



# PANDORA

**THIRD QUARTER RESULTS 2022**  
**08 NOVEMBER 2022**

# AGENDA OF TODAY

## 1. EXECUTIVE SUMMARY

## 2. PHOENIX UPDATE

## 3. Q3 2022 FINANCIALS

## 4. FINANCIAL GUIDANCE

## 5. APPENDIX

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### 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. Please find full disclaimer on slide 41

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# EXECUTING ON PHOENIX AND SOLID PERFORMANCE



## Sustainable growth

Another solid quarter



## Diamonds by Pandora

Launch in North America well received – a key milestone in the Phoenix strategy



## Profitable growth

Strong underlying EBIT margin  
ASP's increased by 4% early Q4



# ON TRACK TO DELIVER ON 2022 GUIDANCE

**ORGANIC  
GROWTH**

**4-6%**

(Unchanged)

**EBIT  
MARGIN**

**25.0-25.5%**

(Unchanged)

For assumptions behind the guidance, please refer to slide 21-23

# WELL POSITIONED FOR ELEVATED MACRO UNCERTAINTY

## PRE-EMPTIVE STEPS TO PROTECT PROFITABILITY

### **Alexander Lacik, CEO:**

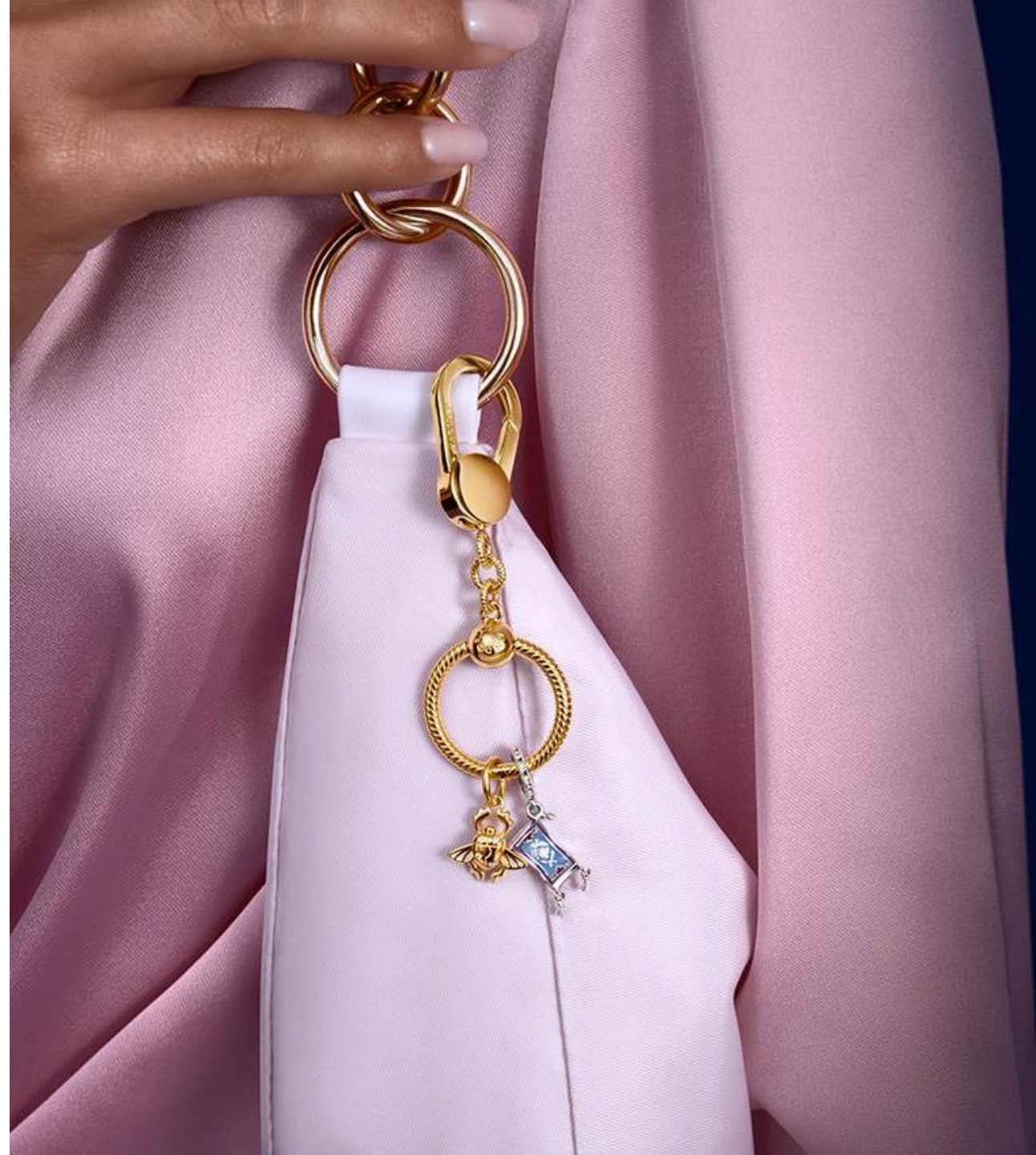
*“Despite macroeconomic and geopolitical uncertainty, the shopping pattern of our consumers is so far largely unchanged. With strong financials and our position in affordable gifting, we are well equipped to weather a potential recession and seize relevant investment opportunities, for example to expand our store network. We are already now taking precautionary measures to ensure our profitability should circumstances change\*”*

\*Please also refer to the Company Announcement Q3 2022, section “Pandora is in a strong position to manage an uncertain macro environment”



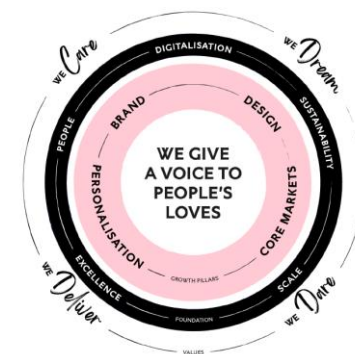
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# PHOENIX STRATEGY

## EXECUTION IS PROGRESSING WELL



GROWTH PILLARS	INITIATIVES	Q3 2022 UPDATE
<b>BRAND</b>	<p>Most recognisable jewellery brand in the world</p> <p>Drive higher brand penetration</p>	<ul style="list-style-type: none"> <li>• Prince increases of 4% implemented early Q4</li> </ul>
<b>DESIGN</b>	<p>Drive the core (Moments platform)</p> <p>Fuel the brand with more</p>	<ul style="list-style-type: none"> <li>• Pandora Moments continues to grow</li> <li>• Pandora ME reaches 4% share of business in Q3 2022</li> <li>• Diamonds by Pandora off to a good start</li> </ul>
<b>PERSONALISATION</b>	<p>Better omni-channel experience</p> <p>New store concept</p>	<ul style="list-style-type: none"> <li>• Personalisation and data usage support revenue growth</li> </ul>
<b>CORE MARKETS</b>	<p>Increase &amp; optimise the network</p> <p>Grow core markets</p>	<ul style="list-style-type: none"> <li>• Network development driving margin-accretive revenue growth</li> </ul>

### FOUNDATION



# PANDORA IS TAKING AN INDUSTRY LEAD IN DRIVING SUSTAINABILITY

Foundation  
SUSTAINABILITY

## Targets

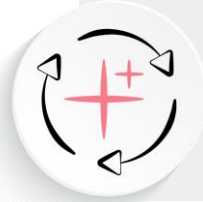
### LOW-CARBON BUSINESS



**Reduce emissions** across own operations and full value chain **50% by 2030**, and achieve **net zero emissions by 2040\***

\*Approved target by Science Based Target initiative

### CIRCULAR INNOVATION



**Use 100% recycled silver** and gold in all products by 2025

### INCLUSIVE, DIVERSE AND FAIR CULTURE



**Achieve 1/3 females in leadership by 2025**, and reach full gender parity no later than 2030

## We continue...

Procuring a greater share of **renewable energy** across our own operations and **engaging key suppliers** in support of our Scope 3 emissions reductions.

Our transition of silver and gold suppliers **to recycled sources**, ensuring traceability measures are put in place.

Implementing our roadmap to **increase the share of women** in leadership, by embedding inclusion and diversity in recruitment and succession planning.



*In August 2022, we launched our lab-created diamonds collection Diamonds by Pandora in North America.*



*They are grown using only renewable energy and 100% recycled silver and gold.*





# PANDORA INCREASES PRICES BY 4%

Growth pillars  
BRAND

- As communicated previously, Pandora has successfully reduced the promotional level and thereby indirectly increased prices the past few years
- Now, Pandora has implemented a more traditional list price increase on selected items, after successful testing earlier this year in North America
- These price increases were done with the brand promise of offering affordable hand finished jewellery in mind - Pandora remain vigilant in protecting the strong value perception of the brand
- Similar price increases have been implemented globally in early Q4



# DRIVING THE CORE

## MOMENTS CONTINUE TO DELIVER

Growth pillars  
**DESIGN**

**71%**

Share of business in Q3 2022

**2%**

Sell-out growth vs Q3 2021



# FUEL WITH MORE DIAMONDS BY PANDORA LAUNCH

*"Diamonds are not just forever; They are for everyone."*

## Key points:

- ✓ 3% share of business in US - 5% share of business in stores offering collection
- ✓ 15x higher average selling price than normal business in US
- ✓ 50% of transactions are from new consumers
- ✓ US market for lab-created diamonds is 10x the UK market

## Next steps:

- Fully leverage and execute the offering during peak season
- Improve in store sales and get lower performing stores up to speed
- Improve online share of business which is falling behind overall US business
- New products including a 2.0 carat ring to fuel holiday momentum



# Q3 TOPLINE GROWTH IN LINE WITH PLAN

Growth pillars  
CORE MARKETS

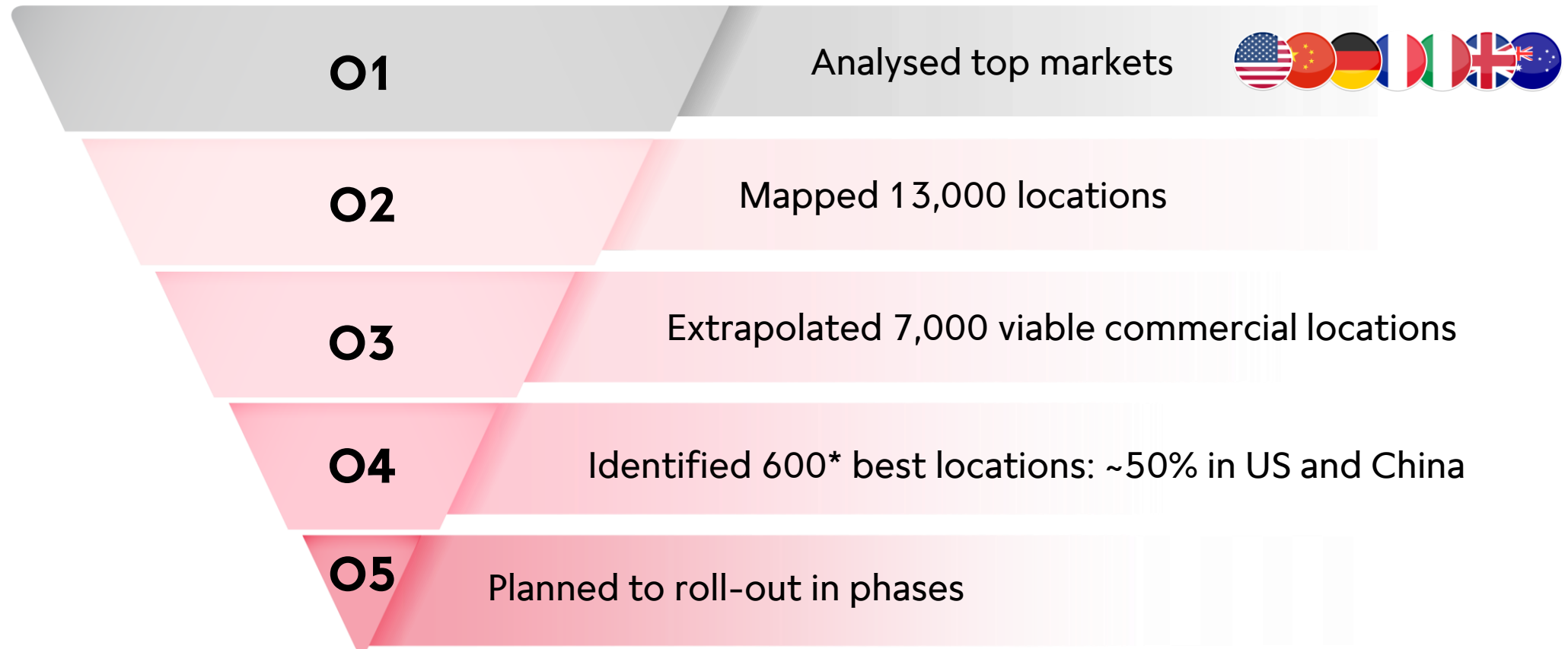
- The Group topline developed in line with plan – on a country level there are several individual factors influencing growth
- As expected, organic growth vs 2019 was lower in Q3 2022 than in Q2. Pandoras expects a pick up again in Q4, unless trading conditions worsens
- US down vs 2021 as stimulus cheques supported demand last year. Sequentially from Q2, sell-out growth improved slightly in Q3. Growth vs 2019 remain strong
- China was negatively impacted by COVID-19. China dragging down Group organic growth by 8% vs 2019. Brand relaunch postponed till the situation stabilises
- UK and Germany continue the positive trajectory with sell-out growth of 5% and 3%, respectively. Organic growth in Germany is impacted by our decision to end business with an online partner
- Australia up 40% following COVID-19 closures last year – underlying growth was strong and 15% vs 2019
- France is comping promotional activity, while Italy is seeing signs of negative consumer behaviour due to the macroeconomic environment

Q3 2022	Sell-out growth (like-for-like)*	Organic growth	
	vs 2021	vs 2021	vs 2019
US	-9%	-3%	56%
China	-46%	-37%	-71%
UK	5%	13%	29%
Italy	-5%	-8%	4%
Australia	40%	33%	15%
France	-1%	-2%	8%
Germany	3%	-9%	35%
Rest of Pandora	17%	15%	12%
<b>Group</b>	<b>1%</b>	<b>3%</b>	<b>13%</b>

\*Sell-out growth include sell-out from all concept stores including partner owned, and Pandora online. Sell-out growth is a like-for-like KPI and includes stores which have been operating for +12 months and stores which are temporarily closed stores due to COVID-19. Other points of sales are not included in sell-out growth

# NETWORK DEVELOPMENT SHOWS GREAT POTENTIAL AHEAD

Growth pillars  
CORE MARKETS



\*Included in the 600 locations is ~80% concept stores and ~20% kiosks/shop-in-shops

# NETWORK DEVELOPMENT

## STARTING TO BE VISIBLE IN THE NUMBERS

**DKK 630 million** incremental revenue from network development so far in 2022:

### NETWORK EXPANSION

#### DKK 240 million revenue YTD 2022

- During 2022 and 2023, Pandora expects to open net 100-150 new concept stores, adding 1-2% p.a. of organic growth\*
- Store openings are EBIT margin accretive – so far new stores are tracking at roughly 40% EBIT margin September year to date
- Short payback on initial CAPEX investment of roughly 1 year
- 600 stores x DKK 7 million revenue per store = **DKK ~4 billion** at 35-40% EBIT margin = around **DKK ~1.5 billion** incremental EBIT **at low risk**
- A potential recession represent an opportunity to accelerate the network expansion

### FORWARD INTEGRATION INCL. TAKEOVERS

#### DKK 390 million revenue YTD 2022 \*\*

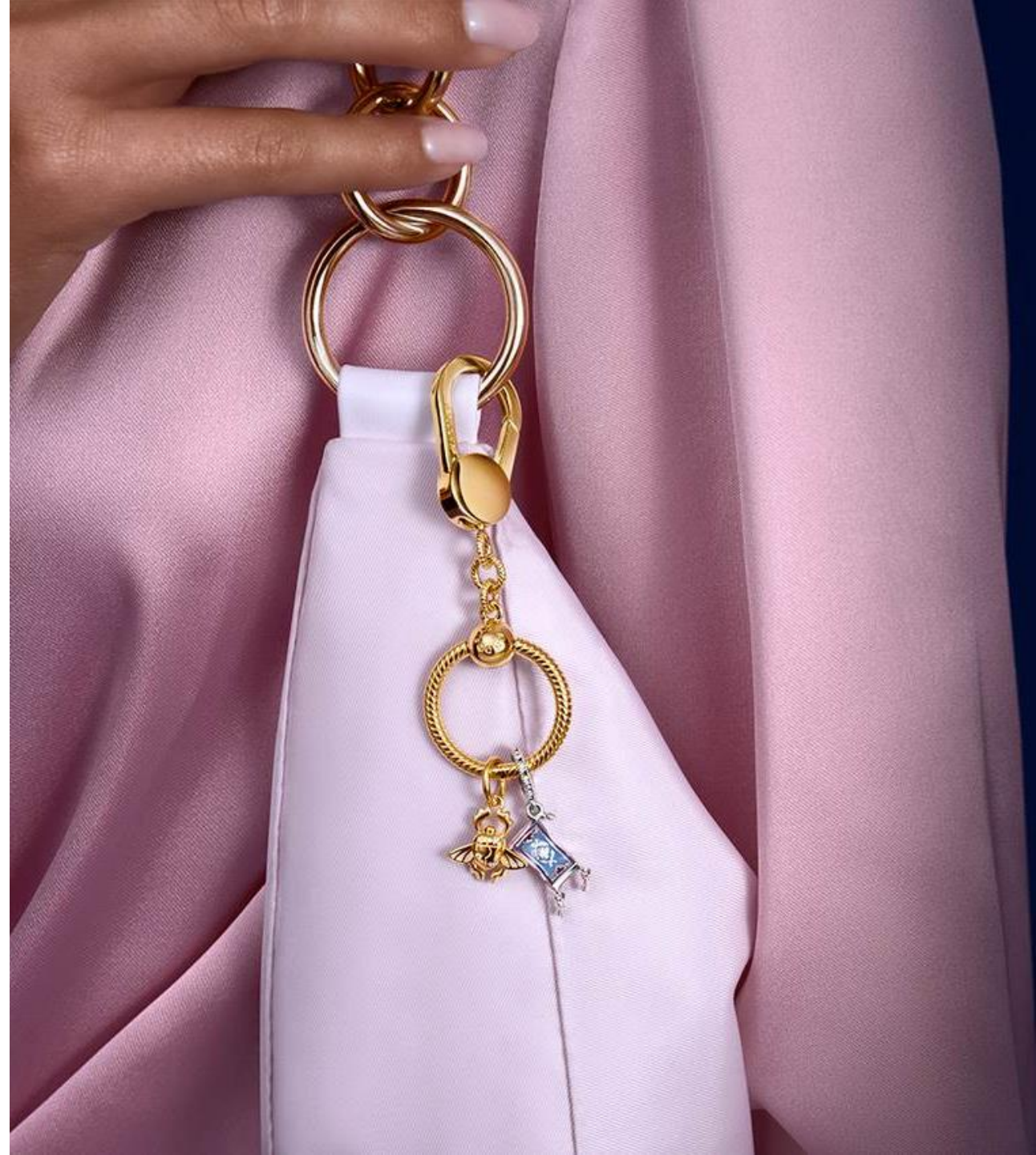
- Pandora will assess potential takeovers and acquisitions based on potential, performance, operational set-up and scale
- Revenue markup of around 1.8 to 2
- Roughly EBIT margin neutral on Group level
- Temporary 3-6 months drag on gross margin from inventory buybacks
- Short payback, especially in transactions where no goodwill is paid

\*The target of 1-2% includes stores taken over by franchise partners where Pandora do not pay any goodwill

\*\*Takeovers of franchise stores where Pandora do not pay goodwill added DKK 190 million in 2022. Acquisitions of franchise stores added DKK 200 million in 2022

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# KEY FINANCIAL HIGHLIGHTS

THIRD QUARTER IN LINE WITH GUIDANCE EXPECTATIONS

TOPLINE	Q3 2022	Q3 2021
Revenue, DKK million	5,263	4,728
<b>Organic growth</b>	<b>3%</b>	<b>14%</b>
Sell-out growth (like-for-like)*	1%	5%

FINANCIAL RATIOS	Q3 2022	Q3 2021
Gross margin	76.7%	75.5%
<b>EBIT margin</b>	<b>18.6%</b>	<b>20.2%</b>
Cash conversion incl. lease payments, %	0%	53%
Net working capital, % of last 12 months revenue	8.8%	0.2%
CAPEX (% of revenue)	6.9%	4.2%
NIBD to EBITDA	1.1	0.5
Return on invested capital (ROIC), %	42%	48%
Earnings per share, basic, DKK	7.8	6.4

\*Sell-out growth include sell-out from all concept stores including partner owned, and Pandora online. Sell-out growth is a like-for-like KPI and includes stores which have been operating for +12 months and stores which are temporarily closed stores due to COVID-19. Other points of sales are not included in sell-out growth

## COMMENTARY

- Performance in Q3 was in line with expectations – trending in the upper end of the guidance
- Strong underlying EBIT margin. As previously communicated, the Q3 margin was expected to be below last year, and the Q4 margin above
- The gross margin remains strong and up vs last year. The gross margin in the quarter includes a temporary drag of 1.4pp from inventory buybacks
- Net working capital and Cash conversion continues to be temporarily impacted by a deliberate increase in inventories ahead of peak trading season and to mitigate the risk of disruptions in the supply chain. Q4 2022 Cash conversion is expected to be significantly positive
- CAPEX increase is a function of investments in new store openings and refurbishment, as well as investments in Digital and new production facilities

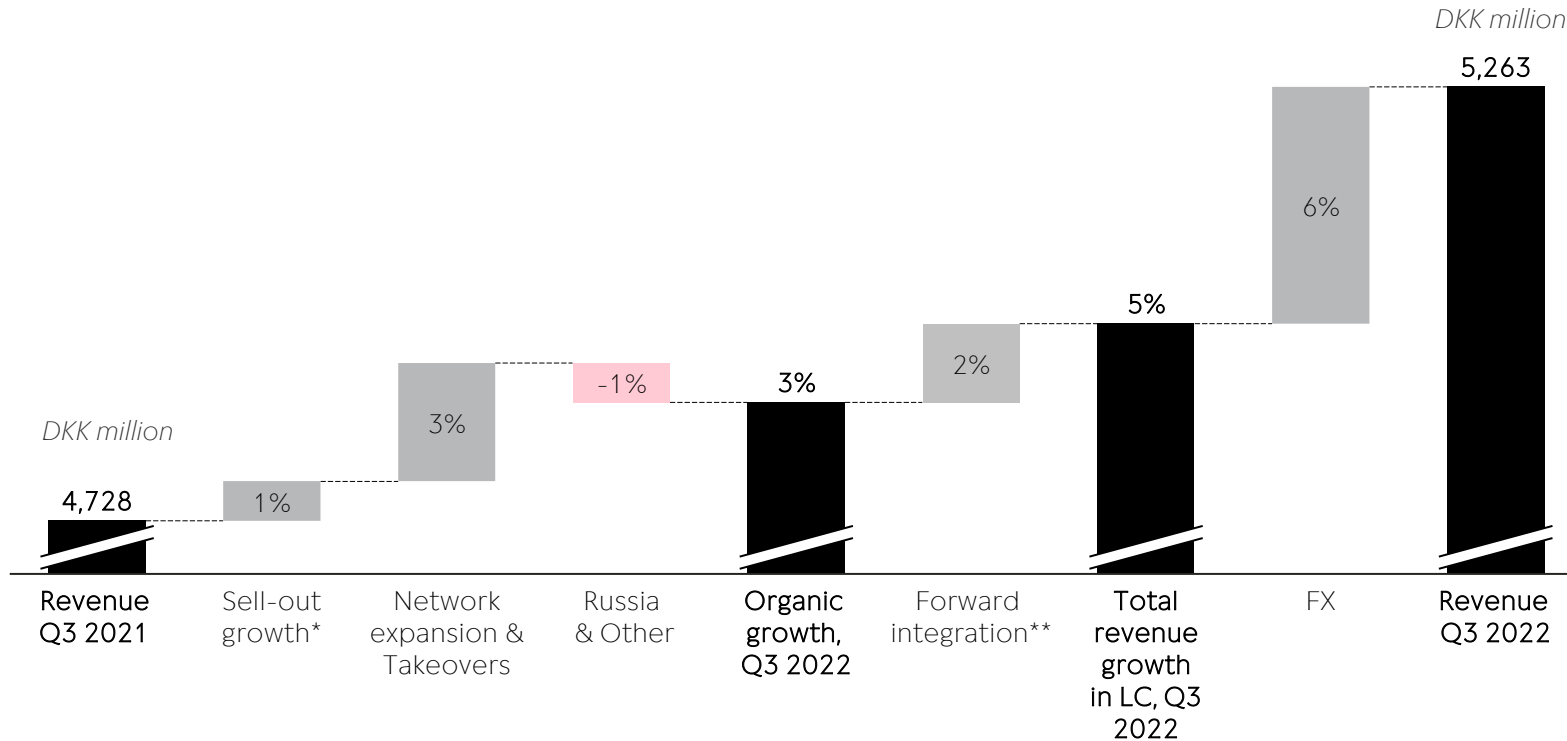


# REVENUE PERFORMANCE

GROWTH CONTINUES, SUPPORTED BY NETWORK EXPANSION

## Q3 2022 GROWTH COMPOSITION VS Q3 2021

%-p growth (approximately)



\*Sell-out growth (like-for-like) incl. temporarily closed stores

\*\* This only includes the part of forward integration where goodwill is paid (acquisitions)

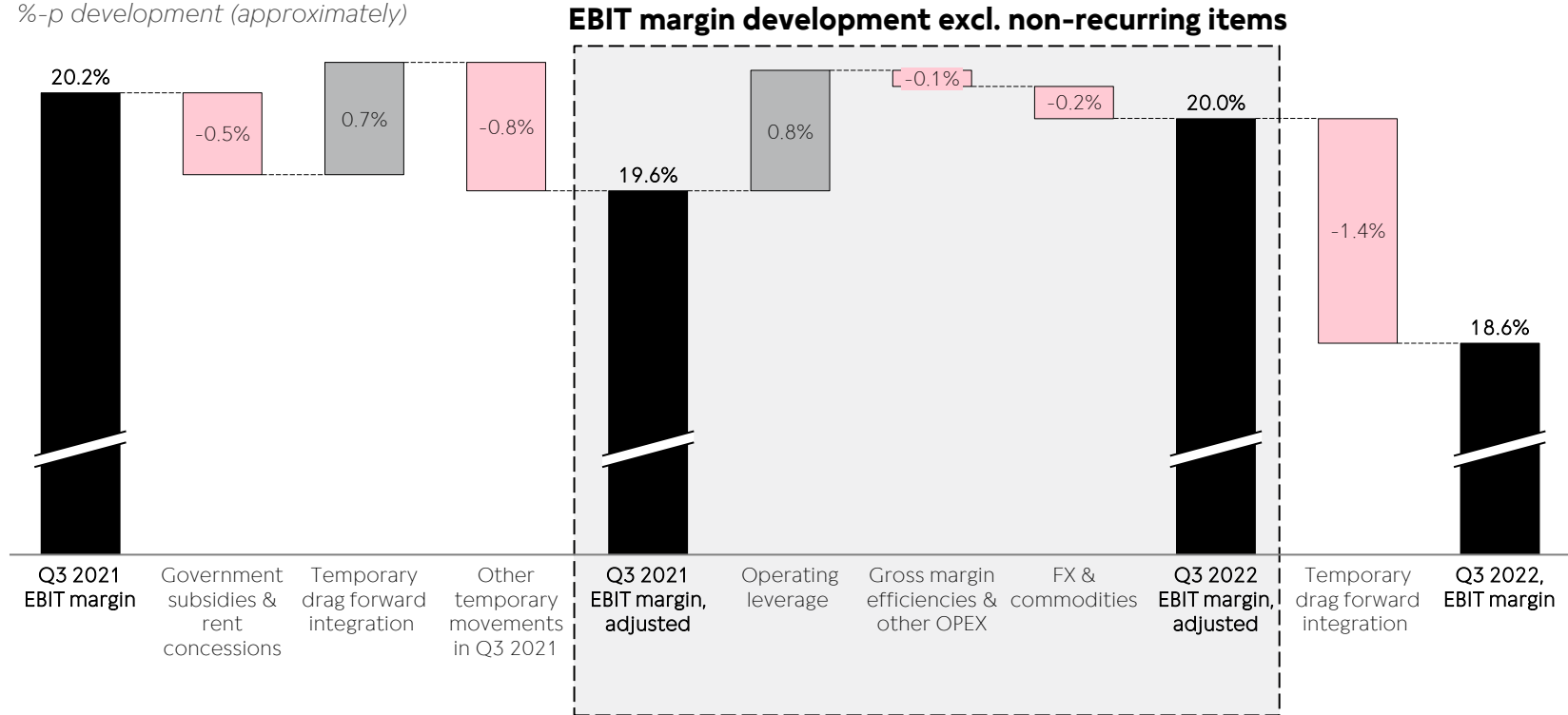
## COMMENTARY

- Compared to 2019, organic growth was +13% in Q3 dragged down 8pp by China
- Network expansion & takeover of partner stores where no goodwill is paid is a meaningful revenue driver and adds 3% revenue growth
- Ceasing business with Russia and Belarus is a drag on organic growth in Q3 and will also be a drag in Q4
- Growth was also supported by forward integration of partner stores (acquisitions where goodwill was paid), which contributed 1%, in line with guidance
- Tailwinds from favourable FX movements – in particular a strong dollar – further lifted reported revenue growth to +11%

# EBIT MARGIN

## STRONG PROFITABILITY

%-p development (approximately)

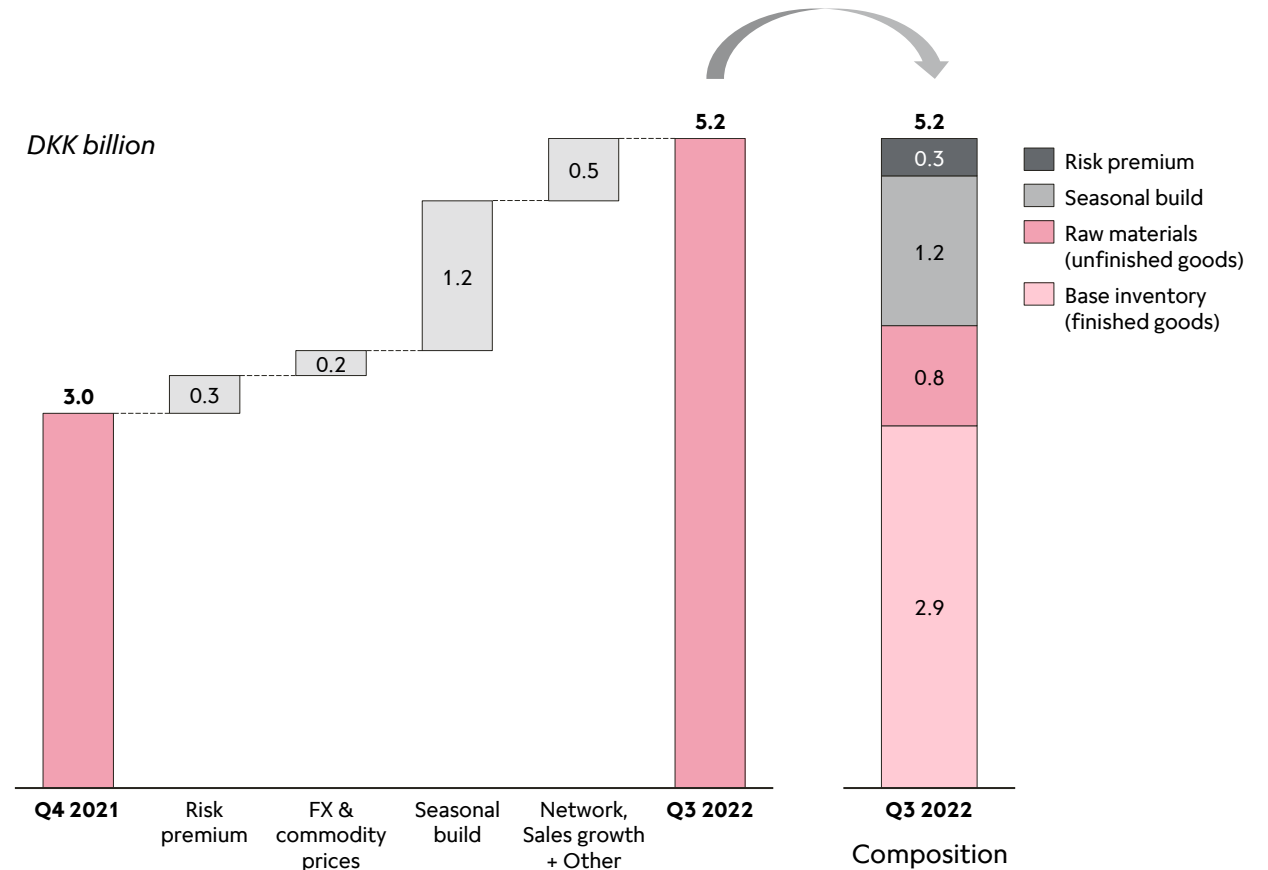


## COMMENTARY

- Continued strong EBIT margin
- The underlying EBIT margin is above last year
- The Q3 2022 EBIT margin includes a temporary drag of -1.4pp from inventory buybacks when taking over or acquiring franchise partners

# DELIBERATE INVENTORY INCREASE WITH LOW RISK OF MARKDOWNS

- During 2022, inventories have increased by DKK 2.2 billion
- As previously communicated, this is in line with plan
- Sake good order and given the macroeconomic environment, Pandora wants to stress that the company do not expect increased markdowns
- The inventory composition is healthy and mainly consist of high runners and raw materials (cash equivalent)
- Inventories by the end of 2022 are expected to be around DKK 4 billion. This corresponds to a weeks of cover of around 30 weeks, 3 weeks up from 27 by the end of 2021
- The 3 weeks increase partly reflects the risk premium (COVID-19 and supply chain disruption) and partly a decision to increase availability of individual SKU's. Availability has a direct impact on conversion rates and thereby revenue



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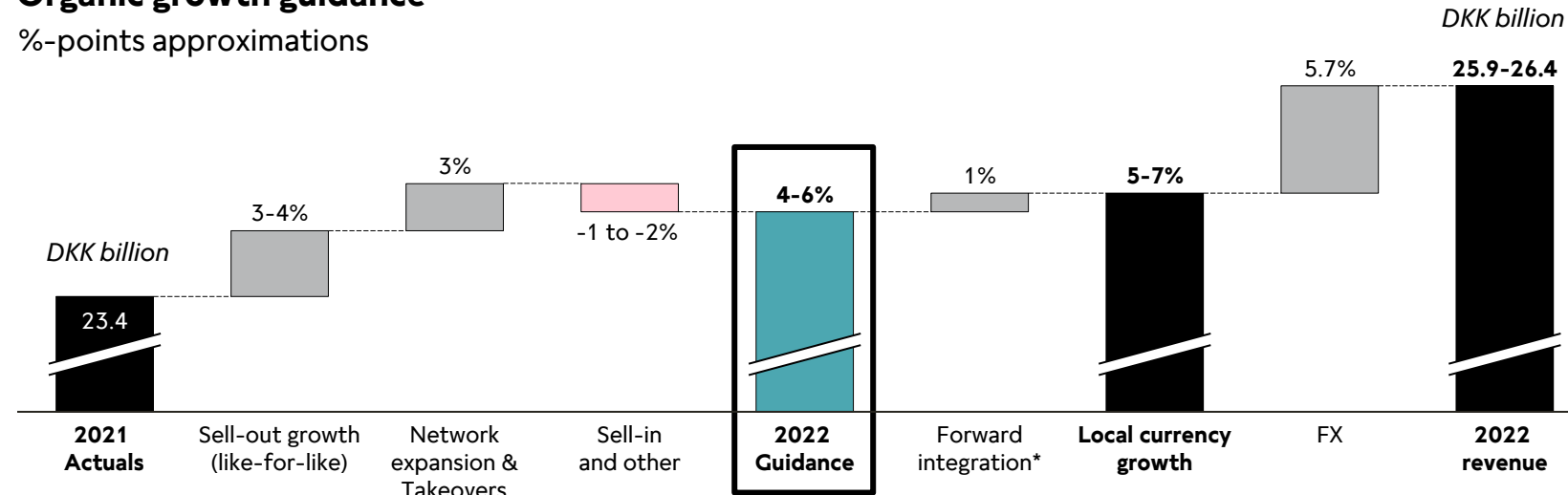


# 2022 ORGANIC GROWTH GUIDANCE

CONFIRMED GUIDANCE OF “4-6%” ORGANIC GROWTH IN 2022

## Organic growth guidance

%-points approximations



\* This only includes the part of forward integration where goodwill is paid (acquisitions)

## GUIDANCE ASSUMPTIONS

- Pandora confirms full year 2022 guidance
- Pandora is currently trading in the upper end of the implied guidance range
- The guidance assumes that network expansion will drive 3% organic growth, up from 2% previously, offset by slightly lower expected sell-in to partners

# 2022 EBIT MARGIN GUIDANCE

EBIT MARGIN GUIDANCE CONFIRMED AT “25-25.5%”

## EBIT MARGIN GUIDANCE 2022

# 25.0%-25.5%

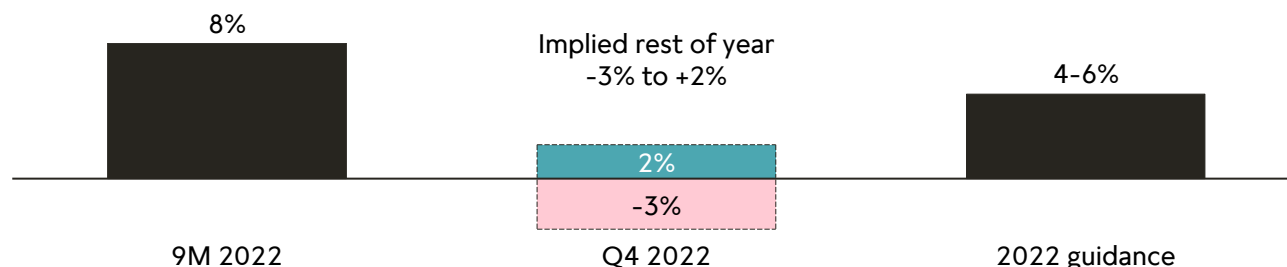
- Pandora maintains the guidance
- At current foreign exchange rates, Pandora expects a tailwind of around 0.8% (previously “around 1%”)
- Fourth quarter expected to be the most profitable, in line with normal seasonality

## OTHER GUIDANCE PARAMETERS

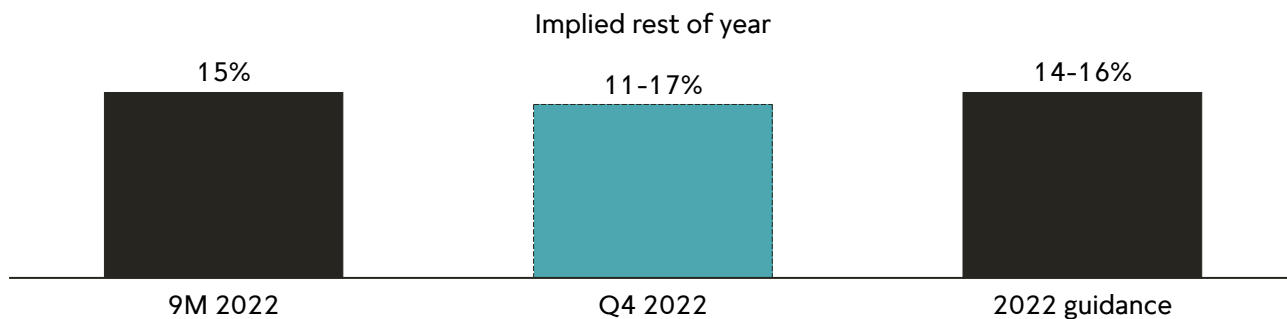
- **CAPEX:** for the year is updated and expected at around 5% share of revenue from previously around 6%
- **Store network:**
  - Concept store network expected to increase by 70-100 net openings (previously 50-100); this do not include stores closed in Russia and Belarus
  - Pandora owned other points of sale expected to increase between 100-125 net openings (previously 75-100).
- **Tax rate:** The effective tax rate is still expected to be 23-24%

# REST OF YEAR – IMPLIED GUIDANCE

## Implied organic growth vs 2021



## Implied organic growth vs 2019



## ORGANIC GROWTH

- The implied rest of year organic growth of -3% to +2% corresponds to 11-17% vs 2019
- The low end of the guidance assumes that the trading conditions worsens during the remaining part of 2022

## EBIT MARGIN

- As previously communicated, Pandora expects a more “normalised” seasonality of profitability in 2022. The Q3 EBIT margin was below last year, and the Q4 margin is expected to be above last year
- The implied EBIT margin guidance for Q4 2022 is above Q4 2021: 31.8% to 32.8% in Q4 2022 compared to 29.7% in Q4 2021

## FIRE AT EUROPEAN DISTRIBUTION CENTER

- The European Distribution Center was affected by a fire on 30 October 2022
- The speed of re-establishing operations in the facility is of essence
- Assuming that the center is back to normal operations in 3-4 weeks, counting from 30 October, Pandora expects some, but manageable financial impact in Q4 2022



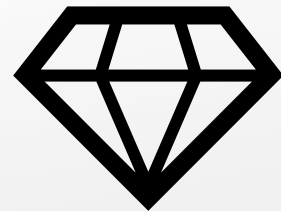
# CLOSING REMARKS



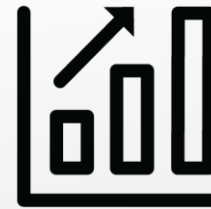
# CLOSING REMARKS



**Well prepared for a potential recession. Pre-emptive cost measures being taken**



**Diamonds by Pandora well received - with more to come in Q4**



**13% organic growth vs 2019 despite 8pp drag from China**



**Full year guidance of 4-6% organic growth and 25-25.5% EBIT margin (unchanged)**

# Q&A

# APPENDIX

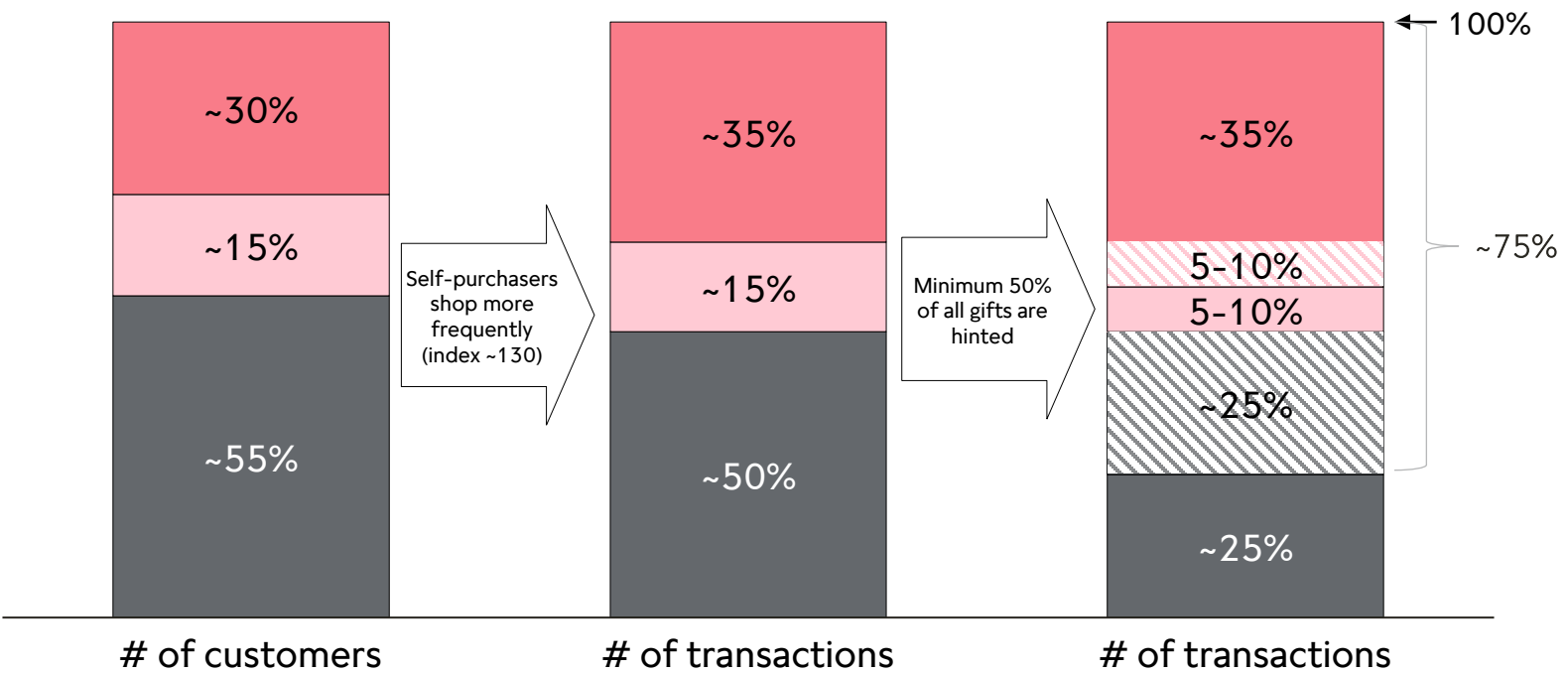


# PANDORA CONSUMER

## CUSTOMER GROUPS

In %

Self-purchasers Female gifters Male gifters Hinted by end-user



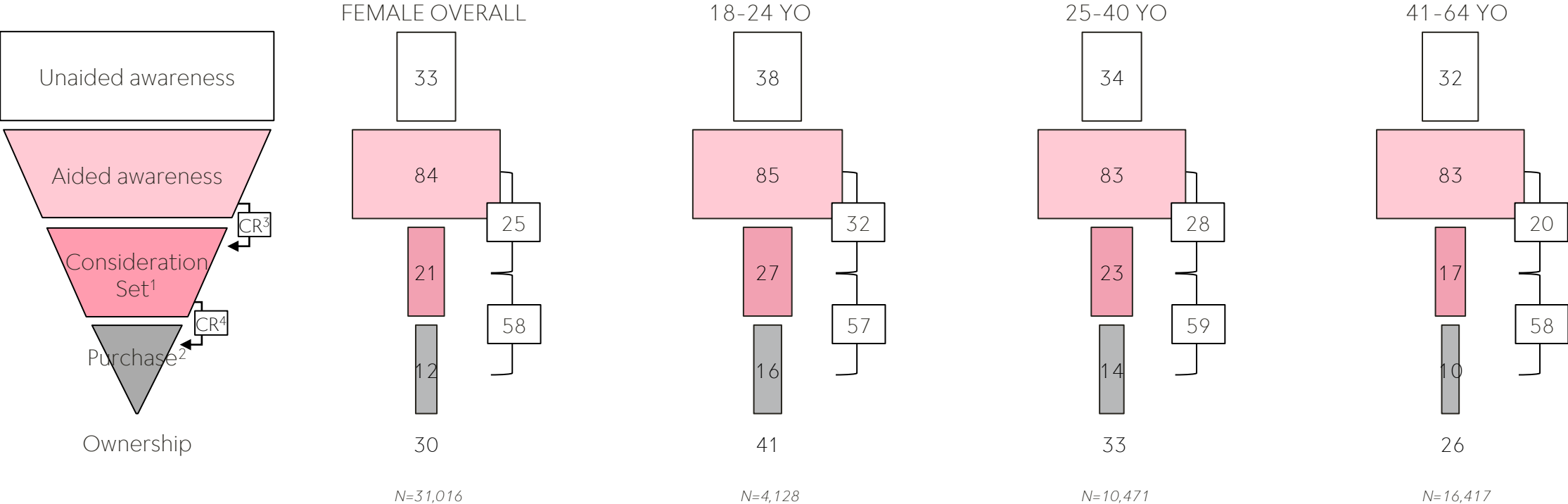
Minimum 75% of all purchases are 'decided' by women

Source: Pandora Brand Tracker 2020; ECP study 2018; Transactional data

# PANDORA CONSUMER

## PANDORA FEMALE FUNNEL SPLIT BY AGE GROUPS

Base: All women



Source: Brand tracker 2021 (January 2021 to December 2021): IT, AU, ES, UK, CA, US, FR and DE  
 (1) Considered: Female self-purchaser or gifter who either considered or purchased the brand in the P12M  
 (2) P12M: Female self-purchasers or gifter who purchased the brand in the P12M  
 (3) %conversion rate: Considered divided by Aided awareness  
 (4) %conversion rate: Purchased P12M divided by Considered

# REVENUE DEVELOPMENT BY GLOBAL BUSINESS UNIT

## QUARTERLY DEVELOPMENT

DKK million	Q3 2022	Q3 2021	<i>Sell-out growth vs 2021</i>	<i>Share of Revenue</i>
<b>Moments incl. Collabs</b>	<b>3,743</b>	<b>3,325</b>	<b>2%</b>	<b>71%</b>
- Moments	3,251	2,948	-1%	62%
- Collabs	492	377	24%	9%
<b>Style</b>	<b>1,520</b>	<b>1,403</b>	<b>-2%</b>	<b>29%</b>
- Timeless	749	722	-2%	14%
- Signature	459	483	-20%	9%
- ME	199	188	125%	4%
- Diamonds by Pandora	113	10	97%	2%
<b>Total revenue</b>	<b>5,263</b>	<b>4,728</b>	<b>1%</b>	<b>100%</b>

## YEAR-TO-DATE DEVELOPMENT

DKK million	9M 2022	9M 2021	<i>Sell-out growth vs 2021</i>	<i>Share of Revenue</i>
<b>Moments incl. Collabs</b>	<b>12,163</b>	<b>10,299</b>	<b>8%</b>	<b>73%</b>
- Moments	10,532	9,190	5%	63%
- Collabs	1,631	1,109	33%	10%
<b>Style</b>	<b>4,444</b>	<b>4,085</b>	<b>2%</b>	<b>27%</b>
- Timeless	2,589	2,435	-2%	16%
- Signature	1,223	1,294	-10%	7%
- ME	501	328	105%	3%
- Diamonds by Pandora	131	28	79%	1%
<b>Total revenue</b>	<b>16,607</b>	<b>14,383</b>	<b>6%</b>	<b>100%</b>

# REVENUE DEVELOPMENT BY CHANNEL

## QUARTERLY DEVELOPMENT

DKK million	Q3 2022	Q3 2021	Organic growth vs 2021	Sell-out growth vs 2021	Share of Revenue
<b>Pandora owned<sup>1</sup> retail</b>	<b>3,637</b>	<b>3,096</b>	<b>6%</b>	<b>0%</b>	<b>69%</b>
- of which concept stores	2,547	2,057	10%		48%
- of which online stores	829	873	-11%		16%
- of which other points of sale	260	166	44%		5%
<b>Wholesale</b>	<b>1,458</b>	<b>1,451</b>	<b>-4%</b>	<b>5%</b>	<b>28%</b>
- of which concept stores	793	858	-8%		15%
- of which other points of sale	665	592	3%		13%
<b>Third-party distribution</b>	<b>168</b>	<b>182</b>	<b>-1%</b>	<b>5%</b>	<b>3%</b>
<b>Total revenue</b>	<b>5,263</b>	<b>4,728</b>	<b>3%</b>	<b>1%</b>	<b>100%</b>

## YEAR-TO-DATE DEVELOPMENT

DKK million	9M 2022	9M 2021	Organic growth vs 2021	Sell-out growth vs 2021	Share of Revenue
<b>Pandora owned<sup>1</sup> retail</b>	<b>11,663</b>	<b>9,450</b>	<b>14%</b>	<b>7%</b>	<b>70%</b>
- of which concept stores	7,717	5,465	28%		46%
- of which online stores	3,146	3,512	-15%		19%
- of which other points of sale	800	474	60%		5%
<b>Wholesale</b>	<b>4,430</b>	<b>4,415</b>	<b>-1%</b>	<b>6%</b>	<b>27%</b>
- of which concept stores	2,393	2,459	-1%		14%
- of which other points of sale	2,038	1,956	-2%		12%
<b>Third-party distribution</b>	<b>514</b>	<b>518</b>	<b>0%</b>	<b>6%</b>	<b>3%</b>
<b>Total revenue</b>	<b>16,607</b>	<b>14,383</b>	<b>8%</b>	<b>6%</b>	<b>100%</b>

<sup>1</sup> Pandora does not own any of the premises (Land and buildings) where stores are operated. Pandora exclusively operates stores from leased premises.

# KEY MARKETS REVENUE AND SELL-OUT GROWTH OVERVIEW

## QUARTERLY DEVELOPMENT

DKK million	Q3 2022	Q3 2021	Sell-out growth vs 2021	Organic growth vs 2021	Share of revenue
US	1,597	1,342	-9%	-3%	30%
China	162	233	-46%	-37%	3%
UK	717	637	5%	13%	14%
Italy	486	527	-5%	-8%	9%
Australia	246	170	40%	33%	5%
France	217	221	-1%	-2%	4%
Germany	254	280	3%	-9%	5%
<b>Total top-7 markets</b>	<b>3,679</b>	<b>3,411</b>	<b>-4%</b>	<b>-2%</b>	<b>70%</b>
Rest of Pandora	<b>1,585</b>	<b>1,317</b>	<b>17%</b>	<b>15%</b>	<b>30%</b>
<b>Total revenue</b>	<b>5,263</b>	<b>4,728</b>	<b>1%</b>	<b>3%</b>	<b>100%</b>

## YEAR-TO-DATE DEVELOPMENT

DKK million	9M 2022	9M 2021	Sell-out growth vs 2021	Organic growth vs 2021	Share of revenue
US	5,087	4,504	-7%	-3%	31%
China	594	904	-49%	-40%	4%
UK	2,190	1,793	17%	20%	13%
Italy	1,668	1,482	14%	12%	10%
Australia	736	639	10%	10%	4%
France	716	624	16%	15%	4%
Germany	813	712	37%	14%	5%
<b>Total top-7 markets</b>	<b>11,803</b>	<b>10,659</b>	<b>1%</b>	<b>3%</b>	<b>71%</b>
Rest of Pandora	<b>4,804</b>	<b>3,725</b>	<b>26%</b>	<b>25%</b>	<b>29%</b>
<b>Total revenue</b>	<b>16,607</b>	<b>14,383</b>	<b>6%</b>	<b>8%</b>	<b>100%</b>



# STORE NETWORK DEVELOPMENT

## STORE NETWORK, OTHER POINTS OF SALE DEVELOPMENT

	Q3 2022	Q2 2022	Q3 2021	Growth Q2 2022 / Q1 2022	Growth Q2 2022 / Q2 2021
Other points of sale (retail)	431	382	279	49	152
Other points of sale (wholesale)	3,204	3,141	3,256	63	-52
Other points of sale (third-party)	332	478	491	-146	-159
<b>Other points of sale, total</b>	<b>3,967</b>	<b>4,001</b>	<b>4,026</b>	<b>-34</b>	<b>-59</b>

## STORE NETWORK, CONCEPT STORE DEVELOPMENT

	Total concept stores					O&O concept stores		
	Number of concept stores	Number of concept stores	Number of concept stores	Growth	Growth	Number of concept stores O&O	Growth O&O stores	Growth O&O stores
	Q3 2022	Q2 2022	Q3 2021	Q3 2022 / Q2 2022	Q3 2022 / Q3 2021	Q3 2022	Q3 2022 / Q2 2022	Q3 2022 / Q3 2021
US	405	394	386	11	19	255	28	69
China	232	219	219	13	13	214	13	11
UK	208	209	211	-1	-3	188	-1	33
Italy	150	145	146	5	4	113	5	6
Australia	120	122	123	-2	-3	41	-1	-
France	122	122	122	-	-	80	-	2
Germany	132	133	135	-1	-3	129	-1	-3
<b>Total top 7 markets</b>	<b>1,369</b>	<b>1,344</b>	<b>1,342</b>	<b>25</b>	<b>27</b>	<b>1,020</b>	<b>43</b>	<b>118</b>
Rest of Pandora	1,105	1,103	1,098	2	7	567	44	66
<b>All markets</b>	<b>2,474</b>	<b>2,447</b>	<b>2,440</b>	<b>27</b>	<b>34</b>	<b>1,587</b>	<b>87</b>	<b>184</b>

# CONSOLIDATED INCOME STATEMENT

DKK million	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	5,263	4,728	16,607	14,383
Cost of sales	-1,227	-1,158	-3,928	-3,402
<b>Gross profit</b>	<b>4,037</b>	<b>3,571</b>	<b>12,679</b>	<b>10,981</b>
Sales, distribution and marketing expenses	-2,483	-2,170	-7,602	-6,404
Administrative expenses	-576	-444	-1,540	-1,416
<b>Operating profit</b>	<b>978</b>	<b>957</b>	<b>3,537</b>	<b>3,161</b>
Finance income	91	52	311	134
Finance costs	-109	-189	-367	-384
<b>Profit before tax</b>	<b>960</b>	<b>820</b>	<b>3,482</b>	<b>2,911</b>
Income tax expense	-226	-184	-818	-655
<b>Net profit for the period</b>	<b>734</b>	<b>635</b>	<b>2,663</b>	<b>2,256</b>
Earnings per share, basic, DKK	7.8	6.4	28.5	22.7
Earnings per share, diluted, DKK	7.8	6.4	28.3	22.6

# WORKING CAPITAL AND CASH MANAGEMENT

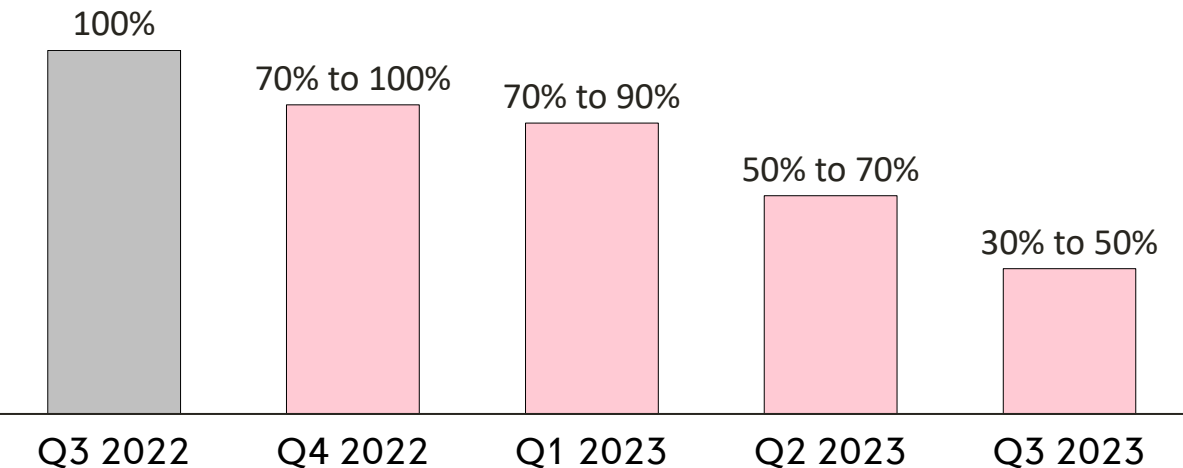
DKK million	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Inventory	5,155	4,239	3,534	2,991	3,197
- Share of revenue (last 12 months)	20.1%	16.9%	14.4%	12.8%	14.4%
Trade receivables	880	663	790	1,009	801
- Share of revenue (last 12 months)	3.4%	2.6%	3.2%	4.3%	3.6%
Trade payables	-2,674	-2,385	-2,504	-3,267	-2,445
- Share of revenue (last 12 months)	-10.4%	-9.5%	-10.2%	-14.0%	-11.0%
Other net working capital elements	-1,111	-1,066	-950	-1,913	-1,503
- Share of revenue (last 12 months)	-4.3%	-4.2%	-3.9%	-8.2%	-6.7%
<b>Net working capital</b>	<b>2,249</b>	<b>1,451</b>	<b>871</b>	<b>-1,181</b>	<b>50</b>
- Share of revenue (last 12 months)	8.8%	5.8%	3.5%	-5.0%	0.2%
Free cash flow incl. lease payments	0	506	-1,442	3,941	502
CAPEX	364	306	158	215	201
% of revenue	6.9%	5.4%	2.8%	2.4%	4.2%
NIBD to EBITDA	1.1x	1.0x	0.9x	0.4x	0.5x
<b>Selected KPIs</b>					
Days Sales of Inventory					
- last 6 months of COGS (183 days)	368	287	182	164	250
Days Sales of Outstanding					
- last 3 months of wholesale and third-party distribution revenue (90 days)	34	24	28	24	33

# HEDGING POLICY AND COST OF GOODS SOLD BREAK DOWN

## Commodity hedging policy is to hedge at least an average of 70% of future 12 months use in production

*For illustrative purposes*

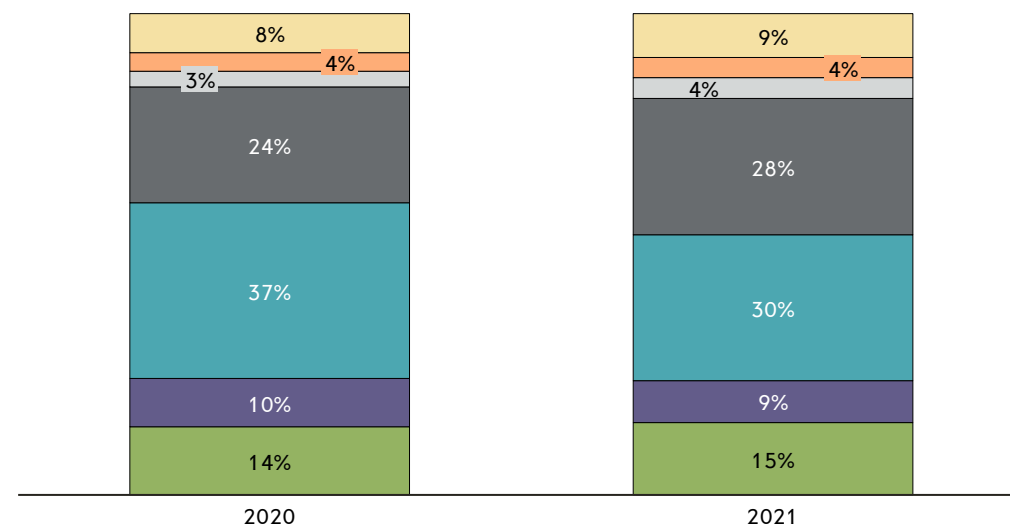
■ Hedged
 ■ Realised



- The impact from commodity price changes is gradual as there exists a 2-7 months time lag from production to sale of the product and effect on the income statement.

## Cost of goods sold break down

■ Other
 ■ Gold
 ■ Production labour & overheads
 ■ Customs & Freight
 ■ Other raw materials
 ■ Silver
 ■ OEM/ODM



- Pandoras metal exposure is mainly towards silver, which consistute almost 30% of the cost of goods sold

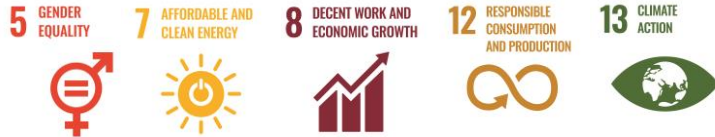
# SUSTAINABILITY AT PANDORA

*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.*

**Our sustainability strategy is comprised of three priorities, which are simultaneously highly material and potential drivers of future growth for our business, namely: low-carbon business, circular innovation, and an inclusive, diverse and fair culture. We have announced long-term targets for each of these priorities.**

*We are committed signatories of the United Nations Global Compact since 2011.*

**Pandora supports the UN Sustainable Development Goals** and have concluded that our business aligns most closely with five of the goals.



## Frontrunner in ESG Investment Performance

For the sixth consecutive year, we received the top rating of AAA in the MSCI ESG Ratings assessment.



## LOW-CARBON BUSINESS

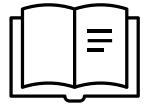
As the world's largest jewellery maker, we are determined to reduce our climate footprint and help set an example for the wider industry.



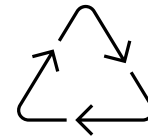
**Carbon neutral**  
in own operations  
by 2025 and  
net zero across  
value chain by 2040



**100% renewable  
energy**  
at our crafting facilities  
achieved annually since  
2021



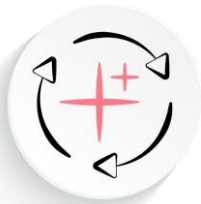
**Science based target  
to reduce emissions  
50% by 2030**  
across own operations  
and full value chain



**97%  
of waste**  
was recycled at our  
crafting facilities in  
2021



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



## CIRCULAR INNOVATION

we strive to ensure that our use of raw materials in both the crafting and sales of our jewellery has the lowest impact possible on the environment, people and communities.

**100%**  
man-made stones  
used in Pandora  
products



**54%**  
recycled gold and silver in 2021.  
By 2025, 100% of products will be  
made from recycled silver and  
gold



**100% certified**  
silver and gold grain suppliers.



## Responsible Sourcing Programme

Pandora is committed to ensuring that suppliers comply with high social and environmental standards. We pursue this commitment through our RSP, which we base on three core objectives for our supply chain, namely: Responsible, Transparent and Traceable.



## INCLUSIVE, DIVERSE & FAIR CULTURE

We want everyone – from our customers, employees and suppliers to our business partners and franchisees – to find themselves reflected in and respected by the Pandora brand.

**43%**  
of the members of our Board of Directors and **23%** of senior leadership were women at the end of 2021. This was on above and on par with the average for companies in Denmark.

**Inclusivity and diversity are essential parts of the Pandora brand** and in 2021 we announced new inclusion and diversity strategy and targets. Our strategy aims to secure an inclusive workplace for all employees, gender parity in leadership and reflect societal diversity in our customer engagement.

## Partnering with UNICEF to empower young people

Pandora and UNICEF have partnered 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.

PANDORA for 

**6.2MUSD**  
donated to UNICEF since 2019

# KEY ESG RATINGS | PANDORA PERFORMANCE

## RATING

## PERFORMANCE



Methodology note, low score = good

**12/100** – Pandora ranked 10<sup>th</sup> (out of 177 companies) in Textiles & Apparel sector



Methodology note, AAA = top score

**Top “AAA” rating** – 6th straight year



Methodology note, A = top score

**C rating** – Top 20% of Industry, B rating is highest industry score



Methodology note, 100 = top score

**43/100**



Methodology note, 100 = top score

**71/100** – Pandora ranked 17<sup>th</sup> (out of 118 companies) in Textiles & Apparel sector



Methodology note, A = top score

**C rating** – European average

# INVESTOR RELATIONS CONTACT DETAILS

## Investor Relations team

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### Bilal Aziz

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## Share information

Trading symbol	PNDORA
Identification number/ISIN	DK0060252690
GICS	25203010
Number of shares	95,500,000
Sector	Apparel, Accessories & Luxury Goods
Share capital	95,500,000
Nominal value, DKK	1
Free float (incl. treasury shares)	100%

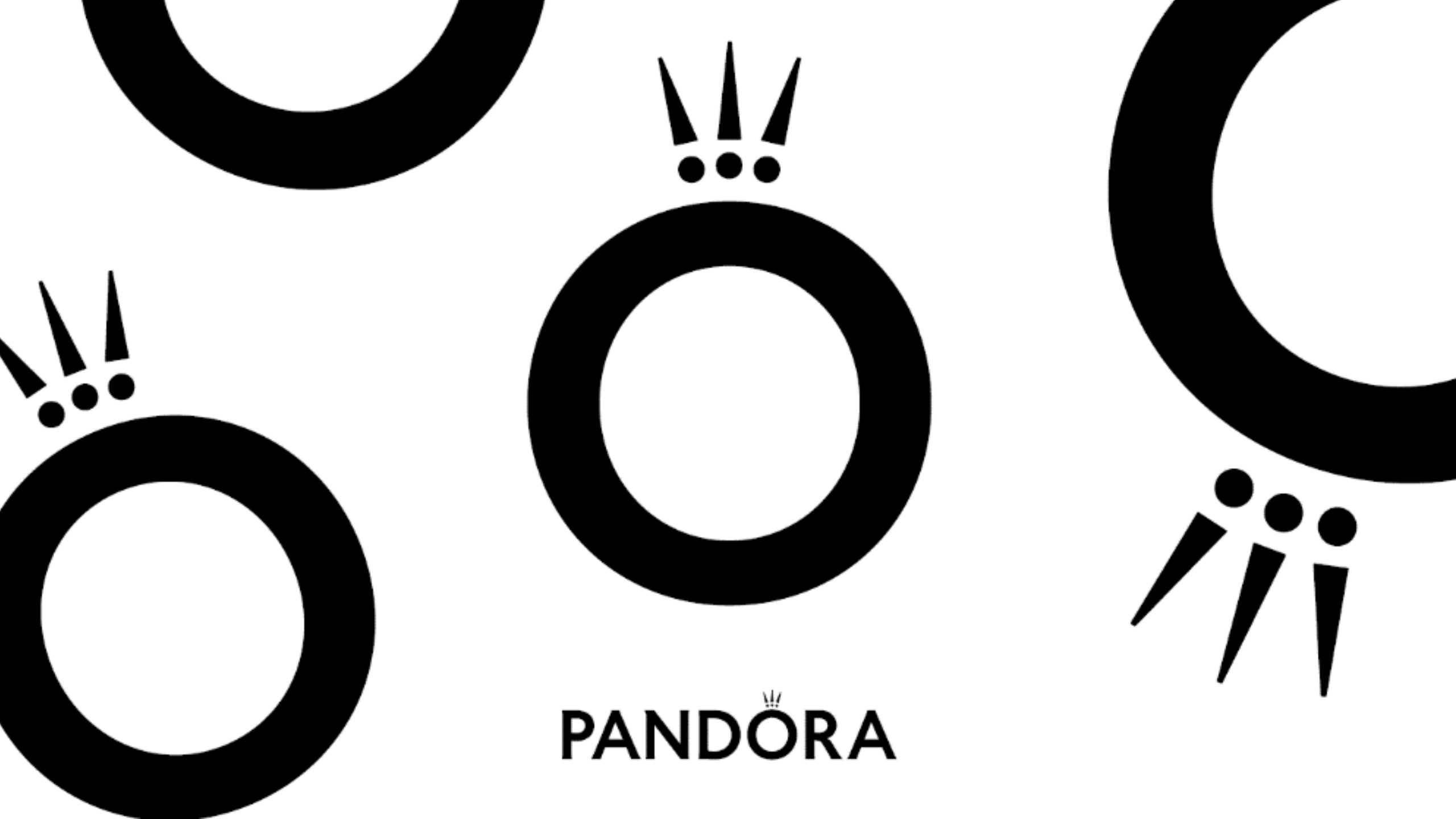
## ADR information

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



# DISCLAIMER

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Company's future financial and operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Company assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements. Some important risk factors that could cause the Company's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and geopolitical uncertainty (including interest rates and exchange rates), financial and regulatory developments, general changes in market trends and end-consumer preferences, demand for the Company's products, competition, the availability and pricing of materials used by the Company, production- and distribution-related issues, IT failures, litigation, pandemics, and other unforeseen factors. The nature of the Company's business means that risk factors and uncertainties may arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Company's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.



PANDORA