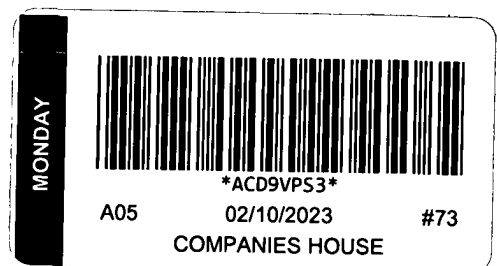


REGISTERED NUMBER: 03299599 (England and Wales)

PRADA RETAIL UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



PRADA RETAIL UK LIMITED

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PRADA RETAIL UK LIMITED

Company Information
for the year ended 31 December 2022

DIRECTORS:

Ms Francesca Bertocini
Mr Paolo Zannoni
Mr Denni Manzatto

REGISTERED OFFICE:

17-18 Old Bond Street
London
W1S 4PT

REGISTERED NUMBER:

03299599 (England and Wales)

INDEPENDENT AUDITORS:

Deloitte LLP
Statutory Auditor
1 New Street Square
London
United Kingdom
EC4A 3HQ

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

The company directly operates 25 retail outlets including E-commerce (year ended 31 December 2021: 26) in the United Kingdom and has 2 branches in Ireland, in Dublin and Kildare respectively.

The year under review, was characterised by a challenging macroeconomic scenario featuring the outbreak of war in Ukraine, interest rate hikes needed to curb inflation, and the protraction in some countries including China, of the Covid-19 public health emergency. However, the luxury goods sector, bolstered by strong local demand and some recovery in global tourism flows, demonstrated resilience and provided opportunities for growth. The company saw the recovery from the pandemic, with no further interruption to business due to imposed closures, resulting in a significant increase in sales being achieved. Double-digit growth was achieved in the main categories, being leather goods, clothing and footwear. Moreover, we have seen a slight reversal in the shift of growth in the digital sales, with customers returning to stores accounting for the majority of the growth in sales. However, the growth of digital communication and the expansion of the share of young consumers has continued.

Furthermore, the retail personnel have continued to maintain close contact with customers with its Customer Loyalty program along with specific Retail Events targeting various demographic groups. The corporate expectation for sales to return to pre-pandemic levels half way through the year 2022, has been achieved, and exceeded.

The company continued to be focused on a series of initiatives designed to bolster its commercial performance with strategic prospects of increasing sales volumes and profitability in the medium term.

With this goal in mind, the company rebalanced the merchandise mix at the stores to feature new products with the creative talents of the Group design team. The new mix contains all product categories and is supported by numerous efforts to further enhance the shopping experience and strengthen relationships with the customers. In August, Prada Paradoxe, the first women's fragrance created from the Prada – L'Oréal partnership, was launched. In October, Prada presented Eternal Gold, its first sustainable fine jewellery collection, made of 100% certified recycled gold. Both Paradoxe, with its refillable bottle, and Eternal Gold, use the sustainable practices that enhance every aspect of the Group's business.

The company's directors consider the quality standards of the products and luxury client experiences as the company's unique selling points. The company's retail network development has been facilitated by updating and restyling the concept of key existing Prada and Miu Miu stores according to the brands' aesthetic codes. The customer experience was enhanced with numerous special installations, of pop-in and pop-up shops. Prada Tropico was one of the most successful ones: the colours and atmospheres of whimsical distant lands inspired a fresh new landscape, reinterpreting Prada's visual identity with a contemporary pop vocabulary.

The customer experience was also heightened at the beginning of the year with the rollout of the "client journey," a global project intended to reinforce customer centrality through the lens of empathy, warmth, passion, and verve.

In the digital arena, starting in June and with a launch per month, Prada Timecapsule gained a new format: each month's exclusive, limited-edition item was sold together with a non-fungible token (NFT), marking the Group's Web 3.0 debut. Simultaneously, Prada released Prada Crypted, the new Discord server for the brand community, where users exchange ideas and draw inspiration from connecting the fashion universe with the worlds of art, architecture, cinema, music, Web3, and more. Prada also debuted in the Meta Avatars Store, the digital fashion store where Facebook, Instagram, and Messenger users can buy fashion items for their virtual alter-egos.

On the manufacturing front, the Group continued to invest in its factories and in the vertical integration of the supply chain, to further improve manufacturing expertise and quality control at every step of the process.

In Q4 2022, the Prada Group was the only luxury company to feature its two main brands within the top five of the Lyst Index: Prada ranked first, and Miu Miu fourth.

Lyst also nominated Miu Miu "Brand of the Year". Lyst is a data analysis tool that each quarter explores the purchasing habits of more than 200 million consumers worldwide, providing a snapshot of the most loved brands and products of the moment. According to Lyst, Miu Miu was the "2022 Brand of the Year": the successful 2022 Fall/Winter fashion show, highly appreciated by both critics and the public, together with the launch of iconic products, increased the popularity of the brand on social media, also due to the support of celebrities and influencers.

Over the year, successful product launches for both brands, effective talent strategy and lively event formats, contributed to the dialogue with growing audiences and strengthened brand awareness.

During the year under review, the company's sales increased to £155.3 million from £95.9 million, an increase of 62% (year ended 31 December 2021: 17.8%) 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. On the other side, the pandemic spurred the digital evolution reinforcing the Prada Group's vision of expanding the omnichannel strategy: the prada.com customer experience was re-designed on an international scale, content was localised and customised, and the digital communication strategy was strengthened through full use of social media channels. This resulted in continued strength of the e-commerce channel; that registered sales of £12.3m, an increase of 4% against the previous period (year ended 31 December 2021: £11.8m).

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 December 2022**

The company continues to invest in fixed assets with additions to fixed assets amounting to £3.3 million (year ended 31 December 2021: £1.7 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 £32.3 million (year ended 31 December 2021: £30.0 million), and the company has recognised a loss on the retranslation of the Irish branch of £19,686 (year ended 31 December 2021: gain of £32,155).

The company will continue to retail luxury fashion goods.

The Group's ambition for 2023 is to continue on a path of solid and above market growth, investing behind brand desirability, in the renovation of the store network, and in the industrial and technological infrastructure. However, the macroeconomic and geopolitical environment remain uncertain and notwithstanding encouraging developments since the start of the year, the evolution is unpredictable. Therefore, the Group remains vigilant

The directors are convinced that continuous investments in people, products and relationships with customers will deliver resilience and rapid recovery in sales and profitability.

Key Performance Indicators

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

	2022	2021	
Sales growth	62.0%	17.8%	12 months year on year sales growth expressed as %
Operating Profit/(Loss)	2.6%	2.9%	Operating profit expressed as % of sales
Return on net assets	12.4%	9.3%	Operating profit expressed as % 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 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 performance of the luxury goods market is influenced by individuals' propensity to consume and by the general economy. Accordingly the financial and business performance is exposed to social and macroeconomic risks due to the countries in which it operates. An unfavourable economy in one of more of the main countries in which it operates could adversely affect customer propensity to spend on luxury goods, thus causing a negative impact on the company's results and cash flows. The company believes that a well-balanced physical retail presence accompanied by an omni-channel strategy with closely integrated sales and communication channels, along with a sufficiently diversified product range enable it to mitigate the risk that adverse conditions could significantly impact business performance.

The exchange rate of the major currencies to sterling has an effect in the level of overseas consumers that come to the UK. As a substantial portion of sales originates from purchases of products by customers on trips abroad there is an economic risk based on exchange fluctuation. In sustained periods of currency volatility the group factors the exchange rate into the pricing accordingly.

There is a risk regarding the ability to anticipate trends and react to shifts in consumer trends. The design team headed by Miuccia Prada, assisted by a qualified team of stylists and designers, is capable of combining intellectual curiosity, the pursuit of new and unconventional ideas, and cultural and social interests with a strong sense of fashion. This has made it possible to establish a genuine design culture, based on method and discipline, which guides everyone who works in the creative process. This enables the brands to keep abreast of emerging consumer trends and lifestyles and remain a major player in the industry.

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 December 2022**

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:

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

a. the likely consequences of any decisions in the long-term

As the Board of Directors, our intention is to consider the interests of the company's employees. Our employees are fundamental to the success of our business, and has always considered human capital to be the key to its competitive edge. As such we strive to be a responsible employer and makes every effort to promote and reward productivity, professional skills and teamwork, with an emphasis on results. Furthermore, the health, safety and wellbeing of our employees is at the forefront of the way in which we conduct our business. All employees take part in relevant Health and Safety and work environment based trainings. There are regular business briefings at all levels throughout the company. Announcements are made via the company's intranet, through memorandum and via email

b. the interests of the company's employees

As the Board of Directors, our intention is to consider the interests of the company's employees. Our employees are fundamental to the success of our business, and has always considered human capital to be the key to its competitive edge. As such we strive to be a responsible employer and makes every effort to promote and reward productivity, professional skills and teamwork, with an emphasis on results. Furthermore, the health, safety and wellbeing of our employees is at the forefront of the way in which we conduct our business. All employees take part in relevant Health and Safety and work environment based trainings. There are regular business briefings at all levels throughout the company. Announcements are made via the company's intranet, through memorandum and via email

c. the need to foster the company's business relationships with suppliers, customers and others.

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.

d. the impact of the company's operations on the community and the environment

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. Furthermore, the Group took a commitment to sustainable practice in future nylon production and new lines have been proposed in order to refresh the offer to become evergreen. 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. The Sea Beyond educational programme in partnership with UNESCO-IOC continued, with even greater ambitions for 2023.

e. the desirability of the company maintaining a reputation for high standards of business conduct

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.

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 December 2022**

f. the need to act fairly as between members of the company

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 Group further strengthened ESG governance to accelerate progress against its strategy.

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 reducing its environmental impact not only within the organisation but also by raising the awareness of its stakeholders and partnering with qualified third parties.

Fighting climate change 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. The Group participate to The Fashion Pact-led Collective Virtual Power Purchase Agreement (CVPPA) initiative to encourage adoption of renewable electricity.

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, progressed according to the extension of the use of Prada's iconic fabric to a significant share of the clothing and leather goods collections.

The Group undertook new commitment on Biodiversity enhanced by raw materials traceability.

In August, the Group also joined the Re.Crea Consortium, founded with other prominent Italian luxury brands, to manage product end-of-life and promote circularity.

Following the Group's strategic guidelines for sustainable growth in 2021, great progress was made in 2022 in terms of governance with the creation of the Sustainability Committee at the beginning of the year, demonstrating the Group's commitment to integrating environmental and social sustainability into its business strategies. The Committee assists the Board of Directors, in a proactive and advisory capacity, in the evaluation and decision-making about sustainability-related issues, overseeing the Company's commitment to sustainable development throughout the value chain. Important documents were completed, such as the new Group-wide Code of Ethics and Human Rights Policy. Everything was formalised on the basis of the principles and priorities that have always motivated the Prada Group, identified in three pillars: people, the environment and culture.

The Company is committed to maintaining the highest standards of corporate governance to create long-term sustainable value for all its stakeholders, including its shareholders.

The corporate governance model adopted by the Company consists of a set of rules, standards and structured procedures aimed at establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders, to enhance shareholders value and to uphold the Group's credibility and reputation. The corporate governance model adopted by the Company complies with the applicable laws and regulations.

Lastly, a Whistleblowing process was approved in order to have a secure, private communication and whistleblowing channel for all the Group's internal and external stakeholders, thanks to the adoption of an external digital whistleblowing platform accessible from both the corporate intranet and the Group's corporate website.

The Group has also defined a Diversity, Equity and Inclusion (DE&I) roadmap whose implementation will start over the course of this year.

Furthermore, the Group implemented the Drivers of Change program in order to engage and encourage the active contribution of Prada Group employees on sustainability topics.

PRADA RETAIL UK LIMITED

Strategic Report **for the year ended 31 December 2022**

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. The company primarily mitigates the risk by planning and managing the cash it generates through its operations. The company further mitigates the liquidity risk with the support of its parent company. Short term flexibility is provided by intercompany facilities.

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 growth in sales over the last year. This gives confidence to the company's Director's that the company is well positioned to continue its growth. The war in Ukraine that first started in February 2022 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: 29.09.2023
.....

PRADA RETAIL UK LIMITED

Directors' Report **for the year ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

The profit/(loss) for the year, after taxation, amounted to £2,336,292 (2021 £1,677,730).

The directors do not recommend the payment of a dividend (2021 £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. On 1 January 2023 Church UK Retail Limited sold its business assets at the fair market value to Prada Retail UK Limited as a going concern with a consideration of £10.6m.

DIRECTORS

The directors during the year under review were:

Ms Francesca Bertoncini	
Mr Antonio Cassiano	- resigned 19.12.22
Mr Paolo Zannoni	
Denni Manzatto	- appointed 19.12.22

The directors holding office at 31 December 2022 did not hold any beneficial interest in the issued share capital of the company at 1 January 2022 (or date of appointment if later) or 31 December 2022.

The directors shown below have held office during the whole of the year from 1 January 2022 to the date of this report, unless otherwise stated.

Ms. Francesca Bertoncini

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 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.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on Page 6.

FINANCIAL RISK MANAGEMENT

Details of financial risk management can be found in the Strategic Report on Page 6.

DIRECTOR'S INDEMNITIES

There were no Director's indemnities in place during the year.

EXISTENCE OF BRANCHES OUTSIDE THE UK

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, outside the UK, in the Republic of Ireland.

POLITICAL CONTRIBUTIONS

The company has not made any political contributions during the year.

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 2022**

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EQUAL OPPORTUNITIES

The company endorses and supports the principles of equal employment opportunities. It is the policy of the company to provide equal employment opportunities to all qualified individuals, and to ensure that all employment decisions are made, subject to legal obligations, on a non-discriminatory basis.

EMPLOYEE INVOLVEMENT

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings as well as a regular internal memorandum for all employees and the use of the company's intranet.

All of these aspects and engagements have been considered in the on-going decisions made in the business. The Group implemented the Corporate Governance department to oversee specific areas, while locally the company has reviewed its employee benefits to ensure it remains competitive in the market. This allows the company to attract, reward and retain skilled personnel and expert managers.

STREAMLINED ENERGY AND CARBON REPORTING

Overview

Under changes introduced by the 2018 Regulations, quoted companies of all sizes 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 emission 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 2022, using the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting:

Reported Energy and Emissions	2022	2021
Total Gross Energy Consumption (kWh) for the reporting period	2,465,147	2,414,984
of which is Renewable Electricity (kWh)	822,001	-
Emissions from combustion of fuels (Scope 1: tCO ₂ e)	-	-
Emissions from combustion from grid supplied electricity (Scope 2: tCO ₂ e)	2,324,193	2,267,517
Energy supplied by not owned or controlled sources - concessions (Scope 3: tCO ₂ e)	140,954	147,467
Total Gross Emissions(Tonnes CO₂e) for the reporting period	476.71	512.77
of which is Renewable Electricity (tCO ₂ e)	(158.96)	-
Total Net Emissions(Tonnes CO₂e) for the reporting period	317.75	512.77
Emissions from combustion of fuels (Scope 1: tCO ₂ e)	-	-

PRADA RETAIL UK LIMITED

Directors' Report
for the year ended 31 December 2022

Emissions from combustion from grid supplied electricity (Scope 2: tCO ₂ e)	449.45	481.46
Energy supplied by not owned or controlled sources - concessions (Scope 3: tCO ₂ e)*	27.26	31.31

* Estimated 85.34 kWh/m²/yr for 1,651.7m²

Meters square (m ²) of occupied space for the reporting period	9,007	8,935
Intensity ratio (tCO ₂ e / Floor Space sqm)	0.04	0.057
Annual kWh Consumptions per m ² for the reporting period	182.43	270.28

Note 1 : 2021 reporting period included the pandemic lockdown restrictions. During this period, public movement and travel was significantly restricted and operations may have been suspended or operated at a reduced capacity. Consumption of energy and fuel may be affected by such restrictions.

Note 2 : There was a decrease in emissions for the 2022 reporting period of 195.02 tCO₂e or 38% from the 2021 reporting period. There was an increase in m² of space occupied by Prada Retail UK Ltd of 72 m² or by 0.8% on the 2021 reporting period. The IR decreased by 29.82% in 2022 from the reported figures in 2021.

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.

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: 29.09.2023

PRADA RETAIL UK LIMITED

Directors' Responsibilities Statement **for the year ended 31 December 2022**

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 31st December 2022 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;
- the cash flow statement;
- the statement of accounting policies]; and
- the related notes 1 to 23.

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.

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 a 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.

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

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 Auditors' 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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. This included UK Company's Act, pensions legislation, 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.

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 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.

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

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 material misstatements in the Strategic Report or 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.

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.

Samantha Bates

Samantha Bates FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
1 New Street Square
London
United Kingdom
EC4A 3HQ

Date: 29 September 2023

PRADA RETAIL UK LIMITED

Profit and loss account
for the year ended 31 December 2022

	Notes	2022 £	2021 £
TURNOVER	2	155,287,917	95,880,095
Cost of sales		<u>(63,964,330)</u>	<u>(30,074,867)</u>
GROSS PROFIT		91,323,587	65,805,228
Administrative expenses		<u>(87,433,056)</u>	<u>(65,183,777)</u>
		3,890,531	621,451
Other operating income	3	<u>101,392</u>	<u>2,162,898</u>
OPERATING PROFIT	5	3,991,923	2,784,349
Interest receivable and similar income	7	<u>499</u>	<u>1,654</u>
		3,992,422	2,786,003
Interest payable and similar expenses	8	<u>(790,043)</u>	<u>(101,333)</u>
PROFIT BEFORE TAXATION		3,202,379	2,684,670
Tax on profit	9	<u>(866,087)</u>	<u>(1,006,940)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,336,292</u>	<u>1,677,730</u>

All activities derive from continuing operations.

PRADA RETAIL UK LIMITED

**Statement of Comprehensive
Income
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		2,336,292	1,677,730
OTHER COMPREHENSIVE (LOSS)/INCOME			
Currency translation difference		(19,686)	32,155
Income tax relating to other comprehensive income		—	—
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX		(19,686)	32,155
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,316,606</u>	<u>1,709,885</u>

PRADA RETAIL UK LIMITED (REGISTERED NUMBER: 03299599)

**Balance Sheet
31 December 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	11	2,256,922	2,434,034
Tangible assets	12	<u>15,751,979</u>	<u>15,978,842</u>
		18,008,901	18,412,876
CURRENT ASSETS			
Stocks	13	54,369,633	35,824,193
Debtors: amounts falling due within one year	14	29,735,201	32,558,356
Debtors: amounts falling due after more than one year	14	14,988	8,880
Cash at bank and in hand		<u>8,924,122</u>	<u>5,820,556</u>
		93,043,944	74,211,985
CREDITORS			
Amounts falling due within one year	15	<u>57,868,841</u>	<u>42,261,193</u>
NET CURRENT ASSETS		<u>35,175,103</u>	<u>31,950,792</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		53,184,004	50,363,668
CREDITORS			
Amounts falling due after more than one year	16	<u>20,869,114</u>	<u>20,365,384</u>
NET ASSETS		<u>32,314,890</u>	<u>29,998,284</u>
CAPITAL AND RESERVES			
Called up share capital	19	5,000,000	5,000,000
Share premium	20	506,050	506,050
Other distributable reserves	20	8,518,857	8,518,857
Profit and loss account	20	<u>18,289,983</u>	<u>15,973,377</u>
SHAREHOLDERS' FUNDS		<u>32,314,890</u>	<u>29,998,284</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29.09.2023 and were signed on its behalf by:



Ms Francesca Bertoncini - Director

PRADA RETAIL UK LIMITED**Statement of Changes in Equity
for the year ended 31 December 2022**

	Called up share capital £	Profit and loss account £	Share premium £	Other distributable reserves £	Total equity £
Balance at 1 January 2021	5,000,000	14,263,492	506,050	8,518,857	28,288,399
Changes in equity					
Total comprehensive income	-	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>
Changes in equity					
Total comprehensive income	-	2,316,606	-	-	2,316,606
Balance at 31 December 2022	<u>5,000,000</u>	<u>18,289,983</u>	<u>506,050</u>	<u>8,518,857</u>	<u>32,314,890</u>

PRADA RETAIL UK LIMITED

Notes to the Financial Statements **for the year ended 31 December 2022**

I. ACCOUNTING POLICIES

Basis of preparing the financial statements

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.

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.

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 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 paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

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

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued **for the year ended 31 December 2022**

I. ACCOUNTING POLICIES - continued

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.

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.

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.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued **for the year ended 31 December 2022**

I. ACCOUNTING POLICIES - continued

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.

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 2022 and 31 December 2021 are credit card receivables of £1,372,953 and £1,355,915, 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.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued **for the year ended 31 December 2022**

I. ACCOUNTING POLICIES - continued

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).
- (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.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued **for the year ended 31 December 2022**

1. ACCOUNTING POLICIES - continued

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 £3.3m in the year (2021 - £1.7m) and has a net asset position of £33.0m (2021 - £30.0m). A full review of the financial highlights and performance have been addressed in 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.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

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

	2022	2021
	£	£
Sale of goods	<u>155,287,916</u>	<u>95,880,095</u>
	<u>155,287,916</u>	<u>95,880,095</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	148,417,504	91,176,876
Republic of Ireland	<u>6,870,413</u>	<u>4,703,219</u>
	<u>155,287,917</u>	<u>95,880,095</u>

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

3. OTHER OPERATING INCOME

	2022	2021
	£	£
Other operating income - insurance claims and sales of non-stock items	64,068	139,925
Government grants (note 10)	<u>37,324</u>	<u>2,022,973</u>
	<u><u>101,392</u></u>	<u><u>2,162,898</u></u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	17,338,748	14,086,451
Social security costs	2,291,054	1,566,559
Other pension costs	<u>427,777</u>	<u>399,277</u>
	<u><u>20,057,579</u></u>	<u><u>16,052,287</u></u>

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

	2022	2021
Selling and distribution	314	296
Administration	<u>53</u>	<u>45</u>
	<u><u>367</u></u>	<u><u>341</u></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 £427,777 (2021 - £399,277); of which £1,453 (2021 - £59,768) was outstanding at the year end.

	2022	2021
	£	£
Directors' remuneration		
Emoluments	416,716	384,239
Amounts receivable under long-term incentive schemes	120,923	91,350
Company contributions to money purchase pension schemes	<u>18,596</u>	<u>12,000</u>
	<u><u>556,235</u></u>	<u><u>487,589</u></u>

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u><u>1</u></u>	<u><u>1</u></u>

	2022	2021
	£	£
Remuneration of the highest paid director:		
Emoluments (including amounts under long-term incentive schemes)	<u><u>556,235</u></u>	<u><u>487,589</u></u>

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued
for the year ended 31 December 2022

5. OPERATING PROFIT

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

	2022	2021
	£	£
Hire of plant and machinery	21,060	30,359
Other operating leases	40,320,801	30,050,340
Depreciation - owned assets	3,558,869	4,669,761
Profit on disposal of fixed assets	(134,137)	(202,806)
Store lease acquisition amortisation	171,877	171,877
Computer software amortisation	5,235	3,855
Foreign exchange differences	<u>118,832</u>	<u>(282,012)</u>

6. AUDITOR'S REMUNERATION

	2022	2021
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>35,500</u>	<u>34,500</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Other interest receivable	<u>499</u>	<u>1,654</u>

No interest receivable has derived from group undertakings.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued
for the year ended 31 December 2022

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Interest on group loans	789,216	99,319
Other interest payable	<u>827</u>	<u>2,014</u>
	<u><u>790,043</u></u>	<u><u>101,333</u></u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	942,804	1,243,910
Adjustment in respect of prior periods	<u>(81,633)</u>	<u>541,992</u>
Total current tax	861,171	1,785,902
Origination and reversal of timing differences	<u>4,916</u>	<u>(778,962)</u>
Tax on profit	<u><u>866,087</u></u>	<u><u>1,006,940</u></u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge 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:

	2022	2021
	£	£
Profit before tax	<u><u>3,202,379</u></u>	<u><u>2,684,670</u></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	608,452	510,087
Effects of:		
Expenses not deductible for tax purposes	407,819	263,554
Income not taxable for tax purposes	(108,242)	-
Adjustments to tax charge in respect of previous periods	(30,959)	745,419
Other differences leading to an increase/(decrease) in the tax charge	(10,982)	(512,118)
Deferred tax not provided	(1)	(2)
Total tax charge	<u><u>866,087</u></u>	<u><u>1,006,940</u></u>

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued
for the year ended 31 December 2022

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

		2022	
	Gross £	Tax £	Net £
Currency translation difference	<u>(19,686)</u>	<u>-</u>	<u>(19,686)</u>

		2021	
	Gross £	Tax £	Net £
Currency translation difference	<u>32,155</u>	<u>-</u>	<u>32,155</u>

Factors which may affect future tax charges

The standard rate of tax applied to the reported profit on ordinary activities is 19% (2021 - 19%). 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. The company does not expect material impact from the enactment of the Finance Act 2023, or the announcements from the Budget 2023.

During the year beginning 1 January 2022, 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 affected by local lockdowns. The company received £37,324 (2021: £92,998) from these grants during the reporting year.

Included in the government grant total is government support of £0 (2021: £1,884,262), 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.

The company also received £0 from IE Covid Restrictions Support Scheme (2021: £45,713).

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

11. INTANGIBLE FIXED ASSETS

	Store lease acquisition £	Computer software £	Totals £
COST			
At 1 January 2022 and 31 December 2022	<u>6,199,365</u>	<u>204,744</u>	<u>6,404,109</u>
AMORTISATION			
At 1 January 2022	3,786,987	183,088	3,970,075
Amortisation for year	<u>171,877</u>	<u>5,235</u>	<u>177,112</u>
At 31 December 2022	<u>3,958,864</u>	<u>188,323</u>	<u>4,147,187</u>
NET BOOK VALUE			
At 31 December 2022	<u>2,240,501</u>	<u>16,421</u>	<u>2,256,922</u>
At 31 December 2021	<u>2,412,378</u>	<u>21,656</u>	<u>2,434,034</u>

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture & equipment £	Totals £
COST			
At 1 January 2022	34,030,506	26,411,656	60,442,162
Additions	1,718,065	1,584,785	3,302,850
Disposals	(530)	(77,691)	(78,221)
Exchange differences	<u>35,458</u>	<u>69,145</u>	<u>104,603</u>
At 31 December 2022	<u>35,783,499</u>	<u>27,987,895</u>	<u>63,771,394</u>
DEPRECIATION			
At 1 January 2022	22,357,592	22,105,728	44,463,320
Charge for year	1,996,450	1,562,419	3,558,869
Eliminated on disposal	(530)	(76,473)	(77,003)
Exchange differences	<u>22,440</u>	<u>51,789</u>	<u>74,229</u>
At 31 December 2022	<u>24,375,952</u>	<u>23,643,463</u>	<u>48,019,415</u>
NET BOOK VALUE			
At 31 December 2022	<u>11,407,547</u>	<u>4,344,432</u>	<u>15,751,979</u>
At 31 December 2021	<u>11,672,914</u>	<u>4,305,928</u>	<u>15,978,842</u>

PRADA RETAIL UK LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

13. STOCKS

	2022	2021
	£	£
Finished goods and goods for resale	<u>54,369,633</u>	<u>35,824,193</u>

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

14. DEBTORS

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	9,508,008	7,432,430
Amounts owed by group undertakings	5,874,976	4,480,306
Other debtors	85,169	(10,172)
Tax	107,740	106,818
Deferred tax asset	2,128,909	2,133,825
Accrued income	7,353,718	14,705,291
Prepayments	<u>4,676,681</u>	<u>3,709,858</u>
	<u>29,735,201</u>	<u>32,558,356</u>

Amounts falling due after more than one year:

Other debtors	<u>14,988</u>	<u>8,880</u>
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Aggregate amounts	<u>29,750,189</u>	<u>32,567,236</u>
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Deferred tax asset

	2022	2021
	£	£
Fixed asset timing differences	2,128,909	2,082,854
Short term timing differences	<u>-</u>	<u>50,971</u>
	<u>2,128,909</u>	<u>2,133,825</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 2022**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	1,937,871	3,700,673
Amounts owed to group undertakings	40,232,847	23,749,634
Social security, other taxes and VAT	7,453,877	5,481,986
Other creditors	2,098,042	1,722,358
Accruals and deferred income	6,146,204	7,606,542
	<u>57,868,841</u>	<u>42,261,193</u>

Included in the 'amounts owed to group undertakings' are current liabilities typically due in 60 days end of month. These relate to intercompany stock and services due to Prada S.p.A and other subsidiary companies. Within this amount £38,826,721 is payable to the parent company.

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

	2022	2021
	£	£
Amounts owed to group undertakings	19,685,167	19,596,532
Accruals and deferred income	1,183,947	768,852
	<u>20,869,114</u>	<u>20,365,384</u>

Included in the 'amounts owed to group undertakings' are loans of £18,000,000 (2021 - £18,000,000) and of €1,900,000 (2021 - €1,900,000) due to Prada S.p.A. The company entered into the loan agreements on 27 January 2022. 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% and due to be repaid in full on 27 January 2024.

Included within accruals and deferred income is £281,125 (2021 - £320,125) 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	
	2022	2021	2022	2021
	£	£	£	£
Within one year	5,644,596	2,371,940	7,853	11,886
Between one and five years	30,293,446	30,458,092	6,327	3,251
In more than five years	178,528,504	160,467,239	-	-
	<u>214,466,546</u>	<u>193,297,271</u>	<u>14,180</u>	<u>15,137</u>

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued for the year ended 31 December 2022

18. DEFERRED TAX (ASSET)/ LIABILITIES

	£
Balance at 1 January 2022	(2,133,825)
Adjustment in respect of prior years	50,674
Fixed asset timing differences	55,484
Short term timing differences	(101,242)
Loan relationship deficit	
	<hr/>
Balance at 31 December 2022	<u>(2,128,909)</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2022	2021
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

The Board has resolved to acquire the Church's UK Retail business with effect from 1 January 2023. The asset purchase agreement has been considered, and the decision to integrate Church's UK functions has been taken. The intention is to leverage the Group's expertise in core value chain activities, ensuring more control over the operations, thus allowing for additional cost savings and improved margins.

PRADA RETAIL UK LIMITED

Notes to the Financial Statements - continued
for the year ended 31 December 2022

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 its 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 its registered office in Milan, Via Melzi D'Eril Francesco's