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## **PRADA S.p.A.**

*Via A. Fogazzaro n. 28, Milan, Italy  
Registry of Companies of Milan, Italy: No. 10115350158  
(Incorporated under the laws of Italy as a joint-stock company)  
(Stock Code: 1913)*

### **CONTINUING CONNECTED TRANSACTION: RENEWAL OF ANNUAL CAPS FOR FRANCHISE AGREEMENT SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the announcement of the Company dated January 25, 2017 in relation to the Franchise Agreement and the continuing connected transaction contemplated thereunder (the “**First Announcement**”). Unless otherwise defined herein, capitalized terms in this announcement shall have the same meanings as those defined in the First Announcement. As disclosed in the First Announcement, the Franchise Agreement was entered into on January 28, 2009 and relevant disclosures were included in the Prospectus. To enhance transparency, the Company would like to provide supplemental information on the transactions as referred to the First Announcement.

With reference to the renewed annual caps table on page 3 of the First Announcement:

#### **Revenues from sales of goods**

The finished products are sold to Fratelli Prada S.p.A. (“**Fratelli Prada**”) by the Group at the same sell-in prices invoiced to Italian independent wholesale clients based on the Group’s internal price list.

#### **Revenues from services, net**

The transactions under this category include:

- Engineering services provided to Fratelli Prada by the Group: this is invoiced based on the charges which the Group also charges its retail subsidiaries for similar services based on the Group’s internal price list.
- IT services provided to Fratelli Prada by the Group: this is invoiced at cost recharging the same prices applied by the relevant suppliers.
- Sales of uniform provided to Fratelli Prada by the Group: this is invoiced at the same sell-in prices invoiced to its retail subsidiaries based on the Group’s internal price list.

- Repurchases made by the Company from Fratelli Prada of finished products for publicity and events purposes: this is made at the same sell-in prices applicable to Italian independent wholesale clients based on the Group's internal price list.

### **Royalties income**

Fratelli Prada pays the Company royalties in exchange for the right to use the Prada trademark in respect of the stores in Milan. The royalties percentage is the same royalties percentage invoiced to a joint venture company with a third party.

### **Purchases by the Group**

The transactions under this category include:

- Repurchases made by the Company from Fratelli Prada of finished products for transfer to other locations outside Milan where there may be a shortage of those products: this is made at the same sell-in prices applicable to Italian independent wholesale clients based on the Group's internal price list.
- Accepting returns of inventory on non-continuable products (products which will not be included in the Company's product list in the following season) from Fratelli Prada: this is made at a discount of 20% on the sell-in prices, which is the same discount percentage applicable to other franchisees based on the Group's internal price list.
- Retail staff services to manage the men's store in Galleria Vittorio Emanuele II, Milan (which is the only Prada shop in Milan directly operated by the Group): this is invoiced based on the actual costs incurred by Fratelli Prada plus a reasonable margin which is lower than the margin charged by the Group against its retail subsidiaries for similar services.

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

Milan (Italy), March 13, 2017

*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 directors are Mr. Stefano SIMONTACCHI and Mr. Maurizio CEREDA and the Company's independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI and Mr. Sing Cheong LIU.*