



# BRUNELLO CUCINELLI

**BRUNELLO CUCINELLI S.P.A.**

**Registered office: 5, Viale Parco dell'Industria, Solomeo, Corciano (PG), Italy**

**Fully paid-up share capital: Euro 13,600,000**

**Tax Code, VAT code and registration number with the Register of Companies of**

**Umbria 01886120540**

**R.E.A. no. 165936**

**REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL CONCERNING THE SIXTH ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF BRUNELLO CUCINELLI S.P.A. CONVENED, IN A SINGLE CALL, FOR 29 APRIL 2025.**

*Item No. 6 on the agenda - Authorisation to purchase and dispose of treasury shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code, article 132 of the Italian Legislative Decree No. 58 of February 24, 1998 and article 144-bis of the Consob regulation adopted by resolution No. 11971 of May 14, 1999, after revocation, for the portion not implemented, of the resolution on the authorization approved by the Shareholders' Meeting on April 23, 2024. Resolutions pertaining thereto and resulting therefrom.*

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

Dear Shareholders,

We hereby submit for your approval the proposal to authorize the purchase and disposal of ordinary shares of Brunello Cucinelli S.p.A. (the "**Company**" or "**Brunello Cucinelli**"), pursuant to the combined provisions of (i) articles 2357 and 2357-ter of the Italian Civil Code; (ii) article 132 of Legislative Decree no. 58 of 24 February 1998, as subsequently amended (the "**TUF**"); (iii) article 144-bis of the Consob regulation adopted with resolution no. 11971 of 14 May 1999, as subsequently amended (the "**Issuers' Regulation**"), without prejudice to the application of Regulation (EU) No. 596 of 16 April 2014 on market abuse (the "**MAR Regulation**"), Delegated Regulation (EU) No. 1052 of 8 March 2016, on the conditions applicable to share buybacks and stabilization measures (the "**Delegated Regulation**"), as well as the market practices from time to time permitted under the MAR Regulation (the "**Permitted Practices**"), approved by the *Commissione Nazionale per le Società e la Borsa* ("**Consob**").

Please be advised that, by resolution adopted on 23 April 2024, the Company's Shareholders' Meeting authorized the Board of Directors to purchase and dispose of the Company's ordinary shares in order to implement the incentive plan based on financial instruments pursuant to Article 114-bis of TUF, referred to, respectively, as the "2022-2024 Stock Grant Plan" (the "**2022-2024 Stock Grant Plan**"), approved by the Shareholders' Meeting on April 27, 2022, and the "2024-2026 Stock Grant Plan" (the "**2024-2026 Stock Grant Plan**" and, together with the 2022-2024 Stock Grant Plan, the "**Plans**"), approved by the Shareholders' Meeting on April 23, 2024. The authorization to purchase was granted for a duration of 18 months from the date of the resolution and, therefore, will expire in October 2025, while the authorization to dispose had been granted without time limits.

As disclosed to the public through a press release issued on December 11, 2024, implementing the Shareholders' resolution adopted on April 23, 2024 and the resolution of the Board of Directors adopted on December 11, 2024, the Company has granted a mandate to an authorized intermediary to initiate, on December 12, 2024, the program for the purchase of treasury shares on behalf of the Company, in full independence, in compliance with applicable regulations and the dictates of the aforementioned Shareholders' resolution (the "**Programme**").

In execution of the Programme and in connection with the 2022-2024 Stock Grant Plan, the Company purchased 50,000 of its own shares, equal to 0.0735% of the total 68,000,000 issued shares, out of the maximum amount of 275,000 shares envisaged under the aforementioned plan. Furthermore, for the purpose of implementing the 2022-2024 Stock Grant Plan, please

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

note that as the date hereof, and in any event prior to the Shareholders' Meeting convened for 29 April 2025, the Company intends to purchase additional 73,500 Company's ordinary shares<sup>(1)</sup>.

In light of the foregoing, it is proposed to submit to the Shareholders' Meeting approval a new authorization to be granted to the Board of Directors for the purchase and disposal of the Company's ordinary treasury shares in the terms described in this report (the "**Report**"), subject to the revocation of the authorization currently in place for the portion not implemented.

The Report, drawn up pursuant to Article 125-ter of the TUF and Article 73 of the Issuers' Regulation and in compliance with Annex 3A - Schedule 4 to the Issuers' Regulation, describes the purposes, terms and methods of this proposal. The Report is made available to the public, in accordance with the law and regulations, at the Company's registered office, on the Company's website at the following address <https://investor.brunellocucinelli.com/en/governance/shareholders-meetings>, as well as in the other ways provided for by current legislation.

## **1. Reasons underlying the request to the authorisation to purchase and dispose of treasury shares.**

The request for authorisation to purchase and dispose of treasury shares, which is the subject of this proposal, is aimed at allowing the Company to purchase and dispose of Brunello Cucinelli ordinary shares, in compliance with the procedures prescribed by current European and national legislation, in order to use them to serve the 2024-2026 Stock Grant Plan. The 2024-2026 Stock Grant Plan is based on the free assignment of Brunello Cucinelli ordinary shares to the Company's Chief Executive Officers and other beneficiaries who have been identified by the Board of Directors from among the employees and/or directors of the subsidiaries with strategically relevant roles and capable of making a significant contribution in terms of business development and, in general, of pursuing the strategic objectives of the Brunello Cucinelli Group.

For further information on the 2024-2026 Stock Grant Plan, please refer to the report on the remuneration policy and compensation paid for the year 2024 drawn up pursuant to art. 123-ter of the TUF and art. 84-quarter of the Issuers' Regulation (the "**Remuneration Policy**") and

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<sup>(1)</sup> The shares held by the Company at the date of this Report and those that the Company plans to purchase are intended to be granted under the 2022-2024 Stock Grant Plan.

the information documents drawn up pursuant to Article 84-*bis* of the Issuers' Regulation and in compliance with Schedule no. 7 of Annex 3A of the Issuers' Regulation (the "**Information Documents**") made available to the public within the terms and in the manner prescribed by current legislation and available on the Company's website.

The request for authorization further grants the Board of Directors the right to conduct repeated and subsequent transactions involving the purchase and sale (or other disposals) of treasury shares, including on a revolving basis, also in amounts representing fractions of the maximum authorized quantity. In doing so, the Company shall ensure that, at any given time, the total number of shares subject to the proposed purchase and held by the Company and, where applicable, by its subsidiaries, collectively, does not exceed the limits established by law or by the authorization of the Shareholders' Meeting. In any event, such purchases shall be carried out in compliance with the applicable provisions of the Issuers' Regulation, the MAR Regulation, the Delegated Regulation, and, where relevant, any Accepted Practices.

**2. Maximum number, type and nominal value of the shares to which the authorization relates.**

At the date of this Report, the subscribed and paid-up share capital of the Company amounts to Euro 13,600,000 and is divided into 68,000,000 ordinary shares, with no indication of par value. It is proposed that the Shareholders' Meeting authorizes the purchase of treasury shares, in one or more *tranches*, even for fractions of the maximum authorized quantity, up to a maximum number of 200,000 Brunello Cucinelli ordinary shares without nominal value, representing approximately 0.29% of the Company's share capital.

Pursuant to the authorization requested, the Board of Directors may therefore proceed with the purchase of treasury shares in compliance with the laws and regulations in force from time to time as well as with the provisions of this Report and in compliance with any limitations set forth in the contracts to which the Company is a party.

Having clarified the foregoing, it should be noted that, as of the date of this Report, the Company holds 50,000 treasury shares in its portfolio, representing approximately 0.07% of its share capital, and that none of its subsidiaries hold Brunello Cucinelli shares. Furthermore, by virtue of the mandate granted by the Company to an authorised intermediary, prior to the date of the Shareholders' Meeting convened for 29 April 2025, the Company intends to purchase additional 73,500 Brunello Cucinelli ordinary shares, in execution of the Shareholders' resolution adopted on April 23, 2024 and the Board of Directors' resolution adopted on

December 11, 2024.

**3. Useful information for the purpose of a full assessment of compliance with the provision of Article 2357, paragraph 1, of the Italian Civil Code.**

Pursuant to art. 2357, paragraph 1, of the Italian Civil Code, purchases of treasury shares must in any case be made within the limits of the distributable profits, net of any allocation to the legal reserve, and available reserves, including the reserve share premium reserve, resulting from the last approved financial statements at the time of carrying out each transaction. Furthermore, only fully paid-up shares may be purchased. The table below shows the available reserves resulting from the Company's draft financial statements for the fiscal year ended on December 31<sup>st</sup>, 2024, submitted for approval to this Shareholders' Meeting:

*(in thousands of euros)*

<b>Net assets</b>	<b>Value as at 31.12.24</b>	<b>Possible uses</b>	<b>Amount available</b>	<b>Utilisation in the previous three financial years</b>
Share Capital	13,600			
<b><i>Capital Reserves</i></b>				
Share premium reserve	57,915	A-B	57,915	
Revaluation Reserve L.185/08	3,060	A-B	3,060	
<b><i>Earnings Reserves</i></b>				
Legal Reserve	2,720	B		
Extraordinary Reserve	359,178	A-B-C	358,877	
Merger Surplus Reserve	943	A-B-C	943	
IAS/IFRS Adoption Reserve	(744)			
Cash Flow Hedge Reserve	(8,145)			
Staff Severance Actualisation Reserve	(450)			
Stock grant reserve	16,062			
Reserve for own shares	(5,279)			
Result for the year	118,504			
<b>Total</b>	<b>557,364</b>			
A - for capital increase				
B - to cover losses				
C - for distribution to shareholders				

Pursuant to Article 2357, paragraph 3, of the Italian Civil Code, under no circumstance may the nominal value of the shares purchased exceed 20% of the Company's share capital. The aforementioned limit refers to all treasury shares held by the Company, including purchases made in execution of previous resolutions and including the Company's shares held by its

subsidiaries.

It should be noted that the authorization in question allows for the purchase of 200,000 ordinary shares, representing approximately 0.29% of the Company's share capital, and that, as previously stated, as of the date of this Report, the Company holds 50,000 treasury shares (and that none of the Company's subsidiaries hold Brunello Cucinelli shares).

It should also be noted that the Board of Directors will be required to verify the compliance with the limits established by Article 2357 of the Italian Civil Code, prior to the commencement of each purchase of ordinary shares for the purposes indicated in Paragraph 1 above. In order to carry out such verifications on the subsidiaries, specific directives will be issued to the latter to promptly notify the Company of any purchase of ordinary shares of the parent company made pursuant to Article 2359-bis of the Italian Civil Code.

The provisions of law and the accounting principles applicable from time to time shall be observed for the purposes of the accounting entries to be made when shares are purchased, sold, exchanged, contributed or written down. In the event of a sale, exchange, contribution or write-down, the corresponding amount may be reused for further purchases, until the expiry of the term of the authorization approved by the Shareholders' Meeting, within the conditions, quantity and expense limits set by the Shareholders' Meeting.

#### **4. Duration for which authorization is required.**

The authorization to purchase treasury shares, subject to the revocation of the previous authorization for the portion not implemented, is requested for the maximum duration allowed by law, pursuant to Article 2357, paragraph 2, of the Italian Civil Code, equal to 18 (eighteen) months, starting from the date of any resolution approving this proposal by the Shareholders' Meeting. Within the term of any authorization that may be granted, the Board of Directors may purchase treasury shares, in one or more tranches, even for fractions of the maximum amount authorized, and at any time, in an amount and at times freely determined, in compliance with applicable regulations, with the priorities deemed appropriate in the interest of the Company. Authorization to dispose of the treasury shares that may be purchased is instead requested without time limits, due to the absence of time limits under current provisions and the advisability of allowing the Board of Directors to avail itself of maximum flexibility, also in terms of time, to carry out the acts of disposition of the shares.

#### **5. Minimum and maximum consideration for treasury shares, as well as the market valuations on the basis of which these will be determined.**

The Board of Directors proposes that the purchase price of each share be identified on a case-

by-case basis, having regard to the method chosen to carry out the transaction and in compliance with the legal and regulatory requirements as well as the additional requirements set forth in the MAR and the Delegated Regulation and, where applicable, the Permitted Practices. In any case, the Board of Directors proposes that purchases must be made at a price that is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer present on the trading venue where the purchase is to be made, it being understood that the aforesaid price may in no case be lower in the minimum and higher in the maximum by 10% than the reference price that the Brunello Cucinelli share recorded in the session on the day prior to each individual transaction.

The Board of Directors proposes to be authorized to dispose of, pursuant to Article 2357-ter of the Italian Civil Code, at any time, in whole or in part, in one or more tranches, the treasury shares purchased in implementation of the authorization granted by the Shareholders' Meeting, for the sole purpose indicated in Paragraph 1 above and without prejudice to the provisions of Article 2357-ter, paragraph 2, of the Italian Civil Code, in accordance with the procedures, terms and conditions determined from time to time by the Board of Directors, having regard to the actual implementation methods used, the price trend of Brunello Cucinelli shares and the best interests of the Company. It is understood that the proceeds of any act of disposal of treasury shares may be used for further purchases of treasury shares, until the expiry of the requested authorization by the Shareholders' Meeting, within the limits provided for by this and by the regulations in force. It should be noted that the treasury shares serving the Plans will be assigned free of charge to the beneficiaries of the aforementioned Plans in the manner and within the terms indicated in the Remuneration Policy and in the Information Documents.

#### **6. Modalities through which purchases and acts of disposition will be made.**

Purchase transactions of treasury shares will be carried out on regulated markets, according to the operating procedures set forth in the organization and management regulations of the markets themselves, in compliance with applicable laws and regulations and, in particular, with Article 132 of the TUF - with particular reference to the principle of equal treatment of shareholders - Article 144-bis of the Issuers' Regulation, the European and national regulations on market abuse pro-tempore in force and the MAR Regulation, the Delegated Regulation and, where applicable, the Permitted Practices.

With reference to the disposal of treasury shares, the Board of Directors proposes that they can be carried out in any manner deemed appropriate in the interest of the Company, in compliance with the provisions of the law and regulations pro-tempore in force and for the pursuit of the purposes referred to in Paragraph 1 above.

Lastly, it should be noted that pursuant to the exemption set forth in Article 132, paragraph 3, of the TUF, the above operating procedures do not apply in the event of the purchase of treasury shares held by employees of the Company, its subsidiaries or its parent company and assigned or subscribed to pursuant to Articles 2349 and 2441, paragraph 8, of the Italian Civil Code, or resulting from compensation plans approved pursuant to Article 114-bis of the TUF.

#### **7. Information on the instrumentality of the purchase for capital reduction.**

This request for authorization to purchase treasury shares is not instrumental to the reduction of the share capital through the cancellation the treasury shares purchased, without prejudice to the Company's right, should the Shareholders' Meeting resolve in the future to reduce the share capital, to execute it also through the cancellation of the treasury shares held in portfolio and the consequent proportional reduction of the share capital represented by such shares.

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#### **Proposed resolution:**

Dear Shareholders,

If you agree with our proposal, we invite you to adopt the following resolution:

*" The Ordinary Shareholders' Meeting of Brunello Cucinelli S.p.A.:*

- *having examined and discussed the illustrative report drawn up by the Board of Directors pursuant to Article 125-ter of the TUF, as well as Article 73 of the Issuers' Regulation and in accordance with Annex 3A - Scheme no. 4 of the same Issuers' Regulation;*
- *having acknowledged that, pursuant to the resolution authorising the purchase of treasury shares adopted by the Shareholders' Meeting on April 23, 2024, the Company has acquired 50,000 ordinary shares, out of the maximum number of 380,000 shares contemplated under the aforementioned Plans;*
- *having acknowledged that, as of the date of this Report the Company hold a number of 50,000 treasury shares and none of its subsidiaries holds ordinary shares of Brunello Cucinelli<sup>(2)</sup>;*
- *having acknowledged Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of the TUF, Article 144-bis of the Issuers' Regulation, the relevant provisions of the MAR Regulation and Delegated Regulation no. 1052/2016, as well as*

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<sup>(2)</sup> This information, updated as of the date of the Board of Directors' meeting on March 13, 2025, will be further updated at the date of the Shareholders' Meeting.



*the practices admitted from time to time by Consob;*

- *having regard to the financial statements for the year ended on December 31<sup>st</sup>, 2024, approved by today's Shareholders' Meeting;*
- *having acknowledged the total amount of available reserves resulting from the financial statements of Brunello Cucinelli S.p.A. as at December 31<sup>st</sup>, 2024, approved today;*
- *having noted the opportunity to give an authorization for the purchase and disposal of treasury shares for the purposes and in the manner described in the Report;*
- *having acknowledged the draft resolutions submitted to it;*

### **resolves**

- *to revoke the previous resolution authorizing the purchase of Brunello Cucinelli S.p.A. ordinary shares adopted by the Shareholders' Meeting on April 23, 2024, for the portion not implemented;*
- *to authorize, pursuant to Article 2357 of the Italian Civil Code, the Board of Directors to purchase, in one or more tranches, even for fractions of the maximum quantity authorized, a maximum number of 200,000 ordinary shares of Brunello Cucinelli, in order to achieve the purposes set out in the Report, under the following terms and conditions:*
  - i. *the shares may be purchased for a period equal to 18 (eighteen) months from the date of this resolution, it being understood that the shares may be sold or otherwise disposed at any time without time limits;*
  - ii. *the purchases will be made in accordance with the provisions of Article 132 of the TUF, Article 144-bis of the Issuers' Regulation, the MAR Regulation and Delegated Regulation no. 1052/2016, as well as, where applicable, with the market practices permitted by Consob and, in any case, in any other modality allowed by the relevant laws and regulations in force from time to time;*
  - iii. *the purchase price of each share shall be identified on a case-by-case basis, having regard to the method chosen to carry out the transaction and in compliance with legal and regulatory requirements and, where applicable, accepted market practices in any case so that the consideration is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer present on the trading venue where the purchase is to be made, it being understood that the aforesaid price may in no case be lower in the minimum and higher in the maximum by 10% than the reference price that the Brunello Cucinelli share recorded in the session on the day prior to each individual transaction;*
- *to authorize, pursuant to Article 2357-ter of the Italian Civil Code, the Board of Directors to carry out acts of disposal, at any time, without time limits, in whole or in part, on one or more occasions of treasury shares purchased pursuant to this authorization, in order to use them for the purposes set out in the Report;*
- *to grant the Chairman of the Board of Directors the broadest powers necessary or appropriate to execute transactions for the purchase of treasury shares and acts of disposition of the shares in portfolio, also through successive transactions and, in any*

*event, to implement the aforesaid resolutions, also through special representatives, legal representatives of the Company and/or specialized intermediaries, complying with any requests by the competent Authorities as well as making the relative notifications required by the applicable laws and regulations in force at the time".*

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Solomeo, March 13<sup>th</sup>, 2025

For the Board of Directors

**The Chairman**

Cav. Lav. Brunello Cucinelli