BERING

inspired by arctic beauty

BERING Group ApS

Skrænten 34, 6200 Aabenraa

CVR no. 35 38 82 65

Annual report 2023

Approved at the Company's annual general meeting on 5 July 2024

Chair of the meeting:

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Frank Waller

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of BERING Group ApS for the financial year 1 January - 31 December 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

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

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

Aabenraa, 5 July 2024
Executive Board:

Frank Waller

Board of Directors:

Michael Witt Johansen Chairman	René Gross Kærskov	Frank Waller

Independent auditor's report

To the shareholders of BERING Group ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of BERING Group ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aabenraa, 5 July 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant
mne28657

Management's review

Company details

Name	BERING Group ApS
Address, Postal code, City	Skrænten 34, 6200 Aabenraa
CVR no.	35 38 82 65
Established	1 June 2013
Registered office	Aabenraa
Financial year	1 January - 31 December
Website	www.beringtime.com
E-mail	info@beringtime.com
Telephone	+45 86 16 90 90
Board of Directors	Michael Witt Johansen, Chairman René Gross Kærskov Frank Waller
Executive Board	Frank Waller
Auditors	EY Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark
Bankers	Sydbank A/S

Management's review

Financial highlights for the Group

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	208,032	232,100	230,708	230,926	300,535
Gross profit	52,996	57,460	57,985	63,517	68,579
Operating profit/loss	-18,055	-11,307	1,916	11,326	23,564
Net financials	-3,262	433	1,337	-4,172	530
Profit/loss for the year	-8,279	-2,432	3,250	6,638	17,834
Total assets	229,304	203,315	217,536	191,720	216,660
Investments in property, plant and equipment	3,909	8,017	11,228	5,739	6,172
Equity	102,810	110,930	115,722	105,242	98,927
Cash flows from operating activities	-21,478	2,245	-4,311	33,150	2,558
Net cash flows from investing activities	-3,942	-7,829	-11,228	-5,739	-47,623
Financial ratios					
Operating margin	-2.6%	-2.3%	1.4%	5.8 %	7.8 %
Gross margin	25.5%	24.8%	25.1%	27.5%	22.8%
Equity ratio	34.3%	42.9%	42.5%	43.0%	35.4%
Return on equity	-10.6%	-3.2%	3.2%	7.6%	18.0%

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before net financials +/- Other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT) x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$

Management's review

Business review

BERING Group is a design enterprise whose activities comprise the sale of wrist watches and jewellery.

The Group is engaged in sale almost all over the world, both directly and via agents and distributors. Today, the Group has companies in Denmark, Germany, the UK, the Netherlands, USA and Hong Kong.

The BERING Group presents a series of watches and jewellery that blend minimalistic Danish design and optimal material strength. HighTech ceramic and sapphire glass make the watches extremely tough and uniquely resistant. Time leaves no trace on the streamlined forms and pure elegance of the watches. A brand that redefines time with its love for detail.

The parent company, BERING Group ApS' objective is to hold shares in subsidiaries, own intellectual property rights, exercise management and support functions for subsidiaries, make investments and related activities.

Financial review

The income statement for 2023 shows a loss of DKK 8,279 thousand against a loss of DKK 2,432 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 102,810 thousand.

For the year 2023 a positive result in the level of DKK 3-7 million was expected, and revenue was expected to increase 5-10%. However, the market situation showed more difficult in 2023 than expected. Thus, results were realised below expectations and revenue declined compared to last year.

Financial risks and use of financial instruments

Due to its activities, the Group is exposed to a number of risks. The Group actively strives to reduce these risks to acceptable levels.

The Group’s main operational risk is linked to the ability to be highly positioned in the main markets for wrist watches and jewelry, including developing and supplying products demanded by the market. The Group is to some extend exposed to changes in interest rates resulting in increased financial expenses. However, the Group is exposed to currency risks and credit risks in terms of daily operations.

Currency risks:

The Group's foreign currency risks primarily relate to purchases from the Far East. Profit and equity are thus affected by the exchange rate movements for a number of currencies, primarily USD. The Group relies to some extend on forward contracts to reduce commercial currency risks, primarily in relation to the hedging of purchases. However, during financial year 2023 the Group has not made any forward contracts to hedge currency risk based on a commercial assessment. No agreements on speculative financial instruments are made.

Credit risks:

Based on a specific credit rating, the Group grants credit to selected customers. It is Group policy to have tight control of the credit risk, by applying e.g. a credit max. at customer level.

Events after the balance sheet date

At 31 December 2023 BERING Group ApS holds own shares of DKK nominal 116,900, corresponding to 23.3 % of the share capital.

During May 2024 BERING Group ApS sold DKK nominal 116,900 own shares to current shareholders. Sales price for own shares was DKK 40.4 million. This sale was made in order to strengthen the capital structure of the Group.

Also, during May 2024 BERING Group ApS acquired minority shares in the subsidiary Time In Style GmbH. The purchase price for 33% minority shares was DKK 27.0 million. Hereafter, Time In Style GmbH is a 100% owned subsidiary to BERING Group ApS. This acquisition was made to streamline the structure of the Group.

Management's review

In the below table we have shown the effect on the Group of these two events as if they had been made at 31 December 2023 (proforma):

DKK, million	Group 2023	Sale of own shares	Acquisition of minority shares	Group "pro-forma"
Shareholders in BERING Group ApS' share of equity	78.5	+40.4	-2.7	116.2
Non-controlling interests	24.3		-24.3	0.0
Total equity	102.8	+40.4	-27.0	116.2
Total liabilities incl. provisions	126.5	-40.4	+27.0	113.1
TOTAL EQUITY AND LIABILITIES / TOTAL ASSETS	229.3			229.3
Equity ratio (excl. non-controlling interests)	34.3 %			50.7 %

Outlook

For financial year 2024 we expect a positive result before tax of DKK 5-7 million. Revenue is expected to be at the same level as in 2023. Cost savings will contribute to the positive development in expected resultats for 2024.

Other matters

The Group's employees have a thorough knowledge of the market and have shown a particular ability to develop a unique product programme. Upgrading of employees is made on an ongoing basis. The Group does not perform research and development activities, and the influence of the external environment is not regarded as material.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2023	2022	2023	2022
	Revenue	208,032	232,100	0	0
	Cost of sales	-107,819	-113,905	0	0
	Other operating income	12,670	6,139	0	6,139
	Other external expenses	-59,887	-66,874	-1,547	-800
	Gross profit	52,996	57,460	-1,547	5,339
4	Staff costs	-52,758	-58,058	-4,018	-3,937
5	Amortisation/depreciation of intangible assets and property, plant and equipment	-5,623	-4,571	-996	-324
	Other operating expenses	0	-73	-7,445	-10,916
	Profit/loss before net financials	-5,385	-5,242	-14,006	-9,838
	Income from investments in group entities	0	0	3,946	2,191
6	Financial income	1,634	2,079	3,067	4,203
7	Financial expenses	-4,896	-1,646	-5,179	-2,624
	Profit/loss before tax	-8,647	-4,809	-12,172	-6,068
8	Tax for the year	368	2,377	3,365	3,193
	Profit/loss for the year	-8,279	-2,432	-8,807	-2,875
	Specification of the Group's results of operations:				
	Shareholders in BERING Group ApS	-8,807	-2,875		
	Non-controlling interests	528	443		
		-8,279	-2,432		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2023	2022	2023	2022
	ASSETS				
	Fixed assets				
10	**Intangible assets**				
	Patents and licences	860	1,387	326	530
	Goodwill	6,286	12	6,286	0
	Prepayments for intangible assets	0	7,045	0	7,045
		7,146	8,444	6,612	7,575
11	**Property, plant and equipment**				
	Other fixtures and fittings, tools and equipment	13,554	13,857	0	0
		13,554	13,857	0	0
12	**Investments**				
	Investments in group entities	0	0	120,677	115,775
	Other receivables	800	800	0	0
		800	800	120,677	115,775
	Total fixed assets	21,500	23,101	127,289	123,350
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	95,488	99,733	0	0
	Prepayments for goods	680	10,382	0	0
		96,168	110,115	0	0
	Receivables				
	Trade receivables	45,696	53,875	0	0
	Receivables from group entities	0	0	61,179	80,838
16	Deferred tax assets	5,009	3,033	4,910	2,582
	Income taxes receivable	585	853	548	798
	Joint taxation contribution receivable	0	0	1,032	0
13	Other receivables	51,072	3,928	19,518	1,782
14	Prepayments	1,010	1,573	524	699
		103,372	63,262	87,711	86,699
	Cash	8,264	6,837	3	0
	Total non-fixed assets	207,804	180,214	87,714	86,699
	TOTAL ASSETS	229,304	203,315	215,003	210,049

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2023	2022	2023	2022
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	501	501	501	501
	Net revaluation reserve according to the equity method	0	0	67,986	63,084
	Reserve for development costs	0	0	0	0
	Translation reserve	74	-40	0	0
	Hedging reserve	0	0	0	0
	Retained earnings	77,970	86,777	10,058	23,653
	Shareholders in BERING Group ApS' share of equity	78,545	87,238	78,545	87,238
	Non-controlling interests	24,265	23,692	0	0
	Total equity	102,810	110,930	78,545	87,238
	Provisions				
16	Deferred tax	246	502	0	0
	Warranty commitments	296	394	0	0
12	Provision, investments in group entities	0	0	2,184	2,224
18	**Total provisions**	542	896	2,184	2,224
	Liabilities other than provisions				
17	**Non-current liabilities other than provisions**				
	Payables to group entities	0	0	2,404	2,436
	Payables to shareholders and management	0	20,241	0	20,241
		0	20,241	2,404	22,677
	Current liabilities other than provisions				
	Bank debt	66,746	48,137	11,006	1,388
	Prepayments received from customers	232	210	0	0
	Trade payables	19,137	14,916	192	399
	Payables to group entities	0	0	99,363	95,677
	Income taxes payable	553	175	0	0
	Payables to shareholders and management	28,720	240	20,720	216
	Other payables	10,469	7,380	589	230
	Deferred income	95	190	0	0
		125,952	71,248	131,870	97,910
	Total liabilities other than provisions	125,952	91,489	134,274	120,587
	TOTAL EQUITY AND LIABILITIES	229,304	203,315	215,003	210,049

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19 Contractual obligations and contingencies, etc.
20 Security and collateral
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Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group						
Note	DKK'000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 January 2022	501	-187	2,507	89,652	92,473	23,249	115,722
	Transfer through appropriation of loss	0	0	0	-2,875	-2,875	443	-2,432
	Exchange adjustment, foreign subsidiaries	0	147	0	0	147	0	147
	Value adjustment of derivate financial instruments	0	0	-2,507	0	-2,507	0	-2,507
	Equity at 1 January 2023	501	-40	0	86,777	87,238	23,692	110,930
	Transfer through appropriation of loss	0	0	0	-8,807	-8,807	528	-8,279
	Exchange adjustment, foreign subsidiaries	0	114	0	0	114	45	159
	Equity at 31 December 2023	501	74	0	77,970	78,545	24,265	102,810

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity (continued)

		Parent company					
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Reserve for development costs	Hedging reserve	Retained earnings	Total
	Equity at 1 January 2022	501	56,740	1,469	2,507	31,256	92,473
9	Transfer, see "Appropriation of profit/loss"	0	6,344	-1,469	0	-7,750	-2,875
	Exchange adjustment, foreign subsidiaries	0	0	0	0	147	147
	Value adjustment of derivate financial instruments	0	0	0	-2,507	0	-2,507
	Equity at 1 January 2023	501	63,084	0	0	23,653	87,238
9	Transfer, see "Appropriation of profit/loss"	0	4,902	0	0	-13,709	-8,807
	Exchange adjustment, foreign subsidiaries	0	0	0	0	114	114
	Equity at 31 December 2023	501	67,986	0	0	10,058	78,545

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2023	Group 2022
	Profit/loss for the year	-8,279	-2,432
22	Adjustments	2,738	-1,019
	Cash generated from operations (operating activities)	-5,541	-3,451
23	Changes in working capital	-17,155	3,663
	Cash generated from operations (operating activities)	-22,696	212
	Income taxes paid	1,218	2,033
	Cash flows from operating activities	-21,478	2,245
	Additions of intangible assets	-3,909	-10,424
	Disposals of intangible assets	0	9,968
	Additions of property, plant and equipment	-33	-8,017
	Disposals of property, plant and equipment	0	644
	Cash flows to investing activities	-3,942	-7,829
	Increase/decrease in bank debt	18,609	16,485
	Borrowings from shareholders	8,238	-13,020
	Cash flows from financing activities	26,847	3,465
	Net cash flow	1,427	-2,119
	Cash and cash equivalents at 1 January	6,837	8,956
24	**Cash and cash equivalents at 31 December**	8,264	6,837

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of BERING Group ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Entities over whose financial and operating policy decisions the group exercises significant influence are classified as associates. Significant influence is assumed to exist if the Parent Company directly or indirectly holds or controls 20% or more of the voting power of the investee, but does not control the investee.

The existence of potential voting rights which may presently be exercised or be converted into additional voting rights in considered when assessing if significant influence exists.

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is recognised.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

Transactions denominated in foreign currencies are translated to Danish Kroner at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

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

Foreign group entities

Foreign subsidiaries are considered separate enterprises. Items in such enterprises' income statements are translated at the average exchange rates, and their balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the average exchange rates at the transaction date to closing are recognised in the equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Income statement

Revenue

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

Income from the sale of goods, which includes the sale of wrist watches and jewellery, is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

The date of transition of the principal advantages and risks is based on standardised delivery terms on the basis of Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income and operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

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

Other external expenses

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

Staff costs

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

Amortisation/depreciation

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

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

Patents and licences	10 years
Goodwill	10 years

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

Other fixtures and fittings, tools and equipment	3-6 years
Acquired intangible assets	3-6 years

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

The proportionate share of the individual group entities' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Patents and licences are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

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

Investments in group entities

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in group entities are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

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

Dividend received is deduced from the carrying amount.

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

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

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

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

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

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

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The objective indicators used for portfolios are determined based on historical loss experience.

Investments - Other receivables includes subordinated loan, where the group has indicated willingness to step back in favor of other creditors.

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

Prepayments

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Equity

Treasury shares

Own shares are not recognised as assets, but the acquisition price or sales price for own shares is recognized under equity as a transaction with shareholders.

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise expected expenses relating to litigations/disputes raised against the Group and the Company. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the sales of watches and jewelry within the warranty period of up to 3 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience. Provisions that are expected to mature more than one year after the balance sheet date are discounted at average bond yields.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Group's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 **Events after the balance sheet date**

At 31 December 2023 BERING Group ApS holds own shares of DKK nominal 116,900, corresponding to 23.3 % of the share capital.
During May 2024 BERING Group ApS sold DKK nominal 116,900 own shares to current shareholders. Sales price for own shares was DKK 40.4 million. This sale was made in order to strengthen the capital structure of the Group.
Also, during May 2024 Bering Group ApS acquired minority shares in the subsidiary Time In Style GmbH. The purchase price for 33% minority shares was DKK 27.0 million. Hereafter, Time In Style GmbH is a 100% owned subsidiary to BERING Group ApS. This acquisition was made to streamline the structure of the Group.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

3 **Special items**

Special items comprise significant income and expenses of a special nature relative to the Group's revenue-generating operating activities, and special items also comprise significant one-off items that, in Management's opinion, do not form part of the Group's operating activities.

The profit/loss for the year is affected by sale of services to the "Brandmark Group" related to developmnet of GLOCK business case.

The profit/loss for 2022 was affected by sale of group entities. Due to that this is not part of the normal operating activities, the effect has been disclosed below as special items.

Special items are specified below, including the line items in which they are recognised in the income statement.

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Income				
Profit from sale of group entities	0	5,505	0	5,505
Sale of services	12,394	0	0	0
	12,394	5,505	0	5,505
Special items are recognised in the below items of the financial statements				
Other operation income	12,394	5,505	0	5,505
Net profit on special items	12,394	5,505	0	5,505

	Group		Parent company	
DKK'000	2023	2022	2023	2022
4 **Staff costs**				
Wages/salaries	51,843	57,046	3,525	3,432
Pensions	657	660	381	377
Other social security costs	92	101	47	49
Other staff costs	166	251	65	79
	52,758	58,058	4,018	3,937
Average number of full-time employees	141	155	7	6

Group

Total remuneration to group Management : DKK 5,939 thousand (2022 DKK 5,492 thousand).

Management include both Executive Board and Board of Directors.

Parent company

Total remuneration to group Management : DKK 2,146 thousand (2022 DKK 1,963 thousand).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2023	2022	2023	2022
5	**Amortisation/depreciation of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	1,331	1,327	996	324
	Depreciation of property, plant and equipment	4,292	3,244	0	0
		5,623	4,571	996	324
6	**Financial income**				
	Interest receivable, group entities	0	0	3,067	2,242
	Other financial income	1,634	2,079	0	1,961
		1,634	2,079	3,067	4,203
7	**Financial expenses**				
	Interest expenses, group entities	0	0	3,737	1,963
	Interest expenses, shareholders	0	0	254	615
	Other financial expenses	4,896	1,646	1,188	46
		4,896	1,646	5,179	2,624

		Group		Parent company	
	DKK'000	2023	2022	2023	2022
8	**Tax for the year**				
	Estimated tax charge for the year	2,212	-157	-1,032	-786
	Deferred tax adjustments in the year	-2,575	-2,178	-2,328	-2,367
	Tax adjustments, prior years	-5	-42	-5	-40
		-368	-2,377	-3,365	-3,193

		Parent company	
	DKK'000	2023	2022
9	**Appropriation of profit/loss**		
	Recommended appropriation of profit/loss		
	Net revaluation reserve according to the equity method	4,902	6,344
	Other reserves	0	-1,469
	Retained earnings/accumulated loss	-13,709	-7,750
		-8,807	-2,875

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets

DKK'000	Group			
	Patents and licences	Goodwill	Prepayments for intangible assets	Total
Cost at 1 January 2023	2,758	1,233	7,045	11,036
Additions in the year	33	0	0	33
Transfer from other accounts	0	7,045	-7,045	0
Cost at 31 December 2023	2,791	8,278	0	11,069
Impairment losses and amortisation at 1 January 2023	1,371	1,221	0	2,592
Depreciation in the year	560	771	0	1,331
Impairment losses and amortisation at 31 December 2023	1,931	1,992	0	3,923
Carrying amount at 31 December 2023	860	6,286	0	7,146

DKK'000	Parent company			
	Patents and licences	Goodwill	Prepayments for intangible assets	Total
Cost at 1 January 2023	1,526	0	7,045	8,571
Additions in the year	33	0	0	33
Transfer from other accounts	0	7,045	-7,045	0
Cost at 31 December 2023	1,559	7,045	0	8,604
Impairment losses and amortisation at 1 January 2023	996	0	0	996
Depreciation in the year	237	759	0	996
Impairment losses and amortisation at 31 December 2023	1,233	759	0	1,992
Carrying amount at 31 December 2023	326	6,286	0	6,612

11 Property, plant and equipment

DKK'000	Group Other fixtures and fittings, tools and equipment
Cost at 1 January 2023	34,544
Exchange adjustment	80
Additions in the year	3,909
Disposals on sale	-752
Cost at 31 December 2023	37,781
Impairment losses and depreciation at 1 January 2023	20,687
Reversal of amortisation/depreciation of disposals	-752
Depreciation in the year	4,292
Impairment losses and depreciation at 31 December 2023	24,227
Carrying amount at 31 December 2023	13,554

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Investments

DKK'000	Group Other receivables
Cost at 1 January 2023	800
Cost at 31 December 2023	800
Carrying amount at 31 December 2023	800

Group

Group entities

Name	Legal form	Domicile	Interest
BERING Time	ApS	Aabenraa	100.00%
BERING Time	Ltd	Hong Kong	100.00%
BERING Time	Inc	USA	100.00%
BERING Time	Limited	United Kingdom	100.00%
Polarboutique	GmbH	Germany	100.00%
BERING Time Maastrich	BV	Netherlands	51.00%
Polarzeit	GmbH	Germany	100.00%
BERING Time Utrecht	BV	Netherlands	51.00%
Bering Time	GmbH	Germany	100.00%
Time In Style	GmbH	Germany	67.00%

The consolidated financiel statements comprise the Parent Company and above mentioned subsidiaries.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Investments (continued)

DKK'000	Parent company Investments in group entities
Cost at 1 January 2023	52,691
Cost at 31 December 2023	52,691
Value adjustments at 1 January 2023	63,084
Exchange adjustment	114
Share of the profit/loss for the year	3,945
Goodwill amortisation	-12
Investments with negative equity value transferred to provisions	855
Value adjustments at 31 December 2023	67,986
Carrying amount at 31 December 2023	120,677

The carrying amount of group entities comprises share of the entities' net asset value, DKK 117,185 thousand, goodwill at carrying amount of DKK 0 thousand and less elimination of intra-group gains of DKK 353 thousand.

Of the total carrying amount, negative net assets in group entities amount to DKK 3,845 thousand. Of these DKK 2,184 thousand have been recognised under provisions and DKK 1,661 thousand are reduced in receivables.

Parent company

Name	Legal form	Domicile	Interest
Bering Time	ApS	Aabenraa	100.00%
Bering Time	Ltd	Hong Kong	100.00%
Bering Time	Inc	USA	100.00%
Bering Time	Limited	United Kingdom	100.00%
Polarboutique	GmbH	Germany	100.00%
BERING Time Maastrich	BV	Netherlands	51.00%
Polarzeit	GmbH	Germany	100.00%
BERING Time Utrecht	BV	Netherlands	51.00%
Time In Style	GmbH	Germany	67.00%

13 Other receivables

Other receivables include loan to Brandmark Holding ApS and subsidiaries hereto of DKK 15.4 million (2022: DKK 0.0 million). The loans are given on short term basis.

14 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years including insurance.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Parent company 2023	Parent company 2022
15 Share capital		
Analysis of the share capital:		
501,000 shares of DKK 1.00 nominal value each	501	501
	501	501

The share capital is divived into A and B shares, where A shares hold voting rights.

The Parent's share capital has remained DKK 501 thousand since the foundation. Hereoff, the parent company holds own shares DKK 117 thousand.

16 Deferred tax
Analysis of the deferred tax

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Deferred tax assets	-5,009	-3,033	-4,910	-2,582
Deferred tax liabililties	246	502	0	0
	-4,763	-2,531	-4,910	-2,582

Group

The deferred tax asset is mainly related to tax-loss carry forward. The tax value has been recognised in full due to management expectation that tax losses can by utilised within 2-3 years.

Parent company

The deferred tax asset is mainly related to tax-loss carry forward. The tax value has been recognised in full due to management expectation that tax losses can by utilised within 2-3 years.

17 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
	0	0	0	0

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

17 **Non-current liabilities other than provisions (continued)**

	Parent company			
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Payables to group entities	2,404	0	2,404	0
	2,404	0	2,404	0

18 **Provisions**

Group

Other provisions comprise provisions for warranty commitments, totalling DKK 296. Warranty provisions relate to expected warranty expenses in accordance with usual guarantee commitments applicable to the sale of goods. The obligation is expected to be settled over the warranty period, which is up to three years.

19 **Contractual obligations and contingencies, etc.**

Other financial obligations

Group

The Group has entered into rent agreements with terms of notice up to 3 years and 4 months. The total residual rent liability amounts to DKK 1,365 thousand.

The Group has entered into lease agreements with a residual liability of DKK 551 thousand.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes in the group of jointly taxed entities.

Contingent liabilities

The Group and the parent company is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Group's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2023.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

20 Security and collateral

Group

As security for the group's debt to credit institutions, DKK 58.0 million, the group has placed security in inventories, property, plant and equipment, trade receivables and intangible assets, for an amount of DKK 68.0 million.

Parent company

As security for the company's debt to credit institutions, DKK 11.0 million, the company has placed security in inventories, property, plant and equipment, receivables and intangible assets, for an amount of DKK 26.0 million.

BERING Group ApS has placed security toward subsidiaries bank amounting to DKK 0,3 million.

21 Related parties

Transactions with related parties

The Group and the parent company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

		Group	
	DKK'000	2023	2022
22	**Adjustments**		
	Amortisation/depreciation and impairment losses	5,623	4,571
	Tax for the year	-368	-2,377
	Other adjustments	-2,517	-3,213
		2,738	-1,019
23	**Changes in working capital**		
	Change in inventories	13,947	-2,167
	Change in receivables	-38,402	18,521
	Change in trade and other payables	7,300	-12,866
	Other changes in working capital	0	175
		-17,155	3,663
24	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	8,264	6,837
		8,264	6,837

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Frank Waller
Direktion
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Dirigent
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Jon Midtgaard
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