

Pandora Production Holding A/S

Havneholmen 17-19,
DK-1561 Copenhagen V.
CVR no. 43 23 69 62


Annual report 2022

3 May – 31 December
(1st financial year)

Approved at the general meeting of the shareholders on

30 June 2023

Chair of the General Meeting:

DocuSigned by:
 Pernille Bregendahl Jensen
B005BC43152C416...

Contents

	<u>Page</u>
Company information	1
Management Statement	2
Independent auditor's report	3
Management review	5
Accounting policies	6
Income statements 3 May – 31 December	9
Balance sheet at 31 December	10
Statement of changes in equity	12
Notes to the annual report	13

Company information

Company details

Company	Pandora Production Holding A/S Havneholmen 17-19, DK-1561 Copenhagen V
	Company registration no.: 43 23 69 62 Financial period: 3 May – 31 December (1 st financial year) Municipality of domicile: Copenhagen
Board of Directors	Alexander Lacik (Chair) Anders Boyer Peter Ring
Executive Board	Jeerasage Puranasamriddhi
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, DK-2000 Frederiksberg CVR no.: 30 70 02 28

Management Statement

The Executive Board and Board of Directors have today discussed and approved the annual report of Pandora Production Holding A/S for the financial year 3 May - 31 December 2022.

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 2022 and of the results of the Company's operations for the financial year 3 May – 31 December 2022.

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, 30 June 2023


Executive Board



Jeerasage Puranasamriddhi
Executive Officer

Board of Directors

 Alexander Lacik
Alexander Lacik
Chair

 Søren Sjøgaard
Søren Sjøgaard
Chair

 DocuSigned by:

7B9C8579C4EA4A7...
Peter Ring

Independent auditor's report

To the shareholder of Pandora Production Holding A/S

Opinion

We have audited the financial statements of Pandora Production Holding A/S for the financial year 3 May – 31 December 2022, 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 2022 and of the results of the Company's operations for the financial year 3 May – 31 December 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 June 2023

EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28


Jens Thordahl Nøhr
State Authorised Public Account
mne32212


Mads Vinding
State Authorised Public Account
mne42792

Management review

Management review

Business review

Pandora Group decided to reorganise its crafting activities into a separate crafting sub-group by establishing a new intermediate holding company, Pandora Production Holding A/S, which main activity is to own investments in subsidiaries and oversee the crafting activities across the Group's crafting facilities.

As a result, in 2022 Pandora A/S transferred its controlling equity investment in Pandora Production Co. Ltd., Thailand, to Pandora Production Holding A/S as a contribution in-kind against shares in Pandora Production Holding A/S. Furthermore, the company will be the direct owner of Pandora Production Vietnam Co. Ltd. (established in 2023).

The company was established 3 May 2022.

Uncertainty in recognising and measuring

There is no significant uncertainty in recognition and measurement.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 have not been affected by any unusual events.

Subsequent events

In 2023, the company's equity was increased by converting debt of approx. USD 9.8 million owed to its parent company, Pandora A/S. Furthermore, the company established Pandora Production Vietnam Co. Ltd. following the decision to expand the Group's crafting capacity and support long-term growth.

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

Accounting policies

The Annual Report of Pandora Production Holding A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B enterprises, as well as provisions applying to reporting class C entities.

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

The Financial Statements for 2022 are presented in USD'000.

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.

Translation policies

US Dollars, USD, is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Functional and presentation currency

The financial statements are presented in US Dollars (USD), which is the functional currency of the Company. The Company's activities is to oversee the crafting activities across the Group's crafting facilities, own investments in subsidiaries and provide funding. The choice of functional currency is determined by the fact that income and significant costs as well as the financing of the Group's crafting facilities are all denominated in USD.

The exchange USD/DKK as of 31 December 2022 stated at 7.02. The average exchange rate USD/DKK for the year 2022 is 7.07.

Accounting policies - continued

Income statement

Other external expenses

Other external expenses comprise audit fees.

Tax 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

Investments

Investments in subsidiaries are measured at cost. Impairment testing is carried out if there is any indication of impairment. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the recoverable amount.

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 receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

Corporation tax and deferred tax

The current tax payable and receivable is recognised 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.

Accounting policies - continued

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 3 May – 31 December

	<u>Notes</u>	<u>2022</u>
		USD '000
Other external expenses	1	-7
Gross profit/loss		<u>-7</u>
Profit/loss before tax		<u>-7</u>
Tax on profit/loss for the year		<u>2</u>
Net profit/loss for the year		<u>-5</u>

Distribution of profit

Proposed distribution of profit

Retained earning		<u>-5</u>
		<u>-5</u>

Balance sheet at 31 December

Assets

	<u>Notes</u>	<u>2022</u> USD '000
Investments in subsidiaries	2	<u>1,015,732</u>
Total non-current assets		<u>1,015,732</u>
Other receivables		960
Corporate tax receivable from subsidiaries		<u>2</u>
Receivables		<u>962</u>
Cash		<u>40</u>
Total current assets		<u>1,002</u>
Total assets		<u>1,016,733</u>

Balance sheet at 31 December

Equity and liabilities

	<u>Notes</u>	<u>2022</u>
		USD '000
Share capital		142
Retained earnings		1,015,656
Total Equity		<u>1,015,797</u>
Trade payables		7
Payables to subsidiaries		929
Total current liabilities		<u>936</u>
Total liabilities		<u>936</u>
Total equity and liabilities		<u>1,016,733</u>
Contingent liabilities	3	
Related parties	4	
Subsequent events	5	

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	USD '000	USD '000	USD '000
Equity at 3 May 2022	71	0	71
Capital increase	71	1,015,661	1,015,732
Net profit/loss of the year	<u>0</u>	<u>-5</u>	<u>-5</u>
Equity at 31 December 2022	<u>142</u>	<u>1,015,656</u>	<u>1,015,797</u>

Notes

1 Average number of employees

The company has no employees in 2022

2 Investments in subsidiaries

	USD '000
Cost at 3 May 2022	0
Additions	1,015,732
Cost at 31 December 2022	1,015,732
Impairment at 3 May 2022	0
Impairment at 31 December 2022	0
Carrying amount at 31 December 2022	1,015,732

Subsidiaries	<u>Domicile</u>	<u>Interest</u>	<u>Equity USD '000</u>	<u>Net result USD'000</u>
Pandora Production Co. Ltd.	Thailand	99.99 %	150,231	126,869

The equity and net result from the approved annual report for 2022 is disclosed. Equity and net result have been translated using the exchange rate at the end of the year and the average exchange rate, respectively.

3 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.

4 Related parties

Information about the consolidated financial statements.

Pandora Production Holding 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>

Significant transactions with related parties

In 2022, Pandora Production Holding A/S' parent company, Pandora A/S, transferred its controlling equity investment in Pandora Production Co. Ltd., Thailand, to Pandora Production Holding A/S as a

contribution in-kind against shares in Pandora Production Holding A/S. The intra-group transfer was carried out at the fair value of Pandora Production Co. Ltd, which amounted to USD 1 billion using a generally accepted valuation method in the form of a return-based discounted cash flow valuation model.

5 Subsequent events

In 2023, the company's equity was increased by converting debt of approx. USD 9.8 million owed to its parent company, Pandora A/S. Furthermore, the company established Pandora Production Vietnam Co. Ltd. following the decision to expand the Group's crafting capacity and support long-term growth.

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