OTB

CONSOLIDATED FINANCIAL STATEMENTS 2021

Consolidated financial statements 2021

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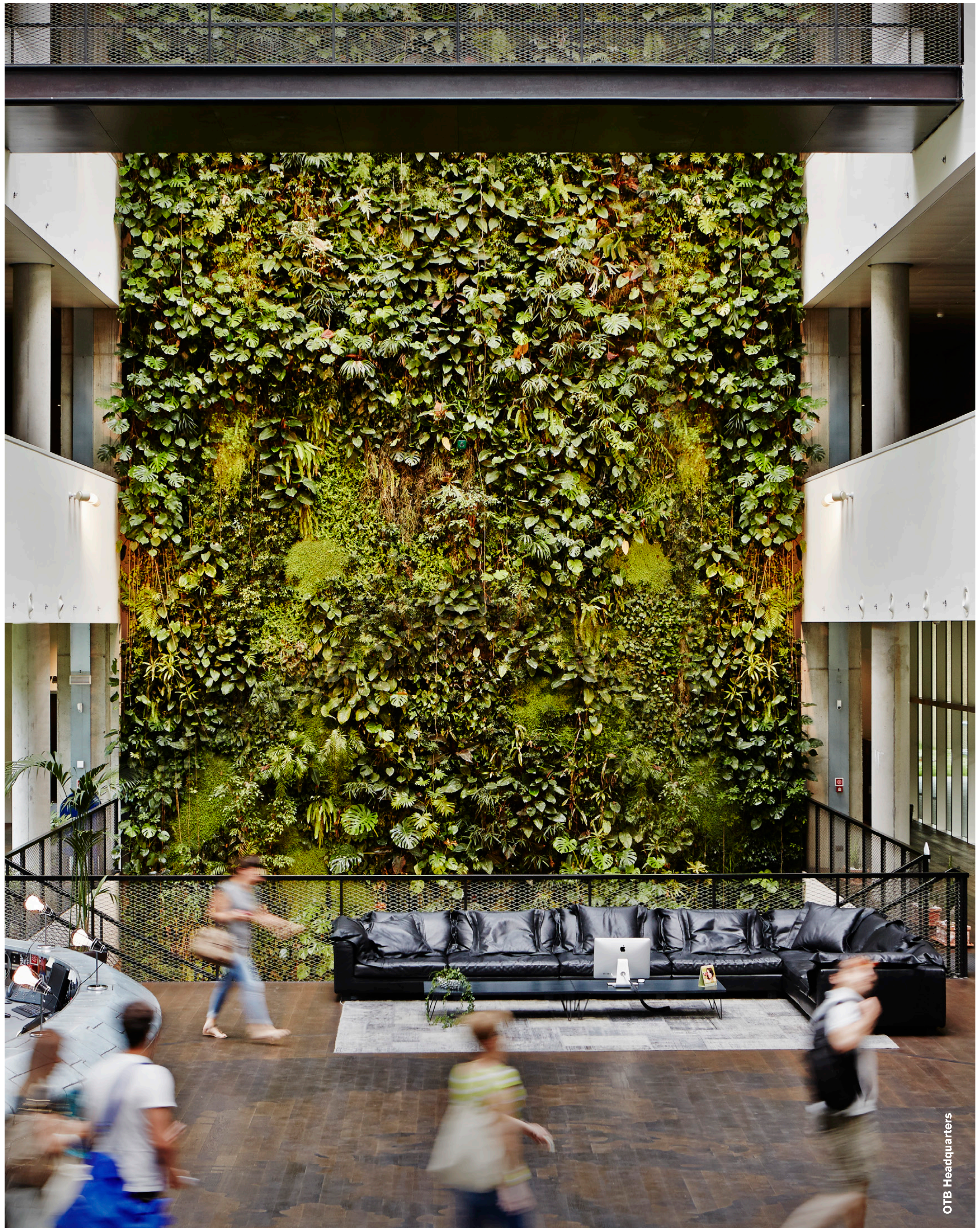

OTB Headquarters

A courageous and responsible attitude, the determination to encourage creativity and talent, the strength to support the supply chain, the forward-looking spirit to look beyond real and virtual boundaries. These are just a few of the driving forces behind OTB success of 2021, which has enabled us to reach and, in some cases, exceed all our targets, despite the challenging economic and social scenario.

In 2021, we acquired Jil Sander, a new brand and new expertise joining the OTB family, thus further strengthening our position as the only “Made in Italy” luxury hub, as well as the sound growth of all OTB’s luxury brands, which exceeded pre-pandemic levels.

The opening of 38 new stores worldwide and the enhancement of our e-commerce platform have also helped us consolidate our leadership in foreign markets, thereby validating the strategic importance of our growth in the Asia-Pacific region and in the United States.

We also wanted to boost our digital footprint by becoming a founding member of the Aura Blockchain Consortium and setting up BVX (Brave Virtual Xperience), an in-house newco wholly devoted to the development of products, projects and experiences designed for the metaverse, gaming and NFTs.

We are looking forward to a challenge-filled future: we are ready to face it all, relying on the resilience of a group of people who have already displayed their ability to look ahead with a sharp eye, open mind and a willing heart.

We would like to thank all OTB Group employees, partners and stakeholders who have always walked with us on this journey and pushed us to go the extra mile.

Be Brave!
RR

OTB - headquarters

01

Board of Directors and Statutory Auditors

Board of Directors of OTB S.p.A.
Mandate for the three year period 2021 – 2023
(up to approval of 2020 Financial Statements)

Chairman:
Renzo Rosso

CEO
Ubaldo Minelli

Directors:
Stefano Rosso
Arabella Ferrari
Cristina Bombassei
Carlo Purassanta

Board of Statutory Auditors of OTB S.p.A.
Mandate for the three year period 2019 – 2021
(up to approval of 2021 Financial Statements)

Chairman:
Yuri Zugolaro

Statutory Auditors:
Luigi Bocca
Ivana Zamperetti

Alternate Auditors:
Daniela Gobbo
Paolo Masotti

Independent Auditing Firm
Mandate for the three year period 2019 – 2021
(up to approval of 2021 Financial Statements) EY S.p.A.

Viktor&Rolf Tulle Collection Spring Summer 2021

Jil Sander Women's Pre-Fall 2022 Collection

02 Directors' Report on the Consolidated Financial Statements

OTB S.p.A.

Registered Offices: Breganze (VI)
Via Dell'Industria, 2

Share capital: Euro 25,000,000
fully paid UP

Vicenza Company Register
no. 01242510269

Vicenza Chamber of Commerce
Ref. 170.761

Tax Code 01242510269
VAT No. 01571110244

GENERAL MARKET AND GROUP PERFORMANCE

Dear Shareholders, the recovery of the global economy, albeit with uncertainties due to difficulties in the supply of raw materials, rising energy prices, and potential resurgences due to the spread of new variants of the virus, which occurred in the last few months of 2021, continued in a sustained manner. Trade recovered to pre-COVID-19 pandemic levels and the recovery in employment levels translated into an increase in hours worked and a reduction in the use of social security benefits. Unfortunately in recent weeks, with the beginning of the Russian-Ukrainian conflict, in addition to the dramatic nature of the war events for the population involved, against this positive macroeconomic picture there are now negative signs for the global economic recovery that began in 2021. The economic sanctions imposed on Russia will expose all sectors and related production chains, whether they trade directly or indirectly with Russia, to greater energy and economic risks. "Energy-intensive" companies have been the first to suffer the consequences in terms of higher costs and production difficulties.

Turning to the performance of the main target markets, the economies of the United States and China recovered to pre-COVID levels as early as 2021. The high inflation that has affected the US economy and the slowdown in the Chinese real estate market, respectively, remain as points to be monitored.

Japan whose GDP decreased by 4.5% in 2020, grew 1.7% in 2021, and experienced uneven performance in line with the various pandemic waves, but limited inflation and the government's expansionary fiscal policy should lead to an accelerated recovery in 2022.

Overall, economic activity in the euro zone followed a positive trend, but with differences between the various countries; recovery in Germany will be somewhat slower than expected, primarily because the pre-pandemic levels of industrial production have not yet been recovered, France is preparing for expansion in 2022 thanks to GDP growth and lower inflation than the other countries, while Spain has grown less than expected and is still suffering from a high unemployment rate.

For Italy, economic growth in 2021 was higher than expected, recording a 6.6% increase in GDP (Source: Il Sole 24 Ore) driven by the recovery of industrial production, the recovery of domestic demand and exports.

Our country's growth forecasts, estimated at +4% of GDP for 2022, are threatened by multiple factors: inflation and rising commodity prices, exceptionally high energy prices and geopolitical risks linked to Russia's invasion of Ukraine mentioned above. These factors make Italy more vulnerable than other countries, considering its greater dependence on imported energy and the use of natural gas. A situation that is feared will negatively affect consumption.

Turning to an analysis of the Italian fashion industry in which your Company operates, the Italian fashion industry in a report recently prepared by the National Chamber of Fashion estimated a 20.5% recovery in turnover compared to 2020 at Euro 82.85 billion (Euro 90.20 billion in 2019). Growth was driven by the domestic market (+24% in the first half of 2021) and exports (estimated at +21% in 2021), especially to the Chinese market.

The new year, as mentioned above, has opened in a context of uncertainty and, despite forecasts predicting a year of growth for the textile and clothing industry, attention remains high with regard to the events in Ukraine in recent weeks and the consequent market repercussions.

OTB - headquarter

Within this context, the OTB Group, which owns:

- The Diesel Group, which produces and distributes clothing and accessories under the Diesel brand in the premium casual wear segment;
- Brave Kid S.r.l., which manages under licence the production and distribution of clothing and accessories under the Diesel, MM6 Maison Margiela, Marni, Dsquared2, N 21 and MYAR brands for children's collections;
- Staff International S.p.A. operating in the pret-à-porter sector, managing the production and distribution of the Dsquared, Just Cavalli and Kochè brands under license; it also deals with the design and production of shoes and bags for the entire OTB group and the design and production of the collections for the Maison Margiela and Marni brand;
- The Marni Group, operating in the luxury sector, focuses its activity in the core business of women's and men's clothing and related accessories; production is entrusted to Staff International S.p.A.; through its investee Marni USA Ltd., the Marni Group holds 20% of the shares of Atelier Luxury Group LLC, a U.S. company that owns the luxury brand AMIRI, founded in Los Angeles in 2014 by Mike Amiri; with a modern vision of luxury, AMIRI sits alongside the brands of the most established designers in the world's best stores.
- The Margiela Group, established in 2017, operates in the pret-à-porter sector and distributes "Maison Margiela" brand products, the production of which is entrusted to Staff International S.p.A.;
- Viktor & Rolf B.V., the owner of that brand;
- The Jil Sander Group, the acquisition of which was finalised during the year, which operates in the luxury sector with the Jil Sander brand founded in 1968 by the German designer of the same name and creatively directed by Lucie and Luke Meier since 2017,

and of which your company is the parent, closed 2021 with significant growth that marked a turning point for the entire Group, which returned to pre-pandemic levels in terms of revenue and showed significant improvements in results and profitability.

Total turnover amounted to Euro 1,529.7 million, excluding non-recurring revenue of Euro 130.2 million, up 16.2% from the previous year (Euro 1,316.6 million in 2020) and in line with 2019, consolidated profit at Euro 142.0 million, of which Euro 80.6 million from non-recurring transactions (profit of Euro 0.9 million in 2020) and negative net financial position of Euro 64.6 million, which becomes positive at Euro 382.6 million if the assets and liabilities relating to the accounting treatment of so-called rights of use (IFRS 16) are excluded (negative at Euro 233.2 million in 2020, positive at Euro 174.7 million if the assets and liabilities for leases are excluded).
It should be noted that the consolidated financial statements were prepared in accordance with IFRS standards, while the financial statements of your company continue to be prepared in accordance with the provisions of the Italian civil code and the OIC accounting standards.


Diesel SS 2022 Fashion Show

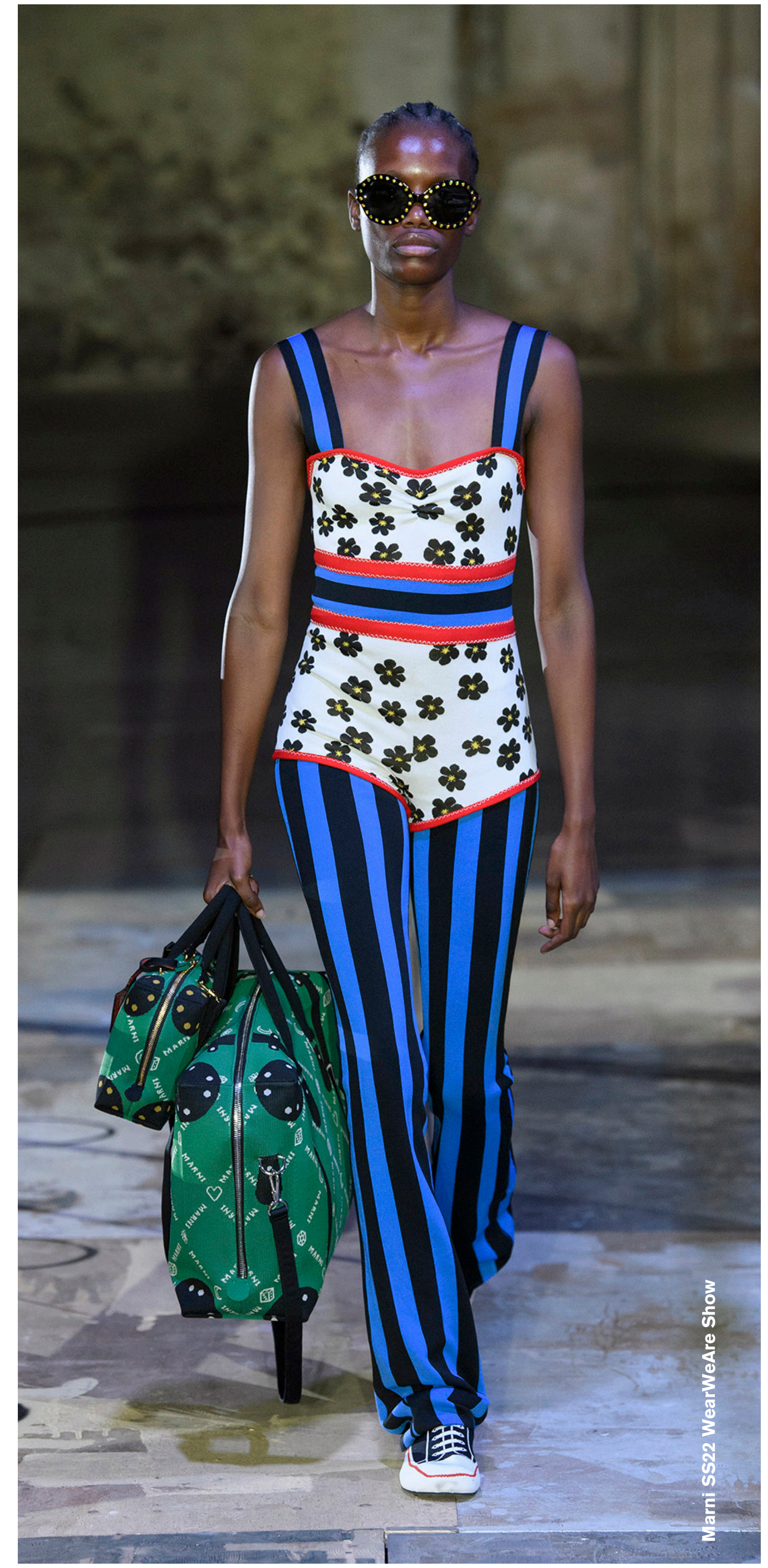
DIESEL
FOR SUCCESSFUL LIVING

JIL SANDER


Jil Sander Resort 2022

Maison Margiela
PARIS


MM6 Studio Collection SS22


Marni SS22 WearWeAre Show

MARNI

VIKTOR&ROLF

Viktor&Rolf Haute Couture AW21 The New Royals

Amiri SS22 Menswear Collection

AMIRI

Staff Academy

STAFF INTERNATIONAL

BRAVE KID

Brave Kid The Generation Of WOW Campaign

Jil Sander Resort 2022

SIGNIFICANT EVENTS

2021 was characterised by the following significant events:

The acquisition of 100% of Jil Sander, a transaction that enabled the Group to improve its positioning in the luxury sector thanks to the prestige of the brand, was finalised in April; the intense work with the Group and the synergies created, together with significant growth in turnover, enabled Jil Sander to reach operating break-even in just 9 months and to generate cash;
- During Glenn Martens' first year as creative director, DIESEL embarked on a process of brand evolution through a bold contamination between the brand's heritage and the new creative director's innovative approach. The new process has allowed the brand to lay the foundations for the new phase of development that aims to place the brand in the alternative luxury segment; in line with the new strategy, the Diesel Group presented its 2022 S/S collection during the Milan Fashion Week and launched the new "Diesel.com" website;
- With the aim of accelerating digital innovation, in October 2021 the Group decided to join, as a founding member, the Aura Blockchain Consortium alongside the main international luxury groups (LVMH, Prada Group and Cartier, a brand of the Richemont Group);
- Significant investments on the group's direct channels, with the opening of 38 new stores, and the strengthening of the e-commerce channel. Some of the most important initiatives include adoption of the MOON omni-channel platform by Marni, soon to be followed by Maison Margiela and Jil Sander. An innovative integrated operating model that provides a complete, seamless and personalized digital shopping experience, first launched with Diesel in 2020;
- In the last quarter of 2021, OTB finalised the opening of the subsidiary in South Korea with the aim of directly managing and developing an area with significant growth potential;
- Acquisition of the remaining 49% of the investee company Marni (Hong Kong) Ltd from the third party shareholder Joyce Boutique Ltd was completed;
- The wholly-owned subsidiary, Staff Shanghai Co.Ltd., was established in China, which will be responsible for marketing garments produced mainly by an associate company of the OTB Group on its continent;
- The "*Be Responsible. Be Brave.*" sustainability strategy involving the Group's brands and companies was launched. The strategy is based on three main pillars: environmental protection, product focus and social commitment, and sets concrete and ambitious goals such as achieving carbon neutrality in the group's operations by 2030. The results of the Corporate Carbon Footprint will be reported for the first time in 2022, with the preparation of OTB's Sustainability Report. In particular, great attention has been paid to the responsible management of water and chemicals - becoming a contributor to the ZDHC Foundation's Roadmap to Zero Programme international initiative - and to all aspects related to the circular economy, from design to upcycling and the reuse of manufacturing waste. The Group has already begun to lay the foundations for this virtuous process through the central management of all initiatives that are then implemented by the managers of each group company, thus creating an action plan capable of exploring all the new horizons of sustainability, in an all-round and integrated manner;
- Within the industrial model adopted by the Group, the strategic role of Staff International has been strengthened, enabling it to leverage important synergies at the group level;
- Monitoring of the production chain, which also for 2021 was able to benefit from the financial support of OTB through the C.A.S.H. project, once again proved to be a trump card to support Made in Italy and create value for the entire supply chain;
- The integration of all logistics activities, which since November passed under the control of the Group, ensuring greater control of processes and an increase in efficiency and the level of service offered; with effect from 1 November in fact, the company DHL Supply Chain S.p.A. sold the business unit consisting of the logistics operator activities located in Isola Vicentina (VI) Via Capiterlina 167/169 and Via Scovizze 1 to Staff International S.p.A.;
- The subsidiary Staff International S.p.A. exercised the right to withdraw from the contractual relationship with Roberto Cavalli S.p.A., regarding the license of the Just Cavalli trademark. As a result of the failure of Roberto Cavalli S.p.A. to pay the termination fee, Staff International S.p.A. subsequently notified Roberto Cavalli S.p.A. that the license agreement had been terminated with the completion of activities relating to the 2022 Autumn/Winter season.

GROUP OPERATIONS
Operating situation

The consolidated statement of profit or loss, reclassified to a management accounts format, together with prior year and 2019 (pre-pandemic year) comparative figures is summarised below (in millions of euro):

(in thousands of euro)	2021	%	2020	%	2019	%	21vs20	%	21vs19	%
Net sales	1,456.0	87.7%	1,237.6	94.0%	1,468.7	96.0%	218.4	17.6%	(12.7)	(0.9)%
Royalties and other revenue	73.7	4.4%	79.0	6.0%	61.6	4.0%	(5.3)	(6.7)%	12.1	19.6%
Revenues from recurring activities	**1,529.7**	**92.2%**	**1,316.6**	**100.0%**	**1,530.3**	**100.0%**	**213.1**	**16.2%**	**(0.6)**	**(0.0)%**
Income from Acquisitions	130.2	7.8%	0.0	0.0%	0.0	0.0%	130.2		130.2	
Total Revenues	**1,659.9**	**100.0%**	**1,316.6**	**100.0%**	**1,530.3**	**100.0%**	**343.3**	**26.1%**	**129.6**	**8.5%**
Cost of sales	(560.0)	(33.7)%	(480.2)	(36.5)%	(575.7)	(37.6)%	(79.8)	16.6%	15.7	(2.7)%
Gross margin	**1,099.9**	**66.3%**	**836.4**	**63.5%**	**954.6**	**62.4%**	**263.5**	**31.5%**	**145.3**	**15.2%**
Of which from non-recurring activities	100.6									
Royalties and other costs	(25.0)	(1.5)%	(20.7)	(1.6)%	(23.0)	(1.5)%	(4.3)	20.8%	(2.0)	8.7%
Advertising costs	(82.4)	(5.0)%	(63.5)	(4.8)%	(80.1)	(5.2)%	(18.9)	29.8%	(2.3)	2.9%
Sales commission	(34.1)	(2.1)%	(27.0)	(2.1)%	(31.1)	(2.0)%	(7.1)	26.3%	(3.0)	9.6%
Transport costs	(47.5)	(2.9)%	(41.8)	(3.2)%	(44.1)	(2.9)%	(5.7)	13.6%	(3.4)	7.7%
Cost of labour	(300.3)	(18.1)%	(276.0)	(21.0)%	(311.5)	(20.4)%	(24.3)	8.8%	11.2	(3.6)%
General expenses	(256.1)	(15.4)%	(222.3)	(16.9)%	(269.0)	(17.6)%	(33.8)	15.2%	12.9	(4.8)%
Writedown of receivables	0.0	0.0%	(9.6)	(0.7)%	(5.3)	(0.3)%	9.6	(100.0)%	5.3	(100.0)%
Gross operating profit	**354.5**	**21.4%**	**175.5**	**13.3%**	**190.5**	**12.4%**	**179.0**	**102.0%**	**164.0**	**86.1%**
Of which from non-recurring activities	96.5									
Amortisation	(41.6)	(2.5)%	(40.6)	(3.1)%	(41.7)	(2.7)%	(1.0)	2.5%	0.1	(0.2)%
Amortisation of right of use assets	(117.4)	(7.1)%	(116.1)	(8.8)%	(125.8)	(8.2)%	(1.3)	1.1%	8.4	(6.7)%
Amortisation of trademark	(8.9)	(0.5)%	(5.3)	(0.4)%	(5.3)	(0.3)%	(3.6)	67.9%	(3.6)	67.9%
Operating profit (EBIT)	**186.6**	**11.2%**	**13.5**	**1.0%**	**17.7**	**1.2%**	**173.1**	**1282.2%**	**168.9**	**954.2%**
Of which from non-recurring activities	92.9									
Finance income (costs)	(5.7)	(0.3)%	(5.2)	(0.4)%	(4.9)	(0.3)%	(0.5)	9.6%	(0.8)	16.3%
Valuation of investments in associates	9.6	0.6%	2.3	0.2%	1.3	0.1%	7.3	317.4%	8.3	638.5%
Interest on lease liabilities	(9.6)	(0.6)%	(9.3)	(0.7)%	(10.2)	(0.7)%	(0.3)	3.2%	0.6	(5.9)%
Exchange gains (losses)	2.1	0.1%	0.6	0.0%	0.3	0.0%	1.5	250.0%	1.8	600.0%
Result before tax	**183.0**	**11.0%**	**1.9**	**0.1%**	**4.2**	**0.3%**	**181.1**	**9531.6%**	**178.8**	**4257.1%**
Of which from non-recurring activities	92.9									
Taxes	(41.0)	(2.5)%	(1.0)	(0.1)%	(2.6)	(0.2)%	(40.0)	4000.0%	(38.4)	1476.9%
Net result	**142.0**	**8.6%**	**0.9**	**0.1%**	**1.6**	**0.1%**	**141.1**	**15677.8%**	**140.4**	**8775.0%**
Of which from non-recurring activities	80,6									
Group net result	140.5	8.5%	1.5	0.1%	1.7	0.1%	139.0	9266.7%	138.8	8164.7%
Of which from non-recurring activities	80.6									

Net sales of Euro 1,456.0 million consist of Euro 783.8 million of wholesale channel sales and Euro 672.2 million of retail channel sales. In 2020 net sales amounted to Euro 1,237.6 million, of which Euro 647.0 million related to the wholesale channel and Euro 590.6 million related to the retail channel.

Revenue from sales of goods and services, consisting of the sum of net sales of Euro 1,456.0 million and royalty income of Euro 31.6 million, coming to a total of Euro 1,487.6 million, breaks down as follows (in millions of Euro):

(in thousands of euro)	Italy	European Union	Rest of Europe	America	Rest of the world	Total
Revenue	276.5	354.0	142.5	161.4	553.2	1,487.6
% of revenue	18.6%	23.8%	9.6%	10.8%	37.2%	100.0%

Net sales increased 17.6% compared to the previous year and returned to pre-pandemic levels, driven by the luxury segment (Marni, Margiela, Jil Sander and Viktor&Rolf). In terms of geographical areas, the best performances were recorded in Asia Pacific and North America. Sales through retail channels, including outlet and online sales, accounted for 46.2% of total sales compared to 47.7% in the previous year. Online sales consolidated their weight within the Group, recording growth of 8.5% compared to the previous year. Revenues from royalties amounted to Euro 31.6 million, an increase compared to the previous year (Euro 30.5 million in 2020).

Income from acquisitions relates to the acquisition of the Jil Sander Group and arises on completion of a process of valuing the Jil Sander Group's consolidated equity at fair value at the date of acquisition. EBITDA amounted to Euro 354.5 million, including net income from non-recurring transactions amounting to Euro 96.5 million (Euro 175.5 190.5 million in 2020 and 2019, respectively) equal to 21.4% of sales, compared to 13.3% in the previous year. EBIT amounted to Euro 186.6 million (Euro 13.5 million in 2020 and Euro 17.7 million in 2019) equal to 11.2% of sales, compared to 1.0% in the previous year. EBIT was affected by net income from non-recurring transactions of Euro 92.9 million, without which it would have amounted to Euro 93.7 million.

Operating profit amounted to Euro 142.0 million (Euro 0.9 million and Euro 1.6 million in 2020 and 2019, respectively), including net income from non-recurring transactions of Euro 80.6 million. This amounted to 8.6% of revenues compared to 0.1% in 2020 and 2019 Net profit attributable to the Group came to Euro 140.5 million, including net income from non-recurring activities of Euro 80.6 million.

Net income from non-recurring transactions mainly refers to income from acquisitions, higher inventory write-downs to cover potential risks of realisation of the value of stocks on the collections of the seasons affected by the pandemic and certain allocations for non-recurring risks and charges whose outcome is still uncertain at the reporting date.


Viktor&Rolf Haute Couture SS21 Haute Fantaisie

Financial position

The Group's statement of financial position at 31 December 2021 is summarised below (in millions of euro):

(in thousands of euro)	31.12.21	%	31.12.20	%	31.12.19	%	21vs20	%	21vs19	%
Current assets	1,194.2	52.0%	1,010.0	51.5%	823.7	44.9%	184.2	18.2%	370.5	45.0%
Non-current assets	1,100.2	48.0%	952.4	48.5%	1,010.2	55.1%	147.8	15.5%	90.0	8.9%
Total assets	**2,294.4**	**100.0%**	**1,962.4**	**100.0%**	**1,833.9**	**100.0%**	**332.0**	**16.9%**	**460.5**	**25.1%**
Current liabilities	739.8	32.2%	519.2	26.5%	549.9	30.0%	220.6	42.5%	189.9	34.5%
Non-current liabilities	540.9	23.6%	565.1	28.8%	399.6	21.8%	(24.2)	(4.3)%	141.3	35.4%
Group shareholders' equity	1,008.0	43.9%	874.5	44.6%	880.0	48.0%	133.5	15.3%	128.0	14.5%
Shareholders' equity attributable to minority interests	5.7	0.2%	3.6	0.2%	4.4	0.2%	2.1	58.3%	1.3	29.5%
Shareholders' equity	**1,013.7**	**44.2%**	**878.1**	**44.7%**	**884.4**	**48.2%**	**135.6**	**15.4%**	**129.3**	**14.6%**
Total liabilities	**2,294.4**	**100.0%**	**1,962.4**	**100.0%**	**1,833.9**	**100.0%**	**332.0**	**16.9%**	**460.5**	**25.1%**

Shareholders' equity amounted to Euro 1,013.7 million against Euro 878.1 million in 2020. Details of changes in shareholders' equity are presented in the Notes to the consolidated financial statements.

Financial situation

The change in the Group's net cash/debt is summarised below (in millions of euro):

(in thousands of euro)	2021	2020	2019	21vs20	%	21vs19	%
Net cash and cash equivalents at beginning of year	**364.1**	**128.7**	**118.4**	**235.4**	**182.9%**	**245.7**	**207.5%**
Self-financing	164.9	184.3	204.6	(19.4)	(10.5)%	(39.7)	(19.4)%
Changes in working capital	129.2	(20.3)	9.5	149.5	(736.5)%	119.7	1260.0%
Changes in financial instruments	0.9	(6.8)	2.5	7.7	(113.2)%	(1.6)	(64.0)%
Income tax and interest	43.9	23.5	2.6	20.4	86.8%	41.3	1588.5%
Net investments for business combinations	44.9	0.0	0.0	44.9		44.9	
Net investments	(41.5)	(37.6)	(69.2)	(3.9)	10.4%	27.7	(40.0)%
Dividends paid	(5.0)	0.0	(0.9)	(5.0)		(4.1)	455.6%
Cash flow from IFRS16	(115.3)	(104.8)	(131.0)	(10.5)	10.0%	15.7	(12.0)%
Cash flow from other financing activities	(2.9)	198.4	(7.3)	(201.3)	(101.5)%	4.4	(60.3)%
Net foreign exchange difference	(0.7)	(1.3)	(0.5)	0.6	(46.2)%	(0.2)	40.0%
Net change in cash and cash equivalents	218.4	235.4	10.3	(17.0)	(7.2)%	208.1	2020.4%
Net cash and cash equivalents at end of year	**582.5**	**364.1**	**128.7**	**218.4**	**60.0%**	**453.8**	**352.6%**

Ratios

The key financial ratios are summarised as follows:

	2021	2020	2019	2021vs2020	2021vs2019
R.O.I.	4.08%	0.69%	0.96%	3.39%	3.12%
R.O.E.	7.08%	0.10%	0.18%	6.98%	6.90%
R.O.S.	6.13%	1.03%	1.15%	5.10%	4.98%
Liquidity ratio	1.61	1.95	1.50	(0.33)	0.12

The ratios for 2021 are shown net of acquisition income in order to ensure comparability with prior years.

INVESTMENT

Capital investment by the Group totalled Euro 46.6 million, an increase compared to 2020 and 2019, and were broken down as follows:

- Intangible assets: Euro 20.4 million;
- Property, plant and equipment: Euro 26.2 million;
- Equity investments: Euro 2.4 million

Investment in intangible assets and property, plant and equipment mainly refer to costs incurred for the development of the retail network, which saw the opening of 38 new stores, for the development of digital innovation and for the integration of all logistics activities, which from November 2021 passed under the control of the Group, ensuring greater control of processes and an increase in efficiency and the level of service provided.
Equity investments refer to the acquisition of 100% of the Jil Sander Group. Details of the acquisition values are presented in the Notes to the consolidated financial statements.

RESEARCH AND DEVELOPMENT

Research activity is focused on styling and technology. With regard to styling, constant attention is paid to changing tastes and customs to ensure early recognition of trends in what is now a global market and with consumers who are more attentive and aware. On the technology front, the emphasis is on the search for new materials and a new way of treating fabrics and raw materials, in general, with the aim of obtaining a finished product with features that combine quality and style so as to guarantee brand recognition for each label.

Jil Sander Women's Fall Winter 2021

OTHER INFORMATION
Personnel and organisation

The Group had 5,980 employees at 31 December 2021 against 5,473 at 31 December 2020.

Particular attention is paid to professional training and management development, with projects and work-groups involving various companies and Group functions.

Objectives and policies concerning the management of financial risk
As already described in the Notes to the consolidated financial statements, OTB Group, operating in an international context, is exposed, to a varying extent, to various financial risks linked to the conduct of its business, especially market risks, that can be broken down as follows:

- Interest rate risk, which is linked to the impact of changes in market interest rates;
- Foreign exchange risk, which is a consequence of transactions denominated in currencies other than the functional currency;
- Liquidity risk, which arises from the need to have adequate access to capital markets and sources of funding to cover the needs arising from operating activities, investment activities and the maturities of financial liabilities;
- Credit (or counterparty) risk, which represents the risk of default on commercial or financial obligations assumed by the various counterparties and resulting from normal commercial transactions or financing activities, employment of funds and hedging of risks.

The methods used for financial risk management are described in detail in the Notes to which reference should be made.

Information on the environment
During the year:

- No damage was caused to the environment for which any Group company was found responsible;
- No sanctions or penalties were levied against any Group companies for environmental protection offences or damage to the environment;
- No greenhouse gas emissions as defined by Law 316/2004 were caused by Group companies.

Information relating to personnel
During the year:

- No fatal accidents took place involving employees for which any Group company was found to be responsible;
- No accidents causing serious injuries took place involving employees for which any Group company was found to be responsible;
- No liability vis-à-vis employees or former employees for illnesses caused by occupational hazards, nor for harassment charges, took place for which any Group company was found to be responsible.

Treasury shares
It should be noted that the Group does not hold any shares in the parent company, not even through trust companies or third parties.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK
Significant subsequent events

The drive to explore the new business possibilities offered by virtual worlds and the metaverse has led OTB to be the first group to create BVX (Brave Virtual Xperience), an internal newco entirely dedicated to the development of projects, content and products for the metaverse, gaming and NFT.

The Asia Pacific area is confirmed as a strategic market for the Group with a strengthening of investments in China where, in March 2022, a new retail project is expected to open in the JC Plaza shopping centre in Shanghai, which will host Maison Margiela, Jil Sander, Marni and Amiri stores. The two-story street-facing retail spaces will have display and interactive areas where fans of the brands can enjoy an immersive experience marked by the spirit, values and philosophy of each brand.

On 22 February 2022, the simplified partial demerger project was approved, whereby the subsidiary Jil Sander S.p.A. transfers a business unit consisting of the design and development, production, coordination of logistics activities of the finished product, clothing collections and related men's/women's accessories (including bags, shoes, small leather goods and costume jewellery) bearing the "Jil Sander" brand and its variants to the subsidiary Staff International S.p.A. The transaction aims to achieve important synergies within the industrial model adopted by the Group.

2022 will be another year full of activities in the sustainability field for the Group, with preparation of the first Sustainability Report and reporting of the Corporate Carbon Footprint results.

In 2022, we will continue to strengthen the Group's position as an international hub for unconventional fashion and luxury, the Brave & Alternative Luxury Group, while also opening the Group to other brands that can embrace this philosophy.
The Group is carefully monitoring the risks that may arise from the recent crisis linked to Russia's invasion of Ukraine, and at the moment the impact on the Group's business can be considered marginal.

Business outlook

In this first part of the year, the context continues to be very challenging, due to various factors, including a potential international crisis linked to Russia's invasion of Ukraine, an increase in the prices of the main energy sources, especially gas and electricity, and a now clear resurgence of inflationary pressure, especially on the prices of consumer products.

Compared to a year ago, the Covid-19 health emergency worldwide is easing, thanks to vaccination campaigns and to the first signs that seem to indicate a transformation of the virus-related health situation from pandemic to endemic.

The Group continues to monitor events very carefully and is ready to continue to manage this situation with a view to the future and the long-term approach that has always characterised it.

At the balance sheet level, the Group intends to continue to optimise its net financial position, thanks to the centralised treasury management activities carried out by the Parent Company, OTB S.p.A., and to greater efficiency in working capital, in order to effectively support the levels of investment planned for the year that has just begun.

Breganze, 17 March 2022

THE BOARD OF DIRECTORS
THE CHAIRMAN

Renzo Rosso

MM6 Studio Collection SS22

Jil Sander SS22

Viktor&Rolf Tulle Collection Fall Winter 2021

03 Report of the Board of Statutory Auditors

Report of the Board of Statutory Auditors on the financial statements for the year ended 31 December 2021 pursuant to art. 2429, paragraph 2, of the Italian Civil Code

To the Shareholders' Meeting of the company OTB S.p.A.

As a preliminary point, we wish to remind you that, on 30 April 2019, the shareholders in general meeting appointed EY S.p.A. as independent auditors for the three years 2019, 2020 and 2021. Accordingly, the independent audit of the financial statements for the year ended 31 December 2021 was performed by EY S.p.A.

During the year ended 31 December 2021 our activity was guided by the provisions of law and the Rules of Conduct of the Board of Statutory Auditors issued by the National Council of Chartered Accountants and Accounting Experts, in respect of which we carried out the self-assessment for each member of the board of statutory auditors, with a positive result.

1) Supervisory activities performed pursuant to Article 2403 et seq. of the Italian Civil Code.

We monitored compliance with the law and the articles of association and application of the principles of correct administration.

We attended the Shareholders' Meetings and meetings of the Board of Directors, in relation to which, on the basis of the information available, we neither found any violations of law or the articles of association, nor any transactions that were manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company's assets.

During the meetings held, we obtained information from the Board of Directors on the general performance of operations and its foreseeable evolution, also with particular regard to the continuing impact of the Covid-19 health emergency in 2021, as well as on the most significant transactions carried out by the Company (due to their size or characteristics): based on the information obtained, we have no particular observations to report.

We acquired information from and read the reports of the Supervisory Body relating to 2021 and no critical issues emerged that should be highlighted in this report regarding the correct implementation of the Organisational Model.

We gained awareness of and monitored, insofar as we are competent to do so, the suitability and function of the company's organisational structure, also through the collection of information from the department managers. On this regard, we have no particular comments to make.

We acquired information and supervised, to the extent within our power, the adequacy and operation of the company's administrative and accounting set-up and its reliability for accurately representing events in company management by obtaining information from the people in charge of company departments and examining company documents, and we have no particular comments to make in this regard.

We discussed and exchanged information with the independent auditors and no significant data or information came to our attention that would require disclosure in this report.

No shareholder declarations were received pursuant to art. 2408 of the Italian Civil Code.
We have not made any reports to the administrative body pursuant to Article 15 of Legislative Decree no. 118/2021.
During the financial year, the Board of Auditors issued no opinions established by the law.
During the supervisory activities as described above, no other significant events emerged such as to be worthy of note in this report.

2) Observations on the financial statements

The Board of Statutory Auditors notes that on 21 March 2022, a meeting was held with the statutory auditor, during which EY S.p.A. presented the main aspects of the Company's financial statements as at 31 December 2021 and the Group's consolidated financial statements.
To the best of our knowledge, the Directors, when preparing the Financial Statements, did not derogate from the provisions of the law pursuant to art. 2423, paragraph 5 of the Italian Civil Code.
Pursuant to art. 2426, no. 5 of the Italian Civil Code, the board of statutory auditors has noted that there is no recorded value for the Start-up and expansion costs referred to in item B)-I-1) of balance sheet assets and for Development costs under item B)-I-2) of balance sheet assets.
Pursuant to art. 2426, no. 6 of the Italian Civil Code, the board of statutory auditors noted that there was no goodwill entered under item B)-I-5) of balance sheet assets.
We verified compliance with legal requirements concerning the preparation and presentation of the directors' report and do not have any particular comments to make. The board of statutory auditors acknowledged that today, 28 March 2022, the auditing firm EY S.p.A. issued the report pursuant to art. 14 of Italian Legislative Decree no. 39 of 27 January 2010, which states that the financial statements give a true and fair view of (i) the financial position of the Company as of 31 December 2021, and (ii) the results of its operations and cash flows for the year ended 31 December 2021, *"in accordance with Italian law governing the criteria for their preparation"*.

3) Observations on the consolidated financial statements

We also examined the draft consolidated financial statements at 31 December 2021, made available to us in conjunction with the financial statements of the parent company and the related report on operations.

The reference date of the consolidated financial statements coincides with the year end date of the parent company and of all the other companies included in the area of consolidation, with the exception of Diesel Fashion India Reliance PVT. Ltd. and K-Bit Brave Sourcing Ltd., which drew up interim financial statements as at 31 December 2021 for the purposes of the consolidated financial statements, considering that their financial year ends on 31 March; the scope of consolidation changed with respect to the previous year due to the following five extraordinary transactions: (i) acquisition of 100% of the Jil Sander Group, whose companies, for the purposes of the consolidated financial statements, prepared nine-month financial statements with effect from the acquisition date of 1 April 2021, (ii) incorporation of the new company Jil Sander Shanghai Co. Ltd, (iii) incorporation of the new company Staff Shanghai Co. Ltd, (iv) incorporation of the new company OTB Korea Ltd, (v) acquisition of the remaining 49% interest in the subsidiary Marni (Hong Kong) Ltd from the third party shareholder Joyce Boutique Ltd.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union and which were in force at the date of the preparation thereof. The Notes to the Consolidated Financial Statements analytically indicate the preparation criteria, scope of consolidation in accordance with international accounting standards and the results of the business combination of the Jil Sander Group. The consolidation was carried out on a line-by-line basis.

As regards the Directors' Report on the consolidated financial statements, we hereby confirm that it provides comprehensive disclosures and that the figures reported therein are consistent with those presented in the consolidated financial statements.

The board of statutory auditors acknowledged that today, 28 March 2022, the auditing firm EY S.p.A. issued the report pursuant to Art. 14 of Italian Legislative Decree no. 39 of 27 January 2010 on the consolidated financial statements of the OTB Group, which states that the consolidated financial statements give a true and fair view of (i) the financial position of the OTB Group as of 31 December 2021, and (ii) the results of its operations and cash flows for the year ended 31 December 2021, *"in accordance with International Financial Reporting Standards adopted by the European Union"*.

4) Observations and proposals with regard to approval of the financial statements

Considering the results of our activity and also considering the results of the activity carried out by the entity assigned with the statutory audit, the Board Statutory proposes to the shareholders' meeting to approve the financial statements for the year ending 31 December 2021, as prepared by the directors.

The Board agrees with the proposal made by the Directors in the notes to the financial statements, to (i) allocate the profit for the year of EUR 10,049,403.43 to the extraordinary reserve, and (ii) release the unavailable reserve established to cover the portion of unrealised exchange gains in 2020 of EUR 6,397 to the extraordinary reserve.
Padua, 28 March 2022

The Board of Statutory Auditors

Dr Yuri Zugolaro – Chairman

Dr Luigi Bocca – Statutory Auditor

Dr Ivana Zamperetti – Statutory Auditor

Diesel Fall Winter 2021 Campaign Supermarket


Jil Sander SS22

04

Consolidated Financial Statements

Jil Sander Women's Pre-Fall 2022 Collection

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

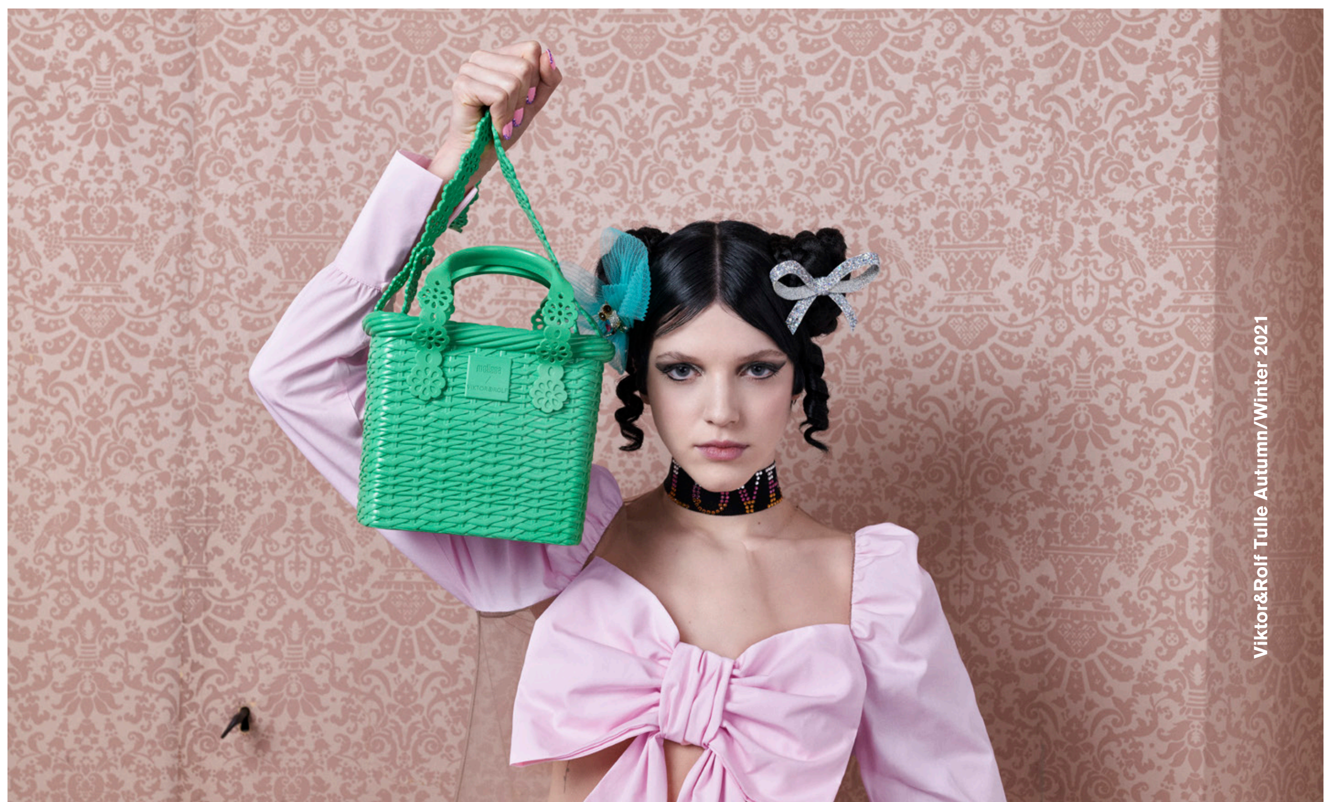
(in thousands of euro)	Note	31.12.2021	31.12.2020
Assets			
Non-current assets			
Goodwill	1	68,363	68,234
Intangible assets with a finite useful life	1	287,216	144,144
Right of use assets	2	403,061	391,983
Property, plant and machinery	3	153,763	151,477
Investments in associates	4	30,285	24,563
Non-current lease assets	5	634	929
Non-current financial assets	6	305	53
Other non-current assets	7	39,205	35,161
Deferred tax assets	8	117,377	135,881
Total non-current assets		**1,100,209**	**952,425**
Current assets			
Inventories	9	277,938	310,000
Trade receivables	10	201,105	221,369
Tax receivables	11	12,517	7,368
Current lease assets	5	296	281
Current financial assets	6	4,779	13,773
Other current assets	12	113,321	92,447
Cash and cash equivalents	13	584,261	364,718
Total current assets		**1,194,217**	**1,009,956**
Total assets		**2,294,426**	**1,962,381**
Equity and liabilities			
Shareholders' equity			
Equity attributable to the Group	14	1,007,972	874,458
Minority interest	15	5,765	3,609
Total shareholders' equity		**1,013,737**	**878,067**
Non-current liabilities			
Non-current lease liabilities	16	351,033	309,050
Non-current financial liabilities	17	80,174	199,838
Provisions for risks and charges	18	27,907	11,314
Post-employment benefit plan liabilities	19	8,856	9,644
Other non-current liabilities	20	448	408
Deferred tax liabilities	21	72,483	34,863
Total non-current liabilities		**540,901**	**565,117**
Current liabilities			
Trade payables	22	286,492	228,038
Other current liabilities	23	123,240	87,810
Current tax liabilities	24	8,029	8,810
Provisions for risks and charges	18	98,662	90,489
Current lease liabilities	16	97,060	99,999
Current financial liabilities	25	126,305	4,051
Total current liabilities		**739,788**	**519,197**
Total liabilities		**1,280,689**	**1,084,314**
Total equity and liabilities		**2,294,426**	**1,962,381**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Note	2021	2020
Revenues from sales and services	28	1,487,572	1,268,134
Other operating income	29	42,155	48,437
Income from Acquisitions	30	130,232	0
Revenues		**1,659,959**	**1,316,571**
Change in inventories	31	48,981	44,068
Purchases	32	401,398	340,974
Lease and rental costs	33	89,053	82,785
Cost of services	34	417,808	335,508
Personnel costs	35	300,300	276,026
Other operating expenses	36	40,772	39,579
Depreciation	37	167,810	161,955
Provisions and impairment losses	38	7,229	22,141
Operating profit		**186,608**	**13,535**
Financial income	39	1,418	2,824
Measurement of equity investments in associated companies using the equity method	40	9,645	2,330
Financial expense	41	16,713	17,307
Exchange gains (losses)	42	2,050	581
Profit before tax		**183,008**	**1,963**
Income tax	43	41,036	1,041
Net result		**141,972**	**922**
Net result attributable to the Group		140,542	1,554
Net result attributable to minority interests		1,430	(632)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of euro)	2021	2020
Net result	**141,972**	**922**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	5,447	(13,327)
Net (loss)/gain on cash flow hedges:		
Gross (loss)/gain on cash flow hedges	(8,498)	8,043
Tax effect of cash flow hedges	1,749	(1,927)
Net (loss)/gain on cash flow hedges	(6,749)	6,116
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(1,302)**	**(7,211)**
Total comprehensive profit/(loss) for the year, net of tax	**140,670**	**(6,289)**
Attributable to:		
Group	139,083	(5,481)
Non-controlling interests	1,587	(808)



CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euro)	2021	2020
Operating activities		
Operating profit/(loss)	**141,972**	**922**
Non-cash items:		
Depreciation of property, plant and equipment	29,892	29,949
Amortisation of intangible fixed assets	20,527	15,939
Amortisation of rights of use	117,391	116,067
Gain (loss) on disposal of property, plant and equipment and intangible assets	1,546	828
Capital losses/(gains) on disposal of rights of use	(1,708)	(328)
Write-down/(Write-back) of equity investments	(9,645)	(2,330)
Writedown of trade receivables	(42)	9,587
Provisions	3,700	29,158
Income from Acquisitions	(130,232)	0
Other non-cash items	(8,543)	(15,461)
Total non-cash items	**22,886**	**183,409**
Taxes	41,036	1,041
Interest	2,908	1,385
IFRS16 interest	9,600	9,291
Dividends	0	0
Changes in working capital:		
Change in inventories	49,106	45,503
Change in current and non-current receivables and other assets	26,143	(10,330)
Change in current and non-current payables and other liabilities	53,934	(55,469)
Total changes in working capital	**129,183**	**(20,296)**
Net change in derivative financial instruments	**923**	**(6,796)**
Income tax paid	(9,645)	11,788
Total cash flow from operating activities	**338,863**	**180,744**
Cash flow from investing activities:		
Payments for intangible assets	(20,394)	(14,381)
Purchase of property, plant and equipment	(26,156)	(26,970)
Proceeds from sale of intangible assets	814	1,933
Proceeds from sale of property, plant and equipment	827	1,151
Other changes in property, plant and equipment and intangible assets	(3,022)	(101)
Purchase of minority interests	0	0
Proceeds from sale of equity investments	0	0
Other changes in equity investments	6,128	1,166
Net investments for business combinations	44,873	0
Proceeds from sale of financial investments	353	(428)
Dividends received	0	0
Total cash flow from investing activities	**3,423**	**(37,630)**
Cash flow from financing activities		
Other changes in Shareholders' Equity	0	(41)
Dividends paid	(5,000)	0
Change in non-current financial liabilities	(119,662)	199,715
Change in current financial liabilities	119,693	53
Reimbursement of lease liabilities	(115,359)	(104,746)
Interest paid	(2,907)	(1,395)
Change in minority interests	0	41
Total cash flow from financing activities	**(123,235)**	**93,627**
Net change in cash and cash equivalents	**219,051**	**236,741**
Net foreign exchange difference	(689)	(1,254)
Cash and cash equivalents at beginning of year	**364,139**	**128,652**
Cash and cash equivalents at end of year	**582,501**	**364,139**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Other reserves	Cash flow hedge reserve	Foreign currency translation	Period profit	Group Share-holders' Equity	Minority Interest Share-holders' Equity	Total Share-holders' Equity
Balance as at 31.12.2019	**25,000**	**5,000**	**849,417**	**(1,104)**	**(55)**	**1,707**	**879,965**	**4,391**	**884,356**
Allocation of 2019 profit	0	0	1,707	0	0	(1,707)	0	0	0
Dividend payments	0	0	0	0	0	0	0	0	0
Increases	0	0	0	0	0	0	0	0	0
Other changes	0	0	(54)	0	27	0	(27)	27	0
Operating profit	0	0	0	0	0	1,554	1,554	(632)	922
Translation differences	0	0	0	0	(13,168)	0	(13,168)	(159)	(13,327)
Hedge accounting	0	0	0	6,134	0	0	6,134	(18)	6,116
Balance as at 31.12.2020	**25,000**	**5,000**	**851,070**	**5,030**	**(13,196)**	**1,554**	**874,458**	**3,609**	**878,067**
Allocation of 2020 profit	0	0	1,554	0	0	(1,554)	0	0	0
Dividend payments	0	0	(5,000)	0	0	0	(5,000)	0	(5,000)
Increases	0	0	0	0	0	0	0	0	0
Other changes	0	0	872	0	(1,441)	0	(569)	569	0
Operating profit						140,542	140,542	1,430	141,972
Translation differences	0	0	0	0	5,338	0	5,338	109	5,447
Hedge accounting	0	0	0	(6,797)	0	0	(6,797)	48	(6,749)
Balance as at 31.12.2021	**25,000**	**5,000**	**848,496**	**(1,767)**	**(9,299)**	**140,542**	**1,007,972**	**5,765**	**1,013,737**

Maison Margiela CoEd Collection SS22

Maison Margiela Icons Collection 2021

05 Notes to the Consolidated Financial Statements

Viktor&Rolf Marriage SS21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

OTB S.p.A. is an Italian company limited by shares and is located at: Via Dell'Industria 2, Breganze (VI). Together with its subsidiaries, the group operates primarily in the ready-to-wear apparel sector as well as clothing and accessories in the casual/leisure-wear sector.

BASIS OF PREPARATION

Accordance with IFRS

The consolidated financial statements of OTB Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union and which were in force at the date of preparation of this document. The term "IFRS" encompasses International Accounting Standards (IAS) that are still in force, as well as all interpretations of the IFRS Interpretations Committee, which was formerly called the International Financial Reporting Interpretations Committee ("IFRIC"), and of the Standing Interpretations Committee ("SIC").

Form and content of the consolidated financial statements

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except when otherwise indicated.
The consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and these notes to the consolidated financial statements.

The Group presents assets and liabilities in the statement of financial position based on a current/non-current classification, whereby:

- Non-current assets consist of assets not expected to be realised within twelve months of the balance sheet date and include intangible assets, property, plant and equipment and financial assets;
- Current assets consist of assets expected to be realised within twelve months of the balance sheet date;
- Non-current liabilities consist of liabilities not expected to be settled within twelve months of the balance sheet date and include financial liabilities, provisions and employment benefit liabilities;
- Current liabilities consist of liabilities expected to be settled within twelve months of the balance sheet date and include the current portion of non-current loans and borrowings, provisions and employment benefit liabilities.

The consolidated statement of profit or loss is presented with an analysis of expenses by nature.
The Group presents its cash flows using the indirect method in accordance with IAS 7 and has classified its cash flows as operating activities, investing activities and financing activities.

A description of the methods used by the Group for financial risk management is provided in these notes to the consolidated financial statements in the paragraph entitled "Financial risk management".

The explanatory notes include the information normally required by current regulations and accounting standards, appropriately presented for each of the primary financial statements.

ACCOUNTING PRINCIPLES

General notes

The financial statements have been prepared on a going concern basis, as well as on a historical cost basis, except for the measurement of financial instruments.

The consolidated financial statements have been prepared from the financial statements of the individual subsidiary companies. The financial statements of the companies consolidated have been adjusted, where necessary, to bring them into line with the accounting policies used by the Parent Company, which comply with IFRS as adopted by the European Union. The consolidated financial statements provide comparative information in respect of the previous period.

Adoption of IFRS

The consolidated financial statements of OTB Group (hereinafter "the Group") for the year ended 31 December 2021 were prepared in accordance with IFRS.

New accounting standards, interpretations and amendments adopted by the Group

For the first time, the Group applied certain standards or amendments that are effective as of 1 January 2021. The Group has not opted for early adoption of any new standards, interpretations or amendments issued but not yet effective.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments include the temporary easing of requirements with respect to the effects on financial statements when the interest rate offered in the interbank market (IBOR) is replaced by an alternative rate that is substantially risk free (Risk Free Rate- RFR):
The amendments include the following practical expedients:

- A practical expedient that allows contractual changes, or changes in cash flows that are directly required by the reform, to be considered and treated as changes in a variable interest rate, equivalent to a change of an interest rate in the market;
- Allow changes, required by the IBOR reform, to be made to the documentation for the designation of the hedging contract without the hedging contract having to be discontinued;
- Provides temporary relief to entities in having to comply with separate identification requirements when an RFR is designated as a hedge of a risk component.

These amendments have no impact on the Group's interim financial statements. The Group intends to use such practical expedients in future periods in which the same are applicable

Amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021
On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of contractual changes for lease reductions granted by lessors that are a direct result of the Covid-19 epidemic. The amendment introduces a practical expedient whereby a lessee may choose not to evaluate whether lease reductions represent contractual changes. A lessee that chooses to use this expedient accounts for these reductions as if the reductions were not contractual modifications within the scope of IFRS 16.
The amendments were intended to be applicable until 30 June 2021, but since the impact of the Covid-19 pandemic continued, on 31 March 2021, the IASB extended the period of application of the practical expedient until 30 June 2022.
The amendments apply to financial years beginning on or after 1 April 2021. These changes, which have had an impact on the Group's consolidated financial statements, are described in paragraphs (2) and (30).

International accounting standards issued but not yet in force

The standards and interpretations which, at the date of preparation of the Group's consolidated financial statements had already been issued but were not yet in force, are illustrated below. The Group intends to adopt these standards and interpretations, if applicable, when they come into force.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by the right to postponement of maturity;
- That the right to postponement must exist at the close of the financial year;
- The classification is not impacted by the likelihood that the entity will exercise its postponement right;
- Only if a derivative implicit in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on its classification.

The amendments will be effective for financial years beginning on or after 1 January 2023, and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on the current situation and whether it will be necessary to renegotiate existing loan agreements.


Marni SS 2022 WearWeAre Show

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB published amendments to IFRS 3 Business Combinations - *Reference to the Conceptual Framework. The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements,* published in 1989, with references to the *Conceptual Framework for Financial Reporting* published in March 2018 without a significant change in the standard's requirements.

The Board also added an exception to the measurement standards of IFRS 3 to avoid the risk of potential "day-after" losses and/or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately.

At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets will not be impacted by the updated references to the *Framework for the Preparation and Presentation of Financial Statements.*

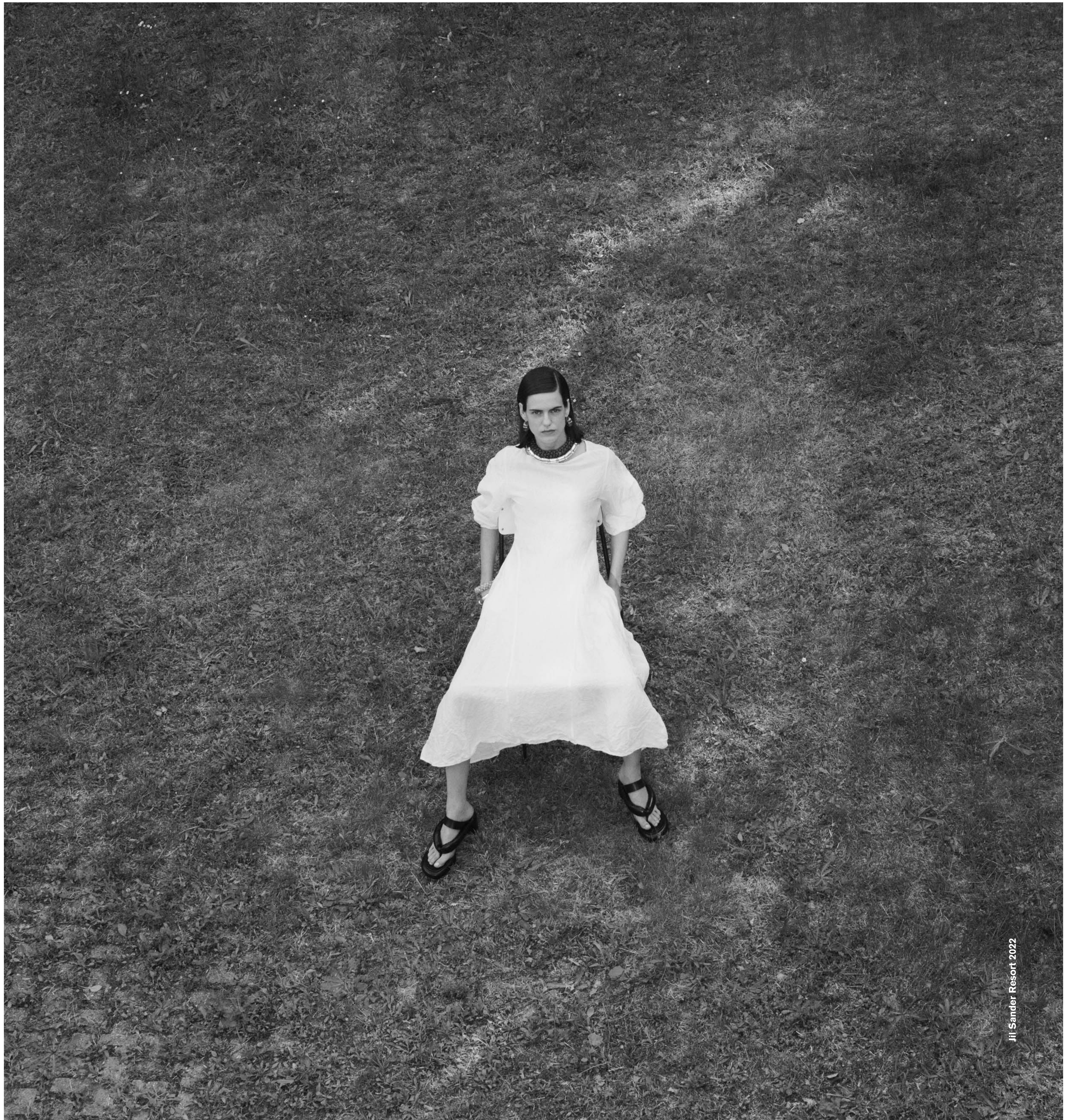
The amendments will be effective for financial years beginning on or after 1 January 2022, and must be applied retrospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB published Property, Plant and Equipment — Proceeds before Intended Use, prohibiting entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products sold during the period in which such asset is brought to the location or in the conditions necessary for it to be capable of operating in the manner for which it was designed by the management.

The amendment will be effective for financial years beginning on or after 1 January 2022 and must be applied retrospectively to items of Property, Plant and Equipment made available for use on or after the start date of the prior period with respect to the period in which the entity first applies such amendment. No material impact for the Group is expected with regard to these amendments.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37



Jil Sander Resort 2022

In May 2020, the IASB published amendments to IAS 37 to specify what costs should be considered by an entity when assessing whether a contract is onerous or loss-making.
The amendment envisages application of the “directly related cost approach”. Costs that refer directly to a contract for the supply of goods or services include both incremental costs and costs directly attributed to contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable to the other party based on the contract. The amendments will be effective for financial years beginning on or after 1 January 2022. The Group will apply such amendments to contracts for which it has not yet satisfied all of its obligations at the beginning of the financial year in which it first applies such amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of the 2018-2020 annual improvements process for IFRS standards, the IASB published an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. This amendment allows a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts accounted for by the parent, considering the parent’s date of transition to IFRS. This amendment also applies to associates or joint ventures that elect to apply paragraph D16(a) of IFRS 1. The amendment will be effective for financial years beginning on or after 1 January 2022, and early application is allowed.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities
As part of the 2018-2020 annual improvements process for IFRS standards, the IASB published an amendment to IFRS 9. This amendment clarifies the fees an entity includes in determining whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by the borrower or lender on behalf of others. An entity must apply such amendment to financial liabilities that are modified or exchanged after the date of the first annual period in which the entity first applies the amendment. The amendment will be effective for financial years beginning on or after 1 January 2022, and early application is allowed. The Group will apply such amendment to financial liabilities that are modified or exchanged after the date of the first annual period in which the entity first applies such amendment. No material impact for the Group is expected with regard to this amendment.

Definition of accounting estimate - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for financial years beginning on or after 1 January


Jil Sander Women’s Pre Fall 2022 Collection

2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is permitted provided that this fact is disclosed. The amendments are not expected to have a significant impact on the Group.

Information on accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provided guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their “significant” accounting policies with a requirement to provide disclosures about their “material” accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions. The amendments to IAS 1 are applicable from financial years beginning on or after 1 January 2023. Early application is permitted. Since the amendments to PS 2 provide non-mandatory guidance on the application of the definition of material to accounting policy disclosures, an effective date for these amendments is not required. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

MEASUREMENT CRITERIA

The consolidated financial statements of OTB Group for the year ended 31 December 2021 have been prepared on a historical cost basis, except for financial assets and derivative financial instruments that have been measured at fair value.

Tangible fixed assets

Land, property, plant and equipment

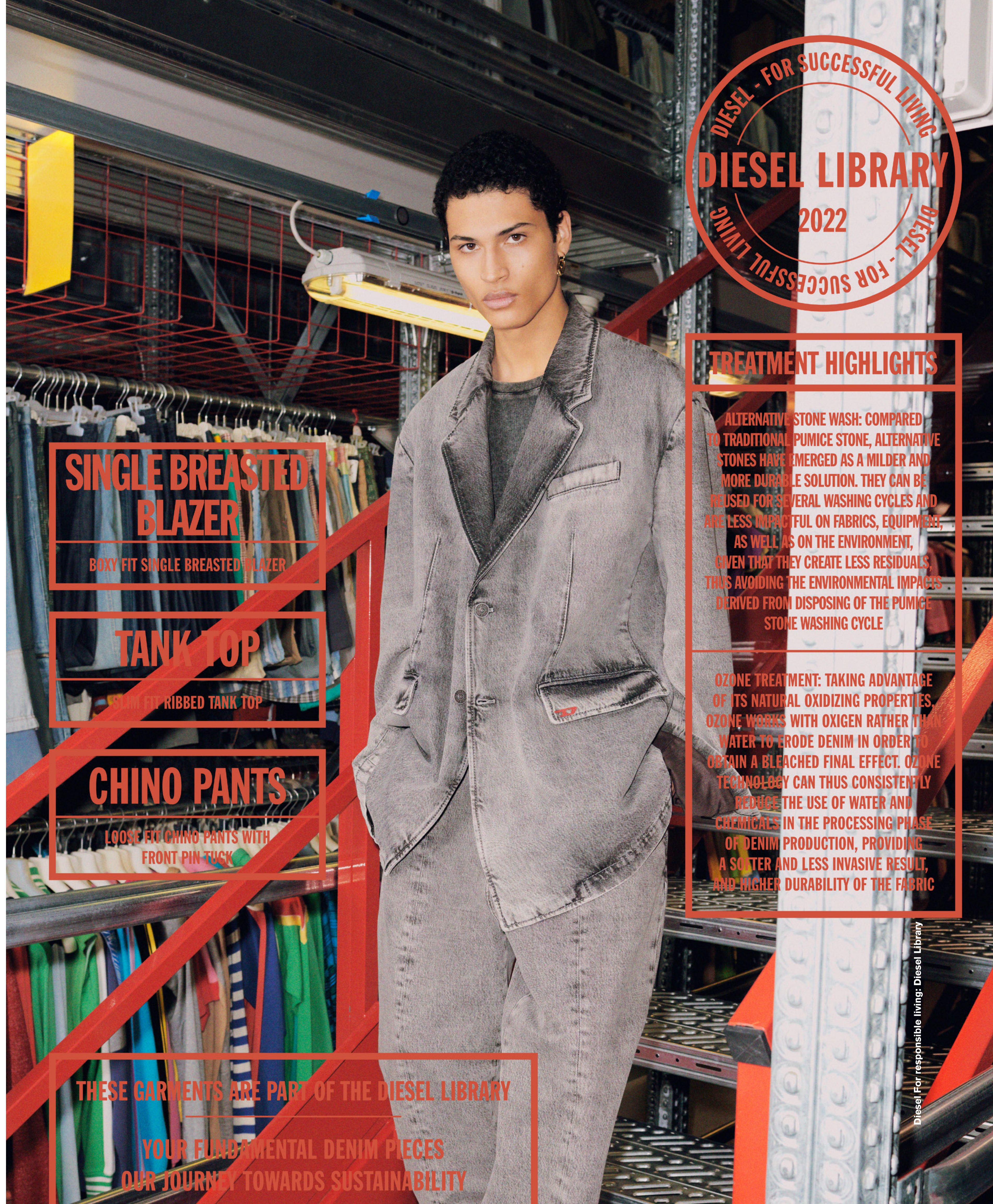
Buildings, plant and machinery owned by the Group are stated at purchase or production cost and are depreciated systematically over the estimated useful lives of the assets.

Land, whether free of constructions or annexed to civil and industrial buildings, is accounted for separately and is not depreciated, since it is deemed to have an indefinite useful life.

Where capitalisation criteria have been met, cost also includes borrowing costs directly attributable to the acquisition, construction or production of an asset. Costs incurred subsequent to the purchase of an asset are capitalised only if they increase the future economic benefits inherent in the asset to which they relate. Costs incurred for maintenance or repairs of an ordinary or cyclical nature are charged directly to profit or loss in the year they are incurred. The capitalisation of costs related to attachment expansion, modernisation or improvement of facilities owned or leased by the Group is carried out to the extent that they meet the requirements for being classified separately as an asset or part of an asset, applying the component approach, according to which, each component with an independent assessment of the useful life and its value must be treated individually. All other costs are recognised in profit or loss as incurred.

The indicative useful lives, estimated by the Group for each asset category, are as follows:

	Useful life
Buildings	33 years
Plant and machinery	4-10 years
Computers and office equipment	2-10 years
Furniture and fittings	3-10 years
Industrial and commercial equipment	3-8 years
Improvements to third party goods	Over the residual lease term up to a maximum of 10 years
Other assets:	
- Motor vehicles	4-5 years
- Other vehicles	5 years



Diesel For responsible living: Diesel Library

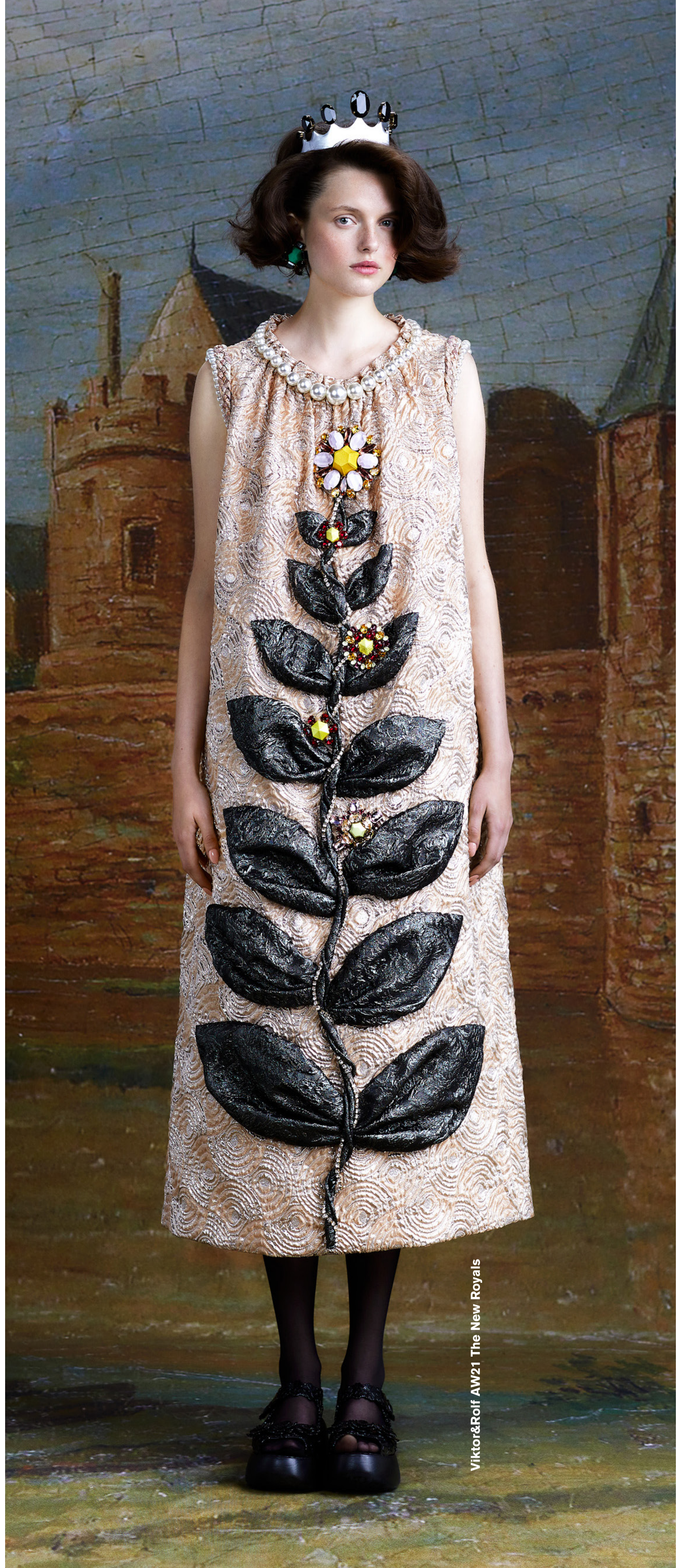
With respect to leased stores, where the Group has undertaken to restore premises to their original condition upon their return to the lessor, premises restoration costs are charged to the income statement over the residual lease term.

Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost inclusive of directly attributable ancillary costs. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The Group does not incur any development costs that qualify for capitalisation in accordance with IAS 38.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised systematically over the useful economic life of the assets concerned. The residual carrying amount at the end of the useful lives of the assets is assumed to be zero unless third parties have committed to purchase the assets at the end of their useful lives or where an active market exists for the assets.



Viktor&Rolf AW21 The New Royals

The estimated future useful lives of the assets are reviewed by the Directors at the end of each reporting period. The useful lives of intangible assets, as estimated by the Group, are as follows:

	Useful life
Trademarks	20-30 years
Intellectual property rights	3-5 years
Key money	Over the residual lease term up to a maximum of 10 years
Rights of use assets	Based on the duration of the lease contract
Other intangible assets	3-5 years

Intangible assets with indefinite useful lives, which for the Group consist solely of goodwill, are not amortised, but are tested for impairment using the methods indicated in the paragraph which follows.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Trademarks
Some of the Group's principal trademarks have been created and developed internally; accordingly, they have not been capitalised as assets. Any revaluations made in the past in accordance with specific legislation have not been recognised in these financial statements. Trademarks acquired directly from third parties or in a business combination are recognised in the same manner as for other intangible fixed assets.

All of the Group's trademarks are deemed to be intangible assets with a finite useful life and are amortised systematically.

Intellectual property rights
These intangible assets, which have been acquired from third parties, mainly consist of software licences or costs incurred for the implementation of IT systems.

Such assets with finite lives are measured at purchase or production cost and are amortised on a straight line basis over their estimated useful lives, which generally ranges from 3 to 5 years.

Key money
Key money is a payment made to secure a tenancy in a commercially strategic location. It is amortised over the term of the relevant agreement with a maximum period of 10 years.

Goodwill
Goodwill arising from business combinations initially represents any excess consideration transferred over the fair value of the net assets acquired at the transaction date.

Goodwill is not amortised, but is tested for impairment at least annually and whenever circumstances arise that are indicative of potential impairment, in order to verify its recoverability.

Impairment testing

Assets other than goodwill
At each balance sheet date, the Group assesses whether there are any indicators of asset impairment. Whenever there are evident internal or external signs that indicate that an asset may be impaired, intangible assets with an indefinite useful life are tested at least annually for impairment to ensure that the carrying amount of the assets does not exceed their recoverable amount.
The test for recoverability of the carrying amount is performed via a comparison with an asset's fair value less costs of disposal and its value in use. An asset's value in use equates to the estimated future cash flows from the asset over its remaining useful life, discounted to their present value using a discount rate that reflects the time value of money and market risk. If it is not possible to estimate independent cash flows for an individual asset, these are estimated for the smallest identifiable group of assets (cash-generating unit or CGU) to which the asset belongs, for which it is possible to estimate independent cash flows, and a comparison is made between the carrying amount and the value in use of the CGU.
When the recoverable amount of an asset or a CGU is lower than its carrying amount, the latter is adjusted immediately by means of the recognition in profit or loss of an impairment loss within a cost category that is consistent with the nature of the impaired asset.
If the reason for the recognition of an impairment loss ceases to exist, the carrying amount of the asset or of the CGU is reinstated up to the carrying amount that the asset or the CGU would have had if no impairment loss had been recognised.

Goodwill
Goodwill is allocated at the acquisition date to one or more CGUs, based on the benefits or synergies expected from the business combination that generated the goodwill.

Goodwill is tested for impairment by assessing the value in use of the CGU to which the goodwill relates; when the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods. Goodwill is tested for impairment annually as at 31 December.

Inventories

Inventories of raw materials, semi-finished products and finished products are valued at the lower of cost and market value, whereby cost is determined on a weighted average cost basis. The value of inventories includes direct material costs, transport costs, customs costs and a portion of other direct costs that may be reasonably attributed thereto.
A provision is recognised for materials and finished products considered obsolete or slow moving, taking into account their expected future use and realisable value. Specific consideration is given to significant market disruptions, e.g., pandemic and/or war. The writedowns are eliminated in future accounting periods if the reasons for the same cease to exist.
As far as finished products are concerned, net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale, whereas, for raw materials, net realisable value is based on replacement cost.

Financial assets and liabilities

Financial assets other than derivatives
All financial assets other than derivatives are initially recognised at cost, which equates to the amount paid in the form of an advance or loan or to the price agreed for a specified service.

Subsequent measurement of financial assets is based on their classification, which is determined by the Group after initial recognition and which is

reviewed at the year end. Specifically:
- Receivables, outstanding loans and investments held to maturity: these are measured at amortised cost, less impairment. Trade receivables are stated at their invoiced amount net of the allowance for doubtful accounts, in order to approximate their estimated net realisable value. Allocations to provisions are recognised when there is objective evidence of irrecoverability or, for the sake of prudence, by estimating recoverability based on information available at the reporting date. Uncollectible receivables are reversed from the total receivables balance.
- Financial assets available for sale: these are measured at fair value with recognition directly in equity of gains or losses arising from subsequent measurement.
- Cash and cash equivalents: cash and short-term deposits consist of cash on hand and short-term demand deposits, with, in the case of the latter, an original term of longer than three months. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

Lease assets
Lease assets refer exclusively to contracts for subleasing out assets linked to lease contracts treated in accordance with IFRS 16. As a result of the sublease income, the right of use asset inherent in the lease contract cost is totally or partially reversed, with simultaneous elimination or reduction of the related depreciation and, at the same time, a financial lease asset is recognised which generates recognition of the interest income.


Maison Margiela CoEd Collection SS22

On the other hand, the sublease income does not produce any change in the financial liability of the lease contract cost.
The Group uses the Incremental Borrowing Rate (IBR) to calculate the present value of future cash receipts.

Subsequent to initial recognition, lease assets are increased by the interest accrued during the period and decreased by the receipts obtained. In addition, the lease asset is remeasured to take account of any changes in the contractual terms.

Financial liabilities other than derivatives
The Group has not designated any financial liabilities as held for trading.
All financial liabilities other than derivatives are initially recognised at the amount received or due, net of transaction costs (loan arrangement fees).
Trade payables, the due dates of which fall within normal commercial terms, are not discounted, but are stated at cost, which is deemed to be representative of their face value.
Financial liabilities are measured at amortised cost using the EIR method.

Lease liabilities
Lease liabilities are initially recognised as the present value of future payments remaining until the end of the contract. This includes fixed payments, net of any lease incentives to be received, variable payments that depend on an index or rate and payments of any penalties for early termination of the lease, if the Group has reasonable assurance that it will exercise the early termination option.

The Group uses the Incremental Borrowing Rate (IBR) to calculate the present value of the payments. Subsequent to initial recognition, lease liabilities are increased by the interest accrued during the period and decreased by the payments made. In addition, the lease liability is remeasured to take account of any changes in the contractual terms.

Derivative financial instruments
The Group uses derivative financial instruments to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; they are subsequently periodically remeasured at fair value.
They are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group designates and documents the existence of a hedging relationship, specifying the identification of the hedging instrument, of the element or transaction subject to hedging, of the correlation between the two and the nature of the risk.
If derivatives do not qualify as a hedging instrument, changes in their fair value are recognised in profit or loss. If derivatives qualify as a hedging instrument, then hedge accounting is applied; based on this accounting treatment, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of an underlying asset or liability. The change in the fair value of a hedging instrument is recognised in the statement of profit or loss;
- Cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The effective portion of the gain or loss on the hedging instrument relating to a change in fair value is recognised in equity, while any ineffective portion is recognised immediately in the statement of profit or loss.

Unlike changes in fair value arising from year end measurement, differentials arising from contracts paid or collected at their established due dates are recognised in profit or loss, regardless of the purpose of the derivative.

Provisions for risks and charges

Provisions represent obligations that are certain or probable and for which a reliable estimate can be made of the amount thereof, but the timing or the exact amount required to settle the obligation could not be determined. Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.


Diesel FW21 Campaign

Diesel SS22 Fashion Show

Post-employment benefit plan liabilities

Benefits granted to employees and which become payable upon or subsequent to termination of employment via defined benefit plans (provision for employee termination indemnities) or other long term benefits (retirement benefits) are recognised in the vesting period. As regards the provision for employee termination indemnities due by the Italian Group companies, the benefits payable subsequent to termination of employment may be categorised as follows:
- Defined contribution plans, consisting of the portion accrued as from 1 January 2007;
- Defined benefit plans, consisting of the provision for employee termination indemnities accrued up to 31 December 2006.

Under a defined contribution plan, an entity's legal or constructive obligation is limited to the amount it agrees to contribute: consequently, the actuarial risk and investment risk fall on the employee. Defined benefit plans create an obligation on the entity to provide agreed benefits to employees: consequently, the actuarial risk and investment risk fall on the company. Due to the immaterial difference, which is remeasured at the year end, between the face value of the obligations relating to the defined benefit plan and the amount thereof determined on the basis of actuarial assumptions, the liability in question is stated at face value, thus assuming that the related actuarial gains and losses are nil.

Other current liabilities

Other current liabilities are stated at face value.

Non-current assets held for sale and discontinued operations

Assets and liabilities that can be directly associated with business units held for sale are recognised in the statement of financial position as held for sale, separately from other assets and liabilities of the company. Immediately before classification as held for sale, the related assets and liabilities are measured according to the accounting standards applicable to them. When they are classified as held for sale, net assets are measured at the lower of the book value and the related fair value, reduced by selling costs. Any negative difference between the previous book value and the fair value less selling costs is charged to the income statement as a write-down. The business units classified as held for sale constitute a discontinued operation if they: (i) represent a significant autonomous business unit or a geographical area of significant activity; (ii) are part of a single program for the disposal of a significant business unit or a geographic area of significant activity; or (iii) refer to a subsidiary acquired exclusively for the purpose of its sale. The results of discontinued operations, as well as any capital gains/losses realised following the disposal, are indicated separately in the income statement in a specific item, net of the related tax effects, also for the years used for comparison.

Business combinations

Business combinations are recognised according to the acquisition method. According to this method, the buyer must measure the identifiable assets acquired and liabilities adopted at their respective fair values at the date of acquisition. The net assets acquired determined in this manner are compared to the consideration transferred and two situations may arise. If the consideration transferred exceeds the value of the net assets acquired, goodwill is determined. If, on the other hand, the value of the net assets acquired exceeds the consideration transferred, this excess must be immediately recognised in the income statement as income from the transaction concluded. Charges accessory to the transaction are consistently recognised in the income statement when incurred. If, at the end of the period in which the combination takes place, the initial accounting for a business combination is incomplete, the Group recognises the provisional amounts of the items whose accounting is incomplete in its financial statements. During the measurement period, the Group retroactively adjusts the provisional amounts recognised at the acquisition date.

Revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and it is probable that the economic benefits will flow to the Group. In accordance with this general principle, revenue recognition takes place as follows:

Wholesale sales
Revenue from wholesale sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Payment is normally deferred until de-

livery takes place. The Group closely monitors the terms of trade and any right of return granted to customers of its trading subsidiaries. In those rare cases where the conditions do not lead to a transfer to the customer of all the risks of ownership of the goods (such as cases where the conditions amount to sale or return, rather than an outright sale), revenue recognition is deferred until such time as the risks are substantially transferred (e.g. sell through to the end customer).

Any residual risks that do not jeopardise correct revenue recognition, such as the concession of a limited right of return, are measured and recognised in the financial statements by means of specific provisions and a corresponding reduction of revenue. Discounts, including those of a financial nature, and rebates are recognised as a reduction of revenue to which they relate.

Retail sales
These sales are made in part through stores managed directly by the Group. Revenue is recognised on delivery of the goods to the customer, which coincides with the receipt of payment in cash or by means of electronic payment. This category also includes sales made through concession or license stores, outlets operated by third parties therefore. In such cases, revenues are recognised at the time of sale of the goods to the final consumer while the related collection is deferred with respect to recognition of the revenue.

Licenses
Revenue is recognised based on the underlying contractual provisions, usually as a percentage of sales of branded products made by the licensee. Any amount received upon renewal of a licence is recognised on an accrual basis over the life of the contract.

Provision of services
Revenue from the sale of services is recognised in the period in which the services are rendered by reference to the stage of completion of the service rendered, measured as a percentage of the total services still to be rendered.

Lease and rental income
This is recognised on an accrual basis, as well as on a straight line basis over the life of the contracts.

Costs and expenses

Costs and expenses are accounted for in accordance with the concepts of prudence and accruals. They are recognised when they relate to goods and services sold or consumed in the year, on an accrual basis using the same criteria as those disclosed for revenue.
Labour costs consist of remuneration paid, accruals for pension funds and holidays not yet taken and social security contributions in compliance with contracts and legislation in force.
Operating lease instalments:
- For the fixed or variable part based on an index or a rate, these are recognised in the income statement through depreciation of right of use assets on the one hand and through interest on the lease liability on the other, in accordance with IFRS 16;

Diesel Second Hand

- For the variable portion that depends mainly on sales volumes, these are recognised in the income statement on an accrual basis.

Income tax

Current taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.
Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to do so and the intention is to settle on a net basis and to realise the asset and settle the liability at the same time.

Deferred tax
Deferred tax is provided on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, with the exception of non-tax deductible goodwill. Deferred tax assets are recognised on the carry forward of any unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be utilised. Current and deferred tax assets and tax liabilities are offset if the taxes relate to the same taxation authority and a legally enforceable right exists to offset them. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted in the countries where the Group operates.
Deferred tax liabilities are recognised on untaxed reserves when their distribution is deemed possible.

Foreign currencies

The consolidated financial statements are presented in euros, which is also OTB Group's functional currency. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Significant accounting judgements, estimates and assumptions

The financial statements, which have been prepared in accordance with IFRS, contain estimates and assumptions made by the Group related to assets and liabilities, costs and revenue and contingent liabili-

ties at the reporting date. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable and realistic based on the information available at the time.
The assumptions associated with the estimates are reviewed periodically and the impact of any change is recognised in profit or loss in the period in which the estimate is revised: the actual results could differ from such estimates.

The critical accounting judgements that have been made, in that they are based on estimates of the Group's future results, relate to the recoverability of deferred tax assets recognised in the financial statements and the performance of impairment testing in the previously described manner.

Significant estimates have also been made with respect to the determination of the market value of inventories, which requires forecasts to be made of the Group's ability to dispose of unsold finished products pertaining to past seasons or collections.

Other information

Segment information and earnings per share
The Group does not have any publicly traded securities. Accordingly, it is exempt from disclosure requirements concerning consolidated segment information as required by IFRS 8 and from the disclosure of earnings per share as required by IAS 33.

SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company OTB S.p.A. and of the companies for which the Parent Company, directly or indirectly, holds the majority of voting rights, or for which it is able to govern the financial and operating policies.

As required by IAS 27, a list is provided below of the companies that have been included in the scope of consolidation at 31 December 2021 as companies to be consolidated on a line-by-line basis:

Name	Registered Office	Currency	Share capital	Share held		Held
				Direct	Indirect	via
Diesel S.p.A.	Breganze (VI)	Eur	22,500,000	100%		
Diesel Italia S.r.l.	Marostica (VI)	Eur	300,000		100%	(1)
Brave Kid S.r.l.	Marostica (VI)	Eur	550,000		90%	(1)
Diesel France S.A.S.	Paris	Eur	1,000,000		100%	(1)
Diesel USA Inc.	New York	Usd	110,001,000		100%	(1)
Diesel Sweden A.B.	Stockholm	Sek	600,000		100%	(1)
Diesel Swiss S.A.	Zurich	Chf	1,000,000		100%	(1)
Diesel Hellas S.A.	Athens	Eur	300,000		100%	(1)
Diesel London Ltd.	London	Gbp	700,000		100%	(1)
Diesel Denmark A.P.S.	Copenhagen	Dkk	601,000		100%	(1)
Diesel Belgium S.A.	Antwerp	Eur	71,992		100%	(1)
Diesel Norge A.S.	Oslo	Nok	225,000		100%	(1)
Diesel Benelux B.V.	Amsterdam	Eur	18,152		100%	(1)
Diesel Pacific Ltd.	Hong Kong	Hkd	982,146,839		100%	(1)
Diesel Dragon (Shanghai) Trading Co. Ltd.	Shanghai	Cny	972,336,426		100%	(1)
K-Bit Ltd.	Hong Kong	Hkd	10,000		100%	(1)
K-Bit Brave Sourcing Ltd.	Chennai	Inr	100,000		100%	(1)
Diesel Iberia S.A.	Barcelona	Eur	100,000		100%	(1)
Diesel Deutschland Gmbh	Dusseldorf	Eur	1,000,100		100%	(1)
Diesel Japan Co. Ltd.	Osaka	Yen	60,000,000		100%	(1)
Diesel Japan Service Co. Ltd.	Osaka	Yen	10,000,000		100%	(1)
Diesel Canada Inc.	Montreal	Cad	44,642,857		100%	(1)
Gold Rush S.A.	Luxembourg	Eur	31,000		100%	(1)
Diesel Fashion India Reliance Pvt. Ltd	Mumbai	Inr	1,155,000		51%	(1)
Universe S.a.r.l.	Principality of Monaco	Eur	150,000		100%	(1)
K-Bit Marocco S.a.r.l.	Casablanca	Mad	230,000		100%	(1)
Staff International S.p.A.	Noventa Vicentina (VI)	Eur	1,500,000	100%		
Staff Usa Inc.	New York	Usd	1,000		100%	(2)
Staff International Japan Co.Ltd.	Tokyo	Yen	440,000,000		100%	(2)
Props Vigevano S.r.l.	Milan	Eur	100,000		100%	(2)
Staff Asia Pacific Ltd.	Hong Kong	Hkd	7,000,000		100%	(2)
Staff Shanghai Co. Ltd	Shanghai	Cny	12,000,000		100%	(2)
Viktor & Rolf B.V.	Amsterdam	Eur	20,000	70%		
Brand Name Company B.V.	Amsterdam	Eur	200,000		70%	(3)
55DSL A.G.	Zurich	Chf	100,000	100%		
Marni Holding S.r.l.	Milan	Eur	2,500,000	100%		
Marni Group S.r.l.	Milan	Eur	1,000,000		100%	(4)
Marni Retail Espana S.A.	Madrid	Eur	60,000		66%	(4)
Marni Japan Ltd	Tokyo	Yen	99,900,000		100%	(4)
Marni Suisse S.A.	Lugano	Chf	100,000		100%	(4)
Marni U.S.A. Corp.	New York	Usd	100,000		100%	(4)
Marni France S.a.S.	Paris	Eur	40,000		100%	(4)
Marni Retail UK Ltd	London	Gbp	1,600		100%	(4)
Marni China Ltd	Hong Kong	Cny	4,783,171		100%	(4)
Marni Deutschland Gmbh	Munich	Eur	25,000		100%	(4)
Marni Hong Kong Ltd	Hong Kong	Hkd	100,000		100%	(4)
Marni Shanghai Ltd	Shanghai	Cny	60,133,610		100%	(4)
Margiela S.A.S.U.	Paris	Eur	300,000	100%		
Margiela Japan CO. Ltd.	Tokyo	Yen	100,000,000		100%	(5)
Margiela Asia Ltd.	Hong Kong	Hkd	103,000,000		100%	(5)
Margiela (Shanghai) Trading Co. Ltd	Shanghai	Cny	55,050,000		100%	(5)
Margiela USA Inc.	New York	Usd	1,000		100%	(5)
Jil Sander S.p.A.	Milan	Eur	1,000,000	100%		
Jil Sander Gmbh	Hamburg	Eur	8,150,000		100%	(6)
Jil Sander Paris S.a.s	Paris	Eur	0		100%	(6)
Jil Sander Shanghai Co. Ltd	Shanghai	Cny	18,000,000		100%	(6)
Jil Sander CH Sagl	Lugano	Chf	20,000		100%	(6)
Jil Sander UK Limited	London	Gbp	100,000		100%	(6)
Jil Sander USA Inc.	New York	Usd	3,163,702		100%	(6)
Jil Sander Japan Co. Ltd	Tokyo	Yen	100,000,000		100%	(6)
OTB Korea Ltd	Seul	Krw	700,000,000	100%		

Key:

(1) via Diesel S.p.A.
(2) via Staff International S.p.A.
(3) via Viktor & Rolf B.V.
(4) via Marni Holding S.r.l
(5) via Margiela S.A.S.U.
(6) via Jil Sander S.p.A.

Viktor&Rolf AW21 The New Royals

The scope of consolidation changed with respect to the previous year due to the following extraordinary transactions:
- Acquisition of 100% of the Jil Sander Group from the Japanese group Onward Holdings. Founded in 1968 by the German designer of the same name, the brand has been creatively directed by Lucie and Luke Meier since 2017 and is a symbol of modernity and sophistication, a timeless diamond added to the Group's portfolio of unique and unconventional maisons. The acquisition involved 7 companies located worldwide and is effective from , April 2021; for further details please refer to the dedicated section under Business Combinations occurring in 2021 of these Notes to the financial statements;
- Establishment of a new company, Jil Sander Shanghai Co. Ltd, wholly owned by the subsidiary Jil Sander S.p.A.;
- Establishment of a new company, Staff Shanghai Co. Ltd, wholly owned by the subsidiary Staff International S.p.A.;
- Establishment of a new company, OTB Korea Ltd, wholly owned by the parent company OTB S.p.A.;
- Acquisition of the remaining 49% share of the subsidiary Marni (Hong Kong) Ltd from the third party shareholder Joyce Boutique Ltd; the acquisition took place at 1 HKD and led to the reclassification of minority interest shareholders equity to group shareholders' equity equal to Euro 569 thousand.
The reference date of the consolidated financial statements coincides with the year end date of the parent company and of all the other companies included in the area of consolidation, with the exception of Diesel Fashion India Reliance PVT. Ltd. and K-Bit Brave Sourcing Ltd., which drew up interim financial statements as at 31 December for the purposes of the consolidated financial statements, considering that their financial year ends on 31 March. For consolidated financial statement purposes, the Group company Jil Sander prepared 9-month financial statements starting from the acquisition date of 1 April.

CONSOLIDATION PRINCIPLES

The scope of consolidation includes the Parent Company OTB S.p.A. and subsidiaries as at 31 December 2021 in which the Parent Company directly or indirectly owns the majority of the share capital or shares with voting rights, or has the power, also through contractual agreements, to determine financial and operational policies.

Subsidiaries

These are companies in which the Group exercises control. Such control exists when the Group has the direct or indirect power to determine the financial and operating policies of a company in order to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is taken over.

Consolidation of a subsidiary begins as of the date of acquisition, that is, when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The consolidation procedures adopted include:
- The elimination of the parent's investment in each subsidiary and the inclusion of the assets and liabilities of each subsidiary on a line-by-line basis or under the equity method;
- The presentation of any portion of equity attributable to non-controlling interests;
- The elimination of all transactions between entities of the group and, thus, intragroup payables, receivables, sales, purchases and unrealised profits or losses recognised in assets.

Assets and liabilities, costs and income of the entities consolidated on a line-by-line basis are included in the consolidated financial statements in their entirety; the carrying amount of the parent's investment in each subsidiary is eliminated against the parent's portion of equity of each subsidiary.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Any excess purchase consideration over the fair value of the net assets acquired is recognised as goodwill; if the fair value of the net assets acquired is in excess of the purchase consideration transferred, the gain is recognised in profit or loss.
The portion of equity and profit attributable to non-controlling interests is recognised in specific captions within equity and the statement of profit or loss. In the event of an acquisition of partial control, the portion of equity attributable to the non-controlling interest is determined based on its share of the fair value at the acquisition date of the net assets acquired, with the exclusion of any goodwill attributable thereto (partial goodwill method).
The Group did not resort to the alternative method permitted for accounting for partial acquisitions and, accordingly, it has recognised the entire amount of goodwill arising from the acquisition by also taking account of the portion attributable to the non-controlling interest (full goodwill method).

In the event of the acquisition of interests subsequent to the assumption of control (purchase of a non-controlling interest), any difference between the purchase consideration and the corresponding share of the net assets acquired is recognised directly in equity; likewise, the impact of the sale of a non-controlling interest, without a loss of control, is accounted for as an equity transaction.

If the value of the consideration transferred exceeds the pro-rata share of the acquired subsidiary's equity, the positive difference is allocated, where possible, to the net assets acquired measured at fair value, any fair value non directly identifiable from the financial position at the acquisition date is recognised, while the remainder is recognised as goodwill.

Goodwill is not amortised, but is tested for impairment at least annually and whenever facts or changes in circumstances arise that indicate that the carrying amount may not be realisable. Goodwill is stated at cost, net of accumulated impairment losses. If the value of the consideration transferred is lower than the pro-rata share of the acquired subsidiary's equity, the negative difference is recognised in profit or loss. Acquisition related costs are recognised in profit or loss as incurred.

Associates

These are companies in which the Group exercises significant influence, but not control or joint control, over financial and operating policies. The consolidated financial statements include the Group's share of the profit or loss of associates, accounted for using the equity method, from the date on which the significant influence begins.

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

The rules applied for the translation of foreign currency financial statements are the following:

- The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date;

- Income and expense items are translated at the average exchange rates for the period;

- Exchange differences arising from the translation of income and expense items at an exchange rate that differs from that prevailing at the reporting date and arising from the translation of opening equity balances at an exchange rate that differs from that prevailing at the reporting date are recognised in equity (foreign currency translation reserve).

The exchange rates indicated in the following table were used for the translation of foreign currency financial statements (exchange rate for 1 Euro):

Currency		Average exchange rates		Period end exchange rates	
		2021	2020	31.12.2021	31.12.2020
US Dollar	USD	1.1827	1.1422	1.1326	1.2271
Danish Krone	DKK	7.437	7.4542	7.4364	7.4409
Swedish Krona	SEK	10.1465	10.4848	10.2503	10.0343
British Pound	GBP	0.8596	0.8897	0.84028	0.89903
Norwegian Krone	NOK	10.1633	10.7228	9.9888	10.4703
Swiss Franc	CHF	1.0811	1.0705	1.0331	1.0802
Hong Kong Dollar	HKD	9.1932	8.8587	8.8333	9.5142
Japanese Yen	YEN	129.8767	121.8458	130.38	126.49
Chinese Renminbi	CNY	7.6282	7.8747	7.1947	8.0225
Won Sud	KRW	1354.06	1345.58	1346.38	1336
Canadian Dollar	CAD	1.4826	1.53	1.4393	1.5633
Indian Rupee	RUPEE	87.4392	84.6392	84.2292	89.6605

Diesel Spring Summer 2022 Fashion Show

FINANCIAL RISK MANAGEMENT

The OTB Group, operating in an international context, is exposed, to a varying extent, to various financial risks linked to the conduct of its business, especially market risks, that can be broken down as follows:

- Interest rate risk, which is linked to the impact of changes in market interest rates;
- Foreign exchange risk, which is a consequence of transactions denominated in currencies other than the functional currency;
- Liquidity risk, which arises from the need to have adequate access to capital markets and sources of funding to cover the needs arising from operating activities, investment activities and the maturities of financial liabilities;
- Credit (or counterparty) risk, which represents the risk of default on commercial or financial obligations assumed by the various counterparties and resulting from normal commercial transactions or financing activities, employment of funds and hedging of risks.

Financial risk management is carried out on the basis of guidelines established by the Parent Company, in order to control and coordinate the operations of the individual subsidiaries, so as to systematically monitor the Group's levels of exposure to financial risks.

In accordance with these guidelines, the Group specifically monitors the management of individual financial risks, with the objective of minimising the impact

Jil Sander Women's Pre Fall 2022 Collection

thereof, inclusive of through the use of derivatives. The derivatives are used solely as hedging instruments. Financial liabilities mainly consist of trade payables, amounts due to banks and other financial liabilities. The management of these liabilities is aimed at financing the Group's operations.

Rate risk

The OTB Group's exposure to the interest rate risk is moderate. Therefore, no specific actions are taken, such as the use of derivative financial instruments, for the management of interest rate risk, although the Group pursues a general policy of optimising financial resources and using the least expensive forms of financing.

Interest rates receivable and payable on the components of the Group's net cash/debt are primarily linked to the Euribor/Libor rate for the period, increased by a spread that depends on the nature of the relationship. Interest margins receivable and payable are aligned with standard market rates and are commensurate with the Group's financial soundness.

In view of the current interest rate levels and the related dynamics, the income performance of the Group is only marginally sensitive to changes in the same.

Exchange risk

OTB Group is exposed to changes in exchange rates of currencies in which sales to affiliates and

third party customers and purchases from certain suppliers are denominated.
In order to mitigate the exposure to exchange rate risk deriving from its commercial activity, the OTB Group uses derivative instruments, primarily Forwards and Options in line with Group policy.
This financial policy of the Company aims to minimise the impact of exchange rate fluctuations on operating results.

Liquidity risk

OTB Group manages liquidity risk via close control over the components of working capital. The tools used to monitor and optimise cash flow, together with careful and precise debt management, maintain a balanced cash level, limiting problems and tensions in current liquidity.

Credit risk

Credit risk represents the exposure that the Company has to potential losses arising from the failure by counterparties to fulfil their contractual obligations.
OTB Group generally focuses on commercial transactions with customers with which it has established relationships. It is Group policy to subject customers that request extended payment terms to background checks of their credit standing, based on information obtained from specialised agencies and by observing and analysing data on the performance of newly acquired customers. Moreover, trade receivables are constantly monitored throughout the year to ensure timely intervention, if needed, in order to reduce the risk of losses.

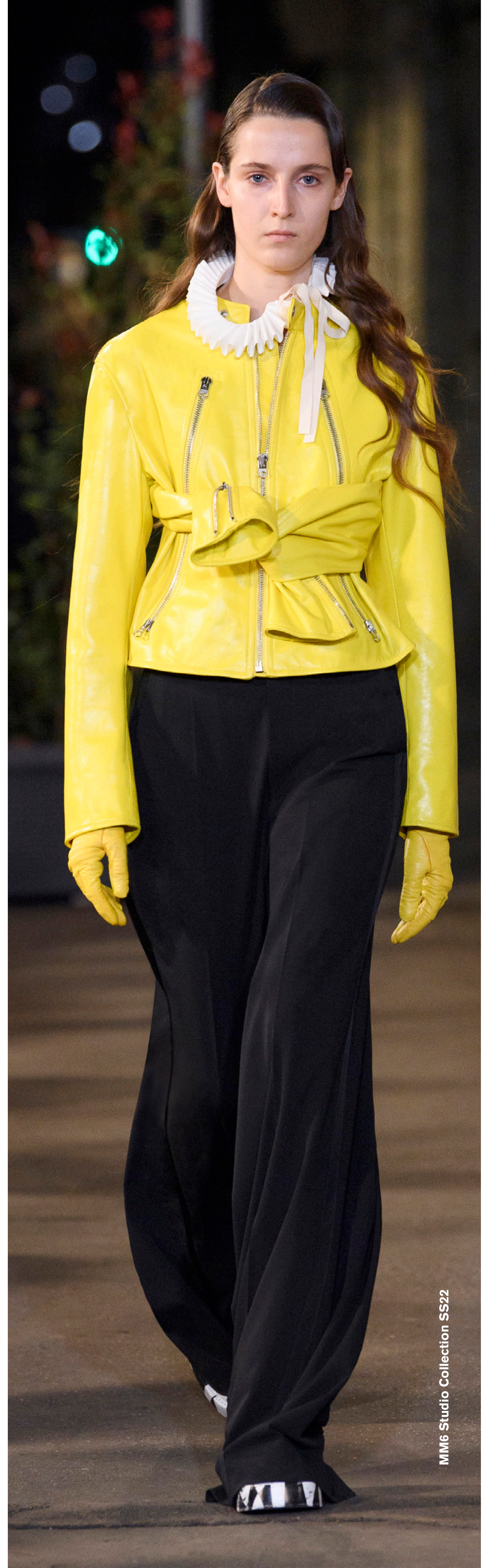
Trade receivables are stated net of an allowance estimated based on the risk of default by the counterparty, determined with reference to information available on the customer's solvency and by taking account of historical data.

At the reporting date, there are no significant positions in countries considered "high risk". With regard to the war between Russia and Ukraine, the overall exposure has been mostly collected.
For a brief summary of the quality of the Group's receivables, please refer to note (10), which provides information on trade receivables by due date and on writedowns made by the Group.

Business combinations – Acquisitions in 2021

During the year, 100% of the Jil Sander Group was acquired from the Japanese Onward Holdings Group. The transaction enabled the Group to improve its positioning in the luxury sector, thanks to the prestige of the brand, founded in 1968 by the German designer of the same name, and creatively directed by Lucie and Luke Meier since 2017. The acquisition is effective as of 1 April 2021 and involved 7 companies located worldwide and, in particular:

- Jil Sander S.p.A.
- Jil Sander Gmbh
- Jil Sander Paris S.a.s
- Jil Sander CH Sagl
- Jil Sander UK Limited
- Jil Sander USA Inc.
- Jil Sander Japan Co. Ltd



MM6 Studio Collection SS22

As described in the section on measurement criteria in these Notes, the identifiable assets acquired and liabilities taken were measured at their respective fair values at the date of acquisition.

The following table shows the value:

(in thousands of euro)	01.04.2021
Activity	
Non-current assets	
Trademark	143,300
Intangible assets with a finite useful life	731
Right of use assets	38,393
Property, plant and machinery	3,821
Other non-current assets	1,446
Deferred tax assets	0
Total non-current assets	**187,691**
Current assets	
Inventories	13,890
Trade receivables	15,138
Tax receivables	1,876
Other current assets	11,106
Cash and cash equivalents	47,280
Total current assets	**89,290**
Total assets	**276,981**
Equity and liabilities	
Shareholders' equity	
Equity attributable to the Group	132,639
Minority interest	0
Total shareholders' equity	**132,639**
Non-current liabilities	
Non-current lease liabilities	57,567
Non-current financial liabilities	0
Provisions for risks and charges	7,998
Post-employment benefit plan liabilities	261
Other non-current liabilities	37
Deferred tax liabilities	39,983
Total non-current liabilities	**105,846**
Current liabilities	
Trade payables	14,236
Other current liabilities	9,625
Current tax liabilities	13
Provisions for risks and charges	7,065
Current lease liabilities	7,177
Current financial liabilities	380
Total current liabilities	**38,496**
Total liabilities	**144,342**
Total equity and liabilities	**276,981**

The fair value of trade receivables amounts to Euro 15,138 thousand. The gross value of trade receivables is Euro 16,438 thousand and the entire amount is expected to be collected.

The Group measures acquired lease liabilities by considering the present value of the remaining lease payments at the acquisition date. The right-of-use asset was recognised at the same amount as the lease liability and was adjusted to consider the favorable terms of the contract as compared to market terms. Provisions for risks and charges refer to certain obligations that arose prior to the business combination. Deferred taxation refers to recognition of the Jil Sander trademark. The main asset subject to measurement of the shareholders' equity acquired at fair value was the Jil Sander trademark. The trademark had no value in the Jil Sander Group's financial statements at the acquisition date. The trademark was valued by an independent appraiser who determined a fair value of Euro 143,300 thousand, including a deferred tax effect of Euro 39,983 thousand. The value was determined using the Relief from Royalty model and considering a 30-year time horizon. The trademark is amortised over 30 years and will be subject to an annual impairment test. The fair value of net assets acquired thus determined was compared with the consideration transferred and the excess of the former over the latter was recognised in the income statement as income deriving from the transaction concluded. The following table shows the values:

(in thousands of euro)	
Net assets acquired expressed at fair value	132,639
Price paid	2,407
Acquisition income	**130,232**

Acquisition income was recognised in a separate line item under Revenue.

Charges accessory to the transaction were consistently recognised in the income statement when incurred.

Non-current assets

(in thousands of euro)	31.12.2021	31.12.2020
Non-current assets	1,100,209	952,425

1. GOODWILL AND INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Goodwill and intangible assets with a finite useful life, which totalled Euro 212,378 thousand at 31 December 2020, amount to Euro 355,579 thousand at 31 December 2021. Movements in intangible assets for the year ended 31 December 2021 are summarised in the following table:

(in thousands of euro)	Goodwill	Trademarks	Intellectual property rights	Key money	Other intangible assets	Assets in progress	Total
Cost							
As at 31.12.2020	**150,061**	**163,128**	**37,389**	**22,548**	**94,250**	**3,207**	**470,583**
Increases	0	517	2,113	0	7,865	9,898	20,393
Decreases	(437)	(51)	(1,338)	(977)	(2,236)	(1,367)	(6,406)
Exchange differences	648	256	330	292	16	(10)	1,532
Acquisition values	0	143,300	6,133	5,838	358	113	155,742
Other changes	0	17	589	(256)	781	(924)	207
Impairment							
As at 31.12.2021	**150,272**	**307,167**	**45,216**	**27,445**	**101,034**	**10,917**	**642,051**
Accumulated amortisation							
As at 31.12.2020	**81,827**	**49,357**	**34,515**	**18,088**	**74,418**	**0**	**258,205**
Amortisation	0	8,856	1,980	933	8,758	0	20,527
Decreases	(437)	(41)	(1,319)	(972)	(2,218)	0	(4,987)
Exchange differences	519	163	310	238	44	0	1,274
Acquisition values	0	0	5,515	5,838	358	0	11,711
Other changes	0	0	(2)	(256)	0	0	(258)
As at 31.12.2021	**81,909**	**58,335**	**40,999**	**23,869**	**81,360**	**0**	**286,472**
Net book value							
As at 31.12.2020	**68,234**	**113,771**	**2,874**	**4,460**	**19,832**	**3,207**	**212,378**
As at 31.12.2021	**68,363**	**248,832**	**4,217**	**3,576**	**19,674**	**10,917**	**355,579**

Among the movements, the Acquisition values item refers to the values of the assets obtained as a result of acquisition of the Jil Sander Group, expressed at fair value at the acquisition date.

Goodwill, the nature of which is described in the section of the notes dedicated to accounting policies, relates to the following acquisitions:

(€ thousand)	31.12.2021	31.12.2020
Marni	46,175	46,175
Diesel Japan	7,088	7,088
Diesel Canada	4,337	4,337
Viktor & Rolf	5,766	5,766
Other	4,997	4,868
Total	**68,363**	**68,234**

Other goodwill includes goodwill that arose from acquisitions by Group companies of business units, consisting mainly of stores.

Trademarks refer to the cost of purchasing and maintaining trademark rights. A breakdown of trademarks held by the Group is provided below:

(€ thousand)	31.12.2021	31.12.2020
Marni	105,700	110,734
Jil Sander	139,718	0
Other	3,414	3,037
Total	**248,832**	**113,771**

Jil Sander Resort 2022

The item Jil Sander is discussed in detail in the section dedicated to business combinations in 2021 in these Notes.

Other trademarks include Diesel, 55DSL, Martin Margiela and Viktor and Rolf.

Intellectual property rights include costs for the purchase of applications software and unlimited software user licences.

Other intangible assets mainly include capitalised expenditure on IT systems and on the Group's administrative and commercial infrastructure. The increases refer in part to investments in the new omni-channel direct e-commerce platform and in digital transformation projects.

The item Assets under construction and advances includes, almost for its entirety, the investments made by the Group to develop new IT applications, which at the end of the financial year were not yet in operation as they were not completed. Other changes relate primarily to investments in the new omni-channel direct e-commerce platform made in 2020 and which went live in 2021.

The impairment test (in compliance with IAS 36), carried out at the end of 2021 for all goodwill recognised in the financial statements, did not find any significant element that could lead to believe that these assets could be impaired. This test was carried out by determining the recoverable value with reference to the value in use and normally identifying the company or sub-group the company refers to as a CGU.

The impairment test was carried out in accordance with the methods with which management monitors business performance, identifying separate Cash Generating Units (CGUs) essentially on the basis of the various Business Worlds characterising the OTB Group, namely:

- Diesel Business World
- Staff International Business World
- Marni Business World
- Margiela Business World
- Jil Sander Business World

The impairment test was performed using the Discounted Cash Flow (DCF) method, aimed at determining the Value in Use of the identified cash generating unit (CGU).
The value in use was estimated by discounting operating cash flows, i.e. cash flows available before repayment of debt and shareholder remuneration (the Unlevered Discounted Cash Flow or UDCF method). These flows are discounted at a rate equal to the Weighted Average Cost of Capital or WACC, in order to obtain the Enterprise Value.
The WACC was determined separately for the various CGUs identified and in consideration of the geographical context in which they operate.
The forecast data of the Business Plan used for the purposes of the impairment test are those referring to the period 2022-2024.

A conventional period was used, at the end of which a terminal value was determined, using a growth rate in perpetuity ("g") of 0%.
For the purpose of discounting cash flows, a WACC was used, differentiated according to the Cash Generating Unit subject to impairment, considering the intrinsic characteristics of each. The average discount rate used is 8.6%.
The recoverable amounts determined were higher than the carrying amounts and, accordingly, no writedowns were recognised.
The result of the impairment test was subjected to sensitivity analysis, aimed at verifying the sensitivity of the results to changes in some of the main parameters of the estimate, within reasonable intervals and with non-conflicting hypotheses. The variables modified were the discount rate (between 7% and 12%) and the growth rate of terminal values(in the range 0% - 4%). The sensitivity analysis showed a relative stability of the results.
Note that for the purposes of carrying out the impairment test on goodwill Marni, the invested capital of the related CGU included, in addition to the goodwill, also that of the Marni brand: by virtue of this technicality, also the brand was therefore subject to impairment testing, albeit in the absence of impairment indicators. As stated above, no critical issues arose from the performance of the test.
No impairment indicators were identified relating to other tangible and/or intangible assets: it was therefore not necessary to formalise further impairment tests.

2. RIGHT OF USE ASSETS

The Right of use assets item represents the right to use the underlying assets of lease contracts. Changes in right of use assets for the year ended 31 December 2021 are shown in the following table:

(in thousands of euro)	Right of use assets - Buildings	Right of use assets - Other	Total
Cost			
As at 31.12.2020	**600,517**	**8,186**	**608,703**
Increases	96,787	3,015	99,802
Decreases	(40,030)	(91)	(40,121)
Exchange differences	12,703	8	12,711
Acquisition values	78,536	0	78,536
Other changes	(696)	0	(696)
Impairment			
As at 31.12.2021	**747,817**	**11,118**	**758,935**
Accumulated amortisation			
As at 31.12.2020	**214,147**	**2,573**	**216,720**
Amortisation	114,585	2,806	117,391
Decreases	(25,306)	(81)	(25,387)
Exchange differences	5,932	4	5,936
Acquisition values	40,143	0	40,143
Other changes	1,071	0	1,071
As at 31.12.2021	**350,572**	**5,302**	**355,874**
Net book value			
As at 31.12.2020	**386,370**	**5,613**	**391,983**
As at 31.12.2021	**397,245**	**5,816**	**403,061**

Buildings refers to rental contracts for shops, offices and other spaces. Other refers to rental contracts for vehicles and other assets.

Increases during the year mainly refer to the signing of new lease rental, while decreases mainly refer to the early termination of existing rental contracts.

The Group made recourse to the option of applying the practical expedient provided for in the amendment to IFRS16, Covid-19 Related Rent Concessions beyond 30 June 2021, for accounting reductions in lease payments granted by lessors that are a direct result of the Covid-19 epidemic. The adoption of this practical expedient enabled the lessee to recognise the reductions in lease payments relating to 2021 in the income statement for the current year, avoiding treating them as contractual amendments for the purposes of IFRS 16, with the beneficial effects of these being spread over the duration of the contracts.

This accounting allowed for a better correlation of store rental costs to the related service arising from use (and possibility of use) of the premises as well as sales, given that during the year almost all stores were temporarily closed due to restrictions imposed by local governments in response to the pandemic. Reference should be made to note (29) of these Notes for further details on the reductions in lease payments.

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3. PROPERTY, PLANT AND MACHINERY

Property, plant and equipment amount to Euro 153,763 thousand at 31 December 2021 compared to Euro 151,477 thousand at 31 December 2020. Movements in property, plant and equipment for the year ended 31 December 2021 are summarised in the following table:

(in thousands of euro)	Land and buildings	Plants and machinery	Office furniture and equipment	Improvements to third party goods	Other assets	Construction in progress	Total
Cost							
As at 31.12.2020	**125,514**	**58,689**	**169,544**	**201,464**	**34,029**	**837**	**590,077**
Increases	382	979	7,538	14,798	1,115	1,345	26,157
Decreases	(64)	(215)	(18,912)	(22,170)	(3,635)	(84)	(45,080)
Exchange differences	1	121	6,173	6,259	(263)	2	12,293
Acquisition values	2,389	3,101	7,973	28,096	160	30	41,749
Other changes	1,239	246	528	423	551	(409)	2,578
Impairment							
As at 31.12.2021	**129,461**	**62,921**	**172,844**	**228,870**	**31,957**	**1,721**	**627,774**
Accumulated amortisation							
As at 31.12.2020	**42,704**	**55,003**	**152,779**	**161,583**	**26,531**		**438,600**
Amortisation	3,632	1,576	8,551	13,736	2,397		29,892
Decreases	(64)	(213)	(18,633)	(20,842)	(3,559)		(43,311)
Exchange differences	0	98	5,773	5,186	(176)		10,881
Acquisition values	1,062	2,578	7,098	27,032	160		37,930
Other changes	0	5	18	8	(12)		19
As at 31.12.2021	**47,334**	**59,047**	**155,586**	**186,703**	**25,341**		**474,011**
Net book value							
As at 31.12.2020	**82,810**	**3,686**	**16,765**	**39,881**	**7,498**	**837**	**151,477**
As at 31.12.2021	**82,127**	**3,874**	**17,258**	**42,167**	**6,616**	**1,721**	**153,763**

Land and Buildings relate to the purchase and/or construction cost of buildings and to the purchase cost of land owned by certain Group companies.

Plant and machinery mainly relates to new machinery and the cost of installing general plant. Leasehold improvements mostly relate to the restructuring and alteration of leased premises accommodating the dedicated stores managed directly by the Group.

The increases and decreases in the classes Leasehold improvements and Office furniture and equipment mainly refer to the opening, restructuring and closure of stores located worldwide.

Other tangible assets consist mainly of company vehicles and industrial and commercial equipment.

Construction in progress and advance payments include capital expenditure by Group companies which had still to be completed at the balance sheet date.

As required by the Group's procedure for the analysis of indicators of impairment, at the year end, an assessment was performed of the potential existence of indicators of impairment with reference to internal and external information sources. Typically, external sources could be changes in the technological, economic and legal environment in which the Group operates, while external sources are corporate strategies that could change the intended use of the assets. From the analysis performed, no indicators of impairment were identified for the above asset category.

4. INVESTMENTS IN ASSOCIATES

Investments in associates as of 31 December 2021 amounted to Euro 30,285 thousand compared to Euro 24,563 thousand as of 31 December 2020 and refers to 20% of the shares of Atelier Luxury Group LLC, owner of the luxury brand AMIRI founded in Los Angeles in 2014, acquired by the subsidiary Marni USA Corp. in 2019. The investment was recognised in the consolidated financial statements using the equity method. The change in the value of the investment is summarised in the following table:

Measurement using the equity method at the beginning of the period	**24,563**
Profit/(Loss) for the period: pro rata	10,016
Dividends paid during the period	(6,399)
Trademark amortisation	(371)
Exchange differences	2,476
Measurement using the equity method at the end of the period	**30,285**
IS effect of equity method measurement of the investment	**9,645**

The following table summarizes the financial information of the Group's investment in Amiri:

(in thousands of euro)	31.12.2021	31.12.2020
Current assets	51,323	22,110
Non-current assets	8,943	2,315
Total assets	**60,266**	**24,425**
Shareholders' equity	(41,433)	(19,505)
Current liabilities	(16,527)	(3,725)
Non-current liabilities	(2,305)	(1,196)
Total liabilities	**60,266**	**24,425**

Statement of profit (loss) for the year of Atelier Luxury Group LLC (summary data):

(in thousands of euro)	31.12.2021	31.12.2020
Sales	135,238	52,096
Cost of sales	(40,078)	(17,477)
Personnel costs	(9,254)	(5,334)
Operating costs	(34,288)	(14,570)
Other expenses	(1,537)	(1,146)
Net Profit/(loss)	**50,081**	**13,570**

5. LEASE ASSETS

(in thousands of euro)	31.12.2021	31.12.2020	change
Non-current lease assets	634	929	(295)
Current lease assets	296	281	15
Total lease assets	**930**	**1,210**	**(280)**

Lease assets refer to subleasing out contracts. They are indicated by due date as follows:

(in thousands of euro)	Up to 1 year	From 1 to 5 years	Beyond 5 years	Total
Non-current lease assets	0	634	0	634
Current lease assets	296	0	0	296
Total lease assets	**296**	**634**	**0**	**930**

6. OTHER FINANCIAL ASSETS

(in thousands of euro)	31.12.2021	31.12.2020	change
Non-current financial assets	305	53	252
Current financial assets	4,779	13,773	(8,994)
Total financial assets	**5,084**	**13,826**	**(8,742)**

The item Non-current financial assets includes a loan of Euro 250 thousand disbursed by the parent company OTB S.p.A. in favour of Aura Blockchain Consortium, the consortium which OTB S.p.A. decided to join as a founding member, alongside major international luxury groups (LVMH, Prada Group and Cartier, a brand of the Richemont Group) with the aim of accelerating the Group's digital innovation. This loan agreement provides for additional tranches to be paid between 2022 and 2024. The loan, at a rate of 0.75%, is to be repaid by the end of 2024.

For details on the item Current financial assets, please refer to Note (26) regarding financial instruments.

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Jil Sander Women's Pre Fall 2022 Collection

7. OTHER NON-CURRENT ASSETS

The composition of other non-current assets at 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	31.12.2021	31.12.2020	change
Deposits	71	58	13
Other prepaid expenses	755	668	87
Other tax receivables	54	29	25
Guarantee deposits	35,611	32,483	3,128
Other receivables	2,714	1,923	791
Other non-current assets	**39,205**	**35,161**	**4,044**

Other prepaid expenses mainly include the non-current portion of advance payments made to a licensee to fit out certain flagship stores pending the licence agreement. Guarantee deposits mainly refer to deposits paid as security for lease contracts relating to stores.

8. DEFERRED TAX ASSETS

These include the allocation of benefits related to the temporary differences between assets and liabilities recorded in the financial statements and the corresponding tax values and taxes on losses that can be carried forward for tax purposes for which it is probable that future taxable income will be obtained. The composition of deferred tax assets at 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	31.12.2021	31.12.2020
Inventories writedown reserve	26,369	28,169
Risk provisions	19,113	21,576
Bad debt provision	4,026	4,530
Amortisation	23,992	27,301
Leases - IFRS16	5,795	4,939
Elimination of intercompany profits	20,248	20,381
Deferred tax assets on tax losses	2,727	15,693
Other temporary differences	15,107	13,292
Total	**117,377**	**135,881**

Deferred tax assets on tax losses decreased compared with the previous year due to the use of tax losses accrued in previous years, which were offset by higher taxable income generated during the year.

Current assets

(in thousands of euro)	31.12.2021	31.12.2020
Current assets	1,194,217	1,009,956

9. INVENTORIES

Inventories amount to Euro 277,938 thousand at 31 December 2021 compared to Euro 310,000 thousand at 31 December 2020. The composition of inventories at 31 December 2021 and 31 December 2020 is as follows:

	31.12.2021			31.12.2020			change
(in thousands of euro)	Gross	Provision	Net	Gross	Provision	Net	
Raw materials	51,830	(24,413)	27,417	41,445	(18,515)	22,930	4,487
Work in progress	22,151	(4,665)	17,486	19,697	(1,692)	18,005	(519)
Finished products	377,906	(144,871)	233,035	373,070	(104,005)	269,065	(36,030)
Total inventories	**451,887**	**(173,949)**	**277,938**	**434,212**	**(124,212)**	**310,000**	**(32,062)**

The net value of inventories decreased by Euro 32,062 thousand (-10%) while the related provision increased by Euro 49,737 thousand (+40%). The increase in the inventory writedown reserve compared with the previous year reflects the loss of margins or the overstocking generated with reference to the seasons and collections proposed during the pandemic.

10. TRADE RECEIVABLES

Trade receivables at 31 December 2021 amount to Euro 201,105 thousand, a decrease compared to the previous year of Euro 221,369 thousand. Trade receivables are stated net of an allowance for doubtful accounts of Euro 30,704 thousand. The composition of trade receivables at 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	31.12.2021	31.12.2020	changes
Trade receivables	231,809	256,733	(24,924)
Bad debt provision	(30,704)	(35,364)	4,660
Trade receivables, net	**201,105**	**221,369**	**(20,264)**

Jil Sander Men's Spring Summer 2022 Collection

Viktor&Rolf Tulle Collection Spring Summer 2021

Trade receivables arise from commercial transactions with domestic and foreign customers.

They do not include any amounts due beyond 1 year. Writedowns have been determined on a prudent basis that reflects both a review of individual accounts and the general risk of collection losses.

The adoption of IFRS 9 as from 2018 substantially changed the accounting for losses due to the reduction in value of the financial assets of the Group, replacing the incurred loss approach of IAS 39 with an Expected Credit Losses - ECL approach. IFRS9 requires the Group to recognise a write-down equal to the ECL for all debt instruments not held at fair value recognised in the income statement and for contractual assets.

Details of the gross amount of trade receivables by geographical area are shown below:

(in thousands of euro)	Italy	European Union	Rest of Europe	America	Rest of the world	Total
Trade receivables	83,046	48,917	15,112	20,915	63,819	231,809

The Group was not subject to any significant concentration of credit risk at the reporting date. At the reporting date, with reference to the countries affected by the war between Russia and Ukraine, the overall exposure has been mostly collected. As at 31 December 2021 and 31 December 2020, the ageing analysis of trade receivables is, as follows:

(in thousands of euro)	Total	Not past due	Past due				
			1-60 days	61-120 days	121-180 days	181-360 days	beyond 360 days
31.12.2021	231,809	158,857	36,411	8,564	3,626	4,501	19,850
31.12.2020	256,733	165,142	40,488	11,780	6,238	11,418	21,667

Movements in the allowance for doubtful accounts are summarised in the following table:

(in thousands of euro)	As at 1.1.2021	Conversion difference	Provisions	Utilisations	Other movements	As at 31.12.2021
Bad debt provision	35,364	485	2,640	(9,045)	1,260	30,704

11. TAX RECEIVABLES

Current tax assets amount to Euro 12,517 thousand at 31 December 2021 (Euro 7,368 thousand at 31 December 2020). The composition of current tax assets receivables at 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	31.12.2021	31.12.2020	change
Income tax receivable	12,517	7,332	5,185
Other tax receivables	0	36	(36)
Total tax receivables	**12,517**	**7,368**	**5,149**

Income tax receivables mainly include the following mainly:

- Euro 3,944 thousand consisting of an IRES receivable arising from domestic tax group arrangements;
- Euro 1,001 thousand consisting of an IRAP receivable;
- Euro 4,189 thousand of which is due to the positive conclusion of the Mutual Agreement Procedures between the Italian Republic and Spain, in relation to the tax years 2011, 2012, 2013 and 2014 and with Denmark, in relation to the tax years 2009, 2010 and 2011, against which a refund request was submitted in December 2021.

The remainder relates to amounts due from the tax authorities of the various countries where the subsidiaries are located. It should be noted that the parent company OTB S.p.A., as the parent company, together with its Italian subsidiaries, adheres to the group taxation regime called "National Consolidation" provided for by art. 117 to 129 of the Italian Consolidated Law on Income Tax.

Maison Margiela Icons Collection 2021

12. OTHER CURRENT ASSETS

Other current assets consist solely of amounts due within one year and include:

(in thousands of euro)	31.12.2021	31.12.2020	change
VAT credits	**33,785**	**33,242**	**543**
Other tax receivables	**6,735**	**3,225**	**3,510**
Amounts due from employees	425	731	(306)
Amounts due from agents	115	63	52
Guarantee deposits	393	215	178
Other receivables	36,464	32,034	4,430
Total other receivables	**37,397**	**33,043**	**4,354**
Accrued income	**202**	**73**	**129**
Deferred lease and rental income	2,668	1,274	1,394
Prepaid maintenance expenses	2,407	733	1,674
Prepaid insurance premiums	246	105	141
Other prepaid expenses	29,881	20,752	9,129
Total Prepaid expenses	**35,202**	**22,864**	**12,338**
Total other current assets	**113,321**	**92,447**	**20,874**

VAT credits include the VAT credit for the third quarter of 2021 of Euro 7,142 thousand requested as a refund within the scope of the Group VAT. The item Other tax receivables mainly includes:

- Euro 4,417 thousand consisting of the tax receivable for research and development, technological innovation, design and aesthetic conception activities, the costs of which were incurred during the year; during 2021, the Group did not offset tax receivables deriving from Research and Development, technological innovation, design and aesthetic conception investments for 2020;
- Euro 1,012 thousand for the tax credit for competitiveness and employment (CICE) with the French tax authority.

Other receivables include Euro 24,461 thousand of advance payments made on royalties and advertising fees to licensees by a Group company. Euro 4,105 thousand refer to a receivable form the German government for a grant accruing during the year. The remaining part mainly refers to advances paid to service providers.

Other prepaid expenses mainly include advance payments for services invoiced during the year that relate to the following accounting period, royalty costs relating to future years and the current portion of advance payments made to a licensee to fit out corners and flagship stores as provided for by the licence agreement.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2021 amount to Euro 584,261 thousand (Euro 364,718 thousand at 31 December 2020). The composition thereof is as follows:

(in thousands of euro)	31.12.2021	31.12.2020	change
Bank and postal demand deposits	581,724	362,524	219,200
Cash and cash equivalents	2,537	2,194	343
Total	**584,261**	**364,718**	**219,543**

Shareholders' equity

(in thousands of euro)	31.12.2021	31.12.2020
Shareholders' equity	1,013,737	878,067

The changes recorded in net equity items in the financial year 2021 and in the previous year are presented in a specific table of the Notes.

14. GROUP SHAREHOLDERS' EQUITY

Shareholders' Equity attributable to the Group at 31 December 2021 amount to Euro 1,007,972 thousand (Euro 874,458 thousand at 31.12.2020).
The increase in group Shareholders' Equity in 2021 compared to 31 December 2020, amounting to Euro 133,514 thousand, mainly reflects, on the one hand, the net profit of the Group (Euro 140,542 thousand) and the positive change in the currency translation reserve (Euro 3,897 thousand) and, on the other, the negative change in the hedge accounting treatment of financial instruments (Euro 6,797 thousand) and the distribution of dividends (Euro 5,000 thousand).

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Share capital

Share capital as of 31 December 2021 is fully subscribed and paid-in and totals Euro 25,000 thousand.

Other reserves

Other reserves are detailed below:

(in thousands of euro)	31.12.2021	31.12.2020	change
First time adoption reserve	(146,389)	(146,389)	0
Reserve for future capital increase	148,318	148,318	0
Extraordinary reserve	333,537	320,616	12,921
Consolidation reserve and retained earnings	513,030	528,525	(15,495)
Total Other reserves	**848,496**	**851,070**	**(2,574)**

A reconciliation of equity and profit for the year as reported by OTB S.p.A. to the amounts reported in the consolidated financial statements is provided in the following table

(in thousands of euro)	31.12.2021		31.12.2020	
	Profit for the year	Shareholders' equity	Profit for the year	Shareholders' equity
As per the income and financial situation of OTB S.p.A. IFRS compliant	12,341	536,899	11,084	529,722
Results of consolidated companies	79,060	1,693,490	14,406	1,572,742
Reversal of intercompany dividends received	(26,039)	0	(26,623)	0
Acquisition income	130,232	0	0	0
Elimination of intercompany profits in inventories of consolidated subsidiary companies, net of taxes	2,587	(55,964)	671	(52,668)
Consolidation differences	0	61,698	0	61,698
Goodwill arising on consolidation allocated to trademarks (including deferred tax liabilities)	(3,629)	76,210	(3,629)	79,839
Value attributed to Trademark from acquisitions (including deferred tax liabilities)	(2,583)	100,736	0	0
Book value of equity investments in consolidated companies	0	(1,507,446)	0	(1,309,306)
Consolidation adjustments to consolidated equity investments	(2,789)	(2,799)	6,010	(10)
Consolidation adjustments to consolidated equity investments (JS)	0	147,201	0	0
Reversal of reserve for retail channel returns net of taxes	289	5,729	1,155	5,440
Reversal of the release of deferred tax assets not recognised in the consolidated accounts	0	20,337	0	20,337
Other consolidation adjustments	(47,497)	(62,354)	(2,152)	(29,727)
As per consolidated financial statements	**141,972**	**1,013,737**	**922**	**878,067**
Attributable to non-controlling interests	1,430	5,765	(632)	3,609
Profit and equity attributable to the Group	**140,542**	**1,007,972**	**1,554**	**874,458**

For the purposes of a better representation of the connection between the profit for the year and the shareholders' equity of the company OTB S.p.A. and the corresponding consolidated values, it was considered appropriate to attribute the impact of the consolidation entries on the Result and on the total net assets instead of on the Result and net equity attributable to the Group.

15. CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Capital and reserves attributable to non-controlling interests at 31 December 2021 amount to Euro 5,765 thousand (Euro 3,609 thousand at 31.12.2020).

The non-controlling interests in companies consolidated line-by-line as of 31 December 2021 are listed below:

	31.12.2021	31.12.2020
Brave Kid S.r.l.	10%	10%
Diesel Fashion India Reliance Pvt. Ltd.	49%	49%
Brand Name Company B.V.	30%	30%
Viktor & Rolf B.V.	30%	30%
Marni Retail Espana S.A.	34.5%	34.5%
Marni Hong Kong Ltd.	0%	49%

Non-current liabilities

(in thousands of euro)	31.12.2021	31.12.2020
Non-current liabilities	540,901	565,117

16. LEASE LIABILITIES

(in thousands of euro)	31.12.2021	31.12.2020	change
Non-current lease liabilities	351,033	309,050	41,983
Current lease liabilities	97,060	99,999	(2,939)
Total lease liabilities	**448,093**	**409,049**	**39,044**

Lease liabilities refer to subleasing in contracts. For further details, please refer sections on the new accounting standards and on assessment criteria in these Notes.

Lease liabilities are broken down by maturity date as follows:

(in thousands of euro)	Up to 1 year	From 1 to 5 years	Beyond 5 years	Total
Non-current lease liabilities	0	254,065	96,968	351,033
Current lease liabilities	97,060	0	0	97,060
Total lease liabilities	**97,060**	**254,065**	**96,968**	**448,093**

17. NON-CURRENT FINANCIAL LIABILITIES

Details of non-current financial liabilities are provided below:

(in thousands of euro)	31.12.2021	31.12.2020	change
Loans from third parties	80,174	199,838	(119,664)
Non-current financial liabilities	**80,174**	**199,838**	**(119,664)**

The decrease in the item compared to the previous year mainly relates to two bank loans, for a total value of Euro 120,000 thousand, which were reclassified under current financial liabilities, note (25) of these Notes, since they will be repaid during the first quarter of 2022. The residual amount of Euro 80,000 thousand refers to a loan that will be repaid in the third quarter of 2023. The loans were accounted using the amortised cost method.

Financial liabilities summarised by due date are as follows:

(in thousands of euro)	Up to 1 year	From 1 to 5 years	Beyond 5 years	Total
Loans from third parties	0	80,174	0	80,174
Total long term loans	**0**	**80,174**	**0**	**80,174**

The Group's net cash/debt at 31 December 2021 and 31 December 2020 is summarised below. It should be noted that the net financial position has been determined with ample reference to the "Recommendations for the consistent implementation of the European Commission's regulation on prospectuses" issued by Consob.

(in thousands of euro) Net financial position		31.12.2021	31.12.2020
A.	Cash	2,537	2,194
B.	Other cash equivalents	581,724	362,524
C.	Total cash and cash equivalents (A+B)	584,261	364,718
D.	Current lease assets	296	281
E.	Current loans receivable	4,779	13,773
F.	Current bank payables	(1,760)	(580)
G.	Other current financial payables	(124,545)	(3,471)
H.	Current payables (F+G)	(126,305)	(4,051)
I.	Current lease liabilities	(97,060)	(99,999)
J.	Current net financial position (C+D+E+H+I)	365,971	274,722
K.	Non-current lease assets	634	929
L.	Non-current financial payables	(80,174)	(199,838)
M.	Non-current lease liabilities	(351,033)	(309,050)
N.	Non-current net financial position (K+L+M)	(430,573)	(507,959)
O.	**Net financial position (J+ N)**	**(64,602)**	**(233,237)**

Excluding current and non-current assets and liabilities related to the recognition of usage rights, according to IFRS16, the Group's Net Financial Position as of 31 December 2021 and 31 December 2020 would be as follows:

(in thousands of euro) Net financial position		31.12.2021	31.12.2020
A.	Cash	2,537	2,194
B.	Other cash equivalents	581,724	362,524
C.	Total cash and cash equivalents (A+B)	584,261	364,718
D.	Current loans receivable	4,779	13,773
E.	Current bank payables	(1,760)	(579)
F.	Other current financial payablesi	(124,545)	(3,472)
G.	Current loans and borrowings (E+F)	(126,305)	(4,051)
H.	Current net financial position (C+D+G)	462,735	374,440
I.	Non-current financial payables	(80,174)	(199,838)
J.	Other non-current financial payables	0	0
K.	Non-current net financial position (I+J)	(80,174)	(199,838)
L.	**Net financial position (H+K)**	**382,561**	**174,602**


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18. PROVISIONS FOR RISKS AND CHARGES

The composition of provisions at 31 December 2021 and movements therein for the year then ended are set out as follows:

(in thousands of euro)	Provision for tax disputes	Provision for returns	Provision for discounts	Provision for legal disputes	Provision for agent indemnities	Provision for leasehold restoration	Other provisions	Total
As at 1.1.2021	**3,105**	**20,576**	**2,998**	**4,088**	**2,077**	**9,198**	**59,761**	**101,803**
Increases during year	14,369	10,895	1,832	304	301	1,806	11,826	41,333
Uses/Releases	0	(13,136)	(1,227)	(916)	(375)	(1,407)	(14,905)	(31,966)
Acquisition values	0	780	0	0	0	0	14,283	15,063
Reclassifications	0	0	0	0	0	0	0	0
Exchange differences	0	113	48	99	0	(212)	288	336
As at 31.12.2021	**17,474**	**19,228**	**3,651**	**3,575**	**2,003**	**9,385**	**71,253**	**126,569**
Current	15,982	19,228	3,651	3,575	2,003	822	53,401	98,662
Non-current	1,492					8,563	17,852	27,907

The provision for returns relates to the cost of potential returns by customers subsequent to the year end in respect of sales made during the financial year. The provision for discounts relates to year end discounts and allowances payable to customers.

The provision for legal disputes relates to legal disputes that were still pending as of 31 December 2021. The provision for agent indemnities relates to obligations of certain Group companies for agent indemnities and represents a prudent estimate of the liability to agents that would arise if agency agreements were terminated under circumstances defined in the relevant legislation.

The provision for leasehold restoration meets contractual obligations to return a leased property to the lessor at the end of the lease term in a specified condition.
Other provisions refers to the allocation for certain or probable charges whose date of occurrence has not yet been defined.

19. POST-EMPLOYMENT BENEFIT PLAN LIABILITIES

Post-employment benefit plan liabilities relate entirely to the provision for employee termination indemnities:

(in thousands of euro)	31.12.2021	31.12.2020	change
Net employee benefit liabilities	8,856	9,644	(788)
Other employee benefit liabilities	0	0	0
Post-employment benefit plan liabilities	**8.856**	**9.644**	**(788)**

As a result of changes made to the provision for employee termination indemnities by Law 296 of 27 December 2006 (2007 Finance Act) and by subsequent decrees and regulations issued in early 2007, the provision for employee termination indemnities of Group companies accruing from 1 January 2007 onwards, or from the date on which an employee indicated his choice from the options available thereto, is recognised as a defined contribution plan, regardless of whether the employee opted for a supplementary pension scheme or for the INPS Treasury Fund. Accordingly, the accounting treatment accorded to the provision for employee termination indemnities is similar to that for the payment of contributions of a different nature, given that they do not envisage any annual service cost.
Due to the immaterial difference, which is remeasured at the year end, between the face value of the obligations relating to the defined benefit plan and the amount thereof determined on the basis of actuarial assumptions, the "Severance Indemnity" accrued up to 31 December 2006 is represented at face value, thus assuming that the related actuarial gains and losses are nil.

20. OTHER NON-CURRENT LIABILITIES

Details of other non current liabilities are shown below:

(in thousands of euro)	31.12.2021	31.12.2020	change
Amounts due to social security and welfare institutions	28	27	1
Amounts due to employees	28	21	7
Deferred income	226	277	(51)
Current tax liabilities	93	83	10
Other payables	73	0	73
Other non-current liabilities	**448**	**408**	**40**

21. DEFERRED TAX LIABILITIES

The table below provides a breakdown of deferred tax liabilities at 31 December 2015 and 2014:

(in thousands of euro)	31.12.2021	31.12.2020
Fixed assets	68,628	31,089
Leases - IFRS16	184	280
Exchange differences	484	445
Other	3,187	3,049
Total	**72,483**	**34,863**

Deferred tax liabilities relating to non-current assets mainly consist of intangible assets, the consolidated carrying amount thereof is significantly higher than their tax basis (especially the Marni trademark and the Jil Sander trademark, the consolidated carrying amount of which reflects a purchase price allocation made subsequent to the business combination).

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Current liabilities

(in thousands of euro)	31.12.2021	31.12.2020
Current liabilities	739,788	519,197

22. TRADE PAYABLES

Trade payables at 31 December 2021 amount to Euro 286,492 thousand, representing an increase of Euro 58,454 thousand compared to 31 December 2020.

(in thousands of euro)	31.12.2021	31.12.2020	change
Trade payables	286,492	228,038	58,454

The change in the year is attributable to normal trading activities.

23. OTHER CURRENT LIABILITIES

Other current liabilities at 31 December 2021 amount to Euro 123,240 thousand, an increase compared to the previous year of Euro 35,430 thousand.
Details thereof are shown below:

(in thousands of euro)	31.12.2021	31.12.2020	change
Customer advance payments	19,363	14,551	4,812
Amounts due to employees	40,137	21,867	18,270
Amounts due to social security and welfare institutions	15,528	12,424	3,104
Due to others	9,952	3,191	6,761
Total other payables	**84,980**	**52,033**	**32,947**
VAT payable	**10,208**	**12,044**	**(1,836)**
Withholding tax payable	**7,707**	**7,962**	**(255)**
Other current tax liabilities	**2,338**	**1,301**	**1,037**
Accrued lease and rental expenses	2,251	172	2,079
Accrued service expenses	612	689	(77)
Accrued maintenance expenses	0	0	0
Other accrued expenses	10,247	6,678	3,569
Total accrued expenses	**13,110**	**7,539**	**5,571**
Deferred lease and rental income	71	66	5
Deferred royalty income	3,000	6,000	(3,000)
Other prepaid expenses	1,826	865	961
Total deferred income	**4,897**	**6,931**	**(2,034)**
Other current liabilities	**123,240**	**87,810**	**35,430**

The item Deferred royalty income refers to royalties already paid by the licensees of the DIESEL trademark and refer to 2022.

24. CURRENT TAX LIABILITIES

Income tax payable may be broken down as follows:

(in thousands of euro)	31.12.2021	31.12.2020	change
Income tax payable	8,029	8,810	(781)
Current tax liabilities	**8,029**	**8,810**	**(781)**

Income tax payable is recognised net of current tax receivables, where the offset relates to the same jurisdiction and the same taxation.
Income tax payable includes Euro 2,000 thousand in substitute tax due on the 3% revaluation of the Diesel trademark made in 2020. The payable, originally amounting to Euro 3,000 thousand, was decreased due to the payment of the first tranche in 2021.

25. CURRENT FINANCIAL LIABILITIES

Details of current financial liabilities are provided below:

(in thousands of euro)	31.12.2021	31.12.2020	change
Bank overdrafts	1,760	579	1,181
Derivative financial instruments	4,335	3,358	977
Other current financial liabilities	120,210	114	120,096
Total financial liabilities	**126,305**	**4,051**	**122,254**

Financial liabilities summarised by due date are as follows:

(in thousands of euro)	Up to 1 year	From 1 to 5 years	Beyond 5 years	Total
Bank overdrafts	1,759	0	0	1,759
Derivative financial instruments	4,335	0	0	4,335
Other current financial liabilities	120,211	0	0	120,211
Total financial liabilities	**126,305**	**0**	**0**	**126,305**

The item Other current financial liabilities refers to the two bank loans received by OTB S.p.A. in the previous year and which will be repaid in the first quarter of 2022 and which have already been mentioned in note (17) of these Notes. These loans were recognised using the amortised cost method.

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26. FINANCIAL INSTRUMENTS

The classification of financial instruments in accordance with IFRS 9 affects various components of the financial statements. The table below shows the carrying amount of financial instruments by category together with their fair value at 31 December 2021 and 31 December 2020.

Financial assets	31.12.2021			31.12.2020		
	Book value		*Fair value*	Book value		*Fair value*
(in thousands of euro)	Current portion	Non-current portion		Current portion	Non-current portion	
Financial assets at fair value through profit or loss						
- Derivatives not designated as hedging instruments						
Financial assets available for sale						
Other financial assets	81	305	386	630	53	683
Cash and cash equivalents	584,261	0	584,261	364,718	0	364,718
Derivatives designated as hedging instruments	4,698	0	4,698	13,143	0	13,143
Total	**589,040**	**305**	**589,345**	**378,491**	**53**	**378,544**

Financial liabilities	31.12.2021			31.12.2020		
	Book value		*Fair value*	Book value		*Fair value*
(in thousands of euro)	Current portion	Non-current portion		Current portion	Non-current portion	
Other financial liabilities	120,211	80,174	200,385	114	199,838	199,952
Bank overdrafts	1,759	0	1,759	579	0	579
Financial liabilities at fair value through profit or loss						
- Derivatives not designated as hedging instruments						
Derivatives designated as hedging instruments	4,335	0	4,335	3,358	0	3,358
Total	**126,305**	**80,174**	**206,479**	**4,051**	**199,838**	**203,889**

The carrying amount of financial assets and liabilities outstanding at 31 December 2021 is considered a reasonable approximation of the fair value, given their nature. In certain other cases, determination of the fair values is carried out according to methodologies that can be classified as Level 2[1] of the hierarchy of levels of significance of the data used in determining the fair value, as determined by IFRS 7.

The Group uses internal valuation models, which are generally used for financial modelling in practice, based on prices provided by market operators or by quoted market prices in active markets obtained from leading info-providers. For the determination of the fair value of derivatives, a pricing model is used based on market interest rates and exchange rates prevailing at the measurement date.

27. GUARANTEES PROVIDED AND OTHER COMMITMENTS

Guarantees provided and guarantees received are shown below:

(in thousands of euro)	Description	Beneficiaries	31.12.2021	31.12.2020
Guarantees provided:				
	Bank guarantees	Third parties	23,517	21,511
	Other guarantees	Third parties	1,201	1,648
	Total guarantees granted		**24,718**	**23,159**
Guarantees received:				
	Bank guarantees	Third parties	10,001	8,905
	Other guarantees	Third parties	517	1,261
	Letters of credit	Clients	20,492	14,869
	Total guarantees received		**31,010**	**25,035**

1 As indicated by IFRS 7, the hierarchy used consists of the following levels:
- level 1: quoted market prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices (level 1) that are directly or indirectly observable for the asset or liability;
- level 3: input relating to assets and liabilities that is not based on observable market data.

The guarantees provided include Euro 15,409 thousand of bank guarantees issued in favour of the Tax Office of the Provincial Administration of Vicenza for:

- Diesel Italia S.r.l. as collateral for a VAT refund requested for 2019 of Euro 827 thousand and for 2020 of Euro 130 thousand;
- Diesel S.p.A, as collateral for a VAT refund requested for the year 2019 for Euro 2,417 thousand;
- Margiela S.a.s. Italian Branch,, as collateral for a VAT refund requested for 2018 of Euro 7,755 thousand and for 2019 of Euro 3,502 thousand;
- PC S.r.l. in liquidation, as collateral for a VAT refund requested for 2018 of Euro 471 thousand and for 2019 of Euro 307 thousand; these guarantees remain in place until their natural expiry, despite the fact that the company ceased trading in 2020.

The other guarantees given, on the other hand, refer, for the amount of Euro 633 thousand, to guarantees issued in favour of Agencia Estatal de la Administraciòn Tributaria, for an ongoing dispute with the subsidiary Diesel Iberia S.A.

COMMENTARY ON KEY COMPONENTS OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The main changes in the components of the consolidated statement of profit or loss are shown in the notes which follow. More comprehensive comments on trends in the Group's results are contained in the directors' report.

28. REVENUE

Revenue from sales of goods and services amount to Euro 1,487,572 thousand (Euro 1,268,134 thousand in 2020), up 17.3% on the prior year. Sales revenue is stated net of returns and discounts.
Revenue from sales of goods and services consists of the following:

(in thousands of euro)	2021	2020	change
Revenue from sales of products and services	1,449,110	1,232,069	217,041
Revenue from sales of other materials	6,871	5,534	1,337
Revenues from sales	**1,455,981**	**1,237,603**	**218,378**
Royalties	**31,591**	**30,531**	**1,060**
Revenues from sales and services	**1,487,572**	**1,268,134**	**219,438**

The breakdown of Revenue by geographical area is shown below:

(in thousands of euro)	Italy	European Union	Rest of Europe	America	Rest of the world	Total
Revenue	276.5	354.0	142.5	161.4	553.2	1.487.6
% of revenue	18.6%	23.8%	9.6%	10.8%	37.2%	100.0%

29. OTHER OPERATING INCOME

Other operating income amounts to Euro 42,155 thousand and consists of the following:

(in thousands of euro)	2021	2020	change
Sundry revenues and income	6,121	13,830	(7,709)
Recoveries of costs and compensation for damages	25,080	17,230	7,850
Lease income	8,860	15,795	(6,935)
Gains on disposals of non-current assets	2,094	1,582	512
Total other operating income	**42,155**	**48,437**	**(6,282)**

Viktor&Rolf Mariage Collection FW21

The item Recoveries of costs and compensation for damages includes Euro 2,507 thousand (Euro 2,286 thousand in 2020) for the tax credit for research and development, technological innovation, design and aesthetic conception, activities carried out in the year, pursuant to Art. 1, paragraphs 198 to 208 of Law no. 160 of 27 December 2019. Euro 4,105 thousand refer to a receivable form the German government for a grant accruing during the year. Euro 4,480 thousand refer to aid and grants provided by the governments of the countries in which the Group operates, with the aim of ensuring that companies survive during the period of the pandemic emergency and helping them recover.

Euro 8,543 thousand of the item Lease income refers to reductions in lease payments granted by lessors as a direct consequence of the Covid-19 epidemic, which were accounted for with impact on the income statement for the full value, as allowed by the Amendment to IFRS16 Covid-19 Related Rent Concession beyond 30 June 2021 discussed in the section on new accounting standards of these Notes.

As required by Law no. 124/2017, as amended, the following table shows the payments received by the Group during the year:

Disbursing entity (in thousands of euro)	Area of intervention	2021
Fondimpresa	Training	158
Total		**158**

Jil Sander Men's Fall Winter 2022 Collection

30. INCOME FROM ACQUISITIONS

Income from acquisitions amounting to Euro 130,232 thousand is the result of the comparison between the fair value of the net assets acquired from the Jil Sander Group and the consideration for the transaction concluded. For further details, please refer to in the section dedicated to Business Combinations in 2021 in these Notes.

31. CHANGE IN INVENTORIES

The change in inventories of raw materials, semi-finished products and finished products went from Euro 44,068 thousand in 2020 to Euro 48,981 thousand in 2021. Reference should be made to note (9) of these Notes for details on the changes in inventories.

32. PURCHASES

The composition of purchases for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Finished products	317,411	267,711	49,700
Raw materials	80,857	70,487	10,370
Consumable materials	3,130	2,776	354
Total Purchases	**401,398**	**340,974**	**60,424**

33. LEASE AND RENTAL COSTS

The composition of lease and rental costs for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	changes
Royalties on trademarks and licences	20,934	19,329	1,605
Rental expense	61,268	56,954	4,314
Hire and rental costs	6,851	6,502	349
Lease and rental costs	**89,053**	**82,785**	**6,268**

Maison Margiela Icons Collection 2021

The increase in the item Rental expense mainly refers to the increase in the variable component of store lease payments and is explained by recovery in sales compared to the previous year, which was significantly affected by the lockdown periods and restrictive measures imposed by local governments in the various countries in which the Group operates in response to the pandemic.

34. COST OF SERVICES

The composition of cost of services received for the year ended 31 December 2021 compared to the situation at 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Industrial and technical services	120,333	104,866	15,467
Logistics and distribution	51,234	43,642	7,592
Sales commissions	34,100	26,972	7,128
Commercial services	5,562	4,058	1,504
Advertising and communication services	70,005	53,310	16,695
Legal, tax and administrative consultants	5,289	4,886	403
Maintenance services	14,877	11,251	3,626
Financial services	10,421	9,504	917
Insurance services	2,594	1,866	728
General services	15,885	14,528	1,357
Employee services	12,345	10,086	2,259
Emoluments of company officers	13,592	7,388	6,204
Other services	61,571	43,151	18,420
Total cost of services received	**417,808**	**335,508**	**82,300**

Emoluments of company officers include Directors' remuneration of Euro 12,515 thousand., Statutory Auditors' remuneration of Euro 119 thousand and auditing fees of Euro 958 thousand.

35. PERSONNEL COSTS

The composition of Personnel costs for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Wages and salaries	236,653	208,003	28,650
Social security contributions	50,551	44,452	6,099
Pension costs	3,885	2,365	1,520
Severance payments and employee termination indemnities	7,934	16,005	(8,071)
Other personnel costs	1,277	5,201	(3,924)
Personnel costs	**300,300**	**276,026**	**24,274**

Employee numbers at 31.12.2021 and 31.12.2020 are set out below.

	31.12.2021	31.12.2020	change
no, of employees	5,980	5,473	507

36. OTHER OPERATING EXPENSES

The composition of other operating expenses for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Advertising material	10,739	7,892	2,847
Consumable materials	9,249	7,435	1,814
Taxation on rental costs	2,695	4,264	(1,569)
Other tax and duties	4,191	4,872	(681)
Contributions for corners and flagship stores	1,442	2,632	(1,190)
Loss on disposal of non-current assets	760	214	546
Other costs	11,696	12,270	(574)
Total other operating expenses	**40,772**	**39,579**	**1,193**

37. AMORTISATION

The composition of depreciation and amortisation expenses for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Depreciation of tangible fixed assets	29,892	29,949	(57)
Amortisation of intangible fixed assets	20,527	15,939	4,588
Amortisation of rights of use	117,391	116,067	1,324
Total depreciation and amortisation	**167,810**	**161,955**	**5,855**

For details of depreciation and amortisation expenses, please see notes (1) and (3) of these Notes which analyse the changes in these two classes in detail.

Amortisation of rights of use refers to the amortisation of the right of use the underlying assets of lease contracts.

For further details, please refer to note (2) and to the sections on the new accounting standards in these Notes.

38. PROVISIONS AND IMPAIRMENT LOSSES

The composition of provisions and impairment losses for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Provisions for risks and charges	4,311	11,794	(7,483)
Writedown of receivables	1,746	8,586	(6,840)
Writedown of non-current assets	1,172	1,761	(589)
Total depreciation, amortisation and writedowns	**7,229**	**22,141**	**(14,912)**

Viktor&Rolf AW21 The New Royals

Provisions for risks and charges relate to provisions made by some Group companies for contingencies as of 31 December 2021 for future charges.

39. FINANCIAL INCOME

The composition of finance income for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Bank interest	102	200	(98)
Other interest income	252	351	(99)
Interest on lease assets	8	9	(1)
Other financial income	1,056	2,264	(1,208)
Total financial income	**1,418**	**2,824**	**(1,406)**

40. MEASUREMENT OF EQUITY INVESTMENTS IN ASSOCIATED COMPANIES USING THE EQUITY METHOD

The composition of Measurement of equity investments in associated companies using the equity method for the year ended 31 December 2021 compared to the situation as at 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Measurement of equity investments in associated companies using the equity method	9,645	2,330	7,315
Total Measurement of equity investments in associated companies using the equity method	**9,645**	**2,330**	**7,315**

For further details, see note (4) in these Notes.

41. FINANCIAL COSTS

The composition of finance costs for the years ended 31 December 2021 and 31 December 2020 is as follows:

(in thousands of euro)	2021	2020	change
Bank interest expense	1,497	1,416	81
Interest on lease liabilities	9,607	9,300	307
Other interest expense	720	52	668
Other financial expense	4,889	6,539	(1,650)
Total financial expense	**16,713**	**17,307**	**(594)**

Interest on lease liabilities refers to interest accruing on lease liabilities.
For further details, please refer to the sections on assessment criteria and the new accounting standards in these Notes.

42. EXCHANGE GAINS (LOSSES)

Exchange Gains (Losses) of Euro 2,050 thousand (Euro 581 thousand at 31 December 2020) include realised gains and losses on foreign exchange, as well as unrealised gains and losses.

43. INCOME TAX

The composition of income tax expense for the years ended 31 December 2021 and 31 December 2020 is as follows:


Viktor&Rolf Tulle Collection Spring Summer 2021

(in thousands of euro)	2021	2020	change
IRES	12,442	18,966	(6,524)
IRAP (Regional Business Tax)	4,217	4,652	(435)
Other income taxes	24,428	6,121	18,307
Total current taxes	**41,087**	**29,739**	**11,348**
Deferred tax liabilities	4,260	(22,754)	27,014
Prior year taxation	(4,311)	(5,944)	1,633
Total deferred and prior year taxation	**(51)**	**(28,698)**	**28,647**
Total income tax expense	**41,036**	**1,041**	**39,995**

The IRES item relates to the taxes resulting from the tax consolidation referred to in note (11).

The item "Deferred taxes" includes the taxes calculated on the temporary differences emerging between the accounting values of the assets and liabilities and the corresponding tax values. During the year, all the deferred tax assets on tax losses resulting from domestic tax consolidation, as mentioned in note (11) of these Notes, were used due to the higher taxable income generated.

Set out below is a reconciliation of the tax charge:

(in thousands of euro)	2021	%	2020	%
Profit before tax	183,008	100.0%	1,963	100.00%
Theoretical taxes	43,922	24.0%	471	24.0%
Effect of different rates in force in other countries	(6,477)	-3.5%	(3,581)	(182.43)%
IRAP (Regional Business Tax)	3,591	2.0%	4,151	211.46%
Actual tax charge	**41,036**	**22.4%**	**1,041**	**53.03%**

44. RELATED PARTY TRANSACTIONS

The table below provides details of related party transactions and balances. The companies indicated have been identified as related parties because they are linked directly or indirectly to the majority shareholders of OTB Group.

Details of OTB Group's balances with related parties at 31 December 2021 and transactions for the year then ended are provided below.

(in thousands of euro)	Name/Role	Fee	Sales	Purchases of goods and services	Rents	Receivables at 31/12/2021	Payables at 31/12/2021
Members of the Board of Directors	Totale Amministratori	12,515					
	Directors (Viktor & Rolf BV)		-	1,772	-	-	938
Companies associated with Group companies:							
	Reliance Brands Limited/JV Partners		593	28	-	576	208
Companies related to the majority shareholders of OTB:							
	BREBIS MADRID SLU		-	30	-	-	-
	BBSVR		-	33	-	-	4
	Red Circle S,r,l,		61		9,071	11	104
	Red Circle NY		1		2,802	-	-
Total			**655**	**1,863**	**11,873**	**587**	**1,254**

45. SIGNIFICANT EVENTS SUBSEQUENT TO 31 DECEMBER 2021

Details of significant events subsequent to the reporting date for these consolidated financial statements are disclosed in the directors' report.

46. COVID-19

In December 2019, a new strain of Coronavirus, known as COVID-19, was reported. The World Health Organization declared COVID-19 a "public health emergency of international concern" on 30 January 2020, and a global pandemic on 11 March 2020. COVID-19 adversely affected global economic conditions in 2020, and as vaccination campaigns were initiated worldwide, adverse health and economic effects in 2021 were limited or at least greatly reduced. Since COVID-19 has had and has an impact on the domestic economy and that of other countries worldwide, the Company continued to put in place appropriate measures to effectively limit the effects of the ongoing emergency:

- Adopting safety protocols in order to ensure the best health standards for its workforce;
- Requesting access to the social security measures (FIS), advancing the amounts to employees in order to reduce their inconvenience as much as possible;
- Adopting as many remote working solutions as possible that are compatible with the company's organisation;
- Verifying the possibility of access to the support measures provided for in the Decrees issued by the Government.

We continue to closely monitor the impact of COVID-19 on our business and geographic areas, but with a definitely more optimistic approach given the effectiveness of vaccination campaigns or the probability that a so-called endemic phase will begin.

47. BUSINESS CONTINUITY

The directors of the holding company of the OTB Group, having reviewed all areas of business for 2021, the positive net financial position of the Company and the Group, and the budget for 2022, both operating and financial, believe that there are no elements of uncertainty regarding the going concern assumption, on the basis of which these draft financial statements have been prepared.

48. OTHER INFORMATION

In compliance with the regulations on the transparency of public funding introduced by article 1, paragraphs 125-129 of Law no. 124/2017 and subsequently supplemented by the 'security' decree law (no. 113/2018) and the 'simplification' decree law (no. 135/2018), express reference is made to the national register of state aid for more details on the public funding which the Italian companies of the OTB Group benefited from during the year.

Breganze, 17 march 2022

OTB S.p.A.
The Chairman of the Board of Directors
Renzo Rosso

Viktor&Rolf SS21 Haute Fantaisie

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
To the Shareholders of OTB S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion
We have audited the consolidated financial statements of OTB Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and its 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 OTB S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements
The Directors are responsible for the preparation of the 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 provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company OTB S.p.A., to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, 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 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 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 have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- We have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- We have obtained 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;
- We have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- We have concluded on the appropriateness of Directors' 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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;
- We have evaluated 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.
- We have obtained sufficient appropriate audit evidence regarding the financial information of the entities 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 have communicated 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 COMPLIANCE WITH OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010
The Directors of OTB S.p.A. are responsible for the preparation of the Report on Operations of Group OTB as at 31 December 2021, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of OTB Group as at 31 December 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of OTB Group as at 31 December 2021 and comply with the applicable laws and regulations.
With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Verona, 28 March 2022

EY S.p.A.
Signed by: Daniele Tosi,

Auditor

This report has been translated into the English language solely for the convenience of international readers.

Building a better working world

Consolidated financial statements 2021


OTB