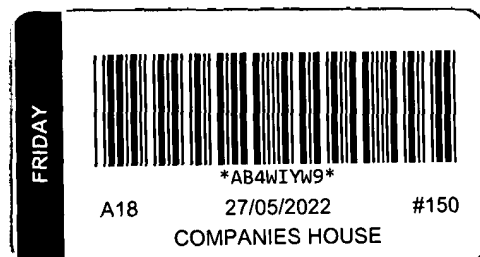


REGISTERED NUMBER: 03299599 (England and Wales)

PRADA RETAIL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



PRADA RETAIL UK LIMITED

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for the year ended 31 DECEMBER 2021

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PRADA RETAIL UK LIMITED

Company Information
for the year ended 31 DECEMBER 2021

DIRECTORS:

Ms Francesca Bertoncini
Mr Antonio Cassiano
Mr Paolo Zannoni

REGISTERED OFFICE:

17-18 Old Bond Street
London
W1S 4PT

REGISTERED NUMBER:

03299599 (England and Wales)

INDEPENDENT AUDITORS:

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom
CBI 2GA

PRADA RETAIL UK LIMITED
Strategic Report
for the year ended 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

The company directly operates 26 retail outlets including E-commerce (year ended 31 December 2020: 25) in the United Kingdom and has 2 branches in Eire, in Dublin and Kildare respectively.

The Covid-19 pandemic continued to fuel a transformation process in the luxury goods market in 2021, making it truly evolve. The share of consumers belonging to young generations increased, as did the input of the digital sales channels and local consumers.

Focusing on being relevant, sustainable and impactful, the Prada Group has succeeded in evolving with the market in this scenario of mutations. The combination of its unique creative prowess and a transformational omnichannel strategy has enhanced the perceived value of the brands and products, paving the way for sales recovery in the second half of the year and putting the Company back on the path of long-term value creation.

Customer centrality and the omnichannel system further increased customer interactions. The investments in digital channels continued during the year, transmitting more effectively the brand creativity and facilitating customer engagement. These initiatives, combined with an enhancement of the product offer, were particularly rewarding.

The omnichannel growth strategy included new investments that will soon lead to additional optimisation of back end retail operations and greater use of data, making the customer relationship management (CRM) activities even more effective.

Investments in content and in traditional and digital communication channels led to excellent results even in the online brand visibility metrics. Effective communication campaigns made it possible to expand the involvement of the digital community during successful events, such as the Prada 2022 Spring/Summer fashion show, the first to be presented simultaneously in two cities (Milan and Shanghai), and the 36th America's Cup presented by Prada, which successfully promoted the association of the brand with the prestige of the competition.

Even the post-fashion show conversations of Miuccia Prada and Raf Simons represented a new, valued moment of communication, providing unlimited access to the creative thinking of the two Co-Directors and promoting the concept of dialogue as an occasion for advancement for the entire fashion community.

Some soft restyling was done in retail spaces and some pop-up installations were set up, leading to increased footfall in stores, strengthening the brand identities and a continuously evolving retail image.

Last but not least, having joined the Aura consortium as a founding member enables the Group to further enrich the customer journey: through blockchain technology, the Group's brands will guarantee to customers enhanced transparency and traceability. Moreover, a digital evolution roadmap was approved during the year that will lead to a cutting-edge information system for the Group in terms of engineering and technology, giving another competitive advantage in the performance of all distribution and communication channels and indeed the entire business operation.

Operating expenses were reduced thanks in part to rent discounts obtained on agreements with the landlords, business rates holiday for the retail sector, and wage supplements obtained from the government furlough scheme of £1,884,262 (2020 - £2,548,590).

During the year under review, the company's sales increased to £95.9 million from £81.4 million, an increase of 17.8% (year ended 31 December 2020: -40.0%) on the previous period. Existing stores and concessions have performed strongly over the year, when open for trading, due to a variety of reasons. This includes growth of its local, UK based customers, along with particularly well received products from all categories. However, government restrictions have resulted in non-essential shops being closed for 28% of the year, eventually re-opening on 12th April 2021, with no further forced closures, thus leading to the aforementioned increase in sales year-on-year. The e-commerce channel continued to have very good performances, registering sales of £11.8m, with a small drop of 5% against the previous period (year ended 31 December 2020: £12.4m).

The company continues to invest in fixed assets with additions to fixed assets amounting to £1.7 million (year ended 31 December 2020: £3.5 million); the balance sheet reflects the increase activity of the company with an increase in the elements of working capital. Net assets have increased to £30.0 million (year ended 31 December 2020: £28.3million), and the company has recognised a gain on the retranslation of the Irish branch of £32,155 (year ended 31 December 2020: loss of £9,259).

The company will continue to retail luxury fashion goods.

The Company's start to 2022 has been strong. The long-term strategy is on track, focused on distinctive brand identity, product quality and know-how, sustainability at the core of corporate values. Decisive actions to evolve the business and navigate the changing luxury market are driving the growth, with the aim to increase profitability and to achieve the medium-term targets, even though it is difficult to predict the impact of the Ukraine conflict on the global economy.

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 DECEMBER 2021**

Key performance indicators

The Board monitors progress on the overall strategy by reference to certain KPI's as follows:

	2021	2020	
Sales growth	17.8%	-40.0%	12 months year on year sales growth expressed as a %
Operating profit	2.9%	-6.6%	Operating profit expressed as a % of sales
Return on net assets	9.3%	-19.0%	Operating profit expressed as a % of net assets

The movement in the KPI's is explained above.

The company's non-financial performance indicator is developing and maintaining the brand profile, with the aim of ensuring a high level of loyalty from customers, name awareness, and a perceived quality of product.

Non-financial KPI's are used to monitor health and safety, HR and operational performance where appropriate. Given the nature of the business, for the purposes of this strategic report, the company's directors are of the opinion that evaluation using non-financial key performance indicators is not for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The consumer market in which the company operates is influenced over time by the overall strength of the international economy and financial markets, although this correlation may not be immediately evident in the short term.

The exchange rate of the major currencies to sterling has an effect in the level of overseas consumers that come to the UK.

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 DECEMBER 2021**

SECTION 172(1) STATEMENT DIRECTORS' DUTIES

The company's directors must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006. The company's directors consider that the way they have acted is in good faith, would be most likely to promote success of the company for the benefit of its shareholders as a whole, and in doing so have regard (and amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

As the Board of Directors, our intention is to behave responsibly and foster the company's business relationships. Our strategy prioritises organic growth, driven by cross-selling and up-selling products to existing clients and reaching out to new clients and bringing them into the Group. In order to achieve this, we need to develop and maintain strong client relationships. An example of this can be the Customer Loyalty Program, that includes offering unique customer experiences, along with gifts for seasonal events, festive events, and customer celebration of occasion, to our loyal customers. Sharing information with stakeholders is involved in the brands' value system, which transcends purely commercial goals. Effective communications are key to building and transmitting a strong image for the brands consistent with their identity. From Impeccably executed fashion shows rich in content to award-winning advertising campaigns, Prada and Miu Miu, continue to create a captivating, stylish image that is valued particularly by a high-end, international clientele and by the strictest, most demanding observers and critics. We also value all of our supplier relationships and have many long term partnerships with our key suppliers. These long term partnerships ensure we can continue to maintain the high standards of the business through continuity and understanding of the quality that one another's business can provide.

As the Board of Directors, our intention is to behave responsibly and consider the impact of the company's operations on the community and the environment. Prada Environmental ideology inspired a unique line of regenerated nylon bag that has resulted in the launch of the Re-Nylon collection. In Addition, the Fashion Pact, a coalition of 60 leading international fashion companies of which Prada was one of the first participants, made large steps forward in taking concrete actions to contrast climate change, restore biodiversity and protect oceans.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours, and in doing so, will contribute to the delivery of our plan in the medium to long term. The intention is to nurture our reputation, through both the construction and delivery of our plan, that reflects responsible behaviour.

As the Board of Directors, our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

ENVIRONMENT & SUSTAINABILITY

The Prada Group believes it has a responsibility to engage in and cultivate virtuous behaviours that contribute to the sustainable growth of its business and are examples of good practice within its industry.

Prada is committed to be a "Driver of Change", becoming a contemporary interpreter of changing scenarios and basing its activities on three fundamental pillars:

- **For Planet:** Prada commits to shape its operations to reduce its footprint. In particular, mitigate its impact on climate change, preserve the ecosystems and conserving the places where it operates are ways the Group intends to reduce its ecological footprint with the greatest priority.
The reduction of greenhouse gas emissions is supported by an important energy-efficiency action plan that has been recently implemented. This includes such action as, the gradual replacement of all air conditioning and cooling systems with those equipped with the latest-generation technology, a campaign for the complete, definitive coverage of all lit spaces with low-energy LED lamps, and the installation of technologies to improve the recording and consequential optimisation of energy consumption.
Prada is committed to reducing its environmental impact not only within the organisation but also by raising the awareness of its stakeholders and partnering with qualified third parties.
With respect to biodiversity, the decision to adopt a fur-free policy and the launch of Prada Re-Nylon are the most significant recent expressions of the Group's commitment to this important area of environmental sustainability. The Prada Re-Nylon campaign, initiated in 2019 with ambitious goal of fully replacing the use of virgin nylon with that of regenerated nylon, achieved the full conversion.

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 DECEMBER 2021**

The Prada Group has become very recently a member of the Textile Exchange, the non-profit organisation in the fibers and materials sector that guides companies towards more conscious production along the entire supply chain. This collaboration is in line with the Group's sustainability strategy, allowing its internal stakeholders to develop new skills on responsible materials and advanced solutions in the textile industry.

The Group has always considered knowledge a fundamental element for the achievement of its objectives. Increased awareness of the materials used will also help the company move forward with its climate strategy.

In March 2022, on the occasion of International Water Day, the Prada Group and the UNESCO Intergovernmental Oceanographic Commission presented an update of the SEA BEYOND project, the educational program born in 2019 and dedicated to the preservation of the sea.

- For People: Prada commits to an inclusive, creative and fair workplace, in particular promoting diversity, fostering creativity and know how preservation and ensuring wellbeing in the work environment;
- For Culture: Prada commits to contribute to the cultural debate, to build a sustainable society and to inspire scientific evolution.

Ethical products, the social responsibility of the brands and the significance of human beings in the buying experience, even in the new physical-digital ecosystem, have become of paramount importance to the industry's value proposition.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal risk and uncertainties of Prada Retail UK Limited are not managed separately but are integrated within the principal risks of Prada S.p.A, the immediate parent company.

Prada Retail UK Limited does not utilise financial instruments such as forward currency exchange contracts. The company is invoiced in sterling by Prada S.p.A for stock and the majority of its administrative expenses are denominated in sterling. However, Prada S.p.A also invoices the company for other services in euros and the exchange risk on those transactions is borne by the company. In addition, the company opened a branch in Dublin in 2008 and so is exposed to movements in the euro in relation to that entity. However, the directors believe that the exchange risk is not significant.

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risks that the directors consider relevant to this company are credit risk and liquidity risk. The directors believe that there are sufficient procedures in place to mitigate these risks.

(i) Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables. The company's credit risk is primarily in respect of trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The company has no significant concentration of credit risk and exposure.

(ii) Liquidity risk

The company's overall objective is to ensure that at all times it is able to meet its financial commitments as and when they fall due. Short term flexibility is provided by intercompany facilities.

PRADA RETAIL UK LIMITED

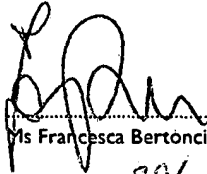
Strategic Report
for the year ended 31 DECEMBER 2021

FUTURE DEVELOPMENTS

The global market place remains competitive; however the directors believe that the brand places itself well in its key markets and look forward to continue growth in the next financial year.

The company has seen a strong recovery in sales over the last year since the height of the COVID-19 pandemic. This gives confidence to the company's Director's that the company is well positioned to continue its growth. The war in Ukraine that has occurred since the year-end will not likely affect the state of affairs of the company in the following financial year, but due to the high level of uncertainty, there are not sufficient elements to assess the exact extent for the future. However, the support of the parent company provides the company's Director's with the confidence that it is in a strong position to overcome any further potential challenges it may face.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:



Ms Francesca Bertoncini - Director

Date:

28/04 2022

PRADA RETAIL UK LIMITED

Directors' Report **for the year ended 31 DECEMBER 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

The profit/(loss) for the year, after taxation, amounted to £1,677,730 (2020 £(4,638,389)).

The directors do not recommend the payment of a dividend (2020 £nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors during the year under review were:

Mr Carlo Mazzi	- resigned 22.7.21
Ms Francesca Bertoncini	
Mr Antonio Cassiano	
Mr Paolo Zannoni	- appointed 22.7.21

The directors holding office at 31 December 2021 did not hold any beneficial interest in the issued share capital of the company at 1 January 2021 (or date of appointment if later) or 31 December 2021.

The directors shown below have held office during the whole of the year from 1 January 2021 to the date of this report, unless otherwise stated.

Ms. Francesca Bertoncini
Mr Antonio Cassiano

GOING CONCERN

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate as the Directors have a reasonable expectation that the company has adequate resources to continue in operation for a period of at least twelve months from the date the financial statements of the company are approved, including being able to settle liabilities as they fall due. The company has made profits of £1.7m in the year (2020 – loss £4.6m) and has a net asset position of £30.0m (2020 - £28.3m). A full review of the financial highlights and performance have been addressed in the Strategic Report.

During the year under review, performance was disrupted by the Covid-19 public health emergency, which had dramatic health, social and economic consequences on a global scale, and still visible in the initial months of 2022. However, with the stores re-opening from mid-April in 2021, combined with the high proportion of the UK population having been vaccinated, there is a minimal risk of a full lockdown over the coming months.

Since the year-end the war in Ukraine has occurred. The company has considered the impact on going concern and has documented this as part of the Strategic Report.

Also, the financial statements have been prepared on the going concern basis as the company's parent undertaking, Prada S.p.A has agreed to provide financial support as necessary for a period of at least twelve months from the date the Directors approve the financial statements of the company. The Directors, having made sufficient enquiries, are satisfied that Prada S.p.A is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

EMPLOYEES

The company provides employees information on matters of concern to them through communications by memoranda and verbal team briefings.

It continues to be the company's policy to give full and fair consideration to disabled persons applying for employment, having full regard to their particular aptitudes and abilities. Full and fair consideration will be given to the continuing employment and appropriate training of persons who become disabled. The company's policy is to provide equal opportunities to its entire staff on the basis of objective criteria and personal merit.

PRADA RETAIL UK LIMITED

Directors' Report **for the year ended 31 DECEMBER 2021**

STREAMLINED ENERGY AND CARBON REPORTING

Overview

Under changes introduced by the 2018 Regulations, large unquoted companies are required to report their global greenhouse gas (GHG) emissions and an intensity ratio through their annual report. Additionally, they are now required to report their total global energy use and information relating to energy efficiency action alongside methodology used to calculate the new and existing disclosure requirements.

Methodology

The CCE Energy methodology used, has been designed to meet the specific requirements of SECR incorporating the relevant elements of:

The 2019 HM Government Environmental Reporting Guidelines.

The GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

International Organisation for Standardization, ISO (ISO 14064-1:2018).

The Global Reporting Initiative Sustainability Reporting Guidelines.

The EMA methodology uses the standards as part of its software to calculate all energy use and emissions required by SECR, it also includes all conversion factors required through DEFRA conversion tables.

Reported Energy and Emissions for the reported period

The table below illustrates our energy and emissions in 2021, using the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting:

Reported Energy and Emissions	2021
Energy Consumption (kWh) for the reporting period	2,414,984
Emissions from combustion of fuels (Scope 1: tCO ₂ e)	-
Emissions from combustion from grid supplied electricity (Scope 2: tCO ₂ e)	2,267,517
Energy supplied by not owned or controlled sources - concessions (Scope 3: tCO ₂ e)	147,467
Emissions (Tonnes CO₂e) for the reporting period	512.77
Emissions from combustion of fuels (Scope 1: tCO ₂ e)	-
Emissions from combustion from grid supplied electricity (Scope 2: tCO ₂ e)	481.46
Energy supplied by not owned or controlled sources - concessions (Scope 3: tCO ₂ e)*	31.31

* Estimated 85.34 kWh/m²/yr for 1,728 m²

Intensity ratio (tCO₂ e / Floor Space sqm)	0.057
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During the compliance period 8,935m² was operated by Prada Retail UK Ltd.
The annual kWh consumptions per m² was calculated at 270.27kWh/m²/yr

From 2018 onwards the company has embarked on a project to upgrade the lighting systems, to LED versions, in all of its directly operated locations in order to considerably reduce its carbon consumption. Additional steps and actions will be taken to save energy in all locations going forward.

SCHEDULE 7 DISCLOSURES

Those disclosures in the directors' report required by Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 are given in the strategic report. These disclosures include financial risk management, future developments, post balance sheet event and the existence of branches outside the UK.

PRADA RETAIL UK LIMITED

Directors' Report
for the year ended 31 DECEMBER 2021

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITORS

The auditors, Deloitte LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:


.....
Ms Francesca Bertoncini - Director

Date:

28/04 2022

PRADA RETAIL UK LIMITED

Directors' Responsibilities Statement **for the year ended 31 DECEMBER 2021**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of
Prada Retail UK Limited

Opinion

In our opinion the financial statements of Prada Retail UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of
Prada Retail UK Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- going concern, specifically pinpointed to Prada S.p.A's continued financial ability to support Prada Retail UK through buyback of unused stock; the specific procedures we performed in response to the risk included assessing the stock buyback agreement

Independent Auditors' Report to the Members of
Prada Retail UK Limited

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent Auditors' Report to the Members of
Prada Retail UK Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Norman

Adam Norman FCCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

Date: 28 April 2022

PRADA RETAIL UK LIMITED

Profit and loss account
for the year ended 31 DECEMBER 2021

	Notes	2021 £	2020 £
TURNOVER	2	95,880,095	81,387,299
Cost of sales		<u>(30,074,867)</u>	<u>(30,906,278)</u>
GROSS PROFIT		65,805,228	50,481,021
Administrative expenses		<u>(65,183,777)</u>	<u>(58,505,300)</u>
		621,451	(8,024,279)
Other operating income	3	<u>2,162,898</u>	<u>2,655,608</u>
OPERATING PROFIT/(LOSS)	5	2,784,349	(5,368,671)
Interest receivable and similar income	7	<u>1,654</u>	<u>8,855</u>
		2,786,003	(5,359,816)
Interest payable and similar charges	8	<u>(101,333)</u>	<u>(172,040)</u>
PROFIT/(LOSS) BEFORE TAXATION		2,684,670	(5,531,856)
Tax on profit/(loss)	9	<u>(1,006,940)</u>	<u>893,467</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		<u><u>1,677,730</u></u>	<u><u>(4,638,389)</u></u>

All activities derive from continuing operations.

The notes form part of these financial statements

PRADA RETAIL UK LIMITED

**Statement of Comprehensive
Income
for the year ended 31 DECEMBER 2021**

Notes	2021 £	2020 £
PROFIT/(LOSS) FOR THE YEAR	1,677,730	(4,638,389)
OTHER COMPREHENSIVE INCOME		
Currency translation difference	32,155	(9,259)
Income tax relating to other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>32,155</u>	<u>(9,259)</u>
TOTAL COMPREHENSIVE INCOME / (EXPENSE) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	<u>1,709,885</u>	<u>(4,647,648)</u>

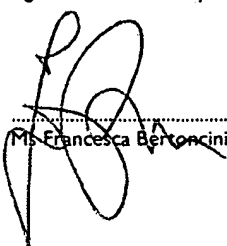
The notes form part of these financial statements

PRADA RETAIL UK LIMITED (REGISTERED NUMBER: 03299599)

**Balance Sheet
31 DECEMBER 2021**

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	11	2,434,034	2,586,766
Tangible assets	12	<u>15,978,842</u>	<u>19,005,759</u>
		18,412,876	21,592,525
CURRENT ASSETS			
Stocks	13	35,824,193	30,581,826
Debtors: amounts falling due within one year	14	32,558,356	31,279,339
Debtors: amounts falling due after more than one year	14	8,880	15,880
Cash at bank and in hand		<u>5,820,556</u>	<u>4,343,294</u>
		74,211,985	66,220,339
CREDITORS			
Amounts falling due within one year	15	<u>42,261,193</u>	<u>38,538,397</u>
NET CURRENT ASSETS		<u>31,950,792</u>	<u>27,681,942</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		50,363,668	49,274,467
CREDITORS			
Amounts falling due after more than one year	16	<u>20,365,384</u>	<u>20,986,068</u>
NET ASSETS		<u>29,998,284</u>	<u>28,288,399</u>
CAPITAL AND RESERVES			
Called up share capital	19	5,000,000	5,000,000
Share premium		506,050	506,050
Other distributable reserves		8,518,857	8,518,857
Profit and loss account		<u>15,973,377</u>	<u>14,263,492</u>
SHAREHOLDERS' FUNDS		<u>29,998,284</u>	<u>28,288,399</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28th April 2022 and were signed on its behalf by:



Ms. Francesca Bertoni - Director

The notes form part of these financial statements

PRADA RETAIL UK LIMITED

Statement of Changes in Equity
for the year ended 31 DECEMBER 2021

	Called up share capital £	Profit and loss account £	Share premium £	Other distributable reserves £	Total equity £
Balance at 1 January 2020	5,000,000	18,911,140	506,050	8,518,857	32,936,047
Changes in equity					
Total comprehensive expense	-	(4,647,648)	-	-	(4,647,648)
Balance at 31 December 2020	<u>5,000,000</u>	<u>14,263,492</u>	<u>506,050</u>	<u>8,518,857</u>	<u>28,288,399</u>
Changes in equity					
Total comprehensive expense	-	1,709,885	-	-	1,709,885
Balance at 31 December 2021	<u>5,000,000</u>	<u>15,973,377</u>	<u>506,050</u>	<u>8,518,857</u>	<u>29,998,284</u>

The notes form part of these financial statements

PRADA RETAIL UK LIMITED

Notes to the Financial Statements **for the year ended 31 DECEMBER 2021**

I. ACCOUNTING POLICIES

Basis of preparing the financial statements

Prada Retail UK Limited is a private company limited by shares incorporated in the United Kingdom, under the Companies Act 2006 and registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page 1.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has applied the following amendments to FRS 102 issued by the FRC for the first time during the year:

The amendments issued by the FRC in June 2021. The amendments extend the requirements introduced by the October 2020 amendments so that they apply to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions are met.

The functional currency of Prada Retail UK Limited is considered to be pounds sterling ('sterling') because that is the currency of the primary economic environment in which the company operates.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7 Related Party Disclosures

Prada Retail UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Prada Retail UK Limited is consolidated in the financial statements of its parent, Prada S.p.A. (see note 22).

Turnover

Turnover comprises revenue recognised by the company in respect of goods sold, exclusive of Value Added Tax and trade discounts. Store revenue is recognised at the point of sale when the goods are received by the customer. E-commerce revenue is recognised when goods are despatched to the customer. Financial Interest is recognised when it is received.

Intangible assets

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Software and rights	-	over the term of the license
Store lease acquisition	-	over the term of the lease

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture & equipment - directly operated stores	-	5 years
Furniture & equipment - concessions	-	over the term of the lease
Leasehold improvements	-	over the term of the lease

Interest incurred in the acquisition of a fixed asset is capitalised and depreciated over the life of the asset.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued **for the year ended 31 DECEMBER 2021**

I. ACCOUNTING POLICIES – continued

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Government grants

Government grants and furlough schemes are not recognised until there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised as income on a systematic basis over the periods in which the company recognises the related costs for which the grants are intended to compensate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated with reference to the average cost of goods purchased. No provision is made to reduce the value below cost as the cost of any returned items from the collections is fully reimbursed to the company by Prada S.p.A.

Taxation

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are difference between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued **for the year ended 31 DECEMBER 2021**

1. ACCOUNTING POLICIES - continued

Cash and cash equivalents

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Included in the company's cash and cash equivalents as of 31 December 2021 and 31 December 2020 are credit card receivables of £686,061 and £152,937, respectively, which generally settle within two to three business days.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. All differences are taken to the profit and loss account.

The results, assets and liabilities of foreign branches have been translated into sterling for the purpose of financial reporting. The results of foreign branches have been translated into sterling using the average exchange rate for the year; assets and liabilities have been translated into sterling at the year end rate. Exchange differences arising in the year and on the re-translation of opening net assets are taken to the reserves through the statement of comprehensive income.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued **for the year ended 31 DECEMBER 2021**

I. ACCOUNTING POLICIES - continued

Financial instruments - continued

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate as the Directors have a reasonable expectation that the company has adequate resources to continue in operation for a period of at least twelve months from the date the financial statements of the company are approved, including being able to settle liabilities as they fall due. The company has made profits of £1.7m in the year (2020 – loss £4.6m) and has a net asset position of £30.0m (2020 - £28.3m). A full review of the financial highlights and performance have been addressed in the Strategic Report.

During the year under review, performance was disrupted by the Covid-19 public health emergency, which had dramatic health, social and economic consequences on a global scale, and still visible in the initial months of 2022. However, with the stores re-opening from mid-April in 2021, combined with the high proportion of the UK population having been vaccinated, there is a minimal risk of a full lockdown over the coming months.

Since the year-end the war in Ukraine has occurred. The company has considered the impact on going concern and has documented this as part of the Strategic Report.

Also, the financial statements have been prepared on the going concern basis as the company's parent undertaking, Prada S.p.A has agreed to provide financial support as necessary for a period of at least twelve months from the date the Directors approve the financial statements of the company. The Directors, having made sufficient enquiries, are satisfied that Prada S.p.A is in a position to provide the level of support required and hence have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There is no critical judgement or sources of estimation uncertainty.

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 DECEMBER 2021**

2. TURNOVER

The turnover and profit (2020 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021 £	2020 £
Sale of goods	<u>95,880,095</u>	<u>81,387,299</u>
	<u>95,880,095</u>	<u>81,387,299</u>

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	91,176,876	77,105,703
Republic of Ireland	<u>4,703,219</u>	<u>4,281,596</u>
	<u>95,880,095</u>	<u>81,387,299</u>

3. OTHER OPERATING INCOME

	2021 £	2020 £
Other operating income - insurance claims and sales of non-stock items	139,925	107,018
Government grants (note 10)	<u>2,022,973</u>	<u>2,548,590</u>
	<u>2,162,898</u>	<u>2,655,608</u>

4. EMPLOYEES AND DIRECTORS

	2021 £	2020 £
Wages and salaries	14,086,451	13,342,577
Social security costs	1,566,559	1,494,248
Other pension costs	<u>399,277</u>	<u>404,986</u>
	<u>16,052,287</u>	<u>15,241,811</u>

The average number of employees during the year was as follows:

	2021	2020
Selling and distribution	296	334
Administration	<u>45</u>	<u>41</u>
	<u>341</u>	<u>375</u>

The company operates a defined contribution pension scheme for its employees. The pension charge is between 2% and 8% of pensionable salary. The charge for the year is £399,277 (2020 - £404,986), of which £59,768 (2020 - £60,925) was outstanding at the year end.

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 DECEMBER 2021**

4. EMPLOYEES AND DIRECTORS - continued

	2021 £	2020 £
Directors' remuneration		
Emoluments	384,239	368,901
Amounts receivable under long-term incentive schemes	91,350	51,210
Company contributions to money purchase pension schemes	12,000	18,200
	<u>487,589</u>	<u>438,311</u>
	<u>Number</u>	<u>Number</u>
The number of directors who:		
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>
Remuneration of highest paid director:	2021 £	2020 £
Emoluments	487,589	438,311
Amounts receivable under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	-	-
	<u>487,589</u>	<u>438,311</u>

Other Directors' remuneration is borne by the Group company in the respective country that employs them.

5. OPERATING PROFIT/(LOSS)

The operating profit (2020 - operating loss) is stated after charging/(crediting):

	2021 £	2020 £
Hire of plant and machinery	30,359	43,246
Other operating leases	30,050,340	25,652,508
Depreciation - owned assets	4,669,761	5,199,258
Profit on disposal of fixed assets	(202,806)	(34,001)
Store lease acquisition amortisation	171,877	171,877
Computer software amortisation	3,855	1,555
Foreign exchange differences	<u>(282,012)</u>	<u>243,821</u>

6. AUDITOR'S REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>34,500</u>	<u>27,900</u>

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 DECEMBER 2021**

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Other interest receivable	<u>1,654</u>	<u>8,855</u>

No interest receivable has derived from group undertakings.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Interest on group loans	99,319	171,308
Other interest payable	<u>2,014</u>	<u>732</u>
	<u>101,333</u>	<u>172,040</u>

9. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	1,243,910	(264,815)
Adjustment in respect of prior periods	<u>541,992</u>	<u>(18,582)</u>
Total current tax	1,785,902	(283,397)
Origination and reversal of timing differences	<u>(778,962)</u>	<u>(610,070)</u>
Tax on profit/(loss)	<u>1,006,940</u>	<u>(893,467)</u>

UK corporation tax was charged at 19% in 2020. In May 2021, following the enactment of the Finance Act 2021, tax rates were confirmed to increase to 25% from 1st April 2023. An increase in the deferred tax asset is anticipated and management are aware, but unable to financially quantify any potential impact as of yet.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued for the year ended 31 DECEMBER 2021

9. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit/(loss) before tax	<u>2,684,670</u>	<u>(5,531,856)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	510,087	(1,051,053)
Effects of:		
Expenses not deductible for tax purposes	263,554	272,534
Adjustments to tax charge in respect of previous periods	745,419	694
Other differences leading to an increase/(decrease) in the tax charge	(512,118)	(85,355)
Deferred tax not provided	(2)	(30,287)
Total tax charge/(credit)	<u>1,006,940</u>	<u>(893,467)</u>

Tax effects relating to effects of other comprehensive income

	2021 Gross £	Tax £	Net £
Currency translation difference	<u>32,155</u>	-	<u>32,155</u>
	2020 Gross £	Tax £	Net £
Currency translation difference	<u>(9,259)</u>	-	<u>(9,259)</u>

The standard rate of tax applied to the reported profit is 19% (2020 - 19%).

During the year beginning 1 January 2021, no reversal of the fixed asset timing differences is expected to occur on the basis that accounting depreciation will exceed capital allowances claims. Reversal of short term timing differences is expected to be immaterial. There is no expiry date on timing differences and unused tax losses.

10. GOVERNMENT GRANTS AND ASSISTANCE

During the year, the company has received government support designed to mitigate the impact of COVID-19.

In the UK, the Government provided 'Business Local Restrictions Support Grants' to support businesses that were effected by local lockdowns. The company received £92,998 from these grants during the reporting year.

The company also received £45,713 from IE Covid Restrictions Support Scheme.

Included in the government grant total is government support of £1,884,262 (2020 - £2,548,590), received in the UK under the Coronavirus Job Retention Scheme where the employees temporarily ceased to provide services to the company in accordance with the requirements of the scheme.

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 DECEMBER 2021**

11. INTANGIBLE FIXED ASSETS

	Store lease aquisition £	Computer software £	Totals £
COST			
At 1 January 2021	6,199,365	181,744	6,381,109
Additions	-	23,000	23,000
At 31 December 2021	<u>6,199,365</u>	<u>204,744</u>	<u>6,404,109</u>
AMORTISATION			
At 1 January 2021	3,615,110	179,233	3,794,343
Amortisation for year	<u>171,877</u>	<u>3,855</u>	<u>175,732</u>
At 31 December 2021	<u>3,786,987</u>	<u>183,088</u>	<u>3,970,075</u>
NET BOOK VALUE			
At 31 December 2021	<u>2,412,378</u>	<u>21,656</u>	<u>2,434,034</u>
At 31 December 2020	<u>2,584,255</u>	<u>2,511</u>	<u>2,586,766</u>

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture & equipment £	Totals £
COST			
At 1 January 2021	32,955,055	25,932,264	58,887,319
Additions	1,113,115	548,330	1,661,445
Disposals	(8,836)	(2,634)	(11,470)
Exchange differences	<u>(28,828)</u>	<u>(66,304)</u>	<u>(95,132)</u>
At 31 December 2021	<u>34,030,506</u>	<u>26,411,656</u>	<u>60,442,162</u>
DEPRECIATION			
At 1 January 2021	19,928,247	19,953,313	39,881,560
Charge for year	2,456,663	2,213,098	4,669,761
Eliminated on disposal	(998)	(313)	(1,311)
Exchange differences	<u>(26,320)</u>	<u>(60,370)</u>	<u>(86,690)</u>
At 31 December 2021	<u>22,357,592</u>	<u>22,105,728</u>	<u>44,463,320</u>
NET BOOK VALUE			
At 31 December 2021	<u>11,672,914</u>	<u>4,305,928</u>	<u>15,978,842</u>
At 31 December 2020	<u>13,026,808</u>	<u>5,978,951</u>	<u>19,005,759</u>

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 DECEMBER 2021**

13. STOCKS

	2021	2020
	£	£
Finished goods and goods for resale	<u>35,824,193</u>	<u>30,581,826</u>

There are no significant differences between the replacement cost and the values shown above.

14. DEBTORS

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	7,432,430	5,124,956
Amounts owed by group undertakings	4,480,306	20,059,157
Other debtors	(10,172)	13,385
Tax	106,818	363,996
Deferred tax asset	2,133,825	1,354,863
Accrued income	14,705,291	1,284,846
Prepayments	<u>3,709,585</u>	<u>3,078,136</u>

	<u>32,558,356</u>	<u>31,279,339</u>
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Amounts falling due after more than one year:
Other debtors

<u>8,880</u>	<u>15,880</u>
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Aggregate amounts

<u>32,567,236</u>	<u>31,295,219</u>
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Deferred tax asset

	2021	2020
	£	£
Fixed asset timing differences	2,082,854	1,334,058
Short term timing differences	<u>50,971</u>	<u>20,805</u>
	<u>2,133,825</u>	<u>1,354,863</u>

'Amounts owed by group undertakings' are current debtors in nature and carry no interest charge. The payment terms for these are typically 60 days end of month.

Other debtors due after one year comprise a rent deposit secured in favour of the company's landlord.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued for the year ended 31 DECEMBER 2021

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	3,700,673	4,051,878
Amounts owed to group undertakings	23,749,634	23,273,963
Social security, other taxes and VAT	5,481,986	3,791,423
Other creditors	1,722,358	1,250,910
Accruals and deferred income	7,606,542	6,170,223
	<u>42,261,193</u>	<u>38,538,397</u>

Included in the 'amounts owed to group undertakings' are current liabilities typically due in 60 days end of month.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Amounts owed to group undertakings	19,596,532	19,708,157
Accruals and deferred income	768,852	1,277,911
	<u>20,365,384</u>	<u>20,986,068</u>

Included in the 'amounts owed to group undertakings' are loans of £18,000,000 (2020 - £nil) and of €1,900,000 (2020 - £nil) due to Prada S.p.A. The company entered into the loan agreements on 27 January 2020. The sterling and euro denominated loans are unsecured; bear interest at six months LIBOR plus 3.33%, and were due to be repaid in full on 27 January 2022. The duration of the loans has now been extended under new loan agreements effective 27th January 2022 for repayment in full on 27th January 2024. The sterling denominated loan is unsecured; bearing an interest rate at SONIA plus 2.68%. The euro denominated loan is unsecured; bearing an interest at six months Euribor plus 2.68%.

Included within accruals and deferred income is £320,125 (2020 - £359,125) which will fall due after more than five years.

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Land and buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
Within one year	2,371,940	-	11,886	11,886
Between one and five years	30,458,092	50,173,188	3,251	4,335
In more than five years	160,467,239	165,403,800	-	-
	<u>193,297,271</u>	<u>215,576,988</u>	<u>15,137</u>	<u>16,221</u>

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued for the year ended 31 DECEMBER 2021

18. DEFERRED TAX ASSET

	£
Balance at 1 January 2021	(1,354,863)
Adjustment in respect of prior years	203,426
Fixed asset timing differences	(980,415)
Short term timing differences	(32,260)
Loan relationship deficit	30,287
Balance at 31 December 2021	<u>(2,133,825)</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021 £	2020 £
Number:	Class:			
5,000,000	Ordinary	£1	<u>5,000,000</u>	<u>5,000,000</u>

20. RESERVES

Share capital

Share capital comprises the nominal value of the Company's ordinary shares of £1 each.

Share premium

The share premium reserve is the premium paid on the Company's £1 ordinary shares.

Other distributable reserves

The other distributable reserves comprises the capital contribution less dividends.

Profit and loss account

The profit and loss account comprises accumulated profits and losses of the Company.

21. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

22. POST BALANCE SHEET EVENTS

There have been no events subsequent to the year-end which affected the state of affairs of the company as at 31 December 2021.

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Prada S.p.A., a company incorporated in Italy.

The ultimate parent company and controlling party is Ludo S.p.A, a company incorporated in Italy.

The parent undertaking of the smallest group of undertakings for which group financial statements are prepared, and of which the company is a member, is Prada S.p.A., a company incorporated in Italy. Copies of the group financial statements are available from it's registered office Via Antonio Fogazzaro 28, 20135 Milan, Italy.

The parent company of the largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Ludo S.p.A, a company incorporated in Italy. Copies of the group financial statements are available at it's registered office in Milan, Via Melzi D'Eril Francesco