PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE CONSOLIDATED RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

- Net revenues were Euro 1,535.3 million, up by 9.4% at constant exchange rates compared with the six months ended June 30, 2017 (+3.3% at current exchange rates)
- Net retail sales were Euro 1,237 million, up by 9.7% at constant exchange rates compared with the six months ended June 30, 2017 (+3% at current exchange rates), with positive trends across brands, products and geographical areas
- EBIT was Euro 159.2 million, up by 16% from the comparative period
- The Group's net income for the six-month period was Euro 105.7 million, an increase of 10.7% compared with the same period of the previous year
- Operating net cash flows were Euro 180 million
- The net financial position is indebtedness of Euro 240.2 million, after dividend payments totaling Euro 185.7 million

Presentation of the Prada Group

PRADA spa (the "Company"), together with its subsidiaries (jointly the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). It is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates in the eyewear and fragrance industries under specific licensing agreements stipulated with industry leaders, and with the recent acquisition of Pasticceria Marchesi 1824, it has made its entry into the food industry, where it is positioned at the highest levels in terms of quality.

The Group's products are sold in 70 countries worldwide through a network that included 629 Directly Operated Stores (DOS) at June 30, 2018 and a select network of department stores, independent retailers, franchise stores and on-line distributors (e-tailers) operating in the high-end market segment.

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

Key financial information

	IFRS	Pro-forma	
Key economic figures (amounts in thousands of Euro)	**six months closed at June 30 2018 (unaudited)**	**six months closed at June 30 2017 (unaudited)**	**% change vs June 30 2017**
Net revenues	**1,535,326**	**1,486,019**	**3.3%**
EBITDA	**270,806**	**250,638**	**8.0%**
EBITDA %	**17.7%**	**16.9%**	**-**
EBIT	**159,188**	**137,176**	**16.0%**
EBIT %	**10.4%**	**9.2%**	**-**
Net income of the Group	**105,668**	**95,428**	**10.7%**
Earnings per share (Euro)	**0.041**	**0.037**	**10.7%**

	IFRS	IFRS	
Key indicators (amounts in thousands of Euro)	**June 30 2018 (unaudited)**	**December 31 2017 (audited)**	**change vs December 31 2017**
Net operating working capital	**601,882**	**546,205**	**55,677**
Net invested capital	**3,034,008**	**2,969,909**	**64,099**
Net financial position surplus/(deficit)	**(240,201)**	**(103,738)**	**(136,463)**
Group shareholders' equity	**2,776,166**	**2,844,652**	**(68,486)**

Highlights for the six months ended June 30, 2018

The Prada Group’s negative sales performance of the previous year turned around in the first six months of 2018, and revenues increased across markets, products and brands. Such growth was held back in part by unfavorable exchange rates.

The transformation process of the past few years has enabled Prada to interpret more readily the spirit of the times and of the new generations, and has paved the way for the expansion of its sales strategy. The sales recovery was assisted by a rebalancing of the leather goods product mix and clear communication strategies for the collections, such as those centered on nylon, the emblematic material that blends Prada's past, present and future style identity. Also important were the market responses to the new sneaker collection offered in more models for both women and men.

Use of the pop-up format was continued in the period. The displays involved Prada and Miu Miu in particular and created innovative shopping experiences, such as Prada Spirit, dedicated to the Chinese New Year, and Miu Miu Disco, inspired by the discotheques of the 1970s and 1980s. The pop-ups, infused with the basic styles of the brands and conceived as traveling projects in a selected number of malls, brought additional footfall to stores and further strengthened the relationship with customers.

The marketing activities of the period focused on a growing number of strictly digital initiatives, with the creation of visual identities and the production of content particularly suitable for the communication channels closest to millennials and generation z. The program to update the e-commerce platform was continued with the extension of the new user experience of the prada.com website, which will cover all the Group's core markets soon, and the ongoing development of the new miumiu.com.

Investments have been made to restyle store layouts in order to make them even more attractive and have more effective product displays. Important new stores were opened, including in the prestigious SKP mall in Xi’an, China, and in the Dubai Mall in the United Arab Emirates.

The Group's interest in the world of culture and art went on mainly through the sponsorship of Fondazione Prada.

Operating margins improved not only as a result of efficient cost management, but also because of revenue growth benefiting from the aforementioned initiatives in terms of product innovation, digital transformation and brand visibility.

Basis of Presentation

The financial information for the six months ended June 30, 2018 included in this Announcement refers to the Group of companies controlled by PRADA spa, holding company of the PRADA Group (the "Group"), and is based on its unaudited Interim condensed consolidated financial statements for the six month period ended June 30, 2018. These results were prepared in accordance with the IFRSs adopted to prepare the Consolidated financial statements at December 31, 2017 with the exception of the changes below reported.

IFRSs also refer to all the International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously named the Standing Interpretations Committee ("SIC").

New Standards and the Amendments issued by the IASB, endorsed by the European Union and applicable to the Group from January 1, 2018

New Standards IFRS and Amendments to existing standards	Effective Date for Prada Group	EU endorsement date
IFRS 9 Financial Instruments	January 1, 2018	Endorsed in November 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Endorsed in September 2016
Amendments to IFRS 4	January 1, 2018	Endorsed in November 2017
Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018	Endorsed in October 2017
2014-2016 Cycle affecting IFRS 1, IAS 28, IFRS 12	January 1, 2018	Endorsed in February 2018
IFRS 2 Classification and Measurement of Share-based Payment Transactions	January 1, 2018	Endorsed in February 2018
IAS 40: Transfers of Investment Property	January 1, 2018	Endorsed in March 2018
IFRIC Interpretation 22: "Foreign Currency Transactions and Advance Consideration"	January 1, 2018	Endorsed in March 2018

IFRS 9 Financial Instruments

On January 1, 2018 IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement". The new standard had two applications for the Group.
The first relates to the new "expected loss" impairment model replacing the previous "incurred loss" model. In response to this new method for measuring financial assets, which for the Prada Group are the trade receivables, a new impairment procedure was developed deriving in part from the commercial scoring system already used, which is based on the probabilities of default of the country in which the counterparty operates and of the counterparty itself. The new standard was adopted without restating the December 31, 2017 balances, and the effect on the opening reserves was Euro 1.7 million, net of taxes.
A second application refers to a different way to account for derivatives, which is now to recognize all fair value changes in the cash flow hedge reserve, on the condition that the cash flow being hedged does not already affect profit or loss (as per IAS 39). The new standard was adopted without restating the December 31, 2017 balances, and it resulted in a reclassification within equity between the "cash flow hedge reserve" and "other reserves" of Euro 2.1 million, net of taxes.

IFRS 15 Revenue from Contracts with Customers

On January 1, 2018, IFRS 15 "Revenue from Contracts with Customers" fully replaced IAS 18 "Revenue" and IAS 11 "Construction Contracts". The new standard was adopted by the Group without retroactive effects on previous periods and did not anyway impact the opening equity as at January 1, 2018. The only effects, although immaterial, of adopting the new standard regard a different classification of some components of income in the statement of profit or loss and a different method for recognizing future liabilities for returns of finished products. The latter change resulted in an increase in the current liabilities accounted for at December 31, 2017, with a corresponding new inventory item, "return assets" (Euro 4.6 million at January 1, 2018).

New accounting standards and Amendments issued by the IASB, endorsed by the European Union, but not applicable to the Prada Group yet because they are effective for annual periods beginning on or after January 1, 2019.

New standards 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

As reported in the 2017 Annual Report, the adoption of IFRS 16 "Leases" will have a material impact on the Prada Group's statement of profit or loss and statement of financial position.

In 2017, following the creation of a multidisciplinary team to deal with the transition to the new standard, a proper IT solution was determined and then started to be implemented in early 2018. The goal of the new IT architecture is to meet the new reporting requirements and improve the corporate processes involved in the management of leased assets. The solutions were designed to ensure full integration with the transactional systems (not all countries where the Group operates adopt IFRS 16), and an adequate internal control level based on process standardization and automation.

The impact of the new standard cannot be fully quantified due mainly to interpretative uncertainty regarding the legislation of the various countries where the Group operates and the different contractual cases. The Group is monitoring carefully the main trends so that it can adopt the new standard completely by the end of the year. In any case, the scale of impact on the statement of financial position remains in line with the commitments for future lease payments (Euro 2.6 billion), as reported in the 2017 Annual Report.

Pro-forma Interim Statement of Profit or Loss for six-month period ended June 30, 2017

As a result of the change in the end of the annual reporting period from January 31 to December 31, approved at the General Meeting held on May 31, 2017, the Prada Group's Interim Statement of Profit or Loss for the first six months of 2017 prepared in accordance with IFRS ("2017 IFRS Statement of Profit or Loss") is not perfectly comparable with the 2018 IFRS Interim Statement of Profit or Loss because it ended on July 31 instead of June 30. In order to provide meaningful comparison of the Group's business and financial performance, management has prepared a 2017 Pro-Forma Interim Statement of Profit or Loss that refers to the six months ended June 30, 2017.

Consolidated statement of Profit or Loss for the six-month period ended June 30, 2018

(amounts in thousands of Euro)	IFRS six months ended June 30 2018 (unaudited)	%	Pro-forma six months ended June 30 2017 (unaudited)	%
Net sales (Note 1)	1,510,603	98.4%	1,460,474	98.3%
Royalties	24,723	1.6%	25,545	1.7%
Net revenues	1,535,326	100%	1,486,019	100%
Cost of goods sold	(429,474)	-28.0%	(408,127)	-27.5%
Gross margin	1,105,852	72.0%	1,077,892	72.5%
Operating expenses	(946,664)	-61.6%	(940,716)	-63.3%
EBIT	159,188	10.4%	137,176	9.2%
Interest and other financial income/(expenses), net	(10,752)	-0.7%	262	0.0%
Dividends from investments	302	0.0%	357	0.0%
Income before taxation	148,738	9.7%	137,795	9.2%
Taxation	(43,574)	-2.9%	(41,614)	-2.8%
Net income for the period	105,164	6.8%	96,181	6.4%
Net income – Non-controlling interests	(504)	0.0%	753	0.1%
Net income – Group	105,668	6.9%	95,428	6.4%
Basic and diluted earnings per share (in Euro per share) - (Note 3)	0.041		0.037	
Depreciation, amortization and impairment	111,618	7.3%	113,462	7.6%
EBITDA	270,806	17.7%	250,638	16.9%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Assets			
Current assets			
Cash and cash equivalents		880,953	892,610
Trade receivables, net	4	290,649	289,973
Inventories	5	612,660	569,929
Derivative financial instruments – current		6,096	13,923
Receivables from, and advance payments to, related parties - current	6	6,635	6,107
Other current assets	7	188,299	192,072
Total current assets		1,985,292	1,964,614
Non-current assets			
Property, plant and equipment	8	1,526,596	1,522,782
Intangible assets	8	927,042	921,458
Associated undertakings		9,156	8,416
Deferred tax assets		215,578	209,402
Other non-current assets	9	103,642	110,698
Derivative financial instruments - non-current		3,051	2,005
Total non-current assets		2,785,065	2,774,761
Total Assets		4,770,357	4,739,375
Liabilities and Shareholders' Equity			
Current liabilities			
Bank overdrafts and short-term loans		611,562	352,971
Payables to related parties - current	10	4,418	4,488
Trade payables	11	301,427	313,697
Tax payables		80,555	68,116
Derivative financial instruments - current		13,529	7,654
Other current liabilities	12	138,343	157,346
Total current liabilities		1,149,834	904,272
Non-current liabilities			
Long-term financial payables		505,008	638,954
Post-employment benefits		61,521	61,444
Provision for risks and charges	13	57,285	61,815
Deferred tax liabilities		31,031	32,012
Other non-current liabilities		165,535	167,595
Derivative financial instruments non-current		6,336	7,112
Total non-current liabilities		826,716	968,932
Total Liabilities		1,976,550	1,873,204
Share capital		255,882	255,882
Total other reserves		2,395,246	2,375,084
Translation reserve		19,370	(4,035)
Net income for the period		105,668	217,721
Net Equity attributable to owners of Group		2,776,166	2,844,652
Net Equity attributable to Non-controlling interests		17,641	21,519
Total Net Equity		2,793,807	2,866,171
Total Liabilities and Total Net Equity		4,770,357	4,739,375
Net current assets		835,458	1,060,342
Total assets less current liabilities		3,620,523	3,835,103

Statement of changes in consolidated shareholders' equity (amounts in thousands of Euro, except for number of shares)

												Equity	
(amounts in thousands of Euro)	Number of Shares	**Share Capital**	**Translation Reserve**	Share premium reserve	Cash flow hedge reserve	Actuarial Reserve	Fair Value Available for sale Reserve	Other reserves	**Total Other Reserves**	**Net income**	**Equity attributable to owners of Group**	**Non-controlling interests**	**Total Net Equity**
Balance at January 31 2017 (audited)	2,558,824,000	**255,882**	**144,791**	410,047	(7,897)	(5,707)	(1,656)	2,006,713	**2,401,500**	**278,329**	**3,080,502**	**24,028**	**3,104,530**
Allocation of 2016 net income	-	**-**	**-**	-	-	-	-	278,329	**278,329**	**(278,329)**	**-**	**-**	**-**
Dividends	-	**-**	**-**	-	-	-	-	(307,059)	**(307,059)**	**-**	**(307,059)**	**(451)**	**(307,510)**
Transactions with Non-controlling shareholders	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	**335**	**335**
Capital injection in subsidiaries	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	**89**	**89**
Comprehensive income for the six months (recyclable to P&L)	-	**-**	**(121,155)**	-	10,212	-	(1,903)	4	**8,313**	**115,742**	**2,900**	**(1,411)**	**1,489**
Comprehensive income for the six months (not recyclable to P&L)	-	**-**	**-**	-	-	2	-	-	**2**	**-**	**2**	**-**	**2**
Balance at July 31 2017 (unaudited)	2,558,824,000	**255,882**	**23,636**	410,047	2,315	(5,705)	(3,559)	1,977,987	**2,381,085**	**115,742**	**2,776,345**	**22,590**	**2,798,935**
Dividends	-	-	-	-	-	-	-	-	-	-	-	**(563)**	**(563)**
Transactions with Non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	**(12)**	**(12)**
Comprehensive income for the five months (recyclable to P&L)	-	-	**(27,671)**	-	(5,588)	-	(2,011)	(4)	**(7,603)**	**101,979**	**66,705**	**(483)**	**66,222**
Comprehensive income for the five months (not recyclable to P&L)	-	-	-	-	-	1,602	-	-	**1,602**	-	**1,602**	**(13)**	**1,589**
Balance at December 31, 2017 (audited)	2,558,824,000	**255,882**	**(4,035)**	410,047	(3,273)	(4,103)	(5,570)	1,977,983	**2,375,084**	**217,721**	**2,844,652**	**21,519**	**2,866,171**
First Time Adoption IFRS 9 – Allowance for bad and doubtful debts	-	**-**	**-**	-	-	-	-	(1,724)	**(1,724)**	**-**	**(1,724)**	**(33)**	**(1,757)**
First Time Adoption IFRS 9 – Derivatives	-	**-**	**-**	-	(2,063)	-	-	2,063	**-**	**-**	**-**	**-**	**-**
Balance at January 1 2018 (unaudited)	2,558,824,000	**255,882**	**(4,035)**	410,047	(5,336)	(4,103)	(5,570)	1,978,322	**2,373,360**	**217,721**	**2,842,928**	**21,486**	**2,864,414**
Allocation of 2017 net income	-	-	-	-	-	-	-	217,721	**217,721**	**(217,721)**	**-**	**-**	**-**
Dividends	-	**-**	**-**	-	-	-	-	(191,912)	**(191,912)**	**-**	**(191,912)**	**(3,835)**	**(195,747)**
Transactions with non-controlling interests	-	-	-	-	-	-	-	197	197	-	197	**(225)**	**(28)**
Capital injection in subsidiaries	-	**-**	**-**	-	-	-	-	-	**-**	**-**	**-**	**297**	**297**
Comprehensive income for the six months (recyclable to P&L)	-	-	23,405	-	(4,857)	-	740	(3)	(4,120)	105,668	124,953	(82)	124,871
Balance at June 30 2018 (unaudited)	2,558,824,000	**255,882**	**19,370**	410,047	(10,193)	(4,103)	(4,830)	2,004,325	**2,395,246**	**105,668**	**2,776,166**	**17,641**	**2,793,807**

Summarized statement of consolidated cash flows

	IFRS	IFRS
(amounts in thousands of Euro)	six months ended June 30 2018 (unaudited)	six months ended July 31 2017 (unaudited)
Net cash flows from operating activities	180,018	208,156
Cash flows generated/(utilized) by investing activities	(139,125)	(104,303)
Cash flows generated/(utilized) by financing activities	(68,431)	(107,039)
Change in cash and cash equivalents, net of bank overdrafts	(27,538)	(3,186)

Statement of consolidated comprehensive income

	IFRS	IFRS
(amounts in thousands of Euro)	six months ended June 30 2018 (unaudited)	six months ended July 31 2017 (unaudited)
Net income for the period – Consolidated	105,164	116,082
A) Items recyclable to P&L:		
Change in Translation reserve	23,824	(122,894)
Tax impact	-	-
Change in Translation reserve less tax impact	23,824	(122,894)
Change in Cash Flow Hedge reserve	(6,710)	13,477
Tax impact	1,853	(3,265)
Change in Cash Flow Hedge reserve less tax impact	(4,857)	10,212
Change in Fair Value reserve	740	(2,475)
Tax impact	-	572
Change in Fair Value reserve less tax impact	740	(1,903)
Consolidated comprehensive income for the period	124,871	1,497
Comprehensive income for the period – Non-controlling Interests	(82)	(1,411)
Comprehensive income for the period – Group	124,953	2,908

Notes to the consolidated results for the six-month period ended June 30, 2018

1. Analysis of Net Revenues

(amounts in thousands of Euro)	IFRS six months ended June 30, 2018 (unaudited)		Pro-forma six months ended June 30, 2017 (unaudited)		% change
Net Sales by geographical area					
Europe	563,003	37.3%	535,680	36.7%	5.1%
Americas	203,967	13.5%	211,617	14.5%	-3.6%
Asia Pacific	519,594	34.4%	487,643	33.4%	6.6%
Japan	171,278	11.3%	170,747	11.7%	0.3%
Middle East	50,805	3.4%	52,862	3.6%	-3.9%
Other countries	1,956	0.1%	1,925	0.1%	1.7%
Total Net Sales	1,510,603	100%	1,460,474	100%	3.4%
Net Sales by brand					
Prada	1,236,703	81.9%	1,188,093	81.3%	4.1%
Miu Miu	234,545	15.5%	230,739	15.8%	1.6%
Church's	31,663	2.1%	33,888	2.3%	-6.6%
Other	7,692	0.5%	7,754	0.6%	-0.8%
Total Net Sales	1,510,603	100%	1,460,474	100%	3.4%
Net Sales by product line					
Leather goods	858,769	56.8%	839,121	57.5%	2.3%
Footwear	307,860	20.4%	313,190	21.4%	-1.7%
Clothing	315,354	20.9%	278,380	19.1%	13.3%
Other	28,620	1.9%	29,783	2.0%	-3.9%
Total Net Sales	1,510,603	100%	1,460,474	100%	3.4%
Net Sales by channel					
Net Sales of direct operated stores (DOS)	1,236,991	81.9%	1,200,737	82.2%	3.0%
Sales to Independent customers and franchisees	273,612	18.1%	259,737	17.8%	5.3%
Total Net Sales	1,510,603	100%	1,460,474	100%	3.4%
Net Revenues					
Net Sales	1,510,603	98.4%	1,460,474	98.3%	3.4%
Royalties	24,723	1.6%	25,545	1.7%	-3.2%
Total Net revenues	1,535,326	100%	1,486,019	100%	3.3%

2. Number of stores

	June 30, 2018		December 31, 2017		June 30, 2017	
	Owned	Franchisees	Owned	Franchisees	Owned	Franchisees
Prada	397	25	394	25	385	25
Miu Miu	166	9	167	9	167	9
Church's	59	-	57	-	55	-
Car Shoe	4	-	4	-	5	-
Marchesi	3	-	3	-	3	-
Total	629	34	625	34	615	34

	June 30, 2018		December 31, 2017		June 30, 2017	
	Owned	Franchisees	Owned	Franchisees	Owned	Franchisees
Europe	228	4	229	4	220	4
Americas	110	-	112	-	112	-
Asia Pacific	189	25	184	25	182	25
Japan	79	-	79	-	79	-
Middle East & Africa	23	5	21	5	22	5
Total	629	34	625	34	615	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.

	IFRS	Pro-Forma
	six months ended June 30 2018 (unaudited)	six months ended June 30 2017 (unaudited)
Group net income in Euro	105,668,240	95,428,301
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	0.041	0.037

Dividend per share

During the six months ended June 30, 2018, the Company distributed dividends of Euro 191,911,800, as approved by Shareholders at the General Meeting held on April 27, 2018 to approve the December 31, 2017 financial statements.

The dividends net of the withholding taxes (Euro 182 million) were paid during the period under review, whereas such withholding tax (Euro 10 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 in July 2018.

4. Trade receivables, net

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Trade receivables – third parties	288,964	284,602
Allowance for bad and doubtful debts	(10,230)	(7,892)
Trade receivables – related parties	11,915	13,263
Total	290,649	289,973

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

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Opening balance	7,892	6,654
IFRS 9 First time Adoption - Bad Debt Provision	2,246	-
Exchange differences	44	(171)
Increases	150	1,926
Utilization	(102)	(517)
Closing balance	10,230	7,892

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

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	300,879	260,480	16,139	5,942	4,970	1,652	11,696
Total	300,879	260,480	16,139	5,942	4,970	1,652	11,696

(amounts in thousands of Euro)	as at December 31 2017 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	297,865	267,271	9,871	6,225	2,052	1,622	10,824
Total	297,865	267,271	9,871	6,225	2,052	1,622	10,824

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

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful accounts	290,649	257,843	16,139	5,942	4,970	1,652	4,103
Total	290,649	257,843	16,139	5,942	4,970	1,652	4,103

(amounts in thousands of Euro)	as at December 31 2017 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful accounts	289,973	267,133	9,871	6,225	2,052	1,622	3,070
Total	289,973	267,133	9,871	6,225	2,052	1,622	3,070

5. Inventories, net

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Raw materials	107,889	102,246
Work in progress	41,058	30,556
Finished products	500,105	484,709
Allowance for obsolete and slow-moving inventories	(42,260)	(47,582)
Total	606,792	569,929
Return assets	5,868	-
Total Inventory, Net	612,660	569,929

The increase in the inventory compared to December 31, 2017 was consistent with the seasonal production and store procurement.

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

(amounts in thousands of Euro)	Raw materials	Finished products	Total
Balance at December 31, 2017 (audited)	23,774	23,808	47,582
Exchange differences	-	(58)	(58)
Increases	-	659	659
Utilization	(39)	(5,884)	(5,923)
Balance at June 30, 2018 (unaudited)	23,735	18,525	42,260

The utilization of the allowance related to the scrapping of items written down in prior years.

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

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Prepaid sponsorship	787	-
Other receivables and advances	5,848	6,107
Receivables from and advances to related parties - current	6,635	6,107

7. Other current assets

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
VAT	41,309	42,444
Income tax and other tax receivables	44,388	69,652
Other assets	20,068	18,755
Prepayments	68,240	52,779
Deposits	14,294	8,442
Total	188,299	192,072

8. Capital expenditure

The changes in the carrying amount of property, plant and equipment for the six months ended June 30, 2018 are shown below:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangibles	Assets under construction	Total net carrying amount
Balance at December 31 2017 (audited)	659,350	45,737	456,999	175,471	94,219	91,006	1,522,782
Additions	15,133	6,565	33,167	13,804	1,991	29,828	100,488
Depreciation	(8,833)	(4,480)	(55,787)	(16,811)	(5,997)	-	(91,908)
Disposals	(1)	(35)	(19)	(334)	(8,039)	-	(8,428)
Exchange differences	489	(1)	4,373	1,477	66	165	6,569
Other movements	41,112	3,644	4,586	11,167	273	(62,019)	(1,237)
Impairment	-	-	(1,000)	(560)	(25)	(85)	(1,670)
Balance at June 30 2018 (unaudited)	707,250	51,430	442,319	184,214	82,488	58,895	1,526,596

The changes in the carrying amount of intangible assets for the six months ended June 30, 2018 are shown below:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Other intangibles	Assets in progress	Total net carrying amount
Balance at December 31 2017 (audited)	248,990	518,336	76,729	35,085	11,256	31,062	921,458
Additions	828	-	11,825	4,057	16	8,523	25,249
Amortization	(6,954)	-	(4,832)	(5,118)	(1,058)	-	(17,962)
Disposals	-	-	(1,634)	(4)	-	-	(1,638)
Exchange differences	64	11	(31)	7	-	(23)	28
Other movements	-	-	17,650	6,325	-	(23,990)	(15)
Impairment	-	-	-	-	-	(78)	(78)
Balance at June 30 2018 (unaudited)	242,928	518,347	99,707	40,352	10,214	15,494	927,042

9. Other non-current assets

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Guarantee deposits	60,705	66,511
Deferred rental income	11,289	13,004
Pension fund surplus	13,039	13,021
Other long-term assets	18,609	18,162
Total	103,642	110,698

10. Payables to related parties - current

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Financial payables	4,336	4,423
Other payables	82	65
Payables to related parties - current	4,418	4,488

11. Trade payables

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Trade payables – third parties	292,426	302,847
Trade payables – related parties	9,001	10,850
Total	301,427	313,697

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

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	301,427	271,697	16,824	2,736	2,135	1,625	6,410
Total	301,427	271,697	16,824	2,736	2,135	1,625	6,410

(amounts in thousands of Euro)	as at December 31 2017 (audited)	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	313,697	284,005	13,277	7,097	1,411	748	7,159
Total	313,697	284,005	13,277	7,097	1,411	748	7,159

12. Other current liabilities

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Payables for capital expenditure	35,781	62,357
Accrued expenses and deferred income	23,946	20,943
Other payables	78,616	74,046
Total	138,343	157,346

13. 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
Balance at December 31, 2017 (audited)	3,094	9,928	48,793	61,815
Exchange differences	24	15	713	752
Reversals	(686)	(98)	(275)	(1,059)
Utilized	(1,069)	(2,268)	(2,624)	(5,961)
Increases	-	61	1,711	1,772
Reclassification	-	(1,579)	1,545	(34)
Balance at June 30, 2018 (unaudited)	1,363	6,059	49,863	57,285

Disputes had been filed in previous years by PRADA spa for the dismissal or inadmissibility of petitions to not apply Controlled Foreign Company ("CFC") rules. Following its adherence to the Cooperative Compliance tax regime (described in the 2017 Annual Report), on April 23, 2018 PRADA spa and the Italian Revenue Agency formally jointly agreed to waive such disputes. The settlement of those disputes did not have any effect on the financial statements because the related risk had been deemed remote, so management had not entered risk provisions for them.

PRADA spa had filed a dispute regarding the audit initiated by the Italian Customs Agency in 2012 for the tax years from 2007 to 2011, which had resulted in notices of assessment for the 2010 tax year. In the first half of 2018 a new appeal was discussed at the Livorno Provincial Tax Committee and ruled in favor of the Company, just as the previous one had been. The Customs Agency has lodged an appeal against such rulings.

PRADA Germany gmbh had received a notice of assessment of direct taxes from the German tax authorities for the tax years from 2008 to 2011. The Company has paid the additional tax bills received and is waiting to be summoned for the discussion of the appeal filed.

Management Discussion and Analysis for the six-month period ended June 30, 2018 (unaudited)

Distribution channels

The retail net sales for the six months ended June 30, 2018 showed growth of 9.7% at constant exchange rates and 3% at current exchange rates. The negative impact of foreign exchange amounted to approximately Euro 80 million, and regarded all the main currencies. The growth at constant exchange rates was almost steady over the entire six-month period after the difference in the Chinese New Year date was recovered, which had benefited January sales in 2017 and February sales in 2018. Regular sales and higher volumes contributed largely to such growth.

Wholesale sales, bolstered by orders from e-tailers, rose by 8.1% at constant exchange rates (+5.3% at current exchange rates).

Markets

The Asia Pacific market reported net sales growth of 13.8% at constant exchange rates (6.6% at current exchange rates). Most of the sales increase derived from directly operated stores. The Greater China region, assisted by the recovery of tourist flows in Hong Kong and Macau, contributed considerably to the results of the region, with net sales of Euro 344.4 million, up by 17.2% at constant exchange rates (+9.2% at current exchange rates).

Net sales in Europe rose by 6.5% at constant exchange rates (+5.1% at current exchange rates). Except for the U.K., whose performance was in line with the comparative period, all the main countries in the region reported growth at constant exchange rates.

Net sales in the American market rose by 7.7% at constant exchange rates (-3.6% at current exchange rates). The growth was fueled primarily by the U.S. market, thanks to an expanding domestic clientele.

Sales in Japan rose by 9.1% at constant exchange rates and were in line with those of the comparative period at current exchange rates. The performance of this market benefited from a recovery in tourist flows, but also local consumption.

Net sales in the Middle East region grew by 6.9% at constant exchange rates and fell by 3.9% at current exchange rates. The recovery derived mainly from an increase in local spending. Two important stores, Prada and Miu Miu, were opened at the prestigious Dubai Mall during the period.

Products

Clothing sales increased by 19.5% at constant exchange rates and by 13.3% at current exchange rates. Both Prada and Miu Miu had double-digit growth at constant exchange rates, with higher growth rates than those of 2017.

Leather good sales rose by 8.4% at constant exchange rates and 2.3% at current exchange rates. Within leather goods, handbags continued on the positive trend underway at the end of the previous year, with double-digit sales growth at constant exchange rates compared with the same period of the prior year.

Footwear sales grew by 4% at constant exchange rates and fell by 1.7% at current exchange rates, showing recovery from the negative trend of the past two years.

Brands

Net sales of the Prada brand rose by 10.1% at constant exchange rates (+4.1% at current exchange rates). All product categories presented growth at constant exchange rates compared with the same period of the previous year.

Miu Miu made a return to positive growth across all product categories and its net sales rose by 8.2% at constant exchange rates (+1.6% at current exchange rates).

Sales of Church's brand products fell by 3.9% at constant exchange rates and by 6.6% at current exchange rates. The decline was nearly entirely attributable to the results of the wholesale channel, which has still not recuperated from its reorganization process.

"Other brands" refers primarily to sales of Marchesi 1824 brand patisserie products, which had double-digit growth compared with the same period of the previous year.

Royalties

Licensing agreements generated royalties income of Euro 24.7 million, down by 3.2% at current exchange rates. The considerable increase in the fragrance sector was offset by a decrease for eyewear.

Operating results

The gross margin narrowed from 72.5% in the pro-forma six-month period ended June 30, 2017 to 72%. Foreign exchange losses affected the contraction, despite a better ratio of full-price sales to promotional sales.

Operating expenses grew slightly compared with the pro-forma six-month period of 2017 (from Euro 940.7 million to Euro 946.7 million), but they were lower as a percentage of net sales (from 63.3% to 61.6%). Selling expenses rose due mainly to an increase in the personnel employed in the retail network while advertising and communications activities went up following the numerous digital initiatives, pop-up events and sponsorship costs. Such increases were almost offset by the exchange rate impacts.

	IFRS		Pro-forma	
(amounts in thousands of Euro)	**six months ended June 30 2018 (unaudited)**	**% on net revenues**	**six months ended June 30 2017 (unaudited)**	**% on net revenues**
Product design and development costs	**64,572**	**4.2%**	**66,006**	**4.4%**
Advertising and communications costs	**94,379**	**6.1%**	**88,810**	**6.0%**
Selling costs	**692,227**	**45.1%**	**691,833**	**46.6%**
General and administrative costs	**95,486**	**6.2%**	**94,067**	**6.3%**
Total Operating expenses	**946,664**	**61.6%**	**940,716**	**63.3%**

EBITDA for the six months ended June 30, 2018 was Euro 270.8 million, or 17.7% of net sales, up by 80 basis points compared with the same pro-forma period of 2017.

EBIT for the six months ended June 30, 2018 was Euro 159.2 million, or 10.4% of net sales, whereas in the pro-forma comparative period it was Euro 137.2 million or 9.2%

of net sales.

The increase in net finance costs was attributable primarily to foreign exchange differences on financial items.

Net invested capital

The following table reclassifies the statement of financial position to provide a better view of the composition of the net invested capital.

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Non-current assets (excluding deferred tax assets)	2,569,487	2,565,359
Trade receivables, net	290,649	289,973
Inventories, net	612,660	569,929
Trade payables	(301,427)	(313,697)
Net operating working capital	601,882	546,205
Other current assets (excluding items of financial position)	201,031	212,102
Other current liabilities (excluding items of financial position)	(232,261)	(233,181)
Other current assets/(liabilities), net	(31,230)	(21,079)
Provision for risks	(57,285)	(61,815)
Post-employment benefits	(61,521)	(61,444)
Other long-term liabilities	(171,872)	(174,706)
Deferred taxation, net	184,547	177,389
Other non-current assets/(liabilities)	(106,131)	(120,576)
Net invested capital	3,034,008	2,969,909
Shareholder's equity – Group	(2,776,166)	(2,844,652)
Shareholder's equity – Non-controlling interests	(17,641)	(21,519)
Total Consolidated shareholders' equity	(2,793,807)	(2,866,171)
Long-term financial payables	(505,008)	(638,954)
Short-term financial, net surplus/(deficit)	264,807	535,216
Net financial position surplus/(deficit)	(240,201)	(103,738)
Shareholders' equity and net financial position	(3,034,008)	(2,969,909)
Net Debt to Consolidated equity ratio	8.6%	3.6%

As at June 30, 2018, the Group has net invested capital of Euro 3,034 million, net financial indebtedness of Euro 240.2 million and Group's equity of Euro 2,776.2 million.

Non-current assets, consisting essentially of property plant, equipment and intangible assets, amount to Euro 2,569.5 million as at June 30, 2018. There was practically no change for the period because the capital expenditure of Euro 125.8 million was nearly the same as the depreciation and amortization expense of Euro 111.6 million.

The capital expenditure is broken down below:

(amounts in thousands of Euro)	six months ended June 30 2018 (unaudited)	eleven months ended December 31 2017 (audited)
Retail	74,191	110,026
Production, logistics and corporate	51,591	140,638
Total	125,782	250,664

Capital expenditure was invested in the retail area primarily for renovation and relocation projects, as well as for the store openings of the period concentrated at the prestigious SKP mall in Xi'an in China and the Dubai Mall in the U.A.E. Other capital expenditure was used to build up production structures and enhance the corporate spaces in Italy.

The net working capital is Euro 601.9 million, up by Euro 55.7 million compared with December 31, 2017 due mainly to the inventory increase, which is consistent with the seasonal production and store procurement.

The net current liabilities are higher than at December 31, 2017 mainly because of the use of tax receivable in the period.

The reduction of non-current liabilities was attributable substantially to an increase in deferred taxes assets and the use of risk provisions for tax disputes.

Net financial position surplus/(deficit)

The following table presents the composition of the net financial position

(amounts in thousands of Euro)	as at June 30 2018 (unaudited)	as at December 31 2017 (audited)
Bank borrowing – non-current	(505,008)	(638,954)
Total financial payables – non-current	**(505,008)**	**(638,954)**
Bond – current	(130,000)	(130,000)
Financial payables and bank overdrafts - current	(481,810)	(222,971)
Payables to related parties	(4,336)	(4,423)
Total financial payables – current	**(616,146)**	**(357,394)**
Total financial payables	**(1,121,154)**	**(996,348)**
Cash and cash equivalents	**880,953**	**892,610**
Total Cash and cash equivalents	**880,953**	**892,610**
Net financial surplus/(deficit), total	**(240,201)**	**(103,738)**
Net financial surplus/(deficit) excluding related party balances	**(235,865)**	**(99,315)**
EBITDA / Net financial surplus/(deficit)	**2.5**	**5.7**

The cash flow generated by operating activities in the six-month period, Euro 180 million, together with the existing funds enabled to finance the capital expenditure of Euro 139.1 million and to pay dividends totaling Euro 185.7 million. The end-of-period net financial indebtedness is Euro 240.2 million, up by Euro 136.5 million compared with December 31, 2017.

Events after the reporting date

Nothing to report.

Outlook

Over the past few years, the Management has been working to reshape the Prada Group to adapt to the rapid changes in society and to interpret the spirit of new generations without losing its brand integrity. The results of this transformation are visible and supported by positive signals from the market.

The Group will continue its path of sustainable growth, based on the creative leadership of its brands and the attractiveness of its retail network, where the Management sees great potential to be unlocked through integration with digital technologies.

Corporate Governance practices

The Company is committed to 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 Group, to protect the rights of the Company's shareholders and to enhance shareholder 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").

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months ended June 30, 2018 (the "Reviewed Period").

The Board

The Board of Directors of the Company (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.

On April 27, 2018, the shareholders' general meeting of the Company (the "AGM") has appointed the Board for a term of three financial years, ending on the date of the shareholders' general meeting to be called to approve the financial statements for the year ending December 31, 2020.

The newly appointed Board consists of nine individuals, being five Directors, namely, Mr. Carlo MAZZI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Ms. Alessandra COZZANI and Mr. Stefano SIMONTACCHI, and four Independent Non-Executive Directors, namely, Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI, Mr. Sing Cheong LIU and Mr. Maurizio CEREDA. Mr. Carlo MAZZI was elected by the AGM as the Chairman of the Board for the above mentioned term.

In accordance with the applicable provisions of Italian laws and the Company's by-laws, the executive roles of the Directors were resolved by the Board at the first Board meeting (which was on May 23, 2018) held after the AGM. The current executive roles are as follows:

Mr. Carlo MAZZI - Chairman of the Board and Executive Director

Ms. Miuccia PRADA BIANCHI - Chief Executive Officer and Executive Director

Mr. Patrizio BERTELLI - Chief Executive Officer and Executive Director

Ms. Alessandra COZZANI - Chief Financial Officer and Executive Director

The Board has established the following committees with written terms of reference, which are of no less exacting terms than those set out in the Code: Audit Committee; Remuneration Committee; and Nomination Committee.

The newly appointed Board resolved on the current memberships of the three Board committees at the first Board meeting (which was on May 23, 2018) held after the AGM as follows:

Audit Committee
Mr. Gian Franco Oliviero MATTEI (Chairman)
Mr. Giancarlo FORESTIERI
Mr. Maurizio CEREDA

Remuneration Committee

Mr. Maurizio CEREDA (Chairman)
Mr. Gian Franco Oliviero MATTEI
Mr. Carlo MAZZI

Nomination Committee

Mr. Gian Franco Oliviero MATTEI (Chairman)
Mr. Carlo MAZZI
Mr. Sing Cheong LIU

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 related financial management expertise to discharge the responsibility of the Audit Committee. The Audit Committee consists of three independent non-executive directors, namely, Mr. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Maurizio Cereda who, as of May 23, 2018, has replaced Mr. Sing Cheong Liu. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process and its internal control and risk management systems, to oversee the external and internal audit processes and the implementation of the Company's risk management functions and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. During the Reviewed Period, the Audit Committee held four meetings on February 6, 2018, March 7, 2018 and May 23 and 29, 2018, with an attendance rate of 100%, mainly to review with the senior management, the Group's internal and external auditors and the board of statutory auditors, significant internal and external audit findings and financial matters, as required under the Committee's terms of reference, and to make relevant recommendations to the Board. The Audit Committee's review covered the audit plan for the year 2018, the findings of the internal auditors, internal controls, risk assessment, annual review of the Group's continuing connected transactions for 2017, tax and legal updates (including litigations and cooperative compliance regime with the Italian tax authorities) and the financial reporting matters (including the annual results for the year 2017), before recommending them to the Board for approval.

The Audit Committee also held a meeting on August 1, 2018 to, among others, review the interim results for the period ended June 30, 2018, before recommending them to the Board for approval.

Remuneration Committee

The Company has established a Remuneration Committee in compliance with the Code. In compliance with Rule 3.25 of the Listing Rules, the Remuneration Committee is chaired by an independent non-executive director and comprises of a majority of independent non-executive directors. 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 put forward to the Board for consideration and, where appropriate, adoption. The Remuneration Committee consists of two independent non-executive directors, namely, Mr. Maurizio Cereda (Chairman), who has replaced Mr. Giancarlo Forestieri as a member and Mr. Gian Franco Oliviero Mattei as the Chairman as of May 23, 2018, and Mr. Gian Franco Oliviero Mattei, and one executive director, Mr. Carlo Mazzi. During the Reviewed Period, the Remuneration Committee held two meetings on March 8, 2018 and June 14, 2018, with an attendance rate of 100% to recommend the aggregate basic remuneration of the Board for each year of its three-year term to the shareholders for approval at the AGM, and to review and, if deemed appropriate, to make recommendations on the additional remuneration of the directors vested with special authorities and to review and recommend certain updates to the long term incentive plan for executives and Directors.

Nomination Committee

The Company has established a Nomination Committee in compliance with the Code. The primary duties of the Nomination Committee are to determine the policy for the nomination of directors and to make recommendations to the Board on the structure, size and composition of the Board itself, on the selection of new Directors and on the succession plans for Directors. The Nomination Committee also assesses on an annual basis the independence of independent non-executive directors. The recommendations of the Nomination Committee are then put forward to the Board for consideration and, where appropriate, adoption. The Nomination Committee consists of two independent non-executive directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Sing Cheong Liu, and one executive director, Mr. Carlo Mazzi. During the Reviewed Period, the Nomination Committee held one meeting on March 7, 2018, with an attendance rate of 100% to perform the annual review of the independence of independent non-executive directors, to recommend the structure and composition of the Board for a term of three financial years, to recommend the re-election of Mr. Giancarlo Forestieri and Mr. Gian Franco Oliviero Mattei, who served the Board for more than nine years and for almost nine years, respectively, as independent non-executive directors of the Company and to recommend the re-designation of Mr. Marizio Cereda as an independent non-executive director upon his election at the AGM.

Supervisory Body

In compliance with the Italian Legislative Decree 231 of June 8, 2001 (the “Decree”), the Company has established a supervisory body whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company’s Model of Organization, adopted by the Company pursuant to the Decree. The supervisory body consists of three members appointed by the Board selected among qualified and experienced individuals, including independent non-executive directors, qualified auditors, executives or external individuals. The supervisory body consists of Mr. David Terracina (Chairman), Mr. Gian Franco Oliviero Mattei and Mr. Paolo De Paoli.

Board of Statutory Auditors

Under Italian law, the 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 law, regulations and the By-laws, as well as on its compliance with the principles of proper management and, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the Company and its functioning.

As resolved at the AGM, the following persons were elected as statutory auditors or alternate statutory auditors of the Company (as the case may be) 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, 2020:

Mr. Antonino Parisi - statutory auditor and chairman of the board of statutory auditors;
Mr. Roberto Spada - statutory auditor;
Mr. David Terracina - statutory auditor;
Ms. Stefania Bettoni - alternate statutory auditor; and
Mr. Cristiano Proserpio - alternate statutory auditor.

During the Reviewed Period, the board of statutory auditors attended two meetings of the Board on March 9, 2018 and May 23, 2018.

Dividends

The Company may distribute dividends subject to the approval of the shareholders in a general shareholders' meeting.

No dividends have been declared or paid by the Company in respect of the Reviewed Period.

On March 9, 2018, the Board recommended for the financial year 2017 the payment of a final dividend of Euro/cents 7.5 per share in the capital of the Company, representing a total dividend of Euro 191,911,800. The Shareholders approved the distribution and payment of the final dividend at the AGM held on April 27, 2018. The dividend was paid on May 23, 2018, while the relevant withholding tax was paid in July 2018.

Directors' Securities Transactions

The Company has adopted written procedures governing Directors' securities transactions on terms no less exacting than the standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Specific written confirmations have been obtained from each Director to confirm his/her compliance with the required standard set out in the Model Code and the Company's relevant procedures regarding directors' securities transactions for the Reviewed Period. There was no incident of non-compliance during the Reviewed Period.

The Company has also adopted written procedures governing securities transactions carried out by relevant employees who are likely to be in possession of 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.

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.

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. Carlo Mazzi
Chairman

Milan (Italy), August 1, 2018

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 Mr. 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.