PRADA Group

H1-2022 Results Presentation

Milan, July 28th 2022
Agenda

Patrizio Bertelli – CEO
Business Update

Lorenzo Bertelli – Marketing Director and Head of CSR
Key Marketing and ESG Initiatives

Andrea Bonini – CFO
H1-22 Financial Review

Paolo Zannoni – Executive Chairman
Concluding Remarks

Q&A Session
Highlights
Strong semester underpinned by strategic delivery and brand momentum

**H1-22 Net Revenues**
- €1.9 bln, +27% reported
- +22% constant fx

**H1-22 Retail Sales**
- €1.7 bln, +31% reported
- +26% constant fx

**Gross Margin**
- 77.7%

**EBIT Adj. Margin**
- 17.4%

**Significant progress against strategy**

**Continued investments in creativity, industrial know-how and infrastructure**

**Operational improvements driving revenue growth and profitability**

**Implemented new steps to achieve ESG targets**

Currently on accelerated trajectory to achieve strategic KPIs laid out at 2021 Capital Markets Day
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Q&A Session
H1-22 Strategic Progress (1/2)
Accelerated delivery of our strategy

Prada Group’s Distinctive Vision

• Unconventional perspectives on luxury
• High demand brands
• Strong dialogues continue to foster group audiences

Style, Quality, And Unique Products

• All categories up double digit – acceleration in Leather Goods
• Further enriched collections and multiple price points
• Exclusive NFT drops build momentum and excitement

Focus on Direct Distribution

• Sustained top line growth driven by healthy like-for-like increase
• Ongoing investment in restyling, pop-ups and selective new openings
• Omni-channel approach delivers further enhanced customer journey
Industrial Know-How and Vertical Integration

- Supply chain optimisation in progress
- Process control and product excellence
- Further investments in vertical integration

ESG is a Long-Term Value Driver

- Robust contribution of ESG committee
- Focused on setting ambitious key targets to deliver further progress by the end of the year

Investment in People and Technology infrastructure

- Continued investment in people and tech infrastructure
- Creatively approached Web3
Financial Highlights
Strategic progress delivered strong financial results

- Achieved Net Revenues of €1.9 bln (+22% at constant fx)
- Strong performance across direct channels in line with strategy
  - Further retail acceleration (+26% vs. H1-21 and +38% vs. H1-19)
  - Continued strength online
  - Retail contribution ~ 90%
- Strong performance across all product categories and countries excluding China / Russia
- Gross Margin of 77.7%
- Healthy and sustained top line growth delivered material margin expansion:
  - EBIT Adj.(*) to €331 mln, 17.4% Margin, vs. H1-21 Margin of 11.1%
- ~ 60 store renovation projects in H1-22
- Strong balance sheet with Net Cash of €179 mln

(*) EBIT Adjusted excludes Other non-recurring income and expenses (for the six months ended June 30, 2022, €26 mln write-down of non-current assets in Russia)
Operational priorities for H2-22
Continue long term strategy for growth

• Product
  - Further enriched
  - Strong brand connotation
  - Continued focus on Leather Goods
  - Launch of Jewellery
• Continued investment in direct distribution
  - Further step-up of store renovation plan
  - Selective new openings
  - Omni-channel
• Cost and capital allocation discipline
• Further investment in vertical integration
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Q&A Session
Prada Group – tailored approach to brand marketing
Relentless customer focus driving performance

• Investing in ideas: optimising marketing processes and implementing new ideas to challenge them

• Re-inventing the existing: focusing on a clear brand and customer DNA

• Balance between iconic and new formats: the identity of each brand articulates in projects and formats that become part of the brand equity itself

• Empowering the community: creating new engaging dialogues with our audiences, balancing growth across customer age groups - strong traction with GEN Y and GEN Z
Prada: Strong sustained brand momentum
Successful balance of new and iconic formats

Increased interest in collections co-created by Miuccia Prada and Raf Simons
- Prada Men’s SS23 Mentions: 3.5 mln (+43k% vs. SS22)
- #1 in terms of Mentions in a panel of competitors between Paris and Milan fashion weeks

Continued talent relevance in Prada Men’s advertising campaign
- FW22 advertising campaign featuring Jeff Goldblum, Damson Idris and Rami Malek

Key events drive brand visibility
- Prada celebrated Miuccia Prada’s collaboration for the design of Baz Luhrmann’s Elvis movie costumes
- Elvis cast attended the Met Gala in Prada

Crossing new boundaries with Linea Rossa
- Nikolas Plytas wakeboarding 5.6 mln views on IG
- Pierre Vaultier snowboarding 2.9 mln views on IG

Successful approach to Web3
- Prada Time Capsule NFT:
  - First Drop sold out in a few minutes (June 2022)
  - Second Drop confirms high demand combined with NFTs (July 2022)
- Prada with Meta for the launch of its Avatar store

Source: Sprinklr
Miu Miu: Enhanced brand awareness and desirability
A clear identity and strong brand resonance

FW22 Miu Miu fashion show continues to expand the brand’s territories
• Live streaming +31% vs. FW21

Artistic Collaboration with Nathalie Djurberg and Hans Berg for the set up and a jewellery capsule collection

Upcycled by Miu Miu
• Third episode presented during FW22 fashion show
• 50 unique embellished vintage jackets
• Giving new life to pre-owned and pre-loved clothing

Miu Wander bag campaign featuring Sydney Sweeney
• A rediscovery of the codes and the identity of Miu Miu, through a new perspective
• 9.2 mln engagement and 401.7 mln reach
Clear brand heat
Excellent results confirmed

**PRADA**

- Prada.com website traffic
  - +34% visits
  - H1-22 vs H1-21

- Share of Search effectiveness
  - +26%
  - H1-22 vs H1-21

- Among the hottest brands
  - Top 3
  - Q2-22 Lyst Index from #4 in Q1-22

**miumiu.com**

- miumiu.com website traffic
  - +33% visits
  - H1-22 vs H1-21

- Share of Search effectiveness
  - +26%
  - H1-22 vs H1-21

- Climb the ranking
  - #7
  - Q2-22 Lyst index from #10 in Q1-22

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1 Source Adobe Analytics
2 Source Adobe Analytics - Growth of search traffic to website, including natural and paid search (not limited to Google)
ESG is a long term value driver
Concrete actions and progress

Governance
- Sustainability Committee fully running
- Operational Committee established to speed up ESG integration
- Approved short-term action plan to improve ESG performances

Climate Strategy
- Implemented set of initiatives to meet reduction target for Scope 1 & 2 GHG emissions (*), while carbon neutral for Scope 1 & 2
- Identified long-term initiatives to meet reduction target for Scope 3 GHG emissions

Materials Innovation
- New strategic partnership with Leather Working Group (LWG)
- Started internal project for the traceability of leather procurement

People
- Sea Beyond educational program (VR experience on global scale + Lisbon event)
- Launch of internal survey on DE&I (**)
- Company-wide sustainability training

(*)& (**): Diversity, Equity and Inclusion

Next focus
- Biodiversity and water resources management
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Q&A Session
Key Financials Summary
Strong growth and profitability acceleration

H1-22 Net Revenues
€1,901 mln (+22% vs. 21 / +22% vs. 19) *

Retail Sales (€ mln) and growth (%) *

H1-22 EBIT Adj.
€331 mln *

EBIT / EBIT Adj. (€ mln) and margin (%)

H1-22 Net Operating Cash Flow *
€158 mln

Net Financial Position (€ mln)**

(*) at constant fx (%)

(*) EBIT Adjusted excludes Other non-recurring income and expenses

(*) Net cash flow from operating activities, less repayment of lease liabilities

(**) (Net debt) / Net Cash position

PRADA Group
### Net sales by Channel

Outstanding retail performance – highly controlled wholesale

<table>
<thead>
<tr>
<th>€ mln</th>
<th>H1-22</th>
<th>H1-22 vs. H1-21</th>
<th>H1-22 vs. H1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>1,678</td>
<td>+26%</td>
<td>+38%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>194</td>
<td>-3%</td>
<td>-39%</td>
</tr>
<tr>
<td>Total</td>
<td>1,872</td>
<td>+22%</td>
<td>+22%</td>
</tr>
</tbody>
</table>

#### Retail
- Strong retail performance driven by healthy like-for-like increase
- Q1 and Q2 saw a sequential acceleration on a 3-year stack basis
- Online sales up robust double-digit yoy throughout the period

#### Wholesale
- Selective approach to traditional wholesale and e-tailers
Retail sales by Geography
Strong growth despite Mainland China lockdowns

<table>
<thead>
<tr>
<th>Geography</th>
<th>H1-22</th>
<th>H1-22 vs.</th>
<th>H1-22 vs. H1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ mln</td>
<td>H1-22</td>
<td>H1-22 vs. H1-21</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>590</td>
<td>-7%</td>
<td>+26%</td>
</tr>
<tr>
<td>Europe</td>
<td>486</td>
<td>+89%</td>
<td>+34%</td>
</tr>
<tr>
<td>Americas</td>
<td>360</td>
<td>+41%</td>
<td>+116%</td>
</tr>
<tr>
<td>Japan</td>
<td>161</td>
<td>+28%</td>
<td>-3%</td>
</tr>
<tr>
<td>Middle East</td>
<td>80</td>
<td>+24%</td>
<td>+59%</td>
</tr>
<tr>
<td>Total</td>
<td>1,678</td>
<td>+26%</td>
<td>+38%</td>
</tr>
</tbody>
</table>

- **Asia Pacific** impacted by lockdowns in Mainland China from mid-March; remarkable strength in other regions
  - ~30% of the Chinese retail network impacted in Q2-22; improvement in June
  - Strong performance in Korea and South East Asia throughout the semester

- Outstanding performance in **Europe**, notwithstanding tough comparisons to Q2-21 and Russia impact
  - Sharp growth across the region driven by domestic sales and tourist flows in Q2-22

- Strong growth in the **Americas** across US, Canada and Latin America
  - Triple digit growth on a 3-year stack

- Accelerating trend yoy in **Japan** in Q2-22; robust performance in the **Middle East**
Retail sales by Product
Strong performance across all categories

<table>
<thead>
<tr>
<th>€ mln</th>
<th>H1-22</th>
<th>H1-22 vs. H1-21</th>
<th>H1-22 vs. H1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leather Goods</td>
<td>856</td>
<td>+18%</td>
<td>+24%</td>
</tr>
<tr>
<td>Ready to Wear</td>
<td>461</td>
<td>+32%</td>
<td>+65%</td>
</tr>
<tr>
<td>Footwear</td>
<td>320</td>
<td>+39%</td>
<td>+46%</td>
</tr>
<tr>
<td>Other</td>
<td>41</td>
<td>+86%</td>
<td>+45%</td>
</tr>
<tr>
<td>Total</td>
<td>1,678</td>
<td>+26%</td>
<td>+38%</td>
</tr>
</tbody>
</table>

- **Leather Goods**
  - Acceleration driven by new and iconic lines
  - Balanced growth across bags, accessories and gender
  - Richer collections across multiple price points

- **RTW**
  - Continued strength with clear design leadership
  - Highly appreciated new collections across Prada and Miu Miu

- **Footwear**
  - Sharp growth driven by lifestyle and new collections
Retail sales by Brand
Outperformance of Prada - Continued improvement at Miu Miu

<table>
<thead>
<tr>
<th>Brand</th>
<th>€ mln</th>
<th>H1-22</th>
<th>H1-22 vs. H1-21</th>
<th>H1-22 vs. H1-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prada</td>
<td>1,457</td>
<td>+28%</td>
<td></td>
<td>+46%</td>
</tr>
<tr>
<td>Miu Miu</td>
<td>196</td>
<td>+14%</td>
<td></td>
<td>+5%</td>
</tr>
<tr>
<td>Church’s</td>
<td>14</td>
<td>+29%</td>
<td></td>
<td>-39%</td>
</tr>
<tr>
<td>Other (*)</td>
<td>10</td>
<td>+87%</td>
<td></td>
<td>+27%</td>
</tr>
<tr>
<td>Total</td>
<td>1,678</td>
<td>+26%</td>
<td></td>
<td>+38%</td>
</tr>
</tbody>
</table>

(*) includes Marchesi and Car Shoe

- **Prada**
  - Outstanding performance across all product categories
  - Solid range comprising new products and iconic carryover
  - Balanced growth across customer gender and age groups

- **Miu Miu**
  - Turned positive on a 3-year stack
  - Growing visibility thanks to impactful communication strategy and acclaimed SS fashion show
  - Very successful introductions of new products delivers positive performance across all categories yoy

- **Church’s**
  - Encouraging trend despite ongoing headwinds in category
Gross margin development
Significant improvement driven by multiple factors

- **H1-21**: 74.3%
- **Avg price**: 2.8%
- **FX**: +0.6%
- **H1-22**: 77.7%

Significant improvement driven by multiple factors.
Operating costs
OPEX decline as a % of Net Revenues by ~ 3 p.p.

<table>
<thead>
<tr>
<th>€ mln</th>
<th>Operating costs (*)</th>
<th>H1-21</th>
<th>% on Net Revenues</th>
<th>H1-22</th>
<th>% on Net Revenues</th>
<th>H1-22 vs. H1-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling</td>
<td>651</td>
<td>43.4%</td>
<td>796</td>
<td>41.8%</td>
<td>+22%</td>
<td></td>
</tr>
<tr>
<td>Advertising &amp; Promotion</td>
<td>127</td>
<td>8.5%</td>
<td>155</td>
<td>8.2%</td>
<td>+22%</td>
<td></td>
</tr>
<tr>
<td>Design and Product Development</td>
<td>64</td>
<td>4.2%</td>
<td>69</td>
<td>3.6%</td>
<td>+8%</td>
<td></td>
</tr>
<tr>
<td>G&amp;A</td>
<td>107</td>
<td>7.1%</td>
<td>127</td>
<td>6.7%</td>
<td>+19%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>949</strong></td>
<td><strong>63.2%</strong></td>
<td><strong>1,147</strong></td>
<td><strong>60.3%</strong></td>
<td><strong>+21%</strong></td>
<td></td>
</tr>
<tr>
<td>EBIT Adj.</td>
<td>166</td>
<td>11.1%</td>
<td>331</td>
<td>17.4%</td>
<td>+99%</td>
<td></td>
</tr>
</tbody>
</table>

- OPEX increase (+21% reported, +17% at constant fx) mainly driven by variable component, decrease in COVID contributions, higher discretionary A&P spend, higher labour costs and normalisation of business activities post pandemic
- EBIT Adj. up by 99%, a 630 basis points yoy improvement to 17.4%

(*) Excludes Other non-recurring income and expenses
Capex
Continued investments in Retail, IT and Industrial

- ~ 60 renovation and relocation projects
- 8 net closures (7 openings and 15 closures) / 627 DOS end of June 2022
- €18 mln industrial Capex and €12 mln IT Capex
Net Operating Working Capital
Remains flat as a % of sales

€ mln

- Trade Receivables
- Inventory
- Trade Payables

FY-21

<table>
<thead>
<tr>
<th>Component</th>
<th>FY-21</th>
<th>H1-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Receivables</td>
<td>602</td>
<td>680</td>
</tr>
<tr>
<td>Inventory</td>
<td>663</td>
<td>731</td>
</tr>
<tr>
<td>Trade Payables</td>
<td>-390</td>
<td>-370</td>
</tr>
<tr>
<td>% of Net Sales</td>
<td>18%</td>
<td>18%</td>
</tr>
</tbody>
</table>

% of Net Sales

PRADA Group
### Net Financial Position

**Strong balance sheet with Net Cash of €179 mln**

<table>
<thead>
<tr>
<th>€ mln</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening Net financial position surplus / (deficit) - 31/12/2021</strong></td>
<td>238</td>
</tr>
<tr>
<td>Consolidated Net Result</td>
<td>189</td>
</tr>
<tr>
<td>Net Working Capital</td>
<td>-71</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>+131</td>
</tr>
<tr>
<td>Capital expenditures and Investments</td>
<td>-93</td>
</tr>
<tr>
<td>Dividends</td>
<td>-170</td>
</tr>
<tr>
<td>Other</td>
<td>-44</td>
</tr>
<tr>
<td><strong>Closing Net financial position surplus / (deficit) - 30/06/2022</strong></td>
<td>179</td>
</tr>
</tbody>
</table>
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**Paolo Zannoni** – Executive Chairman
Concluding Remarks

Q&A Session
Concluding remarks
Confident on ability to achieve medium-term targets despite macro uncertainty

• Decisive action taken to evolve the business continues to deliver financial and operational strength

• Despite highly uncertain global macro environment, current trading remains strong

• H1-22 results accelerated the Group’s trajectory towards the mid-term targets

• Several external factors could influence our performance and we are vigilant, ready to react

• Focus on balancing margin improvement and investment in: people, retail network, technological and manufacturing infrastructure, omni-channel capabilities and sustainability
PRADA Group

Q&A SESSION
PRADA Group

APPENDIX
## Condensed P&L

<table>
<thead>
<tr>
<th></th>
<th>H1-19</th>
<th>H1-21</th>
<th>H1-22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenues</strong></td>
<td>1,570</td>
<td>1,501</td>
<td>1,901</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>-444</td>
<td>-386</td>
<td>-423</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>1,126</td>
<td>1,115</td>
<td>1,477</td>
</tr>
<tr>
<td>Selling</td>
<td>-707</td>
<td>-651</td>
<td>-796</td>
</tr>
<tr>
<td>Advertising &amp; Promotion</td>
<td>-101</td>
<td>-127</td>
<td>-155</td>
</tr>
<tr>
<td>Design and Product Development</td>
<td>-65</td>
<td>-64</td>
<td>-69</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>-102</td>
<td>-107</td>
<td>-127</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>-975</td>
<td>-949</td>
<td>-1,147</td>
</tr>
<tr>
<td><strong>EBIT Adj.</strong></td>
<td>150</td>
<td>166</td>
<td>331</td>
</tr>
<tr>
<td>Non-recurring items</td>
<td>0</td>
<td>0</td>
<td>-26</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>150</td>
<td>166</td>
<td>305</td>
</tr>
<tr>
<td>Total Financial expenses</td>
<td>-30</td>
<td>-28</td>
<td>-27</td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>120</td>
<td>138</td>
<td>277</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>34</td>
<td>-41</td>
<td>-88</td>
</tr>
<tr>
<td>Minority Income</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Group Net income / (Loss)</strong></td>
<td>155</td>
<td>97</td>
<td>188</td>
</tr>
<tr>
<td>Total D&amp;A</td>
<td>-340</td>
<td>-312</td>
<td>-352</td>
</tr>
</tbody>
</table>

**PRADA Group**
## Condensed Balance Sheet

<table>
<thead>
<tr>
<th>Category</th>
<th>31 Dec 2021</th>
<th>30 June 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right of use</td>
<td>1,956</td>
<td>1,976</td>
</tr>
<tr>
<td>Non current assets (excl deferred tax assets)</td>
<td>2,490</td>
<td>2,500</td>
</tr>
<tr>
<td>Net operating working capital</td>
<td>602</td>
<td>680</td>
</tr>
<tr>
<td>Other current assets / (liabilities), net</td>
<td>-163</td>
<td>-155</td>
</tr>
<tr>
<td>Other non current assets / (liabilities), net</td>
<td>51</td>
<td>123</td>
</tr>
<tr>
<td><strong>Net invested capital</strong></td>
<td><strong>4,936</strong></td>
<td><strong>5,123</strong></td>
</tr>
<tr>
<td>Consolidated shareholders' equity</td>
<td>3,129</td>
<td>3,243</td>
</tr>
<tr>
<td>Net financial position (surplus) / deficit</td>
<td>-238</td>
<td>-179</td>
</tr>
<tr>
<td>Long term lease liability</td>
<td>1,627</td>
<td>1,650</td>
</tr>
<tr>
<td>Short term lease liability</td>
<td>418</td>
<td>410</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,936</strong></td>
<td><strong>5,123</strong></td>
</tr>
<tr>
<td>Net operating cash flow</td>
<td>751</td>
<td>158</td>
</tr>
<tr>
<td>Net working Capital / Sales</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Capex</td>
<td>217</td>
<td>97</td>
</tr>
<tr>
<td>Debt / Equity</td>
<td>negative</td>
<td>negative</td>
</tr>
</tbody>
</table>

PRADA Group

July 28th 2022