

PRESS RELEASE

PRADA SPA APPROVES GROUP RESULTS AS OF 31 DECEMBER 2019

Milan, 18th March 2020 - The Prada S.p.A. Board of Directors held today reviewed and approved the Consolidated Financial Results for the Full Year 2019, ended 31 December 2019.

Introduction

The strong growth seen in H2 and up to the end of January 2020 has been interrupted by the Coronavirus outbreak. This unprecedented sanitary emergency is affecting our operational activities and threatening people's health, which is our main priority. All efforts are now dedicated to overcome this contingency. At the same time, the Prada Group prepares to capture the recovery when it arises and to continue its growth trajectory.

Key Highlights

- Long-term business transformation strategy and brand investment delivering improving results with second half of 2019 showing a strong rebound
- Acceleration in full price sales in H2 for Prada and Miu Miu brands across all markets and categories
- Completed mark down phase out
- More stringent policies to better control digital platforms
- Brand heat flourishing driven by creative communications and environmentally driven initiatives
- Appointment of Raf Simons as co-creative director at Prada to reaffirm the Group's creativity and radical vision

Key numbers

- **Net Revenues** at Euro 3,226 million up 3% at current FX and flat at constant FX
- **Retail sales** up 4% at current FX, +2% at constant FX. **Full price sales**, reaching double digit growth in H2, more than offset sharp reduction in markdowns
- **Wholesale sales** down 3% at current FX, down 4% at constant FX in line with the guidance
- **EBIT** at Euro 307 million, 9.5% of revenues
- **Net Income** at Euro 256 million benefiting from the Patent Box relief
- **Net Financial Position** at Euro -406 million
- **Operating cash flow** at Euro 362 million

2019 marked a year of significant progress for the Prada Group

The strategy of investing in the distinctive values and identity of the Group brands has been successfully translated into strong growth in full price sales, which saw a double digit increase in the second half of the year overall and accelerated further in the final quarter.

Buzz around the brands is growing driven by creative communications and initiatives focused on sustainability, now an essential part of our business strategy.

Raf Simons' appointment as co-creative director reaffirms innovation as a quintessential facet of Prada's identity.

Transformation strategy evident in sales by channels

The phase out of seasonal markdowns affected the retail trend by mid-single digit throughout 2019. The significant cut in allocation to wholesale, starting from the S/S 2020 collection, meant that wholesale channel sales were down 4% year on year.

Both these strategic decisions were aimed at ensuring the preservation of brand exclusivity and the value of Group products.

The market reaction was very positive: full price sales increased 6% year on year, which offset the negative impact of ending markdowns and reducing wholesale allocation.

The progress in the second half was visible: +10%, reaching +15% growth in Q4.

Retail improvement across all geographies

- **Europe** +6% at current FX, including a strong improvement in H2 driven by locals and tourists
- **America** +11% at current FX, largely supported by local customers
- **APAC** -2% at current FX, negatively impacted by protests in HK SAR. Excluding HK, retail sales were up 5% at current FX. Momentum of full price sales accelerated in H2, reaching double digit growth (excluding HK), with outperformance in South Korea and in Mainland China
- **Japan** +9% at current FX, with solid regular sales across the semester notwithstanding VAT increase in October
- **Middle East** -1% at current FX, showing positive full price sales throughout the year

Creativity in products and communication boosting brand heat and consumer excitement

The continuous investment in creativity and enhancement of communications and marketing efforts dedicated to create new emotional connections and experiences with the brands, delivered improving results for Prada and Miu Miu in all product categories. Moreover, both Prada and Miu Miu achieved double-digit increases in full price sales in H2, with new collections very well received across markets and categories, supported by online and in-store initiatives.

Following on from trends witnessed in the first half of the year, **Ready-to-wear** sales grew by 12% at current FX, driven by double-digit full price sales across all geographies.

Footwear and leather goods also showed improving growth: **Leather goods** grew by 2% at current FX, including healthy full-price sales in H2 supported both by iconic lines and newness; **Footwear** grew by 2% at current FX, including double digit full price sales in H2, sustained by the ongoing strong demand for sneakers and lifestyle collections.

Business transformation strategy and sales rebound supporting key financial metrics – (Full Year 2018 non IFRS 16)

EBIT amounted to Euro 307 million, 9.5% of revenues (Euro 324 million, 10.3% in 2018)

Net income amounted to Euro 256 million, 7.9% of revenues benefitting from the Patent Box tax relief relating to the 2015-2019 years (Euro 205 million, 6.5% in 2018)

During the period, the Group generated **operating cash flow** of Euro 362 million (Euro 365 million in 2018)

Capital expenditures throughout the period were mainly towards Retail and amounted to Euro 302 million (including the acquisition of a retail property in Madrid)

Net Financial Position at Euro -406 million, following a Euro 154 million dividend payment during the period.

The Board of Directors has proposed to the General Meeting to distribute a dividend of Euro 2 cents per share.

Patrizio Bertelli, Prada Group CEO, commented: *“2019 has been a year of strong progress. The combination of investment and operational initiatives implemented over the past few years are now clearly translating into brand heat and sales. We are sure that our commitment to guarantee outstanding quality standards as well as strengthening brand desirability has been the right choice to support profitable and sustainable long-term growth.*

The start of 2020 has been very buoyant for the Prada Group; the Coronavirus outbreak has interrupted our growth trajectory. This is a huge and unprecedented event that will draw deeply on our sense of responsibility. Our full concern and support go to the people that are facing these tough times. The safety and the well-being of our colleagues as well as of our customers all over the world are of the greatest importance to us and we will do everything we can to help overcome this crisis together.

Although it is difficult to forecast the evolution of the epidemic, we are expecting a negative impact on this year's results and we are implementing a comprehensive contingency plan to mitigate it, relying on our flexible supply chain and lean organization.

The soundness of our financial structure gives us the confidence to overcome this exceptional moment and to be ready to capture the recovery when it arises.”

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Prada Group

Prada S.p.A. is a global leader in the luxury goods industry. The Group, which owns the Prada, Miu Miu, Church's and Car Shoe brands, produces and distributes luxury leather goods, footwear and apparel benefitting from a supply chain which includes 22 company-owned industrial sites. It also operates in the food sector with Marchesi 1824 and in the eyewear and fragrance industries under licensing agreements.

The Group employs nearly 14,000 people and its products are sold in 70 countries worldwide through 641 directly operated stores as of December 31, 2019 and in a selected network of multi-brand stores and department stores.

The Prada Group is synonymous with innovation, transformation and independence and it is committed to promote a business culture oriented towards sustainability. These principles offer its brands a shared vision in which they are able to express their essence.

The company is listed on the Hong Kong Stock Exchange as 1913.HK.

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PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2019

- Net revenues were Euro 3,226 million, up by 2.7% at current exchange rates. Retail net sales were Euro 2,636 million, up by 4.1% at current exchange rates. Full-price sales (defined in the section of "non-IFRS measures" on page 12) were up by 9% at current exchange rates;
- EBIT was Euro 307 million, 9.5% on net revenues.
- The Group's net income for the period, positively impacted by the Patent Box tax benefit, was Euro 256 million, 7.9% on net revenues.
- The Net Operating Cash Flows, after the repayment of lease liabilities, were Euro 362 million.
- The net financial position, after dividend payments totaling Euro 155 million and real estate investments of Euro 60 million, is indebtedness at Euro 406 million.

Presentation of the Prada Group

PRADA spa (the "Company"), together with its subsidiaries (collectively the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). It is one of the leading companies in the luxury goods industry, where it operates with the Prada, Miu Miu, Church's and Car Shoe brands producing and distributing luxury leather goods, footwear and apparel. It also operates in the food sector with Marchesi 1824 and in the eyewear and fragrance industries under licensing agreements. The Group's counts on 22 company-owned industrial sites and its products are sold in 70 countries worldwide through 641 directly operated stores as of December 31, 2019 and a selected network of multi-brand stores and department stores.

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

At the reporting date of these Consolidated Financial Statements, 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.

Key financial information

| Key economic figures (amounts in thousands of Euro) | twelve months ended December 31 2019 | twelve months ended December 31 2018 | % change |
|--|---|---|-------------|
| Net revenues | 3,225,594 | 3,142,148 | 2.7% |
| EBIT | 306,779 | 323,846 | -5.3% |
| EBIT % | 9.5% | 10.3% | - |
| Net income of the Group | 255,788 | 205,443 | 24.5% |
| Earnings per share (Euro) | 0.100 | 0.080 | 24.5% |
| Average number of employees | 13,779 | 13,197 | 4.4% |
| Net Operating Cash Flows | 362,365 | 365,108 | -0.8% |

| Key indicators (amounts in thousands of Euro) | December 31 2019 | December 31 2018 | change |
|--|---------------------|---------------------|-----------|
| Net operating working capital | 702,835 | 638,493 | 64,342 |
| Net invested capital | 5,809,417 | 3,210,574 | 2,598,843 |
| Net financial position surplus/(deficit) | (405,544) | (313,505) | (92,039) |
| Group shareholders' equity | 2,967,158 | 2,877,986 | 89,172 |

2019 highlights

2019 featured important strategical decisions that, relying on the innovation and excellence that consumers throughout the world associate with the Group's brands, led to obtaining important results under a long-term growth perspective.

Markdown sales (defined in the section of "non-IFRS measures" on page 12) were eliminated at the directly operated stores, and a stricter policy was adopted in the wholesale channel, both in terms of geography and volumes. These decisions, in addition to a product offer that had cross-generational appeal, while remaining consistent with the brand identity, enabled to enhance the product value and optimize the control of pricing policies throughout the distribution channels. The growth of full-price retail sales and the positive market response represented important achievements of the whole action plan. This result, which was particularly evident in the latter months of the year, enabled to completely absorb the reduction in revenues following the termination of markdown sales and ensuing from the social unrest in Hong Kong.

The Group's brands managed to attract prestigious partners for collaborations which included expanding the communication channel.

From a product standpoint, two capsule collections with high symbolic value are worth mentioning: "Prada Invites", held in April and May, and "Prada for adidas Limited Edition", held in November. Illustrious proponents of twenty-first century design collaborated on the "Prada Invites" project, coming up with a limited series of new articles in nylon, the brand's iconic material. "Prada for adidas Limited Edition" paid tribute to the heritage of the two brands and marked the beginning of an important business alliance for the two companies. Meanwhile, two new editions of "Prada Mode", the traveling social club focusing on contemporary culture, came to life, first in Hong Kong and then in London. For Miu Miu, two new episodes of the Women's Tales film series were released. Consumer interaction with such intensive creative work was the focus of a communication plan that invested considerable financial resources to ensure very extensive geographical and channel coverage of the communication content regarding products, the brand and the Group's profile in general.

Investments were made to complete important projects for bolstering the Group's image and its store network. A prestigious building was purchased in Madrid, strategic for securing a key location in the Spanish market, and the Milan-based related company Fratelli Prada spa was purchased, thanks to which the Group now fully controls the retail network all over the world. Important partnerships with leading technology suppliers were established to assist the marketing and merchandising processes.

Sustainability, which has become increasingly relevant for value creation, made significant progress during the year. A Diversity & Inclusion Advisory Council was set up, the Prada Re-Nylon capsule collection was created to announce the ambitious plan to transition from virgin nylon to regenerated nylon, and the Fashion Pact was signed, a commitment shared among the leading fashion companies to reduce the fashion industry's environmental footprint.

Last but not least, in 2019 the Patent Box Agreement was signed with the Italian Revenue Agency, under which the Group obtained a significant income tax benefit for the tax periods from 2015 to 2019.

Scope of work of Messrs. Deloitte & Touche S.p.A.

The figures in respect of the Group's "Consolidated Statement of financial position", "Consolidated Statement of Profit or Loss for the twelve-month period ended December 31, 2019", "Statement of consolidated comprehensive income for the twelve-month period ended December 31, 2019", "Statement of Consolidated cash flows for the twelve-month period ended December 31, 2019", "Statement of changes in consolidated shareholders' equity" and some of the "Notes to the Consolidated financial statements" thereto, as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte & Touche S.p.A., to the amounts set out in the Group's audited Consolidated financial statements for the twelve-month period ended December 31, 2019. The work performed by Messrs. Deloitte & Touche S.p.A. in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing and consequently no assurance has been expressed by Messrs. Deloitte & Touche S.p.A. on the preliminary announcement.

The figures in respect of the "2018 Pro-forma Consolidated Statement of Profit or Loss for the twelve-month period ended December 31, 2018" and related details and tables are unaudited.

Consolidated statement of Profit or Loss for the twelve months closed at December 31, 2019

| (amounts in thousands of Euro) | twelve months ended December 31 2019 | % | twelve months ended December 31 2018 | % |
|---|--|--------------|--|--------------|
| Net sales (Note 1) | 3,183,339 | 98.7% | 3,098,068 | 98.6% |
| Royalties | 42,255 | 1.3% | 44,080 | 1.4% |
| Net revenues | 3,225,594 | 100% | 3,142,148 | 100% |
| Cost of goods sold | (905,982) | -28.1% | (879,554) | -28.0% |
| Gross margin | 2,319,612 | 71.9% | 2,262,594 | 72.0% |
| Operating expenses | (2,012,833) | -62.4% | (1,938,748) | -61.7% |
| EBIT | 306,779 | 9.5% | 323,846 | 10.3% |
| Interest and other financial income/(expenses), net | (25,174) | -0.8% | (21,940) | -0.7% |
| Interest expenses on Lease Liability | (48,980) | -1.5% | | |
| Dividends from investments | 2,135 | 0.1% | 632 | 0.0% |
| Total financial income/(expenses) | (72,019) | -2.2% | (21,308) | -0.7% |
| Income before taxation | 234,760 | 7.3% | 302,538 | 9.6% |
| Taxation | 22,964 | 0.7% | (94,356) | -3.0% |
| Net income for the period | 257,724 | 8.0% | 208,182 | 6.6% |
| Net income - Non-controlling interests | 1,936 | 0.1% | 2,739 | 0.1% |
| Net income - Group | 255,788 | 7.9% | 205,443 | 6.5% |
| Basic and diluted earnings per share (in Euro per share) - (Note 3) | 0.100 | | 0.080 | |
| Depreciation, amortization and impairment on tangible and intangible fixed assets | 233,759 | 7.2% | 227,357 | 7.2% |
| Depreciation and write-downs of the Right of Use assets | 456,310 | 14.1% | - | - |
| Total depreciation, amortization and impairment | 690,069 | 21.4% | 227,357 | 7.2% |
| EBITDA | 996,848 | 30.9% | 551,203 | 17.5% |

Consolidated statement of financial position

| (amounts in thousands of Euro) | Note | December 31 2019 | December 31 2018 |
|--|------|---------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 421,069 | 599,821 |
| Trade receivables, net | 4 | 317,554 | 321,913 |
| Inventories | 5 | 712,611 | 631,791 |
| Derivative financial instruments - current | | 3,315 | 9,718 |
| Receivables from, and advance payments to, related parties - current | 6 | 21,553 | 12,626 |
| Other current assets | 7 | 221,476 | 185,741 |
| Total current assets | | 1,697,578 | 1,761,610 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 1,642,480 | 1,577,352 |
| Intangible assets | 8 | 843,830 | 920,011 |
| Right of Use assets | 9 | 2,362,841 | - |
| Investments in equity instruments | | 81,448 | 99,538 |
| Deferred tax assets | | 244,206 | 217,104 |
| Other non-current assets | 10 | 165,372 | 102,992 |
| Derivative financial instruments - non-current | | - | 205 |
| Receivables from, and advance payments to, related parties - non-current | | 684 | - |
| Total non-current assets | | 5,340,861 | 2,917,202 |
| Total Assets | | 7,038,439 | 4,678,812 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities | | | |
| Short-term lease liability | | 409,537 | - |
| Short-term financial payables and bank overdrafts | | 241,464 | 421,481 |
| Payables to related parties - current | 11 | 26,057 | 4,477 |
| Trade payables | 12 | 327,330 | 315,211 |
| Tax payables | | 83,809 | 85,043 |
| Derivative financial instruments - current | | 11,317 | 14,220 |
| Other current liabilities | 13 | 132,294 | 146,429 |
| Total current liabilities | | 1,231,808 | 986,861 |
| Non-current liabilities | | | |
| Long-term lease liability | | 2,005,761 | - |
| Long-term financial payables | | 584,141 | 487,431 |
| Post-employment benefits | | 63,519 | 60,001 |
| Provision for risks and charges | 14 | 49,484 | 51,310 |
| Deferred tax liabilities | | 29,337 | 30,050 |
| Other non-current liabilities | | 56,365 | 159,013 |
| Derivative financial instruments non-current | | 8,789 | 7,077 |
| Payables to related parties - non-current | | 20,660 | - |
| Total non-current liabilities | | 2,818,056 | 794,882 |
| Total Liabilities | | 4,049,864 | 1,781,743 |
| Share capital | | 255,882 | 255,882 |
| Total other reserves | | 2,394,051 | 2,383,720 |
| Translation reserve | | 61,437 | 32,941 |
| Net income for the period | | 255,788 | 205,443 |
| Net Equity attributable to owners of Group | | 2,967,158 | 2,877,986 |
| Net Equity attributable to Non-controlling interests | | 21,417 | 19,083 |
| Total Net Equity | | 2,988,575 | 2,897,069 |
| Total Liabilities and Total Net Equity | | 7,038,439 | 4,678,812 |
| Net current assets | | 465,770 | 774,749 |
| Total assets less current liabilities | | 5,806,631 | 3,691,951 |

Statement of changes in consolidated shareholders' equity (amounts in thousands of Euro, except for 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 | | |
|---|---------------------------------|----------------|---------------------|-----------------------|-------------------------|-------------------|--|------------------|----------------------|---------------------------|--|--|------------------|
| | | | | | | | | | | | Net Equity attributable to owners of Group | Net Equity attributable to Non-controlling interests | Total Net Equity |
| Balance at January 1, 2018 | 2,558,824 | 255,882 | (4,035) | 410,047 | (5,336) | (4,103) | (5,570) | 1,975,582 | 2,370,620 | 217,721 | 2,840,188 | 21,486 | 2,861,674 |
| Allocation of 2017 net income | - | - | - | - | - | - | - | 217,721 | 217,721 | (217,721) | - | - | - |
| Dividends | - | - | - | - | - | - | - | (191,912) | (191,912) | - | (191,912) | (5,729) | (197,641) |
| Share capital increase | - | - | - | - | - | - | - | - | - | - | - | 345 | 345 |
| Transactions with Non-controlling shareholders | - | - | - | - | - | - | - | - | - | - | - | (577) | (577) |
| Comprehensive income for the period (recyclable to P&L) | - | - | 36,976 | - | (5,284) | - | - | - | (5,284) | 205,443 | 237,135 | 3,567 | 240,702 |
| Comprehensive income for the period (not recyclable to P&L) | - | - | - | - | - | (719) | (6,706) | - | (7,425) | - | (7,425) | (9) | (7,434) |
| Balance at December 31, 2018 | 2,558,824 | 255,882 | 32,941 | 410,047 | (10,620) | (4,822) | (12,276) | 2,001,391 | 2,383,720 | 205,443 | 2,877,986 | 19,083 | 2,897,069 |
| Allocation of 2018 net income | - | - | - | - | - | - | - | 205,443 | 205,443 | (205,443) | - | - | - |
| Dividends | - | - | - | - | - | - | - | (153,529) | (153,529) | - | (153,529) | (1,113) | (154,642) |
| Share capital increase | - | - | - | - | - | - | - | - | - | - | - | 1,130 | 1,130 |
| Acquisition of Fratelli Prada spa | - | - | - | - | - | - | - | (48,630) | (48,630) | - | (48,630) | - | (48,630) |
| Gain/(losses) from the disposal of equity instruments | - | - | - | - | - | - | 2,235 | 2,298 | 4,533 | - | 4,533 | - | 4,533 |
| Comprehensive income for the period (recyclable to P&L) | - | - | 28,496 | - | 2,151 | - | - | - | 2,151 | 255,788 | 286,435 | 2,353 | 288,788 |
| Comprehensive income for the period (not recyclable to P&L) | - | - | - | - | - | 306 | 59 | (2) | 363 | - | 363 | (36) | 327 |
| Balance at December 31, 2019 | 2,558,824 | 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 |

Summarized statement of consolidated cash flows for the twelve months closed at December 31, 2019

| (amounts in thousands of Euro) | twelve months ended December 31 2019 | twelve months ended December 31 2018 |
|--|---|---|
| Income before taxation | 234,760 | 302,538 |
| Profit or loss adjustments | | |
| Depreciation and write-downs of the Right of Use assets | 456,310 | - |
| Depreciation and amortization of property, plant and equipment and intangible assets | 222,309 | 219,882 |
| Impairment of property, plant and equipment and intangible assets | 11,450 | 7,475 |
| Non-monetary financial (income) expenses | 24,108 | 38,812 |
| Interest expenses on Lease Liability | 48,980 | - |
| Other non-monetary (income) expenses | 6,089 | (10,407) |
| Balance Sheet changes | | |
| Other non-current assets and liabilities | (14,189) | (16,796) |
| Trade receivables, net | 1,077 | (31,724) |
| Inventories, net | (60,719) | (60,731) |
| Trade payables | (15,735) | 571 |
| Other current assets and liabilities | (18,867) | (14,750) |
| Cash flows from operating activities | 895,573 | 434,870 |
| Interest paid (net), including interest paid of Lease Liability | (59,552) | (7,566) |
| Taxes paid | (26,126) | (62,196) |
| Net cash flows from operating activities | 809,895 | 365,108 |
| Purchases of property, plant and equipment and intangible assets | (310,957) | (282,135) |
| Disposals of property, plant and equipment and intangible assets | 1,779 | 2,807 |
| Dividends from investments | 2,135 | 632 |
| Disposals of investments | 28,074 | - |
| Acquisition of additional shares from Non-Controlling interests | (400) | (2,570) |
| Financial investments | (4,993) | (98,155) |
| Business combination | (17,899) | - |
| Net cash flow utilized by investing activities | (302,261) | (379,421) |
| Dividends paid to shareholders of PRADA spa | (153,529) | (191,912) |
| Dividends paid to Non-Controlling shareholders | (1,113) | (5,729) |
| Repayment of Notes | - | (130,000) |
| Repayment of Lease Liability | (447,530) | - |
| Loans to related parties | (2,375) | - |
| Repayment of short term portion of long term borrowings - third parties | (268,940) | (144,877) |
| Arrangement of long-term borrowings - third parties | 200,000 | 119,865 |
| Change in short-term borrowings - third parties | (19,004) | 63,480 |
| Share capital increases by non-controlling shareholders of subsidiaries | - | 345 |
| Net cash flows utilized by financing activities | (692,491) | (288,828) |
| Change in cash and cash equivalents, net of bank overdrafts | (184,857) | (303,141) |
| Foreign exchange differences | 6,105 | 10,352 |
| Opening cash and cash equivalents, net of bank overdraft | 599,821 | 892,610 |
| Closing cash and cash equivalents, net of bank overdraft | 421,069 | 599,821 |
| Cash and cash equivalents, net of bank overdraft | 421,069 | 599,821 |
| Closing cash and cash equivalents, net of bank overdraft | 421,069 | 599,821 |

Statement of consolidated comprehensive income for the twelve months closed at December 31, 2019

| (amounts in thousands of Euro) | twelve months ended December 31 2019 | twelve months ended December 31 2018 |
|---|--|--|
| Net income for the period - Consolidated | 257,724 | 208,182 |
| A) Items recyclable to P&L: | | |
| Change in Translation reserve | 28,911 | 37,804 |
| Tax impact | - | - |
| Change in Translation reserve less tax impact | 28,911 | 37,804 |
| Change in Cash Flow Hedge reserve | 2,730 | (7,300) |
| Tax impact | (579) | 2,016 |
| Change in Cash Flow Hedge reserve less tax impact | 2,151 | (5,284) |
| B) Item not recyclable to P&L: | | |
| Change in Fair Value Investments in equity instruments reserve | 59 | (6,706) |
| Tax impact | - | - |
| Change in Fair Value Investments in equity instruments reserve less tax impact | 59 | (6,706) |
| Change in Actuarial reserve | 614 | (826) |
| Tax impact | (344) | 98 |
| Change in Actuarial reserve less tax impact | 270 | (728) |
| Consolidated comprehensive income for the period | 289,115 | 233,268 |
| Comprehensive income for the period - Non-controlling Interests | 2,317 | 3,558 |
| Comprehensive income for the period - Group | 286,798 | 229,710 |

Basis of Presentation

The financial information reported in this announcement refers to the group of companies controlled by PRADA spa (the "Company"), the parent company of the PRADA Group (the "Group"). This announcement should be read in conjunction with the Annual Report 2019.

The tables reported in the financial information 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.

In addition, with the first time application of the IFRS 16 starting from January 1, 2019, this Announcement includes a "2018 Pro-forma Consolidated Statement of Profit or Loss". This scheme represents an "alternative performance indicator" ("non-IFRS measures") and was prepared using estimates and assumptions, exclusively to facilitate comparison with the 2019 Consolidated Statement of Profit or Loss.

Below are reported the New Standards and Amendments issued by the IASB, endorsed by the European Union and applicable to the Prada Group from January 1, 2019.

| New IFRS and Amendments to existing standards | Effective Date for Prada Group | EU endorsement date |
|---|--------------------------------|---------------------------|
| IFRS 16 Leases | January 1, 2019 | Endorsed in October 2017 |
| IFRS 9: "prepayment features with negative compensation" | January 1, 2019 | Endorsed in March 2018 |
| IFRIC interpretation 23: "Uncertainty over income Tax Treatments" | January 1, 2019 | Endorsed in October 2018 |
| Amendments to IAS 28 Long-Term interests in Associates and Joint Ventures | January 1, 2019 | Endorsed in February 2019 |
| Annual Improvements to IFRS Standards 2015-2017 Cycle | January 1, 2019 | Endorsed in March 2019 |
| Amendments to IAS 19: Plan Amendment, Curtailment or Settlement | January 1, 2019 | Endorsed in March 2019 |

Only the "IFRS 16 Leases" had a significant impact for the Group and below are explained the details on how the Group applied, for the first time, the new standard.

IFRS 16 Lease

On January 1, 2019 "IFRS 16 Leases" replaced "IAS 17 Leases" and the related interpretations.

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and

- the right to direct the use of that asset.

The Standard identifies a single model for the recognition and evaluation of rental contracts for the lessee which provides, for all rents, except for short-term and low value leases, the recognition of the Right to Use asset in the non-current asset (also operating leases) and, at the same time, the Lease liability of the entire contract, split in current and non-current liabilities.

The first application of the new Standard also required the Group to adopt specific procedures for the mapping and analysis of all contracts that could contain a lease and to carry out the related assessments in accordance with the requirements of the Standard.

The new Standard applies to all existing leases that provide for the payment of fixed rents, including indexed ones, or a guaranteed minimum ("rent in scope"). Purely variable rent, typically linked to sales without a guaranteed minimum, are excluded from the scope of application of the Standard ("out of scope rent").

The Standard is effective for annual periods beginning on or after January 1, 2019 and the Company opted to apply it retrospectively according to the "modified retrospective approach". The main impacts on financial statements at the transition date (January 1, 2019) can be summarized as follows:

- recognition of Lease Liability, i.e. the present value of the residual future payments, of Euro 2,448.9 million;
- recognition of the Right of Use assets in the non-current assets for Euro 2,414.4 million. This amount is made up of the value of the Lease Liability:
 - increased by key money of Euro 94.5 million (reclassified from intangible assets to this new asset category);
 - reduced by deferred rent liabilities of Euro 162.9 million already accrued as at January 1, 2019 pursuant to the previous "IAS 17 Leases" Standard (reversing this item mainly from non-current liabilities);
 - increased by reinstatement costs, included in the leasehold improvements, and prepayments, for a total amount of Euro 36.5 million;
 - reduced by onerous lease of Euro 2.6 million.

The adoption of the Standard entailed the introduction of two new cost components in the Profit or Loss:

- the depreciation and write-downs of the Right of Use assets (Euro 456.3 million for the twelve months ended December 31, 2019);
- the interest expenses related to the updating of the present value of the Lease Liability (Euro 49 million for the twelve months ended December 31, 2019).

The variable rents ("rent out of scope") remained accounted for as operating expenses as in the past, consistently with the comparative period of 2018.

In adopting IFRS 16, the Prada Group used the exemption allowed by IFRS 16:5(a) regarding short-term leases and low-value assets, although the effects

of these exemptions were immaterial. For such leases, the introduction of IFRS 16 did not entail recognition of the Lease Liability and the related Right of Use assets, as the lease payments are still recognized in the Statement of Profit or Loss on a straight-line basis over the terms of the respective leases, as it was under the "IAS 17 Leases".

Transition to IFRS 16 introduced areas where professional judgment may be required, involving the establishment of some accounting policies and the use of estimates. The main ones are summarized below:

- the identification of a lease term is very important because the form, legislation and common business practice regarding leases for real estate vary considerably from one jurisdiction to another. The Group, also based on its past experience, has set an accounting policy for inclusion of the lease renewal period beyond the non-cancellable period, limited to cases in which the lease assigns an enforceable right that the Group is reasonably certain to exercise;
- since most leases stipulated by the Group do not have an interest rate implicit in the lease, the discount rate applicable to future lease payments was determined considering the risk-free rate of each country in which the leases were stipulated and the specific credit spread of PRADA spa, deemed representative of the Group's credit spread.

The adoption of the new IFRS Standard did not have any material effect on the opening equity balance of the year 2019.

On November 26, 2019, the IFRS Interpretations Committee (IFRS IC) published its final agenda decision on cancelable or renewable leases with a notice to terminate. The Group is in the progress of evaluating the potential impact of such interpretation on the estimates used, upon first time adoption of the IFRS 16 Leases, to determine the lease term of contracts for premises in which non-removable leasehold improvements were made.

Non-IFRS Measures

The Group uses certain financial measures ("non-IFRS measures") to measure its business performance and to help readers understand and analyze its statement of financial position. Although they are used by the Group's management, the measures are not universally or legally defined and are not regulated by the IFRS adopted to prepare the Consolidated financial statements. Other companies operating in the luxury goods business might use the same measures, but with different calculation criteria, so non-IFRS measures should always be read in conjunction with the related notes, and may not be directly comparable with those used by other companies.

The Prada Group, with the introduction of the new Standard "IFRS 16 Lease", 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 of the 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.

2018 Pro-forma Consolidated Statement of Profit or Loss: Consolidated Statement of Profit or Loss for the twelve months ended December 31, 2018 ("2018 IFRS Consolidated Statement of Profit or Loss") adjusted following the application of IFRS 16. The adjustments, which represent the management's best estimate to facilitate comparison with the 2019 IFRS Consolidated Statement of Profit of Loss, were obtained by applying criteria and assumptions substantially in line with those adopted for the first time application of the new Standard at January 1, 2019.

The “2018 IFRS Consolidated Statement of Profit or Loss” and the adjustments applied for the determination of the “2018 Pro-forma Consolidated Statement of Profit or Loss” are shown below.

| | IFRS | | Pro-forma |
|---|---|-----------------|---|
| (amounts in thousands of Euro) | twelve months ended December 31 2018 | adjustments | twelve months ended December 31 2018 |
| Net revenues | 3,142,148 | - | 3,142,148 |
| Cost of goods sold | (879,554) | (14) | (879,568) |
| Gross margin | 2,262,594 | (14) | 2,262,580 |
| Operating expenses | (1,938,748) | 24,665 | (1,914,083) |
| EBIT | 323,846 | 24,651 | 348,497 |
| Interest and other financial income/(expenses), net | (21,940) | - | (21,940) |
| Interest expenses on Lease Liability | - | (41,796) | (41,796) |
| Dividends from investments | 632 | | 632 |
| Total financial income/(expenses) | (21,308) | (41,796) | (63,104) |
| Income before taxation | 302,538 | (17,145) | 285,393 |
| Taxation | (94,356) | 5,347 | (89,009) |
| Net income for the period | 208,182 | (11,798) | 196,384 |
| Depreciation, amortization and impairment on tangible and intangible fixed assets | 227,357 | (11,461) | 215,896 |
| Depreciation and write-downs of the Right of Use assets | - | 435,916 | 435,916 |
| Total depreciation, amortization and impairment | 227,357 | 424,455 | 651,812 |
| EBITDA | 551,203 | 449,106 | 1,000,309 |

The comparison between the "2019 IFRS Consolidated Statement of Profit or Loss" and the "2018 Pro-forma Consolidated Statement of Profit or Loss" (as determined above) is shown below.

| (amounts in thousands of Euro) | IFRS | | Pro-forma | |
|---|--|--------------|--|--------------|
| | twelve months ended December 31 2019 | % | twelve months ended December 31 2018 | % |
| Net revenues | 3,225,594 | 100% | 3,142,148 | 100% |
| Cost of goods sold | (905,982) | -28.1% | (879,568) | -28.0% |
| Gross margin | 2,319,612 | 71.9% | 2,262,580 | 72.0% |
| Operating expenses | (2,012,833) | -62.4% | (1,914,083) | -60.9% |
| EBIT | 306,779 | 9.5% | 348,497 | 11.1% |
| Interest and other financial income/(expenses), net | (25,174) | -0.8% | (21,940) | -0.7% |
| Interest expenses on Lease Liability | (48,980) | -1.5% | (41,796) | -1.3% |
| Dividends from investments | 2,135 | 0.1% | 632 | 0.0% |
| Total financial income/(expenses) | (72,019) | -2.2% | (63,104) | -2.0% |
| Income before taxation | 234,760 | 7.3% | 285,393 | 9.1% |
| Taxation | 22,964 | 0.7% | (89,009) | -2.8% |
| Net income for the period | 257,724 | 8.0% | 196,384 | 6.3% |
| Depreciation, amortization and impairment on tangible and intangible fixed assets | 233,759 | 7.2% | 215,896 | 6.9% |
| Depreciation and write-downs of the Right of Use assets | 456,310 | 14.1% | 435,916 | 13.9% |
| Total depreciation, amortization and impairment | 690,069 | 21.4% | 651,812 | 20.7% |
| EBITDA | 996,848 | 30.9% | 1,000,309 | 31.8% |

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

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|--|---------------------|---------------------|
| Net financial position surplus/(deficit) | (405,544) | (313,506) |
| Short-term Lease Liability | (409,537) | |
| Long-term Lease Liability | (2,005,761) | |
| Total Lease Liability | (2,415,298) | |
| Net financial position surplus/(deficit), including Lease Liability | (2,820,842) | |

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

Free Cash Flow: Net Operating Cash Flow, net of cash flow utilized by investing activities.

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|--|---------------------|---------------------|
| Cash Flow from operating activities | 895,573 | 434,870 |
| Cost of net financial debt: interest paid | (10,338) | (7,566) |
| Lease Liabilities: interest paid | (49,214) | - |
| Tax Paid | (26,126) | (62,196) |
| Net Cash Flow from operating activities | 809,895 | 365,108 |
| Repayment of Lease Liabilities | (447,530) | - |
| Net Operating Cash Flow | 362,365 | 365,108 |
| Net cash flow utilized by investing activities | (302,261) | (379,421) |
| Free Cash Flow | 60,104 | (14,313) |

Notes to the consolidated results for the period closed at December 31, 2019

1. Analysis of Net Revenues

| (amounts in thousands of Euro) | twelve months ended December 31 2019 | | twelve months ended December 31 2018 | | % change |
|--|--|-------------|--|-------------|-------------|
| Net Sales by geographical area | | | | | |
| Europe | 1,228,437 | 38.6% | 1,189,827 | 38.4% | 3.2% |
| Asia Pacific | 1,017,593 | 32.0% | 1,035,061 | 33.4% | -1.7% |
| Americas | 455,402 | 14.3% | 426,184 | 13.8% | 6.9% |
| Japan | 386,066 | 12.1% | 350,313 | 11.3% | 10.2% |
| Middle East and Africa | 94,423 | 3.0% | 95,601 | 3.1% | -1.2% |
| Other countries | 1,418 | 0.0% | 1,082 | 0.0% | 31.1% |
| Total Net Sales | 3,183,339 | 100% | 3,098,068 | 100% | 2.8% |
| Net Sales by brand | | | | | |
| Prada | 2,643,348 | 83.0% | 2,558,108 | 82.6% | 3.3% |
| Miu Miu | 450,491 | 14.2% | 453,476 | 14.6% | -0.7% |
| Church's | 69,801 | 2.2% | 69,079 | 2.2% | 1.0% |
| Other | 19,699 | 0.6% | 17,405 | 0.6% | 13.2% |
| Total Net Sales | 3,183,339 | 100% | 3,098,068 | 100% | 2.8% |
| Net Sales by product line | | | | | |
| Leather goods | 1,765,799 | 55.5% | 1,756,288 | 56.7% | 0.5% |
| Clothing | 729,350 | 22.9% | 666,187 | 21.5% | 9.5% |
| Footwear | 627,576 | 19.7% | 616,263 | 19.9% | 1.8% |
| Other | 60,614 | 1.9% | 59,330 | 1.9% | 2.2% |
| Total Net Sales | 3,183,339 | 100% | 3,098,068 | 100% | 2.8% |
| Net Sales by channel | | | | | |
| Net Sales of direct operated stores (DOS) | 2,636,097 | 82.8% | 2,532,004 | 81.7% | 4.1% |
| Sales to Independent customers and franchisees | 547,242 | 17.2% | 566,064 | 18.3% | -3.3% |
| Total Net Sales | 3,183,339 | 100% | 3,098,068 | 100% | 2.8% |
| Net Revenues | | | | | |
| Net Sales | 3,183,339 | 98.7% | 3,098,068 | 98.6% | 2.8% |
| Royalties | 42,255 | 1.3% | 44,080 | 1.4% | -4.1% |
| Total Net revenues | 3,225,594 | 100% | 3,142,148 | 100% | 2.7% |

2. Number of stores

| | December 31, 2019 | | December 31, 2018 | | December 31, 2017 | |
|---------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | Owned | Franchisees | Owned | Franchisees | Owned | Franchisees |
| Prada | 410 | 19 | 398 | 25 | 394 | 25 |
| Miu Miu | 160 | 6 | 166 | 9 | 167 | 9 |
| Church's | 62 | - | 63 | - | 57 | - |
| Car Shoe | 3 | - | 4 | - | 4 | - |
| Marchesi and others | 6 | - | 5 | - | 3 | - |
| Total | 641 | 25 | 636 | 34 | 625 | 34 |

| | December 31, 2019 | | December 31, 2018 | | December 31, 2017 | |
|----------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | Owned | Franchisees | Owned | Franchisees | Owned | Franchisees |
| Europe | 229 | - | 226 | 4 | 229 | 4 |
| Americas | 107 | - | 111 | - | 112 | - |
| Asia Pacific | 198 | 20 | 195 | 25 | 184 | 25 |
| Japan | 85 | - | 81 | - | 79 | - |
| Middle East & Africa | 22 | 5 | 23 | 5 | 21 | 5 |
| Total | 641 | 25 | 636 | 34 | 625 | 34 |

3. Earnings and dividends per share, basic and diluted

Earnings per share

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

| | twelve months ended December 31 2019 | twelve months ended December 31 2018 |
|--|--|--|
| Group net income in Euro | 255,787,505 | 205,443,297 |
| 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 | 0.100 | 0.080 |

Dividend per share

The Board of Directors of PRADA spa has proposed a dividend of Euro 51,176,480 (Euro 0.02 per share) for the twelve months ended December 31, 2019. The Board of Directors made such dividend payment proposal taking into consideration the consequences connected with the uncertainty related to the pandemic still ongoing at the date of approval of these financial statements.

During 2019 the Company distributed dividends for Euro 153,529,440 (Euro 0.06 per share), as approved at the General Meeting held on April 30, 2019 to approve the December 31, 2018 financial statements.

The dividends net of the withholding taxes were paid during the period under review, whereas such withholding tax (Euro 8 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 during the year.

4. Trade receivables, net

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|--------------------------------------|---------------------|---------------------|
| Trade receivables - third parties | 322,005 | 319,945 |
| Allowance for bad and doubtful debts | (9,354) | (8,821) |
| Trade receivables - related parties | 4,903 | 10,789 |
| Total | 317,554 | 321,913 |

The change in the provision for doubtful debts for the period is detailed below:

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|---|---------------------|---------------------|
| Opening balance | 8,821 | 7,892 |
| IFRS 9 First Time Adoption - Bad Debt Provision | - | 2,246 |
| Exchange differences | 44 | 7 |
| Increases | 2,374 | 413 |
| Reversals | (1,207) | (325) |
| Utilization | (678) | (1,412) |
| Closing balance | 9,354 | 8,821 |

An aging analysis of the trade receivables, before the provision for doubtful debts, is shown below:

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

| (amounts in thousands of Euro) | Dec. 31 2018 | Not overdue | Overdue (days) | | | | |
|--------------------------------|-----------------|----------------|----------------|---------------|--------------|--------------|---------------|
| | | | 1 ≤ 30 | 31 ≤ 60 | 61 ≤ 90 | 91 ≤ 120 | > 120 |
| Trade receivables | 330,734 | 283,862 | 18,226 | 12,021 | 1,565 | 2,278 | 12,782 |
| Total | 330,734 | 283,862 | 18,226 | 12,021 | 1,565 | 2,278 | 12,782 |

An aging analysis of the trade receivables, net of the provision for doubtful debts, is shown below:

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

| (amounts in thousands of Euro) | Dec. 31 2018 | Not overdue | Overdue (days) | | | | |
|--|----------------|----------------|----------------|---------------|--------------|--------------|--------------|
| | | | 1 ≤ 30 | 31 ≤ 60 | 61 ≤ 90 | 91 ≤ 120 | > 120 |
| Trade receivables less allowance for doubtful accounts | 321,913 | 281,485 | 18,137 | 11,993 | 1,331 | 2,264 | 6,703 |
| Total | 321,913 | 281,485 | 18,137 | 11,993 | 1,331 | 2,264 | 6,703 |

5. Inventories, net

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|--|------------------|------------------|
| Raw materials | 110,054 | 104,036 |
| Work in progress | 30,539 | 36,327 |
| Finished products | 608,672 | 530,324 |
| Return assets | 4,199 | 2,391 |
| Allowance for obsolete and slow-moving inventories | (40,853) | (41,287) |
| Total | 712,611 | 631,791 |

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

| (amounts in thousands of Euro) | Raw materials | Finished Products and return assets | Total allowance for obsolete, slow-moving inventories and return assets |
|--------------------------------|---------------|-------------------------------------|---|
| Opening balance | 20,690 | 20,597 | 41,287 |
| Exchange differences | 8 | 27 | 35 |
| Increases | - | 304 | 304 |
| Utilization | (42) | (693) | (735) |
| Reversal | - | (38) | (38) |
| Closing balance | 20,656 | 20,197 | 40,853 |

6. Receivables from, and advance payments to, related parties

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|--------------------------------|---------------------|---------------------|
| Prepaid sponsorship | 13,522 | 6,761 |
| Other receivables and advances | 6,027 | 5,865 |
| Financial receivables | 2,004 | - |
| Total | 21,553 | 12,626 |

7. Other current assets

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|------------------------------------|---------------------|---------------------|
| VAT | 59,610 | 48,576 |
| Taxation and other tax receivables | 87,372 | 54,181 |
| Other assets | 20,486 | 14,115 |
| Prepayments | 43,290 | 55,897 |
| Deposits | 10,718 | 12,972 |
| Total | 221,476 | 185,741 |

8. Capital expenditure

The changes in the carrying amount of property, plant and equipment for the period ended December 31, 2019 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 | 723,150 | 61,794 | 428,587 | 193,586 | 86,084 | 84,151 | 1,577,352 |
| IFRS16 - First time adoption | (3,544) | - | (7,701) | (662) | - | - | (11,907) |
| Change in the consolidation area | 2,486 | - | 1,557 | 1,419 | 97 | - | 5,559 |
| Additions | 71,322 | 12,038 | 65,663 | 67,363 | 8,473 | 31,420 | 256,279 |
| Depreciation | (17,484) | (11,110) | (115,233) | (38,223) | (10,901) | - | (192,951) |
| Disposals | (579) | (127) | (521) | (367) | (185) | - | (1,779) |
| Exchange differences | 9,046 | 86 | 8,489 | 3,615 | 123 | 518 | 21,877 |
| Other movements | 699 | 950 | 16,898 | 68,814 | (14,453) | (73,408) | (500) |
| Impairment | (31) | (8) | (8,196) | (1,974) | (47) | (1,194) | (11,450) |
| Closing balance | 785,065 | 63,623 | 389,543 | 293,571 | 69,191 | 41,487 | 1,642,480 |

The changes in the carrying amount of intangible assets for the period ended December 31, 2019 are shown below:

| (amounts in thousands of Euro) | Trade-marks | Goodwill | Store Lease Acquisitions | Software | Other intangibles | Assets in progress | Total net carrying amount |
|--------------------------------|-------------|----------|--------------------------|----------|-------------------|--------------------|---------------------------|
| Opening balance | 236,075 | 518,266 | 96,133 | 44,974 | 9,180 | 15,383 | 920,011 |
| IFRS16 - First Time Adoption | - | - | (94,480) | - | - | - | (94,480) |
| Additions | 650 | - | - | 14,767 | 145 | 29,889 | 45,451 |
| Amortization | (13,480) | - | (436) | (13,485) | (1,957) | - | (29,358) |
| Exchange differences | 2,004 | 437 | (61) | 13 | 2 | (1) | 2,394 |
| Other movements | - | - | - | 11,955 | (149) | (11,994) | (188) |
| Closing balance | 225,249 | 518,703 | 1,156 | 58,224 | 7,221 | 33,277 | 843,830 |

9. Right of Use assets

The changes in the carrying amount of the Right of Use assets for the period ended December 31, 2019 are shown below:

| (amounts in thousands of Euro) | Real Estate | Vehicles | Hardware | Plant and machinery | Total net carrying amount |
|--|-------------|----------|----------|---------------------|---------------------------|
| Opening balance | - | - | - | - | - |
| IFRS16 - First Time Adoption | 2,410,490 | 1,712 | 247 | 1,935 | 2,414,384 |
| Change in the consolidation area | 33,908 | 35 | - | - | 33,943 |
| New contracts, initial direct costs and remeasurements | 390,811 | 1,067 | 192 | 741 | 392,811 |
| Depreciation | (454,083) | (1,155) | (86) | (837) | (456,161) |
| Contracts termination | (68,255) | (8) | - | 117 | (68,146) |
| Write-downs | (149) | - | - | - | (149) |
| Exchange differences | 46,273 | 41 | (116) | (39) | 46,159 |
| Closing balance | 2,358,995 | 1,692 | 237 | 1,917 | 2,362,841 |

The increase for new contracts, initial direct costs and remeasurements was attributable primarily to the renewal of contracts in Asia Pacific and Japan.

The decrease for contract closures referred substantially to the early closure of contracts in Europe and Asia Pacific.

10. Other non-current assets

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|---------------------------------------|---------------------|---------------------|
| Guarantee deposits | 70,732 | 64,770 |
| Deferred rental income | 968 | 9,606 |
| Pension fund surplus | 15,315 | 11,719 |
| Prepayments for commercial agreements | 62,600 | - |
| Other long-term assets | 15,757 | 16,897 |
| Total | 165,372 | 102,992 |

The guarantee deposits refer primarily to security deposits paid under retail leases and increased from December 31, 2018 mainly for the reclassification from the same category of current assets.

Prepayments for commercial agreements relate to a commercial contract signed during the period for which the related benefits are expected to flow to the Company beyond a period of 12 months.

11. Payables to related parties - current

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|--------------------------------|---------------------|---------------------|
| Financial payables | 3,387 | 4,415 |
| Other payables | 22,670 | 62 |
| Total | 26,057 | 4,477 |

12. Trade payables

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|----------------------------------|---------------------|---------------------|
| Trade payables - third parties | 322,105 | 309,294 |
| Trade payables - related parties | 5,225 | 5,917 |
| Total | 327,330 | 315,211 |

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

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

| (amounts in thousands of Euro) | Dec. 31 2018 | Not overdue | Overdue (days) | | | | |
|--------------------------------|-----------------|----------------|----------------|--------------|--------------|--------------|--------------|
| | | | 1 ≤ 30 | 31 ≤ 60 | 61 ≤ 90 | 91 ≤ 120 | > 120 |
| Trade payables | 315,211 | 280,453 | 18,034 | 5,727 | 2,024 | 1,072 | 7,901 |
| Total | 315,211 | 280,453 | 18,034 | 5,727 | 2,024 | 1,072 | 7,901 |

13. Other current liabilities

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|--------------------------------------|---------------------|---------------------|
| Payables for capital expenditure | 38,588 | 50,085 |
| Accrued expenses and deferred income | 18,098 | 19,719 |
| Other payables | 75,608 | 76,625 |
| Total | 132,294 | 146,429 |

14. Provisions for risks and charges

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

| (amounts in thousands of Euro) | Provision for litigation | Provision for tax disputes | Other Provisions | Total |
|--------------------------------|-----------------------------|-------------------------------|---------------------|---------------|
| Opening balance | 1,425 | 3,101 | 46,784 | 51,310 |
| IFRS 16 - First Time Adoption | - | - | (2,649) | (2,649) |
| Exchange differences | 23 | 44 | 834 | 901 |
| Reversals | (84) | (502) | (397) | (983) |
| Utilized | (1,107) | (5,466) | (2,928) | (9,501) |
| Increases | 261 | 5,170 | 4,975 | 10,406 |
| Closing balance | 518 | 2,347 | 46,619 | 49,484 |

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

Management Discussion and Analysis for the year ended December 31, 2019

Distribution channels

Retail net sales for the twelve months ended December 31, 2019 increased by 4.1% at current exchange rates and by 1.5% at constant exchange rates.

The comparison with the 2018 data is affected by the decision to phase out markdown sales from the initial months of 2019, which resulted in some Euro 110 million decrease in retail net sales. This business decision, taken within the scope of a broader strategy to enhance the exclusivity of the Group's brands, led to a progressive increase in the regular sales, which by the end of the year had gone up by +6.2% at constant exchange rates compared with the previous twelve-month period. The trend was particularly evident in the fourth quarter, when regular sales reached double-digit growth at constant exchange rates.

There were 641 stores at December 31, 2019, up by 5 stores from 2018. The increase reflected 21 closures, 22 openings and the 4 Prada stores in Milan acquired with the purchase of Fratelli Prada spa on October 29, 2019.

Net sales from the wholesale channel fell by 3.3% at current exchange rates and by 4.1% at constant exchange rates. The decrease was consistent with the decision to rationalize the network of independent clients, which was fully apparent in the second half of 2019.

Markets

The retail channel in Europe increased by 6.2% at constant exchange rates thanks to both local clientele and travelers and benefiting from the performance of full-price sales which grew by 10.5% at constant exchange rates compared with the twelve months ended December 31, 2018.

The wholesale channel reported a negative trend following the aforementioned rationalization decision.

The retail channel in Asia Pacific decreased by 3.7% at constant exchange rates, influenced by social turmoil in Hong Kong: excluding the impact from Hong Kong (i.e. eliminating the retail net sales of Hong Kong from the current and the comparative period), the retail net sales of the Asia-Pacific region rose by 2.9% at constant exchange rates. The full-price sales of the Asia Pacific region, excluding Hong Kong, grew by 8.8% at constant exchange rates compared to the twelve months ended December 31, 2018.

The wholesale channel showed a slight decline compared to the previous twelve months period ended December 31, 2018.

The retail channel in the American market, favored by positive trends with local customers, grew by 6.3% at constant exchange rates, thanks especially to the results of full-price sales (up by 10.9% at constant exchange rates).

On the contrary, the wholesale channel suffered from the financial strains experienced by some department stores.

The retail channel in Japan increased by 1.8% at constant exchange rates, supported by full-price sales which grew by 6.3% at constant exchange rates.

The retail channel in the Middle East decreased by 5.5% at constant exchange rates, but the performance of the full-price sales was positive, resulting in 1.8% growth at constant exchange rates compared to the twelve months ended December 31, 2018.

Products

Clothing retail net sales increased by 9.1% at constant exchange rates. The growth for this product category, driven by the double-digit increase in full-price sales compared to the twelve months ended December 31, 2018, was clear for all the brands and in all the regions.

Leather goods retail net sales reported a decrease of 0.8% at constant exchange rates, whereas the footwear retail net sales were in line at constant exchange rates. Both segments were impacted by the termination of markdown sales, although the full-price sales performed well, particularly in the second half of the year compared to the same period of 2018.

The rationalization of the wholesale accounts affected mostly the leather goods division.

Brands

Prada retail net sales, supported by full-price sales that rose by 6.5% at constant exchange rates compared to the twelve months ended December 31, 2018, increased by 2.2% at constant exchange rates. All product categories grew at constant exchange rates in the retail channel, whereas the leather goods were slightly impacted by the wholesale trends.

Miu Miu retail net sales decreased by 2.2% at constant exchange rates compared to the twelve months ended December 31, 2018, showing anyway an improving performance along the period thanks to the trend of full-price sales which reported a growth of 5% compared to last year. The wholesale channel decreased compared to 2018, mainly in the leather goods division.

Church's brand net sales grew by 1% at current exchange rates and were steady at constant exchange rates. Growth in the wholesale channel was offset by a slight decline in the retail channel (-2.7% at constant exchange rates).

"Other brands" consists primarily of net sales of Marchesi 1824 brand patisserie products, which had double-digit growth from the prior twelve-month period.

Royalties

Licensed businesses generated royalty income of Euro 42.3 million, down by 4.1% at current exchange rates essentially as a result of a decline in the eyewear segment. In response to this decrease, the Group and the licensee are implementing a sales strategy more closely aligned with the demands of the local markets and better integrated with the brands.

Operating results

The gross margin remained consistent with that of 2018, whereas the operating expenses grew, resulting in slight drop in the EBIT margin: from 10.3% to 9.5%. A comparison of the EBIT margin with the 2018 Pro-forma Consolidated Statement of Profit or Loss (reported in the non-IFRS measures of this Announcement) shows greater dilution as last year's profitability stood at 11.2%.

The operating expenses rose by Euro 74.1 million from those of 2018 and by Euro 98.8 million compared with the operating expenses reported in the 2018 Pro-forma Consolidated Statement of Profit or Loss. The change was impacted by foreign exchange losses amounting to Euro 46 million, as well as higher expenses for communications, attributable fundamentally to more events and media spending (some Euro 20 million), and labor costs, mainly due to the expansion of the sales force (some Euro 17 million).

| (amounts in thousands of Euro) | twelve months ended December 31 2019 | % on net revenues | twelve months ended December 31 2018 | % on net revenues |
|--------------------------------------|--|-------------------------|--|-------------------------|
| Product design and development costs | 127,379 | 3.9% | 125,179 | 4.0% |
| Advertising and communications costs | 231,011 | 7.2% | 207,278 | 6.6% |
| Selling costs | 1,470,101 | 45.6% | 1,414,153 | 45.0% |
| General and administrative costs | 184,342 | 5.7% | 192,138 | 6.1% |
| Total Operating expenses | 2,012,833 | 62.4% | 1,938,748 | 61.7% |

The financial expenses increased from Euro 21.3 million for the twelve months ended December 31, 2018 to Euro 72 million, due mainly to the recognition of interest expense relating to the adjustment of the present value of the Lease Liability (Euro 49 million for 2019). To a lesser extent, the overall increase was also impacted by net interest and other financial expenses, which grew as a result of a higher net financial deficit on average in the year compared to 2018.

The tax expense for the period benefited from income of Euro 102 million, i.e. the economic contribution recognized for the years from 2015 to 2019 pursuant to the participation in the Patent Box regime. In this respect, on July 1, 2019 PRADA spa and the Italian Tax Authority stipulated the agreement regarding the tax benefit regime for income deriving from the use of qualifying intangible assets.

Net invested capital

The following table reclassifies the Statement of Financial Position to provide a better view of net invested capital:

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|---|---------------------|---------------------|
| Right of use assets | 2,362,841 | - |
| Non-current assets (excluding deferred tax assets) | 2,670,839 | 2,700,098 |
| Trade receivables, net | 317,554 | 321,913 |
| Inventories, net | 712,611 | 631,791 |
| Trade payables | (327,330) | (315,211) |
| Net operating working capital | 702,835 | 638,493 |
| Other current assets (excluding items of financial position) | 244,341 | 208,085 |
| Other current liabilities (excluding items of financial position) | (250,090) | (245,754) |
| Other current assets/(liabilities), net | (5,749) | (37,669) |
| Provision for risks | (49,484) | (51,310) |
| Post-employment benefits | (63,519) | (60,001) |
| Other long-term liabilities | (23,215) | (166,091) |
| Deferred taxation, net | 214,869 | 187,054 |
| Other non-current assets/(liabilities) | 78,651 | (90,348) |
| Net invested capital | 5,809,417 | 3,210,574 |
| Shareholder's equity - Group | (2,967,158) | (2,877,986) |
| Shareholder's equity - Non-controlling interests | (21,417) | (19,083) |
| Total Consolidated shareholders' equity | (2,988,575) | (2,897,069) |
| Long-term financial payables | (583,766) | (487,431) |
| Short-term financial, net surplus/(deficit) | 178,222 | 173,926 |
| Net financial position surplus/(deficit) | (405,544) | (313,505) |
| Long-term lease liability | (2,005,761) | - |
| Short-term lease liability | (409,537) | - |
| Total lease liability | (2,415,298) | - |
| Net financial position surplus/(deficit), including lease liability | (2,820,842) | (313,505) |
| Shareholders' equity and net financial position | (5,809,417) | (3,210,574) |
| Net Debt to Consolidated shareholders' equity ratio | 13.6% | 10.8% |

The introduction of IFRS 16 (described in the Basis of Preparation section of this Announcement) required recognizing the right to use the underlying assets of leases (Euro 2,363 million at December 31, 2019) as non-current assets, and the Lease Liability (Euro 2,415 million at December 31, 2019) as liabilities, with a consequent significant impact on the Group's main Statement of Financial Position amounts.

In addition, on January 1, 2019, when the new Standard was adopted, the Right of Use assets were reduced by deferred lease liabilities (Euro 162.9 million) and increased by the net carrying amount of key money (Euro 94.5 million).

Taking this into account, the net invested capital at December 31, 2019 amounts to Euro 5,809 million (Euro 3,211 million at December 31, 2018), financed by net bank debt of about Euro 406 million, the aforementioned lease liabilities of Euro 2,415 million and the Consolidated shareholders' equity of Euro 2,989 million.

The capital expenditure is detailed below:

| (amounts in thousands of Euro) | twelve months ended December 31 2019 | twelve months ended December 31 2018 |
|-------------------------------------|---|---|
| Retail | 121,919 | 135,997 |
| Real estate | 60,351 | - |
| Production, logistics and corporate | 119,460 | 147,590 |
| Total | 301,730 | 283,587 |

Capital expenditure was invested in the retail area for carrying out store restyling and relocation projects and for opening 22 new stores in the period, and in the real estate area for purchasing a strategic retail building in Madrid, Spain. Other capital expenditures regarded bolstering the production and logistics structures in Italy, the IT area and corporate investments.

The net operating working capital is Euro 702.8 million, up by Euro 64.3 million compared with December 31, 2018. The change was almost entirely attributable to the higher level of inventories, mainly due to a temporary increase following the decision to reduce markdown sales.

The other current liabilities (net) at December 31, 2019 fell by Euro 31.9 million compared with December 31, 2018 mainly as a result of the recognition of the tax credit under the Patent Box regime and lower amounts due for capital expenditures.

The non-current liabilities (net) decreased in the period by Euro 169 million due essentially to the aforementioned reclassification of deferred lease liabilities (the non-current portion of Euro 142 million) used to reduce the Right of Use assets. The decrease in non-current liabilities (net) was also affected by an increase in deferred tax assets due to larger temporary differences between the statutory and consolidation values of inventory.

Net financial position surplus/(deficit)

The following table presents the composition of the net financial position:

| (amounts in thousands of Euro) | December 31 2019 | December 31 2018 |
|---|---------------------|---------------------|
| Bank borrowing - non-current | (584,141) | (487,431) |
| Total financial payables - non-current | (584,141) | (487,431) |
| Financial payables and bank overdrafts - current | (241,464) | (421,481) |
| Payables to related parties | (3,387) | (4,415) |
| Total financial payables - current | (244,851) | (425,896) |
| Total financial payables | (828,992) | (913,326) |
| Cash and cash equivalents | 421,069 | 599,821 |
| Financial receivables from related parties - non-current | 375 | - |
| Financial receivables from related parties - current | 2,004 | - |
| Total financial receivables and Cash and cash equivalents | 423,448 | 599,821 |
| Net financial surplus/(deficit), total | (405,544) | (313,505) |
| Net financial surplus/(deficit) excluding related party balances | (404,536) | (309,090) |

The net operating cash flow for the twelve-month period, after the payment of the Lease Liability (Euro 447.5 million), was Euro 362.4 million and enabled to finance the period's capital expenditures of Euro 302.3 million, including the purchase of a building in Madrid (Euro 60.4 million).

The end-of-period net financial position, following the payment of dividends totaling Euro 154.6 million, is a deficit of Euro 405.5 million.

The total amount of undrawn lines of credit as at December 31, 2019 is Euro 717 million.

The following table sets forth the lease liabilities:

| (amounts in thousands of Euro) | December 31 2019 |
|-----------------------------------|---------------------|
| Short-term lease liability | 409,537 |
| Long-term lease liability | 2,005,761 |
| Total lease liability | 2,415,298 |

The Lease Liability decreased from Euro 2,449 million at January 1, 2019 (when IFRS 16 was first adopted) to Euro 2,415 million mainly as a result of the payments during the period (Euro 497 million), net of remeasurements due to lease renewals (Euro 318 million) and interest on the present value adjustment of the liability (Euro 49 million). To a lesser extent, foreign exchange differences and the Fratelli Prada spa acquisition also contributed to the change.

The Lease Liability is concentrated mainly in the U.S.A., Japan and Italy.

The net financial indebtedness, including lease liabilities, amount to Euro 2,821 million at December 31, 2019.

Events after the reporting date

On February 23, 2020, the Prada Group announced that on April 2, 2020 Raf Simons will become the creative co-director of the Prada brand, working in partnership with Miuccia Prada with equal responsibility in terms of creative input and decision-making processes.

As reported in the PRADA spa Announcement dated March 1, 2020, the Company signed a sponsorship agreement with Challenger of Record 36 srl (COR 36), a related company in charge of organizing and managing the preliminary activities of the 36th America's Cup.

The agreement will ensure the Prada brand's visibility during the Prada Cup races and events, which will be organized adhering to the brand's quality standards. The contract provides for a financial commitment of up to Euro 23 million from the agreement date until the end of 2021.

Outlook

The combination of investment and operational initiatives implemented over the past few years is now translating into brand heat and sales. The Group is sure that its commitment to ensuring outstanding quality standards as well as strengthening brand desirability has been the right choice to support profitable and sustainable long-term growth.

The start of 2020 has been very positive for the Prada Group until the end of January; unexpectedly, the Coronavirus outbreak has interrupted the growth trajectory. This is a huge and unprecedented event that will draw deeply on the sense of responsibility and the Group will do everything it can to help overcome this crisis together with its people and customers, which safety and the well-being are of the greatest importance. Full concern and support go to all the people who are facing these tough times.

Although it is difficult to forecast the evolution of the epidemic, the Group is expecting a negative impact on this year's results and it is implementing a comprehensive contingency plan to mitigate such effects, relying on its flexible supply chain and lean organization.

The soundness of the Group's financial structure gives Directors the confidence to overcome this exceptional moment and to be ready to capture the recovery.

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 Company and its subsidiaries (the "Group"), to protect the rights of the Company's shareholders and to enhance stakeholder value. The corporate governance model adopted by the Company is in compliance with the applicable regulations in Italy, as well as the principles of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Full details on the Company's corporate governance practices are set out in the Company's 2019 Annual Report.

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 possesses related financial management expertise to discharge the responsibility of the Audit Committee. The membership of the Audit Committee consists of three Independent Non-Executive Directors, namely, Mr. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Maurizio Cereda.

During the year ended December 31, 2019 (the "Reviewed Period"), the Audit Committee held six meetings (with an attendance rate of 94.4%) mainly to review with senior management, the Group's internal and external auditor and the board of statutory auditors, the significant internal and external audit findings and financial matters as required under the Audit Committee's terms of reference and make relevant recommendations to the Board. The Audit Committee's review covered the audit plan for the year 2019, the findings of both the internal and external auditors, internal controls, risk assessment, annual review of the continuing connected transaction of the Group for 2018, tax and legal updates and the financial reporting matters (including the annual results for the year ended December 31, 2018 and the interim financial results as at June 30, 2019) before recommending them to the Board for approval.

The Audit Committee also held two meetings on March 4 and 17, 2020, to review the Group results for the Reviewed Period, before recommending it to the Board for approval.

Compliance with the Code

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, for the entire Reviewed Period.

Directors' Securities Transactions

The Company has adopted written procedures governing Directors' securities

transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Specific written acknowledgments have been obtained from each Director to confirm his/her compliance with required standard set out in the Model Code and the Company's relevant procedures regarding directors' securities transactions for the duration of the Reviewed Period. There were no incidents of non-compliance during the Reviewed Period.

The Company has also adopted 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. The terms of these procedures are no less exacting than the standard set out in the Model Code.

The Company has adopted policies to ensure that inside information are handled and disseminated in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules.

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.

Shareholders' general meeting

Given the new emergency legislation announced by the Italian government in connection with the spread of the COVID-19 - regarding also the arrangements on the organization of companies' annual general meetings - the date of the Shareholders' general meeting of the Company (the "AGM") is yet to be determined but in any event the AGM will be held within May 2020

Notice of the AGM will be published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk and dispatched to the shareholders of the Company in due course.

Final Dividend

The Board recommends, for the Reviewed Period, a final dividend of Euro 51,176,480 (Euro 0.02 per share). The payments shall be made:

- (i) in Euro to the shareholders recorded in the section of the Company's shareholders register kept by the Company at its registered office in Milan (Italy), and
- (ii) in Hong Kong dollars to the shareholders recorded in the section of the Company's shareholders register kept in Hong Kong. The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day the final dividend is approved by the shareholders.

Subject to the shareholders' approval of the payment of the final dividend at the forthcoming AGM (date to be determined), such dividend will be paid by

Tuesday, June 30, 2020.

Book Closure and Record Dates

For the information on the book closure and record dates for determining shareholders' right to attend and vote at the AGM and for determining the shareholder's entitlement to the payment of the proposed final dividend, the Company will make further publication(s) at appropriate times.

Publication of Annual Results Announcement and Annual Report

This Annual Results Announcement is published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk. The Company's 2019 Annual Report will be published on the same websites and dispatched to shareholders of the Company in due course.

By Order of the Board
PRADA S.p.A.
Mr. Carlo Mazzi
Chairman

Milan (Italy), March 18, 2020

As at the date of this announcement, the Company's executive directors are Mr. Carlo MAZZI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI and Ms. Alessandra COZZANI; the Company's non-executive director is Stefano SIMONTACCHI and the Company's independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI, Mr. Sing Cheong LIU and Mr. Maurizio CEREDA.