

Brunello Cucinelli S.p.A.

"First Half 2025 Preliminary Revenues Presentation"

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OPERATOR: Good evening and welcome to the Preliminary Revenues Presentation 2025 First Half of Casa di Moda Brunello Cucinelli. The speakers will be Brunello Cucinelli, Executive Chairman and Creative Director, Luca Lisandrone, CEO, Riccardo Stefanelli, CEO, Dario Pipitone, CFO, Moreno Ciarapica, Co-CFO Senior and Pietro Arnaboldi, Investor Relations and Corporate Planning Director. To receive support by an operator during the conference call, please dial "*" followed by "0."

Now, I would like to hand back to...give the floor to Mr. Brunello Cucinelli, please.

BRUNELLO CUCINELLI: Good evening, ladies and gentlemen. Well, here we have 27, 28 degrees of temperature, so we have been going through very hot days and well, you know, it's very hot.

Thank you. Thank you very much to the analysts, journalists, investors. I'm not going to speak too fast because we have a translation, so especially for you, Luca and use that being translated. So, this is a half-year call, which is extremely positive for us, and it's a very positive atmosphere. This morning during the Board Meeting, we talked a lot. So, it was a very beautiful Board Meeting, and we said we talked about what we can change on a daily basis and what we cannot change. So, we are, as usual, in front of you. We are 10 today, so we would like to organize the call as follows. I will read out the first half results then we will give you a forecast for the closing of the current financial years.

And then at this time especially, we would like to pay great attention to the way everyone works, and so I'd like to spend a couple of words on smart working because this has been a topic we discussed extensively during this morning's board session. Then Luca will give you an overview of the luxury business worldwide, but so we will give you our own

perspective, and then Riccardo will update you on the progress of our factories, which will all be completed by November. So, the schedule, the plan that was '24, '25, '26 will end in 2025, and this will provide us with a great chance for the following decade.

Let me now read out the results. I will not go into the details. Excellent revenues equal to €684 million, up 10.2% at current exchange rates and 10.7% at fixed exchange rates, although we always consider the current exchange rates because this is what we have to declare in our financial statements, major increases in all geographical areas, Americas plus 8.7% plus 10% at fixed exchange rates, Europe plus 10% plus 9.6% at fixed exchange rates, Asia plus 12.5% and 13%.

Turnover up in both sales channels, retail plus 10.3%, wholesale plus 10.1%, fully confirming the excellent judgment regarding the content of innovation, creativity, quality, artisanship, and exclusivity of our men's and women's collections. We are about to complete the major investment plan for Made in Italy artisan production 2024-2026, and this plan will be finished 8 months in advance by November, and this project will enable us to work with peace of mind for the next decade.

The results achieved in the first half of the year, together with the outstanding early sales of the fall/winter 2025 connection, strengthen our confidence for the end of the year 2025, with healthy growth in turnover of around 10%, accompanied by fair and balanced profits. You may say we often use these words, fair and balanced, but we like them.

Excellent start to the order intake for the spring/summer 2026 men's collection, presented some days ago at Pitti and in Milan during the Milan Fashion Week, and so together we've managed to organize the best menswear fashion week worldwide, with a particularly positive response

from our managers who manage our stores, multibrand stores that we are very keen on, and the specialist price. From the 15th to the 18th of May, the 3rd Universal Symposium on Soul and Economics was held in Solomeo, 3 days of intense dialogue between science, art, philosophy, and technology, whose participants included some of the most authoritative international experts in technology and human artificial intelligence.

To tell you the truth, I never see them with a mobile phone in their hands, and this surprises me positively, and we reflected on the harmonious relationship between humanism and innovation. At the event, we shared with our friends the developments of the Brunello Cucinelli AI project, considered by many to be a true invention in the global scene. We did not expect that in reality, for this idea of uniting artificial intelligence and human creativity. We will dwell on that afterwards.

Well, at the end of the year that we expect to be prosperous, we will have 2 important events. December will be marked by 2 events, as I said, of profound significance for our Casa di Botta in London on December 1st, Brunello Cucinelli will receive the prestigious Outstanding Achievement Award conferred by the British Fashion Council, the recipients of which over the years have included Ralph Lauren, Miuccia Prada, Giorgio Armani, Karl Lagerfeld. And on the 4th [ph] of December, the world premiere of the documentary film on the life and works of Brunello Cucinelli will take place, led by Director, Giuseppe Tornatore a friend of mine, with music by Oscar winner Nicola Giovanni, and this documentary film is entitled Brunello, the Gracious Visionary, it was not an easy task to find the title, but this is the title of this film.

This is what I wrote. The first half of the year has ended with excellent results. Perhaps we are now reaping the rewards of our philosophy of working and living in harmony with creation, always believing in great

craftsmanship, quality and exclusivity. During a most recent quarterly company meeting held on April 3rd, the day following the announcement of the tariffs, we said to one another, let's consider this moment as something extraordinary, a time that demands the utmost attention. For this reason, each one of us should commit even more deeply to changing what can be changed until accepting what lies beyond our control. So, we must become even more creative, kind, gracious, amiable and open to collaboration, all with the greatest dignity and respect towards every human being.

The order campaign for the spring/summer 2026 menswear collection presented during the Milan Fashion Week, as I said, is progressing extremely well. Well, the judgment given by the press is extremely important. If this judgment is very positive, you will face the following quarter with the utmost confidence. Then we don't know what will happen, but we are happy to know that our collection has had a very good feedback.

The favorable atmosphere we are currently experiencing around our Casa di Botta allows us to confidently envision sound and beautiful revenue growth of around 10% for the years 2025 and 2026. Well, 2026, because Pitti has allowed us to look at menswear for the first half 2026, and women's wear will come next week.

Before moving on to further topics, we'd like to confirm our forecast for the current year, which is exactly the same as what we announced during the last call of April 15th, turnover growth plus 10%, EBITDA margin slightly improving. Investments 10.5 instead of 9.510, as already defined. But please consider one important thing. 2026 and 2027 will be 2 years with investment equal to about 7% because we're not going to invest in the production in the headquarters or in the company. The spring/summer

collection was issued last week with outstanding results, as I said, and we are very confident for the menswear half year 2026, and hopefully for women's wear too.

And now let's come to exchange rates and tariffs. As you know, we have always fixed our exchange rates prior to issuing collections because we want to achieve profits without benefiting from any alterations. This has always been our history, and we've always tried to minimize fluctuations in exchange rates. Tariffs have led to increases on the US market equal to 3.54%.

So, wrapping up, the major topics we are focusing on, and then with Riccardo, we will open up for questions, and we will also talk about the Altagamma Research Studies. So, we work in the absolute luxury segment only. We strongly believe in exclusivity, and we are very keen on the quality and craftsmanship of our products. This is in our DNA [ph].

As for communication, remember that in the future, we would like to be less well-known than today. If it is true that we are close to 500,000 people a year, well, if we reach €300 million, well, you know, it's better, and so we need to keep focus on communication. Please note that during these 2 days, lots of discussions were held, and multibrand stores, multibrand customers have been a hot topic. These are the guardians of our brand. When they come and look at the collections, if they give you a judgment, their opinion on the collection, you have to pay the utmost attention because they understand well in advance if there is something which is getting older, and, you know, they account for 40%, 41% of our business. It may be a concession-based type of business. This is not important. This means that you sell within Harrods, Neiman Marcus, with a completely different spirit than in Brunello Cucinelli stores, for example.

Of these multibrand stores, we have about 400 worldwide, and I think they are very beautiful. They are very serious, and we've never wasted money or lost money, and this is important. In general terms, when dealing with multibrand stores, you usually refer to 4, 5 department stores, but it's not correct. If you consider, for example, Mitchell in the USA, Braun in Hamburg, with 150 years of track record, in Amsterdam, for example, or 2 in Italy, we have Tiziana Fausti in Bergamo. It's really beautiful, and [indiscernible] and other beautiful stores.

And now also in the eastern part of the world, there are beautiful multibrand stores. In Korea, in Japan, especially in Korea, where high-end multibrand stores were established, and then we have also issues concerning deliveries. We usually deliver our items to multibrand stores as the very last. Well, I'm not talking about us in general, so deliveries usually are the very last deliveries, and margins that are applied to multibrand stores are completely different than those applied to our stores. But as far as multibrands are concerned, let me tell you something with my soul. Multibrand customers are often considered as a nuisance.

In reality, however, I think that we all want to retain all the profits for ourselves, but it's not correct in our rules...in our corporate rules, that you know very well. Well, the very first rule is greed, and we wrote that greed is not beneficial for human beings because it forces the rules of nature. A greedy company cannot...can hardly survive many years.

And then we have events that take place every year that are very important with 150 attendees, and I must tell you, I often have to participate, but you know, we have 70, 80 couples, 150 people, we exchange gifts, we exchange the phone numbers, we take pictures, and, you know, some relationships that can...some friendly relationships can also be

established. And, well, I was in an event and, well, I was given caviar, and I was recommended that I had to eat caviar first and immediately, but, you know, all these events are very important. Last year, we had about 500 such events at different levels, and this year, we would like to repeat all these events because these are very special and very interesting.

Now, let me draw to the conclusions prior to handing over to Luca. So, again, let me reiterate the main values, the value of the family, the great value of the local area of Solomeo, and this is what we notice on a daily basis. So, we have people coming to visit us almost every day. Oprah Winfrey came to see us. Well, we had lunch together, and she said, before I have a look at the garments, I want to see how you manufacture them. So, great value, the great value of authenticity, the great value of training, as you know this is very important for us, and the great value of the supply chain. This is what we discussed this morning during the Board Meeting. If the supply chain is not profitable, we cannot be successful. Hence, the great value of identity and style.

Last but not least, 2 easy topics. Well, an update on Solomeo AI, artificial intelligence, a great success. Now, by November, and Riccardo, you are a fan of that. Well, by the end of October/November, we should also be ready with our e-commerce platform, and I think this will be a very nice thing. I have already looked at it, and well, you know, if you have dinner in Milan, we will give you some piece of advice on how to dress up.

This is a project pertaining to a company which lies outside of the scope of the public company. It's a group of mathematicians, philosophers, technicians, half of them are women, by the way, and all started from a question that Brunello asked 2.5 years ago. He said, "All these websites look all the same, and so this intuition started. In the meantime, artificial intelligence developed, and we decided to use it as an opportunity, and so

this project started. It's outside of Brunello Cucinelli S.P.A, it's Solomeo AI.

Now, we have a website following the customer's journey and provides also services to the public company. The project is now coming to an end with the e-commerce platform. It is interesting, you know, because on this new website, people stay twice as long as in the old website, and this is an important metric in our industry because this is also related to the purchases. We're not interested in that, well we do...we do have interest in that, but it's not the final goal, right.

Last topic, just one minute on the value of smart working. This morning, we debated a lot because we start having serious problems. Some board members said, we still have people who have 2 days of smart working per week, and we never introduced this policy. In 2020, we closed down the company for 21 days, and that's it, but I've always believed that this is of great damage for the company, for the society, and for the human beings as a whole. Well, this is my personal opinion, because you miss collective creativity. We do not...if we do meet, if we do not gather together, we cannot discuss, we cannot exchange views, there's no distinction between private life and work.

It's a mix that I don't like, and younger generations, you know, must learn, and you have to instruct them. And well you know, those who were 26, 25 years old have now been working with that idea for 5 or 6 years, and now they are convinced that they will have to work at the workplace for just a couple of days a week. A lady came a couple of days ago to our company, and well she said that she usually spends 2, 3 days per week at home for smart working. So, some people say we miss opportunities, but I don't believe in that. Blue collars cannot do smart working. Well, you

know, there's a huge discrimination between blue and white collars. The store staff to or they cannot stay at home.

We are a manufacturing company, and so smart working is not possible. And we debated this topic today because we heard there are...that many companies are struggling. We are discussing the lack of creativity, but the lack of creativity doesn't only come from products. You cannot develop creativity if you do not exchange your views between styling, product management and so on and so forth. So we may spend our time together and be extremely concentrated without distractions.

So this is the end of the first part and then I will hand over to Luca. So let's work in a serene way. Let's be concentrated in our work. We set as a goal that we will not receive anybody for the next 5 to 6 days, anybody who wants to propose something extra to our work. As soon as when we get back to normal, we will be able to receive something additional or to accept something additional again. Now, we must be focused on our work and if we are concentrated and focused on what we can change on a daily basis, I think we can also be slightly more creative.

Luca, you have the floor now. You can start.

LUCA LISANDRONI: Thank you very much, Brunello. I would like now to start analyzing the first half of 2025. As we said, this is also great satisfaction both for the quality of the results that we got and for the good planning. So it's an harmonious half year in terms of growth and we had 2 quarters that are almost identical in absolute values and they share a very homogeneous growth.

We can thus say that potential points of attention proved to be strength during the first 6 months of the year. I would like to start with the

performance of the American market. Northern America is up 8.7% and this goes to show that this negative psychological effect due to the introduction of the tariffs has not had any negative consequence up to now. So we discussed all this during our Board Meeting early in the morning. So there was a great degree of continuity between the first quarter and the second quarter. And there was a minor difference in terms of percentage growth. And this is just due to exchange rate consequences, which was positive in the first quarter, negative in the second quarter. So with constant exchange rates, you will see that there was a 10% growth in both quarters.

In the first quarter, I should like to remind you the fact that in 2024, we went up by 19% in Northern America. So that was very good. Multibrand stores did very well in both quarters, a double-digit growth in both quarters and department stores did also very well. Once again, the category of garment and clothing had one of the best performance levels.

Fast global, we're talking about high-end luxury retailer, more than €10 billion of revenues and more than number [ph] of customers worldwide. So basically, we will point out that our customers are basically providing their own assessment on a daily basis. Marc Benioff and Jeff Bezos, they you know, told several times that we should not be worried. So from an operating viewpoint anyway, we can tell you that the sell-out values are almost ready for this season. So we have a very constant growth. We have a good presence both centrally and locally. We don't have any issues in terms of payment. And honestly, we believe we will be able to complete yet another year that will be surrounded by gracious growth.

Let us now look at China. China in the first half of the year guided the performance in the Asian continent with sales growing up in Macau, Hong Kong and throughout all the Asian countries where we are present. So

basically throughout of the Asian geographies, we see that the brand is considered to be extremely fashionable. And as you know, we have always been concentrating on the relevance of the brand rather than anything else. And you know, our brand is young and it is even younger in Asian countries. So we do deeply believe that we really need to go in depth and work on the depth of the brand rather than anything else. And we really love welcoming new customers every day, getting closer and closer to our brand so that they have a more in-depth knowledge of our brand and of our product, and of our values.

Well, one week ago, we had a Chinese ambassador, the Chinese ambassador here in Italy. He was accompanied by 7 people. And so people were working in the business. And one day he saw Confucius [ph] sitting next to plateau in the building, then they loved that. And I must say, we spent 3 hours together. It was extremely interesting. They know that we buy cashmere from China and we will then have dinner with them at the embassy in Rome. So they came here and they really appreciated our way of operating. And they respect us, we respect them.

And then the ambassador also asked us, are you willing to set up business to have a manufacturing company in China? We said, no, no, no, we don't even think about it. We have along with Cariataggi some commercial operations there with about 70 employees. But this is a case in point. This is a very good example of you know, the attention that these institutions are attaching to us as a fashion house. And this attention is, then being supported by you know, some offers for new commercial premises, for retail activities and for the Casa Cucinelli, which will opened up in 2026, you know, among all the skyscrapers, again, there are these 3 houses going back to the year 1300 [ph]. And we said, just give it to us because we're going to have a nice library there with Italian, Chinese and

English books so that everybody can go there and have access to the books of our universal library.

We feel honored, of course, because this is an acknowledgement of the correctness of our brand. And we always try to strike the right balance. On the one hand, growth and investments. And at the same time, we wanted to protect the exclusiveness of our brand. So we received several offers, several proposals. And for 2025, we will have a new opening in the mall ISE in Abudon [ph], which will be our only new opening in domestic China and greater China for the year 2025.

Then another topic I would like to draw your attention to is tourism in Europe. As you know, we have very loyal customers in Europe and we've always considered tourism as a very precious add-on to our customer space in Europe. And now, we can say that the number of foreign customers coming to European boutiques is very reassuring. So yes, I'd like to be very honest, I don't really look at statistical numbers, but if you look around, there's plenty of American tourists, especially where very high prices are usually applied.

Let me go back one second to wholesale. As you know, we've always been very focused on this channel and our customers trust the wholesale channel. And we have the opportunity to meet new customers through this channel, customers that haven't got very close to our brand just yet. And we feel that the brand approach is extremely modern. We're living in a period of time where people are trying to assert their personal style. And we have seen that over and over again by looking at the results of the Boston Consulting Group survey that we're illustrated during the latest Altgamma meeting. So multibrands occupied this ideal space.

So if we look at our figures, we believe that the 10% increase of the wholesale channel testifies to the good health status of our brand. So we are earning new market shares conquering new customers. The sellout values of the last season are very high and we delivered the winter/autumn collection very punctually. Yes, punctual deliveries, this was a very important topic. And then for the spring/summer 2026 we...the order intake is going very well.

So let me conclude my analysis by pointing out, how important events are, as Brunello was saying, we generally have events with 150 people in attendance. We had 3 main events in Miami, Pietra Santa and Amalfi, 3 different locations with 3 different focuses. And these events are very powerful communication tools, very effective tools with, you know, customers being put front and center.

So these are the conclusions that we can draw about the last 6 months. And if I have 2 more minutes, I would like to give you a flavor about the planning for the next half of the year. In the first half of the year, we did not have any new openings, but we enlarged the store in Vienna. Then for the second half of the year, everything has been confirmed all our plans have been confirmed. Maybe the store in Vancouver, the opening will be postponed between the last part of this year, and the beginning of next year. It's a new shopping mall. And we confirm the opening of the new store in Abu Dhabi, the new store in Macau, and very important enlargement of the stores in Paris and in Geneva.

In terms of products, the beginning of the sale of the autumn/winter collection for 2025 was very positive, and we received extremely good feedback. We got very good feedback when the collection was first presented the women's and men's collections. So we are very optimistic

about the quality of the product offering we're going to have in our stores as of next month.

Eyewear and fragrances, we are delighted with the results and with the high level of creativity that we reach in our cooperation with Luxottica. In June, we introduced this new eyewear proposals. So eyewear that is also to be considered as jewelry with a retail price above €5,000, which means that over a limited period of time, thanks to this cooperation with Luxottica, our brand managed to assert itself in this segment as well. We are equally delighted with the presentation of fragrances with the Incanti Poetici new family of fragrances. This family was presented at the beginning of the year. So we are now present in the luxury fragrances segment, about \$350 for every fragrance that would be the retail price. And then by the end of 2026, we are optimistic and we think we will be releasing new products.

Over the weekend, Brunello will be in London, and he will be attending the finals in Wimbledon. In October, we will travel to Korea and Japan. And then in December, we will have a nice celebration of the award of the prize Brunello will be awarded. And we will have again the final presentation of the documentary film. So these 2 very prestigious events will enlighten our path for new successes in 2026.

Riccardo, could you please give us an update as we got manufacturing facilities?

RICCARDO STEFANELLI: I'll be very quick. I'll share 3 facts with you. So we will come to the end of our investment plan for the consolidation of manufacturing facilities for Made in Italy products. This will come to an end in November just ahead of time. And for the next 10 years, our manufacturing capacity will be secured. We still believe in gracious and

harmonious growth. So the new manufacturing facilities will be of service for the growth over the next few years.

I'm not just talking about a consolidation of the manufacturing capacity, but also of IT investments. So we have a higher amount of investment this year. As of next year, we'll go back to our normal level of investments on an annual basis. We keep hearing a lot about the health condition of our supply chain. So we have a direct relationship with our 400 contractors, external suppliers that have more than 8,000 employees in turn. So the companies we cooperate with are healthy companies with a generational change in places, so they don't have debt, so they earn fair profits. So this is for us of paramount important. And of course, quality remains one of our most important tenets, authenticity and quality.

Alright, let's open the floor for questions. Well, this is really very, very interesting. If we look at the survey that was recently released by the Boston Consulting Group, again it's very interesting. So we're now going back, you know, to normal expectations after a one-off 3 year period.