

PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS AS OF 30 JUNE 2021

MULTI YEAR BRAND INVESTMENT STRATEGY DELIVERS EXCELLENT RESULTS

RETAIL SALES WELL ABOVE 2019 LEVELS

EBIT AT 11.1%. STRONG IMPROVEMENT IN NET FINANCIAL POSITION

Milan, 29th July 2021 - The Prada S.p.A. Board of Directors today reviewed and approved the Consolidated Financial Results for the Half Year ended 30 June 2021.

Key highlights

- Strong progress in Retail revenues, well above H1-2019 levels, despite continued restrictions
- Profitable growth driven by full-price sales
- E-commerce growing by triple-digit percentage for the fifth quarter in a row
- Increasing store productivity
- Gross Margin improved at 74.3% of revenues
- Efficient management of operating expenses and production cycles
- EBIT above pre-Covid levels
- Strong cash flow generation and marked improvement in Net Financial Position

Key numbers

- **Total Net Revenues** at Euro 1,501 million, up 60% at current exchange rates on H1-2020 and 66% at constant exchange rates
- **Retail sales** up 60% versus H1-2020 and up 8% against H1-2019 at constant exchange rates, showing a strong acceleration in the second quarter
- **Wholesale sales** down 37% against H1-2019, consistent with our selective approach
- **EBIT** at Euro 166 million (11.1% on revenues), ahead of Euro 150 million in H1-2019 (9.6% on revenues)
- **Net Income** at Euro 97 million
- **Operating cash flow** at Euro 316 million
- **Capex** at Euro 75 million
- **Net Working Capital** at Euro 622 million, better than FY-2020, thanks to effective inventory management
- **Net Financial Position** at Euro -102 million, improving from Euro -311 million at 31 December 2020

Our strategy: increase brand momentum and profitability

Prada Group's strategy of investment in its brands has delivered profitable growth, with sales well above 2019 levels, despite the ongoing effect of the pandemic. Profitability has been driven by full price sales together with disciplined management of operating costs, resulting in an EBIT at above pre-Covid levels and strong operating cash flow generation.

The Prada Group has continued to strengthen and invest in its brands, through strict control of the distribution channels on-line and off-line, enhancement of the product offer and a further improved customer experience. Highly acclaimed Spring/Summer and Fall/Winter fashion shows continued to grow visibility and engagement online.

A strong commitment to ESG values remains at the core of the company strategy and we will disclose our Sustainability Roadmap to the market in the autumn.

Retail sales above pre-pandemic levels, despite restrictions

During the first half of 2021, around 17% on average of the store network was closed. Nevertheless, the retail channel delivered sales of Euro 1,281 million in the period, with trend improving constantly quarter after quarter. In Q2-2021, sales improved over Q2-2019 with double-digit growth. We expect growth to continue.

Online sales continued to make a strong contribution with triple-digit growth.

By geographies - change in constant currency:

€ mln / Δ% same FX	H1 21	H1 21 vs. H1 20	H1 21 vs. H1 19
Europe	263	19%	-29%
Asia Pacific	599	65%	35%
Americas	232	163%	53%
Japan	129	25%	-24%
Middle East	59	129%	28%
Total	1,281	60%	8%

Sales in **Europe** were impacted by the high levels of store closures (36% on average), but once stores re-opened, they partially recovered. Robust demand from local customers partially offset the lack of tourists.

Asia Pacific performed very well, showing strong double-digit growth in both quarters over 2019. Consumer demand was particularly strong in key markets compared with H1-2019: Mainland China (+77%), Taiwan (+74%) and Korea (+108%).

Americas showed a significant improvement, driven primarily by local consumers, with strong performance across all countries.

In **Japan** revenues suffered due to restrictions imposed by the government ahead of the Olympic games.

The **Middle East** kept on growing, driven mainly by local consumption and a somewhat increased inflow of tourists.

E-commerce delivered an outstanding performance with a sales increase that was once again in triple-digits compared with the same half in the previous year. The channel now accounts for 7% of retail sales.

Wholesale Sales: selective approach

With the aim to preserve our brands' positioning, we focused on developing retail sales: the **Wholesale** sales stood at Euro 196 million, down 37% compared to H1-2019.

Patrizio Bertelli, Chief Executive Officer of the Prada Group, commented:

“The commitment to our brands and stronger ties with our customers have delivered robust growth in sales across markets and product categories. We improved gross margin as well as the Group’s profitability, despite the uncertain environment. The sales momentum will stay strong in the second half of the year. Our brands have plenty of potential and we will unlock it over the medium term. I look forward to updating the market on this and other topics at a Capital Markets Day that will take place in the autumn”.

For further information:

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Prada Group

Pioneer of a dialogue with contemporary society across diverse cultural spheres and an influential leader in luxury fashion, Prada Group founds its identity on essential values such as creative independence, transformation and sustainable development, offering its brands a shared vision to interpret and express their spirit. The Group owns some of the world’s most prestigious luxury brands, Prada and Miu Miu, as well as Church’s, Car Shoe and the historic Pasticceria Marchesi, and works constantly to enhance their value by increasing their visibility and appeal. The Group designs, manufactures and distributes ready-to-wear collections, leather goods and footwear in more than 70 countries through a network of 633 stores as well as e-commerce channels, selected e-tailers and department stores around the world. The Group, which also operates in the eyewear and fragrances sector through licensing agreements, has 23 owned factories and approximately thirteen thousand employees.