PRADA Group

PRADA S.p.A.
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

- The Prada Group reported net revenues of Euro 2,232.4 million, up by 20.5% at constant exchange rates compared to the first six months of 2022;
- Retail sales up 21.1% compared to the first half of 2022, at constant exchange rates;
- All regions except the Americas showed double-digit growth over the first half of 2023 (at constant exchange rates: Japan +49.2%, Asia Pacific +25.3%, Europe +24.2%, Middle East +13.5%, Americas -1%);
- Gross margin climbed to 80.3% of net revenues from the 77.7% of the first half of 2022;
- EBIT: Euro 491.4 million, corresponding to 22.0% of net revenues, up by 61.2% from the first six months of 2022 (Euro 304.8 million, 16.0% of net revenues);
- Net financial position positive for Euro 282.9 million at June 30, 2023, after payment of 2022 dividends

Presentation of the Prada Group

Prada S.p.A. ("Prada" or the "Company"), together with its subsidiaries (collectively the "Group" or the "Prada Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). The 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 sector with the Marchesi 1824 brand, in the most prestigious sailing races with Luna Rossa and in the eyewear and fragrance industries under licensing agreements.

The Group owns 25 production facilities (22 in Italy, 1 in the United Kingdom, 1 in France and 1 in Romania) and its products are sold in 70 countries worldwide primarily through 603 directly operated stores ("DOS") at June 30, 2023. The Group's products are also sold directly through the brands' e-commerce activity and indirectly in selected high-end department stores, independent retailers in very exclusive locations, and important e-tailers.

The Company is a joint-stock company (with limited liability), registered and domiciled in Italy. Its registered office is at via Fogazzaro 28, Milan. At June 30, 2023, 79.98% of the share capital was owned by Prada Holding S.p.A., a company domiciled in Italy, and the remainder consisted of floating shares listed 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 the Company, the operating parent company of the Prada Group, and is based on the unaudited consolidated results for the six-month period ended June 30, 2023.

This announcement has been prepared consistently with the accounting standards and policies used to prepare the 2022 Annual Report, since none of the new standards and amendments to existing standards that became effective during the period had a material impact on the figures and disclosures provided. At the date of presentation of this document, there were no differences between the International Financial Reporting Standards ("IFRS") approved by the European Union ("EU") and applicable to the Prada Group, and those issued by the International Accounting Standard Board ("IASB"), except for the following amendments to existing standards that have not been endorsed yet.

New standards and amendments to existing standards issued by the IASB, endorsed by the European Union and applicable to the Prada Group from January 1, 2023.

New standards and amendments to existing standards	Effective date for Prada Group	EU endorsement date
IFRS 17 Insurance contracts	January 1, 2023	Endorsed in November 2021
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	January 1, 2023	Endorsed in March 2022
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	January 1, 2023	Endorsed in March 2022
Amendments to IAS 12 Income taxes: deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	Endorsed in August 2022
Amendments to IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information (issued on 9 December 2021)	January 1, 2023	Endorsed in September 2022

Amendments to existing standards issued by the IASB, but not yet endorsed by the European Union as of June 30, 2023.

Amendments to existing standards	Date of possible application	EU endorsement date
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules	January 1, 2023	Not endorsed yet
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	January 1, 2024	Not endorsed yet
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	January 1, 2024	Not endorsed yet
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date - Non-current Liabilities with Covenants	January 1, 2024	Not endorsed yet

On 23 May 2023, the IASB issued the "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules" with the objective to introduce a mandatory temporary exception to the requirements in IAS 12 Income Taxes ("IAS 12") to recognise and disclose information about deferred tax assets and liabilities arising from the OECD's Pillar Two Model Rules. The temporary exception will be applicable immediately upon the issue of the Amendments and retrospectively in accordance with IAS 8 from January 1, 2023. EFRAG assessed that the Amendments meet the technical endorsement criteria of the IAS Regulation and recommended its endorsement but the endorsement process by the European Union is not formally complete.

Since it is unclear whether the application of the current requirement of IAS 12 to Pillar Two income taxes create additional temporary differences, whether to remeasure deferred taxes and which tax rate to use to measure deferred taxes, the Group applied judgment and concluded, in accordance with IAS 8, that not accounting for deferred taxes related to Pillar Two income taxes represents the most relevant and reliable accounting policy. This policy results in accounting that is consistent with the above Amendments whose endorsement process is still on going.

Key financial information

Key economic figures (amounts in thousands of Euro)	six months ended June 30 2023 *(unaudited)*	six months ended June 30 2022 *(unaudited)*
Net revenues	2,232,379	1,900,942
EBIT Adjusted (*)	491,419	330,802
% incidence on net revenues	22.0%	17.4%
EBIT (**)	491,419	304,802
% incidence on net revenues	22.0%	16.0%
Net income / (loss) of the Group	305,168	188,264
Earnings / (losses) per share (Euro)	0.119	0.074
Net operating cash flow (***)	181,753	158,202

(*) Non-IFRS measure equal to EBIT less other non-recurring income / (expenses)

(**) Non-IFRS measure equal to earnings before interest and taxation

(***) Non-IFRS measure equal to net cash flow from operating activities less repayment of lease liability

Key indicators (amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Net operating working capital	723,262	690,573
Net invested capital (right of use assets included)	5,427,546	5,073,699
Net financial surplus / (deficit) (*)	282,887	534,900
Group shareholders' equity	3,501,416	3,482,217

(*) Non-IFRS measure equal to short-term and long-term financial payables due to third parties and related parties, net of cash and cash equivalents and short-term and long-term financial receivables due from third parties and related parties

Highlights of the first six months of 2023

In the first half of 2023 Prada Group achieved solid performance driven by strong brand identity, creativity and disciplined execution amidst an ever-changing global macroeconomic scenario.

Group's net revenues grew by 20.5% at constant exchange rates compared to first half of 2022, with retail sales marking double-digit growth across all product categories.

At brand level, Prada retail net sales increased by 17.7% in the first six months of 2023, reporting a growth of +14.7% in the second quarter, a more moderate but solid pace compared to the +21.1% of the first quarter, on a high basis of comparison with the exception of China. Miu Miu retail net sales grew at 50.1% in the semester, with the second quarter in further acceleration at +57.3% versus the +41.9% of the first quarter, an excellent performance supported by the higher exposure to China and Asia.

Both gross margin (80.3%) and EBIT margin (22.0%) showed further expansion, notwithstanding higher investments behind the brands. The net financial position remained robust, providing comfortable headroom to fund future strategic initiatives.

With respect to Prada, over the period the focus has been on nurturing the desirability of the brand, whose Menswear FW23 / SS24 and Womenswear

FW23 shows confirmed excellent reception across all audiences. Through the highly successful "The Glass Age" campaign, the iconic Galleria bag has been reinterpreted and celebrated; at the same time, the introduction of novelties continued across all categories with the ongoing and broad-based success of the brand's collections. Contributing to the dialogue with growing audiences, in the second quarter, Prada and Adidas unveiled the "adidas Football for Prada" collection. Throughout the semester, the brand also realised a number of successful activations, including dedicated events for the Eternal Gold fine jewellery collection, Prada Extends in Bangkok, Prada Mode in Tokyo, and the opening of the very impactful Prada Caffè at Harrods.

As for Miu Miu, the standout performance was supported by the highly successful FW23 fashion show, the launch of the SS23 campaign with exceptional personalities, and continued investment to amplify the brand awareness to a growing client base. The "matelassé" leather and its dedicated campaigns resonated strongly, as demonstrated by the success of Wander and recently launched Arcadie bags; likewise, the second drop of the New Balance x Miu Miu sneakers created strong commercial response, increasing the brand visibility. Miu Miu consolidated formats, like the Miu Miu Women's Tales as well as Miu Miu Select, also contributed to foster the relationship with the community on a global scale. The brand strategy remains focused on reinforcing brand codes, with a constant flow of contemporary collections that fuel desirability across all product categories.

Adding to the client engagement initiatives of the brands, the Group continued to invest in the retail network upgrade at pace, with c.70 renovation projects completed in the semester, instrumental to elevate the client experience in store and to increase productivity.

On the industrial front, the focus has been on expanding capacity and reinforcing the strategic control of the know-how. In this context, the Group also announced the acquisition of a minority stake in Luigi Fedeli e Figlio S.r.l., an Italian family business globally recognised for the excellence of its knitwear and fine yarns.

Additionally, in March the Group unveiled an ambitious hiring plan concentrated on the regions of Tuscany, Umbria and Marche, which will add 400 resources by the end of the year. More than half of the professionals will be trained internally by the Prada Group Academy, as part of the Group's mission to preserve craftmanship know-how.

Prada Group's focus on vertical integration was also reflected in the progress made with building an increasingly responsible business model, throughout the key areas of supply chain transparency, raw materials traceability, Scope 3 CO_2 emissions reduction, chemicals management in industrial processes and a wider Water Conservation programme.

Moreover, the Group's ongoing commitment to the ocean through the SEA BEYOND project continues, with the announcement on June 27 of a new enhanced partnership with IOC-UNESCO. Specifically, Prada Group will donate 1% of the proceeds of the Prada Re-Nylon collection to enrich educational programme and extend the scope of SEA BEYOND towards two new areas of focus: support for ocean-related scientific research and humanitarian projects.

Finally, with the onboarding of Andrea Guerra as Prada Group CEO in January, the Group further strengthened its governance, thus enhancing its ability to execute the strategy while also easing the generational transition.

Consolidated statement of profit or loss for the six months ended June 30, 2023 (includes Non-IFRS Measures)

(amounts in thousands of Euro)	six months ended June 30 2023 (unaudited)	% on net revenues	six months ended June 30 2022 (unaudited)	% on net revenues	change	% change
Net sales (Note 1)	2,184,896	97.9%	1,872,418	98.5%	312,478	16.7%
Royalties	47,483	2.1%	28,524	1.5%	18,959	66.5%
Net revenues	2,232,379	100%	1,900,942	100%	331,437	17.4%
Cost of goods sold	(438,984)	-19.7%	(423,451)	-22.3%	(15,533)	3.7%
Gross margin	1,793,395	80.3%	1,477,491	77.7%	315,904	21.4%
Product design and development costs	(72,489)	-3.2%	(68,581)	-3.6%	(3,908)	5.7%
Advertising and communications costs	(187,274)	-8.4%	(155,168)	-8.2%	(32,106)	20.7%
Selling costs	(894,587)	-40.1%	(795,510)	-41.8%	(99,077)	12.5%
General and administrative costs	(147,626)	-6.6%	(127,430)	-6.7%	(20,196)	15.8%
Total operating expenses	(1,301,976)	-58.3%	(1,146,689)	-60.3%	(155,287)	13.5%
Recurring operating income / (loss) – EBIT Adjusted	491,419	22.0%	330,802	17.4%	160,617	48.6%
Other non-recurring income / (expenses)	-	-	(26,000)	-1.4%	26,000	-100%
Operating income / (loss) – EBIT	491,419	22.0%	304,802	16.0%	186,617	61.2%
Interest and other financial income / (expenses), net	(19,292)	-0.9%	(8,584)	-0.5%	(10,708)	124.7%
Interest expenses on lease liability	(27,342)	-1.2%	(18,887)	-1.0%	(8,455)	44.8%
Dividends from investments	226	0.0%	119	0.0%	107	89.9%
Total financial income / (expenses)	(46,408)	-2.1%	(27,352)	-1.4%	(19,056)	69.7%
Income / (loss) before taxation	445,011	19.9%	277,450	14.6%	167,561	60.4%
Taxation	(138,381)	-6.2%	(88,033)	-4.6%	(50,348)	57.2%
Net income / (loss) for the period	306,630	13.7%	189,417	10.0%	117,213	61.9%
Net income / (loss) - Non-controlling interests	1,462	0.1%	1,153	0.1%	309	26.8%
Net income / (loss) – Group	305,168	13.7%	188,264	9.9%	116,904	62.1%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Assets			
Current assets			
Cash and cash equivalents		766,271	1,091,622
Trade receivables, net	4	325,296	331,915
Inventories, net	5	784,525	760,457
Derivative financial instruments – current		34,268	22,483
Receivables due from, and advance payments to, related parties - current	6	2,358	2,373
Other current assets	7	254,573	215,917
Total current assets		2,167,291	2,424,767
Non-current assets			
Property, plant and equipment	8	1,590,172	1,577,125
Intangible assets	8	827,069	817,809
Right of use assets	9	2,082,146	2,011,474
Investments in equity instruments		32,782	26,974
Deferred tax assets		379,917	373,090
Other non-current assets	10	136,981	139,402
Derivative financial instruments – non-current		5,585	5,812
Receivables due from, and advance payments to, related parties – non-current		1,125	1,125
Total non-current assets		5,055,777	4,952,811
Total assets		7,223,068	7,377,578
Liabilities and shareholders' equity			
Current liabilities			
Short-term lease liability		420,389	392,126
Short-term financial payables and bank overdrafts		131,991	160,847
Payables due to related parties - current	11	5,045	3,568
Trade payables	12	386,559	401,799
Tax payables		133,002	277,656
Derivative financial instruments - current		5,946	11,565
Other current liabilities	13	244,428	242,306
Total current liabilities		1,327,360	1,489,867
Non-current liabilities			
Long-term lease liability		1,768,803	1,715,451
Long-term financial payables		349,714	395,656
Long-term employee benefits		56,323	67,571
Provision for risks and charges	14	47,024	51,486
Deferred tax liabilities		43,168	40,855
Other non-current liabilities		109,435	115,670
Total non-current liabilities		2,374,467	2,386,689
Total liabilities		3,701,827	3,876,556
Share capital		255,882	255,882
Total other reserves		2,843,377	2,648,496
Translation reserve		96,989	112,646
Net income / (loss) for the period		305,168	465,193
Net equity attributable to owners of the Group		3,501,416	3,482,217
Net equity attributable to Non-controlling interests		19,825	18,805
Total net equity		3,521,241	3,501,022
Total liabilities and total net equity		7,223,068	7,377,578
Net current assets		839,931	934,900
Total assets less current liabilities		5,895,708	5,887,711

Consolidated statement of changes in equity

(amounts in thousands of Euro, except number of shares)

												Equity	
(amounts in thousands of Euro)	Number of shares	**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 income for the period**	**Net equity attributable to owners of Group**	**Net equity attributable to Non-controlling interests**	**Total net equity**
Balance at Dec. 31, 2021 (*audited*)	2,558,824,000	255,882	67,434	410,047	(15,878)	(5,708)	(10,992)	2,118,855	2,496,324	294,254	3,113,894	14,749	3,128,643
Allocation of 2021 net loss	-	-	-	-	-	-	-	294,254	294,254	(294,254)	-	-	-
Dividends	-	-	-	-	-	-	-	(179,118)	(179,118)	-	(179,118)	-	(179,118)
Monetary revaluation IAS 29	-	-	-	-	-	-	-	9,044	9,044	-	9,044	-	9,044
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	91,059	-	3,668	-	-	-	3,668	188,264	282,991	1,993	284,984
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	-	(273)	-	(273)	-	(273)	-	(273)
Balance at June 30, 2022 (*unaudited*)	2,558,824,000	255,882	158,493	410,047	(12,210)	(5,708)	(11,265)	2,243,035	2,623,899	188,264	3,226,538	16,742	3,243,280
Dividends	-	-	-	-	-	-	-	-	-	-	-	(599)	(599)
Monetary revaluation IAS 29	-	-	-	-	-	-	-	2,866	2,866	-	2,866	-	2,866
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	(45,847)	-	22,270	-	-	-	22,270	276,929	253,352	2,633	255,985
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	(1,399)	860	-	(539)	-	(539)	29	(510)
Balance at Dec. 31, 2022 (*audited*)	2,558,824,000	255,882	112,646	410,047	10,060	(7,107)	(10,405)	2,245,901	2,648,496	465,193	3,482,217	18,805	3,501,022
Allocation of 2022 net loss	-	-	-	-	-	-	-	465,193	465,193	(465,193)	-	-	-
Dividends	-	-	-	-	-	-	-	(281,471)	(281,471)	-	(281,471)	(250)	(281,721)
Monetary revaluation IAS 29	-	-	-	-	-	-	-	2,409	2,409	-	2,409	-	2,409
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	(15,657)	-	7,451	-	-	-	7,451	305,168	296,962	1,270	298,232
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	-	1,299	-	1,299	-	1,299	-	1,299
Balance at June 30, 2023 (*unaudited*)	2,558,824,000	255,882	96,989	410,047	17,511	(7,107)	(9,106)	2,432,032	2,843,377	305,168	3,501,416	19,825	3,521,241

Consolidated statement of cash flows for the six months ended June 30, 2023

(amounts in thousands of Euro)	six months ended June 30 2023 (unaudited)	six months ended June 30 2022 (unaudited)
Income / (loss) before taxation	445,011	277,450
Profit or loss adjustments		
Depreciation of the right of use assets	221,203	221,466
Depreciation and amortisation of property, plant and equipment and intangible assets	108,869	102,981
Impairment of the right of use assets	3,917	8,000
Impairment of property, plant and equipment and intangible assets	2,510	19,844
Non-monetary financial (income) / expenses	35,662	(13,699)
Interest expenses on lease liability	27,342	18,887
Other non-monetary (income) / expenses	17,298	18,017
Balance sheet changes		
Other non-current assets and liabilities	(26,038)	(8,595)
Trade receivables, net	(2,179)	16,092
Inventories, net	(56,615)	(62,917)
Trade payables	(7,591)	(24,291)
Other current assets and liabilities	(49,045)	(35,493)
Cash flows from operating activities	720,344	537,742
Interest paid (net), including interest paid on lease liability – third parties	(21,918)	(23,572)
Taxes paid	(304,922)	(139,495)
Net cash flows from operating activities	393,504	374,675
Purchases of property, plant and equipment and intangible assets	(149,204)	(88,597)
Disposals of property, plant and equipment and intangible assets	-	411
Earn-out paid to a related party	-	(5,000)
Dividends from investments	229	119
Net cash flow utilised by investing activities	(148,975)	(93,067)
Dividends paid to shareholders of Prada S.p.A.	(266,818)	(169,793)
Dividends paid to Non-controlling shareholders	(250)	-
Repayment of lease liability	(211,751)	(216,473)
Loans to related parties	-	(2,200)
Loans from related parties	1,500	-
Repayment of short-term portion of long-term borrowings – third parties	(47,335)	(136,519)
Change in short-term borrowings – third parties	(24,032)	4,383
Capital injection to associates	(4,509)	-
Net cash flows utilised by financing activities	(553,195)	(520,602)
Change in cash and cash equivalents, net of bank overdrafts	(308,666)	(238,994)
Foreign exchange differences	(16,620)	40,878
Opening cash and cash equivalents, net of bank overdraft	1,091,557	981,786
Closing cash and cash equivalents, net of bank overdraft	766,271	783,670

Consolidated statement of comprehensive income for the six months ended June 30, 2023

(amounts in thousands of Euro)	six months ended June 30 2023 (unaudited)	six months ended June 30 2022 (unaudited)
Net income / (loss) for the period	306,630	189,417
A) Items recyclable to P&L:		
Change in translation reserve	(15,849)	91,899
Tax impact	-	-
Change in translation reserve less tax impact	(15,849)	91,899
Change in cash flow hedge reserve	9,820	4,756
Tax impact	(2,369)	(1,088)
Change in cash flow hedge reserve less tax impact	7,451	3,668
B) Item not recyclable to P&L:		
Change in fair value in equity instruments reserve	1,299	(273)
Tax impact	-	-
Change in fair value in equity instruments reserve less tax impact	1,299	(273)
Change in actuarial reserve	-	-
Tax impact	-	-
Change in actuarial reserve less tax impact	-	-
Comprehensive income / (loss) for the period - Consolidated	299,531	284,711
Comprehensive income / (loss) for the period – Non-controlling interests	1,270	1,993
Comprehensive income / (loss) for the period – Group	298,261	282,718

Notes to the Interim Consolidated Financial Statements for the six months ended June 30, 2023

1. Analysis of net revenues

(amounts in thousands of Euro)	six months ended June 30 2023 (unaudited)		six months ended June 30 2022 (unaudited)		% change current exc.rates	% change constant exc.rates
Net revenues						
Retail net sales (Directly Operated Stores and e-commerce)	1,974,710	88.5%	1,677,950	88.3%	17.7%	21.1%
Wholesale net sales (independent customers and franchisees)	210,186	9.4%	194,468	10.2%	8.1%	8.5%
Royalties	47,483	2.1%	28,524	1.5%	66.5%	66.5%
Total net revenues	2,232,379	100%	1,900,942	100%	17.4%	20.5%
Retail net sales by brand						
Prada	1,667,909	84.5%	1,457,314	86.9%	14.5%	17.7%
Miu Miu	285,160	14.4%	196,483	11.7%	45.1%	50.1%
Church's	12,665	0.6%	16,223	1.0%	-21.9%	-20.6%
Other	8,976	0.5%	7,930	0.5%	13.2%	13.6%
Total retail net sales	1,974,710	100%	1,677,950	100%	17.7%	21.1%
Retail net sales by geographical area						
Asia Pacific	715,724	36.2%	590,478	35.2%	21.2%	25.3%
Europe	582,112	29.5%	486,001	29.0%	19.8%	24.2%
Americas	361,073	18.3%	359,791	21.4%	0.4%	-1.0%
Japan	223,587	11.3%	161,470	9.6%	38.5%	49.2%
Middle East	92,214	4.7%	80,210	4.8%	15.0%	13.5%
Total retail net sales	1,974,710	100%	1,677,950	100%	17.7%	21.1%
Retail net sales by product category						
Leather goods	924,814	46.8%	851,182	50.7%	8.7%	11.7%
Ready to wear	609,495	30.9%	461,395	27.5%	32.1%	36.1%
Footwear	373,920	18.9%	320,160	19.1%	16.8%	20.3%
Other	66,481	3.4%	45,213	2.7%	47.0%	49.8%
Total retail net sales	1,974,710	100%	1,677,950	100%	17.7%	21.1%

2. Number of stores

	June 30, 2023		December 31, 2022		June 30, 2022	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Prada	426	22	422	21	421	22
Miu Miu	141	6	145	5	146	5
Church's	28	-	37	-	52	-
Car Shoe	2	-	2	-	2	-
Marchesi 1824	6	-	6	-	6	-
Total	603	28	612	26	627	27

	June 30, 2023		December 31, 2022		June 30, 2022	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Europe	200	-	209	-	219	-
Asia Pacific	192	25	190	21	195	22
Americas	102	-	104	-	105	-
Japan	86	-	86	-	86	-
Middle East	23	3	23	5	22	5
Total	603	28	612	26	627	27

3. Earnings and dividends per share

Earnings per share basic and diluted

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

	six months ended June 30 2023 (unaudited)	six months ended June 30 2022 (unaudited)
Group net income / (loss) in Euro	305,167,809	188,264,166
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	0.119	0.074

Dividends paid

During the six-month period ended June 30, 2023, the Company distributed dividends of Euro 281,470,640, as approved at the General Meeting held on April 27, 2023 for the approval of the financial statements for the year ended December 31, 2022.

The dividends net of withholding taxes (Euro 266.8 million) were paid during the period under review, whereas the withholding tax (Euro 14.7 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 2023.

4. Trade receivables, net

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Trade receivables – third parties	332,964	342,110
Allowance for bad and doubtful debts	(9,197)	(11,595)
Trade receivables – related parties	1,529	1,400
Total	325,296	331,915

The change in the allowance for bad and doubtful debts is detailed below:

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Opening balance	11,595	10,990
Exchange differences	(242)	90
Increases	767	741
Reversals	(339)	(136)
Utilisation	(2,584)	(90)
Closing balance	9,197	11,595

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

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	334,493	274,671	29,578	5,896	3,584	3,156	17,608
Total June 30, 2023	334,493	274,671	29,578	5,896	3,584	3,156	17,608

(amounts in thousands of Euro)	December 31 2022 *(audited)*	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	343,510	272,142	39,132	6,297	4,459	1,211	20,269
Total December 31, 2022	343,510	272,142	39,132	6,297	4,459	1,211	20,269

An aging analysis of the trade receivables net of the allowance for bad and doubtful debts is shown below:

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for bad and doubtful accounts	325,296	273,342	29,488	5,871	3,551	3,102	9,942
Total June 30, 2023	325,296	273,342	29,488	5,871	3,551	3,102	9,942

(amounts in thousands of Euro)	Dec. 31 2022 *(audited)*	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for bad and doubtful accounts	331,915	270,542	39,060	5,833	4,453	1,209	10,818
Total December 31, 2022	331,915	270,542	39,060	5,833	4,453	1,209	10,818

5. Inventories, net

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Raw materials	111,551	108,450
Work in progress	38,872	30,109
Finished products	724,365	699,849
Return assets	10,959	10,493
Allowance for obsolete and slow-moving inventories	(101,222)	(88,444)
Total	784,525	760,457

The changes in the allowance for obsolete and slow-moving inventories are as follows:

(amounts in thousands of Euro)	Raw materials	Finished products	Total allowance for obsolete and slow-moving inventories
Opening balance *(audited)*	32,222	56,222	88,444
Exchange differences	1	(63)	(62)
Increases	6,000	7,167	13,167
Utilisation	-	(327)	(327)
Closing balance *(unaudited)*	38,223	62,999	101,222

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

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Financial receivables	2,200	2,200
Other receivables and advances	158	173
Total	2,358	2,373

7. Other current assets

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
VAT	43,620	39,627
Taxation and other tax receivables	61,068	70,775
Other assets	16,085	9,230
Prepayments	128,677	86,617
Guarantee deposits	5,123	9,668
Total	254,573	215,917

8. Capital expenditure

The changes in the net carrying amount of property, plant and equipment for the six months ended June 30, 2023 are shown below:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangibles	Assets under construct ion	Total net carrying amount
Opening balance *(audited)*	811,599	60,478	292,979	288,698	61,390	61,981	1,577,125
Additions	946	5,681	47,173	18,750	4,326	44,710	121,586
Depreciation	(9,677)	(6,147)	(46,974)	(20,509)	(5,121)	-	(88,428)
Disposals	(1,228)	(52)	(949)	(94)	(181)	(1,326)	(3,830)
Exchange differences	(310)	43	(10,037)	(2,340)	(239)	(1,753)	(14,636)
Other movements	3,161	5,098	11,939	6,441	36	(26,538)	137
Impairment	(167)	(3)	(956)	(221)	(3)	(1,029)	(2,379)
Revaluation IAS 29	-	-	557	(5)	43	2	597
Closing balance *(unaudited)*	804,324	65,098	293,732	290,720	60,251	76,047	1,590,172

The changes in the net carrying amount of intangible assets for the six months ended June 30, 2023 are shown below:

(amounts in thousands of Euro)	Trademarks and other intellectual property rights	Goodwill	Store lease acquisi-tions	Software	Other intangi-bles	Assets in progress	Total net carrying amount
Opening balance *(audited)*	185,743	513,681	135	85,803	1,648	30,799	817,809
Additions	398	-	122	1,750	-	26,650	28,920
Amortisation	(5,225)	-	(173)	(13,842)	(1,201)	-	(20,441)
Disposals	-	-	-	(92)	-	(20)	(112)
Exchange differences	1,072	-	3	(25)	-	(7)	1,043
Other movements	-	-	(1)	11,172	-	(11,190)	(19)
Impairment	-	-	-	(131)	-	-	(131)
Closing balance *(unaudited)*	181,988	513,681	86	84,635	447	46,232	827,069

Impairment test

As required by IAS 36 "Impairment of Assets", intangible assets with indefinite useful lives are not amortised, but they are tested for impairment at least once per year. The Group does not report intangible assets with indefinite useful lives apart from goodwill. At June 30, 2023, the goodwill recognised in the consolidated financial statements is Euro 513.7 million, and it is allocated to the following cash generating units ("CGUs"):

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Italy Wholesale	78,355	78,355
Asia Pacific and Japan Retail	311,936	311,936
Italy Retail and Pasticceria Marchesi 1824	33,825	33,825
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	14,101	14,101
Total Goodwill	513,681	513,681

No indications of impairment emerged during the reporting period. However, since values in use and fair values are measured on the basis of estimates and assumptions, management cannot guarantee that the value of goodwill or other tangible or intangible assets will not be subject to impairment in the future.

For the Church's CGU, in 2022 the identification of a trigger event related to the beginning of the reorganization process has led to the partial writedown of the brand. As a result of this and in relation to the business performance in the first part of 2023, a monitoring activity was carried out in order to identify any further potential impairment on the CGU. Based on the activities carried out, no further impairment losses were identified.

For the Russia CGU, the review of the estimated recoverable amount of the properties owned, which in substance represents the residual value of the non-current assets allocated to the CGU, was updated since the trigger events that at December 31, 2022 had resulted in a Euro 43.5 million writedown of the CGU's fixed assets are still ongoing. The assessment was updated by a leading independent firm of the sector, which estimated the fair value of the two buildings using the Comparative Method of valuation, based on a comparison of the real estate being appraised to other comparable assets recently sold or offered on the same market.

The carrying amount recognized at June 30, 2023 is consistent with the related fair value. Translated at the June 30, 2023 exchange rate, the net invested capital of the CGU is Euro 19.9 million, of which Euro 21.9 million refers to the two buildings owned and the remainder to items of net working capital. The reduction in value of the net invested capital compared to the previous period (Euro 29.9 million, translated at the December 31, 2022 exchange rate) is attributable to the depreciation for the period and, largely, to the impact of the exchange rate. With respect to the estimated recoverable amount of the buildings, the current volatility in the Russian financial system has created significant uncertainty in the real estate industry. The scarce liquidity in capital markets means more difficulties than those present in normal market conditions in the event of selling assets in the short term. This circumstance entailed using a high level of judgment to estimate the recoverable amount of the assets tested. Therefore, management cannot guarantee that the value of the buildings owned in Russia will not be subject to additional fluctuations (impairment losses or writedown reversals) in the future.

9. Right of use assets

The changes in the net carrying amount of the right of use assets for the six months ended June 30, 2023 are shown below:

(amounts in thousands of Euro)	**Real Estate**	**Other**	**Total net carrying amount**
Opening balance *(audited)*	2,007,660	3,814	2,011,474
New contracts, initial direct costs and remeasurements	347,482	1,875	349,357
Depreciation	(220,129)	(1,074)	(221,203)
Contracts termination	23	(74)	(51)
Exchange differences	(55,818)	(5)	(55,823)
Impairment	(3,917)	-	(3,917)
Revaluation IAS 29	2,309	-	2,309
Closing balance *(unaudited)*	2,077,610	4,536	2,082,146

The increase in “new contracts, initial direct costs and remeasurements” is attributable to lease renewals (primarily in Asia and Europe) and the remeasurement of lease liabilities to adjust them to the indexes typically used in the real estate industry (mainly the consumer price index).

The foreign exchange differences for the period affected the change in the right of use assets considerably, as a result of the appreciation of the Euro against the main currencies of the countries in which the Group operates.

The “other” right of use assets of Euro 4.5 million include plant, machinery, vehicles and hardware.

10. Other non-current assets

(amounts in thousands of Euro)	**June 30 2023** *(unaudited)*	**December 31 2022** *(audited)*
Guarantee deposits	67,166	64,216
Prepayments for commercial agreements	47,993	50,080
Pension fund surplus	6,640	6,426
Deferred rental income	111	231
Other long-term assets	15,071	18,449
Total	136,981	139,402

The guarantee deposits refer primarily to security deposits paid under retail leases.

11. Payables due to related parties - current

(amounts in thousands of Euro)	**June 30 2023** *(unaudited)*	**December 31 2022** *(audited)*
Financial payables	5,032	3,568
Other payables	13	-
Total	5,045	3,568

12. Trade payables

(amounts in thousands of Euro)	**June 30 2023** *(unaudited)*	**December 31 2022** *(audited)*
Trade payables – third parties	383,187	396,159
Trade payables – related parties	3,372	5,640
Total	386,559	401,799

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

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	386,559	343,499	16,092	4,000	5,874	1,564	15,530
Total June 30, 2023	386,559	343,499	16,092	4,000	5,874	1,564	15,530

(amounts in thousands of Euro)	December 31 2022 *(audited)*	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	401,799	330,287	47,513	6,587	436	2,538	14,438
Total December 31, 2022	401,799	330,287	47,513	6,587	436	2,538	14,438

13. Other current liabilities

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Payables for capital expenditure	70,766	73,249
Accrued expenses and deferred income	21,946	28,971
Other payables	151,716	140,086
Total	244,428	242,306

14. Provision for risks and charges

The changes in the provisions for risks and charges are summarized below:

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other provisions	Total
Opening balance *(audited)*	884	4,601	46,001	51,486
Exchange differences	1	(96)	(2,158)	(2,253)
Reversals	(45)	(337)	(450)	(832)
Utilised	(70)	(400)	(2,323)	(2,793)
Increases	60	646	710	1,416
Closing balance *(unaudited)*	830	4,414	41,780	47,024

The provisions for risks and charges represent Directors' best estimate of the maximum outflow of resources needed to settle liabilities deemed probable. In the Directors' opinion, based on the information available to them, the total amount accrued for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from them.

Since 2016, Prada Asia Pacific Ltd (a retail subsidiary wholly owned by Prada S.p.A.) has been providing Prada S.p.A. with commercial services to support its wholesale distribution business in Asia Pacific, for remuneration (in place until 2021) disclosed, as early as the 2016 tax year, to the Italian Tax Authority through the submission of an advance pricing agreement application and various explanatory documents.
The Italian Tax Authority started discussions on the topic on October 2022 and, in order not to have the 2016 fiscal year time barred, on April 28, 2023, it issued two tax notices (IRES and IRAP) in which it challenged in full the deductibility of the remuneration paid to Prada Asia Pacific Ltd in the 2016 fiscal year, setting higher taxes amounting to c. Euro 10.8 million and interest amounting to c. Euro 2.3 million, while recognising (i) the possibility for Prada S.p.A. to deduct the amount that, in the opinion of the Italian Tax Authority, it should have recognised to Prada Asia Pacific Ltd, without however quantifying it, and (ii) the non-application of penalties, by virtue of the correctness of the Transfer pricing contemporaneous documentation prepared by Prada S.p.A..
Prada S.p.A. has filed an appeal against these tax notices within the legal deadlines and discussions with the Italian Tax Authority are still ongoing. The Company, also supported by the opinion of a leading Tax consultancy firm, at this stage believes that there is no basis for recording a tax liability in relation to this case.

The other risk provisions amount to Euro 41.8 million at June 30, 2023 and refer primarily to contractual obligations to restore leased commercial properties to their original condition.

Management discussion and analysis for the six months ended June 30, 2023

(growth percentages at constant exchange rates, unless differently specified)

The Prada Group generated net revenues of Euro 2,232.4 million in the six months ended June 30, 2023, up by 20.5% compared to the first six months of 2022. Exchange rate fluctuations reduced the increase by 3.1%, to 17.4%.

During the first six months of 2023, retail sales rose by double digits against the same period of 2022, with a +21.1% increase driven by the organic growth of full-price sales, which benefited from an increase in both average prices and volumes sold. Over the period, retail sales accounted for 89% of total net revenues, therefore in line with 2022 levels.

At June 30, 2023, the Group operated 603 stores, following 14 openings and 23 closures over the period.

Sales in the wholesale channel rose by 8.5% compared to the corresponding period of 2022, in particular due to the recovery of duty-free sales.

Royalty income grew by 66.5% compared to the first six months of 2022, a performance driven by the strong contribution of both eyewear and fragrances.

Brands

At brand level Prada remained on a sound trajectory while Miu Miu reported a remarkably strong performance.

Prada net retail sales increased by 17.7% in the first six months of 2023, reporting a growth of +14.7% in the second quarter, a more moderate but solid pace compared to the +21.1% of the first quarter, on a high basis of comparison with the exception of China.

As for Miu Miu, net retail sales rose by 50.1%, with the second quarter in further acceleration at +57.3% versus the +41.9% of the first quarter, an excellent outcome supported by the higher exposure to China and Asia, and driven by growth across all markets and all product categories, thanks in part to the retail renovation plan underway.

Net revenues by brand are Euro 1,880.4 million for Prada, Euro 326.6 million for Miu Miu, Euro 15.5 million for Church's and Euro 9.8 million for the other brands.

Markets

Over the period the Group delivered double-digit growth across all regions, excluding Americas.

In Asia Pacific, net retail sales rose by 25.3%, benefiting in particular from the recovery in China and a favorable comparison with 2022 data, particularly in April and May.

In Europe, retail sales rose by 24.2%, supported by healthy local demand and high level of tourism.

Retail sales in the Americas fell by 1%. However, the North American client cluster, that has been showing strength for a prolonged period, continued to grow throughout the semester, including in the second quarter.

As for Japan, retail sales rose by 49.2%, benefiting from recent investments in the retail network, solid domestic spending and progressive recovery of tourism flows.

Retail sales in the Middle East also delivered solid growth reporting +13.5%.

Products

The Group reported double-digit growth across all product categories compared with the first six months of 2022.

Leather Goods recorded retail sales growth of +11.7%, assisted by both novel and iconic products. Ready to wear remained the fastest growing category (+36.1%) thanks to both Prada and Miu Miu, while footwear performance of +20.3% against 2022 was driven by the contribution of lifestyle products, sneakers and formal items.

Operating results

The gross margin for the six months ended June 30, 2023 corresponded to 80.3% of the net revenues, up substantially from the 77.7% of the corresponding period in 2022. Higher average prices, a better sales mix in terms of distribution channels and greater absorption of production overheads are the key drivers of this improvement, together with subsiding inflationary pressures.

Operating expenses totaled Euro 1,302 million, up by Euro 129.3 million versus 2022, which included non-recurring expenses of Euro 26 million. The increase is attributable primarily to higher variable costs ensuing from the sales increase, more communication activities, higher personnel expenses and other general and administrative costs.

The operating income for the period, or EBIT, was Euro 491.4 million (22% of net revenues), compared to the Euro 304.8 million (16%) of the first six months of 2022.

Financial expenses and taxation

The net financial expenses of Euro 46.4 million are Euro 19 million higher than in 2022 (Euro 27.4 million). The increase is attributable largely to higher foreign exchange losses and interest expense on lease liabilities, offset in part by lower costs associated with the net financial surplus, which improved from the same period of 2022.

The net income tax for the six months ended June 30, 2023 is Euro 138.4 million, corresponding to 31.1% of the profit before tax.

Net income

The net income for the period is Euro 306.6 million (13.7% of net revenues), versus Euro 189.4 million (10%) reported in 2022.

Net invested capital

The following table reclassifies the Statement of Financial Position to provide information on the composition of net invested capital:

(amounts in thousands of Euro)	**June 30 2023** *(unaudited)*	**December 31 2022** *(audited)*
Right of use assets	2,082,146	2,011,474
Non-current assets (excluding deferred tax assets), net	2,544,595	2,517,042
Trade receivables, net	325,296	331,915
Inventories, net	784,525	760,457
Trade payables	(386,559)	(401,799)
Net operating working capital	723,262	690,573
Other current assets (excluding items of financial position)	279,997	229,575
Other current liabilities (excluding items of financial position)	(374,413)	(522,553)
Other current assets / (liabilities), net	(94,416)	(292,978)
Provision for risks	(47,024)	(51,486)
Post-employment benefits	(56,323)	(67,571)
Other long-term liabilities	(61,443)	(65,590)
Deferred taxation assets / (liabilities), net	336,749	332,235
Other non-current assets / (liabilities), net	171,959	147,588
Net invested capital	5,427,546	5,073,699
Shareholder's equity - Group	(3,501,416)	(3,482,217)
Shareholder's equity - Non-controlling interests	(19,825)	(18,805)
Total consolidated shareholders' equity	(3,521,241)	(3,501,022)
Long-term financial payables, net	(348,589)	(394,531)
Short-term financial, net surplus / (deficit)	631,476	929,431
Net financial surplus / (deficit)	282,887	534,900
Net financial surplus / (deficit) to consolidated shareholders' equity ratio	-8%	-15.3%
Long-term lease liability	(1,768,803)	(1,715,451)
Short-term lease liability	(420,389)	(392,126)
Total lease liability	(2,189,192)	(2,107,577)
Net financial surplus / (deficit), including lease liability	(1,906,305)	(1,572,677)
Shareholders' equity and net financial surplus / (deficit), including lease liability	(5,427,546)	(5,073,699)

The net invested capital at June 30, 2023 is Euro 5,428 million, with equity of Euro 3,521 million and lease liabilities of Euro 2,189 million; the net financial position at the end of the period is a surplus of Euro 282.9 million.

Right of use assets increased by Euro 70.7 million, mainly as a result of increases for new leases, remeasurements of existing leases and revaluations totaling Euro 296 million, net of depreciation of Euro 221.2 million and writedowns of Euro 3.9 million regarding leases in Russia.

The non-current assets (net) rose by Euro 28 million (Euro 2,545 million at June 30, 2023 versus Euro 2,517 million at December 31, 2022).

The capital expenditures for the period amount to Euro 150.5 million, against depreciation, amortisation and impairment losses of Euro 111.4 million.

(amounts in thousands of Euro)	six months ended June 30 2023 (unaudited)	six months ended June 30 2022 (unaudited)
Retail	94,650	62,051
Production, logistics and corporate	55,856	35,145
Total	150,506	97,196

Capital expenditures relate primarily to store restyling and relocation projects, as well as the advancement of the technological and digital roadmap in the retail, manufacturing and corporate areas and continued investments in the production facilities to strengthen the supply chain.

The net operating working capital at June 30, 2023 is Euro 723.3 million, up by Euro 32.7 million from December 31, 2022. The increase is largely attributable to the increase in inventories to support the sales growth.

The other current liabilities (net) amount to Euro 94.4 million at June 30, 2023, down by Euro 198.6 million from December 31, 2022, essentially due to the reduced current tax liability resulting from the payment of the prior period's income taxes.

The other non-current assets (net) of Euro 172 million at June 30, 2023 present an increase of Euro 24.4 million from December 31, 2022, referring mainly to the reduction of liabilities regarding long-term employee benefits due to the payments made in the period.

Net financial position

The following table provides composition of the net financial position:

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Bank borrowing – non-current	(349,714)	(395,656)
Financial payables and bank overdrafts - current	(131,991)	(160,847)
Financial payables to related parties - current	(5,032)	(3,568)
Total financial payables – current	(137,023)	(164,415)
Total financial payables	(486,737)	(560,071)
Cash and cash equivalents	766,271	1,091,622
Financial receivables from related parties - non-current	1,125	1,125
Financial receivables from related parties - current	2,228	2,224
Total cash and cash equivalents and financial receivables	769,624	1,094,971
Net financial surplus / (deficit)	282,887	534,900

The net operating cash flow for the six-month period, after fixed lease payments (Euro 211.8 million), was a surplus of Euro 181.8 million. After the cash outflows for investing activities (Euro 149 million) and dividend payments (Euro 267.1 million), and considering the foreign exchange differences (Euro 13.9 million) resulting from the performance of the main currencies against the Euro, the net financial surplus was Euro 282.9 million at the end of the period.

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	June 30 2022 *(unaudited)*
Cash flow from operating activities	720,344	537,742
Cost of net financial debt: interest paid	5,424	(4,685)
Lease liability: interest paid	(27,342)	(18,887)
Tax paid	(304,922)	(139,495)
Net cash flow from operating activities	393,504	374,675
Repayment of lease liability	(211,751)	(216,473)
Net operating cash flow	181,753	158,202
Net cash flow utilised by investing activities	(148,975)	(93,067)
Free cash flow	32,778	65,135

The total amount of undrawn lines of credit at June 30, 2023 is Euro 792 million, consisting of Euro 427 million of committed lines and Euro 365 million of uncommitted lines (of which Euro 100 million of uncommitted commercial facilities).

All financial covenants were fully complied with at June 30, 2023 and they are expected to be met in the next 12 months as well.

The following table sets forth the lease liability:

(amounts in thousands of Euro)	June 30 2023 *(unaudited)*	December 31 2022 *(audited)*
Long-term lease liability	1,768,803	1,715,451
Short-term lease liability	420,389	392,126
Total	2,189,192	2,107,577

The lease liability increased from Euro 2,108 million at December 31, 2022 to Euro 2,189 million at June 30, 2023, primarily as a result of remeasurements for lease extensions or modifications (Euro 350.3 million) net of the payments of the period (Euro 211.8 million) and the exchange differences for the period (Euro 56.7 million) resulting from the appreciation of the Euro against the main currencies in the countries where the Group operates.
The lease liability is concentrated in Japan, the U.S.A. and Italy.

The net financial indebtedness, including the lease liability, is Euro 1,906 million at June 30, 2023 (Euro 1,573 million at December 31, 2022).

Events after the reporting date

There have been no significant events to report.

Outlook

The Group will continue to act with a long-term perspective, investing behind the brands while maintaining maximum focus on retail execution and productivity. For the current year, management retains the ambition to deliver solid, sustainable and above-market growth, considering a more challenging basis of comparison in the third quarter, and a fourth quarter 2022 that was again impacted by new Covid restrictions in Asia. The organisation will remain vigilant and nimble to deal with different macroeconomic and demand scenarios that may materialise ahead.

Corporate Governance Practices

The Company is committed to maintaining the highest standards of corporate governance to create long-term sustainable value for all its stakeholders, including its shareholders.

The corporate governance model adopted by the Company consists of a set of rules, standards and structured procedures aimed at establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders, to enhance shareholders' value and to uphold the Group's credibility and reputation. The corporate governance model adopted by the Company complies with the applicable laws and 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").

Compliance with the Code

The Board of Directors of the Company (the "Board") has reviewed the Company's corporate governance practices and it is satisfied that such practices have complied with the code provisions set out in the Code throughout the six months from January 1, 2023, to June 30, 2023 (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 is currently made up of eleven directors, of which six are Executive Directors and five are Independent Non-Executive Directors.

During the Reviewed Period, the Board held three meetings on January 26, March 9 and May 11, 2023.

The Board has established the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee, each chaired by an Independent Non-Executive Director, in compliance with the Code. The Terms of Reference and composition of the first three Board Committees are published on the websites of both the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Terms of Reference of the Board Committees are no less exacting than those set out in the Code.

Audit and Risk Committee

The Company has established an Audit and Risk Committee in compliance with Rule 3.21 of the Listing Rules, where at least one member possesses related financial management expertise to discharge the responsibility of the Audit and Risk Committee. The Audit and Risk Committee consists of three Independent Non-Executive Directors, namely, Mr. Yoël Zaoui (Chairman), Ms. Marina Sylvia Caprotti and Mr. Maurizio Cereda.

The primary duties of the Audit and Risk Committee are to assist the Board in providing an independent view on the independence, adequacy, effectiveness and efficiency of the internal audit function, Company's financial reporting process and its internal control and risk management system, to oversee the external audit processes, the internal audit process and financial controls activity, to implement the Company's risk management functions, to assess the Company's business model and strategies, to examine the work plan of internal audit, to review the relationship with the external auditors by reference to the work performed by the external auditors, as well as their independence, fees and terms of engagement, and to perform any other duties and responsibilities assigned to it by the Board.

During the Reviewed Period, the Audit and Risk Committee held four meetings, respectively on January 25, February 27, March 8, and May 10, 2023, with an attendance rate of 91.67%, mainly to review, with senior management, the

Group's internal and external auditors and the Board of Statutory Auditors, the significant internal and external audit findings and financial matters as required under the Audit and Risk Committee's Terms of Reference, and to make relevant recommendations to the Board. The Audit and Risk Committee's activities covered, among others, the financial year 2023 budget, the audit plan for the year 2023, the 2022 Sustainability Report, the findings of both the internal and external auditors, internal controls, risk assessment, annual review of the Group's continuing connected transactions for the year 2022, tax and legal updates (including management of data privacy matters and review of extraordinary transactions), and the financial reporting matters (including the annual results for the year ended December 31, 2022 and the unaudited financial results for the first quarter ended March 31, 2023), before recommending them to the Board for approval.
The Audit and Risk Committee held a further meeting on July 26, 2023 to, among others, review the interim results for the period ended June 30, 2023, before recommending them to the Board for approval.

Remuneration Committee

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 submitted to the Board for consideration and adoption, where appropriate.
The Remuneration Committee consists of two Independent Non-Executive Directors, Ms. Marina Sylvia Caprotti (Chairwoman) and Mr. Yoël Zaoui, and the Executive Director and Executive Deputy Chairman, Mr. Paolo Zannoni.
During the Reviewed Period, the Remuneration Committee held two meetings, respectively on January 25 and March 6, 2023, with an attendance rate of 100% to review the remuneration of Mr. Paolo Zannoni, Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli, as Directors with special offices, before recommending it to the Board for approval, as well as to review the aggregate basic remuneration of the Board, to be resolved upon by the Annual General Meeting, and for the members of the Board Committees, before recommending it to the Board for approval.

Nomination Committee

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.

The Nomination Committee consists of two Independent Non-Executive Director, Mr. Maurizio Cereda (Chairman) and Ms. Marina Sylvia Caprotti, and one Executive Director, Mr. Lorenzo Bertelli.
During the Reviewed Period, the Nomination Committee held two meetings on, respectively, January 18, and March 1, 2023, with an attendance rate of 100% to recommend to the Board the appointment of Mr. Andrea Guerra as an Executive Director, in replacement of the Non-Executive Director, Mr. Stefano Simontacchi, as well as to review the proposal for the appointment of Mr. Patrizio Bertelli as the new Chairman of the Board, to verify the independence of the Independent Non-Executive Directors, the composition and the size of the Board for the Year 2022.

Sustainability Committee

The Sustainability Committee assists and supports the Board with proposing and advisory functions in its assessments and decisions on sustainability, meaning the processes, initiatives, and activities, aimed at overseeing the Company's commitment to sustainable development along the value chain and strategy. Moreover, the Committee supports the preparation and review of non-financial reports, including the annual Sustainability Report, and communications concerning sustainability to be submitted to the Board for approval.
The Sustainability Committee consists of two Independent Non-Executive Directors, Ms. Pamela Yvonne Culpepper (Chairwoman) and Ms. Anna Maria Rugarli, and one Executive Director, Mr. Lorenzo Bertelli.
During the Reviewed Period, the Sustainability Committee held a meeting on March 2, 2023, with an attendance rate of 100%, to provide updates on progresses and achievements in ESG, approve the Sustainability Report for the Year 2022, and the industrial roadmap for supporting sustainability in the Group's operations.
The Sustainability Committee held a further meeting on July 12, 2023 to, among others, provide further updates on the latest initiatives and achievements in ESG, as well as on the industrial roadmap to support sustainability of operations, and to discuss the ESG results to be included in the presentation of the interim results for the period ended June 30, 2023.

Board of Statutory Auditors

Under Italian law, a joint-stock company is required to have a board of statutory auditors, appointed by the shareholders for a term of three financial years, with the authority to supervise the Company on its compliance with the applicable law, regulations, its By-laws, the principles of proper management and, in particular, on the adequacy and functioning of the organizational, administrative and accounting structure adopted by the Company.
The Board of Statutory Auditors consists of Mr. Antonino Parisi (Chairman), Mr. Roberto Spada, and Mr. David Terracina. The alternate statutory auditors are Ms. Stefania Bettoni and Ms. Fioranna Negri.
During the Reviewed Period, the Board of Statutory Auditors held three meetings.

Organismo di Vigilanza (Supervisory Body)

In compliance with Italian Legislative Decree 231 of June 8, 2001 (the "Decree"), the Company established an "Organismo di Vigilanza" whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Organization, Management and Control Model, adopted by the Company pursuant to the same Decree. The "Organismo di Vigilanza" has three members appointed by the Board and selected among qualified and experienced individuals. The "Organismo di Vigilanza" consists of Ms. Stefania Chiaruttini (Chairwoman), Mr. Yoël Zaoui, Independent Non-Executive Director, and Mr. Roberto Spada, Statutory Auditor.

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 9, 2023, the Board recommended for the financial year 2022 the payment of a final dividend of Euro 0.11 per share, representing a total dividend of Euro 281,470,640. The shareholders approved the distribution and payment of the final dividend at the annual general meeting held on April 27, 2023. The dividend was paid on May 19, 2023, while the relevant withholding tax was paid in July 2023.

Directors' Securities Transactions

The Company has adopted a set of written procedures governing Directors' securities transactions on terms no less exacting than those 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"). In response to specific enquiries by the Company, all Directors confirmed that they complied with the required standard set out in the Model Code and the Company's procedures at all applicable times during the Reviewed Period. There was no incident of non-compliance during the Reviewed Period.
The Company has also adopted a set of written procedures governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. This set of procedures is on terms no less exacting than those set out in the Model Code.

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

Neither the Company nor any of its subsidiaries 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
Executive Deputy Chairman

Milan (Italy), July 27, 2023

As at the date of this announcement, the Company's executive directors are Mr. Patrizio BERTELLI, Mr. Paolo ZANNONI, Ms. Miuccia PRADA BIANCHI, Mr. Andrea GUERRA, Mr. Andrea BONINI and Mr. Lorenzo BERTELLI; and the Company's independent non-executive directors are Mr. Yoël ZAOUI, Ms. Marina Sylvia CAPROTTI, Mr. Maurizio CEREDA, Ms. Pamela Yvonne CULPEPPER and Ms. Anna Maria RUGARLI.