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Bucherer Denmark ApS

Østergade 22, 3., 1101 København K

Company reg. no. 37 86 03 01

Annual report

1 January - 31 December 2024

The annual report was submitted and approved by the general meeting on the 7 March 2025.

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 Bucherer Denmark ApS for the financial year 1 January - 31 December 2024.

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 2024 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2024.

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 2025

Managing Director

Claire Hansted

Claire Hansted

Board of directors

Guido Michael Zumbühl Chairman	Kilian Paul Müller	Claire Hansted

Independent auditor's report

To the Shareholders of Bucherer Denmark ApS

Opinion

We have audited the financial statements of Bucherer Denmark ApS for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, 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 2024, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 2025

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

Martin Bomholtz
State Authorised Public Accountant
mne34117

Company information

The company	Bucherer Denmark ApS Østergade 22, 3. 1101 København K	
	Company reg. no.	37 86 03 01
	Established:	1 July 2016
	Financial year:	1 January 2024 - 31 December 2024
Board of directors	Guido Michael Zumbühl, Chairman Kilian Paul Müller Claire Hansted	
Managing Director	Claire Hansted	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Lautrupsgade 11 2100 København Ø	

Financial highlights

DKK in thousands.	2024	2023	2022
Income statement:			
Gross profit	111.245	19.860	17.099
Profit from operating activities	6.303	5.718	5.397
Net financials	-3.969	-16.881	-171
Net profit or loss for the year	1.533	-8.897	4.069
Statement of financial position:			
Balance sheet total	931.048	564.281	79.506
Investments in property, plant and equipment	329.991	1.592	1.573
Equity	550.766	123.491	32.388
Cash flows:			
Operating activities	-12.486	-32.943	
Investing activities	-333.222	-474.173	
Financing activities	324.943	504.987	
Total cash flows	-20.765	-2.129	
Employees:			
Average number of full-time employees	101	22	21
Key figures in %:			
Acid test ratio	72,2	18,9	153,7
Solvency ratio	59,2	21,9	40,7

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

Management´s review

Description of key activities of the company

Like previous years, the activities of the group and Bucherer Denmark ApS are retailing of watches and jewelry.

Development in activities and financial matters

The gross profit for the year totals DKK 111,2m against DKK 19,9m last year. The result from ordinary activities after tax totals DKK 1,5m against DKK -8,9m last year. The management considers the result to be in line with expectations.

On the 1 January 2024 Bucherer Denmark ApS merged with the fully owned subsidiary, Klarlund A/S, which was aquired by Bucherer Denmark ApS in 2023. For accounting purposes the carrying amount method was applied for the group internal merger. Where relevant references to the merger is made in the statement of changes in equity, statement of cash flows and in the notes.

Financial risks and the use of financial instruments

A loan in DKK was provided by the parent company to finance investments. The interest rate for this loan is set at the beginning of each year based on market interest rates.

Foreign currency risks

Most of Bucherer Denmark ApS sourcing is from abroad (EU & Switzerland) and therefore the purchase prices are subject to certain exchange rate fluctuations. The management considers these fluctuations as not significant in the picture of the overall development of the business.

Interest rate risks

The interest rate risks are considered to be low, as Bucherer Denmark relies only on intercompany loans and the interest rates for these are fixed at the beginning of the financial year and taken into account in the business plan.

Credit risks

For bank loans the group has provided security in company assets representing a nominal value of DKK 10,0m. Bucherer Denmark is currently not utilising any bank loans.

Management´s review

Intangible key resources

Intangible key resources are essential for the success and brand positioning of Bucherer in the luxury market. Some of the key intangible resources are:

•Brand Equity: Bucherer has built a strong and prestigious brand over decades. The reputation for offering high-quality, luxury timepieces and jewelry is a critical intangible asset, driving customer loyalty.

•Customer Relationships: With its long history in the luxury market, Bucherer has cultivated strong, personal relationships with clients and a loyal customer base.

•Human Capital: The expertise and craftsmanship of watchmakers, jewelers, and sales professionals at Bucherer are vital. The company’s ability to attract and retain highly skilled talent contributes significantly to the quality of its products and the customer experience.

•Retail Network & Distribution Channels: The company's extensive network of luxury boutiques and its partnerships with high-end watch and jewelry brands. The retail experience and exclusive shopping environment contribute to the brand's luxury positioning.

•Reputation and Goodwill: Bucherer’s longstanding history in the luxury sector has earned it goodwill among consumers, partners, and the broader industry. This reputation for trustworthiness and exclusivity plays a key role in maintaining its market position.

These intangible resources help Bucherer Denmark to maintain its position as a leading luxury retailer and continue to deliver a superior customer experience.

The expected development

The result for the coming year is expected to be in the level of DKK 5-10m.

Events subsequent to the financial year

No material subsequent events have occurred after the balance sheet date.

Environmental issues – including climate change

Bucherer Denmark ApS 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		2024	2023
	Gross profit	**111.244.630**	**19.859.879**
1	Staff costs	-60.102.498	-12.354.654
	Depreciation, amortisation, and impairment	-44.838.883	-1.787.204
	Profit before net financials	**6.303.249**	**5.718.021**
	Other financial income	4.743.906	0
2	Other financial expenses	-8.712.575	-16.881.262
	Result before tax	**2.334.580**	**-11.163.241**
	Tax for the year	-801.514	2.266.112
3	**Result for the year**	**1.533.066**	**-8.897.129**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2024	2023
	Non-current assets		
5	Goodwill	288.872.664	0
	Total intangible assets	288.872.664	0
6	Land and buildings	329.484.591	0
7	Other fixtures, fittings, tools and equipment	35.453.038	8.354.382
	Total property, plant, and equipment	364.937.629	8.354.382
8	Investments in group enterprises	0	472.580.442
9	Deposits	2.790.328	0
	Total investments	2.790.328	472.580.442
	Total non-current assets	**656.600.621**	**480.934.824**
	Current assets		
	Manufactured goods and goods for resale	156.903.431	48.002.206
	Total inventories	156.903.431	48.002.206
	Trade receivables	30.291.420	30.909.077
	Amounts owed by group enterprises	4.408.903	2.416.077
10	Deferred tax assets	7.636.080	1.232.085
	Income tax receivables	0	14.000
	Other debtors	2.760.443	550.130
11	Prepayments	1.067.879	24.461
	Total receivables	46.164.725	35.145.830
	Available funds	71.379.684	198.013
	Total current assets	**274.447.840**	**83.346.049**
	Total assets	**931.048.461**	**564.280.873**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2024	2023
	Equity		
	Contributed capital	2.000.000	1.000.000
	Share premium	24.999.000	124.050.000
	Retained earnings	523.767.476	-1.558.827
	Total equity	**550.766.476**	**123.491.173**
	Provisions		
12	Other provisions	125.908	161.175
	Total provisions	**125.908**	**161.175**
	Liabilities other than provisions		
	Bank loans	0	56.714
	Prepayments received from customers	672.290	0
	Trade payables	9.322.809	7.689.173
	Payables to group enterprises	349.398.678	426.418.842
	Income tax payable	8.300.378	0
	Other payables	12.343.362	6.151.840
13	Accruals and deferred income	118.560	311.956
	Total short term liabilities other than provisions	380.156.077	440.628.525
	Total liabilities other than provisions	**380.156.077**	**440.628.525**
	Total equity and liabilities	**931.048.461**	**564.280.873**

14 Charges and security

15 Contingencies

16 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 January 2023	51.000	24.999.000	7.338.302	32.388.302
Cash capital increase	949.000	99.051.000	0	100.000.000
Profit or loss for the year brought forward	0	0	-8.897.129	-8.897.129
Equity 1 January 2024	1.000.000	124.050.000	-1.558.827	123.491.173
Adjustment due to group internal merger	0	0	1.928.784	1.928.784
Cash capital increase	1.000.000	422.813.453	0	423.813.453
Profit or loss for the year brought forward	0	0	1.533.066	1.533.066
Transferred to retained earnings	0	-521.864.453	521.864.453	0
	2.000.000	**24.999.000**	**523.767.476**	**550.766.476**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		2024	2023
	Net profit or loss for the year	1.533.066	-8.897.129
17	Adjustments	49.251.938	15.577.599
18	Change in working capital	-59.455.716	-22.331.241
	Cash flows from operating activities before net financials	-8.670.712	-15.650.771
	Interest received, etc.	1.821.404	0
	Interest paid, etc.	-5.432.944	-16.056.507
	Cash flows from ordinary activities	-12.282.252	-31.707.278
	Income tax paid	-204.000	-1.235.259
	Cash flows from operating activities	**-12.486.252**	**-32.942.537**
	Purchase of intangible assets	0	0
	Purchase of property	-329.711.850	0
	Purchase of financial fixed assets	-2.790.328	0
	Investment in subsidiary	0	-472.580.442
	Purchase of fixed assets	-719.950	-1.592.329
	Cash flows from investment activities	**-333.222.128**	**-474.172.771**
	Cash capital increase	0	100.000.000
	Group financing received	325.000.000	404.929.797
	Changes in short-term bank loans	-56.714	56.714
	Cash flows from financing activities	**324.943.286**	**504.986.511**
	Change in cash and cash equivalents	**-20.765.094**	**-2.128.797**
	Cash and cash equivalents at 1 January 2024	198.013	2.326.810
	Cash from merger	91.946.765	0
	Cash and cash equivalents at 31 December 2024	**71.379.684**	**198.013**

Cash and cash equivalents		
Available funds	71.379.684	198.013
Cash and cash equivalents at 31 December 2024	**71.379.684**	**198.013**

Notes

All amounts in DKK.

		2024	2023
1.	**Staff costs**		
	Salaries and wages	51.568.270	11.532.207
	Pension costs	7.902.260	771.388
	Other costs for social security	631.968	51.059
		60.102.498	**12.354.654**
	Average number of employees	101	22

Since only a single member of management is receiving remuneration in 2024 and 2023, the amount is not disclosed.

		2024	2023
2.	**Other financial expenses**		
	Financial costs, group enterprises	4.771.616	16.010.288
	Other financial costs	3.940.959	870.974
		8.712.575	**16.881.262**

		2024	2023
3.	**Proposed distribution of net profit**		
	Transferred to retained earnings	1.533.066	0
	Allocated from retained earnings	0	-8.897.129
	Total allocations and transfers	**1.533.066**	**-8.897.129**

Notes

All amounts in DKK.

		31/12 2024	31/12 2023
4.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Additions by merger	3.024.307	0
	Cost 31 December 2024	**3.024.307**	**0**
	Additions by merger	-2.828.573	0
	Amortisation for the year	-195.734	0
	Amortisation and write-down 31 December 2024	**-3.024.307**	**0**

		31/12 2024	31/12 2023
5.	**Goodwill**		
	Additions by merger	361.090.828	0
	Cost 31 December 2024	**361.090.828**	**0**
	Additions by merger	-36.109.082	0
	Amortisation for the year	-36.109.082	0
	Amortisation and write-down 31 December 2024	**-72.218.164**	**0**
	Carrying amount, 31 December 2024	**288.872.664**	**0**
6.	**Land and buildings**		
	Additions during the year	329.711.850	0
	Cost 31 December 2024	**329.711.850**	**0**
	Depreciation for the year	-227.259	0
	Depreciation and write-down 31 December 2024	**-227.259**	**0**
	Carrying amount, 31 December 2024	**329.484.591**	**0**

Notes

All amounts in DKK.

		31/12 2024	31/12 2023
7.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2024	19.619.123	18.056.794
	Additions by merger	74.629.759	0
	Additions during the year	278.973	1.592.329
	Cost 31 December 2024	**94.527.855**	**19.649.123**
	Depreciation and write-down 1 January 2024	-11.294.741	-9.403.552
	Additions by merger	-42.411.390	0
	Depreciation for the year	-5.368.686	-1.891.189
	Depreciation and write-down 31 December 2024	**-59.074.817**	**-11.294.741**
	Carrying amount, 31 December 2024	**35.453.038**	**8.354.382**
8.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2024	472.580.442	472.580.442
	Disposals during the year by merger	-472.580.442	0
	Cost 31 December 2024	**0**	**472.580.442**
	Carrying amount, 31 December 2024	**0**	**472.580.442**
9.	**Deposits**		
	Additions by merger	2.790.328	0
	Cost 31 December 2024	**2.790.328**	**0**
	Carrying amount, 31 December 2024	**2.790.328**	**0**

Notes

All amounts in DKK.

		31/12 2024	31/12 2023
10.	**Deferred tax assets**		
	Deferred tax assets 1 January 2024	1.232.085	-1.034.027
	Deferred tax of the results for the year	5.704.392	2.266.112
	Deferred tax by merger	699.603	0
		7.636.080	**1.232.085**

11. Prepayments

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

		31/12 2024	31/12 2023
12.	**Other provisions**		
	Change of the year in other provisions	125.908	161.175
		125.908	**161.175**

13. Accruals and deferred income

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

14. Charges and security

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

	DKK in thousands
Inventories	156.903
Payables	30.291

Notes

All amounts in DKK.

15. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	35.078
Total contingent liabilities	**35.078**

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

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

As a result of the merger with the Klarlund A/S, the company has withdrawn from the joint taxation with Klarlund A/S as of 1 January 2024 and is liable for any tax claims against the company until the time of withdrawal from the joint taxation.

16. Related parties

Controlling interest

The Hans Wilsdorf Foundation, Place d’Armes 20, 1227 Carouge, Switzerland	Majority shareholder

Transactions

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

On the 1 January 2024 Bucherer Denmark ApS merged with the fully owned subsidiary, Klarlund A/S, which was aquired by Bucherer Denmark ApS in 2023. For accounting purposes, the carrying amount method was applied for the group internal merger. Where relevant references to the merger is made in the statement of changes in equity, statement of cash flows and in the notes.

Notes

All amounts in DKK.

		2024	2023
17.	**Adjustments**		
	Depreciation, amortisation, and impairment	44.838.883	1.787.204
	Other financial income	-4.743.906	0
	Other financial expenses	8.712.575	16.881.262
	Tax for the year	801.514	-2.266.112
	Exchange rate adjustments (available funds)	-357.128	-824.755
		49.251.938	**15.577.599**
18.	**Change in working capital**		
	Change in inventories	-108.901.225	-11.474.173
	Change in receivables	-4.628.900	-1.901.855
	Change in trade payables and other payables	54.074.409	-8.955.213
	Other changes in working capital	0	0
		-59.455.716	**-22.331.241**

Accounting policies

The annual report for Bucherer Denmark ApS 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.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet 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.

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.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Business combinations

Acquisitions completed by the 1 July 2018 or later (method of consolidation)

Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

The date of acquisition is the date when control of the acquired entity is obtained.

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are recognised in the income statement as incurred.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

In case of step-by-step acquisitions, the value of the hitherto equity holding in the acquired entity is measured again at the fair value at the date of acquisition. The difference between the carrying amount of the hitherto equity investment and the fair value is recognised in the income statement.

Business combinations (the carrying amount method)

In case of intercompany business combinations, the carrying amount method is applied. By this method, the two enterprises are united at carrying amounts, and differences are not identified. Any considerations exceeding the carrying amount in the acquired entity are recognised directly in equity.

The carrying amount method is implemented on the acquisition date, and comparative figures are not modified.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories, other operating income, and external costs.

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

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

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets as well as operating loss and conflict compensation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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 writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to tangible fixed 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 debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in group enterprises

Dividend from investments in group enterprises is recognised in the financial year in which the dividend is declared.

If the dividend received exceeds the proportionate share of the year's result, this is considered an indication of impairment, which entails a requirement to prepare an impairment test.

Accounting policies

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

The balance sheet

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.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 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.

Accounting policies

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
Buildings	10-40 years	20-80 %
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.

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.

Impairment loss relating to non-current assets

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

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

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.

Financial fixed assets

Investments in group enterprises

Investments in group enterprises are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Deposits

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

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.

Accounting policies

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

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.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

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.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Income tax and deferred tax

As administration company, Bucherer Denmark ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

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.

Accounting policies

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"

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.

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.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

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

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

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.

Accounting policies

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.