



Second Quarter Results 2020

18 AUGUST 2020

Agenda of today

EXECUTIVE SUMMARY

COVID-19 status

Update on Programme NOW

Q2 2020 financial performance

Full year 2020 guidance

DISCLAIMER

This presentation contains forward-looking statements, which include estimates of financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this report due to a variety of factors.



Encouraging sales recovery since March

- Sell-out growth around +10% Q3 quarter-to-date



Immense online growth of
+176% in Q2 2020



Media spend increased and
retail adjustments made to gain
early commercial momentum



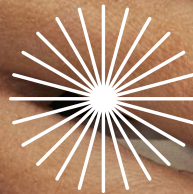
Improvement stalling
following new COVID-19
surges

Programme NOW still going strong

- Creating a healthy and sustainable growth company



Implementation of new operating model – Executive Leadership Team in place



Programme NOW updated and re-scoped to reflect the progress



Good brand momentum maintained

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Managing through COVID-19

Being socially responsible

- Creating safe environments for employees and consumers
- Base pay secured for all store staff when stores are temporarily closed
- Supporting the UNICEF campaign with donation of USD 1 million
- Periodically closed the production in Thailand to manage working capital – 75% salary to all employees
- Reduced salary by 20% for two months for leaders from Vice president level and above

Protecting profitability and cash

- Immediate cost reductions mainly impacting sales & distribution costs (reducing variable costs, rent management etc.)
- Media spend reduced when stores were temporarily closed
- Several actions taken to improve cash flow, including reduction of CAPEX and restructuring costs
- Healthy liquidity following the debt re-financing and sale of treasury shares in May

Commercial comeback and preparing for the peak Q4 trading season

MEDIA SPEND

Build on the brand momentum

- Media spend increased early in the re-opening phase to win market share
- Increased media spend focus on Digital but allocated to all channels towards the end of Q2

ONLINE TRADING

Leverage the momentum

- Online supply chain running at full capacity
- Capacity being expanded with new satellite warehouses preparing for peak trading season

SOCIAL DISTANCING

Redefine best retail practises

Example of an initiative piloted in the US: Basic curbside delivery

Identifying best practice for social distancing

1

Customer finds a store on the locator that shows availability of this service

2

Customer hits a landing page explaining the process and completes a form

3

Store receives an email to the designated email address configured to show alerts on the device

4

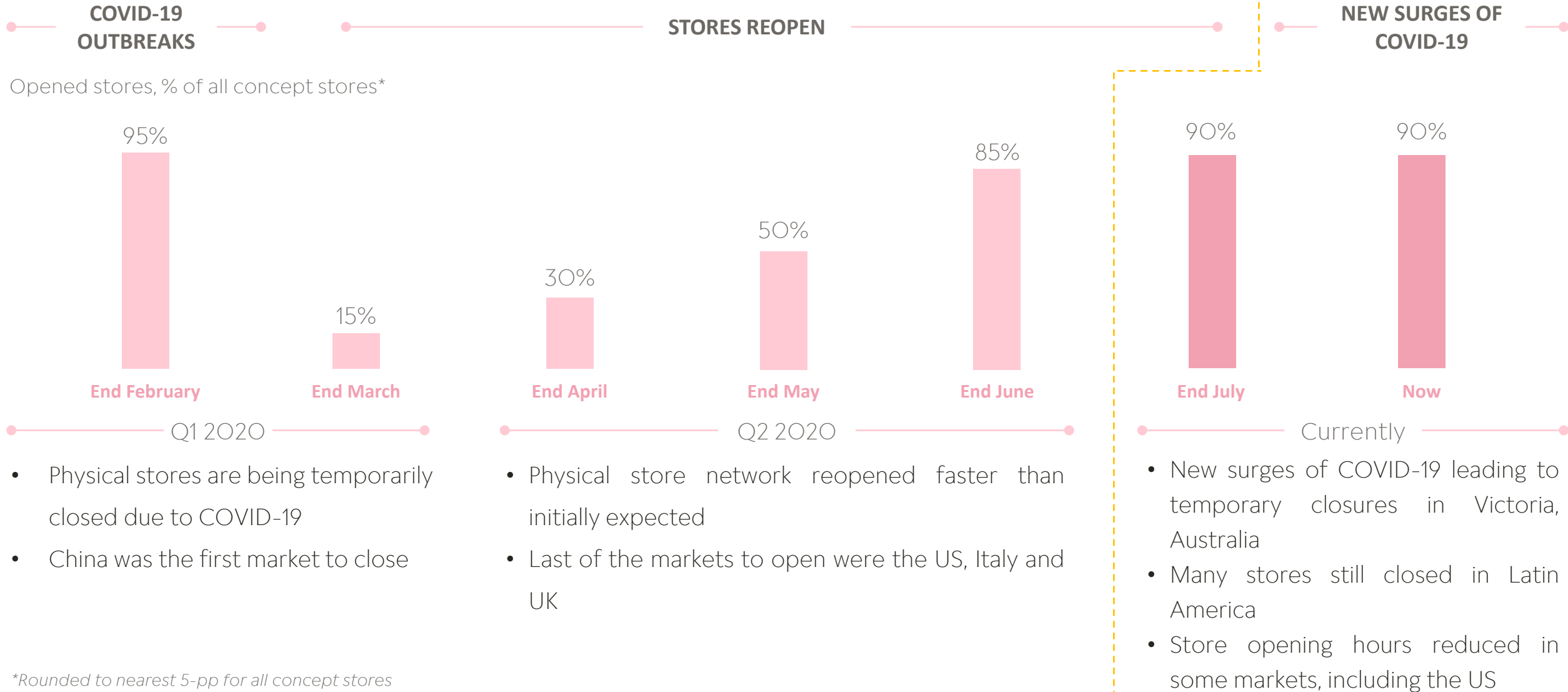
Customer calls upon arrival at agreed pickup location & store arranges to meet customer

5

Store Associate brings order to pickup location. Customer confirms items and transaction is finalised



~90% stores open, but COVID-19 continues to present challenges



*Rounded to nearest 5-pp for all concept stores

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Programme NOW rescoped to reflect the progress

- several initiatives embedded in day-to-day operations

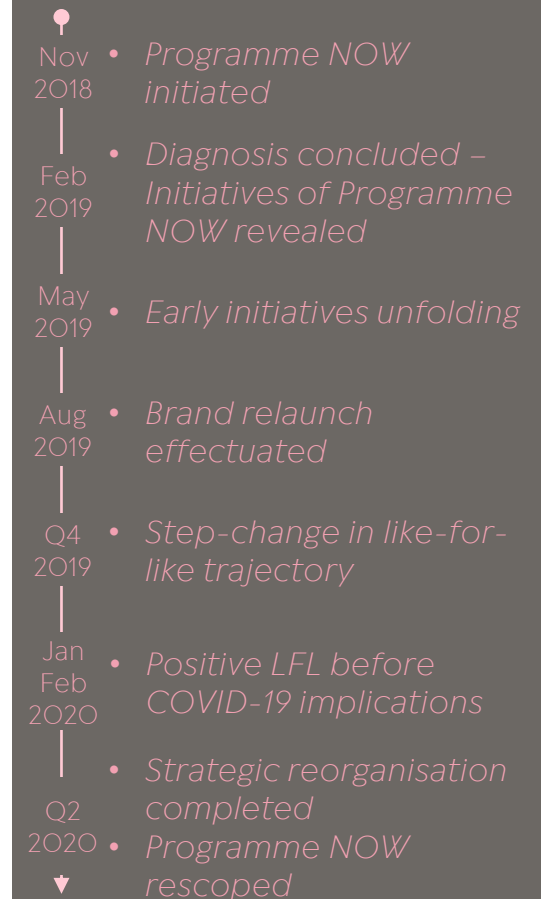
Turnaround objectives

Initiatives

 <p>Brand Relevance</p>	Data-driven growth and personalisation	<ul style="list-style-type: none"> Leverage data to build personal relationships and enhance media efficiency - amongst others by optimising which customers to target and tailor the content to match the customer profile
	Win in China	<ul style="list-style-type: none"> Pandora has a low market share compared to other key markets Fix fundamentals and relaunch the Pandora brand
 <p>Brand Access</p>	Omnichannel capabilities	<ul style="list-style-type: none"> Roll-out omnichannel capabilities beyond the US market to create an improved consumer journey
	New store concept	<ul style="list-style-type: none"> Evaluate and rethink the concept store design
 <p>Cost Reset</p>	Cost Reset continuation	<ul style="list-style-type: none"> Continue reducing costs across all cost buckets to fund commercial initiatives and drive top line performance

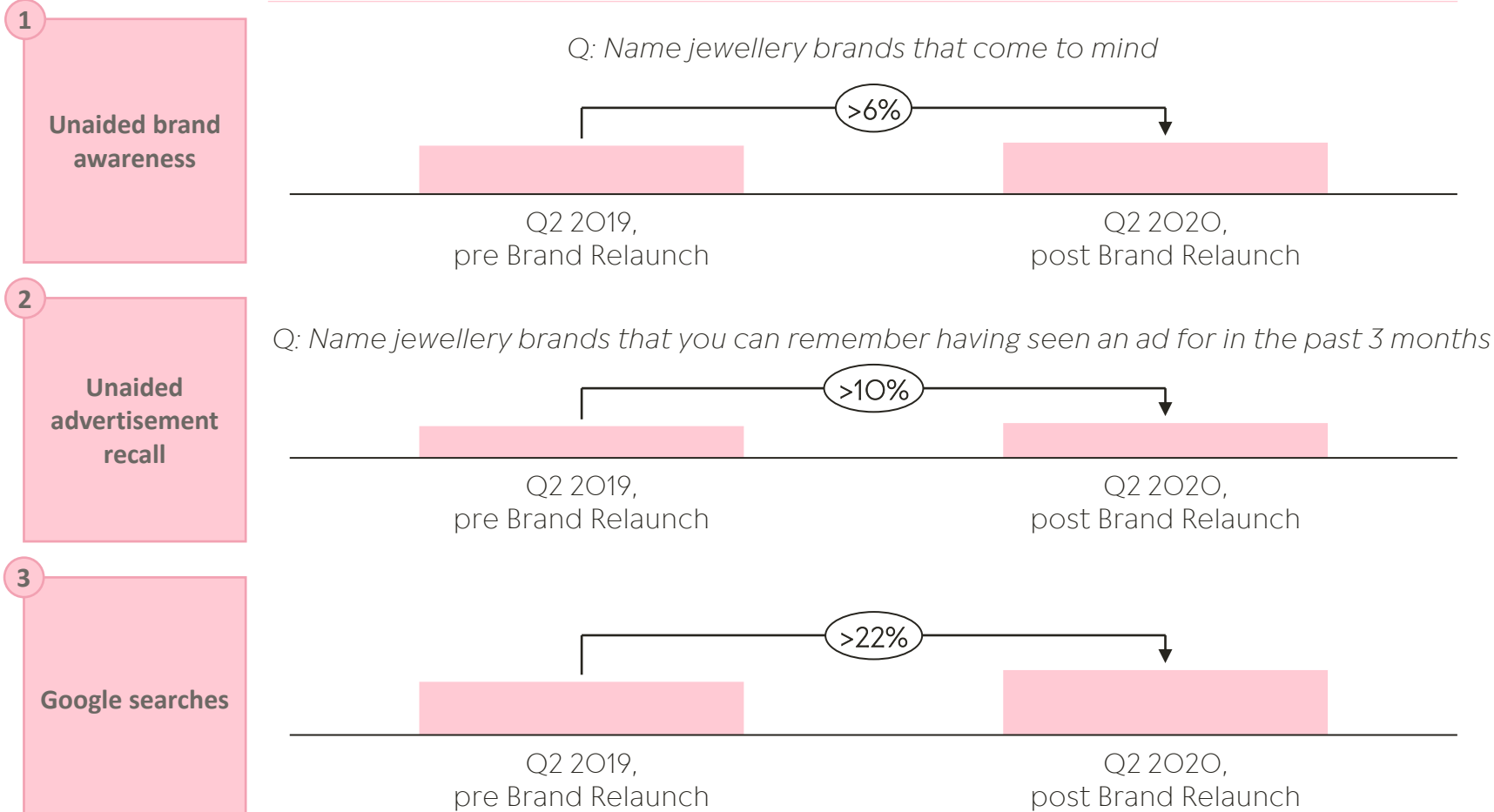


Programme NOW timeline

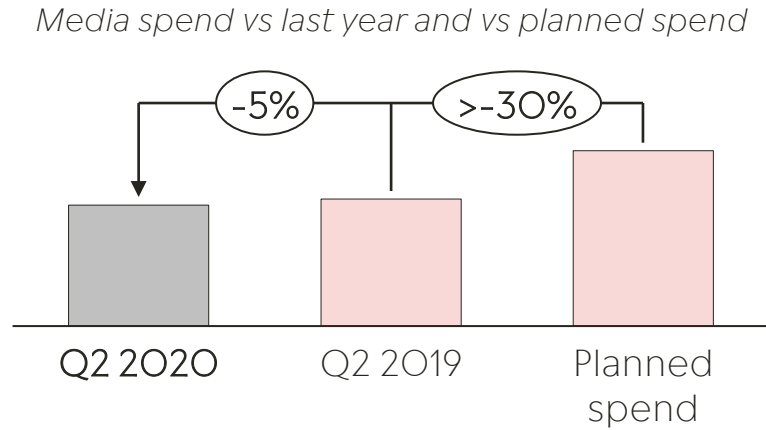


Brand momentum still strong despite less media spend due to COVID-19

Key brand metrics still stronger than before the brand relaunch in August 2019...



...Despite significantly less media spend due to COVID-19



Brand momentum to be re-accelerated as stores reopen

- Media spend was materially increased towards the end of Q2 2020 as stores began to reopen
- Higher media spend across channels to continue in H2 2020 compared with H1 2020 to drive brand relevance and traffic

Source: Pandora brand tracker surveys

Note: Google searches are measured through +20,000 key words related to Pandora. ¹China not included



**Exceptional
online growth
of +176%**

*Brand relevance strong
enough to take consumers
from offline to online as
physical stores closed down*

KEY DRIVERS FOR THE Q2 2020 ONLINE PERFORMANCE



Traffic significantly increased

- Traffic increase of almost 100% supported by increased digital media spend and stores being temporarily closed in most markets
- Sites running smoothly despite heavy traffic increase
- Encouraging test results from new e-mail marketing campaigns with stronger focus on personalisation – sales up more than 150% vs last year



Strong conversion rate development

- +60% growth in conversion rate despite material traffic increase
- Still supported by brand relaunch initiatives such as
 - Improved inspirational content incl. better imagery
 - Faster load time and easier-to-navigate consumer journey



Supply chain running at full capacity

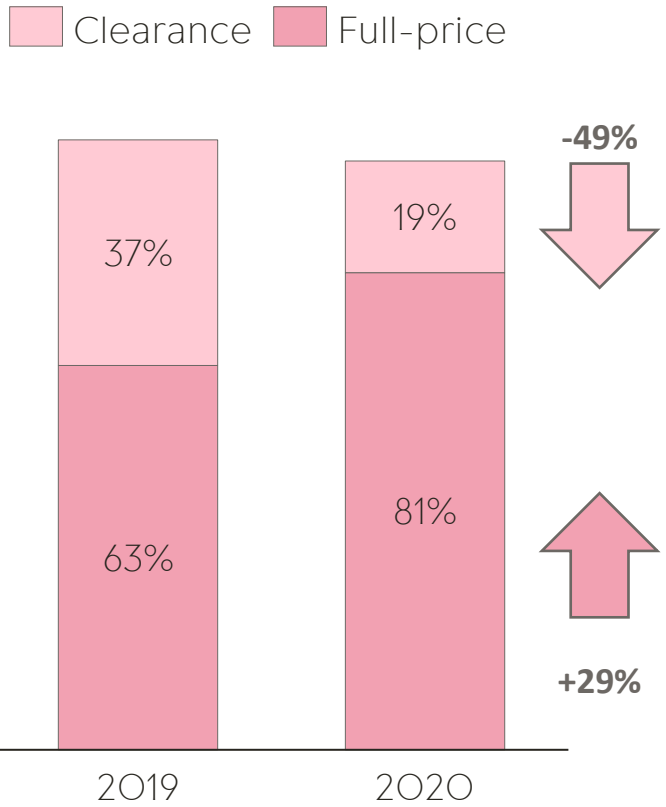
- Smooth operation in Q2 even though online orders increased by +200% putting pressure on the current set-up
 - Generally, no impact on operations
 - Very low out-of-stock-situation despite demand spike in products
- New satellite eCommerce warehouses being set-up for H2 2020 trading

Significant increase in full-price sales reflects improved brand health

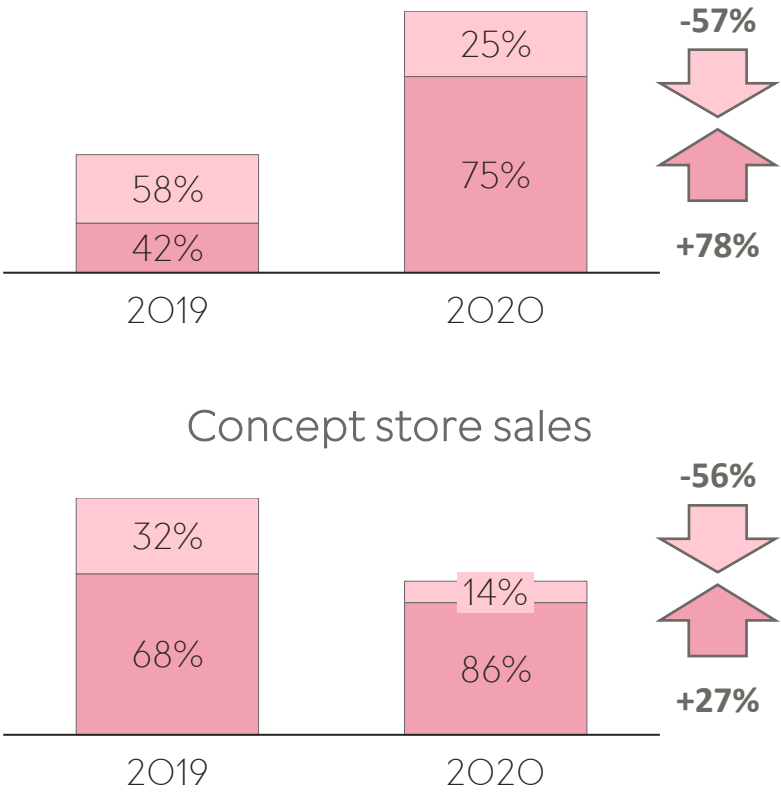
FULL-PRICE SALES MATERIALLY UP DURING END-OF-SEASON SALES PERIOD

Clearance sales vs. Full-price sales as share of business, week 22-30*

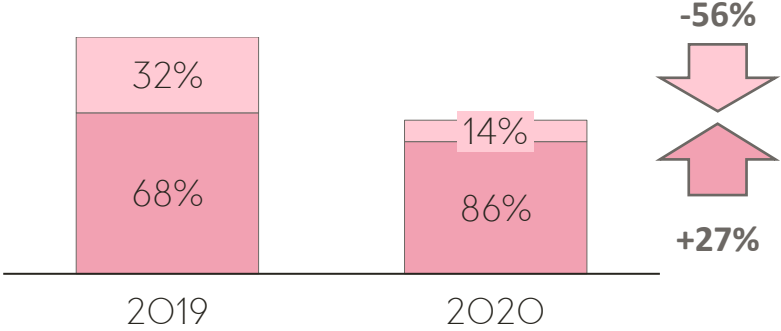
Total sales



Online sales



Concept store sales



During the period of week 22-30, Pandora has been able to materially increase the share of business coming from full-price sales by **29%**

- End-of-season clearance sales accounted for 19% of revenue compared to 37% last year
- Online outperforming concept stores - revenue from end-of-season sale being slightly down, but full-price sales growing by nearly 300%

Note: Some stores still being temporarily closed due to COVID-19

Product development anchored with the newly established Global Business Units

GLOBAL BUSINESS UNITS TO DRIVE CONCEPT AND PRODUCT DEVELOPMENT

Moments, Charms and Collaborations

Key objectives


- A Protect the core and rejuvenate the Moments platform
- B Refresh the base assortment
- C Amplify key collaborations (Disney, Harry Potter) and plan for future collaborations



Style, new pillar development & upstream innovation

Key objectives

- A Identify future growth engines such as new concepts like Pandora Me and Reflexions
- B (Re)-activate and build concepts in other adjacent categories (rings, necklaces and earrings)
- C Leverage other style collections such as Pandora Signature and Pandora Garden



NEW PRODUCT DEVELOPMENT STRATEGY IN THE MAKING

Early takeaways from the strategy



Change operating model to be data-driven, collection-focused and consumer-centric



Cater for entry-price points



Maintain product assortment at current level (# of DVs)

Successful collaborations since the brand relaunch

Star Wars x Pandora to enter the line-up from 1 October 2020

Timeline of key product introductions since the Brand Relaunch in August 2019

O-carrier launched in Aug 2019, Brand Relaunch day



Pandora ME introduced in Oct 2019



Launched jewellery to support UNICEF in Oct 2019



Harry Potter launched in Nov 2019



More Harry Potter launched in June 2020



New Pandora ME jewellery in July 2020

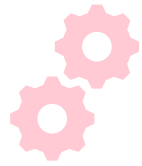
Star Wars jewellery to launch from Oct 2020



Fixing the fundamentals in China to build the foundation for growth

LARGE GROWTH POTENTIAL FOR PANDORA IN CHINA – CURRENT MARKET SHARE IS LESS THAN 1%

FIXING THE FUNDAMENTALS



- Organisational strengthening headed by new general manager, Jacques Roizen
- Enhance performance culture and update store level incentive structure
- Exploit key trading periods
- Increase marketing efficiency through rigorous tracking and optimisation



STEP-CHANGE FUNCTIONAL EXECUTION



Compelling marketing

- Reset brand message
- Consistency across channels
- Upgrade agencies capabilities



Customer-centric merchandising

- Improved inventory allocation and assortment management
- Revamp store merchandising



Digital & online experience

- Operate a consistent digital ecosystem
- Branding through digital marketing and SoMe
- Reactivation through CRM



Retail experience

- Personalise the retail experience
- Emphasise the brand story
- Engage with digital tools
- Develop a social community around each store








INITIATE THE CREATION OF A UNIQUE BRAND POSITION



- Change consumer perception from mainstream jewellery brand to focus on Pandora's key brand strengths; *collectability, affordability and self-expression*
- Create an edge by unique retail experience for consumers offline and online

Cost savings 2020 run-rate target of DKK 1.4 billion is confirmed

COST CATEGORIES	COST INITIATIVES & IMPROVEMENTS	ANNUAL RUN RATE TARGET BY END 2020 (DKK billion)	SAVINGS ACHIEVED (RUN RATE END 2020, DKK billion)
Cost of sales	<ul style="list-style-type: none"> Additional savings being materialised through manufacturing efficiencies Structured review of high-running products being done to drive targeted savings on high volume designs New and more efficient organisation implemented in connection with the strategic re-organisation 	0.35-0.4	
Retail expenses	<ul style="list-style-type: none"> Continued improvement in productivity per labour hour Dedicated global Network management function established as part of the strategic re-organisation. Further lease cost reductions expected 	0.35	
Administrative expenses	<ul style="list-style-type: none"> A new level for travel spending is planned 	0.2-0.25	
IT	<ul style="list-style-type: none"> Cost savings realised from transition and transformation of IT setup across service desk, cloud services, application development and maintenance 	0.2	
Other	<ul style="list-style-type: none"> Continued good progress on media tenders yielding savings 	0.2-0.3	

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Q2 2020 FINANCIAL PERFORMANCE

Full year 2020 guidance



Positive EBIT margin and strong cash flow despite significant COVID-19 impact

Q2 2020 results

Revenue
DKK **2.9** billion
(-38% YoY growth in local currency)

Sell-out growth incl.
temporarily closed stores
-39%
(-10% in Q2 2019)

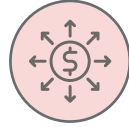
Organic growth
-38%
(-7% in Q2 2019)

EBIT margin excluding restructuring costs

1.1%
(22.9% in Q2 2019)

Free cash flow
DKK **0.9** billion
(DKK 1.1 billion in Q2 2019)

Q2 2020 key highlights



- Organic growth was significantly down at -38% as the majority of physical stores were temporarily closed in the quarter due to COVID-19
- Online growth accelerated to 176% supported by an improved site and increased digital media spend



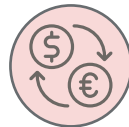
- Total sell-out growth incl. temporarily closed stores was -39% dragged down by physical stores and partly offset by the positive online development
- Traffic into physical stores has steadily recovered since the reopening across markets, but remains at a low level compared with pre-COVID-19



- Positive EBIT margin despite the significant decline in revenue due to COVID-19
- Immediate cost reductions measures effectuated - 15% decrease in total OPEX
- Limited impact on the gross margin due to COVID-19



- Programme NOW cost initiatives progressing as planned
- Run-rate savings target of DKK 1.4 billion is confirmed

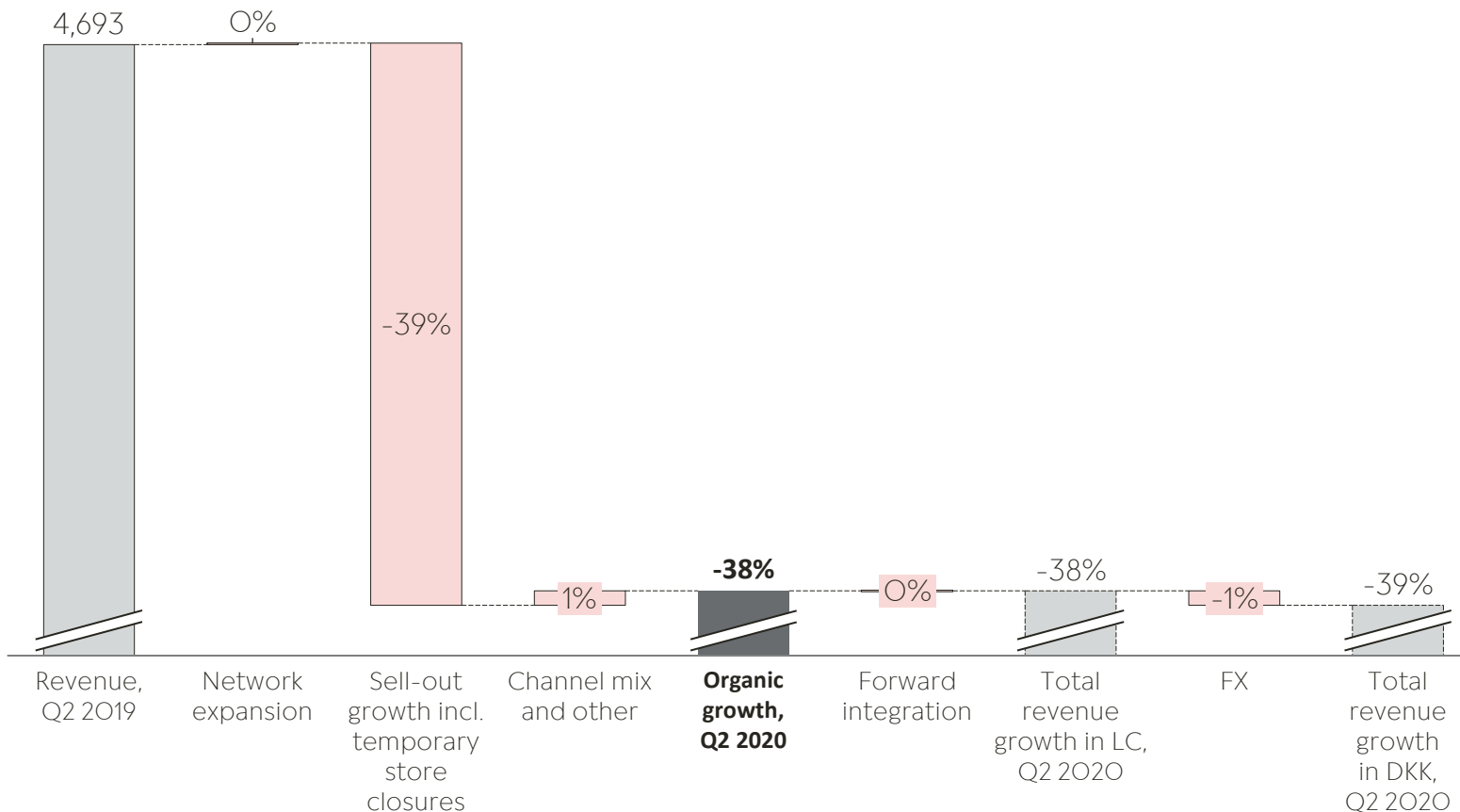


- Strong free cash flow due to COVID-19 related cash management measures and return of excess tax paid in 2019
- 44% decrease in trade receivables during the quarter

Encouraging revenue recovery as stores reopen during the quarter

Organic growth down -38% with clear improvement through the quarter

DKK million, %-p growth (approximately)



Commentary

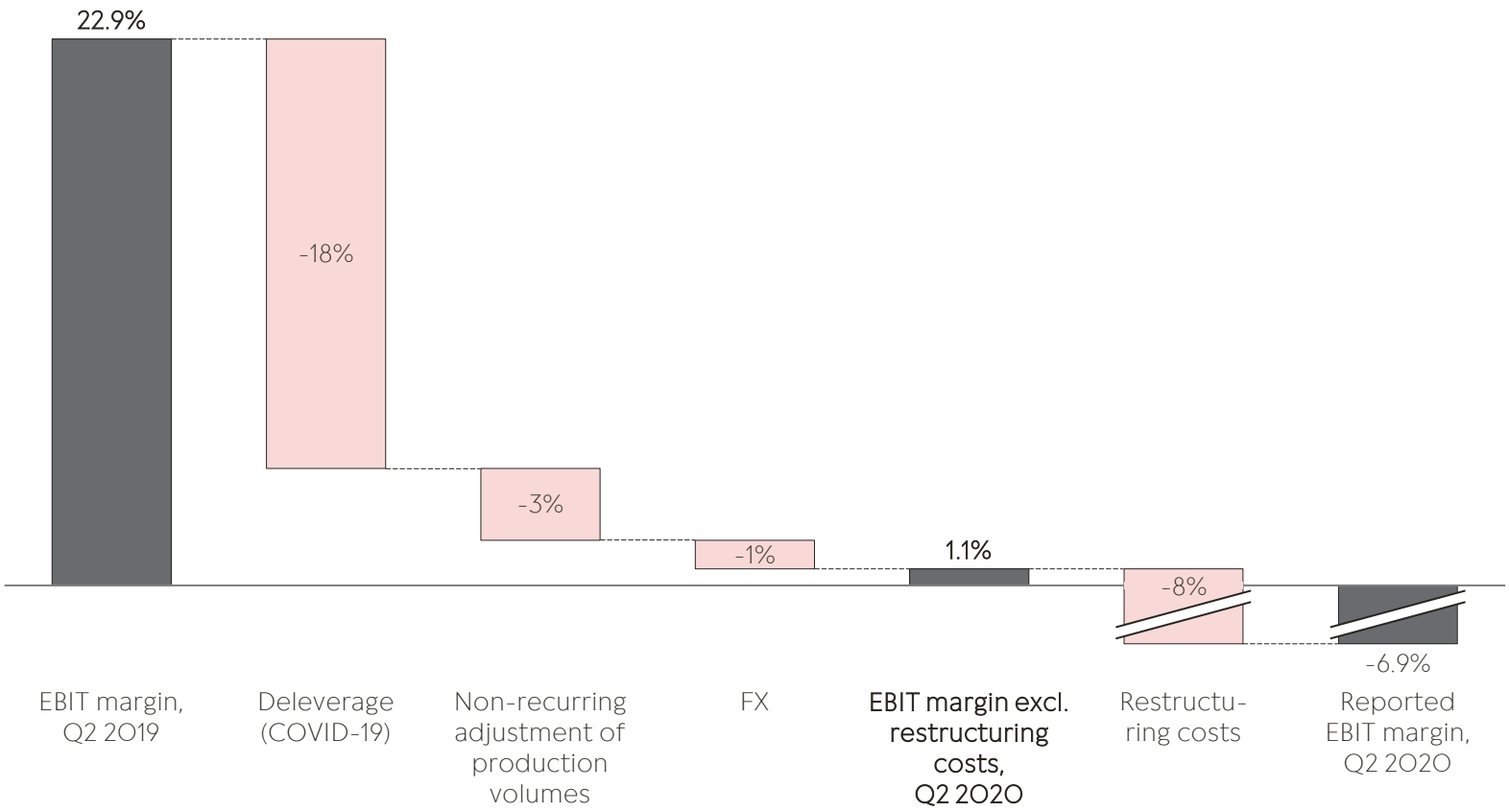
Organic growth of -38% impacted by COVID-19

- Contribution from Network expansion was limited. Net 17 stores were closed compared to same quarter last year
- Sell-out growth incl. temporarily closed stores was -39% in Q2 2020 with continued improvement during the quarter
- The negative revenue impact from physical stores closed due to COVID-19 was partly offset by a material acceleration in organic growth in the Online stores of 176%
- Positive impact on organic growth from channel mix due to the change of sales-out from Wholesale to Retail as Pandora benefits from the higher average selling price in Retail sell-out

Positive EBIT despite significant revenue shortfall due to COVID-19

EBIT margin excluding restructuring costs of 1.1%

%-p growth (approximately)



Commentary

EBIT margin of 1.1% excluding restructuring costs

- Cost saving measures implemented in the beginning of the quarter mitigated the significant deleverage effect due to stores being temporarily closed due to COVID-19
- Profitability impacted by approx. DKK 0.1 billion from non-recurring production adjustments in Thailand
 - Production was periodically paused during the second quarter to manage production volumes. Pandora decided to pay salary to all employees during the period
- As stores started to reopen across markets, media spend was increased to win market shares

Restructuring costs of DKK 0.2 billion

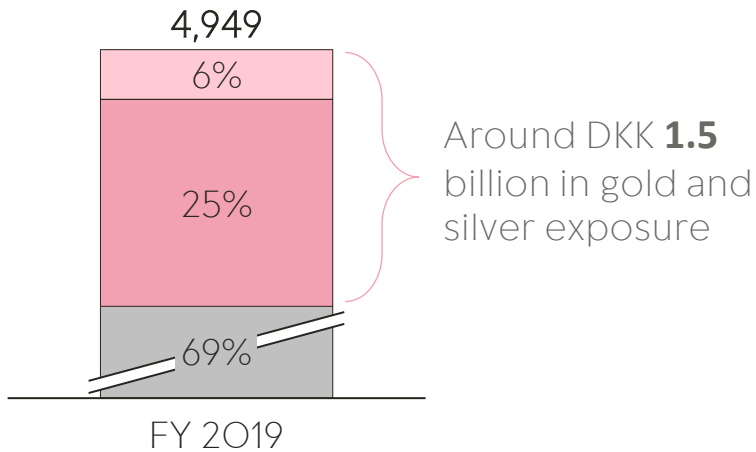
- Restructuring costs were primarily related to the execution of cost reduction initiatives and consultants
- Total restructuring costs in H2.2020 expected to be lower than in H1.2020 – reflecting that Programme NOW is going into the final stages and a stronger organisation less reliant on external support

Considerations on surge of silver and gold price

AROUND 30% OF COST OF SALES* IS COMPRISED OF GOLD AND SILVER..

Gold Silver Rest of Cost of sales

DKK million



* Cost of sales is excluding restructuring costs

... AND AROUND 50% IS PAID IN THAI BAHT

Sensitivity analysis on Thai Baht vs Danish kroner	Change in exchange rate	EBIT impact, DKKm	EBIT margin impact
THB/DKK	-10%	265	1.2%

AT A SILVER PRICE OF USD 25/OZ, THE ISOLATED IMPACT ON GROSS MARGIN IS SLIGHTLY MORE THAN -3PP COMPARED WITH 2019

- The silver price expensed in the P&L for 2019 was around USD 16 per ounce. Current silver price is more than 55% higher
- Pandora is hedging around 70% of future 12 months use in production
- With an additional 2-4 months time lag from production to sale of the product and effect on the income statement, the impact of the recent increase in metal prices will not be seen until mid-2021

OTHER FACTORS IMPACTING THE RUN-RATE GROSS MARGIN

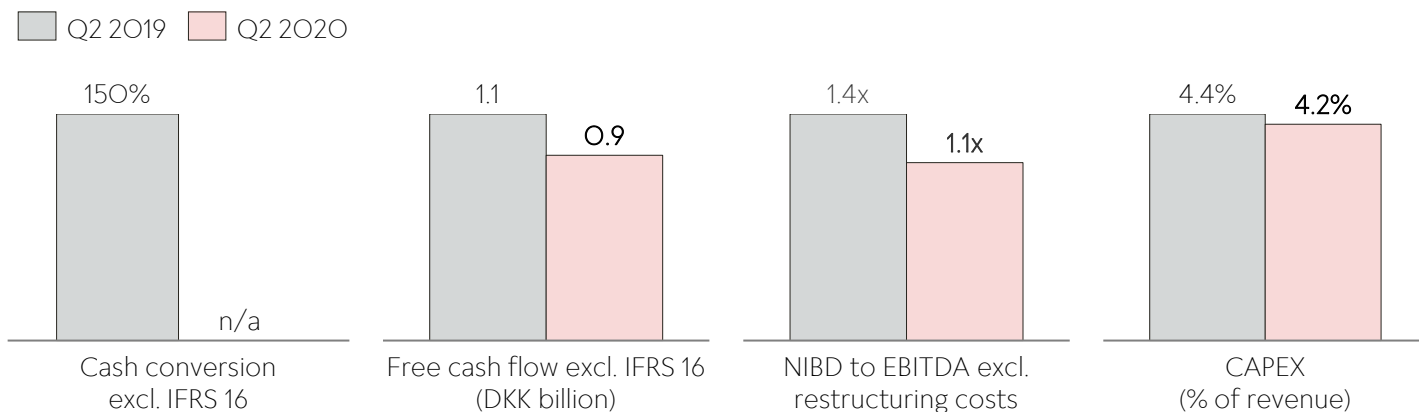
- Mitigating factors – including product mix, product design etc.
- THB/DKK depreciation
- Production efficiency gains
- Channel mix development



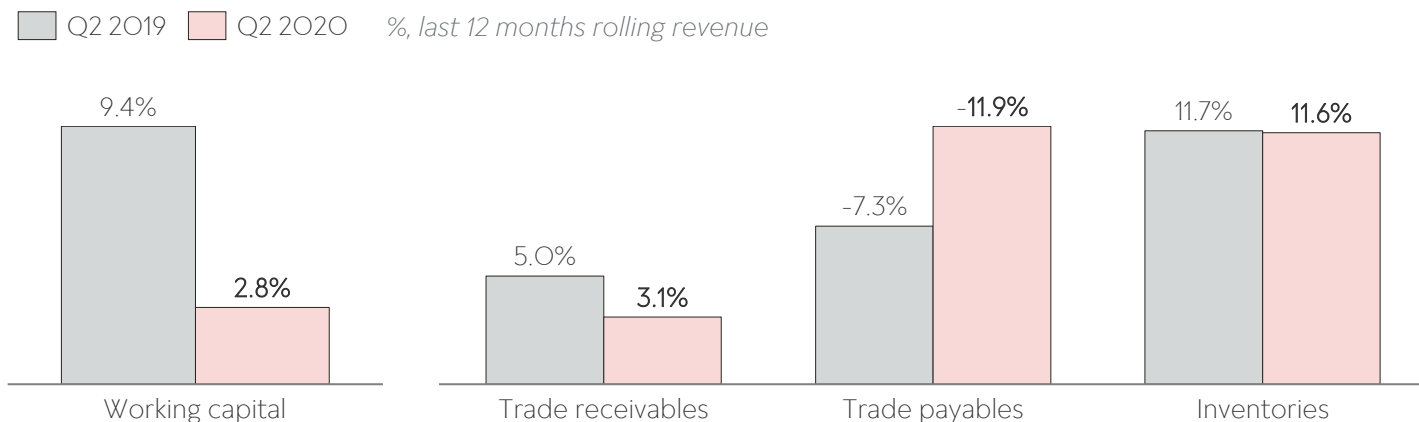
PANDORA

Strong cashflow generation reflecting the resilient business model

Positive free cash flow and healthy leverage ratio



Lowest ever recorded operating working capital ratio of 2.8%



Commentary

Cash initiatives paying off

- Positive free cash flow of DKK 0.9 billion supported by strict cash management measures and return of excess tax paid in 2019
 - CAPEX was reduced to DKK 0.1 billion (41% below Q2 2019)
- NIBD to EBITDA excl. restructuring costs well below the covenant threshold and well within the capital structure policy

Working capital significantly reduced from 9.4% last year to 2.8%

- Low working capital among others driven by a reduction of receivables following the drop in revenue
- The inventory level has been managed tightly and production was temporarily stopped during Q2. An increase in inventories is still planned during the rest of 2020
- Limited risk of material inventory write-downs despite of COVID-19

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FULL YEAR 2020 GUIDANCE



Financial guidance 2020 has been reinstated

ORGANIC GROWTH

-14% to -20%

(Guidance pre COVID-19: “-3% to -6%”)

EBIT MARGIN EXCL. RESTRUCTURING COSTS

16% to 19%

(Guidance pre COVID-19: “Above 23%”)

FINANCIAL GUIDANCE CONDITIONED BY

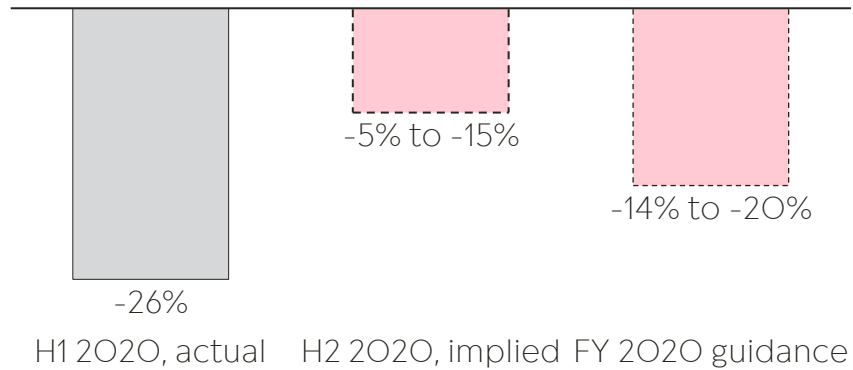
- No material, new lockdowns
 - There may be some temporary local lockdowns of physical stores as currently experienced in Victoria, Australia
- Number of open stores will gradually improve from 90% by end July to 100% by end Q3 2020
- No material deterioration of the general macro environment and consumer spending
- Social distancing requirements will have a negative impact on revenue, mainly in Q4 2020

Implications for second half and updated key assumptions for FY 2020

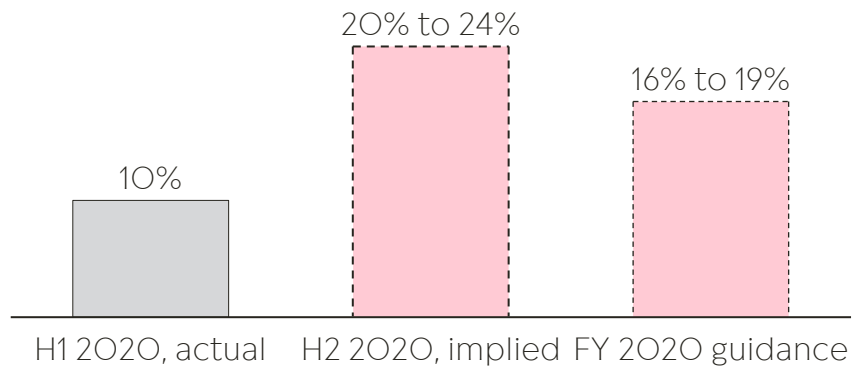


IMPLIED H2 2020 GUIDANCE

Implied Organic Growth H2 2020



Implied EBIT margin H2 2020



BUILDING BLOCKS UPDATED

Building blocks updated to reflect the uncertain situation prompted by COVID-19

- **Total sell-out growth** similar range as the Organic Growth guidance of “-14% to -20%”
- **Net concept store openings** changed from previously “25-50 closures” to “around net 50 closures”
- **Restructuring costs** maintained at “around DKK 1 billion”
- Reduction of **CAPEX** by around DKK 0.1 billion from previously “DKK 0.7 billion” to “DKK 0.6 billion”
- **Effective tax rate** remains at “22-23%”
- **Cash distribution** continues to be suspended

Closing remarks



Encouraging recovery in Q2 and July – development now impacted by new lockdowns



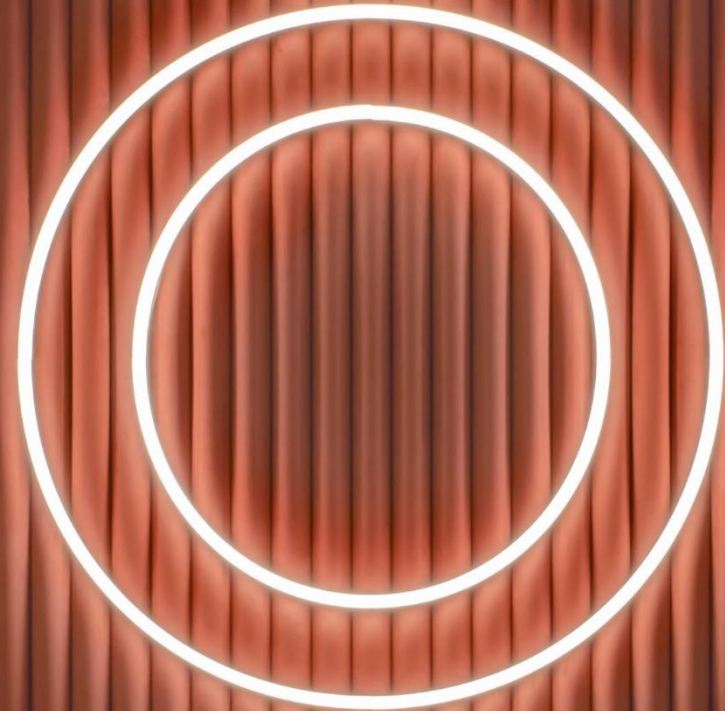
Positive EBIT despite revenue shortfall and strong working capital – very healthy liquidity



Programme NOW rescoped to reflect the progress since launch



Financial guidance for the full year 2020 reinstated

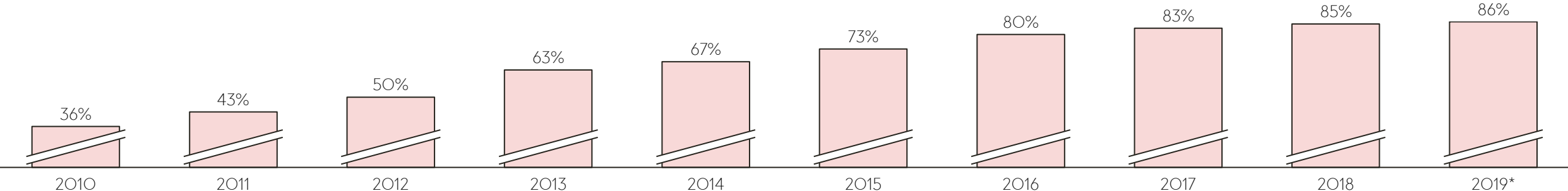




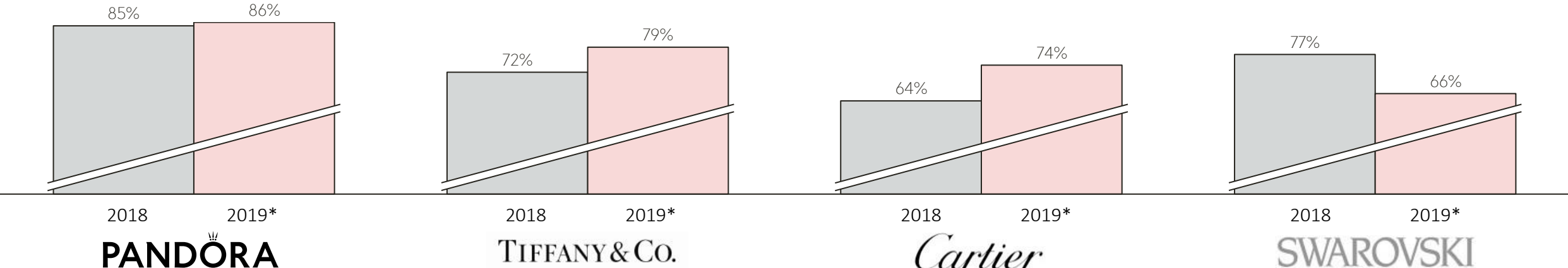
APPENDIX

Pandora is the world's most recognised jewellery brand

Aided brand awareness development



Aided brand awareness across selected jewellery companies

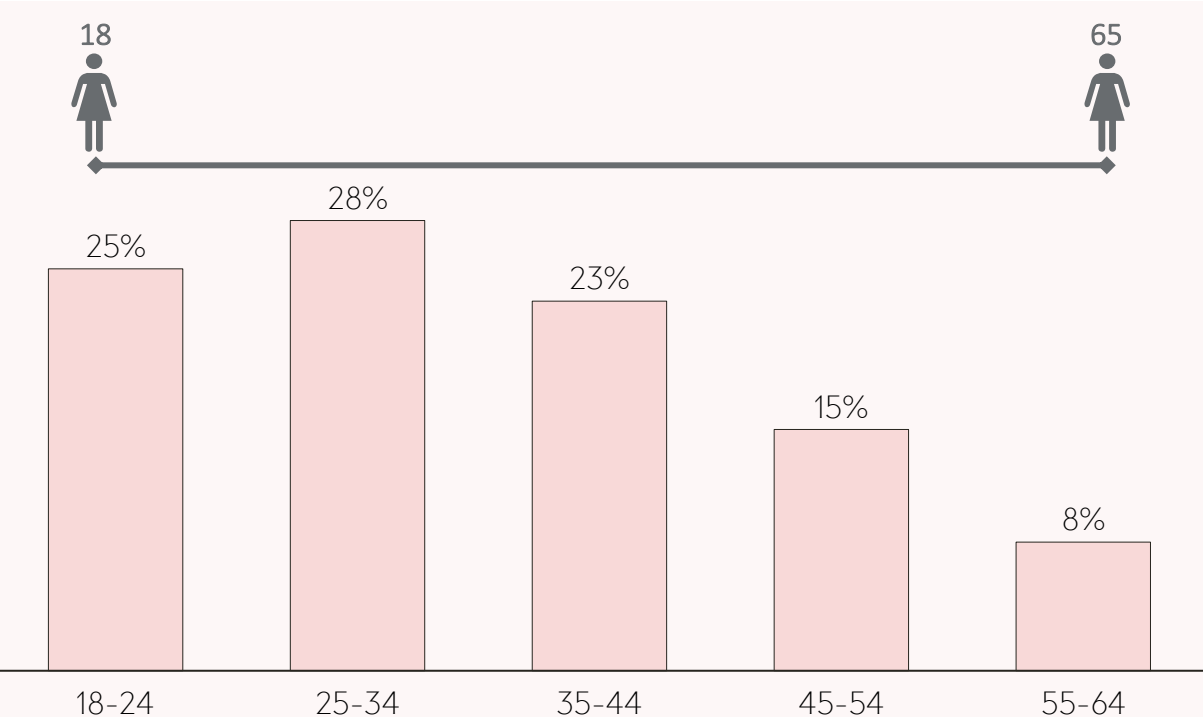


Source: Pandora Brand Tracker 2019 (n=5,874)
 Markets include AU, CN, FR, IT, UK, US
 *Research methodology was changed in 2019 to focus on key markets



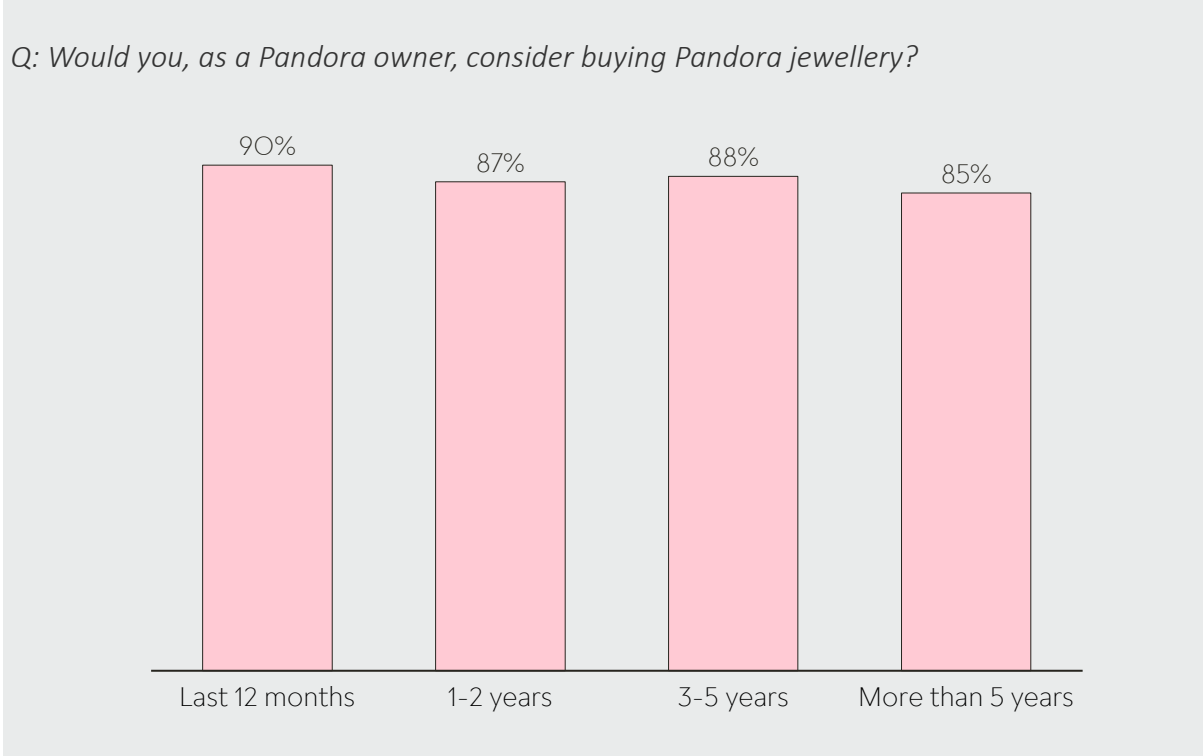
Pandora consumers are across generations and stay loyal

Age distribution of our consumers who have purchased Pandora within the last 12 months



Source: Pandora Brand Tracker 2019 (n=957| n=1416)
 Note: Markets include AU, CN, FR, IT, UK, US

Pandora owners highly consider to buy Pandora jewellery unrelated to time of ownership



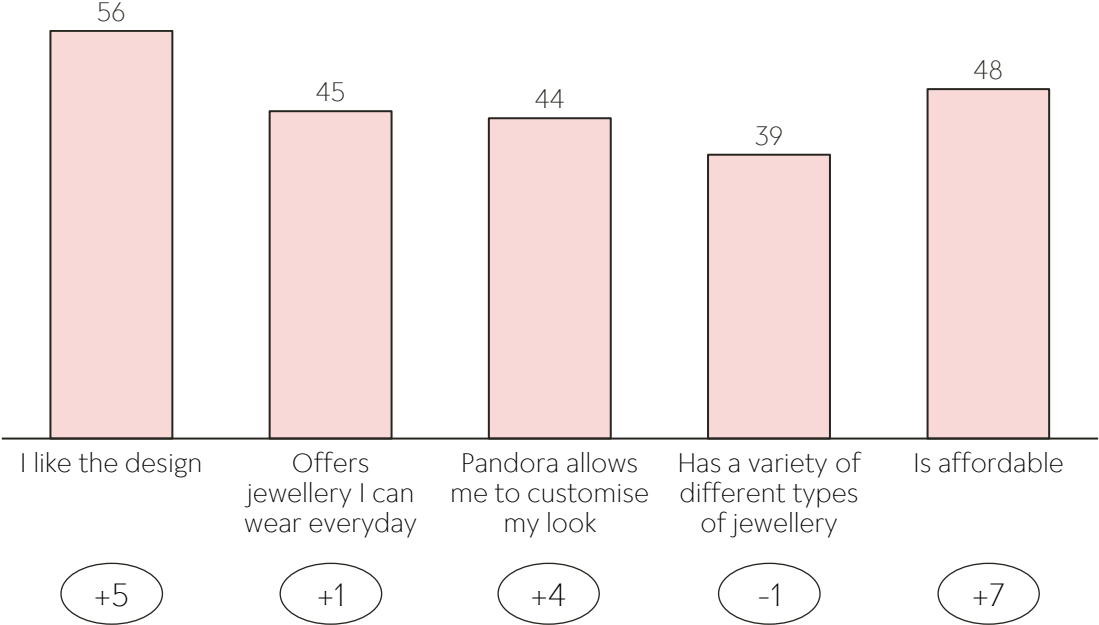
*Survey-data allows for the possibility that share of repurchasers can be slightly higher than previous years active owner-base
 **Deviation in Awareness from funnel-slides caused by different market filters in order to compare to 2014 (excludes CN, CZ, JP, SG and AE)

Pandora consumers have a wide-range of purchase criteria

○ Development 2017-2019, %-point

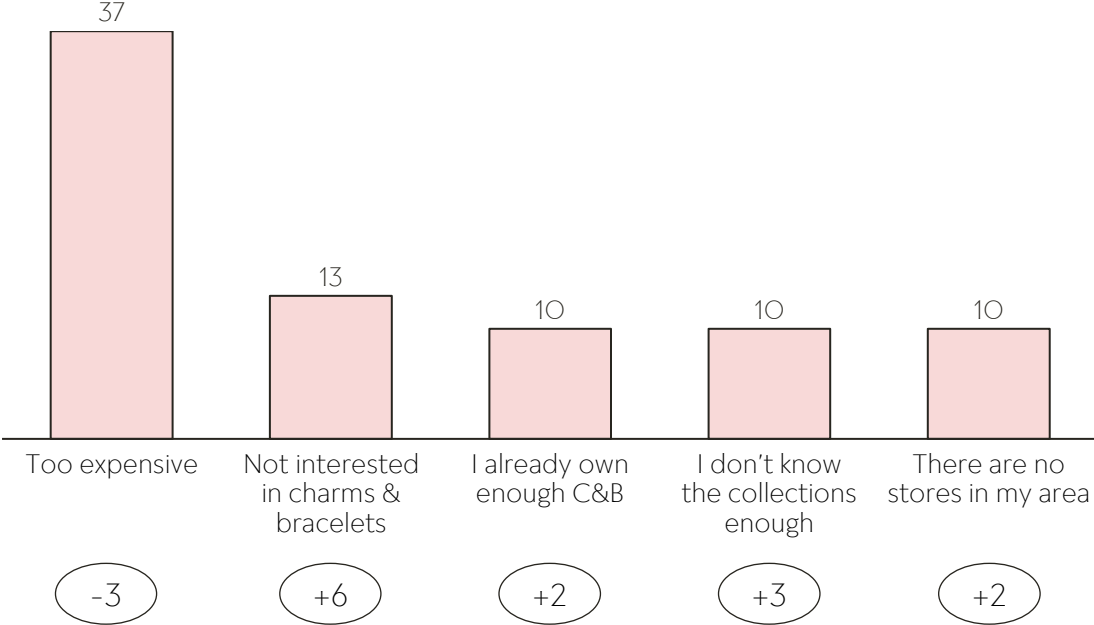
Pandora top 5 purchase drivers

Share of Active Pandora Owners* (n=1,092), %



Pandora top 5 purchase barriers

Women that consider buying Pandora for themselves but haven't bought in 2019 (n=1,573), %



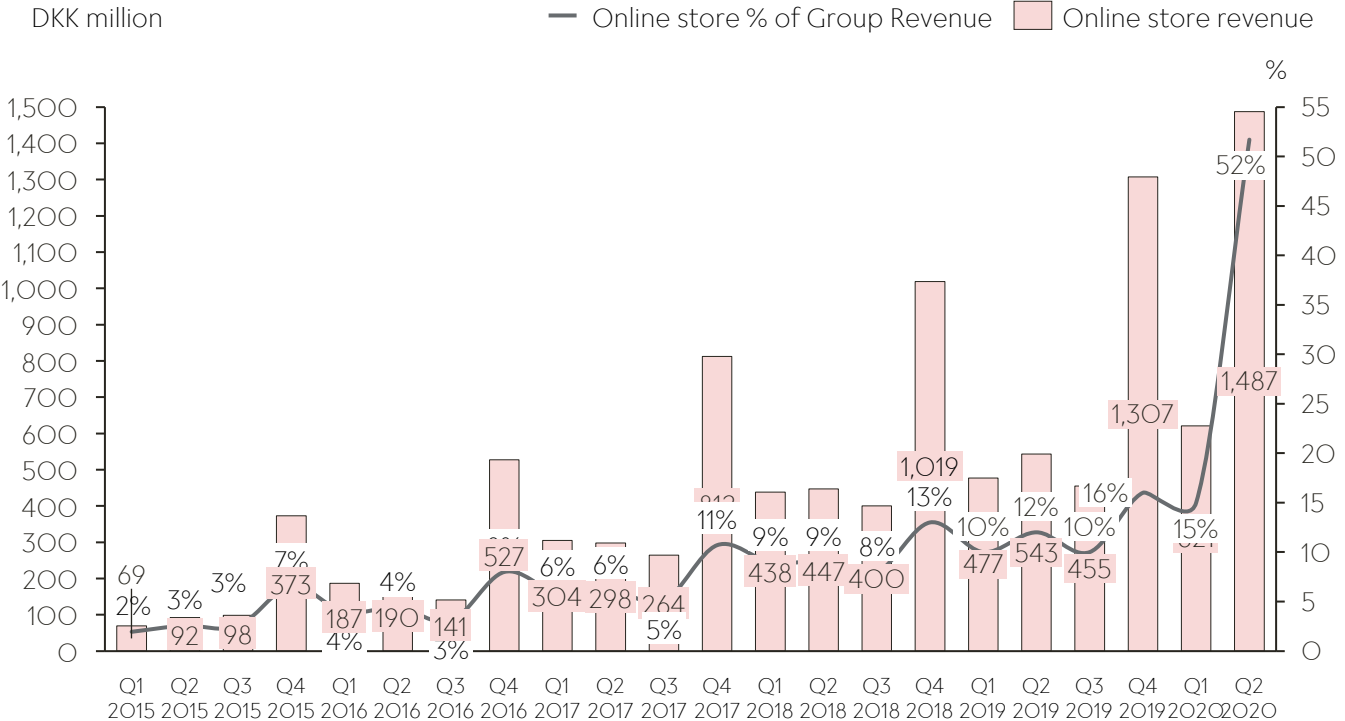
Source: Pandora Brand Tracker 2019

Note: Markets include AU, CN, FR, IT, UK, US

*Active Owners include owners who have purchased past 12 months and/or received past 12 months

Pandora's online business & presence

Online store development



176%
ORGANIC GROWTH IN Q2 '20

52%
REVENUE SHARE OF GROUP REVENUE IN Q2 '20

20
MARKETS

SINGLE
DIGIT RETURN RATES

STRONG
PROFITABILITY

Online platforms



Pandora online stores available in 20 markets across all regions, incl. China (own and Tmall distribution), Australia, Italy, the UK, the US etc.



More than 320 million visits on the Pandora online stores in 2019



More than 13 million Pandora club members worldwide



16.4 million Facebook followers



8 million followers on Instagram

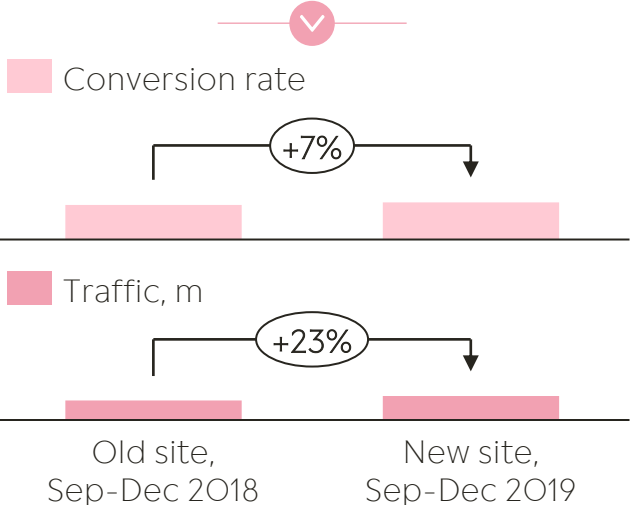
Unleash the pandora.net growth potential through digital initiatives

2019 FOCUS

NEW AND IMPROVED PANDORA.NET SITE WENT LIVE 29 AUGUST 2019

Examples:

- Streamlined the customer journey
- Better and higher quality of imagery
- Content is more inspiring
- Cleaned up the base for higher speed
- Reduced site load-time by 40%



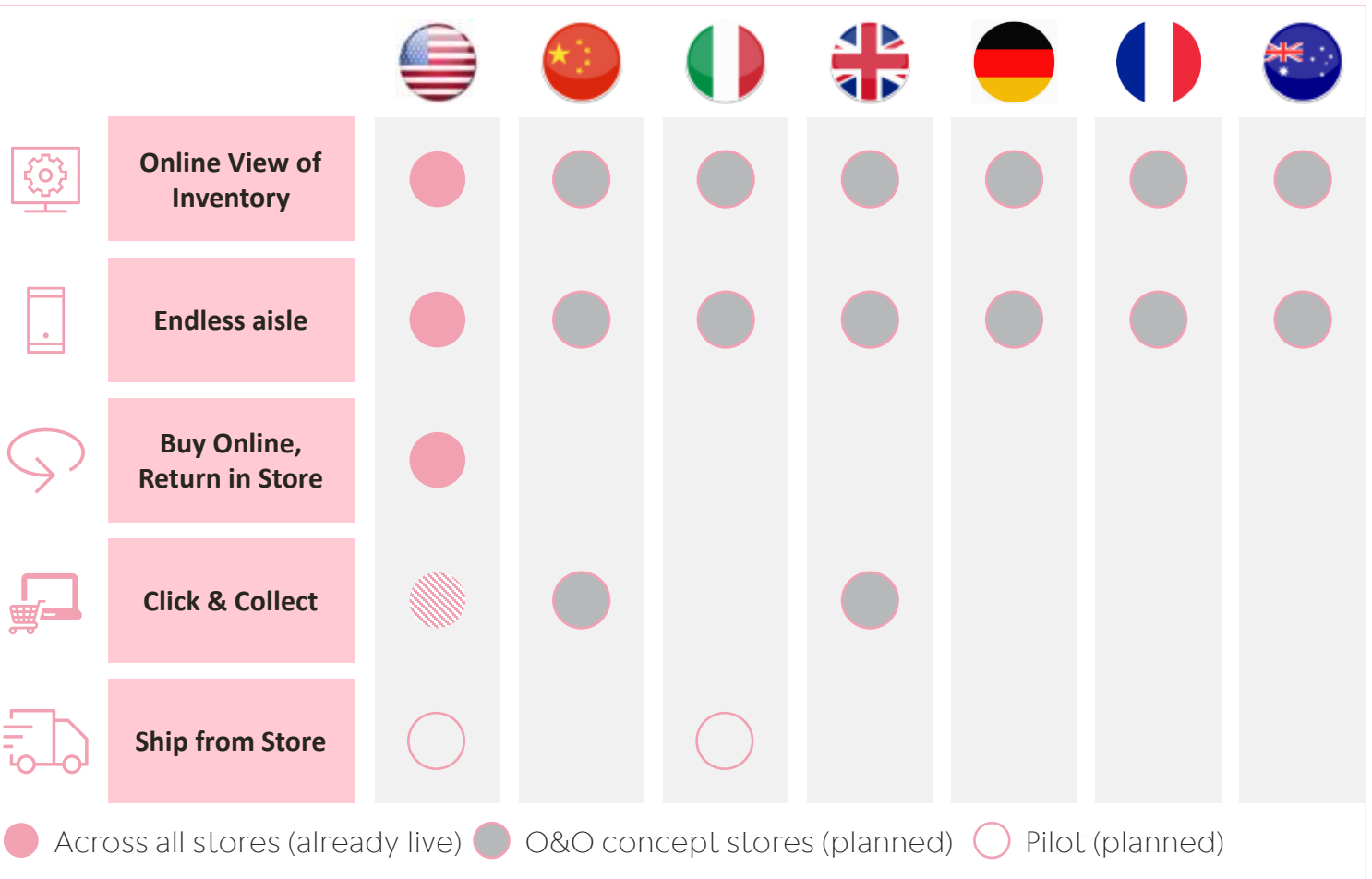
2020 FOCUS

3 KEY DIGITAL STRATEGIC INITIATIVES SET TO DRIVE SUSTAINABLE LIKE-FOR-LIKE SALES THROUGH IMPROVING THE DIGITAL CUSTOMER EXPERIENCE ON PANDORA.NET

Digital strategic initiatives	Sub-initiatives (examples)	Desired outcome
1 Remove barriers to shop	<ul style="list-style-type: none"> • Make it easy to find products • Faster loading time and speed • Better planning and forecasting to avoid stockouts 	<ul style="list-style-type: none"> • <i>Improve customer satisfaction</i> • <i>Increase conversion rate</i>
2 Make pandora.net a place for inspiration	<ul style="list-style-type: none"> • Make charms collection more compelling • Encourage fans to visit more often through more targeted comms with dynamically created content • Content integration with social media (Instagram and Youtube) 	<ul style="list-style-type: none"> • <i>Maintain high engagement rate</i> • <i>Increase frequency of shopping</i>
3 Attract new consumers online	<ul style="list-style-type: none"> • Launch online stores in new markets in a profitable and sustainable way • Use our retail footprint to recruit new digital customers • Be accessible at selected online marketplaces 	<ul style="list-style-type: none"> • <i>Grow the consumer base in current online markets</i> • <i>Expand online presence to more markets</i>

Omnichannel capabilities ready to be scaled globally

OMNICHANNEL FEATURES HAVE NOW ROLLED OUT IN THE US AND CHINA; 2020 FOCUS ON DEEPENING THESE AND EMEA ROLL-OUT



Objective of implementing omnichannel capabilities is to enhance the customer journey by creating a seamless link between online and physical stores

- Omnichannel capabilities being prioritised
- Focus on rolling out “Online View of Inventory” and “Endless aisle” across key markets
 - “Click & Collect” being trialled in the US and in Shanghai concept stores in China
 - The feature will be piloted in the UK during 2020
 - Besides the roll-out of omnichannel features in US and China in 2019, a new customer service platform (US) was implemented and order management technology

Revenue development by sales channel and by product category

Channel development

DKK million	Q2 2020	Growth, Q2/Q2, LC	Q2 2020 share of revenue	FY 2019	Growth, FY/FY, LC	FY 2019 share of revenue
Pandora owned retail	2,480	-20%	86%	14,181	8%	65%
- of which concept stores	924	-61%	32%	10,619	5%	49%
- of which online stores	1,487	176%	52%	2,782	18%	13%
- of which other points of sale	68	-61%	2%	780	22%	4%
Wholesale	365	-73%	13%	6,725	-24%	31%
- of which franchise concept stores	126	-84%	4%	3,843	-25%	18%
- of which other points of sale	239	-57%	8%	2,882	-22%	13%
Third-party distribution	32	-85%	1%	962	-26%	4%
Total revenue	2,876	-38%	100%	21,868	-6%	100%

Product category development

DKK million	Q2 2020	Growth, Q2/Q2, LC	Q2 2020 share of revenue	FY 2019	Growth, FY/FY, LC	FY 2019 share of revenue
Charms	1,524	-40%	53%	11,395	-8%	52%
Bracelets	537	-41%	19%	4,216	-6%	19%
Rings	407	-31%	14%	3,113	-4%	14%
Earrings	189	-37%	7%	1,487	-1%	7%
Necklaces & Pendants	219	-34%	8%	1,658	0%	8%
Total revenue	2,876	-38%	100%	21,868	-6%	100%

Key markets revenue and total like-for-like overview

DKK million	Q2 2020	Growth Q2/Q2, LC	Sell-out growth incl. temporarily closed stores	Share of revenue, Q2 2020	FY 2019	Growth FY/FY, LC	Like-for-like FY 2019	Share of revenue, FY 2019
EMEA	1,366	-36%	-	48%	10,740	-4%	-7%	49%
- of which the UK	409	-11%	-25%	14%	2,861	2%	-7%	13%
- of which Italy	261	-48%	-45%	9%	2,272	-8%	-7%	10%
- of which France	197	-21%	-17%	7%	1,169	-7%	-11%	5%
- of which Germany	185	-6%	-10%	6%	963	-8%	-5%	4%
AMERICAS	826	-44%	-	29%	6,772	-5%	-5%	31%
- of which the US	687	-35%	-35%	24%	4,677	-9%	-5%	21%
ASIA PACIFIC	685	-35%	-	24%	4,356	-11%	-15%	20%
- of which Australia	167	-30%	-33%	6%	1,118	-16%	-17%	5%
- of which China	378	-24%	-24%	13%	1,970	-1%	-11%	9%
Group	2,876	-38%	-39%	100%	21,868	-6%	-8%	100%

Store network development

		Net openings	
Number of points of sale	Q2 2020	Q2 2020 vs Q1 2020	Q2 2020 vs Q2 2019
Concept stores	2,714	-32	-17
- of which Pandora owned	1,373	-9	-7
- of which franchise owned	828	-17	-6
- of which third-party distribution	513	-6	-4
Other points of sale	4,539	-54	-239
- of which Pandora owned	227	2	39
- of which wholesale	3,706	-40	-222
- of which third-party distribution	606	-16	-56
Total points of sale	7,253	-86	-256

Concept stores per market

	Number of concept stores Q2 2020	Number of concept stores Q1 2020	Number of concept stores Q2 2019	Growth Q2 2020 /Q1 2020	Growth Q2 2020 /Q2 2019	Number of O&O Q2 2020	Growth O&O stores Q2 2020 /Q1 2020	Growth O&O stores Q2 2020 /Q2 2019
UK	216	222	233	-6	-17	127	1	0
Russia	182	186	195	-4	-13	0	0	0
Germany	138	141	151	-3	-13	133	-2	-12
Italy	146	146	146	0	0	107	0	2
France	121	121	121	0	0	77	0	2
Spain	88	88	83	0	5	70	0	2
Poland	52	52	49	0	3	37	0	-1
South Africa	30	30	30	0	0	28	0	0
Turkey	30	30	29	0	1	30	0	1
Ireland	26	29	28	-3	-2	21	-3	-2
Netherlands	25	26	27	-1	-2	25	-1	-2
Ukraine	30	30	27	0	3	0	0	0
Portugal	26	26	26	0	0	0	0	0
Belgium	23	24	25	-1	-2	14	-1	-1
Romania	23	23	22	0	1	12	0	0
United Arab Emirates	18	18	20	0	-2	18	0	-2
Czech Republic	19	19	19	0	0	10	0	0
Israel	17	18	17	-1	0	0	0	0
Austria	11	14	15	-3	-4	9	0	-1
Greece	13	14	14	-1	-1	0	0	0
Denmark	7	8	14	-1	-7	7	-1	-7
Saudi Arabia	12	13	12	-1	0	0	0	0
Sweden	10	9	11	1	-1	10	1	-1
Nigeria	8	8	10	0	-2	0	0	0
Rest of EMEA	145	146	137	-1	8	21	0	2
EMEA	1,416	1,441	1,461	-25	-45	756	-6	-20
USA	403	403	395	0	8	156	0	3
Brazil	91	91	95	0	-4	54	0	-3
Canada	79	79	79	0	0	23	0	0
Mexico	76	76	66	0	10	47	0	7
Caribbean	26	27	27	-1	-1	0	0	0
Rest of Americas	81	82	67	-1	14	13	0	0
Americas	756	758	729	-2	27	293	0	7
China	236	238	227	-2	9	225	-2	7
Australia	123	126	128	-3	-5	38	0	-1
Philippines	35	34	35	1	0	0	0	0
Malaysia	31	32	33	-1	-2	0	0	0
Hong Kong	28	29	28	-1	0	26	-1	1
Thailand	21	20	19	1	2	0	0	0
New Zealand	18	18	17	0	1	9	0	1
Singapore	11	11	16	0	-5	11	0	-1
Rest of Asia Pacific	39	39	38	0	1	15	0	-1
Asia Pacific	542	547	541	-5	1	324	-3	6
All markets	2,714	2,746	2,731	-32	-17	1,373	-9	-7

Profitability development

DKK million	Q2 2020 reported	Q2 2020 Restructuring costs	Q2 2020 excl. restructuring costs	Q2 2019 reported
Revenue	2,876	-	2,876	4,693
Cost of sales	-778	-56	-722	-1,190
Gross profit	2,099	-56	2,155	3,503
<i>Gross margin</i>	73.0%		74.9%	74.6%
Operating expenses (incl. D&A)	-2,297	-175	-2,122	-2,739
- of which sales, distribution and marketing expenses	-1,704	-43	-1,704	-2,071
- of which administrative expenses	-418	-132	-418	-668
EBIT	-198	-231	33	764
<i>EBIT margin</i>	-6.9%		1.1%	16.3%

DKK million	FY 2019 reported	FY 2019 Restructuring costs	FY 2019 excl. restructuring costs	FY 2018 ¹
Revenue	21,868	-	21,868	22,806
Cost of sales	-5,966	-1,016	-4,950	-5,864
Gross profit	15,903	-1,016	16,919	16,942
<i>Gross margin</i>	72.7%		77.4%	74.3%
Operating expenses (incl. D&A)	-6,457	-198	-6,259	-6,080
- of which sales, distribution and marketing expenses	-2,847	-151	-2,696	-2,142
- of which administrative expenses	-2,770	-660	-2,110	-2,289
EBIT	3,829	-2,025	5,854	6,431
<i>EBIT margin</i>	17.5%		26.8%	28.2%

¹Comparison figures have not been restated following the implementation of IFRS 16 Leases

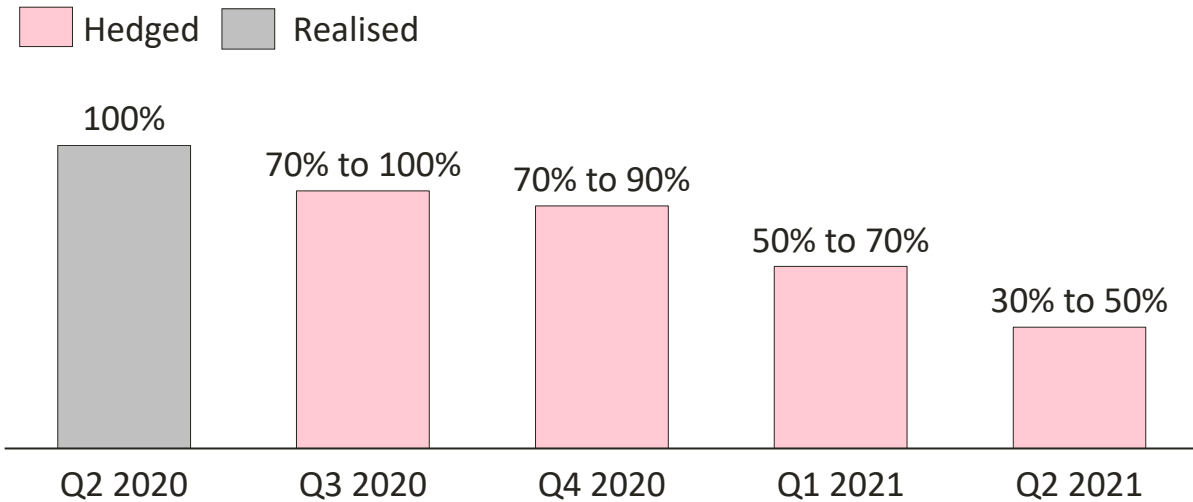
Working capital and cash management

DKK million	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Inventory	2,250	2,155	2,137	2,835	2,609
- Share of revenue (last 12 months)	11.6%	10.1%	9.8%	13.0%	11.7%
Trade receivables	602	1,081	1,643	1,256	1,124
- Share of revenue (last 12 months)	3.1%	5.1%	7.5%	5.8%	5.0%
Trade payables	-2,316	-2,337	-3,095	-2,222	-1,632
- Share of revenue (last 12 months)	-11.9%	-11.0%	-14.2%	-10.2%	-7.3%
Operating working capital	535	899	684	1,869	2,101
- Share of revenue (last 12 months)	2.8%	4.2%	3.1%	8.6%	9.4%
Free cash flow excl. IFRS16	943	-272	2,760	758	1,145
CAPEX	121	129	184	254	206
% of revenue	4.2%	3.2%	2.3%	5.8%	4%
NIBD to EBITDA excl. restructuring costs (last 12 months)	1.1x	1.3x	1.5x	1.8x	1.4x
Selected KPIs					
Days Sales of Inventory - last 6 months of COGS (183 days)	228	134	109	182	201
Days Sales of Outstanding - last 3 months of wholesale and third party distribution revenue (90 days)	89	46	36	49	40

Hedging policy and raw materials share of production costs

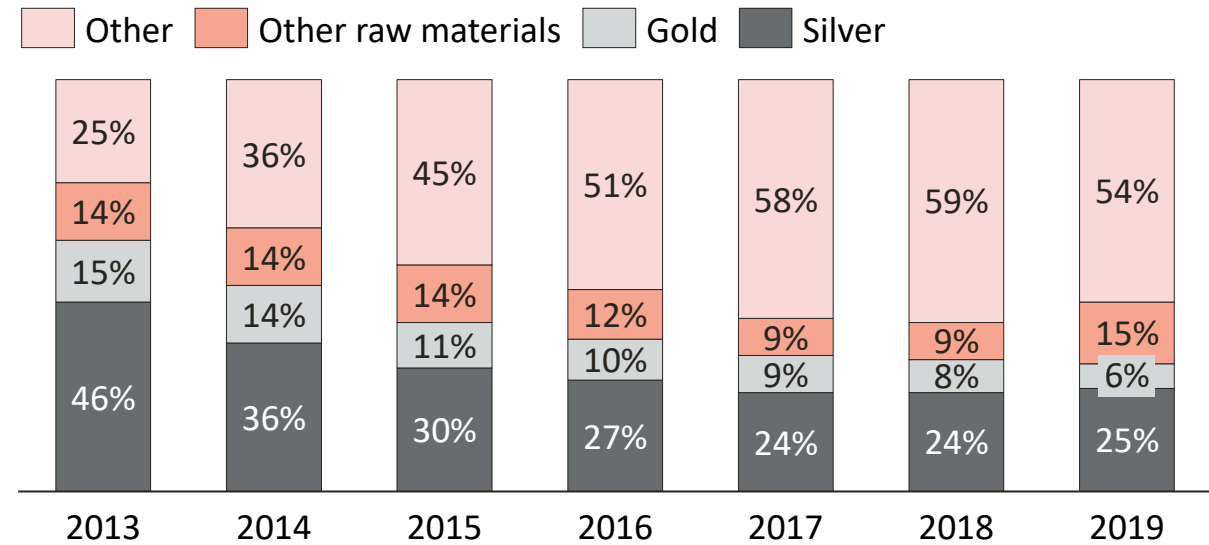
Commodity hedging policy is to hedge around 70% of future 12 months use in production

For illustrative purposes



- With an additional 2-4 months time lag from production to sale of the product and effect on the income statement, the impact of the recent increase in metal prices will not be seen until mid-2021

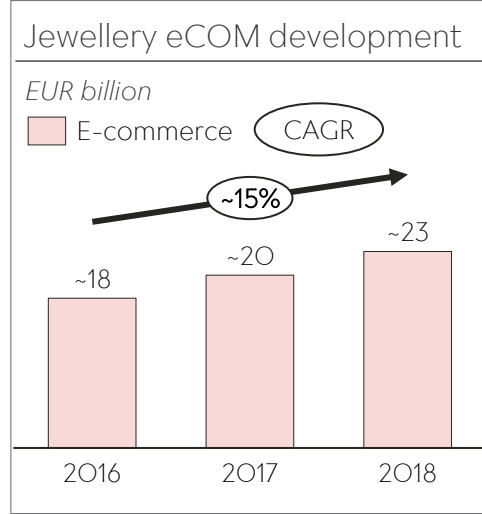
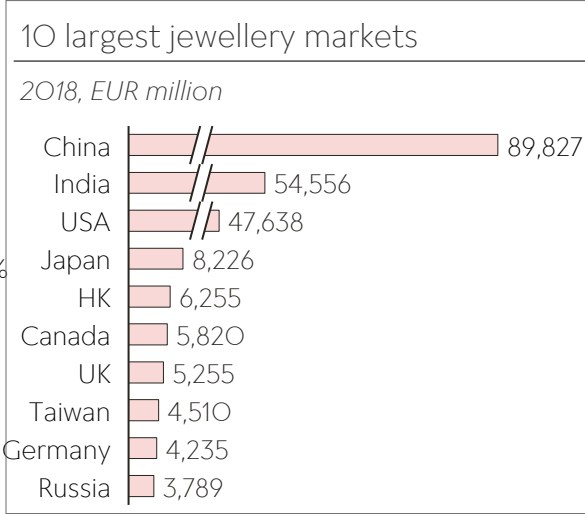
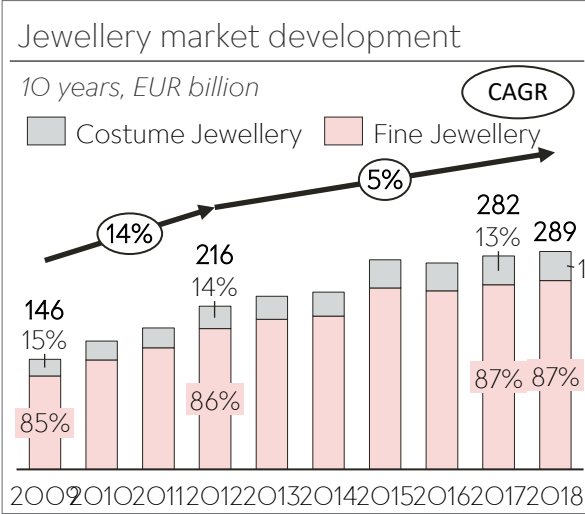
Raw material share of cost of goods sold



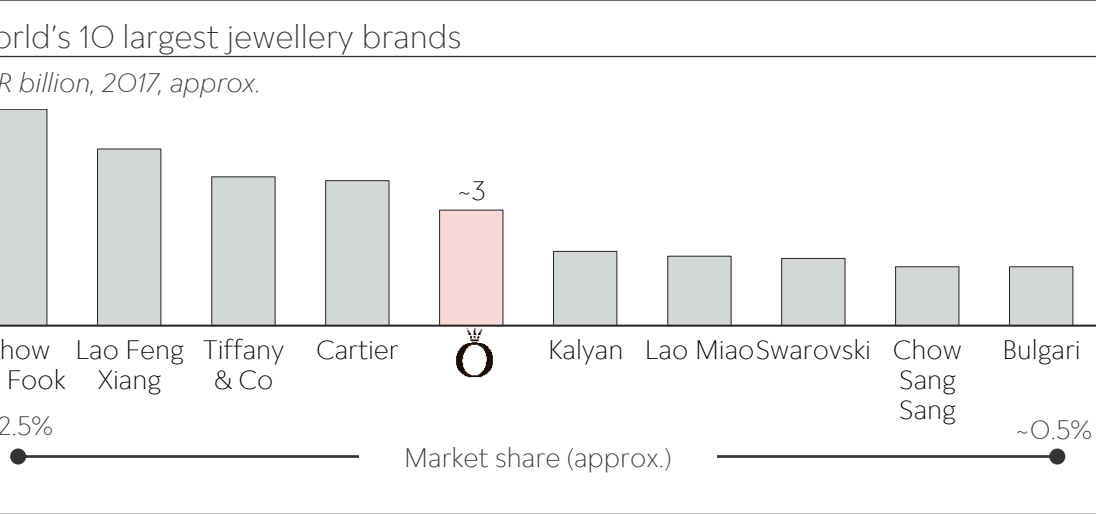
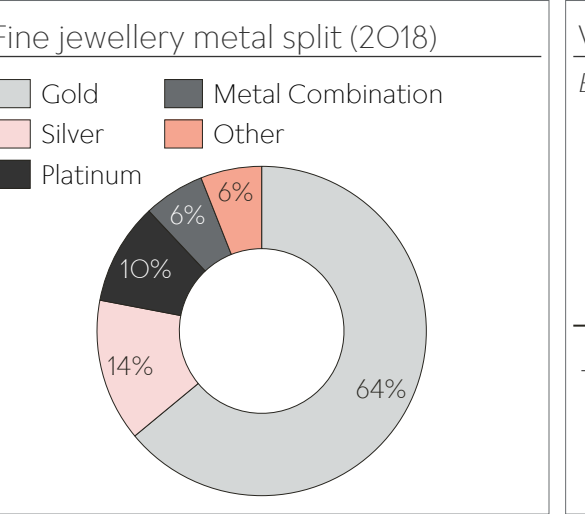
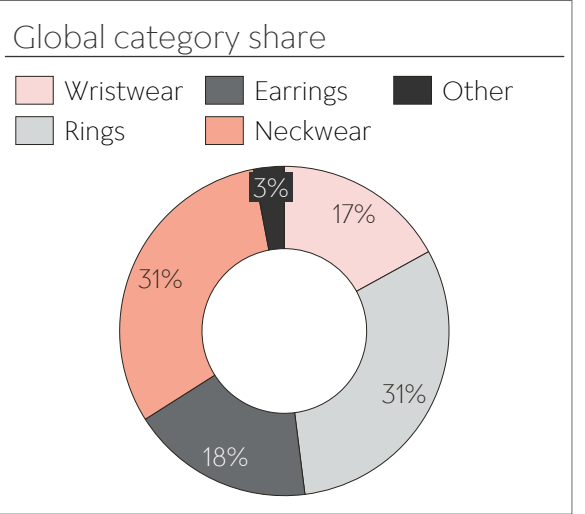
- Other in 2019 consists of ~35% labour, ~15% cost to third-party set-ups (i.e. plating) and ~50% licence, customs, remelt and minor provisions
- From 2019 inhouse plating is considered part of 'Other raw materials', having previously been part of 'Other'.

Overview of the global jewellery market

MARKET DEVELOPMENT



JEWELLERY DEVELOPMENT



Source: Euromonitor

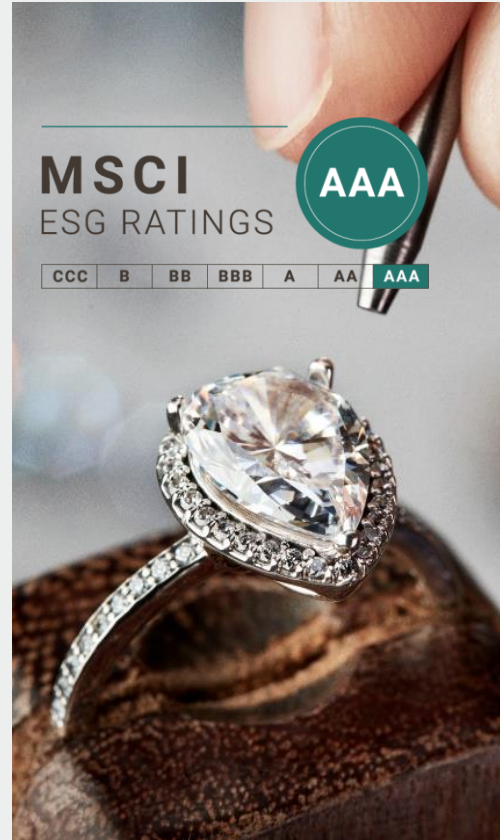
Sustainability

We believe high-quality jewellery, superior business performance and high ethical standards go hand in hand, and we craft our jewellery with respect for resources, environment and people. We will become carbon neutral in our operations by 2025 and have committed to set Science Based Targets for reducing greenhouse gas emissions across the full value chain.

We are committed signatories of the United Nations Global Compact and certified member of the Responsible Jewellery Council since 2012.



Pandora supports the UN Sustainable Development Goals. Four goals in particular guide our strategy as this is where we can contribute the most.



Frontrunner in ESG Investment Performance
For the fourth consecutive year, we received the top rating of AAA in the MSCI ESG Ratings assessment.

Climate and environment

As the world's largest jewellery maker, we are determined to reduce our climate footprint and help set an example for the wider industry.



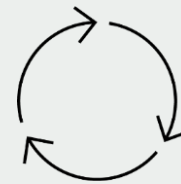
Carbon neutral
in own operations
by 2025



100% renewable energy
at our crafting facilities
by 2020



Committed to set Science Based Targets
to reduce emissions
across full value chain



88%
of waste was
recycled at our
crafting facilities



Our two largest crafting facilities and global office are Leadership in Energy and Environmental Design (LEED) Certified.

Sustainable products



98%
recycled silver grains

100%
recycled gold grains

97%
of all stones are man-made



100% certified
silver and gold grain suppliers



Responsible Sourcing Programme

Pandora is committed to ensuring that our business practices, including our suppliers, live up to high social and environmental standards.


Workplace and society



Inclusive workspace

At Pandora, we are committed to fostering a culture of diversity and inclusion in and beyond our own operations. We will not tolerate any form of discrimination and are committed to gender diversity in our organisation. We will continue to advance our approach to diversity and inclusion.



PANDORA for **unicef** 

Partnering with UNICEF to empower young people
Pandora and UNICEF have launched a global partnership to support the most vulnerable children, especially girls, around the world to lead healthier and safer lives and fulfil their potential. Through sale of Jewellery and other initiatives, Pandora will raise funds for UNICEF's important work.

50/50

gender split in our Board of Directors

26%

of Senior management are women and **74%** are men

Investor Relations contact details

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Share information

Trading symbol	PNDORA
Identification number/ISIN	DK0060252690
GICS	25203010
Number of shares	100,000,000
Sector	Apparel, Accessories & Luxury Goods
Share capital	100,000,000
Nominal value, DKK	1
Free float (incl. treasury shares)	100%

ADR information

ADR trading symbol	PANDY
Programme type	Sponsored level 1 programme (J.P. Morgan)
Ratio (ADR:ORD)	4 ADRs : 1 ordinary share (4:1)
ADR ISIN	US 698 341 2031

