

# **Diesel Denmark ApS**

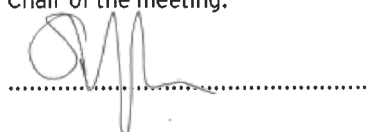
Østergade 12, 1100 København K

CVR no. 11 10 99 77

## **Annual report 2021**

Approved at the Company's annual general meeting on 27 April 2022

Chair of the meeting:



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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Diesel Denmark ApS for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

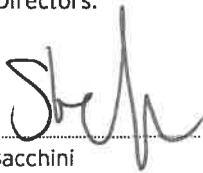
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 April 2022  
Executive Board:



Stefano Bacchini

Board of Directors:



Stefano Bacchini  
Chair



Cristian Collavo

## Independent auditor's report

### To the shareholders of Diesel Denmark ApS

#### Opinion

We have audited the financial statements of Diesel Denmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the 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 Company's internal control.

### Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### Statement on the Management's review

Management is responsible for the Management's review.


Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 April 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Kim Thomsen  
State Authorised Public Accountant  
mne26736

## **Management's review**

### **Company details**

Name	Diesel Denmark ApS
Address, Postal code, City	Østergade 12, 1100 København K
CVR no.	11 10 99 77
Established	1 August 1987
Financial year	1 January - 31 December
Website	<a href="http://www.diesel.com">www.diesel.com</a>
Board of Directors	Stefano Bacchini, Chair Cristian Collavo
Executive Board	Stefano Bacchini
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

## Management's review

### Business review

The Company's business activity is trading Diesel clothes and accessories, most of them supplied within the Group by Diesel Spa. The Company has a branch in Finland, and mainly operates into the retail distribution channels. In 2021 the Company ran two retail stores located in Copenhagen and Helsinki (Finland) and one Concession in Denmark. The Helsinki store was closed in August 2021.

In 2021 the Company ran two retail stores located in Copenhagen and Helsinki (Finland) and one Concession in Denmark. The Helsinki store was closed in August 2021.

Since the end of 2019, the wholesale business has been processed and invoiced directly via Diesel Spa, with the Company providing local support services for the wholesale business (WHS Service Provider). In providing said support services to the wholesale activity of Diesel Spa, Diesel Denmark ApS is entitled to be paid an arm's length service fee, calculated as follows:

- ▶ costs incurred in the provision of services increased by
- ▶ the EBIT margin in the relevant territory and for the year of reference resulting from the market's independent benchmark study, applied on the sales of Diesel Spa in the territory at stake.

### Financial review

The income statement for 2021 shows a loss of DKK 4,938,354 against a loss of DKK 382,123 last year, and the balance sheet at 31 December 2021 shows a negative equity of DKK 4,061,165. COVID-19 has severely impacted and is expected to continue to impact the economies of Denmark, Finland and other countries around the world.

As a result of the closure in August 2021 of the store in Helsinki, Diesel Denmark ApS revenue has decreased from 11,856,699 DKK in 2020 to 11,423,768 DKK in 2021.

### Capital resources

The Company is currently not able to fund its operations and is dependent on contribution of operating capital to fund the current plans and budgets. The ultimate parent company OTB S.p.A. has declared that it will provide financial support as necessary to enable Diesel Denmark ApS to continue its operations and to meet all its liabilities, even included those related to the tax audit regarding the possible TP adjustment for the years from 2009 to 2011 and commitments as they fall due for a minimum of 12 months from the 21 April 2022. On this basis, the financial statements are presented on the assumption of going concern.

## Management's review

### Estimated COVID-19 Impacts and uncertainties

In December 2019, a novel strain of coronavirus, which causes the infectious disease known as COVID-19, was reported. The World Health Organization declared COVID-19 a "Public Health Emergency of International Concern" on January 30, 2020 and a global pandemic on March 11, 2020. COVID-19 has severely impacted, and is expected to continue to impact, the economies of Denmark, Finland and other countries around the world.

COVID-19 has severely impacted, and may continue to impact, the economies of the Europe and other countries around the world. COVID-19 has created significant public health concerns as well as significant volatility, uncertainty and economic disruption in every region in which we operate, which has adversely affected, and may still adversely affect, our industries and our business operations.

We continue to closely monitor the impact of COVID-19 on our business and geographies, including how it is impacting our customers, team members, suppliers, vendors, business partners and distribution channels. However, the future impact that COVID-19 could have on our financial position and operating results may be affected by numerous uncertainties, including the severity of the virus and the effects of the vaccination campaign, the duration of the outbreak, governmental, business or other actions, impacts on our supply chain, the effect on customer demand, store closures or changes to our operations. The health of our workforce, and our ability to meet staffing needs in our stores, distribution facilities, wholesale operations and other critical functions cannot be predicted and is vital to our operations. The impacts of a potential worsening of global economic conditions and the continued disruptions to, and volatility in, the credit and financial markets, consumer spending as well as other unanticipated consequences remain unknown.

In order to reduce the transmission of COVID-19 and to face the financial and credit markets volatility resulting from the pandemic, various domestic and international regulations and initiatives have been implemented by each government around the world. The Company has assessed and will continue to assess the impact of these actions. The Company has participated in certain of these programs and, when possible, will continue to do so in the future.

The Company's operating income was significantly and adversely impacted during the first half of fiscal 2021 as a result of COVID-19. During the second half of 2021, with the acceleration of COVID-19 vaccination campaigns, the Company experienced constant improvements compared to the first semester of 2021 in terms of customer traffic and sales in our stores. However, the performances remained below pre-COVID-19 levels.

To mitigate the lack of in-store sales multiple actions have been implemented to reduce costs, across others temporary store closures and reduced hours of operation in certain retail locations.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2021	2020
	Revenue	11,423,768	11,856,699
	Cost of sales	-679,930	-1,971,818
	Change in inventories of finished goods	-1,824,810	-906,742
	Other operating income	8,140,760	10,451,210
	Other external expenses	-10,144,129	-12,030,561
	<b>Gross profit</b>	<b>6,915,659</b>	<b>7,398,788</b>
4	Staff costs	-5,777,186	-6,484,857
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,245,192	-1,404,892
	Other operating expenses	-526,705	-193,633
	<b>Profit/loss before net financials</b>	<b>-633,424</b>	<b>-684,594</b>
	Income from investments in group enterprises	-679,010	731,872
5	Financial income	19,743	250,343
6	Financial expenses	-593,067	-679,744
	<b>Profit/loss before tax</b>	<b>-1,885,758</b>	<b>-382,123</b>
	Tax for the year	-3,052,596	0
	<b>Profit/loss for the year</b>	<b>-4,938,354</b>	<b>-382,123</b>
	<b>Recommended appropriation of profit/loss</b>		
	Retained earnings/accumulated loss	-4,938,354	-382,123
		<b>-4,938,354</b>	<b>-382,123</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2021	2020
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Intangible assets</b>		
	Acquired intangible assets	0	0
		<u>0</u>	<u>0</u>
8	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	1,770,854	2,534,351
	Leasehold improvements	2,049,694	2,525,911
		<u>3,820,548</u>	<u>5,060,262</u>
9	<b>Investments</b>		
	Investments in group enterprises	11,804,206	12,735,420
	Other receivables	426,233	426,233
		<u>12,230,439</u>	<u>13,161,653</u>
	<b>Total fixed assets</b>	<u>16,050,987</u>	<u>18,221,915</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	1,469,450	3,297,362
		<u>1,469,450</u>	<u>3,297,362</u>
	<b>Receivables</b>		
	Trade receivables	660,690	390,416
	Receivables from group enterprises	14,734,317	14,029,545
	Other receivables	0	1,888,074
	Prepayments	39,169	317,665
		<u>15,434,176</u>	<u>16,625,700</u>
	<b>Cash</b>	<u>1,489,024</u>	<u>2,463,812</u>
	<b>Total non-fixed assets</b>	<u>18,392,650</u>	<u>22,386,874</u>
	<b>TOTAL ASSETS</b>	<u>34,443,637</u>	<u>40,608,789</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2021	2020
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
10	Share capital	601,000	601,000
	Retained earnings	-4,662,165	515,551
	<b>Total equity</b>	<b>-4,061,165</b>	<b>1,116,551</b>
	<b>Provisions</b>		
	Other provisions	1,751,313	207,475
	<b>Total provisions</b>	<b>1,751,313</b>	<b>207,475</b>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
	Other payables	442,226	442,226
		<b>442,226</b>	<b>442,226</b>
	<b>Current liabilities other than provisions</b>		
	Prepayments received from customers	383,478	0
	Trade payables	1,825,600	3,018,361
	Payables to group enterprises	32,545,180	33,588,815
	Other payables	1,557,005	2,235,361
		<b>36,311,263</b>	<b>38,842,537</b>
	<b>Total liabilities other than provisions</b>	<b>36,753,489</b>	<b>39,284,763</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,443,637</b>	<b>40,608,789</b>

- 1 Accounting policies
- 2 Capital resources
- 3 Special items
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2020	601,000	433,056	1,034,056
Transfer through appropriation of loss	0	-382,123	-382,123
Adjustment of investments through foreign exchange adjustments	0	464,618	464,618
<b>Equity at 1 January 2021</b>	<b>601,000</b>	<b>515,551</b>	<b>1,116,551</b>
Transfer through appropriation of loss	0	-4,938,354	-4,938,354
Adjustment of investments through foreign exchange adjustments	0	-239,362	-239,362
<b>Equity at 31 December 2021</b>	<b>601,000</b>	<b>-4,662,165</b>	<b>-4,061,165</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Diesel Denmark ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements for Diesel Denmark ApS and its group entities are part of the consolidated financial statements for OTB S.p.A, Italy.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, comprising sale of Diesel clothing and accessories is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2021.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

#### Other operating income and operating expenses

Other operating income comprise gains on the sale of fixed assets.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	5 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3 - 5 years
Leasehold improvements	3 - 10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Profit/loss from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, realised and unrealised capital gains and losses relating to investments and exchange gains and losses.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The activity in the Finnish branch is taxed according to Finnish tax rules.

##### Balance sheet

##### Intangible assets

Other intangible assets include acquired software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies less or plus any residual value of positive or negative goodwill determined in accordance with the acquisition method. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the enterprise's deficit. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method in so far as the carrying amount exceeds the acquisition cost.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The purchase method of accounting is applied to corporate takeovers, as described under 'Business combinations'.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at the lower of cost, measured by reference to the average price method, and net realisable value.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Capital resources

The Company is currently not able to fund its operations and is dependent on contribution of operating capital to fund the current plans and budgets. The ultimate parent company OTB S.p.A. has declared that it will provide financial support as necessary to enable Diesel Denmark ApS to continue its operations and to meet all its liabilities, even included those related to the tax audit regarding the possible TP adjustment for the years from 2009 to 2011 and commitments as they fall due for a minimum of 12 months from the 21 April 2022.

On this basis, the financial statements are presented on the assumption of going concern.

Reference is also made to the comments in the Management's review.

#### 3 Special items

Diesel Denmark ApS has recognised an adjustment of DKK 526,700 related to state compensation due to Covid19. The cost is recognised at the record "Gross profit".

Diesel Denmark ApS has recognised a tax cost of 3,052,596 related to a tax claim for the income years 2009 - 2011. The amount is set off against other provisions.

DKK		2021	2020
<b>4 Staff costs</b>			
Wages/salaries		5,077,015	5,907,633
Pensions		458,419	401,971
Other social security costs		104,214	65,863
Other staff costs		137,538	109,390
		<u>5,777,186</u>	<u>6,484,857</u>
Average number of full-time employees		<u>11</u>	<u>13</u>
<b>5 Financial income</b>			
Other financial income		19,743	250,343
		<u>19,743</u>	<u>250,343</u>
<b>6 Financial expenses</b>			
Interest expenses, group entities		246,123	199,994
Other financial expenses		346,944	479,750
		<u>593,067</u>	<u>679,744</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Intangible assets

DKK	Acquired Intangible assets
Cost at 1 January 2021	1,527,099
Foreign exchange adjustments	3,305
Disposals	-773,106
Cost at 31 December 2021	757,298
Impairment losses and amortisation at 1 January 2021	1,527,099
Foreign exchange adjustments	3,305
Reversal of accumulated amortisation and impairment of assets disposed	-773,106
Impairment losses and amortisation at 31 December 2021	757,298
Carrying amount at 31 December 2021	0
Amortised over	5 years

#### 8 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2021	15,563,320	14,169,383	29,732,703
Foreign exchange adjustments	-19,553	-27,982	-47,535
Additions	10,154	0	10,154
Disposals	-7,533,807	-10,536,620	-18,070,427
Cost at 31 December 2021	8,020,114	3,604,781	11,624,895
Impairment losses and depreciation at 1 January 2021	13,028,969	11,643,472	24,672,441
Foreign exchange adjustments	-19,327	-28,081	-47,408
Depreciation	733,945	469,499	1,203,444
Reversal of accumulated depreciation and impairment of assets disposed	-7,494,327	-10,529,803	-18,024,130
Impairment losses and depreciation at 31 December 2021	6,249,260	1,555,087	7,804,347
Carrying amount at 31 December 2021	1,770,854	2,049,694	3,820,548
Depreciated over	3 - 5 years	3 - 10 years	

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Investments

DKK	Investments in group enterprises	Other receivables	Total
Cost at 1 January 2021	36,147,524	426,233	36,573,757
Cost at 31 December 2021	36,147,524	426,233	36,573,757
Value adjustments at 1 January 2021	-23,412,104	0	-23,412,104
Foreign exchange adjustments	-252,204	0	-252,204
Profit/loss for the year	-679,010	0	-679,010
Value adjustments at 31 December 2021	-24,343,318	0	-24,343,318
Carrying amount at 31 December 2021	11,804,206	426,233	12,230,439

Name	Legal form	Domicile	Interest	Equity DKK	Profit/loss DKK
<b>Subsidiaries</b>					
Diesel Sweden AB	Aktiebolag	Sweden	100.00%	11,804,206	-679,010

DKK	2021	2020
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#### 10 Share capital

Analysis of the share capital:

1,202 shares of DKK 500.00 nominal value each	601,000	601,000
	601,000	601,000

The Company's share capital has remained DKK 601,000 over the past 5 years.

#### 11 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Danish Tax Authorities has claimed DKK 3.3 million regarding settlement of corporation tax for prior income years.

Management believes that the settlement should be reduced to DKK 1.5 million which has been accrued at 31 December 2021.

##### Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 6.8 million in interminable rent agreements with remaining contract terms up to 24 Months.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

#### 13 Related parties

Diesel Denmark ApS' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Diesel S.p.A	Via Dell' Industria 4/6, 36042 Breganze(VI), Italy	Participating interest

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
OTB S.p.A	Via Dell' Industria 2, 36042 Breganze(VI), Italy	The consolidated financial statements and parent company financial statements can be requested at Diesel Danmark ApS in Copenhagen