

# Pandora Jewelry Taiwan A/S

Havneholmen 17-19, 1561 Copenhagen V.

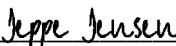
CVR no. 39 58 40 85

**Annual report 2020**

**3<sup>rd</sup> financial year**

Approved at the general meeting of the shareholders on 4 June 2021

Chairman:

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## Management's Statement

The Executive Board and the Board of Directors has today discussed and approved the annual report of Pandora Jewelry Taiwan A/S for the financial year 1 January – 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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, 4 June 2021

### Executive Board

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Kwan Hin Chan

### Board of Directors

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Peter Ring  
Chairman

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Kwan Hin Chan

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Martino Giuseppe Mauro Pessina

## **Independent auditor's report**

### **To the shareholder of Pandora Jewelry Taiwan A/S**

#### **Opinion**

We have audited the financial statements of Pandora Jewelry Taiwan A/S for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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 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 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, 4 June 2021

EY GODKENDT REVISIONSPARTNERSELSKAB

CVR-nr. 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 Taiwan 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.	39 58 40 85
Financial year	1 January - 31 December
Date of establishment	18 May 2018
Registered office	Copenhagen municipality, Denmark
Board of Directors	Peter Ring (Chairman) Kwan Hin Chan Martino Giuseppe Mauro Pessina
Executive Board	Kwan Hin Chan
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250 DK-2000 Frederiksberg CVR no.: 30 70 02 28

## Management review - continued

### Financial highlights

	2020	2019	2018
<b>Key figures (TWD '000)</b>			
Revenue	784,039	772,888	0
Gross profit	140,597	163,643	0
Earnings before interest and tax (EBIT)	-2,964	13,014	0
Net financials	-1,767	-802	0
Net income for the year	-3,526	10,328	0
Equity	11,509	15,034	4,700
Balance sheet total	719,791	614,814	4,982
Investment in property, plant and equipment	285	28,309	0
<b>Financial ratios</b>			
Gross margin	17.9%	21.2%	N/A
EBIT-margin	-0.4%	1.7%	N/A

The Company was established on 18 May 2018.

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 operate the PANDORA sales activity in Taiwan, through a branch in Taiwan.

#### **Uncertainty in recognizing and measuring**

There is no significant uncertainty in recognition and measurement.

#### **Unusual events**

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events, apart from limited store closures as a result of COVID-19.

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

In 2020 the Company's revenue was TWD 784 mill. (2019: TWD 773 mill.) and the gross profit was TWD 141 mill. (2019: TWD 164 mill.). Furthermore, the income statement of the Company for 2020 shows a net loss for the year of TWD -4 mill., which is lower than expected.

The Company in general generates revenue from sales through in total 16 stores. The 5 owned and operated concept stores and 11 owned and operated shop in shop stores are all located in Taiwan through a local Taiwan branch (Pandora Jewelry Taiwan A/S Taiwan Branch). The branch's registered office of the main business location is at 7F., No. 2, Sec. 3, Minsheng E. Rd., Taipei City, Taiwan.

On the 26th of December 2020, the Company closed one shop in shop store (TW TY Shin Kong Mitukoshi Taoyuan Station DPS) located in Taoyuan.

#### **Subsequent events and Outlook**

No subsequent events have occurred after the balance sheet date.

The Company is expected to grow its business by 8% in 2021. To ride on the digital wave, the Company has launched 3rd party market places such as Momo (Q4 2020) and Yahoo (Q1 2021) to offer end-consumers a seamless shopping journey online and offline. Meanwhile, the Company also aims to expand its footprint offline in 2021 by opening 5 shops and upgrade stores through relocations.

#### **Particular risks**

The Company's revenue are highly vulnerable to the general economic developments in Greater China.



## Accounting policies

The Annual Report of Pandora Jewelry Taiwan A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C.

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 Taiwan A/S 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 Taiwan A/S is included in the consolidated financial statements of Pandora A/S.

The accounting policies applied remain unchanged from last year.

### Recognition and measurement

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

Liabilities are recognized in the balance sheet when the Company 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 recognized in the income statement when earned. Furthermore, costs incurred to archive earnings for the year are recognized 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 recognized in the income statement.

### Functional and presentation currency

The financial statements are presented in Taiwan Dollars (TWD) which is the functional currency of the Company. The Company's only activity is to sell Pandora Jewelry through the stores in Taiwan. The choice of functional currency is determined by the fact that all revenue and all significant costs relating to the branch as well as the financing are all denominated in TWD.

The exchange rate TWD/DKK as of 31 December 2020 stated at 0.22 (0.22 as of 31 December 2019). The average exchange rate TWD/DKK for the year 2020 is 0.22 (0.22 for the year 2019).

## **Accounting policies - continued**

### **Foreign currency translation**

On initial recognition, transactions denominated in foreign currencies from TWD 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 recognized 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 recognized in the most recent financial statements is recognized in the income statement as financial income or financial expenses.

### **Income statement**

#### **Revenue**

Revenue from the sale of goods is recognized 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 recognized 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.

#### **Amortization, depreciation and impairment losses**

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

## **Accounting policies – continued**

### **Financial income and expenses**

Financial income and expenses are recognized 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 recognized in the income statement by the portion attributable to the profit/loss for the year and recognized 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 (fill allocation with reimbursement of tax losses)

## **Balance sheet**

### **Intangible assets**

Goodwill is initially recognized at the amount by which the purchase price for a business combination exceeds the recognized value of the identifiable assets and liabilities acquired. Goodwill comprises future growth expectations, buyer-specific synergies, the workforce in place and know-how. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortization. Goodwill is amortized over its economic useful life, which is assessed at 10 years starting 2019.

Other intangible assets consist of key money and software. Other intangible assets are measured at cost less accumulated amortization. Other intangible assets are amortized on a straight-line basis over its useful life, which is assessed at 5 years starting 2019.

### **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 arrive at the lower value.

## **Accounting policies – continued**

### **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.

### **Inventories**

Inventories are measured at the lower of cost using FIFO method and net realizable value.

The cost of goods sold for resale equals landed cost as well as other costs directly attribute to the acquisition.

### **Receivables**

Receivables are measured at amortized cost, which usually corresponds to the nominal value. An impairment loss is recognized 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 realizable 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 recognized 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.

## **Accounting policies – continued**

### **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 realized, 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 recognized in the income statement.

### **Other payables**

Other payables are measured at net realization value.

## Income statement 1 January – 31 December

	<u>Notes</u>	<u>2020</u> TWD '000	<u>2019</u> TWD '000
Revenue		784,039	772,888
Cost of sales		-358,557	-316,016
Other external expenses		-284,886	-293,229
<b>Gross profit</b>		<b>140,597</b>	<b>163,643</b>
Staff costs	1	-105,286	-95,411
Amortization and depreciation	2	-38,275	-55,218
<b>Earnings before interest and taxes (EBIT)</b>		<b>-2,964</b>	<b>13,014</b>
Financial income	3	8	616
Financial expenses	4	-1,775	-1,419
<b>Profit before tax</b>		<b>-4,732</b>	<b>12,212</b>
Income tax	5	1,206	-1,884
<b>Net profit for the year</b>		<b>-3,526</b>	<b>10,328</b>

## Balance sheet at 31 December

### Assets

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		TWD '000	TWD '000
Goodwill		191,079	214,963
Other intangible assets		2,212	3,309
<b>Intangible assets</b>	<b>6</b>	<b><u>193,290</u></b>	<b><u>218,272</u></b>
Other fixtures, fittings, tools and equipment		6,502	19,510
<b>Property, plant and equipment</b>	<b>7</b>	<b><u>6,502</u></b>	<b><u>19,510</u></b>
Deposits		560	662
Deferred tax assets		1,501	267
<b>Financial assets</b>		<b><u>2,061</u></b>	<b><u>929</u></b>
<b>Total non-current assets</b>		<b><u>201,853</u></b>	<b><u>238,711</u></b>
<b>Inventories</b>		<b><u>176,492</u></b>	<b><u>143,557</u></b>
Trade receivables		179,879	185,840
Receivables from group entities		102,350	4,821
Joint taxation contribution		7,890	7,623
Other receivables		5,266	210
Prepayments		914	2,689
<b>Receivables</b>		<b><u>296,299</u></b>	<b><u>201,182</u></b>
<b>Cash</b>		<b><u>45,147</u></b>	<b><u>31,365</u></b>
<b>Total current assets</b>		<b><u>517,938</u></b>	<b><u>376,104</u></b>
<b>Total assets</b>		<b><u>719,791</u></b>	<b><u>614,814</u></b>

## Balance sheet at 31 December

### Equity and liabilities

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		TWD '000	TWD '000
Contributed capital		4,700	4,700
Retained earnings		6,809	10,334
<b>Total Equity</b>		<b>11,509</b>	<b>15,034</b>
Provisions	8	8,159	7,933
Deferred tax liabilities	9	4,503	2,261
<b>Total non-current liabilities</b>		<b>12,663</b>	<b>10,194</b>
Provisions	8	1,446	1,335
Trade payables		64,038	57,893
Payables to group entities	14	607,932	518,921
Tax payable		4,329	7,513
Other payables		17,874	3,925
<b>Total current liabilities</b>		<b>695,619</b>	<b>589,586</b>
<b>Total liabilities</b>		<b>708,282</b>	<b>599,780</b>
<b>Total equity and liabilities</b>		<b>719,791</b>	<b>614,814</b>
Collaterals	10		
Contingent assets	11		
Related parties	12		
Subsequent events	13		
Financing and liquidity	14		



## Statement of changes in equity

<u>Notes</u>	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
	TWD '000	TWD '000	TWD '000
Equity at 1 January 2020	4,700	10,334	15,034
Appropriation of profit	0	-3,526	-3,526
Exchange rate adjustments	<u>0</u>	<u>0</u>	<u>0</u>
<b>Equity at 31 December 2020</b>	<b><u>4,700</u></b>	<b><u>6,809</u></b>	<b><u>11,509</u></b>

## Notes

	<u>2020</u>	<u>2019</u>
	TWD '000	TWD '000
<b>1 Staff costs</b>		
Wages and salaries	81,773	77,374
Pensions	4,635	11,157
Other staff costs	9,451	6,270
Social security costs	9,426	609
	<u>105,286</u>	<u>95,411</u>
No remuneration has been paid to the Executive Board or Board of Directors.		
Average number of full-time employees during the year	<u>102</u>	<u>117</u>
<b>2 Amortization and depreciation</b>		
Goodwill	23,885	23,885
Other intangible assets	1,097	1,265
Property, plant and equipment	13,293	30,068
	<u>38,275</u>	<u>55,218</u>
<b>3 Financial income</b>		
Exchange rate adjustments	0	140
Other financial income	8	477
	<u>8</u>	<u>616</u>
<b>4 Financial expenses</b>		
Interest expenses to group entities	1,607	1,174
Exchange rate adjustments	7	0
Other financial expenses	162	244
	<u>1,775</u>	<u>1,419</u>
<b>5 Tax on profit/loss for the year</b>		
Change in deferred tax	1,008	1,994
Current income tax charge for the year	-4,899	-110
Tax previous years	2,685	0
	<u>-1,206</u>	<u>1,884</u>

The Company has tax payable to local Taiwan tax authorities as the branch in Taiwan has permanent establishment. The holding company in Denmark, excluding the Taiwan branch, is jointly taxed with Pandora A/S and other Danish group entities. The company is entitled to joint taxation receivable in Denmark.

**6 Intangible assets**

<b>(TWD '000)</b>	<b>Goodwill</b>	<b>Other in- tangible assets</b>	<b>Total in- tangible assets</b>
<b>Cost</b>			
Cost at 1 January 2020	238,848	4,574	243,422
Additions in the year	0	0	0
<b>Cost at 31 December 2020</b>	<b>238,848</b>	<b>4,574</b>	<b>243,422</b>
<b>Amortization</b>			
Amortization at 1 January 2020	-23,885	-1,265	-25,150
Amortization for the year	-23,885	-1,097	-24,982
<b>Amortization at 31 December 2020</b>	<b>-47,770</b>	<b>-2,362</b>	<b>-50,132</b>
<b>Carrying amount at 31 December 2020</b>	<b>191,079</b>	<b>2,212</b>	<b>193,290</b>

Goodwill has been tested for impairment based on expected future cashflow under the transfer pricing setup.  
No impairment identified.

**7 Property, plant and equipment**

<b>(TWD '000)</b>	<b>Other fixtures, fittings, tools and equipment</b>
<b>Cost</b>	
Cost at 1 January 2020	41,624
Additions in the year	285
Disposals	-847
<b>Cost at 31 December 2020</b>	<b>41,062</b>
<b>Depreciation</b>	
Depreciation at 1 January 2020	-22,114
Depreciation for the year	-13,293
Disposals	847
<b>Depreciation at 31 December 2020</b>	<b>-34,560</b>
<b>Carrying amount at 31 December 2020</b>	<b>6,502</b>

	<u>2020</u>	<u>2019</u>
	TWD '000	TWD '000
<b>8 Provisions</b>		
Provisions at 1 January	9,268	0
Additions in the year	608	10,029
Additions from acquisitions	0	3,104
Unused provisions reversed	-270	-1,847
Utilized in the year	0	-2,018
<b>Provisions at 31 December</b>	<u><u>9,605</u></u>	<u><u>9,268</u></u>

Provisions are recognized in the balance sheet:

Non-current	8,159	7,933
Current	1,446	1,335
<b>Provisions at 31 December</b>	<u><u>9,605</u></u>	<u><u>9,268</u></u>

## 9 Deferred tax

Deferred tax liability at 1 January	2,261	0
Change in deferred tax	2,242	2,261
<b>Deferred tax liability at 31 December</b>	<u><u>4,503</u></u>	<u><u>2,261</u></u>

Specification of deferred tax:

Intangible assets and property, plant and equipment	4,503	2,261
<b>Deferred tax liability at 31 December</b>	<u><u>4,503</u></u>	<u><u>2,261</u></u>

Deferred tax asset of 1,501 relates to provisions etc.

## 10 Collaterals

The Company does not have any security or other collateral in assets at 31 December 2020.

## 11 Contingent liabilities and other financial obligations

### Contingent liabilities

The Company is set up as a Danish holding company, which is taxable in Denmark and the Taiwan located branch 100% owned by the holding company, which is only taxable in Taiwan via permanent establishment setup. The holding company excluding Taiwan branch is jointly taxed with Pandora A/S and other Danish group entities. The Company is jointly and severally with other 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 TWD 14 mill. (2019: TWD 21 mill.) in interminable rent agreements with remaining contract terms of 1-5 years.

## 12 Related parties

### Shareholders

Pandora A/S, Havneholmen 17-19, DK-1561 Copenhagen V, owns 100% of the shares in Pandora Jewelry Taiwan A/S.

Pandora Jewelry Taiwan 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/investor/news-and-reports/annual-reports>

### 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>2020</u>	<u>2019</u>
	TWD '000	TWD '000
Cost of sales	-358,557	-316,016
Other external expenses	-2,960	-5,678
Interest expenses to group entities	-1,607	-1,174
Receivables from group entities	102,350	4,821
Payables to group entities	-607,932	-518,921

## 13 Subsequent events

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the financial statements.

## 14 Financing and liquidity

As at 31 December 2020 the Company had a positive equity equal to TWD 12 mill. Current assets amount to TWD 518 mill. with corresponding current liabilities of TWD 696 mill. At 31 December 2020, debt towards group entities, mainly the parent company, amounts to TWD 608 mill. The debt towards group entities relates to the acquisition of distribution in Taiwan for which the purchase price was TWD 440 mill.

As part of the financing, a loan agreement has been entered between the Company and its parent company, Pandora A/S, in which the Company has secured a credit facility of TWD 700 mill. All outstanding amounts under the credit facility is payable on the last day of the term. The credit facility is automatically extended with consecutive 1 year. The credit facility may be terminated with 30-day written notice before the last day of the term. Pandora A/S has confirmed that the credit facility will not be terminated before 1 January 2022.

Based on the abovementioned credit facility, the Board of Directors and the Executive Board consider it reasonable and well-founded to base the financial reporting on going concern assumption.