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Klarlund A/S

Østergade 22, 4., 1100 København K

Company reg. no. 75 63 67 17

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 7 March 2024.

Lise Aagaard
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Klarlund A/S for the financial year 1 January - 31 December 2023.

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

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

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

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 7 March 2024

Managing Director

Claire Hansted

Board of directors

Guido Michael Zumbühl	Claire Hansted	Kilian Paul Müller

Independent auditor's report

To the Shareholder of Klarlund A/S

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

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

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

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

Copenhagen, 7 March 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Martin Bomholtz
State Authorised Public Accountant
mne34117

Company information

The company	Klarlund A/S Østergade 22, 4. 1100 København K	
	Company reg. no.	75 63 67 17
	Domicile:	København K
	Financial year:	1 January - 31 December
Board of directors	Guido Michael Zumbühl Claire Hansted Kilian Paul Müller	
Managing Director	Claire Hansted	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Gross profit	90.932	82.529	79.144	60.291	66.656
Profit from operating activities	49.139	39.209	47.285	31.718	36.804
Net financials	-230	-285	-297	-456	-671
Net profit or loss for the year	38.038	30.345	36.648	24.379	28.169
Statement of financial position:					
Balance sheet total	213.317	167.947	198.964	177.547	167.121
Investments in property, plant and equipment	5.055	778	2.284	5.652	2.375
Equity	149.527	111.490	159.869	133.221	128.842
Key figures in %:					
Return on equity investment	29,2	22,4	25,0	18,6	22,6
Liquidity ratio	287,5	243,3	418,3	340,2	308,4
Equity ratio	69,9	66,4	80,4	75,0	77,1

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management´s review

Description of key activities of the company

Like previous years, Klarlund A/S retails watches and jewellery.

Development in activities and financial matters

The gross profit for the year totals DKK 90,9m against DKK 82,5m last year. Income or loss from ordinary activities after tax totals DKK 38,0m against DKK 30,3m last year. The result for the year is in the expected range.

Outlook

The result for the comming year is expected to be at the same level as 2023.

Environmental issues

Klarlund A/S is environmentally conscious and works continuously to reduce the environmental impacts of the company's operations.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**90.932.494**	**82.528.680**
1	Staff costs	-36.286.584	-37.421.972
	Depreciation and impairment of non-current assets	-5.507.324	-5.898.060
	Operating profit	**49.138.586**	**39.208.648**
2	Other financial income	2.172.176	921.605
	Other financial expenses	-2.401.800	-1.207.011
	Pre-tax net profit or loss	**48.908.962**	**38.923.242**
	Tax on net profit or loss for the year	-10.871.094	-8.578.000
3	**Net profit or loss for the year**	**38.037.868**	**30.345.242**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
4	Acquired concessions, patents, licenses, trademarks, and similar rights	391.467	1.586.050
	Total intangible assets	391.467	1.586.050
5	Other fixtures, fittings, tools and equipment	26.524.615	25.782.375
	Total property, plant, and equipment	26.524.615	25.782.375
6	Deposits	1.738.678	1.681.192
	Total investments	1.738.678	1.681.192
	Total non-current assets	**28.654.760**	**29.049.617**
	Current assets		
	Manufactured goods and goods for resale	81.891.241	97.783.772
	Total inventories	81.891.241	97.783.772
	Trade receivables	3.864.143	3.405.038
	Receivables from group enterprises	1.885.900	0
7	Deferred tax assets	699.603	1.559.553
	Other receivables	1.117.674	919.348
8	Prepayments	3.455.230	299.344
	Total receivables	11.022.550	6.183.283
	Cash and cash equivalents	91.748.751	34.930.456
	Total current assets	**184.662.542**	**138.897.511**
	Total assets	**213.317.302**	**167.947.128**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	500.000	500.000
	Retained earnings	149.027.482	110.989.614
	Total equity	**149.527.482**	**111.489.614**
	Liabilities other than provisions		
	Prepayments received from customers	1.323.931	2.627.506
	Trade payables	30.695.743	34.691.387
	Payables to group enterprises	4.397.240	0
	Income tax payable	19.087.697	9.076.553
	Other payables	8.091.809	9.049.468
9	Deferred income	193.400	1.012.600
	Total short term liabilities other than provisions	63.789.820	56.457.514
	Total liabilities other than provisions	**63.789.820**	**56.457.514**
	Total equity and liabilities	**213.317.302**	**167.947.128**

10 Charges and security

11 Contingencies

12 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	500.000	109.368.875	50.000.000	159.868.875
Distributed dividend	0	0	-50.000.000	-50.000.000
Retained earnings for the year	0	1.620.739	0	1.620.739
Equity 1 January 2023	500.000	110.989.614	0	111.489.614
Retained earnings for the year	0	38.037.868	0	38.037.868
	500.000	**149.027.482**	**0**	**149.527.482**

Notes

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	31.588.328	34.856.219
	Pension costs	4.186.998	2.024.136
	Other costs for social security	511.258	541.617
		36.286.584	**37.421.972**
	Total amount of management remuneration	4.824.131	5.161.880
	Average number of employees	63	60
2.	**Other financial income**		
	Financial income from group enterprises	0	832.521
	Other financial income	2.172.176	89.084
		2.172.176	**921.605**
3.	**Proposed distribution of net profit**		
	Extraordinary dividend distributed during the financial year	0	28.724.503
	Transferred to retained earnings	38.037.868	1.620.739
	Total allocations and transfers	**38.037.868**	**30.345.242**

		31/12 2023	31/12 2022
4.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	3.024.307	3.024.307
	Cost 31 December 2023	**3.024.307**	**3.024.307**
	Amortisation and write-down 1 January 2023	-1.438.257	-1.203.057
	Amortisation and depreciation for the year	-1.194.583	-235.200
	Amortisation and write-down 31 December 2023	**-2.632.840**	**-1.438.257**
	Carrying amount, 31 December 2023	**391.467**	**1.586.050**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
5.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	60.747.169	61.302.638
	Additions during the year	5.054.981	778.123
	Disposals during the year	0	-1.333.592
	Cost 31 December 2023	**65.802.150**	**60.747.169**
	Depreciation and write-down 1 January 2023	-34.964.794	-30.635.526
	Amortisation and depreciation for the year	-4.312.741	-5.662.860
	Depreciation, amortisation and impairment loss for the year, assets disposed of	0	1.333.592
	Depreciation and write-down 31 December 2023	**-39.277.535**	**-34.964.794**
	Carrying amount, 31 December 2023	**26.524.615**	**25.782.375**

6.	**Deposits**		
	Cost 1 January 2023	1.681.192	4.493.977
	Additions during the year	57.486	974.685
	Disposals during the year	0	-3.787.470
	Cost 31 December 2023	**1.738.678**	**1.681.192**
	Carrying amount, 31 December 2023	**1.738.678**	**1.681.192**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
7.	**Deferred tax assets**		
	Deferred tax assets 1 January 2023	1.559.553	1.061.000
	Deferred tax of the net profit or loss for the year	-859.950	498.553
		699.603	**1.559.553**
	The following items are subject to deferred tax:		
	Intangible assets	65.506	-127.366
	Property, plant, and equipment	1.394.247	1.752.774
	Current assets	-760.150	-65.855
		699.603	**1.559.553**

8. Prepayments

Prepayments under assets consists of expenses relating to the following financial year.

9. Deferred income

Deferred income comprises accrued income related to gift certificates issued and receivables.

10. Charges and security

For bank loans, the company has provided security in company assets representing a nominal value of DKK in thousands 10.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	81.891
Payables	38.788

Notes

All amounts in DKK.

11. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	73.058
Total contingent liabilities	**73.058**

Joint taxation

The company participates in a Danish joint taxation where Bucherer Denmark ApS, company reg. no 37860301 serve as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

12. Related parties

Controlling interest

Bucherer Denmark ApS, Copemhagen, Denmark	Majority shareholder

Transactions

In accordance with the Danish Financial Statements Act §98c, only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Consolidated financial statements

The company is included in the consolidated financial statements of Bucherer Denmark ApS, Copenhagen, Denmark, which is both the smallest and the largest group preparing consolidated financial statements including the company.

Accounting policies

The annual report for Klarlund A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

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

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Bucherer Denmark ApS.

Recognition and measurement in general

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

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

Foreign currency translation

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

Accounting policies

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

Income statement

Gross profit

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

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

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

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

Staff costs

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

Depreciation, amortisation, and write-down for impairment

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

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

Accounting policies

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

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

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-10 years	0-20 %

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

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

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

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

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

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

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

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

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Klarlund A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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

Deferred income

Payments received concerning future income are recognised under deferred income.