



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 PROPOSALS CONCERNING THE
FOURTH ITEM ON THE AGENDA OF THE ORDINARY AND EXTRAORDINARY
SHAREHOLDERS' MEETING OF BRUNELLO CUCINELLI S.P.A. CONVENED, IN A SINGLE
CALL, FOR 27 APRIL 2023.**

Item no. 4 on the Agenda - Authorization to purchase and disposal of treasury shares pursuant to articles 2357 and 2357-ter of the Italian Civil Code for the purposes of the "2022-2024 Stock Grant Plan" based on the allocation of Brunello Cucinelli S.p.A. ordinary shares, after revocation, for the portion not implemented, of the resolution on the authorization approved by the ordinary Shareholders' Meeting on April 27th, 2022.

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Dear Shareholders,

We submit for your approval the proposal to authorise 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**"), subject 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 stabilisation measures (the "**Delegated Regulation**"), as well as the market practices from time to time permitted (the "**Permitted Practices**"), approved by the Commissione Nazionale per le Società e la Borsa ("**Consob**").

Please note that with a resolution adopted on April 27th, 2022, the Ordinary Shareholders' Meeting had authorised the purchase and disposal of Brunello Cucinelli S.p.A. ordinary shares by the Board of Directors. The authorisation to purchase was granted for a duration of 18 months from the date of the resolution and, therefore, will expire in October 2023, while the authorisation to dispose had been granted without time limits.

Following the partial execution of the resolution, at the date hereof the Company holds nos. 47,250 treasury shares, equal to 0.0695% of the share capital.

It is therefore proposed to submit to the Shareholders' Meeting's approval a new authorisation to the Board of Directors to purchase and dispose of the Company's ordinary treasury shares in the terms described in this Report, subject to the revocation of the authorisation in force for the portion not implemented.

This report (the "**Report**"), drawn up pursuant to Article 125-*ter* of the TUF as well as Article 73 of the Issuers' Regulation and in compliance with Annex 3A – Scheme no. 4 to the same Issuers' Regulation, describes the purposes, terms and methods of this proposal. The Report is made available to the public, within the terms of the law and regulations, at the Company's registered office, on the Company's website at <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>, as well as with the other modalities provided for by the applicable regulations.

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

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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 the applicable European and national regulations, in order to use them for the purposes of the compensation plan based on financial instruments pursuant to article 114-*bis* of the TUF, the “*Stock Grant Plan 2022-2024*” (the “**Plan**”) approved by the Shareholders’ Meeting on April 27th, 2022.

The Plan is based on the free assignment of Brunello Cucinelli ordinary shares to the Company’s managing directors and to additional beneficiaries who have been identified by the Board of Directors from among the employees and/or directors of the subsidiaries with strategically important 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 Plan, please refer to the illustrative report prepared by the Board of Directors of the Company at the time of the Shareholders’ Meeting held on April 27th, 2022 pursuant to Articles 114-*bis* and 125-*ter* of the TUF (the “**Stock Grant Plan Report**”) and to the information document drawn up pursuant to Article 84-*bis* of the Issuers’ Regulations and in compliance with Scheme no. 7 of Schedule 3A of the Issuers’ Regulation (the “**Information Document**”) attached to the Stock Grant Plan Report, available to the public within the terms and in the manner prescribed by applicable laws and regulations available on the Company’s website at <http://investor.brunellocucinelli.com/en/governance/shareholders-meetings>.

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

At the date of this Report, the subscribed and paid-up share capital of the Company amounts to EUR 13,600,000 and is divided into no. 68,000,000 ordinary shares, with no indication of par value.

It is proposed that the Shareholders’ Meeting authorises the purchase of treasury shares, in one or more tranches, also for fractions of the maximum quantity so authorised, up to a maximum number, on a revolving basis (meaning the maximum number of treasury shares that the Company may hold from time to time in its portfolio) which, taking into account the Brunello Cucinelli shares held from time to time in the portfolio by the Company and its subsidiaries, is not more than no. 275,000 shares (equal to 0.433% of the Company’s share capital), or the different number representing 0.433% of the Company’s share capital.

It should be noted that, as of the date of this Report, the Company holds no. 47,250 treasury shares, equal to 0.0695% of the share capital, purchased in implementation of the previous

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authorisation resolution adopted by the Shareholders' Meeting of April 27th, 2022 (the revocation of which is proposed with this Report for the portion not implemented), and that none of the Company's subsidiaries hold Brunello Cucinelli shares.

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 Article 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 and available reserves resulting from the last approved financial statements at the time of each transaction. Furthermore, only fully paid-up shares may be purchased. The table below shows the available reserves resulting from the draft financial statements for the financial year ended on December 31st, 2022 of the Company, submitted to this Shareholders' Meeting for approval:

(in thousands of EUR)

Net assets	Value as at 31.12.22	Possible uses	Amount available	Utilisation in the previous three financial years
Share Capital	13,600			
Capital Reserves				
Share premium reserve	57,915	A-B	57,915	
Revaluation Reserve L.185/08	3,060	A-B	3,060	
Earnings Reserves				
Legal Reserve	2,720	B		
Extraordinary Reserve	265,368	A-B-C	265,368	
Merger Surplus Reserve	943	A-B-C	943	
IAS/IFRS Adoption Reserve	(744)	B		
Cash Flow Hedge Reserve	7,014	B		
Staff Severance Actualisation Reserve	(565)			
Stock grant reserve	5,523			
Result for the year	99,840			
Total	454,674			
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 purchased shares exceed 20% of the Company's share capital. The

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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.

As stated above, it should be noted that, as of the date of this Report, the Company holds no. 47,250 treasury shares equal to 0.0695% of the share capital, which are accounted for as a reduction of the available reserves recorded in the Company's shareholders' equity, and no subsidiary of the Company holds shares in Brunello Cucinelli S.p.A.

These shares may be disposed of in the same manner as the other treasury shares that will be purchased by the Company pursuant to this authorisation proposal.

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 allow checks 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 authorisation approved by the Shareholders' Meeting, within the conditions, quantity and expense limits set by the Shareholders' Meeting.

4. Duration for which authorisation is required.

The authorisation to purchase treasury shares, subject to the revocation of the previous authorisation 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 authorisation that may be granted, the Board of Directors may purchase treasury shares, in one or more tranches, even for fractions of the maximum amount authorised, 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.

Authorisation 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

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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 authorised to dispose, pursuant to Article 2357-ter of the Italian Civil Code, at any time, in whole or in part, on one or more occasions, of the treasury shares purchased in implementation of the authorisation that may be granted by the Shareholders' Meeting, for the sole purpose indicated in paragraph 1 above (*i.e.*, for the purposes of the Plan). The shares servicing the Plan shall be assigned free of charge to the beneficiaries of the aforesaid Plan in the manner and under the terms indicated in the Stock Grant Plan Report and the Information Document, as well as in the Plan regulation approved by the Board of Directors on April 13th, 2022.

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 organisation 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 transactions for the disposal of treasury shares, they will be assigned free of charge to the beneficiaries of the Plan in the manner and under the terms indicated in the Stock Grant Plan Report and Information Document, as well as in the Plan regulations approved

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by the Board of Directors on April 13th, 2022.

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 whether the purchase is to be made for capital reduction.

This request for authorisation to purchase treasury shares is not aimed at implementing a reduction of the share capital of the Company.

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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 Issuers' Regulation;*
- *having acknowledged that, as of the date of this Report, the Company holds no. 47,250 treasury shares in its portfolio, acquired in execution of the previous authorisation granted by the Shareholders' Meeting on April 27th, 2022 and none of the companies controlled by the latter holds Brunello Cucinelli S.p.A.'s ordinary shares;*
- *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 the practices admitted from time to time by Consob;*
- *having regard to the financial statements for the year ended on December 31st, 2022, which were 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 31st, 2022, approved today;*
- *based on the draft resolutions submitted to it;*

resolves

- *to revoke the previous resolution to authorise the purchase of Brunello Cucinelli S.p.A.*

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ordinary shares adopted by the Shareholders' Meeting on April 27th, 2022, for the portion not implemented;

- *to authorise, pursuant to Article 2357 of the Italian Civil Code, the Board of Directors to purchase, in one or more tranches, also for fractions of the maximum quantity authorised, on a revolving basis (meaning the maximum quantity of treasury shares that the Company may hold from time to time in its portfolio) a maximum number of no. 275,000 ordinary shares of Brunello Cucinelli S.p.A. (equal to 0.433% of the Company's share capital), or the different number representing 0.433% of the Company's share capital, also taking into account the shares already owned by the Company and those that may be owned from time to time by the Company's subsidiaries, and in any case in compliance with the limits set forth by law, in order to use them for the purposes of the compensation plan based on financial instruments pursuant to Article 114-bis of the TUF called "Stock Grant Plan 2022-2024", approved by the Shareholders' Meeting on April 27th, 2022, under the following terms and conditions:*
 - i. *the shares may be purchased for a period of eighteen months from the date of this resolution;*
 - 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;*
 - 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 authorise, 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 authorisation in order to use them for the purposes of the compensation plan based on financial instruments pursuant to Article 114-bis of the TUF called the "2022-2024 Stock Grant Plan" approved by the Shareholders' Meeting on April 27th, 2022, in accordance with the terms and conditions set forth in the illustrative report prepared by the Company's Board of Directors at the Shareholders' Meeting of April 27th, 2022 pursuant to Articles 114-bis and 125-ter of the TUF, by the Information Document drawn up pursuant to Article 84-bis of the Issuers' Regulation and in accordance with Scheme no. 7 of Annex 3A of the Issuers' Regulation attached to the aforementioned report drawn up at the same Shareholders' Meeting, and by the plan regulations approved by the Board of Directors in relation to the plan approved by the Shareholders' Meeting on April 27th, 2022;*
- *to grant the Chairman of the Board of Directors the broadest powers necessary or*

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appropriate to carry out transactions for the purchase of treasury shares and acts of disposition of the shares in the portfolio, also through successive transactions and, in any event, to implement the aforesaid resolutions, also through special proxies, legal representatives of the Company and/or specialised 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".

* * *

Solomeo, 15 March 2023

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

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