

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus in connection with our Group and our business. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“collection merchandisers”	our employees who are responsible for (i) understanding trends and opportunities, (ii) proposing the right mix of collection products for each individual sales channel and geographical area, and (iii) determining sales prices for each product by geography in local currencies. They are divided by brands and product lines
“constant exchange rates”	the foreign exchange rate used for comparing results in two consecutive years applying the exchange rate of the earlier year to the results of the subsequent year
“corner shop”	open sales area for our wholesale channel usually located in a department store, characterized by some elements (signage and fixtures) that identify one of our brands
“design teams”	working teams of our Group, divided by brand and product line, responsible for the design of all our Group’s collections
“doors”	separate selling locations, including corner shops, of a wholesale client
“DOS”	Directly-Operated Store(s), i.e. mono-brand points of sale directly operated by our Group in the retail channel, including the Epicenters, and the outlets

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“Epicenter” or “Epicenter Store”	the three large Prada flagship stores located in New York, Tokyo and Los Angeles designed in collaboration with well-known architects Rem Koolhaas (for New York and Los Angeles) and Herzog & de Meuron (for Tokyo). In addition to the complete array of our retail services and products, the stores are used as a communication tool integrating audio-video technology, cross-cultural events and fashion events
“ERP”	enterprise resource planning: a software application used to manage the supply chain (production planning, purchasing, inventories, interaction with suppliers, order tracking and invoicing)
“external manufacturer”	an entity not part of our Group that performs one or more of the production steps or supplies certain finished products
“fast fashion”	term used to describe the less expensive clothing and accessory products of companies that move recent fashion trends (often based on designs presented in fashion shows) into stores through an accelerated design, production and distribution cycle to respond to changing trends
“flash collection”	collections of products that are regularly introduced to supplement main collections to refresh and replenish the merchandise offerings at DOS to ensure that our DOS have a constant supply of fresh products to stimulate consumer interest in our product offerings

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“like-for-like”	a comparison of the results at constant exchange rates of all of our DOS in operation for more than one year using the actual comparable days of operation for each DOS for the prior year (meaning only the days in which such DOS were open in both years); also see section headed “Financial Information — Results of Operations — Net Sales by Distribution Network — Like-for-Like Basis Comparison of Net Sales from DOS” in this prospectus for further details on like-for-like comparisons
“master order”	worldwide selection of the products that our Group intends to offer in our DOS during the following season; this order anticipates the placing of individual orders by country
“monthly packages”	planned temporary collections periodically introduced mainly into our DOS network to coincide with special events, local holidays or other opportunities
“outlets”	stores directly operated by our Group that sell, at a discount, certain seasonal fashion products that have remained unsold in retail stores after markdowns during the previous season, factory seconds, product samples and products that we specifically produce for our outlets, integrating styles, colors and sizes to ensure complete sets are available
“product development teams”	working teams of our Group, divided by brands and product lines, in charge of (i) translating drawings and sketches into prototypes, (ii) producing samples and (iii) bringing products to the manufacturing phase
“production divisions”	the organizational units of our Group for each product category in charge of product development, purchasing and manufacturing

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“prototype”	first interpretation of a designer’s drawing, possibly subject to changes suggested by the design teams before being manufactured commercially
“ready-to-wear”	clothing made for mass production and intended to be worn without significant alteration, in standardized sizes
“retail channel”	the sales distribution channel of our Group which consists of a network of DOS, including our Epicenter Stores and our outlets
“retail merchandisers”	our employees under the commercial department of our Group and divided by geographical areas, brands and product lines, who are in charge of (i) sales analysis, understanding of trends and competitive positioning, (ii) the product selection, and (iii) buying for the retail channel
“samples”	the products developed from the prototypes that are presented in showrooms after a collection has been finalized
“sell-in price”	the price invoiced to independent wholesale clients (excluding VAT), which is the same price invoiced to our subsidiaries operating DOS (on a country-by-country basis)
“sell-out price”	the price including VAT, when relevant, for a product sold to an individual end consumer
“showrooms”	customized locations dedicated to presenting new collections of the Group’s products to our wholesale clients, the press and our retail merchandisers

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“store committee”	committee responsible for approving new store locations and business plans. The committee is made up of our Group Chief Operating Officer, Chief Financial Officer, Group Controller, Engineering Director, Human Resources Director and on invitation, members of our communication and public relations department
“visual merchandising team”	working teams of our Group responsible for setting up product displays and window displays in our DOS and selected wholesale doors and identifying the visuals that are best suited to convey an image consistent with the relevant brand and the collections
“wholesale channel”	the sales distribution channel of our Group which consists of (i) upscale multi-brand stores, (ii) reputable luxury department stores and (iii) franchise stores