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PRADA Group

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

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

- Prada Group reported net revenues of Euro 2,549 million, up by 17% at constant exchange rates on the same period of 2023;
- Retail net sales increased by 18% at constant exchange rates on the same period of 2023;
- Retail net sales of the Prada brand increased by 6% and Miu Miu by 93%, at constant exchange rates;
- Double-digit growth in Japan +55%, Middle East +20%, Europe +18% and Asia Pacific +12%, all at constant exchange rates; Americas increased by 7%;
- EBIT of Euro 575 million, corresponding to 22.6% of net revenues, increasing by 17% versus the same period of 2023 (Euro 491 million, 22% of net revenues);
- Group net income of Euro 383 million, up 26% versus the same period of 2023;
- Net financial position positive for Euro 265 million as of June 30, 2024.

Presentation of the Prada Group

Prada S.p.A. ("Prada" or the "Company"), together with its subsidiaries (collectively the "Group" or the "Prada Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). The Prada Group is a leading player 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 ready-to-wear. It also operates in the food sector with the Marchesi 1824 brand, in the most prestigious sailing races with Luna Rossa and in the eyewear and beauty industries under licensing agreements.

The Group owns 26 production facilities (23 in Italy, 1 in the United Kingdom, 1 in France and 1 in Romania) and its products are sold in 70 countries worldwide mainly through its directly operated stores, which numbered 593 as of June 30, 2024. The Prada Group's products are also sold directly through the brands' e-commerce activity and indirectly in selected high-end department stores, by independent retailers in very exclusive locations and by important e-tailers.

The Company is a joint-stock company with limited liability, registered and domiciled in Italy. Its registered office is at via Fogazzaro 28, Milan. As of June 30, 2024 (the reporting date of these unaudited Interim Condensed Consolidated Financial Statements), 79.98% of the share capital was owned by Prada Holding S.p.A., a company domiciled in Italy, and the remainder consisted of floating shares listed on the Main Board of the Hong Kong Stock Exchange.

Basis of presentation

The financial information presented herein refers to the group of companies controlled by the Company, the operating parent company of the Prada Group, and it is based on the unaudited Interim Condensed Consolidated Financial Statements for the six-month period ended June 30, 2024.

This announcement has been prepared consistently with the accounting standards and policies used to prepare the 2023 Annual Report, since none of the new standards and amendments to existing standards that became effective during the period had a material impact on the figures and disclosures provided.

At the date of presentation of this document, there were no differences between the International Financial Reporting Standards ("IFRS") endorsed by the European Union ("EU") and applicable to the Prada Group and those issued by the International Accounting Standard Board ("IASB"), except for the following amendments to existing standards that have not been endorsed yet.

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").

Amendments to existing standards issued by the IASB, endorsed by the European Union and applicable to the Prada Group from January 1, 2024.

Amendments to existing standards	Effective date for Prada Group	EU endorsement dates
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – Deferral of Effective Date - Non-current Liabilities with Covenants	January 1, 2024	December 2023
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	January 1, 2024	November 2023
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)	January 1, 2024	May 2024

The introduction of these amendments did not have any effect on these Consolidated Financial Statements.

Amendments to existing standards issued by the IASB, but not yet endorsed by the European Union as of June 30, 2024.

Amendments to existing standards	Date of possible application	EU endorsement status
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	January 1, 2025	Not endorsed yet
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024)	January 1, 2026	Not endorsed yet

Key financial information

Key economic indicators (amounts in thousands of Euro)	six months ended June 30 2024 (unaudited)	six months ended June 30 2023 (unaudited)
Net revenues	2,548,634	2,232,379
EBIT (*)	575,119	491,419
% incidence on net revenues	22.6%	22.0%
Net income of the Group	383,499	305,168
Earnings per share (Euro)	0.150	0.119
Net operating cash flow (**)	580,484	181,753

(*) Non-IFRS measure equal to Earnings before Interest and Taxation

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

Key financial position indicators (amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Net operating working capital (*)	779,869	734,742
Net invested capital (right of use assets included) (**)	5,825,290	5,790,789
Net financial surplus / (deficit) (***)	265,383	196,908
Group shareholders' equity	3,919,867	3,853,795

(*) Non-IFRS measure equal to the sum of trade receivables (net), inventories (net) and trade payables

(**) Non-IFRS measure equal to the sum of the total consolidated shareholders' equity, the lease liability and net financial surplus/(deficit)

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

Highlights of the six-month period ended June 30, 2024

In the first half of 2024 the Prada Group achieved a solid performance reflecting strong brand momentum and desirability. The high-quality growth, delivered at both Prada and Miu Miu, rests on unique creativity, dynamism, and a disciplined execution of the strategy amidst increasingly complex industry and geopolitical dynamics.

Group's net revenues grew by 17.4% at constant exchange rates compared to the first half of 2023, a performance driven by full price, like-for-like volumes.

At brand level, Prada's retail net sales recorded solid growth of 5.5% over the period; Miu Miu's retail net sales grew by 92.7% yoy, a remarkable performance reflecting strength across all categories and regions.

The EBIT margin (22.6%) showed further expansion, notwithstanding higher investments. The Group closes the period with a healthy balance sheet and a net cash position of Euro 265 million.

At Prada, the positive momentum continued as the brand capitalised on its creative strength, high-impact initiatives, and engagement with audiences. The positive performance was supported by a well-balanced category mix: newness and icons continued to sustain Leather Goods, while creative dynamism drove Ready-To-Wear and Footwear traction. Successful menswear and womenswear

shows confirmed the appeal of the brand's aesthetic codes. Collaborations with celebrated talents boosted the unveiling of a bold reinterpretation of the iconic Galleria bag and the presentation of the Re-Nylon collection campaign.

As for Miu Miu, the brand kept shining as excitement continued to rise among its community, fuelled by acclaimed fashion shows and engaging activations. The brand's very positive commercial response extended across all categories, with impactful communication initiatives, including the new Leather Goods campaign, fostering the brand's desirability. Special projects like Miu Miu Upcycled and successful collaborations kept the brand in the spotlight. Moreover, Miu Miu's distinctive voice continued to nurture contemporary cultural debates and inspire its community worldwide with the launch of Miu Miu's first Literary Club "Writing Life" and the introduction of the itinerant Miu Miu Summer Reads.

At retail level, the upgrade of the network progressed at pace with 36 renovations and relocation projects completed in the first six months of the year, confirming the Group's unwavering commitment to elevate the client experience and support retail execution. Following 9 openings and 22 closures, the Group ends the period with 593 Directly Operated Stores.

Alongside retail initiatives, further progress was made in the digital evolution and in the strengthening of the supply chain, with a capex spending of Euro 15 million and Euro 32 million dedicated to Industrial and IT projects, respectively. Of note, in May the Group unveiled the expansion of a key facility in Torgiano (PG) specialised in knitwear and employing 214 resources. In addition to supporting the production cycle from design to manufacturing, the plant will be instrumental in preserving the know-how by hosting a new edition of the Prada Academy in September.

The Group also continued to build on its climate strategy, focusing on reducing the impact of its operations in terms of Scope 3 GHG emissions through an ambitious plan of transition to lower-impact raw materials, with particular attention to leather, cotton, viscose, polyester and nylon, as well as paper and plastic for packaging. Chemical stewardship, raw material traceability and water data collection were also key areas of focus.

Over the period, the Group further strengthened the governance overseeing the supply chain and trained procurement teams and strategic suppliers to reinforce the alignment to the Group's key sustainability objectives.

On the People side, the Group set the pillars of its 3-year DE&I roadmap, with initiatives encompassing gender equality in top management, training, parenting policies and the development of sustainability-linked leadership behaviours. Moreover, the remuneration of a higher proportion of key executives has been linked to sustainability.

Finally, the Group's commitment to culture and ocean conservation continued with the launch of the third SEA BEYOND educational module involving almost 35,000 students in 56 countries and a very successful international conference dedicated to ocean education, held in Venice in partnership with UNESCO.

Consolidated Statement of profit or loss for the six-month period ended June 30, 2024 (includes Non-IFRS Measures)

(amounts in thousands of Euro)	six months ended June 30 2024 (unaudited)	% on net revenues	six months ended June 30 2023 (unaudited)	% on net revenues	change	% change
Net sales (Note 1)	2,487,804	97.6%	2,184,896	97.9%	302,908	13.9%
Royalties	60,830	2.4%	47,483	2.1%	13,347	28.1%
Net revenues	2,548,634	100%	2,232,379	100%	316,255	14.2%
Cost of goods sold	(514,673)	-20.2%	(438,984)	-19.7%	(75,689)	17.2%
Gross margin	2,033,961	79.8%	1,793,395	80.3%	240,566	13.4%
Product design and development costs	(81,659)	-3.2%	(72,489)	-3.2%	(9,170)	12.7%
Advertising and communications costs	(219,250)	-8.6%	(187,274)	-8.4%	(31,976)	17.1%
Selling costs	(978,470)	-38.4%	(894,587)	-40.1%	(83,883)	9.4%
General and administrative costs	(179,463)	-7.0%	(147,626)	-6.6%	(31,837)	21.6%
Total operating expenses	(1,458,842)	-57.2%	(1,301,976)	-58.3%	(156,866)	12.0%
Operating income - EBIT	575,119	22.6%	491,419	22.0%	83,700	17.0%
Interest and other financial income / (expenses), net	(4,410)	-0.2%	(19,292)	-0.9%	14,882	-77.1%
Interest expenses on lease liability	(33,791)	-1.3%	(27,342)	-1.2%	(6,449)	23.6%
Dividends from investments	111	0.0%	226	0.0%	(115)	-50.9%
Total financial income / (expenses)	(38,090)	-1.5%	(46,408)	-2.1%	8,318	-17.9%
Income before taxation	537,029	21.1%	445,011	19.9%	92,018	20.7%
Taxation	(151,316)	-5.9%	(138,381)	-6.2%	(12,935)	9.3%
Net income for the period	385,713	15.1%	306,630	13.7%	79,083	25.8%
Net income - Non-controlling interests	2,214	0.1%	1,462	0.1%	752	51.4%
Net income - Group	383,499	15.0%	305,168	13.7%	78,331	25.7%

Consolidated Statement of financial position

(amounts in thousands of Euro)	Notes	June 30 2024 (unaudited)	December 31 2023 (audited)
Assets			
Current assets			
Cash and cash equivalents		661,260	689,519
Trade receivables, net	4	378,719	405,151
Inventories, net	5	864,403	782,978
Derivative financial instruments - current		17,202	17,550
Receivables due from, and advance payments to, related parties - current	6	125	138
Other current assets	7	253,654	267,412
Total current assets		2,175,363	2,162,748
Non-current assets			
Property, plant and equipment	8	2,076,944	2,032,876
Intangible assets	8	853,038	846,024
Right of use assets	9	2,071,808	2,024,552
Investments in equity instruments		36,154	41,610
Deferred tax assets		392,009	374,847
Other non-current assets	10	133,684	131,504
Derivative financial instruments - non-current		1,105	890
Receivables due from, and advance payments to, related parties - non-current		369	-
Total non-current assets		5,565,111	5,452,303
Total assets		7,740,474	7,615,051
Liabilities and equity			
Current liabilities			
Lease liabilities - current		415,768	411,289
Short-term financial payables and bank overdrafts		182,127	148,338
Payables due to related parties - current	11	6,043	5,858
Trade payables	12	463,253	453,387
Tax payables		252,459	121,823
Derivative financial instruments - current		7,879	7,543
Other current liabilities	13	273,086	302,143
Total current liabilities		1,600,615	1,450,381
Non-current liabilities			
Lease liabilities - non-current		1,737,678	1,699,599
Long-term financial payables		208,076	338,422
Long-term employee benefits		66,903	60,875
Provisions for risks and charges	14	55,397	49,867
Deferred tax liabilities		36,483	35,731
Other non-current liabilities		98,095	103,367
Total non-current liabilities		2,202,632	2,287,861
Total liabilities		3,803,247	3,738,242
Share capital			
Share capital		255,882	255,882
Total other reserves			
Total other reserves		3,162,419	2,833,889
Translation reserve		118,067	92,998
Net income for the period		383,499	671,026
Equity attributable to the owners of the Group		3,919,867	3,853,795
Equity attributable to Non-controlling interests		17,360	23,014
Total equity		3,937,227	3,876,809
Total liabilities and total equity		7,740,474	7,615,051

Consolidated Statement of changes in equity (amounts in thousands of Euro, except number of shares)

(amounts in thousands of Euro)	Number of shares (in thousands)	Share capital	Translation reserve	Share premium reserve	Cash flow hedge reserve	Actuarial reserve	Fair Value investments in equity instruments reserve	Other reserves	Total other reserves	Net income for the period	Equity		
											Equity attributable to owners of the Group	Equity attributable to Non-controlling interests	Total equity
Balance as of December 31, 2022	2,558,824	255,882	112,646	410,047	10,060	(7,107)	(10,405)	2,245,901	2,648,496	465,193	3,482,217	18,805	3,501,022
Allocation of 2022 net income	-	-	-	-	-	-	-	465,193	465,193	(465,193)	-	-	-
Dividends	-	-	-	-	-	-	-	(281,471)	(281,471)	-	(281,471)	(250)	(281,721)
Monetary revaluation IAS 29	-	-	-	-	-	-	-	2,409	2,409	-	2,409	-	2,409
Comprehensive income / (loss) for the period (recyclable to P&L)	-	-	(15,657)	-	7,451	-	-	-	7,451	305,168	296,962	1,270	298,232
Comprehensive income / (loss) for the period (not recyclable to P&L)	-	-	-	-	-	-	1,299	-	1,299	-	1,299	-	1,299
Balance as of June 30, 2023	2,558,824	255,882	96,989	410,047	17,511	(7,107)	(9,106)	2,432,032	2,843,377	305,168	3,501,416	19,825	3,521,241
Share capital increase	-	-	-	-	-	-	-	-	-	-	-	2,571	2,571
Monetary revaluation IAS 29	-	-	-	-	-	-	-	4,434	4,434	-	4,434	-	4,434
Comprehensive income / (loss) for the period (recyclable to P&L)	-	-	(3,991)	-	(11,215)	-	-	-	(11,215)	365,858	350,652	629	351,281
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	(3,040)	333	-	(2,707)	-	(2,707)	(11)	(2,718)
Balance as of December 31, 2023	2,558,824	255,882	92,998	410,047	6,296	(10,147)	(8,773)	2,436,466	2,833,889	671,026	3,853,795	23,014	3,876,809
Allocation of 2023 net income	-	-	-	-	-	-	-	671,026	671,026	(671,026)	-	-	-
Dividends	-	-	-	-	-	-	-	(350,559)	(350,559)	-	(350,559)	(250)	(350,809)
Acquisition of additional shares from Non-controlling interests	-	-	-	-	-	-	-	5,101	5,101	-	5,101	(9,576)	(4,475)
Monetary revaluation IAS 29	-	-	-	-	-	-	-	7,651	7,651	-	7,651	-	7,651
Other movements	-	-	-	-	-	-	-	(1,768)	(1,768)	-	(1,768)	1,768	-
Comprehensive income / (loss) for the period (recyclable to P&L)	-	-	25,069	-	(700)	-	-	-	(700)	383,499	407,868	2,404	410,272
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	-	8,773	(10,994)	(2,221)	-	(2,221)	-	(2,221)
Balance as of June 30, 2024	2,558,824	255,882	118,067	410,047	5,596	(10,147)	-	2,756,923	3,162,419	383,499	3,919,867	17,360	3,937,227

Consolidated Statement of cash flows for the six-month period ended June 30, 2024

(amounts in thousands of Euro)	six months ended June 30 2024 (unaudited)	six months ended June 30 2023 (unaudited)
Income before taxation	537,029	445,011
<u>Profit or loss adjustments</u>		
Depreciation of the right of use assets	220,359	221,203
Depreciation and amortization of property, plant and equipment and intangible assets	131,070	108,869
Impairment of the right of use assets	-	3,917
Impairment of property, plant and equipment and intangible assets	5,776	2,510
Non-monetary financial (income) expenses	12,609	35,662
Interest expenses on lease liability	33,791	27,342
Other non-monetary (income) expenses	11,737	17,298
<u>Balance sheet changes</u>		
Other non-current assets and liabilities	(5,131)	(26,038)
Trade receivables, net	19,890	(2,179)
Inventories, net	(100,076)	(56,615)
Trade payables	25,976	(7,591)
Other current assets and liabilities	(21,904)	(49,045)
Cash flows from operating activities	871,126	720,344
Interest paid (net), including interest paid on lease liability	(39,272)	(21,918)
Taxes paid	(32,577)	(304,922)
Net cash flows from operating activities	799,277	393,504
Purchases of property, plant and equipment and intangible assets	(182,916)	(149,204)
Disposals of equity instruments	2,969	-
Acquisition of additional shares from Non-controlling interests	(4,589)	-
Dividends from investments	111	229
Net cash flows utilised by investing activities	(184,425)	(148,975)
Dividends paid to shareholders of Prada S.p.A.	(331,060)	(266,818)
Dividends paid to Non-controlling shareholders	(250)	(250)
Repayment of lease liabilities	(218,793)	(211,751)
Loans from related parties	-	1,500
Repayment of current portion of long-term borrowings - third parties	(47,617)	(47,335)
Change in short-term borrowings - third parties	(50,816)	(24,032)
Capital injection in associates	-	(4,509)
Net cash flows utilised by financing activities	(648,536)	(553,195)
Change in cash and cash equivalents, net of bank overdrafts	(33,684)	(308,666)
Foreign exchange differences	5,441	(16,620)
Opening cash and cash equivalents, net of bank overdraft	689,503	1,091,557
Closing cash and cash equivalents, net of bank overdraft	661,260	766,271

Consolidated Statement of comprehensive income for the six-month period ended June 30, 2024

(amounts in thousands of Euro)	six months ended June 30 2024 (unaudited)	six months ended June 30 2023 (unaudited)
Net income for the period	385,713	306,630
A) Items that may be reclassified subsequently to P&L:	24,559	(8,398)
Foreign exchange differences on translation of foreign operations	25,259	(15,849)
Tax impact	-	-
Change in translation reserve less tax impact	25,259	(15,849)
Gains / (losses) on cash flow hedging instruments	(912)	9,820
Tax impact	212	(2,369)
Change in Cash Flow Hedge reserve less tax impact	(700)	7,451
B) Items that will not be reclassified subsequently to P&L:	(2,221)	1,299
Change in Fair Value in equity instruments reserve	(2,221)	1,299
Tax impact	-	-
Change in Fair Value in equity instruments reserve less tax impact	(2,221)	1,299
Comprehensive income for the period - Consolidated	408,051	299,531
Comprehensive income for the period - Non-controlling interests	2,404	1,270
Comprehensive income for the period - Group	405,647	298,261

Notes to the consolidated results for the six-month period ended June 30, 2024

1. Analysis of net revenues

(amounts in thousands of Euro)	six months ended June 30 2024 (unaudited)		six months ended June 30 2023 (unaudited)		%	%	Q2-24 vs Q2-23 % change constant exc. rates (*)
					change current exc. rates	change constant exc. rates (*)	
<u>Net revenues</u>							
Retail net sales (Directly Operated Stores and e-commerce)	2,262,591	88.8%	1,974,710	88.5%	14.6%	18.2%	18.5%
Wholesale net sales (independent customers and franchisees)	225,213	8.8%	210,186	9.4%	7.1%	7.8%	13.8%
Royalties	60,830	2.4%	47,483	2.1%	28.1%	28.1%	33.1%
Total net revenues	2,548,634	100%	2,232,379	100%	14.2%	17.4%	18.3%
<u>Retail net sales by brand</u>							
Prada	1,707,710	75.5%	1,667,909	84.5%	2.4%	5.5%	4.6%
Miu Miu	530,129	23.4%	285,160	14.4%	85.9%	92.7%	95.4%
Church's	14,656	0.6%	12,665	0.6%	15.7%	15.4%	9.6%
Other	10,096	0.4%	8,976	0.5%	12.5%	12.2%	11.1%
Total retail net sales	2,262,591	100%	1,974,710	100%	14.6%	18.2%	18.5%
<u>Retail net sales by geographic area</u>							
Asia Pacific	774,435	34.2%	715,724	36.2%	8.2%	12.0%	8.3%
Europe	682,192	30.2%	582,112	29.5%	17.2%	18.3%	18.6%
Americas	386,961	17.1%	361,073	18.3%	7.2%	7.0%	8.9%
Japan	308,612	13.6%	223,587	11.3%	38.0%	55.0%	64.6%
Middle East	110,391	4.9%	92,214	4.7%	19.7%	19.8%	24.8%
Total retail net sales	2,262,591	100%	1,974,710	100%	14.6%	18.2%	18.5%

(*) calculated excluding the effect of the hyperinflation in Turkey

2. Number of stores

	June 30, 2024		December 31, 2023		June 30, 2023	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Prada	417	18	428	20	426	22
Miu Miu	139	6	141	5	141	6
Church's	28	-	28	-	28	-
Car Shoe	2	-	2	-	2	-
Marchesi 1824	7	-	7	-	6	-
Total	593	24	606	25	603	28

	June 30, 2024		December 31, 2023		June 30, 2023	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Asia Pacific	200	22	196	23	192	25
Europe	195	-	200	-	200	-
Americas	92	-	102	-	102	-
Japan	84	-	85	-	86	-
Middle East	22	2	23	2	23	3
Total	593	24	606	25	603	28

3. Earnings and dividends per share

Earnings per share basic and diluted

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

	six months ended June 30 2024 (unaudited)	six months ended June 30 2023 (unaudited)
Group net income in Euro	383,499,246	305,167,809
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Basic and diluted earnings per share in Euro, calculated on weighted average number of shares	0.150	0.119

Dividends paid

During the six-month period ended June 30, 2024, the Company distributed dividends of Euro 350,558,888 (Euro 0.137 per share), as approved at the Annual General Meeting held on April 24, 2024 to approve the December 31, 2023 financial statements.

The dividends and the related Italian withholding tax due (Euro 18.3 million), determined 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, were paid in May 2024 and July 2024, respectively.

4. Trade receivables, net

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Trade receivables - third parties	390,288	414,621
Allowance for bad and doubtful debts	(13,419)	(11,341)
Trade receivables - related parties	1,850	1,871
Total	378,719	405,151

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

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Opening balance (audited)	11,341	11,595
Exchange differences	35	(244)
Increases	2,782	2,979
Reversals	(559)	(173)
Utilization	(180)	(2,816)
Closing balance (unaudited)	13,419	11,341

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

(amounts in thousands of Euro)	June 30 2024 (unaudited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	392,138	324,281	33,296	7,702	3,538	5,908	17,413
Total June 30, 2024 (unaudited)	392,138	324,281	33,296	7,702	3,538	5,908	17,413

(amounts in thousands of Euro)	December 31 2023 (audited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	416,492	331,052	55,306	9,854	3,717	2,570	13,993
Total Dec. 31, 2023 (audited)	416,492	331,052	55,306	9,854	3,717	2,570	13,993

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

(amounts in thousands of Euro)	June 30 2024 (unaudited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for bad and doubtful accounts	378,719	322,750	33,219	7,697	3,514	5,798	5,741
Total June 30, 2024 (unaudited)	378,719	322,750	33,219	7,697	3,514	5,798	5,741

(amounts in thousands of Euro)	December 31 2023 (audited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for bad and doubtful accounts	405,151	329,418	54,350	8,780	3,578	2,548	6,477
Total Dec. 31, 2023 (audited)	405,151	329,418	54,350	8,780	3,578	2,548	6,477

5. Inventories, net

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Raw materials	126,188	115,531
Work in progress	52,609	38,580
Finished products	803,648	726,295
Return assets	9,556	12,942
Allowance for obsolete and slow-moving inventories	(127,598)	(110,370)
Total	864,403	782,978

The stock increase was largely attributable to the need to support sales growth. In the first semester of 2024, the inventory allowance was increased, net of the utilisations and reversal, by Euro 17.2 million with allocations for slow-moving products and raw materials.

The changes in the allowance for obsolete and slow-moving inventories in the six-month period of 2024 are as follows:

(amounts in thousands of Euro)	Raw materials	Finished products	Total allowance for obsolete and slow-moving inventories
Opening balance (audited)	41,663	68,707	110,370
Exchange differences	2	36	38
Increases	3,750	14,696	18,446
Utilisation	-	(1,225)	(1,225)
Reversals	-	(31)	(31)
Closing balance (unaudited)	45,415	82,183	127,598

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

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Financial receivables	-	2
Other receivables and advances	125	136
Total	125	138

7. Other current assets

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
VAT	41,418	38,317
Taxation and other tax receivables	56,159	82,853
Other assets	12,480	15,063
Prepayments	137,629	124,244
Guarantee deposits	5,968	6,935
Total	253,654	267,412

8. Capital expenditure

The changes in the net carrying amount of property, plant and equipment for the six-month period ended June 30, 2024 are shown below:

(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)	1,186,896	74,640	330,544	302,205	67,284	71,307	2,032,876
Additions	1,339	5,996	46,852	15,405	3,352	64,065	137,009
Depreciation	(13,982)	(6,894)	(58,755)	(22,174)	(5,696)	-	(107,501)
Disposals	(36)	(39)	(119)	(62)	(6)	(450)	(712)
Exchange differences	17,532	41	(881)	1,468	(12)	(544)	17,604
Other movements	3,932	1,648	27,591	3,931	367	(37,307)	162
Impairment	-	(45)	(2,373)	(3,269)	(15)	(74)	(5,776)
Revaluation IAS 29	-	-	3,243	14	(1)	26	3,282
Closing balance (unaudited)	1,195,681	75,347	346,102	297,518	65,273	97,023	2,076,944

The increase in leasehold improvements and furniture & fittings regarded primarily restyling and relocation projects for the retail premises.

The assets under construction at the end of the period concern retail and industrial projects.

The changes in the net carrying amount of intangible assets for the six-month period ended June 30, 2024 are shown below:

(amounts in thousands of Euro)	Trademarks and intellectual property rights	Goodwill	Store lease acquisition	Software	Other intangibles	Assets in progress	Total net carrying amount
Opening balance (audited)	176,786	515,507	12	103,485	231	50,003	846,024
Additions	534	-	-	5,567	-	25,593	31,694
Amortization	(5,286)	-	1,553	(19,811)	(25)	-	(23,569)
Disposals	-	-	-	(68)	-	(97)	(165)
Exchange differences	830	-	2	7	(2)	(1)	836
Other movements	-	-	(1,567)	31,680	8	(31,903)	(1,782)
Closing balance (unaudited)	172,864	515,507	-	120,860	212	43,595	853,038

Impairment test

As required by IAS 36 "Impairment of Assets", intangible assets with indefinite useful lives are not amortised, but they are tested for impairment at least once

per year. The Group does not report intangible assets with indefinite useful lives apart from goodwill. As of June 30, 2024, the goodwill recognised in the consolidated financial statements is Euro 515.5 million, and it is allocated to the following cash generating units ("CGUs"):

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Prada	424,262	424,262
Miu Miu	91,245	91,245
Total	515,507	515,507

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

9. Right of use assets

The changes in the net carrying amount of the right of use assets for the six-month period ended June 30, 2024 are shown below:

(amounts in thousands of Euro)	Real estate	Other	Total net carrying amount
Opening balance (audited)	2,020,536	4,016	2,024,552
New contracts, initial direct costs and remeasurements	263,754	1,676	265,430
Depreciation	(219,162)	(1,197)	(220,359)
Contracts termination	(250)	-	(250)
Exchange differences	(1,375)	(1)	(1,376)
Revaluation IAS 29	3,811	-	3,811
Closing balance (unaudited)	2,067,314	4,494	2,071,808

The right of use assets increased by Euro 47.3 million, mainly as a result of new leases and remeasurements of existing leases totaling Euro 265.4 million, net of depreciation of Euro 220.4 million and foreign exchange differences negative impact of Euro 1.4 million.

The increase for new leases, initial direct costs and remeasurements is attributable to lease renewals (largely in Asia and Europe) and the remeasurement of the liability to adjust it to indexes commonly used in the real estate industry (mainly the consumer price index).

Right of use assets "other", amounting to Euro 4.5 million, includes plant, machinery, vehicles and hardware.

10. Other non-current assets

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Guarantee deposits	74,507	70,510
Prepayments for commercial agreements	43,820	45,907
Pension fund surplus	4,777	4,652
Other long-term assets	10,580	10,435
Total	133,684	131,504

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

11. Payables due to related parties - current

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Financial payables	6,043	5,853
Other payables	-	5
Total	6,043	5,858

12. Trade payables

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Trade payables - third parties	456,120	447,615
Trade payables - related parties	7,133	5,772
Total	463,253	453,387

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

(amounts in thousands of Euro)	June 30 2024 (unaudited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	463,253	421,574	20,364	3,693	3,021	2,276	12,325
Total June 30, 2024 (unaudited)	463,253	421,574	20,364	3,693	3,021	2,276	12,325

(amounts in thousands of Euro)	December 31 2023 (audited)	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	453,387	372,015	56,875	8,958	3,473	1,694	10,372
Total December 31, 2023 (audited)	453,387	372,015	56,875	8,958	3,473	1,694	10,372

13. Other current liabilities

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Payables for capital expenditure	76,438	92,137
Accrued expenses and deferred income	32,869	24,052
Other payables	163,779	185,954
Total	273,086	302,143

14. Provisions for risks and charges

The changes in the provisions for risks and charges for the six-month period ended June 30, 2024 are as follows:

(amounts in thousands of Euro)	Provision for legal disputes	Provision for tax disputes	Other provisions	Total
Opening balance (audited)	1,133	582	48,152	49,867
Exchange differences	5	4	260	269
Reversals	(575)	-	(294)	(869)
Utilisation	(393)	(79)	(1,002)	(1,474)
Increases	367	-	7,237	7,604
Closing balance (unaudited)	537	507	54,353	55,397

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

Tax disputes

Since 2016, Prada Asia Pacific Ltd (a retail subsidiary wholly owned by Prada S.p.A.) has been providing Prada S.p.A. with commercial services to support its wholesale distribution business in Asia Pacific, for remuneration (in place until 2021) disclosed, as early as the 2016 tax year, to the Italian Tax Authority through the submission of an advance pricing agreement application and various explanatory documents.

The Italian Tax Authority started discussions on the topic on October 2022 and, in order not to have the 2016 and 2017 fiscal years time barred, on April 28, 2023 and on April 26, 2024 respectively, it issued tax notices (IRES and IRAP) in which it challenged in full the deductibility of the remuneration paid to Prada Asia Pacific Ltd in both fiscal years, setting higher taxes (amounting to c. Euro 10.8 million for 2016 and c. Euro 9.8 million for 2017) and interests (amounting to c. Euro 2.3 million for 2016 and c. Euro 2 million for 2017).

In these tax notices the Italian Tax Authority recognised (i) the possibility for Prada S.p.A. to deduct the amount that, in the opinion of the Italian Tax Authority, it should have recognised to Prada Asia Pacific Ltd, without however quantifying it, and (ii) the non-application of penalties, by virtue of the correctness of the Transfer pricing contemporaneous documentation prepared by Prada S.p.A..

The Italian Tax Authority has not yet formalized a final position. Prada S.p.A. has filed an appeal against these tax notices both for 2016 and 2017 within the legal deadlines and discussions with the Italian Tax Authority are still ongoing.

The Company, also supported by the opinion of a leading tax consultancy firm, at this stage believes that there is no basis for recording a tax liability in relation to this case.

Other risk provisions

The other risk provisions amount to Euro 54.4 million as of June 30, 2024, primarily referring to contractual obligations to restore leased commercial properties to their original condition, and include also other liabilities for customs duty risks for an amount of Euro 3.7 million, consisting of Euro 1 million for a mistaken customs classification of footwear imported into the United States and Euro 2.7 million for risks of assessments regarding price adjustments, split among a few non-EU countries.

Management discussion and analysis for the six-month period ended June 30, 2024

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

The Prada Group generated net revenues of Euro 2,548.6 million in the six-month period ended June 30, 2024, up by 17.4% compared to the same period of 2023. Exchange rate fluctuations reduced growth by 3.2%, to 14.2%.

During the six-month period of 2024, retail net sales increased by 18.2% against the same period of 2023, driven by full price like-for-like sales. Over the period, retail net sales accounted for 88.8% of total net revenues, therefore in line with 2023 level.

As of June 30, 2024, the Group operated 593 stores, following 9 openings and 22 closures over the period.

Sales in the wholesale channel rose by 7.8% compared to the corresponding period of 2023, supported by duty free stores channel and with a controlled evolution of independent wholesale, in line with the Group strategy.

Royalty income grew by 28.1% on the same period of 2023, a strong performance driven by the contribution of both eyewear and fragrances.

Brands

Prada retail net sales increased by 5.5% yoy, a high-quality performance driven by full price like-for-like sales. Growth was spread across all product categories and genders, and delivered against a challenging comparison in China and in the rest of Asia Pacific countries.

Miu Miu retail net sales reported a remarkable organic performance in the six-month period at +92.7% yoy, with strong growth across regions and product categories.

During the semester Church's retail net sales reported a growth of 15.4% yoy.

The net revenues by brand amounted to Euro 1,924.9 million for Prada, Euro 595.4 million for Miu Miu, Euro 17.7 million for Church's, and Euro 10.7 million for the other brands.

Markets

Over the period the Group delivered double-digit growth across all regions, excluding Americas which nevertheless reported a further slight improvement. In Asia Pacific, retail net sales rose by 12%, albeit moderated in the second quarter on a tougher comparison base and increasing spending outside the area. In Europe, retail net sales rose by 18.3%, with a continued and stable growth supported by local clients and tourists spending.

In the Americas, retail net sales rose by 7%, with the second quarter showing a further slight sequential improvement.

Japan reconfirmed as the best performing region in the semester, as retail net sales increased by 55%, supported by a solid local demand and strong tourism flow. Japan reported a further acceleration in the second quarter.

Retail net sales in the Middle East also delivered a solid performance (+19.8%), with the second quarter showing acceleration.

Operating results

The gross margin for the six-month period ended June 30, 2024 corresponded to 79.8% on net revenues, down from the 80.3% of the same period of 2023. Excluding the effect of exchange rate differences, gross margin was substantially stable.

Operating expenses totaled Euro 1,458.8 million, up by Euro 156.9 million versus the same period of 2023. The increase was attributable primarily to variable costs resulting from the sales increase, higher marketing spend, personnel expenses, and other general and administrative costs.

The operating income for the period, or EBIT, was Euro 575.1 million, 22.6% of net revenues, compared to the Euro 491.4 million (22% of net revenues) of the same period of 2023.

Financial expenses and taxation

The net financial expenses of Euro 38.1 million were Euro 8.3 million lower than the same period of 2023. The decrease was largely attributable to lower exchange rate losses partially offset by higher interest expense on the lease liability.

The taxation for the six-month period ended June 30, 2024 was Euro 151.3 million, corresponding to 28.2% of the profit before tax.

Net income

The net income for the six-month period ended June 30, 2024 amounted to Euro 385.7 million (15.1% of net revenues), versus Euro 306.6 million (13.7% of net revenues) reported in the same period of 2023.

Net invested capital

The following table reclassifies the statement of financial position to provide information on the composition of the net invested capital:

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Right of use assets	2,071,808	2,024,552
Non-current assets (excluding deferred tax assets), net	3,057,105	3,006,998
Trade receivables, net	378,719	405,151
Inventories, net	864,403	782,978
Trade payables	(463,253)	(453,387)
Net operating working capital	779,869	734,742
Other current assets (excluding items of financial position)	262,007	276,123
Other current liabilities (excluding items of financial position)	(524,450)	(422,541)
Other current assets / (liabilities), net	(262,443)	(146,418)
Provision for risks	(55,397)	(49,867)
Post-employment benefits	(66,903)	(60,875)
Other long-term liabilities	(54,275)	(57,459)
Deferred taxation, net	355,526	339,116
Other non-current assets / (liabilities), net	178,951	170,915
Net invested capital	5,825,290	5,790,789
Shareholder's equity – Group	(3,919,867)	(3,853,795)
Shareholder's equity – Non-controlling interests	(17,360)	(23,014)
Total consolidated shareholders' equity	(3,937,227)	(3,876,809)
Long-term financial, net surplus / (deficit)	(207,707)	(338,422)
Short-term financial, net surplus / (deficit)	473,090	535,330
Net financial surplus / (deficit)	265,383	196,908
Net financial surplus / (deficit) to consolidated shareholders' equity ratio	-6.7%	-5.1%
Long-term lease liabilities	(1,737,678)	(1,699,599)
Short-term lease liabilities	(415,768)	(411,289)
Total lease liabilities	(2,153,446)	(2,110,888)
Net financial surplus / (deficit), including lease liabilities	(1,888,063)	(1,913,980)
Shareholders' equity and net financial surplus / (deficit), including lease liabilities	(5,825,290)	(5,790,789)

The net invested capital as of June 30, 2024 amounts to Euro 5,825 million, with equity of Euro 3,937 million and lease liabilities of Euro 2,153 million; the net financial position at the end of the period is a surplus of Euro 265.4 million.

The right of use assets increased by Euro 47.3 million, mainly as a result of new leases and remeasurements of existing leases totaling Euro 265.4 million, net of depreciation of Euro 220.4 million and foreign exchange differences negative impact of Euro 1.4 million.

The non-current assets, excluding deferred tax assets, (net) rose by Euro 50.1 million (Euro 3,057 million as of June 30, 2024 versus Euro 3,007 million as of December 31, 2023) following capital expenditures of the year amounting to Euro 168.7 million, against depreciation, amortisation and writedowns of Euro 136.8 million and foreign exchange differences positive impact of Euro 18.4 million.

(amounts in thousands of Euro)	six months ended June 30 2024 (unaudited)	six months ended June 30 2023 (unaudited)
Retail	116,843	94,650
Real estate	2,369	-
Production, logistics and corporate	49,491	55,856
Total	168,703	150,506

The Group continued to invest in store restyling / relocation projects and in the industrial area, as well as in the advancement of the technological and digital roadmap in the retail, manufacturing and corporate areas.

The net operating working capital as of June 30, 2024 is Euro 779.9 million, up by Euro 45.1 million from December 31, 2023: trade receivables decreased by Euro 26.4 million, inventories increased by Euro 81.4 million, and trade payables increased by Euro 9.9 million.

The other current liabilities (net) amount to Euro 262.4 million as of June 30, 2024, up by Euro 116 million from December 31, 2023, essentially due to the increase of the income tax liability.

The other non-current assets (net) of Euro 179 million as of June 30, 2024 rose by Euro 8 million from December 31, 2023.

Net financial position

The following table provides details of the net financial position:

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Bank borrowing - non-current	(208,076)	(338,422)
Financial payables and bank overdrafts - current	(182,127)	(148,338)
Payables to related parties - current	(6,043)	(5,853)
Total financial payables - current	(188,170)	(154,191)
Total financial payables	(396,246)	(492,613)
Cash and cash equivalents	661,260	689,519
Financial receivables from related parties - non-current	369	-
Financial receivables from related parties - current	-	2
Total financial receivables and cash and cash equivalents	661,629	689,521
Net financial surplus / (deficit)	265,383	196,908

The net operating cash flow for the six-month period, after the payment of the lease liability (Euro 218.8 million), was positive for Euro 580.5 million, which also benefitted from a calendar shift in the payment of Euro 67.1 million in

income taxes from June to July 2024. After the cash outflows for investing activities (Euro 184.4 million), dividend payments (Euro 331.3 million), net of the revaluation of the items of the net financial position (Euro 4.6 million) and other minor items, the net financial surplus reached Euro 265.4 million at the end of the period.

(amounts in thousands of Euro)	June 30 2024 (unaudited)	June 30 2023 (unaudited)
Cash flow from operating activities	871,126	720,344
Net cash, interest received (paid)	(5,480)	5,424
Lease liabilities: interest paid	(33,792)	(27,342)
Tax paid	(32,577)	(304,922)
Net cash flow from operating activities	799,277	393,504
Repayment of lease liabilities	(218,793)	(211,751)
Net operating cash flow	580,484	181,753
Net cash flow utilized by investing activities	(184,425)	(148,975)
Free cash flow	396,059	32,778

To provide greater financial flexibility, on April 17, 2024 Prada S.p.A. signed a new Euro 800 million Sustainability-Linked Revolving Credit Facility (5-year duration), replacing the existing Euro 400 million facility.

The total amount of undrawn lines of credit as of June 30, 2024 is equal to Euro 1,252 million (Euro 768 million as of December 31, 2023), consisting of Euro 858 million of committed lines and Euro 394 million of uncommitted lines.

All financial covenants were fully complied with as of June 30, 2024 and they are expected to be complied with within the next 12 months as well.

The following table sets forth the lease liabilities:

(amounts in thousands of Euro)	June 30 2024 (unaudited)	December 31 2023 (audited)
Long-term lease liabilities	1,737,678	1,699,599
Short-term lease liabilities	415,768	411,289
Total	2,153,446	2,110,888

The lease liabilities increased from Euro 2,111 million as of December 31, 2023 to Euro 2,153 million as of June 30, 2024, primarily as a result of remeasurements for lease extensions or modifications for Euro 263 million net of the payments of the period for Euro 218.8 million and termination of contracts of Euro 1.6 million.

The lease liabilities were concentrated mainly in Japan, the U.S.A. and Italy.

The net financial indebtedness, including the lease liabilities, amounted to Euro 1,888 million as of June 30, 2024 (Euro 1,914 million as of December 31, 2023).

Events after the reporting date

No significant events to be reported.

Outlook

The management is pleased with the Group's performance for the first half of the year, which was delivered on the backdrop of increasingly complex industry and geopolitical dynamics. For the months ahead, priority will remain to nurture the brands' desirability to continue to drive client engagement, and to progress in the journey towards retail excellence. While the current environment requires to be vigilant, the management has confidence in the Group's strategy and remains committed to the ambition to deliver solid, sustainable and above-market growth.

Corporate Governance Practices

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

The corporate governance model adopted by the Company consists of a set of rules, standards and structured procedures aimed at establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders, to enhance shareholder value and to uphold the Group's credibility and reputation. The corporate governance model adopted by the Company complies with the applicable laws and regulations in Italy, where the Company is incorporated, as well as the principles of the Corporate Governance Code (the "Code") in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Compliance with the Code

The Board of Directors of the Company (the "Board") has reviewed the Company's corporate governance practices and it is satisfied that such practices have complied with the code provisions set out in the Code throughout the six months from January 1, 2024, to June 30, 2024 (the "Reviewed Period"), save for Code Provision F.2.2, as Mr. Patrizio Bertelli (Chairman of the Board) was not able to attend the annual general meeting of the Company held on April 24, 2024 (the "AGM") due to other business commitments. In his absence, Mr. Paolo Zannoni (Executive Deputy Chairman of the Board) assumed the Chairman's role and duties at the AGM, ensuring the meeting proceeded smoothly with effective communication with the Shareholders.

The Company will continue to review and evaluate such practices from time to time to ensure that it complies with the Code and aligns with the latest developments.

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 current members of the Board were appointed at the AGM 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, 2026. The Board is currently made up of eleven directors, of which six are Executive Directors and five are Independent Non-Executive Directors, namely:

- Mr. Patrizio BERTELLI (Chairman of the Board and Executive Director)
- Mr. Paolo ZANNONI (Executive Deputy Chairman of the Board and Executive Director)
- Mr. Andrea GUERRA (Chief Executive Officer and Executive Director)
- Ms. Miuccia PRADA BIANCHI (Executive Director)
- Mr. Lorenzo BERTELLI (Executive Director)
- Mr. Andrea BONINI (Chief Financial Officer and Executive Director)
- Mr. Yoël ZAOUI (Lead Independent Director and Independent Non-Executive Director)
- Ms. Marina Sylvia CAPROTTI (Independent Non-Executive Director)
- Ms. Cristiana RUELLA (Independent Non-Executive Director)
- Ms. Pamela Yvonne CULPEPPER (Independent Non-Executive Director)
- Ms. Anna Maria RUGARLI (Independent Non-Executive Director).

During the Reviewed Period, the Board held three meetings on January 25, March 7, and April 24, 2024.

The Board has established the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, and the Sustainability Committee. In compliance with the Code, the Board has recommended an Independent Non-Executive Director to serve as the Chairperson for each Committee. The Chairperson is to be determined by the members of such Committee. The Terms of Reference and composition of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee are published on the websites of both the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Terms of Reference of the Board Committees are no less exacting than those set out in the Code.

Audit and Risk Committee

The Company has established an Audit and Risk Committee in compliance with Rule 3.21 of the Listing Rules, where at least one member possesses related financial management expertise to perform the duties of the Audit and Risk Committee. The Board appointed on April 24, 2024, the current members of the Audit and Risk Committee, being three Independent Non-Executive Directors, namely Mr. Yoël Zaoui (Chairman), Ms. Anna Maria Rugarli and Ms. Cristiana Ruella, 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, 2026.

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

During the Reviewed Period, the Audit and Risk Committee held three meetings on January 22, March 4, and April 22, 2024, with an attendance rate of 77.78% to, among others, examine and recommend to the Board the approval of the 2024 budget of the Group and its updates, to evaluate the methodology applied to the impairment test, to discuss the status of the major pending litigations of the Group and the internal audit and risk management activities, and to review, for the 2023 Year, the annual results and the Sustainability Report, the continuing connected transactions, the recapitalization of certain subsidiaries, and the unaudited financial results for the first quarter ended March 31, 2024. The Audit and Risk Committee held two further meetings on July 15 and July 29, 2024 to, among others, appoint the Chairperson of the Audit and Risk Committee, review the interim results for the Reviewed Period, provide updates on the selection process for the External Auditor, and on ongoing litigations, review the recapitalization of certain subsidiaries and related-parties transactions, present the 2024 Audit Plan, the reports of the Supervisory Board and Audit and Risk Committee for the Reviewed period, and the Internal Audit annual report.

Remuneration Committee

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration package of Directors and senior management and the establishment of a formal and transparent procedure for developing policies on such remuneration. The recommendations of the Remuneration Committee are then submitted to the Board for consideration and adoption, where appropriate. The Board appointed on April 24, 2024, the current members of the Remuneration Committee being two Independent Non-Executive Directors, Ms. Anna Maria Rugarli (Chairwoman) and Mr. Yoël Zaoui, and the Executive Director and Executive Deputy Chairman, Mr. Paolo Zannoni, 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, 2026.

During the Reviewed Period, the Remuneration Committee held two meetings on March 5 and April 24, 2024, with an attendance rate of 100%, to review and recommend, among others, the aggregate basic remuneration of the Board, to appoint its Chairperson, to determine the additional remuneration of the

directors vested with special authorities and to review the remuneration of the new members of the Board and of the new Statutory Auditors.

The Remuneration Committee held a further meeting on July 9, 2024, to review and discuss fringe benefits and provide an update on the existing long-term incentive ("LTI") plans.

Nomination Committee

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

The Board appointed on April 24, 2024, the current members of the Nomination Committee being two Independent Non-Executive Directors, Ms. Cristiana Ruella (Chairwoman) and Ms. Pamela Yvonne Culpepper, and one Executive Director, Mr. Lorenzo Bertelli 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, 2026.

During the Reviewed Period, the Nomination Committee held two meetings on February 20, and March 5, 2024, with an attendance rate of 66.67%, to verify the independence of the Independent Non-Executive Directors for the 2023 Year, to recommend the structure of the Board and the election and appointment of eleven directors in total at the AGM, and to recommend the proposed candidates for both the Board and the Board of Statutory Auditors, whose appointment is subject to the approval at the AGM.

Sustainability Committee

The Sustainability Committee assists and supports the Board with proposing and advisory functions in its assessments and decisions on sustainability, meaning the processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development along the value chain and strategy. Moreover, the Committee supports the preparation and review of non-financial reports, including the annual Sustainability Report, and communications concerning sustainability to be submitted to the Board for approval.

The Board appointed on April 24, 2024, the current members of the Sustainability Committee being two Independent Non-Executive Directors, Ms. Pamela Yvonne Culpepper (Chairwoman) and Ms. Anna Maria Rugarli, and one Executive Director, Mr. Lorenzo Bertelli 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, 2026.

During the Reviewed Period, the Sustainability Committee held two meetings on January 31 and February 29, 2024, with an attendance rate of 100%, to provide updates on progresses and achievements in ESG, and to approve the Sustainability Report for the 2023 Year and the industrial roadmap for

supporting sustainability in the Group's operations for the year ending December 31, 2024, to discuss the establishment of the Diversity, Equity & Inclusion ("DE&I") executive committee of Prada USA Corp. and the new DE&I Group governance.

The Sustainability Committee held a further meeting on July 11, 2024 to, among others, appoint the Chairperson of the Sustainability Committee, and provide updates on the latest initiatives and achievements in the Corporate and Industrial Sustainability strategy and activities.

Board of Statutory Auditors

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

The following persons were elected as statutory auditors or alternate statutory auditors (as the case maybe) at the AGM 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, 2026:

- Mr. Roberto SPADA – Chairman of the Board of Statutory Auditors
- Ms. Maria Luisa MOSCONI – Statutory Auditor
- Ms. Patrizia ARIENTI – Statutory Auditor
- Ms. Stefania BETTONI – Alternate Statutory Auditor
- Mr. Cristiano PROSERPIO – Alternate Statutory Auditor

During the Reviewed Period, the Board of Statutory Auditors held four meetings.

***"Organismo di Vigilanza"* (Supervisory Body)**

In compliance with Italian Legislative Decree 231 of June 8, 2001 (the "Decree"), the Company established an "Organismo di Vigilanza" (Supervisory Body) whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Organization, Management and Control Model, adopted by the Company pursuant to the same Decree. The "Organismo di Vigilanza" has three members appointed by the Board and selected among qualified and experienced individuals. The Board appointed on April 24, 2024, the current members of the "Organismo di Vigilanza" being Ms. Stefania Chiaruttini (Chairwoman), Mr. Armando Simbari, and Mr. Roberto Spada, Chairman of the Board of Statutory Auditors 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, 2026.

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 7, 2024, the Board recommended for the 2023 Year the payment of a final dividend of Euro 0.137 per share, representing a total dividend of Euro 350,558,888. The shareholders approved the distribution and payment of the final dividend at the AGM. The dividend was paid on May 17, 2024, while the relevant withholding tax has been paid in July 2024.

Directors' Securities Transactions

The Company has adopted a set of written procedures governing Directors' securities transactions on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code"). In response to specific enquiries by the Company, all Directors confirmed that they complied with the required standard set out in the Model Code and the Company's procedure at all applicable times during the Reviewed Period. There were no incidents of non-compliance during the Reviewed Period.

The Company has also adopted a set of written procedures governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. This set of procedures is on terms no less exacting than those set out in the Model Code.

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

During the Reviewed Period, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities. The Company did not hold any treasury shares during the Reviewed Period.

Publication of Interim Results Announcement and Interim Report

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

By Order of the Board
Prada S.p.A.
Mr. Paolo Zannoni
Executive Deputy Chairman

Milan (Italy), July 30, 2024

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