

# Pandora Jewelry Central Western Europe A/S

Havneholmen 17-19, DK-1561 Copenhagen V

CVR no. 32 65 44 87

**Annual report 2019**

10<sup>th</sup> financial year

Approved at the general meeting of the shareholders on / 02-06-2020

Chairman:

A handwritten signature in black ink, appearing to read "Pernille Brejze", with a long horizontal line extending to the right from the end of the signature.

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## Management's Statement

The Executive Board and Board of Directors have today considered and approved the Annual Report of PANDORA Jewelry Central Western Europe A/S for the financial year 1 January 2019 - 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.

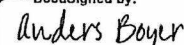
We recommend that the annual report be approved at the annual general meeting.

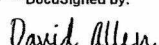
Copenhagen, *02-06* 2020

### Executive board

DocuSigned by:  
  
David Lloyd Allen

### Board of Directors

DocuSigned by:  
  
Anders Boyer-Sogaard  
Chairman

DocuSigned by:  
  
David Lloyd Allen

DocuSigned by:  
  
Peter Ring

# Independent auditors' report

## To the shareholder of PANDORA Jewelry Central Western Europe A/S

### Opinion

We have audited the financial statements of PANDORA Jewelry Central Western Europe A/S 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:

- 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.

## Independent auditors' report

- 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, 2 June 2020


ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-no. 30 70 02 28



Mikkel Sthyr  
State Authorised  
Public Accountant  
mne26693



Tommy Borggaard Nielsen  
State Authorised  
Public Accountant  
mne34340

## Management review

### Company details

Name	PANDORA Jewelry Central Western Europe A/S
Address, postal code, city	Havneholmen 17-19, DK-1561 Copenhagen V
Website	<a href="http://www.pandora.net">www.pandora.net</a>
CVR no.	32 65 44 87
Financial year	1 January - 31 December
Registered office	Copenhagen municipality, Denmark
Parent company	PANDORA A/S Interest: 100% CVR no.: 28 50 51 16
Board of Directors	Anders Boyer-Søgaard (Chairman) David Lloyd Allen Peter Ring
Executive Board	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
<b>Key figures (DKK '000)</b>					
Revenue	1,409,215	1,937,016	2,504,358	1,883,160	1,310,708
Gross profit	132,492	529,254	832,800	498,311	127,859
Operating profit (EBIT)	67,689	463,194	767,225	430,568	-103,377
Net financials	1,175	219,071	133,599	686	-5,601
Net income for the year	53,715	478,072	833,418	336,358	-82,870
Equity	78,011	124,296	336,224	402,806	66,448
Total assets	513,220	502,519	2,012,123	861,301	1,238,046
Investment in property, plant and equipment	0	0	0	0	0
Number of employees	0	0	0	0	0
<b>Ratios</b>					
Gross margin	9.4%	27.3%	33.3%	26.5%	9.8%
EBIT-margin	4.8%	23.9%	30.6%	22.9%	-7.9%
Return on assets	13.2%	92.2%	38.1%	50.0%	-8.3%
Solvency ratio	15.2%	24.7%	16.7%	46.8%	5.4%

The financial ratios have been calculated as follows:

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

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

$$\text{Return on assets} = \frac{\text{EBIT} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity} \times 100}{\text{Total assets}}$$

## **Management review - continued**

### **Management review**

#### **Business review**

Pandora Jewelry Central Western Europe A/S (the Company) distributes Pandora jewelries to its subsidiaries. The subsidiaries sell the jewelries in various western European markets.

#### **Development in the year**

In 2019, the Company's revenue was DKK 1,409 million (2018: DKK 1,937 million) and the gross profit was DKK 132 million (2018: DKK 529 million). Furthermore the income statement of the Company for 2019 shows a net profit of DKK 54 million (2018: DKK 478 million). The profit excluding dividends from subsidiaries amounts to DKK 54 million (2018: DKK 260 million).

The development of revenue and net profit in the Company was lower than expectations set in 2018. The development is not satisfactory and can be explained by lower activity in the subsidiaries.

#### **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 realised a negative result of DKK -98 million for the first three months of 2020 and the Company's equity is negative at 31 March 2020 by DKK -16 million. The parent company Pandora A/S has confirmed that it will provide liquidity as may be necessary for the Company to meet its obligations as they fall due. This commitment is valid until 1 January 2021.

As announced on 16 March 2020, the financial guidance of Pandora Group for 2020 was withdrawn following the escalation of COVID-19. As a result of the continued high uncertainty, it is still not deemed meaningful to provide any financial guidance at this stage. Consistent with Pandora Group, the outlook for the Company is also subject to uncertainty and thus not meaningful to provide any financial outlook at this stage.



**Statement of Corporate Social Responsibility**

The Company has no formal policies related to Corporate Social Responsibility, as the parent company has prepared a corporate social responsibility statement for the group. The statement is available at the following link:

<https://pandoragroup.com/sustainability/publications>

**Statement on gender composition**

The Company is subject to Pandora A/S's annual discussions on diversity in the Pandora Group management levels and the determination of specific targets.

## **Management review - continued**

### Board of Directors:

The Company's Board of Directors consist of three men elected by the general meeting. The Board of Directors do not comply with the rules for gender diversity. The Company's long-term goal for gender diversity in the Board of Directors is that one member of the Board should be a woman before 2022.

In 2019 there was no election of new members in the Board of Directors. Due to this, the current composition of the Board of Directors does not fulfill the target of gender diversity of one woman."

### Other management

The company has no employees. Based on that the Company has no policies for gender diversity for other management.

## **Accounting policies**

The Annual Report of Pandora Jewelry Central Western Europe A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large 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 Jewelry Central Western Europe A/S and its subsidiaries are included in the consolidated financial statements of Pandora A/S.

According to section 96 (3) of the Danish Financial Statements Act the Company has not disclosed information about audit fees. Audit fees in Pandora Jewelry Central Western Europe A/S 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 Jewelry Central Western Europe A/S and its subsidiaries are included in the consolidated financial statements of Pandora A/S.

In accordance with section 98b of the Danish Financial Statements Act, remuneration to management is not disclosed.

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 economic 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 achieve 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.

## **Accounting policies – continued**

### **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.

### **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 and provisions for returns

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 more 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.

#### **Amortisation, depreciation and impairment losses**

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

#### **Income from investments in subsidiaries**

Income from investments in subsidiaries includes dividends received from subsidiaries provided it does not exceed the accumulated earnings of the subsidiary during the period of ownership.

## **Accounting policies – continued**

### **Financial income and expenses**

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

### **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 is 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 distributions rights. Intangible assets are measured at cost less accumulated amortization. Intangible assets are amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### **Investments in subsidiaries**

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 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**

### **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.

### **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 related to subsidiaries.

The company recognizes a refund and warranty liability related to return rights provided to customers (subsidiaries). 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.

### **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.

### **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	1	1,409,215	1,937,016
Cost of sales		<u>-1,276,723</u>	<u>-1,407,762</u>
<b>Gross profit</b>		<b>132,492</b>	<b>529,254</b>
Other external expenses		385	-872
Amortisation	2	<u>-65,188</u>	<u>-65,188</u>
<b>Operating profit (EBIT)</b>		<b>67,689</b>	<b>463,194</b>
Dividend from subsidiaries		0	218,335
Financial income	3	1,214	2,943
Financial expenses	4	<u>-39</u>	<u>-2,207</u>
<b>Profit before tax</b>		<b>68,864</b>	<b>682,265</b>
Income tax expense	5	<u>-15,149</u>	<u>-204,193</u>
<b>Net profit for the year</b>		<b>53,715</b>	<b>478,072</b>

## Balance sheet at 31 December

### Assets

	<u>Notes</u>	<u>2019</u> DKK '000	<u>2018</u> DKK '000
Distributions rights	6	798	65,986
<b>Intangible assets</b>		<b>798</b>	<b>65,986</b>
Investments in subsidiaries	7	1,559	1,559
Deferred tax assets		1,056	0
<b>Other non-current assets</b>		<b>2,615</b>	<b>1,559</b>
<b>Total non-current assets</b>		<b>3,413</b>	<b>67,545</b>
Receivables from subsidiaries		407,348	370,683
Other receivables		96,338	64,291
Cash		6,121	0
<b>Total current assets</b>		<b>509,807</b>	<b>434,974</b>
<b>Total assets</b>		<b>513,220</b>	<b>502,519</b>



## Balance sheet at 31 December

### Equity and liabilities

	<u>Notes</u>	<u>2019</u> DKK '000	<u>2018</u> DKK '000
Share capital		1,000	1,000
Retained earnings		77,011	23,296
Dividend proposed		0	100,000
<b>Total equity</b>		<b><u>78,011</u></b>	<b><u>124,296</u></b>
Deferred tax liabilities		0	11,393
<b>Total non-current liabilities</b>		<b><u>0</u></b>	<b><u>11,393</u></b>
Other provisions	8	5,600	14,200
Loans and borrowings		0	160
Trade payables		3	53
Payables to parent company		401,932	204,394
Income tax payable		27,600	147,949
Other payables		74	74
<b>Total current liabilities</b>		<b><u>435,209</u></b>	<b><u>366,830</u></b>
<b>Total liabilities</b>		<b><u>435,209</u></b>	<b><u>378,223</u></b>
<b>Total equity and liabilities</b>		<b><u>513,220</u></b>	<b><u>502,519</u></b>
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## Statement of changes in equity

	<u>Notes</u>	<u>Share 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		1,000	23,296	100,000	124,296
Dividend paid		0	0	-100,000	-100,000
Appropriation of profit	13	0	53,715	0	53,715
<b>Equity at 31 December 2019</b>		<b>1,000</b>	<b>77,011</b>	<b>0</b>	<b>78,011</b>

The share capital consists of 1,000,000 shares of a nominal value of DKK 1. There has been no changes during the past 5 years.

## Notes

### 0 Liquidity

As mentioned in note 12, the Company has realised a negative result of DKK -98 million for the first three months of 2020 and the Company's equity is negative at 31 March 2020 by DKK -16 million. The parent company Pandora A/S has confirmed that it will provide liquidity as may be necessary for the Company to meet its obligations as they fall due. This commitment is valid until 1 January 2021.

### 1 Revenue

The Company's only business activity is sale of jewellery to one geographical segment, the western European market.

	<b>2019</b> DKK '000	<b>2018</b> DKK '000
<b>2 Amortisation of intangible assets</b>		
Distributions rights	<u>65,188</u>	<u>65,188</u>
	<b><u>65,188</u></b>	<b><u>65,188</u></b>
<b>3 Financial income</b>		
Exchange rate adjustments	608	1,628
Interest income from group entities	606	1,310
Other financial income	<u>0</u>	<u>5</u>
	<b><u>1,214</u></b>	<b><u>2,943</u></b>
<b>4 Financial expenses</b>		
Exchange rate adjustments	0	0
Interest expenses to group entities	0	1,978
Other financial expenses	<u>39</u>	<u>229</u>
	<b><u>39</u></b>	<b><u>2,207</u></b>
<b>5 Tax on profit/loss for the year</b>		
Current income tax charge for the year	27,600	119,576
Deferred tax change for the year	-12,449	56,439
Changes regarding prior years	<u>-2</u>	<u>28,178</u>
	<b><u>15,149</u></b>	<b><u>204,193</u></b>

Income tax expense for 2018 was negatively impacted by a DKK 106 million reversal of the deferred tax asset related to the transfer of assets from Kasi Group that the Supreme Court of Denmark on 4 October 2018 has ruled as tax exempt.

<b>6 Intangible assets</b>	<b>Distribution rights</b>
	DKK '000
Cost at 1 January 2019	<u>829,136</u>
<b>Cost at 31 December 2019</b>	<b><u>829,136</u></b>
Amortisation at 1 January 2019	763,150
Amortisation for the year	<u>65,188</u>
<b>Amortisation at 31 December 2019</b>	<b><u>828,338</u></b>
<b>Carrying amount at 31 December 2019</b>	<b><u>798</u></b>

<b>7 Investments in subsidiaries</b>	DKK '000
Cost at 1 January 2019	<u>1,559</u>
<b>Cost at 31 December 2019</b>	<b><u>1,559</u></b>
Accumulated impairment at 1 January 2019	<u>0</u>
<b>Accumulated impairment at 31 December 2019</b>	<b><u>0</u></b>
<b>Carrying amount at 31 December 2019</b>	<b><u>1,559</u></b>

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

<b>Subsidiaries</b>	<b>Domicile</b>	<b>Interest</b>	<b>Currency</b>	<b>Equity</b>	<b>Net result</b>
Pandora Jewelry GmbH	Germany	100%	EUR '000	6,861	6,836
Pandora Italia SRL	Italy	100%	EUR '000	10,298	10,206
Pandora Jewelry B.V.	The Netherlands	100%	EUR '000	640	280
Pandora Schweiz AG	Switzerland	100%	CHF '000	2,682	547
Pandora Österreich GmbH	Austria	100%	EUR '000	551	466

The annual reports of the subsidiaries regarding 2019 are not yet released. Instead the net result and equity from the approved annual reports of 2018 are disclosed. The annual reports of Pandora Jewelry B.V. regarding 2016 and 2017 are not approved hence the annual report from 2015 is used.

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
<b>8 Other provisions</b>		
Other provisions at 1 January	14,200	0
Additions in the year	5,600	14,200
Unused provisions reversed	-14,200	
<b>Other provisions at 31 December</b>	<u>5,600</u>	<u>14,200</u>
Other provisions are recognised in the balance sheet:		
Current liabilities	5,600	14,200
<b>Other provisions at 31 December</b>	<u>5,600</u>	<u>14,200</u>

**9 Collaterals**

The Company has not provided any security or other collateral in assets at 31 December 2019.

**10 Contingent liabilities and other financial obligations**

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.

**11 Related parties****Shareholders**

Pandora A/S, Havneholmen 17-19, Copenhagen V, owns 100% of the shares in Pandora Jewelry Central Western Europe A/S and holds the majority of the share capital in the Company.

Pandora Jewelry Central Western Europe A/S 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 Board of directors and Executive Board and their close family members.

**Transactions with related parties**

	<b>2019</b>	<b>2018</b>
	DKK '000	DKK '000
Revenue	1,409,215	1,937,016
Cost of sales	-1,276,723	-1,407,762
Other external expenses	-721	-685
Dividend received	0	218,335
Interest income from group entities	606	1,310
Interest expenses to group entities	0	-1,978
Extraordinary dividend paid	0	390,000
Paid dividend (ordinary in respect of the prior year)	100,000	300,000
Receivables from subsidiaries	407,348	370,683
Payables to subsidiaries	-401,932	-204,394
Income tax payable	-27,600	-147,949

**12 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 realised a negative result of DKK -98 million for the first three months of 2020 and the Company's equity is negative at 31 March 2020 by DKK -16 million.

	<b>2019</b>	<b>2018</b>
	DKK '000	DKK '000
<b>13 Appropriation of profit</b>		
Proposed dividend	0	100,000
Retained earnings	53,715	378,072
	<u>53,715</u>	<u>478,072</u>