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PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021

- Retail net sales were up by 60% against the first six months of 2020 and up by 8% compared to the same period of 2019, both at constant exchange rates. Asia Pacific, America and the Middle East had double-digit growth compared with 2019. Europe recovered quickly with the reopenings thanks to robust demand from local customers, while Japan continued to be impacted by store closures following new lockdowns;
- Gross margin uptick: 74.3% of net revenues for six months ended June 30, 2021 against 70.4% for first half of 2020 and 71.7% for first half of 2019;
- thanks to a disciplined management of expenses, operating costs declined versus the first half of 2019;
- EBIT above pre-Covid levels: Euro 166 million for the six months ended June 30, 2021, corresponding to 11.1% of net revenues against Euro 150.5 million of the same period of 2019, corresponding to 9.6% of net revenues;
- More effective inventory management made possible to reduce the Net operating working capital by Euro 45 million;
- Net operating cash flow was Euro 316 million;
- Net financial debt of Euro 102 million, a huge improvement from the Euro 311 million net debt at December 2020.

Presentation of the Prada Group

PRADA spa (the "Company" or "Parent Company"), together with its subsidiaries (collectively the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). The Prada Group is a leading business in the luxury goods industry, where it operates with the Prada, Miu Miu, Church's and Car Shoe brands producing and distributing leather goods, footwear and apparel. It also operates in the food industry with the brand Marchesi 1824 and in the eyewear and fragrance industries under licensing agreements.

The Prada Group owns 23 manufacturing plants (20 in Italy, 1 in France, 1 in the United Kingdom and 1 in Romania) and its products are sold in 70 countries worldwide, primarily through directly operated stores (DOS), of which there were 633 at June 30, 2021. The Prada Group's products are also sold through the brands' e-commerce, selected prestigious department stores, independent retailers in very exclusive locations and important e-tailers.

The Company is a joint-stock company, registered and domiciled in Italy. Its registered office is at via Fogazzaro 28, Milan. At June 30, 2021, 79.98% of the share capital was owned by PRADA Holding spa, a company domiciled in Italy, and the remainder consisted of floating shares on the Main Board of the Hong Kong Stock Exchange.

Basis of Presentation

The financial information presented herein refers to the group of companies controlled by PRADA spa (the "Company"), the parent company of the Prada Group (the "Group") and is based on the unaudited consolidated results for the six-month period ended June 30, 2021.

This report has been prepared consistently with the accounting standards used to prepare the 2020 Annual Report, since none of the new standards and amendments that became effective during the period had any impact on the Group's figures and information.

Amendments to existing standards issued by the International Accounting Standard Board ("IASB"), endorsed by the European Union and applicable to the Prada Group from January 1, 2021.

Amendments to existing standards	Effective Date for Prada Group	EU endorsement date
Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9	January 1, 2021	Endorsed in December 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform- Phase 2	January 1, 2021	Endorsed in January 2021

Amendments to existing standards issued by the IASB, endorsed by the European Union but not yet applicable to the Prada Group.

Amendments to existing standards	Effective Date for Prada Group	EU endorsement date
IFRS 3 Business Combinations	January 1, 2022	Endorsed in June 2021
IAS 16 Property, Plant and Equipment	January 1, 2022	Endorsed in June 2021
IAS 37 Provisions, Contingent Liabilities and Contingent Assets;	January 1, 2022	Endorsed in June 2021
Annual Improvements 2018-2020	January 1, 2022	Endorsed in June 2021

New Standards and Amendments issued by the IASB, but not yet endorsed by the European Union as of June 30, 2021

New IFRS and Amendments to existing standards	Date of possible adoption	EU endorsement date
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)	April 1, 2021	Not endorsed yet
IFRS 17 Insurance contracts	January 1, 2023	Not endorsed yet
Amendment to IAS 1 Presentation of Financial Statements	January 1, 2023	Not endorsed yet
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	January 1, 2023	Not endorsed yet
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	January 1, 2023	Not endorsed yet
Amendments to IAS 12 Income taxes: deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	Not endorsed yet

Amendment to "IFRS 16 Leases" for Covid-Related Rent Concessions beyond June 30, 2021

On March 31, 2021, the IASB extended by one year the application period of the practical expedient in IFRS 16, previously approved by the IASB on May 28, 2020 and subsequently endorsed by the European Union. As a result of this amendment, added in response to the protraction of the Covid-19 pandemic, immediate recognition in profit or loss of rent discounts is applicable if the rent reduction affects payments originally due on or before June 30, 2022 (instead of June 30, 2021); the other requirements previously stated in the standard and in the practical expedient adopted in 2020 remain.

The amendment is effective for annual reporting periods ending on or after April 1, 2021 and the approval by the European Union has not been completed yet.

In the six months ended June 30, 2021, the Group recognized Covid-19 related rent discounts of Euro 21.7 million, none of which in relation to the above-described 2021 amendment, case for which no significant cases emerged at the reporting date.

Key financial information

Key economic figures (amounts in thousands of Euro)	June 30 2021 (unaudited)	June 30 2020 (unaudited)	June 30 2019 (unaudited)
Net revenues	1,501,006	937,657	1,570,123
Operating income/(loss) - EBIT	165,904	(195,796)	150,474
Incidence of the EBIT on net revenues	11.1%	-20.9%	9.6%
Net income/(loss) of the Group	97,243	(180,332)	154,894
Earnings/(losses) per share (Euro)	0.038	(0.070)	0.061
Average number of employees (in unit)	12,619	13,669	13,618
Net Operating Cash Flows (*)	315,602	(26,455)	137,334

(*) Net Cash flows from operating activities less repayments of lease liability

Key indicators (amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)	June 30 2020 (unaudited)
Net operating working capital	622,203	667,024	650,444
Net invested capital	5,113,568	5,296,489	5,557,031
Net financial position surplus / (deficit)	(101,814)	(311,357)	(515,488)
Group shareholders' equity	2,881,081	2,832,057	2,736,332

Highlights of the first six months of 2021

In the first six months of 2021, the Prada Group kept up the retail sales performance of the final months of 2020: net revenues were higher than those reported in the same period of 2019 and, naturally, in the past year.

Notwithstanding the Covid-19 pandemic, the Group positioned itself again on a long-term growth trajectory thanks to the ability to grasp and seize the opportunities offered on the markets.

The restrictions on movement imposed by governments all over the world eliminated tourism flows, while benefiting domestic spending and accelerating the impact of digital technology on social relationships and purchasing behavior. In this scenario, customer centrality and the omnichannel system, a major part of the sales and marketing strategy in recent years, further increased customer interactions. The investments in digital channels continued during the period, transmitting more effectively the brand creativity and facilitating customer engagement. These initiatives, combined with an enhancement of the product offer, were particularly rewarding.

The communications activities fully resumed. In the initial months of the year, the most intensive phases of the 36th edition of the America's Cup presented by Prada and Luna Rossa sponsorships took shape. The extensive broadcasting and webcast coverage of the event - the most viewed ever - successfully promoted the association of the brand with the prestige of the competition. It also drove the identification of activewear line with the concept of extreme technological innovation applied to the world of sailing. Moreover, the sailing team sponsored by the Group won the Prada Cup, setting the stage for the exciting final duel with the Defender for the conquest of the trophy.

The return to in-person shopping gave back the opportunity to engage with consumers: displays dedicated to special collections were set up for both Prada, as in the case of its Outdoor exhibits, and Miu Miu, for example with the new release of the Upcycled project with Levi's.

The interest in the world of art and culture has led to new initiatives. The Group supported the Damien Hirst Archaeology Now exhibition, at the Galleria Borghese Museum in Rome, and undertook valuable collaborations with representatives of the world of cinema to narrate the eternal dream of fashion through an interpretation of the Galleria, the Prada's classic handbag.

Even the post-fashion show conversations of Miuccia Prada and Raf Simons represented a new, valued moment of communication, providing unlimited access to the creative thinking of the two Co-Directors and promoting the concept of dialogue as an occasion for advancement for the entire fashion community.

Investments continued to target the Group's values, embracing sustainability of course. During the period, an action plan was announced to step up the efforts regarding diversity, equity and inclusion, involving prestigious partnerships with universities, large international institutions and activists. In 2021 training programs will be developed to assist the professional careers of young talented people of color in the fashion industry. Equally important plans are being drawn up for the environment.

Metrics measuring brand visibility on social media, particularly followers numbers and engagement, showed important solidity. Further development strategies were devised to achieve both short-term and long-term targets.

Investments continued to regard the digital evolution, spanning all business areas, and enhancement of the store network, with relocation and restyling projects. Agreements were stipulated to acquire the remaining stakes in five subsidiaries operating in the travel retail shop industry and two manufacturing companies specialized in leather goods. On the manufacturing side, in addition to such investments and those to improve existing production and logistics structures, on June 22 the Prada Group announced the commitment to enter with a 40% stake into the share capital of Filati Biagioli Modesto spa. This Tuscan company that has been a symbol of excellence for over a century in the production of cashmere and other noble yarns and in the fiber-to-yarn transformation process.

Direct control over the chain of production, which the Group considers key to ensuring perfect quality throughout the entire production process, continues to guide the investments in manufacturing activities with a long-term growth perspective.

The significant generation of operating cash flow in the first six months led management to review the credit lines existing with banks, confident that the current financial resources and those produced by the retail activity, whose projections at the reporting date are very encouraging, can meet the funding demands regarding working capital management, investing activities, loan repayment and dividend payment.

Two new ESG-linked loans were stipulated: a Euro 90 million bilateral long term loan and a Euro 400 million revolving credit facility with a pool of banks, the

latter amending and increasing an existing Euro 300 million one. Moreover, during the period the Group canceled an additional Euro 300 million back-up revolving credit facility stipulated in May 2020, to add financial flexibility in the midst of the public health emergency.

Consolidated statement of Profit or Loss for the six months ended June 30, 2021

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	% on net revenues	six months ended June 30 2020 (unaudited)	% on net revenues	six months ended June 30 2019 (unaudited)	% on net revenues
Net sales (Note 1)	1,477,656	98.4%	925,283	98.7%	1,546,378	98.5%
Royalties	23,350	1.6%	12,374	1.3%	23,745	1.5%
Net revenues	1,501,006	100%	937,657	100%	1,570,123	100%
Cost of goods sold	(386,021)	-25.7%	(277,332)	-29.6%	(444,374)	-28.3%
Gross margin	1,114,985	74.3%	660,325	70.4%	1,125,749	71.7%
Product design and development costs	(63,736)	-4.2%	(52,986)	-5.7%	(65,053)	-4.1%
Advertising and communications costs	(126,892)	-8.5%	(94,177)	-10.0%	(101,477)	-6.5%
Selling costs	(651,139)	-43.4%	(611,422)	-65.2%	(706,565)	-45.0%
General and administrative costs	(107,314)	-7.1%	(97,536)	-10.3%	(102,180)	-6.5%
Total operating expenses	(949,081)	-63.2%	(856,121)	-91.3%	(975,275)	-62.1%
Operating income / (loss) - EBIT	165,904	11.1%	(195,796)	-20.9%	150,474	9.6%
Interest and other financial income/(expenses), net	(9,019)	-0.6%	(16,407)	-1.7%	(7,749)	-0.4%
Interest expenses on Lease Liability	(18,827)	-1.3%	(23,433)	-2.5%	(24,735)	-1.6%
Dividends from investments	103	0.0%	116	0.0%	2,023	0.1%
Total financial income/(expenses)	(27,743)	-1.9%	(39,724)	-4.2%	(30,461)	-1.9%
Income / (loss) before taxation	138,161	9.2%	(235,520)	-25.1%	120,013	7.7%
Taxation	(41,273)	-2.7%	52,005	5.5%	34,418	2.2%
Net income / (loss) for the period	96,888	6.5%	(183,515)	-19.6%	154,431	9.9%
Net income / (loss) - Non-controlling interests	(355)	0.0%	(3,183)	-0.3%	(463)	0.0%
Net income / (loss) - Group	97,243	6.5%	(180,332)	-19.2%	154,894	9.9%
Basic and diluted earnings / (losses) per share (in Euro per share) - (Note 3)	0.038		(0.070)		0.061	

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	June 30 2021 (unaudited)	December 31 2020 (audited)
Assets			
Current assets			
Cash and cash equivalents		604,668	442,392
Trade receivables, net	4	269,679	290,380
Inventories, net	5	628,482	666,222
Derivative financial instruments - current		6,249	10,691
Receivables from, and advance payments to, related parties - current	6	42,142	51,035
Other current assets	7	175,026	194,188
Total current assets		1,726,246	1,654,908
Non-current assets			
Property, plant and equipment	8	1,500,026	1,506,011
Intangible assets	8	829,699	832,445
Right of Use assets	9	2,035,222	2,054,338
Investments in equity instruments		28,786	66,191
Deferred tax assets		246,162	251,888
Other non-current assets	10	143,352	142,712
Receivables from, and advance payments to, related parties - non-current		19,434	19,434
Total non-current assets		4,802,681	4,873,019
Total Assets		6,528,927	6,527,927
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term lease liability		409,199	403,593
Short-term financial payables and bank overdrafts		311,466	300,577
Payables to related parties - current	11	3,201	3,481
Trade payables	12	275,958	289,578
Tax payables		75,422	68,863
Derivative financial instruments - current		15,484	7,789
Other current liabilities	13	160,673	153,382
Total current liabilities		1,251,403	1,227,263
Non-current liabilities			
Long-term lease liability		1,708,185	1,729,819
Long-term financial payables		392,941	451,200
Long-term employment benefits		73,125	73,256
Provision for risks and charges	14	46,044	45,416
Deferred tax liabilities		29,636	29,250
Other non-current liabilities		126,507	110,754
Derivative financial instruments - non-current		6,716	9,249
Total non-current liabilities		2,383,154	2,448,944
Total Liabilities		3,634,557	3,676,207
Shareholders' Equity			
Share capital		255,882	255,882
Total other reserves		2,499,847	2,633,673
Translation reserve		28,109	(3,359)
Net income / (loss) for the period		97,243	(54,139)
Net Equity attributable to owners of Group		2,881,081	2,832,057
Net Equity attributable to Non-controlling interests		13,289	19,663
Total Net Equity		2,894,370	2,851,720
Total Liabilities and Total Net Equity		6,528,927	6,527,927
Net current assets		474,843	427,645
Total assets less current liabilities		5,277,524	5,300,664

Statement of changes in consolidated shareholders' equity (amounts in thousands of Euro, except for number of shares)

(amounts in thousands of Euro)	Number of Shares (in thousands)	Share Capital	Translation Reserve	Share premium reserve	Cash flow hedge reserve	Actuarial Reserve	Fair Value investments in equity instruments Reserve	Other reserves	Total Other Reserves	Net result for the period	Equity		
											Net Equity attributable to owners of Group	Net Equity attributable to Non-controlling interests	Total Net Equity
Balance at December 31, 2019 (audited)	2,558,824	255,882	61,437	410,047	(8,469)	(4,516)	(9,982)	2,006,971	2,394,051	255,788	2,967,158	21,417	2,988,575
Allocation of 2019 net income - retained earnings	-	-	-	-	-	-	-	204,612	204,612	(204,612)	-	-	-
Allocation of 2019 net income - extraordinary reserve	-	-	-	-	-	-	-	51,176	51,176	(51,176)	-	-	-
Comprehensive income/(loss) for the six months (recyclable to P&L)	-	-	(20,742)	-	(108)	-	-	-	(108)	(180,332)	(201,182)	(3,041)	(204,223)
Comprehensive income/(loss) for the six months (not recyclable to P&L)	-	-	-	-	-	(198)	(29,450)	4	(29,644)	-	(29,644)	-	(29,644)
Balance at June 30, 2020 (unaudited)	2,558,824	255,882	40,695	410,047	(8,577)	(4,714)	(39,432)	2,262,763	2,620,087	(180,332)	2,736,332	18,376	2,754,708
Comprehensive income/(loss) for the six months (recyclable to P&L)	-	-	(44,054)	-	2,783	-	-	-	2,783	126,193	84,922	1,286	86,208
Comprehensive income/(loss) for the six months (not recyclable to P&L)	-	-	-	-	-	(3,437)	14,244	(4)	10,803	-	10,803	1	10,804
Balance at December 31, 2020 (audited)	2,558,824	255,882	(3,359)	410,047	(5,794)	(8,151)	(25,188)	2,262,759	2,633,673	(54,139)	2,832,057	19,663	2,851,720
Allocation of 2020 net profit/(loss)	-	-	-	-	-	-	-	(54,139)	(54,139)	54,139	-	-	-
Dividends	-	-	-	-	-	-	-	(89,559)	(89,559)	-	(89,559)	(1,491)	(91,050)
Share capital increase/(reduction)	-	-	-	-	-	-	-	-	-	-	-	(140)	(140)
Release for disposal of equity instruments	-	-	-	-	-	-	8,977	411	9,388	-	9,388	-	9,388
Acquisition of additional shares in companies already controlled	-	-	(1,721)	-	-	(7)	-	323	316	-	(1,405)	(4,751)	(6,156)
Comprehensive income/(loss) for the six months (recyclable to P&L)	-	-	33,189	-	(3,590)	(385)	-	-	(3,975)	97,243	126,457	8	126,465
Comprehensive income/(loss) for the six months (not recyclable to P&L)	-	-	-	-	-	-	4,143	-	4,143	-	4,143	-	4,143
Balance at June 30, 2021 (unaudited)	2,558,824	255,882	28,109	410,047	(9,384)	(8,543)	(12,068)	2,119,795	2,499,847	97,243	2,881,081	13,289	2,894,370

Statement of consolidated cash flows for the six months ended June 30, 2021

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Income/(loss) before taxation	138,161	(235,520)	120,013
Profit or loss adjustments			
Depreciation and write-downs of the Right of Use assets	212,805	230,462	229,419
Depreciation and amortization of property, plant and equipment and intangible assets	99,212	113,740	108,561
Impairment of property, plant and equipment and intangible assets	292	6,544	2,169
Non-monetary financial (income) expenses	7,539	25,701	3,156
Interest expenses on Lease Liability	18,827	23,433	24,735
Other non-monetary (income) expenses	3,522	(53,896)	3,492
Balance Sheet changes			
Other non-current assets and liabilities	11,070	34,842	(7,414)
Trade receivables, net	23,246	109,714	(13,864)
Inventories, net	40,711	(35,932)	(50,401)
Trade payables	(17,541)	(41,607)	11,563
Other current assets and liabilities	13,973	26,494	(26,490)
Cash flows from operating activities	551,817	203,975	404,939
Interest paid (net), including interest paid on Lease Liability	(24,969)	(29,861)	(25,032)
Taxes paid	(19,974)	(22,980)	(15,724)
Net cash flows from operating activities	506,874	151,134	364,183
Purchases of property, plant and equipment and intangible	(76,588)	(49,905)	(187,231)
Disposals of property, plant and equipment and intangible	15	396	860
Dividends from investments	103	116	2,023
Disposal of Investments in equity instruments	50,935	-	-
Acquisition of additional shares from Non-Controlling	(7,827)	-	(400)
Business Combination	-	(32,828)	-
Net cash flow utilized by investing activities	(33,362)	(82,221)	(184,748)
Dividends paid to shareholders of PRADA spa	(84,859)	-	(145,536)
Dividends paid to Non-Controlling shareholders	(1,491)	-	(310)
Repayment of Lease Liability	(191,273)	(177,589)	(226,849)
Repayment of short term portion of long term borrowings - third parties	(149,614)	(154,959)	(222,580)
Arrangement of long-term borrowings - third parties	90,000	175,000	100,000
Change in short-term borrowings - third parties	13,780	199,975	41,425
Repayment of Loans from related parties	-	2,000	-
Loans to related parties	-	(750)	-
Net cash flows generated / (utilized) by financing activities	(323,457)	43,677	(453,850)
Change in cash and cash equivalents, net of bank overdrafts	150,055	112,590	(274,415)
Foreign exchange differences	12,221	(3,238)	2,094
Opening cash and cash equivalents, net of bank overdraft	442,392	421,069	599,821
Closing cash and cash equivalents, net of bank overdraft	604,668	530,421	327,500
Cash and cash equivalents, net of bank overdraft	604,668	530,421	327,500
Closing cash and cash equivalents, net of bank overdraft	604,668	530,421	327,500

Statement of consolidated comprehensive income/(loss) for the six months ended June 30, 2021

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Net income/(loss) for the period - Consolidated	96,888	(183,515)	154,431
Items recyclable to P&L:			
Change in Translation reserve	33,552	(20,600)	9,210
Tax impact	-	-	-
Change in Translation reserve less tax impact	33,552	(20,600)	9,210
Change in Cash Flow Hedge reserve	(5,359)	948	(4,371)
Tax impact	1,769	(1,056)	1,052
Change in Cash Flow Hedge reserve less tax impact	(3,590)	(108)	(3,319)
Item not recyclable to P&L:			
Change in Fair Value in the equity instruments reserve	4,143	(29,450)	14,915
Tax impact	-	-	-
Change in Fair Value in the equity instruments reserve less tax impact	4,143	(29,450)	14,915
Change in Actuarial reserve	-	-	-
Tax impact	(385)	(198)	-
Change in Actuarial reserve less tax impact	(385)	(198)	-
Consolidated comprehensive income/(loss) for the period	130,608	(233,871)	175,237
Comprehensive income/(loss) for the period - Non-controlling Interests	8	(3,041)	(249)
Comprehensive income/(loss) for the period - Group	130,600	(230,830)	175,486

Non-IFRS Measures

The Group uses certain financial measures (“non-IFRS measures”) to assess its business performance and to help readers understand and analyze its financial situation. Although they are used by the Group’s management, the measures are not universally or legally defined and are not regulated by the IFRS adopted to prepare the unaudited interim condensed consolidated financial statements. Other companies operating in the luxury goods business might use the same measures, but with different calculation criteria, so non-IFRS measures should always be read in conjunction with the related notes, and may not be directly comparable with those used by other companies.

As a consequence of the health emergency the Group introduced in 2020 a new non-IFRS measure, named as “Selling expenses of the closed stores during the lockdowns” and related to the portion of the selling operating expenses that could not generate revenues following the constraints imposed by the pandemic. By including this non-IFRS measure, the Group would like to provide additional quantitative information to improve the reader’s understanding about the impacts of the Covid-19 pandemic on the business, while assisting also the comparison with previous periods.

The Prada Group's EBIT and EBITDA are reported below:

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	% on net revenues	six months ended June 30 2020 (unaudited)	% on net revenues	six months ended June 30 2019 (unaudited)	% on net revenues
Operating income / (loss) - EBIT	165,904	11.1%	(195,796)	-20.9%	150,474	9.6%
Selling expenses of the closed stores during the lockdowns	27,068	1.8%	112,375	12.0%	-	-
Operating income / (loss) - EBIT excluding Selling expenses of the closed stores during the lockdowns	192,972	12.9%	(83,421)	-8.9%	150,474	9.6%
Depreciation, amortization and impairment on tangible and intangible fixed assets	99,504	6.6%	120,284	12.8%	110,730	7.1%
Depreciation and write-downs of the Right of Use assets	212,805	14.2%	230,462	24.6%	229,419	14.6%
Total depreciation, amortization and impairment	312,309	20.8%	350,746	37.4%	340,149	21.7%
EBITDA	478,213	31.9%	154,950	16.5%	490,623	31.2%

Notes to the consolidated results for the six months ended June 30, 2021

1. Analysis of Net Revenues

(amounts in thousands of Euro)	six months ended June 30, 2021 (unaudited)		six months ended June 30, 2020 (unaudited)		six months ended June 30 2019 (unaudited)	
Net Sales by geographical area						
Europe	372,707	25.2%	297,518	32.2%	598,800	38.7%
Asia Pacific	644,716	43.6%	378,971	41.0%	498,578	32.2%
Americas	262,738	17.8%	104,857	11.3%	215,676	13.9%
Japan	135,905	9.2%	114,765	12.4%	180,556	11.7%
Middle East and Other countries	61,590	4.2%	29,172	3.2%	52,768	3.4%
Total net sales	1,477,656	100%	925,283	100%	1,546,378	100%
Net Sales by brand						
Prada	1,264,829	85.6%	774,876	83.7%	1,284,429	83.1%
Miu Miu	190,938	12.9%	130,878	14.1%	220,774	14.3%
Church's	15,752	1.1%	15,054	1.6%	32,844	2.1%
Other	6,137	0.4%	4,475	0.6%	8,331	0.5%
Total net sales	1,477,656	100%	925,283	100%	1,546,378	100%
Net Sales by product line						
Leather goods	793,647	53.7%	525,621	56.8%	867,852	56.1%
Clothing	372,074	25.2%	223,230	24.1%	339,442	22.0%
Footwear	290,229	19.6%	162,601	17.6%	309,393	20.0%
Other	21,706	1.5%	13,831	1.5%	29,691	1.9%
Total net sales	1,477,656	100%	925,283	100%	1,546,378	100%
Net Sales by channel						
Net Sales of Directly Operated Stores (DOS)	1,281,439	86.7%	834,525	90.2%	1,231,918	79.7%
Sales to independent customers and franchisees	196,217	13.3%	90,758	9.8%	314,460	20.3%
Total net sales	1,477,656	100%	925,283	100%	1,546,378	100%
Net Revenues						
Net Sales	1,477,656	98.4%	925,283	98.7%	1,546,378	98.5%
Royalties	23,350	1.6%	12,374	1.3%	23,745	1.5%
Total net revenues	1,501,006	100%	937,657	100%	1,570,123	100%

2. Number of stores

	June 30, 2021		December 31, 2020		June 30, 2020	
	Owned	Franchisees	Owned	Franchisees	Owned	Franchisees
Prada	415	20	410	20	409	19
Miu Miu	148	5	152	6	157	6
Church's	62	-	62	-	62	-
Car Shoe	2	-	3	-	3	-
Marchesi 1824 and others	6	-	6	-	6	-
Total	633	25	633	26	637	25

	June 30, 2021		December 31, 2020		June 30, 2020	
	Owned	Franchisees	Owned	Franchisees	Owned	Franchisees
Europe	225	-	222	-	228	-
Americas	106	-	108	-	106	-
Asia Pacific	193	20	194	21	195	20
Japan	88	-	88	-	87	-
Middle East	21	5	21	5	21	5
Total	633	25	633	26	637	25

3. Earnings/(losses) and dividends per share, basic and diluted

Earnings/(losses) per share

Earnings/(losses) per share are calculated by dividing the net profit (or net loss) of the period attributable to the Group's shareholders by the weighted average number of ordinary shares outstanding.

	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Group net income/(loss) in Euro	97,242,973	(180,332,175)
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Basic and Diluted earnings (losses) per share in Euro, calculated on weighted average number of shares	0.038	(0.070)

Dividends

During the six-month period ended June 30, 2021, the Company distributed dividends of Euro 89,558,840, as approved at the General Meeting held on May 27, 2021 for the approval of the financial statements for the year ended December 31, 2020.

The dividends net of the withholding taxes (Euro 84.9 million) were paid during the period under review, whereas the withholding tax (Euro 4.7 million), calculated by applying the ordinary Italian tax rate to the entire amount of the

dividends distributed to the beneficial owners of the Company's shares held through the Hong Kong Central Clearing and Settlement System, was paid in July 2021.

4. Trade receivables, net

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Trade receivables - third parties	277,949	297,953
Allowance for bad and doubtful debts	(12,308)	(11,979)
Trade receivables - related parties	4,038	4,406
Total	269,679	290,380

The change in the provision for doubtful debts for the period is detailed below:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Opening balance (audited)	11,979	9,354
Exchange differences	225	(317)
Increases	402	4,135
Reversals	(116)	(109)
Utilization	(182)	(1,084)
Closing balance (unaudited)	12,308	11,979

An aging analysis of the trade receivables, before the provision for doubtful debts, is shown below:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	281,987	240,689	13,588	1,666	3,808	3,230	19,006
Total	281,987	240,689	13,588	1,666	3,808	3,230	19,006

(amounts in thousands of Euro)	Dec. 31 2020 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	302,359	265,763	6,157	12,724	1,492	895	15,328
Total	302,359	265,763	6,157	12,724	1,492	895	15,328

An aging analysis of the trade receivables, net of the provision for doubtful debts, is shown below:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful debts	269,679	239,356	13,502	1,615	3,807	3,179	8,220
Total	269,679	239,356	13,502	1,615	3,807	3,179	8,220

(amounts in thousands of Euro)	Dec. 31 2020 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful debts	290,380	263,358	6,094	12,720	1,492	854	5,862
Total	290,380	263,358	6,094	12,720	1,492	854	5,862

5. Inventories, net

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Raw materials	99,928	99,827
Work in progress	31,177	20,386
Finished products	543,384	586,917
Return assets	7,080	6,974
Allowance for obsolete, slow-moving inventories and return assets	(53,087)	(47,882)
Total	628,482	666,222

The changes in the provision for obsolete and slow-moving inventories and return assets were as follows:

(amounts in thousands of Euro)	Raw materials	Finished Products and return assets	Total Allowance for obsolete, slow-moving inventories and return assets
Opening balance (audited)	24,449	23,433	47,882
Exchange differences	6	104	110
Increases	-	5,298	5,298
Utilization	-	(37)	(37)
Reversal	-	(166)	(166)
Closing balance (unaudited)	24,455	28,632	53,087

6. Receivables from, and advance payments to, related parties - current

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Prepaid sponsorship	16,453	25,032
Other receivables and advances	25,689	26,003
Total	42,142	51,035

7. Other current assets

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
VAT	18,860	34,677
Income tax and other tax receivables	88,683	100,406
Prepayments	54,205	48,319
Deposits	6,026	6,181
Advance to suppliers	2,998	1,250
Other receivables	4,254	3,355
Total	175,026	194,188

8. Capital expenditure

The changes in the carrying amount of property, plant and equipment for the six months ended June 30, 2021 were as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Assets under construction	Total net carrying amount
Opening balance (audited)	762,501	58,676	317,681	266,182	62,639	38,332	1,506,011
Additions	20,006	2,389	16,414	11,825	1,600	9,533	61,767
Depreciation	(8,802)	(5,965)	(43,791)	(18,320)	(4,851)	-	(81,729)
Disposals	-	(9)	-	-	(6)	-	(15)
Exchange differences	8,065	78	3,850	2,407	99	67	14,566
Other movements	11,312	3,494	2,823	3,271	78	(21,260)	(282)
Impairment	-	-	(148)	(139)	(5)	-	(292)
Closing balance (unaudited)	793,082	58,663	296,829	265,226	59,554	26,672	1,500,026

The changes in the carrying amount of intangible assets for the period ended June 30, 2021 were as follows:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Other intangibles	Assets in progress	Total net carrying amount
Opening balance (audited)	210,405	513,486	770	80,968	5,831	20,985	832,445
Additions	393	-	7	2,984	429	9,229	13,042
Amortization	(7,166)	-	(178)	(8,786)	(1,353)	-	(17,483)
Exchange differences	1,713	-	-	15	3	-	1,731
Other movements	17,400	(75)	41	2,066	1,331	(20,799)	(36)
Closing balance (unaudited)	222,745	513,411	640	77,247	6,241	9,415	829,699

Impairment test

As required by IAS 36, "Impairment of Assets," intangible assets with indefinite useful lives are not amortized, but they are tested for impairment at least once per year. The Group reports no intangible assets with indefinite useful lives other than goodwill. At June 30, 2021, goodwill amounts to Euro 513.4 million, detailed by cash generating unit ("CGU") hereunder:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Italy Wholesale	78,355	78,355
Asia Pacific and Japan Retail	311,936	311,936
Italy Retail	25,850	25,850
Germany and Austria Retail	5,064	5,064
United Kingdom Retail	9,300	9,300
Spain Retail	1,400	1,400
France and Montecarlo Retail	11,700	11,700
North America Retail and Wholesale	48,000	48,000
Production Division	13,831	13,906
Pasticceria Marchesi 1824	7,975	7,975
Goodwill	513,411	513,486

No impairment losses were identified for these CGUs or other CGUs of the Group. However, since the related recoverable amount is determined on the basis of estimates and assumptions, management cannot guarantee that the value of the intangible assets recognized could not be impaired in the future.

9. Right of Use assets

The changes in the carrying amount of the Right of Use assets for the period ended June 30, 2021 are shown below:

(amounts in thousands of Euro)	Real Estate	Vehicles	Hardware	Plant and machinery	Total net carrying amount
Opening balance (audited)	2,050,768	1,163	228	2,179	2,054,338
New contracts, initial direct costs and re-measurement	191,497	245	5	46	191,793
Depreciation	(211,894)	(494)	(39)	(378)	(212,805)
Contracts termination	(9,365)	(3)	-	55	(9,313)
Exchange differences	11,204	(1)	5	1	11,209
Closing balance (unaudited)	2,032,210	910	199	1,903	2,035,222

The increase for new contracts, initial direct costs and re-measurements was attributable both to contract renewals (mainly in Italy, Russia, Australia, USA and Mainland China) and re-measurement of contractual provisions like indexes-linked payments.

10. Other non-current assets

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Guarantee deposits	61,772	60,051
Deferred rental income	471	533
Pension fund surplus	11,815	11,277
Prepayments for commercial agreements	56,340	58,427
Other long-term assets	12,954	12,424
Total	143,352	142,712

11. Payables to related parties – current

The current payables to related parties are shown below:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Financial payables	3,201	3,101
Other payables	-	380
Total	3,201	3,481

The financial payables due to related parties regard two interest-free loans granted by non-controlling shareholders of the Group's subsidiaries in the Middle East.

12. Trade payables

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Trade payables – third parties	273,308	286,653
Trade payables – related parties	2,650	2,925
Total	275,958	289,578

An aging analysis of the trade payables at the reporting date is shown below:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	275,958	251,689	5,377	3,611	1,626	977	12,678
Total	275,958	251,689	5,377	3,611	1,626	977	12,678

(amounts in thousands of Euro)	Dec. 31 2020 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	289,578	262,158	10,830	2,725	1,139	652	12,074
Total	289,578	262,158	10,830	2,725	1,139	652	12,074

13. Other current liabilities

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Payables for capital expenditure	37,610	39,958
Accrued expenses and deferred income	23,576	24,944
Other payables	99,487	88,480
Total	160,673	153,382

14. Provisions for risks and charges

The changes in the provisions for risks and charges are as follows:

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other Provisions	Total
Opening balance (audited)	389	1,858	43,169	45,416
Exchange differences	(1)	30	1,066	1,095
Reversals	(10)	-	(11)	(21)
Utilized	(80)	(25)	(1,356)	(1,461)
Increases	-	312	703	1,015
Closing balance (unaudited)	298	2,175	43,571	46,044

The provisions for risks and charges represent management's best estimate of the maximum amount of potential liabilities. In the Directors' opinion, based on the information available to them, as also supported by the opinions of independent experts, the total amount allocated for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from them. With regards to the Other provisions, which mainly consist of contractual obligations to restore leased commercial properties to their original condition, the decrease of the period related to stores closed, essentially in the Asia Pacific region.

In respects of the tax disputes, no significant facts or change in circumstances occurred in the period so as to entail an adjustment to the provisions accrued at December 31, 2020.

In addition, at the date of the approval of this Announcement, the Company is investigating the existence of a potential liability connected with the non-renewal of the advisory agreement with Chora Srl, a company owned by the former Chairman Carlo Mazzi. At this stage, Prada Spa, also supported by a legal opinion, deems appropriate not to accrue any provision in this respect, since the potential liability is not probable and, in any case, not reliably measurable.

Management Discussion and Analysis for the six months ended June 30, 2021

Distribution channels

In the first six months of 2021, the Prada Group steadily improved its retail sales performance, showing growth of 60.3% at constant exchange rates compared with the first six months of 2020 (53.6% at current exchange rates) and of 8.4% versus the same period of 2019 (+4% at current exchange rates). Indeed, compared with 2019, sales accelerated from single-digit growth in the first quarter to double-digit in the second one. This was explained by the progressive consolidation of the business strategies of investment in brand positioning, omnichannel expansion and customer service enhancement. Moreover, the e-commerce sales grew significantly in the period, reaching almost 7% of retail sales in the six-month ended June 30, 2021.

The total number of stores remained the same as at December 31, 2020 (633).

The wholesale channel declined by 36.9% at constant exchange rates against the first half of 2019 (-37.6% at current exchange rates) following the selective strategy to preserve the brands' positioning. Against the first six-month period of 2020, the channel was up more than 100%.

Markets

The retail sales in Asia Pacific for the six months ended June 30, 2021 rose by 64.9% at constant exchange rates from the comparative period (+62% at current exchange rates) and by 34.9% from the corresponding period of 2019. The region showed double-digit growth in both quarters compared with the 2019 data. Consumer demand was particularly strong in key markets compared with the first six-month period of 2019 at constant exchange rates: Mainland China (+77%), Taiwan (+74%) and Korea (+108%).

The wholesale channel reported a slight growth versus the first half of 2019, while against the same six-month period of 2020 it was up triple-digit.

The persistence of the pandemic and of the restrictions imposed by governments impacted considerably retail sales in Europe. At constant exchange rates, during the six-month period the region had retail sales growth of 18.8% over the same period of 2020 (+15.1% at current exchange rates) and a decline of 29.1% compared with the first six months 2019. The region recovered quickly after the re-openings, with robust demand from local customers partially offsetting the lack of tourists. Due to lockdowns, the region operated with 36% fewer working days on average.

The wholesale channel contracted double-digit versus the first half of 2019 following the selective strategy. Instead, against the same six-month period of 2020, this channel was up by double-digit.

Retail sales in the American market recovered well from the first half of 2020 (+163.4% at constant exchange rates and +142.1% at current exchange rates)

and the same period of 2019 (+52.5% at constant exchange rates), thanks to the strength of the local clientele.

The wholesale channel contracted double-digit versus the first half of 2019 for the aforementioned reasons. Instead, against the first six-month period of 2020, this channel was up by triple-digit.

The Japanese market had retail sales up by 24.7% at constant exchange rates compared with the first half of 2020 (14.6% at current exchange rates) and a decline of 24.3% at constant exchange rates compared with the same period of 2019. The absence of tourism flows and the restrictions imposed by the government ahead of the Olympics affected the results of this region to a substantial degree.

The Middle East, led by the results in the United Arab Emirates driven by local spending, had retail sales growth of 128.7% at constant exchange rates from the first half of 2020 (110% at current exchange rates) and of 28.5% at constant exchange rates against the same period of 2019.

Products

Retail sales by product were fairly balanced among the three categories, with a significant growth against the first six months of 2020 and a more moderate one against the same period of 2019. It is worth noting that clothing achieved remarkable results for both Prada and Miu Miu, posting a 24.2% growth at constant exchange rates compared with the first half of 2019.

Brands

The retail sales of the Prada and Miu Miu brands, at constant exchange rates, rose by 64.2% (57.2% at current exchange rates) and 43.2% (37.7% at current exchange rates), respectively, from those of the first half of 2020. Against the same six months of 2019 and at constant exchange rates, Prada still shows growth (+13.1%) whereas Miu Miu reports a decline (-7.9%).

The total net sales of Church's brand, which continued to be affected by its dominant presence in Europe, increased by 5.7% at constant exchange rates compared with the corresponding period of 2020 (+4.6% at current exchange rates).

Royalties

Royalty income rose by 88.7% from the same period of 2020. The royalties from fragrances increased after benefiting from the new agreement with L'Oréal, which became effective on January 1, 2021.

Operating results

The gross margin of the period (74.3% of net revenues) was higher than that of the same period of 2020 (70.4% of net revenues), essentially as a result of the drop in revenues in 2020 and less absorption of production overheads. A more

favorable sales mix in terms of distribution channels, geographical areas and products also improved the margins of the first half of 2021.

The total operating expenses were Euro 949 million, up by Euro 93 million from 2020 as a result of higher variable costs relating to the higher sales, less Covid-related discounts obtained from lessors, less use of wage supplements and greater advertising and promotion expenses.

EBIT was Euro 166 million, or 11.1% of net revenues, whereas for the first half of 2020 it was negative by Euro 195.8 million.

Financial charges and taxation

The net financial expenses were Euro 27.7 million for the six-month period ended June 30, 2021, a considerable decrease from those of the first six months of 2020 (Euro 39.7 million) attributable primarily to lower foreign exchange losses and lower interest expenses on lease liability.

The income tax charge for the period is Euro 41.3 million, 29.9% of the pre-tax profit. It is worth reminding that in the comparative period of 2019 the taxation line-item showed an income of Euro 34.4 million following the recognition of the patent-box tax benefit of Euro 77 million.

Net invested capital

The following table reclassifies the Statement of Financial Position to provide a better view of the net invested capital:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Right of use assets	2,035,222	2,054,338
Non-current assets (excluding deferred tax assets)	2,463,832	2,507,244
Trade receivables, net	269,679	290,380
Inventories, net	628,482	666,222
Trade payables	(275,958)	(289,578)
Net operating working capital	622,203	667,024
Other current assets (excluding items of financial position)	214,440	246,914
Other current liabilities (excluding items of financial position)	(242,604)	(221,421)
Other current assets/(liabilities), net	(28,164)	25,493
Provision for risks	(46,044)	(45,416)
Post-employment benefits	(73,125)	(73,256)
Other long-term liabilities	(76,882)	(61,576)
Deferred taxation, net	216,526	222,638
Other non-current assets/(liabilities)	20,475	42,390
Net invested capital	5,113,568	5,296,489
Shareholder's equity - Group	(2,881,081)	(2,832,057)
Shareholder's equity - Non-controlling interests	(13,289)	(19,663)
Total Consolidated shareholders' equity	(2,894,370)	(2,851,720)
Long-term financial payables	(391,816)	(450,075)
Short-term financial, net surplus/(deficit)	290,002	138,718
Net financial position surplus/(deficit)	(101,814)	(311,357)
Net financial deficit to Consolidated shareholders' equity ratio	3.5%	10.9%
Long-term lease liability	(1,708,185)	(1,729,819)
Short-term lease liability	(409,199)	(403,593)
Total lease liability	(2,117,384)	(2,133,412)
Net financial position surplus/(deficit), including lease liability	(2,219,198)	(2,444,769)
Shareholders' equity and net financial position	(5,113,568)	(5,296,489)

The net invested capital at June 30, 2021 is Euro 5,114 million, balanced with net financial debt of Euro 102 million, the lease liability of Euro 2,117 million and the Group's equity of Euro 2,881 million.

The right-of-use asset decreased by Euro 19.1 million as a result of depreciation of Euro 212.8 million, offset by increases for lease renewals and adjustments to revaluation parameters (usually the consumer price index) totaling Euro 192 million and, to a lesser extent, by the favorable impact of foreign exchange differences of Euro 11 million.

The non-current assets (excluding deferred tax assets), which consist essentially of tangible assets, intangible assets and financial assets, fell from Euro 2,507.2 million at December 31, 2020 to Euro 2,463.8 million after the depreciation, amortization and impairment of the period (Euro 99.5 million) and the variation of the equity instruments (Euro 37.4 million). Such decreases were offset in part

by foreign exchange differences (appreciation of Euro 16.4 million due to the stronger Chinese renminbi, U.S. dollar and British pound sterling against the Euro) and by capital expenditures (Euro 74.8 million). The latter amount is detailed as follows:

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Retail	41,599	28,075
Real estate	19,587	-
Production, logistics and corporate	13,624	21,225
Total capital expenditures	74,810	49,300

The capital expenditures regarded primarily store restyling and relocation projects, as well as many technological and digital evolution projects in the retail, manufacturing and corporate areas. In addition, to have greater control over its real estate space, during the period the Group purchased the prestigious building where the Prada store in Athens is located.

The net operating working capital at June 30, 2021 is Euro 622.2 million, down by Euro 44.8 million compared with the end of 2020. The decrease was attributable mainly to a more effective inventory management.

The net current assets, shown as Euro 25.5 million in the net invested capital at December 31, 2020, are now net liabilities of Euro 28.2 million, essentially as a result of the change in the fair value of the hedging instruments and less VAT and other tax credits compared with December 31, 2020.

Other non-current assets, shown in the net invested capital net of the non-current liabilities, are Euro 20 million at June 30, 2021, down by Euro 21.9 million compared with December 31, 2020 substantially as a result of the recognition of deferred income relating to the collection of deferred sales consideration.

Net financial position

The following table presents the composition of the net financial position:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Bank borrowing - non-current	(392,941)	(451,200)
Total financial payables - non-current	(392,941)	(451,200)
Financial payables and bank overdrafts - current	(311,466)	(300,577)
Payables to related parties	(3,202)	(3,097)
Total financial payables - current	(314,668)	(303,674)
Total financial payables	(707,609)	(754,874)
Cash and cash equivalents	604,668	442,392
Financial receivables from related parties - non-current	1,125	1,125
Financial receivables from related parties - current	2	-
Total Cash and cash equivalents and financial receivables	605,795	443,517
Net financial deficit, total	(101,814)	(311,357)

The net operating cash flow for the six-month period, after lease payments (Euro 210 million), was cash generation equal to Euro 315.6 million ("net operating cash flow" in the table below), which enabled to finance the cash outflows for investing activities of the period (Euro 33.4 million), pay dividends (Euro 84.9 million) and reduce the Group's financial deficit (from Euro 311.4 million to Euro 101.8 million).

(amounts in thousands of Euro)	June 30 2021 (unaudited)	June 30 2020 (unaudited)	June 30 2019 (unaudited)
Cash Flow from operating activities	551,817	203,975	404,939
Cost of net financial debt: interest paid	(6,142)	(6,428)	(452)
Lease Liability: interest paid	(18,827)	(23,433)	(24,580)
Tax Paid	(19,974)	(22,980)	(15,724)
Net Cash Flow from operating activities	506,874	151,134	364,183
Repayment of Lease Liability	(191,273)	(177,589)	(226,849)
Net Operating Cash Flow	315,601	(26,455)	137,334
Net cash flow utilized by investing activities	(33,362)	(82,221)	(184,748)
Free Cash Flow	282,239	(108,677)	(47,414)

During the period, the Group repaid current portions of long-term loans in an amount of Euro 150 million and stipulated a new ESG-linked long-term loan of Euro 90 million from Unicredit.

The total amount of undrawn lines of credit at June 30, 2021 is Euro 825 million, consisting of Euro 400 million in committed lines and Euro 425 million in uncommitted lines.

The loan covenants were fully complied with at the reporting date.

The following table sets forth the lease liability:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Short-term Lease Liability	409,199	403,593
Long-term Lease Liability	1,708,185	1,729,819
Total Lease Liability	2,117,384	2,133,412

The lease liability decreased from Euro 2,133 million at December 31, 2020 to Euro 2,117 million as a result of the payments made in the period (Euro 210 million), net of re-measurements to reflect lease renewals or modifications (Euro 182.5 million) and interest recognized to adjust the present value of the liability (Euro 18.8 million).

The lease liability is concentrated in Japan, the U.S.A. and Italy.

The net financial indebtedness, including the lease liability, is Euro 2,219 million at June 30, 2021.

Events after the reporting date

On July 14, the Group executed its commitment to enter the share capital of Filati Biagioli Modesto spa with a 40% stake.

Outlook

Commitment to brands and stronger ties with customers have delivered robust growth in sales across markets and product categories. Group's profitability improved, despite the uncertain environment and the sales momentum is expected to remain strong in the second half of the year. The Group's brands have plenty of potential and the management is confident to unlock it over the medium term.

Corporate Governance practices

The Company is seamlessly engaged in maintaining a high standard of corporate governance practices as part of its commitment to effective corporate governance. The corporate governance model adopted by the Company consists of a set of rules and standards aimed toward establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders and to enhance shareholder value. Such corporate governance model adopted is in compliance with the applicable regulations in Italy, where the Company is incorporated, as well as the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), where its shares are listed.

Compliance with the Code

The Board of Directors of the Company (the "Board") has reviewed the Company's corporate governance practices and is satisfied that such practices have complied with the code provisions set out in the Code throughout the six months from January 1, 2021 to June 30, 2021 (the "Reviewed Period").

The Board

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Company and the Group.

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each Committee is chaired by an independent non-executive director. The written terms of reference of each Committee are on terms no less exacting than those set out in the Code and are available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On May 27, 2021, the 2021 shareholders' general meeting of the Company (the "AGM") has appointed the current Board consisting of nine directors for a term of three financial years, expiring on the date of the shareholders' general meeting to be called to approve the financial statements for the year ending December 31, 2023.

On June 4, 2021, the Board held its first meeting after the AGM to, among others, confer the executive roles of the Directors and resolve the membership of the Board Committees.

The Board comprises nine Directors, and their names, roles and functions are set out below:

Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors			
Mr. Paolo Zannoni (Chairperson of the Board)	-	Member	-
Ms. Miuccia Prada Bianchi (Chief Executive Officer)	-	-	-
Mr. Patrizio Bertelli (Chief Executive Officer)	-	-	-
Ms. Alessandra Cozzani (Chief Financial Officer)	-	-	-
Mr. Lorenzo Bertelli	-	-	Member
Non-Executive Director			
Mr. Stefano Simontacchi	-	-	-
Independent Non-Executive Directors			
Ms. Marina Sylvia Caprotti	Member	Chairperson	Member
Mr. Maurizio Cereda	Member	-	Chairperson
Mr. Yoël Zaoui	Chairperson	Member	-

During the Reviewed Period, the Board has held five meetings on January 5, March 10, April 16, June 4 and June 28, 2021.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules where at least one member possesses appropriate professional qualifications in accounting or related financial management expertise to discharge the responsibility of the Audit Committee. The Audit Committee consists of three independent non-executive directors, namely, Mr. Yoël Zaoui (Chairperson), Ms. Marina Sylvia Caprotti and Mr. Maurizio Cereda.

The primary duties of the Audit Committee are to assist the Board in providing an independent view on the effectiveness of the Company's financial reporting process and its internal control and risk management systems, to oversee the external and internal audit processes and the implementation of the Company's risk management functions and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board.

During the Reviewed Period, the Audit Committee held four meetings on January 29, February 25, March 8 and April 8, 2021, with an attendance rate of 100%. The Audit Committee often invites the Company's senior management, the Group's internal and external auditors and the members of the board of statutory auditors to its meetings. The Audit Committee's activities for the

Reviewed Period covered: the audit plan for the year 2021, the findings of the internal auditors, internal controls, risk assessment, annual review of the Group's continuing connected transactions for 2020, tax and legal updates (including management of data privacy matters), the financial reporting matters (including the annual results for the year 2020), before recommending them to the Board for approval.

The Audit Committee held two further meetings on July 16 and 28, 2021 to, among others, appoint its Chairperson and review the interim results for the period ended June 30, 2021, before recommending them to the Board for approval.

Remuneration Committee

The Company has established a Remuneration Committee in compliance with the Code. The Remuneration Committee consists of two independent non-executive directors, Ms. Marina Sylvia Caprotti (Chairperson) and Mr. Yoël Zaoui, and one executive director, Mr. Paolo Zannoni.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration package of Directors and senior management and the establishment of a formal and transparent procedure for developing policies on such remuneration. The recommendations of the Remuneration Committee are then put forward to the Board for consideration and, where appropriate, adoption.

During the Reviewed Period, the Remuneration Committee held two meetings on March 31 and June 28, 2021, with an attendance rate of 100% to review and recommend, among others, the aggregate basic remuneration of the Board, the additional remuneration of the directors vested with special authorities, certain updates to the long term incentive plan and the management by objective plans for executives and the executive directors.

Nomination Committee

The Company has established a Nomination Committee in compliance with the Code. The Nomination Committee consists of two independent non-executive directors, Mr. Maurizio Cereda (Chairperson) and Ms. Marina Sylvia Caprotti, and one executive director, Mr. Lorenzo Bertelli.

The primary duties of the Nomination Committee are to determine the policy for the nomination of directors and to make recommendations to the Board for consideration and, where appropriate, adoption on the structure, size and composition of the Board itself, on the selection of new Directors and on the succession plans for Directors. In discharging its duties, the Nomination Committees has considered the Board Diversity Policy and the Directors' Nomination Policy.

During the Reviewed Period, the Nomination Committee held two meetings on February 26 and April 1, 2021, with an attendance rate of 100% to perform the annual review of the independence of independent non-executive directors, to recommend to the shareholders the structure of the Board and the election and appointment of nine directors for a term of three financial years and to review the candidates proposed to be elected as Directors by Prada Holding spa.

Board of Statutory Auditors

Under Italian law, the Company is required to have a board of statutory auditors, appointed by the shareholders for a term of three financial years. The board of statutory auditors has the authority to supervise the Company on its compliance with the applicable law, regulations and the By-laws, as well as on its compliance with the principles of proper management, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the Company and its functioning.

The AGM has elected the following persons as statutory auditors or alternate statutory auditors (as the case may be) for a term of three financial years, ending on the date of the shareholders' meeting to be called to approve the financial statements for the year ending December 31, 2023:

Mr. Antonino Parisi – Chairperson of the board of statutory auditors;
Mr. Roberto Spada – statutory auditor;
Mr. David Terracina – statutory auditor;
Ms. Stefania Bettoni – alternate statutory auditor; and
Ms. Fioranna Negri – alternate statutory auditor.

During the Reviewed Period, the members of board of statutory auditors attended five meetings of the Board.

Organismo di Vigilanza (Supervisory Body)

In compliance with the Italian Legislative Decree 231 of June 8, 2001 (the "Decree"), the Company has established an *organismo di vigilanza* (supervisory body) whose primary duty is to ensure the functioning, effectiveness and enforcement of the Model of Organization, adopted by the Company pursuant to the same Decree.

The *organismo di vigilanza* (supervisory body) consists of three members selected among qualified and experienced individuals and appointed by the Board. As at June 30, 2021, the *organismo di vigilanza* (supervisory body) consists of Ms. Stefania Chiaruttini (Chairperson), Mr. Yoël Zaoui and Mr. Gianluca Andriani.

Dividends

The Company may distribute dividends subject to the approval of the shareholders in a shareholders' general meeting.

No dividends have been declared or paid by the Company in respect of the Reviewed Period.

On March 10, 2021, the Board recommended for the financial year 2020 the payment of a final dividend of Euro 0.035 per share, representing a total dividend of Euro 89,558,840. The AGM approved the distribution and payment of the final dividend. The dividend was paid on Wednesday, June 30, 2021.

Directors' Securities Transactions

The Company has adopted written procedures governing Directors' securities transactions on terms no less exacting than the standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Specific written confirmations have been obtained from each Director (where practicable) to confirm his/her compliance with the required standard set out in the Model Code and the Company's relevant procedures regarding Directors' securities transactions for the Reviewed Period. There was no incident of non-compliance during the Reviewed Period.

The Company has also adopted written procedures governing securities transactions carried out by relevant employees who are likely to be in possession of inside information in relation to the Company and its securities. The terms of these procedures are no less exacting than the standard set out in the Model Code.

Purchase, Sale, or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reviewed Period.

Publication of Interim Results Announcement and Interim Report

The interim results announcement of the Company is published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.pradagroup.com. The interim report will be available on the same websites and dispatched to the shareholders of the Company in due course.

By Order of the Board
PRADA S.p.A.
Mr. Paolo Zannoni
Chairperson

Milan (Italy), July 29, 2021

As at the date of this announcement, the Company's executive directors are Mr. Paolo ZANNONI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Ms. Alessandra COZZANI and Mr. Lorenzo BERTELLI; the Company's non-executive director is Mr. Stefano SIMONTACCHI and the Company's independent non-executive directors are Ms. Marina Sylvia CAPROTTI, Mr. Maurizio CEREDA and Mr. Yoël ZAOUÏ.