



RSM

RSM Danmark

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Diesel Denmark ApS

Østergade 12, 1100 København

Company reg. no. 11 10 99 77

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 26 April 2024.

Stefano Bacchini
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Diesel Denmark ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and 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, 26 April 2024

Managing Director

Stefano Bacchini

Board of directors

Stefano Bacchini
Chairman

Cristian Collavo

Independent auditor's report

To the Shareholders of Diesel Denmark ApS

Qualified Opinion

We have audited the financial statements of Diesel Denmark ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” section of our report, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Qualified Opinion

Payables to group enterprises is in our opinion recognized with DKK 488,448 too little due to lack of update of the interest rate used by the group, Other provisions is in our opinion recognized with DKK 368,385 to much due to lack of provisions of old salary accounts, Other payables is in our opinion recognized with DKK 181,091 to much due to incorrect recognition of holiday pay obligation and accrued bonus . The net result effect is DKK 61,028 as a profit

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.
- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

As evident from the matter described in the "Basis for Qualified Opinion" section of our report, our opinion on the financial statements is modified due to insufficient information about material uncertainty that may give rise to significant doubt about the company's ability to continue as a going concern. On reading the Management's Review, we found that it does not contain sufficient information about the material uncertainty that may give rise to significant doubt about the company's ability to continue as a going concern.

Except for the above, and based on the work we have performed, we conclude that 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.

Copenhagen V, 26 April 2024

RSM Danmark

Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Martin Enderberg Lassen
State Authorised Public Accountant
mne40044

Marco Mosegaard Brøndsted
State Authorised Public Accountant
mne49081

Company information

The company	Diesel Denmark ApS Østergade 12 1100 København
	Company reg. no. 11 10 99 77 Financial year: 1 January - 31 December
Board of directors	Stefano Bacchini, Chairman Cristian Collavo
Managing Director	Stefano Bacchini
Auditors	RSM Danmark Statsautoriseret Revisionspartnerselskab Ved Vesterport 6, 5. sal 1612 København V
Bankers	Danske Bank BNP Paribas
Parent company	Diesel S.p.A.

Management's review

Description of key activities of the company

The company's business activity is trading Diesel clothes and accessories, most of them supplied within the Group by Diesel S.p.A. The company has a branch in Finland, and mainly operates into the retail distribution channels.

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

Development in activities and financial matters

Significant events during the year

Over the last year, the growth of the global economy has slowed due to the increase of geopolitical tensions that determine dangers of conflict escalation and uncertainty in the markets. As well as this, the persistence of restrictive monetary policies due to the high rate of inflation has had an impact. To combat inflation, central banks have progressively raised interest rates to curb price increases. This has led to a reduction in consumption and, more generally, in demand. The inflation rate, despite being down compared to the values of 2022 and 2021, is still above the 2% target and upper limit set by central banks. The Company and the OTB Group have put in place all appropriate measures to effectively limit the critical issues related to the socio-economic context; the possible impacts on our business and markets are continuously monitored too.

We refer to note 1 regarding Going Concern.

Branches abroad

The company has a branch in Finland. Diesel Finland has limited activities in 2023.

Accounting policies

The annual report for Diesel Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Non-comparability

Reclassifications between Other payables, Other provisions, Deffered revenue, Payables to group enterprises, Trade receivables and Receivables from group enterprises has been made in the comparative figures therefor the comparative figures are not comparable with the Annual report of 2022.

No consolidated financial statements have been prepared pursuant to section 110 (1) of the Danish Financial Statements Act. The financial statements of Diesel Denmark ApS and its group enterprises are included in the consolidated financial statements for OTB, S.p.A, Breganze (VI), Italy.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The company will be applying IAS 11/IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises cost of goods less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of tangible assets.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Accounting policies

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

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

Statement of financial position

Intangible assets

Development project, patents, and licences

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 5 years.

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

Accounting policies

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Leases

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a measurement method.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Deposits

Deposits are measured at amortised cost.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

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.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, impairment takes place at the net realisable value.

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Provisions

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning giftcards and straight-line adjustment on rent.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	5.516.814	6.477.952
3 Staff costs	-4.035.016	-4.131.952
Depreciation and impairment of non-current assets	-1.158.548	-1.126.916
Operating profit	323.250	1.219.084
Income from investments in group enterprises	347.173	-385.123
Other financial income from group enterprises	6.978	18
Other financial income	2.671	280.599
4 Other financial expenses	-213.591	-258.623
Pre-tax net profit or loss	466.481	855.955
Tax on net profit or loss for the year	0	-800.000
Net profit or loss for the year	466.481	55.955
Proposed distribution of net profit:		
Transferred to retained earnings	466.481	55.955
Total allocations and transfers	466.481	55.955

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Non-current assets		
Other fixtures, fittings, tools and equipment	1.666.755	2.713.394
Total property, plant, and equipment	<u>1.666.755</u>	<u>2.713.394</u>
Investments in group enterprises	10.906.006	10.499.140
Deposits	35.800	431.162
Total investments	<u>10.941.806</u>	<u>10.930.302</u>
Total non-current assets	<u>12.608.561</u>	<u>13.643.696</u>
Current assets		
Manufactured goods and goods for resale	2.471.854	1.940.835
Total inventories	<u>2.471.854</u>	<u>1.940.835</u>
Trade receivables	51.436	157.539
Receivables from group enterprises	11.076.834	10.540.139
Other receivables	258.129	0
Prepayments	523.464	33.641
Total receivables	<u>11.909.863</u>	<u>10.731.319</u>
Cash and cash equivalents	<u>2.333.709</u>	<u>1.940.445</u>
Total current assets	<u>16.715.426</u>	<u>14.612.599</u>
Total assets	<u>29.323.987</u>	<u>28.256.295</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	601.000	601.000
Retained earnings	-5.011.559	-5.524.348
Total equity	-4.410.559	-4.923.348
Provisions		
Other provisions	880.160	810.611
Total provisions	880.160	810.611
Liabilities other than provisions		
Bank loans	400	0
Trade payables	998.283	805.306
Payables to group enterprises	29.521.688	29.655.899
Other payables	1.081.210	995.377
Deferred income	1.252.805	912.450
Total short term liabilities other than provisions	32.854.386	32.369.032
Total liabilities other than provisions	32.854.386	32.369.032
Total equity and liabilities	29.323.987	28.256.295

- 1 **Uncertainties relating to going concern**
- 2 **Special items**
- 5 **Contingencies**
- 6 **Related parties**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	601.000	-4.662.165	-4.061.165
Retained earnings for the year	0	55.955	55.955
Adjustment of investments through foreign exchange adjustments	0	-918.138	-918.138
Equity 1 January 2023	601.000	-5.524.348	-4.923.348
Retained earnings for the year	0	466.481	466.481
Adjustment of investments through foreign exchange adjustments	0	46.308	46.308
	601.000	-5.011.559	-4.410.559

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Uncertainties relating to going concern		
The Company's directors, having reviewed all areas of business for 2023, the results achieved and the targets and forecast for 2024-2026, along with the financial support letter and the role/structure of the Parent Company (OTB S.p.A.), do not consider that these impacts and/or uncertainties could affect the going concern basis on which this financial statements were prepared.		
2. Special items		
The company received covid-19 salary 2022. In then of 2022 Erhvervsstyrelsen contacted Diesel Denmark ApS and asked for additional information on the salary compensation received. consequently a provision was made as there was a risk that we would need to repay it back. We did a provision for it at the end of 2022 assuming we would need to pay it back. In 2023, we received communication that the salary compensation part was settled and so we reversed the provision back out.		
Amounts recognized in 2022 is 609K DKK and Amounts recognized in 2023 is 196K DKK		
3. Staff costs		
Salaries and wages	3.848.333	3.913.880
Pension costs	116.476	160.468
Other costs for social security	83.299	68.104
Other staff costs	-13.092	-10.500
	<u>4.035.016</u>	<u>4.131.952</u>
Average number of employees	<u>10</u>	<u>9</u>
4. Other financial expenses		
Financial costs, group enterprises	186.003	203.329
Other financial costs	27.588	55.294
	<u>213.591</u>	<u>258.623</u>
5. Contingencies		
Contingent liabilities		
Rent and lease liabilities include a rent obligation totalling DKK 3.7 million in interminable rent agreements with remaining contract terms up to 12 months.		

Notes

All amounts in DKK.

6. Related parties

Consolidated financial statements

Diesel Denmark ApS' related parties comprise the following:

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 <u>financial statements</u>
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 Denmark ApS in Copenhagen