

Q1 2022 – AIDE MEMOIRE

Pandora Investor Relations

Guidance

Revenue

Full-year guidance: Pandora targets an organic growth of 3-6% for full year 2022. This includes expected headwinds following the unusually high growth in the US in 2021 and expected negative impact from COVID-19, especially in Q1 2022. So far this year, the impact from the pandemic has been limited but recently Pandora has seen increased restrictions in China.

- Given that the US constituted 30% of revenue in 2021 and given the unusually high growth in 2021, the guidance is based on certain assumptions about the growth in the overall US jewellery market. The guidance is also based on certain assumptions about the COVID-19 impact in 2022. The key assumptions behind the organic growth guidance can be illustrated as below (further details follows in the section below):

2022 ORGANIC GROWTH ASSUMPTIONS		
Directional and indicative		
	3%	6%
COVID-19	Low single-digit negative impact	No to very limited negative impact
Pandora US	Negative mid- to high single-digit	Flat to slightly positive
Pandora Rest of world	Positive high single-digit	Positive high single-digit

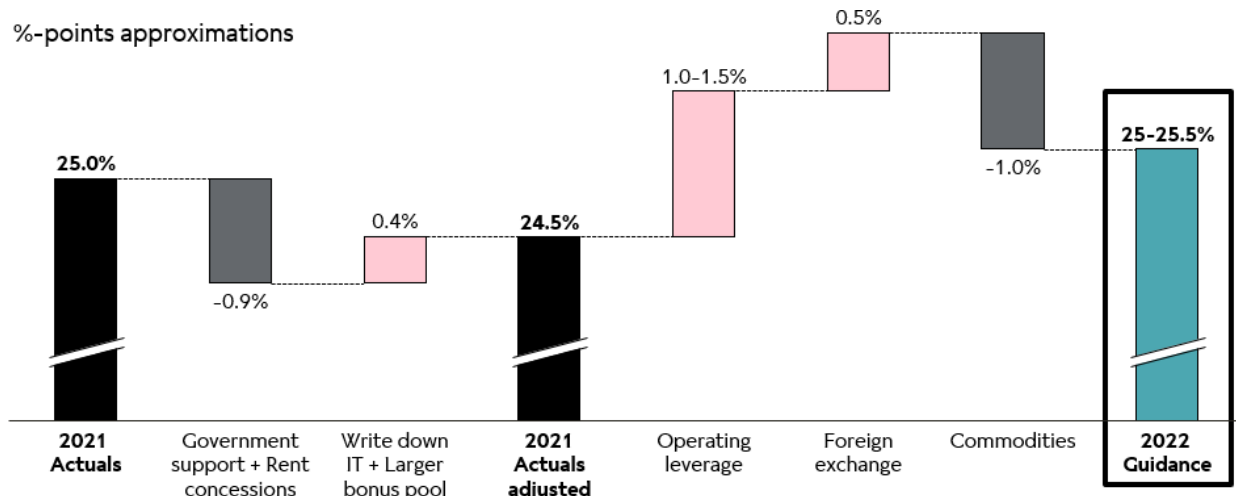
- As a global brand, Pandoras financial performance is subject to changes in the macroeconomic environment, consumer behaviour as well as geopolitical unrest. Pandora sees greater uncertainty than usual around these factors in 2022. In addition, the guidance for 2022 do not take into account if further material COVID-19 outbreaks occur later in 2022 or if COVID-19 causes major disruptions in the supply chain.

It should be noted that the guidance do not include any impact from the invasion in Ukraine.

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EBIT margin

Full-year guidance: Pandora aims to continue to expand its EBIT margin and targets an EBIT margin of 25.0-25.5% in 2022. The building blocks in the EBIT margin guidance are illustrated in the bridge below.



- Where Pandora will land within the 25.0-25.5% range, will depend primarily on the revenue performance. As in prior years and in line with normal seasonality, Q4 is expected to be the most profitable quarter of the year by far.
- Guidance is based on foreign exchange rates per 31 January and a Silver/USD (per ounce) of 24.9:

FOREIGN EXCHANGE AND COMMODITY ASSUMPTIONS AND IMPLICATIONS – AS OF JANUARY 31, 2022

	Average 2021	Average 2022	2022 Y-Y Financial Impact
USD/DKK	6.29	6.67	
THB/DKK	0.20	0.20	
GBP/DKK	8.39	8.95	
CNY/DKK	0.98	1.05	
AUD/DKK	4.72	4.70	
Silver/USD (per ounce)	21.1	24.9	
REVENUE (DKK million)			<i>Approx. 700</i>
EBIT (DKK million)			<i>Approx. 100</i>
EBIT margin (FX)			<i>Approx. 0.5%</i>
EBIT margin (Commodities)			<i>Approx. -1.0%</i>

Please refer to page 85 in the Pandora annual report for sensitive impacts to movements in foreign exchange rates and commodity prices:

<https://pandoragroup.com/staticcontent?url=http://pandoragroup.gcs-web.com/static-files/f298ed02-3a4b-4bae-b1bf-c0598e03b450&format=pdf&title=Annual%20Report%202021>

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Net profit

Full-year guidance: Foreign exchange rates are estimated to have a 0.5pp favourable impact on the guided EBIT margin vs 2021. Consequently, given Pandora's policy to hedge 70% of the annual cash flow from main currency exposures, there will be a negative impact from FX hedging on net financial expenses and thereby net profit.

Other guidance parameters

- Pandora expects CAPEX to be around 6% of revenue in 2022
- Additionally, Pandora expects around 50-100 net concept store openings and net 50-75 openings of other points of sales in 2022
- The effective tax rate is expected to be 23-24%

Cash distribution

- Pandora distributed DKK 16 dividend per share 15 March, which was approved at the Annual General Meeting on 10 March 2022
- Furthermore, Pandora initiated a share buyback programme of DKK 3.3 billion on February 9, which will be concluded no later than early February 2023

January trading

- Pandora delivered organic growth of 23% in January 2022 vs 2021
- 2021 comp base was impacted by store closures due to COVID-19 as 30% of stores was closed in January 2021
- US growth is normalising as expected but still delivered flattish sell-out growth vs last year and consequently significant growth vs January 2019. Organic growth was higher than sell-out growth

Russia / Ukraine

- On February 24th, Pandora suspended all business with Russia and Belarus.
- For Pandora, Ukraine, Russia and Belarus are all served via distributors and Pandora has no employees in those countries. The business makes up less than 1% of our revenue.
- Pandora's currency exposure to Russia is limited, as the sales are in EUR. All sales to Russia was backed up by bank guarantees from a local bank, but given the current situation there is uncertainty around the trade receivable. Pandora currently has a trade receivable towards the Russian distributor of roughly DKK 55 million.
- Pandora has donated \$1 million to UNICEF to support their humanitarian relief in Ukraine.

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- Travel: Pandora will avoid business travel to Russia and Ukraine until further notice
- Materials: No materials used in Pandora jewellery or elsewhere in our business are directly sourced from Russia or Belarus, and we have instructed our suppliers that we will not accept any type of indirect sourcing from Russia or Belarus.
- Gold/Silver: Pandora hedge just short of one year ahead. So for 2022, prices are locked at around USD 24.9 oz.
- Other raw materials and energy: Apart from silver and gold, Pandora uses among others palladium and iridium also. These raw materials are not hedged. Pandoras business is relatively energy light. Although the exposure to these other raw materials and energy is relatively low, then the magnitude of the price increases seen in 2022 means that there will be a visible impact in 2022. As mentioned at the AGM, Pandora expect to be able to handle this within the guidance.
- Air freight disruptions out of Thailand: For now Pandora is not materially impacted on jewellery shipments from Thailand. Flights are re-routed and taking a bit longer, but it is a matter of hours and not days, so short term no material delays.

Other topics

- 14 September 2021, Pandora hosted its Capital Markets Day unfolding the Phoenix strategy and providing financial targets towards 2023. In connection with full year 2021 results, Pandora reconfirmed the 2021-2023 organic growth CAGR of 5-7% communicated at the Capital Markets Day, thereby raising the absolute revenue target for 2023 by DKK 1.9-2.2 billion to DKK 27.0-28.1 billion. Additionally Pandora reconfirmed a target of 25-27% EBIT margin in 2023
- Pandora has continued its precautionary measures in Thailand to assure a healthy inventory position going into 2022. This is done to protect employees and keep production running. Pandora plan to increase inventory in 2022 to mitigate risk of stock outs and disruptions in the supply chain
- Quote on inflationary pressure from the AGM: *"There's a lot of debate in the media about cost inflation. In general, we are not that exposed to inflationary pressure across the P&L. There's some of course on freight, energy and pockets of employee costs. But inflationary pressure has of course increased during the last weeks due to higher energy prices and raw material prices. We still expect that we can manage it within the guidance, but inflationary pressure is clearly up and the situation changes quickly."*
- Pandora confirmed the acquisition of 37 concept stores from Ben Bridge on 9 March 2022. The acquisition is included in the 1% forward integration as already communicated in the

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guidance, link to press release: <https://pandoragroup.com/investor/news-and-reports/press-releases/newsdetail?id=25016>

Notes

- Pandora will enter a silent period on 6 April 2022.
- Pandoras Interim Financial Report for Q1 2022 will be released 4 May 2022.
- Collection of Pandora's pre-Q1 consensus will begin early April.