



Interim Financial Report 2021

INTERIM FINANCIAL REPORT 2021

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Miuccia Prada and Patrizio Bertelli

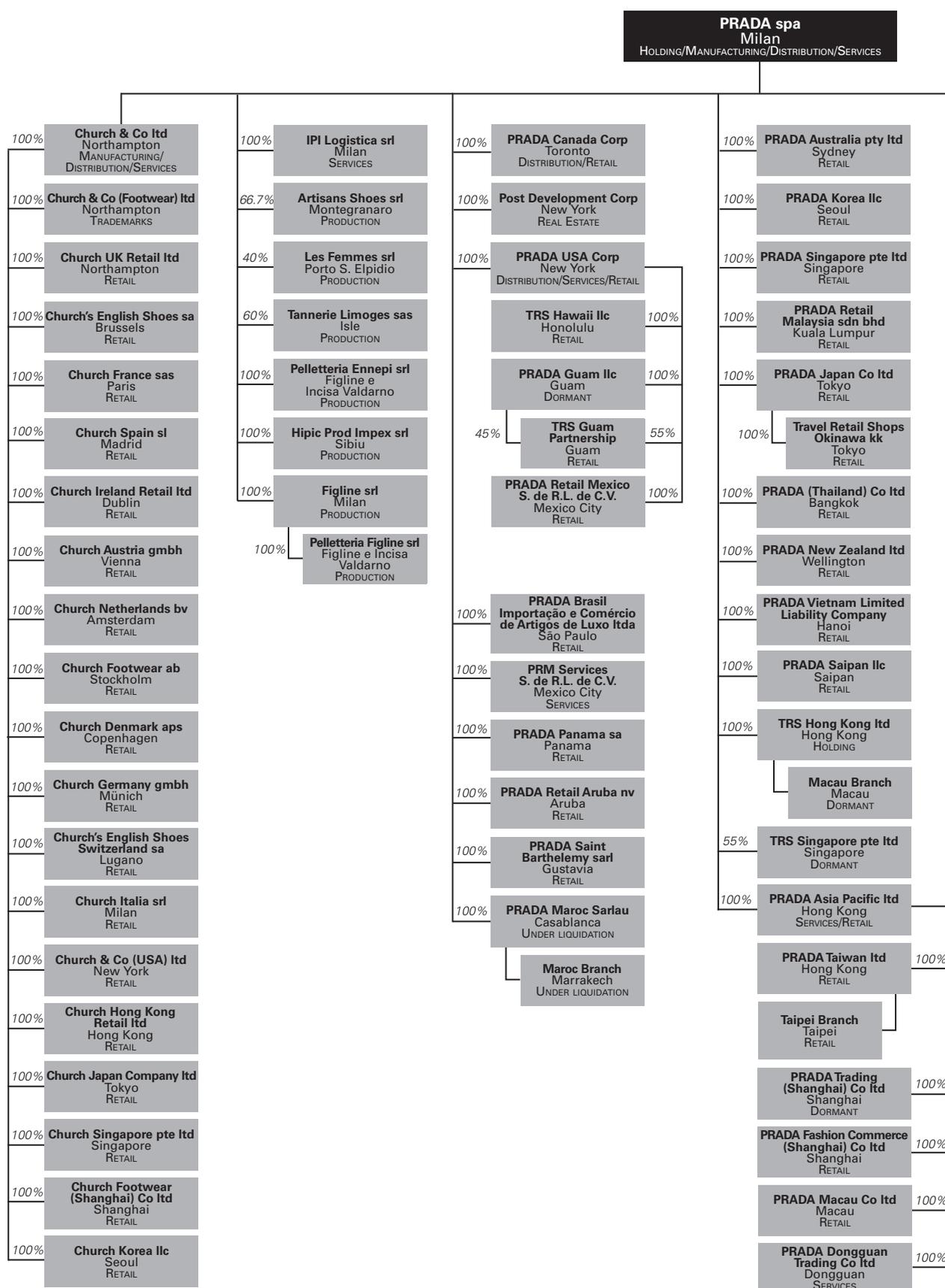
THE PRADA GROUP

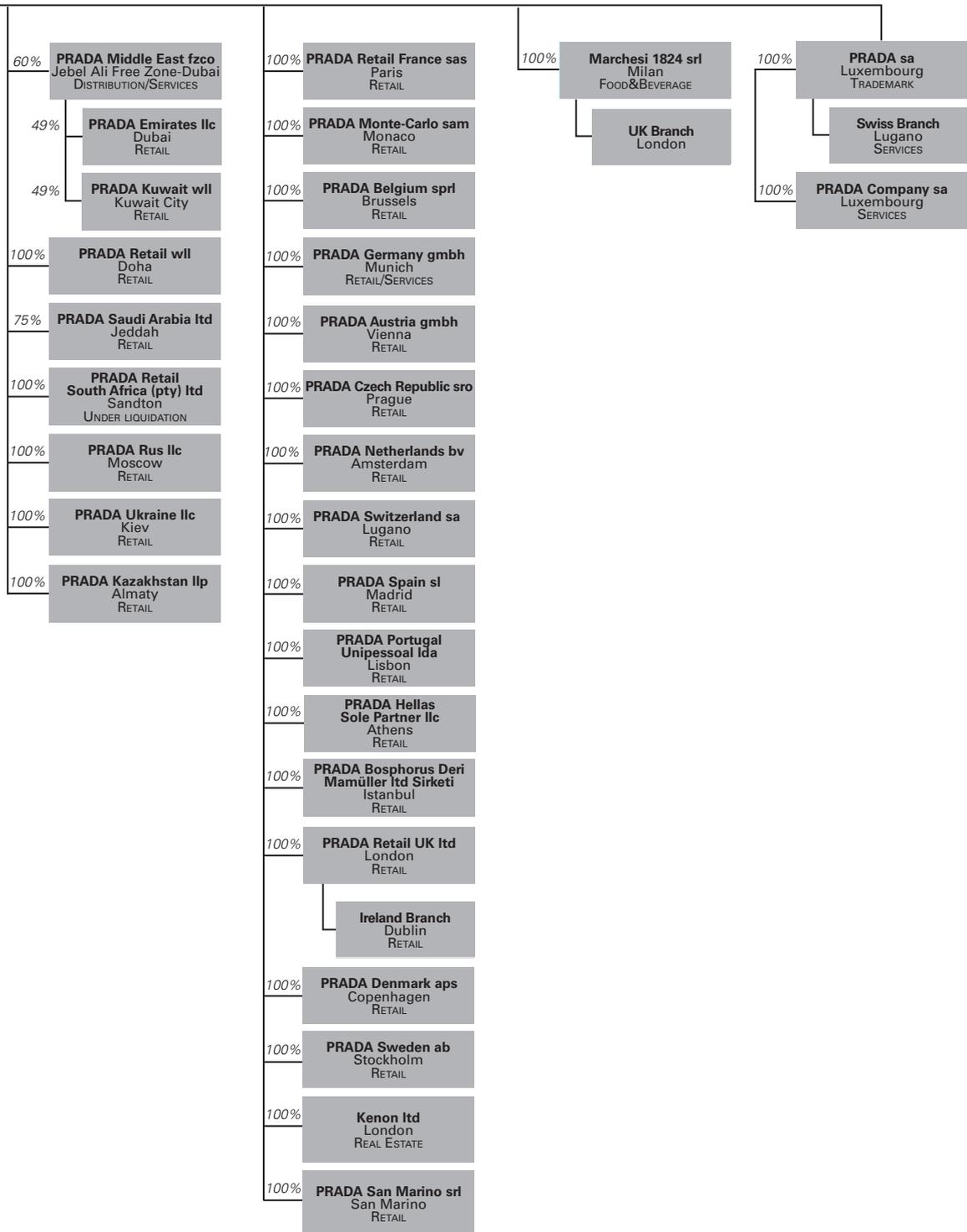
PRADA S.P.A. COMPANY INFORMATION

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 S.A.R. (P.R.C.)
Company Corporate website	www.pradagroup.com
Hong Kong Stock Exchange Identification Number	1913
Share Capital	Euro 255,882,400 (represented by 2,558,824,000 shares of Euro 0.10 each)
Board of Directors	Paolo Zannoni <i>(Chairperson & 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> Lorenzo Bertelli <i>(Executive Director)</i> Stefano Simontacchi <i>(Non-Executive Director)</i> Marina Sylvia Caprotti <i>(Independent Non-Executive Director)</i> Maurizio Cereda <i>(Independent Non-Executive Director)</i> Yoël Zaoui <i>(Independent Non-Executive Director)</i>
Audit Committee	Yoël Zaoui <i>(Chairperson)</i> Marina Sylvia Caprotti Maurizio Cereda
Remuneration Committee	Marina Sylvia Caprotti <i>(Chairperson)</i> Paolo Zannoni Yoël Zaoui

Nomination Committee	Maurizio Cereda (<i>Chairperson</i>) Lorenzo Bertelli Marina Sylvia Caprotti
Board of Statutory Auditors	Antonino Parisi (<i>Chairperson</i>) Roberto Spada David Terracina
Organismo di Vigilanza (Supervisory Body) (Italian Leg. Decr. 231/2001)	Stefania Chiaruttini (<i>Chairperson</i>) Yoël Zaoui Gianluca Andriani
Main Shareholder	PRADA Holding S.p.A. Via A. Fogazzaro, 28 20135 Milan, Italy
Joint Company Secretaries	Stefania Cane Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Authorized Representatives in Hong Kong S.A.R.	Patrizio Bertelli Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Alternate Authorized Representative to Patrizio Bertelli in Hong Kong S.A.R.	Wendy Pui-Ting Tong 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
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 S.A.R. (P.R.C.)
Auditor	Deloitte & Touche S.p.A. Via Tortona, 25 20144 Milan, Italy

PRADA GROUP STRUCTURE





FINANCIAL REVIEW

FINANCIAL REVIEW BASIS OF PREPARATION

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

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

KEY FINANCIAL INFORMATION

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

(*) Non- IFRS measure equal to Net Cash Flows from operating activities less repayments of lease liability

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

HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

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

The restrictions on movement imposed by governments all over the world eliminated tourism flows, while benefiting domestic spending and accelerating the impact of digital technology on social relationships and purchasing behavior.

In this scenario, customer centrality and the omnichannel system, a major part of the sales and marketing strategy in recent years, further increased customer interactions. The investments in digital channels continued during the period, transmitting more effectively the brand creativity and facilitating customer engagement. These initiatives, combined with an enhancement of the product offer, were particularly rewarding.

The communications activities fully resumed. In the initial months of the year, the most intensive phases of the 36th edition of the America's Cup presented by Prada and Luna Rossa sponsorships took shape. The extensive broadcasting and

webcast coverage of the event - the most viewed ever - successfully promoted the association of the brand with the prestige of the competition. It also drove the identification of activewear line with the concept of extreme technological innovation applied to the world of sailing. Moreover, the sailing team sponsored by the Group won the Prada Cup, setting the stage for the exciting final duel with the Defender for the conquest of the trophy.

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

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

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

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

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

Investments continued to regard the digital evolution, spanning all business areas, and enhancement of the store network, with relocation and restyling projects. Agreements were stipulated to acquire the remaining stakes in five subsidiaries operating in the travel retail shop industry and two manufacturing companies specialized in leather goods. On the manufacturing side, in addition to such investments and those to improve existing production and logistics structures, on June 22 the Prada Group announced the commitment to enter with a 40% stake

into the share capital of Filati Biagioli Modesto spa. This Tuscan company has been a symbol of excellence for over a century in the production of cashmere and other noble yarns and in the fiber-to-yarn transformation process.

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

The significant generation of operating cash flow in the first six months led management to review the credit lines existing with banks, confident that the current financial resources and those produced by the retail activity, whose projections at the reporting date are very encouraging, can meet the funding demands regarding working capital management, investing activities, loan repayment and dividend payment. Two new ESG-linked loans were stipulated: a Euro 90 million bilateral long term loan and a Euro 400 million revolving credit facility with a pool of banks, the latter amending and increasing an existing Euro 300 million one. Moreover, during the period the Group canceled an additional Euro 300 million back-up revolving credit facility stipulated in May 2020, to add financial flexibility in the midst of the public health emergency.

ANALYSIS OF NET REVENUES

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

DISTRIBUTION CHANNELS

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

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

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

MARKETS

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

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

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

Retail sales in the American market recovered well from the first half of 2020 (+163.4% at constant exchange rates and +142.1% at current exchange rates) and the same period of 2019 (+52.5% at constant exchange rates), thanks to the strength of the local clientele.

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

The Japanese market had retail sales up by 24.7% at constant exchange rates

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

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

PRODUCTS

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

BRANDS

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

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

ROYALTIES

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

NUMBER OF STORES

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

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

OPERATING RESULTS

The gross margin of the period (74.3% of net revenues) was higher than that of the same period of 2020 (70.4% of net revenues), essentially as a result of the drop in revenues in 2020 and less absorption of production overheads. A more favorable sales mix in terms of distribution channels, geographical areas and products also improved the margins of the first half of 2021.

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

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

FINANCIAL EXPENSES AND TAXATION

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

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

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 2021 (unaudited)	December 31 2020 (audited)	June 30 2020 (unaudited)
Right of use assets	2,035,222	2,054,338	2,224,514
Non-current assets (excluding deferred tax assets)	2,463,832	2,507,244	2,544,750
Trade receivables, net	269,679	290,380	204,376
Inventories, net	628,482	666,222	735,869
Trade payables	(275,958)	(289,578)	(289,801)
Net operating working capital	622,203	667,024	650,444
Other current assets (excluding items of financial position)	214,440	246,914	236,476
Other current liabilities (excluding items of financial position)	(242,604)	(221,421)	(204,918)
Other current assets/(liabilities), net	(28,164)	25,493	31,558
Provision for risks	(46,044)	(45,416)	(50,790)
Post-employment benefits	(73,125)	(73,256)	(66,028)
Other long-term liabilities	(76,882)	(61,576)	(42,608)
Deferred taxation, net	216,526	222,638	265,191
Other non-current assets/(liabilities)	20,475	42,390	105,765
Net invested capital	5,113,568	5,296,489	5,557,031
Shareholder's equity - Group	(2,881,081)	(2,832,057)	(2,736,332)
Shareholder's equity - Non-controlling interests	(13,289)	(19,663)	(18,376)
Total Consolidated shareholders' equity	(2,894,370)	(2,851,720)	(2,754,708)
Long-term financial payables	(391,816)	(450,075)	(504,601)
Short-term financial, net surplus/(deficit)	290,002	138,718	(10,887)
Net financial position surplus/(deficit)	(101,814)	(311,357)	(515,488)
Net financial deficit to Consolidated shareholders' equity ratio	3.5%	10.9%	18.7%
Long-term lease liability	(1,708,185)	(1,729,819)	(1,888,742)
Short-term lease liability	(409,199)	(403,593)	(398,093)
Total lease liability	(2,117,384)	(2,133,412)	(2,286,835)
Net financial position surplus/(deficit), including lease liability	(2,219,198)	(2,444,769)	(2,802,323)
Shareholders' equity and net financial position	(5,113,568)	(5,296,489)	(5,557,031)

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

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

The non-current assets (excluding deferred tax assets), which consist essentially of tangible assets, intangible assets and financial assets, fell from Euro 2,507.2 million at December 31, 2020 to Euro 2,463.8 million after the depreciation, amortization and impairment of the period (Euro 99.5 million) and the variation of the equity instruments (Euro 37.4 million). Such decreases were offset in part by foreign exchange differences (appreciation of Euro 16.4 million due to the stronger Chinese renminbi, U.S. dollar and British pound sterling against the Euro) and by capital expenditures (Euro 74.8 million). The latter amount is detailed as follows:

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

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

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

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

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

NET FINANCIAL POSITION

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

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)	June 30 2020 (unaudited)
Bank borrowing - non-current	(392,941)	(451,200)	(505,726)
Total financial payables - non-current	(392,941)	(451,200)	(505,726)
Financial payables and bank overdrafts - current	(311,466)	(300,577)	(537,910)
Payables to related parties - current	(3,202)	(3,097)	(3,398)
Total financial payables - current	(314,668)	(303,674)	(541,308)
Total financial payables	(707,609)	(754,874)	(1,047,034)
Cash and cash equivalents	604,668	442,392	530,421
Financial receivables from related parties - current	2	-	-
Financial receivables from related parties - non-current	1,125	1,125	1,125
Total Cash and cash equivalents and financial receivables	605,795	443,517	531,546
Net financial deficit, total	(101,814)	(311,357)	(515,488)

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

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

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

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

The following table sets forth the lease liability:

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

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

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

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

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 the general economy and by individuals' propensity to consume. Accordingly, the Group's financial and business performance is exposed to global social and macroeconomic risks due to its international scale. An unfavorable economy in one or more of the main countries where the Group operates, as well as on 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 purchases of products by customers on trips abroad. Therefore, unfavorable economic conditions, social, health or geopolitical situations leading to instability, adverse natural events or government restrictions on freedom of movement could negatively impact the Group's sales operations, results, cash flows and general financial condition.

The Group believes that full control over the value chain, a well-balanced physical retail presence in the global market accompanied by an omnichannel strategy with closely integrated sales and communication channels, as well as a sufficiently diversified product range, enable to 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 used and the production techniques, 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, pursued by monitoring constantly the changes in the society, including through close collaboration with the world of art and culture, and by continuously seeking innovation in styles, products and communications in order to convey messages that are always consistent with the strong brand identities. Meanwhile, monitoring meticulously each internal and external phase of the value chain reduces considerably the risk that inappropriate performance could affect

the image and therefore 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, is capable of combining intellectual curiosity, the pursuit of new and unconventional ideas along with 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. The recent appointment of a Creative Co-Director for the Prada brand enables the Group to benefit from dialogue between two designers widely acknowledged as among the most important and influential of our times. Miuccia Prada and Raf Simons emphasize the importance of creativity, while challenging the idea of individuality in creative authorship, in a constantly evolving cultural landscape.

Approximately one thousand individuals work in the design and product development departments. In the design area, a mix of different nationalities, cultures and talents contribute to creativity, while in the development area, craft skills combined with solid manufacturing processes enable the Group to keep abreast of emerging consumer trends and lifestyles and to continue to be a major player in the industry.

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 their 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 offline and online markets of the retail and wholesale channels are monitored daily in close collaboration with the Italian and international customs authorities, tax authorities and police.

RISKS SPECIFIC TO THE PRADA GROUP

STRATEGIC RISKS

The capacity for the Group to improve its financial and business performance depends on successful implementation of its commercial strategy for each brand, which is achieved through the continuous support and development of retail sales and the constant recognition of the brands as reference points in the industry.

The Group provides support to the retail network by offering leather goods, clothing and footwear that reflect the brand positioning accompanied by a unique buying experience distinguished by careful revision of the physical and digital store concepts and layouts, as well as by 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.

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

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, product development, marketing, merchandising and corporate functions. Another factor for the Group's success is the capacity to attract and train new generations of artisans.

The Group considers its management structure to be capable of ensuring business continuity, and has a long-term incentive plan to retain key resources 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

The Prada Group's products are made at 23 manufacturing facilities owned in Europe (20 in Italy, 1 in France, 1 in the United Kingdom and 1 in Romania) and through a network of contract manufacturers carefully selected on the basis of competence, quality and reliability. Nearly all the prototypes and samples are made

at the Group's own manufacturing facilities, along with the most sensitive phases of production, such as the cutting of hides, the controls over all raw materials and semi-finished goods, including those to be sent to contract manufacturers, and the realization of part of the finished products.

All stages of the production process are checked by the Prada Group's technical staff to ensure that the products meet the quality standards and that the entire supply chain complies with Prada Spa's Code of Ethics, which must be signed before any business relationship is entered into.

A key part of the strategy is to establish long-term business relationships with suppliers based on mutual trust and transparency. The Prada Group works with approximately one thousand raw material suppliers and contract manufacturers, 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 comply with all regulations on brand ownership and other intellectual property rights. Moreover, the Group demands compliance with applicable regulations concerning labor law, social security and occupational health and safety, and monitors such compliance with a process that uses document controls and, since 2019, audit activities 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, which are based on the monitoring of the creditworthiness and solvency of customers, the stipulation of insurance contracts and the use of safe solutions such as advance payments.

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 by the consistently short-term period. 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 for operating activities with a number of independent parties highly fragmented.

LIQUIDITY RISK

Liquidity risk refers to difficulty that the Group could have in meeting its financial obligations. The CFO is responsible for managing liquidity risk and optimizing financial resources.

The Directors consider the currently available funds and lines of credit, in addition to the funding that will be generated by operating and financing activities, to be sufficient for enabling the Group to meet its requirements resulting from working capital management, investing activities, punctual loan repayment and payment of dividends as planned.

TAX RISKS

The Prada Group's tax strategy is based on the prevention of tax risks and on tax certainty, both of which are pursued through ongoing dialogue and long-term, principled interaction with the tax authorities in the countries where it operates. The Group's tax risks, which could arise from compliance errors or incorrect interpretation of regulations, are constantly monitored within the scope of an extensive internal control system, and are managed specifically within the tax control framework.

The effectiveness of the tax risk management system has made Prada spa eligible to participate in the Cooperative Compliance Tax Regime in Italy (under Italian Legislative Decree 128/2015). Within such regime, the Group has expanded a systematic, open communication channel with the Italian tax authorities based on reciprocal transparency and trust, with the purpose of minimizing the level of uncertainty about potentially risky situations.

After the inclusion in the regime, the Italian tax authorities invited some companies of the Group to join the International Compliance Assurance Programme ("ICAP") promoted by the Organisation for Economic Co-operation and Development ("OECD"). The program started with a pilot in 2018, followed by a second pilot, "ICAP 2.0", in December 2019. As part of the first ICAP pilot, the Group's participating companies shared extensive information with the tax authorities of the countries where they reside (Italy, the U.S.A., the U.K., Canada and Australia) and obtained at the end of the assessment the status of "low-risk taxpayer" from their respective tax authorities.

LEGAL AND REGULATORY RISKS

As part of the larger organizational and corporate governance structure, the Prada Group manages with centralized models implemented at the parent company level the compliance with regulatory requirements that arise from the complexity of the global framework in which it operates:

- risks associated with non-compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or with other laws or regulations in force in Hong Kong S.A.R. 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 where the Group operates;
- 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;
- possible manufacturing compliance risks regarding Italian and international laws and regulations for finished goods distributed and raw materials and consumables used. In 2020 Prada spa obtained "AEO Full" (Authorized Economic Operator) certification from the Italian Customs Agency for its handling of goods, becoming one of very few taxpayers in Italy to hold simultaneously this qualification and participate in the Cooperative Compliance regime with the Italian Revenue Agency. The AEO Full status enables the Group to reduce considerably the average transfer time for raw materials and finished products.

Compliance with rules or regulations is ensured through operating models based on the implementation by PRADA spa of guidelines, procedures and practices aimed at guaranteeing univocal, and always updated, compliance of processes and behaviors throughout the Group. 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. For some particular area of compliance, such as those related to the product, tax or customs legislation, the Prada Group has implemented virtuous operating models, in line with international best practices, aimed at benefitting from the opportunities offered by the regulatory contexts to make the management of the entire value chain more effective and profitable.

Monitoring activities are performed by the Departments involved, Committees, external Bodies and the Internal Audit Department.

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 enters into derivative contracts designed to fix the value in Euro (or other functional currency) of 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 parent 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 PROTECTION

The Prada Group is aware of the importance of ensuring adequate safeguards to stakeholders on the processing of data (including personal data) that each of the companies belonging to the Group performs in the course of its business activities.

In order to ensure the right to protection of personal data of users, customers, employees, business partners and other third parties who establish relations with the Group and to minimize the risks associated with the processing of personal data, the Prada Group have developed policies and implemented security measures in compliance with the European General Data Protection Regulation (GDPR) and with any other applicable privacy law and regulation of the jurisdictions in which the Group operates.

The Group adopts technical and organizational measures that ensure, also through automated means, that:

- data are processed in accordance with the applicable laws and regulations;
- data are adequately protected against the risk of accidental or unlawful destruction, loss, alteration, unauthorized disclosure or access;
- personal data collected and processed by the Group's companies are handled with the utmost confidentiality and secrecy, may not be used for purposes other than those that justify and permit their collection, processing and storage, and may not be disclosed or transferred to third parties except in cases permitted by applicable law;
- any service provider who may have access to personal data, processes such personal data only to the extent necessary for the purposes of the service provided under a contractual obligation of confidentiality and ensuring the compliance with the applicable legislation and an adequate level of protection of the data subjects' rights.

Taking into account technological and related regulatory developments, the Prada Group has set up organizational and operational controls, training sessions, assessments and periodic risk reviews in order to adopt appropriate organizational procedures and security measures to minimize the risks of non-compliance - including the potential risk of cyber-attacks - and improve the IT security system. As part of the measures adopted, the Prada Group has designated a Data Protection Officer (DPO), whose functions include supervising regulatory compliance, reporting activities and advising on data protection matters.

Contact the DPO at privacy@prada.com.

OTHER INFORMATION

INFORMATION ON RELATED-PARTY TRANSACTIONS

Information on the Group's transactions and balances with related parties is provided in the 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 its financial position. Although they are used by the Group's management, such measures are not universally or legally defined and are not regulated by the IFRS adopted to prepare these unaudited Interim Condensed Consolidated Financial Statements. Other companies operating in the luxury goods business might use the same measures, but with different calculation criteria. For this reason, 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 this Interim Report the Prada Group used the following non-IFRS measures:

EBIT: Earnings before Interest and Taxation, i.e. "Consolidated net result for the period" adjusted to exclude "Total financial income/(expenses)" and "Taxation".

EBITDA: Earnings before Interest, Taxation, Depreciation and Amortization, i.e. "Consolidated net result for the period", adjusted to exclude "Total financial income/(expenses)", "Taxation" and "Total depreciation, amortization and impairment (included the Depreciation and write-downs of Right of Use assets)".

Markdown sales: Net sales of Group's Directly Operated Stores of end of season products at promotional prices.

Full-price sales (or "regular sales"): Net sales of Group's Directly Operated Stores excluding Markdown sales.

Selling expenses of the closed stores during the lockdowns: as a consequence of

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

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

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

The caption "Selling expenses of the closed stores during the lockdowns", Euro 27.1 million for the six months ended June 30, 2021, included the main direct costs pertaining to the retail network during the closure periods related to the pandemic, which prevented the stores from operating (Euro 112.4 for the six months ended June 30, 2020).

The most significant captions were for Euro 10.8 million the depreciation of rights of use assets (Euro 49.9 million at June 30, 2020), net of Covid-related lease discounts obtained from lessors, for Euro 7 million the labor costs, net of government subsidies (Euro 33.8 million at June 30, 2020), and for Euro 8.1 million the depreciation of tangible fixed assets (Euro 23.6 million at June 30, 2020).

Net financial position surplus/(deficit): Short-term and long-term financial payables due to third parties and related parties, net of cash and cash equivalents and short-term and long-term financial receivables due from third parties and

related parties.

Net financial position surplus/(deficit), including Lease Liability: Net Financial Position including Lease Liability (current and non-current).

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Net financial position surplus/(deficit)	(101,814)	(311,357)
Short-term Lease Liability	(409,199)	(403,593)
Long-term Lease Liability	(1,708,185)	(1,729,819)
Total Lease Liability	(2,117,384)	(2,133,412)
Net financial position surplus/(deficit), including Lease Liability	(2,219,198)	(2,444,769)

Net Operating Cash Flow: Net Cash Flow generated by operating activities, less the repayment of Lease Liability.

Free cash flow: Net Operating Cash Flow after the net cash flows used for the investing activities.

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

TREASURY SHARES

At June 30, 2021 the Group does not hold treasury shares.

EVENTS AFTER THE REPORTING DATE

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

OUTLOOK

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

Milan, July 29, 2021

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. Such corporate governance model adopted is in compliance with the applicable regulations in Italy, where the Company is incorporated, as well as the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), where its shares are listed.

COMPLIANCE WITH THE CODE

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

THE BOARD

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

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

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

On June 4, 2021, the Board held its first meeting after the AGM to, among others,

confer the executive roles of the Directors and resolve the membership of the Board Committees.

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

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

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

AUDIT COMMITTEE

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

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

During the Reviewed Period, the Audit Committee held four meetings on January 29, February 25, March 8 and April 8, 2021, with an attendance rate of 100%. The Audit Committee often invites the Company's senior management, the Group's internal and external auditors and the members of the board of statutory auditors to its meetings. The Audit Committee's activities for the Reviewed Period covered: the audit plan for the year 2021, the findings of the internal auditors, internal controls, risk assessment, annual review of the Group's continuing connected transactions for 2020, tax and legal updates (including management of data privacy matters), the financial reporting matters (including the annual results for the year 2020), before recommending them to the Board for approval.

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

REMUNERATION COMMITTEE

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

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

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

NOMINATION COMMITTEE

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

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

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

BOARD OF STATUTORY AUDITORS

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

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

Mr. Antonino Parisi - Chairperson of the board of statutory auditors;

Mr. Roberto Spada - statutory auditor;

Mr. David Terracina - statutory auditor;

Ms. Stefania Bettoni – alternate statutory auditor; and
Ms. Fioranna Negri – alternate statutory auditor.

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

ORGANISMO DI VIGILANZA (SUPERVISORY BODY)

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

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

DIVIDENDS

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

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

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

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the Company’s 2020 Annual Report and the Company’s announcement dated May 27, 2021 in respect of the change of Directors and authorized representative, other than the changes disclosed in other paragraphs of this Interim Report, are set out below:

Name of Director	Change
Miuccia Prada Bianchi	For each financial year of the three-year term mandate as Executive Director and Chief Executive Officer, a fixed remuneration of Euro 15,000,000 plus a bonus equal to half percentage point (0.50%) of the Group's consolidated profit before tax recorded in each financial year of the three-year office
Patrizio Bertelli	For each financial year of the three-year term mandate as Executive Director and Chief Executive Officer, a fixed remuneration of Euro 15,000,000 plus a bonus equal to half percentage point (0.50%) of the Group's consolidated profit before tax recorded in each financial year of the three-year office
Paolo Zannoni	Fixed remuneration for each financial year of the three-year term mandate as Chairperson of the Board and Executive Director equal to Euro 1,500,000
Alessandra Cozzani	Waived base remuneration as Director equal to Euro 50,000 for each financial year of the three-year term mandate, with an increase of the same amount in her annual salary
Lorenzo Bertelli	Waived base remuneration as a Director and a member of the Nomination Committee equal to Euro 60,000 for each financial year of the three-year mandate, with an increase of the same amount in his annual salary
Maurizio Cereda	Ceased to act as the Chairperson and member of the Remuneration Committee as of May 27, 2021 Appointed as the Chairperson of the Nomination Committee on July 29, 2021 Aggregate annual remuneration equal to Euro 80,000 for each financial year of the three-year mandate, being Euro 50,000 as a Board member, Euro 20,000 as Chairperson of the Nomination Committee and Euro 10,000 as a member of the Audit Committee
Marina Sylvia Caprotti	Aggregate annual remuneration equal to Euro 90,000 for each financial year of the three-year mandate, being Euro 50,000 as Board member, Euro 20,000 as Chairperson of the Remuneration Committee, Euro 10,000 as a member of the Audit Committee and Euro 10,000 as a member of the Nomination Committee
Yoël Zaoui	Aggregate annual remuneration equal to Euro 130,000 for each financial year of the three-year mandate, being Euro 50,000 as a Board member, Euro 50,000 as Chairperson of the Audit Committee, Euro 10,000 as a member of the Remuneration Committee and Euro 20,000 as a member of the <i>Organismo di Vigilanza</i> (Supervisory Body)
Stefano Simontacchi	In May 2021, Mr. Simontacchi has been re-appointed as President of BonelliErede Law Firm for a further three-year term mandate

CHANGE OF COMPANY SECRETARY

On June 4, 2021, Ms. Patrizia Albano ceased to serve as a joint company secretary and Ms. Ying-Kwai Yuen, previously a joint company secretary, assumed the role as the sole company secretary of the Company until July 29, 2021.

On July 29, 2021, Ms. Stefania Cane was appointed as the joint company secretary of the Company to work together with Ms. Yuen (the other joint company secretary) to discharge the corporate secretarial and compliance matters of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

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

The Company has also adopted written procedures governing securities transactions carried out by relevant employees who are likely to be in possession of inside

information in relation to the Company and its securities. The terms of these procedures are no less exacting than the standard set out in the Model Code.

PURCHASE, SALE, OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at June 30, 2021, 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

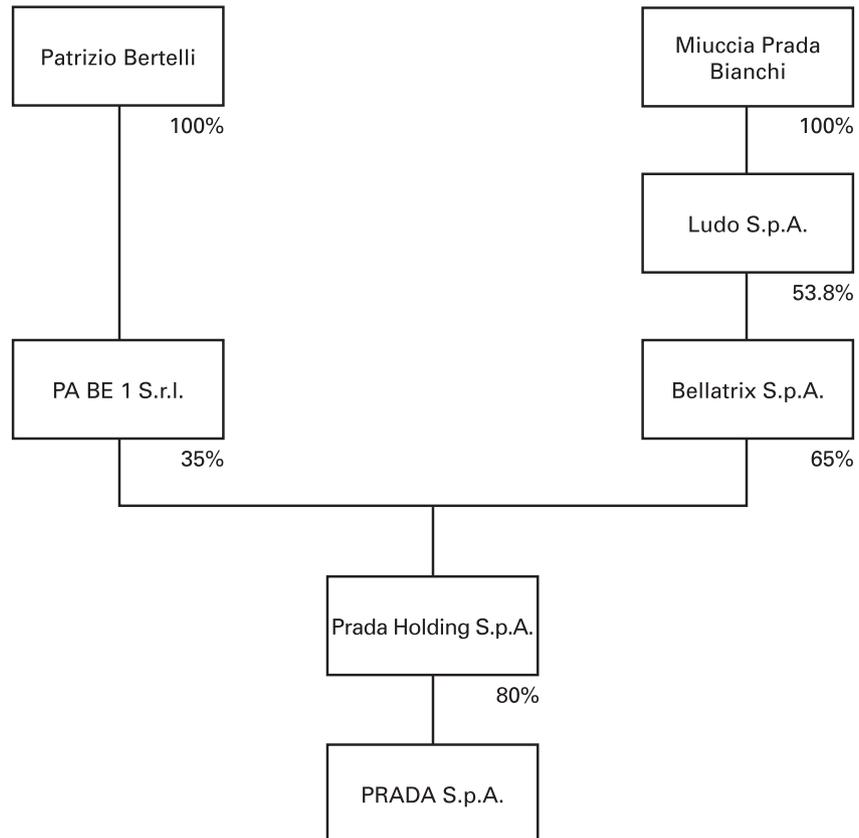
Name of Director	Number of Shares	Nature of Interest	Approximate percentage of Issued Capital
Ms. Miuccia Prada Bianchi	2,046,470,760 (Notes 1 and 2)	Interest of Controlled Corporation	80%
Mr. Patrizio Bertelli	2,046,470,760 (Notes 1 and 3)	Interest of Controlled Corporation	80%

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 controls, 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 controls, 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, 2021 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%
	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%
	Orexis S.r.l.	Participation Quota (Euro)	1	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%
	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%
	Orexis S.r.l.	Participation Quota (Euro)	1	As above	100%

Save as disclosed above, as at June 30, 2021, 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, 2021, 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%

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 2021 (unaudited)	December 31 2020 (audited)
Assets			
<u>Current assets</u>			
Cash and cash equivalents	6	604,668	442,392
Trade receivables, net	7	269,679	290,380
Inventories, net	8	628,482	666,222
Derivative financial instruments - current	9	6,249	10,691
Receivables from, and advance payments to, related parties - current	10	42,142	51,035
Other current assets	11	175,026	194,188
Total current assets		1,726,246	1,654,908
<u>Non-current assets</u>			
Property, plant and equipment	12	1,500,026	1,506,011
Intangible assets	13	829,699	832,445
Right of Use assets	14	2,035,222	2,054,338
Investments in equity instruments	15	28,786	66,191
Deferred tax assets	33	246,162	251,888
Other non-current assets	16	143,352	142,712
Receivables from, and advance payments to, related parties - non-current	10	19,434	19,434
Total non-current assets		4,802,681	4,873,019
Total Assets		6,528,927	6,527,927
<u>Liabilities and Shareholders' Equity</u>			
<u>Current liabilities</u>			
Short-term lease liability	17	409,199	403,593
Short-term financial payables and bank overdrafts	18	311,466	300,577
Payables to related parties - current	19	3,201	3,481
Trade payables	20	275,958	289,578
Tax payables	21	75,422	68,863
Derivative financial instruments - current	9	15,484	7,789
Other current liabilities	22	160,673	153,382
Total current liabilities		1,251,403	1,227,263
<u>Non-current liabilities</u>			
Long-term lease liability	17	1,708,185	1,729,819
Long-term financial payables	23	392,941	451,200
Long-term employee benefits	24	73,125	73,256
Provision for risks and charges	25	46,044	45,416
Deferred tax liabilities	33	29,636	29,250
Other non-current liabilities	26	126,507	110,754
Derivative financial instruments - non-current	9	6,716	9,249
Total non-current liabilities		2,383,154	2,448,944
Total Liabilities		3,634,557	3,676,207
<u>Shareholders' Equity</u>			
Share capital		255,882	255,882
Total other reserves		2,499,847	2,633,673
Translation reserve		28,109	(3,359)
Net income / (loss) for the period		97,243	(54,139)
Net Equity attributable to owners of the Group	27	2,881,081	2,832,057
Net Equity attributable to Non-controlling interests	28	13,289	19,663
Total Net Equity		2,894,370	2,851,720
Total Liabilities and Total Net Equity		6,528,927	6,527,927
Net current assets		474,843	427,645
Total Assets less current liabilities		5,277,524	5,300,664

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED JUNE 30, 2021

(amounts in thousands of Euro)	Notes	six months ended June 30 2021 (unaudited)	%	six months ended June 30 2020 (unaudited)	%
Net Revenues	29	1,501,006	100.0%	937,657	100.0%
Cost of goods sold	30	(386,021)	-25.7%	(277,332)	-29.6%
Gross margin		1,114,985	74.3%	660,325	70.4%
Operating expenses	31	(949,081)	-63.2%	(856,121)	-91.3%
Operating income / (loss) - EBIT		165,904	11.1%	(195,796)	-20.9%
Interest and other financial income/(expenses), net		(9,019)	-0.5%	(16,407)	-1.7%
Interest expenses on Lease Liability		(18,827)	-1.3%	(23,433)	-2.5%
Dividends from investments		103	0.0%	116	0.0%
Total financial income/(expenses)	32	(27,743)	-1.9%	(39,724)	-4.2%
Income / (loss) before taxation		138,161	9.2%	(235,520)	-25.1%
Taxation	33	(41,273)	-2.7%	52,005	5.5%
Net income / (loss) for the period		96,888	6.5%	(183,515)	-19.6%
Net income / (loss) - Non-controlling interests	28	(355)	0.0%	(3,183)	-0.3%
Net income / (loss) - Group	27	97,243	6.5%	(180,332)	-19.2%
Basic and diluted earnings / (losses) per share (in Euro per share)	34	0.038		(0.070)	

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) FOR THE SIX MONTHS ENDED JUNE 30, 2021

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	twelve months ended December 31 2020 (audited)
Net income / (loss) for the period - Consolidated	96,888	(54,368)
A) Items recyclable to P&L:		
Change in Translation Reserve	33,552	(66,321)
Tax impact	-	-
Change in Translation Reserve less tax impact	33,552	(66,321)
Change in Cash Flow Hedge reserve	(5,359)	4,402
Tax impact	1,769	(1,727)
Change in Cash Flow Hedge reserve less tax impact	(3,590)	2,675
B) Items not recycled to P&L:		
Change in Fair Value in equity instruments reserve	4,143	(15,206)
Tax impact	-	-
Change in Fair Value in equity instruments reserve less tax impact	4,143	(15,206)
Change in Actuarial reserve	-	(4,676)
Tax impact	(385)	1,041
Change in Actuarial reserve less tax impact	(385)	(3,635)
Consolidated comprehensive income / (loss) for the period	130,608	(136,855)
Comprehensive income / (loss) for the period - Non Controlling Interests	8	(1,754)
Comprehensive income / (loss) for the period - Group	130,600	(135,101)

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, 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
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	(44,054)	-	2,783	-	-	-	2,783	126,193	84,922	1,286	86,208
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	(3,437)	14,244	(4)	10,803	-	10,803	1	10,804
Balance at December 31, 2020 (audited)	2,558,824,000	255,882	(3,359)	410,047	(5,794)	(8,151)	(25,188)	2,262,759	2,633,673	(54,139)	2,832,057	19,663	2,851,720
Allocation of 2020 net loss	-	-	-	-	-	-	-	(54,139)	(54,139)	54,139	-	-	-
Dividends	-	-	-	-	-	-	-	(89,559)	(89,559)	-	(89,559)	(1,491)	(91,050)
Share capital increase/(reduction)	-	-	-	-	-	-	-	-	-	-	-	(140)	(140)
Release for disposal of equity instruments	-	-	-	-	-	-	8,977	411	9,388	-	9,388	-	9,388
Acquisition of additional shares in companies already controlled	-	-	(1,721)	-	-	(7)	-	323	316	-	(1,405)	(4,751)	(6,156)
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	33,189	-	(3,590)	(385)	-	-	(3,975)	97,243	126,457	8	126,465
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	-	4,143	-	4,143	-	4,143	-	4,143
Balance at June 30, 2021 (unaudited)	2,558,824,000	255,882	28,109	410,047	(9,384)	(8,543)	(12,068)	2,119,795	2,499,847	97,243	2,881,081	13,289	2,894,370

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

1. GENERAL INFORMATION

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

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

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

The unaudited Interim Condensed Consolidated Financial Statements were approved and authorized for issue by the Board of Directors of PRADA spa on July 29, 2021.

2. BASIS OF PREPARATION

The unaudited Interim Condensed Consolidated Financial Statements of the Prada Group for the six months ended June 30, 2021, 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/(Loss)", 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, 2020, 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 Beyond June 30, 2021” (“the Amendment”) explained below, at the date of presentation of this unaudited Interim Condensed Consolidated Financial Statements, 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

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

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

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

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

New Standards and Amendment to existing standards issued by the IASB, but not yet endorsed by the European Union as of June 30, 2021.

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

AMENDMENT TO "IFRS 16 LEASES" FOR COVID-RELATED RENT CONCESSIONS BEYOND JUNE 30, 2021

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

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

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

4. MERGERS AND ACQUISITIONS

On January 29, 2021, the Prada Group signed a contract with DFS Group L.P. for the acquisition of the residual minority stake in the "Travel Retail Shop" companies, managed together with the latter group on the basis of a joint venture agreement that expired on January 31, 2021.

Pursuant to this transaction, since February 1, 2021 the Prada Group has wholly owned TRS Hong Kong Ltd, TRS Saipan llc, TRS Hawaii llc, TRS Okinawa kk and TRS Guam Ltd (TRS Singapore pte ltd, for which a liquidation process had already initiated, was not part of the acquisition). The price for the share purchase amounted to approximately Euro 6 million.

On April 15, 2021, PRADA spa established the company PRADA S.M. srl with the aim of expanding commercial activities in the area of central Italy.

On April 23, 2021 PRADA spa exercised the purchase option on the remaining 10% of the share capital of Pelletteria Ennepi srl, located in Italy. As a result of the agreement, the Prada Group wholly owns that company.

On May 26, 2021, PRADA spa exercised the purchase option on the remaining 20% of the share capital of Hipic Prod Impex Srl., located in Romania. As a result of the agreement, the Prada Group wholly owns that company.

On June 22, 2021 Prada Group and Ermenegildo Zegna Group signed an agreement under which each will acquire 40% of Filati Biagioli Modesto S.p.A., a company based in Italy (Montale, Pistoia) that for over a century has excelled in the production of cashmere and other noble yarns and in the fiber-to-yarn transformation process, assuring perfect quality throughout the entire production process.

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 2021 (unaudited)	December 31 2020 (audited)
Europe	3,039,383	3,016,375
Americas	493,378	515,662
Asia Pacific	509,763	533,832
Japan	439,150	477,799
Middle East and Africa	63,024	66,181
Total	4,544,698	4,609,849

The total amount of Euro 4,545 million (Euro 4,610 million at December 31, 2020)

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 2021 (unaudited)	December 31 2020 (audited)
Cash on hand	24,446	25,818
Bank deposit accounts	179,721	120,563
Bank current accounts	400,501	296,011
Total	604,668	442,392

Bank deposits accounts are broken down by currency as follows:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Hong Kong Dollar	82,298	62,305
Chinese Renmimbi	54,470	37,606
Other Currencies	42,953	20,652
Total bank deposit accounts	179,721	120,563

Bank current accounts are broken down by currency as follows:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Euro	51,017	108,877
US Dollar	172,993	76,925
GB Pound	10,447	10,953
Hong Kong Dollar	7,975	6,439
Korean Won	14,048	5,027
Other Currencies	144,021	87,790
Total bank current accounts	400,501	296,011

At June 30, 2021, bank current accounts and bank deposit accounts generated

interest income of between 0% and 2.3% per year (between 0% and 2.1% at December 31, 2020).

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

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

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

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

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

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

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

8. INVENTORIES, NET

Inventories are detailed as follows:

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

The inventories decreased from Euro 666.2 million at December 31, 2020 to

Euro 628.5 million at June 30, 2021, following a more effective inventory management.

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

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

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 2021 (unaudited)	December 31 2020 (audited)
Financial assets regarding derivative instruments - current	6,249	10,691
Total Financial Assets - Derivative financial instruments	6,249	10,691
Financial liabilities regarding derivative instruments - current	(15,484)	(7,789)
Financial liabilities regarding derivative instruments - non-current	(6,716)	(9,249)
Total Financial Liabilities - Derivative financial instruments	(22,200)	(17,038)
Net carrying amount - current and non-current portion	(15,951)	(6,347)

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 2021 (unaudited)	December 31 2020 (audited)	IFRS7 Category
Forward contracts	5,668	7,770	Level II
Options	581	2,921	Level II
Positive fair value	6,249	10,691	
Forward contracts	(9,700)	(3,006)	Level II
Options	(3,285)	(2,030)	Level II
Interest rate swaps	(9,215)	(12,002)	Level II
Negative fair value	(22,200)	(17,038)	
Net carrying amount - current and non-current	(15,951)	(6,347)	

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, 2021 to hedge projected future trade cash flows:

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	June 30 2021 (unaudited)
Currency				
US Dollar	38,708	25,581	(22,726)	41,563
Chinese Renminbi	56,032	82,875	-	138,907
Japanese Yen	11,337	35,133	-	46,470
GB Pound	13,542	27,935	(1,713)	39,764
Hong Kong Dollar	-	9,456	(18,759)	(9,303)
Korean Won	20,128	34,729	-	54,857
Canadian Dollar	-	12,396	(1,087)	11,309
Russian Ruble	-	6,603	-	6,603
Swiss Franc	-	6,885	(6,647)	238
Taiwan Dollar	1,584	6,018	-	7,602
Malaysian Ringgit	-	5,179	-	5,179
Other currencies	10,005	12,261	(194)	22,072
Total	151,336	265,051	(51,126)	365,261

Contracts in effect as of June 30, 2021 to hedge projected future financial cash flows:

(amounts in thousands of Euro)	Forward sale contracts	Forward purchase contracts	June 30 2021 (unaudited)
Currency			
GB Pound	72,257	-	72,257
Swiss Franc	48,725	(16,667)	32,058
Other currencies	24,603	-	24,603
Total	145,585	(16,667)	128,918

All contracts to hedge projected future future financial cash flows in place as at June 30, 2021 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, 2021 are summarized as follows:

Interest Rate Swap (IRS) Agreement						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	June 30, 2021 (unaudited)	Currency	Type of debt	Amount	Expiry
IRS	Euro/000	33,000	1.457%	May-2030	(2,587)	EUR	Term Loan	33,000	May-2030
IRS	Euro/000	50,000	-0.094%	Feb-2022	(153)	EUR	Term Loan	50,000	Feb-2022
IRS	GBP/000	47,550	2.778%	Jan-2029	(6,475)	GBP	Term Loan	47,550	Jan-2029
Total fair value (amounts in thousands of Euro)					(9,215)				

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 2021 (unaudited)	December 31 2020 (audited)
Prepayments	16,453	25,032
Other receivables and advances	25,689	26,003
Receivables from and advances to related parties - current	42,142	51,035

The prepayments at June 30, 2021 regard the sponsorship agreements in place between PRADA spa and Luna Rossa Challenge srl, and PRADA spa and Challenger of Record 36 srl, both in relation to the 36th America's Cup events. Such prepayments are going to be released by the end of the year.

In the Other receivables and advances, Euro 20 million refer to the short-term instalment for the sale of the property in Via della Spiga 18 in Milan occurred in December 2020.

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

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Other receivables and advances	18,309	18,309
Financial receivables	1,125	1,125
Receivables from and advances to related parties - non-current	19,434	19,434

The Other receivables and advances essentially refer to the long-term instalment for the aforementioned sale of property in Milan.

Additional information on related party transactions is provided in Note 37.

11. OTHER CURRENT ASSETS

The other current assets are detailed as follows:

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

PREPAYMENTS

The prepayments are detailed as follows:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Rental costs	2,835	1,689
Insurance	3,590	1,957
Design costs	21,461	21,198
Fashion shows and advances on advertising campaigns	8,588	6,911
Other	17,731	16,564
Total	54,205	48,319

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 improvements	Furniture & fittings	Other tangibles	Assets under construction	Total
Historical cost	917,519	230,663	1,309,080	599,787	178,915	38,332	3,274,296
Accumulated depreciation	(155,018)	(171,987)	(991,399)	(333,605)	(116,276)	-	(1,768,285)
Net carrying amount at December 31, 2020 (audited)	762,501	58,676	317,681	266,182	62,639	38,332	1,506,011

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Assets under construction	Total
Historical cost	958,409	236,999	1,320,067	621,362	180,924	26,672	3,344,433
Accumulated depreciation	(165,327)	(178,336)	(1,023,238)	(356,136)	(121,370)	-	(1,844,407)
Net carrying amount at June 30, 2021 (unaudited)	793,082	58,663	296,829	265,226	59,554	26,672	1,500,026

The changes in the net carrying amount during the six months ended June 30, 2021 were as follows:

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

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

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	404,261	551,217	54,445	201,677	63,620	20,985	1,296,205
Accumulated amortization	(193,856)	(37,731)	(53,675)	(120,709)	(57,789)	-	(463,760)
Net carrying amount at December 31, 2020 (audited)	210,405	513,486	770	80,968	5,831	20,985	832,445

(amounts in thousands of Euro)	Trademarks and other intellectual property rights	Goodwill	Store Lease Acquisitions	Software	Other intangibles	Assets in progress	Total
Historical cost	425,518	579,574	54,759	206,938	65,383	9,415	1,341,587
Accumulated amortization	(202,773)	(66,163)	(54,119)	(129,691)	(59,142)	-	(511,888)
Net carrying amount at June 30, 2021 (unaudited)	222,745	513,411	640	77,247	6,241	9,415	829,699

The changes in the net carrying amount during the six months ended June 30, 2021 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)	210,405	513,486	770	80,968	5,831	20,985	832,445
Additions	393	-	7	2,984	429	9,229	13,042
Amortization	(7,166)	-	(178)	(8,786)	(1,353)	-	(17,483)
Exchange differences	1,713	-	-	15	3	-	1,731
Other movements	17,400	(75)	41	2,066	1,331	(20,799)	(36)
Closing balance (unaudited)	222,745	513,411	640	77,247	6,241	9,415	829,699

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

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Miu Miu	124,611	127,362
Church's	70,555	70,757
Prada	5,177	5,141
Other trademarks and other intellectual property right	22,402	7,145
Total	222,745	210,405

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, 2021 was Euro 49.3 million, as broken down below:

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

IMPAIRMENT TEST

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

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

IAS 36 also requires an entity to assess at each reporting date whether there are indications of impairment for any other assets recognized in the statement of financial position. Due to the ongoing effects of the Covid-19 pandemic on the Church's CGU (with net invested capital of Euro 82 million, including Euro 70.6 million of trademark), influenced by a dominant presence in Europe, management decided to update the 2020 impairment testing. The lack of recovery for retail sales (down by 1.7% at constant exchange rates compared with the six months ended June 30, 2020) was identified as an indication of impairment.

Consistently with the test performed for the 2020 Annual Report, the carrying amount of the net invested capital items of such CGU was checked against the related fair value (less costs to sell). The fair value of the brand was measured using the royalty relief method, estimating the cash flows obtainable from a hypothetical licensing of the asset and assuming to earn royalty income of 9%, in line with market practices for similar transactions. The carrying amounts of the rest of the net invested capital (of which Euro 46 million refers to the right-of-use asset and Euro 21 million to net operating working capital) were deemed to be approximately their realizable value.

No indications of impairment were identified for the other CGUs.

The impairment test, as described above, did not result in the identification of an impairment loss. However, since the recoverable amount is determined on the basis of estimates and assumptions, management cannot guarantee that the value of the intangible assets recognized could not be impaired in the future.

14. RIGHT OF USE ASSETS

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

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

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

15. INVESTMENTS IN EQUITY INSTRUMENTS

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Investments in equity instruments	26,791	64,203
Other investments	1,995	1,988
Total	28,786	66,191

The Group, subject to an appropriate assessment by the respective corporate bodies, invests surplus liquidity in highly rated equity security listed on the most important stock markets in the world. The change in the six months period ended June 30, 2021 mainly referred to the sale of securities for approximately Euro 51 million. These investments in equity instruments are measured at the fair value.

16. OTHER NON-CURRENT ASSETS

The other non-current assets are detailed as follows:

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

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

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Nature:		
Stores	56,033	53,637
Offices	3,909	3,847
Warehouses	188	123
Other	1,642	2,444
Total	61,772	60,051

(amounts in thousands of Euro)	June 30 2021 (unaudited)
Maturity:	
Between one to two years	9,508
Between two to five years	21,348
After more than five years	30,916
Total	61,772

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 started on January 2021.

17. LEASE LIABILITY

The following table sets forth the lease liabilities:

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

The lease liability decreased from Euro 2,133 million at December 31, 2020 to Euro 2,117 million as a result of the payments made in the period (Euro 210.3 million), net of re-measurements to reflect contract renewals or modifications (Euro 182.5 million) and interest recognized to adjust the present value of the liability (Euro 18.8 million).

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

18. SHORT-TERM FINANCIAL PAYABLES AND BANK OVERDRAFTS

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Short-term bank loans	107,767	97,115
Current portion of long-term loans	204,144	203,861
Deferred costs on loans	(445)	(399)
Total	311,466	300,577

The short-term bank loans, Euro 107.8 million at June 30, 2021, consist of credit lines of PRADA Japan co ltd for Euro 57 million and of PRADA spa for Euro 25.2 million, and two short-term loans totaling Euro 25 million stipulated in the period by PRADA France and guaranteed by Banque Publique d'Investissement (or BPIfrance, the French public investment bank). Some of PRADA Japan co ltd's credit lines contain covenants based on the results of its financial statements, all of which were complied with at the date of this writing.

The current portion of the loans, Euro 204.1 million, is the result of a reduction for repayments due in the period (Euro 150 million) and of an increase for the period by the reclassifications from long-term to short-term of the payments due in the next 12 months.

Short-term loans are broken down by currency below:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Euro	50,187	576
Japanese Yen	57,074	96,462
Other Currencies	506	77
Total	107,767	97,115

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

The current payables to related parties are shown below:

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

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

20. TRADE PAYABLES

Trade payables are detailed as follows:

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

The following table summarizes trade payables by maturity date:

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

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

21. TAX PAYABLES

The tax payables are detailed as follows:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Current taxation	15,282	15,691
VAT and other taxes	60,140	53,172
Total	75,422	68,863

The Group recognizes current tax liabilities of Euro 15.3 million as of June 30, 2021 (Euro 15.7 million as at December 31, 2020) against tax receivables of Euro 88.7 million (Euro 100.4 million as of December 31, 2020), as reported in Note 11.

22. OTHER CURRENT LIABILITIES

The other current liabilities are detailed as follows:

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

The other payables are detailed as follows:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Short-term benefits for employees and other personnel	63,803	55,525
Customer advances	18,402	16,980
Returns from customers	15,082	14,006
Other	2,200	1,969
Total	99,487	88,480

23. LONG-TERM FINANCIAL PAYABLES

The long-term financial payables are as follows:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Long-term bank borrowings	393,540	451,695
Deferred costs on loans	(599)	(495)
Total	392,941	451,200

During the period PRADA spa took out a new sustainability-linked bank loan of Euro 90 million; it provides for an adjustment of the annual interest based on the achievement of sustainability goals regarding the quantity of scrap materials regenerated and recycled in the business and the production of energy by new photovoltaic systems.

PRADA spa's loan covenants were fully complied with at June 30, 2021.

The long-term bank borrowings as of June 30, 2021, 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	50,000	Term-loan	EUR	02/2022	0.406%	50,000	-	-
PRADA spa	50,000	Term-loan	EUR	06/2022	0.750%	50,000	-	-
PRADA spa	33,000	Term-loan	EUR	05/2030	2.737%	3,667	29,333	Mortgage ioan
PRADA spa	35,000	Term-loan	EUR	10/2024	0.600%	10,000	25,000	-
PRADA spa	100,000	Term-loan	EUR	04/2025	0.147%	-	100,000	-
PRADA spa	25,000	Term-loan	EUR	06/2022	0.480%	25,000	-	-
PRADA spa	90,000	Term-loan	EUR	02/2026	1.250%	-	90,000	-
PRADA spa	66,667	Term-loan	EUR	06/2024	0.127%	22,223	44,444	-
PRADA spa	66,000	Term-loan	EUR	01/2025	0.265%	18,000	48,000	-
PRADA Japan Co.Ltd	9,511	Syndicate loan	JPY	09/2022	0.469%	7,609	1,902	-
PRADA Japan Co.Ltd	9,511	Syndicate loan	JPY	09/2022	0.469%	7,609	1,902	-
Kenon Ltd	55,417	Term-loan	GBP	01/2029	4.477%	3,583	51,834	Mortgage ioan
Prada Middle East	3,155	Term-loan	USD	02/2022	2.190%	3,155	-	-
Tannerie Limoges sas	1,625	Term-loan	EUR	07/2024	1.200%	500	1,125	Mortgage ioan
Hipic Prod Impex srl	2,798	Term-loan	RON	11/2021	3.990%	2,798	-	-
Total	597,684					204,144	393,540	

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

The mortgage loan granted to PRADA spa is secured against the building in Milan used for the Group's headquarters, and Kenon Ltd's mortgage loan is secured against the building on Old Bond Street, London, used for one of the most prestigious Prada stores in Europe. The loan granted to Tannerie Limoges sas is secured by that 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, 2021 (unaudited)		December 31, 2020 (audited)	
	variable interest rates	fixed interest rates	variable interest rates	fixed interest rates
Short-term financial payables	82%	18%	65%	35%
Long-term financial payables	79%	21%	71%	29%

24. LONG-TERM EMPLOYEE BENEFITS

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Post-employment benefits	53,458	54,160
Other long-term employee benefits	19,667	19,096
Total liabilities for long-term benefits	73,125	73,256
Pension plan surplus (Note 16)	(11,815)	(11,277)
Net liabilities for long-term benefits	61,310	61,979

The net balance of long-term employee benefits as at June 30, 2021 is Euro 61.3 million (Euro 62 million as at December 31, 2020), and all the benefits are classified as defined benefit plans.

The post-employment benefits consist of Euro 27.3 million (Euro 28.1 million at December 31, 2020) in liabilities accounted for by Italian companies and Euro 26.1 million by the foreign subsidiaries (Euro 26.1 million at December 31, 2020).

The following table shows the changes in long-term employee benefits in the six months ended June 30, 2021:

(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)	28,050	26,111	(11,277)	19,095	61,979
Current service cost	330	1,799	-	7,090	9,219
Benefits paid	(1,034)	(1,002)	-	(6,746)	(8,782)
Exchange differences	-	(796)	(538)	228	(1,106)
Closing balance (unaudited)	27,346	26,112	(11,815)	19,667	61,310

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 for the six-month period ended June 30, 2021 are as follows:

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

The provisions for risks and charges represent management's best estimate of the maximum amount of potential liabilities. In the Directors' opinion, based on the information available to them, as also supported by the opinions of independent experts, the total amount allocated for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from them.

With regards to the Other provisions, which mainly consist of contractual obligations to restore leased commercial properties to their original condition, the decrease of the period related to stores closed, essentially in the Asia Pacific region.

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

In addition, at the date of the approval of this Interim Report, the Company is

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

26. OTHER NON-CURRENT LIABILITIES

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Deferred costs for lease payments	4,430	4,362
Deferred income for commercial agreements	121,148	104,000
Other non-current liabilities	929	2,392
Total	126,507	110,754

Deferred income for commercial agreements relates to contracts that became effective on January 1, 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 2021 (unaudited)	December 31 2020 (audited)
Share Capital	255,882	255,882
Share premium reserve	410,047	410,047
Other reserves	2,119,795	2,262,759
Actuarial reserve	(8,543)	(8,151)
Fair value Investments in equity instruments reserve	(12,068)	(25,188)
Cash flow hedge reserve	(9,384)	(5,794)
Translation reserve	28,109	(3,359)
Net income / (loss) for the period	97,243	(54,139)
Total	2,881,081	2,832,057

SHARE CAPITAL

As at June 30, 2021, 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.

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 increased from the Euro -3.4 million at December 31, 2020 to Euro 28.1 million.

OTHER RESERVES

The Other reserves decreased from Euro 2,263 million at December 31, 2020 to Euro 2,120 million as at June 30, 2021 as a consequence of the allocation of 2020 net loss and the distribution of dividends of Euro 89,558,840, as approved at the General Meeting held on May 27, 2021 for the approval of the financial statements for the year ended December 31, 2020.

The dividends net of the withholding taxes (Euro 84.9 million) were paid during the period under review, whereas the withholding tax (Euro 4.7 million), calculated by applying the ordinary Italian tax rate to the entire amount of the dividends distributed to the beneficial owners of the Company's shares held through the Hong Kong Central Clearing and Settlement System, was paid in July 2021.

NET INCOME / (LOSS) FOR THE PERIOD

The Group's net income for the six months ended June 30, 2021 was Euro 97.2 million (net loss of Euro 54.1 million for the twelve months ended December 31, 2020).

28. EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The following table shows the changes in the non-controlling interests during the periods ended June 30, 2021 and December 31, 2020:

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Opening Balance (audited)	19,663	21,417
Disposal of additional shares to the Group	(4,751)	-
Share capital increase / (reduction)	(140)	-
Translation differences	363	(1,526)
Dividends	(1,491)	-
Net income / (loss) for the period	(355)	(229)
Actuarial reserve	-	1
Closing balance (unaudited)	13,289	19,663

The disposal of additional shares to the Group refers to the transaction made with DFS Group L.P. for the acquisition of the residual minority stake in the “Travel Retail Shop” companies as explained in paragraph 4. Mergers and acquisitions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For a better understanding of the performance of the first six-month period of 2021, 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 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Net sales	1,477,656	925,283
Royalties	23,350	12,374
Total	1,501,006	937,657

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 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Purchases of raw materials and manufacturing services	202,352	203,714
Depreciation, amortization and impairment on tangible and intangible fixed assets	8,906	8,797
Depreciation and write-downs of the Right of Use assets	1,528	1,543
Labor cost	57,740	56,391
Short-term and low value lease (IFRS 16)	14	413
Logistics costs, duties and insurance	72,596	36,327
Change in inventories	42,885	(29,853)
Total	386,021	277,332

The incidence of the cost of good sold on net revenues for the six months ended June 30, 2021 was equal to 25.7%, while in the corresponding period of 2020 stood at 29.6%. The improvement in profitability was due to the reduced economies of scale in the manufacturing division for the Covid-19 pandemic, that significantly impacted the first six months of 2020, as well as a more favorable sales mix in terms of distribution channels, geographical areas and product in 2021.

31. OPERATING EXPENSES

The operating costs are detailed below:

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	% of net revenues	six months ended June 30 2020 (unaudited)	% of net revenues
Product design and development costs	63,736	4.2%	52,986	5.7%
Advertising and communications costs	126,892	8.5%	94,177	10.0%
Selling costs	651,139	43.4%	611,422	65.2%
General and administrative costs	107,314	7.1%	97,536	10.3%
Total	949,081	63.2%	856,121	91.3%

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

In parallel, 2021 benefited from a lower charge of "Selling expenses of the closed stores during the lockdowns", estimated as Euro 27.1 million in the six months ended June 30, 2021 and Euro 112.4 million in the comparative period. On average, during the period under review some 17% of the stores were prevented to operate following the pandemic, while in the same period of 2020 the number of stores closed was 27%.

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 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Depreciation, amortization and impairment on tangible and intangible fixed assets	90,598	111,487
Depreciation and write-downs of the Right of Use assets	211,277	228,919
Labor Cost	308,660	282,942
Pure variable lease (IFRS 16)	78,439	52,618
Short term and low value lease (IFRS 16)	2,778	2,314

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 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Interest expenses on borrowings	(4,378)	(4,894)
Interest income	660	1,214
Exchange gains / (losses) - realized	(1,699)	(1,348)
Exchange gains / (losses) - unrealized	(2,334)	(9,974)
Other financial income / (expenses)	(1,268)	(1,405)
Interest and other financial income / (expenses), net	(9,019)	(16,407)
Interest expenses on Lease Liability	(18,827)	(23,433)
Dividends from investments	103	116
Total financial expenses	(27,743)	(39,724)

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

33. TAXATION

Income taxes have the following composition:

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Current taxation	31,172	1,645
Deferred taxation	10,101	(53,650)
Income taxes	41,273	(52,005)

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

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

(amounts in thousands of Euro)	June 30 2021 (unaudited)	December 31 2020 (audited)
Opening balance (audited)	222,638	214,869
Exchange differences	2,653	(10,888)
Deferred taxes on acquisition	-	(1,318)
Deferred taxes on derivative instruments recorded in equity (cash flow hedges)	1,769	(1,727)
Deferred taxes on post-employment benefits recorded in equity (reserve for actuarial differences)	(379)	1,034
Other movements	(54)	589
Deferred taxes for the period in profit or loss	(10,101)	20,079
Closing balance (unaudited)	216,526	222,638

Deferred tax assets and liabilities are classified by nature hereunder:

(amounts in thousands of Euro)	June 30, 2021 (unaudited)		December 31, 2020 (audited)	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	124,664	-	123,078	-
Receivables and other assets	1,683	1,585	1,177	1,548
Useful life of non-current assets	34,760	7,996	34,975	8,447
Deferred taxes due to acquisitions	-	12,668	-	12,699
Provision for risks / accrued expenses	15,092	495	13,135	429
Non-deductible / taxable charges/income	6,721	1,668	6,148	1,639
Deferred tax assets on rental contract	39,874	487	40,630	504
Tax loss carryforwards	5,939	-	12,189	-
Derivative financial instruments	3,062	-	1,508	222
Long-term employee benefits	10,528	3,084	10,911	2,262
Other	3,839	1,653	8,137	1,500
Total	246,162	29,636	251,888	29,250

34. EARNINGS / (LOSSES) AND DIVIDENDS PER SHARE

EARNINGS / (LOSSES) PER SHARE BASIC AND DILUTED

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

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Group net income / (loss) in Euro	97,243,973	(180,332,175)
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Basic and diluted earnings / (losses) per share in Euro, calculated on weighted average number of shares	0.038	(0.070)

DIVIDENDS

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

The dividends net of the withholding taxes (Euro 84.9 million) were paid during the period under review, whereas the withholding tax (Euro 4.7 million), calculated by applying the ordinary Italian tax rate to the entire amount of the dividends distributed to the beneficial owners of the Company's shares held through the Hong Kong Central Clearing and Settlement System, was paid in July 2021.

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 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Production	2,866	3,062
Product design and development	950	1,027
Advertising and Communications	171	167
Selling	7,705	8,427
General and administrative services	927	986
Total	12,619	13,669

EMPLOYEE REMUNERATION

The employee remuneration by business division, net of government subsidies for Covid-19 pandemic, is presented below:

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Production	61,753	51,862
Product design and development	34,774	27,732
Advertising and Communications	8,795	7,233
Selling	205,620	185,691
General and administrative services	47,860	40,349
Total	358,802	312,867

The types of employee remuneration are presented below:

(amounts in thousands of Euro)	six months ended June 30 2021 (unaudited)	six months ended June 30 2020 (unaudited)
Wages and salaries	269,649	235,144
Post-employment benefits and other long-term benefits	18,754	14,821
Social contributions	55,700	50,717
Other	14,699	12,185
Total	358,802	312,867

DISTRIBUTABLE RESERVES OF PARENT COMPANY, PRADA SPA

(amounts in thousands of Euro)	June 30, 2021 (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	-	-
Retained earnings	973,885	A, B, C	948,471	-	345,441
Fair value reserve	(12,068)	-	-	-	-
Time value reserve	(901)	-	-	-	-
Intrinsic value reserve	(3,997)	-	-	-	-
Distributable amount	-	-	1,541,417	-	345,441

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, 2021, June 30, 2020 and December 31, 2020 are listed hereunder:

Currency	Average rate six months ended June 30 2021	Average rate six months ended June 30 2020	Closing rate June 30 2021	Closing rate December 31 2020
UAE Dirham	4.428	4.046	4.365	4.507
Australian Dollar	1.563	1.678	1.585	1.590
Brazilian Real	6.494	5.404	5.905	6.374
Canadian Dollar	1.504	1.503	1.472	1.563
Swiss Franc	1.094	1.064	1.098	1.080
Czech Koruna	25.862	26.335	25.488	26.242
Danish Kronor	7.437	7.465	7.436	7.441
GB Pound	0.868	0.874	0.858	0.899
Hong Kong Dollar	9.356	8.550	9.229	9.514
Japanese Yen	129.779	119.237	131.430	126.490
Korean Won	1,347.015	1,328.724	1,341.410	1,336.000
Kuwait Dinar	0.364	0.339	0.358	0.373
Kazakhstani Tenge	511.236	445.562	508.850	516.790
Macau Pataca	10.750	8.809	10.598	10.882
Moroccan Dirham	9.632	10.763	9.484	9.792
Mexican Peso	24.324	23.853	23.578	24.416
Malaysian Ringgit	4.937	4.681	4.934	4.934
New Zealand Dollar	1.681	1.760	1.703	1.698
Qatari Riyal	4.448	4.040	4.406	4.535
Chinese Renminbi	7.799	7.747	7.674	8.023
Romanian Leu	4.901	4.817	4.928	4.868
Russian Ruble	89.604	76.683	86.773	91.467
Saudi Riyal	4.521	4.137	4.461	4.603
Swedish Kronor	10.131	10.664	10.111	10.034
Singapore Dollar	1.606	1.541	1.598	1.622
Thai Baht	37.122	34.828	38.118	36.727
Turkish Lira	9.498	7.146	10.321	9.113
Taiwan Dollar	33.788	33.057	33.151	34.468
Ukrainian Hryvna	33.476	28.633	32.346	34.740
US Dollar	1.205	1.102	1.188	1.227
Vietnamese Dong	27,924.144	25,591.124	27,585.000	28,469.000
South African Rand	17.531	18.308	17.011	18.022

36. REMUNERATION OF BOARD OF DIRECTORS

REMUNERATION OF THE PRADA SPA BOARD OF DIRECTORS FOR THE SIX MONTHS ENDED JUNE 30, 2021

(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 2021 (unaudited)
Paolo Zannoni	125	-	-	-	20	145
Miuccia Prada Bianchi	6,250	-	-	-	24	6,274
Patrizio Bertelli	6,250	-	-	-	24	6,274
Lorenzo Bertelli	-	94	27	-	32	153
Alessandra Cozzani	-	190	205	6	93	494
Stefano Simontacchi	25	-	-	-	-	25
Maurizio Cereda	40	-	-	-	-	40
Marina Sylvia Caprotti	8	-	-	-	1	9
Yoël Zaoui	9	-	-	-	1	10
Total	12,707	284	232	6	195	13,424

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

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, 2021 (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	287	3	1,125	-	1,173	-	-	-
COR 36 S.r.l. New Zeland Branch	856	-	-	-	-	-	-	-
DFS DFS Cotai limitada	-	-	-	10,064	-	-	-	-
SPELM SA	-	-	-	4,189	-	-	-	4,231
Rubaiyat Modern Lux.Pr.Co.Ltd	-	-	-	-	-	946	-	-
LUDO DUE S.R.L.	-	-	-	4,112	-	-	-	4,551
PAC S.R.L. (ex Prada Challenge America's)	-	-	-	-	-	-	-	-
Luna Rossa Challenge Srl	2,086	10,703	-	-	-	-	-	-
Chora Srl	-	5,686	-	-	433	-	-	-
Peschiera Immobiliare srl	-	-	-	3,541	38	-	-	4,111
Premiata Srl	11	-	-	-	113	-	-	-
Conceria Superior S.p.A.	1	-	-	-	669	-	-	-
Perseo srl	1	-	-	-	188	-	-	-
COR 36 S.r.l.	49	5,750	-	-	-	-	-	-
Al Tayer Group LLC	-	-	-	-	3	-	-	-
Al Tayer Insignia LLC	729	-	-	-	22	2,255	-	-
Danzas LLC	-	-	309	-	-	-	386	-
Al Sanam Rent a Car LLC	-	-	-	-	2	-	-	-
JCS (2009) Limited ex (Joseph Cheaney & Sons Ltd)	-	-	-	-	-	-	-	-
TRS New Zealand Pty. Ltd	-	-	-	-	2	-	-	-
Prada Hawaii Corp.	-	-	-	-	7	-	-	-
Prada Finnish Oy	-	-	-	-	-	-	-	-
PRADA HOLDING S.P.A.	14	-	-	-	-	-	-	-
BELLATRIX S.P.A.	-	-	-	-	-	-	-	-
Orexis S.r.l.	-	20,000	18,000	-	-	-	-	-
PH-RE	-	-	-	238,509	-	-	-	261,922
Other Related Parties	4	-	-	-	-	-	-	-
Members of the Board of Directors of PRADA spa	-	-	-	-	-	-	2,860	-
Relatives of members of the Board of Directors	-	-	-	-	-	-	1,125	-
Total at June 30, 2021 (unaudited)	4,038	42,142	19,434	260,415	2,650	3,201	4,371	274,815

STATEMENT OF FINANCIAL POSITION BALANCES AS OF DECEMBER 31, 2020 (AUDITED)

(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	Lease Liability	Other Liabilities
Les Femmes srl	331	-	1,125	-	960	-	-	-
CECCO BRUNA 2011 srl	-	-	-	10	(54)	-	6	-
Luna Rossa Challenge 2013 NZ ltd	228	-	-	-	-	-	-	-
COR 36 srl New Zeland Branch	856	-	-	-	-	-	-	-
DFS Hawaii	-	-	-	-	3	-	-	-
DFS Cotai limitada	188	-	-	5,673	355	-	7,347	-
DFS Guam LP	-	-	-	87	-	-	144	-
DFS Saipan Ltd	-	-	-	12	-	-	24	-
DFS Okinawa	-	-	-	31	-	-	92	-
SPELM SA	-	-	-	4,524	-	-	4,560	-
Rubaiyat Modern Lux.Pr.Co.Ltd	-	-	-	-	-	917	-	-
LUDO DUE S.R.L.	-	-	-	4,671	-	-	5,154	-
Orexis S.r.l.	-	20,000	18,000	-	-	-	-	-
Progetto Prada Arte srl	3	-	-	-	-	-	-	-
Luna Rossa Challenge 2013 srl	2,152	18,532	-	-	-	-	-	-
Chora Srl	-	5,848	-	-	403	-	-	-
Peschiera Immobiliare srl	-	-	-	3,820	38	-	4,384	-
Premiata srl	-	-	-	-	125	-	-	-
Conceria Superior spa	1	-	-	-	661	-	-	-
Perseo srl	-	-	-	-	330	-	-	-
COR 36 srl	46	6,500	-	-	-	-	-	-
Al Tayer Group llc	-	-	-	-	8	-	-	-
Al Tayer Insignia llc	596	-	-	-	45	2,184	-	-
Danzas llc	-	-	309	-	50	-	-	234
Al Sanam Rent a Car llc	-	-	-	-	1	-	-	-
PRADA HOLDING spa	5	-	-	-	-	-	-	-
BELLATRIX spa	-	-	-	-	-	-	-	-
PH-RE	-	155	-	257,496	-	-	280,168	-
Members of the Board of Directors of PRADA spa	-	-	-	-	-	380 (*)	-	2,206
Relatives of members of the Board of Directors	-	-	-	-	-	-	-	471
Total at December 31, 2020 (audited)	4,406	51,035	19,434	276,324	2,925	3,481	301,879	2,911

(*) Payables for the acquisition of Fratelli Prada spa

STATEMENT OF PROFIT OR LOSS TRANSACTIONS FOR THE SIX MONTHS ENDED JUNE 30, 2021 (UNAUDITED)

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (incomes)	Interest incomes	Interest expenses
Les Femmes Srl	-	2,311	-	6	-
CECCO BRUNA 2011 SRL	-	2	-	-	-
Luna Rossa Challenge 2013 NZ LTD	-	-	(12)	-	-
SPELM SA	-	-	263	-	18
LUDO DUE S.R.L.	-	-	558	-	21
Ludo Tre S.r.l.	-	-	(1)	-	-
Luna Rossa Challenge Srl	3	-	10,527	-	-
Chora Srl	-	-	861	-	-
Peschiera Immobiliare srl	-	21	265	-	18
Premiata Srl	-	9	338	-	-
Conceria Superior S.p.A.	-	4,405	30	-	-
Perseo srl	-	321	-	-	-
COR 36 S.r.l.	1	-	5,748	-	-
Al Tayer Group LLC	-	-	14	-	-
Al Tayer Insignia LLC	910	-	66	-	-
Danzas LLC	-	20	24	-	-
Al Sanam Rent a Car LLC	-	-	5	-	-
PRADA HOLDING S.P.A.	-	-	(7)	-	-
PH-RE	-	-	9,427	-	1,225
Relatives of members of the Board of Directors	-	-	1,005	-	-
Total at June 30, 2021 (unaudited)	914	7,089	29,111	6	1,282

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

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (incomes)	Interest incomes	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

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 such company and PRADA Japan co ltd in relation to the lease for the two Aoyama Buildings in Tokyo for Prada and Miu Miu stores. The transactions reported for the six months ended June 30, 2021 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, respectively, 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, 2021 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, respectively, December 1, 2017 (“Sponsorship Agreement”) and November 20, 2020 (“Amendment to Sponsorship Agreement”). In fact, during the reporting period PRADA spa stipulated with Luna Rossa Challenge srl an amendment to the sponsorship agreement, regarding an additional contribution to the one originally agreed upon.

The transactions with related party Challenger of Record 36 srl for the six months ended June 30, 2021 are regulated by Chapter 14A of the Listing Rules because they are considered continuing connected transaction 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 transaction is contained in PRADA spa’s Announcement dated March 1, 2020.

The transaction with related party Orexis srl for the six months ended June 30, 2021 is regulated by Chapter 14A of the Listing Rules because it is considered a connected transaction subject to disclosure, but it is exempt from the independent shareholders’ approval requirement. As required by the Listing Rules, comprehensive disclosure of this connected transaction is contained in PRADA spa’s Announcement dated December 29, 2020.

Apart from the non-exempt continuing connected transactions and non-exempt connected transactions reported above, no other transaction reported in the 2021 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 2020	December 31 2019	December 31 2018	December 31 2017 (*)	January 31 2017
Net revenues	2,422,739	3,225,594	3,142,148	2,741,095	3,184,069
Gross margin	1,743,378	2,319,612	2,262,594	2,030,696	2,289,112
Operating income (EBIT)	20,061	306,779	323,846	315,878	431,181
Group net income	(54,139)	255,788	205,443	217,721	278,329
Total assets	6,527,927	7,038,439	4,678,812	4,739,375	4,656,929
Total liabilities	3,676,207	4,049,864	1,781,743	1,873,204	1,552,399
Total Group shareholders' equity	2,832,057	2,967,158	2,877,986	2,844,652	3,080,502

(*) 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	100	Figline e Incisa Valdarno	Italy	12/01/2016	Manufacturing
Church Italia Srl	EUR	51	100	Milan	Italy	01/31/1992	Retail/Services
Marchesi 1824 Srl (*)	EUR	914	100	Milan	Italy	07/10/2013	Food&Beverage
Figline Srl (*)	EUR	10	100	Milan	Italy	07/24/2019	Manufacturing
Pelletteria Figline Srl	EUR	20	100	Figline e Incisa Valdarno	Italy	09/30/2020	Manufacturing
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	4,350	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	100	Sibiu	Romania	04/15/2016	Manufacturing
Church Germany Gmbh	EUR	200	100	Munich	Germany	09/18/2018	Retail
Prada San Marino	EUR	26	100	Falciano	San.Marino	04/15/2021	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	100	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	86,592	100	New York	U.S.A.	02/18/1997	Real Estate
PRADA Retail Mexico, S. de R.L. de C.V.	MXN	269,140	100	Mexico City	Mexico	07/12/2011	Retail
PRADA Brasil Importação e Comércio de Artigos de Luxo Ltda (*)	BRL	340,000	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 P.R.C.	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	100	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	0.1	55	Singapore	Singapore	08/08/2002	Dormant
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	100	Guam	Guam	07/01/1999	Duty-Free Stores
Prada Guam Llc	USD	0.001	100	Guam	Guam	02/04/2021	Retail
Prada Saipan Llc (*)	USD	1,405	100	Saipan	Saipan	01/20/2021	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/Dormant
TRS Okinawa KK	JPY	10,000	100	Tokyo	Japan	01/21/2005	Duty-Free Stores
PRADA Fashion Commerce (Shanghai) Co. Ltd (***)	RMB	624,950	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	Under liquidation
PRADA Retail South Africa (pty) ltd (*)	ZAR	50,000	100	Sandton	South Africa	06/09/2014	Under liquidation

(*) 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, 2021 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 S.r.l.	66.7	EUR	26,971	7,475	23,367	(275)	-
TRS Singapore Pte Limited	55	SGD	409	409	-	(5)	-
Prada Emirates Llc	29.4	AED	66,712	(13,934)	31,359	960	-
Prada Middle East Fzco	60	AED	81,770	42,289	30,112	936	-
Prada Kuwait Wll	29.4	KWD	17,116	2,262	11,631	428	-
Prada Saudi Arabia Ltd	75	SAR	16,975	5,115	8,057	588	-
Tannerie Limoges S.A.S.	60	EUR	9,547	52	2,958	(94)	-

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

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

