing of personal data, based on the principles of correctness, lawfulness, transparency, purpose limitation and storage, minimisation and accuracy, integrity and confidentiality, and the principle of accountability. Personal data will therefore be processed in accordance with the legal provisions of the Regulation and the confidentiality obligations therein. Processing of personal data means any operation, automated or otherwise, applied to such data, such as collecting, storing, modifying, consulting, using, sharing, comparing, limiting or deleting.	The Policy applies to all business Regions, as well as to the entire value chain, in the area of confidentiality and data protection personal data. The stakeholders identified as recipients of the Policy are: employees, customers and suppliers.	Pursuant to Article 24 GDPR: The data controller is responsible for implementing appropriate technical and organisational measures to ensure and demonstrate compliance with the GDPR. "Controller" means the Company and, more specifically, the senior management of the company (Board of Directors, CEO) which is, by law, the highest level responsible for regulatory compliance with regard to the protection of personal data. The Data Controller reserves the right to amend or simply update the content, in part or in full, also due to changes in the applicable legislation.	Art. 13 of Legislative Decree no. 196/2003 EU Regulation 679/2016	*S1 – Own workforce* *S4 – Consumers and end-users*

MDR- A Actions and policies of the Casa di Moda
The actions of the Casa di Moda related to the current year are reported in the specific disclosure sections of each ESRS.

MDR-M Metrics of the Casa di Moda
The metrics in this document are identified by precise names and/or descriptions and, depending on the cases, detailed information is provided about the applied methodologies, the significant assumptions adopted and any limits to the methodologies themselves. The details regarding the individual metrics are provided in the specific disclosure sections of each ESRS.

The metrics related to the Group's GHG emissions inventory are validated by an external body.

Furthermore, the metrics for the year of references are used to evaluate the services and the effectiveness in relation to the relevant impacts, risks and opportunities.

MDR-T Targets of the Casa di Moda
The new 2024-2028 Sustainability Plan of the Casa di Moda, entitled "In Harmony with Creation" was created based on the qualitative and quantitative short, medium and long-term objectives and targets (ref. "SBM-1 Strategy, business model and value chain").

The purpose of the Plan is to continue defining the strategic objectives of sustainability, taking into account the context in which the Casa di Moda operates, the demands of the main stakeholders and the framework defined by the United Nations 2030 Agenda and the correlated Sustainable Development Goals (SDGs).

In alignment with this framework of reference, the targets of the Casa di Moda are presented below, and which are explained in more detail in the dedicated sections present in the individual ESRS.

Figure 6: Presentation of the company targets

ESRS	Unit of measurement		Target description	Target year	Scope
E1 Climate change	%	Relative	SBTi target: 70% reduction in GHG Scope 1 and 2 emissions compared to 2019	2028 *(ongoing)*	Own Operations
	%	Relative	SBTi target: 22,5% reduction of GHG Scope 3 emissions compared to 2019		Upstream Own Operations Downstream
E5 Circular economy	%	Relative	Fabric packaging: at least 25% fabric packaging produced within the «Direct Management of Production Scrap Disposal» Project	2025	Upstream Own Operations
	%	Relative	Paper/cardboard packaging: at least 90% of the purcha-sed FSC-certified		Upstream Own Operations
S1 Own workforce	n	Absolute	Realisation of 2 additional workshops on the theme of Diversity and Inclusion	2025	Own Operations
	n	Absolute	Extension of the Group Privacy Model to at least 4 additional foreign Regions		Own Operations
S2 Workers in the value chain	%	Relative	Involvement of raw material suppliers, who account for about 95% of the Group's raw materials, through the completion of a qualitative-quantitative self-assessment questionnaire (personnel section)	2025	Upstream Own Operations
	%	Relative	Audit activities on at least 90% of the Group's small craft enterprises		Upstream Own Operations
G1 Business conduct	n	Absolute	Realisation of 2 workshops on anti-corruption and ethical business conduct	2025	Own Operations

* The absolute value of Scope 1 and 2 emissions, which represents the base year of the target equals 3,844 t CO_2e.
* The absolute value of Scope 3 emissions, which represents the base year of the target equals 71,121 t CO_2e.
*** As at 31.12.2024, 17% of fabric packaging purchased by the Casa di Moda derives from the project "Recovery of production scraps"
**** As at 31.12.2024, 94% of paper/cardboard packaging purchased by the Casa di Moda is FSC certified.
***** As at 31.12.2024, the suppliers involved in the compilation of the questionnaire represent 95% of the Group's raw materials.
****** As at 31.12.2024, the audit activity involved 98% of the small craft enterprises.

ENVIRONMENTAL INFORMATION

E1 Climate change

GOVERNANCE

ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes
With reference to 2024 for the remuneration of the members of the administrative, management and supervisory bodies, the Casa di Moda took into account climate related considerations when defining the variable short-term component of the remuneration structure for the Chief Executive Officers. Specifically, the climate-related ESG targets are represented by the preparation of the 2024 GHG inventory, with assurance by third parties, and by the preparation of the Climate Change section of the Carbon Disclosure Project (CDP) questionnaire.

STRATEGY

E1-1 Transition plan for climate change mitigation
Within the scope of the sustainability plan "In Harmony with Creation" (2024-2028), the Casa di Moda decided to develop a transition plan for climate change mitigation by 2026. Currently, in line with what is set forth by the Group's Carbon Strategy, the Casa di Moda has defined specific and virtuous targets for the reduction of direct (Scope 1) and indirect (Scope 2 and 3) emissions generated by the Group. In 2023, these targets, which were defined in line with the actions necessary for containing the warming of the climate to 1.5°C, according to what is defined in the Paris Agreement, were approved by the Science Based Targets Initiative (SBTi).

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
The analysis of risks related to climate change has become a crucial component of the company's management strategy. As a result of the Double Materiality analysis performed by the Casa di Moda, the physical and transition risks indicated below in the table were defined which, if not managed in a suitable manner, can lead to negative effects both locally as well as globally, pointing out the need for effective adaptation and mitigation policies and strategies.

Table 3: Physical and transition climate-related risks

Significant climate-related risk	Physical risk	Transition risk
Disruption of business continuity (e.g. warehouse operations/business support activities) due to extreme natural events (e.g. drought, heavy rains, flooding, landslides)	x	
Worsening of the financial conditions related to internal factors that involve failure to comply with the commitments taken on regarding financial or ESG aspects		x
Regulatory changes concerning the fight against climate change (e.g. Green Deal & Fit for 55) and absence of company governance/strategy concerning the climate		x
Perception by external stakeholders that the principles of sustainability were not or were not sufficiently distributed within the Group		x

In consideration of this, the Casa di Moda has performed a resilience analysis regarding climate change during the period between the end of 2024 and the beginning of 2025, basing it on scenarios applicable to the Group's business model.
The analysis is based on scientifically recognised sources, such as the IPCC[10] AR5 and AR6 reports, and is coherent with the guidelines of the Network for Greening the Financial System (NGFS).

The analysis also considered the Shared Socioeconomic Pathways (SSP1, SSP2, SSP5), which define different macroeconomic, technological and political contexts:

- SSP1 – Sustainability (aligned with IEA Net Zero): sustainable development, global cooperation, rapid abandonment of fossil fuels;
- SSP2 – Middle of the Road: gradual transition, moderate climate policy;
- SSP5 – Fossil-fuelled Development: economic growth based on fossil fuels., low regulation.

The time periods considered are medium-term (2030) and long-term (2050).

The result of the analysis demonstrated that the company is strongly capable of managing the negative effects deriving from possible physical risks related to climate change. Therefore, following this analysis, it was not necessary to change the Company's strategy.

With reference to the physical climate risks, an analysis was performed based on scenarios RCP 2.6 and RCP 8.5[11] identified by the IPCC in order to evaluate the possible consequences for the business regarding business continuity, in light of the chronic and acute physical risks:
i) along the supply chain, related specifically to the production sites of the Italian artisan companies. Specifically, the identified physical risks were: landslide risk for the regions of Umbria and Tuscany, flood risk for the regions of Tuscany and Veneto, heat waves, drought and heavy rain;
ii) at the Solomeo site and the production facilities in Penne. Specifically, the identified physical risks were: heat waves, drought and heavy rain;
iii) at the logistics site located in the United States (USA). Specifically, the identified physical risks were: heavy rain and storms, also with serious problems related to the coldwaves that occurred in the past;
iv) in terms of dependency on strategic materials such as cashmere and cotton. Specifically, for cotton, droughts represent the main acute climate risk, threatening the yield and quality of the fibres. As concerns cashmere, the dzud, a climatic phenomenon that affects central Asia, with hot and dry summers followed by severe winters, represents the main acute climate risk, threatening the survival of the animals and the quality of the fibres.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections

10 *Intergovernmental Panel on Climate Change*.
11 RCP 2.6, scenario of strong mitigation in line with heating limited to approximately +1.5°C–2°C, useful for evaluating the transition risks associated with ambitious policies (e.g. European Green Deal, Fit for 55, ESG regulations); RCP 8.5, high-emission scenario, representative of a trajectory without effective mitigation, useful for evaluating long-term acute and chronic physical risks.

of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

Table 4: List of impacts, risks and opportunities relevant to the topic of climate change[12]

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Negative impacts				
Generation of greenhouse gas due to the production and transformation or the raw materials used for the Collections	Actual	Upstream	Long-term	Climate change mitigation
Generation of greenhouse gas due to the upstream and downstream transport and distribution of the raw materials and semi-finished goods necessary for the Collections	Actual	Upstream Downstream	Long-term	
Increase in GHG emissions deriving from high levels of energy consumption at the company premises/ points of sale	Potential	Own operations	Medium-term	Energy
Risks				
Disruption of business continuity (e.g. warehouse operations/business support activities) due to extreme natural events	N.A.	N.A.	Short-term	Adaptation to climate change
Worsening of the financial conditions related to internal factors that involve failure to comply with the commitments taken on regarding financial or ESG aspects	N.A.	N.A.	Long-term	Climate change mitigation
Regulatory changes concerning the fight against climate change (e.g. Green Deal & Fit for 55) and absence of company governance/strategy concerning the climate	N.A.	N.A.	Medium-term	
Compromise of the image/reputation of the Brunello Cucinelli brand due to failure to reach the objectives of climate change mitigation	N.A.	N.A.	Long-term	

Although these evaluations were not performed with the formal consultation of the affected communities, for all the environmental topics covered in the document (E1 *Climate change*, E2 *Pollution*, E3 *Water and marine resources*, E4 *Biodiversity and ecosystems*, E5 *Resource use and circular economy*), the Casa di Moda maintained a constant dialogue with the territory and its communities. It has always considered it to be a priority and a precise moral duty to actively contribute towards improving the quality of life and economic, social, cultural, civil and medical-scientific development of the areas in which it operates through targeted initiatives and collaborations that support the wellbeing and growth of the local communities.

12 The assets analysed are the sites and facilities of the Casa di Moda and those of the direct suppliers of the supply chain.

E1-2 Policies related to climate change mitigation and adaptation

The **Human Sustainability Policy** "In Harmony with Creation" (ref. MDR-P "Policies of the Casa di Moda") defines the philosophic framework of reference for the Casa di Moda, affirming its awareness of the significance of the current environmental challenges, and reiterating the objective of acting by limiting the generation of negative impacts as far as possible.

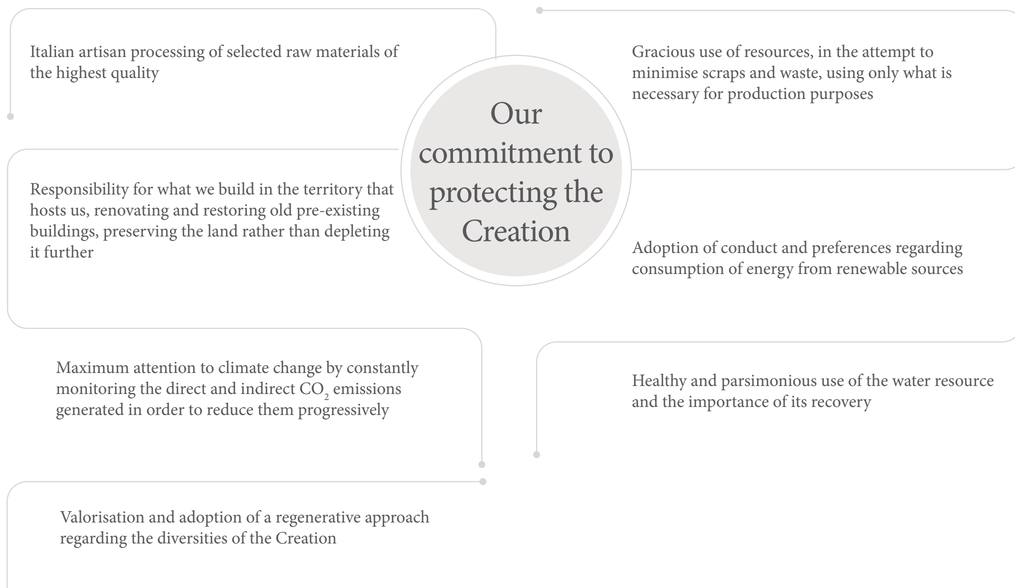
Furthermore, in order to guarantee full observation of company values and from the point of view of reducing the environmental impact and improving energy efficiency, the Casa di Moda has the **Environmental Sustainability Policy** "We always act as loyal guardians of Creation". For an approach regarding the Policy please refer to section "MDR-P Policies of the Casa di Moda".

In particular, the cited Policies define the commitments related to the mitigation of climate change, and to energy, with the objective of acting by limiting the generation of negative impacts as far as possible through the reduction of energy consumption and greenhouse gas emissions.

The cited Policies do not currently define commitments related to adaptation to climate change.

Environmental Sustainability Policy "We always act as loyal guardians of Creation"[13]

The Policy formalises the Casa di Moda's commitment to pay maximum attention to the balance between giving and taking in relations with the Creation in order to guarantee that new generations will live in a world that can ensure better possibilities than those today.



The Policy identifies macro-categories of impacts generated directly as well as indirectly.
The direct impacts relate to energy consumption, fuel consumption for owned vehicles, water withdrawals and discharges associated mainly with the activities of the laundry department in Solomeo and the generated waste.
The indirect impacts related to the purchase of raw materials, the consumption of energy, water and raw materials connected with the work performed at the external artisan laboratories, including their generation of waste, the energy consumption of the franchising and multi-brand customers, the logistics and practices of farming and breeding necessary for the production of raw materials.
Equally, the environmental risks also include the physical and transitional risks related to climate change and the reputational risks deriving from environmental factors. The relative opportunities are mainly reflected in terms of reputational benefits and greater attractiveness to customers and investors in virtue of the positive external effects generated in the territories of reference and the demonstrated attention towards reducing the environmental impacts throughout the life cycle.
With particular reference to the supply chain, the Casa di Moda is committed to monitoring the alignment of its partners with what is regulated by the Policy. Where possible, direct suppliers are requested to implement the same checks with their own suppliers. Therefore, in terms of impact along the entire value chain, the Casa di Moda requests its own supply chain to identify, analyse and prioritise the environmental risks in order to adopt the necessary measures in time in order to prevent them and/or reduce the expected impact.

13 Please note that the Environmental Sustainability Policy of the Casa di Moda does not include invasive alien species, as there are no direct impacts on them. Furthermore, currently no policies are adopted regarding the sustainability of oceans and seas, nor policies to address deforestation.

E1-3 Actions and resources in relation to climate change policies

During 2024, the Casa di Moda has continued various projects and initiatives[14] targeted towards the constant commitment to reduce its impact on the planet and on people.

In particular, construction continued in 2024 for the Company's new production hub near Solomeo according to the criteria necessary for obtaining the LEED® certification-Leadership in Energy and Environmental Design[15]. The construction project places particular attention on the selection of the utilised materials, the use of renewable energy (photovoltaic), the wellbeing of people, the quality of the working conditions at the facilities and the environmental and landscape requalification of the territory.

This initiative contributes towards reaching the objectives defined in the Group's Environmental Policy "We always act as loyal guardians of Creation", which monitors their effectiveness.

Table 5: Overview of climate change actions

Actions performed in 2024	Actions planned for 2025
• Continuation of the construction of the new production hub near Solomeo according to the guidelines of LEED certification • Continuation of the construction of the new production hub in Penne according to the guidelines of LEED certification • Start of the company carpooling service • Start of the use of biodiesel (HVO), with reduced emissions impact for vehicles in the company fleet that are compatible with its use • Progressive replacement of the company fleet with vehicles with a lower emissions impact	• Continuation of the construction of the new production hub near Solomeo according to the guidelines of LEED certification • End of the work for the construction of the new production hub in Penne and obtainment of the LEED certification • Continuation of the construction of the new production hub in Gubbio according to the guidelines of LEED certification • Continuation of the company carpooling service • Use of biodiesel (HVO), with reduced emissions impact for vehicles in the company fleet that are compatible with its use • Progressive replacement of the company fleet with vehicles with a lower emissions impact

METRICS AND TARGETS

E1-4 Targets related to climate change mitigation and adaptation

The awareness of current environmental trends and the commitment to combat climate change puts the aspect of monitoring, managing and defining emissions reducing objectives in a central position, orienting the strategic choices and actions that will be implemented over the upcoming years according to an "emissions approach" and no longer a "consumption approach".
As always, the commitment to improving the global climate is an integral part of our culture. For this purpose, the indispensable principle that we have adopted is a production model based on a high level of manual skills and craftsmanship, which guarantees low emissions. Our plan for reducing CO_2 emissions reflects this commitment, with the objective of contributing towards maintaining the increase in global warming within the limit of 1.5°C, as defined by the 2015 Paris Agreement.

14 The implementation of these initiatives is not conditioned by resource constraints.
15 LEED® is a voluntary certification programme that can be applied to any type of building (both commercial and residential) and concerns the application of construction methodologies oriented towards sustainability, so that the building's performance over its entire life cycle, from design to construction, can be based on efficiency indicators both from an environmental point of view and in terms of the wellbeing of the people living/working inside.

The Company has defined objectives for reducing greenhouse gas emissions (GHG) in order to manage the climate-related impacts, risks and opportunities in compliance with the existing regulatory framework. These objectives have been defined on the basis of the calculation of the carbon footprint, performed in compliance with the GHG Protocol, and subsequently validated by the SBTi in 2023.
In addition to what is described in paragraph "MDR-T Targets of the Casa di Moda", to which reference is made for more information, the validated targets presented by Casa di Moda foresee:
- 70% reduction in GHG Scopes 1 and 2 emissions by 2028 compared to 2019;
- reduction of GHG Scope 3 emissions by 22.5% by 2028 compared to 2019;
- reduction of GHG Scopes 1, 2 and 3 emissions by 90% by 2050 compared to 2019;
- achieving net-zero by 2050, as outlined in the SBTi net-zero Standard, by taking part in the Business Ambition for 1.5°C and net-zero UNFCCC Race to Zero Campaign initiatives.

These targets were published on the SBTi website and are constantly monitored by the Casa di Moda, also through the annual calculation of the Group's GHG inventory. The reduction targets do not foresee the use of offset credits, with the exception of the net-zero target, for which residual emissions are to be neutralised using removal credits.

E1-5 Energy consumption and mix

The table below summarises our energy consumption, highlighting the different energy sources used.

Table 6: Energy consumption and mix[16]

	Unit of measurement	2024
Consumption of fuel from coal and coal products	MWh	0
Consumption of fuel from crude oil and oil products	MWh	2,991
Consumption of fuel from natural gas	MWh	6,159
Consumption of fuels from other non-renewable sources	MWh	0
Consumption of electricity, heat, steam and cooling from fossil sources, purchased or acquired	MWh	9,159
Total consumption of energy from fossil sources	**MWh**	**18,308**
Fossil source share of total energy consumption	%	68
Consumption from nuclear sources	MWh	0
Nuclear source share of total energy consumption	%	0
Consumption of fuels from renewable sources, including biomass (also includes industrial and urban waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	241
Consumption of electricity, heat, steam and cooling from renewable sources, purchased or acquired	MWh	8,399
Consumption of self-produced renewable energy without use of fuels	MWh	158
Total consumption of energy from renewable sources	**MWh**	**8,798**
Renewable source share of total energy consumption	%	32
Total energy consumption	**MWh**	**27,106**

16 The data regarding the consumption of natural gas and electricity, heat steam and cooling from fossil fuels, purchased or acquired, is partially estimated. Furthermore, the consumption of natural gas and fuels is expressed in MWh following the conversion made in line with the 2024 DEFRA conversion factors.

With reference to self-produced energy, please refer to the table below.

Table 7: Energy production, from renewable and non-renewable sources

	Unit of measurement	2024
Energy production from non-renewable sources	MWh	-
Energy production from renewable sources	MWh	158

With reference to energetic intensity[17], it is 21 MWh/€mln.

Table 8: Energy intensity[18] (total energy consumption in relation to net revenues)

	Unit of measurement	2024
Total energy consumption	MWh	27,106
Net revenues[19]	€ mln	1,278.5
Energy intensity	MWh/€mln	21

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

The GES emissions total calculated for 2024 for the Brunello Cucinelli Group and attributable to the activities of Brunello Cucinelli and its value chain is expressed in tons of carbon dioxide equivalent (t CO_2e)[20].

The Gross scope 1 direct GHG emissions (GHG Scope 1), the Gross scope 2 indirect GHG emissions, associated with the consumption of electricity purchased from the grid (GHG Scope 2), and the Gross scope 3 indirect GHG emissions (GHG Scope 3) related to the value chain (upstream and downstream) of Brunello Cucinelli[21].

Table 9: Total GHG emissions

	Unit of measurement	Emissions 2024
Total GHG emissions (location-based)	t CO_2e	122,005
Total GHG emissions (market-based)	t CO_2e	119,999

17 Energy intensity is calculated as the ratio of total energy consumption to the value of revenues for the year (Euro million).
18 The sector with high climatic impact used for determining energy intensity is the one related to the retail trade sector.
19 The revenues correspond to what is reported in Note 27 “Revenues” of the notes to these Consolidated Financial Statements.
20 Possible limitations are indicated explicitly in the text.
21 The calculation does not include biogenic emissions.

Scope 1 gross GHG emissions (GHG Scope 1)
The direct emissions (GHG Scope 1) derive from stationary combustion and mobile combustion, process emissions and fugitive emissions.
As regards the Scope 1 emissions, the preliminary data used for the calculation correspond to what is indicated in the maintenance reports for the air conditioners part of the Group assets and to the previously described energy consumptions. There are no scope 1 GHG emissions covered by emission share exchange regulatory systems (e.g. ETS, Emission Trading Scheme).

Table 10: Scope 1 total GES emissions

	Unit of measurement	Emissions 2024	Emissions 2023
Totals	t CO_2e	1,886	1,682

Scope 2 gross GHG emissions (GHG Scope 2)
The indirect emissions (GHG Scope 2) derive from energy consumptions of all facilities coming from external supply (electricity). The calculation of the indirect emissions from electricity consumption (GHG - Scope 2) was performed both using the "Location-based" approach as well as the "Market-based" approach:
- The location-based method calculates the emissions deriving from the consumption of electricity coming from the grid, applying average national emissions factors for the production of electricity.
- The market-based method considers the renewable purchased electricity. Following this approach, an emissions factor equal to zero is applied to any share of renewable energy purchased with Guarantees of Origin (GO) certificates. The remaining purchased energy is calculated using an emissions factor that considers the residual market mix, reflecting the share of energy produced from non-renewable sources.

The primary data used for the calculation corresponds to the previously reported consumption of electricity (ESRS E1-5 Energy consumption and mix). The Brunello Cucinelli Group has acquired the Guarantees of Origin for the consumption deriving from its own production and commercial operations in Italy and some foreign locations. The purchase of these instruments has made it possible to avoid approx. 4029 tCO2 of GHG emissions generated by the Group.
The following table shows the Scope 2 emissions according to the location-based and market-based methodology.

Table 11: Scope 2 total GES emissions

	Unit of measurement	Emissions 2024	Emissions 2023
Purchase of electricity - location-based	t CO_2e	6,168	5,418
Purchase of electricity - market-based	t CO_2e	4,163	3,696

The reported GHG emissions related to the entire perimeter of the companies that are controlled operatively by Brunello Cucinelli, which corresponds to the Group's consolidated scope.

Emission factors and methodology
The Scope 1 and Scope 2 GHG emissions were calculated following the standards, requirements and guidelines provided by the GHG Protocol Corporate Standard (version 2004). The following emission factors were used for calculating the emissions:
- Scope 1: emission factors supplied by the Department for Environment, Food and Rural Affairs (DEFRA - UK). Furthermore, the emissions factors supplied by ISPRA (Italian Institute for Environmental Protection and Research) were used.

– Scope 2 Location-based: emission factors supplied by Terna and, in the specific case of the calculations related to USA values, the values supplied by Green-e were used.
– Scope 2 Market-based: emission factors supplied by Terna, by the Association of Issuing Bodies (AIB) and, in the specific case of the calculations related to USA values, the values supplied by Green-e were used.

Scope 3 gross GHG emissions (GHG Scope 3)
In 2024, the Scope 3 indirect GHG emissions amounted to 113,950 tonnes of CO_2e and represent the predominant share of the Group's overall carbon footprint.

The majority of emissions can be attributed to three main categories: the purchase of goods and services, capital goods and the transport and distribution of materials and products, which represent 89% of Scope 3 emissions.

As regards the Group's Scope 3 emissions, during the year of reference, an additional category was included in the emissions calculation (3.2 Capital goods). For these reasons, comparisons with historical data are not possible for this disclosure.

Table 12: Scope 3 total GES emissions[22]

	2024 emissions (t CO_2e)
1. Purchased goods and services	67,650
2. Capital goods	18,553
3. Energy consumption not included in Scope 1 and Scope 2 emissions	1,371
4. Transport and distribution of purchased goods	14,894
5. Waste generated in operations	7
6. Business travel	3,855
7. Employee commuting	2,684
9. Transport and distribution of sold goods	3,169
14. Franchises and multibrand	1,674
15. Investments	93
Totals	**113,950**

The Scope 3 GHG emissions were calculated following the standards, requirements and guidelines provided by the GHG Protocol Corporate Standard (version 2004).

22 Categories 3.8, 3.10 and 3.13 do not apply to the business activities of the Casa di Moda; categories 3.11 and 3.12 are not material for the Group.

The calculation methodologies, main estimates and limitations of the models and sources of emission factors used are reported below.

Table 13: Methodologies for calculating Scope 3 GES emissions

	Calculation method	Emission factors
1. Purchased goods and services	The multiplication between the quantities of purchased material and each emission factor selected from the Ecoinvent database. For the emissions for leather deriving from animal breeding, an ad hoc emission factor was selected from the technical report of the United Nations - Organisation for Industrial Development. For the emissions of small craft enterprises, the energy consumption data was multiplied by the DEFRA, MATTM and AIB emission factors, taking the incidence of Brunello Cucinelli on their revenues into account. For the small craft enterprises that did not provide data, emissions were reproportioned based on the total number of employees during the year of reporting. For the greenhouse gas (GHG) emissions related to the purchase of services, the total expense in 2024 was multiplied by the EPA emission factors.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2024 EPA – United States Environmental Protection Agency Association of Issuing Bodies (AIB) 2023 MATTM
2. Capital goods	The value related to the GHG emissions associated with capital goods was calculated based on the values of the following financial statement items: land, buildings, leasehold improvements, plant and machinery, industrial and commercial equipment, historic collection, other assets and fixed assets in construction and payments on account. These values were converted into USD and multiplied by the corresponding EPS emission factors, obtaining the final value in tonnes of CO_2e.	EPA – United States Environmental Protection Agency

3. Energy consumption not included in Scope 1 and Scope 2 emissions	Generation of fuel: Multiplication of the fuel consumption by the DEFRA emission factors related to the pre-combustion processes. Generation of electricity: Multiplication of electricity consumption by the national DEFRA emission factors related to the pre-combustion processes connected with the fuel used for the generation of electricity. Electricity transmission and distribution losses: Multiplication of electricity consumption by the DEFRA emission factors related to the transmission and distribution losses that occur in the national grid.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2021, 2024 Terna 2020 Association of Issuing Bodies (AIB) 2023 Green-e 2024 MATTM
4. Transport and distribution of purchased goods	The emissions data was collected directly from suppliers or calculated based on the information shared directly by them. For the carriers that did not provide data, emissions we reproportioned based on the weight transported during the year of reporting.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2024
5. Waste generated in operations	Multiplication of the quantity of waste by the DEFRA emission factors related to the type of waste and disposal method.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2024
6. Business travel	By plane or train: Multiplication of the distance travelled by the specific DEFRA emission factors based on travel information provided by the travel companies and the internal management systems. By private jet: Multiplication of the distance travelled by the specific emission factors provided by DEFRA. By car: Multiplication of the distance travelled by the DEFRA emission factors.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2024
7. Employee commuting	Multiplication of the km travelled by the days of work on site during the year and the DEFRA emission factors per type of vehicle/means of transport utilised. Commuter data was collected using a specific questionnaire.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2024

9. Transport and distribution of sold goods	The emissions data was collected directly from suppliers or calculated based on the information shared directly by them. For the carriers that did not provide data, emissions we reproportioned based on the weight transported during the year of reporting.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2024
14. Franchises and Multibrand	Multiplication of the energy consumption index of reference by the surface area, the number of days open and the emission factors, as follows: - the emissions generated by consumption of electricity were calculated using the Green-e and AIB emission factors; - the emissions generated by consumption of natural gas were calculated using the emission factors listed in MATTM; - the additional emissions generated by other types of fuel were calculated using the DEFRA emission factors.	Terna 2020 Association of Issuing Bodies (AIB) 2023 Green-e 2024 MATTM
15. Investments	The energy consumption and fuel consumption were multiplied by their respective emission factors. Only a percentage (corresponding to the shareholding) of the total emissions was attributed to Brunello Cucinelli.	DEFRA (Department for Environmental, Food & Rural Affairs) – 2024 Association of Issuing Bodies (AIB) 2023 MATTM

With reference to the emissions intensity[23], it is 95 tCO_2eq/€mln (location-based) and 94 tCO_2eq/€mln (market-based).

Table 14: Emissions intensity (total emissions in relation to net revenues)

	Unit of measurement	2024
Total GHG emissions (location-based)	tCO_2eq	122,005
Total GHG emissions (market-based)	tCO2eq	119,999
Net revenues[24]	€ mln	1,278.5
Intensity (location-based)	**tCO_2eq/€mln**	**95**
Intensity (market-based)	**tCO_2eq/€mln**	**94**

23 The emissions intensity is calculated as the ratio of total emissions (direct and indirect) to the value of revenues for the year (Euro million).
24 The revenues correspond to what is reported in Note 27 “Revenues” of the notes to these Consolidated Financial Statements.

E2 Pollution

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

The Casa di Moda carries out its activities at its headquarters in Solomeo and its locations in the different countries where it operates, comprised mainly of boutiques. The processes at the in-house laundry located in Solomeo use a limited and carefully managed quantity of chemicals. As regards the direct suppliers, they are mainly located in Italy. Specifically, the production of garments for the Casa di Moda is entrusted to artisan laboratories.

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

Table 15: List of impacts, risks and opportunities relevant to the topic of pollution[25]

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Negative impacts				
Water pollution due to inadequate management of water discharges by small craft enterprises and suppliers	Potential	Upstream	Medium-term	Water pollution
Pollution caused by the use of chemicals, in particular hazardous ones, along the supply chain (including the company)	Potential	Upstream Own operations	Medium-term	Substances of concern
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of pollution	N.A.	N.A.	Medium-term	Water pollution Substances of concern

E2-1 Policies related to pollution

The concrete commitments made by the Casa di Moda regarding pollution are divided into the following policies: the **Environmental Sustainability Policy** "We always act as loyal guardians of Creation" and the **Human Sustainability Policy** "In Harmony with Creation".

Please refer to the section "MDR-P Policies of the Casa di Moda" for more information. In particular, the cited policies define the commitments related to water pollution and the constant monitoring of the use of chemicals, proceeding, where necessary, from the point of view of a gradual phase out of those considered potentially harmful, in collaboration with our direct suppliers.

25 The assets analysed are the sites and facilities of the Casa di Moda and those of the direct suppliers of the supply chain.

With particular reference to pollution, the Company's activities do not present relevant risks regarding accidents and emergency situations that are able to cause significant harm related to pollution.

As regards the activities of the value chain, when stipulating the contract with its suppliers, the Company shares the Framework Agreement (re. "S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns") which contains the rules of conduct with which they must comply, including those related to the observance of all current laws and regulations on pollution.

E2-2 Actions and resources related to pollution

The environmental provisions require working with respect for Creation, by adopting behaviour that takes care of and protects the environment, and in observance of the environmental regulations and standards provided by applicable laws.

In 2024, in line with company strategy and in continuation of previous years, the Casa di Moda has shared the following regulations and standards with its suppliers during the contract phase:

– Standards that regulate the use in the fabric and tannery industry of certain materials and substances for the protection of health of people and the environment, such as the REACH Regulation of the European Union (2007) on the use of chemical substances, Californian Law Proposition 65 and the Chinese GB Standards;
– The Restricted Substances List (RSL) defined by the Company and shared with suppliers starting from 2020, which is continuously updated. The RSL aims to regulate and progressively reduce the use of chemical substances used in the processing of materials that may be harmful to human health and the environment, and thus ensure greater safety of the final product;
– Directive 2001/95/EC called the "General Product Safety Directive";
– Compliance with standards controlling the "fire risk" or the "mechanical risk", with particular concern for the garments for the Boys' and Girls' collections.

METRICS AND TARGETS

E2-3 Targets related to pollution

It is the Company's intention to further expand the periodic and preventive checks of raw materials to ensure their compliance with product safety standards with respect to the use of chemicals considered potentially harmful and therefore specifically regulated. In addition, the Casa di Moda performs testing activities to check that its products comply with current regulations.

The Company undertakes to guarantee compliance with the rules of conduct of the Code of Ethics also by its suppliers of raw materials and small craft enterprises, which they are required to sign when stipulating any agreement. Furthermore, also the Framework Agreement must be signed, which defines the rules of behaviour, commitments and duties to be respected.

E2-4 Pollution of air, water and soil

The Solomeo site is subject to and in possession of the Single Environmental Authorisation (A.U.A.) for the water and air matrices. In fact, due to the business activities carried out, this site could be potentially involved in the release of polluting substances with specific reference to these two matrices.

For this purpose, the Casa di Moda monitors its own activities and analyses the pollutants emitted by the Solomeo site on an annual basis. The analyses carried out in 2024 certify that no polluting substances were released to the air and that the pollutants released in the water do not exceed the applicable threshold value indicated in Annex II of EC regulation 166/2006.

The ground is not included in the matrices potentially affected by site activities.

E2-5 Substances of concern and substances of very high concern

In line with the business activities conducted by the Casa di Moda, there are no substances of concern that leave the Casa di Moda systems in the form of emissions, products or parts of products or services.

With reference to the supply chain, upon stipulation of the Framework Agreement, the direct suppliers of the Group commit to observing the RSL shared by the Casa di Moda and prepared in line with the current regulations on the management of substances of concern and of very high concern.

E3 Water and marine resources

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities
As concerns the **water withdrawals**, the impact is limited to the operation of the laundry at the Solomeo headquarters, located in a water-stressed area, with reference to the laundry activities, the water is drawn from wells, owned by the Company, specifically for the recovery and storage of rain water.

As concerns the **water consumption**, in addition to the laundry activities, there is also the consumption of water for civil use in the offices and shops of the Group. Specifically, with regard to Italy, the water withdrawn by the Solomeo site and by the remaining offices and shops in the country comes from public waterworks.

With reference to **water discharges**, the total amount of water, including discharges associated with the laundry activities, flows into public sewers.

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

Table 16: List of impacts, risks and opportunities relevant to the topic of water and marine resources[26]

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Negative impacts				
Insufficient consumption of water resource along the supply chain (including the company)	Potential	Upstream Own operations	Medium-term	Water consumption
Inefficient management of water withdrawals, in particular in water-stressed areas along the supply chain (including the company)	Potential	Upstream Own operations	Medium-term	Water withdrawals
Water pollution due to inadequate management of water discharges by small craft enterprises and suppliers	Potential	Upstream	Medium-term	Water discharges
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of the consumption of water resources	N.A.	N.A.	Medium-term	Water consumption

26 The assets analysed are the sites and facilities of the Casa di Moda and those of the direct suppliers of the supply chain.

E3-1 Policies related to water and marine resources

Please refer to the section "MDR-P Policies of the Casa di Moda" for more information concerning the **Environmental Sustainability Policy** "We always act as loyal guardians of Creation" **and the Human Sustainability Policy** "In Harmony with Creation", which define the concrete commitments of the Casa di Moda in terms of water and marine resources.

In particular, the cited Policies specify the commitments related to the responsible and economical use of water, as well as the water withdrawals, with particular reference to those connected to the laundry activities. Currently, the cited Policies do not have specific information concerning water withdrawals.

E3-2 Actions and resources related to water and marine resources

Aware of the importance of water resources, the Group pays great attention to its management to ensure its increasingly responsible consumption.

In 2024, for the second consecutive year in a row, the Casa di Moda publicly reported its commitments and obtained results regarding the topic of water resources through the questionnaire Climate Disclosure Project (CDP) Water Security. In the year of reference, the B- scoring was confirmed.

The construction of new Group production sites follows the guidelines of the LEED standard, which requires in particular an increasingly responsible and efficient consumption and management of water resources.

Furthermore, the Solomeo site is subject to and in possession of Single Environmental Authorisation (A.U.A.).

The Casa di Moda has a contract with a company specialised in chemical-biological water analyses, which performs the checks at a frequency that is higher than what is required by the regulation, guaranteeing constant monitoring. Furthermore, periodic maintenance is carried out on the reverse osmosis system used at the Solomeo site for water recovery.

METRICS AND TARGETS

E3-3 Targets related to water and marine resources

The impacts on the water matrix are limited to the operation of the laundry at the Solomeo headquarters and to civil use. The company is committed to observing the legally mandatory parameters and, for that purpose, chemical-biological sampling and analysis of the waste water are performed periodically in order to check compliance with the legal limits required by Legislative Decree 152/06.

E3-4 Water consumption

The following table shows the Group's water consumption data. Total water consumption is 31,761 m^3.

Table 17: Water consumption[27]

	Unit of measurement	2024
Total water consumption	**m^3**	**31,768[28]**
Water consumption in areas at water risk	m^3	0
Water consumption in areas of high water stress	m^3	27,103
Water volume		
Recycled water[29]	m^3	7,540
Reused water	m^3	0
Total water volume	m^3	7,540
Total volume of stored water	m^3	0
Changes in stored water	m^3	0

With reference to water intensity[30], it is 25 m^3/€mln.

Table 18: Water intensity (total water consumption in relation to net revenues)

	Unit of measurement	2024
Total water consumption	m^3	31,768
Net revenues[31]	€ mln	1,278.5
Water intensity	**m^3/€mln**	**25**

27 Water consumption data is estimated for most shops and commercial offices abroad and for some sites in Italy. Note that in order to ensure a more truthful representation of water withdrawals in these locations, a consumption of 30 litres per person per day was considered.
28 The components indicated for water consumption do not represent the total shown, as they do not include the share related to consumption in non-water-stressed areas.
29 Reference is made to water drawn from the well.
30 Water intensity is calculated as the ratio of total water consumption to the value of revenues for the year (Euro million).
31 The revenues correspond to what is reported in Note 27 "Revenues" of the notes to these Consolidated Financial Statements.

E4 Biodiversity and ecosystems

STRATEGY

E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model
The resilience analysis of the Casa di Moda included all the impacts identified by the Group, including those related to biodiversity. The time periods taken into consideration in the analysis are in the short-term and, for the moment, a process of involving these topics with Company stakeholders has not been started.
For more information about the description of the resilience analysis of the strategy and business model of the Casa di Moda, please refer to the section "ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" - related to topic E1 *Climate change*.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
The Company has not identified sites located in or near biodiversity-sensitive areas that it is negatively affecting. Specifically, the Italian production sites are located in areas classified, according to the Natura 2000 network, as "not protected". With particular reference to the Solomeo site, the Casa di Moda has contributed over the years to a progressive requalification of the surrounding territory, as well as to the creation of various parks at the site and nearby, which contribute towards the preservation and continuous renewal of local biodiversity.
The nature of the activities connected to own operations, which are artisan and not industrial, do not generate relevant environmental impacts on natural habitats, on soil desertification, degradation and sealing, or on endangered species.
Regarding the activities carried out along the upstream value chain, potential impacts were identified related to soil degradation, sealing and desertification.

On the other hand, the Casa di Moda is committed to actively contributing towards the ambitious project "Himalayan Regenerative Fashion Living Lab", aimed at restoring degraded landscapes and recovering traditional artisan skills in some areas of the Western and Eastern Himalayas, facing the global challenges related to climate change and the loss of biodiversity, in order to support the local cashmere, cotton and silk economies. For more information, please refer to chapter "S3 *Affected communities*".

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities
The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

Table 19: List of impacts, risks and opportunities relevant to the topic of biodiversity and ecosystems

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Positive impacts				
Positive impacts on the local biodiversity conditions in territories of the Himalayas where the regenerative agriculture project "Himalayan Regenerative Fashion Living Lab" is ongoing	Actual	Upstream	Medium-term	Impacts and dependencies in terms of ecosystem services
Negative impacts				
Negative impacts on biodiversity resulting from cultivation, breeding and deforestation practices (for the production of cellulose, from which viscose is obtained) necessary for the production of the raw materials used in the collections	Potential	Upstream	Long-term	Soil degradation, desertification, soil sealing
Opportunity				
Reputational benefits and greater attractiveness towards investors by means of the positive external effects generated by the regenerative agriculture project "Himalayan Regenerative Fashion Living Lab", whose significance is international	N.A.	Upstream	Medium-term	Impacts and dependencies in terms of ecosystem services

The impacts related to biodiversity were taken into consideration for the purpose of analysing the resilience of the strategy and business model. Furthermore, with regard to the analysis of resilience to climate change, it considered phenomenon related to biodiversity, such as the threats to the survival of the species on which the Casa di Moda depends for its strategic raw materials.
In light of the available information, including the classification among "non-protected" areas according to the Natura 2000 network, the Company has concluded that currently measures for mitigating biodiversity are not required.

E4-2 Policies related to biodiversity and ecosystems

With full awareness that operations can generate direct and indirect environmental impacts, the governance of the Casa di Moda requires the clear and precise identification as the starting point for controlling the monitoring and also requires intervention, if necessary, with actions for improvement.
Paying particular attention to the key concept of impact, the identification of the priority areas of impact is guided by the identification of the relevant risks and opportunities with reference to the environmental matrices that are significant for the Casa di Moda, according to an approach that concerns an analysis of the entire value chain.

The Company is committed to reducing the consumption of the soil as much as possible and to do so, all building projects are carried out according to the principle of respect for the land that is occupied and the valorisation of the surrounding peripheries according to the ideal of "pleasant peripheries".
In fact, the real estate choices made by the company are always careful and oriented towards land clearance and recovery of preexisting buildings with full respect for the local natural and urban territory by implementing building solutions that can reflect the genius loci and do not have an impact, also from an aesthetic point of view.
For more information about the environmental impacts of the activities of the Casa di Moda, please refer to the paragraph **"ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities"**.

In addition, the policy that guides the strategy of the Casa di Moda concerns the topics connected to growing traceability of the fabric products, in order to provide information to customers about the design, fabrication and production of the products collected through the contribution of the value chain of the fashion industry.

Please refer to the section "MDR-P Policies of the Casa di Moda" for more information concerning the **Environmental Sustainability Policy** "We always act as loyal guardians of Creation" and the **Human Sustainability Policy** "In Harmony with Creation", which define the concrete commitments of the Casa di Moda in terms of water and marine resources.

Currently, the cited Policies do not contain references to topics of soil desertification and sealing.

E4-3 Actions and resources related to biodiversity and ecosystems

The way of understanding the environmental sustainability of the Casa di Moda is expressed first of all in the conscious protection of that common good with the inestimable value represented by our planet, with all the richness of its biodiversity, and also with particular attention to the maximum possible respect for resources and the natural cycles.

The Company faces the potential impacts deriving from the supply of raw materials starting form the design phase. It is also committed to contributing towards the continuous internal increase in awareness and knowledge about biodiversity. For that purpose, it collaborates with local associations and communities, on a national and international level. It is also committed to implementing regenerative agricultural practices.

In 2024 no use was made of biodiversity compensation measures, nor were particular measures implement in terms of biodiversity and ecosystems.

However, the Casa di Moda has established the definition of a Policy dedicated exclusively to the topic of biodiversity by 2025.

METRICS AND TARGETS

E4-4 Targets related to biodiversity and ecosystems

Currently, there are no targets related to biodiversity and ecosystems, but they are defined within the dedicated Policy.

E5 Resource use and circular economy

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

Table 20: List of impacts, risks and opportunities relevant to the topic of resource use and circular economy[32]

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Positive impacts				
Implementation of solutions that promote circularity, with particular reference to the longevity of the garments, their repair and recovery of production scraps	Actual	Upstream Downstream	Long-term	Inflows of resources, including use of the resources Outflows of resources connected to products and services
Negative impacts				
Negative impacts caused by inefficient management of waste along the supply chain (including the company), in terms of excessive production and poor attention to recovery and recycling operations	Potential	Upstream Own operations	Long-term	Waste
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of pollution	N.A.	N.A.	Medium-term	Waste

E5-1 Policies related to resource use and circular economy

The garments produced by the Casa di Moda are designed based on the concept of "longevity by design". In line with this concept, the garments are produced to transcend both time and seasons, made to last as long as possible over time and to be passed down to future generations, placing importance on the value and appeal of safeguarding them. To make this possible, the Group provides all its customers with an exclusive, free of charge repair service that is offered globally and without any time constraint, with the objective of continuing to ensure the longevity of our garments over time.

32 The assets analysed are the sites and facilities of the Casa di Moda and those of the direct suppliers of the supply chain.

As concerns the production of our products, mainly natural fibres are used, from cashmere to wool, from cotton to linen. Furthermore, in terms of renewable resources, the Company is promoting a progressive transition towards electrification and the supply of electricity from renewable sources.

The Casa di Moda is committed to ensuring a high degree of care through its continuous proposals for solutions with a low environmental impact regarding packaging (both for internal logistics as well as for sales), through the use of materials with certified origin and/or recycled materials. Furthermore, it constantly monitors the use of chemicals, gradually phasing out, where necessary, those considered potentially hazardous, in collaboration with its raw material suppliers.

Furthermore, the Group is committed to obtaining growing traceability of the fabric products, with the objective of providing to customers about the design, fabrication and production of the products collected through the contribution of the entire value chain of the fashion industry.

Finally, as regards waste, the Group prioritises the recovery of material and energy with respect to disposal practices, also along the value chain.

Please refer to the section "MDR-P Policies of the Casa di Moda" for more information about the two policies that formalise the commitment of the Casa di Moda: the **Environmental Sustainability Policy** "We always act as loyal guardians of Creation" and the **Human Sustainability Policy** "In Harmony with Creation".

In particular, the cited policies define the commitments regarding the supply and consumption of raw materials, the maximisation of the value of the resources, the management of waste, the progressive abandonment of virgin resources, the increase in recycled resources and the use of renewable resources.

E5-2 Actions and resources related to resource use and circular economy

A careful selection of the highest quality of raw materials, supply based on a solid relationship of trust with breeders and suppliers, scrupulous attention during all phases of producing the garments are also key elements for obtaining an efficient use of resources in order to avoid waste, and to obtain the highest quality and durability of Brunello Cucinelli's products.

For this purpose, the Casa di Moda manufacturers its products in extremely close collaboration with the suppliers of raw materials and with the artisan laboratories, and with them it aims to define a shared path of improvement to guarantee the highest environmental standards. In addition to assessing the performance of its suppliers in terms of sustainability, it collaborates with them in projects for the recycling of production scraps in order to reduce waste. Specifically, with reference to the scraps generated when processing the fabric, during the year of reference the project "Recovery of production scraps" continued, which involves 50 small crafts enterprises engaged in the cutting and complete cycle phases.

In 2024, this vision was transformed into the actions described in the table below, targeted mainly towards its own operations and the upstream value chain, in Italy, during the phase of production, purchase and internal logistics, which impacts suppliers, wholesale and retail customers, end customers, other business partners and logistics companies. In particular, the Company started a path of calculating the environmental impact of some strategic raw materials. Specifically, during the year of reference, ten suppliers of raw materials were involved with the intention of acquiring more specific information concerning the materials that currently make up the collections of the Casa di Moda.

The implemented and future actions contribute towards reaching the targets defined in the Group's Environmental Policy.

Table 21: Overview of the actions regarding the use of resources and the circular economy[33]

Actions performed in 2024	Actions planned for 2025
• 3,723 garments repaired • Continuation of the project "Recovery of production scraps" and increase in fabric packaging deriving from the processing of waste; start of the testing processes for the production of paper packaging deriving from the processing of scraps • Calculation of the environmental impact of the 3 strategic raw materials (cashmere, cotton and leather) through the involvement of ten suppliers	• Continuation of the worldwide free garment repair service • Continuation of the project "Recovery of production scraps" and study of new types of packaging deriving from the processing of scraps • Packaging of hung garments: purchase of trunks made fully of recycled paper and cardboard • Packaging of the semi-manufactured products: testing of prototypes of high-density, recyclable polystyrene boxes with a useful life of 3/4 years • Detailed study of the main product certifications present in the market related to the raw materials strategic for the Casa di Moda

METRICS AND TARGETS

E5-3 Targets related to resource use and circular economy

In line with the company philosophy of the value and appeal of safeguarding and reuse on which the company's activities for the production of its product is based, the Company has defined[34] targets connected to the management of waste and the flow of resources (inflows and outflows) for managing the impacts, risks and opportunities related to resource use and circular economy. Please refer to the section "MDR-T Targets of the Casa di Moda" for more information.

E5-4 Resource inflows

The high quality of Brunello Cucinelli products is intrinsically connected to a careful selection of materials, mainly attributable to two macro-categories: raw materials used for the production of garments (yarns, fabrics and leathers) and the composition accessories (chain, zip, zip/metre, buttons/automatic, ribbons, labels, buckles/rivets/metal), and material for packaging[35]. In addition to these materials, the Company purchases stones and metals for jewellery.

With reference to the raw materials used for the Men's, Women's and Boys' and Girls' collections, the yarns include cashmere, some of the finest wools such as mohair and camel, lightweight wool, linen, silk and cotton. There are also the fabrics, such as denim, and the leathers.

The materials mainly used for packaging are paper/cardboard, plastic of biological origin, recycled paper for the hangers, wood, fabric. Fabric (cotton) containers are also used for better storage of certain products, such as shoes, bags or accessories, which are also designed for later reuse by the retail customer.

33 The implementation of these initiatives is not conditioned by resource constraints.
34 Ecological thresholds were not taken into consideration when defining the targets.
35 The cascade principle does not apply to the Group's resource inflows.

In the name of sustainability, for gifts shipped via the e-commerce channel we opted for a box produced from FSC®-certified sources and an inner box designed to be kept and reused over time thanks also to the self-assembling structure, which allows it to be flattened and stored in very little space.
Furthermore, all the bags used for packaging are no longer made of virgin plastic of fossil origin, but are obtained from biomass sources and are compostable.

The Ready to Wear collection is integrated by the Eyewear and Fragrances collections, for which eyeglasses and perfumes are purchased that are produced through license agreements with leading Italian partners present internationally.

The following table shows the inflow of materials and products, both technical and biological. We consider biological those of natural origin, and technical those that are not able to re-enter the biosphere.
Those of natural origin include cashmere, wool, cotton and leather, with reference to the collections; paper and cardboard for packaging and cotton for fabric packaging; linen and clay for lifestyle.
Technical ones include, for example, polyester, polyamide in reference to the collections and polyester and brass for the composition accessories; plastic for packaging and polyester for fabric packaging.

Table 22: Inflows of materials and products

Materials			
	Unit of measurement	Technical	Of natural origin (biological)
Leather	kg		190,919
Yarn	kg	29,832	174,919
Fabrics[36]	kg	93,015	639,300
Composition accessories[37]	kg	49,287	8,693
Total	kg	172,134	1,013,831

Products			
	Unit of measurement	Technical	Of natural origin (biological)
Packaging	kg	372,141	1,508,172
Fabric packaging[38]	kg	19,271	15,145
Lifestyle[39]	kg	5,219	8,013
Stones and metals	kg	119	
Total	kg	396,751	1,531,330

Products with certification and/or recycled origin				
	Unit of measurement	Total recycled	% FSC certified	% of recycled origin
Packaging	kg	612,885	70%[40]	33%[41]
Fabric packaging	kg	22,003	n.a.	19%

36 It is not possible to trace the following quantity of material, technical or biological, back to its origin: 107.29 kg.
37 It is not possible to trace the following quantity of material, technical or biological, back to its origin: 12,917.58 kg.
38 It is not possible to trace the following quantity of material, technical or biological, back to its origin: 78,802.37 kg.
39 It is not possible to trace the following quantity of material, technical or biological, back to its origin: 10.71 kg.
40 Reference is made to paper and cardboard packaging.
41 See previous footnote.

The data shown above derives from internal management systems and is based on direct measurements.

Furthermore, with regard to resource inflows, these include the buildings used at the headquarters for production and logistics, the equipment, plants and machinery used for production and logistics and the shop furnishings[42].

E5-5 Resource outflows

The following tables provide detailed information regarding resource outflows, including waste, connected to the relevant impacts, risks and opportunities. The data shown derives from internal management systems and is based on direct measurements.

Table 23: Percentage of recyclable content in packaging

	Unit of measurement	2024
Paper and cardboard	%	100
Plastic	%	100
Cotton (fabric packaging)	%	100
Polyester (fabric packaging)	%	100

Table 24: Total quantity of waste produced by own operations

	Unit of measurement	2024
Total quantity of produced waste	**kg**	**606,162**
Hazardous waste diverted from disposal	kg	1,099
Hazardous waste directed to disposal	kg	1,269
Total hazardous waste	kg	2,368
Non-hazardous waste diverted from disposal	kg	580,894
Non-hazardous waste directed to disposal	kg	22,900
Total quantity of non-recycled waste	kg	24,169
Percentage of non-recycled waste	%	4

42 More information can be found in the Consolidated Financial Statements (ref. Property, plant and equipment).

Table 25: Waste produced by type and method of disposal[43]

	Unit of measurement	Diverted from disposal	Directed to disposal	Total
NON-HAZARDOUS WASTE				
Paper and cardboard	kg	7,360		7,360
Components removed from discarded equipment (different than those in item 16 02 15) (toner)	kg	99		99
Muds produced from the biological treatment of industrial waste waters (different than those indicated in item 19 08 11)	kg		18,000	18,000
Dryer filters	kg		300	300
Paper and cardboard packaging	kg	287,643		287,643
Wooden packaging	kg	41,320		41,320
Mixed material packaging	kg	63,510		63,510
Plastic packaging	kg	36,038		36,038
Wood	kg	77,400		77,400
Edible oils and greases	kg	150		150
Fabric products	kg	9,231		9,231
Screening residues	kg		340	340
Waste from processed textile fibres	kg	25,880		25,880
Aqueous liquid waste (other than those mentioned in item 161001)	kg		4,260	4,260
Bulky waste	kg	31,390		31,390
Urban waste not otherwise specified	kg	6		6
Spent printer cartridges	kg	867		867
HAZARDOUS WASTE				
Sludge or solid waste containing other solvents	kg		940	940
Packaging containing residues of hazardous substances	kg	837		837
Metal packaging	kg	22		22
Contaminated absorbent materials	kg		180	180
Materials containing asbestos	kg		134	134
Mineral motor oils	kg	240		240
Fluorescent tubes	kg		15	15

43 Waste management by the Casa di Moda takes place in compliance with the Single Environmental Act Legislative Decree 152/2006. With reference to 2024, it was not possible to provide detailed quantities regarding the various recovery operations (e.g. Preparation for reuse, recycling, other recovery operations) to which the waste was subjected.

THE EUROPEAN TAXONOMY

Regulation (EU) 2020/852 – EU Taxonomy Regulation (hereinafter the “Taxonomy” or the “Regulation”) establishes a uniform system for the classification of economic activities considered environmentally sustainable was published on 22 June 2020, in the Official Journal of the European Union and came into force on 12 July 2020.

This regulatory tool, issued by the European Commission, aims to promote the implementation of the European Green Deal and to help Europe achieve climate neutrality by 2050 by directing investments towards activities and projects that are environmentally sustainable, capable of significantly contributing to the achievement of the environmental targets set by the European Union.

The Regulation is directed towards companies that are not obligated to prepare sustainability reporting, according to the new EU Directive 2022/2464, known as the Corporate Sustainability Reporting Directive (CSRD), which was implemented in Italy by Legislative Decree 125/2024.

These companies are required to report on the percentage of turnover, the share of capital expenditure (CapEx) and the share of operating expenditure (OpEx) associated with the economic activities considered eligible according to the Climate Delegated Act[44] and, since 2023, also according to the Environmental Delegated Act[45]. Furthermore, in continuation of the previous years, it is necessary to evaluate the alignment with taxonomy for the first two targets related to climate change mitigation (CCM) and adaptation to climate change (CCA) and, starting from the 2024 reporting year, it is mandatory to perform an alignment analysis also for the four targets defined in the Environmental Delegated Act: sustainable use and protection of water and marine resources (WTR), transition to a circular economy (CE), pollution prevention and control (PPC), protection and restoration of biodiversity and ecosystems (BIO).

The delegated acts provide the criteria for defining if a certain economic activity contributes substantially to the pursuit of one of the six targets defined by the acts themselves, and if it does not cause significant harm to any other target. In particular, in agreement with the Regulation, to be considered “ecosustainable” (and therefore aligned), an activity must satisfy some requirements, as well as **significantly contribute to at least one of the six environmental targets defined by the regulation.**

For an activity to be considered aligned, in fact, the following criteria must be met:

- **Meet the substantial contribution criteria** defined in the Regulation for each type of activity. Identified on a scientific basis and specific to each of the objectives, these criteria describe the conditions to be met in order to contribute substantially to the achievement of the objectives.
- **Do No Significant Harm** (DNSH) to any of the other objectives not significantly impacted.
- **Respect minimum social safeguards**, recognising the importance of human rights and international standards.

44 Regulation EU 2021/2800 final version adopted on 4 June 2021 and entered into force on 1 January 2022. Through Delegated Regulation 2022/631 “Complementary Delegated Act”, adopted on 15 July 2022 and entering into force on 1 January 2023, the Commission amended the Climate Delegated Act in 2022 by introducing activities and related technical screening criteria for energy generation from nuclear and natural gas. During 2023, Delegated Regulation 2023/2485 was published. This made a number of amendments to the Climate Delegated Act, both in terms of new activities and in terms of technical screening criteria.

45 Regulation 2023/2486, adopted on 27 June 2023 and entering into force on 1 January 2024.

The criterion of substantial contribution and the DNSH criteria are defined according to a high level classification such as “Technical screening criteria”.

The eligibility and alignment analysis of the Casa di Moda
In line with what was carried out during the previous year, for the 2024 year of reporting, the Brunello Cucinelli Group updated the analysis of its economic activities in order to assess their possible eligibility for the six environmental objectives of the Taxonomy.

From the analysis conducted, it emerged that there are no revenue lines that could be considered eligible with respect to the Climate Delegated Act and the Environmental Delegated Act. With reference to capital expenditure (Annex 1 of EU Delegated Regulation 2021/2178, par. 1.1.2.2 (c)[46]), instead, related to the purchase of products deriving from eligible and taxonomy-aligned economic activities, economic activities have been identified that are assessed as permissible with respect to the targets of climate change mitigation, sustainable use and protection of water and marine resources, transition to a circular economy and pollution prevention and control.

With regard to the target of mitigation of climate change, the following eligible activities have been identified:

– *6.5 Transport by motorbikes, passenger cars and light commercial vehicles*: with reference to the purchase and hire of vehicles;
– *6.13 Infrastructure for personal mobility, cycle logistics*: with reference to the construction of a pavement for pedestrians in Ellera di Corciano;
– *7.1 Construction of new buildings*: with reference to the construction of new buildings in Gubbio and Penne;
– *7.2 Renovation of existing buildings*: with reference to the refurbishment of shops, offices and other buildings;
– *7.3 Installation, maintenance and repair of energy efficiency equipment*: with reference to the implementation of thermal insulation systems in buildings; installation, maintenance and efficiency of ventilation and air conditioning systems; replacement of traditional lighting systems and lamps with smart lighting systems and LED lamps;
– 7.6 *Installation, maintenance and repair of technologies for renewable energies:* with reference to the installation of a photovoltaic plant at Pinturicchio S.r.l.;
– *7.7 Acquisition and ownership of buildings*: with reference to the rental of buildings.

An eligible activity has been identified with respect to the sustainable use and protection of water and marine resources:
– *2.2 Municipal wastewater treatment*: with reference to the construction of sewers and drain pipes.

With regard to pollution prevention and control, the following eligible activity was also identified:
– *2.4 Remediation of contaminated sites and areas:* with reference to the remediation of the asbestos at the new facility in Poppi (AR).

Finally, the following eligible activities were identified with respect to the transition to a circular economy:
– *3.1 Construction of new buildings*: with reference to the construction of new buildings in Gubbio and Penne;
– *3.2 Renovation of existing buildings*: with reference to the refurbishment of shops, offices and other buildings;

46 In particular, the activities listed in points 7.3 to 7.6 of the Climate Delegated Act as well as other economic activities listed in delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2), and 15(2) of Regulation (EU) 2020/852, are related to the purchase of goods from economic activities Taxonomy-aligned and to individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas savings, provided that these measures are implemented and made operational within 18 months.

– *3.3 Demolition of buildings and other structures*: with reference to the demolition of buildings of Pinturicchio S.r.l.;
– *4.1 Provision of IT/OT data-driven solutions and software:* with reference to the purchase of information systems for managing orders and shipments and for collecting and processing data related to equipment, products and infrastructure.

Furthermore, in compliance with the provisions of the Climate Delegated Act and the Environmental Delegated Act, the Brunello Cucinelli Group has subsequently evaluated the alignment of its eligible economic activities with the targets of climate change mitigation, transition to a circular economy, sustainable use and protection of water and marine resources, and pollution prevention and control, verifying compliance with the following criteria:
– Criteria for substantial contribution;
– Criteria for Do No Significant Harm (DNSH);
– Minimum Social Safeguards.

Substantial contribution
For the purposes of assessing alignment, for each of the economic activities considered eligible with respect to the targets identified above, compliance with the **substantial contribution criteria** was verified[47].

Activity 6.5 (CCM): Transport by motorbikes, passenger cars and light commercial vehicles
Following the analysis conducted by the Group, the purchase and rental of vehicles in 2024 belonging to category M1 (intended for the transport of persons with a maximum capacity of 8 seats) and N1 (intended for the transport of goods and having a maximum mass not exceeding 3.5 t) were evaluated as not aligned with the criterion of substantial contribution under a) as they do not satisfy the limits of 50g/km of specific emissions of CO_2.

Activity 6.13 (CCM): Infrastructure for personal mobility, cycle logistics
Following the analysis conducted by the Group, it was determined that, with the construction of a pavement for pedestrians, this activity is aligned with the criterion of substantial contribution.

Activity 7.1 (CCM): Construction of new buildings
Following the analysis conducted by the Group, the activity of constructing new buildings in Gubbio and Penne were evaluated as not aligned with the criterion of substantial contribution, following a conservative and prudent approach and in the absence of specific information concerning the reduction of the primary energy requirement with respect to current regulations.

Activity 7.2 (CCM): Renovation of existing buildings
Following the analysis conducted by the Group, the activity of restructuring its buildings, offices and shops were evaluated as not aligned with the criterion of substantial contribution, following a conservative and prudent approach and in the absence of specific information concerning the type of restructuring performed and the capacity to promote a reduction in the primary energy requirement.

47 Articles 10, 11, 12, 13, 14, 15, 16 and 19 of EU Regulation 852/2020.

Activity 7.3 (CCM): Installation, maintenance and repair of energy efficiency equipment
Following the analysis conducted by the Group a part of the activities aimed at the energy efficiency of buildings was evaluated by third parties as aligned with the criterion of substantial contribution in points a), b), d) and e). This mainly concerns the replacement of traditional lighting systems and lamps with smart lighting systems and LED lamps, as well as work to improve the energy performance of some buildings for the benefit of greater thermal insulation, as well as the installation and replacement of air conditioning and climate control systems with more efficient technologies. From the analysis of the documentation received in relation to the remaining part of the initiative considered eligible for this activity, and following a conservative and prudential approach, in the absence of specific information necessary for evaluating the complete alignment of this activity with the criterion of substantial contribution, the activity was evaluated to be non-aligned.

Activity 7.6 (CCM): Installation, maintenance and repair of technologies for renewable energies
Following the analysis conducted by the Group, the activity performed in 2024 related to the installation of photovoltaic panels at the Penne site of Pinturicchio S.r.l. was evaluated as aligned with the criterion of substantial contribution.

Activity 7.7 (CCM): Acquisition and ownership of buildings
Following the analysis conducted by the Group in relation to the purchase and rental of real estate, following a conservative and prudential approach, and in the absence of sufficient information regarding the year of construction of the buildings and the relevant energy class, the activity is considered to be non-aligned.

Activity 2.4 (PPC): Remediation of contaminates sites and areas
Following the analysis conducted by the Group, the remediation of asbestos was evaluated as not aligned with the criterion of substantial contribution in the absence of specific information regarding the surveys performed in preparation of the intervention and the management of the waste produced or generated by the remediation activity.

Activity 3.1 (CE): Construction of new buildings
Following the analysis conducted by the Group, the activities related to the construction of new buildings were considered not aligned with the criterion of substantial contribution, following a conservative and prudential approach as sufficient information was not available concerning the handling of the waste generated during constructions, the quantity of virgin raw materials used and the global warming potential (GWP) of the life cycle of the building under construction.

Activity 3.2 (CE): Renovation of existing buildings
Following the analysis conducted by the Group concerning the restructuring of the buildings of the sites and offices of the Group and other shops, following a conservative and prudential approach, in the absence of sufficient evidence regarding the type of disposal of waste produced during the restructuring process and the type of materials used, the activity is considered to be non-aligned.

Activity 3.3 (CE): Demolition of buildings and other structures
Following the analysis conducted by the Group concerning the demolition of the buildings of Pinturicchio S.r.l. in Gubbio, following a conservative and prudential approach, in the absence of sufficient evidence regarding the type of disposal of waste produced during the demolition process, the activity is considered to be non-aligned.

Activity 4.1 (CE): Provision of IT/OT data-driven solutions and software
Following the analysis conducted by the Group concerning the purchase of information systems for the remote collection and processing of data related to the equipment, products and infrastructure, the activity is considered to be aligned.

Activity 2.2 (WTR): Treatment of urban waste water
Following the analysis conducted by the Group concerning the creation of the drain pipes in the buildings of Pinturicchio S.r.l. in Carrara and the construction of sewers, following a conservative and prudential approach, in the absence of sufficient evidence regarding the type of work performed and the technical specifications of the pipes, the activity is considered to be non-aligned.

Do No Significant Harm (DNSH)
For each eligible economic activity with respect to the targets identified above, the Brunello Cucinelli Group subsequently assessed its compliance with the "**Do No Significant Harm**" (DNSH) criteria[48] in order to ensure that these economic activities do not cause significant harm to other environmental objectives.

Activity 6.5 (CCM): Transport by motorbikes, passenger cars and light commercial vehicles
With reference to this activity, the following analyses were carried out:
- *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
- *Transition to a circular economy:* in relation to activity 6.5, a waste hierarchy-compliant waste management system must be in place for both the fleet's use (maintenance) and end-of-life phases. This includes recycling and reusing batteries and electronic components, especially their essential raw materials, as well as making sure that M1 and N1 vehicles are (a) reusable or recyclable by at least 85% of their weight and (b) reusable or recoverable by at least 95% of their weight, respectively, according to the established criteria. As defined in Annex I of Directive 2005/64/EC of the European Parliament and of the Council, in relation to the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability, the Group considers the activity aligned.
- *Pollution Prevention and Control*: activity 6.5 requires vehicles to comply with certain parameters regarding conformity, type approval, emission and efficiency. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be non-aligned.

Activity 6.13 (CCM): Infrastructure for personal mobility, cycle logistics
With reference to this activity, the following analyses were carried out:
- *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for ad-

48 Article 17 of Regulation (EU) 2020/852.

aptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
- *Sustainable use and protection of water and marine resources*: it is mandatory for each activity to meet the criteria set out in Appendix B of the Climate Delegated Act, which requires an analysis of the risks of environmental degradation associated with both the preservation of water quality and the prevention of water stress, or an environmental impact assessment in accordance with Directive 2011/92/EU of the European Parliament and of the Council[49]. According to a conservative and prudential approach, in the absence of sufficient evidence to allow a full assessment of compliance with the criterion, the Group considers the activity to be non-aligned.
- *Transition to a circular economy:* in relation to activity 6.13, in order to promote circularity it is essential that precautions be taken during the building phase to restrict the amount of non-hazardous construction and demolition waste generated on site, and that a minimum of 70% of this waste is directed towards recycling or recovery processes. It is believed that, to date, pavement construction cannot be considered to be in line with these criteria.
- *Pollution prevention and reduction:* measures must be taken during the construction phases to reduce noise, dust and pollutant emissions. It is therefore considered that this criterion is met and, therefore, the activity is considered to be aligned.
- *Protection and restoration of biodiversity and ecosystems:* any activity must adhere to the standards outlined in Appendix D of the Climate Delegated Act, which include conducting an Environmental Impact Assessment (EIA) and putting in place the required compensation and mitigation measures to safeguard the environment. According to a conservative and prudential approach, as regards the investments made in 2024 concerning construction of a pavement for pedestrians, in the absence of sufficient elements to allow a complete assessment of compliance with the criterion, the Group considers the activity to be non-aligned.

Activity 7.1 (CCM): Construction of new buildings
- *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
- *Sustainable use and protection of water and marine resources*: in order to fulfil the requirements for water consumption in activity 7.1, hydraulic equipment must be installed to ensure flows and discharges that minimise the waste of water resources. It believed that, to date, the technical information is not sufficient for the Group to cautiously consider the construction activities to be in line with the above criteria.
- *Transition to a circular economy:* in relation to activity 7.1, in order to promote circularity it is essential that precautions be taken during the building phase to restrict the amount of non-hazardous construction and demolition waste generated on site, and that a minimum of 70% of this waste is directed towards recycling or recovery processes. As concerns the construction activities performed in 2024, it is believed that the activities cannot be considered as aligned with these criteria.
- *Pollution prevention and control:* activity 7.1 requires that each construction activity is carried out such that the materials and components used during the activities have a limited content of formaldehyde and volatile

49 Directive 2011/92/EU of the European Parliament and of the Council dated 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26 dated 28 January 2012, p. 1).

organic carcinogenic compounds and that they do not contain the chemicals listed in Appendix C of the Climate Delegated Act. In accordance with a conservative and prudential approach despite the fact that, in conducting activities for the construction of new buildings, the Group is committed to complying with the regulations in force concerning the substances used, in the absence of sufficient evidence to substantiate the precise analyses required by the criterion, the Group considers the activity to be non-aligned.
– *Protection and restoration of biodiversity and ecosystems:* activity 7.1 requires compliance with the criteria stated in Appendix D of the Climate Delegated Act, which include conducting an environmental impact assessment (EIA) and putting in place the required compensation and mitigating measures. In relation to the investments made in 2024 connected to the construction of new buildings in Penne and Gubbio, adopting a conservative and prudential approach and in the absence of sufficient information that would permit a complete assessment if the criterion was met, the activity is considered to be non-aligned.

Activity 7.2 (CCM): Renovation of existing buildings
With reference to this activity, the following analyses were carried out:
– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
– *Sustainable use and protection of water and marine resources*: in order to fulfil the requirements for water consumption in activity 7.2, hydraulic equipment must be installed to ensure flows and discharges that minimise the waste of water resources. It believed that, to date, the technical information is not sufficient for the Group to cautiously consider shop and building renovation activities to be in line with the above criteria.
– *Transition to a circular economy:* in relation to activity 7.2, in order to promote circularity it is essential that precautions be taken during the reconstruction phase to restrict the amount of non-hazardous construction and demolition waste generated on site, and that a minimum of 70% of this waste is directed towards recycling or recovery processes. It is believed that, to date, there is not sufficient information to consider the activities for the restructuring of buildings and shops to be aligned with this criterion.
– *Pollution prevention and control:* it is necessary for the materials used during the restructuring process to satisfy the criteria stated in Appendix C of the Climate Delegated Act regarding the use of some types of chemical pollutants. With regard to the investments made in 2024 concerning the restructuring of shops and buildings, in the absence of a suitable plan for adaptation to the identified risks, the Group considers the activity to be non-aligned.

Activity 7.3 (CCM): Installation, maintenance and repair of energy efficiency equipment
With reference to this activity, the following analyses were carried out:
– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
– *Pollution prevention and control*: with regards to Activity 7.3,the criteria set out in Appendix C of the Climate Delegated Act require that the activity does not involve the manufacture, placing on the market or use of certain

types of chemical pollutants. Given the Group's commitment, when carrying out its own business activities, to respecting current regulations on the substances used according to what is specified by current regulations and its requirement for material suppliers to observe the REACH regulation, the activity *is* considered aligned.

Activity 7.6 (CCM): Installation, maintenance and repair of technologies for renewable energies
With reference to this activity, the following analyses were carried out:
– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.

Activity 7.7 (CCM): Acquisition and ownership of buildings: rental of buildings
– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.

With respect to the analysis of alignment with the target of pollution prevention and control, the analyses carried out for the activity assessed as eligible are indicated below.

Activity 2.4 (PPC): Remediation of contaminated sites and areas
– *Climate change mitigation*: regarding activity 2.4, it is necessary that remediation activities must not involve the degradation of territories with high levels of carbon and that the remediation plan includes measures targeted towards reducing the Scope 1 and Scop3 2 greenhouse gas emissions connected to the remediation process. Concerning the investments made in 2024 connected to the remediation of asbestos, adopting a conservative and prudential approach and in the absence of sufficient evidence to substantiate the precise analyses required by the criterion, the activity is considered to be non-aligned.
– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
– *Sustainable use and protection of water and marine resources*: in relation to activity 2.4, it is necessary to perform an analysis of the risks of environmental degradation related to the preservation of the water quality and the prevention of water stress based on the activities carried out. It believed that, to date, the technical information is not sufficient for the Group to cautiously consider the remediation activities to be in line with the above criteria.
– *Transition to a circular economy:* activity 2.4 requires that during the remediation process, measures are implemented for limiting the production of waste in support of circularity and that at least 70% of this waste is di-

rected towards recycling or recovery processes. Considering the investment in the remediation activity carried out in 2024, it is believed that this activity cannot be considered as aligned with these criteria.
– *Protection and restoration of biodiversity and ecosystems:* this requires compliance with the criteria stated in Appendix D of the Climate Delegated Act, which include conducting an environmental impact assessment (EIA) and putting in place the required compensation and mitigating measures. In relation to the investment made in 2024 connected to the remediation of asbestos, adopting a conservative and prudential approach and in the absence of sufficient information that would permit a complete assessment if the criterion was met, the activity is considered to be non-aligned.

With respect to the analysis of alignment with the target of transition to a circular economy, the analyses carried out for each of the eligible activities are indicated below.

Activity 3.1 (CE): Construction of new buildings
– *Climate change mitigation*: activity 3.1 requires that the primary energy requirements do not exceed the threshold defined for the requirements of the nearly-zero energy building (NZEB). In relation to the investments made in 2024 connected to the construction of new buildings, adopting a conservative and prudential approach and in the absence of sufficient information that would permit a complete assessment if the criterion was met, the activity is considered to be non-aligned.
– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
– *Sustainable use and protection of water and marine resources*: in relation to activity 3.1, it is necessary to perform an analysis of the risks of environmental degradation related to the preservation of the water quality and the prevention of water stress based on the activities carried out. It is not believed that, to date, the technical information is sufficient for the Group to cautiously consider the activities of constructing new buildings to be in line with the above criteria.
– *Pollution prevention and control*: activity 3.1 requires that the building components and materials used for the construction activities do not contain the chemicals listed in Appendix C of the Climate Delegated Act. Even though the Group adopts a conservative and prudential approach despite the fact that, in conducting construction activities, it is committed to complying with the regulations in force concerning the substances used, in the absence of sufficient evidence to substantiate the precise analyses required by the criterion, the Group considers the activity to be non-aligned.
– *Protection and restoration of biodiversity and ecosystems:* activity 3.1 requires compliance with the criteria stated in Appendix D of the Climate Delegated Act, which include conducting an Environmental Impact Assessment (EIA) and putting in place the required compensation and mitigating measures. In relation to the investments made in 2024 connected to the construction of new buildings in Penne and Gubbio, adopting a conservative and prudential approach and in the absence of sufficient information that would permit a complete assessment if the criterion was met, the activity is considered to be non-aligned.

Activity 3.2 (CE): Renovation of existing buildings
– *Climate change mitigation*: regarding activity 3.2, the Group believes that the activities for the restructuring of its own shops and buildings are aligned as the restructured buildings are not used for the extraction, transport, storage or production of fossil fuels.

– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
– *Sustainable use and protection of water and marine resources*: in order to fulfil the requirements for water consumption in activity 3.2, hydraulic equipment must be installed to ensure flows and discharges that minimise the waste of water resources. It believed that, to date, the technical information is not sufficient for the Group to cautiously consider the renovation activities of its own shops and buildings to be in line with the above criteria.
– *Pollution prevention and control:* activity 3.2 requires that each restructuring activity is carried out such that the materials and components used during the activities have a limited content of formaldehyde and volatile organic carcinogenic compounds and that they do not contain the chemicals listed in Appendix C of the Climate Delegated Act. In accordance with a conservative and prudential approach despite the fact that, in conducting restructuring activities, the Group is committed to complying with the regulations in force concerning the substances used, in the absence of sufficient evidence to substantiate the precise analyses required by the criterion, the Group considers the activity to be non-aligned.

Activity 3.3 (CE): Demolition of buildings and other structures
– *Climate change mitigation*: activity 3.3 requires the management of greenhouse gas emissions from the foam contained in the foam or laminated panels removed during the demolition activities. In relation to the investments made in 2024 connected to the demolition of a building at the Pinturicchio S.r.l. site in Gubbio, adopting a conservative and prudential approach and in the absence of sufficient information that would permit a complete assessment if the criterion was met, the activity is considered to be non-aligned.
– *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
– *Sustainable use and protection of water and marine resources*: in relation to activity 3.3, it is necessary to perform an analysis of the risks of environmental degradation related to the preservation of the water quality and the prevention of water stress based on the activities carried out. It is not believed that, to date, the technical information is sufficient for the Group to cautiously consider the activities of demolition of buildings to be in line with the above criteria.
– *Pollution prevention and reduction:* measures must be taken during the demolition phases to reduce noise, dust and pollutant emissions. It is therefore considered that this criterion is met and, therefore, the activity is considered to be aligned.
– *Protection and restoration of biodiversity and ecosystems:* this requires compliance with the criteria stated in Appendix D of the Climate Delegated Act, which include conducting an environmental impact assessment (EIA) and putting in place the required compensation and mitigating measures. In relation to the investments made in 2024 for the demolition activity, adopting a conservative and prudential approach and in the absence of sufficient information that would permit a complete assessment if the criterion was met, the activity is considered to be non-aligned.

Activity 4.1 (CE): Provision of IT/OT data-driven solutions and software

- *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
- *Sustainable use and protection of water and marine resources*: according to the requirements of activity 4.1, it is necessary to perform an analysis of the risks of environmental degradation related to the preservation of the water quality and the prevention of water stress based on the activities carried out. It believed that, to date, the technical information is not sufficient for the Group to cautiously consider the activity to be in line with the above criteria.
- *Pollution prevention and control:* activity 4.1 requires that the equipment in which the IT systems are used complies with the requirements of Directive 2009/125/EC regarding design. With regard to the investments made in 2024 for the purchase of IT systems, as the activities were carried out in Europe according to current regulations, the activity is considered to be aligned.

Finally, with respect to the analysis of alignment with the sustainable use and protection of water and marine resources, the analyses carried out for the activity assessed as eligible are indicated below.

Activity 2.2 (WTR): Treatment of urban waste water

- *Climate change mitigation*: activity 2.2 requires an assessment of the direct greenhouse gas emissions created by the centralised waste water system, inclusive of collection (sewer network) and treatment. As concerns the investments made in 2024 connected to the construction of sewers, adopting a conservative and prudential approach and in the absence of sufficient evidence to substantiate the precise analyses required by the criterion, the activity is considered to be non-aligned.
- *Adaptation to climate change*: every activity must satisfy the requirements outlined in Appendix A of the Climate Delegated Act, which require an analysis for the identification and assessment of the vulnerability to physical climate risks of both an acute and chronic nature (listed in Section II of the Appendix) that affect the activity according to specific procedures defined in the Delegated Act, including the creation of a plan for adaptation to them. In 2024, the Group performed an analysis of the climate risk, both physical and transitional, at its facilities, production and logistics sites, as well as at its supply chain. However, the plan for adaptation to the identified risks is being defined, and therefore the Group considers the activity to be non-aligned.
- *Pollution prevention and control*: activity 2.2 requires observance of current legislation concerning pollutants deriving from discharges into water bodies and the adoption of measures for avoiding and limiting the harmful overflow of rainwater. In accordance with a conservative and prudential approach despite the fact that, in conducting treatment activities, the Group is committed to complying with the regulations in force, in the absence of sufficient evidence to substantiate the precise analyses required by the criterion, the Group considers the activity to be non-aligned.
- *Protection and restoration of biodiversity and ecosystems:* activity 2.2 requires compliance with the criteria stated in Appendix D of the Climate Delegated Act, which include conducting an environmental impact assessment (EIA) and putting in place the required compensation and mitigating measures. In relation to the investments made in 2024 connected to the treatment of urban waste water by Pinturicchio S.r.l. and the construction of sewers, adopting a conservative and prudential approach and in the absence of sufficient information that would permit a complete assessment if the criterion was met, the activity is considered to be non-aligned.

Minimum Social Safeguards

The Brunello Cucinelli Group has verified compliance with the **Minimum Social Safeguards**[50], which define minimum protection measures to ensure that an economic activity is carried out with respect for human and labour rights in line with the OECD Guidelines for Multinational Enterprises and with the United Nations Guiding Principles on Business and Human Rights, including the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, and eight fundamental ILO conventions, as well as the International Bill of Human Rights.

The assessment also took into account the interpretative guidance issued by the Platform on Sustainable Finance (PSF), an advisory body established pursuant to Article 20 of the Regulation, in the document "Final Report on Minimum Safeguards", published in October 2022, as well as the European Commission's communiqué of June 2023, with respect to indicators of negative sustainability effects.

The document was drafted with the aim of providing essential information to support companies and investors manage the practicalities of minimum guarantee requirements. However, this does not represent an official legal interpretation.

The analysis of conformity with the minimum social safeguards included the following nine categories: human rights policies, human rights due diligence and risk assessment, management of human rights impacts, reporting on human rights aspects, grievance mechanisms, consumer interests, anti-corruption, competition, taxation.

In carrying out its activities, the Brunello Cucinelli Group operates and requires its employees, external collaborators and business partners to operate in compliance with its Code of Ethics. This defines the set of rules of conduct, principles and values that guide the Company's operations in order to guarantee the correct functioning, integrity and reputation of its business activities.

The Code of Ethics, which has been approved by the Board of Directors, applies in a binding manner to all stakeholders considered relevant to the Company, and is an integral part of the Organisation, Management and Control Model (pursuant to Legislative Decree 231/2001).

The Company shares the Code of Ethics with all interested parties by publishing it on its corporate website and on the corporate intranet. The adoption of the Code of Ethics is also made known to those who have relations with the Group (external collaborators, customers, suppliers, etc.) through the use of specific contractual clauses. Specific sanctions are provided for any breach of the Code of Ethics.

In line with the principles of the Code of Ethics, the Board of Directors has adopted the Human Sustainability policy "In Harmony with Creation" and the Diversity and Inclusion Policy. These policies represent additional tools that the Brunello Cucinelli Group has implemented to guarantee its commitment to respecting values and human rights and to prevent any episodes of discrimination that could compromise the right of equal opportunity.

To foster a more inclusive and diverse corporate culture, the Group additionally commits to offering targeted training programmes for its staff on the aforementioned topics, minimising language barriers in the workplace, and promoting the recruitment of personnel of different nationalities and/or protected categories.

50 Article 18(1) of Regulation (EU) 2020/852.

Furthermore, the Brunello Cucinelli Group has established the Council for Human Sustainability and Humanistic Capitalism with the objective of disseminating the sustainability principles, with particular focus on ethical, environmental and social aspects, including human rights. In order to guarantee equal opportunities and to value and include all the people in the Group, while respecting the dignity, freedom and autonomy of each individual, the Group has adopted policies based on meritocracy and the recognition of fair remuneration. Evidence of the Group's focus on D&I issues is the ratio of women's basic salary and average wages to men's, for which we refer to paragraph "S1-16 Compensation metrics (pay gap and total compensation)" in the section "S1 Own workforce" included in the chapter *Social information.*

Additional tools for ethical business management include the Whistleblowing Procedure, which regulates the process of reporting potential conduct that is in breach of the 231 Model and the Code of Ethics and other Policies adopted internally.

The Group is also committed to ensuring dialogue with all stakeholders, and has defined a "Human Relations" Policy, published on the Investor Relations website and approved by the Board of Directors, which ensures responsible and inclusive communication with key stakeholders.

With regard to safeguarding the interests of its customers, the Group is additionally dedicated to overseeing production procedures and operating in accordance with prevailing regulations pertaining to the quality and safety of its products. Furthermore, it ensures adherence to the stipulations of the General Data Protection Regulation (GDPR) by disclosing the *Privacy Policy* to customers via its website.

Through its Anti-Bribery Policy, available online, the Group affirms its commitment to combating all forms of corruption and unlawful practices. Furthermore, Brunello Cucinelli demonstrates a strong dedication to advocating for a range of anti-corruption training initiatives. These endeavours aim to enhance knowledge regarding corruption concerns, the potential hazards that employees and the organisation may encounter, and the proper protocols for reporting suspected illicit activities.

The Group operates on the national and international market in full compliance with national and EU antitrust and tax regulations. In 2024, the Group successfully executed certain controls to prevent instances of non-compliance pertaining to human rights, corruption, and taxation matters. Additionally, no customer complaints were received concerning violations of regulations.
Brunello Cucinelli undertakes to ensure that the rules of conduct contained are also complied with by its suppliers of raw materials and small craft enterprises, who are required to sign the Code when stipulating any form of agreement. Within this particular framework, it is mandatory for these suppliers to affix their signatures to the regulations stipulating obligations and responsibilities that are established in the Organisation, Management, and Control Model, the Anti-Bribery Policy, and the Whistleblowing Procedure. Additionally, they are bound by the Human Sustainability Policy "In Harmony with Creation" and the Diversity and Inclusion Policy. An ongoing small craft enterprises audit process has been implemented to assess and mitigate risks related to ethical, social and environmental issues within the supply chain.

Nevertheless, the Company maintains a conservative and prudential approach and concludes that the existing procedures implemented throughout the Group and, in particular, with suppliers and small craft enterprises, although satisfactory and in line with market and corporate standards, fail to completely satisfy every criterion essential for acknowledging the alignment of identified eligible activities.

Disclosure of Taxonomy KPIs

In accordance with Delegated Regulation (EU) 2021/2178 issued by the European Commission, for each of the economic activities assessed as eligible and aligned to the technical requirements defined by the Taxonomy, the Brunello Cucinelli Group calculated the relevant share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx). Specifically:

- For the calculation of **Turnover**, the amount of revenues deriving from the sale of products and provision of services was considered in compliance with IAS 1 par. 82(a) and the Directive 2013/34/EU which defines, as regards the denominator, "Net Turnover" as the revenues deriving from the sale of products and provision of services as net of VAT, returns and other additional taxes;
- **CapEx** take into account the sum of all additions during FY 2024 to tangible and intangible balance sheet items including capitalised assets related to R&D and rights of use arising from IFRS 16;
- **OpEx** take into account the sum of operating expenses associated with R&D, maintenance of production facilities, day-to-day servicing of Company assets and short-term leasing.

From the analyses conducted, no revenue items were identified that could be associated with permissible economic activities with respect to both the *Climate Delegated Act* and the *Environmental Delegated Act*. Therefore, compared to the total turnover in 2024 (€1,278.540 thousand), the ineligible share is 100%.

On the basis of the provisions of paragraph 1.1.3. of the Delegated Regulation, the Group considers the value of the denominator of the KPI relating to OpEx, as required under the Regulation and amounting to €34,579 thousand, corresponding to approximately 3.8% of the Group's total OpEx, as not material to the business model. For this reason, the Group did not carry out the analyses for the calculation of the numerator of the KPI for that KPI.

In reference to CapEx, even if in this case the Group has considered the investments as not aligned with the Climate Delegated Act or the Environmental Delegated Act, amounts were still identified regarding eligible economic activities with respect to the two delegated acts.

In particular, these investments are associated with the following activities:

- *6.5 Transport by motorbikes, passenger cars and light commercial vehicles*: with reference to the purchase and hire of vehicles;
- *6.13 Infrastructure for personal mobility, cycle logistics*: with reference to the construction of a pavement for pedestrians in Ellera di Corciano;
- *7.1 Construction of new buildings*: with reference to the construction of new buildings in Gubbio and Penne;
- *7.2 Renovation of existing buildings*: with reference to the refurbishment of shops, offices and other buildings;
- *7.3 Installation, maintenance and repair of energy efficiency equipment*: with reference to the implementation of thermal insulation systems in buildings; installation, maintenance and efficiency of ventilation and air conditioning systems; replacement of traditional lighting systems and lamps with smart lighting systems and LED lamps;
- *7.6 Installation, maintenance and repair of technologies for renewable energies:* with reference to the installation of a photovoltaic plant at Pinturicchio S.r.l.;
- *7.7 Acquisition and ownership of buildings*: with reference to the rental of buildings.

With reference to the Environmental Delegated Act, investments are associated with the following activities:

- *2.2 Municipal wastewater treatment*: with reference to the construction of sewers and drain pipes;
- *2.4 Remediation of contaminated sites and areas:* with reference to the remediation of the asbestos at the new facility in Poppi (AR);
- *3.1 Construction of new buildings*: with reference to the construction of new buildings in Gubbio and Penne;

- *3.2 Renovation of existing buildings*: with reference to the refurbishment of shops, offices and other buildings;
- *3.3 Demolition of buildings and other structures*: with reference to the demolition of buildings of Pinturicchio S.r.l.;
- *4.1 Provision of IT/OT data-driven solutions and software:* with reference to the purchase of information systems for managing orders and shipments and for collecting and processing data related to equipment, products and infrastructure.

Accounting Policy

According to the Annexes to the Delegated Regulation, it is required to calculate the percentage of Turnover, CapEx and OpEx associated with eligible and aligned assets. To fulfil this regulatory obligation, as mentioned in the previous paragraphs the Group has identified its eligible activities and calculated the three KPIs required by the Regulation, having also assessed the alignment of these activities with the technical screening criteria provided by the *Climate Delegated Act* and the *Environmental Delegated Act*. The analyses conducted in order to adhere to the disclosure obligations of the Delegated Regulation are described below, indicating the methodologies applied and the accounting items considered for calculating the three KPI.

TURNOVER

In accordance with the Delegated Regulation, the Group considered the following values for the calculation of the Turnover Ratio:

- **denominator**: net turnover from the sale of goods and the provision of services after deducting sales discounts and VAT directly related to turnover. In order to avoid any possible double counting, intercompany items have been eliminated and do not contribute to the determination of the KPI. As a result, the denominator (€1,278,540 thousand) of the KPI corresponds to the item “Revenues”, presented in Note 27 – Revenue from Group's Consolidated Financial Statements - and in line with the provisions of IAS 1, par.82(a);)
- **numerator**: the share of net turnover (taken into account for the calculation of the denominator) associated with eligible and aligned activities. For this assessment, the approach taken involved identifying, through general accounting, potential revenue components associated with eligible economic activities. For the year 2024, the Brunello Cucinelli Group has not assessed any directly performed activities as eligible. Therefore the numerator of the Turnover indicator is zero.

CAPEX

For the purpose of calculating the denominator of the KPI relating to CapEx, this considered the additions incurred in the reporting period relating to tangible assets (land and buildings, leasehold improvements, plant and machinery, commercial industrial equipment and other assets, fixed assets under construction and historical collection), intangible assets (concessions licences and trademarks and fixed assets under construction and payments on account) and Right of Use Assets (RoU of buildings and motor vehicles) and to investment property (investment property), including the additions arising from business combinations during the year. The approach used for the extraction of the above-mentioned figures involved a timely analysis of the general accounts showing the investments made during the year by all companies within the scope of consolidation.

In accordance with the Delegated Regulation, the Group considered the following values for the calculation of CapEx:

- **denominator**: for the calculation of the denominator, the Group considered the increases in plant, property and equipment accounted for in accordance with the accounting standard IAS 16 – note 3 to the Annual Financial Report, intangible assets accounted for in accordance with the accounting standard IAS 38 – note 1 to the Annual Financial Report, increases in the rights of use accounted for in accordance with the accounting standard IFRS 16 – note 2 to the Annual Financial Report, and investment property in accordance with the accounting standard IAS 40 – note 4 to the Annual Financial Report. This analysis returned a total value referring to the financial year 2024 of: €311,086 thousand.

– **numerator**: for the purpose of determining the numerator, CapEx related to the purchase of outputs from eligible economic activities Taxonomy-aligned and individual measures that enable activities to reduce their emission profile were considered. In this regard, the Group included the following values in the numerator of the KPI, referring to the data of the consolidated financial statements in accordance with accounting standards IAS 16 "Property, Plant and Equipment", IFRS 16 "Leases" and IAS 38 "Intangible Assets":
  - for Activity 2.2 – Municipal wastewater treatment – additions to plant, property and equipment related to plants regulated by accounting standard IAS 16;
  - for Activity 2.4 – Remediation of contaminated sites and areas – additions to tangible assets related to plants regulated by the accounting standard IAS 16;
  - for Activity 3.1 – Construction of new buildings – additions to plant, property and equipment related to plants regulated by accounting standard IAS 16;
  - for Activity 3.2 – Renovation of existing buildings – additions to property, plant and equipment related to plants regulated by the accounting standard IAS 16;
  - for Activity 3.3 – Demolition of buildings and other structures – additions to property, plant and equipment related to plants regulated by the accounting standard IAS 16;
  - for Activity 4.1 – Provision of IT/OT data-driven solutions and software – additions to intangible assets related to software regulated by the accounting standard IAS 38;
  - for Activity 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles - increases in Motorcycle rights of use regulated by the accounting standard IFRS 16 and increases in property, plant and equipment regulated by the accounting standard IAS 16;
  - for Activity 6.13 – Infrastructure for personal mobility, cycle logistics - the additions to property, plant and equipment related to plants regulated by the accounting standard IAS 16;
  - for Activity 7.1 – Construction of new buildings – additions to plant, property and equipment related to plants regulated by accounting standard IAS 16;
  - for Activity 7.2 – Renovation of existing buildings - additions to property, plant and equipment in relation to plants regulated by the accounting standard IAS 16;
  - for Activity 7.3 – Installation, maintenance and repair of energy efficiency equipment – additions to property, plant and equipment in relation to plants regulated by the accounting standard IAS 16;
  - for Activity 7.6 – Installation, maintenance and repair of technologies for renewable energies – additions to property, plant and equipment in relation to plants regulated by the accounting standard IAS 16;
  - for Activity 7.7 – Acquisition and ownership of buildings - additions to the rights of use regulated by the accounting standard IFRS 16 and additions to property, plant and equipment in relation to plants regulated by the accounting standard IAS 16.

Additionally, it should be emphasised that the retrieval of the data pertaining to the aforementioned categories was executed promptly utilising the information contained in the general accounts currently in use in the companies included in scope of consolidation.

OPEX

In accordance with the Delegated Regulation, the Group considered the following values for the calculation of OpEx:

– **denominator**: for the calculation of the denominator, a detailed analysis of the Group's chart of accounts was carried out, identifying the items that can be associated with the cost categories expressly mentioned in the Delegated Regulations. Specifically:
    - Short term lease;
    - Costs related to maintenance and repairs, incurred during operation, on buildings and IT equipment. Costs related to employees involved in maintenance and repair activities and also maintenance commissioned to third-party companies were taken into account for this category;
    - Costs associated with day-to-day servicing of assets [51]i.e. costs associated with the reorganisation of facilities and buildings;
    - R&D costs not capitalised and, specifically, related to the performance of design and aesthetic conception activities aimed at the study of new products.

The outcome of these analyses resulted in a value of €34,579 thousand, representing approximately 3.8% of total operating expenses. As stipulated in the Delegated Regulation, therefore, the OpEx KPI is to be considered non-material.

– **Numerator**: In light of the guidance provided by the European Commission and the Disclosure Delegated Act (§ 1.1.3.2 of Annex I), it was determined that it would be inappropriate to provide an indication of the value of the numerator of the relevant KPI. This is because the denominator accounts for approximately 3.8% of the overall operational expenditure. The low value of the aforementioned ratio is an expression of the reduced relevance of the cost categories required by the Taxonomy. These tend to reward asset-intensive business models, compared to a business model in which the cost of external processing, personnel, advertising/commercial costs and transport are the most representative expressions of its operating costs.

51 Clarification provided by the answer to question 12 of the FAQ published by the European Commission on 2 February 2022.

Table 26: Share of turnover derived from products or services associated with economic activities Taxonomy-aligned - Disclosure for 2024

Financial Year 2024		Year		Criteria for substantial contribution						DNSH (Do No Significant Harm) criteria									
Economic activities	Code	Turnover	Share of turnover 2024	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum Social Safeguards	Share of turnover Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.), 2023	Qualifying activity category	Transition activity category
		k€	%	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%								0%		
of which enabling		-	0%														0%	A	
of which transitional		-	0%														0%		T
A.2 Activities Taxonomy-eligible but not environmentally sustainable (activities that are not Taxonomy-aligned)																			
Turnover of activities Taxonomy-eligible but not environmentally sustainable (activities that are not Taxonomy-aligned) (A.2)		-	0%														0%		
A. Turnover of activities Taxonomy-eligible (A.1+A.2)		-	0%														0%		
B. ACTIVITIES NOT TAXONOMY-ELIGIBLE																			
Turnover of activities not Taxonomy-eligible		1,278,540	100%														100%		
Total (A+B)		1,278,540	100%														100%		

Table 27: Share of capital expenditure from products or services associated with economic Taxonomy-aligned activities - 2024 disclosure

Financial Year 2024		Year		Criteria for substantial contribution						DNSH (Do No Significant Harm) criteria									
Economic activities	Code	CapEx	Share of CapEx 2024	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum Social Safeguards	Share of CapEx Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2.), 2023	Qualifying activity category	Transition activity category
		k€	%	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No N/AM	Yes/No Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%								0%		
of which enabling		-	0%														0%	A	
of which transitional		-	0%														0%		T
A.2 Activities Taxonomy-eligible but not environmentally sustainable (activities that are not Taxonomy-aligned)																			
Municipal wastewater treatment	2.2 (WTR)	3	0.001%														0.029%		
Remediation of contaminated sites and areas	2.4 (PPC)	43	0.02%														0%		
Demolition of buildings and other structures	3.3 (CE)	45	0.01%														0.09%		
Provision of IT/OT data-driven solutions and software	4.1 (CE)	28	0.01%														0.014%		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5 (CCM)	1,806	0.58%														1.157%		
Infrastructure for personal mobility, cycle logistics	6.13 (CCM)	548	0.18%														0.087%		
Construction of new buildings	7.1 **(CCM)** / 3.1 (CE)	3,702	1.19%														0%		
Renovation of existing buildings	7.2 **(CCM)** / 3.2 (CE)	8,931	2.87%														0.927%		
Installation, maintenance and repair of energy efficiency equipment	7.3 (CCM)	6,669	2.14%														1.027%		
Installation, maintenance and repair of technologies for renewable energies	7.6 (CCM)	73	0.02%														0%		
Acquisition and ownership of buildings	7.7 (CCM)	214,888	69.08%														66.095%		
CapEx of activities Taxonomy-eligible but not environmentally sustainable (activities that are not Taxonomy-aligned) (A.2)		236,735	76.10%														69.43%[52]		
A. CapEx of activities Taxonomy-eligible (A.1+A.2)		236,735	76.10%														69.43%		
B. ACTIVITIES NOT TAXONOMY-ELIGIBLE																			
CapEx of activities not Taxonomy-eligible		74,351	23.90%														30.57%		
Total (A+B)		311,086	100%														100%		

52 As it only includes eligible activities that were present in the reporting year 2023, the percentage value of the total CapEx for 2023 which is Taxonomy-eligible but not environmentally sustainable (A.2) does no equal the sum of the percentages of the reported rows.

	Share of Capex/total Capex	
	Taxonomy-aligned by objective	**Taxonomy-eligible by objective**
CCM	0%	76%
CCA	0%	0%
WTR	0%	0.001%
CE	0%	3%
PPC	0%	0.01%
BIO	0%	0%

Table 28: Share of operating expenses arising from products or services associated with economic activities Taxonomy-aligned - disclosure 2024

Financial Year 2024		Year		Criteria for substantial contribution						DNSH (Do No Significant Harm) criteria									
Economic activities	**Code**	**OpEx**	**Share of OpEx 2024**	**Climate change mitigation**	**Adaptation to climate change**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Adaptation to climate change**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum Social Safeguards**	**Share of OpEx Taxonomy-aligned with (A.1.) or Taxonomy-eligible (A.2.), 2023**	**Qualifying activity category**	**Transition activity category**
		k€	**%**	**Yes/No N/AM**	**Yes/No N/AM**	**Yes/No N/AM**	**Yes/No N/AM**	**Yes/No N/AM**	**Yes/No N/AM**	**Yes/No Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**%**	**A**	**T**
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%								0%		
of which enabling		-	0%														0%	A	
of which transitional		-	0%														0%		T
A.2 Activities Taxonomy-eligible but not environmentally sustainable (activities that are not Taxonomy-aligned)																			
OpEx of activities Taxonomy-eligible but not environmentally sustainable (activities that are not Taxonomy-aligned) (A.2)		-	0%														0%		
A. OpEx of activities Taxonomy-eligible (A.1+A.2)		-	0%														0%		
B. ACTIVITIES NOT TAXONOMY-ELIGIBLE																			
OpEx of activities not Taxonomy-eligible		-	N/A[53]														N/A		
Total (A+B)		34,579	100%														100%		

53 On the basis of the provisions of paragraph 1.1.3. of the Delegated Regulation, the Group considers the value of the denominator of the KPI relating to OpEx required under the Regulation as not material to the business model. For this reason, the Group did not carry out the analyses for the calculation of the numerator of the KPI for OpEx.

Table 29: Activities related to nuclear and fossil gases - Complementary Delegated Act (Delegated Regulation 2022/1214)

Line	Activities related to nuclear energy	
1	The company carries out, finances or has exposure to the research, development, demonstration and implementation of innovative systems for generating electricity that produce energy starting from nuclear processes with a minimum quantity of waste from the fuel cycle.	No
2	The company carries out, finances or has exposure to the construction and safe operation of new nuclear plants for the generation of electricity or process heat, also for the purposes of district heating or for industrial processes, such as the production of hydrogen, improvement of their safety, with the aid of the best technologies available.	No
3	The company carries out, finances or has exposure to the safe operation of existing nuclear plants that generate electricity or process heat, also for district heating or for industrial processes, such as the production of hydrogen starting from nuclear energy and the improvement of their safety.	No
	Activities related to fossil gases	
4	The company carries out, finances or has exposure to the construction or operation of plants for the production of electricity that use fossil gaseous fuels.	No
5	The company carries out, finances or has exposure to the construction, requalification and operation of plants for the combined generation of heating/cooling and electricity that use fossil gaseous fuels.	No
6	The company carries out, finances or has exposure to the construction, requalification and operation of plants for the generation of heat that produce heating/cooling using fossil gaseous fuels.	No

SOCIAL INFORMATION

S1 Own workforce

STRATEGY

ESRS 2 SBM-2 Interests and views of stakeholders
The Group integrates the requests of its stakeholders in its decision-making process in a significant manner, constantly promoting the provided opinions and contributions. This feedback has had a direct impact on the definition of the targets and the content of the company's sustainability strategy, confirming our commitment towards an open dialogue.

The importance of this approach is confirmed in the Human Relations Policy (ref. MDR-P Policies of the Casa di Moda) and is reinforced further through engagement activities that are in line with the Stakeholder Engagement Plan.

Given the variety and the heterogeneity of the involved stakeholders, the Group adopts instruments and dialogue channels suitable for promoting a direct discussion between company functions and the stakeholders. This continuous and dynamic dialogue makes it possible to focus on stakeholder requests during the Company's decision-making process, promoting respect of human rights and the interests of all involved actors.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
The core of the Company's philosophy leads to the Company always placing the human being at the centre of everything, respecting their moral and economic dignity.

All of its own workers on which the Casa di Moda could produce relevant impacts are taken into consideration in this report.

In particular, the following types of employees are present in the Group: Executives and Managers; White Collar - no Sales; White Collar - Sales; Blue Collar.

As concerns instead the types of workers who are not employees, reference is made to: Self-employed workers (contingent, physical persons with a VAT no.); Workers provided by third-party companies (temporary employees, trainees, interns from the School of Contemporary High Craftsmanship and Arts in Solomeo).

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

Table 30: List of impacts, risks and opportunities relevant to the topic of the own workforce

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Positive impacts				
Increase in employee wellbeing by promoting company welfare and the payment of a correct wage	Potential	Own operations	Medium-term	Adequate wages
Development of human resources by defining continuous improvement and skill learning courses	Actual	Own operations	Medium-term	Skill training and development
Negative impacts				
Limited attention to aspects of work-life balance	Potential	Own operations	Medium-term	Work-life balance
Occupational accidents and/or diseases when performing work activities and/or related to interference (specific risks of the location), in reference to the human resources of the Casa di Moda	Actual	Own operations	Medium-term	Health and safety
Negative impacts on female employees, in terms of limited possibilities for personal and professional growth due to the presence of a pay gap between women and men	Potential	Own operations	Long-term	Gender equality and equal pay for equal work
Insufficient satisfaction regarding expectations for personal and professional growth of human resources	Potential	Own operations	Medium-term	Skill training and development
Lack of respect for values of diversity and inclusion or equal opportunities at the Casa di Moda	Potential	Own operations	Medium-term	Employment and inclusion of people with disabilities Diversity
Compromise of the privacy/availability/integrity of personal and human resource data due to internal factors (i.e. non-conformity of procedures, governance, applications in terms of privacy) and/or external factors (e.g. suppliers responsible for processing data for which the Casa di Moda is the data controller)	Potential	Own operations	Medium-term	Privacy
Risks				
Difficulties in finding specific resources and/or skills in the market or attracting them, mainly related to the increasing market demand for flexibility	N.A.	N.A.	Medium-term	Work-life balance
Risk of losing key skills/knowledge	N.A.	N.A.	Medium-term	Work-life balance
Labour law disputes	N.A.	N.A.	Medium-term	Health and safety
Undermining of employee motivation due to the failed/reduced application of diversity and inclusion values in the company, with negative consequences on reaching company objectives	N.A.	N.A.	Medium-term	Gender equality and equal pay for equal work Employment and inclusion of people with disabilities Diversity
Internal skill/knowledge level not aligned with the needs of the organisation, which can be traced back to the training phase (core business)	N.A.	N.A.	Medium-term	Skill training and development

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Inability by the Group to meet requests from data subjects or failure to meet legal deadlines (e.g. deletion, access to data, rectification of data, withdrawal of consent)	N.A.	N.A.	Short-term	Privacy
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to external factors (e.g. suppliers responsible for processing the data for which BC is the data controller)	N.A.	N.A.	Short-term	
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to internal factors	N.A.	N.A.	Short-term	

In particular, as concerns the negative impacts, please refer to the table below.

Table 31: Nature of the negative impacts on the own workforce

Nature of the impact	Negative impact	Sub-sub topic
Generalised or systemic	Limited attention to aspects of work-life balance	Work-life balance
	Negative impacts on female employees, in terms of limited possibilities for personal and professional growth due to the presence of a pay gap between women and men	Gender equality and equal pay for equal work
	Insufficient satisfaction regarding expectations for personal and professional growth of human resources	Skill training and development
	Lack of respect for values of diversity and inclusion or equal opportunities at the Casa di Moda	Employment and inclusion of people with disabilities
Connected to single incidents	Occupational accidents and/or diseases when performing work activities and/or related to interference (specific risks of the location), in reference to the human resources of the Casa di Moda	Health and safety
	Lack of respect for values of diversity and inclusion or equal opportunities at the Casa di Moda	Diversity
	Compromise of the privacy/availability/integrity of personal and human resource data due to internal factors (i.e. non-conformity of procedures, governance, applications in terms of privacy) and/or external factors (e.g. suppliers responsible for processing data for which the Casa di Moda is the data controller)	Privacy

For more details please refer to the mapping of impacts, risks and opportunities provided in ESRS 2 IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

S1-1 Policies related to own workforce
The principles and values that characterise the culture and the business model and that guide the relationship with human resources are regulated in the Code of Ethics. Specifically, as concerns labour rights, the Code of Ethics is based on respect for the personality and dignity of every individual, the valorisation of meritocracy, recognition of fair compensation and the offer of a path that promotes professional skills, the valorisation of the innovative and entrepreneurial spirit of everyone, as well as the definition of roles, responsibilities, delegations and access to information, so that each member of the organization is able to suitably and intentionally make the decisions for which they are responsible in the interest of the Company and the Group. It also has the objective of preventing discrimination, harassment and abuse of any type and promoting the principal of equal opportunities in all aspects of the work relationship.

We act in accordance with the United Nations Guiding Principles on Business and Human Rights, the OECD Guiding Principles and the Ten Principles of the United Nations Global Compact (UNGC). In this context, we adhere to the requirements of the Modern Slavery Act, which is published on our investor site, in order to oppose all forms of exploitation. Furthermore, we have started a whistleblowing procedure that offers a safe and reserved channel for reporting any violations concerning human rights and the working conditions.

The Code of Ethics is based on the broad and structured policy system adopted by the Casa di Moda to protect its workforce. Specifically, this system is made up of the **Diversity and Inclusion Policy, the Human Sustainability Policy** “In Harmony with Creation”, **the Human Relations Policy and the Privacy Policy System.**

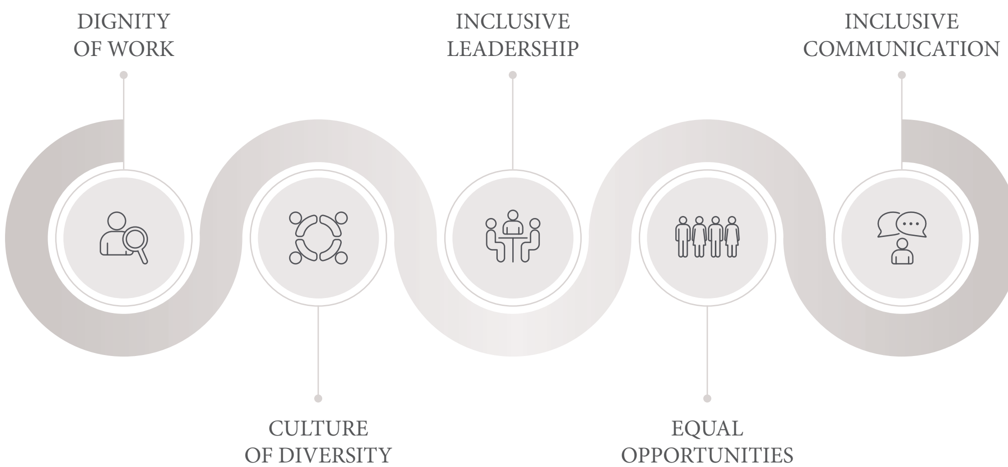
In particular, these Policies define the commitments related to suitable salaries, work-life balance, health and safety, gender equality and equal pay for equal work, skill training and development, employment and inclusion of people with disabilities, diversity and privacy.

Diversity and Inclusion Policy

The Diversity and Inclusion Policy formalises our commitment to understanding, welcoming and valuing the uniqueness of each person in all organisational and management processes.

We promote inclusion of, respect for, listening to, valorising of all employees, regardless of their gender identity, age, different physical and psychophysical abilities, visible or not, their sexual orientation, different cultures, nationalities, social-economic origins, ethnicities, religions to which they belong and with which they identify.

Specifically, the structure of the Policy is divided into five pillars whereby we commit to encouraging ever-greater inclusion of the areas of diversity that are currently most representative for our business: gender identity, age, different physical and mental abilities, sexual orientation and multiculturalism.



The D&I Policy concerns the own workforce overall, paying particular attention to vulnerable categories such as female workers and persons with disabilities. In particular, as concerns women:

- We promote gender balance in top positions and for the relative responsibilities;
- We enhance company welfare plans that support inclusion;
- We create career paths that account for diversity;
- We are committed to closing the pay gap between men and women.

Furthermore, as regards persons with disabilities:

- We ensure selection methods that account for different physical and mental abilities;
- We promote a one-to-one assessment system that considers also aspects concerning the protection and inclusion of diversity;
- We provide working methods that meet the needs of everyone, especially the most vulnerable categories;
- We guarantee workplaces that are increasingly accessible and safe for persons with disabilities, through specific tools and technical supports, with particular concern for our sales points;
- We define plans retaining different talents that are inclusive and that permit everyone to feel part of a community.

To gain increasing awareness of the key aspects regarding Diversity and Inclusion, in 2022 we launched an internal training course that has been consolidated over the past two years.

Specifically, the e-learning course continued in 2024 regarding topics of diversity and inclusion, which was made available to all employees on the Group platform starting in 2022. The content was developed and customised entirely to enhance the corporate culture on the subject.

Furthermore, training workshops dedicated to the topics of diversity and inclusion, which were started in 2023 to support e-learning training, continued. Specifically, the moments of exchange that occurred in 2024 concerns the topics of the relationship between generations, the gender gap, the use of inclusive language.

To create a climate that fosters positive interactions between people and ensures that no one feels excluded, we are also taking significant measures to reduce language barriers within the workplace.

The Casa di Moda has the mandatory objective of acting to prevent all forms of discrimination, prejudice and harassment in the workplace – be it verbal, physical, visual or otherwise – even if not done consciously, that can create a hostile environment for an individual. No discriminatory episodes occurred during 2024.

In alignment with what is defined in the Human Relations Policy (“MDR-P Policies of the Casa di Moda”) and with the strategic assessment carried out from the point of view of the extent of the dependency and influence of stakeholders, the Company decided to continue the activity of direct engagement of its stakeholders, involving a representative sample of its own workforce also in 2024 (ref. “S1-2 Processes for engaging with own workers and workers’ representatives about impacts”).

With reference to the right to privacy, we also have a **Privacy Policy** system intended for the entire own workforce of the Casa di Moda, as well as suppliers and customers.

Please refer to the section “MDR-P Policies of the Casa di Moda” for more information concerning the Policies cited above, which define the concrete commitments of the Casa di Moda regarding the own workforce Policy.

S1-2 Processes for engaging with own workers and workers’ representatives about impacts

As regards the involvement of human resources at the Casa di Moda, this takes place directly with the own workforce and is regulated by the principles enshrined in the Human Relations Policy (ref. “MDR-P Policies of the Casa di Moda”).
The functions involved in the processes and the connected responsibilities are described in the section “SBM-2 Interests and views of stakeholders”.

In particular, in July 2024 ad hoc days were organised and carried out according to the LEGO Serious Play® facilitation method: a tool based on “serious play” through which it is possible to foster the development of creative thinking and increase the sense of collaboration by engaging participants in an interactive, fun and reflective manner.

The objectives underpinning the engagement activities organised in July 2024 were first and foremost consistent with the principles enshrined in the Human Relations Policy as a source of inspiration for dialogue with stakeholders. In particular, the purpose of the engagement was:
– Active listening of the expectations, requests and suggestions concerning what the Group is doing with regard to sustainability;
– Involvement in the Double Materiality analysis process;
– Reinforcement of the dialogue and relationship created over time with the human resources.

From a wider point of view, this involvement normally takes place during the phase of evaluating the effectiveness of the mitigation measures. This process consists in analysing and collecting opinions from the participants on the actions adopted by the Casa di Moda to reduce their negative impacts, thereby evaluating the implemented strategies.
This involvement takes place every year.

The Company guarantees the fair involvement of the entire company population, adopting the same approaches for the entire workforce in order to ensure an inclusive and representative process.
Furthermore, for a more in-depth examination of the priority sustainability topics, in 2024 the Casa di Moda involved a sample of employees as worker representatives. This involvement took place using an anonymous questionnaire and the results were submitted to Management in order to identify potential areas of improvement, make the company sustainability strategy increasingly effective and reinforce the commitment to increasingly sustainable development.

With reference to the internal sharing of what resulted from the dialogue with the different categories of stakeholders, the reference functions were requested to collect the requests expressed by their stakeholders, perform an initial assessment and prioritisation of them, entering the information in a database, every six months, to be shared with the Human Sustainability team.
The latter is responsible for transmitting what was analysed to the Council for Human Sustainability and Humanistic Capitalism for assessment[54].

The engagement activities organised for human resources in 2024 showed very active participation and a strong consistency of perception and satisfaction on the part of the participants.

As regards specific involvements concerning the diversity topic, reference is made to the activities organised in alignment with the Diversity and Inclusion Policy (ref.“S1-1 Policies related to own workforce”).

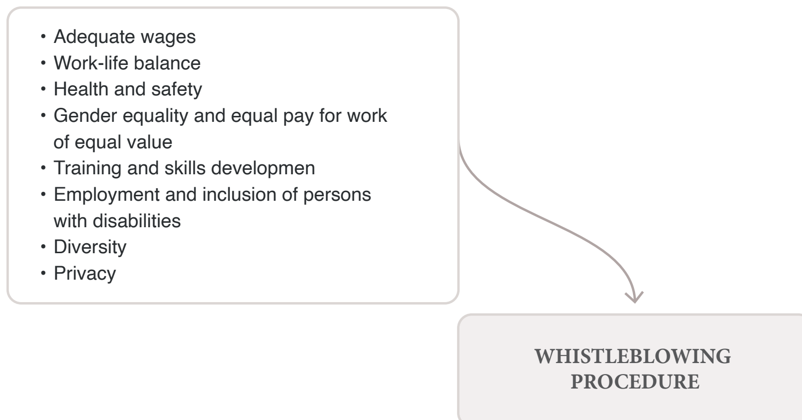
Finally, no conflicts of interest took place within the workforce during 2024.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

The Casa di Moda has implemented various processes to remedy the negative impacts and numerous channels through which its own workers can raise concerns. These tools, which are summarised below, are analysed and described in detail in the following sections.

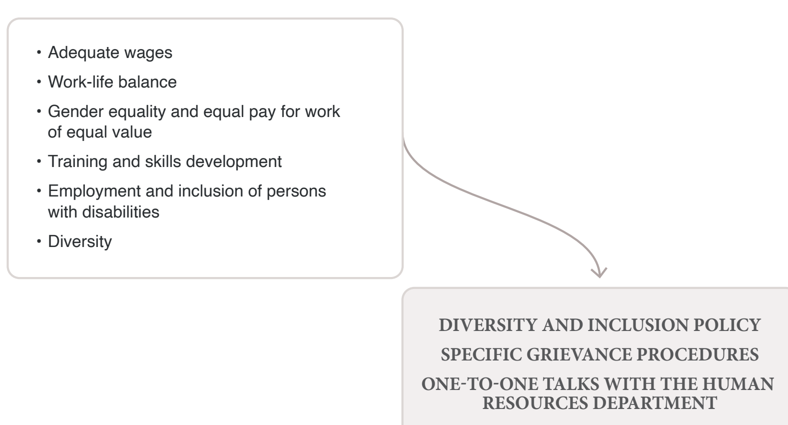
54 The same management method applies for all types of stakeholder involvement, not only for the own workforce. This information therefore applies also for sections “S2 - Value chain workers”, “S3 - Affected communities” and “S4 - Consumers and end-users”.

Figure 7: Relation between the process/channel and relevant sub-sub topic



The Company has adopted a **whistleblowing Procedure**, updated and in force since 2023.
The Company has included training activities in the Sustainability Plan concerning ethical business conduct, anti-corruption and privacy, to be completed also with the support of the Supervisory Body pursuant to Legislative Decree 231/2001 ("SB").
These activities were started effectively in 2024 with face-to-face and on-line initiatives. With regard to the latter, the Company's Learning & Development function has prepared a training module, together with the SB, dedicated to whistleblowing, which was made available to all employees via the Sympo e-learning platform. This publication was accompanied by an informative email. The degree of completion of the e-learning course on whistleblowing will be monitored by the SB.
For more information, please refer to paragraph "G1-1 Corporate culture and business conduct policies".

Figure 8: Relation between the process/channel and relevant sub-sub topic



In addition to the whistleblowing procedure, in the event of critical issues/negative incidents reported by stakeholders, the Company puts in place all organisational, technical and procedural measures necessary to remedy what has occurred.

In particular, the **Diversity and Inclusion Policy** (ref. “MDR-P Policies of the Casa di Moda” and “S1-1 Policies related to own workforce”) provides the right to report any problematic or unacceptable behaviours that violate the principles defined in the document itself.
All those to whom the Policy is addressed have the right, but also the moral obligation, to report any problematic behaviour that is in breach of the principles outlined in the document.
Reports may be made in two main ways and channels:

– informally, by directly contacting one’s department manager (also the HR office);
– formally, including anonymously, to the email address provided for in the Whistleblowing Procedure pursuant to Legislative Decree no. 24/2023.

In both cases, the whistleblower is guaranteed protection against any retaliatory or discriminatory act against them, whether direct or indirect.
Every breach of the Policy shall give rise to a disciplinary procedure that involves different levels of measures depending on the seriousness of the breach, through to dismissal and termination of the employment contract with the Company in the most serious cases.

At local level, **specific grievance procedures** are also in place – such as in the UK, China, Russia and the United Arab Emirates – in line with the provisions of the current Employee Handbooks. Unlike whistleblowing, these procedures involve direct – and not anonymous – contact with HR departments.

Furthermore, a dedicated email address is available to contact the HR team.
Finally, in the case of any critical issues communicated during the **one-to-one discussions with the Human Resources Department**, the solutions can include updates to the Employee Handbook, targeted measures or the start of coaching/mentoring programs.

Figure 9: Relation between the process/channel and relevant sub-sub topic

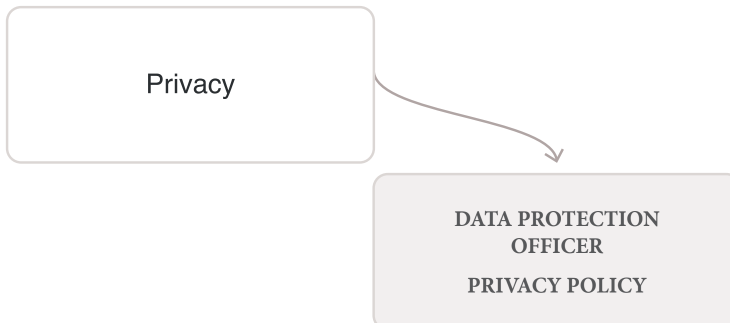
With particular reference to training and the development of skills, in addition to the aforementioned channels, an integral part of the development programs are also the **personnel assessment processes** that are based on constant interaction and on constructive discussion between the manager and the employees in relation to the work performed and all the aspects of life for the human resources at the Casa di Moda.

The activity is contextualised within the functional aspects and geographical areas where the Group operates. In particular, each manager – with the support of the headquarters Human Resources Department – engages in one-to-one dialogue with their staff, reviewing the activities carried out and sharing results, achievements and medium-long term objectives.
The assessments are qualitative and/or quantitative.
The review is for all staff members of the various Regions; the process is managed by sharing evaluation forms which set out individual objectives along with a self-assessment section, in addition to the manager's review.
This type of review is not linked to the individual's salary or reward mechanisms, rather it is an opportunity for exchange and to set future goals. Indeed, the form contains a dedicated section where the resource has the opportunity to indicate any of their own needs, so that future planning can take this input into account.
This is followed by the final sharing of feedback between the managers and resources involved, often with the participation of the Human Resources Department. The feedback the employee receives does not conclude the performance review, rather it is the start of a process to pave the way for future development.

Figure 10: Relation between the process/channel and relevant sub-sub topic

As regards health and safety, in Italy, an in-house Prevention and Protection Service Manager (RSPP) is in charge of identifying workplace hazards through constant inspections, particularly of production departments.
In most of the European and non-European locations analysed, any hazards and critical situations in terms of occupational health and safety are reported to the relevant store manager, who then informs either the local HR Managers or directly the Human Resources Department in Italy.

Figure 11: Relation between the process/channel and relevant sub-sub topic



Finally, channels are mentioned that human resources can use to raise concerns about privacy and protection of personal data.
In compliance with European legislation on the protection of personal data, the Company has taken appropriate measures to minimise exposure to risks arising from any non-compliance with laws or deriving from the compromising of such data as a result of loss, theft, destruction and alteration of the information collected.

The Company has prepared specific tools that allow human resources to send requests or reports concerning data protection and privacy. These figures include the **Data Protection Officer (DPO)** and **Privacy** (whose dedicated contact addresses are provided in the Company's Privacy Notice) (ref. "MDR-P Policies of the Casa di Moda"). Both channels are made known to employees to manage requests concerning the processing of personal data.

During the year of reference, no complaints were received concerning data protection and privacy.

The requests concerning the protection of personal data and the privacy rights of data subjects are recorded and traced in the register of data subject requests. If they are sent to the dedicated addresses, they are analysed to identify the involved data and the right that was exercised, following a structured process that includes the registration, analysis, involvement of the responsible functions, updating of the procedure and response during the timeframe indicated by law.

In 2024, the Company further developed its privacy management through dedicated channels, training initiatives and mandatory courses regarding GDPR, including specific training on Data Breaches, which is available in nine languages. Induction meetings continued for new hires and targeted training sessions for retail and corporate staff.

To increase awareness of data security, the course "Cyber Security Awareness" was made available on Sympo, which is mandatory for all employees. The information is available via the corporate intranet.

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
Human resources are the engine of our Casa di Moda and ensure its value and continuity over time. Therefore the promotion of the dignity and wellbeing of everyone, enhancing individual skills and personalities with the awareness of the value of everyone's knowledge, has always been a priority objective the company pursues.

The daily management of the relationship with human resources is based on an internal strategic and operational organisation that involves significant cooperation between managers in the head office in Solomeo and the various regions where we have operations.
Specifically, the coordination of the relationship between the Company and its collaborations and the development of the strategic lines concerning various aspects of life in the company is the responsibility of the Human Resources Committee.
On an operating level, the Human Resources Manager manages and supervises the processes in order to implement the guidelines of the Committee: all the activities included in the life cycle of the people in the company, in terms of attraction, selection, organisation, management, training and development are the responsibility of this function. An HR director is appointed in the main regions, who report functionally to the Human Resources Department located at the Solomeo headquarters and hierarchically to the Chairman, or the Managing director, of the various local structures. Their role is to implement key aspects of the corporate culture and human resource management defined at Solomeo, taking into account the peculiarities of the various national systems.

In particular, in 2024 the Company implemented the actions specified in the table below. These initiatives[55] contribute towards reaching the targets defined in the Diversity and Inclusion Policy and in the Code of Ethics, with specific reference to the sections “Valorisation of human resources” and “Dignity and wellbeing of the individual”.

Table 32: Overview of actions concerning the own workforce[56]

Actions performed in 2024	Actions programmed for 2025
• Training courses on Diversity and Inclusion • A contribution aimed to support access to books, cinema, theatre, training courses and scholastic services both in Italy as well as in the majority of the foreign sites (bonus “Why culture flourishes”) • Provision of a supplementary insurance policy for its employees in Italy to supplement the benefits provided by the category fund under the CCNL (SANIMODA and Fondo Est), which provides employees, including their families, with additional prevention packages and benefits[57].	• Additional training courses regarding Diversity and Inclusion • Distribution of the bonus “Why culture flourishes” • Presence of supplementary insurance policy to supplement the benefits provided by the category fund

Furthermore, as concerns **Training and skill development**, the Casa di Moda is committed to pursuing the following actions in the near future:
– Continued support for the development of managerial skills at different organisational levels, through training and strategic sharing that orient people to translate a service leadership model into coherent decisions and behaviours;
– Support individual growth through coaching;
– Promote the interfunctional collaboration with joint methodological workshops by departments;

55 The resources dedicated to managing impacts are: governance structures, dedicated functions and relative economic resources assigned by internal and external cost. All of these initiatives are included in the Company's own operations, with particular attention to employees on a global level.
56 The implementation of these initiatives is not conditioned by resource constraints.
57 As far as health care and prevention is concerned, the insurance provided by the category fund is currently in place for the Italian offices: FASI, aimed at Executives; SANIMODA, aimed at employees covered by CCNL Abbigliamento e Confezioni of Brunello Cucinelli S.p.A. and the remaining employees of the artisan factories Max Vannucci, Pinturicchio and Dorica Vestis. Whereas resources covered by CCNL Commercio have access to FONDO EST. An additional health insurance cover was included in addition to the two aforementioned trade funds, which also cover operations and the major operations, for which an additional ceiling is made available over and above that of the fund to cover the costs of operations for both our employees and their families.

– Promote generational integration with cultural awareness actions (Diversity Day) and specific workshops on inclusive communication, bias and stereotypes;
– Continue the involvement of the retail population in training programs concerning relations with the customer, which valorise the central importance of the human relation and promote the development of verbal and non-verbal communication skills, using a theoretical neuropsychological model;

With reference to the topic of **health and safety**, the use of equipment such as forklifts and electric pallet trucks is the main source of risk identified for the safety of the workers involved. Therefore, in order to reduce the use of this equipment, part of the shelves are purposely set at heights of 1.50 m, with the added benefit of allowing more natural light into the work areas.
All employees are regularly informed about health and safety at work through specific communications, training (generic and/or specific) and, where applicable, Employee Handbooks. In addition to mandatory training activities, non-mandatory training courses have also been implemented, which include, for example, training regarding ergonomics and physiotherapy, which are dedicated to the professional categories of drivers, warehouse employees and inspectors who are employees of Brunello Cucinelli S.p.A.

Finally, with regard to the **privacy and protection of personal data**, the figure of the DPO was established in order to monitor the observance of the regulations and provide assistance for the management of the risks related to personal data processing. The DPO was also entrusted with the central coordination of privacy-related activities carried out by the various Group companies. The creation of the Human Privacy Committee has also made it possible to optimise the Company's organisational structure on a privacy level, better defining the role of the DPO and the relationships with the CEOs and other company functions, and also to ensure greater involvement of the offices with decision-making powers regarding issues inherent to privacy and data protection. With regard the Human Privacy Committee, the DPO has a listening and advisory role regarding specific agenda items.

The identified actions are defined as necessary in compliance with the GDPR; the DPO submits them to the attention of the Human Privacy Committee and then to the CEOs for approval.

The Company monitors and assesses the efficiency of all the identified actions and the initiatives undertaken to promote its own workforce using qualitative tools, such as continuous dialogue with individuals, the structured collection of feedback and periodic moments of exchange. These methods make it possible to determine any significant elements resulting from the effects of the initiatives that were implemented, in relation to the identified material IRO, and to direct possible corrective or improving actions.

METRICS AND TARGETS

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Including the results obtained during discussions with its human resources, the Company has defined targets regarding the diversity and inclusion topic as well as the topic of suitable salaries and health and safety in order to manage the impacts, risks and opportunities connected to its own workforce.

Please refer to the section "MDR-T Targets of the Casa di Moda" for more information.

S1-6 Characteristics of the undertaking's employees

The quantitative details regarding the own workforce of the Casa di Moda is presented below, as extracted and reprocessed by the Group's internal management systems.

In 2024, the Group's human resources counted 3,326[58] people, with the majority of the Company's workforce concentrated in Italy (55%). 64% of human resources are women and 36% are men.

Table 33: Number of employees[59] based on gender

Gender	Unit of measurement	Number of employees[60]
Men	n	1,207
Women	n	2,116
Other[61]	n	0
Not communicated	n	3
Total employees	**n**	**3,326**

Table 34: Number of company employees in countries in which the company has at least 50 employees that represent at least 10 % of the total number of employees[62]

Country	Unit of measurement	Number of employees
Italy	n	1,816
France	n	66
United Kingdom	n	73
Canada	n	71
Mainland China	n	267
Japan	n	182
Hong Kong	n	66
Middle East/Dubai	n	50
Russia	n	51
USA	n	472

58 If an employee of one of the Group companies (e.g. Brunello Cucinelli S.p.A.), hired with a permanent contract, is suspended (therefore the contract is not ended) before the end of the year (including December), in order to be temporarily hired at another Group branch, this employee must be counted only with reference to the workforce of the company that hired them with the fixed term contract (e.g. Max Vannucci S.r.l.). Therefore the resource in question will be included in the overall number of employees as at 31 December in the aforesaid company, but will neither be counted in its turnover, as this concerns a suspension, nor will they be counted in the workforce of the company of origin.

59 For the differentiation between employees and workers who are not employees at the Casa di Moda, please refer to "S1,ESRS 2 SBM-3 Impacts, risks and opportunities and their interaction with strategy and business model".

60 The number of employees is presented as the number of persons as at 31/12/2024. The FTE (Full Time Equivalent) equals 3,101.4 as at 31 December 2024, as reported in the paragraph "Operating costs" of the Report on Operations of the Board of Directors.

61 Gender as specified directly by the employees.

62 This table only considers the Countries in which the sites have more than 50 employees or represent at least 10% of the total workforce. As a result, the following countries are not included: Austria, Belgium, Germany, Greece, Monaco, Spain, Switzerland, Kuwait, Macao, Singapore and Taiwan.

Furthermore, 86% of our human resources are employed on a permanent contract and 95% work full time.

Table 35: Number of employees based on type of contract, divided by gender

	Unit of measurement	Women	Men	Other	Not communicated	Total
Number of employees	n	2,116	1,207	0	3	3,326
Number of employees with a permanent contract	n	1,803	1,061	0	3	2,867
Number of employees with a fixed term contract	n	313	146	0	0	459
Number of employees with variable hours[63]	n	0	0	0	0	0
Number of full-time employees	n	1,999	1,163	0	3	3,165
Number of part-time employees	n	117	44	0	0	161

Table 36: Number of employees based on type of contract, divided by region

	Unit of measurement	Italy	Europe	Non-Europe	Total
Number of employees	n	1,816	288	1,222	3,326
Number of employees with a permanent contract	n	1,705	277	885	2,867
Number of employees with a fixed term contract	n	111	11	337	459
Number of employees with variable hours	n	0	0	0	0
Number of full-time employees	n	1,746	261	1,158	3,165
Number of part-time employees	n	70	27	64	161

During this year, 437 people left the Casa di Moda[64]. In 2024 the negative turnover of the Group equalled 13.1%[65].

63 "Variable hours" refers to the number of employees with non-guaranteed hours. This refers to those employees for which a minimum or fixed number of working hours per day, week or month are not guaranteed, but must be available to work according to the needs of the organisation.

64 The following cases were not included in the termination count:
a. Contracts that ended due to their expiration;
b. Temporary contracts (personnel hired to meet temporary needs: e.g. maternity leave, seasonal work) that ended due to their expiration.
The methods for managing two particular cases are described below:
a. If an employee retires and the next day is rehired, they must not be included in the count of total terminations;
b. Employees whose contract is terminated, due to resignation or retirement, on 31 December of the year of reporting, they must not be included in the calculation of terminations that took place during that year. These resources will instead increase the total number of resources as at 31 December in the company workforce and will be counted in the turnover rate the following year.

65 The negative turnover is calculated by comparing employees with a permanent contract with employees with a fixed term contract who, on a voluntary basis, as a result of dismissal or retirement during 2024, left the Group with respect to the total number of employees as at 31 December 2024.

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

As concerns workers who are not employees[66], there were 224 in 2024, of which 10% are self-employed workers and 90% are workers provided by companies that perform labour recruitment and provision of personnel activities.

Table 37: Number of workers who are not employees

	Unit of measurement	2024
Number of self-employed workers	n	22
Number of workers provided by companies who provide labour recruitment and provision of personnel services	n	202
Total	**n**	**224**

S1-9 Diversity metrics

With reference to Executives and Managers, there were 148 in 2024 (47% women, 53% men) and represent 4% of the Company population.

Table 38: Distribution by gender at the top management level, as a number and as a percentage[67]

	Unit of measurement	Women	Men	Other	Not communicated	Total
Executives and Managers	n	70	78	0	0	148
Number of employees	n	2,116	1,207	0	3	3,326
Percentage of Executives and Managers	**%**	**3**	**6**	**0**	**0**	**4**

As concerns distribution by age, the majority (60%) of the Company population lies within the age range of 30 to 50, following by human resources below the age of 30 (21%) and those above the age of 50 (19%).

Table 39: Distribution of employees by age range

Employees	Unit of measurement	2024
<30 years	n	704
30 < x < 50 years	n	1,992
>50 years	n	630
Total	**n**	**3,326**

66 For the differentiation between employees and workers who are not employees at the Casa di Moda, please refer to "S1, ESRS 2 SBM-3 Impacts, risks and opportunities and their interaction with strategy and business model".
67 "Top management" considers the following contractual categories at the Casa di Moda: Executives and Managers.

S1-10 Adequate wages

To adequately remunerate our human resources, we adopt policies based on meritocracy and fair remuneration according to their roles, responsibilities and delegations. Given the principle of uniqueness of each person underpinning the company organisation, and the related values of equity and inclusion, the Company's remuneration policies aim to understand, enhance and include all people in the Group.

In 2024 we analysed the salaries paid by our Company: we collected in-depth data for all countries in which we operate and mapped the Countries in which there is a minimum wage, considering in that case that the remuneration is suitable in light of Company compliance with the laws of those Countries. In those without a minimum wage, we adopted reference parameter in line with those of the *Wage Indicator Foundation*[68], in order to compare them with the remuneration offered by our Casa di Moda. The analysis shows that all the wages applied within our Group exceed the reference parameters, confirming our commitment to guaranteeing fair remuneration to all resources.

S1-12 Persons with disabilities

We protect and value different physical and mental abilities, ensuring a working environment that can be supportive of the needs, whether visible or invisible, of all our employees.
There are 93 people who fall into vulnerable categories[69], of which 66 women and 27 men.

Table 40: Number of employees with disabilities, by gender

	Unit of measurement	Women	Men	Other	Not communicated	Total
Persons with disabilities	n	66	27	0	0	93
Number of employees	n	2,116	1,207	0	3	3,326
Percentage of persons with disabilities	**%**	**3**	**2**	**0**	**0**	**3**

68 The *Wage Indicator Foundation* is a global, independent, non-profit organisation that collects, analyses and shares independent and accessible information about the labour market in 206 Countries.
69 Vulnerable categories include employees who belong to protected categories, as specified by Law 104/92. Furthermore, we respect the provisions of Law 68/1999, which promotes the insertion and integration into the working world of persons with disabilities through targeted support and placement services.

S1-13 Training and skills development metrics

In 2024, the annual performance review process, which is in line with the objectives fixed by management, was performed involving almost the entire Company population, with the exception of the production area[70]. For more details, please refer to the following table.

Table 41: Percentage of performance reviews performed, by employee category

Employee category	Unit of measurement	Total
Executives and Managers		
Women	%	95
Men	%	56
Other	%	-
Not communicated	%	-
White Collar - no Sales		
Women	%	68
Men	%	66
Other	%	-
Not communicated	%	-
White Collar - Sales		
Women	%	86
Men	%	83
Other	%	-
Not communicated	%	100
Blue Collar		
Women	%	54
Men	%	50
Other	%	-
Not communicated	%	-

As concerns instead training, 136,403 hours of training[71] were provided in 2024, which is an average of around 41 training hours per employee, on a Group level.

70 As regards Italy, only Brunello Cucinelli S.p.A. is included, since there is no periodic performance review in the companies Max Vannucci S.r.l., Dorica Vestis S.r.l. and Pinturicchio S.r.l.
71 Only the hours of workers employed as of 31/12 were counted, in order to provide a significant overview of the ratio between hours of training and total number of employees.

Table 42: Hours of training, by employee category

Hours of training, by employee category	Unit of measurement	Women	Men	Other	Not communicated
Executives and Managers					
Total executives and managers	n	70	78	0	0
Total hours of training, by gender	n	2,553	2,910	0	0
Average hours of training, by gender	n	36	37	0	0
White Collar - no Sales					
Total White Collar - no Sales	n	555	312	0	0
Total hours of training, by gender	n	59,660	20,826	0	0
Average hours of training, by gender	n	108	67	0	0
White Collar - Sales					
Total White Collar - Sales	n	851	486	0	3
Total hours of training, by gender	n	27,496	10,088	0	26
Average hours of training, by gender	n	32	21	0	9
Blue Collar					
Total Blue Collar	n	640	331	0	0
Total hours of training, by gender	n	6,403	6,442	0	0
Average hours of training, by gender	n	10	19	0	0
Total employees, by gender	**n**	**2,116**	**1,207**	**0**	**3**
Total hours of training, by gender	**n**	**96,112**	**40,265**	**0**	**26**
Average hours of training, by gender	**n**	**45**	**33**	**0**	**9**

S1-14 Health and safety metrics

The Company does not currently have a certified workplace health and safety management system on a Group level.

In general, the precautions and control measures adopted are to ensure that the risk of accidents remains low.

As far as Italy is concerned, where 55% of the Company population is concentrated, the assessment, monitoring and reporting of workplace hazards that may constitute an injury risk are carried out in the Risk Assessment Document (RAD), which is periodically updated. Assessments made on potential occupational health and safety risks make it possible to identify preventive and improvement solutions, which may be either organisational or in the form of training.

In 2024, 43 injuries took place among employees and 2 among workers who are not employees, respectively, with an overall rate of recordable work-related injuries equal to 9 and 16.

The table below provides a snapshot of the accidents that occurred and the respective rates for the year in progress.

Table 43: Number and rate of work-related accidents

	Unit of measurement	2024
Employees		
Number of work-related accidents	n	43
Number of hours worked	n	4,629,149
Rate of work-related accidents[72]	**n**	**9**
Workers who are not employees		
Number of work-related accidents	n	2
Number of hours worked	n	123,881
Rate of work-related accidents[73]	**n**	**16**

Furthermore, in 2024 no deaths occurred within the workforce of the Casa di Moda, including the category of workers who are not employees.

The Company continuously monitors the risk of occupational diseases, even if its extent is very small. There was only case of work-related illness in 2024[74].

There were also 367[75] days lost due to accidents at work and work-related illness for employees.

S1-15 Work-life balance metrics

The following table shows the number of employees with entitlement to leave for family reasons, including maternity leave, paternity leave, parental leave and leave for caregivers, and those who make use of it during the year of reference.

Table 44: Number of employees with entitlement to leave for family reasons[76]

	Unit of measurement	Women	Men	Other	Not communicated	Total
Employees with entitlement to leave	n	1,983	1,127	0	3	3,113
Number of employees	n	2,116	1,207	0	3	3,326
Percentage of employees with entitlement to leave	**%**	**94**	**93**	**0**	**100**	**94**

72 The work-related injury rate is calculated as follows: the Casa di Moda divides the corresponding number of cases by the total number of hours worked by employees, and multiplied by 1,000,000.
73 The work-related injury rate is calculated as follows: the Casa di Moda divides the corresponding number of cases by the total number of hours worked by workers who are not employees, and multiplied by 1,000,000.
74 This case occurred at Pinturicchio S.r.l.
75 The number of days lost due to accidents at work and work-related illness was collected only for the Italian sites: Brunello Cucinelli S.p.A., Dorica Vestis S.r.l., Max Vannucci S.r.l., Pinturicchio S.r.l.
76 The countries in which the right to leave is not guaranteed for 100% of the company population: Kuwait, Japan and USA.

Table 45: Number of employees made use of leave for family reasons[77]

	Unit of measurement	Women[78]	Men	Other	Not communicated	Total
Employees who took leave	n	185	76	0	0	261
Number of employees	n	2,116	1,207	0	3	3,326
Percentage of employees who took leave	%	9	6	0	0	8

S1-16 Compensation metrics (pay gap and total compensation)

The average gender pay gap is shown below for the Group, which was calculated considering the average pay difference between men and women for each level of classification.

For the White Collar - No Sales, White Collar - Sales and Blue Collar categories, there is a substantial alignment, even if the base salaries and overall compensation of women is slightly lower than that for men, the gap is larger in the Executive and Managers category.

Table 46: Gender pay gap[79]

Employees, by professional category	Unit of measurement	Gross hourly pay[80]	Total annual pay[81]
Executives and Managers	%	43	40
White Collar - no Sales	%	12	4
White Collar - Sales	%	-2	2
Blue Collar	%	34	14

In 2024, the ratio between the highest fixed remuneration and the median annual remuneration of all Group employees is 51:1.

77 The table makes reference to the following types of leave: maternity leave, paternity leave, parental leave and leave for caregivers pursuant to national legislation or the collective bargaining agreements.
78 The cases of "early maternity leave", for example due to health problems, are not considered in the calculation of employees who used family leave during the year, as it was a requirement for the worker to refrain from work to protect her conditions of health and those of the child.
79 It was not possible to calculate an hourly base pay for 7 employees at Pinturicchio S.r.l., as they work from home and therefore with variable pay based on the work performed during the month.
Furthermore, it was not possible to find data for 11 employees at Brunello Cucinelli USA, Inc. or for 3 at Brunello Cucinelli Singapore PTE. Ltd., both as concerns the base hourly pay as well as what concerns total annual remuneration.
Furthermore, for the exchange rate from foreign currencies into euros, the average rate for the year was used (2024).
80 Reference is made to the base salary.
81 Reference is made to the gross annual salary, including any additional component received during the year.

S1-17 Incidents, complaints and severe human rights impacts

We manage any incidents of discrimination and presented complaints through the formal channels described in section "S1-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns", as well as through the whistleblowing procedure (ref. "G1-1 Corporate culture and business conduct policies").
Each report or complaint is handled with maximum confidentiality. We constantly monitor all fines and penalties to guarantee their timely identification and management.
No fines or penalties were recorded in 2024 for discrimination. Furthermore, no serious incidents occurred involving human rights in our workforce, nor were there any resulting penalties, fines or compensation in this regard.

Table 47: Episodes of reported discrimination and presented complaints

	Unit of measurement	2024
Total number of episodes of discrimination	n	0
Number of complaints presented using the whistleblowing channel	n	1
Total amount of fines, penalties, compensation for damage due to the complaints	€	0
Severe incidents concerning human rights	n	0

Over the year, a report was presented using the whistleblowing procedure.
As at 31/12, the corrective action plans were being implemented. Currently, the report has been resolved.

ENTITY SPECIFIC: WORKPLACES

STRATEGY

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
The workplaces in which our human resources work are always a very important element for us and to which we have dedicated and continue dedicating constant attention.

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table with the results from the Double Materiality analysis is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

With particular reference to the positive impact identified as relevant, it shows, on the one hand, the great attention placed on the locations and the working conditions in order to reflect the same economic and moral dignity that is the foundation of the Company, and on the other, the significant attention of the stakeholders towards this aspect, considered an identifying element of the Company's philosophy.

Table 48: List of impacts, risks and opportunities relevant to the topic of the workplace

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Positive impacts				
Increase in employee wellbeing by promoting the beauty of the workplaces	Actual	Own operations	Medium-term	/

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

MDR-P Policies
The Casa di Moda policy system includes and promotes respect for the dignity and beauty of the workplaces, which is a fundamental aspect of the Company's philosophy.

Please refer to the section "MDR-P Policies of the Casa di Moda" for more information about the **Human Sustainability Policy** "In Harmony with Creation".

MDR- A Actions and resources
Our work is underpinned by the belief that in order to promote people's wellbeing, it is vital to ensure a fair balance between work and free time dedicated to the individual, where everyone can enjoy their right to disconnect. At the same time, we are committed to ensuring that everyone's work takes place in well-kept and visually appealing as well as liveable workplaces, considering also the different physical and mental abilities present.

This is the case not only of our offices and boutiques, but also our production departments. With regard to working hours – at Solomeo: from 8 am to 5:30 pm with a one hour and a half lunch break – we believe it is necessary for everyone to work the right amount of time and then be able to dedicate the rest of the day to themselves.
At Solomeo, employees do not clock in or out. The lunch break allows employees to use the company restaurant and outdoor areas, or return to their homes and have lunch with their families.

As for the work environment, in addition to complying with regulatory hygiene and safety standards, the company's aim is to represent – through the architecture of the company premises – a sense of transparency and openness towards the outside world, encouraging exchanges between human resources and leading to higher quality of work and comfort in terms of personal wellbeing. In fact, indicators are constantly monitored for air quality, internal temperature and natural light.

The focus on the aesthetics of both indoor and outdoor spaces ensures that every employee has the opportunity, during the working day, to raise their eyes and look at the park outside the Company and the sky over our local area.

Our "beautiful factory" reimagines the traditional factory setting, transforming it into a space that offers better working conditions in terms of wellbeing, and providing workers with an atmosphere of mutual respect and esteem to ignite greater creativity.

METRICS AND TARGETS

MDR - T Tracking effectiveness of policies and actions through targets
While the Casa di Moda did not define measurable targets in this regard, it confirms its intention to continue its initiatives directed towards the beautification of the work environments, in line with its company philosophy, considering it an essential element for the dignity and valorisation of the human resources.

S2 VALUE CHAIN WORKERS

STRATEGY

ESRS 2 SBM-2 Interests and views of stakeholders
The Group integrates the requests of its stakeholders in its decision-making process in a significant manner, constantly promoting the provided opinions and contributions. This feedback has had a direct impact on the definition of the targets and the content of the Company's sustainability strategy, confirming our commitment towards an open dialogue.

The importance of this approach is confirmed in the Human Relations Policy (ref. MDR-P Policies of the Casa di Moda) and is reinforced further through engagement activities that are in line with the Stakeholder Engagement Plan.

Given the variety and the heterogeneity of the involved stakeholders, the Group adopts instruments and dialogue channels suitable for promoting a direct discussion between company functions and the stakeholders. This continuous and dynamic dialogue makes it possible to focus on stakeholder requests during the Company's decision-making process, promoting respect of human rights and the interests of all involved actors.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
The types of value chain workers are presented in the section "SBM-1 Strategy, business model and value chain" of ESRS 2.

In the context of our Casa di Moda, the **suppliers of raw materials and the small craft enterprises** represent the categories of workers of primary importance within our value chain. These actors play a crucial role, both for the quality and sustainability of our products, as well as for the social and economic impact of our business model.

For the purchase of raw materials, the Company works with companies with proven reliability, with whom a multi-year partnership has been developed based on strong complementarity of knowledge and mutual respect.

As of today, we collaborate with 266 raw material suppliers to support Brunello Cucinelli's collection, which in 2024 was represented 83.5% by clothing and 16.5% by accessories.
96% of our suppliers operate in Italian territory, and 3.5% are located in Europe – in particular Spain, France and Great Britain – 0.5% in Japan, from where we receive the supply of denim.

As regards cashmere, our main supplier is Cariaggi Lanificio S.p.A. – located in Marche – with whom we have had a consolidated relation for more than 30 years.

Leather is mainly sourced from Italian tanneries, primarily located in Tuscany, Campania and Veneto. Some of the fine hides come from French tanneries and the Iberian Peninsula.

With reference instead to our external production structure, today there are 418[82] medium-small sized artisan com-

82 3 of which are owned by the Group.

panies – all used in a continuous manner –, selected on the basis of skills and traditions of their territory and of which more than half work exclusively for our Company.

We value a short production chain – as in the case of the supply of raw materials mainly purchased from Italian suppliers – located exclusively in Italy, with approximately 70% of the artisan companies located in Umbria (296 artisan companies in Umbria with whom we collaborate continuously).

For the remaining 30.2% the Company works with some laboratories in districts of excellence for the specific types of processing: in Tuscany, Marche, Abruzzo, Lazio, Lombardy and Veneto. The greater distance of these companies does not jeopardise the value-based and relational proximity we try to establish constantly with each of them.

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section “SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model” of ESRS 2.

Table 49: List of impacts, risks and opportunities relevant to the topic of workers in the value chain

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Negative impacts				
Occupational accidents and/or diseases while performing work activities for the workers in the supply chain	Potential	Upstream	Medium-term	Health and safety
Failure to respect the principles of equal opportunity, diversity and inclusion, with reference to inclusion of persons with disabilities along the supply chain	Potential	Upstream	Short-term	Employment and inclusion of people with disabilities Diversity
Violation of human rights and fundamental labour rights along the supply chain, with particular reference to the phenomena of child labour	Potential	Upstream	Short-term	Child labour
Violation of human rights and fundamental labour rights along the supply chain, with particular reference to the phenomena of forced/mandatory labour	Potential	Upstream	Short-term	Forced labour
Risks				
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of health and safety	N.A.	N.A.	Short-term	Health and safety
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group to protect the principles of equality opportunities, diversity and inclusion	N.A.	N.A.	Short-term	Employment and inclusion of people with disabilities Diversity
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group in terms of the forced/mandatory labour and child labour	N.A.	N.A.	Short-term	Child labour Forced labour

In particular, as concerns the negative impacts, please refer to the table below.

Table 50: Nature of the negative impacts related to workers in the value chain

Nature of the impact	Negative impact	Sub-sub topic
Generalised or systemic	Occupational accidents and/or diseases while performing work activities for the workers in the supply chain	Health and safety
	Failure to respect the principles of equal opportunity, diversity and inclusion, with reference to inclusion of persons with disabilities along the supply chain	Employment and inclusion of people with disabilities
	Failure to respect the principles of equal opportunity, diversity and inclusion, with reference to inclusion of persons with disabilities along the supply chain	Diversity
	Violation of human rights and fundamental labour rights along the supply chain, with particular reference to the phenomena of child labour	
		Child labour
	Violation of human rights and fundamental labour rights along the supply chain, with particular reference to the phenomena of child labour	
		Forced labour

The analysis of the risk related to child, forced or bonded labour in the Company's value chain is limited to Italy, considering that the direct suppliers operate mainly in the national territory. The strictness of the Italian regulations concerning the protection of labour significantly reduces the exposure to these risks.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

S2-1 Policies related to value chain workers

The Casa di Moda has a broad and structured policy system that concerns suppliers and small craft enterprises.

Please refer to the section “MDR-P Policies of the Casa di Moda” for in-depth information regarding the **Diversity and Inclusion Policy**, the **Human Sustainability Policy** “In Harmony with Creation” and the **Human Relations Policy**, which define the concrete commitments regarding the workers in the value chain of the Casa di Moda.

In particular, the cited Policies define the commitments related to health and safety, employment and inclusion of people with disabilities, diversity, child labour and forced labour.
Currently, the above cited Policies do not include explicit references to the topic of human trafficking.

S2-2 Processes for engaging with value chain workers about impacts

As regards the involvement of suppliers and small craft enterprises at the Casa di Moda, this takes place directly with the workers in the value chain and is regulated by the principles enshrined in the Human Relations Policy (ref. “MDR-P Policies of the Casa di Moda”).

From a wider point of view, this involvement normally takes place during the phase of evaluating the effectiveness of the mitigation measures. This process consists in analysing and collecting opinions from the participants on the actions adopted by the Casa di Moda to reduce their negative impacts, thereby evaluating the implemented strategies. This involvement takes place every year.

The relationship is developed through individual or collective meetings, including the annual convention dedicated to sharing the results and expectations and for reinforcing topics related to Company values and philosophy.

Within the scope of managing the relationship with its suppliers and for the purpose of an increasingly precise monitoring of their compliance and their level of maturity regarding ESG, the Group has started a progressive process for mapping the suppliers of raw materials and for collecting their primary qualitative-quantitative data in a completely digitalised manner. Furthermore, annual audits are carried out at the artisan laboratories that collaborate with the Group (ref. "G1-2 Management of supplier relations").
Furthermore, the Casa di Moda has a dedicated function for managing daily supplier activities.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns
From a preventive and prudential point of view, in order to avoid the occurrence of negative impacts, when stipulating the contract the Company shares the Framework Agreement that contains the rules of conduct that must be observed, as well as specific commitments and duties.

In particular, the provisions related to social aspects concern:
- The proper classification and fair remuneration of employees;
- Compliance with all applicable laws and regulations on health and safety in the workplace, social security, insurance, welfare, pay, tax and fiscal matters;
- Recognition of freedom of association for all its workers;
- Prevention and protection of staff against discrimination, abuse and harassment;
- Prohibition against the use of child labour or forced labour.

Within the scope of the supplier and small craft enterprise rules of conduct, provisions are included on the safety of workers, as well as regarding forced labour and child labour. As concerns the safety of workers, taking into account the specific risks present in their sector, suppliers are required to ensure a healthy and safe work environment for their workers to avoid incidents or injuries that can be caused by or connected with the handling of work equipment. The suppliers must also have systems in place to identify, avoid or neutralise any health to the health and safety of their employees with respect to the applicable standards.

The Framework Agreement also refers to the observance of the Code of Ethics and the Company's Model 231.

Combating active and passive corruption is also included in the requirements and responsibilities of suppliers and artisan workshops. In fact, as indicated in our Anti-Corruption Policy (ref. "G1-1 Corporate culture and business conduct policies"), the Group reserves the right to end a contractual relationship with third-parties whose business conduct and practices are in contrast with what is contained in the Policy.

As an integral part of Model 231, our partners are also subject to the Company's Whistleblowing Procedure (ref. "G1-1 Corporate culture and business conduct policies") aimed at regulating reports regarding illicit conduct or reports of possible irregular, commissive or omissive conduct that represents or could represent a violation, or incitement to the violation, of laws or regulations, the Code of Ethics or Model 231. Therefore, it is the duty of the recipients of the procedure to report this conduct if they believe it could cause any type of harm to the Group, using the reporting channels provided by the Company.

In order to strengthen our commitment to the monitoring and promotion of sustainable practices along the entire value chain, starting in 2021 we supplemented the contract documents shared with our partners with our Human Sustainability Policy "In Harmony with Creation", and the Diversity and Inclusion Policy, which must be reviewed and as a result a business conduct aligned with its principles must be adopted.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

The management of relations with raw material suppliers, just as with small craft enterprises, is attributed internally to Production Management, which works in close contact with the Third-party Manufacturer and Supplier Information Office.

The selection phase has always been a step of fundamental importance for the Casa di Moda.
In 2024, in continuation with the previous years and in line with Company strategy, the suppliers are selected on the basis of very high quality, reliability and innovative ability of the materials. Furthermore, in observance of the regulation of reference, we are committed to guaranteeing that the selection processes take place in compliance with the principles and laws on the protection of competition, ensuring the maximum transparency and efficiency of the process and that they are based on the promotion of equal participation opportunities and the impartiality of assessment of the supplier who meets these requirements.

As regards this year, the Casa di Moda concentrated on the actions[83] specified in the table below.

Table 51: Overview of the actions regarding workers in the value chain[84]

Actions performed in 2024	Actions planned for 2025[85]
• During stipulation of the contract with new suppliers, the Company has shared the Framework Agreement	• Sharing of the framework agreement when stipulating the contract with the new suppliers
• 399 audit on Group small craft enterprises • 157 suppliers of raw materials involved through the compilation of the section dedicated to personnel present in the qualitative-quantitative self-assessment questionnaire	• Study of the system for the implementation of the due diligence processes according to the CSDDD directive

METRICS AND TARGETS

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Company has defined specific targets for its supply chain.

Please refer to the section "MDR-T Targets of the Casa di Moda" for more information.

83 The resources dedicated to managing impacts are: governance structures, dedicated functions and relative economic resources assigned by internal and external cost. These actions refer to the upstream value chain, with particular reference to suppliers of raw materials and small craft enterprises, mainly in Italy and to a minimum extent in the European and non-European regions.
84 The implementation of these initiatives is not conditioned by resource constraints.
85 The indicated actions contribute towards reaching the Corporate Sustainability Due Diligence Directive (CSDDD).

S3 AFFECTED COMMUNITIES

STRATEGY

ESRS 2 SBM-2 Interests and views of stakeholders
The Group integrates the requests of its stakeholders in its decision-making process in a significant manner, constantly promoting the provided opinions and contributions. This feedback had a direct impact on the definition of the targets and content of the Company sustainability strategy, confirming its commitment to an open dialogue.

The importance of this approach is confirmed in the Human Relations Policy (ref. MDR-P Policies of the Casa di Moda) and is reinforced further through engagement activities that are in line with the Stakeholder Engagement Plan.

Given the variety and the heterogeneity of the involved stakeholders, the Group adopts instruments and dialogue channels suitable for promoting a direct discussion between company functions and the stakeholders. This continuous and dynamic dialogue makes it possible to focus on stakeholder requests during the company decision-making process, promoting respect of human rights and the interests of all involved actors.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
The Casa di Moda has always believed that the growth path the Company has taken can continue to develop in a sustainable and respectful manner, also thanks to the “spirit of the sites” in which it exists, always keeping the ideal of safeguarding intact.

The Group therefore recognises its own responsibility regarding the territory and the local communities that host the Company's activities and with which it collaborates in specific development projects, including the Himalayan regions of Assam and Ladakh.

With particular reference to the positive impacts identified here as relevant, they result from the activities related to the Hamlet of Solomeo, with specific reference to the activities connected to the Industrial Park and the Beauty Park, the School of Contemporary High Craftsmanship and Arts, the “Himalayan Regenerative Fashion Living Lab” project.

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section “SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model” of ESRS 2.

Table 52: List of impacts, risks and opportunities relevant to the topic of affected communities

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Positive impacts				
Positive impacts on the local economy in territories of the Himalayas where the regenerative agriculture project “Himalayan Regenerative Fashion Living Lab” is ongoing	Actual	Upstream	Medium-term	Impacts related to the territory
Support for the redevelopment of the region and the promotion of the local artistic and cultural heritage	Actual	Upstream Own operations Downstream	Long-term	
Development/promotion of the quality and craftsmanship that reside in the territory deriving from the exclusivity and allure of the brand	Actual	Upstream Own operations Downstream	Long-term	
Opportunity				
Reputational benefits deriving from the lasting support activities for the local territories and communities	N.A.	Upstream Downstream	Long-term	Impacts related to the territory

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

S3-1 Policies related to affected communities

The Code of Ethics defines the rules, values and principles underpinning the operations of Brunello Cucinelli S.p.A. and its subsidiaries, and acts as a guide to the behaviour and actions of all stakeholders relevant to the Company (ref. “MDR-P Policies of the Casa di Moda”).
The document underlines the Group’s responsibilities with regard to the community and support of the territory. The Company operates with attention to the needs of the community and the territories in which it works, contributing to the promotion of the quality of life and economic, social, cultural and civil development, offering constant support to the cultural activities and local associations.

Please refer to the section “MDR-P Policies of the Casa di Moda” for more information about the **Human Relations Policy** and the **Human Sustainability Policy** “In Harmony with Creation”.

The above cited Policies, prepared in accordance with the guiding principles of the United Nations, contain the commitments regarding the impacts related to the territory.

S3-2 Processes for engaging with affected communities about impacts

Engagement with the local communities is developed through periodic meetings with the representatives of the local associations and moments of discussion that are essential for understanding the real needs of the territory. This process is regulated by the standards established in the Human Relations Policy (ref. “MDR-P Policies of the Casa di Moda”).

The functions involved in the processes and the connected responsibilities are described in the section "SBM-2 Interests and views of stakeholders".

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns
Even if the Double Materiality analysis did not indicate any relevant negative impacts in reference to the topic of affected communities (ref. "ESRS 2 SBM-3 Impacts, risks and opportunities and their interaction with strategy and business model"), the Casa di Moda has provided dedicated channels in order to remedy any critical issues that could arise in the future or to collect concerns and offer assistance. These channels include the whistleblowing channel and informal communication with Company functions, guaranteed by constant dialogue.
For more information, please refer to paragraph "G1-1 Corporate culture and business conduct policies".

All of the adopted channels guarantee the possibility of talking with the whistleblowers, including anonymous ones, and with any other involved stakeholders.
As of today, the Company has not adopted specific training or monitoring initiatives to evaluate the knowledge of the whistleblowing channels by the affected communities.

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
During the more than forty years of life of the Solomeo Company, the business activity has always been accompanied by a constant dedication to the support, restoration and development of the Hamlet and, in general of the Umbrian territory by supporting the growth of the local community.

In this context, the following actions were performed in 2024:
- Increase in the offered courses and the relative number of participants at the School of Contemporary High Craftsmanship and Arts, as well as implementation of the training courses to support "small entrepreneurship";
- Start of the second phase of the Himalayan Regenerative Fashion Living Lab project as part of the Sustainable Markets Initiative Fashion Taskforce;
- Continuation of the evaluation of the impact generated by the "Great Works", that is the main operations carried out by the Casa di Moda to support the territory and the local communities by applying the Social Return on Investment (SROI) methodology.

Manual skills and high craftsmanship are the founding elements of the Casa di Moda, and therefore the School of Contemporary High Craftsmanship and Arts in the Hamlet of Solomeo was established in 2013, representing the place where technical knowledge, craftsmanship, mastery as well as ethics, dignity and a sense of responsibility are handed down from generation to generation, based on the example of the Italian Renaissance workshops. The School of Contemporary High Craftsmanship and Arts was founded with the purpose of encouraging young people to understand the true value of manual work and not leave the precious traditions.

On an international level, in 2022 the Casa di Moda joined, and made an economic commitment to support, the project "Himalayan Regenerative Fashion Living Lab" which was developed as a result of a partnership between the Fashion Task Force of the Sustainable Markets Initiative (SMI) - established by King Charles III of the United Kingdom - and the Circular Bioeconomy Alliance (CBA).
The Casa di Moda is participating in this project, first of all, because there is the desire to revive, in a contemporary manner, the traditional artisan knowledge that is rooted in one of the most noble and beautiful lands such as the Himalayas and with the intention to contribute to the creation of benefits for future generations.

In 2024 the project reached a significant target with the first shipment of pashmina by the local cooperative of involved pastors. The first products were produced using this raw material. These creations were presented to King Charles III of the United Kingdom during an important conference organised by the Circular Bioeconomy Alliance (CBA) - at the prestigious St James's Palace in London in November 2024.
The project "Himalayan Regenerative Fashion Living Lab" will continue in order to consolidate relations with the communities of Changpa nomad pastors to support the local cashmere production chain.

Beginning in 2022, an in-depth analysis has been carried out aimed at measuring and evaluating the positive impacts – in terms of social benefits for the communities concerned – generated by the initiatives implemented by our Casa di Moda, aware that the value of these actions naturally goes far beyond any kind of numerical measurement. To understand the social value that the Casa di Moda contributes to the benefit of its territory, the Social Return on Investment (SROI) calculation has been selected as the analysis method. The calculation of the SROI ratio is based on a formula that subtracts the costs sustained (by the Casa di Moda or the stakeholders) from the social value generated by the project, the result of which is then divided by the invested capital. In 2024, the analysis continued with the focus on the "Great Works" created over the years in Solomeo, Umbria and internationally.

During 2024, no problems or incidents were reported concerning human rights in relation to the local communities or the territory.

METRICS AND TARGETS

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Casa di Moda has not defined specific targets for local communities and the territory. For more information concerning the Sustainability Plan, refer to the paragraph "SBM-1 Strategy, business model and value chain", the Sustainability Plan "In Harmony with Creation".

S4 CONSUMERS AND END USERS

STRATEGY

ESRS 2 SBM-2 Interests and views of stakeholders

The Group integrates the requests of its stakeholders in its decision-making process in a significant manner, constantly promoting the provided opinions and contributions. This feedback had a direct impact on the definition of the targets and content of the Company sustainability strategy, confirming its commitment to an open dialogue.

The importance of this approach is confirmed in the Human Relations Policy (ref. MDR-P Policies of the Casa di Moda) and is reinforced further through engagement activities that are in line with the Stakeholder Engagement Plan.

Considering the variety and heterogeneity of the involved stakeholders, the Group adopts instruments and dialogue channels suitable for promoting a direct discussion between Company functions and the stakeholders. This continuous and dynamic dialogue makes it possible to focus on stakeholder requests during the Company's decision-making process, promoting respect of human rights and the interests of all involved actors.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The focus that the Company places on the individual has a natural continuation in its relationships with the customer. The relationship created over time with customers is focused on an approach that is aware of the uniqueness of every individual and characterised by care, respect and integrity.

The end customers of the Casa di Moda are people who desire and search for exclusivity, fine products of the highest quality with a distinctive and recognisable style, the expression of a luxury that can be defined as “gentile”.

With respect to the trust that connects the Casa di Moda with its customers and with the objective of always guaranteeing maximum transparency, the Company provides access to precise and easy to understand information regarding its products and services through specific dialogue channels and on the labels that accompany the products, provided in compliance with current regulations.

The digital dimension is given the same level of care, quality and courtesy that has always characterised the Company based in Solomeo in the special relationship cultivated each day with its customers to the digital dimension, as a demonstration of a continuous, active sharing of its values.

The Casa di Moda aims to protect the privacy of all its customers without evading their personal sphere and works to safeguard the personal data of all.

With specific reference to safeguarding the privacy of minors, in line with the company strategy and with the objective of reducing potential risks connected to managing this type of data, personal information is not collected for this specific category. Furthermore, even if the collections include also the Boys’ and Girls’ lines, the Casa di Moda does not have advertising campaigns dedicated to them.

The Casa di Moda collections, regardless if dedicated to adults or children, are created and produced with the aim of ensuring maximum safety for those for whom they are intended. For this purpose, it is guaranteed that all materials used are free of potentially harmful substances.

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" of ESRS 2.

Table 53: List of impacts, risks and opportunities relevant to the topic of consumers and end users

S4				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Negative impacts				
Failed or partial protection of the privacy of personal data of customers and consumers	Potential	Downstream	Short-term	Privacy Protection of children
Risks				
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to external factors (e.g. suppliers responsible for processing the data for which BC is the data controller)	N.A.	N.A.	Short-term	Privacy
Penalties and/or compensation for damage deriving from the compromise of privacy/integrity/availability of personal data due to internal factors	N.A.	N.A.	Short-term	
Litigation with customers/associations (i.e. class action)	N.A.	N.A.	Short-term	Health and safety Responsible business practices
Negative effects for the Group deriving from products (e.g. manufactured items/lifestyle line) that do not comply with the Brunello Cucinelli quality standards (potentially harmful for the end customer)	N.A.	N.A.	Short-term	Health and safety
Inability by the Group to meet requests from data subjects or failure to meet legal deadlines (e.g. deletion, access to data, rectification of data, withdrawal of consent)	N.A.	N.A.	Short-term	Protection of children
Partial accessibility to shops by people with motor disabilities	N.A.	N.A.	Short-term	Non-discrimination Access to products and services

The main instruments the Company uses to evaluate risks to which its end customers can be exposed are the Double Materiality analysis and the ERM process, as well as the constant monitoring of the applicable regulatory changes.

In particular, as concerns the negative impacts, please refer to the table below.

Table 54: Nature of the negative impacts on consumers and end users

Nature of the impact	Negative impact	Sub-sub topic
Generalised or systemic	Failed or partial protection of the privacy of personal data of customers and consumers	Privacy

For more details please refer to the mapping of impacts, risks and opportunities provided in ESRS 2 IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statements.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

S4-1 Policies related to consumers and end-users

The Company bases its behaviour, also in its relations with customers, on the principles of transparency, reliability, correctness, integrity, professionalism, legality, impartiality and quality.
In addition to the constant search for the quality of its garments, the Casa di Moda is committed to ensuring that the products meet the expectations and requirements of the market, in compliance with current laws and with particular attention to safety. Furthermore, the Group condemns the use of any advertising and/or communication tool aimed towards deceiving customers, in any way, about the quantity, quality, source and origin of the offered products and services, and prohibits any practice that is misleading, elusive or incorrect in advertising communications, guaranteeing maximum transparency and correctness.

In this regard, the Company strictly observes the provisions of the Code of Ethics and the in-house procedures concerning relations with customers, providing them with accurate, complete and truthful information regarding the contractual conditions and terms, including, if necessary, the Privacy Statement. This is based on a courteous, moderate and non-invasive communicative approach that respects human dignity.

Particular attention is placed on the suggestions and complaints received from customers, adopting behaviour that is based on availability, respect, courtesy and privacy, in line with the Company's vales and principles.
Therefore, the Group is committed to ensuring maximum attention is placed on the suggestions and any complaints received from customers, and therefore to provide them with timely feedback. The reports collected through the dedicated communication channels actively contribute towards orienting corporate decisions with the aim of preventing and managing the identified potential impacts.

Please refer to the section "MDR-P Policies of the Casa di Moda" for more information concerning the **Human Relations Policy**, which provides the guidelines and practices of dialogue with the end customers of the Casa di Moda.

In particular, the Human Relations Policy, which was prepared in compliance with the guidelines of the United Nations, defines the commitments regarding privacy, non-discrimination, access to products and services and responsible business practices. Currently, the cited Policy does not contain specific information concerning health and safety, the security of the person and the protection of children.

S4-2 Processes for engaging with consumers and end-users about impacts

The relationship with end customers is developed through face-to-face meetings in the boutiques and the "Casa Cucinelli" sales spaces, with trunk shows and dedicated events, through a digital presence, the user experience (e.g. the corporate and e-commerce website) and social media, customised experiences at Solomeo, customer service, the newsletter and instant messages, phone calls and video calls.

In addition to the traditional channels of e-mail and telephone, in recent years, in fact, new communication channels have been activated that allow immediate dialogue between Customer Care and the customer, including the live chat within our online boutique and instant messaging channels WhatsApp and WeChat. Despite the recognised usefulness of the technologies, for us the individual remains the cornerstone of the relationship with our customers and we are also pleased to see a growing preference among our customers for tools that promote human connection. In fact, our customers always select going to the boutique and interacting with Customer Care through synchronous communication channels.

The process of dialoguing with the end customers is regulated by the standards established in the Human Relations Policy (ref. "MDR-P Policies of the Casa di Moda").

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Casa di Moda has adopted specific measures for preventing the potential negative impact that was defined and has adopted measures suitable for mitigating the risks deriving from possible regulatory non-compliance with or the compromise of personal data following loss, theft, destruction or alteration of the collected information. In compliance with the European standard on data protection, the Company guarantees the safeguarding of privacy and the protection of the personal data of its customers, thanks to the support of the Data Protection Officer (DPO). Furthermore, in order to report any concerns related to privacy, the Casa di Moda has provided tools such as the Privacy Policy and the whistleblowing channel.

For more information concerning privacy, please refer to the paragraph: "S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns"; and for information concerning whistleblowing, refer to: G1-1 Corporate culture and business conduct policies.

The Casa di Moda guarantees support to customers worldwide, through CRM, Customer Care channels and those in use at the boutiques. During 2024, the customary induction meetings were continued with new CRM resources as well as with boutique staff (Store Managers, Client advisors) and one-to-one talks were conducted with the corporate offices considered strategic in terms of processing the personal data of end customers. Furthermore, the channels were monitored in 2024 through a performance analysis of the in-house CRM channels.

As indicated, the Company offers a Customer Care service in 8 different languages, which operates in sites located in Solomeo, New York and Shanghai. This allows us to guarantee a service that is aligned with the needs of customers in different time zones and geographical areas, guaranteeing the same functionality from the different offices and above all the same approach and the same "tone of voice" in our contacts with end customers all over the world. Furthermore, the whistleblowing channel, which provides a secure and confidential method for reporting any violations or incorrect behaviours, can be accessed publicly directly through the corporate website (ref. "G1-1 Corporate culture and business conduct policies").

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The Casa di Moda has adopted specific measures concerning the privacy and protection of the personal data of its end customers by implementing a structured model that includes training on privacy, report monitoring and request management. These initiatives involve company operations, with an impact - downstream of the value chain - on end customers, worldwide.
The indicated actions contribute towards reaching the objectives defined in the Group Sustainability Plan and are fully compliant with GDPR.

The process of managing reports concerning privacy is constantly monitored and, during 2024, no critical issues were identified, confirming the effectiveness of the implemented system.
To mitigate the relevant risks concerning privacy, specific training was developed for the offices not directly involved in managing the personal data of customers.
With regard to non-discrimination and access to products and services, the measures required by the regulation are implemented in order to ensure an inclusive purchasing experience.

The function of the DPO performs a central role in preventing relevant negative impacts, in line with the Privacy Policy (ref. “MDR-P Policies of the Casa di Moda”).
During 2024, no serious problems or incidents were reported concerning human rights connected to end customers.

For more information on privacy and protection of personal data, refer to the paragraphs related to confidentiality and protection of personal data covered in the chapter “S1 Own workforce”.

METRICS AND TARGETS

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Casa di Moda has not fixed specific targets that concern end customers. For more information concerning the Sustainability Plan, refer to the paragraph “SBM-1 Strategy, business model and value chain”, the Sustainability Plan “In Harmony with Creation”.

GOVERNANCE INFORMATION

G1 Business conduct

GOVERNANCE

GOV-1 The role of the administrative, management and supervisory bodies
The role of Corporate Governance is fundamental for the proper and responsible performance of the Company's activities and for ensuring the creation of sustainable and shared value over the long term.

The Company's Corporate Governance system complies with the so-called "traditional model" and it is made up of the following bodies:
– Shareholders' Meeting;
– Board of Directors (BoD);
– Board of Statutory Auditors;
– External Auditors;
In addition, there is the Supervisory Board pursuant to Legislative Decree 231/2001 (SB).

The Board of Directors plays a central role in the company organisation and is responsible for defining and pursuing the strategic targets of the Group and for ensuring the existence of the controls necessary for monitoring its performance. Pursuant to Art. 15 of the Articles of Association, the Board of Directors is responsible for the ordinary and extraordinary management of the company and for that purpose it has been granted with the widest powers of administration, with the exception of what is reserved by law and by the Articles of Association to the Shareholders' Meeting.

In addition to the powers that by law and according to the articles of association are reserved to the Board of Directors, including the responsibilities indicated in paragraph four of art. 2381 of the Italian Civil Code, the Board of Directors has the following responsibilities: the definition of strategic, industrial and financial plans for the Company and the Group; approval of the forecast budget of the Company or the Group; the approval of agreements and making decisions of a strategic nature, both regarding Brunello Cucinelli S.p.A. as well as the companies that are part of the Group. It also monitors the update of the measures adopted within the scope of Human Sustainability.

It performs these functions by examining the periodic reports and, in particular, upon approval of the strategic plans. The Board also promotes dialogue with shareholders and other relevant stakeholders.

The BoD currently has 14 members whose term of office started with the appointment by the Shareholders' Meeting of April 2023, and will remain in office until the approval of the Company's financial statements at 31 December 2025. The members of the Supervisory Board were appointed at the same time, who will remain in office until the same effective date of the BoD. Directors are appointed according to the principles of diversity, guaranteeing gender balance, competence – managerial and professional, including of an international nature, valorising the different physical and psychophysical abilities, as well as the different age groups and seniorities – and independence.

The Shareholders' Meeting introduced the discipline of increased voting rights[86] on 27 April 2023.

Stakeholders are involved in the process of appointing and selecting the members of the Board of Directors by inviting them to present slates of candidates to be submitted to the Shareholders' Meeting.

The Entrepreneur Brunello Cucinelli holds the role of Executive Chairman of the Company, as well as Creative Director, who has strategic supervision functions with management and representation powers, aimed at the realisation of the coordination, supervision and strategic direction of the Company and the Group. The Chairman is supported by Camilla Cucinelli and Carolina Cucinelli, both of whom were appointed as Vice-Chairman of the Company in July 2024.

As of 2020 there are two people who hold the position of Chief Executive Officer (CEO) of the Company, Riccardo Stefanelli and Luca Lisandroni. The two Chief Executive Officers have different duties and responsibilities: Riccardo Stefanelli is in charge of activities in the production and operations area, including production, logistics, quality control, property management and research and development, while Luca Lisandroni is in charge of markets and therefore presides over the distribution network (both retail and wholesale), e-commerce and marketing activities.

The members of the Board of Directors currently in office include managers of the Company and Independent Directors with many years of experience and expertise in the fashion and luxury sector or in listed companies.

In carrying out its functions, the Board of Directors is assisted by two Board committees that provide advice and make proposals.

Specifically, through preliminary analysis, the **Control and Risk Committee** (CRC) supports the assessments and decisions of the BoD concerning the Internal Control and Risk Management System (ICRMS).

At least on the occasion of the BoD's approval of the annual and semi-annual financial reports, the Committee must report to the Board on its activities, and specifically its opinion on the adequacy of the ICRMS.

Moreover, together with the Financial Reporting Officer, it assists the BoD in preparing and approving the company's accounting documents, notably assessing the correct application of the accounting standards.

The CRC also operates as the related party transactions committee.

In particular, the Remuneration and Appointments Committee periodically assesses the suitability and concrete application of the remuneration policy, presents proposals or opinions to the BoD regarding remuneration and formulates opinions to the BoD regarding the optimal composition of the latter and the committees.

86 The introduction of the increased voting rights made it possible for the Company to encourage medium-long term investments and promote the stability of the shareholding group, providing the shareholders who intend to invest for a longer term to have a greater say in Company decisions. Furthermore, the Board of Directors believes that the increased voting rights mechanism is suitable for countering the negative effects, resulting from the possible volatility of the stock, that are connected to short-termism.

The **Council for Human Sustainability and Humanistic Capitalism**, set up with the aim of integrating the sustainability of business operations in the definition of strategies, including based on an analysis of the materiality of the factors that may affect the generation of value in the long term, has investigative functions of a propositional and advisory nature in the evaluation and decision-making processes concerning sustainability issues. Furthermore, its task is to support the Board of Directors in coordinating activities and disseminating the culture of Human Sustainability and Humanistic Capitalism within the Group.

Specifically, the Council is responsible for bringing to the attention of the Board of Directors and the Board Committees policies based on principles of Human Sustainability and sustainable success that take into account, in particular, ethics, protection of human rights, care and protection of the environment and a balanced relationship with Creation for the protection and promotion of its diversity.

The Board of Statutory Auditors is responsible for supervising compliance with the law and the articles of association and compliance with the principles of proper administration. The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 27 April 2023; its term of office will end with the approval of the Company's financial statements as at 31 December 2025.

The establishment of the Council for Human Sustainability and Humanistic Capitalism in 2020 was a further milestone in formalising the management of sustainability in the Group.

This Council is a type of steering committee with a mixed structure, and is formed by 3 employees and 7 directors of the Company, as well as the Company Chairman, Brunello Cucinelli, who chairs the Council.

The Council for Human Sustainability and Humanistic Capitalism is also directly responsible for implementing, coordinating, monitoring and updating the contents of the Human Sustainability Policy, as well as for implementing the Sustainability Plan. It promotes the continuous integration of national and international best practices into the Company's sustainability governance and environmental, social and governance factors into corporate strategies, monitoring the Group's positioning with respect to the financial markets on sustainability issues and initiatives aimed at local communities and stakeholders. On an operational level, the Council is supported by the cross-functional working team on sustainability – the Human Sustainability team – which also plays a proactive and advisory role in this area for the Council and the BoD. Within the scope of the implementation of the Sustainability Plan, it coordinates and monitors the progress of the objectives and targets set by the Plan, in consultation with the corporate functions directly involved and reporting to the Chief Executive Officers (CEOs). The ultimate responsibility for strategic decisions and sustainability initiatives lies with the BoD.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities
The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model of ESRS 2".

Table 55: List of impacts, risks and opportunities relevant to the topic of business conduct

Description	Potential/actual impact	The value chain	Time period	Sub-topic or sub-sub-topic of reference
Negative impacts				
Failure to observe, along the supply chain, the practices necessary to guarantee respect for animal welfare	Potential	Upstream	Medium-term	Animal welfare
Harm to the interests of investors due to market abuses	Potential	Own operations	Medium-term	Accidents
Positive impacts				
Positive current and long-term impact on the artisan laboratories that collaborate with the Group, in relation to business volumes that are higher than the rest of the market that the Casa di Moda generates and has generated, also during periods of crisis	Actual	Upstream	Short-term	Management of supplier relations
Risks				
Acts of corruption in relations with public authorities (e.g. Inspection agencies, Customs Agency, Revenue Office) and private authorities (e.g. suppliers/ intermediaries)	N.A.	N.A.	Medium-term	Company culture
Compromise of the image/reputation of the Brunello Cucinelli brand due to supplier/small craft enterprise activities that violate the applicable standards and/or the additional commitments taken on with the Group to ensure animal welfare	N.A.	N.A.	Medium-term	Animal welfare
Offence of abuse of privileged information (e.g. insider trading)	N.A.	N.A.	Medium-term	Accidents

G1-1 Corporate culture and business conduct policies

In line with the commitment of the Casa di Moda to promote an ethical business culture, we have developed an Anti-Corruption policy as a tool that guarantees ethical business management and the application of principles such as compliance with laws, honesty, transparency, correctness and good faith. This Policy expresses the corporate provisions aimed at combating corruption, while promoting the dissemination of a responsible and aware culture and preventing and discouraging the commission of unlawful conduct at all levels.

All employees have been informed about the adoption of the Anti-Corruption Policy. Furthermore, the procedures pursuant to Art. 154 bis of the Consolidated Law on Finance (TUF), also referenced in Model 231, were published on the company intranet and are available to all Group employees. Specific training has not yet been provided on the Anti-Corruption Policy. There has been “on the job” training regarding some specific procedures pursuant to Law 262/2005 and Legislative Decree 231/2001. The Anti-Corruption Policy, as well as Model 231, are referenced also in contracts with the main suppliers and with external collaborators (including the small craft enterprises). The Company’s objective is to also communicate the contents and principles of the Model to those who, while not bound by employment relationships, contribute – even only occasionally – toward achieving the targets of the Casa di Moda by virtue of other contractual relationships.

According to what is specified in Model 231 of the Company in relation to the offences specified in articles 24 and 25 of Legislative Decree 231/2001, the functions in the Company that are at greatest risk of corruption and bribery (excluding cases between private parties) are: Chief Executive Officers, Administration, Finance and Control, Human Resources, Production, Facility Management, Legal and Corporate Affairs. No incidents have occurred in this regard.

The commitment of the Casa di Moda to promote its business culture can also be seen through the adoption of clear and transparent mechanisms for identifying, reporting and managing any concerns regarding illegal behaviour or behaviour that is not aligned with the company Code of Conduct or other similar internal regulations. In particular, the Whistleblowing Procedure represents a central instrument with which the Casa di Moda regulates the possibility that everyone, physical and legal persons who have or have had contractual relationships with the company, can report any complaints about improper conduct conflicting with the principles and provisions contained in Company documents.

Reports may be made anonymously or by name, the latter being recommended in order to allow a more effective and efficient investigation, always ensuring the complete protection of the whistleblower or of anyone cooperating with the investigation against any acts of retaliation. The Internal Audit Manager is appointed as the person to receive the reports and manage them and has the duty to involve the Supervisory Board when required. In the case that the Internal Audit Manager is one of the people involved in the report, the platform permits forwarding the report directly to the Board of Statutory Auditors.

There are multiple channels provided for reporting (e.g. e-mail, physical letter, registered letter, the “Whistleblowing notification” application, which can be accessed in the “Corporate governance / Whistleblowing” section of the Group's investor site, ANAC web portal, etc.).

The report management model adopted by the Company guarantees that the users of the channels, including their workers, will be protected against retaliation. This model is extended to all the subsidiaries that have adopted a whistleblowing procedure pursuant to the applicable regulations.

The BoD receives reports regarding all those actions and/or facts that can be abstractly qualified as relevant, through:
– Information flows from the Supervisory Body pursuant to Legislative Decree 231/2001 to the BoD (which did not report relevant critical issues in 2023 pursuant to Legislative Decree 231/2001);
– information flows from the Internal Audit Function to the Control and Risk Committee, the Board of Statutory Auditors and the BoD.

Further critical issues may be communicated to the highest governing body by the CEOs (competent for the establishment and maintenance of the ICRMS, as per the Corporate Governance Code), as well as through other information flows coming, directly or indirectly from other corporate functions.

In particular, the communication and training activities related to Model 231 were adapted according to the recipients and implemented according to the principles of completeness, clarity, accessibility and continuity to permit full awareness of the Company’s provisions that must be observed as well as of the ethical rules that must inspire the conduct of everyone. Training takes place through periodic meetings organised by the Supervisory Board with the Company’s employees who could potentially commit the type of predicate offence under consideration. These occasions also allow for an in-depth examination of the impact of the relevant regulations on the Company’s business.

Finally, even though specific policies concerning animal welfare are not available, the Casa di Moda attributes great value to the traceability of the production chain, constant dialogue with local communities and the relationship of trust created over time with the suppliers. The latter perform periodic inspections of the farms to monitor the quality standards and ensure compliance of the best raw material selection practices (ref. Environmental Policy, "E1-2 Policies related to climate change mitigation and adaptation").

G1-2 Management of supplier relations

For the purchase of raw materials, the Company works with companies with proven reliability, with whom an authentic multi-year partnership has been developed based on strong complementarity of knowledge and mutual respect.

With reference instead to the external production structure, a short production chain is promoted, located exclusively in Italy and comprised of small to medium sized artisan companies, selected based on the skills and tradition of their territory and of which more than half work exclusively for the Casa di Moda.

Over the years, the Group has witnessed progressive growth in the size of the laboratories with which it collaborates as well as an increase in the share of work reserved to the Group by those artisan companies that work with multiple customers. The artisan laboratories have recorded, over time, both a growth in business volumes with the group that exceeds the rest of the market as well as a stability in production orders, also during the period of the pandemic crisis.

As concerns the payment practices with business partners, the Group makes payments to its suppliers in compliance with the times defined by the contractual agreements.

There is a careful selection phase at the basis of the solid and trust-based relationship that connects the Casa di Moda with its suppliers. Furthermore, during contract stipulation the Company shares the Framework Agreement that contains the rules of conduct that must be observed, as well as specific commitments and duties regarding environmental and social issues. These are in line with the Group's values and principles (ref. S2 "ESRS 2 SBM-3 Impacts, risks and opportunities and their interaction with strategy and business model").

With the objective of further reinforcing the processes for managing the relationship with its raw material suppliers, the Casa di Moda has started an activity targeted at their mapping in order to collect primary qualitative-quantitative data that concerns them. Furthermore, this completely digitalised process aims to monitor their compliance and their level of maturity, also from an environmental, social and ethical point of view.

The project, which was started in 2023 and continued in 2024, involves 157 suppliers, covering approximately 95% of the raw materials.

Furthermore, to guarantee a more precise monitoring of the environmental footprint of the raw materials, activities were performed to check the emission impact of a sample of involved suppliers, which included 50 suppliers.

With reference to small craft enterprises, during 2024, the Workshop and Supplier Information function, continuing its usual activities of checking compliance and from the point of view of continuous and constant monitoring, increased its workforce. The purpose of this is to guarantee and, where necessary, increase the constant monitoring of the production chain.

399 small craft enterprises were audited during the year.
Of these, 381 (98% of all small craft enterprises with which we currently work) are still within the audit scope as at 31 December 2024. For the remaining 18 small craft enterprises, the audit was interrupted following the termination of the business relationship.

As a confirmation of the effectiveness of the activities carried out and thanks to the new structure, 19 new non-conformities were found in 2024, which are added to the 5 that were already identified the previous year, for a total of 24 positions being analysed during 2024.

The collaborative spirit that characterises our compliance activity makes it possible to identify and agree on plans for remediation during the year with 15 small craft enterprises, so that the relative non-conformities can be completely resolved. In one of these cases, in fact, the relationship was first temporarily suspended and then reactivated during February 2025 thanks to the implementation of an effective plan for remediation by the small craft enterprise.

In 3 cases, instead, the non-conformity discovered made it necessary to stop the collaboration relationship.
For the 6 remaining cases, an in-depth and progressive assessment is still in progress to determine if the adjustment path proposed by the small craft enterprises satisfies the necessary compliance criteria.

G1-3 Prevention and detection of corruption and bribery

The system for preventing, identifying and managing allegations or cases of corruption and bribery is regulated in the Whistleblowing Procedure, whose reporting mechanism and other more detailed information can be found in paragraph G1-1. The Company promotes the knowledge of the Whistleblowing Policy by the recipients through its publication on the company website. Furthermore, in order to promote knowledge of this Policy, the Human Resources office of the Group ensure that it is distributed as effectively as possible (e.g. by publishing it on the company intranet).

In 2024, as specified in the Sustainability Plan, the Company has designed and started a new training program concerning Ethical Business Conduct, Privacy and Anti-Corruption, combining face-to-face training with e-learning instruments, also with the direct participation of the Supervisory Body pursuant to Legislative Decree 231/2001.

Specifically, starting in 2024, a whistleblowing course was made available on the Group's “Sympo” eLearning platform, which aims to make employees aware about ethical conduct, prevention of corruption and reporting of illegal acts, showing the user how to use the channel for submitting reports with the absolute protection of the confidentiality of the whistleblower.

The following table shows the number of functions at risk included in the training programs, and the percentage of participation with respect to the total of the functions.

Table 56: Functions at risk and training

	Unit of measurement	2024
Number of functions at risk included in the training programs	n	6[87]
Total functions at risk	n	6
Percentage of functions at risk considered in the training programs	%	100

METRICS AND TARGETS

G1-4 Confirmed incidents of corruption or bribery
The Group operates on the national and international market in full compliance with national and EU antitrust regulations. The annual monitoring processes carried out by the Casa di Moda did not identify cases of non-compliance regarding corruption during 2024, also thanks to the controls implemented by the Group.

There were also no convictions for violations of law, nor confirmed incidents of corruption or bribery for the year in progress.

Please refer to the section “MDR-T Targets of the Casa di Moda” for more information.

87 Members of the administrative, management and supervisory bodies are involved in the training programs.

ENTITY SPECIFIC: GENERATIONAL TRANSITION

STRATEGY

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
The management of the generational transition within corporate governance represents a fundamental topic for the Casa di Moda, whose philosophy contemplates the ability to continue generating value in the long term.

The process adopted for identifying and evaluating the impacts, risks and opportunities related to them is described in detail in ESRS 2 IRO-1; thanks to the process described therein, the Casa di Moda has examined the connections of the identified impacts and dependencies with the risks and opportunities that can result from these impacts. The complete table of the Double Materiality results is instead present in the section "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model of ESRS 2".

The Company's strategy concerning the generational transition is directed towards guaranteeing a harmonious transition that is coherent with the founding values of the Casa di Moda. Through careful and forward-looking planning, the Company adopts a succession model that balances experience and innovation, ensuring brand continuity and conserving its distinctive identity.
The intention is to manage the generational transition by following two main pillars. The first, called *generational pact* makes it possible to replace key management figures in advance, guaranteeing competitiveness and stability in the market at the same time. The second, called the *safeguarding pact*, ensures the unity of management and the entrepreneurial vision of the Casa di Moda in the future.

Table 57: List of impacts, risks and opportunities relevant to the topic of the generational transition

Topic: Generational transition				
Description	**Potential/actual impact**	**The value chain**	**Time period**	**Sub-topic or sub-sub-topic of reference**
Risks				
Compromise of brand positioning as a result of inadequate management of the generational transition	N.A	Own operations	Medium-term	/

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

MDR-P Policies
The Governance report provides more detailed information about the generational transition, illustrating the strategies and structures adopted by the Casa di Moda to guarantee a harmonious transition that is coherent with its founding values. For more information, please refer to the Governance report published on the investor website of the Casa di Moda.

MDR- A Actions and resources

In 2013, the Board of Directors defined the guidelines for a program called the “Generational transition”, which aims to facilitate the succession of the positions of responsibility in the most important offices that make up the Company's organisational structure, through the selection, hiring and training of a new generation of managers. The objective of the program is to train young, prepared and highly motivated employees, thereby fulfilling the purposes of conserving company knowledge and providing continuity in company management.

The program requires that each Company employee who is the manager of an office to participate in training initiatives and tutoring programs in favour of the workers in their office, from among which they can identify a “second in charge” who, following a three-year probationary period, can become the office manager. The investiture of the young employee in the role as the second in charge does not guarantee their future appointment. In fact, the program foresees that the appointment of the candidate to manage an office takes place when the manager reaches the age of 60. This process applies also for the selection of candidates for the positions of CEO (Chief Executive Officer), CFO (Chief Financial Officer) and COO (Chief Operating Officer).

In particular, and without prejudice to the authority of the Board of Directors concerning the delegation of its duties, the candidate for the position of CEO must be selected from within company management at the end of a probationary period, during which it is possible to suitably test the aptitude and skills of the candidate for a role with such a high amount of responsibility. Unlike other positions, the mandatory handover of the position at the age of 60 does not apply to the CEO of a Company.

At the same time, to preserve the unity of Company management over time, Brunello Cucinelli established an irrevocable trust in 2014, transferring his entire share, which equals 100% of share capital, in Foro delle Arti S.r.l. to Esperia Trust Company S.r.l. (Banca Esperia Group). The trust was established to ensure that the entrepreneurial initiatives started by the entrepreneur Brunello Cucinelli are transferred in the future to his descendants, with the aid of a trustee who will be responsible for implementing these intentions with full continuity of the activities carried out, and guaranteeing unity and cohesion of Company management. The direct beneficiaries of the trust are his daughters Camilla and Carolina Cucinelli. The document also foresees the appointment of a committee of experts comprised of five members (two of which are the daughters) who aid the trustee in mainly an advisory role. The trust also ensures the continuation of all the non-profit activities of social and cultural interest promoted by the entrepreneur in compliance with his philosophy of life, with his love of Italy and with his commitment to the territory of Umbria.

This trust does not change the rules of corporate governance or the assigned powers and responsibilities within Brunello Cucinelli S.p.A.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(Euro/000)	NOTES	December 31, 2024	*of which with related parties*	December 31, 2023	*of which with related parties*
NON-CURRENT ASSETS					
Right of use	1	611,641	1,185	501,051	1,515
Intangible assets	2	16,432	125	13,824	
Property, plant and equipment	3	268,840	18,411	213,036	19,161
Investment property	4	9,766		10,072	
Non-current financial lease receivables	5	2,421		3,272	
Other non-current financial assets	6	44,588	15,348	32,529	13,990
Deferred tax asset	26	103,273		79,503	
Non-current derivative financial assets	13	53		243	
TOTAL NON-CURRENT ASSETS		**1,057,014**		**853,530**	
CURRENT ASSETS					
Inventories	7	369,953		287,291	
Trade receivables	8	82,092	150	78,170	179
Tax receivables	9	3,955		290	
Other receivables and other current assets	10	46,635		41,107	
Current financial lease receivables	5	945		2,954	
Other current financial assets	11	695		883	
Cash and cash equivalents	12	182,050		106,944	
Current derivative financial assets	13	1,554		8,711	
TOTAL CURRENT ASSETS		**687,879**		**526,350**	
TOTAL ASSETS		**1,744,893**		**1,379,880**	
SHAREHOLDERS' EQUITY					

(Euro/000)	NOTES	December 31, 2024	of which with related parties	December 31, 2023	of which with related parties
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS					
Share capital	14	13,600		13,600	
Share-premium Reserve	14	57,915		57,915	
Other reserves	14	298,945		255,659	
Net profit attibutable to parent company shareholders	14	119,478		114,617	
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**489,938**		**441,791**	
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST					
Capital and reserves attributable to non-controlling interests	14	7,620		2,630	
Net profit attributable to non-controlling interests	14	9,035		9,192	
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST		**16,655**		**11,822**	
TOTAL SHAREHOLDERS' EQUITY		**506,593**		**453,613**	
NON-CURRENT LIABILITIES					
Employee benefit liabilities	15	3,836		3,672	
Provisions for risks and charges	16	3,372		3,023	
Non-current payables towards banks	17	155,192		22,160	
Non-current financial lease liabilities	18	572,715	968	460,397	1,325
Non-current financial liabilities	19	3,270		2,772	
Other non-current liabilities	20	136		209	
Deferred Tax liabilities	26	7,924		10,256	
Non-current derivative financial liabilities	13	1,296		-	
TOTAL NON-CURRENT LIABILITIES		**747,741**		**502,489**	
CURRENT LIABILITIES					
Trade payables	21	169,217	5,208	166,244	11,638
Current payables towards banks	22	124,676		86,943	
Current financial lease liabilities	18	106,134	356	97,498	350
Current financial liabilities	23	1,244		2,098	
Income tax payables	24	6,723		14,367	
Other current liabilities	25	65,694	900	55,641	995
Current derivative financial liabilities	13	16,871		987	
TOTAL CURRENT LIABILITIES		**490,559**		**423,778**	
TOTAL LIABILITIES		**1,238,300**		**926,267**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,744,893**		**1,379,880**	

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2024

(Euro/000)		Year ended			
	NOTES	December 31, 2024	*of which with related parties*	December 31, 2023	*of which with related parties*
Revenues	**27**	**1,278,540**	**188**	**1,139,420**	**157**
Costs of raw materials and consumables	28	(101,800)	(13,577)	(114,343)	(14,735)
Costs for services	29	(560,361)	(9,161)	(475,769)	(4,092)
Payroll costs	30	(233,492)	(10,573)	(194,969)	(5,850)
Other operating expenses	31	(21,079)		(21,569)	
Other operating income	32	3,271	420	2,369	128
Costs capitalized	33	2,417		2,432	
Depreciation and amortization	34	(153,004)		(138,845)	
Impairment of assets and other accruals	35	(2,821)		(11,320)	
Total operating costs		**(1,066,869)**		**(952,014)**	
Operating Income		**211,671**		**187,406**	
Financial expenses	36	(67,559)		(61,338)	
Financial income	37	35,625	2,052	47,273	2,179
Profit before taxes		**179,737**		**173,341**	
Income taxes	26	(51,224)		(49,532)	
Net profit		**128,513**		**123,809**	
Net profit attibutable to parent company shareholders	14	119,478		114,617	
Net profit attributable to non-controlling interests	14	9,035		9,192	
Basic earnings per share (Euro per share)	38	1.75713		1.68576	
Diluted earnings per share (Euro per share)	38	1.75713		1.68576	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2024

(Euro/000)		Year ended	
	NOTES	December 31, 2024	December 31, 2023
Net profit (A)		**128,513**	**123,809**
Other items of comprehensive income:			
Other items of comprehensive income that will later be reclassified on the income statement		**(6,335)**	**(7,879)**
Cash flow hedge		(19,342)	(512)
Tax effect		4,630	65
Effect of changes in cash flow hedge reserve	**14**	**(14,712)**	**(447)**
Translation differences on foreign financial statements		8,895	(4,505)
Profit / (Losses) on net investment in a foreign operation		(681)	(3,851)
Tax effect		163	924
Other items of comprehensive income that will not later be reclassified on the income statement	**14**	**565**	**(419)**
Remeasurement of defined benefit plans (IAS 19)		744	(551)
Tax effect		(179)	132
Total other comprehensive income, net of tax (B)		**(5,770)**	**(8,298)**
Total comprehensive income net of tax (A) + (B)		**122,743**	**115,511**
Attributable to:			
Parent company shareholders		113,159	106,626
Non-controlling interests		9,584	8,885

CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2024

(Euro/000)		Year ended	
	NOTES	December 31, 2024	December 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit		128,513	123,809
Adjustments to reconcile net income for the period to the cash flows generated by (used in) operating activities:			
Income tax	26	51,224	49,532
Depreciation and amortization	34	153,004	138,845
Provisions for Employee benefit liabilities	15	328	193
Provisions for risks and charges/bad debts and impairment of assets		2,511	11,352
Change in Other non-current liabilities		(73)	(177)
(Gain) / Loss on disposal of fixed assets		(179)	(176)
(Gain) / Loss from participations		(1,415)	(17,513)
Other non-monetary items IFRS 16		4,293	6,782
Interest expense	36	8,684	5,355
Interest on lease liabilities	36	20,277	13,017
Interest income	37	(1,544)	(676)
Interest on lease assets	37	(59)	(73)
Payment of Employee benefit liabilities	15	(363)	(122)
Payments of Provisions for risks and charges	16	-	(177)
Net change in Deferred tax assets and liabilities	26	(21,590)	(15,660)
Change in fair value of financial instruments	13	5,243	(4,475)
Changes in operating assets and liabilities:			
Change in Trade receivables	8	(4,034)	(4,896)
Change in Inventories	7	(72,574)	(54,046)
Change in Trade payables	21	(4,301)	36,395
Interest expense paid		(8,260)	(5,290)
Interest on lease liabilities paid		(20,277)	(13,017)
Interest income received		1,544	676
Interest on lease assets received		59	73
Income taxes paid		(81,088)	(83,676)
Change in Other current assets and liabilities		29,007	22,993
NET CASH FLOW PROVIDED BY / (USED IN) OPERATING ACTIVITIES (A)		**188,930**	**209,048**

(Euro/000)		Year ended	
	NOTES	December 31, 2024	December 31, 2023
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in Property, plant and equipment	3	(90,194)	(66,417)
Investments in Intangible assets	2	(9,184)	(7,116)
Investments in Other non-current financial assets	6	(6,352)	(2,828)
Investments property	4	(433)	(2,994)
Changes in the scope of consolidation		(3,951)	-
Disinvestments in Non-current financial assets		-	25,900
Disposal of Property, plant and equipment		1,168	613
NET CASH FLOW PROVIDED BY / (USED IN) INVESTING ACTIVITIES (B)		**(108,946)**	**(52,842)**
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term loans received	17	211,000	-
Repayment of long-term loans	17	(38,367)	(31,164)
Net change in short-term financial debt		(3,099)	16,280
Net change in long-term financial debt		1,266	541
Lease liabilities payments	18	(102,531)	(95,437)
Lease receivables collections	5	2,980	2,612
Dividends paid		(66,102)	(53,118)
Purchase of treasury shares		(11,657)	(3,332)
NET CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES (C)		**(6,510)**	**(163,618)**
TOTAL CASH FLOW FOR THE PERIOD (D=A+B+C)		**73,474**	**(7,412)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E)		**1,632**	**(3,044)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	**12**	**106,944**	**117,400**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**12**	**182,050**	**106,944**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2024

(Euro/000)	NOTES	Share capital	Legal reserve	Additional paid-in capital	Translation reserve	Other reserves	Net profit	Total shareholders' equity attributable to parent company shareholders	Total shareholders' equity attributable to non-controlling interests	Total shareholders' equity
Balance at 1 January 2024	**14**	**13,600**	**2,720**	**57,915**	**(4,865)**	**257,804**	**114,617**	**441,791**	**11,822**	**453,613**
Net profit							119,478	119,478	9,035	128,513
Other items of the Consolidated statement of comprehensive income					7,913	(14,232)		(6,319)	549	(5,770)
Total comprehensive result		**-**	**-**	**-**	**7,913**	**(14,232)**	**119,478**	**113,159**	**9,584**	**122,743**
Allocation of the profit for the year	14					114,617	(114,617)	-		-
Dividends paid	14					(61,880)		(61,880)	(4,222)	(66,102)
Stock grant reserve	14					6,830		6,830		6,830
Assignment of treasury shares	14					(4,962)		(4,962)		(4,962)
Purchase of treasury shares	14					(5,279)		(5,279)		(5,279)
Other changes						279		279	(529)	(250)
Balance as at 31 December 2024	**14**	**13,600**	**2,720**	**57,915**	**3,048**	**293,177**	**119,478**	**489,938**	**16,655**	**506,593**

(Euro/000)	NOTES	Share capital	Legal reserve	Additional paid-in capital	Translation reserve	Other reserves	Net profit	Total shareholders' equity attributable to parent company shareholders	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 profit							114,617	114,617	9,192	123,809
Other items of the Consolidated statement of comprehensive income					(7,204)	(787)		(7,991)	(307)	(8,298)
Total comprehensive result		**-**	**-**	**-**	**(7,204)**	**(787)**	**114,617**	**106,626**	**8,885**	**115,511**
Allocation of the profit for the year	14					80,599	(80,599)	-		-
Dividends paid	14					(44,200)		(44,200)	(8,918)	(53,118)
Deconsolidation of Brunello Cucinelli Denmark ApS						(61)		(61)		(61)
Stock grant reserve	14					3,709		3,709		3,709
Assignment of treasury shares	14					(3,332)		(3,332)		(3,332)
Other changes						(3,494)		(3,494)	1,422	(2,072)
Balance as at 31 December 2023	**14**	**13,600**	**2,720**	**57,915**	**(4,865)**	**257,804**	**114,617**	**441,791**	**11,822**	**453,613**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

1. BASIS OF PREPARATION

1.1 CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Brunello Cucinelli Group were prepared on a going concern basis and in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and in force at the date of the Financial Statements. The IFRS are understood to also be all the reviewed international accounting standards ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The notes to the Consolidated Financial Statements have been supplemented with the additional information requested by CONSOB and the measures it issued to implement Article 9 of Italian Legislative Decree 38/2005 (resolutions no. 15519 and 15520) of 27 July 2006 and Communication no. DEM/6064293 of 28 July 2006, pursuant to Article 78 of the Issuers' Regulation, of the EC document of November 2003 and, where applicable, of the Italian Civil Code.

The Consolidated Financial Statements as at 31 December 2024 have been prepared in accordance with Article 154-ter of Italian Legislative Decree 58/98, as well as the relevant provisions of Consob, and comprise the Consolidated statement of financial position, the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated statement of changes in Shareholders' equity, as well as these Notes.

On 13 March 2025, the Board of Directors of Brunello Cucinelli S.p.A. approved the draft Consolidated Financial Statements and ordered that they be made available to the public, in the manner and within the time envisaged by the provisions of the laws and regulations in force. These Consolidated Financial Statements were audited by PricewaterhouseCoopers S.p.A. in accordance with Legislative Decree 39/2010 in execution of the shareholders' resolution of 19 April 2021.

The consolidated 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 provisions for risks and charges and employees termination indemnities;
- 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 year.

The format for the consolidated Income statement classifies revenues and costs by nature.
The consolidated cash flow statement has been prepared using the indirect method and is presented in accordance with IAS 7, classifying cash flows into operating activities, investment activities and financing activities.
The Consolidated Financial Statements have been prepared on the basis of the historical cost principle, taking into account value adjustments where appropriate, with the exception of those items which, according to IFRS, must be measured at fair value.

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.

2. SCOPE OF CONSOLIDATION

The Consolidated 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 at 31 December 2024.

These Consolidated Financial Statements have been prepared on the basis of the accounting situations of the Company and its subsidiaries, suitably adjusted to comply with IFRSs.

Control is obtained when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. More specifically, the Group has control over an entity if and only if it has all of the following:
– power over the investee (meaning it has existing rights that give it the current ability to direct the relevant activities i.e., the activities that significantly affect the investee's returns);
– exposure, or rights, to variable returns from its involvement with the investee;
– the ability to use its power over the investee to affect the amount of its returns.

If the Group holds less than the majority of the voting rights (or similar rights), it considers all the facts and circumstances relevant for establishing whether it controls an investee, including:
– contractual agreements with other holders of voting rights;
– rights resulting from contractual agreements;
– the Group's voting rights and potential voting rights.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The Group consolidates a subsidiary from the date it gains control of that subsidiary until the date that control ceases. The assets, liabilities, revenues and expenses of the subsidiary acquired or disposed of during the period are included in the Group's Consolidated statement of comprehensive income from the date on which it gains control until the date it no longer exerts control.

All intercompany balances and transactions, including any unrealised profits or losses deriving from transactions with companies of the Brunello Cucinelli Group, are eliminated.

Acquisitions of subsidiaries are recognised under the purchase method, which involves allocation of the cost of the business combination to the fair value of the assets, liabilities, and contingent liabilities acquired at the acquisition date and the inclusion of the result of the acquired company from the acquisition date to the end of the period.

Profits and Equity attributable to non-controlling interests represent the part of profit or loss and equity relating to the net assets not held by the parent company's shareholders and are shown in the Consolidated income statement, the Consolidated statement of comprehensive income and the Consolidated statement of financial position separately from the result and equity of the Group.

As at 31 December 2024, 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 31 December 2024, 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 31 December 2024, 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	Share capital in currency	Controlling interest	
				Direct	Indirect
Equity investments in subsidiaries					
Brunello Cucinelli Europe S.r.l.	Corciano, Solomeo hamlet (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, Solomeo hamlet (PG) – Italy	Euro	1,000,000		100.00%
Logistica e Distribuzione S.r.l.	Milan – Italy	Euro	100,000		51.00%
Dorica Vestis S.r.l.	Corciano, Solomeo hamlet (PG) – Italy	Euro	50,000		60.00%
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	12,600,700	99.99%	0.01%
Sarl Brunello Cucinelli France	Paris – France	Euro	13,400,000	98.54%	1.46%
SAS Brunello Cucinelli France Resort	Paris – France	Euro	100,000		100.00%
Brunello Cucinelli GmbH	Düsseldorf – Germany	Euro	200,000		100.00%
Brunello Cucinelli Hellas SA	Athens – Greece	Euro	25,200	1.00%	99.00%
SAM Brunello Cucinelli Monaco	Principality of Monaco	Euro	12,054,000	98.76%	1.22%
OOO Brunello Cucinelli RUS	Moscow – Russia	Rouble	635,500,000	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%
Brunello Cucinelli Canada Ltd.	Vancouver – Canada	Canadian dollar	10,445,100	100.00%	

Company name	Location	Currency	Share capital in currency	Controlling interest	
				Direct	Indirect
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	99.00%	
Brunello Cucinelli Singapore Pte. Ltd.	Singapore	Singapore dollar	300,000	83.67%	
Brunello Cucinelli Taiwan Ltd.	Taipei – 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%	

(*) Percentage of ownership held by virtue of voting agreements with the minority shareholder.

During 2024, the scope of consolidation saw the entry of Dorica Vestis S.r.l., a small workshop, in which the Group holds 60% of share capital.
In addition to what is indicated above, during 2024 the Group purchased the residual minority share of 49% of Brunello Cucinelli Hellas SA from an independent third party and a 24% minority share of Brunello Cucinelli Japan Co. Ltd., also from an independent third party.
The operations concerned companies that were already consolidated on a line-by-line basis based on the check performed by the Group and, as a result, did not generate any variation in the pre-existing scope of consolidation.
For the sake of completeness, it should be finally noted that the company Raffaello S.r.l. was merged by incorporation into the company Pinturicchio S.r.l.

3. ACCOUNTING STANDARDS

INTRODUCTION

The Consolidated Financial Statements have been prepared in accordance with the general criteria of reliable and truthful presentation of the Group's financial position, results of operations and cash flows, in compliance with the general principles of a going concern, accrual basis of accounting, consistency of presentation, relevance and aggregation, prohibition of offsetting and comparability of information.

DISCRETIONAL ASSESSMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

In accordance with the applicable accounting standards, the preparation of the consolidated financial statements of the Brunello Cucinelli Group requires the Directors of the Company to make discretionary assessments, estimates and assumptions based on complex and/or subjective judgements, historical experience and other factors that are believed to be reasonable with respect to the present circumstances and the knowledge available at the balance sheet date. The use of these accounting estimates affects the carrying amount of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as the amount of revenues and expenses during the reporting period. Actual results may differ from those estimated due to the uncertainty surrounding the assumptions and conditions the estimates are based on. Estimates and associated assumptions are revised on an ongoing basis.

The main processes used in making such discretionary estimates and measurements relate to the recognition and measurement of the following items.

Depreciation and Amortization ff Rights Of Use, Intangible Assets and Property, Plant and Equipment
The depreciation and amortization of rights of use, intangible asset and property, plant and equipments with a finite useful life require discretionary estimates to be made by the Directors. Such estimates are reviewed at every balance sheet date to ensure that the carrying amounts reflect the best estimates of the costs to be incurred by the Group, and in case of significant variations the amounts are revised and updated.

Right-of-use asset and Lease liability – IFRS 16
Following the initial application of IFRS 16, significant accounting estimates are made with respect to:
- the identification of the lease term, with particular reference to the measurement of the effects of the renewal option at the end of the non-cancellable period and an assessment of commercial practice regarding the property leases existing in the various legislations.
- the determination of the discount rate for all leases not containing an implicit interest rate; in particular, the Group has calculated an incremental borrowing rate (IBR) to be used to discount future lease payments, identifying each country as a portfolio of lease agreements with similar features and determining the relative IBR as the rate of a risk-free instrument of the respective country in which the lease agreement is stipulated, based on the various contractual deadlines, increased by the Group's credit spread.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases and for unused tax losses to the extent that it is probable that sufficient taxable profit will be available against which these losses can be utilised. The directors are required to make a discretionary assessment to determine the amount of deferred tax assets that can be recognised, based on an estimate of the likely timing and amount of future taxable profits.

Recoverable amount of non-financial assets

The recoverability of non-financial assets is tested when events or changes in circumstances indicate that the carrying amount is not recoverable.Events that may lead to a write-down of non-financial assets are changes in business plans and changes in market prices that may result in lower operating performance, at least annually for goodwill and intangible assets with an indefinite useful life.

In order to evaluate if there is an indication that an asset may have lost value, company management considers information both coming from external information sources as well as from internal information sources.

The decision as to whether or not to recognise an impairment loss and the quantification of such impairment loss depend on management's assessment of complex, uncertain factors, including changes in discount rates, the impact of inflation, forecasts of global or regional supply and demand conditions, the impact of legislative and regulatory changes, etc. The definition of CGUs and the identification of the appropriate level of grouping of CGUs for the purpose of assessing the recoverability of non-financial assets requires management's judgement. In fact, CGUs are defined by considering, among other things, the ways in which management controls operating activities (e.g. for legal entities) or makes decisions about keeping the company's assets and activities operational or disposing of them. The expected cash flows used to determine the recoverable amount are quantified in light of the information available at the time of the estimate on the basis of subjective judgements about the performance of future variables – such as prices, costs, demand growth rates, production profiles – and are discounted using a rate that takes into account the risk inherent in the asset concerned.

With regard to the impairment test, see the paragraph "6.1 Impairment" below in these Notes to these Consolidated Financial Statements.

Employees termination indemnities and supplementary termination indemnity provision

The valuation of employees termination indemnities and the agents' termination indemnity provision was done using actuarial valuations. These valuations require assumptions to be made about discount rates, future wage increases (for employees termination indemnities only), staff turnover and mortality rates. Because of the long-term nature of these plans, these estimates are subject to a degree of uncertainty.

Allowance for bad and doubtful debts

The allowance for bad and doubtful debts represents management's best estimate of the amount required to adjust receivables to their estimated realisable value on the basis of information available at the date of preparation of the financial statements. The Group uses the simplified approach and recognises the expected losses on all trade receivables on the basis of their residual duration by establishing a criterion for determining the allowance based on the past loss experience of individual Group companies, adjusted also to take account of specific forecasting factors relating to creditors and the economic environment. The amount of expected losses is sensitive to changes in circumstances and the expected economic conditions.

Value adjustments to Inventories
The provision for inventory write-downs reflects management's estimate of the expected loss in value of materials or products from past seasons, taking into account their expected use and realisable value. The determination of the value of the provision also takes into account the donation programme related to the "Brunello Cucinelli for Humanity" project.

Derivative financial instruments
The measurement of derivative instruments recognised as assets and liabilities requires the use of estimates and assumptions. The way in which fair value is determined and the risk inherent in derivative contracts to hedge currency risk and interest rate risk is managed are illustrated in the specific paragraph on "Derivatives" in these Notes. The estimates and assumptions considered are reviewed constantly and the effects of any changes are recognised immediately in the financial statements.
Estimates and assumptions are made by directors with the support of the corporate functions and, where appropriate, of independent professionals, and are reviewed on a periodic basis.

Share-based payments
Share-based payments require estimates to be made with respect to the fair value of the instruments granted and the likelihood of realising the vesting conditions attached to them. These estimates are made by management and periodically updated.

BUSINESS COMBINATIONS AND GOODWILL

The business combinations are recorded using the acquisition method. The consideration transferred in a business combination is determined at the date control is assumed, and is equal to the fair value of the assets transferred, the liabilities incurred, and any equity instruments issued by the acquirer. The consideration transferred also includes the fair value of any contractually agreed contingent consideration assets or liabilities that are contingent on the occurrence of future events. Costs directly attributable to the transaction are recognised in the income statement when incurred.
At the date control is acquired, the shareholders' equity of investee companies is determined by attributing to the individual identifiable elements of the assets and liabilities their fair value, except in cases where IFRS provisions establish a different measurement criterion. Any difference between the consideration paid and the fair value of the net assets acquired, if positive, is recognised as goodwill; if negative, it is recognised in the Income Statement. In the case of assumption of control that is not total, the portion of Shareholders' equity of non-controlling interests is determined on the basis of the share of current values attributed to assets and liabilities at the date of assumption of control, excluding any goodwill attributable to them. If control is assumed in stages, the acquisition cost is determined by adding the fair value of the previously held equity interest in the acquiree and the amount paid for the additional stake. The difference between the fair value of the investment previously held and its carrying amount is recognised in the income statement. Furthermore, upon assumption of control, any amounts previously recognised in other comprehensive income are recognised in the income statement or in another shareholders' equity item, if a reversal to the income statement is not envisaged.

When the values of the acquiree's assets and liabilities are determined provisionally in the period in which the business combination is completed, the recognised values are adjusted retrospectively, no later than 12 months after the acquisition date, to take account of new information about facts and circumstances that existed at the acquisition date.

For the purpose of the consistency analysis, at the acquisition date goodwill acquired in a business combination is allocated to the individual cash-generating units of the Group, or groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the Group are assigned to such units or groupings of units. Each unit or group of units to which goodwill is allocated:

a) Represents the lowest level within the Group at which goodwill is monitored for internal management purposes.
b) Is no broader than the segments identified on the basis of the Group's sector reporting format, determined on the basis of IFRS 8 – "Operating Sectors".

When goodwill is part of a Cash-Generating Unit (so-called group of Cash-Generating Units) and part of the internal business of that unit is sold, the goodwill associated with the asset sold is included in the carrying amount of the asset to determine the gain or loss arising from the sale. The goodwill sold in such circumstances is measured on the basis of the relative values of the asset sold and the portion of the unit held.

When the sale concerns a subsidiary, the difference between the sale price and the net assets plus the accumulated translation differences and goodwill is recognised the income statement.

EQUITY INVESTMENTS IN ASSOCIATE COMPANIES

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in determining the financial and operating policies of the investee without having control or joint control thereover.

The considerations made to determine significant influence are similar to those required to determine control over subsidiaries. The Group's investments in associate companies are valued using the equity method.

Under the equity method, an investment in an associate is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the investor's share of the investee's profits and losses realised after the acquisition date. Goodwill pertaining to the associate is included in the carrying amount of the investment and is not subject to a separate impairment test.

The statement of profit/(loss) for the year reflects the Group's share of the associate's profit/(loss) for the year. Any changes in the other components of the consolidated statement of comprehensive income relating to these investees are presented as part of the Group's consolidated statement of comprehensive income. Furthermore, if an associate company recognises a change with a direct charge to shareholder's equity, the Group recognises its share, the Group recognises its share, where applicable, in the Consolidated statement of changes in Shareholders' equity. Unrealised gains and losses arising from transactions between the Group and associate companies are eliminated in proportion to the share held in those associate companies.
The Group's aggregate share of the associate's profit/(loss) for the year is recognised in the statement of profit/(loss) for the year after operating income/(loss) and represents the net profit/(loss) after tax and the share of the associate's other shareholders.

The financial statements of associate companies are prepared on the same date as the Group's financial statements. Where necessary, the financial statements are adjusted to bring them into line with Group accounting standards.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognise an impairment of its investment in associate companies. The Group assesses at each financial statement date whether there is objective evidence that investments in associates are impaired. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate and the carrying amount of the associate in its financial statements, and recognises this difference in the statement of profit/(loss) for the year under the item "Effects of the valuation of investments using the equity method".

Upon the loss of significant influence over an associate, the Group measures and recognises the residual investment at fair value. The difference between the carrying value of the investment at the date of loss of significant influence and the fair value of the residual investment and consideration received is recognised in the income statement.

OPERATIONS UNDER COMMON CONTROL

Business combinations involving entities under common control that are merely reorganizational in nature are recognised on a going-concern basis in the financial statements of the companies involved, without recognising any economic effects.

INTANGIBLE ASSETS

Intangible assets are capitalised at acquisition cost when it is probable that use of the asset will generate future economic benefits and its cost can be measured reliably.

Intangible assets acquired through business combinations are recorded at the fair value defined on the acquisition date, if this value can be reliably determined. Internally generated intangible assets are not capitalised, and the related expenditure is reflected in the income statement in the period that the expenditure is incurred in.

Intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful life and are subject to impairment tests whenever there are indications of a possible impairment, following the rules described below.

The residual useful life is reviewed at the end of each year or more frequently if necessary. Changes in the expected useful life or the manner in which the future economic benefits related to the intangible asset are achieved by the Group are recognised by modifying the period and/or the amortization method and treated as changes in accounting estimates. The amounts of amortization of Intangible assets with a defined life are recognised on the income statement in the cost category consistent with the function of the intangible asset.

An intangible asset is eliminated at the time of disposal (i.e. on the date on which the buyer gains control of it) or when no future economic benefit is expected to flow from its use or disposal. Any profit or loss deriving from the elimination of the asset (calculated as the difference between the net consideration of the disposal and the book value of the asset) is included in the income statement.

The estimate of the useful life of intangible assets with a finite useful life is as follows:

	Years
Trademarks	18
Software	3-5
Licenses	5
Other intangible fixed assets	3-12

Concessions, licences and trademarks
The item, classified under Intangible assets, includes the costs incurred for the registration of the Group's trademarks.

Research and development costs
Research costs are allocated in the Income statement in the year in which they are incurred. Development costs incurred for a given project are recognised as intangible assets when the Group can demonstrate:

- The technical possibility of completing the intangible asset so that it is available for use or sale.
- The intention to complete the asset and the capacity and intention to use or sell it.
- The manner in which the asset will generate future economic benefits (income from the sale of products or services, cost savings or other benefits deriving from the use of the asset).
- The availability of resources to complete the asset.
- The ability to reliably measure the cost attributable to the asset during development.

After initial recognition, developed assets are measured at the decreased cost of accumulated amortization or impairment losses. The amortization of assets begins when development is complete and the asset is available for use. Developed assets are amortised with regard to the period of expected benefits. During the development period, the asset is audited annually for impairment.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment acquired separately are recognised at historical cost, including ancillary costs directly attributable and necessary for putting the asset into service for the use it was purchased for. This cost includes the costs of replacing part of the machinery and systems when they are incurred, if they comply with the recognition criteria.

With regard to buildings, the historical cost is represented by the fair value determined at the date of transition to IFRS (1 January 2008), as permitted by IFRS 1, and shown net of depreciation and any impairment losses.

Property, plant and equipment acquired through business combinations are recognised at the fair value determined on the acquisition date.

Costs of improvements, modernisation and transformation of tangible assets are recognised as assets when it is probable that they will increase the expected future economic benefits of the asset.

Maintenance and repair costs that are not likely to enhance and/or prolong the residual life of the assets are recognised in the year they are incurred, otherwise they are capitalised.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset for the company, which is an estimate of the period over which the asset will be used.
Depreciation of Property, plant and equipment begins when the asset is ready for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended.

The value to be depreciated is represented by the carrying amount reduced by the presumed net disposal value at the end of its useful life, if significant and reasonably determinable. Any changes to the depreciation schedule arising from a revision of the useful life of the asset, the residual value or the manner in which the economic benefits of the asset are obtained are recognised prospectively.

Non-removable leasehold improvements are depreciated over the shorter of the useful life of the improvements and the lease term.

The estimate of the useful life of the main classes of tangible assets is as follows:

	Years
Buildings	33
(of which Leasehold improvements)	Based on the duration of the lease
Plant and machinery	8
Industrial and commercial equipment	4
Other assets	4-8

If components of the Property, plant and equipment have different useful lives, these components are accounted for separately. Land, whether free of or annexed to buildings, is recognised separately and is not depreciated as it has an indefinite useful life.

The book value of Property, plant and equipment is subjected to verification, in order to detect any possible impairment if events or changes in the situation indicate that the carrying amount cannot be recovered, following the rules described below.

The book value of an item of Property, plant and equipment and any significant component initially recognised is eliminated at the time of disposal (i.e. on the date on which the buyer gains control of it) or when no future economic benefit is expected to flow from its use or disposal. The profit/loss that emerges at the time of the accounting elimination of the asset (calculated as the difference between the net book value of the asset and the consideration received) is recognised in the income statement when the item is eliminated from the accounting.

Collection archive
For each collection, the Company holds on to one garment for each item that is considered significant and saleable. These products are used as a source of inspiration by the style office when creating new collections.

These assets are classified under Property, plant and equipment, recorded at historical production cost and depreciated over 10 years.

Increases in the value of these assets are recorded in the income statement under the item Increases in fixed assets for internal works.

INVESTMENT PROPERTY

According to IAS 40, tangible assets held for income and not for operations are classified in a special class called Investment property and are accounted for at cost. The assets included in this category consist of land and/or buildings (or parts of buildings) held by the owner or lessee under a financial or operating lease agreement for the purpose of leasing them.
These types of properties are classified separately from the other properties owned. Investment property is shown net of accumulated depreciation and any impairment losses. The useful life of the Group's investment property is 33 years.
The book value of investment property is subjected to audit in order to detect any possible impairment if events or changes in the situation indicate that the carrying amount cannot be recovered. Losses are accounted for in the income statement under the item "Impairment of assets and other accruals". Such losses of value are restored if the reasons that generated them cease to exist.
Investment properties are eliminated from the financial statements when they are sold (i.e. on the date on which the buyer gains control of them) or when the investment is permanently unusable and no future economic benefits are expected to flow from its sale. The amount of consideration to be taken into account in determining the gain or loss arising from the cancellation of an investment property is determined in accordance with the requirements for determining the price of the transaction in IFRS 15.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as such if the book value of the asset itself will be recovered mainly through a sale rather than through its continuous use. For this to occur, the asset must be available for immediate sale in its current condition or subject to conditions that are customary for the sale of such assets, and the sale must be highly likely.
Non-current assets held for sale are initially recognised at the lower of their carrying amount – if not classified as held for sale – and their fair value net of selling costs.

LEASES

When signing a contract, the Group evaluates whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in return for consideration, such a right exists if the contract gives the lessee the right to manage the asset and obtain substantially all the economic benefits arising from its use.

The Group as lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease payment liabilities and right of use assets that represent the right to use the asset underlying the contract.

i) Right of use assets

The Group recognises right of use assets at the date on which the lease commences (meaning the date on which the underlying asset is available for use). Right of use assets are measured at cost less accumulated depreciation and impairment losses and are adjusted for any remeasurement of the lease liability. A right of use asset is initially measured at the amount of the lease liability plus any initial direct costs and lease payments at or prior to commencement less any incentives received. Right of use assets are depreciated on a straight-line basis from the effective date to the end of the useful life of the right of use asset. The lease term is determined taking into account the non-cancellable period of the contract, and where there is reasonable certainty also the periods covered by the extension options or related to the non-exercise of the early termination options.
If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right of use asset reflects the fact that the lessee will exercise a purchase option, the lessee must depreciate the right of use asset from the effective date until the end of the useful life of the underlying asset.

On each financial closing date, the Group assesses whether there are any indications of loss of value of the Rights of Use, and if such indications do emerge an impairment test is performed.

ii) Lease liability

At the date of commencement of the lease, the Group measures the lease liability at the present value of the lease payments due for the lease but not yet paid at that date. Payments consist of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be payable by the lessee under residual value guarantees. Lease payments also include the exercise price of a purchase option that the Group is reasonably certain to exercise and payments for terminating the lease if the lease term assumes that the Group will exercise the lease termination option.
Variable lease payments that do not depend on an index or rate are recognised as costs in the period (unless they were incurred for the production of inventories) in which the event or condition that generated the payment occurs.
When calculating the present value of payments due, the Group uses the marginal rate of financing at the start date if the implicit interest rate is not easily determinable. After the effective date, the amount of the lease liability is increased to take into account interest on lease liabilities and decreases to take into account payments made. Moreover, the carrying amount of lease payables is redetermined in the event of any changes in the lease or revision of the contractual terms for the modification of payments. It is also redetermined in the event of changes in the valuation of the purchase option of the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments.

iii) Short-term leases and leases where the underlying asset has a low value
The Group has elected the recognition exemption for short-term leases (that is leases with a term of 12 months or less from the date of commencement and not containing a purchase option). The Group has additionally elected the recognition exemption for low-value leases where the underlying asset is office equipment, the value of which is considered immaterial. Lease payments for short-term leases and low-value leases are recognised on a straight-line basis in profit or loss over the lease term.

The Group as lessor
Those leasing contracts that substantially leave all risks and rewards linked to ownership of the asset to the Group are classified as operating leases. Lease income from operating leases must be recognised on a straight-line basis throughout the lease term, and is included among revenues in the income statement due to their operational nature. Initial negotiating costs are added to the book value of the leased asset and recognised on the basis of the duration of the contract on the same basis as rental income. Unexpected rents are recognised as revenues during the period in which they accrue.
Leases that substantially transfer all the risks and rewards of ownership of an underlying asset are classified as finance leases. Where finance leases exist, the Group recognises a receivable equal to the net investment in the lease in the consolidated statement of financial position and recognises finance income over the lease term on a basis that reflects a constant periodic rate of return on the net investment in the lease. The interest rate used to value the net investment in the lease is the interest rate implicit in the lease. In the case of a sub-lease, if the interest rate implicit in the sub-lease cannot be readily determined, the Group uses the discount rate for the main lease (adjusted for any initial direct costs associated with the sub-lease) to measure the net investment in the sub-lease.

IMPAIRMENT

On each financial closing date, the Group assesses whether there are any indications of loss of value of Intangible assets, Right of use, Property, plant and equipment and Other non-current financial assets. If such indicators do emerge, an impairment test is performed.

If the carrying value of the assets exceeds the recoverable value, they will be written down to reflect the recoverable value. The recoverable value is the higher of the fair value, net of the cost of disposal, of an asset or Cash-Generating Unit net of the cost of sale or value in use, and is determined for each individual asset, except where that asset generates cash flows that are not largely independent of those generated by other assets or asset groups, in which case the Group will estimate the recoverable value of the individual Cash-Generating Unit (hereinafter also "CGU") to which the asset belongs, represented by the smallest identifiable set of assets that generate cash inflows that are largely independent of those generated by other assets.

In determining value in use, the Group discounts to present value the expected future cash flows arising from the use of the Cash-Generating Unit and, if material and reasonably determinable, from its disposal at the end of its useful life, net of disposal costs, using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the asset.

Specifically, the discount rate used is the Weighted Average Cost of Capital (WACC) adjusted for the specific country risk where the Cash-Generating Unit being valued is located. WACCs are differentiated according to the riskiness expressed by the countries the business operates in.

Expected cash flows are determined on the basis of reasonable and supportable assumptions representing the best estimate of future economic conditions that will occur over the remaining useful life of the Cash-Generating Unit, giving greater weight to external indications.

For the purposes of estimating the value in use, the future cash flows are taken from the business plans approved by the Board of Directors, which represent the Group's best possible estimate based on the financial conditions in the Plan period. The Plan projections usually cover a period of three years. The long-term growth rate used to estimate the terminal value of the asset or unit is determined on the basis of the average of the most recent research by the financial community on the Company. Future cash flows are estimated by referring to current conditions. The estimates do not, therefore, take into account the benefits of future restructuring operations that the Company has not yet implemented, or future investments or the optimization of the business or its units.

If the book value of an asset or CGU – including the goodwill attributed to it – is higher than its recoverable value, the asset has suffered a value impairment and will therefore be written down to the recoverable value. The impairment loss is allocated first to goodwill up to its amount. Any excess of the impairment loss over goodwill is allocated pro rata to the carrying amount of the assets constituting the Cash-Generating Unit, up to the amount of the recoverable amount of the assets with finite useful lives.

Value impairments for operational assets are recognised on the income statement in the cost category consistent with the function of the impaired asset. On each closing date, the Group will also assess whether there are any indications that the previous value impairments have been reduced. If such indicators exist, it will re-estimate the recoverable value. The value of a previously written-down asset may only be restored if there have been changes to the estimates used to determine the recoverable value of the asset after the final recognition of a loss in value. In such a case the book value of the asset will be changed to the recoverable value, but the value thus increased may not exceed the book value which would have been determined net of the depreciation if no loss in value had been recorded in previous years. Any recovery in value is recorded as income on the income statement. After a recovery of value has been recognised, the depreciation of the asset will be adjusted in future years in order to distribute the modified book value net of any residual values, on a straight-line basis for its remaining useful life. Impairment of goodwill may not be recovered for any reason.

FINANCIAL INSTRUMENTS

Recognition and valuation

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Initial recognition and valuation
Upon initial recognition, financial assets are classified as appropriate according to the subsequent measurement method, namely amortised cost, fair value recognised in the consolidated statement of comprehensive income and the fair value recognised in the income statement.
The classification of financial assets on initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model that the Group uses for their management. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs in the case of a financial asset not at fair value in the income statement. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined in accordance with IFRS 15.

Subsequent valuation
For the purposes of subsequent measurement, financial assets are classified into four categories:
– Financial assets at amortised cost (debt instruments).
– Financial assets at fair value recognised in the consolidated statement of comprehensive income with reclassification of accumulated gains and losses (debt instruments).
– Financial assets at fair value recognised in the consolidated statement of comprehensive income without reversal of accumulated gains and losses at the time of elimination (equity instruments).
– Financial assets at fair value recognised in the income statement.

Financial assets at amortised cost (debt instruments)
Financial assets are classified in this category if they meet the following requirements: (i) the asset is held under a business model whose objective is to own the asset for the purpose of collecting contractual cash flows; and (ii) the contractual terms of the asset provide for cash flows consisting solely of principal and interest payments on the principal amount to be repaid. These are mainly trade receivables, financial assets and other assets.
Trade receivables that do not contain a significant financial component are recognised at the price defined for the related transaction (determined in accordance with IFRS 15 Revenues from Contracts with Customers).

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is eliminated, modified or revalued.
The Group's financial assets at amortised cost include trade receivables and security deposits.

Financial assets at fair value in OCI (debt instruments)
Financial assets are classified in this category if they meet the following requirements: (i) the asset is held within the context of a business model whose objective is reached by collecting contractual cash flows as well as by selling the asset itself; and (ii) the contractual terms of the asset provide for cash flows consisting solely of principal and interest payments on the principal amount to be repaid.
These assets are initially recognised in the balance sheet at their fair value plus any incidental costs directly attributable to the transactions that generated them.

For debt instrument assets measured at fair value in OCI, interest income, changes due to exchange differences and impairment losses, together with adjustments, are recognised in the income statement and are calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recognised in OCI. Upon elimination, the cumulative change in fair value recognised in OCI is reclassified in the income statement.
Group debt instrument assets measured at fair value in OCI include investments in listed debt instruments included in other non-current financial assets.

Investments in equity instruments
On initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognised at fair value in OCI when they meet the definition of equity instruments in accordance with IAS 32 “Financial instruments: Presentation” and are not held for trading. The classification is determined for each individual instrument.
Gains and losses achieved on these financial assets are never reversed in the income statement. Dividends are recognised in the income statement when the right to payment has been approved, except when the Group benefits from such revenues as recovery of part of the cost of the financial asset, in which case such gains are recognised in OCI. Equity instruments recorded at fair value in OCI are not subject to impairment tests.
The Group has chosen to irrevocably classify its unlisted investments in this category.

Financial assets at fair value recognised in the income statement
Financial instruments at fair value with changes recognised in the income statement are recognised in the consolidated statement of financial position at fair value and net changes in fair value are recognised in the statement of profit/(loss) for the year.
This category includes derivative instruments and listed investments that the Group has not irrevocably chosen to classify at fair value in OCI. Dividends on listed investments are recognised as other income in the statement of profit/(loss) for the year when the right to payment has been established.
The embedded derivative contained in a non-derivative hybrid contract, in a financial liability or in a main non-financial contract is separate from the main contract and accounted for as a separate derivative if: its economic characteristics and the risks associated with it are not closely correlated to those of the main contract; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value recognised in the income statement. Embedded derivatives are measured at fair value, with the changes in fair value recognised in the income statement. A restatement occurs only if there is a change in the terms of the contract that significantly changes the cash flows otherwise expected, or a reclassification of a financial asset to a category other than fair value in the income statement.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is first derecognised (e.g. removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset are extinguished, or
– the Group has transferred the right to receive cash flows from the asset to a third party or has assumed the contractual obligation to pay them in full and without delay and (a) it has substantially transferred all risks and rewards of ownership of the financial asset, or (b) it has not substantially transferred or retained all risks and rewards of the asset, but it has transferred control over it.

In cases where the Group has transferred the rights to receive cash flows from an asset or has entered into an agreement under which it maintains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-throughs), it shall assess whether and to what extent it has retained the risks and rewards inherent in possession. If it has not substantially transferred or retained all risks and benefits or it has not lost control over it, the asset continues to be recognised in the Group's financial statements to the extent of its residual involvement in the asset itself. In this case, the Group also recognises an associated liability. The transferred assets and associated liabilities are valued to reflect the rights and obligations that remain attributable to the Group.
Where the entity's residual involvement is a guarantee on the transferred asset, the involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of consideration received that the entity may have to repay.

Impairment

The Group records a write-down for expected losses for all financial assets represented by debt instruments not held at fair value recognised in the income statement. Specifically, impairment provisions apply to all financial assets measured at amortised cost and at fair value recognised in the consolidated statement of comprehensive income, whereas financial assets measured at fair value recognised in the income statement are excluded.
The Group uses the simplified approach and recognises the expected losses on all trade receivables on the basis of their residual duration by establishing a criterion for determining the allowance based on the past loss experience of individual Group companies, adjusted also to take account of specific forecasting factors relating to creditors and the economic environment.
In the absence of a reasonable expectation of recovery, trade receivables are fully written down.

Financial liabilities

Recognition and initial valuation

Financial liabilities are classified upon initial recognition as financial liabilities at fair value in the income statement, as mortgages and loans, or as derivatives designated as hedging instruments.
All financial liabilities are initially recognised at fair value plus directly attributable transaction costs in the case of mortgages, loans and payables.
The Group's financial liabilities include trade payables and other payables, mortgages and loans, including bank overdrafts and financial derivatives.

Subsequent valuation
For the purposes of subsequent valuation, financial liabilities are classified into two categories:
– Financial liabilities at fair value recognised in the income statement.
– Financial liabilities at amortised cost (financing and loans).

Financial liabilities at fair value recognised in the income statement
Financial liabilities at fair value with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recognised at fair value with changes recognised in the income statement.

Liabilities held for trading are all those assumed with the aim of extinguishing or transferring them in the short term. This category also includes derivatives entered into by the Group that are not designated as hedging instruments in a hedging relationship as defined by IFRS 9. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit/(loss) for the year.
Financial liabilities are recognised at fair value in the income statement from the date of first recognition only if the criteria of IFRS 9 are met. At initial recognition, the Group did not designate financial liabilities at fair value in the income statement.

Financial liabilities at amortised cost (financing and loans)
After the initial measurement, financing is measured using the amortised cost criteria, using the method of the effective interest rate. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortization process.

The amortised cost is calculated by taking into account the discount or premium on the acquisition and the fees or costs that form an integral part of the effective interest rate. Amortization at the effective interest rate is included among the financial expenses in the statement of profit/(loss) for the year.
This category generally includes receivables and interest-bearing loans.

Derecognition
A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or fulfilled. If an existing financial liability is replaced by another of the same provider under substantially different conditions, or if the conditions of an existing liability are substantially modified, this exchange or modification is treated as a derecognition of the original liability accompanied by the recognition of a new liability, with any differences between the accounting values recorded in the statement of profit/(loss) for the year.

Offsetting of financial instruments
A financial asset and financial liability can be offset and the net balance shown in the consolidated statement of financial position if there is a current legal right to offset the recognised amounts and there is an intention to settle the net residual, or realise the asset and at the same time settle the liability.

Derivatives and Hedge Accounting

Initial recognition and subsequent valuation
The Group uses derivative financial instruments including foreign currency forward contracts and interest rate swaps to hedge its currency exchange risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

For hedge accounting purposes, there are three types of hedges:
– Fair value hedge when hedging against exposure to changes in the fair value of the asset or recognised liability or unrecognised irrevocable commitment.
– Cash flow hedge when hedging against exposure to variability in cash flows attributable to a particular risk associated with all recognised assets or liabilities or with a highly probable planned transaction or foreign currency risk on an unrecognised irrevocable commitment.
– Hedges of a net investment in a foreign operation.

At the inception of a hedging transaction, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and how the Group will assess whether the hedging relationship meets the requirements for hedge effectiveness (including an analysis of the sources of hedge ineffectiveness and how the hedging relationship is determined). The hedging relationship meets the eligibility criteria for accounting for hedging transactions if it meets all the following hedging effectiveness requirements:
– There is an economic relationship between the hedged item and the hedging instrument.
– The effect of the credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship.

The hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge that amount of hedged item.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

Fair value hedges
The change in the fair value of hedging derivatives is recognised in the income statement. The change in the fair value of the hedged item attributable to the hedged risk is recognised as part of the carrying amount of the hedged item and is also recognised in the consolidated statement of comprehensive income.
With regard to fair value hedges related to items accounted for at amortised cost, each adjustment to the book value is amortised in the statement of profit/(loss) for the year over the residual period of the hedge using the effective interest method. The amortization thus determined may begin as soon as an adjustment exists but may not extend beyond the date on which the hedged item ceases to be adjusted as a result of changes in fair value attributable to the risk being hedged.
If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

When an unrecognised irrevocable commitment is designated as a hedged item, the subsequent cumulative changes in its fair value attributable to the hedged risk are accounted for as assets or liabilities and the corresponding gains or losses are recognised in the statement of profit/(loss) for the year.

Cash flow hedging
The portion of profit or loss on the hedged instrument relating to the effective hedging portion is recognised in the consolidated statement of comprehensive income in the "cash flow hedge" reserve, while the ineffective portion is recognised directly in the income statement. The cash flow hedge reserve is adjusted to the lesser of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward contracts on currencies to hedge its exposure to exchange rate risk relating to both planned transactions and commitments already established. The ineffective portion of forward exchange contracts is recognised in financial income and expenses.

The Group designates only the spot component of forward contracts as a hedging instrument. The forward component is cumulatively recognised in the consolidated statement of comprehensive income in a separate item.
Amounts accumulated among other components of consolidated statement of comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial component, the amount accumulated in shareholders' equity is removed from the separate component of the shareholders' equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of the items recognised in OCI for the period. This also applies in the case of a hedged planned transaction of a non-financial asset or a non-financial liability that subsequently becomes an irrevocable commitment to which fair value hedge accounting applies.

For any other cash flow hedge, the amount accumulated in OCI is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows impact the income statement.

If the cash flow hedge accounting is discontinued, the amount accumulated in OCI must remain so if the future cash flows hedged are expected to occur. Otherwise, the amount must be immediately reclassified in the income statement for the year as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any accumulated amounts remaining in OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment in a foreign operation
Hedges of a net investment in a foreign operation, including hedges of a monetary item accounted for as part of a net investment, are accounted for in a manner similar to cash flow hedges. Gains or losses on the hedging instrument are recognised among other components of the consolidated statement of comprehensive income or the effective portion of the hedge, while the remaining (ineffective) portion are recognised in the statement of profit/(loss) for the year. Upon disposal of the foreign asset, the cumulative value of these comprehensive gains or losses is transferred to the statement of profit/(loss) for the year.

INVENTORIES

Inventories are measured at the lower of purchase and/or production cost, determined using the weighted average cost method, and their net realisable value. The purchase cost is inclusive of the ancillary costs related to purchases of the period; the production cost includes the costs of direct allocation and a portion of the indirect costs reasonably attributable to the products. The net realisable value is estimated sales price less estimated costs for completion and estimated costs to execute the sale.

Where necessary, provision is made for materials or products, taking into account their expected use and realisable value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and short-term demand deposits, in the latter case with an original term no longer than three months. Cash and cash equivalents are recorded in the financial statements at nominal value and at the spot exchange rate at the end of the year if in foreign currency.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognised when: (i) there is a probable existence of a present obligation, either legal or constructive, as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation.
Provisions are recorded at the value representing the best estimate of the amount that the company would rationally pay to settle the obligation or to transfer it to third parties at the balance sheet date.

When the Group considers that a Provision for risks and charges will be partially or completely reimbursed, for example in the case of risks covered by insurance policies, compensation is recognised distinctly and separately in the assets if and only if it is practically certain. In this case, the cost of any provision is presented in the income statement net of the amount recognised as compensation.

If the effect of discounting the monetary value is significant, the provisions are updated using a pre tax discount rate that can reflect the specific liability risks. When the discounting is carried out, the increase in the provision due to the passing of time is reported as a financial expense.

Provisions are periodically updated to reflect changes in estimates of costs, timing and discount rate; revisions are charged to the same income statement item that previously accounted for the provision.

SHARE-BASED PAYMENTS

In accordance with IFRS 2, the total amount of the current value of stock grants at the allocation date is recognised in full in the statement of profit/(loss) for the year, with a balancing entry in a special shareholders' equity reserve. In the case of a "vesting period" in which certain conditions (achievement of targets) must be met for the grantees to become entitled to the right, the cost recognised in the statement of profit/(loss) for the year, determined on the basis of the current value of the shares at the grant date, spread over the relevant service period.

EMPLOYEES TERMINATION INDEMNITIES

Post-employment benefit plans, whether formal or not, are classified as "defined benefit plans" and "defined contribution plans", depending on their characteristics.

Italian legislation (Article 2120 of the Italian Civil Code) provides that on the date on which an employee terminates the employment contract with the Company, he/she receives a severance indemnity called TFR. The calculation of this indemnity is based on certain items that form the annual remuneration of the employee for each year of work (appropriately revalued) and on the length of the employment relationship. According to Italian civil law, this indemnity is reflected in the financial statements according to a calculation method based on the indemnity accrued by each employee at the financial statement date, hypothesising that all employees terminated their employment contracts on that date.

The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) addressed the issue of the Italian TFR and concluded that, in application of IAS 19, it must be calculated according to a methodology called the Projected Unit Credit Method ("PUCM"), according to which the amount of the acquired benefit liability must reflect the expected date of resignation and must be discounted.

The actuarial assumptions and their effects take into account the regulatory changes introduced by the Italian legislature, which have provided for the option for the employee to allocate the TFR accrued from 1 July 2007 to INPS or to supplementary pension funds.

The net obligation of the Group deriving from defined benefit plans is calculated by estimating the amount of future benefit that employees have accrued in exchange for the work done in the current and previous years. This benefit is discounted to calculate the present value. Actuarial gains and losses related to defined benefit plans, accumulated up to the previous year and reflecting the effects deriving from changes in the actuarial assumptions used, are recognised in full in the consolidated statement of comprehensive income.

The actuarial valuation of the liability was entrusted to an independent actuary.
The Group's obligation deriving from defined contribution plans is limited to the payment of contributions to the State or to an asset manager or a legally separate entity (so-called fund), and is determined on the basis of the contributions due.

REVENUES AND COSTS

Revenues from contracts with customers
IFRS 15 requires revenues to be recognised for an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services to the customer.
The Group applied IFRS 15 from the mandatory effective date (1 January 2018), using the method of full retrospective application. In applying IFRS 15, the Group considered the following points:

a) Sale of goods
Revenues from the sale of goods are recognised when control of the goods passes to the customer. Generally, this occurs:
– For the wholesale channel, at the time of shipment.
– For the retail channel, at the time of delivery of the goods to customers, where sales are usually paid directly at the cash register or via credit card.
– For the e-commerce channel, when the customer gets control of the shipped goods.

In some geographical areas, the Group sells its products through department stores that act as agents and charge back to the Group the fees for the services rendered (rental of the premises, promotional events, marketing, etc.) in relation to the value of the goods sold to the end customer. In fact, in these contracts the department store is not considered as the main party responsible for fulfilling the promise to supply the goods to the end customer.
Moreover, the department store does not have the discretionary power to define the price of the goods sold to customers.
Consequently, for these types of contracts the application of IFRS 15 provided for the presentation of the actual revenues from sales and the separate indication of the costs of the services rendered by the department store, the latter being services distinct from those for the sale of products to the end customers.
The Group noted that the recognition of revenues occurs when control of the asset is transferred to the customer, generally upon delivery of the asset (revenue recognition at a point in time).

b) Variable consideration – right of return
The Group recognises the right of return only in residual and ancillary cases with respect to the ordinary performance of the commercial relationship with its customers. When a contract with a customer provides for a right of return of the goods, the Group uses the expected value method to estimate the goods that will not be returned, in accordance with IFRS 15.
Revenues are presented net of returns, which also include the estimate made to take into account returns that will arise after the end of the financial year but which are related to the revenues of the financial year.

Royalties
Royalty revenues are recognised on an accrual basis in accordance with the terms and amounts envisaged in the licence agreement, generally based on sales volumes.

Public grants

Public grants are recognised when it is reasonably certain that they will be received and all conditions relating to them are met. Grants related to cost components are recognised as revenues, but are systematically distributed between financial years so as to be proportionate to the recognition of the costs they intend to offset. The grant related to an asset is recognised as revenue on a straight-line basis, over the expected useful life of the specific asset. Where the Group receives a non-monetary contribution, the asset and its grant are recorded at nominal value and released to the income statement on a straight-line basis over the expected useful life of the asset in question.

Costs

Costs are recognised when they are related to goods and services sold, consumed or allocated when their future useful lives cannot be determined.
In accordance with IAS 38, advertising and research costs are fully allocated to the income statement when the service was rendered and delivered to the Group.
Costs are recorded on the basis of their nature considering the principles applicable under IFRS.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses include all financial items recognised in the income statement for the period on an accrual basis, including interest expense accrued on borrowings, calculated using the effective interest method, foreign exchange gains and losses, gains and losses on derivative financial instruments (in accordance with the previously defined accounting policies), and interest arising from the accounting treatment of leased assets (IFRS 16) and employee-related provisions (IAS 19).

INCOME TAXES

Income taxes for the period include the determination of both current and deferred taxation. They are recognised in full in the income statement and included in the result for the period, except when they are generated by transactions that are transferred in the current or another period through other changes in the consolidated statement of comprehensive income directly to shareholder's equity. In this case, the related deferred taxes are also recognised directly in shareholder's equity.

Current taxes

Current taxes reflect an estimate of the tax burden determined by applying the regulations in force in the countries that the Brunello Cucinelli Group operates in. The liability for current taxes is calculated using the rates in force or substantially approved at the reporting date.
Current tax payables are classified in the consolidated statement of financial position net of any advance tax paid.

Deferred taxes

Deferred taxes are calculated on the deductible temporary differences (deferred tax assets) and taxable (deferred tax liabilities) resulting at the reporting date between the tax values taken as reference for assets and liabilities and the values reported in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profit will be available against which temporary deductible differences and carried forward tax assets and liabilities can be utilised.

The value of deferred tax assets to be reported in the financial statements is reviewed at each closing date of the financial statements and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future to allow all or part of this credit to be used.
Unrecognised deferred tax assets are reviewed annually at the closing date of the financial statements and are recognised to the extent that it has become probable that the taxable profit is sufficient to allow these deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured according to the tax rates expected to be applied in the year in which these assets are realised or these liabilities are extinguished, considering the rates in force and those already enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are charged directly to the income statement, with the exception of those relating to items recognised directly in Shareholders' equity, in which case the relevant deferred taxes are recognised consistently without being charged to the income statement.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets with current tax liabilities, and the deferred taxes refer to the same tax entity and the same tax authority.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

EARNINGS/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing the Group profit/(loss) of the Group by the weighted average number of shares in circulation during the period. To calculate diluted profit/(loss) per share, the weighted average number of shares in circulation is modified assuming the conversion of all potential shares having a dilutive effect. The net result is also adjusted to take into account the effects of the conversion net of taxes.

Profit/(loss) diluted by share coincide with basic profit since there are no outstanding shares or options other than ordinary shares.

OPERATING SEGMENTS

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

IFRS 8 defines an operating segment as a component:
- That undertakes entrepreneurial activities that generate revenues and costs;
- Whose operational results are periodically reviewed at the highest decision-making level;
- For which separate financial statement information is available.

The Group has identified a single operating segment, linked to the concept of "brand". The Group identifies itself in a single brand, "Brunello Cucinelli", and this representation is consistent with the way management makes its decisions, allocates resources and defines its communications strategy.

4. CHANGES IN ACCOUNTING STANDARDS, NEW ACCOUNTING STANDARDS, CHANGES IN ESTIMATES AND RECLASSIFICATIONS

4.1 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 2024 but did not have impact on the Group's consolidated financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Supplementary Information*, to clarify the characteristics of reverse factoring agreements and request further disclosure of such agreements. The disclosure requirements included in the amendments are intended to assist users of financial statements in understanding the effects on an entity's liabilities, cash flows and exposure to liquidity risk of reverse factoring arrangements.
The changes did not have any impact on the Group's Consolidated Financial Statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
The changes to FRS 16 specify the requirements that a seller-lessor uses to determine the liabilities for leasing that derive from a sale and lease back transaction, to make sure that the seller – lessor did not non record a profit or loss that refers to their right of use.
The changes did not have any impact on the Group's Consolidated Financial Statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The changes clarify:
- what is meant by a right of postponement of maturity;
- that the right of subordination must exist at the close of the financial year;
- the classification is not impacted by the likelihood that the entity will exercise its subordination right;
- only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on its classification.

In addition, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to subordination is conditional on compliance with covenants within twelve months.
The changes did not have any impact on the Group's Consolidated Financial Statements.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12

On 20 December 2021, Organisation for Economic Co-operation and Development (OECD) published the document *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two)* which regulates the reform of international taxation rules, which has the objective of introducing a minimum tax equal to 15% of profits realised by multinational groups.

On 14 December 2022 the Council of the European Union adopted EU Directive 2022/2523 in order to incorporate the *GloBE Rules*. The member states are required to incorporate the *Pillar Two* directive in their guidelines with a gradual application of the measures starting in 2024.

The changes to IAS 12 were introduced in response to the above-cited BEPS *Pillar Two rules* regulations of the OECD and include:

– a temporary mandatory exemption from recognition and disclosure requirements for deferred taxes that deriving from the implementation in the jurisdictions of the regulations of the *Pillar Two rules*; and
– disclosure requirements for the involved entities to help the users of the financial statements better understand the impacts on income taxes that derive from this legislation, in particular prior to the effective date of entry into force.

Taking the current Group structure into account, which is also based on values inspired by legality, transparency, correctness and honesty, with production activities fully concentrated in Italy, for financial year 2024 the so-called temporarily simplification measure *Transitional CbBR Safe Harbour* applied in almost all jurisdictions where the Group operates.

The Group has estimated and allocated the top up tax in application of the *GloBE Rules* and the “Pillar Two” regulation, for the single jurisdiction where the temporary simplification of the *Transitional CbBR Safe Harbour* does not apply. The amount of these taxes is not significant.

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

The standard and interpretations that, as of the date of preparation of the Group Consolidated Financial Statements were already issued but not yet in force, are illustrated below. The Group intends to adopt these standard and interpretations, if applicable, when they come into force.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for the presentation of the Income statement, including specific totals and subtotals. Furthermore, entities will have to classify all the costs and revenues of the income statement in four categories: operating, investing, financing, income taxes and discontinued operations, where the first three categories are new. The standard also requires providing a disclosure based on the new definition of the performance indicators defined by management (*management-defined performance measures (MPMs)*), cost and revenue subtotals, and includes new provisions for the aggregation and disaggregation of financial information based on the roles identified for the Primary Financial Statements (PFS) and the notes.

Furthermore, changes were introduced to IAS 7 *Statement of cash flow*, which include the change in the starting point for determining cash flows from operating activities based on the indirect method; from the profit or loss to the operational profit or loss and the removal of the right to classify the cash flows from dividends and interest. Furthermore, consequential changes were made to multiple other accounting standards.

IFRS 18, and the changes to the other standards, are effective for financial years that start on or after 1 January 2027, but anticipated application is permitted, providing that this is disclosed. IFRS 18 will be applied retrospectively.
The Group is currently working to identify the impacts the changes will have on its financial statements and the accompanying notes.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, IASB issue IFRS 19, which allows eligible entities to opt for a reduction in their disclosure requirements while continuing to apply the provisions for recognition, measurement and presentation specified in the other IFRS accounting standards. To be eligible, at the end of the financial year the entity must be a subsidiary, as defined in IFRS 19, may not have "public accountability" and must have a parent company (final or intermediate) that prepares the Consolidated Financial Statements, which are available to the public, prepared in accordance with the IFRS accounting standards.
IFRS 19 will become effective for financial years that start on or after 1 January 2027, with the possibility of advanced application.
As Group shares are listed publicly, the Group is not eligible for the application of IFRS 19.

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

The consolidated 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 closing date of the financial statements. 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 year 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	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
US dollar	1.0824	1.0813	1.0389	1.1050
Swiss franc	0.9526	0.9718	0.9412	0.9260
Japanese yen	163.8519	151.9903	163.0600	156.3300
Renminbi	7.7875	7.6600	7.5833	7.8509
Pound sterling	0.84662	0.86979	0.82918	0.86905
Hong Kong dollar	8.4454	8.4650	8.0686	8.6314
Canadian dollar	1.4821	1.4595	1.4948	1.4642
Rouble	100.4052	92.4486	115.6804	100.2150
Singapore dollar	1.4458	1.4523	1.4164	1.4591
Taiwan dollar	34.7483	33.6983	34.0566	33.874
Dirham	3.9750	3.9710	3.8154	4.0581
Kuwaiti dinar	0.3322	0.3324	0.3201	0.3396

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

6.1 IMPAIRMENT

On each financial closing date, as required by IAS 36 and internal procedures, the Group assesses whether there are any indications of loss of value of non-current assets (€1,057.0 million at 31 December 2024), and in particular:
- Right of use (€611.6 million as at 31 December 2024), which also includes compensation paid to the lessee in accordance with industry practice in order to take over a lease contract for a store located in a strategic position (so-called key money);
- Intangible assets (€16.4 million at 31 December 2024);
- Property, plant and equipment (Euro 268.8 million at 31 December 2024);
- Investment property (Euro 9.8 million at 31 December 2024);
- Other non-current financial assets (Euro 44.6 million at 31 December 2024).

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

In accordance with the impairment procedure, the Group has performed an analysis targeted towards assessing the presence of impairment indicators.

As at 31 December 2024 management did not identify any impairment indicators.

Note 1. Right of use

The composition of Right of Use assets at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Right of use buildings	610,954	500,252	110,702
Right of use equipment	140	181	(41)
Right of use other tangible fixed assets	547	618	(71)
Total right-of-use assets	**611,641**	**501,051**	**110,590**

Details of cost, accumulated depreciation and net book value of right of use assets at 31 December 2024 with comparative figures at 31 December 2023 are as follows:

(Euro/000)	31 December 2024			31 December 2023		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Right of use buildings	1,170,123	(559,169)	610,954	958,469	(458,217)	500,252
Right of use equipment	281	(141)	140	281	(100)	181
Right of use other tangible fixed assets	997	(450)	547	1,123	(505)	618
Total right-of-use assets	**1,171,401**	**(559,760)**	**611,641**	**959,873**	**(458,822)**	**501,051**

Right-of-use assets as at 31 December 2024 amounted to €611,641 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 tables show changes in the net book value of the right of use assets for the years ended 31 December 2024 and 31 December 2023:

(Euro/000)	Right of use buildings	Right of use equipment	Right of use other tangible fixed assets	Total right of use assets
Balance at 01 January 2024	**500,252**	**181**	**618**	**501,051**
Increases	210,909	-	387	211,296
Net decreases	(7,473)	-	(35)	(7,508)
Translation differences	14,006	-	6	14,012
Changes in the scope of consolidation	356	-	-	356
Depreciation and amortization	(107,096)	(41)	(429)	(107,566)
Balance as at 31 December 2024	**610,954**	**140**	**547**	**611,641**

(Euro/000)	Right of use buildings	Right of use equipment	Right of use other tangible fixed assets	Total right of use assets
Balance at 01 January 2023	**519,454**	**221**	**391**	**520,066**
Increases	146,657	-	564	147,221
Net decreases	(50,468)	-	-	(50,468)
Translation differences	(12,602)	-	(2)	(12,604)
Value adjustments	(7,500)	-	-	(7,500)
Depreciation and amortization	(95,289)	(40)	(335)	(95,664)
Balance as at 31 December 2023	**500,252**	**181**	**618**	**501,051**

The main increases recognised during 2024 relate to new lease agreements signed during the financial year for the expansion of the retail network and the renewal of lease agreements for certain single-brand boutiques.

Note 2. Intangible assets

The composition of intangible assets at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Concessions, licences, trademarks and similar rights	11,038	10,854	184
Fixed assets under construction and advances	5,394	2,970	2,424
Total intangible assets	**16,432**	**13,824**	**2,608**

Details of cost, accumulated amortization and net book value of intangible assets at 31 December 2024 with comparative figures at 31 December 2023 are as follows:

(Euro/000)	31 December 2024			31 December 2023		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Concessions, licences, trademarks and similar rights	55,704	(44,666)	11,038	48,820	(37,966)	10,854
Other intangible fixed assets	1,721	(1,721)	-	1,721	(1,721)	-
Fixed assets under construction and advances	5,394	-	5,394	2,970	-	2,970
Total intangible assets	**62,819**	**(46,387)**	**16,432**	**53,511**	**(39,687)**	**13,824**

Intangible assets amounted to €16,432 thousand as at 31 December 2024 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 modernization of the Group's technological platforms, in particular those for the e-commerce website and for digital sales.

The following tables show changes in the net book value of the Intangible assets for the years ended 31 December 2024 and 31 December 2023:

(Euro/000)	Concessions, licences, trademarks and similar rights	Fixed assets under construction and advances	Total intangible assets
Balance at 01 January 2024	**10,854**	**2,970**	**13,824**
Increases	5,631	3,532	9,163
Translation differences	10	(1)	9
Reclassifications	1,100	(1,107)	(7)
Changes in the scope of consolidation	15	-	15
Depreciation and amortization	(6,572)	-	(6,572)
Balance as at 31 December 2024	**11,038**	**5,394**	**16,432**

(Euro/000)	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Fixed assets under construction and advances	Total intangible assets
Balance at 01 January 2023	**11,213**	**306**	**2,451**	**13,970**
Increases	5,187	-	1,552	6,739
Translation differences	(44)	-	(5)	(49)
Reclassifications	1,028	-	(1,028)	-
Depreciation and amortization	(6,530)	(306)	-	(6,836)
Balance as at 31 December 2023	**10,854**	**-**	**2,970**	**13,824**

Capital expenditures in 2024 amounted to €9,163 thousand, of which €8,843 thousand relating to the project to upgrade the information technology and IT/Digital systems, accounted for as to €5,313 thousand under the items “Concessions, licenses, trademarks and similar rights” and as to €3,530 thousand under the items “Fixed assets under construction and advances”.

Note 3. Property, plant and equipment

The composition of Property, plant and equipment at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Land	27,386	22,138	5,248
Buildings	57,079	54,339	2,740
Leasehold improvements	80,198	74,968	5,230
Plant and machinery	6,823	5,918	905
Industrial and commercial equipment	2,632	2,426	206
Other assets	44,101	38,668	5,433
Fixed assets under construction and advances	50,621	14,579	36,042
Total property, plant and equipment	**268,840**	**213,036**	**55,804**

Details of historical cost, accumulated depreciation and the net book value of property, plant and equipment at 31 December 2024 with comparative figures at 31 December 2023 are as follows:

(Euro/000)	31 December 2024			31 December 2023		
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value
Land	27,386	-	27,386	22,138	-	22,138
Buildings	76,341	(19,262)	57,079	71,493	(17,154)	54,339
Leasehold improvements	212,523	(132,325)	80,198	185,505	(110,537)	74,968
Plant and machinery	23,257	(16,434)	6,823	19,743	(13,825)	5,918
Industrial and commercial equipment	8,210	(5,578)	2,632	7,682	(5,256)	2,426
Other assets	106,009	(61,908)	44,101	87,027	(48,359)	38,668
Fixed assets under construction and advances	50,621	-	50,621	14,579	-	14,579
Total property, plant and equipment	**504,347**	**(235,507)**	**268,840**	**408,167**	**(195,131)**	**213,036**

Property, plant and equipment as at 31 December 2024 amounted to €268,840 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 year ended 31 December 2024 and 31 December 2023:

(Euro/000)	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 01 January 2024	**22,138**	**54,339**	**74,968**	**5,918**	**2,426**	**38,668**	**14,579**	**213,036**
Increases	5,148	4,058	21,088	1,654	1,024	15,826	41,396	90,194
Net decreases	-	(5)	(102)	(54)	(28)	(246)	(15)	(450)
Translation differences	-	-	1,602	77	-	1,343	318	3,340
Value adjustments	-	-	(390)	-	-	(190)	-	(580)
Reclassifications	-	-	4,127	40	42	1,455	(5,657)	7
Changes in the scope of consolidation	100	770	54	938	-	97	-	1,959
Depreciation and amortization	-	(2,083)	(21,149)	(1,750)	(832)	(12,852)	-	(38,666)
Balance as at 31 December 2024	**27,386**	**57,079**	**80,198**	**6,823**	**2,632**	**44,101**	**50,621**	**268,840**

(Euro/000)	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 01 January 2023	**17,303**	**41,857**	**78,933**	**4,878**	**1,783**	**36,315**	**7,623**	**188,692**
Increases	4,944	10,391	19,943	2,531	1,343	12,893	14,372	66,417
Net decreases	(109)	-	(93)	(1)	(7)	(217)	(10)	(437)
Translation differences	-	-	(2,739)	(51)	-	(923)	(191)	(3,904)
Value adjustments	-	(469)	(692)	(2)	-	(369)	-	(1,532)
Reclassifications	-	4,276	292	25	-	2,622	(7,215)	-
Depreciation and amortization	-	(1,716)	(20,676)	(1,462)	(693)	(11,653)	-	(36,200)
Balance as at 31 December 2023	**22,138**	**54,339**	**74,968**	**5,918**	**2,426**	**38,668**	**14,579**	**213,036**

In 2024 the Brunello Cucinelli Group made investments in property, plant and equipment of €90,194 thousand consisting of the following:

- investments for a total of €9,206 thousand in the items “Land” and “Buildings”, mainly related to the purchase of land in the area surrounding the hamlet of Solomeo, the purchase of the land where we will build the new production facility for the production of men’s outerwear and tailoring suits in Gubbio, a district of excellence for artisan tailoring, as well as improvements made to other buildings owned;
- €21,088 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;
- €18,504 thousand, of which €1,654 thousand recognised under “Plant and machinery” (mainly referring to new machinery for production), 1,024 thousand under “Industrial and commercial equipment” (mainly for investments made at the production site at Solomeo), €15,826 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 furniture and furnishings, vehicles and equipment and the “historic collection” at the headquarters in Solomeo);
- additional investments recorded under “Fixed assets under construction and advances” for €41,396 thousand, including the continuation of the project to double the Solomeo factory, which will be built on the outskirts of the hamlet in a former industrial complex that has been entirely reclaimed and redeveloped, and investments dedicated to creating the new factory in Gubbio, Umbria and developing the factory in Penne, Abruzzo for the production of men’s outerwear and tailored suits within districts of excellence in the artisan tailoring industry.

Investments in IT/Digital amounted to €2,516 thousand in 2024 and refer to Property, plant and equipment.

Note 4. Investment property

The composition of investment property at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Investment property	9,766	10,072	(306)
Total investment property	**9,766**	**10,072**	**(306)**

This item, amounting to €9,766 thousand, relates to property complexes and building land located in Solomeo, also managed with the aim of being subsequently leased.

The table below shows changes in the net book value of investment property for the year ended 31 December 2024:

(Euro/000)	Total investment property
Balance at 01 January 2024	**10,072**
Increases	433
Decreases	(539)
Depreciation and amortization	(200)
Balance as at 31 December 2024	**9,766**

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 31 December 2024:

(Euro/000)	Non-current	Current	Total at 31 December 2024
Financial assets for leases	2,421	945	3,366
Total financial assets for leases	**2,421**	**945**	**3,366**

Changes for the years ended 31 December 2024 and 31 December 2023 are as follows:

(Euro/000)	Total financial assets for leases
Balance at 01 January 2024	**6,226**
Increases for new leases	120
Increases for interest income	59
Decreases for payments received	(3,039)
Balance as at 31 December 2024	**3,366**

(Euro/000)	**Total financial assets for leases**
Balance at 01 January 2023	**8,261**
Increases for new leases	577
Increases for interest income	73
Decreases for payments received	(2,685)
Balance as at 31 December 2023	**6,226**

Note 6. Other non-current financial assets

The composition of other non-current financial assets at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Guarantee deposits and other financial receivables	29,272	18,571	10,701
Equity investments in associate companies	15,316	13,958	1,358
Total other non-current financial assets	**44,588**	**32,529**	**12,059**

Other non-current financial assets were equal to €44,588 thousand at 31 December 2024. The balance mainly refers 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 and the renewal of current rental contracts for single-brand boutiques and showrooms.
This item also includes €15,316 thousand relative to the investment in the associate company Cariaggi Lanificio S.p.A.
The investment, as specified by Accounting standard IAS 28 for investments in associated companies, was evaluated using the shareholders' equity method, recording an increase in value of €1,358 thousand.

Note 7. Inventories

The composition of Inventories at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Raw materials and consumables	61,775	61,358	417
Work in progress and semi-finished goods	14,890	14,270	620
Finished goods and merchandise	392,946	290,074	102,872
Inventory write-down provision	(99,658)	(78,411)	(21,247)
Total inventories	**369,953**	**287,291**	**82,662**

For more information on this item, please refer to the Report on Operations of the Board of Directors.

Note 8. Trade receivables

Trade receivables at 31 December 2024 amounted to €82,092 thousand compared with €78,170 thousand at 31 December 2023. For a comment on the changes in Net Working Capital, see the Report on Operations of the Board of Directors.

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 consolidated 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 year ended 31 December 2024 compared with the previous year are as follows:

(Euro/000)	**2024**	**2023**
Value at 1 January	**5,017**	**3,586**
Changes in the scope of consolidation	18	-
Allocations	2,021	2,071
Uses	(284)	(637)
Exchange differences	2	(3)
Value at 31 December	**6,774**	**5,017**

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

In 2024, losses were recorded on receivables in the income statement for a total of €24 thousand, which together with the uses of the provision for bad debts represented 0.02% of Revenues for the year (0.06% in the previous year).

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

	Situation at 31 December	
Overdue by:	**2024**	**2023**
0-90 days	6,607	7,284
91-180 days	3,419	3,199
More than 180 days	197	786
TOTAL	**10,223**	**11,269**

Even though sales have been very positive, with the resulting increase in turnover recorded for the 2024 financial year, with particular concern for the growth of the wholesale channel, which increased 8.8%, the percentage impact of trace receivables on revenues decreased as compared to the previous financial year (6.4% at 31 December 2024 compared to 6.9% at 31 December 2023), which demonstrates an extremely healthy situation.

Note 9. Tax receivables

The composition of tax receivables at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
IRES regional production tax receivables	3,409	10	3,399
IRAP regional production tax receivables	403	-	403
Other tax receivables	143	280	(137)
Total tax receivables	**3,955**	**290**	**3,665**

Tax receivables at 31 December 2024 equals €3,955 thousand, mainly in reference to tax receivables for income taxes recognised by the Parent Company resulting from larger advances paid during the year.

Note 10. Other receivables and other current assets

The composition of other receivables and other current assets at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Tax receivables	17,317	13,152	4,165
Credit card receivables	9,620	11,594	(1,974)
Accrued income and prepaid expenses	10,148	10,954	(806)
Advances to suppliers	4,427	1,812	2,615
Other receivables	5,123	3,595	1,528
Total other receivables and current assets	**46,635**	**41,107**	**5,528**

Tax receivables amounted to €17,317 thousand at 31 December 2024 compared to €13,152 thousand at 31 December 2023.
The item refers mainly to the VAT credit recorded by the parent company and by subsidiaries.

Credit card receivables amounted to €9,620 thousand at 31 December 2024 compared to €11,594 thousand at 31 December 2023. The amount refers to payments received through credit cards, which occurred before the end of the year 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 payments for rents not included in the scope of application of IFRS 16, utilities, insurance premiums and, with increasing importance, fees relating to IT/digital management. Concerning the latter, advance fees amounted to €4,705 thousand at 31 December 2024.

Advances to suppliers mainly refer to down payments made to providers of services related to important brand events and to the production chain, with particular regard to small craft enterprises, in connection with external processing carried out on Group products.

Note 11. Other current financial assets

Other current financial assets amounted to €695 thousand at 31 December 2024, whereas it equalled €883 thousand at 31 December 2023. This refers to short-term financial assets, including receivables of a financial nature, securities and, residually, to accrued interest income.

Note 12. Cash and cash equivalents

The composition of cash and cash equivalents at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Bank and postal deposits	181,013	104,826	76,187
Cash in hand	1,022	1,209	(187)
Cheques	15	909	(894)
Total cash and cash equivalents	**182,050**	**106,944**	**75,106**

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 flow statement for details of the sources and applications that generated changes in cash and cash equivalents in the period ended 31 December 2024 compared to those of the previous year.

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 derivative financial instruments at 31 December 2024:
– all financial instruments measured at fair value are included in Level 2 (identical situation in 2023);
– there have been no transfers from Level 1 to Level 2 or vice versa in 2024;
– there have been no transfers from Level 3 to other levels or vice versa in 2024.

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 and non-current derivative financial assets and Current and non-current derivative financial liabilities" at 31 December 2024 are set out below, with comparative figures at 31 December 2023:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Current assets for derivative instruments hedging currency risk	1,305	7,939	(6,634)
Current assets for derivative instruments hedging interest rate risk:			
- Current assets for derivative instruments hedging interest rate risk accounted for using hedge accounting	249	772	(523)
- Current assets for derivative instruments hedging interest rate risk: not accounted for using hedge accounting	-	-	-
Total current derivative financial assets	**1,554**	**8,711**	**(7,157)**
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	53	243	(190)
- Non-current assets for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
Total non-current derivative financial assets	**53**	**243**	**(190)**
Current liabilities for derivative instruments hedging currency risk	(16,223)	(987)	(15,236)
Current liabilities for derivative instruments hedging interest rate risk:			
- Current liabilities for derivative instruments hedging interest rate accounted for using hedge accounting	(648)	-	(648)
- Current liabilities for derivative instruments hedging interest rate not accounted for using hedge accounting	-	-	-
Total current derivative financial liabilities	**(16,871)**	**(987)**	**(15,884)**
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	(1,296)	-	(1,296)
- Non-current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
Total non-current derivative financial liabilities	**(1,296)**	**-**	**(1,296)**

The contractual characteristics of derivative financial instruments used to hedge interest risk and their relative fair values at 31 December 2024 and 31 December 2023 are as follows:

(Euro/000)	31 December 2024		31 December 2023	
	current portion	non-current portion	current portion	non-current portion
Derivative assets/(liabilities)	(399)	(1,243)	772	243
Total fair value of IRS	**(399)**	**(1,243)**	**772**	**243**

The contractual characteristics of derivative financial instruments used to hedge currency risk and their relative fair value at 31 December 2024 and 31 December 2023 are as follows:

(Euro/000)	Negative fair value		Positive fair value	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Derivative assets/(liabilities)	(16,223)	(987)	1,305	7,939
Total fair value foreign currency forward contracts	**(16,223)**	**(987)**	**1,305**	**7,939**

The following table shows the book value of the financial instruments in existence (current loans and non-current loans) shown in the balance sheet, comparing them with their fair value:

(Euro/000)	31 December 2024 *Fair Value*	31 December 2024 Book value
Current and non-current loans	223,340	219,466

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 these consolidated financial statements.

Note 14. Capital and reserves

Share capital at 31 December 2024 amounted to €13,600 thousand, fully paid, consisting of 68,000,000 ordinary shares.

Shareholders' equity at 31 December 2024 amounted to €506,593 thousand, up €52,980 thousand compared to 31 December 2023.

Details of changes in shareholders' equity for the periods ended 31 December 2024 and 31 December 2023 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 31 December 2024 with comparative figures at 31 December 2023 were as follows:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Legal reserve	2,720	2,720	-
Extraordinary reserve	359,178	317,676	41,502
Revaluation reserve	3,060	3,060	-
Cash flow hedge reserve	(8,145)	6,567	(14,712)
IFRS first-time adoption reserve	(782)	(782)	-
Reserve for effects of IAS19	(492)	(972)	480
Translation reserve	3,048	(4,865)	7,913
Stock grant reserve	16,062	9,232	6,830
Reserve for own shares	(5,279)	-	(5,279)
Consolidated retained profits/(losses)	(70,425)	(76,977)	6,552
Total other reserves	**298,945**	**255,659**	**43,286**

The change in the "Extraordinary reserve", equalling €41,502 thousand, is mainly attributed to the destination of the previous year's profits, as approved by the Shareholders' Meeting on 23 April 2024, as well as the value of the treasury shares that were purchased during the year by the Parent Company in execution of the 2022-2024 Stock Grant Plan, all of which were assigned free of charge to executive directors and employees of the company and its subsidiaries. For more details refer to the following paragraph "Significant events during 2024" in the Report on Operations of the Board of Directors.

The negative change in the cash flow hedge reserve of €14,712 thousand reflects the items presented in the Consolidated statement of comprehensive income.

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 reference to the "Stock grant reserve":

– On 10 March 2022 the Board of Directors of Brunello Cucinelli S.p.A. approved the 2022-2024 Stock Grant Plan submitted for subsequent approval by the Ordinary Shareholders' Meeting on 27 April 2022.
  The 2022-2024 Stock Grant 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.
  During the 2024 financial year, the total purchase of 47,250 treasury shares by the Parent Company was completed, based on the mandate granted to Mediobanca - Banca di Credito Finanziario S.p.A. by the Parent Company's Board of Directors on 29 August 2023, in implementation of the shareholders' resolution of 27 April 2023.
  As of the date of this annual 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.
– On 14 March 2024 the Board of Directors of Brunello Cucinelli S.p.A. approved the 2024-2026 Stock Grant Plan submitted for subsequent approval by the Ordinary Shareholders' Meeting on 23 April 2024.

The 2024-2026 Stock Grant Plan provides for the free allocation of Company shares to executive directors and employees of the Company and its subsidiaries if certain performance targets are achieved.

– During the 2024 financial year, also the total purchase of 50,000 treasury shares by the Parent Company was completed, based on the mandate granted to Mediobanca – Banca di Credito Finanziario S.p.A. by the Parent Company's Board of Directors on 11 December 2024, in implementation of the shareholders' resolution of 23 April 2024 to be allocated to the 2022-2024 Stock Grant Plan and the 2024-2026 Stock Grant Plan service.
  As of the date of this Annual Financial Report, the Parent Company holds 50,000 treasury shares, equal to 0.0735% of the shares making up the share capital.

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.

The "Reserve for own shares" reflects the value of the treasury shares held by the Company as of the date of this Annual Financial Report.

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 was €16,655 thousand at 31 December 2024 compared to €11,822 thousand in the previous year and represents minority interests in the Group's subsidiaries.

Note 15. Employees termination indemnities

This item consists 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 employees termination indemnities at 31 December 2024 compared with changes in the previous year:

(Euro/000)	2024	2023
Present value of obligation at the beginning of the year	**3,672**	**3,060**
Revaluation of employee termination indemnity	293	154
Benefits paid	(363)	(122)
Changes in the scope of consolidation	947	-
Financial (income)/expense	35	39
Exchange differences	(4)	(10)
Remeasurement of defined benefit plans (IAS19)	(744)	551
Present value of the obligation at year end	**3,836**	**3,672**

The item "Remeasurement of defined benefit plans (IAS 19)" reflects the items presented in the consolidated statement of comprehensive income.

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

Financial assumptions

	31 December 2024	31 December 2023
Annual discount rate	2.29%	2.06%
Inflation rate	2.30%	4.00%
Expected staff turnover rate	8.80%	8.80%
Advances rate	1.00%	1.00%

Demographic assumptions

	31 December 2024	31 December 2023
Mortality	TABLE RG48	
Retirement age	65 years	

Turnover rate and termination severance indemnity (TFR) advances

	31 December 2024	31 December 2023
Advance rate %	1.00%	1.00%
Turnover rate %	8.80%	8.80%

Note that the Group performed a sensitivity analysis on the actuarial assumptions used to determine the liability at 31 December 2024. 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 €172 thousand, while a change of -10% would result in an increase in the balance of the liability equal to €185 thousand.

Workforce

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

	31 December 2024	31 December 2023
Executives and managers	112.4	93.0
Office and sales staff	2,063.0	1,833.6
Blue-collar workers	926.0	696.7
Total workforce	**3,101.4**	**2,623.3**

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 31 December 2024 with comparative figures for the year ended 31 December 2023:

(Euro/000)	**2024**	**2023**
Agents' supplementary termination indemnity – value at 1 January	**2,180**	**1,960**
Allocations	302	263
Actuarial losses/(gains)	(82)	(43)
Agents' supplementary termination indemnity – balance at year end	**2,400**	**2,180**
Other provisions for risks – value at 1 January	**843**	**1,055**
Exchange differences	60	(35)
Allocations	69	-
Uses	-	(177)
Other provisions for risks – value at year end	**972**	**843**
Total provisions for risks and charges	**3,372**	**3,023**

Changes in uses during 2024 relate to early termination of the contractual relationship with some agents, and to the adjustment of the agents' supplementary termination indemnity provision of existing contractual relationships.

The discount rate used in the actuarial calculation of the provision for agents' severance indemnity as at 31 December 2024 was 2.34%, compared to the 2.09% of the previous financial year.

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 31 December 2024, showing the portion due within 12 months, between 1 and 5 years and after 5 years:

(Euro/000)	**Balance at 31 December 2024**	**Share within next year**	**Share within 5 years**	**Share after 5 years**
Total medium long-term loans	219,466	64,274	155,192	-
Total non-current payables towards banks	**155,192**			

These are calculated on an annual basis by making reference to the consolidated financial statements of Brunello Cucinelli S.p.A. The financial covenants refer to the Net financial debt/Shareholders' equity ratio or the Net financial debt/EBITDA ratio. As of 31 December 2024, all financial covenants have been met.

Reference should be made to the “Liquidity risk” section in the “Financial risk management” paragraph of these Notes to these consolidated financial statements for details of the repayment plan for all outstanding loans.

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 IFRS 16 accounting standard has led to the recognition of a financial liability consisting of the present value of residual future payments. The balance at 31 December 2024 breaks down as follows:

(Euro/000)	Non-current	Current	Total at 31 December 2024
Financial liabilities for leases	572,715	106,134	678,849
Total financial liabilities for leases	**572,715**	**106,134**	**678,849**

Changes for the years ended 31 December 2024 and 31 December 2023 are as follows:

(Euro/000)	Total financial liabilities for leases
Balance at 01 January 2024	**557,895**
Increases for new leases	211,349
Decreases for early termination of leases	(7,680)
Changes in the scope of consolidation	356
Increases for interest expense	20,277
Decreases for payments made	(122,808)
Foreign exchange gains/(losses)	4,444
Translation differences	15,016
Balance as at 31 December 2024	**678,849**

(Euro/000)	Total financial liabilities for leases
Balance at 01 January 2023	**564,997**
Increases for new leases	148,511
Decreases for early termination of leases	(51,414)
Increases for interest expense	13,017
Decreases for payments made	(108,454)
Foreign exchange gains/(losses)	6,551
Translation differences	(15,313)
Balance as at 31 December 2023	**557,895**

Net financial debt

The following table provides details of the structure of the net financial debt of the Brunello Cucinelli Group at 31 December 2024 compared to the situation at 31 December 2023, 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".

(Euro/000)	**31 December 2024**	**31 December 2023**
A. Cash and cash equivalents	(182,050)	(106,944)
B. Means equivalent to cash and cash equivalents	-	-
C.1. Other current financial assets	(695)	(883)
C.2. Other current financial assets for leases	(945)	(2,954)
D. Cash and cash equivalents (A+B+C)	**(183,690)**	**(110,781)**
E.1. Current financial debt	62,294	64,782
E.2. Current financial debt for leases	106,134	97,498
F. Current portion of non-current financial debt	64,274	24,259
G. Current financial debt (E+F)	**232,702**	**186,539**
H. Net current financial debt (G+D)	**49,012**	**75,758**
I.1. Non-current financial debt	159,758	24,932
I.2. Non-current financial debt for leases	572,715	460,397
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I+J+K)	**732,473**	**485,329**
M. Total financial debt (H+L)	**781,485**	**561,087**
of which:		
Net financial debt for the core business	*103,581*	*6,146*
Payables for leases	*677,904*	*554,941*

For a comment, see the Report on Operations of the Board of Directors.

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

(Euro/000)			Non-monetary flows				
	31 December 2023	Monetary flows	Exchange rate changes	Changes in Fair Value	Changes in the scope of consolidation	Other	31 December 2024
Non-current bank debt	22,160	172,633	-	-	690	(40,291)	155,192
Other non-current financial liabilities	2,772	-	-	256	-	1,538	4,566
Current portion of non-current debt	24,259	-	-	-	-	40,015	64,274
Current and non-current lease liabilities	557,895	(122,808)	19,460	-	-	224,302	678,849
Other current financial payables	64,782	(1,833)	46	(702)	-	1	62,294
Current financial assets	(883)	-	-	-	-	188	(695)
Current financial liabilities for leases	(2,954)	3,039	-	-	-	(1,030)	(945)
Cash and cash equivalents	(106,944)	(73,474)	(1,632)	-	-	-	(182,050)
Net financial debt	**561,087**	**(22,443)**	**17,874**	**(446)**	**690**	**224,723**	**781,485**

It should be noted that the column "Monetary flows" indicates the flows of the consolidated cash flow 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 non-current financial liabilities for leases", to the amount generated by the effects of increases, decreases and discounted interest relating to contracts falling within the scope of IFRS 16.

Note 19. Non-current financial liabilities

The item Non-current financial payables, amounting to €3,270 thousand at 31 December 2024, refers to the loan payable, for its share, by the minority shareholder to the subsidiaries Brunello Cucinelli Middle East LLC and Brunello Cucinelli Kuwait for Readymade and Novelty Clothes' Retail WLL, loans that for the proportional part were given by the Group itself.

(Euro/000)	31 December 2024	31 December 2023	Change
Non-current financial liabilities	3,270	2,772	498
Total non-current financial payables	**3,270**	**2,772**	**498**

Note 20. Other non-current liabilities

Other non-current liabilities amounted to €136 thousand at 31 December 2024 compared to €209 thousand at 31 December 2023. The balance refers completely to the rediscount of the tax credit for investment in capital goods entered by the Parent Company.

(Euro/000)	31 December 2024	31 December 2023	Change
Non current deferred income	136	209	(73)
Total other non-current liabilities	**136**	**209**	**(73)**

Note 21. Trade payables

The composition of trade payables at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Trade payables to third-party suppliers	169,217	166,244	2,973
Total trade payables	**169,217**	**166,244**	**2,973**

Trade payables represent amounts due for the supply of goods and services.
For a comment on the changes in Net Working Capital, see the Report on Operations of the Board of Directors.

Note 22. Current payables towards banks

The composition of current payables towards banks at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Current portion of medium/long-term loans	64,274	24,259	40,015
Bank advances received and invoices	60,362	62,684	(2,322)
Accrued interest liabilities	40	-	40
Total current bank debt	**124,676**	**86,943**	**37,733**

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

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

For more details, refer to what is indicated in the Report on Operations of the Board of Directors.

Note 23. Current financial liabilities

Current financial liabilities as at 31 December 2024 amounted to €1,244 thousand compared to €2,098 thousand for last year.

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Current financial liabilities	1,244	2,098	(854)
Total current financial payables	**1,244**	**2,098**	**(854)**

Note 24. Income tax payables

Income tax payables at 31 December 2024 amounted to €6,723 thousand, compared to €14,367 thousand as at 31 December 2023.

The item mainly includes income tax payables for income taxes recorded by the Group's foreign subsidiaries.

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Current IRES regional production tax payables	34	10,234	(10,200)
Current IRAP regional production tax payables	24	2,084	(2,060)
Other income tax payables	6,665	2,049	4,616
Total income tax payables	**6,723**	**14,367**	**(7,644)**

Note 25. Other current liabilities

The composition of other current liabilities at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Payables to agents	1,690	2,281	(591)
Payables to employees	21,568	17,810	3,758
Social security payables	8,244	7,154	1,090
Payables of Italian companies for withholding tax (IRPEF, withholdings)	6,029	5,340	689
Payables for current taxes not on income	430	347	83
VAT payables	7,452	7,031	421
Accrued expenses and deferred income	485	936	(451)
Advances from customers	10,625	9,198	1,427
Other payables	9,171	5,544	3,627
Total other current liabilities	**65,694**	**55,641**	**10,053**

Amounts due to agents relate to accrued commissions payable by the Brunello Cucinelli Group to its agents but not yet paid at the closing date of each year.

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

Taxes withheld by the Italian companies consist of end of year balances for IRPEF and withholding taxes paid in January 2025.

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 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Deferred tax assets	103,273	79,503	23,770
Deferred tax liabilities	(7,924)	(10,256)	2,332

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.

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.

A breakdown of net deferred taxes as at 31 December 2024 and 31 December 2023 is as follows:

(In migliaia di Euro)	Year ended 31 December							
	Statement of financial position		Shareholders' Equity		Income statement		Exchange differences, changes in scope of consolidation and other changes	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Amortization of intangible assets	6	83	-	-	(77)	(94)	-	-
Depreciation of property, plant and equipment	1,522	1,267	-	-	259	303	(4)	(88)
Reserve for doubtful debts	1,135	1,129	-	-	(6)	431	12	(2)
Fair value of derivatives	2,576	1,193	1,383	284	-	-	-	-
Deferred rent	5,675	5,142	-	-	198	(1,111)	335	(202)
IAS 19 – Employee termination indemnity	101	276	(179)	132	4	3	-	-
IAS 37 – Agent severance indemnity	121	121	-	-	-	-	-	-
Elimination of intercompany margins on inventories	49,220	36,599	-	-	12,621	8,040	-	-
Elimination of the effects of intercompany capital gains	8	9	-	-	(1)	-	-	-
Prepaid taxes on tax losses	645	189	-	-	406	(239)	50	-
Unrealised exchange gains and losses	-	2,066	-	-	(2,066)	839	-	-
Taxed cash transactions	1,080	177	-	-	856	(256)	47	(10)
Sale of Brunello Cucinelli Suisse S.A. shares to employees	-	-	-	-	-	(54)	-	-
IFRS 16 – Leases	12,891	10,032	-	-	2,943	1,860	(84)	(384)
Inventory write-down	28,482	22,229	-	-	6,253	10,095	-	-
Others	20,449	17,175	-	-	4,180	(313)	(906)	(2,697)
Gross deferred tax asset	**123,911**	**97,687**						
Depreciation of property, plant and equipment	(8,235)	(7,852)	-	-	93	533	(476)	288
Fair value of derivatives	(1)	(3,248)	3,247	(219)	-	-	-	-
Net investments in foreign operations	-	-	163	924	(163)	(924)	-	-
Others	(20,326)	(17,340)	-	-	(3,930)	(3,457)	944	2,706
Gross deferred tax liabilities	**(28,562)**	**(28,440)**						
(Cost)/Revenue for deferred taxes					**21,570**	**15,656**		
Deferred taxes recognised in shareholders' equity			**4,614**	**1,121**				
Exchange differences and changes in scope of consolidation							**(82)**	**(389)**
Net deferred tax assets/(liabilities)	**95,349**	**69,247**						
Represented in the statement of financial position as follows:								
Deferred tax assets	103,273	79,503						
Deferred Tax liabilities	(7,924)	(10,256)						
Net deferred tax assets	**95.349**	**69.247**						

INCOME TAXES

The composition of the income tax charge in the consolidated income statement for the years ended 31 December 2024 and 31 December 2023 is as follows:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Current taxes	71,757	66,474	5,283
Net deferred taxes	(21,570)	(15,656)	(5,914)
Prior year taxes	1,037	(1,286)	2,323
Total income taxes in the consolidated Income statement	**51,224**	**49,532**	**1,692**
Income taxes in the consolidated statement of comprehensive income	(4,614)	(1,121)	(3,493)
Total income taxes	**46,610**	**48,411**	**(1,801)**

The reconciliation between the nominal and actual rates of the Brunello Cucinelli Group for the years 31 December 2024 and 31 December 2023 is as follows:

(Euro/000)	**Year ended 31 December**	
	2024	**2023**
Profit before taxes	**179,737**	**173,341**
IRES rate in force for the year	24.00%	24.00%
Theoretical tax charge	**(43,137)**	**(41,602)**
Income taxes with different rates (IRAP)	(6,500)	(6,925)
Effect of the different tax rates of foreign companies	(593)	443
Prior year taxes	(1,037)	1,286
Other variations	43	(2,734)
Total taxes in the Income Statement	**(51,224)**	**(49,532)**
Actual tax rate	*28.50%*	*28.57%*

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

Note 27. Revenues

The composition of revenues at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Revenues	1,278,540	1,139,420	139,120

Revenues are earned from the sale of clothing, accessories and the provision of services of the Brunello Cucinelli Group.
For a detailed comment, see the Report on Operations of the Board of Directors.

Revenues may be broken down by geographical area as follows:

(Euro/000)	Year ended 31 December					
	2024	impact %	2023	impact %	Change	% change
Europe	315,666	24.7%	299,380	26.3%	16,286	+5.4%
Italy	140,921	11.0%	128,852	11.3%	12,069	+9.4%
Americas	476,559	37.3%	404,453	35.5%	72,106	+17.8%
Asia	345,394	27.0%	306,735	26.9%	38,659	+12.6%
Total	**1,278,540**	**100.0%**	**1,139,420**	**100.0%**	**139,120**	**+12.2%**

Revenues may be broken down by distribution channel as follows:

(Euro/000)	Year ended 31 December					
	2024	impact %	2023	impact %	Change	% change
Retail	851,243	66.6%	746,816	65.5%	104,427	+14.0%
Wholesale	427,297	33.4%	392,604	34.5%	34,693	+8.8%
Total	**1,278,540**	**100.0%**	**1,139,420**	**100.0%**	**139,120**	**+12.2%**

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 Report on Operations of the Board of Directors for comments on revenue performance.

Note 28. Costs of raw materials and consumables

The composition of costs of raw materials and consumables for the year ended 31 December 2024 with comparative figures for the year ended 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Costs of raw materials and consumables	174,400	168,389	6,011
Change in inventories	(72,600)	(54,046)	(18,554)
Total costs of raw materials and consumables	**101,800**	**114,343**	**(12,543)**

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

Note 29. Costs for services

The composition of Costs for services at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Outsourced work	223,724	199,325	24,399
Advertising and other marketing costs	92,348	78,938	13,410
Transport and duties	55,162	46,855	8,307
Lease expense	61,582	50,598	10,984
Commissions and accessory charges	11,127	10,002	1,125
Credit card charges	18,298	15,692	2,606
Outsourcing, training, miscellaneous consultancy and service contracts	19,539	15,380	4,159
Maintenance and security services	15,239	12,073	3,166
Electricity, telephone, gas, water and postal expenses	7,469	6,633	836
Directors' and statutory auditors' fees	7,298	4,477	2,821
Insurance	2,604	2,496	108
IT and digital maintenance and support	17,972	13,452	4,520
Other general expenses	27,999	19,848	8,151
Total costs for services	**560,361**	**475,769**	**84,592**

The main Costs for services are commented in the Report on Operations of the Board of Directors, to which reference should be made.

Finally, note that Costs for services also include an amount of €21,286 thousand relating to expenses of an IT/Digital nature.

Other general expenses amounts to €27,999 thousand at 31 December 2024 compared to €19,848 thousand at 31 December 2023. The increase of €8,151 thousand is physically attributable to the increase in business, which

results in an increase in the spaces where we carry out the activity, as well as an increase in international travel of all our people for development, creativity and management implementation activities combined with a significant persisting increase in both flight and hotel tariffs.
In addition, Outsourcing, training, miscellaneous consultancy and service contracts shown in the table includes, for a residual amount equal to €180 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 to the consolidated financial statements.

Note 30. Payroll costs

The composition of Payroll costs for the year ended 31 December 2024 with comparative figures for the situation at 31 December 2023 is as follows:

(Euro/000)	**31 December 2024**	**31 December 2023**	**Change**
Wages and salaries	186,054	154,911	31,143
Social security contributions	37,825	32,055	5,770
Employee termination indemnity	5,168	4,259	909
Other payroll costs	4,445	3,744	701
Total payroll costs	**233,492**	**194,969**	**38,523**

Note that Payroll costs include the cost accrued as at 31 December 2024 (overall equal to €6,466 thousand) with respect to the 2022-2024 Stock Grant Plan and the 2024-2026 Stock Grant Plan. For more details about the afore-mentioned transactions, reference should be made to the section “Significant events during 2024” in the Report on Operations of the Board of Directors and in Note 14 to these Consolidated Financial Statements.

Reference should be made to the Report on Operations of the Board of Directors s for a comment on Payroll costs.

Note 31. Other operating expenses

The composition of Other operating expenses at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Taxes and duties	9,204	6,709	2,495
Losses on bad debts	24	45	(21)
Socially useful expenses and donations	3,142	3,658	(516)
Other operating costs	8,709	11,157	(2,448)
Total Other operating expenses	**21,079**	**21,569**	**(490)**

The item Other operating expenses amounts to €21,079 thousand as at 31 December 2024, down €490 thousand compared to €21,569 thousand as at 31 December 2023.

Note 32. Other operating income

The composition of Other operating income at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Other operating income	3,271	2,369	902
Total Other operating income	**3,271**	**2,369**	**902**

The Other operating income item equals €3,271 thousand and mainly refers to rent income for spaces used by commercial partners not included in the scope of application of IFRS 16, contributions and reimbursements received during the year.

Note 33. Costs capitalized

The increase of €2,417 thousand in own work capitalised mainly relates to production costs incurred to develop the historical collections, costs for the internal sit-out of the Group’s boutique. The value at 31 December 2023 amounted to €2,432 thousand.

Note 34. Depreciation and amortization

The composition of Depreciation and amortization at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Depreciation of right of use assets	107,566	95,664	11,902
Amortization of intangible assets	6,572	6,836	(264)
Depreciation of property, plant and equipment	38,666	36,200	2,466
Depreciation of investment property	200	145	55
Total depreciation and amortization	**153,004**	**138,845**	**14,159**

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

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

Note 35. Impairment of assets and other accruals

The impairment of assets and other accruals (€2,821 thousand as at 31 December 2024 and €11,320 thousand as at 31 December 2023) 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 expenses

The composition of Financial expenses at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Lease interest expense	20,277	13,017	7,260
Mortgage interest expense	4,867	1,998	2,869
Interest expense on advances	3,809	3,350	459
Bank interest expense	8	7	1
Realised exchange losses	15,548	21,213	(5,665)
Unrealised exchange losses	8,056	8,124	(68)
Exchange losses for leasing	9,812	6,870	2,942
Financial expense on derivatives	4,658	6,290	(1,632)
Miscellaneous financial expense	524	469	55
Total financial expenses	**67,559**	**61,338**	**6,221**

For a comment on the trend of this item, please see the Report on Operations of the Board of Directors where the Financial expenses item is analysed together with the Financial income item.

Note 37. Financial income

The composition of Financial income at 31 December 2024 with comparative figures at 31 December 2023 is as follows:

(Euro/000)	31 December 2024	31 December 2023	Change
Lease interest income	59	73	(14)
Bank interest income	1,544	676	868
Realised exchange gains	15,083	21,810	(6,727)
Unrealised exchange gains	6,549	4,320	2,229
Exchange gains for leasing	4,757	-	4,757
Financial income on derivatives	2,930	2,029	901
Income from equity investments	2,052	18,199	(16,147)
Other income	2,651	166	2,485
Total Financial income and from equity investments	**35,625**	**47,273**	**(11,648)**

For a comment on the trend of this item, please see the Report on Operations of the Board of Directors where the Financial income item is analysed together with the Financial expenses item.

Note 38. Basic and diluted earnings per share

The basic earning per share is calculated by dividing the Result by the weighted average number of ordinary shares of the Brunello Cucinelli Group in circulation during the year, also taking into account the weighted average effect of the treasury shares held by the Company during the financial year of reference.

Diluted earnings per share show no difference to basic earnings per share and diluted earnings per share as there are no convertible bonds or other financial instruments with dilutive effects.

The following table shows the Result for the financial year attributable to the shareholders of the Parent Company and the share information used for the calculation of basic and diluted earnings per share:

	31 December 2024	31 December 2023
Net profit attributable to Parent Company shareholders	119,478	114,617
Number of ordinary shares at the end of the year	68,000,000	68,000,000
Weighted average number of ordinary shares used to calculate basic earnings per share	67,996,131	67,991,109
Weighted average number of ordinary shares used to calculate diluted earnings per share	67,996,131	67,991,109
Basic earnings per share (in Euro)	1.75713	1.68576
Diluted earnings per share (in Euro)	1.75713	1.68576

Note 39. Commitments and risks

As at 31 December 2024 the Group had commitments mainly attributable to leases of new points of sale for an amount of €132.6 million.

Also note assets owned by the Brunello Cucinelli Group lent to third parties and mainly related to operating machines and electronic equipment lent at no charge to workshops and outside companies which use them to produce and supply apparel and services for an amount of €307 thousand.

FINANCIAL RISK MANAGEMENT

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 exchange rate risk), liquidity risk and credit risk.
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 most widely used financing instruments are:
– Medium-/long-term loans with a multi-year amortization plan, to cover investments in fixed assets.
– Short-term loans and bank overdrafts to finance working capital.

Furthermore, the Brunello Cucinelli Group subscribes to financial instruments to hedge the risks of fluctuations in interest rates, which could affect the burden of medium-long term financial debt, and of exchange rates that could influence the Group's economic performance.

The average cost of borrowing is linked to the trend of the 3-month and 6-month Euribor rates, plus a spread that depends on the financing instrument used and the Company's rating.
The Brunello Cucinelli Group uses derivative financial instruments to hedge interest rate risk and exchange risk.
Trading in derivatives for speculative purposes is not envisaged.

In the following paragraphs, the various risks are analysed individually, where necessary applying sensitivity analysis to highlight the potential impact on final results deriving from hypothetical fluctuations in the parameters of reference. As required by IFRS 7, these analyses are based on simplified scenarios applied to the final data of the reference periods, and by their very nature cannot be considered indicators of the real effects of future changes in the reference parameters due to a different capital and financial structure and different market conditions, nor can they reflect the interrelationships and complexity of the reference markets.

INTEREST RATE RISK

The Brunello Cucinelli Group is exposed to changes in interest rates, limited to its own floating rate debt instruments.

Brunello Cucinelli Group's sensitivity to interest rate risk is managed with due regard to its overall exposure: as part of its general policy of optimising financial resources, the Group seeks a balance by resorting to less expensive forms of financing.

It is the Group'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.
As at 31 December 2024, there were 23 positions relating to interest rate swap derivative instruments hedging the risk associated with the potential increase in the cost to service payables to banks due to the fluctuation of market rates. The notional value of these positions amounted to €206.6 million with a positive equivalent value of approximately €1,642 thousand.
As at 31 December 2023, there were 11 positions relating to interest rate swap derivative instruments hedging the risk associated with the potential increase in the cost to service payables to banks due to the fluctuation of market rates. The notional value of these positions amounted to €27.5 million with a positive equivalent value of approximately €1,015 thousand.

The short-term portion of the Payables to banks, which mainly serves to finance the need for working capital, is not subject to hedging of interest risk.

The cost of bank borrowing is linked to the Euribor rate for the period plus a spread that depends on the type of credit line used. The margins applied are comparable to the best market standards. The interest rate risk that the Brunello Cucinelli Group is exposed to mainly derives from outstanding financial payables.

Brunello Cucinelli Group's main sources of exposure to interest rate risk are attributable to short-, medium- and long-term loans and derivative instruments. While the Group has adopted a precise hedging policy, the potential impacts on the Income Statement for 2024 (2023 for comparison) attributable to interest rate risk are as follows:
– Potential change in financial and differential charges related to derivative instruments outstanding in 2024;
– Potential change in the fair value of existing derivative instruments.

Potential changes in the fair value of the effective component of existing hedging derivatives produce impacts on Shareholders' Equity.

The Brunello Cucinelli Group has estimated the potential impacts on the Consolidated income statement and on Shareholders' Equity for the 2025 financial year calculated with respect to the situation at the end of the 2024 financial year (impacts on 2024 for comparison calculated with respect to the situation at the end of the 2023 financial year) produced by a simulation of the change in the yield curve of interest rates using internal valuation models based on generally accepted logic. Specifically:

– For loans, these impacts were estimated by simulating a parallel change of +100/-30 basis points (+1%/-0.3%) in the interest rate yield curve, applied only for cash flows to be settled in 2024 (2023 for comparison);
– For derivative instruments, simulating a parallel change of +100/-30 basis points (+1%/-0.3%) in the interest rate yield curve.

With regard to the situation at 31 December 2024, a parallel shift in the yield curve of interest rates equal to +100 basis points (+1%) would produce an increase in financial expenses for the 2024 financial year equal to €1,288 thousand, offset against €1,284 thousand by an increase in the differentials collected against existing derivatives. A parallel shift in the yield curve of interest rates equal to -30 basis points (-0.3%) would produce a decrease in financial expenses equal to €402 thousand, offset against €402 thousand by a reduction in the differentials collected against existing derivatives.

With regard to the situation at 31 December 2023, a parallel shift in the yield curve of interest rates equal to +100 basis points (+1%) would produce an increase in financial expenses for the 2023 financial year equal to approximately €144 thousand, offset for approximately €144 thousand by an increase in the differentials collected against existing derivatives. A parallel shift in the yield curve of interest rates equal to -30 basis points (-0.3%) would produce a decrease in financial expenses equal to approximately €46 thousand, offset for approximately €46 thousand by a reduction in the differentials collected against existing derivatives.

	Interest 31 December 2024		
Loans	**Residual debt** *(€/000)*	**Impact on the 2024 Income Statement +100 bps** *(€/000)*	**Impact on the 2024 Income Statement -30 bps** *(€/000)*
Loans payable	219,804	(1,288)	402
Total loans	**219,804**	**(1,288)**	**402**
Derivative instruments	**Residual notional** *(€/000)*	**Impact on the 2024 Income Statement +100 bps** *(€/000)*	**Impact on the 2024 Income Statement -30 bps** *(€/000)*
Cash flow hedging derivative instruments	206,560	1,284	(402)
Total derivatives	**206,560**	**1,284**	**(402)**
TOTAL		**(4)**	**-**

Loans	Interest 31 December 2023 Residual debt *(€/000)*	Impact on the 2023 Income Statement +100 bps *(€/000)*	Impact on the 2023 Income Statement -30 bps *(€/000)*
Loans payable	46,446	(144)	46
Total loans	**46,446**	**(144)**	**46**

Derivative instruments	Residual notional *(€/000)*	Impact on the 2023 Income Statement +100 bps *(€/000)*	Impact on the 2023 Income Statement -30 bps *(€/000)*
Cash flow hedging derivative instruments	27,500	144	(46)
Total derivatives	**27,500**	**144**	**(46)**
TOTAL		**-**	**-**

With regard to the situation at 31 December 2024, a parallel shift in the yield curve of interest rates equal to +100 basis points (+1%) would produce an increase in the asset value of existing hedging derivative instruments equal to €3,730 thousand, with an impact only on Shareholders' equity. A parallel shift in the yield curve of interest rates equal to -30 basis points (-0.3%) would produce a decrease in the asset value of existing derivative instruments equal to approximately €1,143 thousand, with an impact solely on Shareholders' equity.

With regard to the situation at 31 December 2023, a parallel shift in the yield curve of interest rates equal to +100 basis points (+1%) would produce an increase in the asset value of existing hedging derivative instruments equal to approximately €242 thousand, with an impact only on Shareholders' equity. A parallel shift in the yield curve of interest rates equal to -30 basis points (-0.3%) would produce a decrease in the asset value of existing derivative instruments equal to approximately €73 thousand, with an impact solely on Shareholders' equity.

	Sensitivity of the fair value of derivatives 31 December 2024									
	Notional value (€/000)	Fair value (€/000)	Net fair value +100 bps	Change in net fair value +100 bps	Impact on the Income Statement +100 bps	Impact on Shareholders' Equity +100 bps	Net fair value -30 bps	Change in net fair value -30bps	Impact on the Income Statement -30bps	Impact on Shareholders' Equity -30 bps
	a	b	c	d = c-b	e = d-f	f	g	h = g-b	i = h-j	j
Cash flow hedging derivative instruments	206,560	(1,642)	2,088	3,730	-	3,730	(2,785)	(1,143)	-	(1,143)
TOTAL	**206,560**	**(1,642)**	**2,088**	**3,730**	**-**	**3,730**	**(2,785)**	**(1,143)**	**-**	**(1,143)**

	Sensitivity of the fair value of derivatives 31 December 2023									
	Notional value (€/000)	Fair value (€/000)	Net fair value +100 bps	Change in net fair value +100 bps	Impact on the Income Statement +100 bps	Impact on Shareholders' Equity +100 bps	Net fair value -30 bps	Change in net fair value -30bps	Impact on the Income Statement -30bps	Impact on Shareholders' Equity -30 bps
	a	b	c	d = c-b	e = d-f	f	g	h = g-b	i = h-j	j
Cash flow hedging derivative instruments	27,500	1,015	1,257	242	-	242	942	(73)	-	(73)
TOTAL	**27,500**	**1,015**	**1,257**	**242**	**-**	**242**	**942**	**(73)**	**-**	**(73)**

The assumptions regarding the extent of changes in market parameters used for the simulation of shocks were formulated on the basis of an analysis of the historical evolution of these parameters over a 12-month horizon.

EXCHANGE RATE 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, while the cost structure is primarily concentrated in the euro area. 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.
Due to the geographical composition of the corporate structure, with subsidiaries located in different countries with different currencies, the Group is exposed to exchange rate risk related to intercompany cash flows (mainly dividends, loans, capital transactions).
Finally, the Group is exposed to so-called "translation risk". This risk implies that assets and liabilities of consolidated companies whose functional currency is different from the euro may have different market values in euros depending on exchange rate fluctuations, the amount of which is reflected in the "translation reserve" in Shareholders' equity. The Group monitors the performance of this exposure, against which no hedging transactions were in place at the balance sheet date.

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 Group sets its selling prices in euros and calculates the corresponding prices in foreign currency by applying the exchange rate of the average of the hedges made with forward contracts.

Starting in 2010, the Company adopted cash flow hedge accounting to account for derivative contracts hedging currency risk arising from foreign currency business transactions deemed highly probable. Consequently, the effective component of the change in fair value of derivatives negotiated to hedge highly probable foreign currency transactions is allocated to a specific reserve in Shareholders' equity. When the hedged transaction takes place, the amounts recognised in the reserve are reclassified to Revenues in the income statement. The ineffective component of this change in fair value is recognised in Financial income and expenses in the income statement. In accordance with the methods adopted for accounting for hedged items, changes in fair value subsequent to the occurrence of hedged transactions are recognised in Financial income and expenses in the income statement.

The aim of the Company's financial policy is to prevent results from operations from being affected by fluctuations in exchange rates between the stipulation date of forward contracts and the time of invoicing and subsequent collection.

During 2024 the Group reclassified as an increase in revenues €6,774 thousand previously recognised in the cash flow hedge reserve.
During 2023 the Group reclassified as a decrease in revenues €6,449 thousand previously recognised in the cash flow hedge reserve.

The potential effects on the 2025 consolidated income statement (2024 for comparative purposes) arising from currency risk are:
– Write-up/write-down of asset and liability items expressed in foreign currency;
– Change in fair value of outstanding derivatives hedging asset and liability items expressed in foreign currency;
– Change in fair value of the ineffective component of outstanding derivatives highly probable transactions in foreign currency.

The potential effects on 2025 Shareholders' Equity (2024 for comparative purposes) arising from currency risk are:
– Change in fair value of the effective component of outstanding derivatives highly probable transactions in foreign currency.

The Brunello Cucinelli Group has estimated the potential effects on its 2025 consolidated income statement and Shareholders' equity, calculated with reference to the situation at the end of 2024 (2023 for comparative purposes), produced by a shock on the exchange rate market (with reference to currencies in which the Group has significant exposure at each closing date), by using internal assessment models based on generally accepted principles.

Exposure of balance sheet items	FOREIGN CURRENCY EXPOSURE 2024			SENSITIVITY 2024	
	Assets	Liabilities	Equity	Income statement Euro/US dollar exchange rate	
	(US dollar/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	11,503	(9,374)	2,129	103.0	(103.0)
Total gross exposure of balance sheet items	**11,503**	**(9,374)**	**2,129**	**103.0**	**(103.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/US dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(301,700)	14,520	(14,520)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Swiss franc exchange rate	
	(CHF/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	-	(1,083)	(1,083)	(57.0)	57.0
Total gross exposure of balance sheet items	**-**	**(1,083)**	**(1,083)**	**(57.0)**	**57.0**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Swiss franc exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(13,100)	696	(696)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/British pound exchange rate	
	(GBP/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	2,477	(842)	1,635	99.0	(99.0)
Total gross exposure of balance sheet items	**2,477**	**(842)**	**1,635**	**99.0**	**(99.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/British pound exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(33,500)	2,020	(2,020)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Japanese yen exchange rate	
		(JPY/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	933,076	(399,299)	533,777	164.0	(164.0)
Total gross exposure of balance sheet items	**933,076**	**(399,299)**	**533,777**	**164.0**	**(164.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Japanese yen exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(6,190,000)	1,898	(1,898)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Hong Kong dollar exchange rate	
		(HKD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	571	(5,247)	(4,676)	(29.0)	29.0
Total gross exposure of balance sheet items	**571**	**(5,247)**	**(4,676)**	**(29.0)**	**29.0**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Hong Kong dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(151,800)	941	(941)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Canadian dollar exchange rate	
		(CAD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	5,077	(541)	4,536	152.0	(152.0)
Total gross exposure of balance sheet items	**5,077**	**(541)**	**4,536**	**152.0**	**(152.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Canadian dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(45,600)	1,525	(1,525)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Renminbi exchange rate	
		(CNY/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	74,438	(14,557)	59,881	395.0	(395.0)
Total gross exposure of balance sheet items	**74,438**	**(14,557)**	**59,881**	**395.0**	**(395.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Renminbi exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(437,000)	2,881	(2,881)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/ Rouble exchange rate	
		(RUB/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	-	(5,288)	(5,288)	(2.0)	2.0
Total gross exposure of balance sheet items	**-**	**(5,288)**	**(5,288)**	**(2.0)**	**2.0**

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Singapore dollar exchange rate	
		(SGD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	2	(124)	(122)	(4.0)	4.0
Total gross exposure of balance sheet items	**2**	**(124)**	**(122)**	**(4.0)**	**4.0**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Singapore dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(6,650)	235	(235)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Taiwan dollar exchange rate	
	(TWD/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	49,026	(5,987)	43,039	63.0	(63.0)
Total gross exposure of balance sheet items	**49,026**	**(5,987)**	**43,039**	**63.0**	**(63.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Taiwan dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(166,000)	244	(244)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Dirham exchange rate	
	(AED/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	8,039	(3,298)	4,741	62.0	(62.0)
Total gross exposure of balance sheet items	**8,039**	**(3,298)**	**4,741**	**62.0**	**(62.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/UAE Dirham exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(124,900)	1,637	(1,637)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Kuwait dinar exchange rate	
	(KWD/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	61	(3)	58	9.0	(9.0)
Total gross exposure of balance sheet items	**61**	**(3)**	**58**	**9.0**	**(9.0)**

Exposure of balance sheet items	FOREIGN CURRENCY EXPOSURE 2023			SENSITIVITY 2023	
	Assets	Liabilities	Equity	Income statement Euro/US dollar exchange rate	
	(US dollar/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	9,841	(8,401)	1,440	65.0	(65.0)
Total gross exposure of balance sheet items	**9,841**	**(8,401)**	**1,440**	**65.0**	**(65.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/US dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(218,000)	9,864	(9,864)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Swiss franc exchange rate	
	(CHF/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	37	(1,258)	(1,221)	(66.0)	66.0
Total gross exposure of balance sheet items	**37**	**(1,258)**	**(1,221)**	**(66.0)**	**66.0**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Swiss franc exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(16,800)	907	(907)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/British pound exchange rate	
	(GBP/000)			+ 5% (€/000)	- 5% (€/000)
Trade balances	2,243	(983)	1,260	73.0	(73.0)
Total gross exposure of balance sheet items	**2,243**	**(983)**	**1,260**	**73.0**	**(73.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/British pound exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(21,000)	1,208	(1,208)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Japanese yen exchange rate	
		(JPY/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	740,628	(371,503)	369,125	118.0	(118.0)
Total gross exposure of balance sheet items	**740,628**	**(371,503)**	**369,125**	**118.0**	**(118.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Japanese yen exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(3,800,000)	1,215	(1,215)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Hong Kong dollar exchange rate	
		(HKD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	2,065	(4,407)	(2,342)	(14.0)	14.0
Total gross exposure of balance sheet items	**2,065**	**(4,407)**	**(2,342)**	**(14.0)**	**14.0**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Hong Kong dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(102,800)	595	(595)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Canadian dollar exchange rate	
		(CAD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	4,490	(1,439)	3,051	(104.0)	104.0
Total gross exposure of balance sheet items	**4,490**	**(1,439)**	**3,051**	**(104.0)**	**104.0**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Canadian dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(42,140)	1,439	(1,439)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Renminbi exchange rate	
		(CNY/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	56,623	(18,105)	38,518	245.0	(245.0)
Total gross exposure of balance sheet items	**56,623**	**(18,105)**	**38,518**	**245.0**	**(245.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Renminbi exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(212,000)	1,350	(1,350)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/ Rouble exchange rate	
		(RUB/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	-	(4,604)	(4,604)	2.0	(2.0)
Total gross exposure of balance sheet items	**-**	**(4,604)**	**(4,604)**	**2.0**	**(2.0)**

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Singapore dollar exchange rate	
		(SGD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	7	-	7	0.0	0.0
Total gross exposure of balance sheet items	**7**	**-**	**7**	**0.0**	**0.0**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Singapore dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(3,800)	130	(130)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Taiwan dollar exchange rate	
		(TWD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	35,631	(3,198)	32,433	48.0	(48.0)
Total gross exposure of balance sheet items	**35,631**	**(3,198)**	**32,433**	**48.0**	**(48.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Taiwan dollar exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(97,200)	1,198	(1,198)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Dirham exchange rate	
		(AED/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	5,640	(4,574)	1,066	13.0	(13.0)
Total gross exposure of balance sheet items	**5,640**	**(4,574)**	**1,066**	**13.0**	**(13.0)**

Exposure arising from highly probable future transactions	Notional	Changes in shareholders' equity Euro/Dirham exchange rate	
		+ 5% (€/000)	- 5% (€/000)
Forward sales (Notional Value)	(189,000)	279	(279)

Exposure of balance sheet items	Assets	Liabilities	Equity	Income statement Euro/Kuwait dinar exchange rate	
		(KWD/000)		+ 5% (€/000)	- 5% (€/000)
Trade balances	4	(95)	(91)	(13.0)	13.0
Total gross exposure of balance sheet items	**4**	**(95)**	**(91)**	**(13.0)**	**13.0**

The assumptions regarding the range of changes in market parameters used to simulate shocks were formulated on the basis of an analysis of the historical trend of such parameters with reference to a 30-60-90 day horizon, in line with the expected length of exposure.

LIQUIDITY RISK

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

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.

The following tables provide a stratification of outstanding liabilities for 2024 and 2023 relating to financial instruments by residual maturity:

	Situation as of 31 December 2024				
	Financial liabilities				
	Principal (€/000)	Interest (€/000)	Trade payables (€/000)	Derivative instruments (€/000)	TOTAL (€/000)
	a	b	c	d	e = a+b+c+d
Maturity:					
Within 12 months	64,388	6,103	169,217	(783)	238,925
Between 1 and 2 years	54,541	3,833	-	(195)	58,179
Between 2 and 3 years	44,419	2,549	-	(54)	46,914
Between 3 and 5 years	56,118	1,712	-	-	57,830
Between 5 and 7 years	-	-	-	-	-
Due after 7 years	-	-	-	-	-
TOTAL	**219,466**	**14,197**	**169,217**	**(1,032)**	**401,848**

	Situation as of 31 December 2023				
	Financial liabilities				
	Principal (€/000)	Interest (€/000)	Trade payables (€/000)	Derivative instruments (€/000)	TOTAL (€/000)
	a	b	c	d	e = a+b+c+d
Maturity:					
Within 12 months	24,239	1,019	166,244	(783)	190,719
Between 1 and 2 years	15,329	312	-	(195)	15,446
Between 2 and 3 years	6,851	82	-	(54)	6,879
Between 3 and 5 years	-	-	-	-	-
Between 5 and 7 years	-	-	-	-	-
Due after 7 years	-	-	-	-	-
TOTAL	**46,419**	**1,413**	**166,244**	**(1,032)**	**213,044**

The estimate of future expected expenses implicit to the loans and the future expected differentials implied in derivatives was determined based on yield curve of the interest rates at the dates of reference (31 December 2024 and 31 December 2023).

CREDIT RISK

Credit risk is the Group'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 channel, which represents 33.4% of revenues at 31 December 2024: 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. As confirmation of this policy, reference should be made to the changes in the provision for bad debts for the years ended 31 December 2024 and 31 December 2023 set out in note 8 of these consolidated financial statements.
Specifically, note that the percentage ratio of the sum of the utilizations of the provision for bad debts and bad debt losses as compared to revenues (0.02% in 2024 and 0.06% in 2023) support a prudent and sound mindset in credit management.

The carrying amount of trade receivables in the financial statements is stated net of the provision for bad debts on the basis of the risk that the counterparty will fail to meet its obligations, determined by considering the available information on the solvency of the customer and historical data.

The following tables provide an ageing of trade receivables for the years 2024 and 2023:

	Situation at 31 December	
Overdue by:	**2024**	**2023**
0-90 days	6,607	7,284
91-180 days	3,419	3,199
More than 180 days	197	786
TOTAL	**10,223**	**11,269**

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 2024 the Group did not enter into major or material transactions with related parties that significantly affected the Group's financial situation or net profit for the year.

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 31 December 2024 are as follows:

(Euro/000)	**Revenues**	**Costs of raw materials and consumables**	**Costs for services**	**Payroll costs**	**Other operating income**	**Financial income**	**Property, plant and equipment**	**Intangible assets**	**Other non-current financial assets**	**Trade receivables**	**Trade payables**	**Other current liabilities**
MO.AR.R. S.n.c.	6	34	117	-	-	-	7,587	-	-	1	93	-
Cariaggi Lanificio S.p.A.	80	13,541	1	-	67	2,052	-	-	15,316	109	4,899	-
AS.VI.P.I.M. Gruppo Cucinelli	-	-	1,051	-	2	-	-	-	-	2	87	-
Brunello Cucinelli family	-	-	1,042	1,275	4	-	-	-	-	-	-	79
Directors and Executives with strategic responsibilities	-	-	3,478	9,298	-	-	-	-	-	-	-	821
Foro delle Arti S.r.l.	15	-	3,059	-	308	-	10,817	-	32	6	86	-
Solomei A.I.	-	-	195	-	8	-	-	125	-	5	-	-
Castello di Solomeo S.a.S.	-	-	212	-	6	-	7	-	-	4	43	-
Brunello Cucinelli Foundation	86	2	6	-	7	-	-	-	-	12	-	-
S.C.R.Oratorio Interreligioso S.S.D. A.r.l.	-	-	-	-	2	-	-	-	-	2	-	-
Clinica di Medicina Rigenerativa di Solomeo S.r.l.	1	-	-	-	13	-	-	-	-	6	-	-
Prime Service Italia S.r.l.	-	-	-	-	2	-	-	-	-	2	-	-
Zephyr S.r.l.	-	-	-	-	1	-	-	-	-	1	-	-
Total related parties	**188**	**13,577**	**9,161**	**10,573**	**420**	**2,052**	**18,411**	**125**	**15,348**	**150**	**5,208**	**900**
Total consolidated financial statements	**1,278,540**	**101,800**	**560,361**	**233,492**	**3,271**	**35,625**	**268,840**	**16,432**	**44,588**	**82,092**	**169,217**	**65,694**
% Proportion	*0.01%*	*13.34%*	*1.63%*	*4.53%*	*12.84%*	*5.76%*	*6.85%*	*0.76%*	*34.42%*	*0.18%*	*3.08%*	*1.37%*

The following table sets out the balances at 31 December 2024 arising from the application of the standard IFRS 16 to related party transactions:

(Euro/000)	**Right of use**	**Liabilities Non-current financial liabilities for leases**	**Liabilities Current financial liabilities for leases**	**Depreciation and amortization**	**Financial expenses**
Foro delle Arti S.r.l.	1,185	968	356	330	39
Total related parties	**1,185**	**968**	**356**	**330**	**39**
Total consolidated financial statements	**611,641**	**572,715**	**106,134**	**153,004**	**67,559**
% Proportion	*0.19%*	*0.17%*	*0.34%*	*0.22%*	*0.06%*

Specifically:

– MO.AR.R. S.n.c.: commercial relationships with MO.AR.R. S.n.c., of which Enzo Cucinelli, brother of Brunello Cucinelli, holds 50% of the share capital, mainly relate to the net value of investments for the furnishing of points of sale and company premises;

– 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 standards 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 Brunello Cucinelli and the Group are both associates;

– 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 Brunello Cucinelli and 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 both CEOs) as well as the balances as at 31 December 2024 relating to the 2022-2024 Stock Grant Plan and the 2024-2026 Stock Grant Plan;

– Foro delle Arti S.r.l.: a company of which Brunello Cucinelli is Chairman and Chief Executive Officer, which holds 50.05% of the Parent Company as at 31 December 2024; the transactions mainly refer to the residual net book value of instrumental buildings acquired during previous financial years and to balances relating to contracts in force between the parties. They also refer to leases of buildings 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 accounting standard IFRS 16;

– Solomei A.I. S.r.l.: the relations with Solomei A.I. S.r.l., with shares held by Arti S.r.l. And the CEOs, refer to the implementation, development and maintenance of Brunello Cucinelli's innovative website based on Artificial Intelligence;

- Castello di Solomeo S.a.S.; company owned by Foro delle Arti S.r.l.and the Chairman Brunello Cucinelli. The relations with the company Castello di Solomeo S.a.s. mainly refer to the supply of high quality oil and wine, which are mainly used for the “artisan events” held by our Group to support the allure of our brand;

- Fondazione Brunello Cucinelli, S.C.R. Oratorio Interreligioso S.S.D. A.r.l., Clinica di Medicina Rigenerativa di Solomeo S.r.l., Prime Service Italia S.r.l. and Zephyr S.r.l.: these are insignificant amounts mainly regarding charge backs for services performed.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2024

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

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 31 December 2024 is equal to a total of €4,715 thousand.
The compensation accruing to the Board of Statutory Auditors of Brunello Cucinelli S.p.A. at 31 December 2024 amounted to €191 thousand.
The table below shows the compensation due to members of the Board of Directors for the year ended 31 December 2024 by Brunello Cucinelli S.p.A. and by direct or indirect subsidiaries:

Board of Directors

(In Euro)		Year ended 31 December 2024								
Full name	**Office held**	**Term of office**	**Expiry**	**Remuneration**	**Fees for participation in committees**	**Non-monetary benefits**	**Bonuses and other incentives**	**Other remuneration**	**Other remuneration received from subsidiaries**	**Overall total**
Brunello Cucinelli	Chairman	01-Jan/ 31-Dec	a)	1,002,800	-	-	-	-	-	**1,002,800**
Riccardo Stefanelli	Director and Chief Executive Officer	01-Jan/ 31-Dec	a)	313,000	-	-	1,300,000	-	-	**1,613,000**
Luca Lisandroni	Director and Chief Executive Officer	01-Jan/ 31-Dec	a)	313,600	-	-	1,300,000	-	-	**1,613,600**
Giovanna Manfredi	Director	01-Jan/ 31-Dec	a)	3,600	-	-	-	-	-	**3,600**
Camilla Cucinelli	Director	01-Jan/ 31-Dec	a)	2,600	-	-	-	-	-	**2,600**
Carolina Cucinelli	Director	01-Jan/ 31-Dec	a)	3,600	-	-	-	-	-	**3,600**
Alessio Piastrelli	Director	27-Apr/ 31-Dec	a)	3,200	-	-				**3,200**
Stefano Domenicali	Independent director	01-Jan/ 31-Dec	a)	54,749	-	-	-	-	-	**54,749**
Andrea Pontremoli	Independent director	01-Jan/ 31-Dec	a)	55,549	-	-	-	-	-	**55,549**
Ramin Arani	Independent director	01-Jan/ 31-Dec	a)	55,549	12,000	-	-	-	-	**67,549**
Maria Cecilia La Manna	Independent director	01-Jan/ 31-Dec	a)	54,949	24,000	-	-	-	-	**78,949**
Emanuela Bonadiman	Independent director	01-Jan/ 13-June		22,982	13,599	-	-	-	-	**36,581**
Guido Barilla	Independent director	01-Jan/ 31-Dec	a)	55,149	-	-	-	-	-	**55,149**
Chiara Dorigotti	Independent director	01-Jan/ 31-Dec	a)	55,549	27,000	-	-	-	-	**82,549**
Katia Riva	Independent director	11-July/ 31-Dec	a)	30,607	11,283	-	-	-	-	**41,890**

a) with the approval of the 2025 financial statements.
Note that the amounts stated above do not include salaries received as employee income.

The table below summarises the remuneration paid to the members of the Board of Statutory Auditors for the year ended 31 December 2024.

Board of Statutory Auditors

(In Euro)		Year ended 31 December 2024			
Full name	**Office held**	**Term of office**	**Expiry**	**Remuneration**	**Overall total**
Paolo Prandi	Chairperson	01-Jan/31-Dec	a)	75,000	**75,000**
Anna Maria Fellegara	Standing Auditor	01-Jan/31-Dec	a)	58,000	**58,000**
Dante Valobra	Standing Auditor	01-Jan/31-Dec	a)	58,000	**58,000**

a) with the approval of the 2025 financial statements.

DISCLOSURE PURSUANT TO ARTICLE 149-DUODECIES OF THE ISSUERS' REGULATION

Type of service *(Euro/000)*	**Service provided by**	**Recipient**	**Total Fees 2024**
Audit	Auditor of the Parent Company	Parent company	438
Other services	Auditor of the Parent Company	Parent company	92
Subtotal			**530**
Audit	i) Network of the Parent Company auditor	Subsidiary	51
	ii) Other auditors	Subsidiary	187
Subtotal			**238**
Total			**768**

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, 13 March 2025

Luca Lisandroni
Chief Executive Officer
Markets Area

Brunello Cucinelli
Chairman of the Board of
Directors

Riccardo Stefanelli
Chief Executive Officer
Product and Operations Area

CERTIFICATION AS PER ART. 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 AS AMENDED

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 Financial Reporting Officer of Brunello Cucinelli S.p.A., hereby certify, taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:
   - their adequacy with respect to the company and
   - the effective application of the administrative and accounting procedures for the preparation of the annual consolidated financial statements in the period between 1 January 2024 to 31 December 2024.
2) No significant aspects arose from applying the administrative and accounting procedures for the preparation of the annual consolidated financial statements as at 31 December 2024.
3) We also certify that:

   3.1 The annual consolidated 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 Report on Operations of the Board of Directors includes a fair review of the development and performance of operations and of the position of the issuer and of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they are exposed to.

Solomeo, 13 March 2025

Luca Lisandroni	**Riccardo Stefanelli**	**Dario Pipitone**
Chief Executive Officer Markets Area	Chief Executive Officer Product and Operations Area	Financial Reporting Officer

CERTIFICATION OF THE CONSOLIDATED SUSTAINABILITY REPORT

The undersigned Luca Lisandroni, as Chief Executive Officer of the Markets Area, as Chief Executive Officer of the Product and Operations Area and Dario Pipitone, as the Financial Reporting Office of Brunello Cucinelli S.p.A. hereby certify, pursuant to art.154-*bis*, para. 5-*ter*, of Italian Leg. Decree 24 February 1998, no.58, that the Consolidated Sustainability report included in the Report on Operations of the Board of Directors was prepared:

– in compliance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and Legislative Decree 6 September 2024, no.125;
– with the specifications adopted pursuant to article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020.

Solomeo, 13 March 2025

Luca Lisandroni
Chief Executive Officer
Markets Area

Riccardo Stefanelli
Chief Executive Officer
Product and Operations Area

Dario Pipitone
Financial Reporting
Officer

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO.39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) NO. 537/2014

BRUNELLO CUCINELLI SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2024

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Independent auditor’s report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Brunello Cucinelli SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Brunello Cucinelli group (the Group), which comprise the consolidated statement of financial position as of 31 December 2024, the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Brunello Cucinelli SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Recognition and measurement of right-of-use assets *Note 1. "Right of use" to the consolidated financial statements*	
As of 31 December 2024 right-of-use assets and the related financial liabilities, recognised in accordance with IFRS 16 "Leases", totalled Euro 611,641 million and Euro 678,849 million, respectively, and relate mainly to leases for the Group's boutiques and showrooms. Amortisation and financial charges of the period related to those items totalled Euro 107,566 million and Euro 20,277 million, respectively. In connection with lease liabilities IFRS 16 provides, with limited exceptions, for the recognition of rights of use as non-current assets, with a corresponding entry under financial liabilities that reflects the present value of future lease payments. A right-of-use asset is amortised in the income statement over the term of the lease agreement. The financial liability is repaid, together with the financial charges, through the lease payments. Furthermore, in accordance with IAS 36 "Impairment of assets", with reference to the financial statements as of 31 December 2024, management determined that no indicators of potential impairment of the right-of-use assets were present, based on the impairment testing procedure approved by the Board of Directors. The recognition and measurement of right-of-use assets was a key audit matter in consideration of the complexity of the item, due to the large number of lease agreements and the diverse contractual clauses in place, which require a high degree of judgement in developing the assumptions underlying their recognition.	We obtained an understanding of internal control over the recognition of lease contracts and we validated the controls considered relevant. We understood and evaluated the reasonableness of the accounting policies and assumptions used by management in the recognition of lease contracts in accordance with IFRS 16. We performed tests of details, on a sample basis, of the clauses of lease contracts and of the key assumptions, with particular reference to the definition of the term of the lease and the effect of any extension options, used by management for the recognition and measurement of the financial statement items, through an analysis of the supporting evidence. With the support of valuation modelling experts from the PwC network we performed an independent estimation of the discount rates used by management to determine the financial liabilities related to lease contracts entered into during the year. Moreover, we understood and evaluated the procedure adopted by management as of 31 December 2024 to identify indicators of impairment of right-of-use assets. Finally, we evaluated the completeness and adequacy of disclosures provided in the consolidated financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Brunello Cucinelli SpA or to cease operations, or have no realistic alternative but to do so. The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 19 April 2021, , the shareholders of Brunello Cucinelli SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2021 to 31 December 2029.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Brunello Cucinelli SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/2010 [and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Brunello Cucinelli SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Brunello Cucinelli group as of 31 December 2024as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the consolidated sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998 are consistent with the consolidated financial statements of the Brunello Cucinelli group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Pescara, 4 April 2025

PricewaterhouseCoopers SpA

Signed by

Stefano Amicone
(Partner)

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

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY REPORT

BRUNELLO CUCINELLI SPA

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Independent auditor's limited assurance report on the consolidated sustainability report

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Brunello Cucinelli SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability report of the Brunello Cucinelli group (hereinafter also the "Group") for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the Brunello Cucinelli group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (European Sustainability Reporting Standards, hereinafter also the "ESRS");
- the information set out in the section titled "The European taxonomy" of the consolidated sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the Auditor's Responsibilities for the Limited Assurance Conclusion on the Consolidated Sustainability Report section of this report.

We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or

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procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matters – Comparative Information

The consolidated sustainability report for the year ended 31 December 2024 contains, in the specific section titled "The European Taxonomy", the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subjected to any assurance procedures.

Responsibilities of the directors and the board of statutory auditors of Brunello Cucinelli SpA for the consolidated sustainability report

The directors are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability report in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the section titled "IRO-1 Description of the processes for identifying and evaluating the material impacts, risks and opportunities" of the consolidated sustainability report.

The directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in the section titled "The European Taxonomy".

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability report in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the consolidated sustainability report

For the purpose of reporting forward-looking information in accordance with the ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability report, about future events and possible future actions by the Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

The disclosure provided by the Company about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Directing, supervising and performing a limited assurance engagement on the consolidated sustainability report and assuming full responsibility for the conclusion on the consolidated sustainability report.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of Brunello Cucinelli SpA responsible for the preparation of the information presented in the consolidated sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- We understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;

- We understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability report;
- We understood the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- We identified the disclosures where a material misstatement is likely to arise;
- We defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- We understood the process implemented by the Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability report;
- We reconciled the information reported in the consolidated sustainability report with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- We verified the structure and presentation of disclosures included in the consolidated sustainability report in accordance with the ESRS;
- We obtained management's representation letter.

Pescara, 4 April 2025

PricewaterhouseCoopers SpA

Signed by

Stefano Amicone
(Partner)

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