

Brunello Cucinelli S.p.A.

"2025 First Quarter Call"

Wednesday, April 16, 2025, 17:45 CET

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OPERATOR: Good evening and welcome to the presentation of the First Quarter 2025 Revenues of the Fashion House Brunello Cucinelli. The speakers will be will be Brunello Cucinelli, Executive Chairman and Creative Director, Riccardo Stefanelli, CEO, Luca Lisandrone, CEO, Dario Pipitone, CFO, Moreno Ciarapica, Co-CFO Senior and Pietro Arnaboldi, Investor Relations and Corporate Planning Director. In order to receive help from an operator during the conference call, please press "*" followed by "0."

And now, I would like to hand it over to Brunello Cucinelli. The floor is yours.

BRUNELLO CUCINELLI: So, welcome back to analysts, investors, and journalists. So, before we start, we would like to thank our friends from Moncler for postponing their call by 30 minutes. Thank you. Thank you so much.

Now, so this call will be extremely brief, but we do not...we do want to walk you through every single detail. So, if you need any explanation, please do not hesitate to ask. It is the first call of 2025 for this first quarter, which has so far been very, very positive. This morning, our Board of Directors first examined the quarterly figures and then focused entirely on what we refer to "We" I want to say it clearly, we refer to as the battle of tariffs and not the war or tariffs war, because the word for means harshness, whereas a battle is something different. And we also discussed our countermeasures we have put in place. As always, all 10 of us are here to share our thoughts.

So, what about the structure of the call? First of all, I will read out the press release with the quarterly results, then I will speak about the countermeasures we adopted to face what you refer to as the battle of tariffs, and then we will reaffirm our year end forecasts. Then in the second part, we will revisit upcoming projects and the investments, but there has been

no major change. So, we will provide you an update on the ongoing initiatives.

And now let me read out the highlights. Excellent revenues of €341.5 million, marking growth of plus 10.5% at current exchange rates and 10% at constant exchange rates. Revenues by geography, Americas plus 10.3%, Europe plus 10.1%, Asia plus 11.3%, it really seems that we have rounded up or down everything in order to have everything on an equal footing. Then sales by distribution channel, retail plus 11.9%, wholesale plus 8.2%. Strong and consistent growth across all markets with a significant contribution from both channels, reflecting the deep desire of our high end luxury clientele for garments of exquisite craftsmanship, and exclusivity, as we like to repeat.

Then our substantial Investment Plan for 2024-2026 continues as planned for the artisanal production made in Italy, with major progress in the construction of the new factories, as well as the expansion of our Solomeo facility, which will enable us to operate with confidence for the coming decade. So, we have asked all our employees worldwide, as well as our external manufacturers, to consider, to view this as a somewhat special moment for the world at large, and to remain hopeful, focused, courteous, gracious and united until the economy stabilizes once more, understanding that all these challenges are cyclical and are part of human life.

Based on these reflections, we confirm our vision of closing 2025 with revenue growth of around 10% and a healthy, balanced level of profitability. Then on April the 03rd, Brunello Cucinelli was awarded an honorary PhD in Architecture by the University of Campania, "Luigi Vanvitelli", and I'm really thankful for that. Then the British Fashion Council has announced that on 01st December at the Royal Albert Hall in London, I will receive

the prestigious Outstanding Achievement Award. It is the World Oscar Academy Award for fashion.

So, my comment as follows. The first quarter of 2025 concluded with excellent results in both the retail and wholesale channels, and we honestly see great opportunities for our brand in the future. We view this as a special moment for the world. For this reason, we have asked all our employees around the globe and our external manufacturers to remain focused on our work and of being hopeful, respectful, kind, composed and united until the economy finds its balance again. These difficulties, after all, are cyclical and they're part of life itself. We hope that today's conflicts may give way to collaboration between peoples, paving the way for a future rich in generosity and courage. This is our wish. With this in mind, we wish to reconfirm our view of closing 2025 with growth of around 10% and a sound and balanced profitability level.

So, in response to what we call the battle of tariffs, as I was saying before, not the war, we promptly implemented the following measures. And that's the same approach we adopted in 2001 for the Twin Towers, then 2008 for the bank crisis, then during the pandemic, and so on and so forth. We always begin with a reflection by Thomas Moore, who says, "My God, help me accept what I cannot change." That's it. So, in this company, it is forbidden to think about tariffs. So, help me change what I can change. So, we held a company-wide assembly. We usually hold it once every three months, but this was a special edition, so to speak.

We conducted 3 international calls with our store managers and our DSAs divided by geographies. So, one, we held a call with all our 400 external manufacturers with 9,000 employees. So, what did we say to one another? We will not alter any of our projects, but we will increase our level of attentiveness to the highest degree, focusing intensely on what follows. We

do not want to talk or discuss with anyone who has not strictly to do with business. And once the situation is back to normal, then we will start meeting with other people. We need to be focused even more on collections, on visual presentation. That's something we can change. Lifestyle, that's something we can act on. Then in-store staff, they need to be, as we told them, they need to be kind, well-mannered, courteous, gracious, never arrogant, and never pushy. You need...as you know, 85% of our employees' wages are fixed, so that's why they can have more...they can be less pushy, so to speak.

And ultimately, we said that for the first half of the year, the price list in the US is what it is. For the second half, there will be a price increase of 3%, 4% for the second half of the year, as I said. But this will not be an issue because selling a garment for \$2,300 or the very same piece for \$2,400 I don't think that it will really make any striking difference. This is not a problem. But in fashion, we still have an issue because the other brands in general, they have been slightly arrogant. They want customers to queue unless they are VIPs. We...so, what happens is that we want to do exactly the opposite, even more so now. You have to understand who stands before, you have to respect them and offer a sense of tranquility. By nature, even the very wealthy customers may carry concerns for their businesses. And if we can be slightly better, then we can do something definitely better.

So, what did we say to our 400 external manufacturers who employ around 9,000 people? So, we reaffirmed our sense of solidity, the soundness of our company, and to all salespeople in the world, we told them that they will be paid exactly the same. We will not change anything, at least for the coming 2 years, then we will see. So, be focused on your job, but do rely on us. And the same we did say to the 400 external manufacturers who employ around 9,000 people. We told them that we feel sound, robust, steadfast, and we are very elastic and flexible in our production. But we have to be

even more flexible and we have to be even more careful, even more, you might ask, yes, even more, because this is something that might apply for 2, 3, or 4 months. So, we must be even more focused here.

We told them to be ready for restocking or modifications, you know, always ready to change a jacket, a jumper, because this can make the difference. This flexibility that we have always displayed has turned out to become a huge benefit, especially in 2020 during the pandemic. So, this solidity in our exclusively Made in Italy production gives us great peace of mind.

So, we are here in Umbria, but in Italy at large, there is an almost century's old tradition and heritage, and we are deeply committed to upholding this. We have a great many young workers engaged in highly skilled manual and artisanal tasks, so much so that the factories we had initially planned to complete by June 2026 may, in fact, be ready by February 2026. Therefore, you may expect capital investments in 2025 to be around 10%, but in 2026 and 2027, they should be the following, 7.5% in 2026 and 7% for 2027.

And truth be told, as we were saying this morning at the Board Meeting, if we can complete it by December the 31st, this would make us even more confident in the future for production. So, in 2 months' time, we could say to you, you might consider 10.5% investments, and then 7% in 2026 and 7% in 2027 because these facilities, you should know that they will cater for our needs for at least the next decade. Since, you know, we want to always double our revenues in always 6, 7 years, and if 65%...70% of these revenues is made up by the volumes and the rest is price. It means that we can carry on confidently. So we don't want to change any strategy. We are not changing our investments in new artisanal production facilities. We are not changing our retail expansion plans. As you know, we open just 3 or 4 stores every year.

And this is important because we think that we can seize good opportunities. And we are not...we don't want to change anything in terms of the number of family style events that we hold on a yearly basis as we did the other day in Monte Carlo. You see, at first I was not willing to go because I thought maybe it's not a good idea to go and watch the tennis tournament. So, but instead I decided to go because I wanted to speak to the 150 clients, and I went there specifically to speak to them and to tell them speak my mind about how I see the world.

In conclusion, our view of 2025, the first 2 weeks of April have not shown any signs of disruption. But of course, we still do not feel the impact of tariffs have not been applied yet. But again, we always say we stand for Italian luxury, top-notch, high-end luxury and we always rely on very high quality. So basically we are focused on this segment of the clientele.

So basically, we assume that we will have a 10% increase of the turnover in 2025. Margins will also slightly improve and investments will hover between 10% and 10.5%. In 2026, we do expect to have again at least 7%. We will have 2 major events in the second half of the year, which we believe will provide us with a quantum leap forward for our brand in 2026 and 2027.

On December 01st, a Global Fashion Award will be bestowed upon us. And on December the 01st, we will have the premiere of our film in Rome at the Cinecittà. Naturally, in 2026, we'll travel the world to promote the film and thus the brand. So it will involve quite a bit of travel for me, but I've always believed if one does not wish to travel, one should not pursue this profession.

So basically, some final remarks. We feel a strong sense of responsibility towards our local area. We walk the talk, so to speak, and this is the spirit with which we carry out our work. So we would like to seek and embrace

a deeply responsible approach in all the activities that we carry out, including you, of course, our investors. We feel steadfast, sound, and we strive to work with great focus and courage. Please believe in us. And we know that there are great opportunities looming on the horizon for us.