OTB

CONSOLIDATED **FINANCIAL** STATEMENTS 2024

ONLY THE BRAVE

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ONLY THE BRAVE

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LETTER TO THE STAKEHOLDERS

2024 was a challenging year for the whole luxury sector, marked by constantly changing global dynamics, geopolitical instability, and new consumer trends. In these circumstances, I am pleased with what we have done and the results we have achieved.

The OTB Group closed the financial year with a turnover of 1.8 billion euro, down 4.4% at constant exchange rates, following two years of strong growth in 2022 and 2023, and total investments of 77 million euro, in line with previous years.

The Group further strengthened its retail business, both in markets where it was already present, and by entering new high-potential regions and countries, thanks to a long-term strategy focused on targeted investments in direct channels. Our positive results in key markets like Japan and North America and the development of our business in fast-growing areas such as the Middle East and Mexico confirm the strength of our brands at a global level.

I am particularly proud of the performance reported by Diesel and Maison Margiela, two brands that are consolidating their positioning through their strong brand identities and increasingly engaged communities.

I believe that medium to long-term business results are more important than short-term financial ones. This is why we have continued to invest in technology and marketing, two fundamental levers for our Group. Specifically, we strengthened the integration of Artificial Intelligence across all company departments to increase process efficiency, support our people's productivity, and streamline management of our operations, to enhance the company's competitive edge.

At the same time, sustainability continues to be at the heart of our work, and all our brands are reporting great results. Diesel in particular achieved a significant reduction in the environmental impact of its collections by adopting innovative treatments and lowering the use of chemicals and water consumption in its denim production. We believe that our commitment to the planet must go hand in hand with creativity and beauty: this is how we see the future of fashion.

In the end, another fundamental topic, which I consider essential, is our commitment to society. In 2024, through the OTB Foundation, we continued giving back value to the community with our focus on educational projects in schools against bullying, management of emergencies in war-torn countries and support for women who are victims of violence.

My idea of business is circular: a company creates, produces, sells, but above all, it gives back. And this is the spirit that guides us every day.

These results were possible thanks to all our employees, partners and stakeholders who are accompanying us on this journey and driving us to achieve increasingly *brave* objectives.

Renzo Rosso

OTB Group Chairman and Founder

CONSOLIDATED FINANCIAL STATEMENTS 2024

BOARDS OF DIRECTORS AND STATUTORY AUDITORS

TWENTY TWENTY-FOUR

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BOARD OF DIRECTORS OF OTB S.P.A.
In office for the three-year period 2024 – 2026 (until approval of 2026 Financial Statements)

Chairman:
Renzo Rosso

CEO:
Ubaldo Minelli

Directors:
Stefano Rosso
Carlo Purassanta
Cristina Bombassei

BOARD OF STATUTORY AUDITORS OF OTB S.P.A.
In office for the three-year period 2022 – 2024 (until approval of 2024 Financial Statements)

Chairman:
Cristiano Agogliati

Statutory Auditors:
Yuri Zugolaro
Bettina Solimando

Alternate Auditors:
Alessandra Maggioni
Silvia Daccò

INDEPENDENT AUDITORS
In office for the three-year period 2022 – 2024 (until approval of 2024 Financial Statements)
PricewaterhouseCoopers S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS 2024

DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TWENTY TWENTY-FOUR

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GENERAL MARKET AND GROUP PERFORMANCE

Dear Shareholders.

Over the past few years, the global economy has gone through periods of significant turbulence and transformation, characterised by profound uncertainties due to geopolitical tensions, problems with the procurement of raw materials, rising energy prices and restrictive monetary policies as a result of high inflation rates. Despite these challenges, trade has now recovered to pre-pandemic levels and demand for labour has increased.

In 2024, the global economy showed signs of slowing, mainly due to continuing geopolitical tensions and market uncertainty.

Turning to the performance of the major markets, economic growth in Japan slowed significantly, with GDP growing by just 0.1% in real terms. This comes against a backdrop of the Japanese Central Bank raising interest rates to 0.5%, the highest level since October 2008, in the face of higher-than-expected inflation.

In China, the structural crisis in the real estate market weighed heavy on domestic demand. However, China's economy grew by 5% last year, meeting the government's official target thanks to exports and various economic stimulus measures, which offset the weak domestic demand. China's population has declined by 1.4 million due to low birth rates, which, combined with the shrinking labour force caused by an ageing population, threatens to undermine the country's long-term productivity.

Economic activity in the US remained strong, and although the labour market slowed slightly, consumer spending remained robust, supporting the economic expansion. This led the Federal Reserve to lower its key interest rates during the year.

In the UK, after a growth of 0.9% in the first two quarters of 2024, the economy slowed in the second half of the year. The picture was made worse by the decline in industrial production and the widening trade deficit.

The Eurozone's economic performance was disappointing and overall annual GDP growth should be considered weak (+0.7%). During the year, the European Central Bank reduced interest rates in response to falling inflation and to stimulate the economy.

In Italy, economic growth was moderate at 0.7%. The trade balance performed well despite the international difficulties, posting a surplus of Euro 54.9 billion.

Turning to an analysis of the Italian fashion industry, based on the figures for the last quarter of 2024, an overall decline in turnover is expected to be around Euro 96 billion, down 5.3% year-on-year. This decline contrasts with a record export value of 91 billion, the highest in five years.

Market resilience and business adaptability have played a crucial role in sustaining economic growth. However, the challenges for 2025 remain significant, in light of current energy costs and the possible negative effects of the introduction of customs duties by the US.

Within this context, the OTB Group, which owns:

- the Diesel Group, which produces and distributes clothing and the relevant 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 relevant accessories under the Diesel, MM6 Maison Margiela, Marni, Dsquared2, N21, MYAR and Max&Co brands for children's collections;

- Staff International S.p.A., operating in the luxury goods sector, managing under license the production and distribution of the high-end brands such as Dsquared2; it also deals with the design and production of shoes and bags for the entire OTB Group and with the design and production of collections for the Jil Sander, Maison Margiela and Marni brands;

- The Marni Group, which operates in the luxury goods sector, focusing on its core business of men and women's clothing and accessories; production is entrusted to the company Staff International S.p.A. Through the investee company Marni USA Ltd., the Marni Group has a 20% interest in Atelier Luxury Group LLC, the US 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 best stores worldwide;

- The Margiela Group, which 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, acquired in 2021, which operates in the luxury sector with the Jil Sander brand founded in 1968 by the German designer of the same name,

and of which your company is the parent company, closed 2024 with a total turnover of Euro 1,754.4 million, down 6.1% compared to 2023 (Euro 1,867.7 million), impacted by the generalised decline in the wholesale channel, but supported by the increase in sales in direct channels, the positive performance of Maison Margiela and Diesel, and growth in highly strategic markets such as Japan and North America, which offset the decline in the Chinese market.

Consolidated profit amounted to Euro 3.9 million (Euro 89.8 million in 2023), and negative net financial position of Euro 561.8 million, which becomes positive at Euro 31.2 million if the assets and liabilities relating to the accounting treatment of so-called rights of use (IFRS 16) are excluded (negative at Euro 529.4 million in 2023, positive at Euro 60.3 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.

SIGNIFICANT EVENTS

Over the past year, the global economy continued to face significant challenges, including continuing geopolitical tensions and market uncertainty. Despite a slowdown in growth, some signs of stabilisation have emerged, supported by the adaptation of economies to a changing environment.

Central banks have begun a gradual reduction of interest rates in response to falling inflation, which nevertheless remains above the target level.

Against this backdrop, the Company and the OTB Group have adopted strategies to consolidate their market position by making targeted investments and strengthening their organisational structure. The measures undertaken aimed to ensure stability by tackling the challenges of the macroeconomic environment with determination.

Diesel's performance was particularly positive, considering the market environment, and the brand recorded a 3.2% increase in sales (at constant exchange rates),demonstrating the success of the repositioning path undertaken by the brand in recent years. In 2024, substantial investments in direct channels continued with 16 new openings, covering Asia in particular with flagships in Seoul, Hong Kong, Singapore and Tokyo Shibuya, and with stores in high-potential locations such as Bangalore. Diesel also signed an exclusive ten-year licensing agreement with EssilorLuxottica for the design, production and global distribution of eyewear, further strengthening the partnership successfully launched in 2022 with the first collection presented during the Spring/Summer '24 show in Milan. Thanks to a renewed branding strategy and invest-

ments in marketing and product. Diesel managed to create a strong brand identity, capable of attracting a now solid and heterogeneous customer base, which forms the foundation for the future development of the brand. The most relevant activities that captured the interest of younger consumers include a brand focus on the organisation of travelling rave parties in major cities around the world, bringing the world of fashion even closer to the world of music.

In the luxury segment, Maison Margiela continued its growth trend (+4.6% at constant exchange rates), confirming a very important role within the Group. Following the international success of its *Haute Couture* show, Maison Margiela Artisanal Collection 2024, which was counted among the best shows of the last decade, the brand has further consolidated its positioning, continuing to distinguish itself in the world of luxury for its purity, nonconformity and ability to combine extraordinary silhouettes, innovative material treatments, modernity and technology. After a ten-year collaboration, the relationship between Maison Margiela and its creative director John Galliano ended in December 2024.

In line with the Group's retail expansion strategy, Jil Sander saw the opening of new shops in highly strategic locations, including the new Ginza-Tokyo flagship, which with over 1.000 square metres is the brand's largest store worldwide. In order to extend the brand's presence into new product categories, Jil Sander launched its first fine jewellery collection, Fine Jewelry Collection, in December 2024, reflecting the brand's distinctive and iconic craftsmanship and design codes. This line further strengthens the brand's modern and sophisticated offering and its positioning on the luxury scene.

In 2024, Marni signed a 20-year licensing agreement with Coty for the development, production and global distribution of high-end beauty products and fragrances. The brand launched major campaigns with international celebrities and the Spring/Summer '25 show during Milan Fashion Week was met with great success and appreciation by an international audience.

In 2024, activities continued to celebrate the 30th anniversary of Viktor&Rolf, founded in 1993 by designers and artists Viktor Horsting and Rolf Snoeren. On the occasion of this important moment, one hundred of the brand's most iconic garments were highlighted in the exhibition 'Viktor&Rolf: Fashion Statements', held at the Kunsthalle in Munich, was one of the highest expressions of the union of art and *Haute Couture*. Viktor&Rolf continues to enjoy global success in the luxury fragrance segment, thanks to its historic licensing agreement with L'Oréal.

Staff International continues to be a highly strategic asset for OTB as the production and logistics hub for the Group's brands. It also holds an exclusive licence agreement for the production and global distribution of Dsquared2-branded clothing, a brand which, relying on a predominantly wholesale distribution model, slowed down significantly during 2024.

Staff International, which operates an extensive network of over 550 active suppliers. 90% of which are based in Italy, plays a key role in managing strong relationships with the supply chain. In line with OTB's strategy of bringing in highly qualified know-how in strategic product categories, in 2024 Staff International acquired a majority stake in Calzaturificio Stephen, a historical Italian excellence in the production of high-end footwear and already a Group supplier.

In addition, Staff International continues its commitment to training future Made in Italy artisan talents – increasingly difficult to find on the market – with its in-house Academy, the *Scuola dei Mestieri*, now at its fourth edition. Confirming its success and the ever-increasing interest of young people in professions requiring craft skills in the world of fashion, the *Scuola dei Mestieri* continues to record steady growth both in terms of applications received and placements: since its inception, over 85% of students have been placed with the Group.

Brave Kid, a company specialising in the production and worldwide distribution of childrenswear products of the Group's and third-party brands, consolidated its positioning and presented important new sustainability initiatives, such as the introduction of a new reduced-impact, reusable packaging, with a 75% saving in terms of water consumption, CO_2 emissions and energy consumption.

The implementation of the long-term strategy initiated in the three-year strategic plan of 2020 supported the continued expansion of direct channels, which grew by 7.4% (at constant exchange rates) in 2024 and now account for 57% of total sales.

This was also achieved through the Retail Excellence project, launched by OTB in 2022 with the aim of fostering the development of a retail culture within the Group and improving channel performance by acting on all possible strategic and operational levers.

Parallel to strengthening our presence in established strategic areas – such as Japan, which grew by 16.3% (at constant exchange rates) and accounts for 26% of the Group's business, and North America, which grew by 13.3% (at constant exchange rates) – in 2024, investments also focused on entering new geographies with high growth potential through direct management of operations.

In this direction, the Group signed a twenty-five year strategic joint venture agreement with Chalhoub Group, a leader in creating luxury experiences in the Middle East. The agreement will enable a significant expansion of OTB's luxury brands in the region through the opening of 15 new retail stores over the next 5 years – including 2 in 2025 –, the enhancement of e-commerce platforms and local marketing initiatives. These openings are in addition to the existing Maison Margiela shops in Dubai and Marni in Riyadh.

In 2024, OTB also established new companies in Mexico through which it plans to open around 50 new shops in the next 5 years, including 15 in 2025 for Diesel, Maison Margiela, and Marni.

Investments in innovation, both process and product, have focused on internal process efficiency, logistics automation solutions, artificial intelligence and customer engagement.

In 2024, OTB embarked on a strategic programme to harmonise and digitise business operations through a new integrated platform to support the Group's global growth and improved operational efficiency. The project, which involves all OTB brands and their global operations, aims to transform and simplify the operating model of the Finance and Sales & Distribution departments.

In addition, the Group's logistics hubs were upgraded with the introduction of innovative automation systems that allow for greater efficiency in the management of collection shipments and deliveries. Cutting-edge technologies aimed at increasing productivity were introduced, such as product identification via Rfid (radio-frequency identification). Process Mining tools for real-time monitoring and analysis of all processes, and a Transport Management system, which enables the planning of transport solutions and the monitoring of service levels, cost control and CO_2 emissions.

The Group continued to invest in Artificial Intelligence projects, the main objectives of which were to increase the efficiency of production processes, increase the productivity of its people and further improve the customer experience.

The main initiatives include:

- the introduction into Diesel's production processes of proprietary Artificial Intelligence software, developed in collaboration with the Polytechnic University of Milan, which has the ability to predict the changes that a fabric might undergo within the production process as a result of particular processes or treatments;

- AI solutions to increase employees' productivity and support them in their daily activities. More specifically, a pilot project in the prototyping area using Augmented Reality glasses to remotely intervene in product development, eliminating travel and shipping costs for faulty garments, and a daily productivity assistant that facilitates employees in operational activities;

- the introduction of a chatbot on the e-commerce of some of the Group's brands that provides product suggestions and customer assistance in styling and purchasing.

As Steering Member of the AURA Blockchain Consortium, OTB has also consolidated the adoption of blockchain technology within its processes and, starting with the Autumn/Winter '24 collections, has equipped all products of the Jil Sander, Maison Margiela and Marni brands with a digital certificate of authenticity. To achieve this, the Group included two fundamental steps in all production processes to create the certificate: the inclusion of NFC (Near Field Communication) technology in every garment and accessory and the registration of all products on the AURA blockchain platform. The standardisation of these operations ensures the blockchain registration and digital certificate of authenticity of more than 1.5 million products per year of OTB's luxury brands.

In 2024 OTB, its brands and companies continued to implement the sustainability strategy 'Be Responsible. Be Brave.', which guides the Group's responsible development and growth.

In 2024, Diesel particularly stood out for its achievements in terms of product sustainability, as well as in terms of creating alliances with other industry players and raising consumer awareness. In actual fact, the brand made a full-fledged documentary. 'Behind The Denim', in which it recounted the many aspects of its commitment to creating low-impact denim. Diesel also strengthened its partnership with the United Nations Industrial Development Organisation (UNIDO), continuing an important circularity project to make denim from fabric remnants. The brand also presented new collections with a reduced environmental impact, such as Diesel Rehab Denim, and the DIESEL♥VES project which, in collaboration with other fashion brands, creates capsule collections with unsold stock and remainders. In September 2024, Diesel presented its Spring/Summer '25 collection by setting up a huge catwalk made from fifteen thousand kilograms of denim waste, with the aim of raising awareness of the importance of circularity and how sustainability can be a key asset in the service of creativity.

For its achievements in the circular economy, Diesel was honoured with the Circular Economy Award in September 2024 during the Sustainable Fashion Awards of Italian Chamber of Fashion.

The OTB Group also reconfirmed its investments in support of the supply chain. The C.A.S.H, project, which was launched in 2013 to provide financial support to the most virtuous partners, now involves 54 active suppliers who have sold 95% of their receivables. Since the program began in 2013, the total volume of funding disbursed has exceeded 610 million euros.

In addition to providing support to the supply chain in financial terms, OTB is committed to giving visibility to the excellence of Made in Italy. The docuseries M.A.D.E., Made in Italy, Made Perfectly is OTB's project aimed at giving voice to and enhancing the Italian supply chain by telling the fascinating stories of the Group's partner companies that represent the excellence of the Italian fashion supply chain. The final episode, which highlighted Renzo Rosso's tale of dedication and entrepreneurship, won the Special Film Impresa-Unindustria Award for Creativity, presented by a jury chaired by Oscar-winning director Gabriele Salvatores.

In line with the Group's vision of facing the challenges of the sector with a synergic and cooperative approach, OTB continued its collaboration within Re.Crea, the consortium founded together with other important Italian fashion brands and groups, under the coordination of Italian National Chamber of Fashion. Re.Crea aims to develop projects for the end-of-life management of textile products and to promote the research and implementation of innovative recycling solutions.

In 2022, the European Commission conducted an inspection at the headquarters of the subsidiary Jil Sander S.p.A, in Milan, concerning any agreements and/or concerted practices to coordinate prices and future market behaviour in the European Economic Area, at least from 2020. During 2024 there were no developments. To date, it is not clear how the Commission intends to proceed, since it has not communicated or indicated any formal opening/closing of the proceedings, therefore, it has not been possible to qualify or quantify the antitrust risk for Jil Sander S.p.A, resulting from the EU investigation.

In 2024, in line with standard practice for multinational groups, the OTB Group was subject to a number of tax audits by the tax authorities. Currently, several tax audits are underway, which have not given rise to any specific objections by the authorities in charge; the subsidiary Staff International S.p.A, was also subject to a tax audit by the tax authorities, which was only concluded at the end of the year and saw the dispute of some items related to the research and development credit in the fashion sector for Euro 3.940 thousand. It is the company's opinion, consistent with the position taken by the OTB group and in full continuity with the constant doctrine of the same tax authorities up to 2020, that the position taken by the auditors is incorrect and unsustainable, and for these reasons, should the disputes result in recovery acts, these will be subject to appeal and subsequent litigation.

In addition, the subsidiary Diesel S.p.A, filed an application during the year to renew the Bilateral Advance Pricing Agreement (BAPA) in relation to transactions with the Japanese subsidiary Diesel Japan. This instance refers to the five-year period 2025-2029 and is part of the prior agreement procedures between the tax authorities of the two countries, aimed at defining shared transfer pricing methods.

Given the general state of the procedures, the verification processes and the absence of specific and quantifiable objections by the tax authorities, the taxpayers concerned do not believe that there are any significant elements that would affect the closure of the consolidated financial statements of the OTB Group.

GROUP OPERATIONS

Operating situation

The statement of profit or loss, reclassified to a management accounts format, together with prior year comparative figures is summarised below (in millions of Euro):

(in millions of euro)	**2024**	**%**	**2023**	**%**	**24vs23**	**%**
Net sales	1,691.3	96.4%	1,777.9	95.2%	(86.6)	(4.9)%
Royalties and other revenues	63.1	3.6%	89.8	4.8%	(26.7)	(29.7)%
Total Revenues	**1,754.4**	**100.0%**	**1,867.7**	**100.0%**	**(113.3)**	**(6.1)%**
Cost of sales	(564.9)	(32.2)%	(583.3)	(31.2)%	18.4	(3.2)%
Gross margin	**1,189.5**	**67.8%**	**1,284.4**	**68.8%**	**(94.9)**	**(7.4)%**
Royalties and other costs	(17.0)	(1.0)%	(21.2)	(1.1)%	4.2	(19.8)%
Advertising costs	(106.5)	(6.1)%	(113.7)	(6.1)%	7.2	(6.3)%
Sales commissions	(29.2)	(1.7)%	(30.3)	(1.6)%	1.1	(3.6)%
Transport costs	(32.4)	(1.8)%	(35.6)	(1.9)%	3.2	(9.0)%
Cost of labour	(375.8)	(21.4)%	(363.3)	(19.5)%	(12.5)	3.4%
General costs	(351.2)	(20.0)%	(368.5)	(19.7)%	17.3	(4.7)%
Writedown of receivables	(2.9)	(0.2)%	(2.4)	(0.1)%	(0.5)	20.8%
Gross operating profit	**274.5**	**15.6%**	**349.4**	**18.7%**	**(74.9)**	**(21.4)%**
Amortisation/depreciation	(66.2)	(3.8)%	(57.8)	(3.1)%	(8.4)	14.5%
Amortisation of right of use assets	(154.2)	(8.8)%	(141.5)	(7.6)%	(12.7)	9.0%
Trademark amortisation	(10.2)	(0.6)%	(10.2)	(0.5)%	0.0	0.0%
Net operating profit (EBIT)	**43.9**	**2.5%**	**139.9**	**7.5%**	**(96.0)**	**(68.6)%**
Financial income (expenses)	(6.5)	(0.4)%	(1.8)	(0.1)%	(4.7)	261.1%
Measurement of equity investments using the equity method	(3.1)	(0.2)%	(1.7)	(0.1)%	(1.4)	82.4%
interests on lease liabilities	(16.6)	(0.9)%	(13.8)	(0.7)%	(2.8)	20.3%
Exchange gains (losses)	1.8	0.1%	(10.8)	(0.6)%	12.6	(116.7)%
Pre-tax profit/(loss)	**19.5**	**1.1%**	**111.8**	**5.0%**	**(92.3)**	**(82.6)%**
Taxes	(15.6)	(0.9)%	(22.0)	(1.2)%	6.4	(29.1)%
Net profit/(loss)	**3.9**	**0.2%**	**89.8**	**4.8%**	**(85.9)**	**(95.7)%**
Group net profit/(loss)	3.7	0.2%	88.4	4.7%	(84.7)	(95.8)%

Net sales of Euro 1.691.3 million consist of Euro 961.9 million of direct channel sales (retail, outlets, on-line) and Euro 729.4 million of Indirect channel sales. In 2023, net sales amounted to Euro 1.777.9 million, of which Euro 923.9 million related to direct channels and Euro 854.0 million related to indirect channels.

Revenue from sales of goods and services, consisting of the sum of net sales of Euro 1.691.3 million and royalty income of Euro 40.9 million, coming to a total of Euro 1.732.2 million, breaks down as follows (in millions of Euro):

(in millions of euro)	**Italy**	**Rest of Europe**	**APAC (excl. India)**	**Japan**	**America**	**Rest of world (incl. India)**	**Total**
Revenue	314.0	437.8	235.2	442.6	201.5	101.1	1,732.2
% of revenue	18.1%	25.3%	13.6%	25.6%	11.6%	5.8%	100.0%

Net sales decreased by 4.9% compared to the previous year, influenced by the general decline in the wholesale channel, but supported by the increase in sales in direct channels, the positive performance of Maison Margiela and Diesel, and growth in highly strategic markets such as Japan and North America, which offset the slowdown seen in the Chinese market.

Sales through direct channels accounted for 56.9% of total sales compared to 52.0% in the previous year. Sales in direct channels grew. +4.9% compared to 2023, due to increased sales in existing stores and 61 new openings, bringing the network, net of closures, to a total of 608 direct stores at the end of 2024. Revenues from royalties amounted to Euro 40.9 million (Euro 39.8 in 2023).

EBITDA amounted to Euro 274.5 million (Euro 349.4 million in 2023) equal to 15.6% of sales, compared to 18.7% in the previous year.

EBIT amounted to Euro 43.9 million (Euro 139.9 million in 2023) equal a 2.5% of sales, compared to 7.5% in the previous year.

Operating profit amounted to Euro 3.9 million (Euro 89.8 million in 2023). The percentage impact on revenues was 0.2% against 4.8% in 2023. Operating profit amounted to Euro 3.7 million (Euro 88.4 million in 2023).

Financial position

The Group's statement of financial position at 31 December 2024 is summarised below (in millions of Euro):

(in millions of euro)	**31.12.2024**	**%**	**31.12.2023**	**%**	**24vs23**	**%**
Current assets	871.3	37.3%	965.8	40.0%	(94.5)	(9.8)%
Non-current assets	1,463.9	62.7%	1,446.9	60.0%	17.0	1.2%
Total assets	**2,335.2**	**100.0%**	**2,412.7**	**100.0%**	**(77.5)**	**(3.2)%**
Current liabilities	643.7	27.6%	683.8	28.3%	(40.1)	(5.9)%
Non-current liabilities	575.4	24.6%	586.8	24.3%	(11.4)	(1.9)%
Group shareholder's equity	1,109.7	47.5%	1,136.1	47.1%	(26.4)	(2.3)%
Minority interest	6.4	0.3%	6.0	0.2%	0.4	6,7%
Shareholder's equity	**1,116.1**	**47.8%**	**1,142.1**	**47.3%**	**(26.0)**	**(2.3)%**
Total liabilities	**2,335.2**	**100.0%**	**2,412.7**	**100.0%**	**(77.5)**	**(3.2)%**

Shareholders' equity amounted to Euro 1.116.1 million against Euro 1.142.1 million in 2023.

Details of changes in shareholders' equity are presented in the Notes to the consolidated financial statements.

Financial situation

The financial situation of the Group can be summarized by the following values (amounts expressed in millions of Euro):

(in millions of euro)	**2024**	**2023**	**24vs23**	**%**
Net cash and cash equivalents at beginning of year	**81.4**	**300.6**	**(219.2)**	**(72.9)%**
Self-financing	243.5	301.5	(58.0)	(19.2)%
Changes in working capital	33.2	(158.2)	191.4	(121.0)%
Changes in Snancial instruments	2.0	(3.5)	5.5	(157.1)%
Taxes and interest	(5.3)	(5.1)	(0.2)	3.9%
Net investments for business combinations	(9.6)	(5.0)	(4.6)	92.0%
Net investments	(83.7)	(205.7)	122.0	(59.3)%
Dividend distribution	(20.6)	(21.4)	0.8	(3.7)%
Cash flow from IFRS16	(163.1)	(151.6)	(11.5)	7.6%
Cash flow fromfinancing activities	5.3	22.3	(17.0)	(76.2)%
Net exchange difference	(4.3)	7.5	(11.8)	(157.3)%
Net change in cash and cash equivalents	*(2.6)*	*(219.2)*	*216.6*	*(98.8)%*
Net cash and cash equivalents at end of year	**78.8**	**81.4**	**(2.6)**	**(3.2)%**

Contents

The key financial ratios are summarised as follows:

	2024	**2023**	**24vs23**
R.O.I.	1.88%	5.80%	(3.92)%
R.O.E.	0.35%	8.57%	(8.22)%
R.O.S.	2.50%	7.49%	(4.99)%
Liquidity ratio	1.35	1.41	(0.06)

INVESTMENTS

The Group's investments total Euro 86.5 million, compared with Euro 206.0 million the previous year. The breakdown is as follows:

- Euro 15.9 million in Intangible fixed assets;
- Euro 61.0 million in Tangible fixed assets;
- Euro 9.6 million for scope enlargement.

Capital expenditure on tangible and intangible assets focused in particular on the expansion of the retail network for all Group brands and on major innovation projects. Investments in innovation, both process and product, have focused on internal process efficiency, logistics automation solutions, artificial intelligence and customer engagement.

Investments for enlargement of the scope refer to the acquisition of 80% of Calzaturificio Stephen S.r.l., a historical supplier of the Group and excellence in high-end footwear production. The transaction is in line with the Group's strategy of acquiring know-how in strategic product categories. 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.

OTHER INFORMATION

Personnel and organisation

The Group had 6.875 employees at 31 December 2024 against 6.849 at 31 December 2023.

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, 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. These risks fall mainly into the category of market risks, which can be further divided into:

- interest rate risk, which is linked to the impact of changes in market interest rates;

- exchange rate risk, arising from trading in currencies other than the reference currency;

- liquidity risk, which is connected with the need to guarantee adequate access to capital markets and sources of funding to support the needs generated from operations, investments and the maturities of financial liabilities;

- credit (or counterparty) risk, i.e, the risk of default by counterparties on commercial or financial obligations, arising from normal business operations, as well as from financing, investment and risk hedging activities.

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;
- there were no greenhouse gas emissions as defined by Law 316/2004.

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

The Company OTB SpA does not hold, nor has it acquired or sold treasury shares during the year, either directly or through trust companies or nominees or through subsidiaries or associated companies.

Related party transactions

As far as transactions carried out with related parties are concerned, it should be noted that these cannot be qualified as either atypical or unusual, since they fall within the normal course of business of Group companies. These transactions are regulated at market conditions, taking into account the characteristics of the goods and services provided.

For further information regarding relations with related parties, please refer to the notes to the consolidated financial statements.


DIESEL

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

Significant subsequent events

In January 2025, two years after the renewal of the licensing agreement with the leading beauty company Coty, Jil Sander presented its first premium fragrance collection, officially entering the *haute parfumerie* segment.

In addition, as part of the Group's sustainability strategy, in February 2025, Diesel joined the Fashion Task Force of the Sustainable Markets Initiative (SMI), founded by King Charles III, which aims to create alliances between leading companies in their sectors to put sustainability at the heart of global value creation.

In January 2025, the OTB Group announced the appointment of Glenn Martens as creative director of Maison Margiela after John Galliano's exit in December 2024.

In February 2025, the renewal was announced of the collaboration with designers Viktor Horsting and Rolf Snoeren, who will continue to lead the creative direction of the *haute couture* fashion house V&R for the next five years.

On 26 February 2025, it was announced that the collaboration with Jil Sander's creative directors, Lucie and Luke Meier, had come to an end, and on 10 March, the appointment of the new creative director, Simone Bellotti, was announced.

Finally. 06 March 2025 marked the resolution for the merger by incorporation of the subsidiary Jil Sander S.r.l. (formerly Jil Sander GmbH) by the subsidiary Jil Sander S.p.A., effective for statutory purposes as of 1 June 2025 and retroactive for tax and accounting purposes as of 1 January 2025.

Since March 2025, litigation has been pending before the Court of Milan between the subsidiaries Staff International S.p.A, and Brave Kid S.r.l., party on the one part, and Grascoe Holdings Limited, Dsquared2 Trademarks Limited and the fashion designers Dan and Dean Caten, party on the other part.

The disputes relate to licence agreements for the 'Dsquared2' brand, and in the context of these, the parties have made reciprocal allegations of breach and claims for damages. Staff International S.p.A, and Brave Kid S.r.l, seek to ascertain their right to the regular performance of the licence agreement until its natural expiry, while the counterparties seek termination of the agreement.

Also taking into account the indications received from the lawyers protecting the interests of the companies, the directors believe, at this time, that there are no grounds for recording an amount in the provision for risks.

Business outlook

Despite the fact that the economic, political and social context continues to be uncertain and challenging in 2024, the Company and the OTB Group continue to pursue their goal of consolidation and expansion, both by making targeted investments and by strengthening their organisational structure.

The monitoring of these aspects, the strengthening of key markets and the development of operations in high-growth geographies by the OTB Group makes it possible to look to the future with optimism. The Group will therefore continue to adopt operational actions and measures, also from an economic-financial perspective, aimed at mitigating the impact of the current scenario both in the short and medium-long term, maintaining the strategic focus on brands, product and supply chain, in the constant pursuit of excellence.

Breganze. 16 April 2025
THE BOARD OF DIRECTORS
The Chairman
Renzo Rosso

CONSOLIDATED FINANCIAL STATEMENTS 2024

REPORT OF THE BOARD OF STATUTORY AUDITORS

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OTB

REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ART. 2429 OF ITALIAN THE CIVIL CODE ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

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

This document concerns the legitimacy audit carried out by the Board of Statutory Auditors pursuant to Art. 2403 of the Civil Code on the financial statements for the year ended 31 December 2024 of OTB S.p.A. (hereinafter also "OTB" or "Company") approved by the Board of Directors on 16 April 2025.

The Board of Statutory Auditors that signs this report was appointed by the Shareholders' Meeting on 27 April 2022, with a three-year term of office, thus expiring with the approval of the financial statements under review by the Shareholders' Meeting.

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

From the date of granting of the assignment, our activity was performed aspiring to the legal provisions and the standards of conduct for Boards of Statutory Auditors recommended by the Italian Accounting Profession. Specifically:

- we supervised compliance with the law and articles of association and compliance with the principles of correct administration, not detecting any critical issues and/or exceptions to bring to your attention;

- we attended the Shareholders' Meetings and we met with 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 acquired information from the directors on the general management trend and its foreseeable outlook as well as on the most important transactions in terms of dimension or characteristics, implemented by the company. On the basis of the information acquired, we have no particular comments to make;

- we acquired information, read the reports of the Supervisory Body relating to the period 01 January 2024 – 31 December 2024 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 knowledge on and supervised, to the extent of our responsibility, the adequacy and functioning of the administrative-accounting system, as well as on the reliability of the latter to correctly represent operations, by obtaining information from function heads and examining company documents and, in this regard, we have no particular observations to report;

- for the purpose of mutual exchange of data and information, we spoke with the auditing firm PWC S.p.A., appointed by the Shareholders' Meeting on 27 April 2022 for the financial years 2022, 2023 and 2024 and responsible for the statutory audit of the accounts pursuant to Art. 2409-bis of the Civil Code. The meetings did not reveal any relevant data or information that should be highlighted in this report;

- no shareholder declarations were received pursuant to Art. 2408 of the Italian Civil Code;

- during the financial year, the Board of Auditors issued no opinions established by law.

During the supervisory activities as described above, no other significant events emerged such as to be worthy of note in this report.

Comments about the financial statements for the year

The draft financial statements that the Board of Directors sent us pursuant to Art. 2429 of the Civil Code, consisting of the balance sheet, income statement, explanatory notes and cash flow statement, was drawn up in compliance with the provisions of the Civil Code on the subject of financial statements as amended by Legislative Decree no. 139/2015 in implementation of the European Directive 2013/34.

We verified compliance of the financial statements with the facts and information of which we are aware and following completion of our duties, and we have no comments to make.

As far as we are aware, in preparing the financial statements in question, the Board of Directors did not derogate from the provisions of law pursuant to Art. 2423, fifth paragraph, of the Civil Code.

We noted, pursuant to Article 2426, point 5 of the Civil Code, that Intangible assets under construction and advances and Other fixed assets, recorded with the consent of the Board of Statutory Auditors, mainly refer to accessory expenses for the study and implementation of new strategic projects concerning the development of the various sales channels, planning activities related to logistics, investments in digital innovation and robotics, as well as the investment for the new SAP HANA accounting and management information system that will be adopted throughout the group.

We have detected, pursuant to Art. 2426, no. 6 of the Civil Code, that no goodwill costs have been recorded in the assets of the balance sheet.

We ensured compliance with the laws regarding preparation of Management reports and have no particular comments to make in this regard.

Since we are not responsible for the statutory audit of the financial statements, we have verified compliance with the legal provisions relating to the preparation of the financial statements as at 31 December 2024 and have no comments to make in this regard.

As regards auditing of accurate bookkeeping, the correct recognition of management events, as well as the statutory audit of the financial statements, reference may be made to the report of the independent auditors. The Board of Statutory Auditors has acknowledged that the independent auditors PWC S.p.A. released on 16 April 2025, the report pursuant to Art. 14 of Legislative Decree no. 39/2010, from which no findings or disclosures emerge and in which it is stated that the *financial statements provide a true and fair view of the Company's equity and financial situation as at 31 December 2023 and of the economic result and cash flows for the financial year ended on that date, in compliance with the Italian regulations which govern the drafting criteria*.

Comments on the consolidated financial statements

We also examined the draft consolidated financial statements at 31 December 2024, 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 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 extraordinary transactions:

- acquisition of 80% of the company Calzaturificio Stephen S.r.l. by the subsidiary Staff International S.p.A;

- incorporation of a new company in Dubai, United Arab Emirates, OTB Middle East FZCO, owned 60% by the parent company OTB S.p.A. and the remaining 40% by Chalhoub Group;

- incorporation of a new company in Singapore, OTB Singapore Commercial PTE Ltd, fully owned by the parent company OTB S.p.A.;

- incorporation of two new companies in Mexico, OTB Importaciones S. de R.L. de C.V. and OTB Fashion Mexico S. de R.L. de C.V., both 99% owned by the parent company OTB S.p.A. and 1% owned by the subsidiary Diesel USA Inc;

- incorporation of two new companies under German law, Jil Sander Germany Gmbh and Jil Sander Trademark GmbH & Co. Kg., fully owned by the subsidiary Jil Sander Gmbh, which then moved to Italy and became Jil Sander S.r.l..

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, *inter alia*, the preparation criteria and the scope of consolidation in accordance with the provisions of international accounting standards.

As regards the 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 on 16 April 2025, the independent auditing firm PWC S.p.A. issued the report pursuant to Article 14 of Italian Legislative Decree no. 39 of 27 January 2010, on the consolidated financial statements of the OTB Group, from which no observations or disclosures emerge and in which it is stated that the *consolidated financial statements provide a true and fair view of the Group's equity and financial situation as at 31 December 2023 and of the economic result and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards adopted by the European Union*.

Observations and proposals with regard to approval of the financial statements

Considering that no significant facts emerged from the supervisory and control activity worthy of reporting and/or mention in this report and taking into consideration the results of the activity carried out by the independent auditors responsible for the legal control of the accounts of the financial statements, PWC S.p.A., to which the Board refers, the Board of Statutory Auditors does not find any impediments to the approval of the financial statements for the year ended 31 December 2024 nor does it have any observations regarding the proposal for the allocation of the profit for the year formulated by the Board of Directors in the notes.

Lastly, the Board of Statutory Auditors acknowledges that the shareholders have waived the deadlines set forth in Article 2429 of the Italian Civil Code for the filing of the financial statements with their annexes and the reports of the directors, statutory auditors and the independent auditor.

Finally, the Board of Statutory Auditors points out that with the approval of the financial statements in question, its own mandate and the mandate of the firm appointed to perform the statutory audit pursuant to Article 2409-bis of the Italian Civil Code will expire, and therefore invites the Shareholders' Meeting to resolve on this matter.

Breganze, 16 April 2025

THE BOARD OF STATUTORY AUDITORS

Cristiano Agogliati

Bettina Solimando

Yuri Zugolaro

CONSOLIDATED FINANCIAL STATEMENTS

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OTB

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)	Note	31.12.2024	31.12.2023
Assets			
Non-current assets			
Goodwill	1	83,740	71,601
Intangible assets with a finite useful life	1	254,936	263,783
Right of use assets	2	555,310	560,038
Property, plant and equipment	3	333,345	324,934
Equity investments measured with the equity method	4	46,979	40,295
Non-current lease assets	5	0	0
Non-current financial assets	6	2,855	2,018
Other non-current assets	7	43,965	40,749
Deferred tax assets	8	142,811	143,512
Total non-current assets		**1,463,941**	**1,446,930**
Current assets			
Inventories	9	428,948	480,258
Trade receivables	10	225,605	250,404
Tax receivables	11	21,455	9,988
Current lease assets	5	20	249
Current financial assets	6	10,566	20,531
Other current assets	12	100,944	116,971
Cash and cash equivalents	13	83,760	87,355
Total current assets		**871,298**	**965,756**
Total assets		**2,335,239**	**2,412,686**
Equity and liabilities			
Shareholders' equity			
Equity attributable to the Group	14	1,109,688	1,136,094
Minority interest	15	6,409	6,006
Total shareholders' equity		**1,116,097**	**1,142,100**
Non-current liabilities			
Non-current lease liabilities	16	461,529	460,473
Non-current financial liabilities	17	611	50
Provisions for risks and charges	18	20,856	36,820
Post-employment benefit plan liabilities	19	9,707	8,745
Other non-current liabilities	20	16,874	12,323
Deferred tax liabilities	21	65,828	68,358
Total non-current liabilities		**575,405**	**586,769**
Current liabilities			
Trade payables	22	270,012	306,897
Other current liabilities	23	135,404	138,527
Current tax liabilities	24	9,594	19,307
Provisions for risks and charges	18	34,727	42,058
Current lease liabilities	16	131,488	129,500
Current financial liabilities	25	62,512	47,528
Total current liabilities		**643,737**	**683,817**
Total liabilities		**1,219,142**	**1,270,586**
Total equity and liabilities		**2,335,239**	**2,412,686**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Note	2024	2023
Revenues from sales and services	28	1,732,229	1,817,702
Other operating income	29	22,182	50,031
Revenue		**1,754,411**	**1,867,733**
Change in inventories	30	56,303	(92,722)
Purchases	31	405,410	522,729
Lease and rental costs	32	118,613	125,572
Cost of services	33	463,223	540,881
Personnel costs	34	375,809	363,273
Other operating expenses	35	54,603	53,713
Amortisation/depreciation	36	230,572	209,503
Provisions and impairment losses	37	6,018	4,848
Operating profit		**43,860**	**139,936**
Financial income	38	2,915	5,673
Measurement of Equity investments using the Equity method	39	(3,087)	(1,712)
Financial expenses	40	26,011	21,316
Exchange gains (losses)	41	1,849	(10,782)
Profit before tax		**19,526**	**111,799**
Income tax	42	15,553	22,017
Profit/(loss) for the period		**3,973**	**89,782**
Profit/(loss) attributable to the Group		3,671	88,360
Profit/(loss) attributable to minority interests		302	1,422

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of euro)	**2024**	**2023**
Profit/(loss) for the period	**3,973**	**89,782**
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	(690)	(15,652)
Net (Loss)/Profit on cash flow hedges:		
Gross (Loss)/Profit on cash flow hedges	(15,376)	9,797
Tax effect of cash flow hedges	3,163	(2,025)
Net (Loss)/Profit on cash flow hedges	(12,213)	7,772
Net (Loss)/Profit from cost of hedging:		
Gross (Loss)/Profit from cost of hedging	3,006	(2,230)
Tax effect cost of hedging	(633)	421
Net (Loss)/Profit from cost of hedging:	2,373	(1,809)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(10,530)**	**(9,689)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Actuarial profit/(loss) on provisions relating to personnel/agents	733	13
Tax effect of actuarial reserve on provisions relating to personnel/agents	(179)	(128)
Actuarial profit/(loss) net on provisions relating to personnel/agents	554	(115)
Total other comprehensive income components that will not be subsequently reclassified to profit or loss in subsequent periods (net of tax)	**554**	**(115)**
Total other comprehensive income components	**(9,976)**	**(9,804)**
Total comprehensive profit/(loss) for the year, net of tax	**(6,003)**	**79,978**
Attributable to:		
Group	(6,406)	78,666
Non-controlling interests	403	1,311

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euro)	**Note**	**2024**	**2023**
Operating activities			
Profit/(loss) for the period		***3,973***	***89,782***
Non-cash items:			
Depreciation of property, plant and equipment	36	52,277	43,810
Amortisation of intangible fixed assets	36	24,131	24,197
Amortisation of rights of use	36	154,164	141,496
Gain (loss) on disposal of property, plant and equipment and intangible assets		1,536	1,493
Capital losses/(gains) on disposal of rights of use		(205)	(3,285)
Write-down/(Write-back) of equity investments	39	3,087	1,712
Provision/(Release) of bad debts		2,928	2,379
Provision/(Release) risks and charges		1,659	10,672
Reinstatement of value of right of use assets		0	(10,565)
Other non-cash items		(22)	(205)
Total non-cash items		***239,555***	***211,704***
Taxes	42	***15,553***	***22,017***
Interest		***6,495***	***1,752***
IFRS16 interest	38, 40	***16,601***	***13,891***
Dividends		***0***	***0***
Changes in working capital:			
Change in inventories		52,383	(94,916)
Change in current and non-current receivables and other assets		33,238	(9,504)
Change in current and non-current payables and other liabilities		(52,414)	(53,764)
Total changes in working capital		***33,207***	***(158,184)***
Net change in derivative financial instruments		***2,033***	***(3,550)***
Income tax paid		***(43,958)***	***(42,800)***
Total cash flow from operating activities		**273,459**	**134,612**
Cash flow from investing activities:			
Payments for intangible assets	1	(15,876)	(11,274)
Purchase of property, plant and equipment	3	(61,048)	(189,717)
Proceeds from sale of intangible assets		2,663	833
Proceeds from sale of property, plant and equipment		902	(304)
Other changes in property, plant and equipment and intangible assets		(2,419)	(482)
Purchase of minority interests		0	0
Proceeds from sale of equity investments		0	600
Other changes of unconsolidated equity investments		(9,250)	(6,599)
Net investments for business combinations		(9,581)	(4,964)
Financial investments		(903)	(988)
Dividends received	4	2,200	2,221
Total cash flow from investing activities		**(93,312)**	**(210,674)**

(in thousands of euro)	Note	2024	2023
Cash flow from financing activities			
Other changes in Shareholders' Equity		0	0
Dividends paid to shareholders	14	(20,000)	(20,000)
Change in non-current financial liabilities		554	47
Change in current financial liabilities		11,342	24,053
Reimbursement of lease liabilities		(163,097)	(151,613)
Interest paid		(6,552)	(1,743)
Dividends paid to minority interests		(600)	(1,440)
Other changes to minority interests		0	0
Total cash flow from financing activities		**(178,353)**	**(150,696)**
Net change in cash and cash equivalents		**1,794**	**(226,758)**
Net foreign exchange difference		**(4,324)**	**7,487**
Net cash and cash equivalents at beginning of year		**81,373**	**300,644**
Net cash and cash equivalents at end of year		**78,843**	**81,373**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	**Legal reserve**	**Other reserves**
Balance as at 31.12.2022	**25,000**	**5,000**	**957,921**
Allocation of 2022 profit	0	0	103,969
Dividend payments	0	0	(20,000)
Increases	0	0	0
Other changes	0	0	(1,003)
Profit for the year	0	0	0
Total other comprehensive income changes	0	0	5,840
Balance as at 31.12.2023	**25,000**	**5,000**	**1,046,727**
Allocation of 2023 profit	0	0	88,360
Dividend payments	0	0	(20,000)
Increases	0	0	0
Other changes	0	0	0
Profit for the year			
Total other comprehensive income changes	0	0	(9,287)
Balance as at 31.12.2024	**25,000**	**5,000**	**1,105,800**

Foreign currency translation reserve	**Profit for the year**	**Shareholders' equity attributable to the Group**	**Minority interest**	**Total shareholders' equity**
(14,414)	**103,969**	**1,077,476**	**4,622**	**1,082,098**
0	(103,969)	0	0	0
0	0	(20,000)	0	(20,000)
0	0	0	0	0
954	0	(49)	73	24
0	88,360	88,360	1,422	89,782
(15,533)	0	(9,693)	(111)	(9,804)
(28,993)	**88,360**	**1,136,094**	**6,006**	**1,142,100**
0	(88,360)	0	0	0
0	0	(20,000)	0	(20,000)
0	0	0	0	0
0	0	0	0	0
	3,671	3,671	302	3,973
(790)	0	(10,077)	101	(9,976)
(29,783)	**3,671**	**1,109,688**	**6,409**	**1,116,097**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 classifies an asset as current when:

- it owns it for sale or consumption, or foresees its realisation within the normal course of its operating cycle;
- it owns it primarily for the purpose of trading;
- it foresees their realization within twelve months of the closing date of the financial year;
- it consists of liquid assets or their equivalent the use of which is not subject to constraints or restrictions such as to prevent its use for at least twelve months from the closing date of the financial year.

All assets that do not meet the conditions listed above are classified as non-current.

The Group classifies a liability as current when:

- it expects to settle the liability within its normal operating cycle;
- it owns it primarily for the purpose of trading;
- it must be settled within twelve months of the closing date of the financial year;
- it does not have an unconditional right to defer settlement of the liability for at least twelve-months from the closing date of the financial year.

All liabilities that do not meet the conditions listed above are classified as non-current.

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.

It should be noted that certain items of the consolidated cash flow statement for the year ended were subject to reclassifications of insignificant amounts carried out for the purpose of better exposure of said items.

A description of the methods used by the Group for financial risk management is provided in these Explanatory 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 STANDARDS

General notes

The financial statements have been prepared applying the going concern assumption, and have been prepared on the basis of the historical cost criterion, with the exception of the valuation of some classes of financial assets and liabilities (including derivative financial instruments) valued at *fair value*.

The consolidated financial statements have been prepared from the financial statements of the individual subsidiary companies. The figures of the consolidated companies are adjusted, where necessary, to standardise them with the accounting standards used by the Parent Company, which are in compliance with the IFRS issued by the International Accounting Standards Board and adopted by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/05.

The consolidated financial statements provide comparative information in respect of the previous period.

Adoption of international accounting standards

The consolidated financial statements of the OTB Group (hereinafter referred to as 'the Group') for the year ended 31 December 2024 have been prepared in accordance with the IFRS accounting standards issued by the International Accounting Standards Board and adopted by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/05.

Newly issued accounting standards and interpretations effective 1 January 2024

Newly issued accounting standards and interpretations that came into effect on 1 January 2024, and as a result of which there is no material impact on the income statement or balance sheet, are summarised below:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16: the amendment was published by the IASB on 22 September 2022 and endorsed by EFRAG on 21 November 2023. The amendment to the standard is intended to provide clarification on how an entity should account for a sale and leaseback in post-transaction periods.

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS1: the amendment was published by the IASB in October 2022 and endorsed by the European Commission on 28 August 2023. The amendments to IAS 1 specify that covenants to be met after the balance sheet date do not affect the classification of debt as current or non-current, but it is required that the company provide adequate inherent disclosure in the notes to the financial statements.

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7: the amendment was published by the IASB in May 2023 and endorsed by the European Commission on 17 May 2024 and is applicable for annual periods beginning on or after 1 January 2024 with a specific exemption for half-yearly reports in 2024. The changes introduced by the amendment respond to investor requests to provide more information on supplier finance arrangements in order to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not early adopted by the Group as at 31 December 2024

- *Lack of Exchangeability – Amendments to IAS 21*: the amendment was published by the IASB in August 2023, endorsed by the European Commission on 12 November 2024 and is applicable for annual periods beginning on or after 1 January 2025, unless earlier adoption is permitted. The amendments introduce requirements to determine when a currency is convertible into another currency and when it is not and require an entity to estimate the spot exchange rate when it determines that a currency is not convertible into another currency.

The Group has assessed and verified the lack of impact of the amendment to IAS 21 in relation to situations where a currency cannot be traded in regulated markets or mechanisms and this amendment will not reasonably have a material impact.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

Below are the interpretations of the IFRS Interpretations Committee that have not yet been endorsed by the European Union and will be effective in the future:

Accounting standards and impacts	Title 'Final agenda decisions'	IASB approval date
IAS 27 – applicable to parents that prepare separate financial statements in accordance with IAS 27 and must account for a merger with a subsidiary in their separate financial statements	*Merger between a parent and its subsidiary in separate financial statements*	23 January 2024
IFRS 3 – related to the accounting of payments due to the seller in the context of a business combination, when these are conditional on the continued employment of the sellers during a post-acquisition handover period	*Payments contingent on continued employment during handover periods.*	29 April 2024
IAS 37 – applicable to companies entering into transition commitments with zero net emissions and the accounting or non-accounting for bonds in line with the provisions of IAS 37	*Climate-related commitments*	29 April 2024
IFRS 8 – clarifies certain aspects of the disclosures to be made under IFRS 8	*Disclosure of revenues and expenses for reportable segments*	29 April 2024

The IFRS changes and Agenda decisions are being analysed by the Group, which is assessing their possible impact on the consolidated financial statements, which to date are not considered material.

ASSESSMENT CRITERIA

The most significant accounting standards and assessment criteria used for the preparation of the consolidated financial statements are briefly described below.

Tangible fixed assets

Property, plant and equipment

Property, plant and equipment are recognised under the assets at purchase or production cost inclusive of any directly attributable ancillary charges necessary for making the assets ready for use, net of any value losses. They are systematically depreciated on the basis of their technical economic useful life, understood as the estimate of the period in which the asset will be used by the Group, starting from the time in which the asset is available for use. Any changes to the depreciation plan, deriving from a revision of the useful life of the tangible asset, the residual value, or the methods for obtaining the economic benefits of the asset, are recognized prospectively.

Revaluations of property, plant and equipment are not permitted, not even in accordance with specific laws.

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	33–80 years
Plants and equipments	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

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 fixed assets refer to identifiable assets without physical substance, controlled by Group companies and capable of producing future economic benefits. Identifiability is defined with reference to the possibility of distinguishing the acquired intangible fixed asset from goodwill. This requirement is usually met when:

- the intangible fixed asset is attributable to a legal or contractual right; or
- the asset meets the separability criterion, i.e. it can be assigned, transferred, leased or exchanged independently or as an integral part of other 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.

Revaluations are not permitted, not even in accordance with specific laws.

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.

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 of tangible and intangible assets

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 the higher between 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 and the related depreciation would have been carried out.

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.

Leased assets

Lease contracts are accounted for in the financial statements on the basis of the provisions of IFRS 16.

At the time of signing each contract, the Group:

- determines whether the contract is or contains a lease, a circumstance that occurs when the same assigns the right to control the use of a specified asset for a period of time in exchange for a consideration. This evaluation is repeated in the event of a subsequent amendment of the terms and conditions of the contract;

- separates the components of the contract by dividing the consideration of the contract between each lease or non-lease component;

- determines the lease term as the non-cancellable period of the lease plus any periods covered by an option to extend or terminate the lease.

On the effective date of each contract, i.e. the date on which the asset is made available for use, the Group, if it is a lessee, recognizes an asset in the balance sheet representing the right to use the asset (hereinafter also "right-of-use asset"), and a liability representing the obligation to make the payments envisaged over the term of the contract (hereinafter also "lease liability"). The lease term is determined considering the non-cancellable period of the contract, as well as, where there is reasonable certainty, also the periods considered by the extension options or connected to the failure to exercise the early termination options of the contract.

The lease liability is initially recognized at an amount equal to the present value of the following payments due for the lease, not yet made at the commencement date: (i) fixed (or essentially fixed) payments, net of any incentives to be received; (ii) variable payments that depend on indices or rates; (iii) estimate of the payment that the lessee will have to make as a guarantee of the residual value of the leased asset; (iv) payment of the exercise of the purchase option price, if the lessee is reasonably sure of exercising it; and (v) payment of contractual penalties for termination of the lease, if the lessee is reasonably certain to exercise such option. The present value of the aforementioned payments is equal to the present value of the residual future payments discounted using the implicit interest rate of the lease or, alternatively, the Group's incremental borrowing rate. Subsequently, the asset consisting of the right of use is valued by applying the cost model, i.e. net of depreciation and any accumulated reductions in value and adjusted to take into account any new valuations or amendments to the lease. The lease liability is instead valued by increasing the book value to take into account interest, by decreasing the book value to take into account the payments due made and by restating the book value to take into account any new valuations or amendments to the lease.

The assets are depreciated on the basis of an amortization period consisting of the duration of the lease contract, unless the duration of the leasing contract is less than the useful life of the asset on the basis of the rates applied for tangible fixed assets and there is reasonable certainty of transfer of ownership of the leased property at the natural expiry of the contract. In this case, the depreciation period will be calculated on the basis of the criteria and rates indicated for tangible fixed assets.

For lease contracts whose duration ends within 12 months from the date of initial application and which do not provide for renewal options and for contracts for which the underlying asset is of low value, the lease payments are recognized in the income statement on a straight-line basis for the duration of the respective contracts.

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
Upon their initial recognition, financial assets must be classified in one of the three categories indicated below on the basis of the following elements:

- the business model of the entity for the management of financial assets; and
- the characteristics relating to the contractual cash flows of the financial asset.

Financial assets are subsequently derecognised from the financial statements only if the sale has resulted in the substantial transfer of all the risks and benefits associated with said assets. On the other hand, if a significant portion of the risks and benefits relating to the financial assets transferred has been maintained, these continue to be recorded in the financial statements, even if legally the ownership of the assets themselves has actually been transferred.

Financial assets valued at amortized cost
This category includes financial assets that meet both of the following conditions:

- the financial asset is owned according to a business model whose objective is achieved through the collection of contractually agreed cash flows ("Hold to Collect" business model); and
- the contractual terms of the financial asset envisage, on certain dates, cash flows represented solely by payments of principal and interest on the principal amount outstanding (i.e. 'SPPI test' passed).

Upon initial recognition, these assets are recorded at fair value, including transaction costs or income directly attributable to the instrument itself. After initial recognition, the financial assets in question are valued at amortized cost, using the effective interest rate method. The amortized cost method is not used for assets – valued at historical cost – whose short duration makes the effect of applying the discounting logic negligible, for those without a defined maturity and for reversible loans.

Financial assets measured at fair value with impact on comprehensive income
This category includes financial assets that meet both of the following conditions:

- the financial asset is held according to a business model whose objective is achieved both through the collection of contractually envisaged cash flows and through the sale of the financial asset ("Hold to Collect and Sell" business model); and

- the contractual terms of the financial asset envisage, on certain dates, cash flows represented solely by payments of principal and interest on the principal amount outstanding (i.e. 'SPPI test' passed).

This category includes equity interests, which cannot be classified as controlling, connected or jointly controlled, which are not held for trading purposes, for which the option for designation at fair value through other comprehensive income has been exercised.

Upon initial recognition, these assets are recorded at fair value, including transaction costs or income directly attributable to the instrument itself. After initial recognition, non-controlling equity interests, associates and joint ventures are valued at fair value, and the amounts recognized as a contra entry to equity (Statement of Comprehensive Income) must not be subsequently transferred to the income statement, even in the event of assignment. The only component attributable to the equity securities in question that is recognized in the income statement is represented by the related dividends. For equity securities included in this category, not listed on an active market, the cost criterion is used as an estimate of the fair value only on a residual basis and limited to a few circumstances, i.e. when the most recent information to evaluate the fair value is insufficient, or if there is a wide range of possible measurements of fair value and cost represents the best estimate of fair value in that range of values.

Financial assets valued at fair value with impact on the income statement
Financial assets other than those classified under "Financial assets valued at amortized cost" and among "Financial assets valued at fair value with impact on other comprehensive income" are classified in this category.

This category includes financial assets held for trading and derivative contracts that cannot be classified as hedging (which are represented as assets if the fair value is positive and as liabilities if the fair value is negative).

Impairment of financial assets

In accordance with the provisions of IFRS 9, the Group applies a simplified approach to estimate expected credit losses over the lifetime of the instrument and takes into consideration its historical experience with respect to credit losses, corrected on the basis of specific prospective factors of the nature of the Group's receivables and the economic context.

In summary, the Group assesses the expected losses of financial assets so that it reflects:

- an objective, probability-weighted amount determined by evaluating a range of possible outcomes;

- the time value of money; and

- reasonable and demonstrable information that is available, without undue cost or effort, at the balance sheet date on past events, current conditions and forecasts of future economic conditions.

The financial asset is impaired when one or more events have occurred that have a negative impact on the financial asset's estimated future cash flows. The observable data relating to the following events constitute evidence that the financial asset is impaired (it may not be possible to identify a single event; the impairment of financial assets may be due to the combined effect of several events):

- significant financial difficulties of the issuer or debtor;
- a breach of contract, such as a default or missed deadline;
- for economic or contractual reasons relating to the debtor's financial difficulties, the creditor extends a concession to the debtor, which the creditor would not otherwise have taken into consideration;
- there is a likelihood that the debtor will file for bankruptcy or other financial restructuring proceedings;
- the disappearance of an active market for that financial asset due to financial difficulties; or
- the purchase or creation of the financial asset at great discounts reflecting the credit losses incurred.

For financial assets accounted for using the amortized cost method, when an impairment loss has been identified, its value is measured as the difference between the asset's book value and the present value of expected future cash flows, discounted on the basis of the original actual interest rate. This value is recognized in the income statement.

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. 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.

Government grants

Government grants, including non-monetary grants measured at fair value, are recognized when there is a reasonable certainty that they will be received and that the Group will comply with all the conditions set for their disbursement.

Cash and cash equivalents

Cash and cash equivalents and short-term deposits include cash on hand and overnight and short-term deposits, in the latter case with an original maturity expected no later than three months, readily convertible into cash and subject to an irrelevant risk of change in value. Items included in cash and cash equivalents are valued at fair value. Term deposits that do not comply with the requirements of the IFRS are not included in cash and cash equivalents.

Short-term bank deposits with an original maturity equal to or greater then three months that do not meet the requirements of IAS 7 are included in a specific current asset item.

Collection transactions are recorded by bank transaction date, while for payment transactions the order date is also taken into account.

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.

Financial liabilities other than derivatives

The Group has not designated any financial liabilities as held for trading.

Financial liabilities and trade payables are recognized when the Group becomes a party to the related contractual clauses and are initially valued at fair value adjusted for directly attributable transaction costs.

Subsequently, they are valued with the amortized cost criterion, using the actual interest rate method.

Derecognition of financial assets and liabilities

Financial assets are derecognised when one of the following conditions is met:

- contractual right to receive the cash flows from the asset has expired;
- the Group has essentially transferred all the risks and benefits associated with the business;
- the Group has neither transferred nor essentially maintained all the risks and benefits connected with the financial asset but has relinquished control.

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is fulfilled, cancelled or written-off. An exchange of debt instruments with materially different contractual terms shall be accounted for as settlement of the original financial liability and recognised as a new financial liability.

Similarly, a substantial change in the contractual terms of an existing financial liability, even partial, must be accounted for as an extinction of the original financial liability and recognised as a new financial liability.

Offset of financial assets and liabilities
The Group offsets financial assets and liabilities only when:

- there is a legally enforceable right to offset the values recognised in the financial statements;

- there is an intention either to offset on a net basis or to realise the asset and settle the liability simultaneously.

Measurement of fair value
The measurement of the fair value and the related disclosure is carried out in accordance with "IFRS 13 – Measurement of fair value". Fair value represents the price which would be received for the sale of an asset, if one should pay for the transfer of a liability, within the sphere of a regular transaction between market operators as of the measurement date.

The measurement of fair value is based on the assumption that the sale of the asset or the transfer of the liability takes place in the principal market, i.e. in the market in which the greatest volume and level of transactions for the asset or liability takes place. In the absence of a principal market, the transaction is assumed to take place in the most advantageous market to which the companies have access, i.e. the market that maximizes the results of the transaction to sell the asset or minimizes the amount to be paid to transfer the liability.

The fair value of an asset or liability is determined by considering the assumptions that market participants would use to define the price of the asset or liability, assuming that they act according to their best economic interests. Market participants are independent, knowledgeable buyers and sellers who are able to enter into a transaction for the asset or liability and who are motivated but not required or compelled to enter into the transaction.

Determination of the fair value of financial instruments
The fair value of listed financial instruments is determined by observing the prices directly observable on the market, while for unlisted financial instruments, by using specific measurement techniques that make use of the greatest possible number of inputs observable on the market. In circumstances where this is not possible, the inputs are estimated by management taking into account the characteristics of the instruments being measured. Changes in the assumptions made in estimating the input data could affect the fair value recognized in the financial statements for these instruments.

The levels of the financial instruments classified on the basis of a hierarchy of levels which reflect the significance of the inputs used in determining the fair value (IFRS 13 – Fair value measurement) are shown below.

- **Level 1**: Listed price (active market): the data used in the measurements are represented by prices quoted on markets in which assets and liabilities identical to those being measured are exchanged;

- **Level 2**: Use of parameters observable on the market (for example, for derivatives, the exchange rates recorded by the Bank of Italy, market yield curves, volatility provided by Bloomberg, credit spreads calculated on the basis of credit default swaps, etc.) different from the quoted prices of level 1;

- **Level 3**: Use of parameters unobservable on the market (internal assumptions, for example, cash flows, risk-adjusted spreads, etc.).

Derivative financial instruments
Derivative financial instruments are accounted for in accordance with the provisions of IFRS 9.

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.

Upon stipulation of the contract, the Group designates and documents the existence of a hedging relationship, specifying the identification of the hedging instrument, element or transaction being hedged, correlation between the two and the nature of the risk, including the risk management objectives, hedging strategy and the methods that will be used to verify their prospective and retrospective effectiveness.

The effectiveness of each hedge is verified both at the time each derivative instrument is initiated and during its life and, in particular, at each balance sheet date. Generally, a hedge is considered highly "effective" if, both at inception and during its life, changes in fair value, in the case of fair value hedges, or in expected future cash flows, in the case of cash flow hedges, of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

The IFRS 9 accounting standard envisages the possibility of designating the following three hedging relationships:

- 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 or a transaction envisaged and considered highly likely, which may impact profit and loss. The portion of profit or loss on the derivative relating to the change in fair value of the effective hedging portion is recognized directly in equity in a shareholders' equity reserve called "Cash flow hedge reserve," while the ineffective portion is recognized in the income statement. When the economic effects originating from the hedged item arise, the portion recorded in the comprehensive income statement is reversed to the income statement;

- coverage of a net investment in foreign management (net investment hedge).

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.

Furthermore, the hedging relationship ends when:

- the derivative expires, is sold, terminated or exercised;
- the hedged item is sold, expires or is repaid;
- it is no longer highly probable that the hedged future transaction will take place.

If derivatives do not qualify as a hedging instrument, changes in their fair value are recognised in profit or loss.

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.

Employee benefits

The short-term benefits consist of wages, salaries, related social security contributions, indemnity in lieu of holidays and incentives paid in the form of a bonus payable in the twelve months from the balance sheet date. These benefits are accounted for as components of personnel costs in the period in which the work is performed.

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.

Defined benefit plan obligations are determined annually by an independent actuary using the Project Unit Credit method. The current value of the defined benefit plan is determined by discounting future cash flows at a given interest rate. The actuarial gains and losses deriving from said adjustments and the changes in the actuarial hypotheses, are booked to the comprehensive income statement.

Liabilities for obligations relating to other medium/long-term employee benefits, such as management incentive plans, are determined by adopting actuarial assumptions. The effects deriving from the changes in the actuarial hypotheses, or from adjustments based on past experience, are recognized entirely in the income statement.

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.

Asset acquisition

Acquisitions of assets are recognised according to the "asset acquisition method". According to this method, the buyer must identify and record the individual identifiable assets acquired, allocating the purchase cost incurred to the individual identifiable assets to be acquired, on the basis of their respective fair values at purchase date. The application of the method cannot, therefore, in any way lead to the recognition of goodwill, since any excess of the cost incurred by the buyer with respect to the fair values of the assets received must be recognized in the income statement.

Revenue

Revenue from contracts with customers is recognized when the following conditions occur:

- the contract with the customer has been identified;
- the contractual obligations ("performance obligations") contained in the contract have been identified;
- the price has been determined;
- the price was allocated to the individual contractual obligations contained in the contract;
- the contractual obligation contained in the contract has been fulfilled.

The Group recognizes revenue from contracts with customers when (or as) it fulfils the contractual obligation by transferring the promised good or service (i.e. the asset) to the customer.

The asset is transferred when (or as) the customer acquires control.

Wholesale sales
Revenue from wholesale sales is recognised when control of the goods has passed to the buyer, usually on delivery of the goods. Control is defined as the ability to prevent other entities from deciding on and benefiting from the use of the asset. Payment is normally deferred until delivery 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 above-mentioned 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). Risks arising from the granting of return rights are measured and recognized in the financial statements by posting, on the one hand, a liability for future refunds and a corresponding reduction in accrued revenue for the gross value of expected returns, and, on the other, by posting an asset for returns to be received and a corresponding reduction in expenses for the cost value of expected returns. 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.

Upon receipt of an advance payment made by the customer, the Group recognizes in the item "Other current liabilities" the amount of the advance payment for the obligation to transfer assets in the future and eliminates this liability recognizing the revenue when it transfers these assets.

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.

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;

- 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 taxes relating to items recognised directly in equity are also recognised in equity and not in the Consolidated income statement.

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 liabilities
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.

Uncertainty about the treatment of income taxes

In defining uncertainty it will be considered whether a given tax treatment will be acceptable to the tax authority. If it is deemed likely that the tax authority will accept the tax treatment (the term "likely" is understood as "more likely than not"), then the Group recognises and measures its current or deferred tax assets and liabilities by applying the provisions of the IAS 12. Conversely, if there is uncertainty about the treatments for income tax purposes, the Group will have to reflect the effect of this uncertainty using the method that best provides for the resolution of the uncertain tax treatment. The Group must decide whether to consider each uncertain tax treatment separately or jointly with one or more uncertain tax treatments, choosing the approach that best provides for the resolution of the uncertainty. In assessing whether and how uncertainty affects the tax treatment, the Group assumes that the tax authority accepts or refuses an uncertain tax treatment assuming that the latter, in the verification phase, will control the amounts that it has the right to examine and will be fully aware of all relevant information. When it concludes that it is unlikely that the tax authority will accept an uncertain tax treatment, the Group reflects the effect of the uncertainty in determining current and deferred taxes, using the expected value method or the most probable amount method, depending on which method best predicts the solution of the uncertainty.

The Group makes significant use of professional opinions in identifying uncertainties about treatments for income tax purposes and reviews the opinions and estimates made in the presence of a change in facts and circumstances that modify its forecasts on the acceptability of a given tax treatment or estimates made on the effects of uncertainty, or both.

Since the uncertain tax positions refer to the definition of income taxes, the Group presents the uncertain tax assets/liabilities as current taxes or deferred taxes.

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 in currencies other than the functional currency, valued at cost, are converted using the exchange rate in force on the date of initial recognition of the transaction; when the measurement is made at fair value, or at the recoverable or realisable value, the exchange rate current on the date of determination of this value is adopted.

Significant accounting judgements, estimates and assumptions

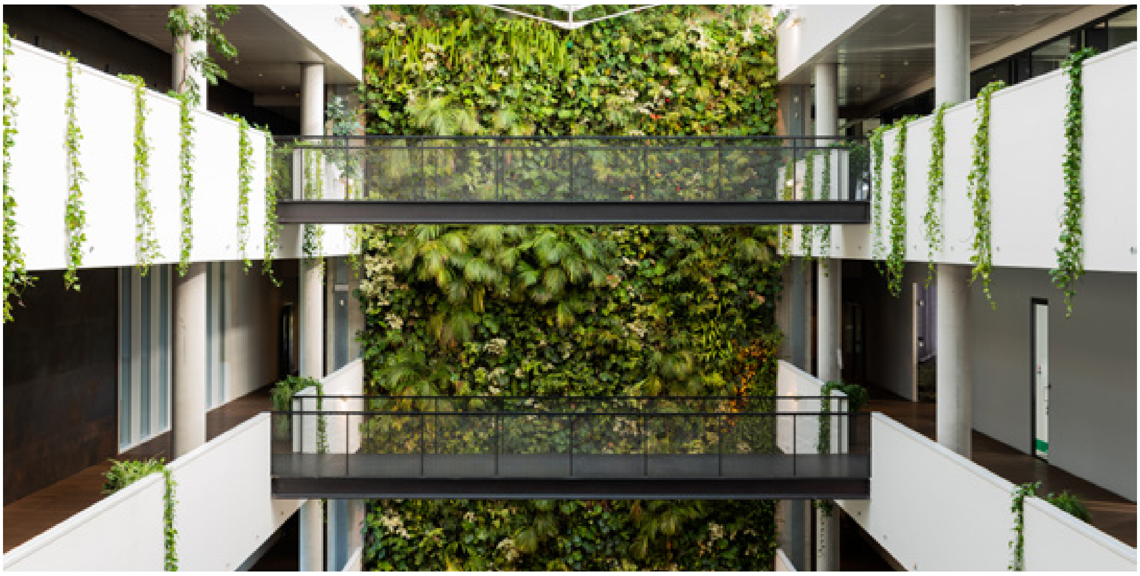
The financial statements, which have been prepared in accordance with IFRS, contain estimates and assumptions made by the Group related to assets and liabilities, costs and revenue and contingent liabilities at the reporting date. The estimates and associated assumptions are based on historical experience 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.

Impairment of assets

In accordance with the accounting standards applied by the Group, tangible and intangible assets are subject to verification in order to ascertain whether a reduction in value has occurred, which must be recognised through a write-down, when there are indicators that predict difficulties for the recovery of the related net book value represented by the higher amount between the fair value, net of sales costs, and the value in use. Verification of the existence of the aforementioned indicators requires the directors to make subjective assessments based on the information available within the Group and on the market, as well as on historical experience. Furthermore, if it is determined that a potential reduction in value may have occurred, the Group proceeds with the determination of the same using valuation techniques deemed suitable. The correct identification of the indicators of the existence of a potential reduction in value of tangible and intangible assets, as well as the estimates for their determination depend on factors that can vary over time, influencing the valuations and estimates made by the directors.



Amortisation/depreciation

The cost of tangible and intangible assets is amortised on a straight-line basis over the estimated useful life of the related assets. The economic useful life of these assets is determined by the directors at the time they are acquired; it is based on historical experience for similar assets, market conditions and anticipations regarding future events that could impact the useful life of the assets, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life.

Provision for risks and charges

Provisions representing the risk of a negative outcome are recognised for legal and tax risks. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate at the date made by the directors. This estimate involves the adoption of assumptions which depend on factors which may change over time and which could, therefore, have significant effects with respect to the current estimates made by the directors for the preparation of the Group's financial statements.

Bad debt provision

The bad debt provision reflects the estimate of losses for the loan portfolio. Provisions have been made against expected receivables losses, estimated on the basis of past experience with loans of similar credit risk, current and historical outstanding amounts, as well as the close monitoring of loan portfolio quality and current conditions and forecasts of the economy and reference markets. The estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement in the relevant year.

Inventories writedown reserve

The Group mainly produces and sells clothing items that are subject to changes in customer taste and trends in the fashion world. The inventory write-down provision therefore reflects the management's estimate of the expected loss in value of garments from collections from past seasons, taking into consideration the ability to sell the garments themselves through the various distribution channels in which the Group operates.

Assets for expected returns and liabilities for refunds on expected returns

The Group estimates the variable considerations to be included in the transaction price for the sale of products with the right of return. The Group has developed a model for forecasting sales returns. It is based on historical return data for each brand/country/customer and agreements made for each season with individual customers to obtain expected return rates. The resulting percentages are applied to the value of sales made per season to determine the expected value of the variable consideration. Any future changes compared to historical experience will affect the Group's estimated expected return rates.

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.

AREA AND PRINCIPLES OF CONSOLIDATION, TRANSLATION OF FOREIGN FINANCIAL STATEMENTS

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 IFRS 10, a list is provided below of the companies that have been included in the scope of consolidation at 31 December 2024 as companies to be consolidated on a line-by-line basis:

Name	Registered office	Currency	Share capital	Share held		Investee
				Direct	Indirect	via
Diesel S.p.A.	Breganze (VI)	Eur	22,500,000	100%		
Diesel Italia S.r.l.	Milan	Eur	300,000		100%	(1)
Brave Kid S.r.l.	Marostica (VI)	Eur	550,000	90%		
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.	Lugano	Chf	1,000,000		100%	(1)
Diesel Hellas S.A. in liquidation	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	1,100,846,839		100%	(1)
Diesel Dragon (Shanghai) Trading Co. Ltd.	Shanghai	Cny	1,067,336,426		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)
Diesel Fashion India Reliance Pvt. Ltd	Mumbai	Inr	1,235,000,000		51%	(1)
Universe S.a.r.l.	Principality of Monaco	Eur	150,000		100%	(1)
K-Bit Marocco S.a.r.l. in liquidation	Souissi Rabat	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	44,600,000		100%	(2)

Name	Registered office	Currency	Share capital	Share held		Investee
				Direct	Indirect	via
Frassineti S.r.l.	Rufina (FI)	Eur	304,200		80%	(2)
Calzaturificio Stephen S.r.l.	Pianezze (VI)	Eur	70,000		80%	(2)
Viktor & Rolf B.V.	Amsterdam	Eur	20,000	70%		
Brand Name Company B.V.	Amsterdam	Eur	200,000		70%	(3)
55DSL A.G. in liquidation	Lugano	Chf	100,000	100%		
Marni Group S.r.l.	Milan	Eur	1,000,000	100%		
Marni Retail Espana S.A.	Madrid	Eur	60,000		100%	(4)
Marni Japan Ltd	Tokyo	Yen	99,900,000		100%	(4)
Marni Suisse S.A. in liquidation	Lugano	Chf	19,519		100%	(4)
Marni U.S.A. Corp.	New York	Usd	100,000		100%	(4)
Marni France S.a.S.	Paris	Eur	50,000		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	300,000		100%	(4)
Marni Shanghai Ltd	Shanghai	Cny	78,133,610		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	91,380,000		100%	(5)
Margiela USA Inc.	New York	Usd	1,000		100%	(5)
Giordan S.r.l.	Venice	Eur	10,000		100%	(5)
Seppa e De Faveri S.r.l.	Venice	Eur	10,000		100%	(5)
Jil Sander S.p.A.	Milan	Eur	1,000,000	100%		
Jil Sander S.r.l.	Milan	Eur	8,150,000		100%	(6)
Jil Sander Paris S.a.s	Paris	Eur	5,665,698		100%	(6)
Jil Sander Shanghai Co. Ltd	Shanghai	Cny	54,000,000		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	4,561,062		100%	(6)
Jil Sander Japan Co. Ltd	Tokyo	Yen	100,000,000		100%	(6)
Jil Sander Hong Kong Ltd	Hong Kong	Hkd	4,500,000		100%	(6)
Tre Erre S.r.l.	Venice	Eur	10,329		100%	(6)
Jil Sander Trademark Gmbh & Co. KG	Schoenefeld	Eur	10,000		100%	(6)
Jil Sander Gmbh	Schoenefeld	Eur	25,000		100%	(6)
BVX S.r.l.	Breganze (VI)	Eur	100,000	90%		
OTB Korea Ltd.	Seoul	Krw	16,700,000,000	100%		
OTB Macau Ltd.	Macau	Mop	14,000,000	100%		
OTB Middle East FZCO	Dubhai	Aed	300,000	60%		
OTB SINGAPORE COMMERCIAL PTE. Ltd.	Singapore	Sgd	2,000,000	100%		
OTB IMPORTACIONES S. de R.L. de C.V.	Mexico City	Mxn	3,000	100%		
OTB FASHION MEXICO S. de R.L. de C.V.	Mexico City	Mxn	3,000	100%		

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

The scope of consolidation changed with respect to the previous year due to the following extraordinary transactions:

- acquisition of 80% of the company Calzaturificio Stephen S.r.l. by the subsidiary Staff International S.p.A;
- incorporation of a new company in Dubai, United Arab Emirates, OTB Middle East FZCO, owned 60% by the parent company OTB S.p.A. and the remaining 40% by Chalhoub Group;
- incorporation of a new company in Singapore, OTB Singapore Commercial PTE Ltd, fully owned by the parent company OTB S.p.A.;
- incorporation of two new companies in Mexico, OTB Importaciones S. de R.L. de C.V. and OTB Fashio Mexico S. de R.L. de C.V., both 99% owned by the parent company OTB S.p.A. and 1% owned by the subsidiary Diesel USA Inc;
- incorporation of two new companies under German law, Jil Sander Germany Gmbh and Jil Sander Trademark GmbH & Co. Kg., fully owned by the subsidiary Jil Sander Gmbh, which then moved to Italy and became Jil Sander S.r.l..

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.

With regard to the company, L.R. Vicenza, 88.56% held by OTB SpA, the directors concluded that the Group is unable to exercise control and therefore the investment was accounted for using the equity method in accordance with the provisions of IAS 28.

CONSOLIDATION PRINCIPLES

The scope of consolidation includes the Parent Company OTB S.p.A. and subsidiaries as at 31 December 2024, 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.

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**	
		2024	**2023**	**31.12.2024**	**31.12.2023**
US Dollar	USD	1.0824	1.0813	1.0389	1.105
Danish Krone	DKK	7.4589	7.4509	7.4578	7.4529
Swedish Krona	SEK	11.4325	11.4788	11.459	11.096
British Pound	GBP	0.84662	0.86979	0.82918	0.86905
Norwegian Krone	NOK	11.629	11.4248	11.795	11.2405
Swiss Franc	CHF	0.9526	0.9718	0.9412	0.926
Hong Kong Dollar	HKD	8.4454	8.465	8.0686	8.6314
Japanese Yen	YEN	163.8519	151.9903	163.06	156.33
Chinese Renminbi	CNY	7.7875	7.66	7.5833	7.8509
Won Sud	KRW	1475.4	1412.88	1532.15	1433.66
Canadian Dollar	CAD	1.4821	1.4595	1.4948	1.4642
Indian Rupee	INR	90.5563	89.3001	88.9335	91.9045
Pataca	MOP	8.6988	8.7189	8.3107	8.8903
Mexican Peso	MXN	19.8314	19.183	21.5504	18.7231
Singapore dollar	SGD	1.4458	1.4523	1.4164	1.4164
United Arab Emirates Dirham	AED	3.975	3.971	3.8154	4.0581
Moroccan Dirham	MAD	10.756	10.956	10.514	10.928

FINANCIAL RISKS

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. These risks fall mainly into the category of market risks, which can be further divided into:

- interest rate risk, which is linked to the impact of changes in market interest rates;
- exchange rate risk, arising from trading in currencies other than the reference currency;
- liquidity risk, which is connected with the need to guarantee adequate access to capital markets and sources of funding to support the needs generated from operations, investments and the maturities of financial liabilities;
- credit (or counterparty) risk, i.e. the risk of default by counterparties on commercial or financial obligations, arising from normal business operations, as well as from financing, investment and risk hedging activities.

Financial risk management follows the guidelines defined 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 adopts an approach that focuses on the management of individual financial risks, with the objective of mitigating the impact, including through the use of derivatives for hedging purposes.

Rate risk

The OTB Group's exposure to the interest rate risk is moderate. Considering the positive net financial position and of the entity of the debt of the Group, it was not necessary to adopt specific measures, such as the use of derivatives to mitigate the interest rate risk. Through a centralised treasury structure, the Group constantly monitors the financial performance of the companies, implementing a policy of resource optimisation.

The yields on both assets and liabilities of the Group's entire financial position are predominantly benchmarked to the Euribor rate for the period (or equivalent rates for currencies other than the euro), with the addition of a spread that varies according to the type of relationship. Interest margins receivable and payable are aligned with standard market rates and are proportional to the Group's financial soundness.

Given the above and their dynamics, the Group's economic results are only marginally sensitive to changes in interest rates.

A hypothetical shift in the interest rate curve up or down by 25 basis points (in parallel along the entire the curve) would result in the following effects. The simulation represents the expected impact during 2025, assuming that risk exposures remain the same as they were on 31 December 2024 for the entire year.

31.12.2024 *(in thousands of euro)*	**Book value**	**of which subject to RR**	**Rate risk (RR)** **25+bp** **Income/(Charges)**	 **-25bp** **Income/(Charges)**
Non-current financial assets	2,855	-	-	-
Trade receivables	225,605	-	-	-
Current financial assets	168	-	-	-
Cash and cash equivalents	83,760	80,737	202	(202)
Total financial assets			**202**	**(202)**

31.12.2024 *(in thousands of euro)*	**Book value**	**of which subject to RR**	**Rate risk (RR)** **25+bp** **Income/(Charges)**	 **-25bp** **Income/(Charges)**
Non-current financial liabilities	611	-	-	-
Trade payables	270,012	-	-	-
Current financial liabilities	52,252	49,495	(124)	124
Total financial liabilities			**(124)**	**124**

Exchange risk

The OTB Group is exposed to fluctuations in the exchange rates of the currencies in which commercial transactions are settled with both customers and suppliers, mainly JPY, CNY, GBP, HKD and USD.

In order to minimise the impact of currency fluctuations on expected economic margins, the Group has adopted a currency hedging policy in line with market practices and international accounting standards.

The main derivative instruments used are Forward purchase/sale transactions and, residually, plain vanilla options. The counterparties of these derivative instruments are leading financial institutions.

Liquidity risk

The OTB Group identifies liquidity risk as the possibility that a company of the Group, or the Group itself, cannot punctually fulfil its obligations. The containment of this risk is guaranteed through a centralized treasury structure which constantly monitors the financial performance of the companies with the aim of ensuring an adequate level of liquidity to cover the financial and industrial commitments undertaken. In particular, the tools for monitoring and optimising cash generation, controlling the trend of working capital, together with careful financial planning, both in the short and medium-long term, make it possible to maintain a balanced cash level, limiting critical issues and financial strain.

The OTB Group believes that the cash and cash equivalents together with the credit lines as at 31 December 2024 are sufficient to cover the needs deriving from the operating activity.

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".

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.

OTHER RISKS

The normal management of the business and the development of its strategy exposes the OTB Group to several types of risks, listed below, which could adversely affect the Group's financial performance and financial condition.

Risks related to markets and general geopolitical and economic conditions

The OTB Group operates through its brands in the apparel and accessories sector, particularly in the premium casual wear, pret-à-porter and luxury segments. The sector is characterised by an important correlation between the demand for goods and the level of economic growth and political stability of the countries where the demand is generated. Thus, it is evident that development of the business also depends on the political stability and economic situation of the various countries in which it operates. The Group is present with its companies and third-party distributors in a significant number of countries worldwide, which significantly reduces the above risks, although any deterioration in economic, social, or political conditions in one or more markets could lead to adverse effects on sales and economic-financial results.

Cyber risks

The strong and growing relationship of dependence and interconnection between information and communication technologies causes significant vulnerabilities to information systems due to the increasing sophistication and frequency of cyber attacks. On this front, the OTB Group periodically reviews risks, in addition to investing both organisational and technical resources to limit this type of risk as much as possible, including from a business continuity perspective. No successful attacks were incurred during 2024.

Risks related to brand image, reputation and recognition

The industry in which the OTB Group operates is significantly influenced by the image, reputation and recognition of its brands, and as a result, its financial results are also affected by these aspects.

For this reason, the Group considers it essential to constantly enhance and strengthen the image and positioning of its brands by investing in product quality, innovation, research and development, communication strategies and distribution network.

Risks associated with relations with third-party manufacturers

The OTB Group directly manages the creation and development of the collections, while for production it relies on independent third parties operating under the Group's close supervision.

It should be pointed out that the Group does not depend significantly on any third party, and this makes it possible to significantly reduce the risk that any interruptions or terminations of the relationship may adversely affect sales and economic - financial results.

In addition, the Group has constant control over the manufacturer chain in place in order to ensure, in addition to high quality and financial reliability requirements, full compliance with, *inter alia*, labour, worker safety and environmental laws, as well as the principles of its Code of Ethics and Conduct. For this reason, audits are conducted periodically at subcontractors and their sub-suppliers.

Risks associated with dependence on key figures

The OTB Group's results also depend on the ability of management, which plays a key role in the Group's growth, thanks to significant industry knowledge and experience. Termination of the relationship with some of these professionals could create a certain impact on growth prospects.

For this reason, the Group has adopted an operational and management structure capable of ensuring business continuity, including through the adoption of retention plans for key professional figures, as well as talent management programs aimed at developing skills and retaining talent.

Risks associated with trademark and product counterfeiting and intellectual property right protection

The market in which the Group operates is characterised by brand and product counterfeiting phenomena that could create negative effects on sales and economic results.

The OTB Group has made significant investments in the adoption of innovative technologies that enable product tracking throughout the value chain to prevent and mitigate the effects of counterfeiting activities on its brands and products, thereby protecting its intellectual property rights with reference to the various commodity classes and in the territories in which it operates.

Risks associated with the changing regulatory framework

The OTB Group operates in a complex international environment and is subject, in the various jurisdictions in which it is active, to laws and regulations, which are constantly monitored, especially with regard to worker health and safety, environmental protection, legislation on the manufacture of products and their composition, consumer protection, protection of personal data, protection of industrial and intellectual property rights, competition rules, tax and customs regulations, and, in general, all relevant regulatory provisions.

ACQUISITIONS IN 2024

Business combinations

During the year, 80% of Calzaturificio Stephen S.r.l., a long-time supplier of the Group and excellence in high-end footwear production, located in Pianezze (VI), was acquired. The transaction is in line with the Group's strategy of acquiring know-how in strategic product categories. 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 acquisition took effect on 24 May 2024. The following table shows the values.

(in thousands of euro)	**acquisition date**
Assets	
Non-current assets	
Trademark	0
Intangible assets with a finite useful life	15
Right of use assets	1,909
Property, plant and equipment	459
Other non-current assets	1
Deferred tax assets	0
Total non-current assets	**2,384**
Current assets	
Inventories	3,879
Trade receivables	2,077
Tax receivables	0
Current financial assets	110
Other current assets	277
Cash and cash equivalents	1,174
Total current assets	**7,517**
Total assets	**9,901**
Equity and liabilities	
Shareholders' equity	**481**
Non-current liabilities	
Non-current lease liabilities	1,689
Non-current financial liabilities	0
Provisions for risks and charges	0
Post-employment benefit plan liabilities	1,276
Other non-current liabilities	1
Deferred tax liabilities	0
Total non-current liabilities	**2,966**
Current liabilities	
Trade payables	2,358
Other current liabilities	2,256
Current tax liabilities	89
Provisions for risks and charges	0
Current lease liabilities	220
Current financial liabilities	1,531
Total current liabilities	**6,454**
Total liabilities	**9,420**
Total equity and liabilities	**9,901**

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 value as the lease liability.

The fair value of net assets acquired thus determined was compared with the consideration transferred and the excess of the latter over the former was allocated to goodwill. The following table shows the values:

(in thousands of euro)	**Calzaturificio Stephen S.r.l.**
Price paid	10,755
Share of net assets acquired expressed at fair value	386
Difference allocated to goodwill	**10,369**

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

A call & put exists on the minority interest, which resulted in a liability being recorded at the time of acquisition. Pursuant to IFRS 10, the directors have assessed that the risks and benefits have been transferred to Group and therefore, as an offsetting item to the liability being recognised, the portion of minority shareholders' equity of Euro 96 thousand has been written-off and the goodwill emerging from the purchase price allocation made at the time of the purchase has been increased by Euro 1,803 thousand.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Non-current assets	1,463,941	1,446,930

1. GOODWILL AND INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Goodwill and intangible assets with a finite useful life which, as at 31 December 2023, totalled Euro 335,384 thousand, as at 31 December 2024 amounted to Euro 338,676 thousand.

Movements in intangible assets for the year ended 31 December 2024 are summarised in the following table:

(euro migliaia)	**Goodwill**	**Trademarks**	**Intellectual property rights**	**Key money**	**Other intangible assets**	**Assets in progress**	**Total**
Cost							
As at 31.12.2023	**153,057**	**308,663**	**38,937**	**18,042**	**120,715**	**4,741**	**644,155**
Increases	0	373	972	0	6,542	7,989	15,876
Decreases	0	(50)	(1,270)	(1,252)	(12,426)	(258)	(15,256)
Exchange differences	(158)	(184)	135	87	(61)	1	(180)
Other changes	12,172	192	248	0	2,989	(3,408)	12,193
As at 31.12.2024	**165,071**	**308,994**	**39,022**	**16,877**	**117,759**	**9,065**	**656,788**
Accumulated amortisation							
As at 31.12.2023	**81,456**	**79,021**	**36,476**	**16,139**	**95,679**	**0**	**308,771**
Amortisation/depreciation	0	10,208	1,485	841	11,597	0	24,131
Decreases	0	(4,085)	(1,246)	(1,252)	(12,381)	0	(18,964)
Exchange differences	(125)	(115)	187	69	(66)	0	(50)
Other changes	0	4,143	82	0	(1)	0	4,224
As at 31.12.2024	**81,331**	**89,172**	**36,984**	**15,797**	**94,828**	**0**	**318,112**
Net book value							
As at 31.12.2023	**71,601**	**229,642**	**2,461**	**1,903**	**25,036**	**4,741**	**335,384**
As at 31.12.2024	**83,740**	**219,822**	**2,038**	**1,080**	**22,931**	**9,065**	**338,676**

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

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Marni	46,175	46,175
Calzaturificio Stephen srl	12,172	0
Diesel Japan	7,088	7,088
Diesel Canada	4,337	4,337
Viktor&Rolf	5,766	5,766
Other	8,202	8,235
Total	**83,740**	**71,601**

Goodwill increased compared to the previous year mainly due to goodwill determined at the time of the purchase price allocation made at the time of the acquisition of Calzaturificio Stephen S.r.l., already described in the section on acquisitions made in 2024 of these Notes to the Financial Statements. "Other" 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:

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Marni	90,600	95,633
Jil Sander	125,387	130,164
Other	3,835	3,845
Total	**219,822**	**229,642**

The item Other includes Diesel, 55DSL, Margiela and Viktor&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 to support production, planning and logistics and on the Group's finance and commercial infrastructure. During the year, investments were made in digital innovation, both process and product, focused on internal process efficiency, logistics automation solutions, artificial intelligence and customer engagement.

The item Intangible assets under construction, almost for its entirety, includes 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. The increase for the year mainly relates to the investment for the new SAP S/4HANA accounting and management information system that will be adopted throughout the Group.

The impairment test, carried out in compliance with IAS 36 at the end of 2024, did not find any significant elements that could lead to believe that these assets might be impaired. This test was carried out by determining the recoverable value with reference to the value in use, and usually identifying as Cash Generating Units (CGUs) the company or sub-group to which the company refers, consistent with the way in which management monitors business performance and thus according to the different Business Worlds characterising the OTB group, namely:

- Diesel Business World
- Staff International Business World
- Marni Business World
- Margiela Business World
- Jil Sander Business World
- Viktor&Rolf Business World
- Brave Kid Business World

The impairment test is performed using the Discounted Cash Flow (DCF) method, aimed at determining the Value in Use of the identified cash generating unit (CGU) or the fair value less cost to sell.

The value in use is 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 is determined in consideration of the geographical context in which the Group operates.

For the purpose of the impairment test at the end of 2024, the most up-to-date forecast data were used, taking due account of the current macroeconomic situation and market forecasts, for a conventional period of up to 5 years at the end of which a terminal value was determined and the main parameters used were:

- 2% growth rate in perpetuity ("g");
- WACC equal to 8.65%.

With regard more specifically to impairment testing, it should be noted that the exercise was carried out by including in the invested capital both the value of goodwill and the value of the brand allocated to the CGU.

The result of the impairment tests to determine the Value in Use were 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. By varying the variables, discount rate and growth rate, independently considered by 5 basis points, the sensitivity analysis shows a relative stability of the results.

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 2024 are shown in the following table:

(in thousands of euro)	**Right of use assets – Buildings**	**Right of use assets– Other**	**Total**
Cost			
As at 31.12.2023	**1,049,285**	**18,453**	**1,067,738**
Increases	159,241	2,806	162,047
Decreases	(86,258)	(2,150)	(88,408)
Exchange differences	11,111	(8)	11,103
Other changes	(1,723)	0	(1,723)
As at 31.12.2024	**1,131,656**	**19,101**	**1,150,757**
Accumulated amortisation			
As at 31.12.2023	**495,150**	**12,550**	**507,700**
Amortisation/depreciation	150,842	3,322	154,164
Decreases	(67,729)	(1,982)	(69,711)
Exchange differences	5,073	(12)	5,061
Other changes	(1,768)	0	(1,768)
As at 31.12.2024	**581,568**	**13,878**	**595,446**
Net book value			
As at 31.12.2023	**554,135**	**5,903**	**560,038**
As at 31.12.2024	**550,088**	**5,223**	**555,311**

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

Increases for the year refer to the signing of new lease agreements for the opening of new stores. The decreases relate to the early termination of existing lease contracts.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amount to Euro 333,345 thousand at 31 December 2024 compared to Euro 324,934 thousand at 31 December 2023.

Movements in property, plant and equipment for the year ended 31 December 2024 are summarised in the following table:

(in thousands of euro)	**Land and buildings**	**Plants and equipments**	**Office furniture and equipment**	**Improvements to third party goods**	**Other assets**	**Construction in progress**	**Total**
Cost							
As at 31.12.2023	**235,058**	**87,392**	**132,439**	**226,508**	**29,945**	**3,819**	**715,161**
Increases	167	1,932	12,285	43,400	2,924	340	61,048
Decreases	(65)	(1,038)	(11,458)	(23,120)	(2,243)	(688)	(38,612)
Exchange differences	10	14	2,003	2,348	(324)	(38)	4,013
Other changes	0	3,797	486	758	1,380	(2,911)	3,510
As at 31.12.2024	**235,170**	**92,097**	**135,755**	**249,894**	**31,682**	**522**	**745,120**
Accumulated amortisation							
As at 31.12.2023	**55,999**	**61,793**	**105,563**	**145,187**	**21,684**		**390,226**
Amortisation/depreciation	5,378	2,953	11,213	30,623	2,110		52,277
Decreases	(65)	(765)	(10,960)	(22,155)	(2,233)		(36,178)
Exchange differences	3	8	1,621	1,318	(291)		2,659
Other changes	0	1,398	173	17	1,203		2,791
As at 31.12.2024	**61,315**	**65,387**	**107,610**	**154,990**	**22,473**		**411,775**
Net book value							
As at 31.12.2023	**179,059**	**25,599**	**26,876**	**81,321**	**8,261**	**3,819**	**324,935**
As at 31.12.2024	**173,855**	**26,710**	**28,145**	**94,904**	**9,209**	**522**	**333,345**

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 equipment mainly relates to new equipments 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 in the classes Leasehold improvements and Office furniture and equipment mainly refer to costs incurred for the development of the retail network, which saw the opening of 61 new points of sale.

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 impairment indicators relating to the retail network, 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. EQUITY INVESTMENTS MEASURED WITH THE EQUITY METHOD

Investments measured with the equity method as of 31 December 2024 amounted to Euro 46,979 thousand compared to Euro 40,295 thousand as of 31 December 2023 and mainly 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	**40,083**
Profit/(Loss) for the period: pro rata	6,666
Dividends paid during the period	(2,200)
Trademark amortisation	(416)
Exchange differences	2,720
Measurement using the equity method at the end of the period	**46,853**
IS effect of equity method measurement of the investment	**6,250**

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

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Current assets	125,560	97,153
Non-current assets	87,167	46,242
Total assets	**212,727**	**143,395**
Shareholders' equity	(120,844)	(91,744)
Current liabilities	(28,738)	(22,093)
Non-current liabilities	(63,145)	(29,557)
Total liabilities	**212,727**	**143,395**

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

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Sales	208,961	198,546
Cost of sales	(70,250)	(76,563)
Personnel costs	(30,972)	(23,916)
Operating costs	(64,788)	(65,071)
Other expenses	(9,620)	(6,570)
Net Profit/(loss)	**33,331**	**26,428**

The residual portion of the item Investments valued using the equity method is equal Euro 126 thousand (Euro 212 thousand in the previous year) and refers to the investment in the company L.R. Vicenza S.p.A., a company that participates in the Serie C football championship and of which the parent company OTB S.p.A. holds a share of 88.56% of the share capital, but over which it is unable to exercise a dominant influence. During the year, the share increased from 73.87% to 88.56% as a result of the subscription of new shares and the exercise of the pre-emption right on the share capital increase not subscribed by the other shareholders for a total value of Euro 9,250 thousand, on the one hand, and the sale of a share equal to 5% of the shareholding on the other, realizing a capital gain of Euro 199 thousand. The company ended the financial situation at 31 December 2024, with shareholders' equity of Euro 141 thousand and a loss of Euro 9,639 thousand. Measurement of the investment using the equity method leads to the recognition of a write-down of Euro 9,337 thousand in the income statement for the financial year.

5. LEASE ASSETS

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Non-current lease assets	0	0	0
Current lease assets	20	249	(229)
Total lease assets	**20**	**249**	**(229)**

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	0	0	0
Current lease assets	20	0	0	20
Total lease assets	**20**	**0**	**0**	**20**

6. OTHER FINANCIAL ASSETS

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Non-current financial assets	2,855	2,018	837
Current financial assets	10,566	20,531	(9,965)
Total financial assets	**13,421**	**22,549**	**(9,128)**

The item Non-current financial assets, includes a loan of Euro 2,837 thousand (Euro 2,000 thousand in the previous year) granted by the parent company OTB S.p.A. in favour of Aura Blockchain Consortium, the consortium in which OTB S.p.A. has decided to join as a founding member, alongside the main international luxury groups (LVMH, Prada Group and Richemont International SA) with the aim of accelerating the Group's digital innovation. This loan contract provides for a rate of 2.5% and maturity in 2027.

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

7. OTHER NON-CURRENT ASSETS

The composition of other non-current assets at 31 December 2024 e al 31 December 2023 is as follows:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Deposits	0	45	(45)
Other accrued income and prepaid expenses	210	243	(33)
Other tax receivables	106	89	17
Guarantee deposits	43,455	40,178	3,277
Other receivables	194	194	0
Other non-current assets	**43,965**	**40,749**	**3,216**

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. Changes in deferred tax assets during the year are as follows:

(in thousands of euro)	**01.01.2024**	**Increases**	**Decreases**	**Other changes**	**31.12.2024**
Inventories writedown reserve	35,936	20,100	(22,060)	7	33,983
Risk provisions	12,187	4,739	(4,068)	(172)	12,686
Bad debt provision	4,084	458	(670)	(8)	3,864
Amortisation/depreciation	17,132	1,399	(3,842)	(735)	13,954
Leases – IFRS16	6,822	3,325	(1,608)	(528)	8,011
Elimination of intercompany profits	39,364	40,143	(39,364)	0	40,143
Deferred tax assets on tax losses	13,449	513	(178)	394	14,178
Exchange differences	1,903	50	(985)	0	968
Other temporary differences	12,635	556	1,717	116	15,024
Total deferred tax assets	**143,512**	**71,283**	**(71,058)**	**(926)**	**142,811**

The amount of deferred tax assets and deferred tax liabilities on temporary differences related to the treatment of leases in accordance with IFRS 16 amounts to Euro 8,011 thousand (as shown in the table above) and Euro 508 thousand (as indicated in note (21) of these notes), respectively, and was determined by offsetting the value of right-of-use assets and the value of lease liabilities. The following table shows the values of deferred taxes on right-of-use assets and lease liabilities in the absence of offsetting:

(in thousands of euro)	**31.12.2024**
Deferred tax assets on Leases - IFRS16	8,011
Deferred tax liabilities on Leases - IFRS16	(508)
Net deferred taxes on Leases - IFRS16	**7,503**
Deferred tax assets on lease liabilities	144,773
Deferred tax liabilities on right-of-use assets	(137,270)
Net deferred taxes on Leases - IFRS16	**7,503**

The following table shows the amount of tax losses that can be carried forward on which no deferred tax assets have been allocated and the value of potential deferred tax assets:

(in thousands of euro)	**31.12.2024**
Tax losses that can be carried forward on which deferred tax assets have not been allocated	229,286
Potential deferred tax assets	**51,148**

The value of tax losses that can be carried forward limited to the next 5 years is Euro 53,322 thousand, while the value of tax losses that can be carried forward without a time limit is Euro 175,964 thousand.

Current assets

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Current assets	871,298	965,756

9. INVENTORIES

Inventories amount to Euro 428,948 thousand at 31 December 2024 compared to Euro 480,258 thousand at 31 December 2023.

The composition of inventories at 31 December 2024 and 31 December 2023 is as follows:

	31.12.2024			**31.12.2023**			**change**
(in thousands of euro)	**Gross**	**Provision**	**Net**	**Gross**	**Provision**	**Net**	
Raw materials	63,362	(23,715)	39,647	68,218	(27,563)	40,655	(1,008)
Work in progress	16,007	(2,262)	13,745	19,164	(1,002)	18,162	(4,417)
Finished products	465,897	(90,341)	375,556	515,256	(93,815)	421,441	(45,885)
Total inventories	**545,266**	**(116,318)**	**428,948**	**602,638**	**(122,380)**	**480,258**	**(51,310)**

The net value of inventories decreased by Euro 51,310 thousand (-11%). This result is the consequence of both a careful purchasing process of finished products by brands that, faced with the market contraction already recorded at the end of the year 2023, adjusted volumes, and an acceleration of the disposal of stocks accumulated in previous seasons.

The decrease in the related provision of Euro 6,062 thousand (-5%) corresponds to the reduction of inventories and the improved mix of products in stock as a consequence of the accelerated disposal of old seasons.

10. TRADE RECEIVABLES

The balance of trade receivables at 31 December 2024 amounted to Euro 225,605 (Euro 250,404 thousand in the previous year).

Trade receivables are stated net of an allowance for doubtful accounts of Euro 26,319 thousand.

The composition of trade receivables at 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**changes**
Trade receivables	251,924	275,667	(23,743)
Bad debt provision	(26,319)	(25,263)	(1,056)
Trade receivables, net	**225,605**	**250,404**	**(24,799)**

Trade receivables arise from commercial transactions with domestic and foreign customers. They do not include any amounts due beyond one year. Writedowns have been determined on a prudent basis that reflects both a review of individual accounts and the general risk of collection losses.

Pursuant to IFRS9, accounting for impairment losses on the Group's financial assets is performed following 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**	**Rest of Europe**	**APAC (excl. India)**	**Japan**	**America**	**Rest of world (incl. India)**	**Total**
Trade receivables	82,742	63,396	10,115	47,063	26,231	22,377	251,924

The Group was not subject to any significant concentration of credit risk at the reporting date.

As at 31 December 2024 and 31 December 2023, 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**
31.12.2024	251,924	207,632	25,528	3,362	2,671	4,903	7,828
31.12.2023	275,667	211,206	37,903	10,262	4,953	3,605	7,738

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

(in thousands of euro)	**As at 1.1.2024**	**Conversion difference**	**Allocations/ (Releases)**	**Utilisations**	**As at 31.12.2024**
Bad debt provision	25,263	172	2,357	(1,473)	26,319

11. TAX RECEIVABLES

Tax assets amount to Euro 21,455 thousand at 31 December 2024 (Euro 9,988 thousand at 31 December 2023).

The item includes Income tax receivables and refers to the following:

- Euro 9,199 thousand for the IRES receivable generated under the "National Consolidation", a group taxation system adopted by the parent company OTB S.p.A. together with its Italian subsidiaries and is due to surplus payments in;
- Euro 977 thousand consisting of an IRAP receivable;
- Euro 5,256 thousand upon the successful conclusion of the Mutual Agreement Procedure (MAP) between Italy – Spain, Italy – Denmark and Italy– USA in reference to the previous tax years;
- Euro 854 thousand for the request of an IRES and IRAP refund relating to the 2020 tax year following the successful conclusion of the bilateral Italy – Japan Advance Pricing Agreement (APA);
- Euro 699 thousand for the reimbursement request activated following the audit by the French tax authorities of the subsidiary Diesel France SAS.

The remainder relates to amounts due from the tax authorities of the various countries where the subsidiaries are located.

12. OTHER CURRENT ASSETS

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

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
VAT credits	**37,130**	**49,162**	**(12,032)**
Other tax receivables	**12,069**	**13,978**	**(1,909)**
Amounts due from employees	380	256	124
Amounts due from agents	67	52	15
Guarantee deposits	588	530	58
Other receivables	9,032	7,829	1,203
Total other receivables	**10,067**	**8,667**	**1,400**
Assets for expected returns	**8,101**	**8,902**	**(801)**
Accrued income	**96**	**56**	**40**
Deferred lease and rental income	3,106	3,976	(870)
Prepaid maintenance expenses	1,894	393	1,501
Prepaid insurance premiums	472	253	219
Other prepaid expenses	28,009	31,584	(3,575)
Total prepaid expenses	**33,481**	**36,206**	**(2,725)**
Total other current assets	**100,944**	**116,971**	**(16,027)**

VAT credits include the balance of the VAT settlement of the Group in Italy of Euro 16,690 thousand and the VAT credit for the third quarter of 2024 of Euro 6,000 thousand requested as a refund within the scope of the Group VAT. The remaining VAT credits are related to Italian companies not included in Group VAT and foreign companies.

The item Other tax receivables mainly includes:

- Euro 10,650 thousand as the tax credit for research and development, technological innovation, design and aesthetic conception, of which Euro 1,541 thousand in reference to costs incurred during financial year 2024. During the 2024 financial year, the Group offset tax credits deriving from investments in Research and Development, technological innovation, design and aesthetic conception referring to the previous financial years amounting to Euro 1,669 thousand;

- Euro 1,249 thousand as the tax credit for the development of the Autostore system for the management of warehouse logistics.

Other receivables mainly refer to advance payments made on advertising fees to licensees by a Group company and advances paid to service providers.

Assets for expected returns are related to the estimate arising from granting return rights to customers. Indeed, this valuation leads, on the one hand, to the recognition of a liability in an amount corresponding to the reversal of sales revenue previously recognised on an accrual basis and, on the other hand, to the recognition of an asset for returns to be received in an amount corresponding to the cost of sales of the goods for which the return has been estimated.

Other prepaid expenses mainly relate to prepaid costs for services invoiced in the year under review but pertaining to the following year.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2024 amount to Euro 83,760 thousand (Euro 87,355 thousand at 31 December 2023).

The composition thereof is as follows:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Bank and postal demand deposits	80,786	83,990	(3,204)
Cash and cash equivalents	2,974	3,365	(391)
Total Cash and cash equivalents	**83,760**	**87,355**	**(3,595)**
Bank overdrafts	(4,917)	(5,982)	1,065
Total Net Cash by Cash Flow Statement	**78,843**	**81,373**	**(2,530)**

Shareholders' equity

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Shareholders' equity	1,116,097	1,142,100

The changes recorded in net equity items in the financial year 2024 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 2024 amount to Euro 1,109,688 thousand (Euro 1,136,094 thousand at 31.12.2023).

The decrease in the Group's equity in 2024 compared to 31 December 2023, of Euro 26,406 thousand, was mainly due to the distribution of dividends implemented (Euro 20,000 thousand) and the negative change in equity reserves related to hedge accounting (Euro 9,832 thousand), partially mitigated by the Group's positive result (Euro 3,671 thousand).

Share capital

Share capital as of 31 December 2024 is fully subscribed and paid-in and totals Euro 25,000 thousand.

Other reserves

Other reserves are detailed below:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
First time adoption reserve	(146,391)	(146,391)	0
Cost of hedging reserve	(1,861)	(4,232)	2,371
Cash flow hedge reserve	(1,019)	11,184	(12,203)
Actuarial reserve	910	365	545
Reserve for future capital increase	148,318	148,318	0
Extraordinary reserve	310,869	314,102	(3,233)
Consolidation reserve and retained earnings	794,974	723,381	71,593
Total Other reserves	**1,105,800**	**1,046,727**	**59,073**

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)

	31.12.2024		31.12.2023	
	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	12,773	531,511	22,663	538,483
Contribution of equity and results of consolidated companies	35,446	1,871,339	146,904	1,870,994
Book value of equity investments in consolidated companies	(5,474)	(1,292,430)	0	(1,262,856)
Reversal of intercompany dividends received	(37,256)	0	(66,005)	0
Elimination of intercompany profits in inventories of consolidated subsidiary companies, net of taxes	(2,579)	(103,738)	(27,136)	(101,726)
Consolidation differences	0	74,950	0	62,778
Goodwill arising on consolidation allocated to trademarks (including deferred tax liabilities)	181	544	181	363
Value attributed to Trademark from acquisitions (including deferred tax liabilities)	(3,444)	90,404	(3,444)	93,848
Value attributed to right-of-use assets from asset acquisitions	(320)	1,164	(258)	1,437
Measurements of investments according to the equity method	(9,337)	(31,435)	(5,553)	(22,098)
Measurement of PUT&CALL minority share	(1,786)	(15,162)	3,477	(12,077)
Reversal of reserve for retail channel returns net of taxes	2,543	7,963	866	5,420
Deferred tax liabilities on reserves in tax deferral	0	(4,854)	0	(4,854)
Other consolidation adjustments	13,226	(14,159)	18,087	(27,612)
As per consolidated financial statements	**3,973**	**1,116,097**	**89,782**	**1,142,100**
Attributable to non-controlling interests	302	6,409	1,422	6,006
Profit and equity attributable to the Group	**3,671**	**1,109,688**	**88,360**	**1,136,094**

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 2024 amount to Euro 6,409 thousand (Euro 6,006 thousand at 31.12.2023).

Non-current liabilities

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Non-current liabilities	575,405	586,769

16. LEASE LIABILITIES

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Non-current lease liabilities	461,529	460,473	1,056
Current lease liabilities	131,488	129,500	1,988
Total lease liabilities	**593,017**	**589,973**	**3,044**

Lease liabilities refer to subleasing in contracts. For further details, please refer to the measurement criteria sections of 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	304,470	157,059	461,529
Current lease liabilities	131,488	0	0	131,488
Total lease liabilities	**131,488**	**304,470**	**157,059**	**593,017**

17. NON-CURRENT FINANCIAL LIABILITIES

Details of non-current financial liabilities are provided below:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Loans from third parties	611	50	561
Non-current financial liabilities	**611**	**50**	**561**

The loans were accounted using the amortised cost method.

Non-current financial 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**
Loans from third parties	0	611	0	611
Total long term loans	**0**	**611**	**0**	**611**

The Group's net cash/debt at 31 December 2024 and 31 December 2023 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		**31.12.2024**	**31.12.2023**
A.	Cash	2,974	3,365
B.	Other cash equivalents	80,786	83,990
C.	Total cash and cash equivalents (A+B)	83,760	87,355
D.	Current lease assets	20	249
E.	Current loans receivable	10,566	20,531
F.	Current bank payables	(4,917)	(5,982)
G.	Other current financial payables	(57,595)	(41,546)
H.	Current payables (F+G)	(62,512)	(47,528)
I.	Current lease liabilities	(131,488)	(129,500)
J.	Current net financial position (C+D+E+H+I)	(99,654)	(68,893)
K.	Non-current financial payables	(611)	(50)
L.	Non-current lease liabilities	(461,529)	(460,473)
M.	Non-current net financial position (K+L)	(462,140)	(460,523)
N.	**Net financial position (J+M)**	**(561,794)**	**(529,416)**

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 2024 and 31 December 2023 would be as follows:

(in thousands of euro)

Net financial position		**31.12.2024**	**31.12.2023**
A.	Cash	2,974	3,365
B.	Other cash equivalents	80,786	83,990
C.	Total cash and cash equivalents (A+B)	83,760	87,355
D.	Current loans receivable	10,566	20,531
E.	Current bank payables	(4,917)	(5,982)
F	Other current financial payables	(57,595)	(41,546)
G.	Current loans and borrowings (E+F)	(62,512)	(47,528)
H.	Current net financial position (C+D+G)	31,814	60,358
I.	Non-current financial payables	(611)	(50)
J.	Non-current net financial position (I)	(611)	(50)
K.	**Net financial position (H+J)**	**31,203**	**60,308**

18. PROVISIONS FOR RISKS AND CHARGES

The composition of provisions at 31 December 2024 and movements therein for the year then ended are set out as follows:

(in thousands of euro)	**Provision for tax disputes**	**Provision for discounts**	**Provision for legal disputes**	**Provision for agent indemnities**	**Provision for leasehold restoration**	**Other provisions**	**Total**
As at 1.1.2024	**15,987**	**4,967**	**2,414**	**845**	**12,719**	**41,946**	**78,878**
Increases during year	91	505	1,495	69	7,074	14,356	23,590
Uses/Releases	(8,513)	(1,789)	(1,865)	(125)	(3,937)	(30,342)	(46,571)
Acquisition values	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	(42)	(42)
Exchange differences	0	52	(35)	0	(342)	53	(272)
As at 31.12.2024	**7,565**	**3,735**	**2,009**	**789**	**15,514**	**25,971**	**55,583**
Current	7,500	3,735	2,009	789	1,578	19,116	34,727
Non-current	65				13,936	6,855	20,856

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 2024.

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. Changes during the year are shown in the table below:

(In thousands of euro)	**As at 1.1.2023**	**Service costs**	**Interest cost**	**Actuarial losses/ (gains)**	**Uses for indemnities paid and advances**	**Other changes**	**As at 31.12.2023**
Post-employment benefit plan liabilities	8,745	573	288	(757)	(609)	1,467	9,707

The provision for employee severance indemnities mainly refers to the Italian companies of the Group. 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 Italian 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. Consistently, the amount of payables for severance indemnities recorded before the entry into force of the reform and not yet paid to employees existing at the date of preparation of the financial statements, is considered as a defined benefit pension fund and its amount is determined at the end of each financial year on the basis of actuarial assumptions.

Technical evaluations were made based on the assumptions described in the following table:

Actuarial calculation assumptions	
Inflation rate	2.00%
Discount rate	3.37%
Remuneration increase rate	3.00%

In accordance with the provisions of IAS 19, a sensitivity analysis was performed on changes in the main technical bases included in the calculation model.

From the baseline scenario, the most significant assumptions were varied, namely the average annual discount rate, average inflation rate, remuneration growth rate and turnover rate. The results obtained are summarised in the table below:

(in thousands of euro)	**Changes in assumptions**		**Impact on liability**
Actuarial calculation assumptions		**Increase in assumptions**	**Decrease in assumptions**
Inflation rate	+/-0.25%	9,786	9,628
Discount rate	+/-0.50%	9,413	10,020
Remuneration increase rate	+/-2.00%	9,746	9,626

The following table shows an estimate of expected payments (in nominal value) over the next 10 years:

(in thousands of euro)	**Within 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Between 5 and 10 years**	**Total**
Actuarial calculation assumptions	896	959	2,735	5,006	9,596

20. OTHER NON-CURRENT LIABILITIES

Details of other non current liabilities are shown below:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Amounts due to social security and welfare institutions	42	30	12
Amounts due to employees	0	0	0
Deferred income	14	81	(67)
Current tax liabilities	1,534	0	1,534
Other payables	15,284	12,212	3,072
Other non-current liabilities	**16,874**	**12,323**	**4,551**

With regard to tax payables, it should be noted that some Italian Group companies, during the year, adhered to the amnesty on tax credits for Research & Development provided for by Italian Decree Law no. 146/2021, by repaying the sums used for offsetting in previous years and arising from certain credits; the repayment did not entail the payment of either penalties or interest. This was determined by the need to eliminate the growing interpretative uncertainty on the correct application of the regulations and to reduce the risk arising from the uncertainty generated on these items, thus ensuring full tax compliance. This item amounting to Euro 1,534 thousand refers to the portion of the debt due beyond the next financial year. For the short-term portion, see note 23 in these Notes.

Other payables refers mainly to the payable arising from the valuation of the calls & puts existing on minority interests in subsidiaries, which increased by Euro 3,084 thousand compared to the previous year. The value of the liability was determined with reference to the equity value of the company.

The item increased by Euro 1,899 thousand as a result of the valuation of the existing call & put on the minority interest in the company Calzaturificio Stephen S.r.l., acquired in the first half of the year. Pursuant to IFRS 10, the directors have assessed that the risks and benefits have been transferred to Group and therefore, as an offsetting item to the liability being recognised, the portion of minority shareholders' equity of Euro 96 thousand has been written-off and the consolidation difference emerging from the purchase price allocation made at the time of the purchase has been increased by Euro 1,803 thousand.

The item decreased due to the distribution of dividends to minority shareholders for the amount of Euro 600 thousand and increased due to the updated valuation of call & put options made at the end of the year for the amount of Euro 1,785 thousand.

21. DEFERRED TAX LIABILITIES

The table below provides a breakdown of deferred tax liabilities in the periods considered:

(in thousands of euro)	**01.01.2024**	**Increases**	**Decreases**	**Other changes**	**31.12.2024**
Fixed assets	63,257	475	(2,860)	16	60,888
Leases - IFRS16	150	373	(13)	(2)	508
Exchange differences	1,025	542	(942)	(83)	542
Other temporary differences	3,926	78	(211)	97	3,890
Total deferred tax liabilities	**68,358**	**1,468**	**(4,026)**	**28**	**65,828**

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).

Current liabilities

(in thousands of euro)	**31.12.2024**	**31.12.2023**
Current liabilities	643,737	683,817

22. TRADE PAYABLES

Trade payables at 31 December 2024 amount to Euro 270,012 thousand, representing a decrease Euro 36,885 thousand compared to 31 December 2023.

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Trade payables	270,012	306,897	(36,885)

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

23. OTHER CURRENT LIABILITIES

Other current liabilities at 31 December 2024, amount to Euro 136,938 thousand (Euro 138,527 thousand in the previous year).

Details thereof are shown below:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Customer advance payments	14,425	16,045	(1,620)
Amounts due to employees	35,798	39,767	(3,969)
Amounts due to social security and welfare institutions	14,079	14,127	(48)
Due to others	4,352	5,016	(664)
Total other payables	**68,654**	**74,955**	**(6,301)**
VAT payable	**9,691**	**8,684**	**1,007**
Withholding tax payable	**8,784**	**8,108**	**676**
Other current tax liabilities	**2,780**	**1,690**	**1,090**
Liabilities for refunds on expected returns	**21,291**	**27,046**	**(5,755)**
Accrued lease and rental expenses	3,162	2,601	561
Accrued service expenses	2,266	1,518	748
Accrued maintenance expenses	30	24	6
Other accrued expenses	17,289	12,954	4,335
Total accrued expenses	**22,747**	**17,097**	**5,650**
Deferred lease and rental income	72	68	4
Other prepaid expenses	1,385	879	506
Total deferred income	**1,457**	**947**	**510**
Other current liabilities	**135,404**	**138,527**	**(3,123)**

Liabilities for expected returns are related to the assessment of risks relating to the granting of return rights to customers. As already mentioned, this assessment leads, on the one hand, to recognition in the financial statements of a liability for future refunds and a corresponding reduction in accrued revenue for the gross value of expected returns, and on the other, to the posting of an asset for returns to be received, and a corresponding reduction in the cost of sales.

The item other tax payables refers for Euro 1,534 thousand to the short-term portion of the payable arising from the adhesion to the amnesty on R&D tax credits mentioned in item 20 of these notes, to which reference should be made for further details.

24. CURRENT TAX LIABILITIES

Income tax payable may be broken down as follows:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Income tax payable	9,594	19,307	(9,713)
Current tax liabilities	**9,594**	**19,307**	**(9,713)**

Income tax payable is recognised net of current tax receivables, where the offset relates to the same jurisdiction and the same taxation.

25. CURRENT FINANCIAL LIABILITIES

Details of current financial liabilities are provided below:

(in thousands of euro)	**31.12.2024**	**31.12.2023**	**change**
Bank overdrafts	4,917	5,982	(1,065)
Derivative financial instruments	10,260	5,887	4,373
Other current financial liabilities	47,335	35,659	11,676
Total financial liabilities	**62,512**	**47,528**	**14,984**

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	4,917	0	0	4,917
Derivative financial instruments	10,260	0	0	10,260
Other current financial liabilities	47,335	0	0	47,335
Total financial liabilities	**62,512**	**0**	**0**	**62,512**

The increase in Other current financial liabilities refers to the short-term bank loans received from the parent company OTB S.p.A. due in the first quarter of 2024. These needs arise from investments made during 2024 and changes in working capital.

26. FINANCIAL INSTRUMENTS

The classification of financial instruments in accordance with IFRS 9 affects various components of the financial statements. The tables below present the book value of outstanding financial instruments, by category, with indication of the hierarchical level of Fair value, as at 31 December 2024 and 31 December 2023.

31.12.2024	**Financial assets**			**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
(in thousands of euro)	**Amortised cost**	**FV vs OCI**	**FV vs P&L**					
Non-current lease assets	0			0				
Non-current financial assets	2,855			2,855				
Other non-current assets	43,965			43,965				
Total non-current financial assets	**46,820**	**0**	**0**	**46,820**				
Trade receivables	225,605			225,605				
Current lease assets	20			20				
Assets for derivative financial instruments		10,398		10,398		10,398		10,398
Current financial assets	168			168				
Other current assets	100,944			100,944				
Cash and cash equivalents	83,760			83,760				
Total current financial assets	**410,497**	**10,398**	**0**	**420,895**		**10,398**		**10,398**

31.12.2024	**Financial liabilities**			**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
(in thousands of euro)	**Amortised cost**	**FV vs OCI**	**FV vs P&L**					
Non-current lease liabilities	461,529			461,529				
Non-current financial liabilities	611			611				
Other non-current liabilities	1,713		15,161	16,874			15,161	15,161
Total non-current financial Liabilities	**463,853**	**0**	**15,161**	**479,014**			**15,161**	**15,161**
Trade payables	270,012			270,012				
Other current liabilities	135,404			135,404				
Current lease liabilities	131,488			131,488				
Liabilities for derivative financial instruments		10,260		10,260		10,260		10,260
Current financial liabilities	52,252			52,252				
Total current financial liabilities	**589,156**	**10,260**	**0**	**599,416**		**10,260**		**10,260**

31.12.2023	**Financial assets**			**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
(in thousands of euro)	**Amortised cost**	**FV vs OCI**	**FV vs P&L**					
Non-current lease assets	0			0				
Non-current financial assets	2,018			2,018				
Other non-current assets	40,749			40,749				
Total non-current financial assets	**42,767**	**0**	**0**	**42,767**				
Trade receivables	250,404			250,404				
Current lease assets	249			249				
Assets for derivative financial instruments		20,428		20,428		20,428		20,428
Current financial assets	103			103				
Other current assets	116,971			116,971				
Cash and cash equivalents	87,355			87,355				
Total current financial assets	**455,082**	**20,428**	**0**	**475,510**		**20,428**		**20,428**

31.12.2023	**Financial liabilities**			**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
(in thousands of euro)	**Amortised cost**	**FV vs OCI**	**FV vs P&L**					
Non-current lease liabilities	460,473			460,473				
Non-current financial liabilities	50			50				
Other non-current liabilities	246		12,077	12,323			12,077	12,077
Total non-current financial Liabilities	**460,769**	**0**	**12,077**	**472,846**			**12,077**	**12,077**
Trade payables	306,897			306,897				
Other current liabilities	138,527			138,527				
Current lease liabilities	129,500			129,500				
Liabilities for derivative financial instruments		5,887		5,887		5,887		5,887
Current financial liabilities	41,641			41,641				
Total current financial liabilities	**616,565**	**5,887**	**0**	**622,452**		**5,887**		**5,887**

The carrying amount of financial assets and liabilities outstanding at 31 December 2024 is considered a reasonable approximation of the fair value, given their nature.

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.

The following table presents the book value of derivative financial instruments outstanding as at 31 December 2024:

31.12.2024	**amount in foreign currency**	**countervalue**	**average exchange rate**	**Fair value in Euros**	
(in thousands of euro)		**in Euros**		**pos**	**neg**
Outright sales:					
AUD v/EUR	2,520	1,514	1.66	10	0
CAD v/EUR	9,041	6,111	1.48	19	(1)
CHF v/EUR	15,991	16,937	0.94	20	(60)
CNY v/EUR	914,500	118,993	7.69	0	(1,138)
DKK v/EUR	7,600	1,021	7.44	0	0
GBP v/EUR	91,357	103,776	0.88	0	(1,393)
HKD v/EUR	189,000	22,290	8.48	0	(357)
JPY v/EUR	3,451,500	22,490	153.46	607	(2)
NOK v/EUR	12,500	1,077	11.61	3	0
SEK v/EUR	36,000	3,133	11.49	15	(1)
USD v/EUR	23,000	21,084	1.09	0	(633)
KRW v/EUR	49,700	35	1,431.62	692	0
Total outright sales				**1,366**	**(3,585)**
Outright Purchases:					
CHF v/EUR	5,265	5,653	0.93	0	(2)
DKK v/EUR	18,346	2,464	7.44	0	0
GBP v/EUR	34,293	40,090	0.86	5	(15)
HKD v/EUR	75,296	9,048	8.32	0	(5)
NOK v/EUR	4,643	402	11.55	0	0
SEK v/EUR	17,120	1,519	11.27	0	(1)
SGD v/EUR	100	71	1.42	1	0
KRW v/EUR	5,000	3	1,428.18	0	(48)
USD v/EUR	56,809	52,508	1.08	0	(14)
USD v/JPY	4,107	564,295	137.39	288	0
Total outright purchases				**294**	**(85)**
Swap sales:					
AUD v/EUR	811	495	1.64	0	(1)
CAD v/EUR	204,150	137,684	1.48	4	0
JPY v/EUR	67,176,000	411,989	163.05	21	(92)
Total swap sales				**25**	**(93)**
Swap purchases:					
CHF v/EUR	96,550	101,939	0.95	134	0
CNY v/EUR	6,654,000	855,275	7.78	0	(603)
DKK v/EUR	126,400	16,955	7.45	0	0
GBP v/EUR	475,300	562,972	0.84	35	0
USD v/EUR	654,500	604,634	1.08	0	(34)
Total swap purchases				**169**	**(637)**
Call/Put options					
CNY v/EUR	235,000	30,186	7.78	204	(484)
JPY v/EUR	85,440,000	558,737	154.10	8,205	(5,333)
KRW v/EUR	1,600,000	1,085	1,475.00	57	(16)
USD v/JPY	1,337	200,000	149.55	78	(27)
Total Call/Put options				**8,544**	**(5,860)**
Total derivative instruments				**10,398**	**(10,260)**

The impact of derivative instruments outstanding at the end of the year is shown in the table below:

(in thousands of euro)	**31.12.2024**
Assets for derivative financial instruments	10,398
Liabilities for derivative financial instruments	(10,260)
Derivative financial instrument (net)	**138**
of which:	
Cash flow hedge reserve	(1,244)
Cost of hedging reserve	(2,335)
Equity effect	(3,579)
Cash flow hedge Revenues/(Purchases) adjustment	2,299
Exchange gains /(losses)	1,510
Cost of hedging	(92)
Effect on income statement	3,717
Total effect	**138**

27. GUARANTEES PROVIDED AND OTHER COMMITMENTS

Guarantees provided and guarantees received are shown below:

(in thousands of euro)	**Description**	**Beneficiaries**	**31.12.2024**	**31.12.2023**
Guarantees provided:				
	Bank guarantees	Third parties	11,388	11,402
	Other guarantees	Third parties	157,588	144,464
	Total guarantees granted		**168,976**	**155,866**
Guarantees received:				
	Bank guarantees	Third parties	11,219	12,163
	Other guarantees	Third parties	332	640
	Letters of credit	Clients	21,843	20,773
	Total guarantees received		**33,394**	**33,576**

The item Other guarantees consists of Euro 132,968 thousand in payment obligations issued by the parent company OTB S.p.A. to the benefit of the Tax Authorities in their own interest in order to guarantee the VAT credits accrued and requested for reimbursement. The consolidated financial statements show a shareholders' equity exceeding Euro 250,000 thousand and this OTB S.p.A. can guarantee itself in the aforementioned reimbursement practices. It should be noted, that Euro 22,676 thousand refer to 2021, Euro 48,047 thousand refer to 2022, Euro 50,502 thousand refer to 2023 and Euro 11,743 thousand refer to 2024.

Euro 24,245 thousand, it consists of sureties issued to the benefits of the Tax Authorities, in the interest of:

- Diesel S.p.A, as collateral for a VAT refund requested for 2021 of Euro 7,817 thousand, for 2022 of Euro 7,215 thousand and for 2023 of Euro 4,240 thousand;
- Diesel Italia S.r.l., as collateral for a VAT refund requested for the year 2023 for Euro 742 thousand;
- Margiela S.a.s.u. (Italian Branch), as collateral for a VAT refund requested for the year 2023 for Euro 4,231 thousand.

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 1,732,229 thousand (Euro 1,817,702 thousand in 2023), down 4.7% on the prior year. Sales revenue is stated net of returns and discounts.

The breakdown is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Revenue from sales of products and services	1,683,236	1,765,800	(82,564)
Revenue from sales of other materials	8,058	12,082	(4,024)
Revenues from sales	**1,691,294**	**1,777,882**	**(86,588)**
Royalties	**40,935**	**39,820**	**1,115**
Revenues from sales and services	**1,732,229**	**1,817,702**	**(85,473)**

The breakdown of Revenue by geographical area is shown below:

(in millions of euro)	**Italy**	**Rest of Europe**	**APAC (excl. India)**	**Japan**	**America**	**Rest of world (incl. India)**	**Total**
Revenue	314.0	437.8	235.2	442.6	201.5	101.1	1,732.2
% of revenue	18.1%	25.3%	13.6%	25.6%	11.6%	5.8%	100.0%

29. OTHER OPERATING INCOME

Other operating income amounts to Euro 22,182 thousand and consists of the following:

(in thousands of euro)	**2024**	**2023**	**change**
Sundry revenues and income	8,789	12,913	(4,124)
Recoveries of costs and compensation for damages	12,797	22,784	(9,987)
Lease income	102	373	(271)
Reinstatement of value of right of use assets	0	10,565	(10,565)
Gains on disposals of non-current assets	494	3,396	(2,902)
Total other operating income	**22,182**	**50,031**	**(27,849)**

The item Sundry revenues and income refers for Euro 3,098 to contributions paid to licensees and for Euro 1,612 thousand to miscellaneous revenues from the Group's brand cafés.

The item Recoveries of costs and compensation for damages includes Euro 1,541 thousand (Euro 3,360 thousand in 2023) 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.

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

Disbursing entity *(in thousands of euro)*	**Area of intervention**	**2024**
Fondimpresa/Fondirigenti/For.te/INPS	Training	140
Total		**140**

30. CHANGE IN INVENTORIES

The change in inventories of raw materials, semi-finished products and finished products is negative at Euro 56,303 thousand (positive change of Euro 92,722 thousand in 2023). Reference should be made to note (9) of these Notes for details on the changes in inventories.

31. PURCHASES

The composition of purchases for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Finished products	321,373	400,237	(78,864)
Raw materials	78,472	117,558	(39,086)
Consumable materials	5,565	4,934	631
Total Purchases	**405,410**	**522,729**	**(117,319)**

32. LEASE AND RENTAL COSTS

The composition of lease and rental costs for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**changes**
Royalties on trademarks and licences	13,249	19,787	(6,538)
Variable rental expense	73,006	74,095	(1,089)
Other rental expense	22,218	22,742	(524)
Hire and rental costs	10,140	8,948	1,192
Lease and rental costs	**118,613**	**125,572**	**(6,959)**

33. COST OF SERVICES

The composition of cost of services received for the year ended 31 December 2024 compared to the situation at 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Industrial and technical services	122,613	173,030	(50,417)
Logistics and distribution	45,360	50,153	(4,793)
Sales commissions	29,182	30,274	(1,092)
Commercial services	7,538	8,400	(862)
Advertising and communication services	92,101	98,400	(6,299)
Legal, tax and administrative consultants	6,179	7,795	(1,616)
Maintenance services	17,350	17,088	262
Financial services	16,958	15,642	1,316
Insurance services	3,389	3,007	382
General services	24,432	27,044	(2,612)
Employee services	22,120	23,707	(1,587)
Emoluments of company officers	13,016	13,098	(82)
Other services	62,985	73,243	(10,258)
Total cost of services received	**463,223**	**540,881**	**(77,658)**

Emoluments of company officers include Directors' remuneration of Euro 11,625 thousand., Statutory Auditors' remuneration of Euro 260 thousand and auditing fees for the entire group of Euro 1,131 thousand.

Fees for the statutory auditor of the parent company OTB S.p.A. are detailed in the table below:

(in thousands of euro)	**2024**
Statutory audit of the parent company OTB S.p.A. on statutory and consolidated financial statements	45
Statutory audit of subsidiaries	243
Audit of consolidation files of certain subsidiaries	390
Other auditing services	33
Other services rendered by the PwC network to the OTB group	205
Total	**916**

34. PERSONNEL COSTS

The composition of Personnel costs for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Wages and salaries	288,906	284,510	4,396
Social security contributions	65,066	60,864	4,202
Pension costs, indemnities and severance indemnities	16,009	13,282	2,727
Other personnel costs	5,828	4,617	1,211
Personnel costs	**375,809**	**363,273**	**12,536**

Employee numbers at 31.12.2024 and 31.12.2023 are set out below.

	31.12.2024	31.12.2023	change
no. of employees	6,875	6,849	26

35. OTHER OPERATING EXPENSES

The composition of other operating expenses for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	2024	2023	change
Advertising material	11,752	12,440	(688)
Consumable materials	11,417	12,990	(1,573)
Taxation on rental costs	4,226	4,331	(105)
Other tax and duties	7,207	5,641	1,566
Contributions for corners and flagship stores	1,091	873	218
Loss on disposal of non-current assets	48	356	(308)
Other costs	18,862	17,082	1,780
Total other operating expenses	**54,603**	**53,713**	**890**

The item Other costs refers for Euro 6,294 thousand to the cost that some Italian companies of the Group incurred during the year as a consequence of adhering to the amnesty on Research & Development tax credits provided for by Decree Law no. 146/2021, mentioned in note 20, to which reference is made for more details.

36. AMORTISATION/DEPRECIATION

The composition of depreciation and amortisation expenses for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	2024	2023	Change
Depreciation of tangible fixed assets	52,277	43,810	8,467
Amortisation of intangible fixed assets	24,131	24,197	(66)
Amortisation of rights of use	154,164	141,496	12,668
Total depreciation and amortisation	**230,572**	**209,503**	**21,069**

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.

37. PROVISIONS AND IMPAIRMENT LOSSES

The composition of provisions and impairment losses for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Provisions for risks and charges	1,884	1,820	64
Provision/(Release) of bad debts	2,357	1,780	577
Writedown of non-current assets	1,777	1,248	529
Total depreciation, amortisation and writedowns	**6,018**	**4,848**	**1,170**

Provisions for risks and charges relate to provisions made by some Group companies for contingencies as of 31 December 2024 for future charges.

38. FINANCIAL INCOME

The composition of finance income for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Bank interest	1,688	1,730	(42)
Other interest income	257	218	39
Interest on lease assets	0	6	(6)
Other financial income	970	3,719	(2,749)
Total financial income	**2,915**	**5,673**	**(2,758)**

39. MEASUREMENT OF EQUITY INVESTMENTS USING THE EQUITY METHOD

The composition of the item, Measurement of equity investments using the Equity method for the year, ended 31 December 2024 compared to the situation as at 31 December 2023. is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Measurement of Equity investments using the Equity method	(3,087)	(1,712)	(1,375)
Total Measurement of Equity investments using the Equity method	**(3,087)**	**(1,712)**	**(1,375)**

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

40. FINANCIAL EXPENSES

The composition of finance costs for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Bank interest expenses	6,358	5,015	1,343
Interests on lease liabilities	16,601	13,897	2,704
Other interest expenses	166	442	(276)
Other financial expenses	2,886	1,962	924
Total financial expenses	**26,011**	**21,316**	**4,695**

Interests on lease liabilities refer to interests accruing on lease liabilities. For further details, please refer to the measurement criteria sections of these Notes.

41. EXCHANGE GAINS (LOSSES)

The composition of the item Exchange gains /(losses) for the year ended 31 December 2024 compared with that of 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
Realised exchange rate gains	51,304	56,640	(5,336)
Unrealised exchange rate gains	11,131	19,416	(8,285)
Exchange rate gains	**62,435**	**76,056**	**(13,621)**
Realised exchange rate losses	(43,186)	(55,655)	12,469
Unrealised exchange rate losses	(17,400)	(31,183)	13,783
Exchange rate losses	**(60,586)**	**(86,838)**	**26,252**
Exchange gains (losses)	**1,849**	**(10,782)**	**12,631**

42. INCOME TAX

The composition of income tax expense for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in thousands of euro)	**2024**	**2023**	**change**
IRES	2,630	15,192	(12,562)
IRAP (Regional Business Tax)	2,010	4,064	(2,054)
Other income taxes	14,638	22,235	(7,597)
Total current taxes	**19,278**	**41,491**	**(22,213)**
Deferred tax liabilities	(1,002)	(22,219)	21,217
Prior year taxation	(2,723)	2,745	(5,468)
Total deferred and prior year taxation	**(3,725)**	**(19,474)**	**15,749**
Total income tax	**15,553**	**22,017**	**(6,464)**

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.

Set out below is a reconciliation of the tax charge:

(in thousands of euro)	**2024**	**%**	**2023**	**%**
Profit before tax	19,526	100.0%	111.799	100,00%
Theoretical taxes	4,686	24.0%	26,832	24.0%
Effect of different rates in force in other countries	10,734	54.97%	(7,326)	(6.55)%
IRAP (Regional Business Tax)	**133**	**0.7%**	**2,511**	**2.25%**
Actual tax charge	**15,553**	**79.7%**	**22,017**	**19.69%**

In the context of the new OECD Pillar 2 regulations, it is certified that these provisions apply to the OTB Group.

Based on current legislation, the Group is not liable to pay any Top-Up Tax in the jurisdictions in which it operates in 2024, complying with the minimum taxation requirements of the legislation.

In 2024, in line with standard practice for multinational groups, the OTB Group was subject to a number of tax audits by the tax authorities. Currently, several tax audits are underway, which have not given rise to any specific objections by the authorities in charge; the subsidiary Staff International S.p.A. was also subject to a tax audit by the tax authorities, which was only concluded at the end of the year and saw the dispute of some items related to the research and development credit in the fashion sector for Euro 3,940 thousand. It is the company's opinion, consistent with the position taken by the OTB Group and in full continuity with the constant doctrine of the same tax authorities up to 2020, that the position taken by the auditors is incorrect and unsustainable, and for these reasons, should the disputes result in recovery acts, these will be subject to appeal and subsequent litigation.

In addition, the subsidiary Diesel S.p.A. filed an application during the year to renew the Bilateral Advance Pricing Agreement (BAPA) in relation to transactions with the Japanese subsidiary Diesel Japan. This instance refers to the five-year period 2025-2029 and is part of the prior agreement procedures between the tax authorities of the two countries, aimed at defining shared transfer pricing methods.

Given the general state of the procedures, the verification processes and the absence of specific and quantifiable objections by the tax authorities, the taxpayers concerned do not believe that there are any significant elements that would affect the closure of the consolidated financial statements of the OTB Group.

OTHER INFORMATION

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 2024 and transactions for the year then ended are provided below:

(in thousands of euro)	**Name/Role**	**Fee**	**Sales**
Members of the Board of Directors	Total directors	11,625	
	Directors (Viktor & Rolf BV)		–
Companies associated with Group companies:			
	Reliance Brands Limited/JV Partners		447
	Reliance Retail Limited		971
Companies related to shareholders and persons holding management positions and/or positions on the boards of directors and statutory auditors in OTB Group companies:			
	AVCON JET		
	BBSVR		–
	Sporting 55 S.r.l.		4
	Lardi & Partners SA		
	Brave Wine Società Agricola S.r.l.		3
	IL PROGETTO SRL		–
	HOTEL ANCORA SRL		1
	VILLA BRASINI GROUP SRL		1
	SCHENKER ITALIANA SPA		–
	ADACTA ADVISORY SPA		–
	SICURECO VENETO SRL		4
	DENIM SERVICE SRL		140
	MELEGATTI SPA		3
	Matilde S.r.l.		
	Markus S.r.l.		
	RETROSUPERFUTURE S.R.L.		204
	Red Circle S.r.l.		11
	Red Circle Fly High		1
	Red Circle NY Corp.		–
	Red Circle LA LLC		–
Total			**1,790**

Purchases of goods and services	Variable rents	Receivables at 31/12/2024	Payables at 31/12/2024	Right of use assets as at 31/12/2024	Lease liabilities as at 31/12/2024
1,958	–			–	–
477	–	262	147		
427	–	198	46		
3,891					
39	–	–	3	–	
179	–	4	–		
90			4		
145	–	15	82		
205	–	–	–		
–	–	–	–		
–	–	–	–		
30	–	–	–		
24	–	–	–		
55	–	–	13		
1,383	–	99	478		
4	–	–	4		
–	1	–	–	208	214
3	–	–	–	2,580	2,969
274	–	156	8	–	–
340	–	18	27	43,025	49,587
–	–	–	–	–	–
–	–	–	–	3,085	5,544
–	320	–	–	–	–
9,524	**321**	**752**	**812**	**48,898**	**58,314**

Significant events subsequent to 31 December 2024

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

Business continuity

The directors of the Company, having reviewed all the initiatives implemented during 2024, the accrued balances, the 2025 economic and financial budget and, having regard to the financial structure and functionality of the Companies within the broader operations of the OTB Group, do not believe that there are any uncertainties that could affect the going concern assumption, on the basis of which these draft financial statements have been prepared.

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, 16 April 2025

OTB S.p.A.

The Chairman of the Board of Directors

Renzo Rosso

CONSOLIDATED FINANCIAL STATEMENTS 2024

INDEPENDENT AUDITOR’S REPORT

TWENTY TWENTY-FOUR

OTB

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of OTB SpA

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 of 31 December 2024, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and 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 this report. We are independent of OTB SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors and the board of statutory auditors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and adopted by the European Union and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated 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, in preparing the consolidated financial statements, for the appropriate application of the going concern

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basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate OTB SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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 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 evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we 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 obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We 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 identified during our audit.

Report on compliance with other laws and regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10

The directors of OTB SpA are responsible for preparing a report on operations of OTB Group as of 31 December 2024, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations;
- issue a statement on material misstatements, if any, in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of OTB Group as of 31 December 2024.

Moreover, in our opinion, the report on operation is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 16 April 2025

PricewaterhouseCoopers SpA

Signed by

Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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Share Capital: EUR 25,000,000 fully paid up

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