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PRADA spa
(Stock Code: 1913)

**ANNOUNCEMENT
OF THE CONSOLIDATED RESULTS
FOR THE TWELVE-MONTH PERIOD
ENDED DECEMBER 31, 2021**

- The Prada Group reports net revenues of Euro 3,365.7 million, up by 40.6% at constant exchange rates from 2020 and by 7.8% from 2019;
- The retail channel experienced steady, progressive sales growth thanks to the performance of full-price sales. Compared with 2019 sales at directly operated stores rose by 15.2% annually and by 23.5% in the last quarter, at constant exchange rates;
- Asia Pacific, the Americas and the Middle East had double-digit growth compared with 2019; although affected for much of the year by persisting pandemic-related restrictions, in the final quarter compared to 2019, at constant exchange rates, Europe's sales were up and Japan's sales were in line;
- Gross margin upswing to 75.7% of net revenues, against 72% for 2020 and 71.9% for 2019;
- EBIT above pre-Covid levels: Euro 489.5 million, corresponding to 14.5% of net revenues, increasing by 59% versus the 2019 EBIT (Euro 306.8 million, 9.5% of net revenues);
- Net financial surplus of Euro 238 million at December 31, 2021, a strong progression versus 2020;
- Proposed dividend distribution of Euro 179.1 million.

Presentation of the Prada Group

PRADA spa ("Prada" or the "Company"), together with its subsidiaries (collectively the "Group" or "Prada Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). The Prada Group is a leading player in the luxury goods industry, where it operates with the Prada, Miu Miu, Church's and Car Shoe brands producing and distributing leather goods, footwear and apparel. It also operates in the food sector with Marchesi 1824 and in the eyewear and fragrance industries under licensing agreements.

The Group owns 23 production facilities (20 in Italy, 1 in the United Kingdom, 1 in France and 1 in Romania) and its products are sold in 70 countries worldwide mainly through its directly operated stores, which numbered 635 at December 31, 2021. The Prada Group's products are also sold through the brands' e-commerce, in selected high-end department stores, by independent retailers in very exclusive locations, and by important e-tailers.

The Company is a joint-stock company with limited liability, registered and domiciled in Italy. Its registered office is at via Fogazzaro 28, Milan. At December 31, 2021, 79.98% of the share capital was owned by PRADA Holding spa, a company domiciled in Italy, and the remainder consisted of floating shares on the Main Board of the Hong Kong Stock Exchange.

Basis of Presentation

The financial information presented herein refers to the group of companies controlled by the Company, the parent company of the Prada Group, and it is based on the Consolidated Financial Statements for the twelve-month period ended December 31, 2021.

At the date of presentation of this document, there were no differences between the IFRSs as endorsed by the European Union and applicable to the Prada Group and those issued by the IASB.

Amendments to existing standards issued by the International Accounting Standard Board ("IASB"), endorsed by the European Union and applicable to the Prada Group from January 1, 2021.

Amendments to existing standards	Effective Date for Prada Group	EU endorsement date
Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9	January 1, 2021	Endorsed in December 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform- Phase 2	January 1, 2021	Endorsed in January 2021
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)	April 1, 2021	Endorsed in August 2021

The introduction of these amendments, with the exception of that relating to IFRS 16, did not have any effect on the Consolidated Financial Statements.

Amendment to "IFRS 16 Leases" regarding Covid-Related Rent Concessions

On March 31, 2021, the IASB extended by one year the period of application of the IFRS 16 practical expedient previously approved by the IASB on May 28, 2020. With this amendment, issued in response to the duration of the Covid-19 pandemic, immediate recognition in profit and loss of rent discounts is applicable if the reduction regards payments originally due on or before June 30, 2022 (and no longer by the original date of June 30, 2021), whereas the other terms of the standard and practical expedient adopted in 2020 remain valid.

The amendment is effective for annual reporting periods beginning on or after April 1, 2021.

Note that during the annual reporting period, the Group accounted for Covid-related concessions of Euro 34.4 million in the Statement of Profit or Loss, basically none of which regarded the 2021 amendment, as no significant related cases had emerged at the reporting date.

Amendments to existing standards issued by the IASB, endorsed by the European Union, but not yet applicable to the Prada Group because they are effective for annual periods beginning on or after January 1, 2022.

Amendments to existing standards	Effective Date for Prada Group	EU endorsement date
IFRS 3 Business Combinations	January 1, 2022	Endorsed in June 2021
IAS 16 Property, Plant and Equipment	January 1, 2022	Endorsed in June 2021
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022	Endorsed in June 2021
Annual Improvements 2018-2020	January 1, 2022	Endorsed in June 2021
IFRS 17 Insurance contracts	January 1, 2022	Endorsed in November 2021
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	January 1, 2023	Endorsed in March 2022
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	January 1, 2023	Endorsed in March 2022

New Standards and Amendments issued by the IASB, but not yet endorsed by the European Union as of December 31, 2021

New IFRS and Amendments to existing standards	Date of possible application	EU endorsement date
Amendment to IAS 1 Presentation of Financial Statements (issued on 23 January 2020)	January 1, 2023	Not endorsed yet
Amendments to IAS 12 Income taxes: deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	Not endorsed yet
Amendments to IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information (issued on 9 December 2021)	January 1, 2023	Not endorsed yet

Key financial information

Key economic figures (amounts in thousands of Euro)	twelve months ended December 31 2021	twelve months ended December 31 2020	twelve months ended December 31 2019
Net revenues	3,365,667	2,422,739	3,225,594
Operating income/(loss) - EBIT	489,484	20,061	306,779
% incidence on net revenues	14.5%	0.8 %	9.5%
Net income/(loss) of the Group	294,254	(54,139)	255,788
Earnings/(losses) per share (Euro)	0.115	(0.021)	0.100
Net Operating Cash Flows (*)	750,723	262,100	362,365

(*) non-IFRS measure equal to Net Cash flows from operating activities less repayments of lease liability

Key indicators (amounts in thousands of Euro)	December 31 2021	December 31 2020	December 31 2019
Net operating working capital	602,038	667,024	702,835
Net invested capital (Right of Use Assets included)	4,936,402	5,296,489	5,809,417
Net financial surplus/(deficit)	237,653	(311,357)	(405,544)
Group shareholders' equity	3,113,894	2,832,057	2,967,158

2021 highlights

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 considerably, as did the input of the digital sales channels and local consumers. 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.

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 revenue growth and putting the Group back on the path of long-term value creation.

The commercial strategy was behind this growth with a more profitable sales mix, the elimination of markdowns, and a fully streamlined wholesale distribution channel. The increase in the Group's own e-commerce sites also contributed to the growth, mainly with new customers.

Investments in retail space and processes raised store productivity rates and were critical to strengthening the brand identities. In 2021 alone, 120 store renovations were completed and 80 pop-up installations were set up, leading to increased footfall in stores and a continuously evolving retail image. The Prada Outdoor, Prada Holiday, Miu Miu Upcycled and Miu Miu Nuit pop-up shops

resonated the most, traveling around to some of the most prestigious department stores and malls.

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, the most viewed edition ever.

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

The industrial area benefited from important reduction of complexity as well as investments in the verticalization of the production process to enhance artisanal know-how and further boost the high quality standards of the products. Use of operating capacity was optimized at the Levanella logistic hub, a forerunner of technology and sustainability in the industry and a crucial site for integrating manufacturing processes with store procurement ones. Manufacturing activities were also strengthened through the acquisition of the remaining minority stakes in two subsidiaries, and the acquisition of a stake in Filati Biagioli spa, renowned for Italian excellence in the production of cashmere and other noble yarns.

For Capital Markets Day in November, the strategic guidelines for the Group's sustainable growth were communicated as formalized based on the principles and priorities that have always motivated the Prada Group, organized into three pillars: people, environment and culture.

The Group's operating results improved considerably from those of the pre-pandemic levels, showing increases in both amounts and as a percentage of net revenues. The consequential cash generation, net of investments and resumed dividend payments, enabled the Group to accumulate enough cash assets to face confidently the important short and medium investments.

Scope of work of Messrs. Deloitte & Touche S.p.A.

The figures in respect of the Group's "Consolidated Statement of financial position", "Consolidated Statement of Profit or Loss for the twelve-month period ended December 31, 2021", "Statement of consolidated comprehensive income for the twelve-month period ended December 31, 2021", "Statement of Consolidated cash flows for the twelve-month period ended December 31, 2021", "Statement of changes in consolidated shareholders' equity", as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte & Touche S.p.A., to the amounts set out in the Group's audited Consolidated financial statements for the twelve-month period ended December 31, 2021 and some of the "Notes to the Consolidated financial statements" thereto. The work performed by Messrs. Deloitte & Touche S.p.A. in this respect does not constitute an assurance engagement in accordance with International Standards on Auditing and consequently no assurance has been expressed by Messrs. Deloitte & Touche S.p.A. on the announcement.

Consolidated statement of Profit or Loss for the twelve months closed at December 31, 2021

(amounts in thousands of Euro)	twelve months ended December 31 2021	% on net revenues	twelve months ended December 31 2020	% on net revenues	twelve months ended December 31 2019	% on net revenues
Net sales (Note 1)	3,316,620	98.5%	2,390,866	98.7%	3,183,339	98.7%
Royalties	49,047	1.5%	31,873	1.3%	42,255	1.3%
Net revenues	3,365,667	100.0%	2,422,739	100%	3,225,594	100%
Cost of goods sold	(818,309)	-24.3%	(679,361)	-28.0%	(905,982)	-28.1%
Gross margin	2,547,358	75.7%	1,743,378	72.0%	2,319,612	71.9%
Product design and development costs	(115,319)	-3.4%	(102,232)	-4.2%	(127,378)	-3.9%
Advertising and communications costs	(294,251)	-8.8%	(206,848)	-8.5%	(231,011)	-7.2%
Selling costs	(1,421,169)	-42.2%	(1,259,827)	-52.0%	(1,470,101)	-45.6%
General and administrative costs	(227,135)	-6.7%	(154,410)	-6.4%	(184,343)	-5.7%
Total operating expenses	(2,057,874)	-61.1%	(1,723,317)	-71.1%	(2,012,833)	-62.4%
EBIT	489,484	14.5%	20,061	0.8%	306,779	9.5%
Interest and other financial income/(expenses), net	(31,216)	-0.9%	(29,480)	-1.2%	(25,174)	-0.8%
Interest expenses on Lease Liability	(36,773)	-1.1%	(42,670)	-1.8%	(48,980)	-1.5%
Dividends from investments	160	0.0%	277	0.0%	2,135	0.1%
Total financial income/(expenses)	(67,829)	-2.0%	(71,873)	-3.0%	(72,019)	-2.2%
Income / (loss) before taxation	421,655	12.5%	(51,812)	-2.1%	234,760	7.3%
Taxation	(126,552)	-3.8%	(2,556)	-0.1%	22,964	0.7%
Net income / (loss) for the period	295,103	8.8%	(54,368)	-2.2%	257,724	8.0%
Net income / (loss) – Non-controlling interests	849	0.0%	(229)	0.0%	1,936	0.1%
Net income / (loss) – Group	294,254	8.8%	(54,139)	-2.2%	255,788	7.9%
Basic and diluted earnings / (losses) per share (in Euro per share) - (Note 3)	0.115		(0.021)		0.100	

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	December 31 2021	December 31 2020
Assets			
Current assets			
Cash and cash equivalents		981,786	442,392
Trade receivables, net	4	329,547	290,380
Inventories, net	5	662,654	666,222
Derivative financial instruments – current		1,762	10,691
Receivables from, and advance payments to, related parties – current	6	22,866	51,035
Other current assets	7	171,220	194,188
Total current assets		2,169,835	1,654,908
Non-current assets			
Property, plant and equipment	8	1,564,853	1,506,011
Intangible assets	8	829,405	832,445
Right of Use assets	9	1,956,289	2,054,338
Investments in equity instruments		5,696	66,191
Deferred tax assets		287,462	251,888
Other non-current assets	10	144,346	142,712
Receivables from, and advance payments to, related parties – non-current		1,125	19,434
Total non-current assets		4,789,176	4,873,019
Total Assets		6,959,011	6,527,927
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term lease liability		418,215	403,593
Short-term financial payables and bank overdrafts		249,103	300,577
Payables to related parties – current	11	8,360	3,481
Trade payables	12	390,163	289,578
Tax payables		144,159	68,863
Derivative financial instruments – current		29,683	7,789
Other current liabilities	13	180,048	153,382
Total current liabilities		1,419,731	1,227,263
Non-current liabilities			
Long-term lease liability		1,627,197	1,729,819
Long-term financial payables		492,801	451,200
Post-employment benefits		73,819	73,256
Provision for risks and charges	14	59,201	45,416
Deferred tax liabilities		29,806	29,250
Other non-current liabilities		123,027	110,754
Derivative financial instruments – non-current		4,786	9,249
Total non-current liabilities		2,410,637	2,448,944
Total Liabilities		3,830,368	3,676,207
Share capital		255,882	255,882
Total other reserves		2,496,324	2,633,673
Translation reserve		67,434	(3,359)
Net income / (loss) for the period		294,254	(54,139)
Net Equity attributable to owners of the Group		3,113,894	2,832,057
Net Equity attributable to Non-controlling interests		14,749	19,663
Total Net Equity		3,128,643	2,851,720
Total Liabilities and Total Net Equity		6,959,011	6,527,927
Net current assets		750,104	427,645
Total assets less current liabilities		5,539,280	5,300,664

Consolidated statement of changes in equity (amounts in thousands of Euro, except for number of shares)

(amounts in thousands of Euro)	Number of Shares (in thousands)	Share Capital	Translation Reserve	Share premium reserve	Cash flow hedge reserve	Actuarial Reserve	Fair Value investments in equity instruments Reserve	Other reserves	Total Other Reserves	Net income for the period	Equity		
											Net Equity attributable to owners of Group	Net Equity attributable to Non-controlling interests	Total Net Equity
Balance at December 31, 2019	2,558,824	255,882	61,437	410,047	(8,469)	(4,516)	(9,982)	2,006,971	2,394,051	255,788	2,967,158	21,417	2,988,575
Allocation of 2019 net income - retained earnings	-	-	-	-	-	-	-	204,612	204,612	(204,612)	-	-	-
Allocation of 2019 net income - extraordinary reserve	-	-	-	-	-	-	-	51,176	51,176	(51,176)	-	-	-
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	(64,796)	-	2,675	-	-	-	2,675	(54,139)	(116,260)	(1,755)	(118,015)
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	(3,635)	(15,206)	-	(18,841)	-	(18,841)	1	(18,840)
Balance at December 31, 2020	2,558,824	255,882	(3,359)	410,047	(5,794)	(8,151)	(25,188)	2,262,759	2,633,673	(54,139)	2,832,057	19,663	2,851,720
Allocation of 2020 net income	-	-	-	-	-	-	-	(54,139)	(54,139)	54,139	-	-	-
Dividends	-	-	-	-	-	-	-	(89,559)	(89,559)	-	(89,559)	(1,674)	(91,233)
Capital reduction in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(141)	(141)
Gains/(losses) on sales of Investments in equity instruments	-	-	-	-	-	-	13,351	922	14,273	-	14,273	-	14,273
Acquisition of additional shares from Non-Controlling Interests	-	-	(574)	-	-	(66)	-	-	(66)	-	(640)	(4,816)	(5,456)
Acquisition of Luna Rossa Challenge srl	-	-	-	-	-	-	-	(1,128)	(1,128)	-	(1,128)	-	(1,128)
Comprehensive income/(loss) for the period (recyclable to P&L)	-	-	71,367	-	(10,084)	-	-	-	(10,084)	294,254	355,537	1,712	357,249
Comprehensive income/(loss) for the period (not recyclable to P&L)	-	-	-	-	-	2,509	845	-	3,354	-	3,354	5	3,359
Balance at December 31, 2021	2,558,824	255,882	67,434	410,047	(15,878)	(5,708)	(10,992)	2,118,855	2,496,324	294,254	3,113,894	14,749	3,128,643

Consolidated statement of cash flows for the twelve months closed at December 31, 2021

(amounts in thousands of Euro)	twelve months ended December 31 2021	twelve months ended December 31 2020	twelve months ended December 31 2019
Income/(loss) before taxation	421,655	(51,812)	234,760
Profit or loss adjustments			
Depreciation and write-downs of the Right of Use assets	426,221	443,910	456,310
Depreciation and amortization of property, plant and equipment and intangible assets	197,996	203,720	222,309
Impairment of property, plant and equipment and intangible assets	6,514	21,294	11,450
Non-monetary financial (income) expenses	25,267	36,700	24,108
Gain on disposal of fixed assets	-	(36,942)	-
Interest expenses on Lease Liability	36,773	42,670	48,980
Other non-monetary (income) expenses	33,848	(74,598)	6,089
Balance Sheet changes			
Other non-current assets and liabilities	5,491	59,210	(14,189)
Trade receivables, net	(29,790)	16,186	1,077
Inventories, net	11,502	9,134	(60,719)
Trade payables	90,297	(34,894)	(15,735)
Other current assets and liabilities	244	56,435	(18,867)
Cash flows from operating activities	1,226,018	691,013	895,573
Interest paid (net), including interest paid on Lease Liability	(45,329)	(54,374)	(59,552)
Taxes paid	(37,161)	(44,220)	(26,126)
Net cash flows from operating activities	1,143,528	592,419	809,895
Purchases of property, plant and equipment and intangible assets	(219,628)	(109,557)	(310,957)
Disposals of property, plant and equipment and intangible assets	364	2,320	1,779
Real estate sale to related party	20,000	-	-
Dividends from investments	103	277	2,135
Disposals of equity instruments	76,464	-	28,074
Acquisition of additional shares from Non-Controlling Interests	(7,827)	-	(400)
Financial investments	-	-	(4,993)
Business combination	(6,741)	(42,950)	(17,899)
Net cash flow utilized by investing activities	(137,265)	(149,910)	(302,261)
Dividends paid to shareholders of PRADA spa	(89,559)	-	(153,529)
Dividends paid to Non-Controlling shareholders	(1,674)	-	(1,113)
Repayment of Lease Liability	(392,805)	(330,319)	(447,530)
Repayment of current portion of long-term borrowings - third parties	(217,277)	(205,593)	(268,940)
Arrangement of long-term borrowings - third parties	240,000	175,000	200,000
Change in short-term borrowings - third parties	(33,412)	(35,608)	(19,004)
Repayment of loans from related parties	-	2,000	-
Loans to related parties	-	(750)	(2,375)
Net cash flows generated / (utilized) by financing activities	(494,727)	(395,270)	(692,491)
Change in cash and cash equivalents, net of bank overdrafts	511,536	47,239	(184,857)
Foreign exchange differences	27,858	(25,916)	6,105
Opening cash and cash equivalents, net of bank overdraft	442,392	421,069	599,821
Closing cash and cash equivalents, net of bank overdraft	981,786	442,392	421,069
Cash and cash equivalents, net of bank overdraft	981,786	442,392	421,069
Closing cash and cash equivalents, net of bank overdraft	981,786	442,392	421,069

Consolidated statement of comprehensive income for the twelve months closed at December 31, 2021

(amounts in thousands of Euro)	twelve months ended December 31 2021	twelve months ended December 31 2020	twelve months ended December 31 2019
Net income/(loss) for the period – Consolidated	295,103	(54,368)	257,724
A) Items recyclable to P&L:			
Change in Translation reserve	72,230	(66,321)	28,911
Tax impact	-	-	-
Change in Translation reserve less tax impact	72,230	(66,321)	28,911
Change in Cash Flow Hedge reserve	(14,331)	4,402	2,730
Tax impact	4,247	(1,727)	(579)
Change in Cash Flow Hedge reserve less tax impact	(10,084)	2,675	2,151
B) Item not recyclable to P&L:			
Change in Fair Value Investments in equity instruments reserve	845	(15,206)	59
Tax impact	-	-	-
Change in Fair Value Investments in equity instruments reserve less tax impact	845	(15,206)	59
Change in Actuarial reserve	4,248	(4,676)	614
Tax impact	(1,734)	1,041	(344)
Change in Actuarial reserve less tax impact	2,514	(3,635)	270
Consolidated comprehensive income/(loss) for the period	360,608	(136,855)	289,115
Comprehensive income/(loss) for the period – Non-controlling Interests	1,717	(1,754)	2,317
Comprehensive income/(loss) for the period – Group	358,891	(135,101)	286,798

Non-IFRS Measures

The Group uses certain financial measures ("non-IFRS measures") to measure its business performance and to help readers understand and analyze the results of its operation and its financial situation. Although they are used by the Group's management, such measures are not universally or legally defined and are not regulated by the IFRS adopted to prepare the Consolidated Financial Statements. Other companies operating in the luxury goods industry might use the same measures, but with different calculation criteria. For this reason, non-IFRS measures should always be read in conjunction with the related notes, and may not be directly comparable with those used by other companies.

As a result of the public health crisis, in 2020 the Group introduced a new non-IFRS measure, "Selling expenses of the closed stores during the lockdowns" regarding the amount of operating expenses directly related to stores that could not generate revenues due to the restrictions imposed during the pandemic. The Group includes this non-IFRS measure to provide additional quantitative information to improve the reader's understanding of the impacts of the Covid-19 pandemic on the business.

The Prada Group's EBIT and EBITDA are reported below:

(amounts in thousands of Euro)	twelve months ended December 31 2021 (unaudited)	% on net revenues	twelve months ended December 31 2020 (unaudited)	% on net revenues	twelve months ended December 31 2019 (unaudited)	% on net revenues
Operating income / (loss) - EBIT	489,484	14.5%	20,061	0.8%	306,779	9.5%
Selling expenses of the closed stores during the lockdowns	43,602	1.3%	115,833	4.8%	-	-
EBIT excluding Selling expenses of the closed stores during the lockdowns	533,086	15.8%	135,894	5.6%	306,779	9.5%
Depreciation, amortization and impairment on tangible and intangible fixed assets	204,510	6.1%	225,014	9.3%	233,759	7.2%
Depreciation and write-downs of the Right of Use assets (*)	426,221	12.7%	443,910	18.3%	456,310	14.1%
Total depreciation, amortization and impairment	630,731	18.8%	668,924	27.6%	690,069	21.3%
EBITDA	1,120,215	33.3%	688,985	28.4%	996,848	30.8%

(*) Shown without the impact of Covid-related rent discounts.

Notes to the consolidated results for the period closed at December 31, 2021

1. Analysis of Net Revenues

(amounts in thousands of Euro)	twelve months ended December 31 2021		twelve months ended December 31 2020		twelve months ended December 31 2019	
<u>Net Sales by geographical area</u>						
Europe	970,637	29.3%	741,131	31.0%	1,228,437	38.6%
Asia Pacific	1,272,534	38.4%	963,845	40.3%	1,017,593	32.0%
Americas	636,963	19.2%	324,479	13.6%	455,402	14.3%
Japan	309,704	9.3%	280,232	11.7%	386,066	12.1%
Middle East and Other countries	126,782	3.8%	81,179	3.4%	95,841	3.0%
Total	3,316,620	100%	2,390,866	100%	3,183,339	100%
<u>Net Sales by brand</u>						
Prada	2,857,693	86.2%	2,012,620	84.2%	2,643,348	83.0%
Miu Miu	401,219	12.1%	329,497	13.8%	450,491	14.2%
Church's	39,551	1.2%	36,964	1.5%	69,801	2.2%
Other	18,157	0.5%	11,785	0.5%	19,699	0.6%
Total	3,316,620	100%	2,390,866	100%	3,183,339	100%
<u>Net Sales by product line</u>						
Leather goods	1,698,470	51.2%	1,310,938	54.8%	1,765,799	55.5%
Clothing	908,041	27.4%	604,571	25.3%	729,350	22.9%
Footwear	655,798	19.8%	442,792	18.5%	627,576	19.7%
Other	54,311	1.6%	32,565	1.4%	60,614	1.9%
Total	3,316,620	100%	2,390,866	100%	3,183,339	100%
<u>Net Sales by channel</u>						
Net Sales of Directly Operated Stores (DOS)	2,930,856	88.4%	2,115,370	88.5%	2,636,097	82.8%
Sales to independent customers and franchisees	385,764	11.6%	275,496	11.5%	547,242	17.2%
Total	3,316,620	100%	2,390,866	100%	3,183,339	100%
<u>Net Revenues</u>						
Net Sales	3,316,620	98.5%	2,390,866	98.7%	3,183,339	98.7%
Royalties	49,047	1.5%	31,873	1.3%	42,255	1.3%
Total	3,365,667	100%	2,422,739	100%	3,225,594	100%

2. Number of stores

	December 31, 2021		December 31, 2020		December 31, 2019	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Prada	420	21	410	20	410	19
Miu Miu	146	5	152	6	160	6
Church's	61	-	62	-	62	-
Car Shoe	2	-	3	-	3	-
Marchesi 1824 and others	6	-	6	-	6	-
Total	635	26	633	26	641	25

	December 31, 2021		December 31, 2020		December 31, 2019	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Europe	228	-	222	-	229	-
Americas	105	-	108	-	107	-
Asia Pacific	193	21	194	21	198	20
Japan	88	-	88	-	85	-
Middle East	21	5	21	5	22	5
Total	635	26	633	26	641	25

3. Earnings and dividends per share, basic and diluted

Earnings per share

Earnings (losses) per share are calculated by dividing the net profit (or net loss) attributable to the Group's shareholders by the weighted average number of ordinary shares outstanding.

	December 31 2021	December 31 2020
Group net income/(loss) in Euro	294,253,615	(54,138,620)
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Basic and Diluted earnings (losses) per share in Euro, calculated on weighted average number of shares	0.115	(0.021)

Dividend per share

The Board of Directors of the Company has proposed a final dividend of Euro 179,117,680 for the twelve months ended December 31, 2021 (Euro 0.07 per share).

During 2021, the Company distributed dividends of Euro 89,558,840 (Euro 0.035 per share), as approved at the General Meeting held on May 27, 2021 to approve the December 31, 2020 financial statements.

The dividends and the related Italian withholding tax due (Euro 4.7 million), determined by applying the ordinary Italian tax rate to the entire amount of the dividends distributed to the beneficial owners of the Company's shares held through the Hong Kong Central Clearing and Settlement System, were fully paid during the year.

4. Trade receivables, net

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Trade receivables – third parties	338,931	297,953
Allowance for bad and doubtful debts	(10,990)	(11,979)
Trade receivables – related parties	1,606	4,406
Total	329,547	290,380

The change in the Allowance for doubtful debts is detailed below:

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Opening balance	11,979	9,354
Exchange differences	546	(317)
Increases	581	4,135
Reversals	(1,129)	(109)
Utilization	(987)	(1,084)
Closing balance	10,990	11,979

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

(amounts in thousands of Euro)	Dec. 31 2021	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	340,537	284,762	11,103	15,126	4,187	3,759	21,600
Total December 31, 2021	340,537	284,762	11,103	15,126	4,187	3,759	21,600

(amounts in thousands of Euro)	Dec. 31 2020	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	302,359	265,763	6,157	12,724	1,492	895	15,328
Total December 31, 2020	302,359	265,763	6,157	12,724	1,492	895	15,328

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

(amounts in thousands of Euro)	Dec. 31 2021	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful accounts	329,547	283,363	10,968	15,045	4,146	3,751	12,274
Total December 31, 2021	329,547	283,363	10,968	15,045	4,146	3,751	12,274

(amounts in thousands of Euro)	Dec. 31 2020	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful accounts	290,380	263,358	6,094	12,720	1,492	854	5,862
Total December 31, 2020	290,380	263,358	6,094	12,720	1,492	854	5,862

5. Inventories, net

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Raw materials	99,837	99,827
Work in progress	29,938	20,386
Finished products	585,547	586,917
Return assets	7,246	6,974
Allowance for obsolete, slow-moving inventories and return assets	(59,914)	(47,882)
Total	662,654	666,222

The changes in the allowance for obsolete, slow-moving inventories and return assets are as follows:

(amounts in thousands of Euro)	Raw materials	Finished Products and return assets	Total allowance for obsolete, slow-moving inventories and return assets
Opening balance	24,449	23,433	47,882
Exchange differences	9	251	260
Increases	6,300	6,740	13,040
Utilization	(23)	(784)	(807)
Reversal	-	(461)	(461)
Closing balance	30,735	29,179	59,914

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

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Prepaid sponsorship	-	25,032
Other receivables and advances	22,866	26,003
Total	22,866	51,035

7. Other current assets

(amounts in thousands of Euro)	December 31 2021	December 31 2020
VAT	31,121	34,677
Taxation and other tax receivables	56,864	100,406
Other assets	11,937	4,605
Prepayments	63,068	48,319
Deposits	8,230	6,181
Total	171,220	194,188

8. Capital expenditure

The changes in the Net book value of property, plant and equipment for the period ended December 31, 2021 are shown below:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Assets under construction	Total net carrying amount
Opening balance	762,501	58,676	317,681	266,182	62,639	38,332	1,506,011
Change in the consolidation area	-	508	224	252	9,669	-	10,653
Additions	61,094	5,885	44,665	33,568	4,406	35,241	184,859
Depreciation	(18,328)	(11,993)	(83,831)	(36,891)	(10,035)	-	(161,078)
Disposals	-	(21)	(249)	(70)	(24)	-	(364)
Exchange differences	13,332	111	11,620	5,315	241	321	30,940
Other movements	11,685	3,557	3,221	3,784	949	(22,851)	345
Impairment	-	(14)	(3,175)	(3,220)	(88)	(16)	(6,513)
Closing balance	830,284	56,709	290,156	268,920	67,757	51,027	1,564,853

The changes in the Net book value of intangible assets for the period ended December 31, 2021 are shown below:

(amounts in thousands of Euro)	Trademarks and intellectual property rights	Goodwill	Store Lease Acquisitions	Software	Other intangibles	Assets in progress	Total net carrying amount
Opening balance	210,405	513,486	770	80,968	5,831	20,985	832,445
Change in the consolidation area	-	-	-	2	66	-	68
Additions	637	-	7	16,387	1,019	13,835	31,885
Amortization	(13,693)	-	(351)	(19,982)	(2,893)	-	(36,919)
Exchange differences	2,481	-	(1)	31	4	-	2,515
Other movements	17,400	-	44	2,068	783	(20,884)	(589)
Closing balance	217,230	513,486	469	79,474	4,810	13,936	829,405

Impairment test

As required by IAS 36, "Impairment of Assets," intangible assets with indefinite useful lives are not amortized, but they are tested for impairment at least once per year. The Group does not report intangible assets with indefinite useful lives other than goodwill. At December 31, 2021, goodwill amounted to Euro 513.5 million, detailed by cash generating unit ("CGU") as shown below:

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Italy Wholesale	78,355	78,355
Asia Pacific and Japan Retail	311,936	311,936
Italy Retail and Pasticceria Marchesi 1824	33,825	33,825
Germany and Austria Retail	5,064	5,064
United Kingdom Retail	9,300	9,300
Spain Retail	1,400	1,400
France and Montecarlo Retail	11,700	11,700
North America Retail and Wholesale	48,000	48,000
Production Division	13,906	13,906
Total Goodwill	513,486	513,486

As a result of the impairment tests, no impairment losses were identified for these CGUs or other CGUs of the Group. However, since values in use and fair values are measured on the basis of estimates and assumptions, management cannot guarantee that the value of goodwill or other tangible or intangible assets will not be subject to impairment in the future.

9. Right of Use assets

The changes in the carrying amount of the Right of Use assets for the period ended December 31, 2021 are shown below:

(amounts in thousands of Euro)	Real Estate	Other	Total net carrying amount
Opening balance	2,050,768	3,570	2,054,338
New contracts, initial direct costs and remeasurements	304,325	2,582	306,907
Depreciation	(424,352)	(1,851)	(426,203)
Contracts termination	(28,740)	(862)	(29,602)
Exchange differences	50,833	16	50,849
Closing balance	1,952,834	3,455	1,956,289

The increase for New leases, initial direct costs and remeasurements is attributable to lease renewals (mainly in Asia Pacific and Europe) and remeasurement of the liability to adjust to indexes commonly used in the real estate industry (primarily the consumer price index).

Lease terminations amounted to some Euro 30 million for the period and referred mainly to leases in Europe.

The exchange differences of the period impacted the Right to Use assets considerably, as a result of Euro depreciation versus the main currencies of the countries where the Group operates.

The caption "Other", amounting to Euro 3.5 million, includes plant and machinery, vehicles and hardware.

10. Other non-current assets

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Guarantee deposits	61,842	60,051
Deferred rental income	383	533
Pension fund surplus	13,309	11,277
Prepayments for commercial agreements	54,253	58,427
Other long-term assets	14,559	12,424
Total	144,346	142,712

The guarantee deposits refer primarily to security deposits paid under retail leases.

11. Payables to related parties - current

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Financial payables	3,360	3,101
Other payables	5,000	380
Total	8,360	3,481

12. Trade payables

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Trade payables - third parties	382,208	286,653
Trade payables - related parties	7,955	2,925
Total	390,163	289,578

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

(amounts in thousands of Euro)	Dec. 31 2021	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	390,163	348,256	14,226	5,854	3,450	2,580	15,797
Total December 31, 2021	390,163	348,256	14,226	5,854	3,450	2,580	15,797

(amounts in thousands of Euro)	Dec. 31 2020	Not overdue	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	289,578	262,158	10,830	2,725	1,139	652	12,074
Total December 31, 2020	289,578	262,158	10,830	2,725	1,139	652	12,074

13. Other current liabilities

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Payables for capital expenditure	43,575	39,958
Accrued expenses and deferred income	30,308	24,944
Other payables	106,165	88,480
Total	180,048	153,382

14. Provisions for risks and charges

The changes in the provisions for risks and charges are as follows:

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other Provisions	Total
Opening balance	389	1,858	43,169	45,416
Exchange differences	4	78	3,119	3,201
Reversals	-	-	(491)	(491)
Utilized	(120)	(656)	(2,978)	(3,754)
Increases	10,626	1,026	3,177	14,829
Closing balance	10,899	2,306	45,996	59,201

The Provisions for risks and charges represent management's best estimate of the maximum amount of potential liabilities. In the Directors' opinion, based on the information available to them, the total amount accrued for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from them.

Chora S.r.l., a company controlled by Prada's former Board Chairman, Carlo Mazzi, initiated a lawsuit in January 2022 against Prada in the Court of Milan claiming for a one-off compensation following the non-renewal of the strategic consulting agreement with Chora S.r.l..

Prada, taking into consideration the independent opinion of its legal counsels, considered reasonable a provision of Euro 10 million, which represents the best estimate at this time of the contingent liability. The Company will continue to monitor this case and will adjust the amount allocated for it at December 31, 2021, as necessary, in view of any new facts and/or circumstances.

Management Discussion and Analysis for the year ended December 31, 2021

During the year the Prada Group obtained net revenues of Euro 3,365.7 million, an increase at constant exchange rates of 7.8% against those of 2019 and 40.6% against those of 2020. Except for the Chinese renminbi and a few other currencies, the foreign exchange rates of the main currencies weakened against the Euro, and reduced the increase against 2019 by 3.4% and against 2020 by 1.7%.

Distribution channels

Over the twelve-month period, the net sales of the retail channel rose constantly and progressively, thanks to the performance of full-price sales and local customers. Sales of directly operated stores increased by 15.2% at constant exchange rates compared with 2019 (+11.2% at current exchange rates) and by 40.4% compared with 2020 (+38.6% at current exchange rates). Such results need to be contextualized in an economic and operational scenario still characterized by store closures ensuing from the restrictions adopted by governments to combat the pandemic: during the year the Group operated with 10% fewer stores on average (mainly in Europe and Japan).

There were 635 stores at December 31, 2021, after 2 additions net.

Direct e-commerce sales continued to benefit from important growth: 61% from 2020, and more than fivefold from 2019; they account for approximately 7% of the total 2021 retail sales.

The wholesale channel continued to be streamlined, in accordance with the Group's strategies.

Markets

The retail sales in Asia Pacific of the twelve months ended December 31, 2021 rose at constant exchange rates by 30.1% from those of 2019 (+28.9% at current exchange rates), with a remarkable growth in the Chinese Mainland, South Korea and Taiwan (P.R.C.). Compared to 2020, the region grew by 29.1% (+30.4% at current exchange rates).

Retail sales in Europe showed a contraction of 11.5% at constant exchange rates compared with 2019 (-15% at current exchange rates), although they resumed growth in the second half of the year; set against the twelve months of 2020, the region showed an increase of 35.1% (+33.4% at current exchange rates). It should be noted that in most of the first half of the year this region was severely affected by restrictions, which forced it to operate with 19% fewer stores on an annual basis.

Retail sales in the American market showed a surge compared to both 2019 (+68.8% at constant exchange rates and +57.8% at current exchange rates) and

2020 (nearly double at constant and current exchange rates). The growth was achieved across all countries in the region.

The Japanese market was especially penalized by the persistent restrictive measures in place. However, the region began to recover in the second half of the year, and its fourth-quarter retail sales were substantially in line with those of the same period of 2019. Set against full year 2019, the region showed a decline of 16.6% at constant exchange rates (-21.5% at current exchange rates), whereas compared with 2020 it reported an increase of 16.3% at constant exchange rates (+9.2% at current exchange rates).

Retail sales in the Middle East were considerably higher than those of 2019 (+42.7% at constant exchange rates and +35.2% at current exchange rates) and 2020 (+61.8% at constant exchange rates and +56.5% at current exchange rates).

Products

The Group's retail growth involved all the product categories.

Clothing, the product category that best expresses the Group's design leadership, had 35.5% growth over 2019 in retail net sales and 52.8% over 2020. Footwear, building on the success of lifestyle and new collections, had 15.7% growth over 2019 and 49% over 2020. Leather goods, benefiting from both new products and iconic ones, increased by 7.3% over 2019 and 31.2% over 2020.

Brands

Prada retail net sales increased by 20.6% at constant exchange rates versus 2019 (+16.2% at current exchange rates), with 29.2% growth in the last quarter. Miu Miu fell by 6.7%, with the fourth quarter of 2021 almost in line against the same three-month period of 2019. Church's, affected by the geographical exposure in Europe, fell by 41.4%. In contrast, compared with 2020, all the brands reported gains: Prada +44% (+42% at current exchange rates), Miu Miu +19.8% (+18.9% at current exchange rates) and Church's +11.4% (+11.7% at current exchange rates).

Royalties

Royalty income rose by 16.1% from that of 2019 and by 53.9% from that of 2020. The new agreement with L'Oréal gave an important boost to the fragrance segment, whereas the increase for eyewear followed the trend with the long-standing partner, Luxottica.

Operating results

The gross margin of the twelve months ended December 31, 2021 corresponded to 75.7% of the net revenues, up substantially from the 72% of 2020 as a result of a better product, channel and country mix. It should also be considered that the 2020 margin had been affected by less absorption of production overheads due to the sales contraction. In the second half of 2021 the gross margin was 76.8%.

The total operating expenses were Euro 2,057.9 million, up by Euro 334.6 million from those of 2020. The increase is attributable to the normalization of expenditure levels, which in 2020 had benefited more from rent discounts and government incentives. Compared with 2019, the increase is reduced to Euro 45.1 million, due essentially to greater communication activities and the purchase of traditional and digital media space.

The operating result (EBIT) was Euro 489.5 million (14.5% of net revenues), versus Euro 20.1 million for 2020. The EBIT was also much higher than for 2019 (Euro 306.8 million, 9.5% of net revenues).

Financial expenses and taxation

The net financial expenses were Euro 67.8 million, down by Euro 4 million from those 2020. The decrease was due to less interest expenses, due to a smaller amount and time horizon, and less net bank borrowings. Higher foreign exchange net losses partially offset the overall decrease of financial charges.

The income tax expense, net was Euro 126.6 million, corresponding to 30% of the pre-tax income.

Net invested capital

The following table reclassifies the Statement of Financial Position to provide a better view of net invested capital:

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Right of use assets	1,956,289	2,054,338
Non-current assets (excluding deferred tax assets), net	2,490,047	2,507,244
Trade receivables, net	329,547	290,380
Inventories, net	662,654	666,222
Trade payables	(390,163)	(289,578)
Net operating working capital	602,038	667,024
Other current assets (excluding items of financial position)	186,866	246,914
Other current liabilities (excluding items of financial position)	(349,915)	(221,421)
Other current assets/(liabilities), net	(163,049)	25,493
Provision for risks	(59,201)	(45,416)
Post-employment benefits	(73,819)	(73,256)
Other long-term liabilities	(73,559)	(61,576)
Deferred taxation, net	257,656	222,638
Other non-current assets/(liabilities), net	51,077	42,390
Net invested capital	4,936,402	5,296,489
Shareholder's equity – Group	(3,113,894)	(2,832,057)
Shareholder's equity – Non-controlling interests	(14,749)	(19,663)
Total Consolidated shareholders' equity	(3,128,643)	(2,851,720)
Long-term financial payables	(491,676)	(450,075)
Short-term financial, net surplus/(deficit)	729,329	138,718
Net financial surplus / (deficit)	237,653	(311,357)
Net financial deficit to Consolidated shareholders' equity ratio	-7.6%	10.9%
Long-term lease liability	(1,627,197)	(1,729,819)
Short-term lease liability	(418,215)	(403,593)
Total lease liability	(2,045,412)	(2,133,412)
Net financial surplus / (deficit), including lease liability	(1,807,759)	(2,444,769)
Shareholders' equity and Net financial surplus / (deficit), including lease liability	(4,936,402)	(5,296,489)

The net invested capital at December 31, 2021 amounts to Euro 4,936 million, financed by net equity of Euro 3,129 million and lease liability of Euro 2,045 million; the financial position at December 31, 2021 is positive and amounting to Euro 237.7 million.

The right of use assets decreased by Euro 98 million on account of the depreciation charge of Euro 426.2 million, net of the increase due to new leases and remeasurements of existing ones, equal to Euro 277.3 million, and foreign exchange appreciation of Euro 50.8 million.

The non-current assets (net) have remained consistent (Euro 2,490 million at December 31, 2021 against Euro 2,507 million at December 31, 2020) because the increase in fixed assets (Euro 55.8 million) was offset nearly entirely by the decrease in non-current equity instruments (Euro 60.5 million), due mainly to

the disposal of financial investments. The capital expenditures of the year amounted to Euro 216.7 million, against depreciation, amortization and write-downs of Euro 204.5 million. The increase in the item was also affected by foreign exchange gains of Euro 33.4 million, as a result of the main currencies in which the Group's assets are denominated appreciating against the Euro, as well as the acquisition of Luna Rossa for Euro 10.6 million.

(amounts in thousands of Euro)	twelve months ended December 31 2021	twelve months ended December 31 2020
Retail	85,742	61,056
Real estate	59,453	-
Production, Logistics and Corporate	71,549	60,686
Total	216,744	121,742

The capital expenditures regarded primarily store restyling and relocation projects, as well as many technological and digital evolution projects in the retail, manufacturing and corporate areas. In addition, to have greater control over its real estate space, the Group purchased two prestigious buildings in important shopping destination in Europe where Prada stores are located.

The net operating working capital at December 31, 2021 is Euro 602 million, down by approximately Euro 65 million from that of 2020. The contraction was substantially attributable to higher payables resulting from the intensification of the production, commercial and communication activities in the final months of 2021.

The other current liabilities (net) are Euro 163 million at December 31, 2021, turning around from an asset balance of December 31, 2020 as a result of the current taxes due for the year.

The other non-current assets (net) show an increase of Euro 8.7 million from the prior year: deferred tax assets referring to larger temporary differences on the tax bases of inventory were offset in part by liabilities recognized for deferring over the long term royalty income collected during the year.

Net financial surplus / (deficit)

The following table presents the composition of the net financial position:

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Bank borrowing – non-current	(492,801)	(451,200)
Financial payables and bank overdrafts - current	(249,103)	(300,577)
Payables to related parties - current	(3,360)	(3,097)
Total financial payables – current	(252,463)	(303,674)
Total Financial payables	(745,264)	(754,874)
Cash and cash equivalents	981,786	442,392
Financial receivables from related parties - non-current	1,125	1,125
Financial receivables from related parties - current	6	-
Total Financial receivables and Cash and cash equivalents	982,917	443,517
Net financial surplus / (deficit)	237,653	(311,357)

The net operating cash flow for the twelve-month period, after the payment of lease liabilities (Euro 392.8 million), was cash generation of Euro 750.7 million, which enabled to finance the cash outflows for investing activities (Euro 137.3 million), pay dividends (Euro 91.2 million), and convert the initial net financial deficit of Euro 311.4 million into a net financial surplus of Euro 237.7 million.

(amounts in thousands of Euro)	December 31 2021	December 31 2020	December 31 2019
Cash Flow from operating activities	1,226,018	691,013	895,573
Cost of net financial debt: interest paid	(8,556)	(11,704)	(10,338)
Lease Liability: interest paid	(36,773)	(42,670)	(49,214)
Tax Paid	(37,161)	(44,220)	(26,126)
Net Cash Flow from operating activities	1,143,528	592,419	809,895
Repayment of Lease Liability	(392,805)	(330,319)	(447,530)
Net Operating Cash Flow	750,723	262,100	362,365
Net cash flow utilized by investing activities	(137,265)	(149,910)	(302,261)
Free Cash Flow	613,458	112,190	60,104

The total amount of undrawn lines of credit as at December 31, 2021 is Euro 808 million, consisting of Euro 400 million of committed lines and Euro 408 million of uncommitted lines.

All financial covenants were fully complied with at December 31, 2021.

The following table sets forth the Lease Liability:

(amounts in thousands of Euro)	December 31 2021	December 31 2020
Short-term lease liability	418,215	403,593
Long-term lease liability	1,627,197	1,729,819
Total lease liability	2,045,412	2,133,412

The Lease liability decreased by Euro 88 million from that of December 31, 2020. This is the result of decreases for the payments of the period (Euro 393 million), as well as rent discounts and foreign exchange differences, and increases (Euro 273 million) for new leases and re-measurements (net of the closures of the period).

The lease liability is concentrated mainly in Japan, the U.S.A. and Italy.

The net financial indebtedness, including the lease liability, is Euro 1,808 million at December 31, 2021 (Euro 2,445 million at December 31, 2020).

Events after the reporting date

At the date of approval of these Consolidated Financial Statements, the Group has suspended its retail operations in Russia.

At December 31, 2021 the Group had assets of approximately RUB 7 billion in Russia (Euro 81 million at the year-end exchange rate), consisting mainly of tangible assets at 13 stores (10 Prada and 3 Miu Miu), working capital and cash assets. The net revenues realized in Russia in 2021 accounted for approximately 2% of the consolidated net revenues.

The ongoing conflict in Ukraine has resulted in a high volatility of the financial markets, a significant devaluation of the Ruble and a context of high uncertainty whose future potential effects on the Group's consolidated financial statements cannot be determined so far. The Management will continue to closely monitor the evolution of the business and legal scenario in order to ensure the correct valuation of the assets recognized in the consolidated financial statements of the Group.

Chora S.r.l. initiated a lawsuit in January 2022 against Prada spa; more details are provided in Note 14.

Outlook

The Prada Group's start to 2022 has been strong. The long-term strategy is on track, focused on distinctive brand identity, product quality and industrial know-how, direct distribution and sustainability at the core of corporate values. Decisive actions to evolve the business and navigate the changing luxury market drove outstanding growth and increased profitability in 2021.

These results give the Group confidence to achieve its medium-term targets, even though it is difficult to predict the impact of the Ukraine conflict on the

global economy. The concern is for all the colleagues and their families affected by the war, as well as the local communities and all people suffering, to whom the Group will continue to provide support.

Corporate Governance Practices

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 and standards aimed at establishing efficient and transparent operations within the Group, to protect the rights of the Company's shareholders, to enhance shareholder 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 in Italy, where the Company is incorporated, as well as the principles set out in the Corporate Governance Code (the "Code") in Appendix 14 of the Listing Rules. Full details on the Company's corporate governance practices are set out in the Company's 2021 Annual Report.

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and is satisfied that such practices have complied with the code provisions set out in the Code, for the year ended December 31, 2021 (the "2021 Year").

Directors' Securities Transactions

The Company has adopted a written procedure governing Directors' securities transactions on terms no less exacting than those set out in the Model Code. In response to specific enquiry by the Company, all Directors confirmed that they complied with the required standard set out in the Model Code and the Company's procedure at all applicable times during the 2021 Year. There were no incidents of non-compliance during the 2021 Year.

The Company has also adopted a written procedure governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. This procedure is on terms no less exacting than those set out in the Model Code.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules, where at least one member possesses related financial management expertise to discharge the responsibility of the Audit Committee. The membership of the Audit Committee consists of three Independent Non-Executive Directors, namely, Mr. Yoël Zaoui (Chairman), Ms. Marina Sylvia Caprotti and Mr. Maurizio Cereda.

During the 2021 Year, the Audit Committee held nine meetings (with an attendance rate of 100%) mainly to review with senior management, the Group's internal and external auditor and the board of statutory auditors, the significant

internal and external audit findings and financial matters as required under the Audit Committee's Regulation and to make relevant recommendations to the Board. The Audit Committee's review covered the audit plan for the 2021 Year, the findings of both the internal and the external auditors, internal controls, risk assessment, annual review of the continuing connected transactions of the Group for 2020, tax and legal updates and the financial reporting matters (including the annual results for the year ended December 31, 2020 and the interim financial results as at June 30, 2021), before recommending them to the Board for approval.

The Audit Committee also held two meetings on February 23, 2022 and March 9, 2022, to review the Group results for the 2021 Year, before recommending them to the Board for approval.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 2021 Year.

Shareholders' general meeting

The Shareholders' general meeting of the Company will be held on Thursday, April 28, 2022 (the "AGM").

Notice of the AGM will be published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk and dispatched to the shareholders of the Company in due course.

Final Dividend

The Board recommends, for the 2021 Year, a final dividend of Euro 179,117,680 (Euro 0.07 per share). The payments shall be made:

- (i) in Euro to the shareholders recorded in the section of the Company's shareholders register kept by the Company at its registered office in Milan (Italy), and
- (ii) in Hong Kong dollars to the shareholders recorded in the section of the Company's shareholders register kept in Hong Kong.

The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day the final dividend is approved by the shareholders.

Subject to the shareholders' approval at the AGM of the final dividend, such dividend will be paid by Friday, May 27, 2022.

Book Closure and Record Dates

For determining shareholders' right to attend and vote at the AGM:

Latest time to lodge transfer documents with the Company's Hong Kong Share Registrar or the Company in Milan (<i>Note 1</i>)	April 25, 2022 - 4:30 pm HK time/10:30 am CET time
Book closure (both sections) (<i>Note 2</i>)	From April 26 to April 28, 2022 (both days inclusive)
Record date	April 26, 2022

For determining shareholders' entitlement to the payment of the proposed final dividend:

Latest time to lodge transfer documents with the Company's Hong Kong Share Registrar or the Company in Milan (<i>Note 1</i>)	May 5, 2022 - 4:30 pm HK time/10:30 am CET time
Book closure (both sections) (<i>Note 2</i>)	May 6, 2022
Record Date	May 6, 2022
Dispatch date of dividend warrants	May 27, 2022

Notes:

1. *All transfers accompanied by the relevant share certificate(s) must be lodged with:*
 - (i) *the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited whose address is at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company's Hong Kong share registrar itself; or*
 - (ii) *the Company's registered office at Via Antonio Fogazzaro no. 28, Milan 20135, Italy, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company itself.*
2. *No transfer of shares will be registered on the book closure date.*

Publication of Annual Results Announcement and Annual Report

This Annual Results Announcement is published on the Company's website at www.pradagroup.com and on the Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk. The Company's 2021 Annual Report will be

published on the same websites and dispatched to shareholders of the Company in due course.

By Order of the Board
PRADA S.p.A.
Mr. Paolo Zannoni
Chairman

Milan (Italy), March 14, 2022

As at the date of this announcement, the Company's executive directors are Mr. Paolo ZANNONI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Ms. Alessandra COZZANI and Mr. Lorenzo BERTELLI; the Company's non-executive director is Mr. Stefano SIMONTACCHI and the Company's independent non-executive directors are Ms. Marina Sylvia CAPROTTI, Mr. Maurizio CEREDA, Mr. Yoël ZAOUI, Ms. Pamela Yvonne CULPEPPER and Ms. Anna Maria RUGARLI.