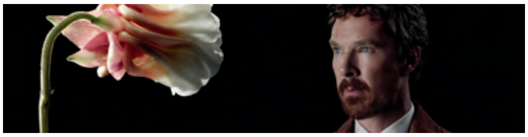
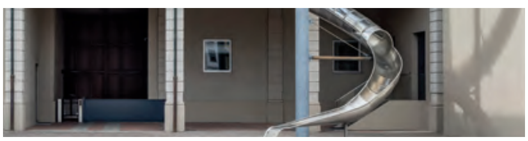
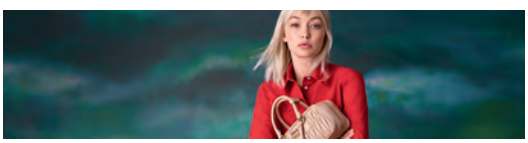
ANNUAL REPORT 2023

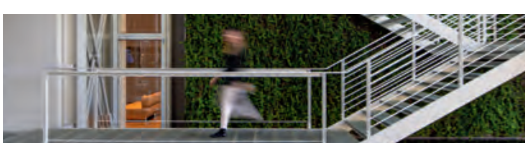
PRADA Group

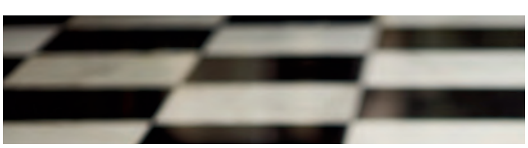
Pradasphere Exhibition,
Shanghai

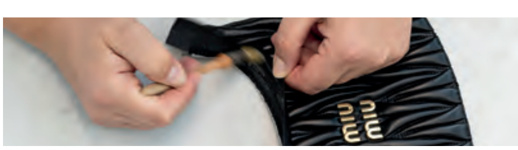


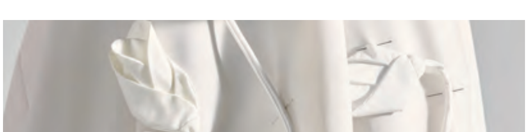












CHAPTER 1

2023 Overview

Chairman's Message

In 2023, the Prada Group evolved and made significant advances across multiple fronts, including governance, processes and infrastructure. This progress was supported by a substantial investment in human capital.

We end the year with very positive progress and results and in a stronger position that allows us to look at the future with confidence, notwithstanding the uncertain geopolitical and macroeconomic environment.

In order to move forward on our growth journey, it is essential that our strategy remains focused on our people.

We need to consider how we can attract and retain talent to share and enhance our expertise and know-how, as well as promote the concept of sustainable work within our Group and industry. This includes prioritising the quality of the work environment, equality, professional development, and welfare contributions. Although the effort required is significant, it is our duty to continue advancing along this path.

Finally, a brief consideration on the luxury sector, which is becoming increasingly layered. Our customer base is growing, expanding into new markets and embracing new generations: in this ever-changing landscape, it is essential to be able to understand and adapt to society's evolving values and lifestyles. This care, attention and alertness to every aspect of life is what forms the foundation of our luxury ethos.

Innovation, dynamism and flexibility will be crucial to our success in 2024 and I have confidence in our strengthened organisation's ability to further evolve the Group.

Patrizio Bertelli
Chairman of the Board
and Executive Director

Message from the CEO

2023 has been a year of excellent results as the Group fully delivered on its ambitions.
We have also made significant progress on the Group's evolution, a journey that encompasses every aspect of the organisation, enabling our brands to maintain their relevance in an ever-changing society

Evolve to grow: 2023 performance

Let me start on a personal note, by saying that this first year at the Prada Group marks the beginning of an extremely fulfilling chapter for me and that I am extremely proud of being a part of this incredible journey.

2023 was a remarkable year, as we achieved our ambitions against the backdrop of increasing macroeconomic and geopolitical uncertainty, especially in the second half of the year.
The Group generated revenue of Euro 4.7bn, with growth up +17%. The strong performance of the fourth quarter (+17%), marks the 12th consecutive quarter of growth.

At a brand level, Prada's retail sales grew at a solid +12%, while Miu Miu thrived with +58%.
Alongside these excellent topline results, we also improved our profitability, reaching a 22.5% EBIT margin, which also reflects significant investments behind our brands.
Our capex was mostly directed to strengthening our retail network, alongside supporting our industrial and digital strategies: these areas will continue to be our top priorities in the following months.

Evolve to stay relevant: our brands as part of the cultural conversation

In a world that's constantly changing, it is crucial for brands to stay relevant by interpreting and shaping the cultural debate and conversations.

In 2023, the creative flame of Prada burnt stronger than ever, as the brand interpreted and readapted its stylistic codes to find a continuously new aesthetic dialogue. Runways have resonated strongly, becoming centre stage for broader reflections on society: as always, Prada is not afraid to embrace contradictions.

On the other side, Miu Miu's whimsical narrative continued to strike. 2023's collections have been widely acclaimed, receiving a strong commercial response across all categories: the brand's irreverent curiosity continues to captivate and excite with its timely interpretation of human complexity.

Our brands dared to explore, question, analyse and redefine, amplified by campaigns, immersive experiences and unexpected collaborations, nurturing an ever-evolving conversation with their global community.

Evolve to improve: achieve excellence in our retail strategy

Today more than ever, stores are the stages where our brands engage with their clients: as the complexity of the dialogue increases, retail spaces must find new forms of connection, allowing deeper interactions with the brand's communities.
In 2023, we made it a priority to invest into the Group's retail network. At the same time, we have monitored our KPIs closely to ensure continuous progress on the retail channel across all brands and geographies.
In 2024 our focus remains unchanged: we will continue to evolve our network and our execution to further progress on the path towards retail excellence, providing our brands with a powerful dimension to express their identity.

Evolve to matter: progressing on the sustainability journey

Sustainability is integral to our strategy.
As we set the ambition of being "Drivers of Change", we committed to evolve in every aspect of our business, becoming a more inclusive employer and a more sustainable manufacturer, as well as promoting educational initiatives for the next generation.
As we continue to challenge ourselves along this journey, I am pleased to see that our efforts continue to pay off.

Evolve to move forward: the future ahead

The last few months have reminded us, once again, that we live in times that require us to embrace flexibility. We are mindful of this, and we will continue to navigate at pace, being ready to change course should unexpected tides occur.
While we might adapt and evolve our way of doing business, our objectives remain unchanged: we want to nurture the creative identity of our brands so that they can continue to be relevant and to lead modern society's cultural debate; we want to keep on elevating our stores to progress on the path towards retail excellence and we want to invest into our people, our supply chain and our sustainability initiatives because we are committed to be drivers of change for our employees and society.

Our organisation is strengthened, and we are confident in our strategy. We are proud of what we have accomplished so far, but restless as we look towards the future, eager to brave new horizons.
Dynamism, creativity, talent and ambition have always animated the history of the Prada Group, and we will continue to foster these values as we draw the next chapters of growth in the journey ahead.

Andrea Guerra
Chief Executive Officer
and Executive Director

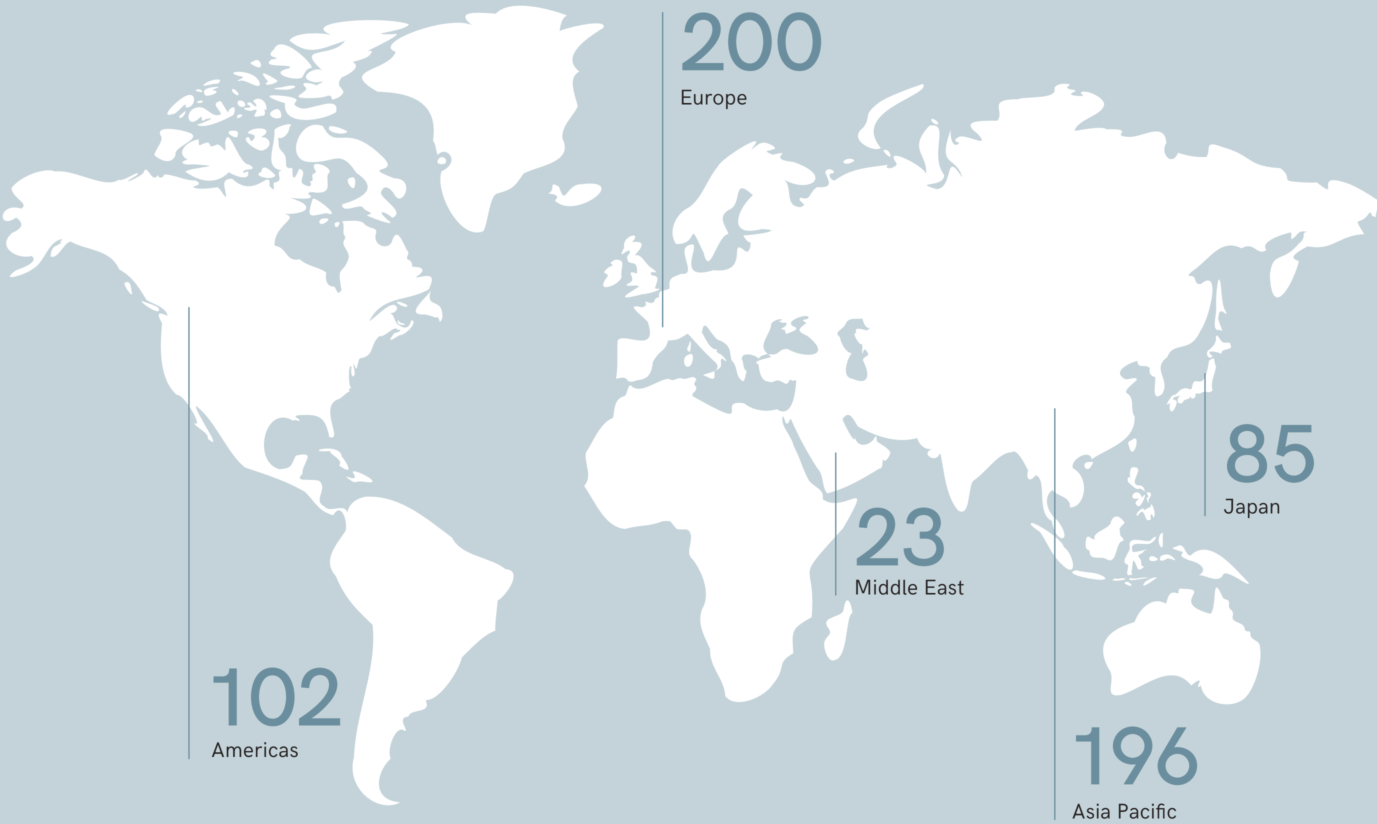
2023 Overview

Euro 4.7bn **Revenues**	+17% Growth at constant exchange rates	
Euro 4.2bn **Retail sales**	+17% Growth at constant exchange rates	
Euro 1,062m **EBIT**	22.5% EBIT margin	+37% Growth at current exchange rates
Euro 671m **Group net income**	+44% Growth at current exchange rates	
Euro 726m **Net operating cash flow**		
Euro 197m **Net financial position**		

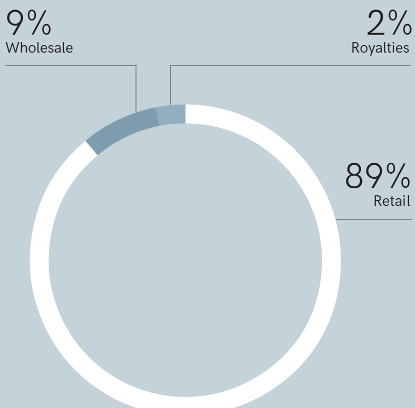
Key business figures

6 **brands**	14,876 **employees**	26 **factories** (of which 23 in Italy)

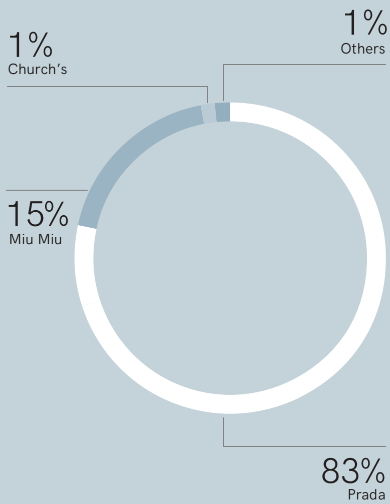
Retail footprint: 606 Directly Operated Stores worldwide



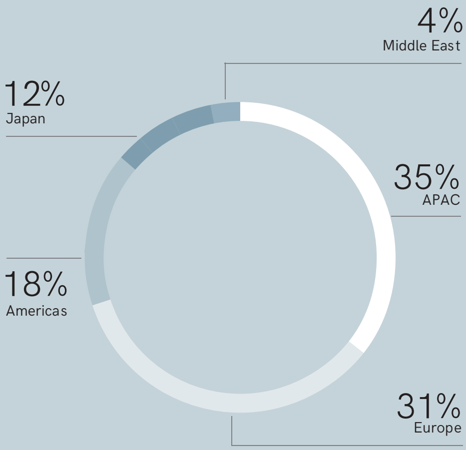
Net revenues by channel



Retail sales by brands



Retail sales by geography



CHAPTER 2

The Prada Group

Who we are

The Prada Group is a global leader in the luxury industry and a pioneer in its unconventional dialogue with contemporary society across diverse cultural spheres.

Home to prestigious brands as Prada, Miu Miu, Church's, Car Shoe, Marchesi 1824 and Luna Rossa, the Group remains committed to enhancing their value by increasing their visibility and desirability over time. Promoting creativity and sustainable growth, the Group offers its brands a shared vision that gives each of them the opportunity to stand out and express their essence.

With 26 owned factories and over 14,800 employees, the Group designs and produces ready-to-wear, leather goods, footwear and jewellery collections, and distributes its products in more than 70 countries, through 606 Directly Operated Stores (DOS), e-commerce channels and selected e-tailers and department stores.

Prada Group also operates in the eyewear and beauty sectors through licensing agreements with industry leaders.
Prada S.p.A. is listed on the Hong Kong Stock Exchange as 1913.

The Group's Purpose and Values

"Thorough observation and curiosity for the world around us have always been at the heart of the creativity and modernity of the Prada Group.
In society, and thus in fashion, which is somehow a reflection of it, the only constant is change.
The transformation and innovation of references, at the core of any evolution, lead us to interact with different cultural disciplines, at times apparently far from our own, allowing us to capture and anticipate the spirit of the times.
Today this is no longer enough: we must be the Drivers of Change, with the flexibility required to translate the demands of the market and society into tangible actions that inform our way of doing business."

Miuccia Prada and Patrizio Bertelli

RE-THINK THE RULES

UNIQUENESS OF TALENTS

INNOVATIVE TRADITION

BEYOND **BOUNDARIES**

SPIRIT OF **EXCELLENCE**

SUSTAINABLE PATHS

Be DRIVERS OF CHANGE

PRADA Group

for PLANET **for PEOPLE** **for CULTURE**

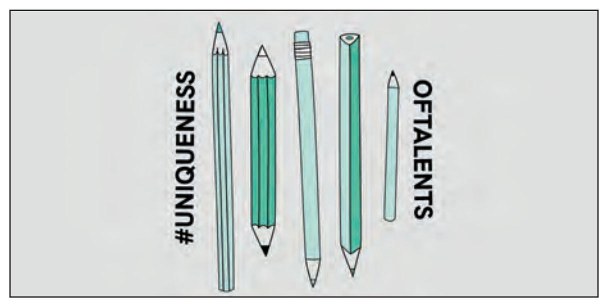
Prada Group's Purpose is to be a Driver of Change, for PLANET, PEOPLE and CULTURE.

Company Values:

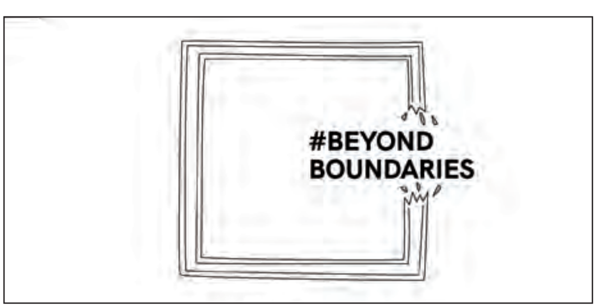
1. Re-think the rules: Synonymous with innovation, transformation and independence, the Prada Group provides its brands with a shared vision. Fearlessly challenging norms and perceptions, the Group embraces contradictions.

2. Innovative tradition: Rooted in over a century of history, the Group is propelled by a unique spirit of research and innovation. Prada's heritage combines with unrivalled production know-how and expertise.

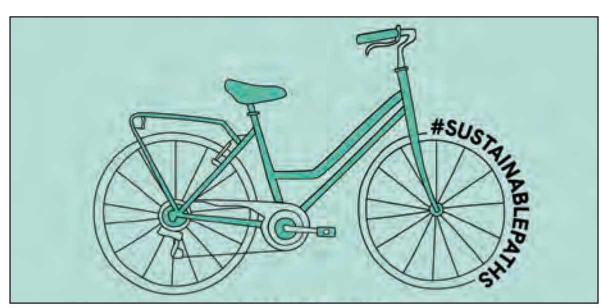
3. Spirit of excellence: Prada Group's people are constantly seeking perfection, pursuing excellence by refining and surpassing previous achievements.



4. Uniqueness of talents: Passion, curiosity, attention to detail and expertise are the distinctive qualities of everyone working at Prada. An inclusive work environment encourages cooperation, intellectual vitality and the ability to interpret the evolving nature of society.



5. Beyond boundaries: Drawing inspiration from art, philosophy, and cinema, the Group establishes bold connections that broaden perspectives and enable the emergence of unexpected ideas and solutions.



6. Sustainable paths: Sustainability is at the core of the Group's corporate strategy, with a value creation model that operates in harmony with places and with people and which enables the Group to contribute to contemporary societal and cultural debates.

Prada fashion show
S/S 2024

Prada Group History

1913

Prada was founded by Mario Prada, who opened a store selling leather goods in Milan's Galleria Vittorio Emanuele II. Renowned for its use of premium materials and sophisticated craftsmanship, the Prada brand swiftly gained popularity across Europe.

1919

Prada obtained the title of Official Supplier to the Italian Royal Family; since then, Prada has been able to display the House of Savoy coat of arms and knotted rope design in its trademark logo.

1975

Mario Prada's granddaughter, Miuccia Prada, began her collaboration with the entrepreneur Patrizio Bertelli, founder of his own leather goods company.

1977

Patrizio Bertelli founded IPI S.p.A. to concentrate the production resources built up over previous years of business in the leather goods industry. In the same year, IPI S.p.A. obtained a license from Miuccia Prada for the exclusive production and distribution of Prada brand leather goods. In the following years the two family businesses gradually merged into a single Group.

1979

In response to demand, the Prada leather goods range was expanded to include the first women's footwear collection.

1983

Prada opened a second store in Milan, showcasing the brand's new image, a concept dominated by a special shade of light green, which became known as 'Prada green'. Green stores soon followed in New York, Madrid, London, Paris and Tokyo.

1988

Prada's first women's clothing collection was launched in Milan.

1993
Prada made its debut in menswear and established a new women's brand, Miu Miu, characterized by a strong, provocative identity. Miuccia Prada and Patrizio Bertelli founded 'Fondazione Prada'.

1997
The Prada Challenge sailing team was founded to compete for the 2000 America's Cup, and Prada launched its Linea Rossa activewear collection.

1999
The Prada Group acquired the classic English footwear brand Church's, founded in 1873 and a symbol of British handcraft tradition and sophisticated elegance.

2001
The first Prada Epicenter store, designed by Rem Koolhaas, was opened in New York. This was the first of a series of stores created to redefine the concept of shopping. A second Epicenter store was inaugurated in Aoyama, Tokyo, followed by a third one on Rodeo Drive, Beverly Hills. In the same year, Prada also acquired Car Shoe, the classic Italian footwear brand, founded in 1963 and known for its iconic driving loafers.

2003
Prada entered into a licensing agreement with Luxottica, the world's leading eyewear company, which currently produces and distributes Prada and Miu Miu eyewear.

2006
Miu Miu moved its fashion show venue to Paris, to reflect its free-spirited aesthetic.

2007
The launch of the Prada phone by LG, the world's first touchscreen mobile phone. The LG/Prada partnership achieved further success with new models in 2008 and 2011.

2011
Prada S.p.A. was successfully listed on the Hong Kong Stock Exchange.

2015

The Prada Group introduced the first Miu Miu fragrance in partnership with the multinational beauty company Coty and opened its second Marchesi 1824 location in Milan, having acquired the historic Milanese patisserie the year before.

2017

Prada S.p.A. was admitted to the Cooperative Compliance regime with the Italian tax authorities, introduced by Italian Law Decree 128/2015.

2018

Prada officially unveiled its factory in Valvigna, designed by Guido Canali, architect of the Group's pioneering 'garden factories' and extended its fashion season to present pre-collections in Paris and in New York.

2019

The Prada Group announced the adoption of a fur free policy for all its brands, joined The Fashion Pact, and set up its Diversity & Inclusion Advisory Council, as well as launching the first collection made of recycled nylon, Prada Re-Nylon.

2020

Raf Simons joined Miuccia Prada as co-creative director of the Prada design office and the italian Custom Agency recognized Prada S.p.A. as an Authorized Economic Operator ("AEO full").

2021

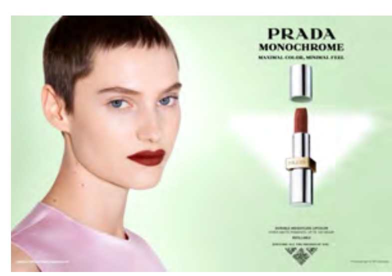
Prada's Luna Rossa sailing team won the Prada Cup Challenger Selection Series for the second time. The Group founded the Aura Blockchain Consortium with LVMH and Cartier.

2022

Andrea Guerra was announced as the new Group CEO. A new Group-wide Code of Ethics and Human Rights Policy was implemented and Prada launched Eternal Gold, the first jewellery collection made of 100% certified recycled gold.

2023

Prada enters the cosmetic industry by launching makeup and skincare lines with L'Oréal.



Prada Caffè pop-ups open in London and Shanghai. The Group continued to look to the future, announcing its strategic partnership with Axiom on NASA's lunar spacesuits for the Artemis III mission.

Prada Caffè pop-up
2023

The Group's Brands

The Prada Group constantly works to enhance the value of its brands, fostering their visibility and desirability.

Prada

Since 1913, Prada has been synonymous with cutting-edge style. Its intellectual universe combines concept, structure and image through codes that go beyond trends.
Its fashion transcends products, translating conceptuality into a universe that has become a benchmark to those who dare to challenge conventions. With its collections, today Prada embodies and spreads the vision and intellectual curiosity of co-creative directors Miuccia Prada and Raf Simons.

Miu Miu

Miu Miu was born in 1993 from the independent and unconventional spirit of Miuccia Prada. The brand is the most unrestrained portrayal of the designer's creativity.
The designer's distinctive interpretation and decoding of the world today is its driving force. A universe of exploration and innovation, the ever-evolving nature of Miu Miu reflects the radical and impulsive character of the woman behind it.
Miu Miu is immediate, instinctive and irreverent. With a light but always sophisticated touch, the brand leads fashion, representing the courage to take risks, a razor-sharp instinct to respond to shifts in contemporary fashion and culture.

Church's

Church's handcrafted shoes represent timeless elegance and artisanal quality. With a history dating back to 1617, Church's combines the finest leather and superb craftsmanship with impeccable English style, redefining contemporary luxury by centuries-old tradition.

Car Shoe

Since 1963, Car Shoe has been known for its iconic loafers with rubber studs and deconstructed soles. Stemming from a passion for race cars and fine handmade shoes, this timeless accessory has become part of the common imagery of travel and motors.

Marchesi 1824

Pasticceria Marchesi, a Milanese icon since 1824, is renowned for its elegant ambience, its impeccable service and exceptional patisserie. Locations include the historic Via Santa Maria alla Porta, Via Monte Napoleone, Galleria Vittorio Emanuele II in Milan, and a store in London's Mayfair.

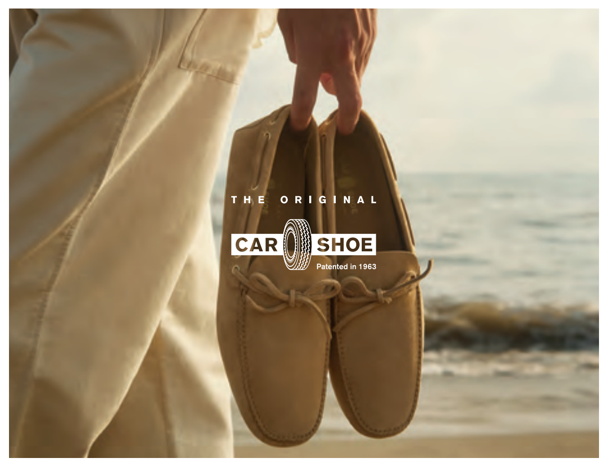
Luna Rossa

Luna Rossa is the Italian sailing team challenging for the 37th America's Cup. Going beyond the definition of team, Luna Rossa represents the highest expression of sportsmanship and technological innovation whose project, throughout the years, has won the hearts of Italians and of all sailing enthusiasts around the world.


PRADA


MIU MIU


Church's
English shoes


THE ORIGINAL
CAR SHOE
Patented in 1963


Marchesi
1824

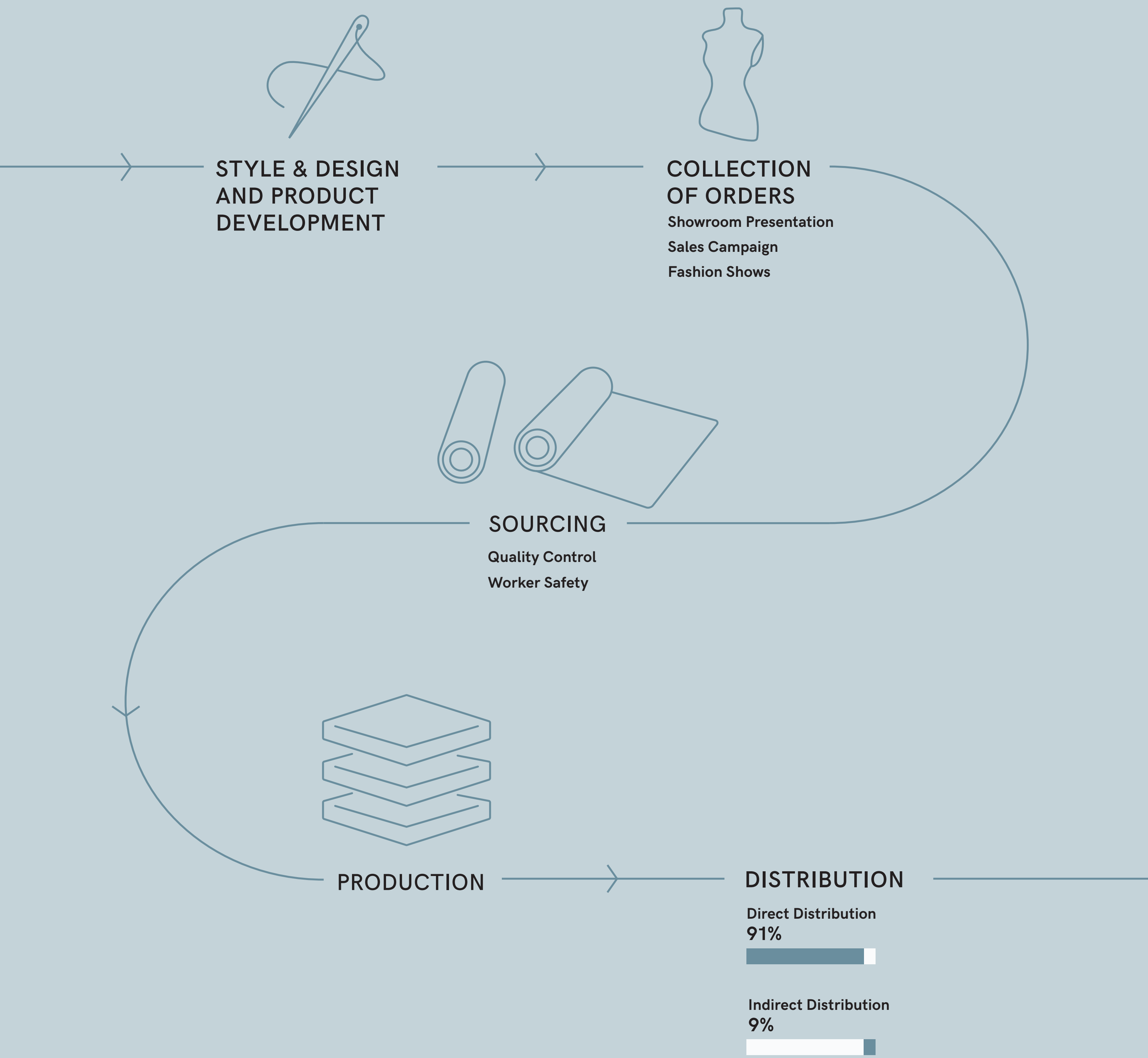

PRADA
PIRELLI
PANERAI
Unipol
LUNA ROSSA


MIU
MIU

Advertising campaign
Miu Miu F/W 2023

Business model

The success of the Prada Group's brands is based on a business model that combines skilled heritage craftsmanship with innovative industrial manufacturing processes. This enables the Group to translate new ideas into successful products, while retaining flexibility and control over know-how, quality and sustainability standards, as well as production costs.



Creativity

Miuccia Prada's intellectual curiosity, her constant pursuit of new ideas, and her unique understanding and interpretation of culture and society underpin the Prada Group's creative process. Her singular vision has made it possible to establish a genuine design culture, based on method and discipline, which guides everyone who contributes to the Group's creative development.

The appointment in 2020 of Raf Simons alongside Miuccia Prada as Creative Co-Director of the Prada brand produced a new creative dynamic, reiterating the importance and power of dialogue and cooperation.

Constant experimentation and idea-sharing are the essential components of the design process. The time spent at the drawing board, in the testing room and on research and development, is fundamental to creating each collection.
The Prada Group's creative spirit continues to attract talented people from all over the world.

Raw materials and production process

The Group's manufacturing approach is built on two pillars: continuous innovation, which advances skills and expertise, and a deep commitment to craftsmanship, vital for the production and value of each brand.

The quality of raw materials is fundamental to product excellence. Often, fabrics and leathers are custom-made for the Group's brands, meeting strict technical and style specifications to ensure superior quality.

The Group's products are crafted in 26 owned manufacturing facilities (23 in Italy, 1 in the UK, 1 in France and 1 in Romania) and by a network of carefully selected and monitored industrial manufacturers, which are supplied with raw materials, patterns and prototypes from the Group, allowing close oversight at every stage of production. This approach is designed to achieve outstanding workmanship and provide considerable flexibility in production organization.
Product quality gives the Group a competitive edge, which is reinforced by continuous research and experimentation with materials and techniques. Investments along the supply chain and in the workforce also play a crucial role.

A significant number of the company's production employees have been with the Prada Group for many years, ensuring both a high level of expertise and deep organizational knowledge. Through the Prada Group Academy, the company is committed to passing on its manufacturing techniques and craftsmanship to future generations, thus preserving the values at the heart of its corporate heritage.

Distribution

Over the years, the Prada Group has strategically evolved its distribution network to include 606 DOS in key prestigious international shopping destinations, enhancing the image of each brand.

These stores do more than just sell products: they act as vital ambassadors, conveying each brand's image consistently, clearly and effectively.

Continuously updated, the Group's extensive network of stores remains a cornerstone of the company's strategy, showcasing new collections and anchoring the omnichannel approach. E-commerce platforms complement the physical stores, offering a dynamic and integrated shopping experience.

The Group's deep interest in architecture is reflected in a number of revolutionary retail concepts developed with leading architectural firms such as Rem Koolhaas and Herzog & de Meuron. These unique stores, known as Epicenters, are located in New York, Los Angeles and Tokyo and also host cultural debates and events.

In recent years, the Group has selectively streamlined its wholesale channel, which includes department stores, multi-brand stores, franchisees and e-tailers, to ensure maximum quality of the partners and a more focused approach.

Image and communication

It is essential for the Prada Group's communication to go beyond commercial objectives and to involve stakeholders in the brands' ideas and values. A consistent and strong image, in line with the identity of each brand, is central to the Group's strategy. Fashion shows, advertising campaigns and media coverage are the main platforms for presenting the brands and for gaining visibility among international audiences and industry critics.

The Group leverages social networks, brand e-commerce sites, the corporate website, and digital platforms for direct and immediate engagement with its audience.
The brands' innovative and extraordinary special events are another important communication tool for the Group, enabling direct interaction with consumers in different local markets.

Moreover, Luna Rossa's participation in the prestigious America's Cup since 2000 has significantly increased Prada's visibility in the international sporting community, helping to build the brand's credibility in activewear and enhancing its technological expertise.

Advertising campaign
Prada Leathergoods
2023


PRADA
PRADA


RADA

Sustainability

The Prada Group's strategic choices have always been guided by the desire to achieve success for the benefit of all its stakeholders, be they shareholders, employees, customers or the communities in which the Group operates.

In recent years, sustainability has been progressively integrated into the Group's business model and operations. Together with a continuous and transparent dialogue with stakeholders, sustainability has become a key to strengthening the Group's identity and competitive edge.

In 2021, the Prada Group developed its sustainability strategy based on three pillars – Planet, People and Culture – to consolidate its commitment to these issues and to set medium and long-term goals.

The sustainability landscape is changing rapidly, as are the resulting risks and opportunities for the business. As such, the sustainability strategy is evolving, to be improved and updated over time in order to respond to the needs and expectations of the Group's stakeholders and the changing market conditions in which it operates.

In order to meet current and future challenges and to ensure long-term sustainable development across the entire value chain, the Prada Group has also strengthened its ESG governance, in particular by establishing a Sustainability Committee in early 2022, which plays an active advisory role and assists the Board of Directors in assessing and making decisions on sustainability issues.

The Group publishes an annual Sustainability Report that communicates its progress on its sustainability roadmap. The Report is drafted in accordance with GRI Standards

Planet

The Planet pillar sets goals for reducing environmental impact, including the targets approved by the Science-Based Targets initiative (SBTi) for the reduction of Scope 1, 2 and 3 greenhouse gas emissions, the extensive use of alternative, low-impact materials for both finished products and packaging, and a more circular approach to materials used in production and for other purposes such as shows and events.

People

This pillar includes initiatives to promote and enhance diversity, equality and inclusion, and to foster an inclusive culture based on respect for each individual at all levels of the organisation. It also includes a long-term investment plan to preserve craftsmanship and develop new talent, positioning the Prada Group as a beacon of excellence for new generations. Respect for and protection of the Group's employees is another key element, along with greater monitoring of employee engagement levels to improve their personal and professional wellbeing.

DRIVERS OF CHANGE
PRADA Group

for PLANET

We commit to shaping our operations to reduce our footprint

Mitigate our impact on climate change

Preserve the ecosystems

Embrace circular thinking

for PEOPLE

We commit to an inclusive, creative and fair workplace

Champion diversity and promote inclusion

Foster creativity and know-how preservation

Ensure wellbeing and fair workplace

for CULTURE

We commit to sharing our values and to build a sustainable society

Contribute to cultural debate

Further sustainability literacy

Inspire scientific evolution

with PARTNERS

we commit to engaging with our partners to strengthen our sustainability paths

Prada industrial
Headquarter
Valvigna, Terranuova
Bracciolini (AR)
by architect
Guido Canali

Culture

The Culture pillar reflects the Group's ongoing commitment to preserving and sharing Italian and international cultural heritage, as well as supporting nature and science, and highlights the Group's important ongoing role as an educator and promoter of new ideas. Miuccia Prada and Patrizio Bertelli’s passion for art and culture have inspired the Group to support the multidisciplinary activities of Fondazione Prada from 1993 to the present.

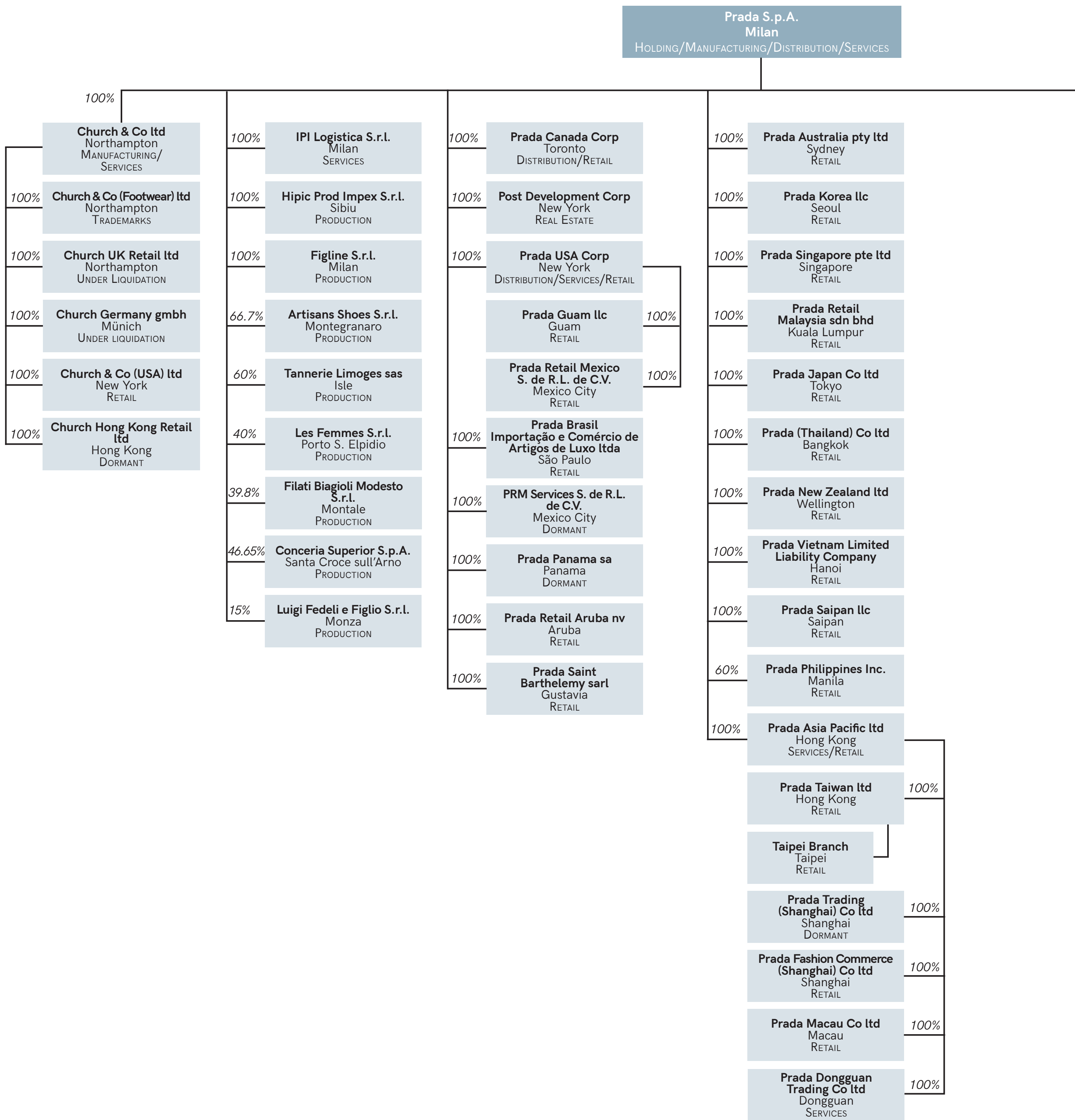
In its first two decades of activity, Fondazione Prada commissioned utopian projects and monographs in Italy and abroad to recognized international figures, as well as established and emerging artists. Since 2002, it has also undertaken previously unexplored research paths by presenting philosophy conferences, architecture exhibitions, and various initiatives dedicated to cinema.

Through collaborations with artists, curators, scientists, scholars, filmmakers, architects, musicians and intellectuals, and an extensive program, which currently extends to the three venues in Milan and Venice, established between 2011 and 2016, and, from 2018, to other external spaces in Shanghai, Tokyo and New York, Fondazione Prada provides a platform for dialogue and exchange on a global scale with an international and plural audience.

(1) Fondazione Prada is an external entity of the Prada Group. The collaboration between the two parties is active in the form of sponsorship.


FONDAZIONE PRADA

Prada Group Structure



ANNUAL REPORT — 2023

- 60% **Prada Middle East fzco** – Jebel Ali Free Zone-Dubai – Distribution/Services
  - 49% **Prada Emirates llc** – Dubai – Retail
  - 49% **Prada Kuwait wll** – Kuwait City – Retail
- 100% **Prada Retail wll** – Doha – Retail
- 75% **Prada Saudi Arabia ltd** – Jeddah – Retail
- 100% **Prada Rus llc** – Moscow – Retail
- 100% **Prada Ukraine llc** – Kiev – Retail
- 100% **Prada Kazakhstan llp** – Almaty – Retail
- 100% **Prada Retail South Africa (pty) ltd** – Sandton – Dormant
- 100% **Prada Maroc Sarlau** – Casablanca – Under liquidation

- 100% **Prada Retail France sas** – Paris – Retail
- 100% **Prada Monte-Carlo sam** – Monaco – Retail
- 100% **Prada Belgium sprl** – Brussels – Retail
- 100% **Prada Germany gmbh** – Munich – Retail/Services
- 100% **Prada Austria gmbh** – Vienna – Retail
- 100% **Prada Czech Republic sro** – Prague – Retail
- 100% **Prada Netherlands bv** – Amsterdam – Retail
- 100% **Prada Switzerland sa** – Lugano – Retail
- 100% **Prada Spain sl** – Madrid – Retail
- 100% **Prada Portugal Unipessoal lda** – Lisbon – Retail
- 100% **Prada Hellas Sole Partner llc** – Athens – Retail
- 100% **Prada Bosphorus Deri Mamüller ltd Sirketi** – Istanbul – Retail
- 100% **Prada Retail UK ltd** – London – Retail
  - **Ireland Branch** – Dublin – Retail
- 100% **Prada Denmark aps** – Copenhagen – Retail
- 100% **Prada Sweden ab** – Stockholm – Retail
- 100% **Prada Norway as** – Oslo – Retail
- 100% **Prada San Marino S.r.l.** – San Marino – Retail
- 100% **Kenon ltd** – London – Real Estate

- 100% **Marchesi 1824 S.r.l.** – Milan – Food&Beverage
  - **UK Branch** – London
- 100% **Luna Rossa Challenge S.r.l.** – Grosseto – Management of Sailing Team
  - **Spanish Branch** – Barcelona – Services
  - 100% **Luna Rossa Challenge 2024 S.L.** – Barcelona – Management of Sailing Team

- 100% **Prada sa** – Luxembourg – Trademark
  - **Swiss Branch** – Lugano – Services
  - 100% **Prada Company sa** – Luxembourg – Services

Prada S.P.A. - Corporate information

Registered Office	Via A. Fogazzaro, 28 - 20135 Milan, Italy
Head Office	Via A. Fogazzaro, 28 - 20135 Milan, Italy
Place of business in Hong Kong registered under Part 16 of the Hong Kong Companies Ordinance	8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Company Corporate website	www.pradagroup.com
Hong Kong Stock Exchange Identification Number	1913
Share Capital	Euro 255,882,400 (represented by 2,558,824,000 shares of Euro 0.10 each)
Board of Directors	Patrizio Bertelli (Chairman of the Board & Executive Director) Paolo Zannoni (Executive Deputy Chairman of the Board & Executive Director) Andrea Guerra (Chief Executive Officer & Executive Director) Miuccia Prada Bianchi (Executive Director) Andrea Bonini (Chief Financial Officer & Executive Director) Lorenzo Bertelli (Executive Director) Yoël Zaoui (Lead Independent Director & Independent Non-Executive Director) Marina Sylvia Caprotti (Independent Non-Executive Director) Maurizio Cereda (Independent Non-Executive Director) Pamela Yvonne Culpepper (Independent Non-Executive Director) Anna Maria Rugarli (Independent Non-Executive Director)
Audit and Risk Committee	Yoël Zaoui (Chairman) Marina Sylvia Caprotti Maurizio Cereda

Remuneration Committee	Marina Sylvia Caprotti (Chairwoman) Paolo Zannoni Yoël Zaoui
Nomination Committee	Maurizio Cereda (Chairman) Lorenzo Bertelli Marina Sylvia Caprotti
Sustainability Committee	Pamela Yvonne Culpepper (Chairwoman) Lorenzo Bertelli Anna Maria Rugarli
Board of Statutory Auditors	Antonino Parisi (Chairman) Roberto Spada David Terracina
Organismo di Vigilanza **(Supervisory Body)** (Italian Leg. Decree 231/2001)	Stefania Chiaruttini (Chairwoman) Armando Simbari Roberto Spada
Main Shareholder	Prada Holding S.p.A. Via A. Fogazzaro, 28 - 20135 Milan, Italy
Company Secretary	Wendy Pui-Ting Tong 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Authorized Representatives **in Hong Kong S.A.R.**	Patrizio Bertelli Via A. Fogazzaro, 28 - 20135 Milan, Italy Wendy Pui-Ting Tong 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Alternate Authorized Representative **to Patrizio Bertelli in Hong Kong S.A.R.**	Cynthia Wing Han Cheng 8th Floor, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong S.A.R. (P.R.C.)
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong S.A.R. (P.R.C.)
External Auditor	Deloitte & Touche S.p.A. Via Tortona, 25 - 20144 Milan, Italy

CHAPTER 3

Financial Review

Basis of preparation

The Board of Director's Financial Review refers to the group of companies controlled by Prada S.p.A. ("Prada" or the "Company"), the operating parent company of the Prada Group (the "Group" or "Prada Group"). This Financial Review should be read in conjunction with the Consolidated Financial Statements and related explanatory Notes, which are an integral part thereof.

The tables reported in the Financial Review have been prepared in accordance with the measurement and classification criteria of the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. Some "non-IFRS measures" are also used within the Financial Review in order to represent some financial aspects of the period from a management perspective.

Consolidated Statement of Profit or Loss (includes Non-IFRS Measures)

(amounts in thousands of Euro)	twelve months ended December 31 2023	% on net revenues	twelve months ended December 31 2022	% on net revenues	change	% change
Net sales	4,622,882	97.8%	4,124,592	98.2%	498,290	12.1%
Royalties	103,529	2.2%	76,082	1.8%	27,447	36.1%
Net revenues	4,726,411	100%	4,200,674	100%	525,737	12.5%
Cost of goods sold	(924,640)	-19.6%	(888,580)	-21.2%	(36,060)	4.1%
Gross margin	3,801,771	80.4%	3,312,094	78.8%	489,677	14.8%
Product design and development costs	(150,616)	-3.2%	(137,469)	-3.3%	(13,147)	9.6%
Advertising and communications costs	(420,288)	-8.9%	(359,114)	-8.5%	(61,174)	17.0%
Selling costs	(1,872,626)	-39.6%	(1,704,363)	-40.6%	(168,263)	9.9%
General and administrative costs	(296,549)	-6.3%	(265,972)	-6.3%	(30,577)	11.5%
Total operating expenses	(2,740,079)	-58.0%	(2,466,918)	-58.7%	(273,161)	11.1%
Recurring operating income – EBIT Adjusted	1,061,692	22.5%	845,176	20.1%	216,516	25.6%
Other non-recurring income / (expenses)	-	-	(69,186)	-1.6%	69,186	-100.0%
Operating income - EBIT	1,061,692	22.5%	775,990	18.5%	285,702	36.8%
Interest and other financial income / (expenses), net	(32,031)	-0.7%	(24,498)	-0.6%	(7,533)	30.7%
Interest expenses on lease liability	(58,825)	-1.2%	(40,990)	-1.0%	(17,835)	43.5%
Dividends from investments	627	0.0%	473	0.0%	154	32.6%
Total financial income / (expenses)	(90,229)	-1.9%	(65,015)	-1.5%	(25,214)	38.8%
Income before taxation	971,463	20.6%	710,975	16.9%	260,488	36.6%
Taxation	(298,071)	-6.3%	(241,820)	-5.8%	(56,251)	23.3%
Net income for the year	673,392	14.2%	469,155	11.2%	204,237	43.5%
Net income - Non-controlling interests	2,366	0.1%	3,962	0.1%	(1,596)	-40.3%
Net income - Group	671,026	14.2%	465,193	11.1%	205,833	44.2%

Key financial information

Key economic indicators (amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Net revenues	4,726,411	4,200,674
EBIT Adjusted (*)	1,061,692	845,176
% incidence on net revenues	22.5%	20.1%
EBIT (**)	1,061,692	775,990
% incidence on net revenues	22.5%	18.5%
Net income of the Group	671,026	465,193
Earnings per share (Euro)	0.262	0.182
Net operating cash flow (***)	725,596	695,527

(*) Non-IFRS measure equal to EBIT less other non-recurring income / (expenses)
(**) Non-IFRS measure equal to Earnings before Interest and Taxation
(***) Non- IFRS measure equal to net cash flow from operating activities less repayment of lease liability

Key financial position indicators (amounts in thousands of Euro)	December 31 2023	December 31 2022
Net operating working capital (*)	734,742	690,573
Net invested capital (right of use assets included) (**)	5,790,789	5,073,699
Net financial surplus / (deficit) (***)	196,908	534,900
Group shareholders' equity	3,853,795	3,482,217

(*) Non-IFRS measure equal to the sum of trade receivables (net), inventories (net) and trade payables
(**) Non-IFRS measure equal to the sum of the total consolidated shareholders' equity, the lease liability and net financial surplus/(deficit)
(***) Non-IFRS measure equal to short-term and long-term financial payables due to third parties and related parties, net of cash and cash equivalents and short-term and long-term financial receivables due from third parties and related parties

2023 Highlights

In 2023 the Prada Group achieved an excellent performance sustained by the continuous creative momentum of its brands. While the year was characterised by the resurgence of severe geopolitical tensions, especially in Middle East, and uncertainty in terms of economic outlook, the luxury sector proved its resilience and the Group's results reflect significant progress on the path of its strategic, organisational and digital evolution.

Group's net revenues grew by 17.2% at constant exchange rates compared to 2022. The Group has reported 12 consecutive quarters of retail growth, driven by full price like-for-like sales, with positive contributions from both volumes and average price.

At brand level, Prada delivered a high-quality, solid performance with retail net sales increasing by 12.1% in the year. Miu Miu retail net sales grew by 58.2% in 2023, an outstanding result confirming the brand strong desirability across all product categories and regions.

The EBIT margin (22.5%) showed further expansion, coupled with substantial marketing investments behind the brands. The Group closes the year with a net cash position of Euro 197 million, which reflects capex cash-out of Euro 759 million, including the acquisition of the highly strategic real estate asset at 724, 5th Avenue (New York).

At Prada, the year was characterised by continuous desirability, sustained by an evolved organisation and rigorous execution. The excellent reception of both Menswear and Womenswear fashion shows and collections confirms the enduring success of the brand's creative codes, with impactful campaigns and talent strategy boosting visibility and interest globally. A well-balanced product category mix drove growth and resilience, thanks to the ability to continuously innovate and to successfully interpret contemporaneity.

At the same time, the unveiling of exclusive collaborations, like the "Adidas Football for Prada" collection and the groundbreaking partnership with Axiom Space on NASA's lunar spacesuits for Artemis III mission, surprised the audience.

Successful activations realised throughout the year, including Prada Extends in Bangkok, the 9th and 10th iterations of Prada Mode, the Pradasphere II exhibition in Shanghai and the successful opening of the Prada Caffè in London, also contributed to deliver a distinctive brand experience worldwide.

As for Miu Miu, the outstanding performance was supported by the strong foundations laid in recent years across brand, product, distribution and talents. The thriving brand momentum enabled growing awareness and desirability, driving remarkable commercial response across all product categories and regions.

2023 saw multiple successful launches in Leather Goods and Footwear, as well as a strong performance in Ready-to-Wear, cementing the brand positioning as trendsetter. Likewise, the viral collaborations with New Balance and Church's amplified the reach towards a broader community, as a reflection of the brand dynamic identity.

Brand heat was also supported by powerful campaigns and several talent activations, while successful event formats and special projects continued to foster the Miu Miu global community.

At Church's, the focus on the internal reorganisation continued in 2023, with specific attention to rationalise both corporate and industrial processes in support of the brand's repositioning.

The Group progressed with the upgrade of the retail network, completing about 130 renovation and relocation projects over the year, in line with the strategic objective of achieving retail excellence. Following 26 openings and 32 closures over the period, the Group ends the year with 606 Directly Operated Stores.

In the digital arena, efforts were concentrated on a multiyear transformation program aimed at enhancing the entire technology infrastructure to support operational efficiency and revenue growth. The program includes initiatives encompassing omnichannel capabilities, product lifecycle, finance and retail ERP, reporting, and planning processes integration.

On the industrial 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 this context, the acquisition of a minority stake in Luigi Fedeli e Figlio S.r.l., an Italian family business globally recognised for the quality of its knitwear and fine yarns, is a testament of the Group's unwavering commitment to protect Italian know-how.

2023 also saw significant progress in environmental sustainability, with Scope 1&2 GHG emissions reduced by 58% over the year compared to the 2019 baseline. With 11 other brands in the Fashion Pact coalition, the Group signed an ambitious Collective Virtual Power Purchase Agreement (CVPPA), which will start in the next few years, to promote renewable energy in Europe. Ongoing efforts are also directed to reduce Scope 3 GHG emissions in line with the Group's Science-Based Targets 2029, in particular by focusing upstream on the transition of some key raw materials to lower impact alternatives.

Recently, the Group also invested in the purchase of Sustainable Aviation Fuel (SAF) credits from accredited partners to accelerate the decarbonisation of the aviation industry.

Regarding the People aspect of the ESG strategy, the Group is particularly proud of its initiatives focused on gender equality, which have led to a 44% representation of women in its leadership team. Additionally, a new Chief People Officer was appointed in September 2023.

The Group's commitment to culture and water conservation continued over the period, with increased funding to support the SEA BEYOND education program, which has been expanded to include scientific research and humanitarian projects, with a focus on increasing ocean awareness.

Finally, the year marked the onboarding of Andrea Guerra as Prada Group CEO in January, as well as other strategic appointments: the result is a strengthened organisation, well equipped to drive the evolution of the Group while delivering on its growth ambition.

Analysis of net revenues

(amounts in thousands of Euro)	twelve months ended December 31 2023		twelve months ended December 31 2022		% change current exc. rates	% change constant exc. rates (*)	Q4-23 vs Q4-22 % change constant exc. rates (*)
Net revenues							
Retail net sales (Directly Operated Stores and e-commerce)	4,189,676	88.6%	3,736,971	89.0%	12.1%	17.2%	17.4%
Wholesale net sales (independent customers and franchisees)	433,206	9.2%	387,621	9.2%	11.8%	13.0%	32.1%
Royalties	103,529	2.2%	76,082	1.8%	36.1%	36.1%	-5.8%
Total net revenues	4,726,411	100%	4,200,674	100%	12.5%	17.2%	18.1%
Retail net sales by brand							
Prada	3,488,276	83.3%	3,252,025	87.0%	7.3%	12.1%	9.5%
Miu Miu	648,936	15.5%	431,768	11.6%	50.3%	58.2%	81.6%
Church's	28,555	0.7%	33,120	0.9%	-13.8%	-12.7%	3.4%
Other	23,909	0.6%	20,058	0.5%	19.2%	19.4%	19.8%
Total retail net sales	4,189,676	100%	3,736,971	100%	12.1%	17.2%	17.4%
Retail net sales by geographic area							
Asia Pacific	1,446,146	34.5%	1,231,659	33.0%	17.4%	24.0%	32.1%
Europe	1,312,023	31.3%	1,187,466	31.8%	10.5%	14.0%	7.5%
Americas	767,365	18.3%	781,825	20.9%	-1.8%	0.3%	3.8%
Japan	483,838	11.5%	368,739	9.9%	31.2%	43.8%	37.6%
Middle East	180,304	4.3%	167,282	4.4%	7.8%	10.5%	8.0%
Total retail net sales	4,189,676	100%	3,736,971	100%	12.1%	17.2%	17.4%
Retail net sales by product category							
Leather goods	1,910,061	45.6%	1,851,737	49.6%	3.1%	7.7%	7.6%
Ready-to-wear	1,350,243	32.2%	1,085,660	29.1%	24.4%	30.6%	27.7%
Footwear	777,099	18.5%	690,707	18.5%	12.5%	17.5%	20.4%
Other	152,273	3.6%	108,867	2.9%	39.9%	44.4%	40.5%
Total retail net sales	4,189,676	100%	3,736,971	100%	12.1%	17.2%	17.4%

(*) calculated excluding the effect of the hyperinflation in Turkey

In the comments below the growth percentages are at constant exchange rates, unless differently specified.

The Prada Group generated net revenues of Euro 4,726.4 million in the twelve months ended December 31, 2023, up by 17.2% compared to 2022. Exchange rate fluctuations reduced growth by 4.7%, to 12.5%.
During the twelve months of 2023, retail net sales increased by 17.2% against the same period of 2022; the Group has reported 12 consecutive quarters of retail growth, driven by full price like-for-like sales, with positive contributions from both volumes and average price. Over the period, retail net sales accounted for 88.6% of total net revenues, therefore in line with 2022 level.
As of December 31, 2023, the Group operated 606 stores, following 26 openings and 32 closures over the period.
Sales in the wholesale channel rose by 13% compared to the corresponding period of 2022, with a controlled evolution of independent wholesale, in line with the Group strategy, and a strong increase in the duty free stores channel.
Royalty income grew by 36.1% on 2022, a strong performance driven by the contribution of both eyewear and fragrances.

Number of stores

	December 31, 2023		December 31, 2022		December 31, 2021	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Prada	428	20	422	21	420	21
Miu Miu	141	5	145	5	146	5
Church's	28	-	37	-	61	-
Car Shoe	2	-	2	-	2	-
Marchesi 1824	7	-	6	-	6	-
Total	606	25	612	26	635	26

	December 31, 2023		December 31, 2022		December 31, 2021	
	Owned	Franchises	Owned	Franchises	Owned	Franchises
Europe	200	-	209	-	228	-
Asia Pacific	196	23	190	21	193	21
Americas	102	-	104	-	105	-
Japan	85	-	86	-	88	-
Middle East	23	2	23	5	21	5
Total	606	25	612	26	635	26

Brands

Prada retail net sales increased by 12.1% over the year, showing high-quality growth driven by full price like-for-like sales.

Miu Miu reported an excellent performance in the twelve-month period at +58.2% yoy, with strong growth across regions and product categories.

The net revenues by brand amounted to Euro 3,912.3 million for Prada, Euro 753.2 million for Miu Miu, Euro 35.8 million for Church's, and Euro 25.1 million for the other brands:

(amounts in thousands of Euro)	twelve months ended December 31 2023		twelve months ended December 31 2022		% change current exc. rates	% change constant exc. rates (*)	Q4-23 vs Q4-22 % change constant exc. rates (*)
Net revenues by brand							
Prada	3,912,309	82.8%	3,647,805	86.8%	7.3%	11.6%	9.1%
Miu Miu	753,234	15.9%	488,952	11.7%	54.1%	61.2%	90.2%
Church's	35,791	0.8%	41,971	1.0%	-14.7%	-13.8%	25.4%
Other	25,077	0.5%	21,946	0.5%	14.3%	14.4%	18.4%
Total net revenues	4,726,411	100%	4,200,674	100%	12.5%	17.2%	18.1%

(*) calculated excluding the effect of the hyperinflation in Turkey

Markets

Over the period the Group delivered double-digit growth across all regions, excluding Americas which ended the year flat.
In Asia Pacific, retail net sales rose by 24%, on a volatile basis of comparison in 2022. The highest growth rates were reported in Mainland China, Hong Kong and Macau.
In Europe, retail net sales rose by 14%, supported by strong demand from both local clients and tourists. Growth was significant in the first semester, and in the first quarter in particular, with more normalised but solid performance thereafter.
The Americas ended substantially flat over the twelve-month period at +0.3%, with a sequential improvement in the last months of the year.
Japan remained the top performing region, as retail net sales increased by 43.8%, largely driven by domestic spending and increasingly by tourists.
Retail net sales in the Middle East also delivered a solid performance (+10.5%), notwithstanding intensified geopolitical headwinds.

Products

Over the period, leather goods recorded retail net sales growth of +7.7%, supported by both novel and iconic products, with an improving trend in the fourth quarter driven by both Prada and Miu Miu. Ready-to-wear remained the fastest growing category at +30.6%, thanks to the success of both menswear and womenswear collections. Footwear's performance was also very strong at +17.5% against 2022, across genders and lines (lifestyle, sneakers and formal).

Operating results

The gross margin for the twelve-month period ended December 31, 2023 corresponded to 80.4% on net revenues, up from the 78.8% of 2022. Greater absorption of production overheads, lower logistic costs, better sales mix in terms of distribution channels and higher average prices were the key drivers of this improvement.

Operating expenses totaled Euro 2,740.1 million, up by Euro 273.2 million versus 2022. The increase was attributable primarily to higher variable costs resulting from the increase in sales, marketing spend, personnel expenses, and other general and administrative costs.

The operating income for the period, or EBIT, was Euro 1,061.7 million, 22.5% of net revenues, compared to the Euro 776 million (18.5% of net revenues) of 2022, which included non-recurring expenses of Euro 69.2 million.

Financial expenses and taxation

The net financial expenses of Euro 90.2 million were Euro 25.2 million higher than in 2022. The increase was largely attributable to interest expenses on lease liabilities and higher foreign exchange losses, partially offset by higher financial interest income.

The taxation for the twelve months ended December 31, 2023 was Euro 298.1 million, corresponding to 30.7% of the profit before tax.

Net income

The net income for the year amounted to Euro 673.4 million (14.2% of net revenues), versus Euro 469.2 million (11.2%) reported in 2022.

Analysis of the Statement of financial position

Net invested capital

The following table reclassifies the statement of financial position to provide information on the composition of the net invested capital:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Right of use assets	2,024,552	2,011,474
Non-current assets (excluding deferred tax assets), net	3,006,998	2,517,042
Trade receivables, net	405,151	331,915
Inventories, net	782,978	760,457
Trade payables	(453,387)	(401,799)
Net operating working capital	734,742	690,573
Other current assets (excluding items of financial position)	276,123	229,575
Other current liabilities (excluding items of financial position)	(422,541)	(522,553)
Other current assets / (liabilities), net	(146,418)	(292,978)
Provision for risks	(49,867)	(51,486)
Post-employment benefits	(60,875)	(67,571)
Other long-term liabilities	(57,459)	(65,590)
Deferred taxation, net	339,116	332,235
Other non-current assets / (liabilities), net	170,915	147,588
Net invested capital	5,790,789	5,073,699
Shareholder's equity - Group	(3,853,795)	(3,482,217)
Shareholder's equity - Non-controlling interests	(23,014)	(18,805)
Total consolidated shareholders' equity	(3,876,809)	(3,501,022)
Long-term financial, net surplus / (deficit)	(338,422)	(394,531)
Short-term financial, net surplus / (deficit)	535,330	929,431
Net financial surplus / (deficit)	196,908	534,900
Net financial surplus / (deficit) to consolidated shareholders' equity ratio	-5.1%	-15.3%
Long-term lease liability	(1,699,599)	(1,715,451)
Short-term lease liability	(411,289)	(392,126)
Total lease liability	(2,110,888)	(2,107,577)
Net financial surplus / (deficit), including lease liability	(1,913,980)	(1,572,677)
Shareholders' equity and net financial surplus / (deficit), including lease liability	(5,790,789)	(5,073,699)

The net invested capital as of December 31, 2023 amounts to Euro 5,791 million, with equity of Euro 3,877 million and lease liabilities of Euro 2,111 million; the net financial position at the end of the period is a surplus of Euro 196.9 million.

The right of use assets increased by Euro 13.1 million, mainly as a result of new leases and remeasurements of existing leases totaling Euro 606.8 million, net of depreciation of Euro 445.5 million, termination of contracts of Euro 75.3 million, of which Euro 74.8 million related to the acquisition of real estate investment in 724, 5th Avenue (New York), which was previously leased and has been acquired in 2023 as reported in Note 15 "Property, plant and equipment", writedowns of Euro 18.6 million and foreign exchange differences impact of Euro 60.2 million.

The non-current assets (net) rose by Euro 490 million (Euro 3,007 million as of December 31, 2023 versus Euro 2,517 million at December 31, 2022) following capital expenditures of the year amounting to Euro 752.7 million, against depreciation, amortisation and writedowns of Euro 240.5 million.

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Retail	215,884	168,935
Real estate	381,711	-
Production, logistics and corporate	155,106	107,161
Total	752,701	276,096

Real estate capital expenditures included the investment in a highly strategic building at 724, 5th Avenue (New York), which currently hosts a Prada store, for a consideration equal to US Dollar 425 million (Euro 393 million). The carrying amount (resulting in Euro 366 million, including other direct charges) was determined deducting from the purchase price the net of the lease liability and right of use assets immediately before the purchase (Euro 28.1 million).
In addition, the Group continued to invest in store restyling and relocation projects, in the advancement of the technological and digital roadmap in the retail, manufacturing and corporate areas and in the industrial area.

The net operating working capital as of December 31, 2023 is Euro 734.7 million, up by Euro 44.2 million from December 31, 2022: trade receivables increased by Euro 73.2 million, inventories increased by Euro 22.5 million, and trade payables increased by Euro 51.6 million.

The other current liabilities (net) amount to Euro 146.4 million as of December 31, 2023, down by Euro 146.6 million from December 31, 2022, essentially due to the decrease of the current tax liability as a result of the payment of the income taxes liability accounted as of December 31, 2022.

The other non-current assets (net) of Euro 170.9 million as of December 31, 2023 rose by Euro 23.3 million from December 31, 2022.

Net financial position

The following table provides details of the net financial position:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Bank borrowing – non-current	(338,422)	(395,656)
Financial payables and bank overdrafts - current	(148,338)	(160,847)
Payables to related parties - current	(5,853)	(3,568)
Total financial payables – current	(154,191)	(164,415)
Total financial payables	(492,613)	(560,071)
Cash and cash equivalents	689,519	1,091,622
Financial receivables from related parties - non-current	-	1,125
Financial receivables from related parties - current	2	2,224
Total financial receivables and cash and cash equivalents	689,521	1,094,971
Net financial surplus / (deficit)	196,908	534,900

The net operating cash flow for the twelve-month period, after the payment of the lease liability (Euro 429.7 million), was positive for Euro 725.6 million. After the cash outflows for investing activities (Euro 759.2 million), dividend payments (Euro 281.7 million), net of the devaluation of the items of the net financial position (Euro 17.8 million) and other minor items, the net financial surplus reached Euro 196.9 million at the end of the period.

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Cash flow from operating activities	1,694,951	1,392,805
Net cash, interest received (paid)	5,863	(8,533)
Lease liability: interest paid	(58,825)	(40,989)
Tax paid	(486,708)	(219,586)
Net cash flow from operating activities	1,155,281	1,123,697
Repayment of lease liability	(429,685)	(428,170)
Net operating cash flow	725,596	695,527
Net cash flow utilized by investing activities	(759,191)	(250,209)
Free cash flow	(33,595)	445,318

The total amount of undrawn lines of credit as of December 31, 2023 is equal to Euro 768 million, consisting of Euro 451 million of committed lines and Euro 317 million of uncommitted lines.

All financial covenants were fully complied with as of December 31, 2023 and they are expected to be complied with within the next 12 months as well.

The following table sets forth the lease liability:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Long-term lease liability	1,699,599	1,715,451
Short-term lease liability	411,289	392,126
Total	2,110,888	2,107,577

The lease liability increased from Euro 2,108 million at December 31, 2022 to Euro 2,111 million at December 31, 2023, primarily as a result of remeasurements for lease extensions or modifications for Euro 602.2 million net of the payments of the period for Euro 429.7 million, termination of contracts of Euro 108 million of which Euro 102 million due to the real estate investment in 724, 5th Avenue (New York) which was previously leased and has been acquired in 2023 as reported in Note 15 "Property, plant and equipment", and the exchange rate differences for the period for Euro 61 million.
The lease liability was concentrated mainly in Japan, the U.S.A. and Italy.

The net financial indebtedness, including the lease liability, amounted to Euro 1,914 million as of December 31, 2023 (Euro 1,573 million as of December 31, 2022).

Further information on the Group's debt maturities and obligations, currency and interest rate risk management, commitments and contingent liabilities is provided in Notes 21, 26 and 28 of the Notes to the Consolidated Financial Statements.

Risk factors and management

The Prada Group's business is exposed to various risks that, if they materialize, could adversely affect its operations, results and financial situation, or reputation.

Some of these risks depend on the constantly changing and highly competitive environment for the luxury industry, which primarily concern the desirability of the Group's products. For this reason, some of the main strategies of the Group are (i) guaranteeing constant recognition of the brands as reference points in the industry, (ii) supporting and developing retail sales, as well as (iii) the continuous identification, monitoring and mitigation of the main Group risks.

In order to manage, anticipate and mitigate its risk exposure, and to ensure that it can develop its business sustainably over the long term, the Group has set up a risk management system.

Risk factors are presented as follows:

1. Operational and ESG Risks

1.a. Intellectual property and brand protection

Description	What we do
The Group's brands and other intellectual property rights are fundamental assets. Infringements of the Group's intellectual property rights can have significant negative impacts on its results and damage its image.	The Group pursues an active anti-counterfeiting policy involving both preventive measures and legal actions. Its strategy is based on the following pillars: – the Group's brands, designs, patents and websites are registered to obtain legal protection in all countries throughout the world; – an Intellectual Property Team is responsible for brand protection efforts globally, online and offline, through - among others - monitoring actions (in both traditional markets and on the internet), inspections, contacts with competent local and international authorities and custom agencies, legal actions; for all such actions, the team can act directly or with the support of external consultants. In addition, all products have been equipped with a remote frequency identification (RFID) tag, using a technology that makes it possible to verify the authenticity of the products and track them. All retail and wholesale products bearing the RFID tag have also been registered on the blockchain of the Aura Consortium.

1.b. Commercial attractiveness and desirability

Description	What we do
The Group's success is reliant on its ability to create and influence fashion and product trends, to timely anticipate shifts in consumer taste and trends, and to meet and exceed customer expectations. Failure to timely perceive fashion needs or to translate them into the styling, design and development phase could negatively impact the appeal of the Group's brands and, therefore, its results and financial situation.	The Group addresses the risk – first of all – by investing in strong and structured style and design teams, capable of fine-tuning with cultural and consumer changes. The teams – guided by Miuccia Prada and Raf Simons, as for the "Prada" brand, and by Miuccia Prada for the "Miu Miu" brand – are composed of professionals of different nationalities, cultures and talents, to foster creativity. In addition, they are invited to combine a strong sense of fashion with intellectual curiosity, the pursuit of new and unconventional ideas, as well as cultural and social interests. Secondly, the Group pursues cutting edge communication strategies, to be in-tune with – and even to anticipate or create – fashion trends. In addition, the Group invests in regular store renovations (both brick-and-mortar and online) to channel the brands' images and guarantee enhanced customer experiences. Brand attractiveness and customer satisfaction are also pursued through regular training and professional qualification programs for its employees, especially those working in stores.

1.c. Talent management and retention

Description	What we do
The Group's operations require managers, employees and artisans having the right qualifications in the design, product development, production, marketing, merchandising, management and corporate functions. It is therefore key for the Group to retain skilled workforce and to train new generations, especially in a dynamic and evolving job market. Loss of talented and skilled people, high turnover rate, departure of senior executives and disappearance of craftsmanship heritage may impact on the Group's operations, product quality and, consequently, results.	The Group proactively addresses the risk by: (i) carrying out training initiatives, such as through the Prada Academy, where knowledge is shared and skills, techniques, and innovative ideas are shaped in a way to foster talent and hand down the professional expertise essential for the Group; (ii) monitoring the market, to acquire the best, and most fitting, professional skills and métiers; (iii) setting up retention initiatives, such as a performance management process based on individual goals and leadership development, as well as adequate incentive schemes.

1.d. Real Estate

Description	What we do
Should the Group lose strategic retail places, due to difficulties in finding fitting locations or in negotiating new leases at adequate terms and conditions, the Group's strategy could be undermined, with negative consequences for its results. Conversely, should the Group be compelled to carry out significant construction/renovation projects to align facilities to its standards, or unable to carry out projects timely and on budget, its financial situation could be negatively impacted.	Specific teams are responsible to handle real estate activities, such as market monitoring, conducting negotiations concerning real estate assets (leases and acquisitions) and construction and renovation projects for retail places. Moreover, the Group performs periodical reviews of contracts, site visits and "ad-hoc" counterparty due diligence.

1.e. Corporate image

Description	What we do
The Group's success in the international luxury goods business is linked to the image and distinct character of its brands, in a highly competitive environment. These features depend on many factors, such as the style and design of the products, the quality of the materials used and production techniques, image and locations of directly operated stores, careful selection of business partners, communication activities and the corporate profile in general. The Group is also mindful of the transparency and accountability demanded by its stakeholders in the rapidly evolving environmental, social and governance landscape in which it operates. Negative events concerning the above – such as unfavourable or inaccurate media coverage, negative campaigns on social network, individual behaviour contrary to the Group's values of ethics and integrity – can affect the Group's image and reputation and, consequently, negatively impact results.	The Group pursues the preservation of the image and prestige of the brands by (i) maintaining its innovative features for style, product and communication; (ii) monitoring each internal and external phase of the value chain to reduce the risk of inadequate performance; (iii) oversight of external communication concerning the brands, including through social media. The Group also undertakes ESG specific initiatives, through Prada S.p.A.'s Sustainability Committee, as well as its Board members with significant professional ESG experience, as well as corporate and industrial sustainability dedicated functions.

1.f. Fraud	
Description	**What we do**
Frauds may be perpetrated to obtain money or – among others – property or services, personal or business advantage. Lack of controls and insufficient segregation of duties could lead to fraud and, consequently, economic losses and reputational damages.	The Group has equipped itself with various control tools, preventive and deterrent processes, aimed at improving the efficiency and the monitoring of its treasury activities, such as: (i) various Group procedures in place (Code of Ethics, Anti-corruption policy, Corporate Finance & Treasury policy); (ii) the set up of the Whistleblowing system and its related policy; (iii) providing banking Power of Attorney to a limited number of people, regularly updated and duly approved by Board of Directors; (iv) strengthening Segregation of Duties, access controls to Corporate systems and its internal controls over treasury activities.

1.g. Supply Chain Management	
Description	**What we do**
Inability to source raw materials, manufacture, procure and distribute finished products on a timely basis at the required quality, quantity and cost from suppliers who meet quality and the Group's ethics standards could lead to disruptions in production, negative effects on the Group's results and/or damages to the Group's reputation. Although the Group does not significantly depend on any façon manufacturer, the suspension or termination of a relationship with some of the most significant façon manufacturers could adversely affect the Group's business and, as a consequence, its results.	The Group contracts with several suppliers, to avoid concentration of supply. The fact that production is mainly located in Europe, especially in Italy, grants an adequate level of competence, quality and reliability. In addition, sensitive processes – such as the creation of prototypes and samples, the cutting of hides and controls over raw materials and semifinished goods – take place at the Group's own manufacturing facilities. The Group's technical staff carries out controls to ensure that products meet quality standards and that the entire supply chain complies with Prada S.p.A.'s Code of Ethics, which must be signed by business partners. Moreover, the Group demands – and monitors (including through inspections) – compliance by manufacturers with applicable regulations concerning labor law, social security and occupational health and safety, as well as with the Group's regulations on brand ownership and other intellectual property rights.

1.h. Business resilience	
Description	**What we do**
Business interruption can occur due to a variety of factors, including escalations in geopolitical or social tensions, restrictions to people movement or to exports, cyberattacks, property damages caused by an extreme weather event, public health events, machinery breakdowns, labor disputes and quality control failures on the operations. The resulting losses can be economic (e.g., decreased sales, increased labor costs, need to substitute a key supplier, decreased revenue potential due to natural disasters) and reputational.	The Group addresses these risks through a balanced geographical distribution of its stores, to avoid high concentration; operations/production mainly located in Italy, but in several facilities; operations/production located in new/renewed premises; continuous development of online sales activities; strengthening of the Information System department; insurance programs aimed at mitigating such risks.

1.i. Health, security and safety	
Description	**What we do**
The Group is exposed to risks related to (i) workers' health and safety, such as injuries, occupational diseases and accidents that could lead to physical harm to people, (ii) non-compliance with quality and security standards of products. Such risks can lead to litigation, and related costs affecting the Group's financial situation, as well as damage to the Group's image.	To mitigate these risks, the Group (i) conducts periodic safety training and refresher courses; (ii) undergoes renovations and new constructions; (iii) carries out fire risk assessments on high-risk premises; and with respect to product quality, carries out quality control on manufacturing used in the production process (from sourcing to finishing touches).

1.j. Environmental	
Description	**What we do**
The financial situation and the reputation or the Group could be affected by (i) extreme climatic phenomena, cost increases for raw materials and other similar environmental circumstances capable of affecting its production, (ii) new regulations aimed at containing pollution and climate change, which may trigger compliance costs or failures for the Group and (iii) changes in customer purchasing habits related to evolutions of the environmental context.	To prevent or mitigate these risks, the Group adopted ad hoc internal processes, including the sustainability policy which laid the foundations for the Company's sustainability focus based on three pillars - Planet, People and Culture - where the Group firmly believes it can make the greatest contribution in terms of value creation in its own industry and for the benefit of society as a whole. The Group formalized a sustainability strategy with a clear roadmap for the reduction of greenhouse gas emissions, extensive use of alternative, low impact materials for both finished products and packaging, and a more circular approach to materials used in production and for other purposes such as shows and events, where waste is recycled and reused. The strategy also focuses on the traceability of raw materials and the continuous improvement of social and environmental standards along the supply chain through close collaboration with suppliers.

Description	What we do
	The strategy is an evolving plan that will be improved and updated over time to respond to the needs and expectations of the Group's stakeholders and the changing market conditions in which it operates. In 2023, the organization moved towards identifying and formalizing medium-term targets and internal Key Performance Indicators (KPIs) to monitor the progress, with a particular focus on the decarbonization of its operations and the transition to lower impact materials for its finished products. In addition, the Group enforced the sustainability culture through the promotion of internal and external initiatives (e.g. Sea Beyond, Forestami Academy, corporate on/off-line dedicated trainings).

2. Financial risks

2.a. Credit risk

Description	What we do
Credit risk is defined as the risk of financial loss caused by the failure of a counterparty to meet its contractual obligations. The maximum risk to which an entity is exposed is represented by all the financial assets recognized in the financial statements. The Group considers its credit risk to involve primarily trade receivables generated from the wholesale channel and other commercial partners, and liquid assets. As part of Credit risk, the financial counterparty risk is managed through a proper diversification of financial counterparties, considering their creditworthiness and solvency: The risk of default of liquid assets substantially relates to bank deposits, which represent the Group's most widely-used financial product for investing surplus operating cash flows. Default risk is mitigated by the allocation of cash holdings to bank deposits that are diversified in terms of counterparties (always investment grade), country and currency, and by the consistently short-term period. The residual portion of liquid assets consists of cash and bank accounts.	The Group manages credit risk and mitigates the related effects through a control system based on the monitoring of the creditworthiness and solvency of customers, the stipulation of insurance contracts and the use of safe solutions such as advance payments. The Group considers no significant risk to exist on these kinds of liquid assets given that they are used for operating activities and business processes and, consequently, the number of independent parties involved is fragmented. However, there is a potential risk related to cash shortages at stores. The Group has equipped itself with various control tools, preventive and deterrent, aimed at improving the efficiency of cash management activities.

2.b. Liquidity risk

Description	What we do
Liquidity risk refers to difficulty that the Group could have in securing new funds, leading to a failure in meeting its financial obligations. The Directors are responsible for managing liquidity risk, whereas the Group CFO, supported by the Deputy Group CFO, is responsible for optimizing financial resources.	The Directors consider the currently available funds and lines of credit, in addition to the funding that will be generated by operating and financing activities, to be sufficient for enabling the Group to meet its requirements in terms of working capital management, investing activities, punctual loan repayment and the payment of any dividends as planned.

2.c. Foreign exchange risk

Description	What we do
The Group has a vast international presence, and therefore is exposed to the risk that changes in currency exchange rates could adversely impact revenue, expenses, margins and profit. In order to hedge foreign exchange risk, the Group enters into derivative contracts designed to fix the value in Euro (or other functional currency) of identified future cash flows. The future cash flows consist primarily of intercompany inflows of trade and financial receivables and intercompany outflows of trade payables. They refer mainly to Prada S.p.A., the Group's parent company and worldwide distributor of Prada and Miu Miu brand products.	The management of foreign exchange risk is described in more detail in the Notes to the Consolidated Financial Statements.

2.d. Interest rate risk

Description	What we do
Interest rate risk is the risk that future cash flows could be affected by interest rate fluctuations. In order to hedge this risk, which refers mainly to Prada S.p.A., the Group uses derivatives (such as interest rate swaps or collar) to convert variable-rate debt into fixed-rate debt or debt at rates within a specified range.	The management of interest rate risk is described in more detail in the Notes to the Consolidated Financial Statements.

3. Legal and regulatory risks

3.a. Risks related to the evolution of the regulatory framework

Description	What we do
In the various jurisdictions where it operates, the Group is subject to laws and regulations and, therefore, exposed to the risk of non-compliance, which – in the case of a major breach – could have a material impact on the business and performance of the Group. In addition, new legislation imposing more stringent standards may entail increased compliance or may limit the Group's operations, with negative consequences for its financial performance. This can concern, in particular, the following: – risks associated to non-compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or with other laws or regulations in force in Hong Kong S.A.R. that Prada S.p.A. must observe as it is listed on the Stock Exchange of Hong Kong Limited; – risks associated with occupational health and safety under Italian Legislative Decree 81/2008 and equivalent regulations in force in other countries; – possible legal penalties for wrongful acts pursuant to Italian Law 231/2001, as subsequently amended; – events that could adversely affect the accuracy of the annual financial statements and the protection of assets; – manufacturing compliance risks with respect to Italian and international laws and regulations regarding finished goods distributed and raw materials and consumables used.	The Group involves various divisions and uses external experts as necessary to keep its processes and procedures constantly updated in order to comply with changing rules and regulations in a timely manner, thereby mitigating the risk of non-compliance. Monitoring activities are performed by division managers, auditors, special entities and committees such as the Supervisory Body and the Audit and Risk Committee. Prada S.p.A. holds the status of Authorized Economic Operator ("AEO full"). This recognition, issued by the Customs Agency, is granted to companies that prove to be competent and virtuous in the management of their business processes, in compliance with both customs regulations and safety standards for goods.

3.b. Tax risk	
Description	**What we do**
The Prada Group's tax strategy is based on the prevention of tax risks and on tax certainty, both of which are pursued through ongoing dialogue and long-term, principled interaction with the tax authorities in the countries where it operates.	The Group's tax risks, which could arise from compliance errors or incorrect interpretation of regulations, are constantly monitored within the scope of an extensive internal control system, incorporated into the tax control framework. The effectiveness of the tax risk management system has made Prada S.p.A. eligible to participate in the Cooperative Compliance Tax Regime in Italy (under Italian Legislative Decree 128/2015), enhancing its tax control framework. Within such regime, the Group has expanded a systematic, open communication channel with the Italian and the foreign tax authorities of the most strategically important countries where it operates, based on reciprocal transparency and trust, with the purpose of minimizing the level of uncertainty about potentially risky situations.

Other information

Information on related-party transactions
Information on the Group's transactions and balances with related parties is provided in the Notes to the Consolidated Financial Statements, insofar as required by IFRS, and in the Directors' Report and Corporate Governance Report, insofar as required by the Hong Kong Stock Exchange rules.

Non-IFRS measures
The Group uses certain financial measures ("non-IFRS measures") to measure its business performance and to help readers understand and analyse 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 these Consolidated Financial Statements. Other companies operating in the luxury goods industry might use the same measures, but with different calculation criteria. For this reason, it is important for non-IFRS measures to always be read in conjunction with the related explanatory notes, and for readers to be aware that such measures may not be directly comparable with those used by other companies.

The Prada Group uses the following non-IFRS measures in this Annual Report:
Net revenues at constant exchange rates: current year net revenues calculated considering the prior year exchange rates.
Net sales at constant exchange rates: current year net sales calculated considering the prior year exchange rates.
Operating income - EBIT: Earnings before Interest and Taxation, i.e. "Consolidated net result for the period" adjusted to exclude "Total financial income / (expenses)" and "Taxation".
Other non-recurring income / (expenses): transactions qualified by the Directors as non-recurring when their nature, materiality or frequency requires separate disclosure in order to give readers additional information of the Group's operating results. Other non-recurring transactions could include, for example, impairment losses or reversal of impairment losses of fixed assets, restructuring costs, litigation costs, and gains and losses on disposals of fixed assets only when they are related to unusual material transactions considered outside the normal course of business.
Recurring operating income - EBIT Adjusted: the difference between the "Operating income - EBIT" and the "Other non-recurring income / (expenses)".

The reconciliation of Prada Group's EBIT Adjusted and EBIT with the nearest IFRS measure (Net income for the year) is reported below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	% on net revenues	twelve months ended December 31 2022	% on net revenues
Net income for the year	673,392	14.2%	469,155	11.2%
Taxation	298,071	6.3%	241,820	5.8%
Total financial (income) / expenses	90,229	1.9%	65,015	1.5%
Operating income - EBIT	1,061,692	22.5%	775,990	18.5%
Other non-recurring (income) / expenses	-	-	69,186	1.6%
Recurring operating income – EBIT Adjusted	1,061,692	22.5%	845,176	20.1%

For the twelve months ended December 31, 2023, the other non-recurring income and expenses is nil as no non-recurring material and unusual transaction has occurred in 2023, while in the twelve months ended December 31, 2022 they included a write-down of Euro 42 million of tangible fixed assets and right of use assets as a result of the extraordinary market conditions in Russia, a write-down of Euro 19.4 of the Church's brand in context of the reorganisation process and a settlement of a litigation of Euro 7.8 million considered of a non-recurring nature.

Net financial position surplus / (deficit): Short-term and long-term financial payables due to third parties and related parties, net of cash and cash equivalents and short-term and long-term financial receivables due from third parties and related parties.
Net financial position surplus / (deficit), including lease liability: Net financial position including lease liability.

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Net financial position surplus / (deficit)	196,908	534,900
Short-term lease liability	(411,289)	(392,126)
Long-term lease liability	(1,699,599)	(1,715,451)
Total lease liability	(2,110,888)	(2,107,577)
Net financial position surplus/(deficit), including lease liability	(1,913,980)	(1,572,677)

Net operating working capital: the sum of trade receivables (net), inventories (net) and trade payables.
Net invested capital (right of use assets included): the sum of the total consolidated shareholders' equity, the lease liability and net financial surplus / (deficit).
Net operating cash flow: net cash flow generated by operating activities, less the repayment of lease liability.
Free cash flow: net operating cash flow after the net cash flows used for the investing activities.

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Cash flow from operating activities	1,694,951	1,392,805
Net cash, interest received (paid)	5,863	(8,533)
Lease liability: interest paid	(58,825)	(40,989)
Tax paid	(486,708)	(219,586)
Net cash flow from operating activities	1,155,281	1,123,697
Repayment of lease liability	(429,685)	(428,170)
Net operating cash flow	725,596	695,527
Net cash flow utilized by investing activities	(759,191)	(250,209)
Free cash flow	(33,595)	445,318

Research and development activities

The research and development activities are described in the introductory ("The Prada Group") section of this Annual Report, in the paragraph regarding creativity. The design and product development costs for the twelve months ended December 31, 2023 amount to Euro 150.6 million, as reported in the Consolidated Statement of Profit or Loss prepared in accordance with IFRSs.

Treasury shares

As at December 31, 2023 the Group did not own any treasury shares, as reported in the "Corporate Governance" section.

Events after the reporting date

No significant events to be reported.

Outlook

The Group is mindful of persisting geopolitical and macro-economic uncertainties and of the high comparison base going forward. Against this backdrop, the Group priority for 2024 remains to drive brand desirability and retail excellence further. As with 2023, while quarterly growth trajectory may not be linear through the year, the Group retains the firm ambition of delivering solid, sustainable, above-market growth.

Milan, March 7, 2024

CHAPTER 4

Directors and Senior Management

Directors

Our Board of Directors (the "Board") consists of eleven Directors: six executive Directors, and five independent non-executive Directors. The Board is appointed for a term of three years.

Executive Directors

PATRIZIO BERTELLI
Chairman of the Board and
Executive Director

BERTELLI, Patrizio, aged 77, is the Chairman of the Board with effect from April 27, 2023. He was first appointed to the Board in 2003 and held the role of Co-Chief Executive Officer along with Ms. Miuccia Prada until January 26, 2023. His partnership with Miuccia Prada began at the end of the '70s. He combines entrepreneurial activity with a wide range of cultural and sporting interests that he shares with Miuccia Prada. Mr. Bertelli received an honorary degree in Business Economics from the University of Florence in 2000 and the "University Seal" from the University of Bologna in 2021. In 2006, Time Magazine cited Mr. Bertelli and Miuccia Prada as among the 100 most influential couples in the world and in 2012 he became the first Italian in history to be inducted into the America's Cup Hall of Fame.
Mr. Bertelli holds directorships in subsidiaries of the Company. He holds directorship in PA BE 1 S.p.A., which is a substantial shareholder of the Company. Mr. Bertelli is the husband of Ms. Prada, Executive Director, and is the father of Mr. Lorenzo Bertelli, Executive Director. Mr. Bertelli is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

MIUCCIA PRADA BIANCHI
Executive Director

PRADA BIANCHI, Miuccia, aged 75, is Executive Director of the Company, Miu Miu Creative Director, and Prada Co-Creative Director with Raf Simons. She served as Chairwoman of the Board from 2003 to 2014 and as Co-Chief Executive Officer with her husband Patrizio Bertelli, until January 26, 2023. After obtaining a degree in Political Science from Milan University, Ms. Prada began designing for the family business, founded by her grandfather in 1913. At the end of the '70s, she formed a partnership with Patrizio Bertelli, an entrepreneur and the owner of two high quality leather goods companies. Under the direction of Ms. Prada and Mr. Bertelli, Prada has become one of the leading luxury companies worldwide. Ms. Prada has received several awards for her original vision, innovation, and contribution to international fashion. In 2000, she received an Honorary Doctorate from the Royal College of Art in London. In 2006, Ms. Prada was named Officier dans l'Ordre des Arts et des Lettres by the French Ministry of Culture. In 2015, she was granted the title of Knight of the Grand Cross, the highest Order of Merit of the Italian Republic, in recognition of her international success and contribution to the fields of creativity, fashion and style. Ms. Prada is the wife of Mr. Bertelli, Chairman of the Board, and is the mother of Mr. Lorenzo Bertelli, Executive Director.
Ms. Prada holds directorships in Prada Holding S.p.A., Bellatrix S.p.A. and Ludo S.p.A., which are substantial shareholders of the Company. Ms. Prada is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

PAOLO ZANNONI
Executive Deputy Chairman of the Board and Executive Director

ZANNONI, Paolo, aged 75, is the Executive Deputy Chairman of the Board with effect from May 11, 2023. He was first appointed as Chairman of the Board on May 27, 2021, and conferred in his executive role on June 4, 2021. He has been an international advisor at Goldman Sachs since 2019, providing advice to the firm's business across Italy and the rest of Europe. He is currently secretary of the Board of Directors of Beretta Holding S.p.A. and a Board Member of Holland & Holland Limited. He served as Chairman of the Board of Autogrill S.p.A., listed on the Italian Stock Exchange, from 2019 to January 2023, Chairman of Dolce & Gabbana Holding S.r.l. from 2007 to 2021, and Chairman of Prysmian Group S.p.A. from 2005 to 2012. Prior to this, Mr. Zannoni spent a number of years working with the Goldman Sachs investment banking franchise in Italy. He joined Goldman Sachs in 1994, was named managing director in 1997, partner in 2000 and was Chairman of the Italian investment banking business between 2000 and 2013. He also spent a period as co-chief executive officer of Goldman Sachs Russia. Prior to joining Goldman Sachs, Mr. Zannoni was a vice president at Fiat S.p.A. and a lecturer at Yale University. He continues to be an executive fellow at the Yale School of Management, an advisory board member of the International Center for Finance (ICF) and a board member of the Jackson Institute for Global Affairs. Mr. Zannoni earned an MA and an MPhil in Political Science from Yale University. He also earned a BA from the University of Bologna.
Mr. Zannoni holds directorships in subsidiaries of the Company and was appointed as Chairman of the Board of Prada Holding S.p.A. in June 2023.
Mr. Zannoni is a member of the Remuneration Committee. Save as disclosed herein, Mr. Zannoni has not held any directorship in any other listed companies in Hong Kong or abroad in the last three years.

ANDREA GUERRA
Chief Executive Officer and Executive Director

GUERRA, Andrea, aged 58, was first appointed as an Executive Director and the Chief Executive Officer of the Company on January 26, 2023, confirmed as Executive Director on April 27, 2023, and re-vested with the role of Chief Executive Officer on May 11, 2023. Prior to joining Prada, Mr. Guerra was the strategic advisor at LVMH, the Chief Executive Officer of Hospitality Excellence at LVMH Moët Hennessy Louis Vuitton SE (September 2020 to May 2022), Executive Chairman of the high-end food emporium Eataly S.p.A. (September 2015 to May 2019), Chief Executive Officer of the eyewear company Luxottica Group S.p.A. (July 2004 to September 2014), and was the Chief Executive Officer of Merloni Elettrodomestici S.p.A., now Indesit Company (2000 to 2004). Mr. Guerra obtained a degree in Business Administration from Sapienza University of Rome in 1989. From December 2014 to October 2015, he was senior strategic advisor for business, finance and industry to the Italian Government's Prime Minister. He was a member of the boards of directors of Bocconi University (November 2014 – October 2018) and Save the Children Italy, and is a shareholder of online newspaper Linkiesta. Over the years, Mr. Guerra has also been a member of the strategic committee of the Italian Strategic Fund (Fondo Strategico Italiano S.p.A.). He was a member of the board of directors of Amplifon S.p.A., and a member of the strategic committee of Ariston Thermo S.p.A., both companies listed on the Italian Stock Exchange. He held the position of director on the boards of Parmalat S.p.A. and DeA Capital S.p.A., both companies listed on the Italian Stock Exchange, and of Banca Nazionale del Lavoro S.p.A..
Save as disclosed herein, Mr. Guerra has not held any directorship in any other listed companies in Hong Kong or abroad in the last three years.
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ANDREA BONINI
Chief Financial Officer and
Executive Director

BONINI, Andrea, aged 44, has been Chief Financial Officer of the Company since May 2, 2022. He was appointed to the Board as Executive Director on November 8, 2022, and confirmed as Executive Director on April 27, 2023. He holds directorships in subsidiaries of the Company. Mr. Bonini has 19 years of experience in corporate finance and relevant experience in the luxury industry. He started his professional career in the Milan-based M&A firm Gallo & C. S.p.A. in 2003. In 2005, Mr. Bonini joined the Investment Banking Division of Goldman Sachs International, based in London, and became Managing Director in 2015. At Goldman Sachs, he was part of the Italy Coverage team until 2013 and subsequently joined the Consumer Retail Group, with responsibility for Luxury and Brands in Europe. Mr. Bonini graduated in Business Administration from Bocconi University in Milan in 2003.

Mr. Bonini is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

LORENZO BERTELLI
Executive Director

BERTELLI, Lorenzo, aged 35, joined the Board of Directors as Executive Director in May 2021. Mr. Lorenzo Bertelli has been Group Marketing Director since 2019 and was appointed the Group's Head of Corporate Social Responsibility in 2020. He is responsible both for the Group's Marketing and Communication strategy and for the Group's overall approach to sustainability. He joined the Group in 2017 as Head of Digital Communication. Lorenzo Bertelli obtained a degree in Philosophy at San Raffaele University in Milan in 2008. He is the son of Ms. Miuccia Prada Bianchi, Executive Director and Mr. Patrizio Bertelli, Chairman of the Board. Mr. Lorenzo Bertelli holds a directorship in Prada Holding S.p.A., which is a substantial shareholder of the Company, as well as directorships in subsidiaries of the Company. He is a member of the Nomination Committee and the Sustainability Committee. Mr. Bertelli is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

Independent Non-Executive Directors

YOËL ZAOUI
Lead Independent Director and
Independent Non-Executive Director

ZAOUI, Yoël, aged 63, was elected as an Independent Non-Executive Director on May 27, 2021, and appointed as Lead Independent Director on May 11, 2023. He is a co-founder of Zaoui & Co., a firm established in 2013 to advise select clients on mergers, acquisitions and other strategic and financial transactions, as well as major investment decisions. Mr. Zaoui began his investment banking career at Goldman Sachs in 1988, and, over a 24-year career at Goldman Sachs, was responsible for some of Europe's largest and most significant corporate transactions during a period of unprecedented growth. Mr. Zaoui was the first European investment banker to have joined Goldman Sachs's top governing body, the management committee, a position he held from 2008 until his retirement in 2012. Prior to Goldman Sachs, Mr. Zaoui worked at Arthur Andersen in Paris (1983 - 1986). Mr. Zaoui was educated in France and the US: he obtained a diploma from the Ecole des Hautes Etudes Commerciales (HEC, 1982), a DEA doctoral degree in Finance from Universite Paris-Dauphine (1983) and an MBA from Stanford University (1988). Mr. Zaoui continues to be actively involved with his alma maters, serving as a member of the Cercle des Grands Donateurs de la Fondation HEC. Mr. Zaoui was conferred with the Order of Muhammad by His Majesty the King of Morocco Mohamed VI.

Mr. Zaoui is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee. Mr. Zaoui is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

MARINA SYLVIA CAPROTTI
Independent Non-Executive Director

CAPROTTI, Marina Sylvia, aged 46, was elected as Independent Non-Executive Director on May 27, 2021. She has been Executive Chairwoman of Esselunga S.p.A. since 2019. Prior to this, she was a member of its Board of Directors starting from June 1998 and Vice President from 2016 to 2019. She is currently a director in the Board of Fondazione Accademia Teatro alla Scala of Milan. Ms. Marina Sylvia Caprotti obtained a degree in Law at Università Cattolica del Sacro Cuore in Milan in 2004.

Ms. Caprotti is the Chairwoman of the Remuneration Committee and a member of the Audit and Risk Committee and the Nomination Committee. Ms. Caprotti is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

MAURIZIO CEREDA
Independent Non-Executive Director

CEREDA, Maurizio, aged 60, was first appointed as Independent Non-Executive Director of the Company on April 27, 2018, and was previously a Non-Executive Director from May 2016 to April 2018. Mr. Cereda's practice focuses on providing consultancy services to entrepreneurs, family offices, companies and financial institutions. Since 2015, he has also been founding partner and board member of FIEE (Fondo Italiano per l'Efficienza Energetica) Sgr S.p.A.. Mr. Cereda obtained a degree in Business Economics from L. Bocconi University of Milan in 1989. Mr. Cereda has been serving as board member of various companies listed on the Italian Stock Exchange including NEXI S.p.A. (since December 2021), Technogym S.p.A. (since 2016), and Enervit S.p.A. (since 2007). Mr. Cereda started his career as an analyst in the equity capital markets division in Rasfin S.p.A.. He then worked for fifteen years at Mediobanca S.p.A. until his appointment as deputy general manager and head of corporate finance for large corporate clients from 2007 to 2015. From 2007 to 2014, he was a board member of Mediobanca S.p.A., and from 2006 to 2014 he was also a board member of Ansaldo STS S.p.A., both companies listed on the Italian Stock Exchange.
Mr. Cereda is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. Save as disclosed herein, Mr. Maurizio Cereda has not held any directorship in any other listed companies in Hong Kong or abroad in the last three years.

PAMELA YVONNE CULPEPPER
Independent Non-Executive Director

CULPEPPER, Pamela Yvonne, aged 59, was elected as Independent Non-Executive Director on January 28, 2022. Ms. Culpepper's former name was JORDAN, Pamela Yvonne. Ms. Culpepper joined Hanold Associates, Llc as Managing Partner of their Leadership Advisory Practice in January 2023. Ms. Culpepper was one of three co-founders of Have Her Back, Llc., a female-owned, female-led culture consultancy focused on advancing equality for all. Before that, Ms. Culpepper was the Chief Human Resources Officer at Cboe Global Markets, Inc., one of the world's largest exchange holding companies, offering cutting-edge trading and investment solutions to investors around the world. At Cboe, Ms. Culpepper served as an advisor to the executive team and Board of Directors with regard to talent management, compensation and benefits and to the acquisition, and subsequent merger, of a global exchange by Cboe. Ms. Culpepper has over 25 years of experience as an HR executive. She joined Cboe from Golin, where she was the company's Chief People Officer. Prior to her work at Golin, Ms. Culpepper held various leadership roles with PepsiCo, Inc., including Chief Global Diversity and Inclusion Officer, Vice President, Human Resources for Quaker Foods and Snacks; Vice President, Human Resources for PepsiCo's Beverages Supply Chain; and Vice President, Talent Management and Diversity for Quaker, Tropicana and Gatorade. Before PepsiCo, Ms. Culpepper held roles with McKesson Corporation, Clorox and Wells Fargo. Ms. Culpepper is a former Board Trustee of VSO International, based in the United Kingdom, and was a Board member for Navy Pier of Chicago, and in March 2023, she was appointed to Cambia Health Solutions' Board of Directors as an Independent Director. Ms. Culpepper has a B.A. in Psychology from the University of Arkansas at Little Rock and an MPA (Master of Public Administration) in Organizational Change, from California State University, Eastbay.
Ms. Culpepper is the Chairwoman of the Sustainability Committee.
Ms. Culpepper is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

ANNA MARIA RUGARLI
Independent Non-Executive Director

RUGARLI, Anna Maria, aged 51, was elected as Independent Non-Executive Director on January 28, 2022. Ms. Rugarli is the Corporate Sustainability Vice President of Japan Tobacco International, where she is responsible for developing business-integrated strategy at a global level. Ms. Rugarli has been appointed as an Independent Non-Executive Director and the Chair of the ESG Committee at ASOS plc, a company listed on the London Stock Exchange, on 26 June 2023. Ms. Rugarli is a Sustainability & CSR expert with more than twenty years' experience specializing in designing innovative programs and in developing strategies. She initiated and launched Nike's Sustainability & CSR programs in Europe, the Middle East & Africa regions and was with the company for 12 years pioneering this work at industry level. Ms. Rugarli then led VF Corporation's Circular Economy strategy at global level as well as Sustainability, Purpose, and I&D strategy at regional level for 10 years. During this time, she managed broad networks of stakeholders and cross-sector partners and led Sustainability & CSR programs integration across the business. While at VF Corporation she was a Board member and then President of European Outdoor Conservation Association for a total of seven years. Since February 2022 Ms. Rugarli has been a board member of JT International S.A.. Ms. Rugarli graduated in Political Sciences and is a certified broker in Cross-Sector Partnerships at Cambridge University.
Ms. Rugarli is member of the Sustainability Committee. Ms. Rugarli is not and has not been a director of any other listed companies in Hong Kong or abroad in the past three years.

Senior Management

Our senior management is responsible for the day-to-day management of the business of the Group.

AGOSTINI, Cristiano, aged 50, has been Group Chief Information Officer since July 2021. He is primarily responsible for overseeing worldwide Transformation and Innovation Technology of the IT Department. After earning a degree in Communication Sciences at the University of Turin, Mr. Agostini has gained many years of experience in the Information Technology sector at prestigious companies and consulting firms. He has managed complex projects of transformation and technological innovation in international contexts, first at the Telecom Italia Research Center and subsequently at Deloitte and Accenture. In 2006 he joined Accenture to cover the role of Managing Director in the Technology Strategy & Advisory area.

BERTELLI, Lorenzo, aged 35 and Executive Director of the Company, is the Group Marketing Director and the Group's Head of Corporate Social Responsibility. Please refer to the paragraph "Executive Directors" of the Directors and Senior Management section of this Annual Report for details of his bio.

BERTONCINI, Francesca, aged 53, has been Prada President and Regional Director North Central Europe since December 2023. Ms. Bertoncini is primarily responsible for overseeing the Group's operations in the United Kingdom, Ireland, Denmark, Sweden, Norway, Germany, Austria, The Netherlands and in the Czech Republic, where she covers several managerial roles at the Company's subsidiaries. She joined the Group in 2001. Until 2018, her managerial roles included product development, collection and retail merchandising. In 2018 she was appointed as Worldwide Prada Woman Shoes Collection/Retail Merchandising Director and from 2018 to 2019, she worked as Senior Vice President Global Merchandising and Product Development for Stuart Weitzman in New York.

BONINI, Andrea, aged 44 and Executive Director of the Company, is the Chief Financial Officer of the Company. Please refer to the paragraph "Executive Directors" of the Directors and Senior Management section of this Annual Report for the details of his bio.

BRINI, Giulio, aged 55, has been Hong Kong, Macau, Taiwan, South Asia, Australia, New Zealand Regional Director since July 2022. He is primarily responsible for overseeing the Group's operations in Asian countries and for the development of Prada and the Miu Miu business within the local markets. He was also appointed as Outlets Division Director in October 2017. Mr. Brini joined the Group in 1995. Before being appointed to his current position, he covered different managerial roles in the commercial and industrial area, including Prada Retail Director and Miu Miu General Manager. Mr. Brini obtained a degree in Economics and Banking from the University of Siena in 1993.

BUONCOMPAGNI, Fabrizio, aged 56, was appointed as Indirect Procurement and General Services Director in June 2023. Mr. Fabrizio Buoncompagni is primarily responsible for centrally managing the indirect procurement process in terms of negotiations, the management of contracts, the technical qualification of vendors, and the loading and monitoring of purchase orders. After obtaining a degree in Economics and Commerce from the University of Florence, he joined the Group in 1995 in the Controlling Department, becoming Industrial Controlling Director in 2002 and Organization Director in 2016.

CAROLA, Pablo, aged 56, has been Chief Corporate Officer Middle East since December 2023. Mr. Carola is primarily responsible for overseeing the Group's commercial operations in the Middle East area, where he covers several managerial roles at the Company's subsidiaries. Mr. Carola obtained a degree in Business Administration at Universidad de Politecnica de Catalunya (Spain). He joined the Group in 2011 to manage human resources of both Miu Miu and Prada stores worldwide, and from 2013 to 2017 he was Regional Director for the Iberian Peninsula and North Africa. Prior to joining the Group, he worked for almost twelve years as Human Resources Director at Louis Vuitton.

CASTELLANI, Valeria, aged 50, was appointed Security Senior Manager in June 2022. She is primarily responsible for ensuring the protection and security of the physical assets of the Group through actions aimed at preventing risks and protecting the company's physical goods. After obtaining a degree in law at the University of Bologna, Valeria Castellani has worked in government and in the private sector, both in Italy and abroad. From 2006 to 2012 she was Security Manager at Hilton Worldwide, before becoming Asset & Profit Protection Regional Manager at Burberry and then Security Manager Corporate and Retail at Bottega Veneta in 2017.

CHEN, Kate, aged 44, has been Taiwan General Manager since September 2022. She is primarily responsible for overseeing the Group's commercial operations in Taiwan and for the development of Prada and the Miu Miu business within the local market. Ms. Chen joined the Group in 2011. Before being appointed to her current position, she covered a range of different managerial roles in Retail and Merchandising for the Taiwan market.

CHOI, Moonyoung, aged 61, has been Prada Korea General Manager since 2007. She is primarily responsible for overseeing the Group's commercial operations in Korea. She started her career at Louis Vuitton, as the first Louis Vuitton Store Manager in Korea (1991 – 1999). From 1999 to 2007, Ms. Choi worked at Celine Korea, LVMH Group, first as Retail Manager and then as Country Manager for Korea.

CIABATTI, Maurizio, aged 59, was appointed Real Estate Director in 2016. Mr. Ciabatti is primarily responsible for overseeing the acquisition of new real estate and managing the organisation's real estate development portfolio, finding new potential buildings or property to develop for the Group's portfolio and to engage in contract negotiations. He joined the Group in 1989 in the Engineering Department, with managerial roles including Group Engineering Director from 2006 to 2016.

CLARK, Sophie, aged 51, has been Prada Australia General Manager since 2016. She is primarily responsible for overseeing the Group's commercial operations in Australia and New Zealand. Ms. Clark graduated from Sydney's Kincoppal-Rose Bay School and had an extensive career at the department store David Jones in Sydney (1999 – 2016), where she became General Manager Womenswear. Ms. Clark was elected as a judge for the International Woolmark Fashion Awards in Milan 2014, Beijing 2015 and New York 2016.

D'ATTIS, Gianfranco, aged 48, was appointed Prada Chief Executive Officer in January 2023. In his role, he is primarily responsible for the strategic development of the Prada brand in every market. Gianfranco D'Attis holds a bachelor's degree from Zurich Graduate School of Business Administration and completed his education by attending the Senior Executive Program at Columbia Business School in New York. During his career, Gianfranco D'Attis has held a number of senior management positions, including most recently as President for Christian Dior Americas.

DULIGA, Janet, aged 57, was appointed Chief Corporate Officer Americas in December 2023. Janet is responsible for managing corporate functions for the Americas market, liaising with the Prada and Miu Miu brands in order to provide cross-brand services. Ms. Duliga joined the Group in December 2023, with over 20 years of experience in Human Resources and in law in public and private companies. She most recently served as the Chief Administrative Officer at JOANN, Inc. and prior to that was Senior Vice President of Human Resources for Sunglass Hut & Luxury Retail, North America, a division of Luxottica. She holds a Bachelor of Arts degree in Psychology from Pomona College, a Masters of Arts degree in Clinical Psychology from Antioch University, a juris doctorate from the University of San Diego School of Law, and a doctorate in Organizational Learning from the University of Pennsylvania

HUET, Emmanuel, aged 46, has been France, Belgium, and Monte Carlo Regional Director since February 2022. He is primarily responsible for overseeing the Group's operations in France, Belgium, and Monte Carlo and for the development of Prada and the Miu Miu business within the local markets. His previous roles with Louis Vuitton, included Director of the Maison Champs Elysées and General Manager Benelux & Nordics.

MALETTO, Diego, aged 45, has been Internal Auditing Director since February 2022. He is responsible for defining and monitoring compliance with rules, procedures and processes within the Group. Mr. Maletto obtained a Master's Degree in Economics and Business from Turin University. After a career in consulting in Italy and the USA for Ernst & Young (2006 – 2017), he became Head of Internal Audit for Italy, Greece, Albania and Malta at Vodafone (2017 – 2020) and Audit Director at Autostrade per l'Italia (2020 – 2022).

MANZATTO, Denni, aged 39, was appointed Church's Chief Executive Officer in January 2022. He is responsible for overseeing Church's brand operations worldwide. Prior to this appointment, Mr. Manzatto was Group Commercial and License Director with responsibility for the commercial development of the wholesale and marketplace channels of the Prada, Miu Miu and Car Shoe brands. He directly managed the Prada wholesale channel as well as the eyewear and fragrance licenses for both Prada and Miu Miu. He was also responsible for leading Group and brand-level business development opportunities, strategic partnerships and collaborations. Mr. Manzatto obtained an Executive Master's degree in Business Administration from INSEAD and Tsinghua University in 2018. He is a Business and Management graduate of Bocconi University (2007, 2009) and Fudan University (2009), and participated in an exchange program with the Wharton School of the University of Pennsylvania (2006). Prior to joining the Group in 2013, Mr. Manzatto worked as an Associate at private equity firm Vision Capital and in the Investment Banking division of Goldman Sachs.

MARSICOLA, Alessandra, aged 64, was appointed as President and CEO Japan, Guam, Saipan and Hawaii in September 2023. She was Japan, Guam, Saipan and Hawaii Regional Director since May 2022. She is primarily responsible for overseeing the worldwide Prada retail functions and strategy of Prada, Miu Miu and Church's. Ms. Marsicola joined the Group in 1991. Before being appointed to her current position, she covered a range of different managerial roles in the commercial area, including Prada Retail Director, Regional Director North West Europe, Retail Development Director for Japan and Asia, Chief Executive Officer of Prada Fashion Commerce (Shanghai), Prada Worldwide Store Operation Director and Prada Retail Director for Prada Japan. From 2006 to 2009, she worked first as Sales Director for La Rinascente then as Asia Pacific Retail Director for Fendi.

MASSARDI, Roberto, aged 59, has been Chief Business Development Officer since May 2022. He is primarily responsible for the Group's strategic development through the assessment of new business opportunities. He is also responsible for managing the Group's eyewear and fragrances licenses. After obtaining a degree in Business Economics from Bocconi University in Milan, Mr. Massardi covered several roles within the Pirelli Group. In 1996 he joined the Prada Group as Business Development Director and later as General Director for Jil Sander. In 2005 he joined Sportswear Company S.p.A. (Stone Island) as General Manager.

MENICATTI, Andrea, aged 34, was appointed as General Manager for the Marchesi Brand in February 2023. Mr. Menicatti has held managerial positions in Italy, the USA and in the Middle East for The Boston Consulting Group, developing growth strategies and implementing transformation programs for companies in the Food and Fashion sectors. He began his professional career at JPMorgan and the DeA Capital group's Taste of Italy investment fund.

PETRUZZO, Benedetta, aged 38, was appointed as Miu Miu Chief Executive Officer in March 2023. In her role, she is primarily responsible for the strategic development of the Miu Miu brand globally. She joined the Prada Group in February 2020 as Miu Miu General Manager. Before joining the Prada Group, she was Executive Vice President for North America at Kering Eyewear, where she worked for five years in a range of management positions. After obtaining a degree in Business Administration and a Master of Science in Management at Bocconi University, she started her career in finance before joining management consulting firm Bain & Company, where she worked for several years in the retail and luxury sector.

SANTAMARIA MAURIZIO, Rosa, aged 50, was appointed as Chief People Officer Prada Group in September 2023. She is responsible for taking an active part in the Group's culture and organisational evolution and for the development of the Human Resources role within the Group. Before joining the Group, she obtained a degree in Engineering from Sapienza University in Rome and gained experience as a Human Resources Officer at Valentino. She worked in HR at American Express for 14 years in a number of senior roles, most recently as Chief Human Resources Officer Italy, Spain, Nordics, Netherlands, Belgium and Turkey. Her professional experience began at Ernst & Young and continued at multinational pharmaceutical company Bristol Myers Squibb.

SCAPECCHI, Andrea, aged 52, was appointed Retail Architecture Director in December 2022. Mr. Scapecchi is responsible for leading the executive signoff of final store plans for new store openings and for capital projects in existing stores, working closely with the Real Estate Director. Mr. Scapecchi obtained a degree in Mechanical Engineering from the University of Florence. He joined the Group in 1998. His previous managerial roles in the

Engineering Area included Worldwide Engineering Director, Asia Pacific Business Development Director in Hong Kong, and Engineering Retail Director.

SECONDARI, Francesca, aged 46, was appointed as General Counsel and Chief Legal Officer Prada Group in May 2023. Ms. Secondari graduated in Law from Università di Perugia and she holds an Executive MBA from the American University in Cairo. She has been a qualified lawyer in Italy since 2005. Ms. Secondari trained at Studio Legale BonelliErede, of which she became equity partner in 2019. She has experience in M&A and extraordinary finance, and in corporate governance with an ESG focus. She has also directly managed significant transactions in the luxury sector. For the past seven years, she has been based at BonelliErede's Cairo office, as head of business development activities in Africa and the Middle East.

SIMONS, Raf, aged 56, was appointed as Prada Co-Creative Director in April 2020, working in partnership with Miuccia Prada Bianchi. Mr. Simons launched his own menswear label in 1995. He was creative director at Jil Sander from 2005 to 2012, at Christian Dior from 2012 to 2015, and at Calvin Klein from 2016 to 2018. He contributes to the brand image, to the conception, preparation and development of Prada brand products, and in the development of creative strategies for marketing, advertising and branding campaigns. Mr. Simons graduated in Industrial Design at SHIVKV in Genk in 1991.

VIGNOLO LUTATI, Ugo Camillo Lodovico Maria, aged 45, was appointed as Chief Information Security Officer in April 2023. Mr. Vignolo Lutati is responsible for ensuring the integrity, availability and confidentiality of information in accordance with the Prada Group's business needs and information security policies. Mr. Vignolo Lutati is an ex-partner of a leading professional services company, with experience covering managerial and international roles, mainly in the area of governance and risk management in both IT and Finance.

WANG, Chen-Chen, aged 51, has been China General Manager since 2019. She is primarily responsible for overseeing the Group's commercial operations in China, where she covers several managerial roles at the Company's subsidiaries. She joined the Group in 2015 as Miu Miu Retail Director. Ms. Wang obtained a Master's Degree in Science from Auburn University. She started her career at Guilford Mills New York (1997 - 2000) before working at SilverStream Software New York (2000 - 2002). Most recently, she was Merchandising Director at Christian Dior China (2007 - 2015).

ZENKOVSKAYA, Vera, aged 47, has been Russian area Regional Director since 2013. Ms. Zenkovskaya is primarily responsible for overseeing the Group operations in Russia and Kazakhstan, where she covers several managerial roles at the Company's subsidiaries. Ms. Zenkovskaya obtained a Foreign Languages Degree at the Language University of Kazakhstan. Prior to joining the Group in 2011 as Russia Country Manager, she worked within the beauty sector (L'Oréal, Temtrade) in marketing and retail. From 2006 to 2011, she worked in managerial roles for Louis Vuitton in Russia and Ukraine

None of the Group's senior management listed above is or has been a director of any listed companies in Hong Kong or abroad, other than the Company, in the past three years.

Company Secretary

TONG, Pui Ting Wendy, aged 39, first joined the Company as Asia Corporate Affairs Counsel in January 2013 and was appointed as Asia Pacific Corporate Affairs Counsel and Company Secretary on December 31, 2023. Since joining she has been involved in managing the corporate secretarial and other corporate matters, listing rules compliance, and data privacy matters in the Asia Pacific region. Prior to joining the Company, she worked as an associate in the corporate department of Slaughter and May, Hong Kong. She was admitted as a solicitor of Hong Kong by the High Court of Hong Kong in 2011. Ms. Tong graduated from the University of New South Wales in Sydney with a Bachelor of Commerce and Law degree with Distinction in 2007 and obtained the Postgraduate Certificate in Laws with Distinction from the University of Hong Kong in 2008.

CHAPTER 5

Directors' Report

Principal activities and business review

Prada S.p.A. (the "Company"), together with its subsidiaries (the "Group"), is a leading global luxury group active in the design, production and distribution of high-end leather goods, footwear, ready-to-wear, accessories, and jewelry. It also operates, under licensing agreements, in the eyewear and beauty sectors, as well as in the food and beverage sector. Through its Directly Operated Stores network, e-commerce channels and selected e-tailers, franchise stores, and a selected number of luxury department stores and independent retailers, the Group operates in all major international markets worldwide.

The Company is a joint-stock company with limited liability, incorporated and domiciled in Italy. Its registered office is at Via Antonio Fogazzaro 28, 20135 Milan (MI), Italy.

Further discussion and analysis of these activities, as required by section 388(2) and Schedule 5 to the Hong Kong Companies Ordinance, including a review of the business of the Company, a discussion and analysis of the Group's performance during the year ended December 31, 2023 (the "2023 Year"), and the material factors underlying its economic results and financial position, a description of the risks and uncertainties facing the Group, and the future development of the business of the Company, are set out in the Financial Review section of this annual report. Details of material events affecting the Group that have occurred since the end of the reporting period are set out in Note 44 to the 2023 Year Group's consolidated financial statements (the "Consolidated Financial Statement"). These discussions form part of this directors' report (the "Directors' Report").

Compliance with the relevant laws and regulations

The Group has adopted specific compliance procedures aimed at ensuring compliance with all applicable laws, rules, and regulations, in particular those that have a significant impact at a worldwide level, as the Group's products are distributed and sold across more than 70 countries.
A detailed analysis of the legal and regulatory risks to which the Group is exposed is set out in the paragraph headed "Legal and regulatory risks" of the Financial Review section of this Annual Report, which forms part of this Directors' Report.

Environmental policies and performance

The Group aims to enhance value creation for its stakeholders by combining economic profitability with employee and customer satisfaction, respecting ethical and environmental values, and ensuring sustainability.
Environmental protection is one of the main drivers of the Group, which is being engaged in implementing and enforcing virtuous behaviors that contribute to its sustainable growth.

Commitment to environmental protection is a key element of the Code of Ethics, which was updated in July 2022, applied both within the Group's organisation, by implementing staff awareness, and to the third parties working with the Group.

An analysis of the Group's environmental policies and performance, as well as of the relationships with the key stakeholders (employees, customers, suppliers and shareholders), will be included in the Group's Sustainability Report, which will be published at the same time of this Annual Report.
Further information on the environmental policies and performance of the Group is also set out in "The Prada Group" section to this Annual Report.

Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders, such as employees, customers, suppliers, and shareholders.

Employees

The Group is built on people. The Group has always considered human capital to be the key to its competitive edge and it makes every effort to promote and reward professional skills and teamwork, with an emphasis on results. The employees' enthusiasm, craft skills and intellectual curiosity are the indispensable elements that underpin the innovation and quality of the Group's products. The Company searches for people that can combine these outstanding qualities with the values of the Group.

As of December 31, 2023 the Group had 14,876 employees (headcount), 40% of whom are in Italy, with women representing 63% of the total workforce.

The Group's remuneration policy aims to attract, reward and retain skilled personnel and expert managers, while bringing the interests of the management in line with the primary objective of creating value for the shareholders over the medium and long term.

Further analysis on the value of human resources of the Group is set out in the "The Prada Group" section to this Annual Report, while further analysis on the remuneration policy of the Group is set out in the "Corporate Governance" section of this Annual Report, both of which form part of this Directors' Report.

Customers

The Group is globally recognized as a trend-setter in the fashion industry.

The distinctive features and the prestige of the Group place the Group in a position to offer customers worldwide unique products, characterized by creativity, quality, and identity. In addition, the Group believes that effective communication with customers is crucial to build and convey an image of strong and consistent brand identity.

The result of the Group's approach to its customers is the unique relationship between each customer and the Group's brands, its products and its stores.

Suppliers

The Group regards its relationship with its suppliers, built through years of day-to-day collaboration and directed towards continuous improvement, as fundamental to its success. The Group has a wide range of raw materials suppliers and external manufacturers. About 92% of them are located in the European Union, the vast majority of which are in Italy.
The Group requires that its suppliers act responsibly, and that each of them undertakes and acknowledges the Group's Code of Ethics, which sets forth the inalienable rights of employees, such as proper working conditions, equal opportunities, freedom of association, health insurance coverage, and protection of the environment in the collection of materials and during the production processes.

In order to achieve the highest quality standards, the Group has put in place procedures for the selection and retention of its suppliers, with the aim of establishing long-term business relationships. The Group audits suppliers and their sub-contractors to ensure their practices are compliant with the Code of Ethics.

Shareholders

One of the main corporate goals of the Group is to enhance shareholders' value through appreciation in the share price and by granting dividends payouts, taking into account, among other factors, the liquidity position and business expansion needs of the Group. Details of the Group's communication with its shareholders are set out in the "Corporate Governance" section of this Annual Report, which forms part of this Directors' Report.

Results and dividends

The results of the Group for the 2023 Year are set out in the Consolidated Statement of Profit and Loss.

The Board recommends the distribution of final dividends of Euro 350,558,888 (Euro 0.137 per share) for the 2023 Year.

The final dividends will be subject to the shareholders' approval at the forthcoming shareholders' general meeting of the Company to be held on Wednesday, April 24, 2024.
Subject to the shareholders' approval of the recommended final dividends, such dividend will be paid on Friday, May 17, 2024.

The final dividend will be paid to the shareholders recorded on the Company's shareholders register on Thursday, May 2, 2024 only, net of Italian withholding tax, where applicable. The current rate of Italian withholding tax applied to applicable dividend payments is equal to 26%.

Five-year financial summary

The five-year financial summary of the Group is set out in Note 41 to the Consolidated Financial Statements.

Reserves

Details of the movements in the reserves of both the Group and the Company during the 2023 Year are set out in the Consolidated Statement of Changes in Shareholders' Equity and in the Statement of Changes in the Company's Equity.

Distributable reserves

As at December 31, 2023, the Company's reserves available for distribution to the shareholders in accordance with the Company's by-laws amounted to Euro 1,951.7 million.

Property, plant and equipment

Details of the movements in the property, plant, and equipment of the Group during the 2023 Year are set out in Note 15 to the Consolidated Financial Statements.

Donation

Donations by the Group mainly related to charities amounted to Euro 6,291,054 (2022: Euro 3,959,250).

Pre-emptive rights

The Company's by-laws do not provide for shareholders' pre-emptive rights.

Purchase, sale or redemption of the Company's listed securities

During the 2023 Year, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities.

Capital gains tax in Italy

Capital gains realized from the sale of securities in an Italian company by shareholders resident in Hong Kong are not subject to taxation in Italy.

Subsidiaries

Details of the Company's subsidiaries as at December 31, 2023, are set out in Note 42 to the Consolidated Financial Statements.

Directors

The current Directors of the Company as of the date of this Directors' Report are:

Executive Directors
Mr. Patrizio BERTELLI (former Co-Chief Executive Officer until January 26, 2023, re-elected as Executive Director on May 27, 2021, and appointed as Chairman of the Board on April 27, 2023)
Mr. Paolo ZANNONI (former Chairman of the Board until April 27, 2023, elected as Executive Director on May 27, 2021, and appointed as Executive Deputy Chairman of the Board on May 11, 2023)
Mr. Andrea GUERRA (first appointed as Chief Executive Officer and Executive Director on January 26, 2023, confirmed as Executive Director on April 27, 2023, and re-appointed as Chief Executive Officer on May 11, 2023)
Ms. Miuccia PRADA BIANCHI (former Co-Chief Executive Officer until January 26, 2023, re-elected as Executive Director on May 27, 2021)
Mr. Andrea BONINI (Chief Financial Officer, first appointed as Executive Director on November 8, 2022 and confirmed as Executive Director on April 27, 2023)
Mr. Lorenzo BERTELLI (elected as Executive Director on May 27, 2021)

Independent Non-Executive Directors
Mr. Yoël ZAOUI (elected as Independent Non-Executive Director on May 27, 2021, and appointed as Lead Independent Director on May 11, 2023)
Ms. Marina Sylvia CAPROTTI (elected as Independent Non-Executive Director on May 27, 2021)
Mr. Maurizio CEREDA (re-elected as Independent Non-Executive Director on May 27, 2021)
Ms. Pamela Yvonne CULPEPPER (elected as Independent Non-Executive Director on January 28, 2022)
Ms. Anna Maria RUGARLI (elected as Independent Non-Executive Director on January 28, 2022)

Resigned Directors
The only Director who has resigned since the beginning of the 2023 Year and up to the date of this Directors' Report is:
Mr. Stefano SIMONTACCHI (former Non-Executive Director, resigned on January 26, 2023)

Biographical information of Directors

A brief biography of each current Director is set out in the "Directors and Senior Management" section of this Annual Report.

Directors' permitted indemnity

There is no permitted indemnity provision in any contract entered into by the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, the "SFO") that is or was in force during the 2023 Year and until the date when this directors' report is approved by the Board, which is required to be disclosed under section 470 of the Hong Kong Companies Ordinance.

Management contract

No contract, other than employment contracts and directors' service contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into, or was effective, during the 2023 Year.

Directors' service contracts

As disclosed in the announcement published on the websites of both The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company, Mr. Andrea Guerra's employment agreement with the Company executed on January 16, 2023 (the "Employment Agreement") provided that, in case of termination of such Employment Agreement by either Mr. Guerra or by the Company within the first 12 months (i.e., before January 16, 2024), there was a reciprocal penalty of 24 months of his salary plus discretionary bonus (if any).
Since the Employment Agreement contained an express term which provided that, in order to entitle the Company to terminate the Employment Agreement, the Company could have been required to pay compensation or make other payments equivalent to more than one year's emoluments, the Employment Agreement required the approval of the shareholders, which was obtained at the annual general meeting of the Company on April 27, 2023, pursuant to Rule 13.68 of the Listing Rules.
Other than the above, none of the Directors of the Company has a service contract with any member of the Group that cannot be terminated within one year without payment of compensation, other than statutory compensation.

Directors' interests in competing business

During the 2023 Year, none of the Directors of the Company held any interest in a business that competes, or is likely to compete, directly or indirectly, with the business of the Company or the Group.

Directors' interests and short positions in securities

As at December 31, 2023, the Directors and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix C3 (formerly known as "Appendix 10") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

(a) Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares	Nature of Interest	Approximate percentage of Issued Capital
Ms. Miuccia Prada Bianchi	2,046,470,760 (Notes 1 and 2)	Interest of Controlled corporation	80%
Mr. Patrizio Bertelli	2,046,470,760 (Notes 1 and 3)	Interest of Controlled corporation	80%

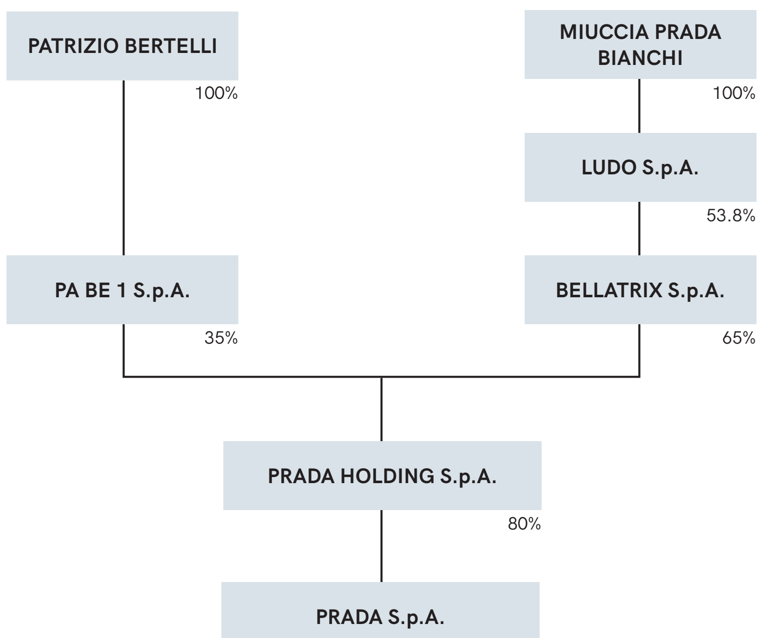
Notes:

1. Prada Holding S.p.A. owns approximately 80% of the issued capital in the Company and, therefore, is the holding company of the Company.
2. Ms. Miuccia Prada Bianchi controls, indirectly through Ludo S.p.A., 53.8% (comprised of 438,460 ordinary shares and 100,000 preference shares) of the capital in Bellatrix S.p.A., which in turn owns 65% (comprised of 1,650 ordinary shares and 300 preference shares) of the capital in Prada Holding S.p.A.. Ms. Miuccia Prada Bianchi is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada

Holding S.p.A.. Ms. Miuccia Prada Bianchi is also a director of Prada Holding S.p.A., Bellatrix S.p.A. and Ludo S.p.A..

3. Mr. Patrizio Bertelli controls, indirectly through PA BE 1 S.p.A. ("PA BE"), 35% (comprised of 750 ordinary shares and 300 preference shares) of the capital in Prada Holding S.p.A.. Mr. Patrizio Bertelli is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding S.p.A.. Mr. Patrizio Bertelli is also a director of PA BE.

The simplified shareholding chart below illustrates the interests of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli in the shares of the Company as at December 31, 2023:



(b) Long positions in shares and underlying shares of associated corporations:

Name of Director	Name of associated corporations	Class of shares	Number of Shares	Nature of interest	Approximate percentage of interests
Ms. Miuccia Prada Bianchi	Prada Holding S.p.A.	Ordinary Shares	1,650	Controlled Corporation	68.75%
	Prada Holding S.p.A.	Preference Shares	300	As above	50%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	Bellatrix S.p.A.	Ordinary Shares	438,460	As above	49.83%
	Bellatrix S.p.A.	Preference Shares	100,000	As above	83.34%
	Ludo S.p.A.	Class A shares	5,066,000	Beneficial Owner	100%
	Ludo S.p.A.	Class B shares	4,965,100	Beneficial Owner	100%
	Ludo S.p.A.	Class C shares	10	Ownership	100%
	PH-RE LLC	Capital Contribution (JPY)	1,000,000	Controlled Corporation	100%
	Prada Re S.r.l.	Participation Quota (Euro)	2	As above	100%
	FINANZIARIA E DI PARTECIPA-ZIONI S.A.S. DI PRADA RE S.R.L.	Limited Partnership	0	As above	80%
	Immobiliare Rivalsa S.p.A.	Ordinary shares	104,000	As above	100%
	Prada RE Holding USA, LLC	Membership interest	0	As above	100%
	720 Fifth USA, LLC	Membership interest	0	As above	100%
Mr. Patrizio Bertelli	Prada Holding S.p.A.	Ordinary Shares	750	Controlled Corporation	31.25%
	Prada Holding S.p.A.	Preference Shares	300	As above	50%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	PH-RE LLC	Capital Contribution (JPY)	1,000,000	As above	100%
	Prada Re S.r.l.	Participation Quota (Euro)	2	As above	100%
	FINANZIARIA E DI PARTECIPA-ZIONI S.A.S. DI PRADA RE S.R.L.	Limited Partnership	0	As above	80%
	IMMOBILIARE RIVALSA S.p.A.	Ordinary shares	104,000	As above	100%
	Prada RE Holding USA, LLC	Membership interest	0	As above	100%
	720 Fifth USA, LLC	Membership interest	0	As above	100%

Save as disclosed above, as of December 31, 2023, none of the Directors of the Company or their associates had any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

Substantial shareholders' interests and short positions in securities

As of December 31, 2023, other than the interests of the Directors of the Company as disclosed above, the following persons held interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of Issued Capital
Long Positions			
Prada Holding S.p.A.	Legal and beneficial owner	2,046,470,760	80%
Bellatrix S.p.A.	Interest of controlled corporation	2,046,470,760	80%
Ludo S.p.A.	Interest of controlled corporation	2,046,470,760	80%
PA BE 1 S.p.A.	Interest of controlled corporation	2,046,470,760	80%

Note:
Prada Holding S.p.A. owns approximately 80% of the issued capital in the Company. As Ludo S.p.A. owns 53.8% of Bellatrix S.p.A., which in turn owns 65% of Prada Holding S.p.A. and PA BE 1 S.p.A. owns 35% of Prada Holding S.p.A., Bellatrix S.p.A., Ludo S.p.A. and PA BE 1 S.p.A. are all deemed to be interested in the 2,046,470,760 shares of the Company held by Prada Holding S.p.A..

Share capital

Details of the share capital of the Company during the 2023 Year are set out in the Consolidated Statement of Changes in Shareholders' Equity and Note 30 to the Consolidated Financial Statements.

Directors' interests in transactions, arrangements and contracts

Save for those contracts disclosed under the section on Continuing Connected Transactions below, and in Consolidated Financial Statements Note 40, Related Parties Transactions, and Note 39, Remuneration of the Board of Directors, no transaction, arrangement, or contract of significance to the Group's business was entered into or subsisted at any time during the 2023 Year in which the direct or indirect interest of a Director, or an entity connected with a Director, was material.

During the 2023 Year, there were no arrangements to which the Company, or any of the Company's subsidiaries or holding companies or a subsidiary of any of the Company's holding companies is a party, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company.

Directors' waiver on emoluments

Mr. Lorenzo Bertelli waived Euro 50,000 in respect of his fees as a Director and Euro 3,333.32 in respect of his fees as a member of the Nomination Committee for the period from January 1, 2023 to April 30, 2023, and Euro 10,000 for the period from May 1, 2023 to December 31, 2023, and Euro 30,000 in respect of his fees as a member of Sustainability Committee for the period from January 1, 2023 to December 31, 2023.

Under the Employment Agreement, Mr. Andrea Guerra waived Euro 50,000 in respect of his fee as a Director.

Mr. Andrea Bonini waived Euro 50,000 in respect of his fee as a Director.

Issuance of debt securities

Neither the Company, nor any members of the Group, issued any debt securities during the 2023 Year.

Continuing connected transactions

During the 2023 Year, the Group had the following non-exempt continuing connected transactions, details of which were disclosed in the Company's announcements dated July 15, 2015, and May 26, 2017, respectively:

(a) Lease Agreement and Guarantee for Prada Aoyama Building in Japan
On July 15, 2015, PH-RE llc purchased a building in Minami-Aoyama, Tokyo, Japan (the "Aoyama Building"). Prada Japan Co. Ltd ("Prada Japan"), a wholly owned subsidiary of the Company, has been leasing the Aoyama Building for use as its flagship store in Tokyo since 2004.

On May 25, 2015, Prada Japan, as lessee, and the former lessor, renewed the lease of the Aoyama Building by entering into a lease agreement for a term of 20 years (the "Lease Agreement"). On the same date, the Company granted a guarantee in favour of the former lessor to guarantee the full compliance by Prada Japan with all its obligations under the Lease Agreement (the "Guarantee").

As a result of the purchase of the Aoyama Building, PH-RE llc, a connected person of the Company, has become the lessor under the Lease Agreement and the beneficiary of the Guarantee granted by the Company in favour of the former lessor. Accordingly, the Lease Agreement and the Guarantee, which were continuing transactions of the Group, have become continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

On April 28, 2017, PH-RE llc, which was previously a wholly owned subsidiary of PA BE 1 S.p.A. (formerly known as "PA BE 1 S.r.l."), became a wholly owned subsidiary of Prada Holding S.p.A., a substantial shareholder of the Company. Both Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli – Executive Directors and substantial shareholders (as defined in the Listing Rules) of the Company – are indirect shareholders of Prada Holding S.p.A..

As a consequence of this transaction, the Lease Agreement and the Guarantee remained as subsequent continuing connected transaction of the Group with no variation of their terms.

The annual cap for the 2023 Year for the rent paid to PH-RE llc, or accrued by the Company in accordance with applicable accounting rules, under the Lease Agreement and the Guarantee was JPY 2,040,703,000, as disclosed in the Company's announcement dated May 26, 2017.

(b) Lease Agreement and Guarantee for Miu Miu Aoyama Building in Japan
On May 26, 2017, PH-RE llc purchased a building in Minami-Aoyama, Tokyo, Japan (the "MM Aoyama Building"). Prada Japan has been leasing the MM Aoyama Building for use as flagship store for the Miu Miu brand in Tokyo since 2015 under a lease agreement entered into with the former owner of the MM Aoyama Building (the "MM Lease Agreement"). In the context of the MM Lease Agreement, the Company granted a guarantee in favour of the former owner to guarantee the full compliance by Prada Japan with of all its obligations under the MM Lease Agreement (the "MM Guarantee").

As a result of the purchase of the MM Aoyama Building, PH-RE llc has become the lessor under the MM Lease Agreement and the beneficiary of the MM Guarantee granted by the Company in favour of the former owner.
PH-RE llc is a wholly owned subsidiary of Prada Holding S.p.A., a substantial shareholder (as defined in the Listing Rules) of the Company. Both Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli - Executive Directors and substantial shareholders (as defined in the Listing Rules) of the Company – are indirect shareholders of Prada Holding S.p.A..

In this context, the MM Lease Agreement and the MM Guarantee, being continuing transactions of the Group, have become subsequent continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

The annual cap for the 2023 Year for the rent paid to PH-RE llc, or accrued by the Company in accordance with applicable accounting rules, under the MM Lease Agreement and the MM Guarantee was JPY 630,000,000, as disclosed in the Company's announcement dated May 26, 2017.

Below is a table setting out the aggregate value for each of the non-exempt continuing connected transactions for the 2023 Year:

	Continuing Connected Transaction ("CCT")	Accounting adjustment to the CCT following the application of IAS 1 "Presentation of Financial Statements"	Impact on the profit or loss for the year ended December 31, 2023
(a) Lease Agreement and Guarantee for Prada Aoyama Building	Japanese Yen million	Japanese Yen million	Japanese Yen million
Depreciation of the right of use assets and interest expenses on lease liability	2,040.7	72.4	2,113.1
(b) Lease Agreement and Guarantee for Miu Miu Aoyama Building	Japanese Yen million	Japanese Yen million	Japanese Yen million
Depreciation of the right of use assets and interest expenses on lease liability	630	(22.3)	607.7

The Independent Non-Executive Directors have reviewed the above non-exempt continuing connected transactions and confirmed that these have been entered into:
(i) in the ordinary and usual course of business of the Group;
(ii) on normal commercial terms or better; and
(iii) according to the agreements governing them, on terms that are fair and reasonable, and in the interests of the shareholders of the Company as a whole.

The Directors of the Company have engaged the External Auditor to review the above non-exempt continuing connected transactions. Based on the work performed, the External Auditor has provided a letter to the Directors of the Company to confirm that nothing has come to its attention causing them to believe that the continuing connected transactions:
(i) have not been approved by the Company's Board of Directors;
(ii) were not, in all material respects, in accordance with the pricing policies of the Group, if the transaction involved the provision of goods or services by the Group;
(iii) were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and;
(iv) have exceeded the relevant annual cap.

Save as disclosed above, none of the transactions disclosed as related party transaction in Note 40 to the Consolidated Financial Statements is a connected transaction or continuing connected transaction, which is subject to the reporting or disclosure requirements under the Listing Rules. The Company has complied with the disclosure requirements governing "connected transactions" or "continuing connected transactions" in accordance with Chapter 14A of the Listing Rules.

Bank loans and other borrowings

Details of the Group's bank loans and other borrowings as at December 31, 2023 are set out in Notes 21 and 26 to the Consolidated Financial Statements.

Major customers and suppliers

The nature of the Group's activities is such that the percentage of sales or purchases attributable to the Group's five largest customers or suppliers is less than 30% of the total sales or purchases, and the Directors do not consider any customer or supplier to have an influence on the Group.

Retirement benefit schemes

Details of the retirement benefit schemes of the Group are set out in Note 27 to the Consolidated Financial Statements.

Model Code for securities transactions

The Company has adopted the Model Code. Having made specific enquiries to all Directors, all of them have confirmed that they have complied with the standard set out in the Model Code throughout the 2023 Year.

Events after the reporting period – if applicable

Details of significant events occurring after the reporting date - if any - are set out in Note 44 to the Consolidated Financial Statements.

Commitments and contingencies

Details of capital commitments and contingent liabilities of the Group as at December 31, 2023 are set out in Note 28 to the Consolidated Financial Statements.

Sufficiency of public float

At the time the Company was listed, the Stock Exchange granted a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "Public Float Waiver"). Pursuant to the Public Float Waiver, the Company must at all times maintain a minimum public float of 20%. Based on the information available to the Company and within the knowledge of the Directors, the Company has maintained such minimum public float as at the date of this annual report.

Directors' responsibilities for the Consolidated financial statements

The Directors are responsible for the preparation of the Consolidated Financial Statements for the year ended December 31, 2023, to ensure such Consolidated Financial Statements give a true and fair view of the state of affairs of the Group. In preparing these Consolidated Financial Statements, the Directors have selected suitable accounting policies, made judgments and estimates that are prudent and reasonable, and prepared the Consolidated Financial Statements on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union. The Directors are responsible for keeping proper accounting records for safeguarding the assets of the Company and the Group.

External Auditor

The Consolidated Financial Statements and the Separate financial statements of the Company are audited by Deloitte & Touche S.p.A. Under Italian company law, the external auditor is appointed and its remuneration is resolved every three years by the shareholders' general meeting of the Company, on the basis of a proposal made by the Board of statutory auditors.

On April 13, 2012, the Stock Exchange granted to the Company a waiver from strict compliance with Rule 13.88 of the Listing Rules, which requires the appointment of an external auditor at each annual general meeting to hold office until the next annual general meeting. Therefore, the Company's external auditor is appointed, and its remuneration is determined, every three years at the shareholders' general meeting of the Company under the applicable Italian laws.

On March 14, 2022, the Board resolved, in accordance with the recommendations received from the Board of statutory auditors and the Audit and Risk Committee, to propose a resolution at the shareholders' general meeting of the Company on April 28, 2022 (the "2022 AGM") to reappoint Deloitte & Touche S.p.A. as the External Auditor of the Company for a term of three financial years ending December 31, 2024, and to fix its remuneration.

At the 2022 AGM, it was resolved to appoint Deloitte & Touche S.p.A. as the External Auditor of the Company for a term of three financial years. Accordingly, the External Auditor's mandate will expire at the shareholders' general meeting to be convened for the approval of the financial statements of the Company for the year ending December 31, 2024.

By order of the Board

Paolo Zannoni
Executive Deputy Chairman

March 7, 2024

CHAPTER 6

Corporate Governance

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, 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 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 with the principles set out in the Corporate Governance Code (the "Code") in Appendix C1 (formerly known as "Appendix 14") of the Listing Rules.

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and it is satisfied that such practices have complied with the code provisions set out in the Code, for the year ended December 31, 2023 (the "2023 Year"). This Corporate Governance Section of the Annual Report summarizes how the Company applied the principles and implemented the code provisions contained in the Code for the 2023 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 enquiries 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 2023 Year. There were no incidents of non-compliance during the 2023 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.

Directors' interests as at December 31, 2023, in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code contained in Appendix C3 of the Listing Rules, are set out in the Directors' Report.

Board of Directors

A. Board Composition
The Board is currently made up of eleven Directors – six Executive Directors and five Independent Non-Executive Directors. The Board has an appropriate mix of skills and experience that is relevant to the Company's strategy, governance and business, and underpins its management effectiveness and efficiency. Its approach to achieving diversity is set out in the Board Diversity Policy, which is discussed in more detail in the paragraph headed Nomination Committee. Currently female representation at Board level is about 36%. Gender diversity at workforce levels is disclosed in the Annual Report and gender diversity (including Senior Management) is disclosed in the Sustainability Report. The Board believes that diversity should not be limited to gender.

The table below shows the structure, skill sets, expertise, and competencies of the Board:

					Committees				Skills and Expertise				
Directors	Age	Gender	Ethnicity *	ED / INED	Audit and Risk	Remuneration	Nomination	Sustainability	Business Management	Strategic Planning & Risk Management	Financial Reporting / Banking	Legal / ESG	Related Industry Knowledge / Experience
Mr. Patrizio BERTELLI (Chairman of the Board)	77	M	I	ED					x	x			x
Mr. Paolo ZANNONI (Executive Deputy Chairman of the Board)	75	M	I	ED		x			x	x	x		x
Mr. Andrea GUERRA (Chief Executive Officer)	58	M	I	ED					x	x			x
Ms. Miuccia PRADA BIANCHI	75	F	I	ED					x	x			x
Mr. Andrea BONINI (Chief Financial Officer)	44	M	I	ED					x	x	x		x
Mr. Lorenzo BERTELLI	35	M	I	ED			x	x	x	x		x	x
Mr. Yoël ZAOUI (Lead Independent Director)	63	M	NI	INED	x	x			x	x	x		x
Ms. Marina Sylvia CAPROTTI	46	F	I	INED	x	x	x		x	x		x	x
Mr. Maurizio CEREDA	60	M	I	INED	x		x		x	x	x		x
Ms. Pamela Yvonne CULPEPPER	59	F	NI	INED				x	x	x		x	x
Ms. Anna Maria RUGARLI	51	F	I	INED				x	x	x		x	x

* I refers to Italian and NI refers to Non-Italian

Biographical details of the Directors and their relationships, where applicable, are set out in the Directors and Senior Management section of the Annual Report. The Company has maintained both on its own website and on the website of the Stock Exchange an updated list of its Directors, identifying their respective roles and functions.

B. Board Meetings

During the 2023 Year, the Board held six meetings to discuss the Group's overall corporate strategic direction and objectives, assess its operational and financial performance (including the annual budget and the annual, interim and quarterly results), and approve the Group's main investments, corporate reorganisation plans and intragroup mergers, extraordinary transactions, appointment of the new Chief Executive Officer, the Executive Deputy Chairman and the Leading Independent Director, granting of powers to the Executive Directors, remuneration of Directors and Board Committees members, amendments to By-laws, adoption and updating of Group policies, approval of the 2023 Year Audit Plan and the Sustainability Report, and the acquisition of a building in New York (USA). The average attendance rate of the Directors for these six meetings (all held through electronic means) was 83.33%.

Minutes of the Board meetings are kept by the Corporate Affairs Department. Minutes of the Board meetings and all Board Committees meetings are sent to the relevant Directors and are available for inspection by any Director by giving reasonable notice to the Company.

C. Board Attendance

The details of attendance at Board meetings, Board Committees meetings and shareholders' general meeting held during the 2023 Year are set out in the following table:

Directors	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Sustainability Committee	Shareholders' Meeting
Executive Directors						
Mr. Patrizio BERTELLI (Chairman) [1]	6/6					0/1
Mr. Paolo ZANNONI (Executive Deputy Chairman) [2]	6/6		3/3			1/1
Mr. Andrea GUERRA (Chief Executive Officer) [3]	5/5					1/1
Ms. Miuccia PRADA BIANCHI [4]	1/6					0/1
Mr. Andrea BONINI (Chief Financial Officer)	6/6					1/1
Mr. Lorenzo BERTELLI [5]	5/6			2/2	2/2	0/1
Non-Executive Director						
Mr. Stefano SIMONTACCHI [6]	0/1					
Independent Non-Executive Directors						
Mr. Yoël ZAOUI (Lead Independent Director) [7]	5/6	6/6	3/3			0/1
Ms. Marina Sylvia CAPROTTI [8]	4/6	5/6	3/3	2/2		0/1
Mr. Maurizio CEREDA [9]	5/6	6/6		2/2		1/1
Ms. Pamela Yvonne CULPEPPER [10]	6/6				2/2	1/1
Ms. Anna Maria RUGARLI [11]	6/6				2/2	1/1
Statutory Auditors						
Mr. Antonino PARISI (Chairman)	6/6					0/1
Mr. Roberto SPADA	6/6					1/1
Mr. David TERRACINA	5/6					1/1
Dates of the Meetings	Jan 26, 2023	Jan 25, 2023	Jan 25, 2023	Jan 18, 2023	Mar 2, 2023	Apr 27, 2023
	Mar 9, 2023	Feb 27, 2023	Mar 6, 2023	Mar 1, 2023	Jul 12, 2023	
	May 11, 2023	Mar 8, 2023	Oct 20,2023			
	Jul 27, 2023	May 8, 2023				
	Oct 31, 2023	Jul 26, 2023				
	Dec 18, 2023	Oct 30, 2023				
Average Attendance Rate of the Directors	83.33%	94.44%	100%	100%	100%	54.54%

Notes:

1. Ceased to serve as Chief Executive Officer from January 26, 2023 and appointed as Chairman of the Board on April 27, 2023
2. Member of the Remuneration Committee, ceased to serve as Chairman of the Board from April 27, 2023 and appointed as Executive Deputy Chairman of the Board on May 11, 2023
3. Appointed as Chief Executive Officer on January 26, 2023
4. Ceased to serve as Chief Executive Officer from January 26, 2023
5. Member of the Sustainability Committee and Nomination Committee
6. Ceased to serve as Non-Executive Director from January 26, 2023
7. Chairman of the Audit and Risk Committee and Member of the Remuneration Committee and appointed as Lead Independent Director on May 11, 2023
8. Chairwoman of the Remuneration Committee and Member of the Audit and Risk Committee and the Nomination Committee
9. Chairman of the Nomination Committee and Member of the Audit and Risk Committee
10. Chairwoman of the Sustainability Committeee
11. Member of the Sustainability Committee

D. Roles and Responsibilities

The Board is the highest decision-making body of the Company vested with the power to manage all ordinary and extraordinary matters of the Company. The Board has the power to perform all acts it deems necessary or useful in the pursuit of the Company's corporate purposes, except for those acts specifically reserved for approval by the shareholders by relevant laws or regulations or the By-laws. In particular, the Board is responsible for setting the overall strategy, as well as reviewing the operational and financial performance of the Company and the Group. Therefore, the Board considers and decides on all matters concerning the overall Group strategy, including the sustainability strategy, the Group's strategic objectives, annual budgets, annual, interim and quarterly results, approval of major transactions, connected transactions and any other significant operational and financial matters. The Board is also responsible for evaluating on an ongoing basis the effectiveness of the internal control and risk management system.

Among the Directors, some, upon the decision of the Board, are granted with specific delegated authorities and with powers to sub-delegate to selected personnel outside the Board. To this respect, the Company has adopted a system of delegated powers and powers of attorneys aimed at ensuring the segregation of duties and the efficient and regular performance of the activities in accordance with the procedures adopted by the Company itself.

During the 2023 Year, all Board members were provided with monthly financial updates, prepared by the Executive Directors with the support of the management. The purpose of such updates was to provide a balanced and comprehensive assessment of the performance, position and prospects of the Group in sufficient detail, in order to enable each Director to perform his/her duties.

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. The Board sets and promotes company culture and expects and requires employees to follow the Group's procedures and policies. For details, please refer to the Directors' Report and the Sustainability Report.
The Executive Directors are responsible for the day-to-day management of the Company and to make operational and business decisions within the control and delegated powers framework of the Company.

The types of decisions delegated by the Board to the management include:
- the preparation of annual, interim, and quarterly results for the Board's approval;
- the execution of business strategies and other initiatives adopted by the Board;
- the monitoring of operating budgets adopted by the Board;
- the design, implementation and monitoring of the internal control and risk management system; and
- the compliance with relevant statutory requirements, rules and regulations.

E. Non-Executive Directors

The Non-Executive Directors, including the Independent Non-Executive Directors, provide the Company with diversified skills, expertise and qualifications as well as varied backgrounds and perspectives. They participate in the Board and Board Committees meetings to provide independent and objective opinions, advice and judgment on important matters relating to the Company's strategy, policy, financial performance, and take the lead on matters where conflicts of interests may arise. The Board also reviews on an annual basis the implementation and effectiveness of the mechanisms established to ensure independent views and input are available to the Board. They also attend the shareholders' general meetings of the Company to understand the views of the shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

F. Independent Non-executive Directors

The Independent Non-Executive Directors enhance the effectiveness and decision-making of the Board by providing objective judgement and constructive challenge. Their independence is assessed upon appointment, annually, and whenever the circumstances warrant reconsideration.

All the Independent Non-Executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and have, as required by the Listing Rules, provided the Company with the written confirmations as to their independence. The independence of the Independent Non-Executive Directors was further confirmed following the review by the Nomination Committee conducted on March 1, 2023. None of the Independent Non-Executive Directors of the Company has any business or financial interest in the Company or its subsidiaries.

G. Liability Insurance for the Directors

The Company has arranged appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

H. Directors' Training

Upon appointment to the Board, Directors are provided with a comprehensive induction program to ensure that they have a thorough understanding of the key areas of business operations and practices of the Company, as well as their role and responsibilities under the relevant laws, rules and regulations.

During the 2023 Year, Mr. Patrizio Bertelli, Mr. Paolo Zannoni, Ms. Miuccia Prada Bianchi, Mr. Andrea Guerra, Mr. Lorenzo Bertelli, Mr. Andrea Bonini, Mr. Yoël Zaoui, Ms. Marina Sylvia Caprotti, Mr. Maurizio Cereda, Ms. Pamela Yvonne Culpepper and Ms. Anna Maria Rugarli participated in continuous professional training to develop and refresh their knowledge and skills and received regular updates on development of the laws, rules and/or regulations relating to Directors' duties and responsibilities. Ongoing training helps Directors keep abreast of current trends and issues facing the Group, while enabling them to update and refresh their skills and knowledge necessary to perform their duties. As Mr. Stefano Simontacchi resigned as Non-Executive Director on January 26, 2023, he did not participate in the director's training provided by the Company during the 2023 Year.

Directors were required to provide the Company with their training records during the 2023 Year. The records are maintained by the Corporate Affairs Department.

Chairman and Chief Executive Officer

As published in the announcement dated April 27, 2023, Mr. Patrizio Bertelli is the Chairman of the Board and, as published in the announcement dated January 27, 2023, Mr. Andrea Guerra is the Chief Executive Officer. The role of the Chairman is separate from that of the Chief Executive Officer. The Chairman is vested with the powers to represent the Company and provides leadership to the Board. He is responsible for ensuring that the Board is functioning effectively and adheres to good corporate governance practices and procedures. The Chief Executive Officer, supported by the other Executive Directors and senior management, is responsible for managing the Company's business, including the implementation of major strategies and other initiatives adopted by the Board.

Relationships between directors

Ms. Miuccia Prada Bianchi (Executive Director of the Company) and Mr. Patrizio Bertelli (Chairman of the Board and Executive Director of the Company) are husband and wife. Mr. Lorenzo Bertelli (Executive Director of the Company) is the son of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli.

Appointment of the Board members

At the shareholders' general meeting of the Company held on May 27, 2021 (the "2021 AGM"), the Board (at the time consisting of nine Directors) was appointed for a term of three financial years. Two additional Independent Non-Executive Directors, Ms. Pamela Yvonne Culpepper and Ms. Anna Maria Rugarli, were appointed at the shareholders' general meeting of the Company held on January 28, 2022. Two Executive Directors, Mr. Andrea Guerra and Mr. Andrea Bonini, were appointed by the Board, respectively on January 26, 2023 and November 8, 2022, and confirmed by the shareholders' meeting of the Company held on April 27, 2023. On 26 January 2023, Mr. Andrea Guerra obtained legal advice as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and he understood the possible consequences of making a false declaration or giving false information to the Exchange and has confirmed his obligations as a director of a listed issuer.

Mr. Stefano Simontacchi resigned as Non-Executive Director on January 26, 2023.

The mandate of all the current Directors will lapse on the date of the forthcoming shareholders' general meeting to be called to approve the financial statements of the Company for the 2023 Year.

Under the Company's By-laws, the Directors may be re-appointed.

Corporate Governance Functions of the Board

The Board is responsible for determining and supervising the implementation of the Company's corporate governance policies and ensuring its compliance with the provisions of the Code. The Board's role in this regard is:

(i) to develop and review the Company's policies and practices on corporate governance;
(ii) to review and monitor the training and continuous professional development of directors and senior management;
(iii) to review and monitor the Company's policies and practices regarding compliance with legal and regulatory requirements;
(iv) to develop, review and monitor the Code of Ethics, the Organisation, Management and Control Model (adopted pursuant to Italian Legislative Decree no. 231 of June 8, 2001) and the Company's procedures applicable to directors and employees;
(v) to review relevant Environmental, Social and Governance ("ESG") matters;
(vi) to review the Company's compliance with the Code and the disclosure of such in in this Corporate Governance Section of the Annual Report; and
(vii) to perform any other corporate governance duties and functions set out by the Listing Rules or other applicable rules, for which the Board shall be responsible.

During the 2023 Year, the Board completed the following activities with respect to corporate governance matters:

(i) approved the appointment of the Chief Executive Officer and of the Executive Deputy Chairman;
(ii) reviewed the level of compliance with the Code;
(iii) reviewed the effectiveness of the internal control, risk management system and ESG performance of the Company through the Internal Audit Department, the Audit and Risk Committee and the Sustainability Committee;
(iv) reviewed and approved the Sustainability Report;
(v) approved the Group's main transactions, including corporate reorganisation plans, intragroup merger and extraordinary transactions with third parties;
(vi) reviewed the amendments to the By-laws;
(vii) approved the granting of powers to the Executive Directors;
(viii) reviewed the compensation of the members of the Board and Board committees;
(ix) approved the appointment of the Lead Independent Director; and
(x) reviewed the Group Antitrust Policy and Corporate Finance & Treasury Group Policy.

Board Committees

The Board has established the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, and the Sustainability Committee, each chaired by an Independent Non-Executive Director, in compliance with the Code. The Terms of Reference and membership of the first three Board Committees are published on the websites of both the Company and the Stock Exchange. The Terms of Reference of the Board Committees are no less exacting than those set out in the Code. The Board Committees are provided with sufficient resources to perform their duties and upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

A. Audit and Risk Committee

The Company has established an Audit and Risk Committee in compliance with Rule 3.21 of the Listing Rules, where at least one member possesses related financial management expertise to perform the duties of the Audit and Risk Committee. The membership of the Audit and Risk Committee consists of three Independent Non-Executive Directors, namely Mr. Yoël Zaoui (Chairman), Ms. Marina Sylvia Caprotti and Mr. Maurizio Cereda. The primary duties of the Audit and Risk Committee are to assist the Board in providing an independent view on the independence, adequacy, effectiveness and efficiency of the internal audit function, the Company's financial reporting process and its internal control and risk management system, to oversee the external audit process, the internal audit process and financial controls activity, to implement the Company's risk management functions, to examine the work plan of internal audit, to review the relationship with the External Auditor by reference to the work performed by the External Auditor, as well as their independence, fees and terms of engagement, and to perform any other duties and responsibilities assigned to it by the Board.

During the 2023 Year, the Audit and Risk committee held six meetings (with an attendance rate of 94.44%) 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 and Risk Committee's Terms of Reference and to make relevant recommendations to the Board. The Audit and Risk Committee's review covered the audit plan for the 2023 Year, the findings of both the internal and the External Auditor, internal controls, risk assessment, annual review of the continuing connected transactions of the Group for 2022, the Group budget for the 2023 Year, the Sustainability Report for the 2023 Year, corporate reorganisation plans, intragroup merger and extraordinary transactions with third parties, Group policies, the methodology applied to the impairment test, and tax and legal updates and the financial reporting matters (including the annual results for the year ended December 31, 2022, the interim financial results as at June 30, 2023, and the quarterly results as at March 31, 2023, and September 30, 2023), before recommending them to the Board for approval.

The Audit and Risk Committee also held two meetings – on January 22, 2024 and March 4, 2024 – to examine and recommend to the Board the approval of the 2024 budget of the Group, to discuss the audit activities on the 2023 Separate Financial Statements and Annual Report of the Company presented by Deloitte & Touche S.p.A., to evaluate the methodology applied to the impairment test, to discuss the status of the major pending litigations, including tax litigations, of the Group, to have an update on the internal audit and risk management activities, and to review, for the 2023 Year, the annual results, the Sustainability Report, the continuing connected transactions, and the Internal Audit Department and Audit and Risk Committee reports.

External Auditor's compensation

The total fees and expenses accrued in favor of Deloitte & Touche S.p.A. and its network for the audit of the financial statements for the 2023 Year and for the year ended December 31, 2022, together with non-audit services, are illustrated below (amounts in thousands of Euro):

Type of service	Audit Firm	Provided to	twelve months ended December 31 2023	twelve months ended December 31 2022
Audit services	Deloitte & Touche S.p.A.	Prada S.p.A.	514	475
Audit services	Deloitte & Touche S.p.A.	Subsidiaries	227	133
Audit services	Deloitte Network	Subsidiaries	967	1,147
Total audit fees to Deloitte Network			1,708	1,755
Other advisory services	Deloitte Network	Prada S.p.A.	756	374
Other advisory services	Deloitte Network	Subsidiaries	111	124
Total non-audit fees to Deloitte Network			867	498
Total compensation to Deloitte Network			2,575	2,253

B. Remuneration Committee

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration package of Directors and senior management and the establishment of a formal and transparent procedure for developing policies on such remuneration. The recommendations of the Remuneration Committee are then submitted to the Board for consideration and adoption, where appropriate. The Remuneration Committee consists of two Independent Non-Executive Directors, Ms. Marina Sylvia Caprotti (Chairwoman) and Mr. Yoël Zaoui, and the Executive Deputy Chairman and Executive Director, Mr. Paolo Zannoni.
During the 2023 Year, the Remuneration Committee held three meetings (with an attendance rate of 100%) to recommend the remuneration of the Directors vested with special offices, to review the remuneration of the Directors and Board Committees members, to review the remuneration of the senior management of the Company, and to review and update the main terms of the long-term incentive plan for the Directors and senior management for the three-year period 2022-2024.

The Remuneration Committee also held one meeting on March 5, 2024, to review the overall remuneration for the Board, and to review the remuneration of the new members of the Board and of the new Statutory Auditors.

Remuneration Policy

The Group's remuneration policy is aimed at attracting, rewarding and retaining its personnel, who are considered the key to the success of the Group's business. This "Human Capital" is preserved through constant monitoring, in order both to maintain engagement with the Company and a remuneration policy in line with the market. To ensure the Company's ability to attract and retain talent, the Company's remuneration policy is built upon the principles of providing an equitable and market-competitive remuneration package that supports the performance culture and enable the achievement of strategic business goals.

The Group's remuneration policy is designed to reward and retain highly professional staff and skilled managers, new graduates and workers, and to create value in the medium and long term through constant organisational learning and the consolidation of collaborators' experiences and skills.

The policy comprises fixed, variable, direct and deferred components, appropriate for the relevant position and professional qualifications, and is consistent with the needs of the various geographic areas.

The Group has an incentive system that links compensation with the annual performance of the Group, taking into account the Group's economic and financial objectives, as well as the objectives of each department, depending on the role of the specific individual.

The Group has adopted long-term cash incentive plans for executive directors, senior managers and key managers for retention purposes. Entitlement to benefits under such plans vests in the eligible executive director, senior manager or key manager, subject to the achievement by the Group of one or more economic and financial objectives, as well as certain ESG targets, and his/her presence within the Group at the end of a three-year period.

Other incentive schemes specific to sales staff are also in place, and operations and manufacturing staff of the Group may receive a collection bonus following the development of a seasonal collection.

The aggregate basic remuneration of the Board is approved by the shareholders in a general meeting. The additional remuneration of each Director vested with special offices (that is, the Executive Directors and members of the Board Committees) is determined by the Board after having considered the recommendation of the Remuneration Committee and the opinion of the Board of Statutory Auditors.

Under the current remuneration package, the Executive Directors receive remuneration in the form of fees, salaries and other benefits, discretionary bonuses and/or other incentives, including non-monetary benefits and other allowances and contributions such as contributions to retirement benefits schemes. The Independent Non-Executive Directors receive remuneration in the form of fees and contributions to retirement benefits schemes, as the case may be. No Director is allowed to approve his/her own remuneration.

C. Nomination Committee

The primary duties of the Nomination Committee are to determine the policy for the nomination of Directors and to make recommendations to the Board for consideration and, where appropriate, adoption on the structure, size and composition of the Board itself, on the selection of new Directors and on the succession plans for Directors. The Nomination Committee comprised a majority of Independent Non-Executive Directors, chaired by an Independent Non-Executive Director, Mr. Maurizio Cereda, and consists of one Independent Non-Executive Director, Ms. Marina Sylvia Caprotti and one Executive Director, Mr. Lorenzo Bertelli.

During the 2023 Year, the Nomination Committee held two meetings (with an average attendance rate of 100%) to perform the annual review of both the independence of the Independent Non-Executive Directors as well as the structure, size and composition of the Board for the year ended December 31, 2022, to recommend to the Board the appointment of Mr. Andrea Guerra as Executive Director in replacement of Mr. Stefano Simontacchi as Non-Executive Director, as well as to review the proposal for the appointment of the new Chairman of the Board, to review the composition and the size of the Board for the 2023 Year, and to perform the annual review of the Board Diversity Policy of the Company.

With a view to achieving a sustainable and balanced development, the Company has viewed diversity at the Board level as an essential element to attain its strategic objectives and its development. The Board diversity policy was originally adopted by the Board in September 2013 (the "Board Diversity Policy") and reviewed during the 2023 Year. On January 25, 2024, the Board adopted a new version of the Board Diversity Policy, substantially in line with the previous version, updated to the current applicable Listing Rules, as well as compliant with the most recent best practices. According to the principles set out in the Board Diversity Policy, all Board members' appointments are based on merit, with candidates proposed and selected based on objective criteria, with due regard for diversity within the Board. Diversity in this sense encompasses a wide range of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The final selection is based on merit and the contribution, which the candidates can bring to the Board. Throughout the 2023 Year, and up to the date of this Annual Report, the Board had four female Directors (three being Independent Non-Executive Directors), representing approximately 36% of the Board and 60% of the Independent Non-Executive Directors). The Company is committed to maintaining a Board with an appropriate level of female members, which shall be no less than 40% of the Independent Non-Executive Directors and 30% of all members of the Board by year. The Nomination Committee has been delegated the overall responsibility for implementing and monitoring the implementation of the Board Diversity Policy. The Nomination Committee discusses any revisions that may be required to ensure the effectiveness of the Board Diversity Policy with access to independent external consultants and recommends any such revisions to the Board for its approval.

On March 15, 2019, the Board first adopted the nomination policy for the Directors (the "Director Nomination Policy"), which provides guidance on the proposal for the appointment or re-appointment of the directors or to fill casual vacancies and sets out the processes and criteria for the nomination of a candidate for directorship in the Company. The Company adopted the Director Nomination Policy to regulate the nomination process of Directors, so as to ensure that all nominations of the Board members are made in a fair and transparent manner, in order to maintain an appropriate balance of skills, experience and diversity within the Board, that are relevant to the Company's strategy, governance and business, and which can contribute to the effectiveness and efficiency of the Board's management. On January 25, 2024, the Board adopted a new version of the Director Nomination Policy, substantially in continuity with the previous version, updated to the current applicable Listing Rules, as well as compliant with the most recent best practices.

The Director Nomination Policy contains a number of factors for assessing the suitability of a proposed candidate, including the high ethical character and reputation for integrity, professional qualifications, skills, knowledge and experience, available time commitment, merit and potential contributions to the Board, as well as the independence criteria under the Listing Rules (where applicable), including the independence of long serving Independent Non-Executive Directors (where applicable).

The Nomination Committee considers the candidates proposed by shareholders for new directorship or for re-election and make recommendations for the Board's consideration. The Board will then decide whether the proposed candidate shall be eligible to be appointed or re-appointed, as the case may be, as a director of the Company and will in turn recommend to shareholders to vote in favor of the relevant resolutions to be proposed at the shareholders' general

meeting of the Company.
The Nomination Committee also held two meetings on February 20, 2024, and March 5, 2024, to verify the independence of the Independent Non-Executive Directors for the 2023 Year, to recommend the structure of the Board and the election and appointment of eleven directors in total at the forthcoming shareholders' general meeting, and to recommend the proposed candidates for both the Board and the Board of Statutory Auditors, whose appointment is subject to the approval at the forthcoming shareholders' general meeting.

D. Sustainability Committee
The Sustainability Committee comprises two Independent Non-Executive Directors, Ms. Pamela Yvonne Culpepper (Chairwoman) and Ms. Anna Maria Rugarli, and one Executive Director, Mr. Lorenzo Bertelli.

The Sustainability Committee assists and supports the Board with proposing and advisory functions in its assessments and decisions on sustainability, meaning the processes, initiatives and activities aimed at overseeing the Company's commitment to sustainable development along the value chain and strategy. Moreover, the Committee supports the preparation and review of non-financial reports, including the annual Sustainability Report, and communications concerning sustainability to be submitted to the Board for approval. The Directors' Report includes the governance of sustainability issues and how the Company approaches and manages the Group's material ESG topics.

During the 2023 Year, the Sustainability Committee held two meetings (with an average attendance rate of 100%) to discuss the Sustainability Report for the year ended December 31, 2022, to provide updates on the progress and achievements in the ESG strategy of the Group, to present and discuss the Industrial Area roadmap to support the sustainability of operations in Italy, and to review and discuss the ESG information to be included in the presentation of financial results for both the year ended December 31, 2022, and the first half of the 2023 Year.

The Sustainability Committee also held two meetings on January 31, 2024, and February 29, 2024, to provide updates on progress and achievements in ESG, and to approve the Sustainability Report for the 2023 Year and the industrial roadmap for supporting sustainability in Group's operations for the year ending December 31, 2024.

Board of statutory auditors

Under Italian law, a joint-stock company is required to have a board of statutory auditors, appointed by the shareholders for a term of three financial years, with the authority to supervise the Company on its compliance with the applicable laws, regulations, its By-laws, the principles of proper management and, in particular, on the adequacy and functioning of the organisational, administrative and accounting structure adopted by the Company.

At the shareholders' general meeting of the Company held on May 27, 2021, the Board of Statutory Auditors was appointed for a term of three financial years (2021-2023). The mandate of the current Board of Statutory Auditors will expire at the forthcoming shareholders' general meeting to be called to approve the financial statements of the Company for the 2023 Year.

The Board of Statutory Auditors of the Company consists of Mr. Antonino Parisi (Chairman), Mr. Roberto Spada and Mr. David Terracina. The alternate statutory auditors are Ms. Stefania Bettoni and Ms. Fioranna Negri.

Directors' responsibility and auditors' responsibility for Consolidated Financial Statements

The Directors are responsible for preparing the Consolidated Financial Statements of the Group for the 2023 Year to ensure such Consolidated Financial Statements give a true and fair view of the state of affairs of the Group. In preparing these Consolidated Financial Statements, the Directors have selected suitable accounting policies and made prudent and reasonable judgments and estimates. The Consolidated Financial Statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union.

In addition, the Board is generally satisfied of the adequacy of resources, staff qualifications and experience, training program and budget of the Company's accounting and financial reporting function during the 2023 Year.
With respect to the External Auditor of the Company, its responsibilities are stated in the auditor's reports on the Consolidated Financial Statements.

Internal control and risk management

The Group's internal control system has mainly been designed to safeguard the assets of the Group, to maintain proper accounting standards, to ensure that appropriate authority has been given for the performance of acts by the Company, and to comply with the relevant laws and regulations. The Group has adopted a strict Anti-Corruption Policy and an Auditor Transactions Policy to support anti-corruption laws and regulations and monitoring the independence of External Auditor.

To better control its activities in achieving the established objectives, the Group has adopted procedures to identify, evaluate and manage the specific risks arising out of the continuous changes which affect the Group's operations and the regulatory framework to which it is subject.

The Board has adopted a Whistleblowing Policy which provides reporting channels and guidance for employees and other parties who deal with the Group (e.g. contractors and suppliers, etc.) to report possible improprieties in matters of financial reporting or other matters. The Whistleblowing Policy and the Anti-Corruption Policy are available on the Company's website.

The Board places great importance on maintaining a sound and effective internal control and risk management system to safeguard the shareholders' investment and the Company's assets.

The Board has acknowledged its responsibility for the internal control and risk management system – including financial, operational and compliance controls functions – and for the ongoing monitoring and review of its effectiveness. Such a system is designed to manage rather than eliminate risks and is aimed at providing reasonable and not absolute assurance against material misstatement or loss.

The management, with the support of the Internal Audit Department, has the responsibility, as delegated by the Board, to identify, evaluate and manage the risk factors that may affect the Group's operations and to resolve any material internal control defects that may arise.
In particular, during the 2023 Year the Internal Audit Department assessed the Company's activities and controls to mitigate the health and safety risk at work as well as the risk of data breach and cyber-attack.

The Internal Audit Department provides an independent review of the adequacy and effectiveness of the internal control and risk management system. The audit plan is discussed and agreed every year by the Audit and Risk committee before being submitted to the Board for approval. In addition to its agreed annual schedule of work, the Internal Audit Department conducts other special reviews as required. The risk assessment documents are periodically updated by the Internal Audit Department with the support of the management, then reviewed by the Audit and Risk Committee and submitted to the Board for approval.

The Board has received specific confirmation from the relevant management personnel of the Company on the effectiveness of the Group's internal control and risk management system throughout the 2023 Year.

During the 2023 Year, no significant control failings or weaknesses were identified.

The Board, with the support from the Audit and Risk Committee, has been reviewing the internal control and risk management system of the Group on an ongoing basis (with the same frequency as regular Board meetings were held) and is generally satisfied that the internal control and the risk management system has functioned effectively and has been adequate for the Group as a whole, throughout the 2023 Year.
Moreover, the Board is generally satisfied of the adequacy of resources, staff qualifications and experience, the training

programme and the budget of the Company's internal audit and risk management function during the 2023 Year.

"Organismo di Vigilanza"
In compliance with Italian Legislative Decree no. 231 of June 8, 2001 (the "Decree"), the Company established an "Organismo di Vigilanza" whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Organization, Management and Control Model, adopted by the Company pursuant to the Decree. The "Organismo di Vigilanza" has three members appointed by the Board and selected among qualified and experienced individuals. The "Organismo di Vigilanza" consists of Ms. Stefania Chiaruttini (Chairwoman), Mr. Armando Simbari, who was appointed to replace Mr. Yoël Zaoui on July 26, 2023, and Mr. Roberto Spada, Statutory Auditor.

Inside Information

The Company handles and disseminates inside information in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules.

With regard to the procedures and internal controls for the handling and dissemination of inside information, the Company:
- has adopted an inside information disclosure policy to ensure potential inside information is identified and confidentiality is maintained until timely and proper disclosure is made (the "Inside Information Disclosure Policy"), which has been reviewed and updated by the Board on January 25, 2024;
- has made available on the Company's intranet the Inside Information Disclosure Policy in order to ensure immediate access to it by the entire Group's staff;
- has included in the procedures governing Directors and relevant employees a prohibition on dealing in the Company's shares whilst in possession of inside information; and
- has authorized only the Executive Directors and a few selected members of the management to act as spokespersons and respond to external enquiries.

In addition, the Board has established an Inside Information Committee, which comprises the Chairman (Mr. Patrizio Bertelli), the Executive Deputy Chairman (Mr. Paolo Zannoni) and an Executive Director (Mr. Lorenzo Bertelli). The Inside Information Committee has been delegated with the power to assess, if necessary any potential inside information, and to keep all other Directors timely informed about its decisions.

Company Secretary

During the 2023 Year, Ms. Yuen Ying Kwai was the company secretary of the Company and she undertook over 15 hours of relevant professional training to update her skills and knowledge. Ms. Yuen ceased to serve as the company secretary with effect from December 31, 2023 and Ms. Tong Pui Ting, Wendy has been appointed as the company secretary in place of Ms. Yuen with effect from December 31, 2023. Her biography is set out in the Directors and Senior Management section of this Annual Report.

Shareholders' Rights

A. Convening of shareholders' general meeting at shareholders' request
Pursuant to Article 14.2 of the Company's By-Laws, a shareholders' general meeting has to be called by the Board when requested by shareholders representing at least one-twentieth of the Company's share capital, provided that the request mentions the item(s) to be discussed at the meeting. If there is an unjustified delay in calling the meeting by the Board, action will be taken by the Board of Statutory Auditors.

B. Putting forward proposals at shareholders' general meeting
Pursuant to Article 14.5 of the Company's By-Laws, shareholders who, individually or jointly, own or control at least one-fortieth of the Company's share capital may request in writing for additions to be made to the list of items on the agenda, within ten days from the notice of call for a shareholders' general meeting, by setting out the proposed additions. The proposals should be directed to the Company by email at corporateaffairs@prada.com.

C. Making an enquiry to the Board
Enquiries about matters to be put forward to the Board should be directed to the Company by email at corporateaffairs@prada.com. The Company will not normally deal with verbal or anonymous enquiries.

D. Procedures for shareholders' to propose a person for election as Director
The procedures for a shareholder to nominate a person for election as a Director of the Company are set out in Articles 19.3 and 19.4 of the Company's By-laws, details of which have been disclosed in the Company's announcement dated March 30, 2012.

Constitutional Documents

On April 27, 2023, the Company has adopted a new set of By-Laws ("Amended By-Laws") mainly to conform to the core shareholder protection standards set out in Appendix A1 (formerly known as "Appendix 3") to the Listing Rules and to incorporate provisions to allow and facilitate hybrid and electronic meetings, and other provisions aimed at complying with applicable laws and regulations. The Amended By-Laws are available for viewing on the websites of the Company and the Stock Exchange.

Communication with shareholders

A. Dividend Policy
On March 15, 2019, the Board formalized and adopted a Dividend Policy to set out the framework that the Company has put in place in relation to dividend payouts to shareholders. The Company aims to provide its shareholders a sustainable dividend stream, taking into account financial results, cash flow situation, working capital requirements, capital expenditures, investment requirements, future operations and earnings, business conditions and strategies, interests of shareholders and any statutory or regulatory restrictions (including under Italian law and the Company's By-laws) on payment of dividends.

The Board reviews the Dividend Policy from time to time and may adopt changes, as appropriate, to ensure the effectiveness of the Dividend Policy. The Board reviewed the Dividend Policy and adopted changes on January 25, 2024.

At the 2023 AGM, the shareholders approved the distribution of a final dividend of Euro 0.11 per share for the financial year ended December 31, 2022, representing a total dividend of Euro 281,470,640, which was paid on May 19, 2023.

B. Investor relations and communication
The Company endeavors to maintain a high level of transparency when communicating with the shareholders and the financial community in general. The Company has maintained a regular dialogue with – and fair disclosure to – institutional shareholders, fund managers, research analysts and the finance media. Investor/ analysts briefings and one-to-one meetings, investor conferences and results briefings are conducted on a regular basis in order to facilitate communication between the Company, shareholders and the investment community. The Company strives to ensure effective and timely dissemination of information to shareholders and the investment community at all times and will regularly review the arrangements to ensure its effectiveness.

The Company's corporate website (www.pradagroup.com) facilitates effective communications with shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and on a timely basis. This includes extensive information about the Group's performance and activities via the annual report, interim report, social responsibility report, press releases, presentations, announcements, circulars to shareholders and notices of general meetings, etc. The Board has adopted a Shareholders Communication Policy and is subject to review annually to ensure the effectiveness and implementation of the Shareholders Communication Policy. The Company is generally satisfied that the implementation of the Shareholders Communication Policy has functioned effectively throughout the 2023 Year.

C. Shareholders' meetings

The Company strives to maintain an on-going dialogue with its shareholders. Shareholders are encouraged to participate in general meetings either in person or through appointed proxies to attend and vote at meetings for and on their behalf if they are unable to attend such meetings. The process of the Company's general meeting is monitored and reviewed on a regular basis.

The Company uses the shareholders' general meeting as one of the main channels for communicating with the shareholders and to ensure that shareholders' views are communicated to the Board. At the shareholders' general meeting, each substantially separate issue is proposed and considered by a separate resolution (including the election of individual directors).

The shareholders' general meeting of the Company held on April 27, 2023 (the "2023 AGM") was held online only. The Directors, including the Chairman of the Board, the Chief Executive Officer, the majority of Independent Non-Executive Directors, the Company Secretary, the External Auditor of the Company, Deloitte & Touche S.p.A., the majority of the members of the Board of Statutory Auditors, and the scrutineer, attended the 2023 AGM.

All resolutions submitted to the shareholders at the 2023 AGM were duly passed and the voting results of such resolutions were disclosed in the announcement of the Company dated April 27, 2023. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong share registrar, acted as scrutineer for the vote taking at the 2023 AGM.

D. Corporate communications

In order to increase the efficiency in communication with shareholders and to contribute to environmental protection, the Company has adopted electronic dissemination of corporate communications and will only send corporate communications in printed form to shareholders upon request. The English and Chinese versions of all corporate communications are available electronically on the Company's website at www.pradagroup.com and the HKEXnews website at www.hkexnew.hk.

CHAPTER 7

Consolidated Financial Statements

Consolidated Statement of financial position

(amounts in thousands of Euro)	Notes	December 31 2023	December 31 2022
Assets			
Current assets			
Cash and cash equivalents	9	689,519	1,091,622
Trade receivables, net	10	405,151	331,915
Inventories, net	11	782,978	760,457
Derivative financial instruments – current	12	17,550	22,483
Receivables due from, and advance payments to, related parties - current	13	138	2,373
Other current assets	14	267,412	215,917
Total current assets		2,162,748	2,424,767
Non-current assets			
Property, plant and equipment	15	2,032,876	1,577,125
Intangible assets	16	846,024	817,809
Right of use assets	17	2,024,552	2,011,474
Investments in equity instruments	18	41,610	26,974
Deferred tax assets	36	374,847	373,090
Other non-current assets	19	131,504	139,402
Derivative financial instruments – non-current	12	890	5,812
Receivables due from, and advance payments to, related parties - non-current	13	-	1,125
Total non-current assets		5,452,303	4,952,811
Total assets		7,615,051	7,377,578
Liabilities and equity			
Current liabilities			
Lease liabilities – current	20	411,289	392,126
Short-term financial payables and bank overdrafts	21	148,338	160,847
Payables due to related parties – current	22	5,858	3,568
Trade payables	23	453,387	401,799
Tax payables	24	121,823	277,656
Derivative financial instruments – current	12	7,543	11,565
Other current liabilities	25	302,143	242,306
Total current liabilities		1,450,381	1,489,867
Non-current liabilities			
Lease liabilities – non-current	20	1,699,599	1,715,451
Long-term financial payables	26	338,422	395,656
Long-term employee benefits	27	60,875	67,571
Provisions for risks and charges	28	49,867	51,486
Deferred tax liabilities	36	35,731	40,855
Other non-current liabilities	29	103,367	115,670
Total non-current liabilities		2,287,861	2,386,689
Total liabilities		3,738,242	3,876,556
Share capital		255,882	255,882
Total other reserves		2,833,889	2,648,496
Translation reserve		92,998	112,646
Net income for the year		671,026	465,193
Equity attributable to the owners of the Group	30	3,853,795	3,482,217
Equity attributable to Non-controlling interests	31	23,014	18,805
Total equity		3,876,809	3,501,022
Total liabilities and total equity		7,615,051	7,377,578

Consolidated Statement of profit or loss for the year ended December 31, 2023

(amounts in thousands of Euro)	Notes	twelve months ended December 31 2023	% on net revenues	twelve months ended December 31 2022	% on net revenues
Net revenues	32	4,726,411	100%	4,200,674	100%
Cost of goods sold	33	(924,640)	-19.6%	(888,580)	-21.2%
Gross margin		3,801,771	80.4%	3,312,094	78.8%
Operating expenses	34	(2,740,079)	-58.0%	(2,536,104)	-60.3%
Operating income - EBIT		1,061,692	22.5%	775,990	18.5%
Interest and other financial income / (expenses), net		(32,031)	-0.7%	(24,498)	-0.6%
Interest expenses on lease liability		(58,825)	-1.2%	(40,990)	-1.0%
Dividends from investments		627	0.0%	473	0.0%
Total financial income / (expenses)	35	(90,229)	-1.9%	(65,015)	-1.5%
Income before taxation		971,463	20.6%	710,975	16.9%
Taxation	36	(298,071)	-6.3%	(241,820)	-5.8%
Net income for the year		673,392	14.2%	469,155	11.2%
Net income - Non-controlling interests	31	2,366	0.1%	3,962	0.1%
Net income - Group	30	671,026	14.2%	465,193	11.1%
Basic and diluted earnings / (losses) per share (in Euro per share)	37	0.262		0.182	

Consolidated Statement of comprehensive income for the year ended December 31, 2023

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Net income for the year	673,392	469,155
A) Items that may be reclassified subsequently to P&L:	**(23,879)**	**71,814**
Foreign exchange differences on translation of foreign operations	(20,115)	45,876
Tax impact	-	-
Change in translation reserve less tax impact	(20,115)	45,876
Gains / (losses) on cash flow hedging instruments	(4,973)	34,221
Tax impact	1,209	(8,283)
Change in Cash Flow Hedge reserve less tax impact	(3,764)	25,938
B) Items that will not be reclassified subsequently to P&L:	**(1,419)**	**(783)**
Change in Fair Value in equity instruments reserve	1,632	587
Tax impact	-	-
Change in Fair Value in equity instruments reserve less tax impact	1,632	587
(Losses) / gains on remeasurement of defined benefit plans	(4,076)	(2,027)
Tax impact	1,025	657
Change in actuarial reserve less tax impact	(3,051)	(1,370)
Comprehensive income for the year - Consolidated	648,094	540,186
Comprehensive income for the year - Non-Controlling Interests	1,888	4,655
Comprehensive income for the year - Group	646,206	535,531

Consolidated Statement of cash flows for the year ended December 31, 2023

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Income before taxation	971,463	710,975
Profit or loss adjustments		
Depreciation of the right of use assets	445,465	451,533
Depreciation and amortization of property, plant and equipment and intangible assets	230,915	210,891
Impairment of the right of use assets	18,633	12,342
Impairment of property, plant and equipment and intangible assets	9,614	59,486
Non-monetary financial (income) expenses	48,932	24,413
Interest expenses on lease liability	58,825	40,990
Other non-monetary (income) expenses	34,005	12,258
Balance sheet changes		
Other non-current assets and liabilities	(24,300)	(33,142)
Trade receivables, net	(85,400)	(3,578)
Inventories, net	(60,784)	(121,826)
Trade payables	56,351	13,351
Other current assets and liabilities	(8,768)	15,112
Cash flows from operating activities	1,694,951	1,392,805
Interest paid (net), including interest paid on lease liability	(52,962)	(49,522)
Taxes paid	(486,708)	(219,586)
Net cash flows from operating activities	1,155,281	1,123,697
Purchases of property, plant and equipment and intangible assets	(759,676)	(241,495)
Proceeds from the sale assets	4,534	-
Cash from real estate sale to related party	-	18,000
Earn-out paid to a related party	-	(5,000)
Dividends from investments	627	473
Purchase of equity instruments	(4,676)	(19,549)
Business combination	-	(2,638)
Net cash flow utilised by investing activities	(759,191)	(250,209)
Dividends paid to shareholders of Prada S.p.A.	(281,471)	(179,118)
Dividends paid to Non-controlling shareholders	(250)	(599)
Repayment of lease liability	(429,685)	(428,170)
Repayment of current portion of long-term borrowings - third parties	(94,784)	(187,128)
Arrangement of long-term borrowings – third parties	25,475	-
Change in short-term borrowings – third parties	4,436	9,837
Capital increase from Non-controlling shareholders	2,560	-
Loans to related parties	-	(2,200)
Loans from related parties	2,500	-
Capital injection in associates	(4,509)	-
Net cash flows utilised by financing activities	(775,728)	(787,378)
Change in cash and cash equivalents, net of bank overdrafts	(379,638)	86,110
Foreign exchange differences	(22,481)	23,726
Opening cash and cash equivalents, net of bank overdraft	1,091,622	981,786
Closing cash and cash equivalents, net of bank overdraft	689,503	1,091,622

Consolidated Statement of changes in equity

(amounts in thousands of Euro, except number of shares)

											EQUITY		
(amounts in thousands of Euro)	Number of shares	Share capital	Translation reserve	Share premium reserve	Cash flow hedge reserve	Actuarial reserve	Fair Value investments in equity instruments Reserve	Other reserves	Total other reserves	Net income for the year	Equity attributable to owners of the Group	Equity attributable to Non-controlling interests	Total equity
Balance at December 31, 2021	2,558,824,000	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
Allocation of 2021 net profit	–	–	–	–	–	–	–	294,254	294,254	(294,254)	–	–	–
Dividends	–	–	–	–	–	–	–	(179,118)	(179,118)	–	(179,118)	(599)	(179,717)
Monetary revaluation IAS 29	–	–	–	–	–	–	–	11,910	11,910	–	11,910	–	11,910
Comprehensive income / (loss) for the period (recyclable to P&L)	–	–	45,212	–	25,938	–	–	–	25,938	465,193	536,343	4,626	540,969
Comprehensive income / (loss) for the period (not recyclable to P&L)	–	–	–	–	–	(1,399)	587	–	(812)	–	(812)	29	(783)
Balance at December 31, 2022	2,558,824,000	255,882	112,646	410,047	10,060	(7,107)	(10,405)	2,245,901	2,648,496	465,193	3,482,217	18,805	3,501,022
Allocation of 2022 net profit	–	–	–	–	–	–	–	465,193	465,193	(465,193)	–	–	–
Dividends	–	–	–	–	–	–	–	(281,471)	(281,471)	–	(281,471)	(250)	(281,721)
Share capital increase	–	–	–	–	–	–	–	–	–	–	–	2,571	2,571
Monetary revaluation IAS 29	–	–	–	–	–	–	–	6,843	6,843	–	6,843	–	6,843
Comprehensive income / (loss) for the period (recyclable to P&L)	–	–	(19,648)	–	(3,764)	–	–	–	(3,764)	671,026	647,614	1,899	649,513
Comprehensive income / (loss) for the period (not recyclable to P&L)	–	–	–	–	–	(3,040)	1,632	–	(1,408)	–	(1,408)	(11)	(1,419)
Balance at December 31, 2023	2,558,824,000	255,882	92,998	410,047	6,296	(10,147)	(8,773)	2,436,466	2,833,889	671,026	3,853,795	23,014	3,876,809

CHAPTER 8

Prada S.p.A. Separate Financial Statements

Prada S.p.A. Statement of financial position

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Assets		
Current assets		
Cash and cash equivalents	225,028	520,888
Trade receivables, net	724,076	929,699
Inventories, net	343,017	301,566
Derivative financial instruments - current	15,774	22,483
Financial receivables and other receivables from parent company, subsidiaries, associates and related parties - current	208,892	261,736
Other current assets	187,491	119,246
Total current assets	1,704,278	2,155,618
Non-current assets		
Property, plant and equipment	820,241	796,669
Intangible assets	263,013	226,335
Right of use assets	349,283	337,102
Investments	1,318,220	797,146
Deferred tax assets	67,111	53,705
Other non-current assets	59,649	72,539
Derivative financial instruments - non-current	890	5,812
Financial receivables and other receivables from parent company, subsidiaries, associates and related parties - non-current	164,195	186,301
Total non-current assets	3,042,602	2,475,609
Total assets	4,746,880	4,631,227
Liabilities and shareholders' equity		
Current liabilities		
Short-term lease liability	56,945	51,085
Short-term financial payables and bank overdrafts	129,691	90,541
Financial payables and other payables to parent company, subsidiaries, associates and related parties - current	109,871	112,570
Trade payables	557,055	548,026
Tax payables	47,347	208,435
Derivative financial instruments - current	8,550	12,318
Other current liabilities	265,690	218,669
Total current liabilities	1,175,149	1,241,644
Non-current liabilities		
Long-term lease liability	309,764	305,073
Long-term financial payables	272,262	351,200
Long-term employee benefits	33,851	38,176
Provisions for risks and charges	10,205	3,376
Deferred tax liabilities	4,030	5,054
Other non-current liabilities	98,713	107,687
Derivative financial instruments - non-current	347	1,713
Financial payables and other payables to parent company, subsidiaries, associates and related parties - non-current	-	13,878
Total non-current liabilities	729,172	826,157
Total liabilities	1,904,321	2,067,801
Share capital	255,882	255,882
Total other reserves	2,019,937	1,735,861
Net income for the year	566,740	571,683
Total equity	2,842,559	2,563,426
Total liabilities and total equity	4,746,880	4,631,227

Prada S.p.A. Statement of profit or loss for year ended December 31, 2023

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Net revenues	2,552,341	2,509,323
Cost of goods sold	(819,274)	(829,231)
Gross margin	1,733,067	1,680,092
Operating expenses	(882,868)	(711,350)
Operating income / (loss) - EBIT	850,199	968,742
Interest and other financial income / (expenses), net	(60,300)	(155,333)
Interest expenses on lease liability	(5,853)	(4,125)
Dividends from investments	24,584	49,594
Total financial income / (expenses)	(41,569)	(109,864)
Income before taxation	808,630	858,878
Taxation	(241,890)	(287,195)
Net income for the year	566,740	571,683

Prada S.p.A. Statement of comprehensive income for the year ended December 31, 2023

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Net income for the year	566,740	571,683
A) Items that may be reclassified subsequently to P&L:	(2,621)	20,672
Gains / (losses) on cash flow hedging instruments	(3,449)	27,200
Tax impact	828	(6,528)
Change in Cash Flow Hedge reserve less tax impact	(2,621)	20,672
B) Items that will not be reclassified subsequently to P&L:	783	2,662
Change in Fair Value in equity instruments reserve	1,633	587
Tax impact		–
Change in Fair Value in equity instruments reserve less tax impact	1,633	587
(Losses) / gains on remeasurement of defined benefit plans	(1,119)	2,730
Tax impact	269	(655)
Change in actuarial reserve less tax impact	(850)	2,075
Comprehensive income for the year	564,902	595,017

Prada S.p.A. Statement of cash flows for the year ended December 31, 2023

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Income before taxation	808,629	858,878
Profit or loss adjustments		
Depreciation of the right of use assets	56,647	50,812
Depreciation and amortization of property, plant and equipment and intangible assets	79,988	76,377
Impairment of property, plant and equipment and intangible assets	1,856	120
Losses / (gains) on disposal of non-current assets	271	256
Impairment of investments	56,689	146,406
Interest expenses on lease liability	5,853	4,125
Non-monetary financial (income) expenses	(37,478)	(58,976)
Other non-monetary (income) expenses	37,617	45,875
Balance sheet changes		
Trade receivables, net	213,088	(254,823)
Inventories, net	(58,398)	(37,039)
Trade payables	10,028	(87,755)
Other current assets and liabilities	(58,856)	(2,036)
Other non-current assets and liabilities	(23,656)	(16,720)
Cash flows from operating activities	1,092,278	725,500
Interest received / (paid) net, including interest paid of lease liability	14,925	5,363
Taxes paid	(442,958)	(183,079)
Net cash flows from operating activities	664,245	547,784
Purchase of property, plant and equipment and intangible assets	(113,447)	(88,904)
Cash from real estate sale to related party	-	18,000
Investments in subsidiaries and associates	(455,251)	(32,956)
Dividends received from investments	24,584	49,594
Net cash flow utilised by investing activities	(544,114)	(54,266)
Dividends paid to shareholders	(281,471)	(179,118)
Change in short-term bank loans	50,000	-
Change in intercompany loans	19,516	45,068
Loans repaid by subsidiaries	31,959	23,471
Repayment of lease liability	(59,802)	(54,799)
Loans made to subsidiaries	(87,369)	(31,983)
Repayment of short-term portion of long-term borrowings - third parties	(90,200)	(172,044)
Net cash flows utilised by financing activities	(417,367)	(369,405)
Change in cash and cash equivalents, net of bank overdraft	(297,236)	124,113
Opening cash and cash equivalents, net of bank overdraft from merged companies	1,380	-
Opening cash and cash equivalents, net of bank overdraft	520,884	396,771
Closing cash and cash equivalents, net of bank overdraft	225,028	520,884

PRADA S.p.A. Statement of changes in equity

(amounts in thousands of Euro, except number of shares)

(amounts in thousands of Euro)	**Number of shares**	**Share Capital**	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Cash flow hedge reserve	Fair Value investments in equity instruments Reserve	**Total other reserves**	**Net income for the year**	**Total equity**
Balance at December 31, 2021	2,558,824,000	**255,882**	410,047	51,176	182,899	974,884	(12,744)	(10,992)	**1,595,270**	**310,650**	**2,161,802**
Allocation of 2021 net income	–	–	–	–	–	310,650	–	–	**310,650**	**(310,650)**	–
Other movements	–	–	–	–	–	(14,275)	–	–	**(14,275)**	–	**(14,275)**
Dividends	–	–	–	–	–	(179,118)	–	–	**(179,118)**	–	**(179,118)**
Comprehensive income / (loss) for the period (recyclable to P&L)	–	–	–	–	–	–	20,671	–	**20,671**	**571,683**	**592,354**
Comprehensive income / (loss) for the period (not recyclable to P&L)	–	–	–	–	–	2,075	–	588	**2,663**	–	**2,663**
Balance at December 31, 2022	2,558,824,000	**255,882**	410,047	51,176	182,899	1,094,216	7,927	(10,404)	**1,735,861**	**571,683**	**2,563,426**
Allocation of 2022 net income	–	–	–	–	–	571,683	–	–	**571,683**	**(571,683)**	**–**
Other movements	–	–	–	–	–	(4,297)	–	–	**(4,297)**	**–**	**(4,297)**
Dividends	–	–	–	–	–	(281,471)	–	–	**(281,471)**	**–**	**(281,471)**
Comprehensive income / (loss) for the period (recyclable to P&L)	–	–	–	–	–	–	(2,621)	–	**(2,621)**	**566,740**	**564,119**
Comprehensive income / (loss) for the period (not recyclable to P&L)	–	–	–	–	–	(850)	–	1,633	**783**	**–**	**783**
Balance at December 31, 2023	2,558,824,000	255,882	410,047	51,176	182,899	1,379,281	5,306	(8,771)	2,019,938	566,740	2,842,560

CHAPTER 9

Notes to the Consolidated Financial Statements

1. General information

Prada S.p.A. ("Prada" or the "Company"), together with its subsidiaries (collectively the "Group" or the "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 ready-to-wear. It also operates in the food sector with the Marchesi 1824 brand, in the most prestigious sailing races with Luna Rossa and in the eyewear and beauty industries under licensing agreements.
The Group owns 26 production facilities (23 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 606 as of December 31, 2023. The Prada Group's products are also sold directly through the brands' e-commerce activity and indirectly 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. As of December 31, 2023 (the reporting date of these Consolidated Financial Statements), 79.98% of the share capital was owned by Prada Holding S.p.A., a company domiciled in Italy, and the remainder consisted of floating shares listed on the Main Board of the Hong Kong Stock Exchange.

The Consolidated Financial Statements were approved and authorized for issue by the Board of Directors of Prada S.p.A. on March 7, 2024.

2. Basis of preparation

The Consolidated Financial Statements of the Prada Group as of December 31, 2023, which consist of the "Consolidated Statement of financial position", the "Consolidated Statement of profit or loss for the year ended December 31, 2023", the "Consolidated Statement of comprehensive income for the year ended December 31, 2023", the "Consolidated Statement of cash flows for the year ended December 31, 2023", the "Consolidated Statement of changes in equity" and the "Notes to the Consolidated Financial Statements", have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union.

At the date of presentation of these Consolidated Financial Statements, there were no differences between the IFRSs endorsed by the European Union and applicable to the Prada Group and those issued by the IASB.

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

The Group has prepared the Consolidated Statement of Financial Position presenting separately the current and non-current assets and liabilities. All details needed for accurate and complete disclosure are provided in the Notes to the Consolidated Financial Statements. Consolidated Statement of Profit or Loss items are classified by function of expenses. The Consolidated Statement of Cash Flows has been prepared with the indirect method. The Consolidated Financial Statements are presented in Euro, the functional currency of Prada S.p.A..

The Consolidated Financial Statements have been prepared on a going concern basis.

3. New IFRS and amendments to IFRS

New standards and amendments to existing standards issued by the IASB, endorsed by the European Union and applicable to the Prada Group from January 1, 2023.

New standards and amendments to existing standards	Effective Date for Prada Group	EU endorsement dates
IFRS 17 Insurance contracts	January 1, 2023	Endorsed in November 2021
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	January 1, 2023	Endorsed in March 2022
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	January 1, 2023	Endorsed in March 2022
Amendments to IAS 12 Income taxes: deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023	Endorsed in August 2022
Amendments to IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information (issued on 9 December 2021)	January 1, 2023	Endorsed in September 2022
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules	January 1, 2023	Endorsed in November 2023

The introduction of these amendments did not have any effect on these Consolidated Financial Statements.

The Group has applied the temporary exception, introduced in May 2023 by IASB with the "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules", regarding the accounting requirements for deferred taxes under IAS 12; therefore, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

During the year, the Prada Group has managed the implementation of the "Pillar II" legislation, aimed at ensuring a global minimum level of taxation ("Global minimum tax") for multinational enterprise groups that satisfy certain predefined parameters.
The implementation of the Global Minimum Tax, provided for in Directive No. 2022/2523 of December 15, 2022 (implementing the OECD/G20 Pillar II proposal), is effective in Italy from January 1, 2024 as per Italian Legislative Decree No. 209 of December 27, 2023.

Given the complexity of the system outlined in the above legislation to ensure this minimum level of taxation, for the first three tax periods (for the Prada Group - financial years 2024 to 2026) the possibility of applying a simplified regime has been provided for (so-called "transitional safe harbours"). This simplified regime is primarily based on accounting information already available for each jurisdiction and the application of three tests (De Minimis test, Simplified Effective Tax Rate test and Routine Profits test); passing at least one of these tests allows the disapplication of any additional taxes required to reach the prescribed minimum tax level and the reduction of compliance burdens.

Based on the information known or reasonably estimable to date, the Prada Group's exposure arising from the application of Pillar II is evaluated as not material because:

(i) most of the Group's entities, assumed at aggregate level in the jurisdictions in which they are located, pass at least one of the three tests referred to above;

(ii) with respect to entities that, on the other hand, do not satisfy, at the aggregate level in the jurisdictions in which they are located, any of the three tests mentioned above, it is considered that their profits, and therefore the potential tax exposure arising from the Pillar II framework, do not have a relevant impact on the profits and tax liability of the Group as a whole.

The Group, with the support of external consultants, has performed analyses and simulations of the impacts of the new legislation that underlined the above-mentioned conclusions and is setting up the compliance requirements related to the application of Pillar II, which will be implemented by adequate company systems and procedures.
In any case, since the Pillar II legislation is not effective as of 31 December 2023, it had no impact on current taxes.

Amendments 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, 2024.

Amendments to existing standards	Effective Date forPrada Group	EU endorsement dates
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	January 1, 2024	Endorsed in November 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date - Non-current Liabilities with Covenants	January 1, 2024	Endorsed in December 2023

Amendments issued by the IASB, but not yet endorsed by the European Union as of December 31, 2023.

Amendments to existing standards	Date of possible application	EU endorsement status
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023)	January 1, 2024	Not endorsed yet
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	January 1, 2025	Not endorsed yet

At the date of the Consolidated Financial Statements, the Directors had not yet completed the analysis necessary to assess the impacts of the new standards and the interpretations not yet applicable to the Prada Group, in terms of both those already endorsed and not yet endorsed by the European Union.

4. Scope of consolidation

The consolidated financial information comprises the accounts of Prada S.p.A. and the Italian and foreign companies over which the Company has the right to exercise control either directly or indirectly. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use that power to affect its returns from the investee.
The companies in which the Group has more than 50% of the voting rights or that are controlled by the Group in some other way are consolidated using the full consolidation method from the date on which the Group gains control until the date on which that control ceases.
Associates, which are consolidated using the equity method, are companies in which the Group has significant influence but does not exercise control. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee without having control or joint control.

The companies included in the Consolidated Financial Statements are listed in Note 42.

5. Basis of consolidation

The main consolidation procedures used to prepare the Consolidated Financial Statements are explained below:

- the separate financial statements of Prada S.p.A. and its subsidiaries are prepared in accordance with IFRS and those of its subsidiaries are adjusted, as necessary, to comply with IFRS and with the standards applied throughout the Group. The financial statements used to prepare the consolidated financial information have all the same reporting date;

- the financial statements of subsidiaries are consolidated using the full consolidation method, incorporating the entire amount of the assets, liabilities, revenues and expenses of each company irrespective of the percentage of ownership held, and eliminating the carrying amount of the consolidated equity interests owned directly or indirectly by the Company against the corresponding portion of the related equity;

- for fully consolidated companies that are not wholly owned by the parent company, the portions of equity and annual profit or loss belonging to third parties are shown separately as "Net equity attributable to Non-controlling interests" in the Consolidated Statement of Financial Position and "Net income - Non-controlling interests" in the Consolidated Statement of Profit or Loss;

- for business combinations, the difference between the purchase price of the equity interest acquired and the corresponding portion of equity at the acquisition date is allocated, if positive, to the identifiable assets acquired and liabilities assumed measured at their fair value. Any residual amount, if positive, is recognised as goodwill, and if negative is recognised immediately in the Consolidated Statement of Profit or Loss. The difference between the cost of acquisition of an additional controlling interest and the related value of the interest acquired is recognised directly in equity reserves. If the business combination is achieved in stages (a step acquisition), the previous held interest owned in the company acquired is remeasured at fair value at the date on which control is acquired. Differences identified in this manner are recognised in profit or loss. In business combinations under common control, the difference between the purchase price of the equity interest acquired and the corresponding portion of equity is recognised directly in equity.

- the acquisition cost of an equity interest or an activity that does not constitute a business, and which therefore does not originate a business combination, is allocated to the individual assets acquired and liabilities assumed measured at their fair value at the acquisition date;

- the resulting profits, losses, assets and liabilities of associates are accounted for using the equity method. Under such method, the investments in associates are recognised in the Consolidated Statement of Financial Position at cost, subsequently adjusted to reflect post-acquisition changes and any impairment losses. Losses exceeding the Parent Company's owners' interest in the associate are not recognised, unless the Group has taken on an obligation to cover such losses. An excess of the cost of acquisition over the Company's share of the fair value of the assets acquired and liabilities assumed at the acquisition date is accounted for as goodwill. Goodwill is included in the carrying amount of the investment and is tested for impairment. Any eccess between the cost of acquisition and the Company's share of the fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised in the Consolidated Statement of Profit or Loss of the period of acquisition;

- during the consolidation process, all payables, receivables, expenses and revenues deriving from transactions between the consolidated companies are eliminated. Any unrealized profits and losses deriving from transactions between the Group's consolidated companies and included in the inventory valuation at the reporting date are eliminated. Unrealized losses are eliminated except where the transaction provides evidence of impairment of the asset transferred, in which case the value of the transferred asset is written down;

- dividends distributed by the consolidated companies are eliminated from the Consolidated Statement of Profit or Loss and added to the retained earnings if and to the extent that they were extracted from them;

- the financial statements of subsidiaries are prepared in their respective local currency. Assets and liabilities are translated into Euro using the end-of-period exchange rate, and income and expenses are translated using the average exchange rate of the period. If translation at the average exchange rate does not present the transaction fairly, the exchange rate prevailing at the date of the transaction is used to translate its effect on the Consolidated Statement of Profit or Loss. Differences arising on translating Statement of Financial Position balances at the beginning and at the end of the period, and differences arising on translating Statement of Profit or Loss items at the average exchange rate for the period (or another exchange rate, as mentioned above) and at the end of the period, are recognised in a translation reserve in consolidated equity until the disposal of the investee. The translation reserve includes the accumulated translation differences generated since first-time consolidation (January 1, 2004). In the preparation of the Consolidated Statement of Cash Flows, the cash flows of subsidiaries are translated using the average exchange rate for the period. Exchange differences arising on a monetary item qualified as a net investment in a foreign operation are initially recognised in the translation reserve and subsequently released to profit or loss upon disposal of the investment;

- the reporting currency of the Consolidated Financial Statements is the Euro. All amounts are expressed in thousands of Euro unless stated otherwise.

6. Material accounting policies

Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal value. Cash equivalents include all highly liquid investments originally with a short-term maturity.

Solely for the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand, bank accounts and deposit accounts. Bank overdrafts and the current portions due to banks on medium and long-term loans are recognised in the Statement of Financial Position as short-term financial payables and bank overdrafts.

Trade receivables and payables

Trade receivables are recognised at their nominal value net of the bad debt provision determined on the basis of the requirements set by IFRS 9. According to this standard, receivables are written off following the application of the "expected loss" impairment method together with, if necessary, further impairments recognised upon specific doubtful conditions on the single credit positions.

Trade accounts payable are recognised at fair value and then at amortised cost.

Transactions denominated in foreign currency are recognised at the exchange rate as at the date of the transaction. At the reporting date, transactions denominated in foreign currencies are translated using the exchange rate as at the reporting date. Gains and losses arising from the translation are reflected in the profit or loss.

Inventories

Raw materials, work in progress and finished products are recognised at the lower of the acquisition or production cost and the net realizable value. Cost comprises direct production costs and those indirect that have been incurred in bringing the inventories to their present location and condition. Acquisition or production cost is determined by the weighted average cost method.

Provisions, adjusting the value of the inventories, are made for slow moving, obsolete inventories or if, in the end, the estimated selling price or realizable value is reasonably expected to be lower than the cost.

Property, plant and equipment

Property, plant and equipment are recognised at purchase cost or production cost, including any charges directly attributable. They are shown net of accumulated depreciation calculated on the basis of the useful lives of the assets and net of any impairment losses.

Ordinary maintenance expenses are charged in full to the profit or loss for the year they are incurred. Extraordinary maintenance expenses are capitalized if they increase the value or the useful life of the related asset.

The costs included under leasehold improvements relate to refurbishment works carried out on premises, mainly commercial, not owned by the Group.

Depreciation methods, useful lives and net book values are reviewed annually. The depreciation rates representing the useful lives are listed below:

Category of property, plant and equipment	Depreciation rate or period
Land	not depreciated
Buildings and construction	2.5% - 10%
Production facilities and equipment	4% - 25%
Improvements to leased retail premises	Shorter of lease term (*) and useful life
Improvements to leased industrial and corporate premises	Shorter of lease term (*) and useful life
Furniture and fixture - retail	Shorter of lease term (*) and useful life
Furniture and fixture - corporate and industrial	7% - 20%
Other tangible fixed assets	4% - 50%
Assets under construction	0%

(*) the lease term includes the renewal period when the exercise of the option is deemed reasonably certain

When assets are sold or disposed of, their cost and accumulated depreciation are eliminated from the financial statements and any gains or losses are recognised in the profit or loss.

If the term of a lease agreement is terminated in advance, the useful life of non current assets related to such premise is adjusted consistently.
The value of land is stated separately from the value of buildings. Depreciation is only charged on the value of buildings. Property, plant and equipment are subsequently carried at cost less accumulated amortisation and impairment losses as described in the paragraph "Impairment test" in the current section.
An owned investment property is recognised at acquisition cost. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure which includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. After initial recognition, investment property is measured using the cost model.

Intangible assets
Only identifiable assets, controlled by the Group and capable of producing future economic benefits, are included in intangible assets.
Intangible assets include trademarks, licenses, store lease acquisition costs, software, development costs and goodwill. Trademarks are recognised at cost or at the value attributed upon acquisition and include the cost of trademark registration in the various countries in which the Group operates. The Directors estimate a useful life of between 20 and 40 years for trademarks, assuming there are no risks or limitations on control over their use. Every trademark is tested for impairment whenever indicators of impairment emerge. The useful life of trademark registration costs is estimated to be 10 years. The caption trademark also includes other intellectual property rights which useful life is determined in accordance with the relevant contracts.

Store lease acquisition costs (or key money) represent expenditures incurred to enter into or take over retail store lease agreements. When the lease contracts fall under the application of IFRS 16 Leases, the store lease acquisition is included within the initial direct costs that contribute to the formation of the right of use assets. Otherwise, the store lease acquisition is an intangible assets.

Intangible assets with a definite useful life are subsequently carried at cost less impairment losses and are amortized on a straight-line basis at the following rates:

Category of intangible assets	Amortization rate or period
Trademarks and other intellectual property rights	2.5% - 25%
Store lease acquisition costs	Shorter of lease term (*) and useful life
Software	10% - 33%
Development costs and other intangible assets	10% - 33%
Assets in progress	0%

(*) the lease term includes the renewal period when the exercise of the option is deemed reasonably certain

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, an asset that produces future economic benefits, but which is not individually identified and separately measured, and is initially recognised at cost.
Goodwill is not amortized but tested for impairment every year to check if its value has been impaired. If specific events or altered circumstances indicate the possibility that goodwill has been impaired, the impairment test is performed more frequently.
For impairment test details, please refer to paragraph "Impairment test" in the current section.

Impairment test
Intangible assets with indefinite useful lives are tested for impairment at least once per year. Goodwill acquired in a business combination shall be, from the acquisition date, allocated to each of the acquirer's cash generating units ("CGU") or group of CGUs that are expected to benefit from the synergies of the combination. CGUs and group of CGUs are determined based on the organisational structure of the Group and represent groups of assets that generate independent cash inflows from continuing use of the relevant assets.
The group of CGUs to which goodwill has been allocated are tested for impairment annually and, whenever there is an indication of impairment, the carrying value of the cash generating unit is compared with their recoverable amount. If changes in the composition of one or more cash-generating units to which goodwill has been allocated occur, the

goodwill is reallocated to the units affected.
The carrying amount of CGUs tested for impairment for consolidation purposes is represented by the net invested capital, which means the net equity adjusted by the net financial position including the lease liability.
Recoverable amount is the higher of fair value less costs to sell and value in use, as calculated based on an estimate of the future cash flows expected to derive from the cash generating unit tested for impairment. Estimated cash flow is based on budget, forecast and on long-term projections approved by the management. A long-term growth rate is calculated and applied to project future cash flows. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate post-tax that reflects current market assessments of the time value of money and the risks specific to the asset.
An impairment loss is recognised in the profit or loss for the period whenever the recoverable amount of the cash generating unit or group of cash generating units is lower than its book value. An impairment loss recognised for goodwill is never reversed in subsequent years.

Property, plant and equipment, right of use assets and intangible assets (other than goodwill) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the top management.

Due to the internal organisational change occurred in 2023, the Group revisited the operating segments. The only reportable segment identified, as in previous years, corresponds to the entire Prada Group.

Further details can be found in Note 8 "Operating segments".

Right of use assets and lease liability
Right of use assets and lease liabilities are regulated by IFRS 16 Leases which apply to all lease contracts that provide for the payment of fixed rents, including those indexed and those that set a guaranteed minimum.
The Group recognise the right of use assets and the lease liability at the commencement date of the lease and based on the lease term.
The identification of a lease term is very important, especially in the field of real estate, because the form, legislation and common business practice can vary considerably from one jurisdiction to another. The Group determines the lease term as the non-cancellable period of a lease, together with the periods covered by an option to extend or to terminate the lease under the control of the Company. The management evaluates the exercise of the option if it's considered "reasonably certain" based on several factors and circumstances that create an incentive for the lessee to exercise, or not to exercise the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.
The lease term begins on the 'commencement date' of the lease. This is defined as the date on which the lessor makes an underlying asset available for use by a lessee. It is the date on which the lessee initially recognises and measures right of use assets and lease liabilities.
The commencement date is not necessarily the date on which the depreciation of the right of use assets starts. For retail premises, the asset leased is ready for use when works on premises are completed and, therefore, the depreciation of the right of use assets shall begin after the completion of works necessary to bring a store to its working condition according to the management instructions (consistently with the IAS 16 requirements).
The right of use assets are measured at cost, identified as the initial measurement of the lease liability, increased by any initial direct costs incurred by the lessee (key money, legal fees, agent fees or other incremental costs incurred to conclude the contract) or by any restoration cost necessary to bring back the premises to its original condition. The

right of use assets are depreciated over the lease term or, if shorter, the useful life of the asset.
The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using an incremental borrowing rate calculated at Group level. The profit or loss caption "interest expenses IFRS 16" represents the adjustment to the present value of the lease liability. Since most leases stipulated by the Group do not have an interest rate implicit in the lease, the discount rate applicable to future lease payments is determined as the risk-free rate of each contract currency in which the leases are stipulated, with payment dates based on the terms of the specific lease, increased by the parent company's credit spread.
A lease modification occurs when there is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term). The effective date of the modification is defined as "the date when both parties agree to a lease modification". When this occurs, the right of use assets and the lease liability are updated accordingly. If a lease is terminated before the original lease term date defined at the commencement date, both the right of use assets and the lease liability are remeasured, impacting also the profit or loss statement.
In addition, the options for the extension and early termination of the lease agreements are re-evaluated when a significant event or a change occurs in the circumstances that are under the control of the Group and this will influence the assessment of the reasonable certainty of the exercise options.
Low value contracts (when the price of the asset, new and recognised on a single-component basis approach, is less than Euro 5,000) and leases whose lease term is shorter than 12 months are not in the scope of IFRS 16 Leases, so they are recognised through profit or loss on a straight-line basis over the lease term. Purely variable rents, typically linked to sales without a guaranteed minimum, are also excluded from the scope of application of such standard and are recognized in the statement of profit and loss in the period in which the condition that triggers those payments occurs.

A lessee is expected to make judgement about whether other changes are substantive based on its understanding of those changes and based on how they were historically managed by the Group. As a result, in the Group's view, a modification of the contract such as a renewal or an extension of the lease term is to be considered substantive only when it is not consistent with the usual practices applied by the Group and in the industry as a whole.

The right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses as described in the paragraph "Impairment test" in the current section.

Investments in equity instruments, associates and joint ventures

The initial recognition of investments in equity instruments (previously "available for sale") is at purchase cost, increased by any directly attributable transaction costs. The Group evaluates these instruments at fair value and the related changes are recognised in a specific equity reserve. This change (Fair Value through Other Comprehensive Income) is also included in the statement of comprehensive income as "items not recyclable to profit or loss", therefore only dividends received will be recorded in the statement of profit or loss of the Group. IFRS 9 also provides for an alternative treatment that allows the recognition of fair value changes directly to profit or loss (Fair Value Through Profit or Loss). The choice of this accounting treatment (FVTPL or FVOCI) has to be done for each investment and has to be considered irrevocable once adopted. Any exceptions to the initial recognition will be reported in the Notes to the Consolidated financial statements.
In the case of securities listed on active markets, the fair value is the price recorded at the end of the trading day of the period under review. For investments for which there is no an active market, the fair value is determined based on the price of recent transactions between independent parts of substantially similar instruments, or by using other valuation techniques such as, for example, income assessments or based on flow analysis discounted financial figures.
Associated undertakings ("associates") are recognised in the Consolidated Financial Statement using the equity method. Associates are companies in which the Group has significant influence but does not exercise control. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee without having control or joint control.

Deferred tax assets

Deferred tax assets are amounts of income taxes recoverable in future periods in relation to deductible temporary differences or carryforward of unused tax losses.
Deductible temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax value which, in determining taxable income for future years, will result in deductible

amounts when the carrying amount of the asset or liability is realized or settled.
Deferred tax assets are recognised for all deductible temporary differences, tax losses carried-forward and unused tax credits only to the extent that is probable that taxable income will be available in future years against which the deductible temporary differences can be used. Recoverability is reviewed at every year end. Deferred tax assets are measured at the tax rates which are expected to apply to the period when the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax assets are not discounted.
Deferred tax assets are recognised through the profit or loss unless the tax amount is generated from a transaction or an event directly recognised in equity or from a business combination.

Derivative financial instruments
Derivative financial instruments that hedge interest rate risk and exchange rate risk exposure are recognised at the fair value based on hedge accounting rules.
According to these rules, within the framework of IFRS 9, future cash flow hedging contracts such as those listed above are qualified as cash flow hedges. Hedge accounting treatment is allowed if derivative financial instruments are designated as a hedge of the exposure to changes in future cash flows of a recognised asset or liability or a highly probable transaction which could affect profit or loss. In this case, the change in fair value of the hedging instrument is recognised in shareholders' equity. Accumulated gains or losses are reversed from shareholders' equity and recognised in the profit or loss for the period in which the profit or loss effect of the hedged operation is recognised. Any gain or loss on a hedging instrument (or portion thereof) which is no longer effective as a cash flow hedge is immediately recognised in the profit or loss. If the hedged transaction is no longer expected to take place, any related cumulative gain or loss outstanding in equity will be recognised in the profit or loss.

Non-current financial liabilities
Non-current financial liabilities include payables to banks for medium and long-term loans.
Non-current financial liabilities are initially recognised at fair value on the transaction date less transaction costs which are directly attributable to the acquisition. After initial recognition, non-current financial liabilities are valued at amortised cost, which means at the initial amount less principal repayments already made, plus or minus the amortisation (using the effective interest method) of any difference between that initial amount and the maturity amount.

Employee benefits
Defined benefit plans are recognised using actuarial techniques to estimate the amount of the obligations resulting from employee service in the current and past periods and discounting it to determine the present value of the Group's obligations. The present value of the obligations is determined by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses are recognised directly in equity, net of the tax effect.
Other long-term employee benefits are recognised among non-current liabilities and their value corresponds to the present value of the defined benefit obligation at the reporting date, adjusted according to the period of the underlying agreement. The recognition of these benefits is usually subject to the attainment of specific earnings by the Group, and their payment, deferred over time to keep the beneficiaries in the organisation, is remeasured using indices relating to the Group's profitability or market value. Like defined benefit plans, other long-term benefits are also valued using the Projected Unit Credit Method. Unlike defined benefits plans, the actuarial gains and losses of other long-term benefits are recognised through profit or loss rather than through net equity.
Long-term employee benefits in the form of share-based payments ("phantom shares") are cash-settled and fall within the scope of IFRS 2. These benefits are measured at fair value, the estimation of which follows a risk neutral approach. In the model, the risk free rate curve is deducted from the Euro area rates at the valuation date; in addition, the expected dividend rate of the underlying was taken into account. Until the liability is settled, the fair value is restated at the date of each year and at the settlement date. Changes in fair value are recognised through profit or loss.

Provisions for risks and charges and contingent assets
The Prada Group is mainly involved in civil and tax disputes and the related provisions for risks and charges are booked in the financial statements both on the basis of historical experience and on the basis of assumptions concerning future events that are difficult to predict as also depending on factors that are not under the full control of the Group. Therefore it is possible that after the reporting period, departures between the estimates made and the actual results materialise so that it might be necessary to make adjustments to the values of the liabilities recognised.

Application of exemptions to some or all of the disclosures required by IAS 37 are applied when these could prejudice seriously the position the Group in a dispute with other parties on the on the subject matter of the provision, contingent liability or contingent asset.

Deferred tax liabilities

Deferred tax liabilities are amounts of income taxes due in future periods in respect of taxable temporary differences. Taxable temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base which, in determining the taxable income for future years, will result in taxable amounts when the carrying amount of the asset or liability is recovered or settled.

Deferred tax liabilities are recognised for all taxable timing differences except when liability is generated by the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that does not affect the accounting result or the tax result at the transaction date.

Deferred tax liabilities are measured at the tax rates which are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are not discounted.

Deferred tax liabilities are recognised through the profit or loss unless the tax amount is generated from a transaction or an event directly recognised in equity or from a business combination.

Accounting in hyperinflationary economies

Non-monetary assets and liabilities and gains and losses of entities whose functional currency is the currency of a hyperinflationary economy are restated to reflect the changes in the general pricing power of their functional currency, in accordance with IAS 29, by applying the change in the general price index between the date those items were acquired or incurred and the end of the reporting period.

Therefore, for non-monetary items recognised at their historical cost, the opening Statement of Financial Position is restated to reflect the effect of inflation from the date on which the assets were acquired and the liabilities were incurred or assumed to the date of the previous year closing Statement of Financial Position. This effect is recognised in equity.

Afterward, all the corresponding restated data in the subsequent financial statements and the Statement of Profit or Loss items are restated by applying the change in the general price index for the current reporting period, thereby generating a gain or loss, charged to the income statement in a specific item called "net monetary position gain or loss".

Moreover, IAS 21 states that the financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy must be translated into a different presentation currency, i.e., all the amounts (assets, liabilities, items of equity, income and expenses) must be translated at the closing rate of the reporting period, except for comparative amounts that are translated into a currency of a non-hyperinflationary economy.

Since June 30, 2022, the Turkish economy has been considered hyperinflationary according to the definition and criteria set out in "IAS 29 - Financial Reporting in Hyperinflationary Economies" as inflation in Turkey has risen exponentially, with a cumulative inflation rate over three years that exceeds 100%.

	Dec. 31, 2020	Dec. 31, 2021	June 30, 2022	Dec. 31, 2022	Dec. 31, 2023
Three-year cumulative CPI*	54.2%	74.4%	136.4%	156.2%	268.3%

(*) source: Turkish Statistical Institute

Revenue recognition and cost recognition

Revenues from the sale of goods are recognised in the profit or loss when all of the following criteria have been satisfied:

- identification of the contract (in writing, orally or in accordance with other customary business practices) with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction selling price for each performance obligations;
- the amount of revenue (transaction selling price) can be measured reliably;
- the significant risks and rewards of ownership are transferred to the buyer;
- all control over the goods sold has ceased;
- the economic benefits generated by the transaction will probably be enjoyed by the Group;

- the costs pertaining to the transaction can be reliably measured;
- each performance obligation has been satisfied.

Royalties are accounted for based on sales made by the licensees and the terms of the contracts.
Costs are recognised on an accrual basis. In particular, a cost is immediately recognised in the profit or loss when:
- an expense does not generate any future economic benefit;
- the future economic benefits do not qualify or cease to qualify as assets for recognition in the statement of financial position;
- a liability is incurred and no asset has been recognised.

Pre-opening rents
Costs incurred during the pre-opening period of new or refurbished retail stores are charged to the profit or loss when incurred, except for the suspension of the depreciation of the right of use assets.

Interest expenses
Interest expenses might include interest on bank overdrafts, on short and long term loans, financial charges related to the adjustments of the present value of the lease liability, amortization of initial costs of loan operations, changes in the fair value of derivatives - insofar as chargeable to the profit or loss -, annual interest maturing on the present value of post-employment benefits and interests on late payments.

Taxation
The provision for taxation is determined based on a realistic estimate of the tax charge of each consolidated entity, in accordance with the tax rates (and tax laws) that have been enacted or substantially enacted in each country at the reporting date.
Current taxes are recognised in the profit or loss as an expense, except for taxes deriving from transactions or events directly recognised through shareholders' equity which are directly charged to equity.

Earnings or losses per share
Earnings or losses per share are calculated by dividing the net result attributable to the parent company by the weighted average number of ordinary shares in issue.

Changes of accounting policies, errors and changes of estimates
The accounting policies adopted change from one year to the next only if the change is required by an accounting standard or if it helps provide more reliable and meaningful information on the impact of operations on the entity's statement of financial position, profit or loss or cash flows.
Changes of accounting policy are accounted for retroactively with the effect allocated to the opening equity of the earliest of the periods presented. The other comparative amounts reported for each prior period are also adjusted as if the new policy had been applied from the outset. A prospective approach is adopted only when it would be impracticable to restate the comparative information.

The application of a new or amended accounting standard is accounted for as requested by the standard itself. If the standard does not regulate the transition method, the change is accounted for on a retroactive basis or, if impracticable, on a prospective basis.
Material errors are treated on the same basis as changes of accounting policy as described above. Non-material errors are corrected through the profit or loss in the period in which the error was identified.
Changes of accounting estimates are accounted for prospectively in the profit or loss for the year in which the change is made if it only affects the profit or loss for that year, or in the profit or loss for the year in which the change is made and in subsequent periods if they are also affected by the change.

Use of estimates
In accordance with IFRS, preparation of these consolidated financial statements requires the use of estimates and assumptions when determining certain types of assets, liabilities, revenues and costs and when assessing contingent assets and liabilities.
These assumptions refer, first of all, to operations and events not settled at the end of the period. Therefore, upon

payment, the actual outcome may differ from the estimated amounts. Estimates and assumptions are reviewed periodically and the effects of each change are immediately recognised in the profit or loss.
Significant estimates are used mainly for impairment tests, when determining the provisions for risks and bad debts, the inventory obsolescence provision, the post-employment benefits, the tax computation, the measurement of derivatives, the lease term of contracts with renewal or early termination options (in accordance with IFRS 16) and the useful life of property, plant and equipment and intangible assets.

Impact of climate change-related matters on financial statements
The Group has defined a climate strategy with the objective of reducing greenhouse gases (GHG) emissions, positively contributing to the global goal of fighting climate change. The strategy, which is integrated into Group’s business model and operations, includes medium-term carbon reduction targets related to direct GHG emissions (scope 1), indirect GHG energy emissions (scope 2), and other indirect GHG emissions from sources not owned or controlled by the Company itself (scope 3).
The main action on going to reach the targets for scope 1 and scope 2 are the following:
- electrification of industrial sites heating/cooling systems;
- switch to a green company car fleet;
- increase in self-produced energy from owned photovoltaic systems;
- investment in renewable energy procurement, including the participation, within the Fashion Pact coalition, to launch a Collective Virtual Power Purchase Agreement (CVPPA) in the European region, which will start in the next few years;
- increase of LEED Gold or Platinum certifications.

The above actions have had and will have an impact on the Group's Consolidated Financial Statements in terms of new investments and recurring operations (e.g. purchase of certified carbon credits and GOs certificates, purchase of certified raw materials, purchase of sustainable logistics and procurement services).
Management has also assessed the impact of climate change and the measures taken to comply with the climate strategy on the criteria for the preparation of the Consolidated Financial Statements, with particular reference to the estimates and assumptions as defined in the section “Use of Estimates”.
In addition, to align the performance of the Group’s key personnel with the interests of the stakeholders and to reinforce the Group’s commitment to ESG issues, the Group has established a long-term variable incentive plan that includes financial indicators and the achievement of specified sustainability objectives. Fulfillment of these criteria was taken into account in the evaluation of the long-term incentive plans.
At this stage, management has assessed that the impact on the Group's financial statements is not material as it has not identified any specific asset or liability items that are subject to estimation processes at the reporting date that could be significantly affected by climate change issues.

Impact of the outbreak of war in Ukraine on financial statements
The effects of the ongoing conflict have been considered in the preparation of the financial statements as of December 31, 2023. The only notable impact is related to the impairment of assets held in Russia.
The management will continue to closely monitor the evolution of the business and legal scenario to ensure the correct valuation of the assets recognised in the consolidated financial statements of the Group and to abide by the law and regulations being imposed.

7. Mergers and acquisitions

As a result of the internal reorganisation process of the Church's brand, business transactions were completed in 2023, resulting in the liquidation or merger in other Group companies of the following companies: Church’s English Shoes Switzerland Sa, Church Ireland Retail Ltd, Church Singapore Pte Ltd, Church Austria Gmbh, Church Denmark Aps, Church Japan Company Ltd, Church English Shoes Sa, Church Netherlands Bv, Church France Sas, Church Korea Llc, Church Italia S.r.l. and Church Footwear Ab.

On January 24, 2023, COR 36 S.r.l. was liquidated.

On May 26, 2023, Caffè Principe S.r.l. was merged into Marchesi 1824 S.r.l. in order to increase the synergies within

the Group in the food and beverage sector.
On June 15, 2023, Pelletteria Figline S.r.l. was merged into Figline S.r.l. and on October 30, 2023 Pelletteria Ennepì S.r.l. was merged in Prada S.p.A. in order to rationalise the manufacturing activities of the Group.

On September 1, 2023, Luna Rossa Challenge S.r.l. established the company Luna Rossa Challenge 2024 Sl in order to follow the operation for the next America's Cup 2024 in Barcelona (Spain).

On September 5, 2023, Prada Group and Ermenegildo Zegna Group signed an agreement for the acquisition of a minority stake in Luigi Fedeli e Figlio S.r.l., an Italian knitwear company located in Monza (near Milan), in order to assure continuity, preserve know-how, and continue to create value for 'Made in Italy' in the name of craftsmanship and innovation. Prada Group and Ermenegildo Zegna Group each acquired a 15% stake.

On October 10, 2023, Prada S.p.A. and Store Specialist Inc. have signed a joint-venture agreement with the establishment of the new company Prada Philippines Inc with the aim of developing the commercial activities in the Philippines. In the new company, Prada S.p.A. owns 60% of the share capital.

8. Operating segments

Following the organisational changes undertaken with the announcement, among others, of the appointment of a new Prada Group CEO as of January 2023 and a new Prada CEO as of December 2022, and considering the increasing verticalisation of the brands' organisation, the Group has redefined its segment reporting.
The Group has maintained a matrix-based organisational structure as in previous years, but focus on brand performance has been increasing, and resources are increasingly allocated based on assessments at brand level.
The reporting system of the Group has been updated accordingly to provide the top management with periodic brands' reports, to support the new organisational model described above.
Based on the new structure, since the end of 2023 the operating segments identified by management, as defined by IFRS 8 "an operating segment is defined as a business division whose operating results are regularly reviewed by top management in order to adopt decisions to allocate appropriate resources to the segment and assess its performance", correspond to each owned brand.

For financial statements presentation all operating segments identified have been aggregated into a single reportable segment which corresponds to the entire Prada Group and concluded that, in doing so, the aggregation is still consistent with the core principles of IFRS 8.

It should be noted that the two main brands, Prada and Miu Miu, have similar economic and business profile and they represent together 99% of the Group's revenue. The other brands, which represent the remaining 1% of the Group's revenue, have been considered as not material.

The main economic indicators assessed to determine that the operating segments Prada and Miu Miu have similar economic characteristics are:
- long-term financial performance (in particular, average gross margin)
- currency, competitive, operating and financial risks.

Moreover, Prada and Miu Miu present products of similar nature, similar production processes and customers and the same distribution channels.
Therefore, as of December 31, 2023 it has been identified only one reportable segment as occurred in 2022 and previous years. Accordingly, the corresponding information for 2022 should not be restated.

Net sales

Detailed information on the net sales by distribution channel and brand are provided below and in the Financial Review together with the related comments.

(amounts in thousands of Euro)	twelve months ended December 31 2023		twelve months ended December 31 2022		% change current exc. rates	% change constant exc. rates (*)
Net revenues						
Retail net sales (Directly Operated Stores and e-commerce)	4,189,676	88.6%	3,736,971	89.0%	12.1%	17.2%
Wholesale net sales (independent customers and franchisees)	433,206	9.2%	387,621	9.2%	11.8%	13.0%
Royalties	103,529	2.2%	76,082	1.8%	36.1%	36.1%
Total net revenues	4,726,411	100%	4,200,674	100%	12.5%	17.2%
Retail net sales by brand						
Prada	3,488,276	83.3%	3,252,025	87.0%	7.3%	12.1%
Miu Miu	648,936	15.5%	431,768	11.6%	50.3%	58.2%
Church's	28,555	0.7%	33,120	0.9%	-13.8%	-12.7%
Other	23,909	0.6%	20,058	0.5%	19.2%	19.4%
Total retail net sales	4,189,676	100%	3,736,971	100%	12.1%	17.2%
Retail net sales by geographic area						
Asia Pacific	1,446,146	34.5%	1,231,659	33.0%	17.4%	24.0%
Europe	1,312,023	31.3%	1,187,466	31.8%	10.5%	14.0%
Americas	767,365	18.3%	781,825	20.9%	-1.8%	0.3%
Japan	483,838	11.5%	368,739	9.9%	31.2%	43.8%
Middle East	180,304	4.3%	167,282	4.4%	7.8%	10.5%
Total retail net sales	4,189,676	100%	3,736,971	100%	12.1%	17.2%
Retail net sales by product category						
Leather goods	1,910,061	45.6%	1,851,737	49.6%	3.1%	7.7%
Ready-to-wear	1,350,243	32.2%	1,085,660	29.1%	24.4%	30.6%
Footwear	777,099	18.5%	690,707	18.5%	12.5%	17.5%
Other	152,273	3.6%	108,867	2.9%	39.9%	44.4%
Total retail net sales	4,189,676	100%	3,736,971	100%	12.1%	17.2%

(*) calculated excluding the effect of the hyperinflation in Turkey

Geographic information

The following table reports the carrying amount of the Group's non-current assets by geographic area, as required by IFRS 8, "Operating Segments", for entities, like the Prada Group, that have a single reportable segment:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Europe	3,135,326	3,008,806
Americas	900,086	628,828
Asia Pacific	623,716	504,942
Japan	276,239	349,099
Middle East and Africa	137,437	81,617
Total	5,072,804	4,573,292

The total amount of Euro 5,073 million (Euro 4,573 million at December 31, 2022) refers to the Group's non-current assets excluding, as per IFRS 8, those relating to derivatives, deferred tax assets and the pension fund surplus.

Consolidated Statement of Financial Position

9. Cash and cash equivalents

The cash and cash equivalents are detailed as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Cash on hand and other cash equivalents	67,030	53,804
Bank deposit accounts	377,376	781,358
Bank current accounts	245,113	256,460
Total	689,519	1,091,622

At December 31, 2023, the bank accounts and deposits accruing interest income had yields in the range of 0% and 5.95% annually (0% and 5.34% at December 31, 2022). These ranges do not include the bank accounts and deposits in Turkish lira, which have had very high yields due to high inflation and were not relevant. For the bank deposits, interest income had average yield of 3.94%.

10. Trade receivables, net

The trade receivables, net are detailed below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Trade receivables - third parties	414,621	342,110
Allowance for bad and doubtful debts	(11,341)	(11,595)
Trade receivables - related parties	1,871	1,400
Total	405,151	331,915

The change in the allowance for bad and doubtful debts is set forth below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Opening balance	11,595	10,990
Exchange differences	(244)	90
Increases	2,979	741
Reversals	(173)	(136)
Utilization	(2,816)	(90)
Closing balance	11,341	11,595

11. Inventories, net

The inventories, net can be broken down as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Raw materials	115,531	108,450
Work in progress	38,580	30,109
Finished products	726,295	699,849
Return assets	12,942	10,493
Allowance for obsolete and slow-moving inventories	(110,370)	(88,444)
Total	782,978	760,457

The stock increase was largely attributable to the need to support sales growth. In 2023, the inventory allowance was increased, net of the utilisations and reversal, by Euro 21.9 million with allocations for slow-moving products and raw materials.

The changes in the allowance for obsolete and slow-moving inventories in 2023 are as follows:

(amounts in thousands of Euro)	Raw materials	Finished products	Total allowance for obsolete and slow-moving inventories
Opening balance	32,222	56,222	88,444
Exchange differences	-	(185)	(185)
Increases	9,441	12,801	22,242
Utilisation	-	(97)	(97)
Reversal	-	(34)	(34)
Closing balance	41,663	68,707	110,370

The changes in the allowance for obsolete and slow-moving inventories in 2022 were as follows:

(amounts in thousands of Euro)	Raw materials	Finished products	Total allowance for obsolete and slow-moving inventories
Opening balance	30,735	29,179	59,914
Exchange differences	(3)	135	132
Increases	1,588	28,449	30,037
Utilisation	(98)	(896)	(994)
Reversal	-	(645)	(645)
Closing balance	32,222	56,222	88,444

12. Derivative financial instruments: assets and liabilities

Derivative financial instruments: assets and liabilities, current and non-current portions:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Financial assets regarding derivative instruments - current	17,550	22,483
Financial assets regarding derivative instruments - non-current	890	5,812
Total financial assets - derivative financial instruments	18,440	28,295
Financial liabilities regarding derivative instruments – current	(7,543)	(11,565)
Total financial liabilities - derivative financial instruments	(7,543)	(11,565)
Net carrying amount – current and non-current portion	10,897	16,730

The net carrying amount of derivatives, considering both the current and non-current portions, has the following composition:

(amounts in thousands of Euro)	December 31 2023	December 31 2022	IFRS7 Category
Forward contracts	11,187	12,673	Level II
Options	2,423	6,361	Level II
Interest rate swaps	4,830	9,261	Level II
Positive fair value	18,440	28,295	
Forward contracts	(7,474)	(10,425)	Level II
Options	(69)	(1,140)	Level II
Negative fair value	(7,543)	(11,565)	
Net carrying amount – current and non-current	10,897	16,730	

All the above derivative instruments are classified as Level II in the fair value hierarchy. The Group has not entered into any derivative contracts that could be qualified as Level I or III.
The fair values of derivatives arranged to hedge interest rate risks (interest rate swaps or "IRS") and of derivatives arranged to hedge foreign exchange risks (forward contracts and options) were determined by using one of the most widely used valuation platforms on the financial market and are based on the interest rate curves and on spot and forward exchange rates at the reporting date.
The Group entered into the derivative contracts in the course of its risk management activities in order to hedge financial risks stemming from exchange rate and interest rate fluctuations. In addition, the Group mitigated the interest rate risk balancing exposures of floating-rate debt with floating-rate liquidity investments.

Foreign exchange rate transactions
The cash flows of the Group are exposed to exchange rate volatility because it operates on an international scale. In order to hedge this risk, the Group enters into options and forward sale and purchase agreements, so as to protect the value of identified cash flows in Euro (or in other currencies used locally). The expected future cash flows mainly regard the collection of intercompany trade receivables, the settlement of intercompany trade payables and financial cash flows.
The notional amounts of the derivative contracts (translated at the December 31, 2023 exchange rates reported in Note 38) designated as foreign exchange risk hedges are as stated below.

Contracts in effect at December 31, 2023 to hedge projected future trade cash flows:

(amounts in thousands of Euro)	Options	Forward sale contracts	December 31 2023
Currency			
US Dollar	55,204	238,914	294,118
Chinese Renminbi	57,318	173,229	230,547
Korean Won	54,406	115,788	170,194
Japanese Yen	-	118,339	118,339
GB Pound	-	77,096	77,096
Canadian Dollar	7,035	17,620	24,655
Taiwan Dollar	-	22,811	22,811
Hong Kong Dollar	8,457	29,312	37,769
Swiss Franc	-	18,143	18,143
Malaysia Ringgit	-	11,620	11,620
Other currencies	4,798	80,766	85,564
Total	187,218	903,638	1,090,856

Contracts in effect at December 31, 2023 to hedge projected future financial cash flows:

(amounts in thousands of Euro)	Forward sale contracts	December 31 2023
Currency		
US Dollar	43,514	43,514
GB Pound	35,671	35,671
Swiss Franc	33,153	33,153
Korean Won	20,925	20,925
Taiwan Dollar	8,876	8,876
Malaysia Ringgit	3,939	3,939
Other currencies	26,329	26,329
Total	172,407	172,407

Contracts in effect at December 31, 2022 to hedge projected future trade cash flows:

(amounts in thousands of Euro)	Options	Forward sale contracts	December 31 2022
Currency			
US Dollar	87,193	211,888	299,081
Chinese Renminbi	65,233	152,891	218,124
Korean Won	74,400	77,376	151,776
Japanese Yen	17,062	88,156	105,218
GB Pound	-	71,031	71,031
Canadian Dollar	9,972	18,283	28,255
Taiwan Dollar	-	23,712	23,712
Swiss Franc	-	20,209	20,209
Hong Kong Dollar	5,531	10,401	15,932
Malaysia Ringgit	-	12,877	12,877
Other currencies	6,644	96,783	103,427
Total	266,035	783,607	1,049,642

Contracts in effect at December 31, 2022 to hedge projected future financial cash flows:

(amounts in thousands of Euro)	Forward sale contracts	December 31 2022
Currency		
GB Pound	75,541	75,541
Swiss Franc	31,177	31,177
US Dollar	30,658	30,658
Malaysia Ringgit	5,321	5,321
Other currencies	17,913	17,913
Total	160,610	160,610

All contracts in place at December 31, 2023 have a maturity shorter than twelve months.
All contracts in place at the reporting date were entered into with major financial institutions, and no counterparties are expected to default. A liquidity analysis of the derivative contracts maturities is provided in the financial risks section of these Notes.

Interest rate transactions

The Group enters into interest rate swaps ("IRS") in order to hedge the risk of interest rate fluctuations on bank loans. The key features of the IRS agreements in place as at December 31, 2023 and December 31, 2022 are summarized below:

Interest Rate Swap (IRS) Agreement						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	Fair value as of Dec. 31 2023	Currency	Type of debt	Amount	Expiry
IRS	Euro/000	23,833	1.46%	May-2030	875	EUR	Term Loan	23,833	May-2030
IRS	Euro/000	100,000	1.33%	Apr-2025	2,332	EUR	Term Loan	100,000	Apr-2025
IRS	Euro/000	52,200	2.65%	Feb-2026	190	EUR	Term Loan	52,200	Feb-2026
IRS	GBP/000	39,300	2.78%	Jan-2029	1,433	GBP	Term Loan	39,300	Jan-2029
Total fair value (amounts in thousands of Euro)					4,830				

Interest Rate Swap (IRS) Agreement						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	Fair value as of Dec. 31 2022	Currency	Type of debt	Amount	Expiry
IRS	Euro/000	27,500	1.46%	May-2030	1,688	Euro/000	Term Loan	27,500	May-2030
IRS	Euro/000	100,000	1.33%	Apr-2025	4,280	Euro/000	Term Loan	100,000	Apr-2025
IRS	Euro/000	77,400	2.65%	Feb-2026	731	Euro/000	Term Loan	77,400	Feb-2026
IRS	GBP/000	42,825	2.78%	Jan-2029	2,562	GBP/000	Term Loan	42,825	Jan-2029
Total fair value (amounts in thousands of Euro)					9,261				

The IRS convert variable interest rates on bank loans into fixed interest rates. They have been arranged with major financial institutions, and no counterparties are expected to default.

Information on financial risks

Capital management
The Group's capital management strategy aims to guarantee a fair economic return to shareholders, protect the interests of other stakeholders, maintain a balanced capital structure with a high degree of creditworthiness, reducing the average cost of debt and minimizing financial risks.

Categories of financial assets and liabilities according to IFRS 7

Financial assets
The following is the detail of financial assets required by IFRS 7 under the categories required by IFRS 9:

(amounts in thousands of Euro)	Financial assets designated at fair value	Held to collect	Held to collect and sale	Other	Equity instruments	Total	Notes
Cash and cash equivalents	-	-	-	689,519	-	689,519	9
Trade receivables, net	-	405,151	-	-	-	405,151	10
Derivative financial instruments	18,440	-	-	-	-	18,440	12
Investments in equity instruments	-	-	-	-	5,184	5,184	18
Other investments	-	-	-	-	36,426	36,426	18
Total at December 31, 2023	18,440	405,151	-	689,519	41,610	1,154,720	

(amounts in thousands of Euro)	Financial assets designated at fair value	Held to collect	Held to collect and sale	Other	Equity instruments	Total	Notes
Cash and cash equivalents	-	-	-	1,091,622	-	1,091,622	9
Trade receivables, net	-	331,915	-	-	-	331,915	10
Derivative financial instruments	28,295	-	-	-	-	28,295	12
Investments in equity instruments	-	-	-	-	3,551	3,551	18
Other investments	-	-	-	-	23,423	23,423	18
Total at December 31, 2022	28,295	331,915	-	1,091,622	26,974	1,478,806	

Financial liabilities
The following is the detail of financial liabilities required by IFRS 7 under the categories required by IFRS 9:

(amounts in thousands of Euro)	Financial liabilities designated at fair value	Amortised cost	Financial liabilities held for trading	Total	Notes
Financial payables	-	492,613	-	492,613	21, 22, 26
Trade payables	-	453,387	-	453,387	23
Derivative financial instruments	7,543	-	-	7,543	12
Lease liabilities	-	2,110,888	-	2,110,888	20
Total at December 31, 2023	7,543	3,056,888	-	3,064,431	

(amounts in thousands of Euro)	Financial liabilities designated at fair value	Amortised cost	Financial liabilities held for trading	Total	Notes
Financial payables	-	560,071	-	560,071	21, 22, 26
Trade payables	-	401,799	-	401,799	23
Derivative financial instruments	11,565	-	-	11,565	12
Lease liabilities	-	2,107,577	-	2,107,577	20
Total at December 31, 2022	11,565	3,069,447	-	3,081,012	

Fair Value

The reported amount of derivative instruments, whether assets or liabilities, reflects their fair value, as explained in this Note 12.

The carrying amount of cash and cash equivalents, financial receivables and trade receivables, as adjusted for impairment where necessary in accordance with IFRS 9, approximates their estimated realizable value and, hence, their fair value.

The amount of the investments in equity instruments corresponds to its fair value (Level I).

The lease liability is reported at its present value, while all other financial liabilities are stated at their fair value.

Credit risk

Credit risk is defined as the risk of financial loss caused by the failure of a counterparty to meet its contractual obligations. The maximum risk to which an entity is exposed is represented by all the financial assets recognised in the financial statements. However, according to management, the Group's credit risk regards essentially the trade receivables from wholesale and other commercial partners, and the cash holdings. The Group has implemented specific control systems to manage such risk, as explained in the section describing risk factors in the Financial Review.

Trade receivables

The table below provides an aging analysis of the trade receivables before accounting for the allowance for bad and doubtful debts:

(amounts in thousands of Euro)	December 31, 2023	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	416,492	331,052	55,306	9,854	3,717	2,570	13,993
Total December 31, 2023	416,492	331,052	55,306	9,854	3,717	2,570	13,993

(amounts in thousands of Euro)	December 31, 2022	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	343,510	272,142	39,132	6,297	4,459	1,211	20,269
Total December 31, 2022	343,510	272,142	39,132	6,297	4,459	1,211	20,269

The following table provides an aging analysis of the trade receivables after accounting the allowance for bad and doubtful debts:

(amounts in thousands of Euro)	December 31, 2023	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for bad and doubtful accounts	405,151	329,418	54,350	8,780	3,578	2,548	6,477
Total December 31, 2023	405,151	329,418	54,350	8,780	3,578	2,548	6,477

(amounts in thousands of Euro)	December 31, 2022	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for bad and doubtful accounts	331,915	270,542	39,060	5,833	4,453	1,209	10,818
Total December 31, 2022	331,915	270,542	39,060	5,833	4,453	1,209	10,818

Bank current accounts and deposits

The bank deposits are broken down by currency below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Currency		
Euro	171,804	473,021
US Dollar	86,191	131,258
Hong Kong Dollar	55,624	123,010
Other Currencies	63,757	54,069
Total bank deposit accounts	377,376	781,358

The Group aims to reduce the financial counterparty risk on bank deposits by allocating the available funds to multiple accounts that differ by currency, country and bank (always investment grade); such investments are always short-term.

The bank current accounts are broken down by currency as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Currency		
US Dollar	70,098	65,427
Euro	54,569	56,977
GB Pound	12,644	14,299
Korean Won	6,442	5,136
Hong Kong Dollar	6,406	3,615
Other currencies	94,954	111,006
Total bank current accounts	245,113	256,460

For its operational activities and business processes the Group makes use of financial counterparties of primary standing and appropriate level of diversification; as a result the counterparty risk on bank accounts can be considered not significant.

Liquidity risk

Liquidity risk refers to the difficulty the Group could have in securing new funds, leading to a failure in meeting its financial obligations. The Directors are responsible for managing liquidity risk, while the Group Chief Financial Officer (CFO), supported by the Deputy Group CFO is in charge of optimizing the management of financial resources.
According to the Directors, the funds and credit lines currently available, in addition to those that will be generated by operating and financing activities, will enable the Group to meet its financial requirements arising from investing activities, working capital management, punctual loan repayment and dividend payment in the foreseeable period.

At December 31, 2023, the Group had undrawn cash credit lines of Euro 768 million available at banks (Euro 807 million at December 31, 2022), of which Euro 451 million were committed credit lines and Euro 317 million were uncommitted ones.

An aging analysis of the trade payables is set forth below:

(amounts in thousands of Euro)	December 31, 2023	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	453,387	372,015	56,875	8,958	3,473	1,694	10,372
Total December 31, 2023	453,387	372,015	56,875	8,958	3,473	1,694	10,372

(amounts in thousands of Euro)	December 31, 2022	Not overdue	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	401,799	330,287	47,513	6,587	436	2,538	14,438
Total December 31, 2022	401,799	330,287	47,513	6,587	436	2,538	14,438

Financial liabilities under derivative financial instruments (forward contracts and options)

The maturities of the financial liabilities according to the earliest date on which the Group could be required to pay (worst-case scenario) are presented in the following tables.

As required by IFRS 7, the following tables show the financial liabilities under forward contracts and options designated as cash flow hedges where a negative cash flow is expected at the reporting date:

(amounts in thousands of Euro)	Future contractual cash flows at Dec. 31, 2023	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Net cash flows (outflows / inflows) of forward contracts	(7,474)	(3,803)	(3,671)	-	-	-	-
Net cash flows (outflows / inflows) of options	(69)	-	(1)	(22)	(46)	-	-
Net amount	(7,543)	(3,803)	(3,672)	(22)	(46)	-	-

(amounts in thousands of Euro)	Future contractual cash flows at Dec. 31, 2022	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Net cash flows (outflows / inflows) of forward contracts	(10,425)	(4,008)	(6,417)	-	-	-	-
Net cash flows (outflows / inflows) of options	(1,140)	(427)	(623)	(12)	(39)	(39)	-
Net amount	(11,565)	(4,435)	(7,040)	(12)	(39)	(39)	-

Financial liabilities under derivative financial instruments (interest rate swaps)
There are no interest rate swaps with a negative cash flow in 2022 and 2023.

Financial liabilities

(amounts in thousands of Euro)	Carrying amount at Dec. 31, 2023	Future contractual cash flows at Dec. 31, 2023	on demand	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Lease liability	2,110,888	2,334,644	-	239,094	226,276	388,426	329,148	290,240	861,460
Financial liabilities - third parties (without deferred costs on loans)	487,327	519,976	-	120,942	43,942	156,610	151,900	10,442	36,140
Financial liabilities - related parties	5,853	5,853	-	1,505	4,348	-	-	-	-
Total	2,604,068	2,860,473	-	361,541	274,566	545,036	481,048	300,682	897,600

(amounts in thousands of Euro)	Carrying amount at Dec. 31, 2022	Future contractual cash flows at Dec. 31, 2022	on demand	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Lease liability	2,107,577	2,296,740	-	224,801	210,249	378,651	312,037	259,895	911,107
Financial liabilities - third parties (without deferred costs on loans)	557,487	606,990	-	120,084	56,598	99,558	144,575	140,038	46,137
Financial liabilities - related parties	3,568	3,568	-	-	3,568	-	-	-	-
Total	2,668,632	2,907,298	-	344,885	270,415	478,209	456,612	399,933	957,244

Some of the above financial liabilities contain loan covenants, as described in Note 26.

Sensitivity on exchange rate risk
The exchange rate risk to which the Group is exposed is concentrated largely with Prada S.p.A. and it results from fluctuation of foreign currencies against the Euro.
Prada Spa is the Group's parent and worldwide distributor of brand products. Intercompany transactions involving the parent and the subsidiaries are mainly settled in the local currency of the latter. Therefore, foreign exchange risk mainly arises from such intercompany transactions. Derivative transactions are put in place to mitigate such foreign exchange rate risk.
In terms of exposure, the most important currencies for the Group are the British Pound, Hong Kong Dollar, Japanese Yen, US Dollar, Chinese Renminbi and Korean Won.

The following table shows the sensitivity of the consolidated net income and equity to a range of hypothetical fluctuations in the main foreign currencies against the Euro, based on the statement of financial position of the Group's companies as of December 31, 2023:

	Euro strengthens by 5%		Euro weakens by 5%	
(amounts in thousands of Euro)	Impact on net result	Impact on net equity	Impact on net result	Impact on net equity
GP Pound	(414)	2,288	1,357	(1,630)
Hong Kong Dollar	1,028	2,447	(1,067)	(2,380)
Japanese Yen	(1,212)	2,854	1,340	(2,228)
US Dollar	1,828	12,124	(1,675)	(12,774)
Chinese Renminbi	(2,414)	3,644	2,940	(4,249)
Korean Won	(907)	3,582	2,041	(3,923)
Other currencies	(5,851)	3,975	4,641	(5,948)
Total	(7,942)	30,914	9,577	(33,132)

The total impact on equity (positive for Euro 30.9 million and negative for Euro 33.1 million) is the sum of the theoretical effect on the statement of profit or loss and on the cash flow hedge reserve of a hypothetical strengthening or weakening of the Euro against the other currencies.
The effects on the financial statement items are presented above before taxes. The sensitivity analysis is based on currency exposure at the end of the period, which might not reflect the actual exposure during the period. For this reason it is purely indicative.

Sensitivity on interest rate risk

The Prada Group is exposed to interest rate fluctuations mainly with regard to interest expense on the medium / long-term debt of the parent company, Prada S.p.A., and of some of its subsidiaries. The financial risk management is under the ultimate responsibility of the Group CFO.
The following table shows the sensitivity of the consolidated net income and equity to a hypothetical shift in the interest rate curve based on the financial position of the Group's companies at December 31, 2023:

	Interest rate curve shift			
	+0.50%		-0.50%	
(amounts in thousands of Euro)	Impact on net result	Impact on net equity	Impact on net result	Impact on net equity
Euro	(876)	(527)	876	516
GP Pound	(162)	560	162	(578)
Hong Kong Dollar	310	310	(310)	(310)
Japanese Yen	(47)	(47)	47	47
US Dollar	757	757	(757)	(757)
Other currencies	665	665	(665)	(665)
Total	647	1,718	(647)	(1,747)

The total impact on equity (positive and negative for Euro 1.7 million) is the sum of the theoretical effect on the statement of profit or loss and on the cash flow hedge reserve of a hypothetical shift in the interest rate curve. The effects on the financial statement items are presented above before taxes.
The sensitivity analysis is based on the net financial position at the end of the period, which might not reflect the actual exposure to interest rate risk during the period. For this reason it is purely indicative.

Other risks

Risks factors affecting the international luxury goods market and those specific to the Prada Group are described in the Financial Review in the paragraph "Risks factors and management".

13. Receivables due from, and advance payments to, related parties – current and non-current

The current receivables due from, and advance payments to, related parties are detailed as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Financial receivables	2	2,200
Other receivables and advances	136	173
Receivables due from, and advance payments to, related parties - current	138	2,373

The non-current receivables due from, and advance payments to, related parties are detailed as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Financial receivables	-	1,125
Receivables due from, and advance payments to, related parties - non-current	-	1,125

Additional information on related party transactions is provided in Note 40.

14. Other current assets

The other current assets are set forth below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
VAT	38,317	39,627
Taxation and other tax receivables	82,853	70,775
Other assets	15,063	9,230
Prepayments	124,244	86,617
Guarantee deposits	6,935	9,668
Total	267,412	215,917

Other assets
The other assets are detailed as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Advances to suppliers	6,493	4,079
Incentives for retail investments	455	1,204
Other receivables	8,115	3,947
Total	15,063	9,230

Prepayments
The prepayments are detailed below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Rental costs	3,371	3,031
Insurance	2,180	2,831
Design costs	33,194	29,210
Fashion shows and advances on advertising campaigns	37,163	26,013
Other	48,336	25,532
Total	124,244	86,617

Prepayments primarily relate to costs incurred to design collections, launch advertising campaigns and host fashion shows, that will generate revenue after the reporting period.

Guarantee deposits
The guarantee deposits refers primarily to security deposits paid under retail leases.

15. Property, plant and equipment

The historical cost and accumulated depreciation of the past two years are set forth below:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Assets under construction	Total
Historical cost	1,008,485	254,845	1,388,822	683,552	221,358	61,981	3,619,043
Accumulated depreciation	(196,886)	(194,367)	(1,095,843)	(394,854)	(159,968)	-	(2,041,918)
Net carrying amount at December 31, 2022	811,599	60,478	292,979	288,698	61,390	61,981	1,577,125
Historical cost	1,401,574	281,459	1,443,765	708,792	232,658	71,307	4,139,555
Accumulated depreciation	(214,678)	(206,819)	(1,113,221)	(406,587)	(165,374)	-	(2,106,679)
Net carrying amount at December 31, 2023	1,186,896	74,640	330,544	302,205	67,284	71,307	2,032,876

The changes in the net carrying amount for the year are as follows:

(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	811,599	60,478	292,979	288,698	61,390	61,981	1,577,125
Additions	403,681	21,189	117,364	49,053	13,230	76,936	681,453
Depreciation	(20,246)	(12,890)	(101,572)	(42,540)	(10,320)	-	(187,568)
Disposals	(3,904)	(113)	(217)	(542)	(211)	(2,751)	(7,738)
Exchange differences	(10,696)	23	(10,400)	(3,055)	(261)	(2,001)	(26,390)
Other movements	10,095	5,956	33,223	11,570	3,421	(60,793)	3,472
Impairment	(3,633)	(3)	(2,729)	(1,058)	(82)	(2,109)	(9,614)
Revaluation IAS 29	-	-	1,896	79	117	44	2,136
Closing balance	1,186,896	74,640	330,544	302,205	67,284	71,307	2,032,876

The increase in land and buildings included the investment in a highly strategic building at 724, 5th Avenue (New York), which currently hosts a Prada store, for a consideration equal to US Dollar 425 million (Euro 393 million). The carrying amount (resulting in Euro 366 million, including other direct charges) was determined deducting from the purchase price the net of the lease liability and right of use assets immediately before the purchase (Euro 28.1 million). Referring to the above-mentioned building, the floors that as of today are not used as retail premises are classified as investment property according to IAS 40 and measured with the application of cost model. Since the amount of such investment property is not material it has been included in the line "property, plant and equipment".
The increase in leasehold improvements and furniture & fittings regarded primarily restyling and relocation projects for the retail premises.
The assets under construction at the end of the period concern retail and industrial projects.

16. Intangible assets

The historical cost and accumulated amortisation / impairment of the past two years are set forth below:

(amounts in thousands of Euro)	Trademarks and intellectual property rights	Goodwill	Store lease acquisition	Software	Other intangibles	Assets in progress	Total
Historical cost	405,287	578,003	49,637	252,227	65,415	30,799	1,381,368
Accumulated amortisation / impairment	(219,544)	(64,322)	(49,502)	(166,424)	(63,767)	-	(563,559)
Net carrying amount at December 31, 2022	185,743	513,681	135	85,803	1,648	30,799	817,809
Historical cost	407,798	580,909	49,885	300,639	65,432	50,003	1,454,666
Accumulated amortisation / impairment	(231,012)	(65,402)	(49,873)	(197,154)	(65,201)	-	(608,642)
Net carrying amount at December 31, 2023	176,786	515,507	12	103,485	231	50,003	846,024

The changes in the net carrying amount for the year are as follows:

(amounts in thousands of Euro)	Trademarks and intellectual property rights	Goodwill	Store lease acquisition	Software	Other intangibles	Assets in progress	Total net carrying amount
Opening balance	185,743	513,681	135	85,803	1,648	30,799	817,809
Additions	998	1,826	-	21,242	18	47,164	71,248
Amortization	(10,626)	-	(212)	(31,074)	(1,435)	-	(43,347)
Disposals	-	-	-	(356)	-	(49)	(405)
Exchange differences	671	-	1	(26)	-	2	648
Other movements	-	-	88	27,896	-	(27,913)	71
Closing balance	176,786	515,507	12	103,485	231	50,003	846,024

The net carrying amount of trademarks and intellectual property rights at the reporting date is broken down in the following table:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Miu Miu	110,565	116,160
Church's	42,190	44,270
Prada	5,419	5,336
Other trademarks and other intellectual property rights	18,612	19,977
Total	176,786	185,743

During the year no impairment was recognised for the Group's trademarks.
The capital expenditures for software refer to technological and digital evolution projects in the retail, manufacturing

and corporate areas.
The total capital expenditure for property, plant and equipment and intangible assets in the twelve months ended December 31, 2023 was Euro 752.7 million, as broken down below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Retail	215,884	168,935
Real estate	381,711	-
Production, logistics and corporate	155,106	107,161
Total	752,701	276,096

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 a year. The Group does not report intangible assets with indefinite useful lives other than goodwill.

As a consequence of the organisational changes carried out over the course of 2023, management adopted a new reporting structure, modifying the way in which the goodwill is monitored. The new organisational model is focused by brands.

Accordingly, as of December 31, 2023 the groups of cash-generating units ("CGUs") which represent the lowest level within the Group at which management tests goodwill for impairment correspond to the brands Prada and Miu Miu, operating segments identified for segment reporting purpose in compliance with IFRS 8 as reported in Note 8.

In accordance with IAS 36, the reallocation of the goodwill to the new groups of CGUs has been performed using a relative value approach based on the relative value of the two groups of CGUs, estimated with the discounted cash flow method as of December 31, 2023.

The summary of the goodwill allocation to the two groups of CGUs corresponding to the operating segments Prada and Miu Miu is reported below:

(amounts in thousands of Euro)	December 31 2023
Prada	424,262
Miu Miu	91,245
Total	515,507

The impairment tests as of December 31, 2023 did not identify any impairment losses for the groups of CGU listed above.

The Discounted Cash Flow method used to identify the recoverable amount (value in use) of the group of CGUs consists of discounting the projected cash flows generated by the activities directly attributable to the operating segment to which the intangible asset or net invested capital has been assigned. Value in use is the sum of the present value of the future cash flows expected on the basis of the business plan projections prepared by the management for each group of CGUs and the present value of the related operating activities at the end of the period (terminal value). The recoverable amount was estimated with the assistance of a leading consulting firm.

The business plans used for the impairment tests was prepared by the management starting from the 2024 budget and cover a period of five years for Prada while, considering the characteristics of the brand and life time cycle, projections related to Miu Miu have been extrapolated until 2031 in order to take into value potential deriving from the investments incurred across the years. The 2024 budget was approved by the Board of Directors on January 25,

2024. The business plans do not take into account either significant improvements in the performance of the assets existing as of December 31, 2023 or future developments of new activities, except for the investments planned in the 2024 budget for the retail premises' restyling and renovation projects and new openings that the Group has already substantially committed to make.

For each group of CGUs tested, the weighted average cost of capital ("WACC") was determined by taking into due consideration the risk profile of the CGUs' group activities, as well as other specific parameters, such as geographic diversification.
The "g" rate of growth used to calculate the terminal value was assumed equal to 2.5%, in light of inflation expectations prospects and the long-term growth expected for the luxury goods market.

The WACC (post-tax) and g-rates used for impairment tests of groups of CGUs that include goodwill are reported below:

	2023	
CGU	WACC	g-rate
Prada	8.6%	2.5%
Miu Miu	8.6%	2.5%

Concerning such group of CGUs, an analysis of the sensitivity of the impairment test has been performed to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. It has been verified that no reasonable change in the key assumptions would generate a reduction in the recoverable amount to the extent of constituting an impairment loss.

However, since value in use is measured on the basis of estimates and assumptions, management cannot guarantee that the value of goodwill or other tangible and intangible assets will not be subject to impairment in the future.

IAS 36 requires an entity to assess at each annual reporting date whether there are indications of impairment for any other asset (excluding goodwill) recognised in the Statement of Financial Position. In this respect, the impairment testing of the group of assets of Prada Russia and Church's was performed, as described hereunder.

Prada Russia
For Prada Russia, the review of the estimated recoverable amount of the two buildings owned in Moscow and St. Petersburg, which in substance represents the residual value of the non-current assets allocated, was updated since the trigger events that as of December 31, 2022 had resulted in a Euro 43.5 million writedown of the fixed assets are still ongoing. Consistently with last year, the assessment was conducted with the support of leading independent real estate firm, which estimated the fair value of the two buildings using the Comparative Method of valuation, based on a comparison of the real estate being appraised to other comparable assets recently sold or offered on the same market.
The carrying amount of the buildings recognised as of December 31, 2023, compared to the related fair value as estimated above, led to a writedown of Euro 2.5 million. Translated at the December 31, 2023 exchange rate, the net invested capital of Prada Russia is Euro 13.3 million, of which Euro 18.7 million refers to the two buildings owned, partially offset by the items of net working capital. The reduction in value of the net invested capital compared to the previous period (Euro 29.9 million, translated at the December 31, 2022 exchange rate) is mainly attributable to the loss of the period and the impact of the exchange rate. With respect to the estimated recoverable amount of the buildings, it should be noted that the current volatility in the Russian financial system has created significant uncertainty in the real estate industry. The scarce liquidity in capital markets means more difficulties than those present in normal market conditions in the event of selling assets in the short term. This circumstance entailed using a high level of judgment to estimate the recoverable amount of the assets tested. Therefore, management cannot guarantee that the value of the buildings owned in Russia will not be subject to additional fluctuations (impairment losses or writedown reversals) in the future.

Church's

For the Church's group of CGUs, which include the value of the brand for Euro 42 million subject to depreciation with a residual useful life of 16 years, in 2022 the identification of a trigger event related to the beginning of the reorganisation process led to a writedown of Euro 19.4 million, entirely allocated to the value of the brand. An impairment test was carried out again in order to identify any further potential impairment.

The Discounted Cash Flow method used to identify the recoverable amount (value in use) consisted of discounting the projected cash flows generated by the net invested capital. The recoverable amount was estimated with the assistance of a leading consulting firm. The cash flow projections used for the impairment test were based on the business plan prepared by management. The rate used to discount the cash flows is the weighted average cost of capital (WACC) in a post-tax configuration. For the year ended December 31, 2023, the WACC used to discount the cash flows generated by the Church's group of CGUs was 8.6%, and it was determined taking into due consideration the risk profile of the group of CGU's activities. The "g" rate of growth used to calculate the terminal value was assumed equal to 2.5%, in light of the medium term inflation rate in the medium countries where Church's operates and of the growth outlook for the luxury goods market.

The impairment tests as of 31 December 2023 did not identify any impairment losses.

A sensitivity analysis was carried out to change the key assumptions used to determine the recoverable amount for the group of CGUs. Specifically, a sensitivity test was performed by including an execution risk premium in the WACC calculation which raised from 8.6% to 11.6%. The results of the analysis performed did not showed any potential impairment loss.

17. Right of use assets

The changes in the net carrying amount of the right of use assets for the year ended December 31, 2023 are shown below:

(amounts in thousands of Euro)	Real estate	Other	Total net carrying amount
Opening balance	2,007,660	3,814	2,011,474
New contracts, initial direct costs and remeasurements	603,963	2,850	606,813
Depreciation	(443,251)	(2,214)	(445,465)
Contracts termination	(74,854)	(430)	(75,284)
Exchange differences	(60,201)	(4)	(60,205)
Impairment	(18,633)	-	(18,633)
Revaluation IAS 29	5,852	-	5,852
Closing balance	2,020,536	4,016	2,024,552

The right of use assets increased by Euro 13.1 million, mainly as a result of new leases and remeasurements of existing leases totaling Euro 606.8 million, net of depreciation of Euro 445.5 million, termination of contracts of Euro 75.3 million, of which Euro 74.8 million related to the acquisition of real estate investment in 724, 5th Avenue (New York), which was previously leased and has been acquired in 2023 as reported in Note 15 "Property, plant and equipment", writedowns of Euro 18.6 million and foreign exchange differences impact of Euro 60.2 million.
The increase for new leases, initial direct costs and remeasurements is attributable to lease renewals (largely in Asia and Europe) and the remeasurement of the liability to adjust it to indexes commonly used in the real estate industry (mainly the consumer price index).
Right of use assets "other", amounting to Euro 4 million, includes plant, machinery, vehicles and hardware.

18. Investments in equity instruments, associates and joint ventures

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Investments in equity instruments	5,184	3,551
Associates and joint ventures	36,426	23,423
Total	41,610	26,974

The increase in "associates and joint ventures" includes the acquisition of a 15% stake in Luigi Fedeli e Figlio S.r.l. for Euro 4.7 million and the recapitalizations of the other associates Filati Biagioli Modesto S.p.A. and Les Femmes S.r.l. for Euro 7.9 million.

19. Other non-current assets

The other non-current assets are detailed as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Guarantee deposits	70,510	64,216
Prepayments for commercial agreements	45,907	50,080
Pension fund surplus (Note 27)	4,652	6,426
Deferred rental income	-	231
Other long-term assets	10,435	18,449
Total	131,504	139,402

The guarantee deposits are set forth below by nature and maturity:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Nature:		
Stores	58,672	55,130
Offices	5,409	5,669
Warehouses	181	163
Other	6,248	3,254
Total	70,510	64,216

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Maturity:		
between one to two years	15,750	8,593
between two to five years	25,802	26,971
After more than five years	28,958	28,652
Total	70,510	64,216

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

20. Lease liabilities

The following table sets forth the changes in the lease liabilities:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Opening balance	2,107,577	2,045,412
New contracts, initial direct costs and remeasurements	602,172	483,265
Payments (net of interests)	(429,685)	(428,170)
Contracts termination	(108,023)	(1,720)
Exchange differences	(61,153)	8,790
Closing balance	2,110,888	2,107,577

The lease liabilities increased from Euro 2,108 million at December 31, 2022 to Euro 2,111 million at December 31, 2023, primarily as a result of remeasurements for lease extensions or modifications for Euro 602.2 million net of the payments of the period for Euro 429.7 million, termination of contracts of Euro 108 million of which Euro 102 million due to the real estate investment in 724, 5th Avenue (New York) which was previously leased and has been acquired in 2023 as reported in Note 15 "Property, plant and equipment", and the exchange rate differences for the period for Euro 61 million.

The lease liabilities was concentrated mainly in Japan, the U.S.A. and Italy.

21. Short-term financial payables and bank overdrafts

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Short-term bank loans	64,778	66,541
Current portion of long-term loans	83,865	94,704
Deferred costs on loans	(305)	(398)
Total	148,338	160,847

In the short-term bank loans, an amount of JPY 2.1 billion (Euro 13.4 million) relates to the use of the revolving line stipulated during 2022 by Prada Japan co Ltd. This credit line is subject to financial covenants based on the financial statements of Prada Japan co Ltd, which were fully complied with at December 31, 2023.
The remaining short-term financial payables at December 31, 2023 consist of the use of uncommitted credit lines by Prada S.p.A. and Prada Japan co Ltd.

The short-term bank loans are broken down by currency below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Euro	50,000	-
Japanese Yen	13,753	59,081
Other currencies	1,025	7,460
Total	64,778	66,541

The Group generally borrows at variable interest rates, as explained in Note 26, and manages the risk of interest rate fluctuations by using hedging contracts, as explained in Note 12.

22. Payables due to related parties – current

The current payables due to related parties are shown below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Financial payables	5,853	3,568
Other payables	5	-
Total	5,858	3,568

The current financial payables due to related parties regard loans granted by non-controlling shareholders of the Group's subsidiaries in the Middle East.
Additional information on related party transactions is provided in Note 40.

23. Trade payables

The trade payables are detailed as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Trade payables – third parties	447,615	396,159
Trade payables – related parties	5,772	5,640
Total	453,387	401,799

24. Tax payables

The tax payables are detailed hereunder:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Current taxation	32,409	192,048
VAT and other taxes	89,414	85,608
Total	121,823	277,656

The Group recognises current tax liabilities of Euro 32.4 million at December 31, 2023 (Euro 192 million at December 31, 2022) against tax receivables (shown among the current assets) of Euro 82.9 million (Euro 70.8 million at December 31, 2022), as reported in Note 14.

25. Other current liabilities

The other current liabilities are as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Payables for capital expenditure	92,137	73,249
Accrued expenses and deferred income	24,052	28,971
Other payables	185,954	140,086
Total	302,143	242,306

The other payables are detailed below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Short-term benefits for employees and other personnel	115,066	91,844
Customer advances	32,737	21,918
Provision for returns from customers	35,450	24,805
Other	2,701	1,519
Total	185,954	140,086

26. Long-term financial payables

The long-term financial payables are as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Long-term bank borrowings	338,684	396,242
Deferred costs on loans	(262)	(586)
Total	338,422	395,656

Prada S.p.A.'s loan covenants were fully complied with at December 31, 2023 and they are expected to be complied within the next 12 months as well.

The long-term bank borrowings at December 31, 2023, excluding amortized costs, are set forth below:

Borrower	Amount (Euro thousands)	Type of loan	Currency	Expiry date	Interest rate (1)	Current Portion (Euro thousands)	Non-current Portion (Euro thousands)	Pledge
Prada S.p.A.	23,834	Term-loan	EUR	05/2030	2.737%	3,667	20,167	Mortgage loan
Prada S.p.A.	10,000	Term-loan	EUR	10/2024	4.702%	10,000	-	-
Prada S.p.A.	100,000	Term-loan	EUR	04/2025	2.000%	-	100,000	-
Prada S.p.A.	100,000	Term-loan	EUR	07/2026	4.445%	-	100,000	-
Prada S.p.A.	52,200	Term-loan	EUR	02/2026	3.549%	25,200	27,000	-
Prada S.p.A.	11,111	Term-loan	EUR	06/2024	4.535%	11,111	-	-
Prada S.p.A.	21,000	Term-loan	EUR	01/2025	4.574%	18,000	3,000	-
Prada S.p.A.	33,333	Term-loan	EUR	11/2026	4.705%	11,111	22,222	-
Kenon Ltd	45,221	Term-loan	GBP	01/2029	4.477%	4,401	40,820	Mortgage loan
Tannerie Limoges Sas	375	Term-loan	EUR	07/2024	5.152%	375	-	Mortgage loan
Prada Fashion Commerce (Shanghai) co Ltd	25,475	Term-loan	RMB	07/2026	3.801%	-	25,475	-
Total	422,549					83,865	338,684	

(1) the interest rates include the effect of any interest rate risk hedges

In 2023, the current portions of long-term loans were repaid for a total amount of Euro 94.8 million. Prada Fashion Commerce (Shanghai) co Ltd stipulated a new medium/long-term loan, with a term of 3 years, for the amount of RMB 200 million (Euro 25.5 million).

Prada S.p.A.'s mortgage loan is secured by the Group's headquarter building in Milan, and Kenon ltd's mortgage loan is secured by the building on Old Bond Street, London, used for one of the most prestigious Prada stores in Europe and offices. The mortgage loan to Tannerie Limoges Sas is secured by that company's factory building in France.

The Group generally borrows at variable interest rates and manages the risk of interest rate fluctuations through hedging agreements, as described in Note 12.

The financial payables are set forth hereunder by their portions with fixed (that are connected to the existing IRS) and variable interest rates:

(amounts in thousands of Euro)	December 31, 2023		December 31, 2022	
	variable interest rates	fixed interest rates	variable interest rates	fixed interest rates
Short-term financial payables	77%	23%	80%	20%
Long-term financial payables	44%	56%	44%	56%

27. Long-term employee benefits

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Post-employment benefits	42,092	41,870
Other long-term employee benefits	18,783	25,701
Total liabilities for long-term benefits	60,875	67,571
Pension plan surplus (Note 19)	(4,652)	(6,426)
Net liabilities for long-term benefits	56,223	61,145

Post-employment benefits

The net balance of long-term employee benefits as at December 31, 2023 is a liability of Euro 56.2 million (Euro 61.1 million at December 31, 2022) and all the benefits fall within the scope of defined benefit plans.

The post-employment benefits consist of:

- Euro 21.3 million (Euro 20.1 million at December 31, 2022) in liabilities accounted for by Italian companies;
- Euro 20.8 million by the foreign subsidiaries (Euro 21.8 million at December 31, 2022).

The Italian liabilities regard the "Trattamento di Fine Rapporto" ("TFR", or staff leaving indemnities), a deferred benefit for employees that is mandatory for Italian businesses and is based on the employees' length of service and salary. The present value of the liability recognised was determined by projecting the amount accrued at December 31, 2023 as per Italian law to the estimated future date of employment termination, and then discounting it to the present value at the same reporting date using the projected unit credit method ("PUCM").

The following table presents the changes in long-term employee benefits as of December 31, 2023:

(amounts in thousands of Euro)	Defined Benefit Plans in Italy (TFR)	Defined Benefit Plans in other countries (including Japan)	Pension Funds in UK	Other long-term employee benefits	Total
Opening balance	20,083	21,787	(6,426)	25,701	61,145
Current service cost	644	3,276	97	18,377	22,394
Financial charges (income)	594	186	(289)	217	708
Actuarial (gains) / losses	1,418	355	2,303	(1,629)	2,447
Benefits paid	(1,404)	(2,979)	-	(23,737)	(28,120)
Contributions	-	-	(208)	-	(208)
Exchange differences	-	(1,868)	(129)	(146)	(2,143)
Closing balance	21,335	20,757	(4,652)	18,783	56,223

The actuarial gains and losses are reported below:

(amounts in thousands of Euro)	Defined Benefit Plans in Italy (TFR)	Defined Benefit Plans in other countries (including Japan)	Pension Funds in UK
Actuarial adjustments due to:			
(a) Changes in financial assumptions	1,652	(58)	(291)
(b) Changes in other assumptions (e.g. demographic assumptions, remuneration) increases)	(234)	413	2,594
Actuarial (gains) / losses	1,418	355	2,303

The current service cost and financial charges / (income) are recognised in the statement of profit or loss. For the item other long-term employee benefits only, the actuarial differences are also recognised in the statement of profit or loss.

The TFR liability was measured on the basis of an independent appraisal by Federica Zappari, an Italian actuary, member (n. 1134) of the Ordine Nazionale degli Attuari (Italian Society of Actuaries). The technical basis was processed using statistical data, whereas the demographic assumptions involved variables such as the probabilities of death, retirement, resignations and dismissals; contract expiration; leaving indemnity advances; supplementary pension schemes.

In the Consolidated Statement of Financial Position the post-employment benefits are stated gross of the pension plan surplus for the Group companies operating in the United Kingdom that supply pension services to their employees. At December 31, 2023, the fair value of such pension plans was a surplus of Euro 4.7 million (Euro 6.4 million as of December 31, 2022). The fair value of the plan assets was determined by the independent actuary Mercer Limited. It is detailed below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Fair value of plan assets	44,539	44,064
Fair value of plan liabilities	(39,887)	(37,638)
Pension plan surplus	4,652	6,426

The composition of the main plan assets on the reporting date is as follows:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Equities	9,960	8,966
Alternatives	11,273	10,277
Bonds	20,994	18,081
Cash	2,312	6,740
Total	44,539	44,064

The main actuarial assumptions used as of December 31, 2023 are as follows:

	Defined Benefit Plans in Italy (TFR)	Pension Funds in UK	Defined Benefit Plans in Japan
Average duration of plan (years)	10	11	9.7
Average increase in remuneration	2.60%	2.74%	2.61%
Rate of inflation	2.50%	2.74%	N/A

The main actuarial assumptions used as of December 31, 2022 are as follows:

	Defined Benefit Plans in Italy (TFR)	Pension Funds in UK	Defined Benefit Plans in Japan
Average duration of plan (years)	10.1	11	10.6
Average increase in remuneration	1.10%	2.76%	2.61%
Rate of inflation	2.50%	2.76%	N/A

The discount rate used to measure defined benefit plans was determined on the basis of yields on bonds with an AA rating and a maturity date similar to that of the plans.
With respect to the December 31, 2023 liability, a sensitivity analysis was performed on the main actuarial variables such as the discount rate, salary changes and inflation rate. The analysis did not lead to significant changes in the liability, except for the sensitivity analysis conducted on the interest rate curve, according to which a 50 basis point increase or decrease would cause an increase or decrease in the Group's total defined benefit obligation ("DBO") up to approximately Euro 4 million (or 5% of the current debt on the balance sheet).

Other long-term employee benefits
The other long-term employee benefits meet the IAS 19 and IFRS 2 definition of long-term employee benefits for the Group's key management personnel. Their actuarial valuation at December 31, 2023, calculated using PUCM and fair value methodologies, resulted in Euro 18.8 million (Euro 25.7 million as of December 31, 2022), according to an independent actuarial appraisal.

28. Provisions for risks and charges

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

(amounts in thousands of Euro)	Provision for legal disputes	Provision for tax disputes	Other provisions	Total
Opening balance	884	1,061	49,541	51,486
Exchange differences	(4)	(3)	(2,181)	(2,188)
Reversals	(45)	(212)	(1,701)	(1,958)
Utilisation	(104)	(897)	(5,940)	(6,941)
Increases	402	633	8,433	9,468
Closing balance	1,133	582	48,152	49,867

The provisions for risks and charges represent Directors' best estimate of the maximum outflow of resources needed to settle liabilities deemed to be probable. 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.

Tax disputes

Since 2016, Prada Asia Pacific Ltd (a retail subsidiary wholly owned by Prada S.p.A.) has been providing Prada S.p.A. with commercial services to support its wholesale distribution business in Asia Pacific, for remuneration (in place until 2021) disclosed, as early as the 2016 tax year, to the Italian Tax Authority through the submission of an advance pricing agreement application and various explanatory documents. The Italian Tax Authority started discussions on the topic on October 2022 and, in order not to have the 2016 fiscal year time barred, on April 28, 2023, it issued two tax notices (IRES and IRAP) in which it challenged in full the deductibility of the remuneration paid to Prada Asia Pacific Ltd in the 2016 fiscal year, setting higher taxes amounting to c. Euro 10.8 million and interest amounting to c. Euro 2.3 million, while recognising (i) the possibility for Prada S.p.A. to deduct the amount that, in the opinion of the Italian Tax Authority, it should have recognised to Prada Asia Pacific Ltd, without however quantifying it, and (ii) the non-application of penalties, by virtue of the correctness of the Transfer pricing contemporaneous documentation prepared by Prada S.p.A..

Prada S.p.A. has filed an appeal against these tax notices within the legal deadlines and discussions with the Italian Tax Authority are still ongoing.

Since the Italian Tax Authority has not yet formalised a final position on this topic, in order to avoid time barring for the 2017 fiscal year, two preliminary tax notices related to the 2017 fiscal year were also issued ("inviti a comparire" IRES and IRAP) to start a settlement procedure on 29 December 2023. Following a similar approach to that described above for the 2016 fiscal year, in these documents the Italian Tax Authority sets higher taxes amounting to c. Euro 9.8 million, interest amounting to c. Euro 1.9 million and penalties amounting to c. Euro 2.9 million. Prada S.p.A. expects the Italian Tax Authority to cancel these penalties, consistently with the approach adopted for 2016, once it will have validated the correctness of Prada S.p.A.'s 2017 transfer pricing contemporaneous documentation (requested after the notices had been issued).

The Company, also supported by the opinion of a leading Tax consultancy firm, at this stage believes that there is no basis for recording a tax liability in relation to this case.

Other risk provisions

The other risk provisions amount to Euro 48.2 million as of December 31, 2023 and refer primarily to contractual obligations to restore leased commercial properties to their original condition.

In the year, liabilities for customs risk previously presented as provision for tax disputes were reclassified to other risk provision for more accurate representation. Other liabilities for customs duty risks are recognised at the reporting date in an amount of Euro 3.7 million, consisting of Euro 1 million for a mistaken customs classification of footwear imported into the United States and Euro 2.7 million for risks of assessments regarding price adjustments, split among various non-EU countries.

Prada S.p.A. disputed an audit initiated by the Italian Customs Agency in 2012 for the tax years from 2007 to 2011, concerning the customs value of products. The dispute involves three legal actions regarding the 2010 tax year, which concluded with unfavorable rulings from the Supreme Court in 2023, after the Company had filed appeals in 2019 and 2020. The Company had already settled the amounts owed pending judgment. Meanwhile, the Company established a new method for measuring the value of imported products starting from May 2020, with retroactive effectiveness for the assessable years, in agreement with the Italian Customs Agency. The application of such method led to the estimate, for the previous years, of an end-of-period liability of approximately Euro 0.2 million.

29. Other non-current liabilities

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Deferred income for commercial agreements	98,713	107,687
Accrued costs for lease payments (out of scope for IFRS 16)	4,616	7,410
Other non-current liabilities	38	573
Total	103,367	115,670

30. Equity attributable to the owners of the Group

The equity attributable to the owners of the Group is set forth below:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Share capital	255,882	255,882
Share premium reserve	410,047	410,047
Other reserves	2,436,466	2,245,901
Actuarial reserve	(10,147)	(7,107)
Fair Value investments in equity instruments reserve	(8,773)	(10,405)
Cash flow hedge reserve	6,296	10,060
Translation reserve	92,998	112,646
Net income for the year	671,026	465,193
Total	3,853,795	3,482,217

Share capital
At December 31, 2023, approximately 80% of Prada S.p.A.'s share capital was owned by Prada Holding S.p.A. and the remainder is listed on the Main Board of the Hong Kong Stock Exchange.

Share premium reserve
The share premium reserve of Euro 410 million is the same as that of December 31, 2022.

Other reserves
The other reserves amount to Euro 2,436.5 million at December 31, 2023, up by Euro 190.6 million compared to December 31, 2022. The increase is mainly due to the allocation of the previous year's profit of Euro 465.2 million, offset in part by the distribution of dividends totaling Euro 281.5 million to Prada S.p.A. shareholders.

Translation reserve
Changes in this reserve result from the translation into Euro of the foreign currency financial statements of the consolidated companies. The reserve decreased from Euro 112.6 million at December 31, 2022 to Euro 93 million.

Net income for the year
The Group's net result for the twelve months ended December 31, 2023 is a profit of Euro 671 million (versus a profit of Euro 465.2 million for the twelve months ended December 31, 2022).

31. Equity attributable to Non-controlling interests

The following table shows the changes in the Non-controlling interests during the years ended December 31, 2023 and December 31, 2022:

(amounts in thousands of Euro)	December 31 2023	December 31 2022
Opening balance	18,805	14,749
Translation differences	(467)	664
Dividends	(250)	(599)
Net income for the year	2,366	3,962
Actuarial reserve	(11)	29
Share capital increase	2,571	-
Closing balance	23,014	18,805

Consolidated Statement of Profit or Loss

For a detail explanation of the financial and business performances of 2023, refer to the Financial Review.

32. Net revenues

The consolidated net revenues are generated primarily from sales of finished products and are stated net of returns and discounts.

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Net sales	4,622,882	4,124,592
Royalties	103,529	76,082
Total	4,726,411	4,200,674

The Financial Review describes the net sales by distribution channel, brand, geographic area and product category.

33. Cost of goods sold

The cost of goods sold has the following composition:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Purchases of raw materials and manufactoring services, net of change in inventories	567,472	530,381
Depreciation, amortization and impairment on tangible and intangible fixed assets	18,690	18,138
Depreciation and impairment of the right of use assets	3,878	3,398
Labor cost	159,442	145,536
Short-term and low value lease (IFRS 16)	134	130
Logistics costs, duties and insurance	175,024	190,997
Total	924,640	888,580

The incidence of the cost of goods sold on net revenues for the twelve months ended December 31, 2023 was 19.6%, a decrease from the 21.2% of 2022. Greater absorption of production overheads, lower logistic costs, better sales mix in terms of distribution channels and higher average prices were the key drivers of this improvement.

34. Operating expenses

The operating expenses are detailed below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	% of net revenues	twelve months ended December 31 2022	% of net revenues
Product design and development costs	150,616	3.2%	137,469	3.3%
Advertising and communications costs	420,288	8.9%	359,114	8.5%
Selling costs	1,872,626	39.6%	1,746,349	41.6%
General and administrative costs	296,549	6.3%	293,172	7.0%
Total	2,740,079	58.0%	2,536,104	60.4%

The total operating expenses were Euro 2,740.1 million, up by Euro 204 million from those of 2022. The increase was attributable primarily to higher variable costs resulting from the sales increase, marketing spend, personnel expenses, and other general and administrative costs which in 2022 also included other non-recurring expenses of Euro 27.2 million.

The following table sets forth depreciation, amortization, impairment, personnel cost and rent expense included within the operating expenses in accordance with the requirements of IAS 1.

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Depreciation, amortization and impairment on tangible and intangible fixed assets	221,839	252,239
Depreciation and impairment of the right of use assets	460,220	460,477
Labor cost	817,085	739,574
Pure variable lease (IFRS 16)	252,373	223,787
Short term and low value lease (IFRS 16)	16,640	12,708

35. Financial income / (expenses)

The net interest and other financial income / (expenses) are presented below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Interest expenses on borrowings	(18,596)	(6,116)
Interest income	26,064	6,625
Interest income / (expenses) IAS 19	(709)	271
Exchange gains / (losses) - realized	(14,867)	(18,274)
Exchange gains / (losses) - unrealized	(12,440)	(1,414)
Other financial income / (expenses)	(11,483)	(5,590)
Interest and other financial income / (expenses), net	(32,031)	(24,498)
Interest expenses on lease liability	(58,825)	(40,990)
Dividends from investments	627	473
Total financial expenses	(90,229)	(65,015)

The net financial expenses of Euro 90.2 million were Euro 25.2 million higher than in 2022. The increase was largely attributable to interest expenses on lease liabilities and higher foreign exchange losses, partially offset by higher financial interest income.

36. Taxation

Income taxes have the following composition:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Current taxation	317,642	327,187
Deferred taxation	(19,571)	(85,367)
Total	298,071	241,820

The taxation for the twelve months ended December 31, 2023 was Euro 298.1 million, corresponding to 30.7% of the profit before tax.

The reconciliation between the Group's theoretical tax rate and its effective tax rate for 2023 and 2022 is presented in the table below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Group's weighted theoretical tax rate (calculated in absolute values on the basis of subsidiaries' pre-taxable income/loss)	27.2%	28.1%
Non deductible expenses, net of not taxable income	1.6%	4.2%
Write-off of the deferred tax asset and utilization of tax losses carried forward	0.1%	-
Tax losses generated in the year on which no deferred tax assets were recognised	-	-0.1%
Prior years taxes adjustments	1.3%	1.4%
Withholding and other income taxes	0.5%	0.4%
Effective tax rate of the Group	30.7%	34.0%

The changes in deferred tax assets and liabilities are set forth below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Opening balance	332,235	257,656
Exchange differences	(14,858)	(941)
Deferred taxes on acquisition	-	(1,022)
Deferred taxes on derivative instruments recorded in equity (cash flow hedges)	1,209	(8,283)
Deferred taxes on post-employment benefits recorded in equity (reserve for actuarial differences)	1,021	667
Deferred taxes on revaluation IAS 29	(120)	(1,234)
Other movements	(61)	25
Deferred taxes for the period in profit or loss	19,690	85,367
Closing balance	339,116	332,235

The deferred tax assets and liabilities are classified by nature hereunder:

(amounts in thousands of Euro)	December 31, 2023		December 31, 2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	240,317	-	242,795	4,790
Receivables and other assets	2,595	738	1,996	1,559
Useful life of non-current assets	32,322	8,839	29,345	8,292
Deferred taxes due to acquisitions	-	10,881	-	6,590
Provision for risks / accrued expenses	26,482	1,662	24,123	1,111
Non-deductible / taxable charges/income	11,367	2,652	7,267	6,636
Deferred tax assets and liabilities on lease contracts	40,605	2,909	42,924	3,176
Tax loss carryforwards	5,491	-	10,741	-
Derivative financial instruments	682	2,686	-	3,185
Long term employee benefits	9,191	1,163	8,811	1,606
Other	5,795	4,201	5,088	3,910
Total	374,847	35,731	373,090	40,855

The tax loss carryforwards as of December 31, 2023, including those already recognised in the Group's financial statements, are detailed below:

(amounts in thousands of Euro)	December 31 2023
Expiring within 5 years	1,569
Expiring after 5 years	1,279
Available for carryforward with no time limit	140,607
Total tax loss carryforwards	143,455

The Directors updated the deferred tax assets recognised on tax loss carryforwards taking into consideration, for their recoverability, the macroeconomic scenario and the business developments of each of the Group's companies.

37. Earnings and dividends per share

Earnings per share basic and diluted

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.

	twelve months ended December 31 2023	twelve months ended December 31 2022
Group net income in Euro	671,026,021	465,192,638
Weighted average number of ordinary shares in issue	2,558,824,000	2,558,824,000
Basic and diluted earnings per share in Euro, calculated on weighted average number of shares	0.262	0.182

Dividends per share

The Board of Directors of the Company has proposed a final dividend of Euro 350,558,888 (Euro 0.137 per share) for the twelve months ended December 31, 2023.

During 2023, the Company distributed dividends of Euro 281,470,640 (Euro 0.11 per share), as approved at the General Meeting held on April 27, 2023 to approve the December 31, 2022 financial statements.

The dividends and the related Italian withholding tax due (Euro 14.7 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.

The dividends paid in the past three years are detailed hereunder:

	Financial statements ended December 31 2022	Financial statements ended December 31 2021	Financial statements ended December 31 2020
Total dividends paid (Euro)	281,470,640	179,117,680	89,558,840
Dividends per share (Euro)	0.11	0.070	0.035
Date of approval by Shareholders' Meeting	27/04/2023	28/04/2022	27/05/2021
Date of payment	May 2023	May 2022	June 2021

38. Additional information

Number of employees

The average number of full-time equivalent ("FTE") employees (calculated by dividing the number of actual hours worked by the total number of scheduled hours), by business division, is presented below:

(number of employees)	twelve months ended December 31 2023	twelve months ended December 31 2022
Production	3,406	3,074
Product design and development	973	945
Advertising and communications	240	207
Selling	8,473	7,969
General and administrative services	1,099	991
Total	14,191	13,186

Employee remuneration

The employee remuneration by business division is presented below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Production	159,442	145,411
Product design and development	71,452	66,362
Advertising and communications	35,133	31,146
Selling	574,475	524,062
General and administrative services	136,025	118,004
Total	976,527	884,985

The classification by type of employee remuneration is presented below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Wages and salaries	737,374	668,356
Post-employment benefits and other long-term benefits	43,064	37,801
Social contributions	151,967	135,934
Other	44,122	42,894
Total	976,527	884,985

Distributable reserves of the parent company, Prada S.p.A.

				Summary of utilization in the last three years	
(amounts in thousands of Euro)	December 31 2023	Possible utilization	Distributable amount	Coverage of losses	Distribution of dividends
Share capital	255,882		-	-	-
Share premium reserve	410,047	A, B, C	410,047	-	-
Legal reserve	51,176	B	-	-	-
Other reserves	182,899	A, B, C	182,899	-	-
Retained earnings	1,379,281	A, B, C	1,358,767	16,176	268,677
Fair value investments in equity instruments reserve	(8,771)		-	-	-
Time value reserve	(57)		-	-	-
Intrinsic value reserve	5,363		-	-	-
Distributable amount			1,951,713	16,176	268,677

A: share capital increase
B: coverage of losses
C: distributable to shareholders

Under Italian Civil Code Article 2431, the share premium reserve is fully distributable since the amount of the legal reserve is equal to or exceeds 20% of the share capital.

Under Italian Legislative Decree 38/2005, Article 7, Euro 20.5 million of the retained earnings is not distributable.

Exchange rates

The exchange rates against the Euro used for consolidation of the Statements of Financial Position and Statements of Profit or Loss whose presentation currency differed from that of the Consolidated Financial Statements as at December 31, 2023 and December 31, 2022 are listed hereunder:

Currency	Average rate December 31 2023	Average rate December 31 2022	Closing rate December 31 2023	Closing rate December 31 2022
UAE Dirham	3.972	3.873	4.059	3.918
Australian Dollar	1.628	1.518	1.626	1.569
Brazilian Real	5.405	5.450	5.362	5.639
Canadian Dollar	1.459	1.370	1.464	1.444
Swiss Franc	0.972	1.005	0.926	0.985
Czech Koruna	24.000	24.563	24.724	24.116
Danish Kronor	7.451	7.440	7.453	7.437
GB Pound	0.870	0.852	0.869	0.887
Hong Kong Dollar	8.467	8.255	8.631	8.316
Japanese Yen	151.794	137.935	156.330	140.660
Korean Won	1,412.443	1,358.078	1,433.660	1,344.090
Kuwait Dinar	0.332	0.323	0.340	0.327
Kazakhstani Tenge	493.268	484.949	502.240	492.860
Moroccan Dirham	10.955	10.679	10.912	11.156
Macau Pataca	8.721	8.499	8.913	8.578
Mexican Peso	19.210	21.221	18.723	20.856
Malaysian Ringgit	4.929	4.629	5.078	4.698
New Zealand Dollar	1.761	1.659	1.750	1.680
Norwegian Krone	11.417	10.100	11.241	10.514
Philippine Peso	60.150	57.330	61.283	59.320
Qatari Riyal	3.933	3.867	4.029	3.918
Chinese Renminbi	7.656	7.077	7.851	7.358
Romanian Leu	4.946	4.931	4.976	4.950
Russian Ruble	92.347	73.258	100.014	77.900
Saudi Riyal	4.057	3.959	4.144	4.012
Swedish Kronor	11.474	10.623	11.096	11.122
Singapore Dollar	1.452	1.453	1.459	1.430
Thai Baht	37.617	36.860	37.973	36.835
Turkish Lira	25.685	17.350	32.653	19.965
Taiwan Dollar	33.685	31.325	33.800	32.810
Ukrainian Hryvna	39.549	33.902	41.996	39.037
US Dollar	1.082	1.054	1.105	1.067
Vietnamese Dong	25,732.534	24,525.672	26,437.000	25,171.000
South African Rand	19.941	17.209	20.348	18.099

Auditor's compensation

The total fees and expenses recognised to Deloitte & Touche S.p.A. and its network for auditing the financial statements of the years ended December 31, 2023 and December 31, 2022 and for providing non-audit services are presented below (amounts in thousands of Euro):

Type of service	Audit firm	Provided to	twelve months ended December 31 2023	twelve months ended December 31 2022
Audit services	Deloitte & Touche S.p.A.	Prada S.p.A.	514	475
Audit services	Deloitte & Touche S.p.A.	Subsidiaries	227	133
Audit services	Deloitte Network	Subsidiaries	967	1,147
Total audit fees to Deloitte Network			1,708	1,755
Other advisory services	Deloitte Network	Prada S.p.A.	756	374
Other advisory services	Deloitte Network	Subsidiaries	111	124
Total non-audit fees to Deloitte Network			867	498
Total compensation to Deloitte Network			2,575	2,253

39. Remuneration of Board of Directors, five highest paid individuals and Senior Managers

Remuneration of Prada S.p.A. Board of Directors for the year ended December 31, 2023:

(amounts in thousands of Euro)	Directors' fees	Remuneration	Bonuses and other incentives	Benefits in kind	Pension, healthcare and TFR contrbutions	Total
Patrizio Bertelli	19,273	-	-	-	27	19,300
Paolo Zannoni	4,408	24	-	-	5	4,437
Andrea Guerra	-	1,671	2,633	44	1,295	5,643
Miuccia Prada Bianchi	19,273	-	-	-	27	19,300
Andrea Bonini	-	958	692	34	157	1,841
Lorenzo Bertelli	-	240	182	15	62	499
Yoël Zaoui	147	12	-	-	27	186
Marina Sylvia Caprotti	147	-	-	-	-	147
Maurizio Cereda	133	-	-	-	5	138
Pamela Yvonne Culpepper	133	-	-	-	27	160
Anna Maria Rugarli	113	-	-	-	15	128
Stefano Simontacchi	4	-	-	-	-	4
Total	43,631	2,905	3,507	93	1,647	51,783

The Board Remuneration includes the allocation of the amounts decided at the General Meeting on April 27, 2023, and the additional remuneration approved by the Board of Directors, with the agreement of the Board of Statutory Auditors, in view of the specific duties carried out by each Director.

Remuneration of Prada S.p.A. Board of Directors for fiscal year ended December 31, 2022:

(amounts in thousands of Euro)	Directors' fees	Remuneration	Bonuses and other incentives	Benefits in kind	Pension, healthcare and TFR contrbutions	Total
Paolo Zannoni	1,500	24	-	-	4	1,528
Miuccia Prada Bianchi	18,120	-	-	-	25	18,145
Patrizio Bertelli	18,120	-	-	-	25	18,145
Lorenzo Bertelli	-	236	141	11	61	449
Andrea Bonini	8	1,176	682	14	234	2,114
Stefano Simontacchi	54	-	-	-	2	56
Marina Sylvia Caprotti	89	-	-	-	(8)	81
Yoël Zaoui	110	-	-	-	13	123
Maurizio Cereda	80	-	-	-	3	83
Pamela Yvonne Culpepper	92	-	-	-	21	113
Anna Maria Rugarli	73	-	-	-	12	85
Totale	38,246	1,436	823	25	392	40,922

Remuneration of five highest paid individuals

The Group's five highest paid individuals included three Board of Director members for 2023 and two Board Members for 2022. The total remuneration of the remaining two highest paid individuals for the twelve months ended December 31, 2023 and the remaining three highest paid individuals for the twelve months ended December 31, 2022 is set forth below:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Remuneration and other benefits	15,463	21,230
Bonuses and other incentives	16,788	8,205
Non-monetary benefits	271	263
Pension/social security, healthcare and TFR contributions	301	137
Total	32,823	29,835

Excluding the remuneration of the Board of Directors' members, the remuneration of the highest paid individuals by range of amount is as follows:

	twelve months ended December 31 2023	twelve months ended December 31 2022
Less than HKD 8,000,000	-	-
Between HKD 8,000,000 and HKD 20,000,000	-	1
Between HKD 20,000,000 and HKD 50,000,000	1	-
More than HKD 50,000,000	1	2
Total individuals	2	3

Senior Managers remuneration

The remuneration of the Senior Managers is as follows:

(amounts in thousands of Euro)	twelve months ended December 31 2023	twelve months ended December 31 2022
Remuneration and other benefits	23,133	28,629
Bonuses and other incentives	20,518	13,395
Non-monetary benefits	1,104	1,985
Pension / social security, healthcare and TFR contributions	2,597	2,874
Total	47,352	46,883

There were 26 Senior Managers as of December 31, 2023, as in 2022.

The remuneration range of the Senior Managers is as follows:

	twelve months ended December 31 2023	twelve months ended December 31 2022
Less than HKD 4,000,000	8	6
between HKD 4,000,000 and HKD 8,000,000	14	12
between HKD 8,000,000 and HKD 16,000,000	2	5
between HKD 16,000,000 and HKD 50,000,000	1	1
more than HKD 50,000,000	1	2
Total individuals	26	26

The above table does not include the remuneration of Senior Managers who are also Directors.

The amounts reported in the tables setting forth the remuneration of the Board of Directors, five highest paid individuals and Senior Managers are those recognised in the Statement of Profit or Loss.

40. Related party transactions

The Group carries out transactions with companies classifiable as related parties according to IAS 24, "Related Party Disclosures". In the twelve months ended December 31, 2023, these transactions referred primarily to the purchase or sale of finished and semi-finished products and raw materials, the supply of services, loans and leases.

The following tables present the effect of related-party transactions on the Consolidated Financial Statements in terms of end-of-year Statement of Financial Position balances and total transactions affecting the Statement of Profit or Loss.

Statement of financial position balances as of December 31, 2023

(amounts in thousands of Euro)	Trade receivable, net	Receivables from, and advances to, related parties – current	Receivables from, and advances to, related parties – non-current	Right of use assets	Trade payables	Payables to related parties – current	Lease liability	Other liabilities
Les Femmes S.r.l.	716	2	-	-	2,470	-	-	-
Filati Biagioli Modesto S.p.A.	59	-	-	-	171	-	-	-
Luigi Fedeli e Figlio S.r.l	-	-	-	-	2	-	-	-
Spelm Sa	-	-	-	3,415	-	-	3,486	-
Rubaiyat Modern Lux.Pr.Co. Ltd	-	-	-	-	55	3,428	-	-
Immobiliare Rivalsa S.p.A. (*)	-	-	-	29,521	-	-	22,964	-
Ludo Due S.r.l.	-	-	-	7,940	-	-	8,830	-
Peschiera Immobiliare S.r.l.	-	1	-	2,474	41	-	3,009	-
Premiata S.r.l.	-	-	-	-	187	-	-	-
Conceria Superior S.p.A.	-	-	-	-	2,317	-	-	-
Perseo S.r.l.	-	-	-	-	252	-	-	-
Al Tayer Group Llc	-	-	-	-	17	-	-	-
Al Tayer Insignia Llc	1,016	-	-	-	145	2,425	-	-
Danzas Llc	-	-	-	-	113	-	-	5
Al Sanam Rent a Car Llc	-	-	-	-	2	-	-	-
Prada Holding S.p.A.	57	-	-	-	-	-	-	-
PH-RE Llc	-	135	-	161,391	-	-	185,114	-
Others	4	-	-	-	-	-	-	-
Members of the Board of Directors of Prada S.p.A.	-	-	-	-	-	-	-	8,575
Total at December 31, 2023	1,852	138	-	204,741	5,772	5,853	223,403	8,580

(*) Immobiliare Rivalsa S.p.A., previously an independent third party that owns a real estate property in Milan leased by the Company since 2019, was acquired in 2023 by a subsidiary of Prada Holding S.p.A. (the "Acquisition"). The right of use asset and lease liability amounts are recognised under a lease agreement entered into between the Company and Immobiliare Rivalsa S.p.A. prior to the Acquisition.

Statement of financial position balances as of December 31, 2022

(amounts in thousands of Euro)	Trade receivable, net	Receivables from, and advances to, related parties – current	Receivables from, and advances to, related parties – non-current	Right of use assets	Trade payables	Payables to related parties – current	Lease liability	Other liabilities
Les Femmes S.r.l.	599	6	1,125	-	1,944	-	-	-
Filati Biagioli Modesto S.p.A.	27	2,218	-	-	67	-	-	-
Spelm Sa	-	-	-	3,795	-	-	3,858	-
Rubaiyat Modern Lux.Pr.Co. Ltd	-	-	-	-	-	1,055	-	-
Ludo Due S.r.l.	-	-	-	9,282	-	-	10,242	-
Peschiera Immobiliare S.r.l.	-	-	-	2,882	45	-	3,460	-
Premiata S.r.l.	-	-	-	-	195	-	-	-
Conceria Superior S.p.A.	-	-	-	-	3,056	-	-	-
Perseo S.r.l.	-	-	-	-	225	-	-	-
Al Tayer Insignia Llc	736	-	-	-	12	2,513	-	-
Danzas Llc	-	-	-	-	93	-	-	61
Al Sanam Rent a Car Llc	-	-	-	-	1	-	-	-
Prada Holding S.p.A.	18	-	-	73	-	-	73	-
PH-RE Llc	-	149	-	196,766	-	-	221,687	-
Others	2	-	-	-	2	-	-	-
Members of the Board of Directors of Prada S.p.A.	-	-	-	-	-	-	-	4,405
Total at December 31, 2022	1,382	2,373	1,125	212,798	5,640	3,568	239,320	4,466

Statement of profit or loss transactions for the twelve months ended December 31, 2023

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Interest income	Interest expenses
Les Femmes S.r.l.	-	8,730	-	11	-
Filati Biagioli Modesto S.p.A.	-	4,327	113	77	-
Luigi Fedeli e Figlio S.r.l.	-	2	-	-	-
Spelm Sa	-	-	591	-	30
Rubaiyat Modern Lux.Pr.Co. Ltd	-	-	-	-	56
Immobiliare Rivalsa S.p.A. (*)	-	-	1,206	-	75
Ludo Due S.r.l.	-	-	1,115	-	118
Peschiera Immobiliare S.r.l.	-	47	575	-	27
Premiata S.r.l.	-	54	720	-	-
Conceria Superior S.p.A.	-	12,996	172	-	-
Perseo S.r.l.	-	714	-	-	-
Al Tayer Group Llc	-	-	297	-	-
Al Tayer Insignia Llc	3,187	-	139	-	124
Danzas Llc	-	254	170	-	-
Al Sanam Rent a Car Llc	-	-	12	-	-
Prada Holding S.p.A.	22	-	73	-	2
PH-RE Llc	-	-	16,119	-	1,805
Others	2	-	-	-	-
Total at December 31, 2023	3,211	27,124	21,302	88	2,237

(*) Immobiliare Rivalsa S.p.A., previously an independent third party that owns a real estate property in Milan leased by the Company since 2019, was acquired in 2023 by a subsidiary of Prada Holding S.p.A. (the "Acquisition"). The right of use asset and lease liability amounts are recognised under a lease agreement entered into between the Company and Immobiliare Rivalsa S.p.A. prior to the Acquisition.

Statement of profit or loss transactions for the twelve months ended December 31, 2022

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Interest income	Interest expenses
Les Femmes S.r.l.	-	7,479	47	11	-
Filati Biagioli Modesto S.p.A.	-	4,150	48	36	-
Spelm Sa	-	-	572	-	34
Ludo Due S.r.l.	-	-	1,119	-	131
Peschiera Immobiliare S.r.l.	-	44	559	-	31
Premiata S.r.l.	-	131	724	-	-
Conceria Superior S.p.A.	-	14,837	39	-	-
Perseo S.r.l.	-	817	-	-	-
Al Tayer Group Llc	-	-	92	-	-
Al Tayer Insignia Llc	2,523	-	135	-	-
Danzas Llc	-	116	142	-	-
Al Sanam Rent a Car Llc	-	-	11	-	-
Prada Holding S.p.A.	-	-	68	-	1
PH-RE Llc	-	-	17,739	-	2,133
Total at December 31, 2022	2,523	27,574	21,295	47	2,330

The foregoing tables report information on transactions with related parties in accordance with IAS 24, "Related Party Disclosures", while the following transactions also fall within the scope of application of the Hong Kong Stock Exchange Listing Rules.

The transactions with related party PH-RE llc (formerly PABE-RE llc) refer to the transaction between such company and Prada Japan co ltd in relation to the lease of two buildings in Aoyama, Tokyo for Prada and Miu Miu stores. The transactions reported for the twelve months ended December 31, 2023 are regulated by Chapter 14A of the Listing Rules because they are considered continuing connected transactions subject to disclosure, but they are exempt from the independent shareholders' approval requirement. As required by the Listing Rules, comprehensive disclosure of those continuing connected transactions is contained in Prada S.p.A.'s Announcements dated, respectively, July 15, 2015 ("Prada Aoyama") and May 26, 2017 ("Miu Miu Aoyama").

Apart from the non-exempt continuing connected transactions and non-exempt connected transactions reported above, no other transaction reported in the 2023 consolidated financial statements meets the definition of "connected transaction" or "continuing connected transaction" contained in Chapter 14A of the Hong Kong Stock Exchange Listing Rules or, if it does meet the definition of "connected transaction" or "continuing connected transaction" according to Chapter 14A, it is exempt from the announcement, disclosure and independent shareholders' approval requirements laid down in Chapter 14A.

41. Financial trend

(amounts in thousands of Euro)	December 31 2023	December 31 2022	December 31 2021	December 31 2020	December 31 2019
Net revenues	4,726,411	4,200,674	3,365,667	2,422,739	3,225,594
Gross margin	3,801,771	3,312,094	2,547,358	1,743,378	2,319,612
Operating income - (EBIT)	1,061,692	775,990	489,484	20,061	306,779
Net income / (loss) - Group	671,026	465,193	294,254	(54,139)	255,788
Total assets	7,615,051	7,377,578	6,959,011	6,527,927	7,038,439
Total liabilities	3,738,242	3,876,556	3,830,368	3,676,207	4,049,864
Net equity attributable to owners of the Group	3,853,795	3,482,217	3,113,894	2,832,057	2,967,158

42. Consolidated companies

Company	Local currency	Share capital (000s of local currency)	% Interest	Registered office	Principal place of operation	Date of incorporation / establishment (MM/DD/YYYY)	Main business
Italy							
Prada S.p.A.	EUR	255,882		Milan	Italy		Group Holding / Manufacturing / Services / Distribution / Retail
Artisans Shoes S.r.l. (*)	EUR	1,000	66.7	Montegranaro	Italy	02/09/1977	Manufacturing
IPI Logistica S.r.l. (*)	EUR	600	100	Milan	Italy	01/26/1999	Services
Marchesi 1824 S.r.l. (*)	EUR	1,000	100	Milan	Italy	07/10/2013	Food & Beverage
Figline S.r.l. (*)	EUR	535	100	Milan	Italy	07/24/2019	Manufacturing
Luna Rossa Challenge S.r.l. (*)	EUR	10	100	Grosseto	Italy	12/01/2021	Management sailing team
Europe							
Prada Retail UK Ltd (*)	GBP	5,000	100	London	U.K.	01/07/1997	Retail
Prada Germany Gmbh (*)	EUR	215	100	Munich	Germany	03/20/1995	Retail / Services
Prada Austria Gmbh (*)	EUR	40	100	Wien	Austria	03/14/1996	Retail
Prada Spain Sl (*)	EUR	240	100	Madrid	Spain	05/14/1986	Retail
Prada Retail France Sas (*)	EUR	7,252	100	Paris	France	10/10/1984	Retail
Prada Hellas Sole Partner Llc (*)	EUR	4,350	100	Athens	Greece	12/19/2007	Retail
Prada Monte-Carlo Sam (*)	EUR	2,000	100	Monaco	Principality of Monaco	05/25/1999	Retail
Prada Sa (*)	EUR	31	100	Luxembourg	Switzerland	07/29/1994	Trademarks / Services
Prada Company Sa	EUR	3,204	100	Luxembourg	Luxembourg	04/12/1999	Services
Prada Netherlands Bv (*)	EUR	20	100	Amsterdam	Netherlands	03/27/2000	Retail
Prada Czech Republic Sro (*)	CZK	2,500	100	Prague	Czech Republic	06/25/2008	Retail
Prada Portugal Unipessoal Lda (*)	EUR	5	100	Lisbon	Portugal	08/07/2008	Retail
Prada Rus Llc (*)	RUB	250	100	Moscow	Russian Federation	11/07/2008	Retail
Prada Bosphorus Deri Mamuller Ltd Sirketi (*)	TRY	353,000	100	Istanbul	Turkey	02/26/2009	Retail
Prada Ukraine Llc (*)	UAH	240,000	100	Kiev	Ukraine	10/14/2011	Retail
Prada Sweden Ab (*)	SEK	500	100	Stockholm	Sweden	12/18/2012	Retail
Prada Switzerland Sa (*)	CHF	24,000	100	Lugano	Switzerland	09/28/2012	Retail
Prada Kazakhstan Llp (*)	KZT	500,000	100	Almaty	Kazakhstan	06/24/2013	Retail
Kenon Ltd (*)	GBP	84,000	100	London	U.K.	02/07/2013	Real Estate
Tannerie Limoges Sas (*)	EUR	600	60	Isle	France	08/19/2014	Manufacturing
Prada Denmark Aps (*)	DKK	26,000	100	Copenhagen	Denmark	05/19/2015	Retail
Prada Belgium Sprl (*)	EUR	4,075	100	Brussels	Belgium	12/04/2015	Retail
Hipic Prod Impex Srl (*)	RON	25,471	100	Sibiu	Romania	04/15/2016	Manufacturing
Prada San Marino (*)	EUR	26	100	Falciano	San.Marino	04/15/2021	Retail
Prada Norway As (*)	NOK	30	100	Oslo	Norway	09/01/2022	Retail
Luna Rossa Challenge 2024 Sl	EUR	10	100	Barcelona	Spain	06/27/2023	Management sailing team
Church UK Retail Ltd	GBP	0.001	100	Northampton	U.K.	07/16/1987	Under liquidation
Church & Co. Ltd (*)	GBP	2,811	100	Northampton	U.K.	01/16/1926	Manufacturing / Services
Church & Co. (Footwear) Ltd	GBP	44	100	Northampton	U.K.	03/06/1954	Trademarks
Church Germany Gmbh	EUR	200	100	Munich	Germany	09/18/2018	Under liquidation

Company	Local currency	Share capital (000s of local currency)	% Interest	Registered office	Principal place of operation	Date of incorporation / establishment (MM/DD/YYYY)	Main business
Americas							
Prada USA Corp. (*)	USD	579,211	100	New York	U.S.A.	10/25/1993	Distribution / Services / Retail
Prada Canada Corp. (*)	CAD	300	100	Toronto	Canada	05/01/1998	Distribution / Retail
Church & Co. (USA) Ltd	USD	85	100	New York	U.S.A.	09/08/1930	Retail
Post Development Corp (*)	USD	86,592	100	New York	U.S.A.	02/18/1997	Real Estate
Prada Retail Mexico, S. de R.L. de C.V.	MXN	269,140	100	Mexico City	Mexico	07/12/2011	Retail
Prada Brasil Importação e Comércio de Artigos de Luxo Ltda (*)	BRL	340,000	100	Sao Paulo	Brazil	04/12/2011	Retail
PRM Services S. de R.L. de C.V. (*)	MXN	7,203	100	Mexico City	Mexico	02/27/2014	Dormant
Prada Panama Sa (*)	USD	30	100	Panama	Panama	09/15/2014	Dormant
Prada Retail Aruba Nv (*)	USD	2,011	100	Oranjestad	Aruba	09/25/2014	Retail
Prada Saint Barthelemy Sarl (*)	EUR	1,600	100	Gustavia	St. Barthelemy	04/01/2016	Retail
Asia-Pacific and Japan							
Prada Asia Pacific Ltd (*)	HKD	3,000	100	Hong Kong	Hong Kong S.A.R., P.R.C.	09/12/1997	Retail / Services
Prada Taiwan Ltd	TWD	3,800	100	Hong Kong	Taiwan P.R.C.	09/16/1993	Retail
Prada Retail Malaysia Sdn. Bhd. (*)	MYR	36,000	100	Kuala Lumpur	Malaysia	01/23/2002	Retail
Prada Singapore Pte Ltd (*)	SGD	1,000	100	Singapore	Singapore	10/31/1992	Retail
Prada Korea Llc (*)	KRW	8,125,000	100	Seoul	South Korea	11/27/1995	Retail
Prada (Thailand) co Ltd (*)	THB	572,000	100	Bangkok	Thailand	06/19/1997	Retail
Prada Japan co Ltd (*)	JPY	1,200,000	100	Tokyo	Japan	03/01/1991	Retail
Prada Guam Llc	USD	0.001	100	Guam	Guam	02/04/2021	Retail
Prada Saipan Llc (*)	USD	1,405	100	Northern Marianas Islands	Saipan	01/20/2021	Retail
Prada Australia Pty Ltd (*)	AUD	13,500	100	Sydney	Australia	04/21/1997	Retail
Prada Trading (Shanghai) co Ltd (***)	RMB	1,653	100	Shanghai	P.R.C.	02/09/2004	Dormant
Prada Fashion Commerce (Shanghai) co Ltd (***)	RMB	924,950	100	Shanghai	P.R.C.	10/31/2005	Retail
Church Hong Kong Retail Ltd	HKD	29,004	100	Hong Kong	Hong Kong S.A.R., P.R.C.	06/04/2004	Dormant
Prada Dongguan Trading Co., Ltd (***)	RMB	8,500	100	Dongguan	P.R.C.	11/28/2012	Services
Prada New Zealand Ltd (*)	NZD	3,500	100	Wellington	New Zealand	07/05/2013	Retail
Prada Vietnam Limited Liability Company (*)	VND	146,246,570	100	Hanoi	Vietnam	09/09/2014	Retail
Prada Macau Co Ltd	MOP	25	100	Macau	Macau S.A.R., P.R.C.	01/22/2015	Retail
Prada Philippines Inc. (*)	PHP	380,000	60	Manila	Philippines	10/10/2023	Retail

Company	Local currency	Share capital (000s of local currency)	% Interest	Registered office	Principal place of operation	Date of incorporation / establishment (MM/DD/YYYY)	Main business
Middle East							
Prada Middle East Fzco (*)	AED	18,000	60	Jebel Ali Free Zone	U.A.E.	05/25/2011	Distribution / Services
Prada Emirates Llc (**)	AED	300	29.4	Dubai	U.A.E.	08/04/2011	Retail
Prada Kuwait Wll (**)	KWD	50	29.4	Kuwait City	Kuwait	09/18/2012	Retail
Prada Retail Wll (*)	QAR	15,000	100	Doha	Qatar	02/03/2013	Retail
Prada Saudi Arabia Ltd (*)	SAR	26,666	75	Jeddah	Saudi Arabia	07/02/2014	Retail
Other countries							
Prada Maroc Sarlau (*)	MAD	95,000	100	Casablanca	Morocco	11/11/2011	Under liquidation
Prada Retail South Africa pty Ltd (*)	ZAR	50,000	100	Sandton	South Africa	06/09/2014	Dormant

(*) Company owned directly by Prada S.p.A.
(**) Company consolidated based on definition of control per IFRS 10
(***) Wholly foreign owned enterprises

43. Disclosures regarding non-controlling interests

The financial information of companies not entirely controlled by the Group is provided below, as required by IFRS 12. The amounts are stated before the consolidation adjustments.

December 31, 2023 financial statements (amounts in thousands of Euro):

Company	Group's percentage interest	Local currency	Total assets	Total equity	Net revenues	Net income/ (loss)	Dividends paid to non-controlling shareholders
Artisans Shoes S.r.l.	66.7	EUR	40,351	6,167	59,936	423	(250)
Prada Emirates Llc	29.4	AED	141,903	(505)	128,257	6,348	-
Prada Middle East Fzco	60	AED	127,346	55,052	87,175	3,289	-
Prada Kuwait Wll	29.4	KWD	44,829	4,957	19,941	823	-
Prada Saudi Arabia Ltd	75	SAR	30,495	4,562	10,921	(746)	-
Tannerie Limoges Sas	60	EUR	9,729	264	9,850	-	-

December 31, 2022 financial statements (amounts in thousands of Euro):

Company	Group's percentage interest	Local currency	Total assets	Total equity	Net revenues	Net income/ (loss)	Dividends paid to non-controlling shareholders
Artisans Shoes S.r.l.	66.7	EUR	28,256	6,494	61,781	425	(599)
Prada Emirates Llc	29.4	AED	92,773	(6,960)	109,213	6,650	-
Prada Middle East Fzco	60	AED	128,875	53,698	104,884	6,914	-
Prada Kuwait Wll	29.4	KWD	34,537	4,315	22,760	1,241	-
Prada Saudi Arabia Ltd	75	SAR	25,600	5,467	14,301	54	-
Tannerie Limoges Sas	60	EUR	9,051	155	8,927	34	-

There were no significant restrictions on the Group’s ability to access or use assets or to settle liabilities at the end of the reporting period.

In 2011, Prada S.p.A. and Al Tayer Insignia llc ("Al Tayer") stipulated an agreement expiring on December 31, 2021 to develop the Prada and Miu Miu brands in the Middle East retail business (the "joint venture"). That agreement resulted in the establishment of subsidiary Prada Middle East fzco, followed by Prada Emirates llc and Prada Kuwait llc. During the financial year 2023, Prada and Al Tayer managed the joint venture under principles of ordinary administration while negotiating the expired contractual terms. In September 2023 Prada and Al Tayer signed a new JV agreement that provides for the acquisition by Prada S.p.A. of an additional 19% of the shares held by Al Tayer, bringing the Prada S.p.A.'s stake in Prada Middle East fzco to 79% with effect from the registration date of the share transfer on the local authority register (JAFZA's portal). The above mentioned registration took place on January 9, 2024 and, based on the agreed terms, on January 10, 2024 Prada paid the consideration agreed for the share transfer, that has been defined for an amount that does not exceed the corresponding non-controlling interest in equity stated in the financial statement.

44. Events after the reporting date

No significant events to be reported.

CHAPTER 10

Independent Auditor's Reports

Independent Auditor’s Reports

The Independent Auditor’s Reports included in this Annual Report are in two different formats taking into account the differences between the International Auditing Standards (ISAs) issued by the International Auditing and Assurance Standard Boards (IAASB) and the auditing standards adopted in the Italian jurisdiction (ISA Italia). Specifically, in accordance to the regulations applicable in Hong Kong, where the Company’s shares are listed on the Main Board of the Hong Kong Stock Exchange, the Independent Auditor’s report is issued in accordance with ISAs, while in Italy, where the Company is domiciled, the Independent Auditor’s report is issued for statutory purposes in accordance with ISA Italia pursuant to art. 14 of Italian Legislative Decree no 39 of January 27, 2010.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Prada S.p.A.

Opinion

We have audited the consolidated financial statements of Prada S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test	
Description of the key audit matter	As described in Note 16 to the consolidated financial statements, the Group accounts for goodwill of Euro 515.5 million, allocated to the groups of cash generating units ("CGUs") identified by Management.

Because of the organizational changes carried out over the course of 2023, Management adopted a new reporting structure, modifying the way in which the goodwill is monitored for impairment purpose. Accordingly, Management has reallocated the goodwill to the new groups of CGUs Prada and Miu Miu, which correspond to the operating segments identified for segment reporting.

In accordance with IAS 36 - Impairment of assets, goodwill is not amortized, but tested for impairment at least annually by comparing the recoverable amount of the CGUs to their carrying amount.

In order to measure the recoverable amount of the CGUs Prada and Miu Miu, Management determined the value in use using present value techniques, based on estimates and assumptions using, among other, projected cash flows of the CGUs, appropriate discount rates ("WACC") and long-term growth rates ("g-rate").

For such CGUs, no impairment losses have been identified and Management believes that such conclusion would be confirmed for any reasonable change in the main assumptions used for the purpose of the impairment tests.

Management tested for impairment also the non-current assets of Prada Russia and Church's CGUs, taking into account, respectively, the extraordinary market conditions in Russia and the presence of trigger events for Church's Group.

The non-current assets held in Russia are represented mainly by two buildings in Moscow and St. Petersburg whose recoverable amount has been estimated with the support of an independent expert determining the fair value of such assets and taking also in account the significant uncertainty currently characterizing the real estate industry in Russia and the Russian financial system in general. As a result of the test performed, the Group recognized an impairment loss on such assets for Euro 2.5 million and, following the write down, the carrying amount of these non-current assets as at December 31, 2023, mainly related to the estimated fair value of the buildings, is Euro 18.7 million.

Regarding Church's, the impairment test as of December 31, 2023 has been carried out determining the value in use of the CGU, which has been estimated also considering an execution risk premium of 300 basis points in the WACC and which has not caused any impairment loss.

Taking in account the materiality of the carrying amount of the CGUs and of the other non-current assets tested for impairment, the complexity of the estimates of the cash flows projections and of the other estimates and assumptions used in the impairment model, we considered the impairment test as a key audit matter.

Audit procedures performed	For our audit, we have evaluated the methods used by Management to determine the recoverable amount of the CGUs and non-current assets held in Russia, and analyzed these methods and the related assumptions used by Management in the impairment test. Our audit procedures included, among others, the following, which were performed along with the support of our internal valuation specialists: • Analysis of the approach used by Management for the allocation of the goodwill to the CGUs Prada and Miu Miu; • Evaluation of the appropriateness of the methodologies used by Management to test the CGUs; • Analysis of the reasonableness of the main assumptions used to develop cash flow forecasts, through sector data analysis (luxury goods market studies) as well as of supporting data and information obtained from Management; • Evaluation of the reasonableness of the WACC and g-rate used by Management; • Verification of the correct determination of the carrying amount of each CGU; • Analysis of the reasonableness of the approach and assumptions used for the estimate of the fair value of the buildings owned by Prada Russia; • Verification of the mathematical accuracy of the models used to determine the recoverable amount of each CGU; • Evaluation of the sensitivity analysis performed by Management and development of an independent sensitivity analysis; • Analysis of the information disclosed in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2023 but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group'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 Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Deloitte.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats and safeguards applied.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DELOITTE & TOUCHE S.p.A.

Marco Ricci
Partner

Milan, Italy
March 7, 2024

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Prada S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Prada S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Prada S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) 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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of Prada S.p.A. are responsible for the preparation of the financial review of the Group as at December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the financial review, with the consolidated financial statements of the Group as at December 31, 2023 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned financial review is consistent with the consolidated financial statements of the Group as at December 31, 2023 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Ricci
Partner

Milan, Italy
March 7, 2024

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.