
Pandora Jewelry Taiwan A/S

Havneholmen 17-19, DK-1561 Copenhagen V

Annual Report for 2024

CVR No. 39 58 40 85

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2025

Pernille Bregendahl
Chair

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Pandora Jewelry Taiwan A/S for the financial year 1 January - 31 December 2024.

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 at 31 December 2024 of the Company and of the results of the Company's operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 30 June 2025

Executive Board

Thomas Strømgård Knudsen

Board of Directors

Peter Ring
Chair

Anders Boyer-Søgaard

Thomas Strømgård Knudsen

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 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024 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:

- 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.

Independent Auditor's report

- 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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for 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.

Independent Auditor's report

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 2025

EY Godkendt Revisionspartnerselskab

CVR No 30700208

Jens Thordahl Nøhr
State Authorised Public Accountant
mne32212

Mads Vinding
State Authorised Public Accountant
mne42792

Company information

| | |
|---------------------------|--|
| The Company | Pandora Jewelry Taiwan A/S Havneholmen 17-19 DK-1561 Copenhagen V CVR No: 39 58 40 85 Financial period: 1 January - 31 December Incorporated: 18 May 2018 Municipality of reg. office: Copenhagen, Denmark |
| Board of Directors | Peter Ring, chair Anders Boyer-Søgaard Thomas Strømgård Knudsen |
| Executive Board | Thomas Strømgård Knudsen |
| Auditors | EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg |

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------|---------|---------|---------|---------|
| | TTWD | TTWD | TTWD | TTWD | TTWD |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Revenue | 565,958 | 657,987 | 745,382 | 812,334 | 784,039 |
| Gross profit | 112,676 | 112,946 | 123,187 | 147,773 | 140,597 |
| Profit/loss of primary operations | -16,066 | -15,003 | -15,773 | 2,989 | -2,964 |
| Profit/loss of financial income and expenses | -10,938 | -14,373 | -15,899 | -5,613 | -1,768 |
| Net profit/loss for the year | -21,001 | -21,602 | -23,795 | -1,590 | -3,526 |
| Balance sheet | | | | | |
| Balance sheet total | 569,054 | 611,097 | 560,678 | 637,225 | 719,791 |
| Investment in property, plant and equipment | 30,396 | 22,103 | 13,675 | 38,098 | 285 |
| Equity | 408,521 | -35,478 | -13,876 | 9,919 | 11,509 |
| Average number of employees | 104 | 97 | 101 | 105 | 102 |
| Ratios | | | | | |
| Gross margin | 19.9% | 17.2% | 16.5% | 18.2% | 17.9% |
| Profit margin | -2.8% | -2.3% | -2.1% | 0.4% | -0.4% |

Explanation of financial ratios:

Gross margin: $\text{Gross profit} \times 100 / \text{Revenue}$

Profit margin: $\text{Profit before financials} \times 100 / \text{Revenue}$

Management's 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 2024 of the Company and the results of the activities of the Company for the financial year for 2024 have not been affected by any unusual events.

Development in the year

In 2024 the Company's revenue was TWD 566 mill. (2023: TWD 658 mill.) and the gross profit was TWD 113 mill. (2023: TWD 113 mill.). The income statement of the Company for 2024 shows a net loss for the year of TWD -21 mill. (2023: TWD -22 mill.), outside the range of the the 2024 financial outlook, where a net loss in the range of TWD -25 mill. to TWD -30 mill. was estimated. The improvement compared to the 2024 financial outlook is mainly explained by lower realized interest expenses in 2024. Revenue declined compared to last year's outlook, mainly driven by the general downtrend of Taiwan economy post Covid-19. The impact of the declined revenue was offset by transfer pricing adjustments from the parent company.

The Company in general generates revenue from sales through in total 22 stores. The 15 owned and operated concept stores and 7 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 14F., No. 97, Songren Rd., Taipei City, Taiwan.

During 2024, the Company relocated one concept store, TW TN Shin Kong Mitsukoshi Tainan Place DPS, and opened one concept store, TW Tainan Mitsukoshi Zhongshan.

The Company's equity amounts to TWD 409 mill., following the re-establishment of share capital through debt conversion of TWD 465 mill. in 2024.

Impact from the external environment

The company is not exposed to special risks beyond those that are common to the business.

Subsequent events and Outlook

No subsequent events have occurred after the balance sheet date.

The Company is expecting revenues for 2025 realized at the same level as for 2024, and a loss before tax estimated in the range of TWD -23 mill. to TWD -26 mill., mainly impacted by amortisation on Goodwill.

The Company aims to expand its offline footprint in 2025 by opening two new shops, and to maintain steady growth in Momo and Yahoo to offer end-consumers a seamless shopping journey online and offline.

Particular risks

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

Income statement 1 January - 31 December

| | Note | 2024 | 2023 |
|---|------|----------------|----------------|
| | | TTWD | TTWD |
| Revenue | | 565,958 | 657,987 |
| Expenses for raw materials and consumables | | -222,898 | -276,789 |
| Other external expenses | | -230,384 | -268,252 |
| Gross profit | | 112,676 | 112,946 |
| Staff expenses | 1 | -82,056 | -89,609 |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | 2 | -46,686 | -38,340 |
| Profit/loss before financial income and expenses | | -16,066 | -15,003 |
| Financial income | 3 | 66 | 56 |
| Financial expenses | 4 | -11,004 | -14,429 |
| Profit/loss before tax | | -27,004 | -29,376 |
| Tax on profit/loss for the year | 5 | 6,003 | 7,774 |
| Net profit/loss for the year | 6 | -21,001 | -21,602 |

Balance sheet 31 December

Assets

| | Note | 2024 | 2023 |
|---|------|----------------|----------------|
| | | TTWD | TTWD |
| Other intangible assets | | 195 | 568 |
| Goodwill | | 95,538 | 119,423 |
| Intangible assets | 7 | 95,733 | 119,991 |
| Other fixtures and fittings, tools and equipment | | 37,330 | 29,362 |
| Property, plant and equipment | 8 | 37,330 | 29,362 |
| Deposits | | 907 | 903 |
| Fixed asset investments | | 907 | 903 |
| Fixed assets | | 133,970 | 150,256 |
| Finished goods and goods for resale | | 288,951 | 277,513 |
| Inventories | | 288,951 | 277,513 |
| Trade receivables | | 107,922 | 112,520 |
| Other receivables | | 1,863 | 1,597 |
| Deferred tax asset | 11 | 3,197 | 4,297 |
| Corporation tax receivable from group enterprises | | 9,403 | 10,178 |
| Prepayments | 9 | 847 | 974 |
| Receivables | | 123,232 | 129,566 |
| Cash at bank and in hand | | 22,901 | 53,762 |
| Current assets | | 435,084 | 460,841 |
| Assets | | 569,054 | 611,097 |

Balance sheet 31 December

Liabilities and equity

| | Note | 2024 | 2023 |
|--|------|----------------|----------------|
| | | TTWD | TTWD |
| Share capital | 10 | 7,025 | 4,700 |
| Retained earnings | | 401,496 | -40,178 |
| Equity | | 408,521 | -35,478 |
| | | | |
| Provision for deferred tax | 11 | 13,510 | 11,195 |
| Other provisions | 12 | 16,311 | 14,968 |
| Provisions | | 29,821 | 26,163 |
| | | | |
| Trade payables | | 42,716 | 53,540 |
| Payables to group enterprises | 13 | 83,204 | 561,433 |
| Corporation tax | | 332 | 354 |
| Other payables | | 4,460 | 5,085 |
| Short-term debt | | 130,712 | 620,412 |
| | | | |
| Debt | | 130,712 | 620,412 |
| | | | |
| Liabilities and equity | | 569,054 | 611,097 |
| | | | |
| Contingent assets, liabilities and other financial obligations | 14 | | |
| Related parties | 15 | | |
| Accounting Policies | 16 | | |

Statement of changes in equity

| | Share capital | Retained earnings | Total |
|-------------------------------------|---------------|-------------------|----------------|
| | TTWD | TTWD | TTWD |
| Equity at 1 January | 4,700 | -40,178 | -35,478 |
| Capital increase by debt conversion | 2,325 | 462,675 | 465,000 |
| Net profit/loss for the year | 0 | -21,001 | -21,001 |
| Equity at 31 December | 7,025 | 401,496 | 408,521 |

Notes to the Financial Statements

| | 2024 | 2023 |
|--------------------------------|---------------|---------------|
| | TTWD | TTWD |
| 1. Staff expenses | | |
| Wages and salaries | 66,658 | 72,800 |
| Pensions | 3,842 | 3,848 |
| Other social security expenses | 8,199 | 7,960 |
| Other staff expenses | 3,357 | 5,001 |
| | 82,056 | 89,609 |

No remuneration has been paid to the Board of Directors.

In 2024, members of the Executive Board are not directly remunerated from Pandora Jewelry Taiwan A/S but receive a total remuneration for their roles and responsibilities within the Pandora Group. Accordingly, remuneration to Executive Board of TWD 14 mill. include a proportionate share of the full salary paid by the Pandora Group to the Executive Board, representing remuneration for the role and responsibilities as Executive Board (2023: remuneration to the Executive Board is not disclosed with reference to section 98b(3),2 of the Danish Financial Statements Act).

| | | |
|-----------------------------|------------|-----------|
| Average number of employees | 104 | 97 |
|-----------------------------|------------|-----------|

| | 2024 | 2023 |
|---|---------------|---------------|
| | TTWD | TTWD |
| 2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | | |
| Amortisation of intangible assets | 24,258 | 24,667 |
| Depreciation of property, plant and equipment | 22,428 | 13,673 |
| | 46,686 | 38,340 |

| | 2024 | 2023 |
|---------------------------------|-----------|-----------|
| | TTWD | TTWD |
| 3. Financial income | | |
| Interest from group enterprises | 24 | 0 |
| Other financial income | 42 | 56 |
| | 66 | 56 |

Notes to the Financial Statements

| | 2024 | 2023 |
|--------------------------------|---------------|---------------|
| | TTWD | TTWD |
| 4. Financial expenses | | |
| Interest to group enterprises | 10,021 | 14,031 |
| Other financial expenses | 139 | 203 |
| Exchange adjustments, expenses | 844 | 195 |
| | <u>11,004</u> | <u>14,429</u> |

| | 2024 | 2023 |
|---|---------------|---------------|
| | TTWD | TTWD |
| 5. Income tax expense | | |
| Current tax for the year | -9,155 | -8,511 |
| Deferred tax for the year | 3,415 | 707 |
| Adjustment of tax concerning previous years | -263 | 30 |
| | <u>-6,003</u> | <u>-7,774</u> |

The Company has taxes payable to the 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 entities. The company is entitled to joint taxation receivable in Denmark.

| | 2024 | 2023 |
|-----------------------------|----------------|----------------|
| | TTWD | TTWD |
| 6. Profit allocation | | |
| Retained earnings | -21,001 | -21,602 |
| | <u>-21,001</u> | <u>-21,602</u> |

Notes to the Financial Statements

7. Intangible fixed assets

| | Other intangible assets | Goodwill |
|---|-------------------------------|----------------------|
| | TTWD | TTWD |
| Cost at 1 January | 5,691 | 238,848 |
| Cost at 31 December | <u>5,691</u> | <u>238,848</u> |
| Impairment losses and amortisation at 1 January | 5,123 | 119,425 |
| Amortisation for the year | 373 | 23,885 |
| Impairment losses and amortisation at 31 December | <u>5,496</u> | <u>143,310</u> |
| Carrying amount at 31 December | <u>195</u> | <u>95,538</u> |

Goodwill has been tested for impairment based on expected future cash flow under the Pandora group transfer pricing setup.
No impairment identified.

8. Property, plant and equipment

| | Other fixtures and fittings, tools and equipment |
|---|---|
| | TTWD |
| Cost at 1 January | 94,470 |
| Additions for the year | 30,396 |
| Cost at 31 December | <u>124,866</u> |
| Impairment losses and depreciation at 1 January | 65,108 |
| Depreciation for the year | 22,428 |
| Impairment losses and depreciation at 31 December | <u>87,536</u> |
| Carrying amount at 31 December | <u>37,330</u> |

9. Prepayments

Prepayments consist of prepaid expenses concerning rent, marketing fees, store expenses and retention bonus.

Notes to the Financial Statements

10. Share capital

The composition of the share capital:
1,500,000 A-shares of DKK 1,00 nominal value each.

All shares rank equally.

New shares subscribed in the financial year:
500,000 A-shares of DKK 1,00 nominal value each.

| | 2024 | 2023 |
|---|---------------|--------------|
| | TTWD | TTWD |
| 11. Provision for deferred tax | | |
| Deferred tax liabilities at 1 January | 6,898 | 6,191 |
| Amounts recognised in the income statement for the year | 3,415 | 707 |
| Deferred tax liabilities at 31 December | 10,313 | 6,898 |
| Recognised in the balance sheet as follows: | | |
| Assets | 3,197 | 4,297 |
| Provisions | -13,510 | -11,195 |
| | 10,313 | 6,898 |

The deferred tax liability relates to intangible assets and deferred tax assets relates to provisions.

| | 2024 | 2023 |
|---|---------------|---------------|
| | TTWD | TTWD |
| 12. Other provisions | | |
| Other provisions at 1 January | 14,968 | 11,766 |
| Additions | 9,288 | 6,888 |
| Unused provisions reversed | -5,560 | -2,666 |
| Utilised in the year | -2,385 | -1,020 |
| | 16,311 | 14,968 |
| The provisions are expected to mature as follows: | | |
| Current | 1,207 | 1,508 |
| Between 1 and 5 years | 15,104 | 13,460 |
| Exceeding 5 years | 0 | 0 |
| | 16,311 | 14,968 |

Current provisions relate to return and warranty provisions whereas non-current provisions relate to obligations to restore leased property.

Notes to the Financial Statements

| | 2024 | 2023 |
|--|---------------|----------------|
| | TTWD | TTWD |
| 13. Payables to group enterprises | | |
| Other payables | 83,204 | 561,433 |
| | 83,204 | 561,433 |

The Pandora A/S group has entered into a cash pool arrangement with Nordea Bank Abp (publ), Sweden, where Pandora A/S is the account holder and Pandora Jewelry Taiwan A/S is the sub-account holder together with the group's other affiliated companies. The terms and conditions of the cash pool arrangement grant Nordea Bank Abp (publ), Sweden, the right to settle debits and credits with each other, whereby it is solely the net balance of the total cash pool accounts that constitutes Pandora A/S's balance with Nordea Bank Abp (publ), Sweden.

Pandora Jewelry Taiwan A/S' accounts in the cash pool arrangement, which are recognised under Payable to group enterprises, as of 31 December 2024 amounts to a receivable of TTWD 1,329 (as of 31 December 2023: debt of TTWD 0).

14. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Company has taxes payable to the local Taiwan tax authorities as the branch in Taiwan has permanent establishment. The holding company in Denmark, excluding the Taiwan branch, is jointly and severally liable for tax on the jointly taxed incomes etc. of the group. The total amount of corporation tax payable is disclosed in the Annual Report of Pandora A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The rent and lease liabilities include a rent obligation totalling TWD 7 mill. (2023: TWD 16 mill.) in interminable rent agreements with remaining contract of 1-5 years.

The Company does not have any security or other collateral in assets at 31 December 2024.

Notes to the Financial Statements

15. Related parties

Transactions

During the year, the Company had the following transactions with related parties:

Cost of sales TTWD 222,898 (2023: TTWD 276,789)

Other external expenses TTWD 10,462 (2023: TTWD 11,373)

Interest expenses to group entities TTWD 10,021 (2023: TTWD 14,031)

Interest income from group entities TTWD 24 (2023: TTWD 0)

Payables to group entities TTWD 83,204 (2023: TTWD 561,433)

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

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>.

Notes to the Financial Statements

16. Accounting policies

The Annual Report of Pandora Jewelry Taiwan A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The financial statements for 2024 are presented in thousands New Taiwan Dollar (TTWD).

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Pandora A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

The company has chosen IAS 17 as interpretation for recognition of leasing contracts.

Leasing contracts, where the company does not have the rights and ownership, including the risks of the leased asset are assessed as operating leases. Benefits in connection with operational leasing and other leasing contracts are recognized and measured as other external costs in profit/loss statement during the lease period. The total remaining obligation related to operational lease contracts are disclosed in note "other contingent liabilities".

Translation policies

The financial statements are presented in New Taiwan Dollar (TWD), which is the functional currency of the Company. The Company's only activity is to sell Pandora jewellery through 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 2024 stated at 0.22 (0.22 as of 31 December 2023). The average exchange rate TWD/DKK for the year 2024 is 0.22 (0.22 for the year 2023).

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.

Notes to the Financial Statements

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition. 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.

Expenses for raw materials and consumables

Cost of sales comprise the goods consumed to achieve the 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 expenses

Staff expenses 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.

Tax on profit/loss for the year

Tax on profit/loss for the year consists of current tax for the year, changes in deferred tax for the year and corrections to prior year's tax. The tax attributable to the profit/loss for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in 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).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is initially recognised at the amount by which the purchase price for a business combination exceeds the recognised 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 amortisation. Goodwill is amortised over its useful life, which is assessed at 10 years starting 2019.

Other intangible fixed assets

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

Property, plant and equipment

Property, plant and equipment consists 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 over a straight-line basis over the expected useful lives of the assets, which is 5 years.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment 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 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 under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

Notes to the Financial Statements

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions, interest etc. Prepayments are measured at cost.

Equity

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 primarily of return provisions and restoration costs for relocation of leases.

The Company recognises a refund and warranty liability related to return rights provided to customers. The return provision for estimated sales returns is recognised when there is a historical experience or when a reasonable 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.

Deferred tax assets and liabilities

The current tax payable and receivable is recognised in the balance sheet as tax calculated on the year's taxable income, adjusted for prior year's 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 losses 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.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Other payables

Other payables are measured at net realisable value.