

Pandora Int. ApS

Havneholmen 17-19, DK-1561 Copenhagen V.

CVR no. 21 41 02 76

Annual report 2019

21st financial year

Approved at the general meeting of the shareholders on 29/5 2020

Chairman:

A handwritten signature in black ink, appearing to read "Perinde Brage", followed by a horizontal line extending to the right.

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Management's Statement

The Executive Board has today discussed and approved the annual report of Pandora Int. ApS for the financial year 1 January – 31 December 2019

The annual report is prepared in accordance with 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 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

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

Copenhagen, 29 May 2020

Executive board

DocuSigned by:
Alexander Lacik
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Alexander Lacik

DocuSigned by:
Anders Boyer
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Anders Boyer-Søgaard

DocuSigned by:
David Allen
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David Lloyd Allen

Independent auditor's report

To the shareholder of Pandora Int. ApS

Opinion

We have audited the financial statements of Pandora Int. ApS for the financial year 1 January – 31 December 2019, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 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 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 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 note 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 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.

Copenhagen, 29 May 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-nr. 30 70 02 28



Mikkel Øthyr

State Authorised Public Accountant
mne26693



Tommy Borggaard Nielsen

State Authorised Public Accountant
mne34340

Management review

Company details

Name	Pandora Int. ApS
Adress, postal code, city	Havneholmen 17-19, DK-1561 Copenhagen V.
Website	www.pandora.net
CVR no.	21 41 02 76
Financial year	1 January - 31 December
Registrered office	Copenhagen municipality, Denmark
Parent company	Pandora A/S Interest: 100% CVR no.: 28 50 51 16
Executive Board	Alexander Lacik Anders Boyer-Søgaard David Lloyd Allen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, DK-2000 Frederiksberg CVR no.: 30 70 02 28

Management review - continued

Financial highlights

	2019	2018	2017	2016	2015
Key figures (DKK '000)					
Revenue	266,098	345,832	627,373	881,390	939,853
Gross profit	113,091	101,833	102,229	114,989	88,869
Earnings before interest and tax (EBIT)	5,164	6,917	12,548	17,628	18,797
Net financials	618	-393	-919	-2,880	6,173
Net income for the year	4,647	4,524	11,629	14,744	33,519
Equity	8,595	8,947	14,423	72,795	58,050
Balance sheet total	92,029	91,551	165,006	449,431	421,882
Investment in property, plant and equipment	52	1,873	319	6,411	10,800
Financial ratios					
Gross margin	42.5%	29.4%	16.3%	13.0%	9.5%
EBIT-margin	1.94%	2.0%	2.0%	2.0%	2.0%

The financial ratios have been calculated as follows:

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{revenue}}$$

$$\text{EBIT margin} = \frac{\text{EBIT} \times 100}{\text{Revenue}}$$

Management review - continued

Management review

Business review

The Company's main activity is to sell jewelries through own and operated concept stores in Denmark and distribution of jewelries to markets in EMEA.

Uncertainty in recognizing and measuring

There is no significant uncertainty in recognition and measurement.

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for the financial year for 2019 have not been affected by any unusual events.

Development in the year

In 2019 the Company's revenue was DKK 266 million (2018: DKK 346 million) and the gross profit was DKK 113 million (2018: DKK 102 million). Furthermore the income statement of the Company for 2019 shows a net profit of DKK 5 million (2018: DKK 5 million).

The development in the Company was slightly lower than the expectations set in 2018. The company in general generates revenue from wholesale/distributor channel and from own and operated stores. The 12 own and operated stores are located in Denmark where revenue is lower than prior year due to 2 stores closed in second half of 2019. Revenue decrease is also driven by weak like for like trend in 2019 resulting in a lower EBIT.

Subsequent events and outlook

The COVID-19 pandemic is affecting people and businesses around the globe in an unprecedented way. Pandora has first and foremost prioritised a safe environment for employees and consumers. All necessary measures have been taken across markets to comply with local authorities. Consequently, the majority of physical stores have been temporarily closed at some time during Q1 2020. COVID-19 has impacted the commercial results both directly as physical stores close and indirectly as open stores are negatively impacted by suppressed consumer confidence and spending and less travelling. The online stores have continued to operate as normal in most markets throughout 2020.

Due to COVID-19, the Company has experienced a pressured revenue and margin, however due to the Company being a sales subsidiary with limited risk the Company is still expected to generate a profit for 2020

Particular risks

As mentioned in the outlook and subsequent events section, The Company's revenue is highly vulnerable to the general economic developments and consumer confidence in Europe and in the other markets where it operates.

Accounting policies

The Annual Report of Pandora Int. ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C .

According to section 112 (1) of Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Pandora Int. ApS and its subsidiaries are included in the consolidated financial statements of Pandora A/S.

According to section 86 (4) of the Danish Financial Statements Act no cash flow statement have been prepared. The cashflow statement for Pandora Int. ApS and its subsidiaries are included in the consolidated financial statements of Pandora A/S.

The accounting policies applied remain unchanged from last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economics benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition assets and liabilities are measured at cost. Measurement of assets and liabilities after initial recognition is effected as described below for each item.

In recognition and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement when earned. Furthermore, costs incurred to archive earnings for the year are recognised in the income statement including depreciation, amortization, impairment losses and provisions as well as reversal of entries as a result of changed accounting estimates, which were formerly recognised in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

Accounting policies - continued

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

A refund liability is recognised for products expected to be returned. The estimate for returned products is based on historical experience and expectations. Please refer to provision section for details.

Cost of sales

Cost of sales comprise the goods consumed to achieve revenue for the year.

Other external expenses

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

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Accounting policies - continued

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax for the year, is recognised in the income statement by the portion attributable to the profit/loss for the year and recognised directly on equity by the portion attributable to entries directly on equity.

Current tax are computed on the basis of the pretax profit/loss for the year adjusted for non-taxable income expenditure. Taxes paid on account are offset against taxes payable at year end.

The Company is jointly taxed with the parent company and its Danish subsidiaries. Danish corporation taxes are fully allocated among the jointly taxed companies on the basis of the companies' taxable income (full allocation with reimbursement of tax losses)

Balance sheet

Intangible assets

Intangible assets consist of key money and software. Intangible assets are measured at cost less accumulated amortisation. Intangible assets are amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Property, plant and equipment

Property, plant and equipment consist of other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which is 5 years.

Investments

Investments in subsidiaries are measured at cost. Where the cost exceeds the net realizable value a write-down is made to such lower value.

Impairment of assets

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

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 flow from the disposal of the asset or the group of assets after the end of the useful life.

Accounting policies - continued

Inventories

Inventories (comprising finished goods) are measured at the lower of cost using FIFO method and net realisable value. The cost of goods sold for resale includes the purchase price as well as other costs directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Equity – dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

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 comprise primary return provisions and restoration costs for relocation of leases.

The company recognizes a refund and warranty liability related to return rights provided to customers. The return provision for estimated sales returns is recognized when there is historical experience or when a reasonably accurate estimate of expected future returns can otherwise be made. Refund liability to cover warranty claims is based on expected replacements provided for products still covered by warranty at the end of the period.

Corporation tax and deferred tax

The current tax payable and receivable is recognized in the balance sheet as tax calculated on this year's taxable income, adjusted for prior years' taxable income and prepaid taxes.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to be applied as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Accounting policies - continued

Other payables

Other payables are measured at net realisation value.

Income statement 1 January – 31 December

	<u>Notes</u>	<u>2019</u> DKK '000	<u>2018</u> DKK '000
Revenue		266,098	345,832
Cost of sales		-90,834	-183,112
Other external expenses		-62,174	-60,887
Gross profit		113,091	101,833
Staff costs	1	-101,162	-88,574
Amortisation and depreciation	2	-6,765	-6,342
Earnings before interest and taxes (EBIT)		5,164	6,917
Financial income	3	1,235	224
Financial expenses	4	-617	-617
Profit before tax		5,782	6,524
Income tax expense	5	-1,134	-2,000
Net profit for the year		4,647	4,524

Balance sheet at 31 December

Assets

	<u>Notes</u>	<u>2019</u> DKK '000	<u>2018</u> DKK '000
Other intangible assets		2,545	5,669
Intangible assets	6	2,545	5,669
Other fixtures, fittings, tools and equipment		2,580	6,184
Property, plant and equipment	7	2,580	6,184
Investments in subsidiaries	8	122	122
Deposits		2,109	2,504
Deferred tax assets	9	7,000	8,000
Other non-current assets		9,231	10,626
Total non-current assets		14,357	22,479
Inventories		8,112	11,596
Trade receivables		14,485	32,318
Receivables from group entities		49,192	244
Other receivables		2,246	5,635
Prepayments		80	970
Receivables		66,003	39,167
Cash		3,557	18,309
Total current assets		77,672	69,072
Total assets		92,029	91,551

Balance sheet at 31 December

Equity and liabilities

	<u>Notes</u>	<u>2019</u> DKK '000	<u>2018</u> DKK '000
Contributed capital		2,364	2,364
Retained earnings		1,231	1,583
Proposed dividend		5,000	5,000
Total Equity		8,595	8,947
Provisions – Non-current	10	1,668	1,650
Total non-current liabilities		1,668	1,650
Provisions - Current	10	1,644	2,846
Trade payables		16,916	12,170
Payables to group entities		36,343	57,874
Other payables		26,862	8,064
Total current liabilities		81,766	80,954
Total liabilities		83,434	82,604
Total equity and liabilities		92,029	91,551
Contingent assets	11		
Contingent liabilities and other financial obligations	12		
Related parties	13		
Subsequent events	14		

Statement of changes in equity

	<u>Notes</u>	<u>Contribut- ed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
		DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2019		2,364	1,583	5,000	8,947
Dividend paid		0	0	-5,000	-5,000
Appropriation of profit/loss	15	<u>0</u>	<u>-353</u>	<u>5,000</u>	<u>4,647</u>
Equity at 31 December 2019		<u>2,364</u>	<u>1,231</u>	<u>5,000</u>	<u>8,595</u>

The share capital consists of 2,364,000 shares of a nominal value of DKK 1. The Company's share capital has remained unchanged the past 5 years.

Notes

	<u>2019</u> DKK '000	<u>2018</u> DKK '000
1 Staff costs		
Wages and salaries	80,957	78,173
Pensions	5,666	5,317
Other staff costs	10,489	4,172
Social security costs	4,050	912
	<u>101,162</u>	<u>88,574</u>
No remuneration has been paid to the Executive Board.		
Average number of full-time employees during the year	<u>144</u>	<u>135</u>
2 Depreciation		
Intangible assets	3,124	999
Property, plant and equipment	3,641	5,343
	<u>6,765</u>	<u>6,342</u>
3 Financial income		
Interest income from group entities	298	0
Exchange rate adjustments	846	96
Other financial income	90	128
	<u>1,235</u>	<u>224</u>
4 Financial expenses		
Interest expenses to group entities	366	87
Exchange rate adjustments	0	0
Other financial expenses	251	530
	<u>617</u>	<u>617</u>
5 Tax on profit/loss for the year		
Change in deferred tax	1,000	2,000
Current income tax charge for the year	134	0
	<u>1,134</u>	<u>2,000</u>

6 Intangible assets

(DKK '000)	<u>Other intangi- ble assets</u>
Cost	
Cost at 1 January 2019	8,534
Cost at 31 December 2019	<u>8,534</u>
Amortization	
Amortization at 1 January 2019	-2,865
Amortization for the year	-3,124
Amortization at 31 December 2019	<u>-5,989</u>
Carrying amount at 31 December 2019	<u><u>2,545</u></u>

7 Property, plant and equipment

(DKK '000)	<u>Other fix- tures, fittings, tools and equip- ment</u>
Cost	
Cost at 1 January 2019	24,995
Additions	52
Disposals	-5,417
Cost at 31 December 2019	<u>19,630</u>
Depreciation	
Depreciation at 1 January 2019	-18,811
Depreciation for the year	-3,641
Disposals	5,402
Depreciation at 31 December 2019	<u>-17,050</u>
Carrying amount at 31 December 2019	<u><u>2,580</u></u>

8 Investments in subsidiaries

(DKK '000)	<u>Investments in subsidiaries</u>
Cost	
Cost at 1 January 2019	<u>122</u>
Cost at 31 December 2019	<u>122</u>
Accumulated impairment at 1 January 2019	<u>0</u>
Accumulated impairment at 31 December 2019	<u>0</u>
Carrying amount at 31 December 2019	<u><u>122</u></u>

According to the latest annual report net result for the year and equity are as follows:

<u>Subsidiaries</u>	<u>Domicile</u>	<u>Interest</u>	<u>Currency</u>	<u>Equity</u>	<u>Net result</u>
Pandora Norge AS	Norway	100 %	NOK	1,131k	364k

The annual report of Pandora Norge AS regarding 2019 is not yet released. Instead the net result and equity from the approved annual report of 2018 is disclosed.

9 Deferred tax assets

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
Deferred tax assets at 1 January	8,000	10,000
Change in deferred tax	<u>-1,000</u>	<u>-2,000</u>
Deferred tax assets at 31 December	<u><u>7,000</u></u>	<u><u>8,000</u></u>
Specification of deferred tax:		
Tax loss carryforwards	29,933	32,356
Not recognized tax loss carryforwards	-28,028	-28,223
Provisions	362	704
Other	-185	-853
Intangible assets and property, plant and equipment	<u>4,918</u>	<u>4,016</u>
	<u><u>7,000</u></u>	<u><u>8,000</u></u>

Reference is made to note 11 regarding the value of the deferred tax asset.

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
10 Provisions		
Provisions at 1 January	4,496	5,535
Additions in the year	9,569	12,628
Unused provisions reversed	-1,048	-5,772
Utilised in the year	-9,705	-7,895
Provisions at 31 December	<u>3,312</u>	<u>4,496</u>
Provisions are recognised in the balance sheet:		
Non-current	1,668	1,650
Current	1,644	2,846
Provisions at 31 December	<u>3,312</u>	<u>4,496</u>

11 Contingent assets

The Company has as per 31 December 2019 deferred tax assets not recognized of DKK 28 million (2018: DKK 28 million) which relate to tax loss carryforwards that are not expected to be utilized in the foreseeable future. The Company has recognized a deferred tax asset of DKK 7 million, which the Company expects to utilize in earnings and/or via group taxation.

12 Contingent liabilities and other financial obligations

Contingent liabilities

The Company is jointly taxed with Pandora A/S and other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends in the group of jointly taxed entities. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Operating leases

The rent and lease liabilities include a rent obligation totaling DKK 36 mill (2018: DKK 59 mill) in interminable rent agreements with remaining contract terms of 1-10 years. Furthermore the Company has liabilities under operating leases for cars totaling DKK 1 mill (2018: DKK 1 mill) with remaining contract terms of 1-4 years.

13 Related parties

Shareholders

Pandora A/S, Havneholmen 17-19, DK-1561 Copenhagen V, owns 100% of the shares in Pandora Int. ApS and holds the majority of the share capital in the Company.

Pandora Int. ApS is included in the Group Annual Report of Pandora A/S. The Group Annual Report of PANDORA A/S can be obtained in the following link:

<https://pandoragroup.com/staticcontent?url=http://investor.pandoragroup.com/static-files/84d758a8-9d17-4e4b-bfa6-59e4dd29ec51&format=pdf&title=Annual Report 2019>

Other related parties

Other related parties with significant influence on Pandora include the Executive Board and their close family members.

Transactions with related parties

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
Cost of sales	-90,834	-183,112
Other external expenses	-23,701	-23,012
Interest income from group entities	298	0
Interest expenses to group entities	-366	-87
Receivables from group entities	49,192	244
Payables to group entities	-36,343	-57,874
Paid dividends	-5,000	-10,000

14 Subsequent events

The COVID-19 pandemic is affecting people and businesses around the globe in an unprecedented way. Pandora has first and foremost prioritised a safe environment for employees and consumers. All necessary measures have been taken across markets to comply with local authorities. Consequently, the majority of physical stores have been temporarily closed at some time during Q1 2020. COVID-19 has impacted the commercial results both directly as physical stores close and indirectly as open stores are negatively impacted by suppressed consumer confidence and spending and less travelling. The online stores have continued to operate as normal in most markets throughout 2020.

Due to COVID-19, the Company has experienced a pressured revenue and margin, however due to the Company being a sales subsidiary with limited risk the Company is still expected to generate a profit for 2020

15 Appropriation of profit/loss

Retained earnings	-353	-476
Proposed dividend	5,000	5,000
	<u>4,647</u>	<u>4,524</u>