



Interim Financial Report 2020

INTERIM FINANCIAL REPORT 2020

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Miuccia Prada and Patrizio Bertelli

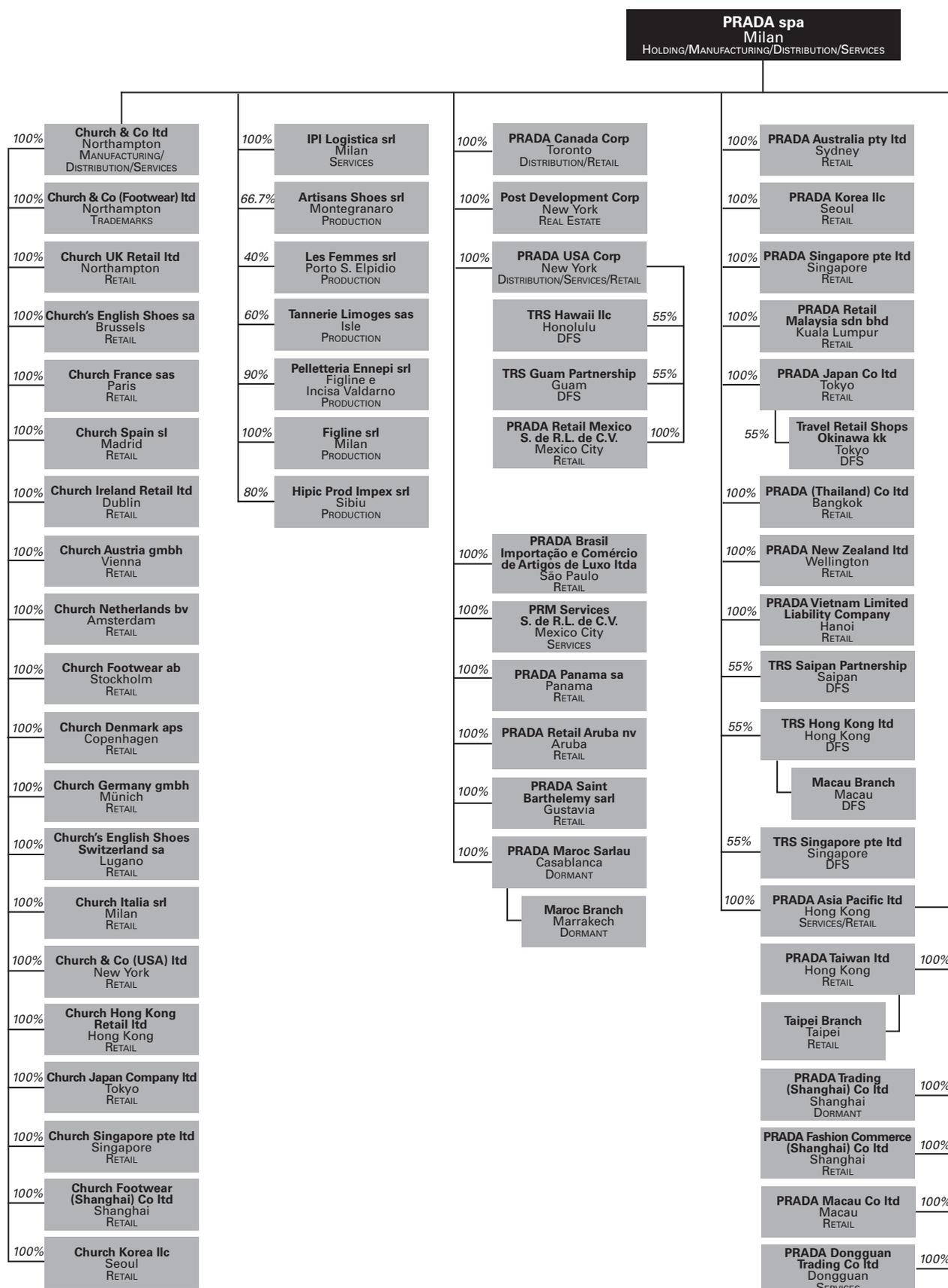
THE PRADA GROUP

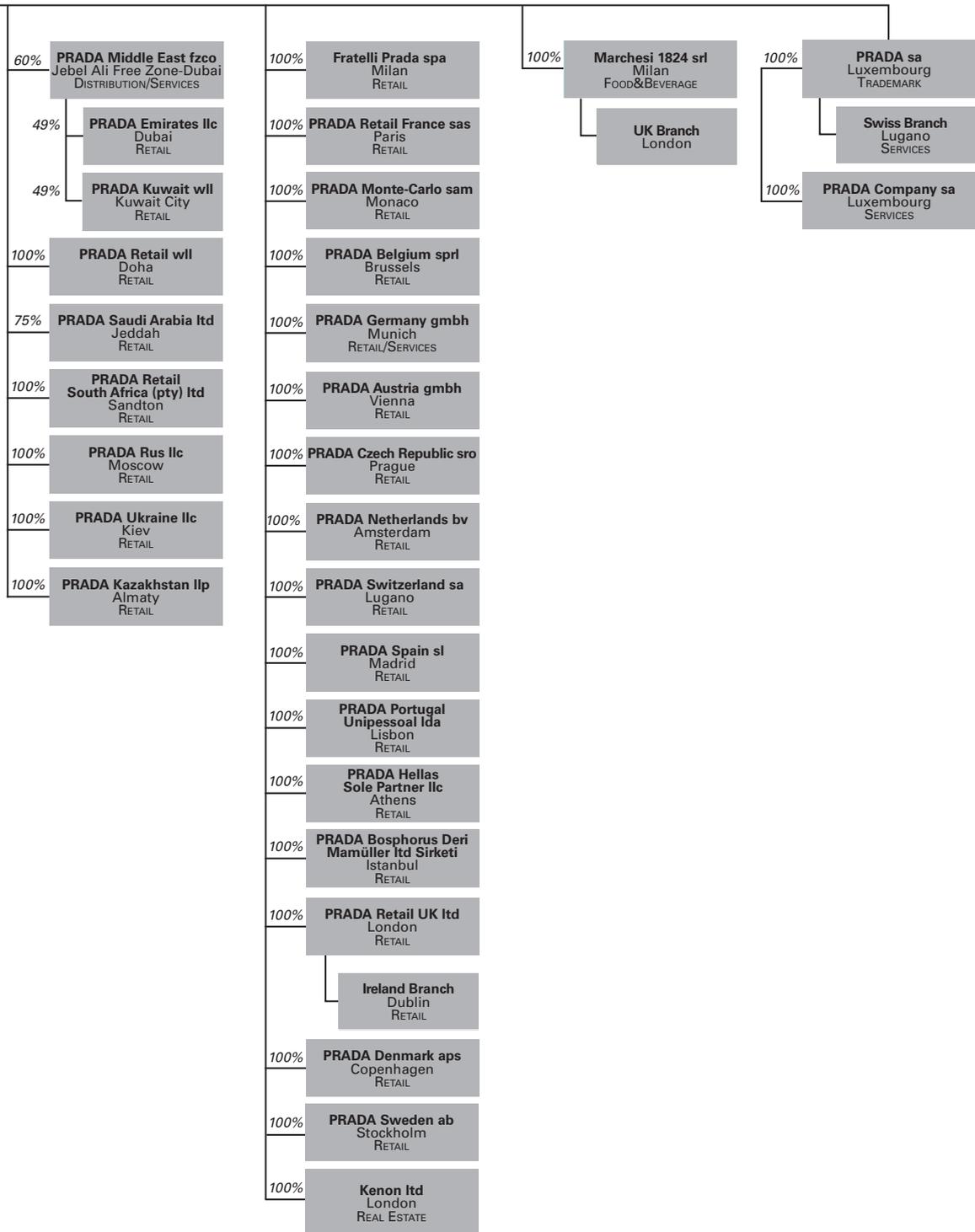
PRADA S.P.A. COMPANY INFORMATION

Registered Office	Via A. Fogazzaro, 28 20135 Milan, Italy
Head Office	Via A. Fogazzaro, 28 20135 Milan, Italy
Place of business in Hong Kong registered under Part 16 of the Hong Kong Companies Ordinance	8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Company Corporate web site	www.pradagroup.com
Hong Kong Stock Exchange Identification Number	1913
Board of Directors	Carlo Mazzi <i>(Chairman & Executive Director)</i> Miuccia Prada Bianchi <i>(Chief Executive Officer & Executive Director)</i> Patrizio Bertelli <i>(Chief Executive Officer & Executive Director)</i> Alessandra Cozzani <i>(Chief Financial Officer & Executive Director)</i> Stefano Simontacchi <i>(Non-Executive Director)</i> Maurizio Cereda <i>(Independent Non-Executive Director)</i> Gian Franco Oliviero Mattei <i>(Independent Non-Executive Director)</i> Giancarlo Forestieri <i>(Independent Non-Executive Director)</i> Sing Cheong Liu <i>(Independent Non-Executive Director)</i>
Audit Committee	Gian Franco Oliviero Mattei <i>(Chairman)</i> Giancarlo Forestieri Maurizio Cereda
Remuneration Committee	Maurizio Cereda <i>(Chairman)</i> Gian Franco Oliviero Mattei Carlo Mazzi

Nomination Committee	Gian Franco Oliviero Mattei (<i>Chairman</i>) Carlo Mazzi Sing Cheong Liu
Board of Statutory Auditors	Antonino Parisi (<i>Chairman</i>) Roberto Spada (<i>Standing member</i>) David Terracina (<i>Standing member</i>)
Supervisory Board (Italian Leg. Decr. 231/2001)	David Terracina (<i>Chairman</i>) Gian Franco Oliviero Mattei Gianluca Andriani
Main Shareholder	PRADA Holding S.p.A. Via A. Fogazzaro, 28 20135 Milan, Italy
Joint Company Secretaries	Patrizia Albano Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Authorized Representatives in Hong Kong	Carlo Mazzi Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Alternate Authorized Representative to Carlo Mazzi in Hong Kong	Sing Cheong Liu Flat A, 17/F, Park Haven 38 Haven Street Causeway Bay, Hong Kong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Auditor	Deloitte & Touche S.p.A. Via Tortona, 25 20144 Milan, Italy

PRADA GROUP STRUCTURE





FINANCIAL REVIEW

BASIS OF PREPARATION OF FINANCIAL REVIEW

The financial information for the six months ended June 30, 2020 presented herein refers to the group of companies controlled by PRADA spa (the "Company"), the parent company of the PRADA Group (the "Group"), and it is based on the unaudited Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2020.

The tables reported in the Financial Review were prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, with the exception of the Amendment "Covid-Related Rent Concessions: Amendment to IFRS 16" issued by the IASB on May 28, 2020, but whose endorsement process at European Union level is not yet complete at the reporting date.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	%	six months ended June 30 2019 (unaudited)	%
Net Sales	925,283	98.7%	1,546,378	98.5%
Royalties	12,374	1.3%	23,745	1.5%
Net revenues	937,657	100.0%	1,570,123	100%
Cost of goods sold	(277,332)	-29.6%	(444,374)	-28.3%
Gross margin	660,325	70.4%	1,125,749	71.7%
Product design and development costs	(52,986)	-5.7%	(65,053)	-4.1%
Advertising and promotion expenses	(94,177)	-10.0%	(101,477)	-6.5%
Selling costs	(499,047)	-53.3%	(706,565)	-45.0%
General and administrative expenses	(97,536)	-10.3%	(102,180)	-6.5%
Operating expenses	(743,746)	-79.3%	(975,275)	-62.1%
Selling expenses of the closed stores during the lockdowns	(112,375)	-12.0%	-	-
Total operating expenses	(856,121)	-91.3%	(975,275)	-62.1%
Operating income / (loss) - EBIT	(195,797)	-20.9%	150,474	9.6%
Interest and other financial income / (expenses), net	(16,407)	-1.7%	(7,749)	-0.4%
Interest expenses on Lease Liability	(23,433)	-2.5%	(24,735)	-1.6%
Dividends from investments	116	0.0%	2,023	0.1%
Total financial income / (expenses)	(39,724)	-4.2%	(30,461)	-1.9%
Income / (loss) before taxation	(235,520)	-25.1%	120,013	7.7%
Taxation	52,005	5.5%	34,418	2.2%
Net income / (loss) for the period	(183,515)	-19.6%	154,431	9.9%
Net income / (loss) - Non-controlling interests	(3,183)	-0.3%	(463)	0.0%
Net income / (loss) - Group	(180,332)	-19.2%	154,894	9.9%
Basic and diluted earnings / (losses) per share (in Euro per share)	(0.070)		0.061	

KEY FINANCIAL INFORMATION

Key economic figures (amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Net revenues	937,657	1,570,123
Operating income/(loss) - EBIT excluding Selling expenses of the closed stores during the lockdowns	(83,422) (*)	-
% Incidence on net revenues	-8.9%	-
Operating income/(loss) - EBIT including Selling expenses of the closed stores during the lockdowns	(195,797)	150,474
% Incidence on net revenues	-20.9%	9.6%
Net income / (loss) of the Group	(180,332)	154,894
Earnings / (losses) per share (Euro)	(0.070)	0.061
Average number of employees (in unit)	13,669	13,618
Net Operating Cash Flows (**)	(26,455)	137,334

(*) The "Selling expenses of the closed stores during the lockdowns" include the direct costs pertaining to the stores that could not operate following the lockdown imposed by the Governments in the various countries around the world

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

Key indicators (amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Net operating working capital	650,444	702,835
Net invested capital	5,557,031	5,809,417
Net financial position surplus / (deficit)	(515,488)	(405,544)
Group shareholders' equity	2,736,332	2,967,158

HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

The health crisis and its rapid spread worldwide interrupted the Group's strong revenue momentum registered up until the end of January 2020.

The Prada Group reacted promptly with effective cost containment measures. It also reorganized production to adapt to the new situation, revised its investment plans and suspended distribution of dividends, with the aim of strengthening its financial flexibility to cope with the crisis context. At the same time, the Group ensured safe environment for employees and customers in different phases of lockdown worldwide.

Following the reopening of the store network, the Group has seen ongoing recovering sales trends, with significant growth in Asia as well as encouraging signs in other markets, driven by strong local consumption and despite the lack of tourism.

The first month of the year featured strong double-digit growth of the retail net sales across almost all regions, brands and categories, confirming the positive

trends already seen in the second half of 2019.

However, in the space of a few weeks, the pervasive effects of the public health crisis interrupted the growth and required immediate implementation of an adaptation strategy. The Chinese market was the first to be hit, followed by other Asia Pacific countries, then Italy, the rest of Europe, the U.S.A. and ultimately the Middle East, North America and South America.

The restrictions on the freedom of movement imposed by governments made travelers flows vanish on a global scale. The simultaneous introduction of health safety measures meant closing the stores, but also affecting the operational capacity when they reopened. From February to May 2020, the Prada Group operated with an average of 40% stores closed, after a peak of 70% in April.

On a productive front, the most struck country was Italy, where the Group concentrates the vast majority of its manufacturing activities: 19 of the Group's 22 manufacturing facilities, the main raw material and finished product warehouses, and about 80% of the external manufactures and raw material suppliers. Rapid adoption of a rigorous safety protocol and full collaboration with the government authorities enabled to limit the production shutdown to five weeks; stores were supplied with the products of the new season on time and stock was managed effectively without any particular inventory surpluses.

The efficiency and the continuity of logistical activities permitted the online sales channels to support important growth, thus allowing the Group to continue to serve the customers during the long period of lockdowns. The progressive improvement in the health crisis situation accompanied by the easing of government restrictions in the various countries coincided with a gradual return to the previous level of retail activity. In some markets, such as China, the sales recovery was particularly quick and robust.

The wholesale channel significantly declined in the period due also to the strategic decision to downsize this business in order to focus on the development of the Group's retail channel and e-commerce.

The Prada Group's response to the sudden decrease in revenues was immediate and involved all business functions: from the craft workers, who did not hesitate to comply with the new safety protocols at the factory, to the retail workers, who kept their contacts with customers alive while awaiting the reopenings, and all functions in between, ensuring continuity in a context of strict cost control aimed at curbing the losses and related cash outflows.

Significant discounts were obtained on many leases for the shutdown periods, many

marketing initiatives were canceled or postponed and much discretionary spending was limited. Where applicable, government aids were used and integrated by the Group so as to ensure blue-collar and white-collar employees up to 100% of their salaries.

In the face of completely new challenges, the determination to take the fundamental steps for long-term growth never waned: during the period the new Prada Co-Creative Director, the new Miu Miu General Manager and the new Industrial Director arrived, while being joined by the new Communication Director in July. At the same time, the investment plan designed to enhance the retail network with restyling and relocation projects was merely postponed.

Lastly, in order to provide the Group with the financial flexibility needed to deal with the crisis for an even longer period than the one currently foreseeable, Prada Spa obtained a 24-month Euro 300 million revolving credit facility (RCF) in early May which, added to the previous RCF for the same amount expiring in 2025, brings the Group's undrawn credit facilities liquid assets to Euro 748 million.

ANALYSIS OF NET REVENUES

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	%	six months ended June 30 2019 (unaudited)	%	% change
Net Sales by geographical area					
Europe	297,518	32.2%	598,800	38.7%	-50.3%
Asia Pacific	378,971	41.0%	498,578	32.2%	-24.0%
Americas	104,857	11.3%	215,676	13.9%	-51.4%
Japan	114,765	12.4%	180,556	11.7%	-36.4%
Middle East and Other countries	29,172	3.2%	52,768	3.4%	-55.3%
Total Net Sales	925,283	100%	1,546,378	100%	-40.2%
Net Sales by brand					
Prada	774,876	83.7%	1,284,429	83.1%	-39.7%
Miu Miu	130,878	14.1%	220,774	14.3%	-40.7%
Church's	15,054	1.6%	32,844	2.1%	-54.2%
Other	4,474	0.6%	8,331	0.5%	-46.3%
Total Net Sales	925,283	100%	1,546,378	100%	-40.2%
Net Sales by product line					
Leather goods	525,621	56.8%	867,852	56.1%	-39.4%
Clothing	223,230	24.1%	339,442	22.0%	-34.2%
Footwear	162,601	17.6%	309,393	20.0%	-47.4%
Other	13,831	1.5%	29,691	1.9%	-53.4%
Total Net Sales	925,283	100%	1,546,378	100%	-40.2%
Net Sales by channel					
Net Sales of direct operated stores (DOS)	834,525	90.2%	1,231,918	79.7%	-32.3%
Sales to independent customers and franchisees	90,758	9.8%	314,460	20.3%	-71.1%
Total Net Sales	925,283	100%	1,546,378	100%	-40.2%
Net Revenues					
Net Sales	925,283	98.7%	1,546,378	98.5%	-40.2%
Royalties	12,374	1.3%	23,745	1.5%	-47.9%
Total Net Revenues	937,657	100%	1,570,123	100%	-40.3%

DISTRIBUTION CHANNELS

The revenues for the six months ended June 30, 2020 were Euro 937.7 million, down by 40.3% at current exchange rates compared with the same period of 2019 (Euro 1,570.1 million). Exchange rates did not have a material effect on revenues, either at a consolidated level or for the following details.

Due to the pandemic, the retail channel began to show a decline in February, at the peak of the health emergency in China, despite the double-digit growth recorded until then in Europe, the Americas and the Middle East. The subsequent global spread led to the temporary closing of stores in nearly all countries, with a 40% on average of stores closed from February to May, after a peak of 70% in April. The net sales of the retail channel fell by 32.3% versus the comparative period.

Thanks also to investments made in recent years in functionality, geographical coverage and user experience, e-commerce sales more than doubled compared with the first half of 2019, although the relevant baseline was not that significant in absolute amounts. The online sales growth was apparent, and even stronger, also after the physical stores reopenings.

After three new openings and seven closures in the period, at June 30, 2020 there are 637 directly operated stores (DOS), with some 8% of them still closed due to the pandemic. Overall, the retail channel accounted for 90% of the Prada Group's net sales in the period.

The wholesale channel presented a 71.1% decline compared with 2019, reflecting the decision to downsize the network of independent clients to protect the brand image and foster additional retail growth.

MARKETS

Retail sales in Asia Pacific were down by 18.8% at current exchange rates, due to the effects of the Covid-19 that impacted firstly in Mainland China and that led also to the disappearance of tourist flows, notably in Hong Kong S.A.R. and Macao S.A.R. which suffered for the whole period under review. Nevertheless, due to the rapid recovery of consumer spending when the Covid-19 emergency ended, retail net sales in the Chinese mainland resumed growth since April, leading the total retail net sales of the period in line with those of the comparative six-month of 2019.

South Korea and Taiwan, which didn't experience major store closures, had rather robust double-digit growth over the six-month period.

The wholesale sales showed a decline in the duty-free channel given the absence of tourists' flows.

In Europe, the effects of the prolonged lockdown periods were worsened by the travel ban, considering the relevance of touristic flows in this region.

After a double-digit growth in January and February, retail net sales in the region underwent a significant decline, totaling a 40.8% overall contraction compared to the six-month period of 2019. The market registered a very good response to store reopenings from local consumption, but it was still impacted by the lack of travelers.

Europe continues to be the largest market for the wholesale channel, even after the aforementioned marketing policies. The contraction of the six-month period

had a significant impact on the total data of the entire channel.

The American retail channel performed in a similar manner to that of Europe, which means double-digit growth in the first two months of the year followed by a large decline due to the stores shutdowns. The net retail sales fell by 41.6% at current exchange rates compared with the first six months of 2019, while the wholesale channel saw a larger decline.

The Japanese market reported net retail sales down by 36.7% compared with the first six months of 2019. The sales contraction was attributable to stores closures that mainly impacted domestic consumption and, to a lesser extent, the absence of tourism flows in Japan and in the Hawaiian islands, Guam and Saipan, which are part of this sales area. Upon stores reopening in Japan, the region showed trends progressively improving.

Like Europe and America, the Middle East reported growth in the first two months of the year, followed by a sudden contraction during the lockdown. The sales of the six-month period were down by 42.6% at current exchange rates, as a result of the decrease of domestic customers and absence of tourism in Dubai.

PRODUCTS

The retail sales by product category showed less negative results for clothing and leather goods (down by 27.2% and 30.7% at current exchange rates, respectively) than for footwear (-40.8% at current exchange rates).

The wholesale sales, strongly impacted by the aforementioned rationalization, showed a deeper impact on footwear category.

BRANDS

The net sales fell for all the Group's brands, although the Prada brand retail sales reported less unfavorable rates with a 31% decrease at current exchange rates. The retail sales of the Miu Miu brand fell by 35.5%, and Church's by 51.3%.

"Other brands", consisting primarily of sales of Marchesi 1824 brand patisserie products in Italy and in the U.K., showed a decline of 57%.

ROYALTIES

Licensed businesses generated less royalty income (-47.9% compared to the same six-month period of 2019), with the fragrance segment suffering less.

NUMBER OF STORES

	June 30, 2020		December 31, 2019		June 30, 2019	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Prada	409	19	410	19	401	24
Miu Miu	157	6	160	6	164	9
Church's	62	-	62	-	62	-
Car Shoe	3	-	3	-	4	-
Marchesi 1824 and others	6	-	6	-	6	-
Total	637	25	641	25	637	33

	June 30, 2020		December 31, 2019		June 30, 2019	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Europe	228	-	229	-	227	4
Americas	106	-	107	-	111	-
Asia Pacific	195	20	198	20	193	24
Japan	87	-	85	-	84	-
Middle East and Africa	21	5	22	5	22	5
Total	637	25	641	25	637	33

OPERATING RESULTS

The gross margin was down slightly from that of the comparative period (70.4% for the first six months of 2020 versus 71.7% for the same six months of 2019) due to less industrial fixed costs absorbed, mitigated by a more favorable mix of sales by channel.

The total operating expenses, including the Selling expenses of the closed stores during the lockdowns, were Euro 856.1 million, down by Euro 119.2 million from the comparative period.

More in detail, the selling expenses, Euro 611.4 million including the Selling expenses of the closed stores during the lockdowns (Euro 112.4 million), fell by Euro 95.1 million, substantially as a result of the store rent discounts obtained to deal with the impacts of the pandemic (about Euro 41 million), reduced variable costs (Euro 15 million) and the use of government subsidies to support income of the staff pertaining the selling area (Euro 18.5 million).

Advertising and communications costs, Euro 94.2 million in the six months ended June 30, 2020, presented a reduction of Euro 7.3 million from the same period of 2019 due to the postponement or cancellation of projects and events and less expenditure for traditional media space.

The product design and development costs of Euro 53 million in the six months

ended June 30, 2020 were Euro 12.1 million lower than in the same period of 2019 largely as a result of less activities of product development in terms of both the materials used and the cost of labor.

General and administrative costs, Euro 97.5 million in the six months ended June 30, 2020, showed a decrease of Euro 4.6 million compared with the same period of 2019 attributable essentially to the containment of discretionary spending, such as travel and consulting services, as well as the recognition of government subsidies relating to the pandemic.

The operating result for the period was a loss of Euro 195.8 million.

The figures above reported included the selling expenses pertaining to the closed stores during the lockdowns, as detailed below:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)
Rights of use assets, net of Covid-related lease discounts	49,890
Cost of labor, net of social buffers	33,766
Depreciation of tangible fixed assets	23,558
Other expenses	5,161
Total Selling expenses of the closed stores during the lockdown	112,375

FINANCIAL CHARGES AND TAXATION

The net finance costs rose from Euro 30.5 million for the six months ended June 30, 2019 to Euro 39.7 million. The interest expense calculated under IFRS 16 decreased by Euro 1.3 million because of a lower lease liability and a shorter time horizon, whereas the interest expense on bank debt rose by a similar amount as a result of the greater average exposure than in the comparative period.

Foreign exchange losses amounted to Euro 11.3 million, up by about Euro 7 million primarily as a result of negative foreign exchange differences on leases contracts named in currencies different from those used to prepare the relevant financial statements.

The taxation line showed income of Euro 52 million mainly following the recognition of deferred tax assets on carryforwards of losses that the Group is reasonably certain to recover.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

NET INVESTED CAPITAL

The following table reclassifies the statement of financial position to provide a better understanding of the composition of the net invested capital:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)	June 30 2019 (unaudited)
Right of Use assets	2,224,514	2,362,841	2,382,864
Non-current assets (excluding deferred tax assets)	2,544,750	2,670,839	2,709,808
Trade receivables, net	204,376	317,554	336,337
Inventories, net	735,869	712,611	685,282
Trade payables	(289,801)	(327,330)	(320,683)
Net operating working capital	650,444	702,835	700,936
Other current assets (excluding items of financial position)	236,476	244,341	208,893
Other current liabilities (excluding items of financial position)	(204,918)	(250,090)	(224,169)
Other current assets/(liabilities), net	31,558	(5,749)	(15,276)
Provision for risks	(50,790)	(49,484)	(47,242)
Post-employment benefits	(66,028)	(63,519)	(57,635)
Other long-term liabilities	(42,608)	(23,215)	(26,470)
Deferred taxation, net	265,191	214,869	198,282
Other non-current assets/(liabilities)	105,765	78,651	66,935
Net invested capital	5,557,031	5,809,417	5,845,267
Shareholder's equity - Group	(2,736,332)	(2,967,158)	(2,899,943)
Shareholder's equity - Non-controlling interests	(18,376)	(21,417)	(19,630)
Total Consolidated shareholders' equity	(2,754,708)	(2,988,575)	(2,919,573)
Long-term financial payables	(504,601)	(583,766)	(537,017)
Short-term financial, net surplus/(deficit)	(10,887)	178,222	30,383
Net financial position surplus/(deficit)	(515,488)	(405,544)	(506,634)
Long-term Lease Liability	(1,888,742)	(2,005,761)	(2,064,920)
Short-term Lease Liability	(398,093)	(409,537)	(354,140)
Total Lease Liability	(2,286,835)	(2,415,298)	(2,419,060)
Net financial position surplus/(deficit), including Lease Liability	(2,802,323)	(2,820,842)	(2,925,694)
Shareholders' equity and net financial position	(5,557,031)	(5,809,417)	(5,845,267)
Net financial deficit to Consolidated shareholders' equity ratio	18.7%	13.6%	17.3%

The net invested capital at June 30, 2020 amounts to Euro 5,557 million, balanced by net bank debt of Euro 515 million, the lease liability of Euro 2,287 million and the Group's equity of Euro 2,755 million.

The right-of-use assets were down by Euro 138.3 million compared with December 31, 2019 after depreciation (Euro 230.5 million) and foreign exchange losses (Euro 11.5 million), offset by new leases or extensions of expiring ones (Euro 108.7 million).

The non-current assets, which consist essentially of tangible assets, intangible assets and financial assets, fell from Euro 2,671 million as December 31, 2019 to Euro 2,545 million mainly after the depreciation, amortization and impairment of the period (Euro 120.3 million) net of the capital expenditures (Euro 49.3 million) detailed below:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Retail	28,075	56,157
Real estate	-	60,000
Production, Logistics and Corporate	21,225	61,252
Total	49,300	177,409

Many store renovation and restyling investment projects planned for the period were postponed because of the pandemic. Instead, the technological and digital evolution projects moved forward according to plan.

The net operating working capital is Euro 650.4 million, down by Euro 52.4 million with respect to December 31, 2019 due to the collection of trade receivables regarding deliveries made at the end of 2019, net of a slight increase in inventories and a decrease in trade payables following the lower business volumes.

The other current liabilities (net) of Euro 5.7 million showed in the net invested capital at December 31, 2019 are now a net asset of Euro 31.6 million as a result of the payment of amounts due for capital expenditures (Euro 24.6 million) and direct and indirect taxation (Euro 26.7 million), net of increases in the fair value of derivatives (Euro 6 million).

The other non-current assets (net), which had been Euro 78.7 million at December 31, 2019, rose by Euro 27.1 million due basically to the recognition of deferred tax assets on loss carryforwards (about Euro 40 million) and the reclassification to short-term of the final tranche for the acquisition of Fratelli Prada spa (Euro 20.7 million), net of a the recognition of a pre-payment for a long-term commercial agreement (Euro 40 million).

NET FINANCIAL POSITION

The following table provides details of the Group's net financial position:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)	June 30 2019 (unaudited)
Bank borrowing - non-current	(505,726)	(584,141)	(537,017)
Total financial payables - non-current	(505,726)	(584,141)	(537,017)
Financial payables and bank overdrafts - current	(537,910)	(241,464)	(293,774)
Payables to related parties - current	(3,398)	(3,387)	(3,343)
Total financial payables - current	(541,308)	(244,851)	(297,117)
Total financial payables	(1,047,034)	(828,992)	(834,134)
Cash and cash equivalents	530,421	421,069	327,500
Financial receivables from related parties - current	1,125	2,004	-
Financial receivables from related parties - non-current	-	375	-
Total financial receivables and Cash and cash equivalents	531,546	423,448	327,500
Net financial surplus / (deficit), total	(515,488)	(405,544)	(506,634)

The net operating cash flow for the six-month period, after the payment of the lease liabilities (Euro 177.6 million), was an outflow of Euro 26.5 million; added to the payment of capital expenditures of Euro 82.2 million, it resulted in a net financial deficit of Euro 515.5 million at the end of the period. The period-end net financial position shows an increase of Euro 110 million compared to December 31, 2019, but it maintains the levels reported at June 30, 2019.

During the period the Group reimbursed loans due of Euro 155 million, arranged and drew down new long-term loans for a total amount of Euro 175 million, and signed an agreement for additional financial flexibility by stipulating a new revolving credit facility for Euro 300 million.

The amount of undrawn lines of credit as at June 30, 2020 is Euro 748 million.

The following table sets forth the lease liabilities:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (unaudited)
Short-term Lease Liability	398,093	409,537
Long-term Lease Liability	1,888,742	2,005,761
Total	2,286,835	2,415,298

The lease liability decreased from Euro 2,415 million at December 31, 2019 to Euro 2,287 million as a result of the payments of the period (Euro 201 million), net of remeasurements due to lease adjustments or renewals (Euro 98.1 million) and interest recognized to adjust the present value of the liability (Euro 23.4 million). The lease liability is concentrated mainly in the U.S.A., Japan and Italy.

The net financial indebtedness, including the lease liability, is Euro 2,802 million at June 30, 2020.

Further information on the maturity profile of debt and obligation of the Group, currency and interest rate structure, details of charge on Group's assets and contingent liabilities is set out in notes 18, 23 and 25 of the Notes to the Interim Condensed Consolidated Financial Statements.

RISK FACTORS

RISK FACTORS REGARDING THE INTERNATIONAL LUXURY GOODS MARKET

ECONOMIC RISKS AND INTERNATIONAL BUSINESS RISKS

The performance of the luxury goods market is influenced by individuals' propensity to consume and the macroeconomic environment. Therefore, the Group's financial and business performance is exposed to global social and macroeconomic risks due to its international scale. An unfavorable economic situation in one or more of the countries where the Group operates, or at a global level, could adversely affect the propensity to spend on luxury goods and have a negative impact on the Group's operations, results, cash flows and financial condition.

Moreover, a substantial portion of sales originates from customers who purchase products while traveling. Therefore, unfavorable economic conditions, social, health or geopolitical issues sources of instability and natural disasters that limit movement could negatively impact the Group's sales operations, results, cash flows and overall financial condition.

The Group believes that full control of the value chain and a well-balanced presence in the global physical retail market, accompanied by an increasingly relevant digital channel and a diversified product range, mitigate the risk that adverse conditions such as these could influence significantly the business performance.

RISKS REGARDING IMAGE AND BRAND RECOGNITION

The Group's success in the international luxury goods business is linked to the image and distinct character of its brands. These features depend on many factors, such as the style and design of the products, the quality of the materials and production techniques used, the image and locations of DOS, careful selection of licensees, communications activities and the general corporate profile.

Preserving the image and prestige acquired by its brands is a primary objective of the Prada Group, which translates into constant observance of the society and its changes, close collaboration with the world of art and culture, and continuous pursuit of innovative styles, products and communications in order to convey messages that are always consistent with the strong brand identities. In parallel, the meticulous monitoring of each internal and external phase of the value chain limits considerably the risk that an unsuitable execution of activities could affect the image and thus the value of the brands.

RISKS REGARDING ABILITY TO ANTICIPATE TRENDS AND REACT TO SHIFTS IN CONSUMER TASTES

The Group's success is reliant on its ability to create and define fashion and product trends, and to anticipate shifts in consumer tastes and luxury market trends in a timely manner.

Miuccia Prada, assisted by a qualified team of stylists and designers, has the talent of combining intellectual curiosity, the pursuit of new and unconventional ideas, and cultural and social interests with a strong sense of fashion. This has made it possible to establish a genuine design culture, based on method and discipline, which guides everyone who works in the creative process. Moreover, the recent appointment of a Creative Co-Director for the Prada brand allows the Group to benefit from dialogue between two of the most acclaimed and influential designers of today - Miuccia Prada and Raf Simons - emphasizing the importance and power of creativity, and challenging the idea of individuality of creative invention, in a constantly evolving cultural landscape.

Approximately one thousand individuals work between the design department, where a mix of nationalities, cultures and talents contribute to creativity, and the development department, where craft skills combined with solid manufacturing processes enable the Group to keep abreast of consumer trends and emerging lifestyles, and to remain a top industry player.

INTELLECTUAL PROPERTY RISKS

The Prada Group's brands have always been associated with beauty, creativity, tradition and excellent quality. Prada's ability to protect its brands and other intellectual property rights means safeguarding these fundamental assets that are responsible for the success of the brands and the brand positioning.

The Group protects its brands, designs, patents and websites by registering them and obtaining legal protection for them in all countries throughout the world. The Group actively opposes all forms of counterfeiting and intellectual property infringement by adopting strong, systematic measures worldwide. The wholesale, retail, online and off-line markets are monitored daily in close collaboration with national and international customs and tax authorities and police.

RISKS SPECIFIC TO THE PRADA GROUP

STRATEGIC RISKS

The possibility for the Group to improve its financial and business performance depends on the successful implementation of its marketing strategy for each brand, achieved through the continuous support and development of retail sales and the constant recognition of the brands as a reference point in the industry.

The Group provides support to the retail network by offering leather goods, clothing and footwear that reflect the brand positioning and are accompanied by a unique buying experience featuring attentive revamping of the store concept and layout (both physical and digital) and the constant enrichment of customer services. The performance of the retail channel is supported by marketing initiatives intended to enhance the identity of the brands in the specific markets, emphasizing the unique features that distinguish the style and craftsmanship of the products.

Lastly, the implementation of the omnichannel strategy has paved the way for long-term business development based on product quality, strong innovation content, and interconnection of the distribution and communication channels in line with the changes in consumer demands.

RISKS REGARDING THE IMPORTANCE OF KEY PERSONNEL

The Group's success depends on the contribution of key individuals who have played an essential role in the Group's expansion and who have substantial experience in the fashion and luxury goods business. Its success also depends on Prada's ability to attract and retain people who are qualified in the design, merchandising, marketing, and distribution of the products, and in the creation of new generations of artisans.

The Group considers its management structure to be capable of ensuring business continuity, and has recently implemented a long-term incentive plan to retain key employees so that they will continue to cover the roles essential to the achievement of the challenging objectives that the Group constantly sets itself.

RISKS REGARDING THE OUTSOURCING OF MANUFACTURING ACTIVITIES

Group's products are made at 22 manufacturing facilities owned by the Group, located in Europe (19 in Italy), and by a network of external manufacturers that are carefully selected on the basis of their expertise, qualifications and reliability. The Group makes nearly all the prototypes and samples and some finished products

at its manufacturing facilities, and carries out there the most sensitive phases of production, such leather cutting and controls over raw materials (including those intended for contract manufacturers) and semi-finished goods.

All the phases of the production process are checked by the Group's specialists to ensure that the product quality standards are met and that the entire supply chain complies with PRADA spa's Code of Ethics, which must be signed before any business relationship is established. An essential part of the strategy is to develop long-term relationships based on reciprocal transparency and trust.

The Group works with approximately 1,000 raw material suppliers and contract manufacturers, some 80% of which are located in Italy. The Group has implemented a strict quality control process for all outsourced production and contractually requires its contract manufacturers to abide by all regulations on brand ownership and other intellectual property rights. Moreover, the Group demands compliance with the applicable regulations concerning labor law, social security and occupational health and safety. It oversees the conformity through a process that includes document checks and, since 2019, inspections at the suppliers' premises.

CREDIT RISK

Credit risk is defined as the risk of financial loss caused by the failure of a counterparty to meet its contractual obligations. The maximum risk to which an entity is exposed is represented by all the financial assets recognized in the financial statements. The Group considers its credit risk to involve primarily trade receivables generated from the wholesale channel and liquid assets. The Group manages credit risk and mitigates the related effects through its business and financial strategies.

The credit risk management for trade receivables is carried out by monitoring the reliability and solvency of customers, as well as through insurance agreements.

Concerning liquid assets, the risk of default substantially relates to bank deposits, which represent the Group's most widely-used financial product for investing surplus operating cash flows. Default risk is mitigated by the allocation of cash holdings to bank deposits that are diversified in terms of counterparties (always investment grade), country and currency, and that are always short-term. The residual portion of liquid assets consists of cash and bank accounts. The Group considers no significant risk to exist on these kinds of liquid assets given that they are used strictly for operating activities and business processes and, consequently, the number of independent parties involved is fragmented.

LIQUIDITY RISK

Liquidity risk refers to difficulty that the Group could have in meeting its financial obligations. The Directors are responsible for managing liquidity risk, whereas the Corporate Finance management, which reports to the CFO, is responsible for optimizing financial resources.

The Directors consider the Group's current funds and credit lines, in addition to those that will be generated by operating and financing activities, to be sufficient for meeting its requirements for working capital management, investing activities, paying debts on time, and paying any dividends.

TAX RISKS

The Group's strategy is based on the prevention of tax risk and on tax certainty, both of which are pursued with ongoing dialogue and honest, long-term interaction with the tax authorities in the countries where it operates.

The Group's tax risks, which could derive from compliance errors or incorrect interpretation of regulations, are constantly monitored within the scope of the internal control system, and are managed within the tax control framework. The effectiveness of the tax risk management system has entitled Prada spa to participate in the Cooperative Compliance Tax Regime in Italy (under Italian Legislative Decree 128/2015).

Within the Cooperative Compliance Tax Regime, the Group set up a systematic and continuous communication channel with the Italian tax authorities based on reciprocal transparency and trust, in order to minimize uncertainties about potentially risky situations.

After its inclusion in the regime, the Italian tax authorities invited some Group companies to join the International Compliance Assurance Programme ("ICAP") launched by the Organisation for Economic Co-operation and Development ("OECD").

The program started with a pilot in 2018 that was completed in the first half of 2019, followed by a second pilot, "ICAP 2.0", in which the Group formally confirmed its participation in December 2019. As part of the first ICAP pilot phase, the Group's participating companies shared extensive information with the tax authorities of their countries of residence (Italy, the U.S.A., the U.K., Canada and Australia). At the end of the assessment, the respective tax authorities assigned the status of "low-risk taxpayer" to the aforementioned companies. In the ICAP 2.0 phase, currently in progress, the companies residing in Germany and

the Netherlands were added.

LEGAL AND REGULATORY RISKS

The Prada Group operates in a complex regulatory environment and so is exposed to the following legal and regulatory risks:

- risks associated with non-compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong or with other laws or regulations in force in Hong Kong that the Company must observe as it is listed on the Stock Exchange of Hong Kong Limited;
- risks associated with occupational health and safety under Italian Legislative Decree 81/08 and equivalent regulations in force in other countries;
- possible legal penalties for wrongful acts pursuant to Italian Law 231/2001 as subsequently amended;
- possible events that could adversely affect the accuracy of the annual financial statements and the protection of assets;
- changes in international tax rules applicable in the various countries where the Group operates;
- possible manufacturing compliance risks regarding Italian and international laws and regulations for finished goods distributed and raw materials and consumables used.

The Group involves various internal departments and uses external experts as necessary to keep its processes and procedures constantly updated in order to comply with changing rules and regulations, thereby reducing the risk of non-compliance to an acceptable level. Monitoring activities are performed by the managers of the aforementioned departments, during the audits, and by special entities and committees such as the Supervisory Board, Internal Control Committee and Industrial Compliance Committee.

FOREIGN EXCHANGE RISK

The Group has a vast international presence, and therefore is exposed to the risk that changes in currency exchange rates could adversely impact revenue, expenses, margins and profit. In order to hedge the foreign exchange risk, the Group uses derivatives to fix the value in Euro (or other functional currency) of the identified future cash flows. The future cash flows consist primarily of inflows of trade and financial receivables and outflows of trade payables. They refer mainly to PRADA

spa, the Group's holding company and worldwide distributor of Prada and Miu Miu brand products.

The management of interest rate risk is described in more detail in the Notes to the Interim Condensed Consolidated Financial Statements.

INTEREST RATE RISK

Interest rate risk is the risk that future cash flows could be affected by interest rate fluctuation. In order to hedge this risk, which refers mainly to PRADA spa, the Group uses derivatives (such as interest rate swaps) to convert variable-rate debt into fixed-rate debt or debt at rates within a specified range.

The management of interest rate risk is described in more detail in the Notes to the Interim Condensed Consolidated Financial Statements.

DATA PROCESSING RISKS

Data and information is processed using IT and telematics tools whose governance model ensures, through the adoption of suitable technical and organizational measures for the protection of personal data, industrial and trade secrets and intellectual property, that:

- information is adequately protected against the risk of accidental or unlawful destruction, loss, alteration, unauthorized disclosure or access;
- data is processed in accordance with the applicable laws and regulations.

In accordance with the technological and regulatory developments, the Group has set up organizational and operational controls to adapt processes and procedures aimed at adopting appropriate security measures to minimize the risks of non-compliance.

OTHER INFORMATION

INFORMATION ON RELATED-PARTY TRANSACTIONS

Information on the Group's transactions and balances with related parties is provided in the unaudited Notes to the Interim Condensed Consolidated Financial Statements, insofar as required by IFRS, and in the Corporate Governance Report, insofar as required by the Hong Kong Stock Exchange rules.

NON-IFRS MEASURES

The Group uses certain financial measures (“non-IFRS measures”) to assess its business performance and to help readers understand and analyze the results of its operations and its financial position. 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.

In addition to the non-IFRS measures already adopted in the 2019 Annual Report, the Group introduced a new non-IFRS measure, “Selling expenses of the closed stores during the lockdowns”, in order to isolate the portion of selling operating expenses that could not generate revenues in the period.

By including this non-IFRS measure, the Group provides additional quantitative information to assist investors’ understanding of the impacts of the Covid-19 pandemic on the business while helping comparison of the 2020 Interim Profit or Loss Statement with the same period of the prior year. Such non-IFRS measure is, in general, meant to make the Interim Report more understandable and more useful.

The caption “Selling expenses of the closed stores during the lockdowns”, Euro 112.4 million for the six months ended June 30, 2020, includes the main direct costs pertaining to the retail network during the lockdowns imposed in the various countries by local governments, which prevented the stores from operating. The most significant amounts were Euro 49.9 million for the depreciation of rights of use assets, net of Covid-related lease discounts obtained from lessors, Euro 33.8 million for labor costs net of social buffers and Euro 23.6 million for the depreciation of tangible fixed assets.

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	% on net revenues	six months ended June 30 2019 (unaudited)	% on net revenues
Operating income / (loss) - EBIT	(195,797)	-20.9%	150,474	9.6%
Selling expenses of the closed stores during the lockdowns	112,375	12.0%	-	-
Operating income/(loss) - EBIT excluding Selling expenses of the closed stores during the lockdowns	(83,422)	-8.9%	-	-
Depreciation, amortization and impairment on tangible and intangible fixed assets	120,284	12.8%	110,730	7.1%
Depreciation and write-downs of the Right of Use assets	230,462	24.6%	229,419	14.6%
Total depreciation, amortization and impairment	350,746	37.4%	340,149	21.7%
EBITDA	154,949	16.5%	490,623	31.2%
EBITDA excluding Selling expenses of the closed stores during the lockdowns	267,324	28.5%	490,623	31.2%

TREASURY SHARES

At June 30, 2020 the Group does not hold treasury shares.

EVENTS AFTER THE REPORTING DATE

Nothing to report.

OUTLOOK

The first half of 2020 saw a temporary interruption of the Group's growth trajectory in a situation of ongoing management of the pandemic.

The Group is confident that the growth will gradually resume by the end of the year, when the stores network will again be fully operational.

The excellent response of local consumers after the reopenings confirms the desirability of the Group's products and the strong relationship with its customers, which has been further strengthened by the continued focus on digital technology. Given the level of uncertainty, it is difficult today to foresee the evolution of trading over the coming months and make forecasts. However, assuming a positive perspective, if recent encouraging retail trends are confirmed and if further significant outbreaks of the pandemic can be avoided and the Group is able to reopen its remaining closed stores, in the second half of the year the Group may return to a level of profitability that would bring the operating results for the whole of 2020 to breakeven.

Milan, July 29, 2020

CORPORATE GOVERNANCE

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. The corporate governance model adopted by the Company is in compliance with the applicable regulations in Italy, 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 has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months from January 1, 2020 to June 30, 2020 (the "Reviewed Period").

THE BOARD

The Board of Directors of the Company (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 composed of nine directors of which four are executive directors, one is a non-executive director and four are independent non-executive directors.

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 of no less exacting terms 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").

In addition, the Board has established a Supervisory Body under the Italian Legislative Decree 231 of June 8, 2001 (the "Decree").

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. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Maurizio Cereda. The primary duties of the Audit Committee are to assist the Board in providing an independent view of 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 three meetings on February 18, March 4 and March 17, 2020, 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 their meetings. The Audit Committee's activities for the Reviewed Period covered: the audit plan for the year 2020, the findings of the internal auditors, internal controls, risk assessment, annual review of the Group's continuing connected transactions for 2019, tax and legal updates (including management of data privacy matters), the financial reporting matters (including the annual results for the year 2019), before recommending them to the Board for approval.

The Audit Committee, in July, held two further meetings on July 9 and 29, 2020 to, among others, review the interim results for the period ended June 30, 2020, before recommending them to the Board for approval.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee in compliance with the Code. In compliance with Rule 3.25 of the Listing Rules, the Remuneration Committee is chaired by an independent non-executive director and comprises of a majority of independent non-executive directors. 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. The Remuneration Committee consists of two independent non-executive directors, namely, Mr. Maurizio Cereda (Chairman) and Mr. Gian Franco Oliviero Mattei, and one executive director, Mr. Carlo Mazzi. During the Reviewed Period, the Remuneration Committee held one meeting on February 20, 2020, with an attendance rate of 100% to review and recommend the remuneration package for certain executives with strategic responsibilities.

NOMINATION COMMITTEE

The Company has established a Nomination Committee in compliance with the Code. 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 directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Sing Cheong Liu, and one executive director, Mr. Carlo Mazzi. During the Reviewed Period, the Nomination Committee held one meeting on March 18, 2020, with an attendance rate of 100% to perform the annual review of the independence of independent non-executive directors.

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 board of statutory auditors of the Company consists of Mr. Antonino Parisi (Chairman), Mr. Roberto Spada and Mr. David Terracina. The alternate statutory auditors are Ms. Stefania Bettoni and Mr. Cristiano Proserpio.

During the Reviewed Period, the members of board of statutory auditors attended three meetings of the Board on March 18, 2020 and April 22, 2020 and June 22, 2020.

SUPERVISORY BODY

In compliance with the Decree, the Company has established a supervisory body whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Model of Organization, adopted by the Company pursuant to the Decree. The supervisory body consists of three members appointed by the Board selected among qualified and experienced individuals, including independent non-executive directors, qualified auditors, executives or external individuals. The supervisory body consists of Mr. David Terracina (Chairman), Mr. Gian Franco Oliviero Mattei and Mr. Gianluca Andriani.

DIVIDENDS

The Company may distribute dividends subject to the approval of the shareholders in a shareholders' general meeting. On March 15, 2019, in accordance with the Code, the Board adopted a Dividend Policy aimed at providing its shareholders a sustainable dividend stream, taking into account the cash flow from operating activities and underlying earnings achieved.

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

On March 18, 2020, the Board recommended for the financial year 2019 the payment of a final dividend of Euro 0.02 per share in the capital of the Company, representing a total dividend of Euro 51,176,480 (the "March Board Meeting"). Following the spread of the pandemic, on April 22, 2020, the Board resolved to withdraw the recommendation it made at the March Board Meeting regarding the

distribution of a final dividend and instead recommended to retain the whole net income of the Company for the financial year 2019 amounting to Euro 249,027,388 and allocate it as follows: (i) Euro 51,176,480 to the extraordinary reserves of the Company, and (ii) Euro 197,850,908 to the retained earnings of the Company.

CHANGE IN INFORMATION OF DIRECTORS DISCLOSED PURSUANT TO LISTING RULE 13.51B(1)

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors since the Company's 2019 Annual Report, other than the changes disclosed in other paragraphs of this Corporate Governance report, is set out below:

Name of Director	Change
Stefano SIMONTACCHI	Appointed as a Board member of Cordusio SIM S.p.A. on April 2020.

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 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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at June 30, 2020, the Directors of the Company and their associates held the following interests in the shares, underlying shares and debentures of the

Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

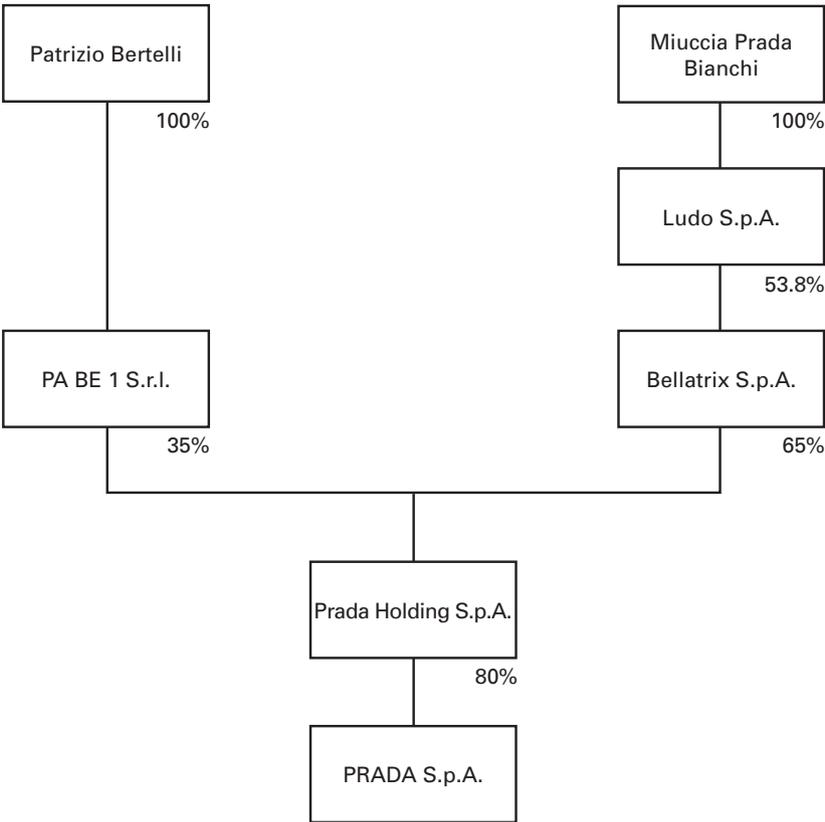
(a) Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares	Nature of Interest	Approximate percentage of Issued Capital
Ms. Miuccia Prada Bianchi	2,046,470,760 (Notes 1 and 2)	Interest of Controlled corporation	80%
Mr. Patrizio Bertelli	2,046,470,760 (Notes 1 and 3)	Interest of Controlled corporation	80%

Notes:

1. Prada Holding S.p.A. owns approximately 80% of the issued capital in the Company and is therefore the holding company of the Company.
2. Ms. Miuccia Prada Bianchi, owns indirectly through Ludo S.p.A. 53.8% (comprised of 438,460 ordinary shares and 100,000 preference shares) of the capital in Bellatrix S.p.A., which in turn owns 65% (comprised of 1,650 ordinary shares and 300 preference shares) of the capital in Prada Holding S.p.A.. Ms. Miuccia Prada Bianchi is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding S.p.A.. Ms. Miuccia Prada Bianchi is also a director of Prada Holding S.p.A., Bellatrix S.p.A. and Ludo S.p.A..
3. Mr. Patrizio Bertelli owns, indirectly through PA BE 1 S.r.l. 35% (comprised of 750 ordinary shares and 300 preference shares) of the capital in Prada Holding S.p.A.. Mr. Patrizio Bertelli is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding S.p.A.. Mr. Patrizio Bertelli is also a director of PA BE 1 S.r.l..

The deemed interests of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli in the shares of the Company as at June 30, 2020 are summarized in the following chart:



(b) Long positions in shares and underlying shares of associated corporations:

Name of Director	Name of associated corporations	Class of shares	Number of shares	Nature of Interests	Approximate percentage of Interests
Ms. Miuccia Prada Bianchi	Prada Holding S.p.A.	Ordinary Shares	1,650	Controlled Corporation	68.75%
	Prada Holding S.p.A.	Preference Shares	300	As above	50%
	Prapar Corporation	Common Shares	50	As above	100%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	Bellatrix S.p.A.	Ordinary Shares	438,460	As above	49.83%
	Bellatrix S.p.A.	Preference Shares	100,000	As above	83.34%
	Ludo S.p.A.	Class A Class B	5,066,000 4,965,100	Beneficial Owner	100%
	C.I.D. - Cosmetics International Distribution Corp.	Common Share	1	Controlled Corporation	100%
	PH-RE LLC	Capital Contribution (JPY)	1,000,000	As above	100%
Mr. Patrizio Bertelli	Prada Holding S.p.A.	Ordinary Shares	750	Controlled Corporation	31.25%
	Prada Holding S.p.A.	Preference Shares	300	As above	50%
	Prapar Corporation	Common Shares	50	As above	100%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	C.I.D. - Cosmetics International Distribution Corp.	Common Share	1	As above	100%
	PH-RE LLC	Capital Contribution (JPY)	1,000,000	As above	100%

Save as disclosed above, as at June 30, 2020, none of the Directors of the Company or their associates held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at June 30, 2020, other than the interests of the Directors of the Company as disclosed above, the following persons held interests in the shares or underlying shares of the Company, which fall to be disclosed to the Company under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of issued capital
<u>Long Positions</u>			
Prada Holding S.p.A.	Legal and beneficial owner	2,046,470,760	80.00%
Bellatrix S.p.A.	Interest of controlled corporation	2,046,470,760	80.00%
Ludo S.p.A.	Interest of controlled corporation	2,046,470,760	80.00%
PA BE 1 S.r.l.	Interest of controlled corporation	2,046,470,760	80.00%
Invesco Advisor Inc.	Investment Manager	137,700,330	5.38%

Note:

Prada Holding S.p.A. owns approximately 80% of the issued capital in the Company. As Ludo S.p.A. owns 53.8% of Bellatrix S.p.A. which in turn owns 65% of Prada Holding S.p.A. and PA BE 1 S.r.l. owns 35% of Prada Holding S.p.A., Bellatrix S.p.A., Ludo S.p.A. and PA BE 1 S.r.l. are all deemed to be interested in the 2,046,470,760 shares held by Prada Holding S.p.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in thousands of Euro)	Notes	June 30 2020 (unaudited)	December 31 2019 (audited)
Assets			
Current assets			
Cash and cash equivalents	6	530,421	421,069
Trade receivables, net	7	204,376	317,554
Inventories, net	8	735,869	712,611
Derivative financial instruments - current	9	8,627	3,315
Receivables from, and advance payments to, related parties - current	10	28,523	21,553
Other current assets	11	199,326	221,476
Total current assets		1,707,142	1,697,578
Non-current assets			
Property, plant and equipment	12	1,552,612	1,642,480
Intangible assets	13	839,279	843,830
Right of Use assets	14	2,224,514	2,362,841
Investments in equity instruments	15	51,976	81,448
Deferred tax assets	33	292,859	244,206
Other non-current assets	16	163,174	165,372
Receivables from, and advance payments to, related parties - non-current	10	1,434	684
Total non-current assets		5,125,848	5,340,861
Total Assets		6,832,990	7,038,439
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term lease liability	17	398,093	409,537
Short-term financial payables and bank overdrafts	18	537,911	241,464
Payables to related parties - current	19	13,903	26,057
Trade payables	20	289,801	327,330
Tax payables	21	64,973	83,809
Derivative financial instruments - current	9	10,655	11,317
Other current liabilities	22	118,785	132,294
Total current liabilities		1,434,121	1,231,808
Non-current liabilities			
Long-term lease liability	17	1,888,742	2,005,761
Long-term financial payables	23	505,726	584,141
Long-term employee benefits	24	66,028	63,519
Provision for risks and charges	25	50,790	49,484
Deferred tax liabilities	33	27,667	29,337
Other non-current liabilities	26	95,046	56,365
Derivative financial instruments - non-current	9	10,162	8,789
Payables to related parties - non-current	19	-	20,660
Total non-current liabilities		2,644,161	2,818,056
Total Liabilities		4,078,282	4,049,864
Shareholders' Equity			
Share capital		255,882	255,882
Total other reserves		2,620,087	2,394,051
Translation reserve		40,695	61,437
Net income / (loss) for the period		(180,332)	255,788
Net Equity attributable to owners of the Group	27	2,736,332	2,967,158
Net Equity attributable to Non-controlling interests	28	18,376	21,417
Total Net Equity		2,754,708	2,988,575
Total Liabilities and Total Net Equity		6,832,990	7,038,439
Net current assets		273,021	465,770
Total assets less current Liabilities		5,398,869	5,806,631

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(amounts in thousands of Euro)	Notes	six months ended June 30 2020 (unaudited)	%	six months ended June 30 2019 (unaudited)	%
Net Revenues	29	937,657	100.0%	1,570,123	100.0%
Cost of goods sold	30	(277,332)	-29.6%	(444,374)	-28.3%
Gross margin		660,325	70.4%	1,125,749	71.7%
Operating expenses	31	(856,121)	-91.3%	(975,275)	-62.1%
Operating income / (loss) - EBIT		(195,797)	-20.9%	150,474	9.6%
Interest and other financial income/(expenses), net		(16,407)	-1.7%	(7,749)	-0.4%
Interest expenses on Lease Liability		(23,433)	-2.5%	(24,735)	-1.6%
Dividends from investments		116	0.0%	2,023	0.1%
Total financial income/(expenses)	32	(39,724)	-4.2%	(30,461)	-1.9%
Income / (loss) before taxation		(235,520)	-25.1%	120,013	7.7%
Taxation	33	52,005	5.5%	34,418	2.2%
Net income / (loss) for the period		(183,515)	-19.6%	154,431	9.9%
Net income / (loss) - Non-controlling interests	28	(3,183)	-0.3%	(463)	0.0%
Net income / (loss) - Group	27	(180,332)	-19.2%	154,894	9.9%
Basic and diluted earnings / (losses) per share (in Euro per share)	34	(0.070)		0.061	

CONSOLIDATED STATEMENT OF CASH FLOWS

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Income / (loss) before taxation	(235,520)	120,013
Profit or loss adjustments		
Depreciation and write-downs of the Right of Use assets	230,462	229,419
Depreciation and amortization of property, plant and equipment and intangible assets	113,740	108,561
Impairment of property, plant and equipment and intangible assets	6,544	2,169
Non-monetary financial (income) expenses	25,701	3,156
Interest expenses on Lease Liability	23,433	24,735
Other non-monetary (income) expenses	(53,896)	3,492
Balance Sheet changes		
Other non-current assets and liabilities	34,842	(7,414)
Trade receivables, net	109,714	(13,864)
Inventories, net	(35,932)	(50,401)
Trade payables	(41,607)	11,563
Other current assets and liabilities	26,494	(26,490)
Cash flows from operating activities	203,975	404,939
Interest paid (net), including interest paid on Lease Liability	(29,861)	(25,032)
Taxes paid	(22,980)	(15,724)
Net cash flows from operating activities	151,134	364,183
Investing activities		
Purchases of property, plant and equipment and intangible assets	(49,905)	(187,231)
Disposals of property, plant and equipment and intangible assets	396	860
Dividends from investments	116	2,023
Purchases of equity instruments	-	(400)
Business Combination	(32,828)	-
Net cash flow utilized by investing activities	(82,221)	(184,748)
Financing activities		
Dividends paid to shareholders of PRADA Spa	-	(145,536)
Dividends paid to Non-Controlling shareholders	-	(310)
Repayment of Lease Liability	(177,589)	(226,849)
Repayment of short-term portion of long-term borrowings - third parties	(154,959)	(222,580)
Arrangement of long-term borrowings - third parties	175,000	100,000
Change in short-term borrowings - third parties	199,975	41,425
Repayment of Loans from related parties	2,000	-
Loans to related parties	(750)	-
Cash flows generated/(utilized) by financing activities	43,677	(453,850)
Change in cash and cash equivalents, net of bank overdrafts	112,590	(274,415)
Foreign exchange differences	(3,238)	2,094
Opening cash and cash equivalents, net of bank overdrafts	421,069	599,821
Closing cash and cash equivalents, net of bank overdrafts	530,421	327,500
Cash and cash equivalents, net of bank overdrafts	530,421	327,500
Closing cash and cash equivalents, net of bank overdrafts	530,421	327,500

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS)

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	twelve months ended December 31 2019 (audited)	six months ended June 30 2019 (unaudited)
Net income / (loss) for the period - Consolidated	(183,515)	257,724	154,431
A) Items recyclable to P&L:			
Change in Translation Reserve	(20,600)	28,911	9,210
Tax impact	-	-	-
Change in Translation Reserve less tax impact	(20,600)	28,911	9,210
Change in Cash Flow Hedge reserve	948	2,730	(4,371)
Tax impact	(1,056)	(579)	1,052
Change in Cash Flow Hedge reserve less tax impact	(108)	2,151	(3,319)
B) Items not recycled to P&L:			
Change in Fair Value Investments in equity instruments reserve	(29,450)	59	14,915
Tax impact	-	-	-
Change in Fair Value Investments in equity instruments reserve less tax impact	(29,450)	59	14,915
Change in Actuarial reserve	-	614	-
Tax impact	(198)	(344)	-
Change in Actuarial reserve less tax impact	(198)	270	-
Consolidated comprehensive income / (loss) for the period	(233,871)	289,115	175,237
Comprehensive income / (loss) for the period - Non Controlling Interests	(3,041)	2,317	(249)
Comprehensive income / (loss) for the period - Group	(230,830)	286,798	175,486

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AMOUNTS IN THOUSANDS OF EURO, EXCEPT NUMBER OF SHARES)

(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 result for the period	Equity		
											Net Equity attributable to owners of the Group	Net Equity attributable Non-controlling interests	Total Net Equity
Balance at December 31, 2018 (audited)	2,558,824,000	255,882	32,941	410,047	(10,620)	(4,822)	(12,276)	2,001,391	2,383,720	205,443	2,877,986	19,083	2,897,069
Allocation of 2018 net income	-	-	-	-	-	-	-	205,443	205,443	(205,443)	-	-	-
Dividends	-	-	-	-	-	-	-	(153,529)	(153,529)	-	(153,529)	(310)	(153,839)
Share capital increase	-	-	-	-	-	-	-	-	-	-	-	1,106	1,106
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	8,998	-	(3,319)	-	-	(2)	(3,321)	154,894	160,571	(249)	160,322
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	-	14,915	-	14,915	-	14,915	-	14,915
Balance at June 30, 2019 (unaudited)	2,558,824,000	255,882	41,939	410,047	(13,939)	(4,822)	2,639	2,053,303	2,447,228	154,894	2,899,943	19,630	2,919,573
Dividends	-	-	-	-	-	-	-	-	-	-	-	(803)	(803)
Acquisition of Fratelli Prada spa	-	-	-	-	-	-	-	(48,630)	(48,630)	-	(48,630)	-	(48,630)
Share capital increase	-	-	-	-	-	-	-	-	-	-	-	24	24
Gain/(losses) from the disposal of equity instruments	-	-	-	-	-	-	2,235	2,298	4,533	-	4,533	-	4,533
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	19,498	-	5,470	-	-	2	5,472	100,894	125,864	2,602	128,466
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	306	(14,856)	(2)	(14,552)	-	(14,552)	(36)	(14,588)
Balance at December 31, 2019 (audited)	2,558,824,000	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 reserves	-	-	-	-	-	-	-	51,176	51,176	(51,176)	-	-	-
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	(20,742)	-	(108)	-	-	-	(108)	(180,332)	(201,182)	(3,041)	(204,223)
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	(198)	(29,450)	4	(29,644)	-	(29,644)	-	(29,644)
Balance at June 30, 2020 (unaudited)	2,558,824,000	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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

1. GENERAL INFORMATION

PRADA spa (the "Company"), together with its subsidiaries (collectively the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). It is one of the leading companies in the luxury goods industry, where it operates with the Prada, Miu Miu, Church's and Car Shoe brands producing and distributing luxury leather goods, footwear and apparel. It also operates in the food sector with Marchesi 1824 and in the eyewear and fragrance industries under licensing agreements. The Group's counts on 22 owned industrial sites and its products are sold in 70 countries worldwide through 637 Directly Operated Stores as of June 30, 2020, brand's e-commerce, a selection of luxury department stores and multi-brand stores in the most prestigious and exclusive locations as well as through the most important e-tailers.

The Company is a joint-stock company with limited liability, registered and domiciled in Italy. Its registered office is in via Antonio Fogazzaro 28, Milan. At June 30, 2020, 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.

The unaudited Interim Condensed Consolidated Financial Statements were approved and authorized for issue by the Board of Directors of PRADA spa on July 29, 2020.

2. BASIS OF PREPARATION

The unaudited Interim Condensed Consolidated Financial Statements of the Prada Group for the six months ended June 30, 2020, consisting of the "Consolidated Statement of Financial Position", the "Consolidated Statement of Profit or Loss", the "Consolidated Statement of Cash Flows", the "Consolidated Statement of Comprehensive Income", the "Consolidated Statement of Changes in Equity" and the "Notes to the Interim Condensed Consolidated Financial Statements", have been prepared in accordance with "IAS 34 - Interim Financial Reporting".

These unaudited Interim Condensed Consolidated Financial Statements should be read together with the Consolidated Financial Statements of the Prada Group for the twelve months ended December 31, 2019, which were prepared in accordance

with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union with the exception of the “Covid-Related Rent Concessions Amendment to IFRS 16” (“the Amendment”) explained below.

Excluding such Amendment, at the date of presentation of this Announcement, there were no differences between IFRSs as endorsed by the European Union and applicable to the Prada Group and those issued by the IASB.

IFRSs also refer to all International Accounting Standards (“IAS”) and all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously called the Standing Interpretations Committee (“SIC”).

The Group has prepared the Interim Condensed Consolidated Statement of Financial Position presenting separately current and non-current assets and liabilities. All the details needed for accurate and complete information are provided in the Notes to the Interim Condensed Consolidated Financial Statements.

The Consolidated Statement of Profit or Loss is classified by destination. The cash flow information is provided in the Consolidated Statement of Cash Flows, which has been prepared using the indirect method.

The unaudited Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis and are presented in Euro, which is also the functional currency of PRADA spa.

3. NEW IFRS AND AMENDMENTS TO IFRS

New Standards and Amendments issued by the IASB, endorsed by the European Union and applicable to the Prada Group from January 1, 2020.

New Standards IFRS and Amendments to existing standards	Effective date for Prada Group	EU endorsement dates
Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform	January 1, 2020	Endorsed in January 2020
Amendments to IFRS 3 Business Combinations	January 1, 2020	Endorsed in April 2020

These amendments did not have a material impact on the unaudited Interim Condensed Consolidated Financial Statements at June 30, 2020.

New Standards and Amendments issued by the IASB, not yet endorsed by the European Union at the date of this Interim Report, but effective for the Prada Group.

New Standards IFRS and Amendments to existing standards	Effective date for Prada Group	EU endorsement dates
Covid-Related Rent Concessions: Amendment to IFRS 16	January 1, 2020	Likely to be endorsed by the end of 2020

Amendment to IFRS 16 for Covid-Related Rent Concessions

On May 28, 2020, the International Accounting Standard Board (“IASB”) approved the possibility of providing lessees with a practical expedient for the immediate recognition in profit or loss of Covid-related rent discounts.

Under such practical expedient, lessees are not required to assess whether eligible rent reductions are lease modifications; therefore, lessees can account for the rent reductions as if they were not lease modifications, thus giving the possibility to the lessee to recognize the entire economic benefit of Covid-related discounts immediately in profit or loss.

Rent discounts are eligible for the practical expedient if they occur as a direct consequence of the Covid-19 pandemic and if all of the following criteria are met:

- any rent reduction affects only payments originally due on or before June 30, 2021;
- there is no substantive change to the other terms and conditions of the lease;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

On June 2, 2020, the European Financial Reporting Advisory Group (EFRAG) sent its Endorsement Advice Letter to the European Commission and on July 2, 2020, the Accounting Regulatory Committee (constituting, together with the EFRAG, the two bodies set up by the European Union to provide opinions on proposal adopting IFRSs) voted by written procedure in favor of the amendment.

Notwithstanding, at the date of approval of this Announcement and the related unaudited Interim Condensed Consolidated Financial Statements, the European Commission endorsement process is not formally complete.

The Group, confident that such process will be finalized by the end of 2020 based in part on EFRAG’s public statements, decided to apply the IFRS 16 Amendment in advance, with the aim of giving financial statement readers a truer and fairer view of the business performance of the period. Early adoption of the Amendment

resulted in the recognition of the eligible Covid-19 rent discounts obtained since January, when the health emergency started to significantly affect the operations in China.

As a result of the above, the Statement of Profit or Loss for the six months ended June 30, 2020 includes a total of Euro 41.3 million Covid-related rent discounts within the "Selling expenses of the closed stores during the lockdowns".

New standards and Amendments issued by the IASB, not yet endorsed by the European Union at the date of this Interim Report, but not yet effective for the Prada Group.

New IFRS and Amendments to existing standards	Effective date for Prada Group	EU endorsement status
IFRS 17 Insurance Contracts	January 1, 2021	Not endorsed yet
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	Not endorsed yet
IFRS 3: Business Combination	January 1, 2020	Not endorsed yet
IAS 1 and IAS 8: Definition of Material	January 1, 2020	Not endorsed yet

As at the date of the Interim Condensed Consolidated Financial Statements, the Directors had not yet completed the analysis necessary to assess the impacts of the above new standards and amendments, which are not yet applicable to the Prada Group.

4. MERGERS AND ACQUISITIONS

On April 22, 2020, with the aim of rationalize and simplify the Prada Group structure, the Board of Directors of Prada spa approved the plan of merger by incorporation of Fratelli PRADA spa, a wholly owned subsidiary acquired by Prada spa on October 29, 2019.

5. OPERATING SEGMENTS

"IFRS 8 Operating Segments" requires that detailed information be provided for each operating segment that makes up the business. An operating segment is defined as a business division whose operating results are regularly reviewed by top management in order to allocate appropriate resources to the segment and assess its performance.

Because of the Group's matrix-based organizational structure (whereby responsibility is assigned cross-functionally in relation to brands, products, distribution channels and geographical areas), the complementary nature of the various brands' production processes and the many relationships between the different business divisions, it is not possible to designate operating segments as defined by IFRS 8 since the top management is only provided with the financial performance solely on a Group-wide level. For this reason, the business is considered a single operating segment, as it better represents the specific characteristics of the Prada Group business model.

NET REVENUES

Detailed information on net revenues by distribution channel, brand, geographical area and product are provided in the Financial Review together with additional comments.

GEOGRAPHICAL INFORMATION

The following table reports the carrying amount of the Group's non-current assets by geographical area, as requested by "IFRS 8 Operating Segments" for entities, like the Prada Group, that have a single reportable segment.

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Europe	3,048,786	3,189,262
Americas	603,236	609,186
Asia Pacific	566,496	650,515
Japan	516,482	536,287
Middle East and Africa	83,708	95,775
Total	4,818,708	5,081,025

The total amount of Euro 4,819 million (Euro 5,081 million at December 31, 2019) relates to the Group's non-current assets. Consistently with IFRS 8, the table does not include in both periods derivative financial instruments, deferred tax assets and the pension fund surplus.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follow:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Cash on hand	24,028	55,432
Bank deposit accounts	75,579	130,444
Bank current accounts	430,814	235,193
Total	530,421	421,069

Bank deposits accounts are broken down by currency as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Hong Kong Dollar	40,003	66,752
Chinese Renmimbi	23,374	47,143
Other Currencies	12,202	16,549
Total bank deposit accounts	75,579	130,444

Bank current accounts are broken down by currency as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Euro	257,495	68,079
US Dollar	95,417	92,617
GB Pound	12,797	12,410
Hong Kong Dollar	5,023	10,170
Korean Won	10,033	3,032
Other Currencies	50,049	48,885
Total bank current accounts	430,814	235,193

At June 30, 2020, bank current accounts and bank deposit accounts generated interest income of between 0% and 3% per year (between 0% and 3% at December 31, 2019).

The Group considers no significant risk to exist on bank accounts given that their use is strictly connected with operating activities and business processes and, therefore, they are spread over a large number of banks.

7. TRADE RECEIVABLES, NET

Trade receivables are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Trade receivables - third parties	208,972	322,005
Allowance for bad and doubtful debts	(10,081)	(9,354)
Trade receivables - related parties	5,485	4,903
Total	204,376	317,554

Movements during the period in the allowance for bad and doubtful debts are as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Opening Balance (audited)	9,354	8,821
Exchange differences	(66)	44
Increases	1,551	2,374
Reversals	(313)	(1,207)
Utilization	(445)	(678)
Closing Balance (unaudited)	10,081	9,354

The following table contains a summary, by due date, of total receivables before the allowance for bad and doubtful debts at the reporting date:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	214,457	146,523	25,163	1,281	11,127	6,212	24,151
Total	214,457	146,523	25,163	1,281	11,127	6,212	24,151

(amounts in thousands of Euro)	December 31 2019 (audited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	326,908	292,879	13,845	6,092	1,006	1,326	11,760
Total	326,908	292,879	13,845	6,092	1,006	1,326	11,760

The following table contains a summary, by due date, of trade receivables less the allowance for bad and doubtful accounts at the reporting date:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful debts	204,376	146,101	25,086	1,265	11,004	5,636	15,284
Total	204,376	146,101	25,086	1,265	11,004	5,636	15,284

(amounts in thousands of Euro)	December 31 2019 (audited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful debts	317,554	291,847	13,761	6,078	997	1,324	3,547
Total	317,554	291,847	13,761	6,078	997	1,324	3,547

8. INVENTORIES, NET

Inventories can be broken down as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Raw materials	110,425	110,054
Work in progress	29,280	30,539
Finished products	633,022	608,672
Return assets	4,275	4,199
Allowance for obsolete, slow-moving inventories and return assets	(41,133)	(40,853)
Total	735,869	712,611

The inventories increased from Euro 712.6 million at December 31, 2019 to Euro 735.9 million at June 30, 2019. Rapid adoption of a rigorous safety protocol and full collaboration with the government authorities enabled to limit the production shutdown to five weeks; stores were supplied with the products of the new season on time and stock was managed effectively without any particular inventory surpluses.

The changes in the provision for obsolete and slow-moving inventories are 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)	20,656	20,197	40,853
Exchange differences	(11)	(192)	(203)
Increases	-	4,757	4,757
Utilization	-	(4,153)	(4,153)
Reversal	-	(121)	(121)
Closing balance (unaudited)	20,645	20,488	41,133

9. DERIVATIVE FINANCIAL INSTRUMENTS: ASSETS AND LIABILITIES

Derivative financial instruments: assets and liabilities, current and non-current portion:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Financial assets regarding derivative instruments - current	8,627	3,315
Financial assets regarding derivative instruments - non-current	-	-
Total Financial Assets - Derivative financial instruments	8,627	3,315
Financial liabilities regarding derivative instruments - current	(10,655)	(11,317)
Financial liabilities regarding derivative instruments - non-current	(10,162)	(8,789)
Total Financial Liabilities - Derivative financial instruments	(20,817)	(20,106)
Net carrying amount - current and non-current portion	(12,190)	(16,791)

The net carrying amount of derivatives, both the current and the non-current portion, has the following composition:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)	IFRS7 Category
Forward contracts	7,691	1,956	Level II
Options	936	1,359	Level II
Positive fair value	8,627	3,315	
Forward contracts	(6,328)	(7,112)	Level II
Options	(1,320)	(1,334)	Level II
Interest rate swaps	(13,169)	(11,660)	Level II
Negative fair value	(20,817)	(20,106)	
Net carrying amount - current and non-current	(12,190)	(16,791)	

All of the above derivative instruments are qualified as Level II in the fair value hierarchy. The Group has not entered into any derivative contracts that could be qualified as Level I or III.

The fair values of derivatives arranged to hedge interest rate risks (interest rate swaps, "IRS") and of derivatives arranged to hedge foreign exchange rate risks (forward contracts and options) were determined by using one of the most widely used valuation platforms on the financial market and are based on the interest rate curves and on spot and forward exchange rates at the reporting date.

The Group entered into the derivative contracts in the course of its risk management activities, in order to hedge financial risks stemming from exchange and interest rate fluctuation.

FOREIGN EXCHANGE RATE TRANSACTIONS

The cash flows resulting from the Group's international activities are exposed to exchange rate volatility. In order to hedge this risk, the Group enters into options and forward sale and purchase agreements, so as to guarantee the value of identified cash flows in Euro (or in other currencies used locally). The projected future cash flows mainly regard the collection of trade receivables, the settlement of trade payables and financial cash flows.

At the reporting date, the notional amounts of the derivative contracts designated

as foreign exchange risk hedges (translated at the European Central Bank exchange rate at June 30, 2020) are as stated below.

Contracts in effect as of June 30, 2020 to hedge projected future trade cash flows:

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	June 30 2020 (unaudited)
Currency				
US Dollar	29,470	19,557	(33,296)	15,730
Chinese Renminbi	22,722	73,467	-	96,189
Japanese Yen	25,278	40,610	-	65,888
GB Pound	14,248	13,480	(12,337)	15,391
Hong Kong Dollar	-	20,740	(53,466)	(32,726)
Korean Won	6,242	31,208	-	37,449
Singapore Dollar	-	10,033	-	10,033
Canadian Dollar	-	9,723	(4,005)	5,718
Russian Ruble	-	6,493	-	6,493
Swiss Franc	-	7,042	(4,504)	2,538
Australian Dollar	-	5,445	-	5,445
Other currencies	2,327	19,757	(7,190)	14,894
Total	100,285	257,555	(114,798)	243,042

Contracts in effect as of June 30, 2020 to hedge projected future financial cash flows:

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	June 30 2020 (unaudited)
Currency				
US Dollar	-	5,693	-	5,693
GB Pound	-	22,741	-	22,741
Swiss Franc	-	53,516	-	53,516
Singapore Dollar	-	14,698	-	14,698
Australian Dollar	-	9,790	-	9,790
Other currencies	-	13,539	-	13,539
Total	-	119,977	-	119,977

All contracts to hedge projected future future financial cash flows in place as at June 30, 2020 have a maturity shorter than twelve months.

All contracts in place at the reporting date were entered into with major financial institutions, and no counterparties are expected to default.

INTEREST RATE TRANSACTIONS

The Group enters into interest rate swaps (IRS) in order to hedge the risk of interest rate fluctuations on bank loans. The key features of the IRS agreements in place as at June 30, 2020 are summarized as follows:

Interest Rate Swap (IRS) Agreement						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	June 30, 2020 (unaudited)	Currency	Type of debt	Amount	Expiry
IRS	Euro/000	36,667	1.457%	May-30	(3,372)	Euro/000	Term Loan	36,667	May-30
IRS	Euro/000	67,000	-0.094%	Feb-22	(293)	Euro/000	Term Loan	67,000	Feb-22
IRS	Euro/000	90,000	0.013%	Feb-21	(220)	Euro/000	Term Loan	90,000	Feb-21
IRS	Euro/000	100,000	0.252%	Jun-21	(456)	Euro/000	Term Loan	100,000	Jun-21
IRS	GBP/000	50,325	2.778%	Jan-29	(8,828)	GBP/000	Term Loan	50,325	Jan-29
Total fair value (amounts in thousands of Euro)					(13,169)				

The IRS convert the variable interest rates on bank loans into fixed interest rates. They have been arranged with major financial institutions, and no counterparties are expected to default.

10. RECEIVABLES FROM, AND ADVANCE PAYMENTS TO, RELATED PARTIES - CURRENT AND NON-CURRENT

The current receivables and advances from related parties are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Prepaid sponsorships	22,675	13,522
Other receivables and advances	5,848	6,027
Financial receivables	-	2,004
Receivables from and advances to related parties - current	28,523	21,553

The prepaid sponsorship at June 30, 2020 regard the contract in place between PRADA spa and Luna Rossa Challenge srl, under the new sponsorship agreement for participation in the 36th America's Cup, and the contract in place between PRADA spa and Challenger of Record 36 srl, under the sponsorship agreement for the management of the 36th America's Cup events (36th America's Cup World Series, Christmas Race and the Prada CUP) signed in 2020.

The non-current receivables and advances from related parties are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Other receivables and advances	309	309
Financial receivables	1,125	375
Receivables from and advances to related parties - non-current	1,434	684

Additional information on related party transactions is provided in Note 38.

11. OTHER CURRENT ASSETS

The other current assets are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
VAT	35,332	59,610
Income tax and other tax receivables	99,883	87,372
Other assets	12,934	20,486
Prepayments	43,287	43,290
Deposits	7,890	10,718
Total	199,326	221,476

OTHER ASSETS

The other assets are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Advances to suppliers	2,639	3,287
Incentives for retail investments	406	43
Other receivables	9,889	17,156
Total	12,934	20,486

PREPAYMENTS

The prepayments are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Rental costs	2,646	3,400
Insurance	2,678	1,944
Design costs	13,241	11,631
Fashion shows and advances on advertising campaigns	5,342	12,045
Other	19,380	14,270
Total	43,287	43,290

The prepaid design costs mainly consist of costs incurred to design collections that will generate revenue after the reporting period.

DEPOSITS

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

12. PROPERTY, PLANT AND EQUIPMENT

Historical cost and accumulated depreciation are set forth below:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve- ments	Furniture & fittings	Other tangibles	Assets under construction	Total
Historical cost	926,471	220,975	1,400,858	619,105	180,540	41,487	3,389,436
Accumulated depreciation	(141,406)	(157,352)	(1,011,315)	(325,534)	(111,349)	-	(1,746,956)
Net carrying amount at December 31, 2019 (audited)	785,065	63,623	389,543	293,571	69,191	41,487	1,642,480

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve- ments	Furniture & fittings	Other tangibles	Assets under construction	Total
Historical cost	914,958	228,922	1,387,219	612,873	181,617	45,528	3,371,117
Accumulated depreciation	(149,227)	(166,770)	(1,049,947)	(337,180)	(115,361)	(20)	(1,818,505)
Net carrying amount at June 30, 2020 (unaudited)	765,731	62,152	337,272	275,693	66,256	45,508	1,552,612

The changes in the net carrying amount during the six months ended June 30, 2020 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)	785,065	63,623	389,543	293,571	69,191	41,487	1,642,480
Additions	356	2,579	8,708	4,537	2,339	16,590	35,109
Depreciation	(8,815)	(5,945)	(58,524)	(19,790)	(5,189)	-	(98,263)
Disposals	(7)	(10)	-	(363)	(10)	-	(390)
Exchange differences	(11,643)	(140)	(4,350)	(2,274)	(164)	(406)	(18,977)
Other movements	775	2,045	2,538	1,090	97	(7,346)	(801)
Impairment	-	-	(643)	(1,078)	(8)	(4,817)	(6,546)
Closing balance (unaudited)	765,731	62,152	337,272	275,693	66,256	45,508	1,552,612

The additions of the six months ended June 30, 2020 regarded restyling and relocation projects, despite many investment projects planned for the period were postponed because of the pandemic.

The impairment of Euro 6.5 million refers to the write-off of projects no longer likely to provide future benefits and store closures.

13. INTANGIBLE ASSETS

Historical cost and accumulated amortization are set forth below:

(amounts in thousands of Euro)	Trademarks and other intellectual property rights	Goodwill	Store Lease Acquisitions	Software	Other intangibles	Assets in progress	Total
Historical cost	407,921	548,931	55,131	164,583	63,102	33,277	1,272,945
Accumulated amortization	(182,672)	(30,228)	(53,975)	(106,359)	(55,881)	-	(429,115)
Net carrying amount at December 31, 2019 (audited)	225,249	518,703	1,156	58,224	7,221	33,277	843,830

(amounts in thousands of Euro)	Trademarks and other intellectual property rights	Goodwill	Store Lease Acquisitions	Software	Other intangibles	Assets in progress	Total
Historical cost	403,081	547,084	54,886	179,828	63,068	31,466	1,279,413
Accumulated amortization	(186,752)	(28,985)	(53,945)	(113,653)	(56,799)	-	(440,134)
Net carrying amount at June 30, 2020 (unaudited)	216,329	518,099	941	66,175	6,269	31,466	839,279

The changes in the net carrying amount during the six months ended June 30, 2020 were as follows:

(amounts in thousands of Euro)	Trademarks and other intellectual property rights	Goodwill	Store Lease Acquisitions	Software	Other intangibles	Assets in progress	Total net carrying amount
Opening balance (audited)	225,249	518,703	1,156	58,224	7,221	33,277	843,830
Additions	336	-	(5)	3,345	70	10,445	14,191
Amortization	(6,582)	-	(251)	(7,622)	(1,021)	-	(15,476)
Exchange differences	(2,674)	(604)	(6)	(25)	(4)	1	(3,312)
Other movements	-	-	47	12,253	3	(12,257)	46
Closing balance (unaudited)	216,329	518,099	941	66,175	6,269	31,466	839,279

The carrying amount of trademarks at the reporting date is broken down as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Miu Miu	130,153	132,921
Church's	72,094	76,679
Prada	5,353	5,351
Other trademarks and other intellectual property right	8,729	10,298
Total	216,329	225,249

No impairment was recognized for the Group's trademarks during the period.

The total capital expenditure for tangibles and intangibles in the six months ended June 30, 2020 was Euro 49.3 million, as broken down below:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Retail	28,075	56,157
Real estate	-	60,000
Production, Logistics and Corporate	21,225	61,252
Total	49,300	177,409

IMPAIRMENT TEST

As required by IAS 36, "Impairment of Assets", intangible assets with indefinite useful lives are not amortized but tested for impairment at least once per year. The Group reports no intangible assets with indefinite useful lives other than goodwill. As of June 30, 2020 goodwill amounts to Euro 518.1 million, detailed by Cash Generating Unit ("CGU") as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (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	10,169	10,169
Church's	8,350	8,954
Pasticceria Marchesi 1824	7,975	7,975
Total	518,099	518,703

At the reporting date, management made an assessment about the impact of the pandemic on the carrying values of the above reported CGUs. When the enterprise value was already close to the carrying value at December 31, 2019 and the impact on revenues did not show apparent signs of recovery after the stores re-opening, management updated the business projections and relevant impairment tests, which results gave no raise to any goodwill write-off.

However, since value in use is measured on the basis of estimates and assumptions, management, considering also the uncertainty related to the evolution of the pandemic, cannot guarantee that the value of goodwill or other tangible or intangible assets will not be subject to impairment in the future.

14. RIGHT OF USE ASSETS

The changes in the net carrying amount of the Right of Use assets for the period ended June 30, 2020 are shown below:

(amounts in thousands of Euro)	Real Estate	Vehicles	Hardware	Plant and machinery	Total net carrying amount
Opening balance (audited)	2,358,995	1,692	237	1,917	2,362,841
New contracts, initial direct costs and remeasurement	108,523	130	(1)	83	108,735
Depreciation	(229,492)	(544)	(42)	(394)	(230,472)
Contracts termination	(5,100)	-	-	-	(5,100)
Exchange differences	(11,480)	(2)	(8)	-	(11,490)
Closing balance (unaudited)	2,221,446	1,276	186	1,606	2,224,514

The increase for new contracts, initial direct costs and remeasurements was attributable both to renewals of contracts (mainly in USA, Canada, Australia, France and Great Britain) and remeasurement of contractual provisions like indexes-linked payments.

15. INVESTMENTS IN EQUITY INSTRUMENTS

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Investments in equity instruments	49,958	79,408
Other investments	2,018	2,040
Total	51,976	81,448

The Group, after appropriate evaluation by the respective corporate bodies, invests surplus liquidity in highly rated equity securities listed on the most important stock markets in the world. The change for the year referred to changes in such securities and the changes in their fair value, recognized through a specific equity reserve.

16. OTHER NON-CURRENT ASSETS

The other non-current assets are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Guarantee deposits	69,967	70,732
Deferred rental income	715	968
Pension fund surplus	14,281	15,315
Prepayments for commercial agreements	62,600	62,600
Other long-term assets	15,611	15,757
Total	163,174	165,372

The guarantee deposits are set forth below by nature and maturity:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Nature:		
Stores	64,768	64,981
Offices	3,764	3,850
Warehouses	126	134
Other	1,309	1,767
Total	69,967	70,732

(amounts in thousands of Euro)	June 30 2020 (unaudited)
Maturity:	
Between one to two years	5,457
Between two to five years	26,636
After more than five years	37,869
Total	69,967

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

Prepayments for commercial agreements relate to a commercial contract signed in 2019 for which the related benefits are expected to flow to the Company starting from 2021.

17. LEASE LIABILITY

The following table sets forth the lease liabilities:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Short-term Lease Liability	398,093	409,537
Long-term Lease Liability	1,888,742	2,005,761
Total	2,286,835	2,415,298

The lease liability decreased from Euro 2,415.3 million at December 31, 2019 to Euro 2,286.8 million as a result of the payments of the period (Euro 201 million), net of remeasurements due to lease adjustments or renewals (Euro 98.1 million) and interest recognized to adjust the present value of the liability (Euro 23.4 million).

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

18. SHORT-TERM FINANCIAL PAYABLES AND BANK OVERDRAFTS

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Short-term bank loans	337,027	136,093
Current portion of long-term loans	201,471	106,017
Deferred costs on loans	(587)	(646)
Total	537,911	241,464

The short-term bank loans as at June 30, 2020 are mainly related to the use of credit lines by PRADA spa for an amount of Euro 245 million, by PRADA Japan Co. Ltd for Euro 78.7 million, and by PRADA Fashion Commerce (Shanghai) Co. Ltd for a total equivalent value of Euro 12.7 million.

Short-term loans are broken down by currency below:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Euro	245,000	45,000
Japanese Yen	78,737	90,207
Other Currencies	13,290	886
Total	337,027	136,093

The Group generally borrows at variable interest rates and manages the risk of interest rate fluctuations by using hedging agreements (as explained in Note 9).

19. PAYABLES TO RELATED PARTIES - CURRENT AND NON-CURRENT

The current payables to related parties are shown below:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Financial payables	3,398	3,387
Other payables	10,505	22,670
Payables to related parties - current	13,903	26,057

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. The other payables related to the residual debt for the acquisition of Fratelli Prada spa.

The non-current payables to related parties are shown below:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Other payables	-	20,660
Payables to related parties - non-current	-	20,660

20. TRADE PAYABLES

Trade payables are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Trade payables - third parties	282,637	322,105
Trade payables - related parties	7,164	5,225
Total	289,801	327,330

The following table summarizes trade payables by maturity date:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	289,801	240,370	22,028	10,034	7,919	3,968	5,482
Total	289,801	240,370	22,028	10,034	7,919	3,968	5,482

(amounts in thousands of Euro)	December 31 2019 (audited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	327,330	305,620	7,222	2,353	982	599	10,554
Total	327,330	305,620	7,222	2,353	982	599	10,554

21. TAX PAYABLES

The tax payables are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Current taxation	15,218	35,065
VAT and other taxes	49,755	48,744
Total	64,973	83,809

The Group recognizes current tax liabilities of Euro 15.2 million as of June 30, 2020 (Euro 35.1 million as at December 31, 2019) against tax receivables of Euro 99.9 million (Euro 87.4 million as of December 31, 2019), as reported in Note 11.

22. OTHER CURRENT LIABILITIES

The other current liabilities are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Payables for capital expenditure	26,195	38,588
Accrued expenses and deferred income	14,552	18,098
Other payables	78,038	75,608
Total	118,785	132,294

The other payables are detailed as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Short-term benefits for employees and other personnel	54,642	55,158
Customer advances	11,023	9,553
Returns from customers	8,024	7,838
Other	4,349	3,059
Total	78,038	75,608

23. LONG-TERM FINANCIAL PAYABLES

The long-term financial payables are as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Long-term bank borrowings	506,199	584,950
Deferred costs on loans	(473)	(809)
Total	505,726	584,141

In the first half of 2020, the parent company PRADA spa took out a new long-term loan of Euro 75 million linked to the parameters of sustainability; similar to the previous loan stipulated in 2019, the same provides for the same mechanism for adjusting the annual interests, based on the achievement of ambitious sustainability targets regarding the number of leadership in energy and environmental design (LEED) certifications, the use of regenerated nylon and the number of training hours for employees.

The parent company PRADA spa has also entered into a new long-term loan of Euro 100 million, with a duration of five years and full repayment at maturity. During the six months ended June 30, 2020, the Group companies repaid current portions of long-term loans for Euro 155 million.

The long-term bank borrowings as of June 30, 2020, excluding the amortized costs, are set forth below:

Borrower	Amount in thousands of Euro	Type of loan	Currency	Expiry date	Interest rate (1)	Current Portion (Euro thousands)	Non-current Portion (Euro thousands)	Pledge
PRADA spa	67,000	Term-loan	EUR	Feb-22	0.407%	17,000	50,000	-
PRADA spa	50,000	Term-loan	EUR	Jun-22	0.750%	-	50,000	-
PRADA spa	36,667	Term-loan	EUR	May-30	2.737%	3,667	33,000	Mortgage loan
PRADA spa	45,000	Term-loan	EUR	Oct-24	0.600%	10,000	35,000	-
PRADA spa	100,000	Term-loan	EUR	Apr-25	0.357%	-	100,000	-
PRADA spa	50,000	Term-loan	EUR	Jun-22	0.480%	25,000	25,000	-
PRADA spa	75,000	Term-loan	EUR	Jan-25	0.514%	9,000	66,000	-
PRADA spa	90,000	Term-loan	EUR	Feb-21	0.963%	90,000	-	-
PRADA spa	88,889	Term-loan	EUR	Jun-24	0.325%	22,222	66,667	-
PRADA Japan Co. Ltd	18,647	Syndicate loan	JPY	Sep-22	0.469%	8,288	10,359	-
PRADA Japan Co. Ltd	18,647	Syndicate loan	JPY	Sep-22	0.469%	8,288	10,359	-
Kenon Ltd	55,155	Term-loan	GBP	Jan-29	4.477%	3,041	52,114	Mortgage loan
Prada Middle East	7,814	Term-loan	USD	Feb-22	3.613%	4,465	3,349	-
Tannerie Limoges sas	2,000	Term-loan	EUR	Jan-24	1.200%	500	1,500	Mortgage loan
Hipic Prod Impex srl	2,851	Term-loan	RON	Nov-21	3.990%	-	2,851	-
Total	707,670					201,471	506,199	

(1) the interest rates include the effect of interest rate risk hedges, if any

PRADA spa's mortgage loan is secured by the building in Milan used for the Group's headquarters, while Kenon ltd's mortgage loan is secured by the building in Old Bond Street, London, used for one of the most prestigious Prada stores in Europe. The loan to Tannerie Limoges sas is secured by such company's factory building.

The Group generally borrows at variable interest rates and manages the risk of interest rate fluctuations through hedging agreements, as described in Note 9.

The financial payables are set forth hereunder by their portions with fixed and variable interest rates:

(amounts in thousands of Euro)	June 30, 2020 (unaudited)		December 31, 2019 (audited)	
	variable interest rates	fixed interest rates	variable interest rates	fixed interest rates
Short-term financial payables	79%	21%	89%	11%
Long-term financial payables	73%	27%	42%	58%

24. LONG-TERM EMPLOYEE BENEFITS

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Post-employment benefits	52,837	52,882
Other long-term employee benefits	13,191	10,637
Total liabilities for long-term benefits	66,028	63,519
Pension plan surplus (Note 16)	(14,281)	(15,316)
Net liabilities for long-term benefits	51,747	48,203

The net balance of long-term employee benefits as at June 30, 2020 is Euro 51.7 million (Euro 48.2 million as at December 31, 2019), and all the benefits are classified as defined benefit plans.

The post-employment benefits consist of Euro 25.9 million (Euro 26.2 million at December 31, 2019) in liabilities accounted for by Italian companies and Euro 27 million by the foreign subsidiaries (Euro 26.6 million at December 31, 2019).

The following table shows the changes in long-term employee benefits in the six months ended June 30, 2020:

(amounts in thousands of Euro)	Defined Benefit Plans in Italy (TFR)	Defined Benefit Plans in other countries (including Japan)	Pension Funds in UK	Other long-term employee benefits	Total
Opening balance (audited)	26,235	26,647	(15,316)	10,637	48,203
Current service cost	229	2,739	-	2,749	5,717
Benefits paid	(613)	(2,616)	-	(126)	(3,355)
Exchange differences	-	216	1,035	(69)	1,182
Closing balance (unaudited)	25,851	26,986	(14,281)	13,191	51,747

The defined benefit obligations are measured in accordance with independent appraisals on a yearly basis.

25. PROVISIONS FOR RISKS AND CHARGES

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

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other provisions	Total
Opening balance (audited)	518	2,347	46,619	49,484
Exchange differences	(2)	6	(283)	(279)
Reversals	(74)	(479)	-	(553)
Utilized	(32)	(689)	(1,534)	(2,255)
Increases	84	900	3,409	4,393
Closing balance (unaudited)	494	2,085	48,211	50,790

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, the total amount allocated for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from them.

The changes in the Group's main tax disputes occurred in the period are described hereunder.

The dispute filed by PRADA spa following an audit initiated in 2012 by the Italian Customs Agency for the tax years from 2007 to 2011 to determine the customs value of the products consists of three legal actions regarding the 2010 tax period, all of which are currently pending at the Supreme Court. Concerning the first action, on April 18, 2019 the Company lodged an appeal at the Supreme Court against the adverse second-instance ruling issued on July 23, 2018, and it is awaiting the notice of the hearing. Concerning the second and third actions, respectively on June 26, 2020 and on May 26 2020, the Company lodged appeals at the Supreme Court against the adverse second-instance ruling issued on July 12, 2019 and it is awaiting the notice of the hearing.

Parallel to the aforementioned pending disputes, but consistently with its

transparent, collaborative approach with authorities, Prada spa started the procedure to achieve the status of Authorized Economic Operator (AEO) which was assigned by the Italian Customs Authorities in June 2020 and that certifies the reliability and compliance of Prada spa with Customs rules and procedures. On top of this, the Company agreed with the same Italian Custom Authorities a method to properly define the custom value of the product imported as of May 2020, also rolling back the method to the not barred years.

With reference to the audit of Prada Korea Ltd, initiated in 2019 by the Korean National Tax Service for the tax periods of 2014 and 2015 (and later extended to 2016 and 2017), in the first half of 2020 only the dispute about the intercompany flows relating to the licenses between Prada Spa and Prada Korea remained pending. After the failure of the pre-assessment process, on March 11, 2020 Prada Korea lodged an appeal to the first instance Court and on June 2 2020 the Korean National Tax Service filed its defense; by the beginning of August, Prada Korea will file its rebuttal paper while evaluating whether to initiate a Mutual Agreement Procedure (MAP) between the competent Italian and Korean authorities.

In the first half of 2020 a tax dispute regarding Prada Austria gmbh was concluded. In 2018 the company received notices of assessment for the years 2011 and 2012 about stamp duties on shops lease agreements and lodged its appeal to the first instance Court. On January 28, 2020 the appeal was discussed and the Court rejected it, but the Company, looking at last unfavorable case-law, considered not efficient to proceed and closed the dispute with the payment of taxes, interest and penalties due.

The other risk provisions amount to Euro 48.2 million as at June 30, 2020 and refer primarily to contractual obligations to restore leased commercial properties to their original conditions.

26. OTHER NON-CURRENT LIABILITIES

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Deferred costs for lease payments	5,630	7,190
Deferred income for commercial agreements	80,000	40,000
Other non-current liabilities	9,416	9,175
Total	95,046	56,365

Deferred income for commercial agreements relates to amounts received during 2019 and 2020 but for which the related performance obligations will be satisfied starting from 2021.

27. EQUITY ATTRIBUTABLE TO THE OWNERS OF THE GROUP

The equity attributable to owners of the Group is as follows:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Share Capital	255,882	255,882
Share premium reserve	410,047	410,047
Other reserves	2,262,763	2,006,971
Actuarial reserve	(4,714)	(4,516)
Fair value Investments in equity instruments reserve	(39,432)	(9,982)
Cash flow hedge reserve	(8,577)	(8,469)
Translation reserve	40,695	61,437
Net income / (loss) for the period	(180,332)	255,788
Total	2,736,332	2,967,158

SHARE CAPITAL

As at June 30, 2020, approximately 80% of PRADA spa's share capital is owned by PRADA Holding spa and the remainder is listed on the Main Board of the Hong Kong Stock Exchange.

SHARE PREMIUM RESERVE

The share premium reserve of Euro 410 million did not change from that of December 31, 2019.

TRANSLATION RESERVE

The changes in this reserve result from the translation into Euro of the foreign

currency financial statements of the consolidated companies. The reserve decreased from the Euro 61.4 million at December 31, 2019 to Euro 40.7 million.

OTHER RESERVES

The Other reserves amount to Euro 2,263 million as at June 30, 2020. At the meeting held on March 18, 2020 the Board of Directors proposed, on the basis of the results closed as at December 31, 2019, the distribution of a final dividend for Euro 51,176,480 (Euro 0.02 per share). Following the spread of Covid-19, on April 22, 2020, the Board of Directors revised its previous recommendation, suggesting the General Meeting of Shareholders to approve the allocation of the 2019 net income to the Other reserves for Euro 204.6 million as retained earnings and for Euro 51.2 million as extraordinary reserve as a measure to support the Group's financial strength (see Note 34). On May 26, 2020 the General Meeting of Shareholders approved the suggestion made by the Board of Directors on April 22, 2020.

NET INCOME / (LOSS) FOR THE PERIOD

The Group's net loss for the six months ended June 30, 2020 were Euro 180.3 million (net profit of Euro 255.8 million for the twelve months ended December 31, 2019).

CAPITAL GAINS TAX IN ITALY

Capital gains realized from the sale of an Italian company by shareholders resident in Hong Kong have not been subject to taxation in Italy. Additional information on Italian capital gains tax is provided in the Tax Booklet available on the Company's website (www.pradagroup.com).

28. EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The following table shows the changes in the non-controlling interests during the periods ended June 30, 2020 and December 31, 2019:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Opening Balance (audited)	21,417	19,083
Translation differences	142	417
Dividends	-	(1,113)
Net income / (loss) for the period	(3,183)	1,936
Actuarial reserve	-	(36)
Capital injection in subsidiaries	-	1,130
Closing balance (unaudited)	18,376	21,417

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For a better understanding of the performance of the first six-month period of 2020, reference is made to the Financial Review.

29. NET REVENUES

The consolidated net revenues are mainly generated by sales of finished products and are stated net of returns and discounts:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Net sales	925,283	1,546,378
Royalties	12,374	23,745
Total	937,657	1,570,123

The Financial Review describes the net revenues by distribution channel, geographical area, brand and product.

30. COST OF GOODS SOLD

The cost of goods sold has the following composition:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Purchases of raw materials and manufacturing services	203,714	352,604
Depreciation, amortization and impairment on tangible and intangible fixed assets	8,797	8,582
Depreciation and write-downs of the Right of Use assets	1,543	1,729
Labor cost	56,391	66,751
Short-term and low value lease (IFRS 16)	413	295
Logistics costs, duties and insurance	36,327	63,681
Change in inventories	(29,853)	(49,268)
Total	277,332	444,374

The incidence of the cost of sales on net revenues was equal to 29.6% in 2020, while in 2019 it was 28.3%. The gross margin was down slightly from that of the comparative period (70.4% for the first six months of 2020 versus 71.7% for the same six months of 2019) due to less industrial fixed costs absorbed, mitigated by

a more favorable mix of sales by channel.

31. OPERATING EXPENSES

The operating costs are detailed below:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	% of net revenues	six months ended June 30 2019 (unaudited)	% of net revenues
Product design and development costs	52,986	5.7%	65,053	4.1%
Advertising and communications costs	94,177	10.0%	101,477	6.5%
Selling costs	611,422	65.2%	706,565	45.0%
General and administrative costs	97,536	10.3%	102,180	6.5%
Total	856,121	91.3%	975,275	62.1%

For a better understanding of the change in the operating expenses, reference is made to the Financial Review.

The following table sets forth depreciation, amortization, impairment, cost of labor and rent expense included within the operating expenses in accordance with the requirements of IAS 1:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Depreciation, amortization and impairment on tangible and intangible fixed assets	111,487	102,148
Depreciation and write-downs of the Right of Use assets	228,919	227,691
Labor Cost	282,942	305,018
Pure variable lease (IFRS 16)	52,618	66,550
Short term and low value lease (IFRS 16)	2,314	3,431
Total	678,280	704,838

32. FINANCIAL INCOME/(EXPENSES)

The net interest and other financial income/(expenses) are analyzed as follows:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Interest expenses on borrowings	(4,894)	(4,471)
Interest income	1,214	2,123
Exchange gains / (losses) - realized	(1,348)	(2,541)
Exchange gains / (losses) - unrealized	(9,974)	(1,827)
Other financial income / (expenses)	(1,405)	(1,033)
Interest and other financial income / (expenses), net	(16,407)	(7,749)
Interest expenses on Lease Liability	(23,433)	(24,735)
Dividends from investments	116	2,023
Total financial expenses	(39,724)	(30,461)

The net finance costs rose from Euro 30.5 million for the six months ended June 30, 2019 to Euro 39.7 million. The interest expense calculated under IFRS 16 decreased by Euro 1.3 million because of a lower lease liability and a shorter time horizon, whereas the interest expense on bank debt rose by a similar amount as a result of the greater average exposure than in the comparative period.

Foreign exchange losses amounted to Euro 11.3 million, up by about Euro 7 million primarily as a result of negative foreign exchange differences on leases contracts named in currencies different from those used to prepare the relevant financial statements.

33. TAXATION

Income taxes have the following composition:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Current taxation	1,645	(26,018)
Deferred taxation	(53,650)	(8,400)
Income taxes	(52,005)	(34,418)

The taxation line showed income of Euro 52 million mainly following the recognition

of deferred tax assets on carryforwards of losses that the Group is reasonably certain to recover.

The changes in deferred tax assets and liabilities are set forth below:

(amounts in thousands of Euro)	June 30 2020 (unaudited)	December 31 2019 (audited)
Opening balance (audited)	214,869	187,054
Exchange differences	(1,943)	3,383
Deferred taxes on acquisition	-	1,475
Deferred taxes on derivative instruments recorded in equity (cash flow hedges)	(1,056)	(579)
Deferred taxes on post-employment benefits recorded in equity (reserve for actuarial differences)	(198)	(358)
Other movements	(130)	(21)
Deferred taxes for the period in profit or loss	53,650	23,915
Closing balance (unaudited)	265,192	214,869

Deferred tax assets and liabilities are classified by nature hereunder:

(amounts in thousands of Euro)	June 30, 2020 (unaudited)		December 31, 2019 (audited)	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	125,942	-	128,968	-
Receivables and other assets	1,353	1,544	1,186	1,538
Useful life of non-current assets	42,980	6,963	41,997	7,808
Deferred taxes due to acquisitions	-	12,999	-	13,814
Provision for risks / accrued expenses	10,974	115	13,495	112
Non-deductible / taxable charges/income	6,305	1,583	5,640	1,364
Deferred tax assets on rental contract	45,659	563	33,965	533
Tax loss carryforwards	42,582	-	3,122	-
Derivative financial instruments	2,059	-	2,497	-
Long-term employee benefits	9,665	2,833	10,203	2,723
Other	5,340	1,067	3,133	1,445
Total	292,859	27,667	244,206	29,337

34. EARNINGS / (LOSSES) AND DIVIDENDS PER SHARE

EARNINGS / (LOSSES) PER SHARE BASIC AND DILUTED

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

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Group net income / (loss) in Euro	(180,332,175)	154,893,688
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	(0.070)	0.061

DIVIDENDS PER SHARE

During the period of six months ended June 30, 2020 the Group did not distributed dividends.

At the meeting held on March 18, 2020 the Board of Directors proposed, on the basis of the results closed as at December 31, 2019, the distribution of a final dividend for a total amount of Euro 51,176,480 (Euro 0.02 per share).

Following the spread of Covid-19, on April 22, 2020, the Board of Directors revised its previous recommendation, suggesting the General Meeting of Shareholders to approve the allocation of the 2019 net income to retained earnings and extraordinary reserve, without the distribution of any dividend. Accordingly, with the aim of providing the Group with additional resources to support the rapid recovery of previous activity paces, on May 26, 2020 the General Meeting of Shareholders approved the suggestion made on April 22, 2020.

35. ADDITIONAL INFORMATION

NUMBER OF EMPLOYEES

The average number of employees by business division is presented below:

(number of employees)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Production	3,062	3,062
Product design and development	1,027	1,031
Advertising and Communications	167	164
Selling	8,427	8,358
General and administrative services	986	1,003
Total	13,669	13,618

EMPLOYEE REMUNERATION

The employee remuneration by business division is presented below:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Production	51,862	66,212
Product design and development	27,732	35,499
Advertising and Communications	7,233	7,935
Selling	185,691	218,835
General and administrative services	40,349	44,781
Total	312,867	373,262

The types of employee remuneration are presented below:

(amounts in thousands of Euro)	six months ended June 30 2020 (unaudited)	six months ended June 30 2019 (unaudited)
Wages and salaries	235,144	283,511
Post-employment benefits and other long-term benefits	14,821	15,425
Social contributions	50,717	61,050
Other	12,185	13,276
Total	312,867	373,262

DISTRIBUTABLE RESERVES OF PARENT COMPANY, PRADA SPA

(amounts in thousands of Euro)	June 30, 2020 (unaudited)	Possible utilization	Distributable amount	Summary of utilization in the last three years	
				Coverage of losses	Distribution of dividends
Share Capital	255,882	-	-	-	-
Share premium reserve	410,047	A, B, C	410,047	-	-
Legal reserve	51,176	B	-	-	-
Other reserves	182,899	A, B, C	182,899	-	-
Extraordinary reserves	51,176	A, B, C	51,176	-	-
Retained earnings	1,078,937	A, B, C	1,037,259	-	652,500
Fair value reserve	(39,432)	-	-	-	-
Time value reserve	(2,246)	-	-	-	-
Intrinsic value reserve	804	-	-	-	-
Distributable amount	-	-	1,681,381		652,500
A	share capital increase				
B	coverage of losses				
C	distributable to shareholders				

Under Italian Civil Code Article 2431, the share premium reserve is fully distributable since the amount of the legal reserve is equal to or exceeds 20% of share capital. Under Italian Legislative Decree 38/2005, Article 7, Euro 20.5 million of the retained earnings is not distributable.

EXCHANGE RATES

The exchange rates against the Euro used for consolidation of the statements of financial position and statements of profit or loss whose presentation currency differed from that of the consolidated financial statements as at June 30, 2020 and June 30, 2019 are listed hereunder:

Currency	Average rate six months ended June 30 2020	Average rate six months ended June 30 2019	Closing rate June 30 2020	Closing rate December 31 2019
UAE Dirham	4.046	4.151	4.113	4.126
Australian Dollar	1.678	1.600	1.634	1.600
Brazilian Real	5.404	4.340	6.112	4.516
Canadian Dollar	1.503	1.507	1.532	1.460
Swiss Franc	1.064	1.129	1.065	1.085
Czech Koruna	26.335	25.684	26.740	25.408
Danish Kronor	7.465	7.465	7.453	7.472
GB Pound	0.874	0.874	0.912	0.851
Hong Kong Dollar	8.550	8.863	8.679	8.747
Indonesian Rupiah	16,085.399	16,038.820	16,184.410	15,595.600
Japanese Yen	119.237	124.333	120.660	121.940
Korean Won	1,328.724	1,294.406	1,345.830	1,296.280
Kuwait Dinar	0.339	0.343	0.345	0.340
Kazakhstani Tenge	445.562	428.495	452.520	429.000
Macau Pataca	8.809	9.133	8.943	9.011
Mexican Peso	23.853	21.659	25.947	21.220
Malaysian Ringgit	4.681	4.655	4.799	4.595
New Zealand Dollar	1.760	1.681	1.748	1.665
Panamanian Balboa	1.102	1.130	1.121	1.123
Qatari Riyal	4.040	4.131	4.103	4.109
Chinese Renminbi	7.747	7.668	7.922	7.821
Romanian Leu	4.817	4.742	4.840	4.783
Russian Ruble	76.683	73.773	79.630	69.956
Saudi Riyal	4.137	4.238	4.200	4.215
Swedish Kronor	10.664	10.513	10.495	10.447
Singapore Dollar	1.541	1.536	1.565	1.511
Thai Baht	34.828	35.719	34.624	33.415
Turkish Lira	7.146	6.349	7.676	6.684
Taiwan Dollar	33.057	35.001	33.085	33.689
Ukrainian Hryvna	28.633	30.443	29.868	26.422
US Dollar	1.102	1.130	1.120	1.123
Vietnamese Dong	25,591.124	25,856.492	26,105.000	25,954.500
South African Rand	18.308	16.034	19.443	15.777
Moroccan Dirham	10.763	10.847	10.891	10.744

36. REMUNERATION OF BOARD OF DIRECTORS

REMUNERATION OF THE PRADA SPA BOARD OF DIRECTORS FOR THE SIX MONTHS ENDED JUNE 30, 2020

(amounts in thousands of Euro)	Directors' fees	Remuneration and other benefits	Bonuses and other incentives	Benefits in kind	Pension, healthcare and TFR contributions	June 30 2020 (unaudited)
Carlo Mazzi	409	-	-	68	18	495
Miuccia Prada Bianchi	4,887	-	21	-	23	4,931
Patrizio Bertelli	4,887	-	21	-	23	4,931
Alessandra Cozzani	25	147	3	3	56	234
Stefano Simontacchi	18	-	-	-	1	19
Maurizio Cereda	36	-	-	-	2	38
Gian Franco Oliviero Mattei	46	-	-	-	13	59
Giancarlo Forestieri	21	-	-	-	3	24
Sing Cheong Liu	21	-	-	-	5	26
Total	10,350	147	45	71	144	10,757

REMUNERATION OF THE PRADA SPA BOARD OF DIRECTORS FOR THE SIX MONTHS ENDED JUNE 30, 2019

(amounts in thousands of Euro)	Directors' fees	Remuneration and other benefits	Bonuses and other incentives	Benefits in kind	Pension, healthcare and TFR contributions	June 30 2019 (unaudited)
Carlo Mazzi	510	-	-	37	19	566
Miuccia Prada Bianchi	6,000	-	-	-	23	6,023
Patrizio Bertelli	6,000	-	-	-	23	6,023
Alessandra Cozzani	25	140	-	5	49	219
Stefano Simontacchi	25	-	-	-	1	26
Maurizio Cereda	40	-	-	-	2	42
Gian Franco Oliviero Mattei	70	-	-	-	13	83
Giancarlo Forestieri	30	-	-	-	5	35
Sing Cheong Liu	30	-	-	-	7	37
Total	12,730	140	-	42	142	13,054

37. RELATED PARTY TRANSACTIONS

The Group carries out transactions with companies classifiable as related parties according to IAS 24 "Related Party Disclosures". These transactions mainly refer to the sales and purchase of goods, supplies of services, loans, sponsorships, leases and franchise agreements. These transactions take place on an arm's length basis.

The following tables show the effect of related-party transactions on the consolidated financial statements in terms of statement of financial position balances at the reporting date and total transactions affecting the statement of profit or loss.

STATEMENT OF FINANCIAL POSITION BALANCES AS OF JUNE 30, 2020 (UNAUDITED)

(amounts in thousands of Euro)	Trade receivables	Receivables from, and advances to, related parties – current	Receivables from, and advances to, related parties – non current	Right of Use assets	Trade payables	Payables to related parties – current	Other liabilities	Lease Liabilities
Les Femmes Srl	90	-	1,125	-	970	-	-	-
CECCO BRUNA 2011 SRL	-	-	-	-	(38)	-	-	-
COR 36 S.r.l. New Zeland Branch	603	-	-	-	-	-	-	-
DFS Hawaii	-	-	-	-	-	-	-	-
DFS Venture Singapore (Pte) Limited	-	-	-	-	-	-	-	-
DFS DFS Cotai limitada	18	-	-	7,095	442	-	-	8,774
Bellatrix Sarl	-	-	-	-	-	-	-	-
SPELM SA	-	-	-	4,858	141	-	-	4,887
Rubaiyat Modern Lux.Pr.Co. Ltd	-	-	-	-	-	1,004	-	-
LUDO DUE S.R.L.	-	-	-	5,229	-	-	-	3,754
Progetto Prada Arte Srl	2	-	-	-	-	-	-	-
Luna Rossa Challenge 2013 Srl	2,071	16,425	-	-	-	-	-	-
Chora Srl	-	5,848	-	-	965	-	-	-
Peschiera Immobiliare srl	-	-	-	4,587	(50)	-	-	4,609
Premiata Srl	-	-	-	-	175	-	-	-
Conceria Superior S.p.A.	2	-	-	-	317	-	-	-
Perseo srl	-	-	-	-	230	-	-	-
COR 36 S.r.l.	2,200	6,250	-	-	4,000	-	-	-
Al Tayer Group LLC	-	-	-	-	18	-	-	-
Al Tayer Insignia LLC	301	-	-	-	13	2,394	-	-
Danzas LLC	-	-	309	-	-	1	(103)	-
Al Tayer Motors	-	-	-	-	(20)	-	-	-
Al Sanam Rent a Car LLC	-	-	-	-	1	-	-	-
PRADA HOLDING S.P.A.	198	-	-	-	-	-	-	-
BELLATRIX S.P.A.	-	-	-	-	-	10,124	-	-
PH-RE	-	-	-	280,077	-	-	-	302,071
Members of the Board of Directors of PRADA spa	-	-	-	-	-	380	2,275	-
Relatives of members of the Board of Directors	-	-	-	-	-	-	273	-
Total at June 30, 2020 (unaudited)	5,485	28,523	1,434	301,846	7,164	13,903	2,445	326,095

STATEMENT OF FINANCIAL POSITION BALANCES AS OF DECEMBER 31, 2019 (AUDITED)

(amounts in thousands of Euro)	Trade receivables	Receivables from, and advances to, related parties - current	Right of Use assets	Trade payables	Payables to related parties - current	Payables to related parties - non-current	Lease Liability	Other Liabilities
Les Femmes srl	391	375	-	1,448	-	-	-	-
CECCO BRUNA 2011 srl	-	-	-	12	-	-	-	-
COR 36 srl New Zeland Branch	290	-	-	-	-	-	-	-
DFS Hawaii	-	-	-	494	-	-	-	-
DFS Venture Singapore (Pte) Limited	-	-	-	28	-	-	-	-
DFS DFS Cotai limitada	371	-	9,408	1,326	-	-	11,082	-
SPELM SA	-	-	5,032	-	-	-	5,051	-
Rubaiyat Modern Lux.Pr.Co.Ltd	-	-	-	-	1,001	-	-	-
LUDO DUE S.R.L.	-	-	5,787	-	-	-	6,351	-
Progetto Prada Arte srl	3	-	-	-	-	-	-	-
Luna Rossa Challenge 2013 srl	1,422	13,522	-	-	-	-	-	-
Chora Srl	-	5,848	-	355	-	-	-	-
Peschiera Immobiliare srl	-	18	-	(25)	-	-	-	-
Premiata srl	-	-	-	562	-	-	-	-
Conceria Superior spa	16	-	-	533	-	-	-	-
Perseo srl	1	-	-	411	-	-	-	-
COR 36 srl	1,766	2,004	-	-	-	-	-	-
Al Tayer Group llc	-	-	-	18	-	-	-	-
Al Tayer Insignia llc	452	-	-	12	2,386	-	-	-
Danzas llc	-	309	-	59	-	-	-	-
Al Tayer Motors	-	-	-	(13)	-	-	-	-
Al Sanam Rent a Car llc	-	-	-	1	-	-	-	-
TRS New Zealand Pty. Ltd	-	-	-	2	-	-	-	-
Prapar Corporation	-	-	-	3	-	-	-	-
PRADA HOLDING spa	191	-	-	-	-	-	-	-
BELLATRIX spa	-	-	-	-	22,253	20,280	-	-
LUDO srl	-	1	-	-	-	-	-	-
PH-RE	-	160	287,169	-	-	-	307,141	-
Members of the Board of Directors of PRADA spa	-	-	-	-	417(*)	380(*)	-	2,125
Relatives of members of the Board of Directors	-	-	-	-	-	-	-	296
Total at December 31, 2019 (audited)	4,903	22,237	307,396	5,226	26,057	20,660	329,625	2,421

(*) Payables for the acquisition of Fratelli Prada spa

STATEMENT OF PROFIT OR LOSS TRANSACTIONS FOR THE SIX MONTHS ENDED JUNE 30, 2020 (UNAUDITED)

Currency	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest expenses
Les Femmes Srl	-	1,684	-	3	-
CECCO BRUNA 2011 SRL	-	42	-	-	-
COR 36 S.r.l. New Zeland Branch	121	-	205	-	-
DFS Hawaii	-	-	605	-	-
DFS Venture Singapore (Pte) Limited	-	-	22	-	-
DFS DFS Cotai limitada	-	-	819	-	187
SPELM SA	-	-	270	-	21
LUDO DUE S.R.L.	-	-	553	-	26
Luna Rossa Challenge 2013 Srl	451	1	8,011	-	-
Chora Srl	-	-	1,030	-	-
Peschiera Immobiliare srl	-	23	9	-	-
Premiata Srl	-	209	273	-	-
Conceria Superior S.p.A.	203	2,896	37	-	-
Perseo srl	-	321	-	-	-
COR 36 S.r.l.	22	-	5,697	9	-
Al Tayer Group LLC	-	-	56	-	-
Al Tayer Insignia LLC	425	-	66	-	-
Danzas LLC	-	16	51	-	-
Al Sanam Rent a Car LLC	-	-	5	-	-
PRADA HOLDING S.P.A.	-	-	9	-	-
LUDO S.R.L.	-	-	1	-	-
PH-RE	-	-	10,260	-	1,410
Relatives of members of the Board of Directors	-	-	449	-	-
Total at June 30, 2020 (unaudited)	1,222	5,190	28,000	12	1,644

STATEMENT OF PROFIT OR LOSS TRANSACTIONS FOR THE SIX MONTHS ENDED JUNE 30, 2019 (UNAUDITED)

Currency	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest expenses
Les Femmes srl	-	2,297	-	-	-
CECCO BRUNA 2011 srl	-	30	-	-	-
DFS Hawaii	-	-	1,458	-	-
DFS Venture Singapore (Pte) Limited	-	-	97	-	-
DFS Cotai limitada	-	-	1,605	-	70
SPELM SA	-	-	212	-	18
LUDO DUE srl (*)	-	-	317	-	18
Luna Rossa Challenge 2013 srl	32	-	8,003	-	-
Chora srl	-	-	1,070	-	-
Peschiera Immobiliare srl	-	10	9	-	-
Premiata srl	-	595	368	-	-
Conceria Superior spa	9	10,589	58	-	-
Perseo srl	-	852	-	-	-
COR 36 srl	1	-	(14)	-	-
Al Tayer Group LLC	-	-	65	-	-
Al Tayer Insignia LLC	725	-	70	-	-
Danzas LLC	-	11	36	-	-
Al Sanam Rent a Car LLC	-	-	5	-	-
PRADA HOLDING spa	-	-	(61)	-	-
PH-RE (ex PABE-RE llc)	-	-	9,946	-	1,421
FRATELLI Prada spa	9,665	117	568	292	-
Relatives of members of the Board of Directors	-	-	553	-	-
Total at June 30, 2019 (unaudited)	10,432	14,501	24,365	292	1,527

The foregoing tables report information on transactions with related parties in accordance with IAS 24, "Related Party Disclosures", while the following transactions with related parties fall within the scope of application of the Hong Kong Stock Exchange Listing Rules.

The transactions with related party "PH-RE llc" (formerly "PABE-RE llc") refer to the transaction between the PABE-RE llc and Prada Japan Co. ltd in relation to the lease for the Prada and Miu Miu Aoyama buildings in Tokyo. The transactions reported for the six months ended June 30, 2020 are regulated by Chapter 14A of the Listing Rules because they are considered continuing connected transactions subject to disclosure, but they are exempt from the independent shareholders' approval requirement. As required by the Listing Rules, comprehensive disclosure of those continuing connected transactions is contained in PRADA spa's Announcements dated July 15, 2015 ("Prada Aoyama") and May 26, 2017 ("Miu

Miu Aoyama”).

The transactions with related party Luna Rossa Challenge srl for the six months ended June 30, 2020 are regulated by Chapter 14A of the Listing Rules because they are considered continuing connected transactions subject to disclosure, but they are exempt from the independent shareholders’ approval requirement. As required by the Listing Rules, comprehensive disclosure of those continuing connected transactions is contained in PRADA spa’s Announcement dated December 1, 2017.

The sponsorship agreement with related party Challenger of Record 36 srl, effective from March 1, 2020, is regulated by Chapter 14A of the Listing Rules because it is considered a continuing connected transaction subject to disclosure, but it is exempt from the independent shareholders’ approval requirement. As required by the Listing Rules, comprehensive disclosure of the continuing connected transaction is contained in PRADA spa’s Announcement dated March 1, 2020.

Apart from the non-exempt continuing connected transactions and non-exempt connected transactions reported above, no transaction reported in the 2020 Interim condensed consolidated financial statements meets the definition of “connected transaction” or “continuing connected transaction” contained in Chapter 14A of the Hong Kong Stock Exchange Listing Rules or, if it does meet the definition of “connected transaction” or “continuing connected transaction” according to Chapter 14A, it is exempt from the announcement, disclosure and independent shareholders’ approval requirements laid down in Chapter 14A.

38. FINANCIAL TREND

(amounts in thousands of Euro)	December 31 2019	December 31 2018	December 31 2017 (*)	January 31 2017	January 31 2016
Net revenues	3,225,594	3,142,148	2,741,095	3,184,069	3,547,771
Gross margin	2,319,612	2,262,594	2,030,696	2,289,112	2,567,565
Operating income (EBIT)	306,779	323,846	315,878	431,181	502,893
Group net income	255,788	205,443	217,721	278,329	330,888
Total assets	7,038,439	4,678,812	4,739,375	4,656,929	4,756,555
Total liabilities	4,049,864	1,781,743	1,873,204	1,552,399	1,659,178
Total Group shareholders' equity	2,967,158	2,877,986	2,844,652	3,080,502	3,080,340

(*) eleven-month statement of profit or loss

39. CONSOLIDATED COMPANIES

Company	Local currency	Share capital (000s of local currency)	% Interest	Registered office	Principal place of operation	Date of incorporation/ establishment (MM/DD/YYYY)	Main Business
Italy							
PRADA Spa	EUR	255,882		Milan	Italy		Group Holding/ Manufacturing/ Distribution/ Retail
Artisans Shoes Srl (*)	EUR	1,000	66.7	Montegranaro	Italy	02/09/1977	Manufacturing
IPI Logistica Srl (*)	EUR	600	100	Milan	Italy	01/26/1999	Services
Pelletteria Ennepi Srl (*)	EUR	93	90	Figline Valdarno	Italy	12/01/2016	Manufacturing
Church Italia Srl	EUR	51	100	Milan	Italy	01/31/1992	Retail/Services
Marchesi 1824 Srl (*)	EUR	1,000	100	Milan	Italy	07/10/2013	Food&Beve- rage
Figline Srl (*)	EUR	10	100	Milan	Italy	07/24/2019	Manufacturing
Fratelli Prada Spa (*)	EUR	520	100	Milan	Italy	11/01/2019	Retail
Europe							
PRADA Retail UK Ltd (*)	GBP	5,000	100	London	U.K.	01/07/1997	Retail
PRADA Germany Gmbh (*)	EUR	215	100	Munich	Germany	03/20/1995	Retail/Services
PRADA Austria Gmbh (*)	EUR	40	100	Wien	Austria	03/14/1996	Retail
PRADA Spain Sl (*)	EUR	240	100	Madrid	Spain	05/14/1986	Retail
PRADA Retail France Sas (*)	EUR	4,000	100	Paris	France	10/10/1984	Retail
PRADA Hellas Sole Partner Llc (*)	EUR	2,850	100	Athens	Greece	12/19/2007	Retail
PRADA Monte-Carlo Sam (*)	EUR	2,000	100	Monaco	Principality of Monaco	05/25/1999	Retail
PRADA Sa (*)	EUR	31	100	Luxembourg	Switzerland	07/29/1994	Trademarks/ Services
PRADA Company Sa	EUR	3,204	100	Luxembourg	Luxembourg	04/12/1999	Services
PRADA Netherlands Bv (*)	EUR	20	100	Amsterdam	Netherlands	03/27/2000	Retail
Church Denmark Aps	DKK	50	100	Copenhagen	Denmark	03/13/2014	Retail
Church France Sas	EUR	2,856	100	Paris	France	06/01/1955	Retail
Church UK Retail Ltd	GBP	1,021	100	Northampton	U.K.	07/16/1987	Retail
Church's English Shoes Switzerland Sa	CHF	100	100	Lugano	Switzerland	12/29/2000	Retail
Church & Co. Ltd (*)	GBP	2,811	100	Northampton	U.K.	01/16/1926	Sub-Holding/ Manufacturing/ Distribution
Church & Co. (Footwear) Ltd	GBP	44	100	Northampton	U.K.	03/06/1954	Trademarks
Church English Shoes Sa	EUR	75	100	Brussels	Belgium	02/25/1963	Retail
PRADA Czech Republic Sro (*)	CZK	2,500	100	Prague	Czech Republic	06/25/2008	Retail
PRADA Portugal Unipessoal Lda (*)	EUR	5	100	Lisbon	Portugal	08/07/2008	Retail
PRADA Rus Llc (*)	RUB	250	100	Moscow	Russian Federation	11/07/2008	Retail
Church Spain Sl	EUR	3	100	Madrid	Spain	05/06/2009	Retail
PRADA Bosphorus Deri Mamuller Ltd Sirketi (*)	TRY	73,000	100	Istanbul	Turkey	02/26/2009	Retail
PRADA Ukraine Llc (*)	UAH	240,000	100	Kiev	Ukraine	10/14/2011	Retail
Church Netherlands Bv	EUR	18	100	Amsterdam	Netherlands	07/07/2011	Retail
Church Ireland Retail Ltd	EUR	50	100	Dublin	Ireland	11/20/2011	Retail
Church Austria Gmbh	EUR	35	100	Wien	Austria	01/17/2012	Retail
Prada Sweden Ab (*)	SEK	500	100	Stockholm	Sweden	12/18/2012	Retail
Church Footwear Ab	SEK	100	100	Stockholm	Sweden	12/18/2012	Retail
Prada Switzerland Sa (*)	CHF	24,000	100	Lugano	Switzerland	09/28/2012	Retail
Prada Kazakhstan Llp (*)	KZT	500,000	100	Almaty	Kazakhstan	06/24/2013	Retail
Kenon Ltd (*)	GBP	84,000	100	London	U.K.	02/07/2013	Real Estate
Tannerie Limoges Sas (*)	EUR	600	60	Isle	France	08/19/2014	Manufacturing
Prada Denmark Aps (*)	DKK	26,000	100	Copenhagen	Denmark	05/19/2015	Retail
Prada Belgium Sprl (*)	EUR	4,000	100	Brussels	Belgium	12/04/2015	Retail
Hipic Prod Impex Srl (*)	RON	200	80	Sibiu	Romania	04/15/2016	Manufacturing
Church Germany Gmbh	EUR	200	100	Munich	Germany	09/18/2018	Retail

Company	Local currency	Share capital (000s of local currency)	% Interest	Registered office	Principal place of operation	Date of incorporation/ establishment (MM/DD/YYYY)	Main Business
Americas							
PRADA USA Corp. (*)	USD	152,211	100	New York	U.S.A.	10/25/1993	Distribution/ Services/ Retail
TRS Hawaii Llc	USD	400	55	Honolulu	U.S.A.	11/17/1999	Duty-Free Stores
PRADA Canada Corp. (*)	CAD	300	100	Toronto	Canada	05/01/1998	Distribution/ Retail
Church & Co. (USA) Ltd	USD	85	100	New York	U.S.A.	09/08/1930	Retail
Post Development Corp (*)	USD	45,138	100	New York	U.S.A.	02/18/1997	Real Estate
PRADA Retail Mexico, S. de R.L. de C.V.	MXN	269,058	100	Mexico City	Mexico	07/12/2011	Retail
PRADA Brasil Importação e Comércio de Artigos de Luxo Ltda (*)	BRL	210,000	100	Sao Paulo	Brazil	04/12/2011	Retail
PRM Services S. de R.L. de C.V. (*)	MXN	7,203	100	Mexico City	Mexico	02/27/2014	Services
PRADA Panama Sa (*)	USD	30	100	Panama	Panama	09/15/2014	Retail
PRADA Retail Aruba Nv (*)	USD	2,011	100	Oranjestad	Aruba	09/25/2014	Retail
PRADA St. Barthelemy Sarl (*)	EUR	1,600	100	Gustavia	St. Barthelemy	04/01/2016	Retail
Asia-Pacific and Japan							
PRADA Asia Pacific Ltd (*)	HKD	3,000	100	Hong Kong	Hong Kong S.A.R., P.R.C.	09/12/1997	Retail/Services
PRADA Taiwan Ltd	TWD	3,800	100	Hong Kong	Taiwan	09/16/1993	Retail
PRADA Retail Malaysia Sdn. Bhd. (*)	MYR	1,000	100	Kuala Lumpur	Malaysia	01/23/2002	Retail
TRS Hong Kong Ltd (*)	HKD	500	55	Hong Kong	Macau S.A.R., P.R.C.	02/23/2001	Duty-Free Stores
PRADA Singapore Pte Ltd (*)	SGD	1,000	100	Singapore	Singapore	10/31/1992	Retail
TRS Singapore Pte Ltd (*)	SGD	500	55	Singapore	Singapore	08/08/2002	Duty-Free Stores
PRADA Korea Llc (*)	KRW	8,125,000	100	Seoul	South Korea	11/27/1995	Retail
PRADA (Thailand) Co. Ltd (*)	THB	372,000	100	Bangkok	Thailand	06/19/1997	Retail
PRADA Japan Co. Ltd (*)	JPY	1,200,000	100	Tokyo	Japan	03/01/1991	Retail
TRS Guam Partnership	USD	1,095	55	Guam	Guam	07/01/1999	Duty-Free Stores
TRS Saipan Partnership (*)	USD	1,405	55	Saipan	Saipan	07/01/1999	Duty-Free Stores
PRADA Australia Pty Ltd (*)	AUD	13,500	100	Sydney	Australia	04/21/1997	Retail
PRADA Trading (Shanghai) Co. Ltd (***)	RMB	1,653	100	Shanghai	P.R.C.	02/09/2004	Retail/Dor- mant
TRS Okinawa KK	JPY	10,000	55	Tokyo	Japan	01/21/2005	Duty-Free Stores
PRADA Fashion Commerce (Shanghai) Co. Ltd (***)	RMB	474,950	100	Shanghai	P.R.C.	10/31/2005	Retail
Church Japan Company Ltd	JPY	100,000	100	Tokyo	Japan	04/17/1992	Retail
Church Hong Kong Retail Ltd	HKD	29,004	100	Hong Kong	Hong Kong S.A.R., P.R.C.	06/04/2004	Retail
Church Singapore Pte Ltd	SGD	7,752	100	Singapore	Singapore	08/18/2009	Retail
Prada Dongguan Trading Co. Ltd (***)	RMB	8,500	100	Dongguan	P.R.C.	11/28/2012	Services
Church Footwear (Shanghai) Co. Ltd (***)	RMB	31,900	100	Shanghai	P.R.C.	12/05/2012	Retail
Prada New Zealand Ltd (*)	NZD	3,500	100	Wellington	New Zealand	07/05/2013	Retail
PRADA Vietnam Limited Liability Company (*)	VND	66,606,570	100	Hanoi	Vietnam	09/09/2014	Retail
PRADA Macau Co. Ltd	MOP	25	100	Macau	Macau S.A.R., P.R.C.	01/22/2015	Retail
Church Korea Llc	KRW	650,000	100	Seoul	South Korea	09/03/2018	Retail

Company	Local currency	Share capital (000s of local currency)	% Interest	Registered office	Principal place of operation	Date of incorporation/ establishment (MM/DD/YYYY)	Main Business
Middle East							
PRADA Middle East Fzco (*)	AED	18,000	60	Jebel Ali Free Zone	U.A.E.	05/25/2011	Distribution/ Services
PRADA Emirates Llc (**)	AED	300	29.4	Dubai	U.A.E.	08/04/2011	Retail
PRADA Kuwait Wll (**)	KWD	50	29.4	Kuwait City	Kuwait	09/18/2012	Retail
PRADA Retail Wll (*)	QAR	15,000	100	Doha	Qatar	02/03/2013	Retail
PRADA Saudi Arabia Ltd (*)	SAR	26,666	75	Jeddah	Saudi Arabia	07/02/2014	Retail
Other countries							
PRADA Maroc Sarlau (*)	MAD	95,000	100	Casablanca	Morocco	11/11/2011	Retail/Dormant
PRADA Retail South Africa (pty) Ltd (*)	ZAR	50,000	100	Sandton	South Africa	06/09/2014	Retail

(*) Company owned directly by PRADA spa
(**) Company consolidated based on definition of control per IFRS 10
(***) Wholly foreign owned enterprises

40. DISCLOSURES REGARDING NON-CONTROLLING INTERESTS

The financial information of companies not entirely controlled by the Group is provided below, as required by IFRS 12. The amounts are stated before the consolidation adjustments.

June 30, 2020 financial statements (amounts in thousands of Euro):

(amounts in thousands of Euro)	Group's percentage interest	Local currency	Total assets	Total equity	Net revenues	Net income / (loss)	Dividends paid to non-controlling shareholders
Artisans Shoes Srl	66.7	EUR	24,719	7,499	22,775	(251)	-
TRS Hawaii Llc	55	USD	4,323	1,290	1,893	(927)	-
TRS Hong Kongl Ltd	55	HKD	62	51	-	(4)	-
TRS Singapore Pte Ltd	55	SGD	1,055	911	156	(140)	-
TRS Guam Partnership	55	USD	4,382	3,553	1,938	(377)	-
TRS Saipan Partnership	55	USD	3,131	2,890	369	(292)	-
TRS Okinawa KK	55	JPY	6,566	5,190	1,822	(1,355)	-
TRS Hong Kong Ltd, branch in Macau	55	MOP	21,493	10,070	2,590	(2,552)	-
Prada Emirates Llc	29.4	AED	98,142	(18,961)	14,545	(2,594)	-
Prada Middle East Fzco	60	AED	106,154	40,951	(3,082)	(3,013)	-
Prada Kuwait Wll	29.4	KWD	22,428	816	4,754	(554)	-
Prada Saudi Arabia Ltd	75	SAR	21,020	4,606	5,374	(664)	-
Tannerie Limoges Sas	60	EUR	9,369	(81)	1,024	(558)	-
Hipic Prod Impex Srl	80	RON	3,413	(1,036)	-	(1,110)	-
Pelletteria Ennepi Srl	90	EUR	5,431	2,096	-	(416)	-

There are no significant restrictions on the Group's ability to access or use assets and settle liabilities as of the reporting date.

41. EVENTS AFTER THE REPORTING DATE

Nothing to report.

