



Third Quarter Results 2020

03 NOVEMBER 2020

Agenda of today

EXECUTIVE SUMMARY

COVID-19 status

Update on Programme NOW

Q3 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.

**STAR
WARS** × PANDORA



THE
MANDALORIAN

Brand momentum drives strong underlying performance

- Recent COVID-19 escalation creates new uncertainty to the peak season trading



Well-executed commercial comeback drives further brand improvement in re-opening phase



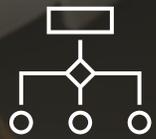
Digital initiatives drives strong online growth of +89%



Sell-out growth positive in 5 out of 7 key markets – US with positive sell-out growth across channels

Programme NOW continues to deliver results

- additional cost reduction potential identified - run-rate target upgraded to DKK 1.6 billion



New operating model drives efficiency with positive business impact



Focus on data-driven growth yielding positive results



11 operational initiatives on top of Programme NOW to cope with social distancing

Agenda of today

Executive summary

COVID-19 STATUS

Update on Programme NOW

Q3 2020 financial performance

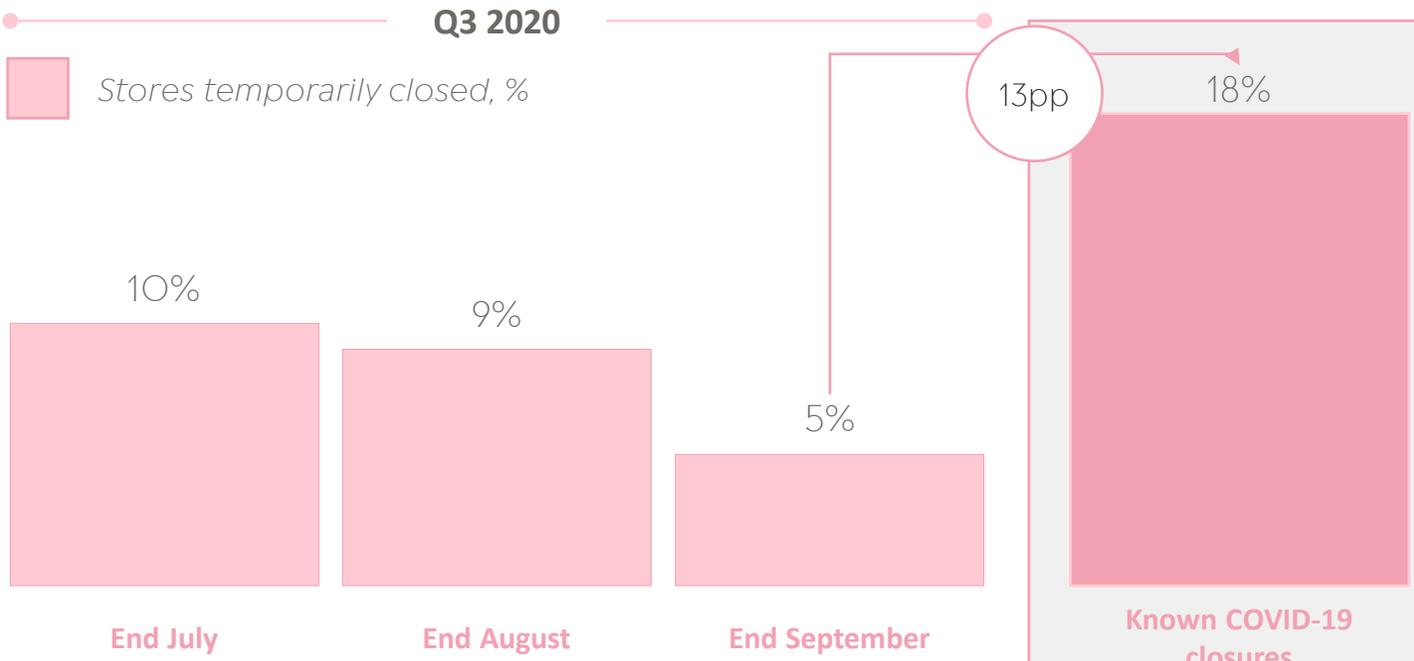
Full year 2020 guidance

**STAR
WARS** × PANDORA



THE
MANDALORIAN

Good recovery in Q3 - new COVID-19 lockdowns escalating



- New surges of COVID-19 led to temporary closures in Australia
- However, the impact on the recovery phase was limited and reopening continued as planned

Q4 STORE OPERATION SITUATION

- 58%** of stores open 100%
- 24%** of stores w/ reduced opening hours
- 18%** of stores are temporarily closed

- COVID-19 wave 2 impacting most of Europe with France and the UK in total lockdown mode of non-essential stores until at least 1 December. Outside of top 7 key markets, lockdowns also are in effect in Ireland, Belgium etc.
- Many markets are imposing severe restrictions ranging from social distancing measures in Germany to curfew in Spain

Commercial comeback has been strong – preparing for peak season

THE STRONG COMMERCIAL COMEBACK IS ENABLED BY PROGRAMME NOW AND BOOSTED BY A NUMBER OF ADDITIONAL INITIATIVES



STRICT COST MANAGEMENT

across the business to ensure healthy liquidity and financial firepower for the commercial comeback initiatives



PROTECTING SALES STAFF

paying salary despite of stores being temporarily closed which has led to a highly-motivated sales team



QUICK STORE READINESS

Standing out in malls with quick re-opening and fresh product assortment



INCREASED MEDIA PUSH

across markets. Utilised the financial strength to push national TV campaigns in key markets

PREPARING FOR PEAK TRADING SEASON

Various commercial and operational initiatives made ahead of peak trading season to deliver a good consumer experience despite of social distancing:

- Doubled the eCommerce capacity in Europe and the US
- Secured more media spots
- Inventory build-up of best sellers
- Virtual and in-store retail measures to cope with social distancing

PREPARING FOR THE PEAK SEASON IN Q4

11 operational initiatives to cope with social distancing will be implemented ahead of Black Friday to ensure a safe shopping environment for customers

EXAMPLES FROM THE SOCIAL DISTANCING BATTLE PLAN FOR PEAK TRADING SEASON

VIRTUAL TRY ON

Enabling customers to virtually inspect items outside of the store: using simulated try-on

JOIN A VIRTUAL QUEUE

Customers join a virtual queue, allowing them to wait in line whilst doing other activities

REMOTE SHOPPING ASSISTANT

The US and the UK are currently piloting booking of online appointments and assistance via a chat

POP-UP SHOPS

Temporarily open around 150 pop-up shops in key cities to minimise queues and traffic

REDIRECT TRAFFIC

In campaigns and in queues in front of stores, Pandora will promote the Online store and the omni-channel service "Endless Aisle"

STRETCHING PEAK TRADING PERIODS

Pandora will use promotional tactics and media planning to stretch the peak trading periods over longer time

Agenda of today

Executive summary

COVID-19 status

UPDATE ON PROGRAMME NOW

Q3 2020 financial performance

Full year 2020 guidance

**STAR
WARS** × PANDORA



THE
MANDALORIAN

Programme NOW yielding desired results



Turnaround objectives

Initiatives

| | |
|-------------------------------|---|
| <p>Brand Relevance</p> | <p>Data-driven growth and personalisation</p> <ul style="list-style-type: none"> Digital spend optimised and increased to reach a targeted audience Step-changing the way Pandora does e-mail marketing by utilising the Pandora Club to personalise e-mails – material performance improvement both in terms of sales and conversion rate |
| | <p>Win in China</p> <ul style="list-style-type: none"> New Chinese management team finally onboarded during Q3 Current focus is on fixing the fundamentals Physical stores improved performance sequentially in Q3 |
| <p>Brand Access</p> | <p>Omnichannel capabilities</p> <ul style="list-style-type: none"> “Click-and-collect” rolled out to more than 275 concept stores in the US and roll-out has begun in the UK Endless Aisle being implemented in all European markets ready for Black Friday |
| | <p>New store concept</p> <ul style="list-style-type: none"> Newly established team with operational focus to drive the next steps and development of the new store concept. |
| <p>Cost Reset</p> | <p>Cost Reset continuation</p> <ul style="list-style-type: none"> Cost reduction target upgraded from DKK 1.4 billion to DKK 1.6 billion (run rate end 2020) The Cost Reset organisation will remain in place after Programme NOW to continue to leverage cost reduction opportunities |

Programme NOW timeline



Conversion rate drives performance – traffic still impacted by COVID-19

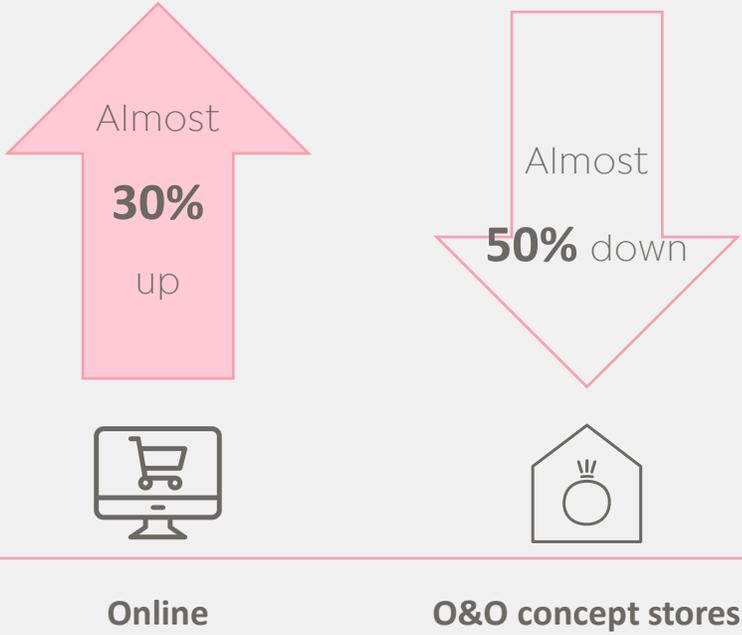


TRAFFIC AND CONVERSION RATE HAVE CHANGED DRASTICALLY...

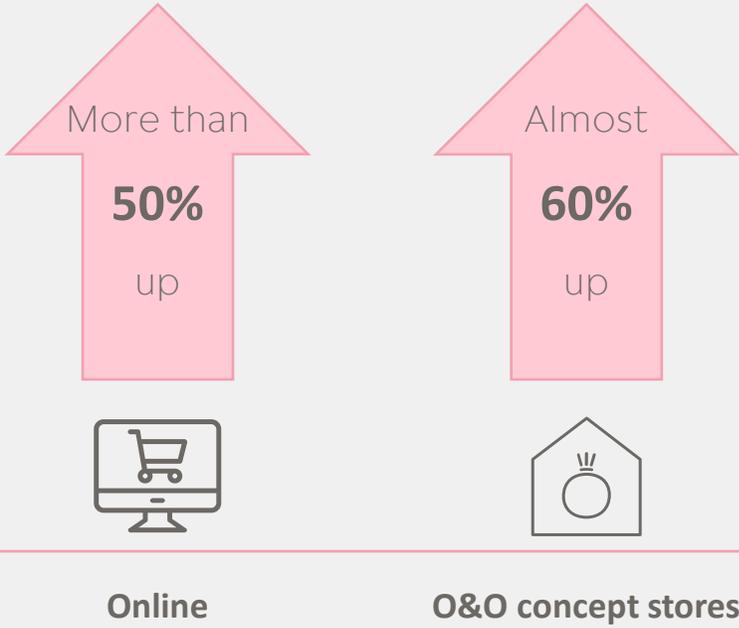
- In-store retail metrics such as Average selling price and Units per transactions remain flattish leading to almost unchanged basket size compared with last year
- Conversion rate and traffic are the metrics that have materially changed



...WITH TRAFFIC BEING VERY DIFFERENT ONLINE VS PHYSICAL STORES



CONVERSION RATE MATERIALLY UP FOR BOTH CHANNELS



Positive sell-out growth in 5 out of 7 key markets

Programme NOW is yielding visible results – a step-change in momentum for key markets

SELL-OUT DEVELOPMENT

Q3 2020

| | |
|-----------|------|
| US | +18% |
| UK | +17% |
| Italy | +1% |
| France | 0% |
| Germany | 23% |
| China | -23% |
| Australia | 6% |
| Group | -2% |

The reorganisation drives speed and supports performance



THE “DIGITAL HUB” BEING RAMPED UP

- Our digital centre of excellence
- Fast-paced innovation
- Inhouse our capabilities - already employs +70 talents
- Accelerate roll-out of “Click-and-collect”
- Further upgrade of the Online store



GLOBAL BUSINESS UNITS - A NEW WAY OF WORKING

- In collaboration with Merchandising and Product, the Global Business Units have been acting fast to adjust marketing campaigns due to COVID-19
- A new “launch and leverage”-approach was initiated for the first time to reactivate newer product platforms such as Pandora ME and the Harry Potter collaboration



NEW CHINA MANAGEMENT IN PLACE

- Since the hire of Jacques Roizen, General Manager for China, in late March, a new management team has been established during Q3
- New management team focusing on functional execution and building the growth plan for China

“Launch & leverage”-approach initiated to reactivate existing product platforms



KEY OBJECTIVE

“Launch & leverage”-
approach to properly
leverage and invest in
successful collections

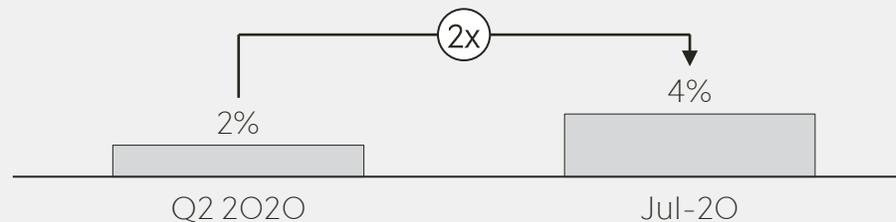


PANDORA ME

Reactivated in early July

- Pandora ME reactivated with launch of new design variations faced by Millie Bobby Brown
- Good uplift in share of business during reactivation

■ Pandora ME, share of business

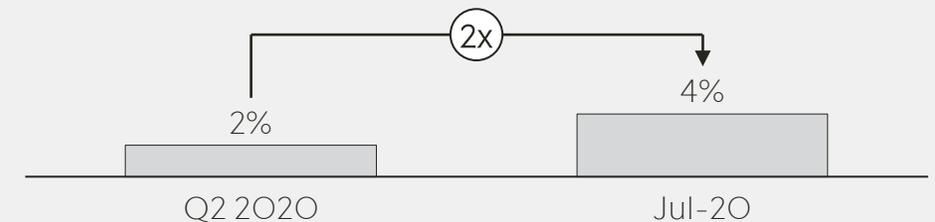


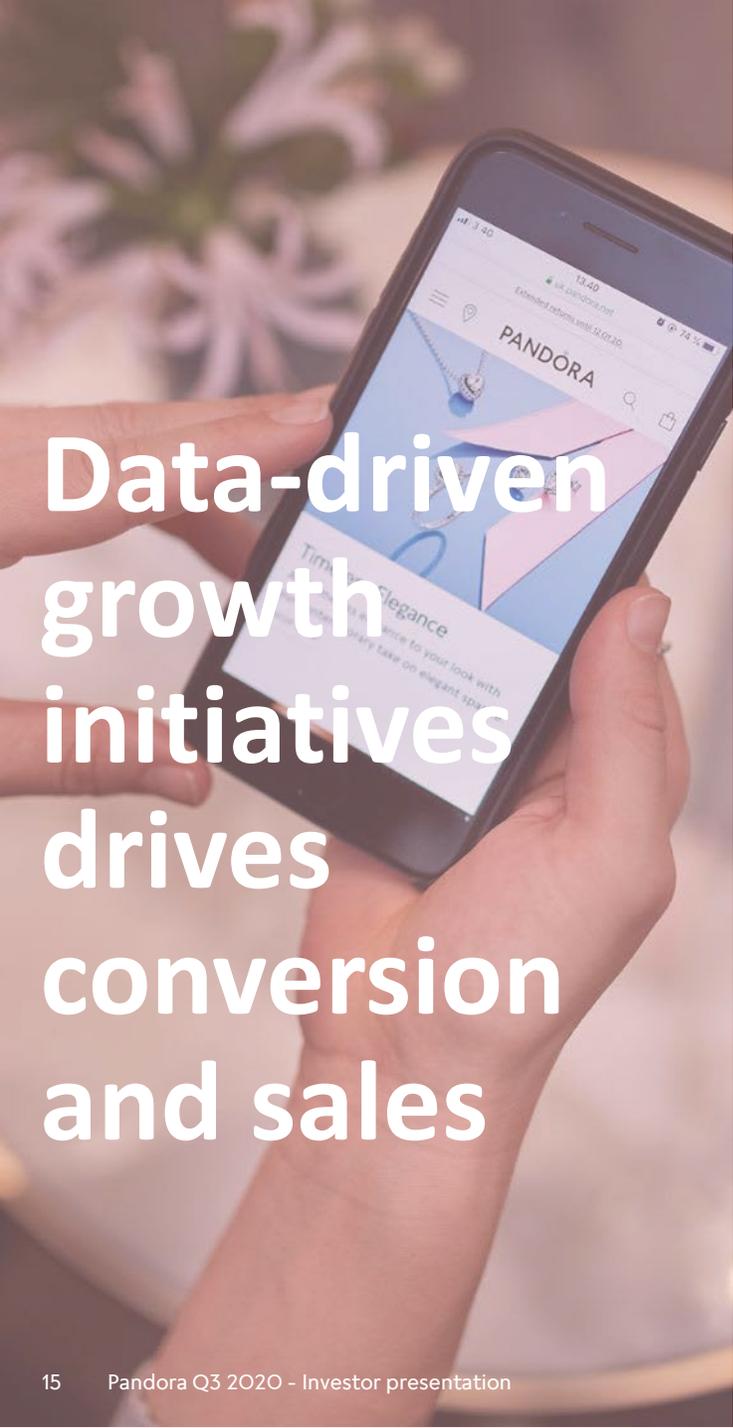
HARRY POTTER x PANDORA

Reactivated in late July

- Focus on building on the collaboration with Warner Brothers and the successful launch in Dec 2019
- Despite the relative low number of design variations (19), good uplift in share of business

■ Harry Potter, share of business

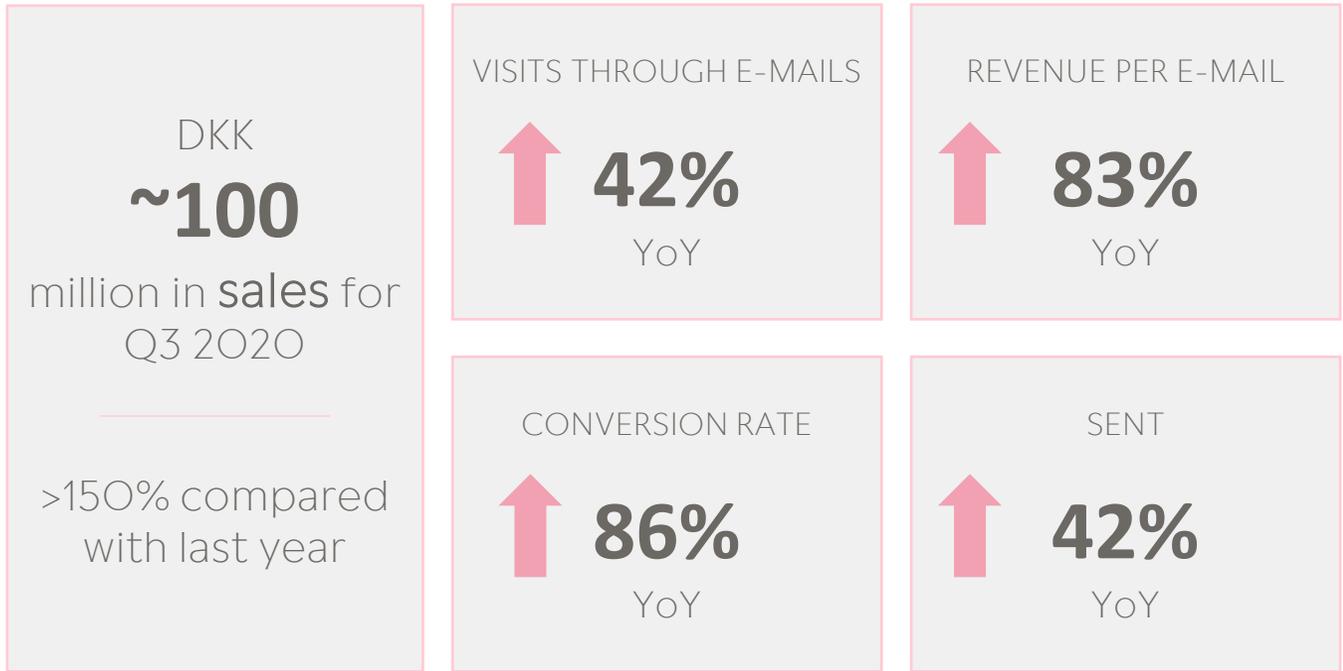




Data-driven growth initiatives drives conversion and sales

EXAMPLE | E-MAIL MARKETING AN IMPORTANT PART OF DATA-DRIVEN GROWTH

A combination of utilising the Pandora Club data, intensifying the focus and optimising the ways of working, e-mail marketing will continue to be an important driver of sales



Data-driven growth initiatives such as e-mail marketing support strong online growth of 89% in Q3

Continued progress on cost savings

- target up from DKK 1.4 billion to DKK 1.6 billion

| COST CATEGORIES | COST INITIATIVES & IMPROVEMENTS | ANNUAL RUN RATE TARGET BY END 2020 (DKK billion) | SAVINGS ACHIEVED (RUN RATE END 2020) |
|-------------------------|--|--|---|
| Cost of sales | <ul style="list-style-type: none"> Further manufacturing efficiencies are gained Structured review of product designs confirms opportunity to enhance designs for manufacturing efficiency and reduced complexity | 0.45-0.48 |  |
| Retail expenses | <ul style="list-style-type: none"> Global Retail organisation is taking further lead on enhancing store labour productivity with local retail teams - supported by tools and analytics Newly established "Network and Franchise management" organisation has identified opportunities to lower rent levels further | 0.35-0.38 |  |
| Administrative expenses | <ul style="list-style-type: none"> Travel spending structurally reduced following new ways of working after COVID-19 | 0.25 |  |
| IT | <ul style="list-style-type: none"> IT transformation completed Efficiencies and savings delivered as planned | 0.20 |  |
| Other | <ul style="list-style-type: none"> Media buying is being tendered and professionalised further to yield more impact (higher return on investments) | 0.3-0.34 |  |

Agenda of today

Executive summary

COVID-19 status

Update on Programme NOW

Q3 2020 FINANCIAL PERFORMANCE

Full year 2020 guidance

**STAR
WARS** × PANDORA



THE
MANDALORIAN

Solid financial results despite continued negative COVID-19 impact

Q3 2020 results

Revenue
DKK **4.1** billion
(-5% YoY growth in local currency)

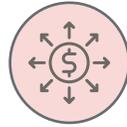
Sell-out growth incl.
temporarily closed stores
-2%
(-11% in Q3 2019)

Organic growth
-5%
(-14% in Q3 2019)

EBIT margin excluding restructuring costs
17.2%
(20.2% in Q3 2019)

Free cash flow
DKK **0.5** billion
(DKK 0.8 billion in Q3 2019)

Q3 2020 key highlights



- Material sequential organic growth improvement to -5% in the third quarter (-38% in Q2 2020)
- Online growth continues to be strong with +89% as both traffic and conversion rate are strong



- Five out of seven key markets delivered positive sell-out growth despite negative COVID-19 impact



- Higher than anticipated EBIT margin. Key drivers are improved top line performance and strong progress on the cost savings programme
- Gross margin remains strong – 1.5pp drag from raw materials and FX development compared to last year



- Cost saving target under Programme NOW increased from DKK 1.4 billion to DKK 1.6 billion

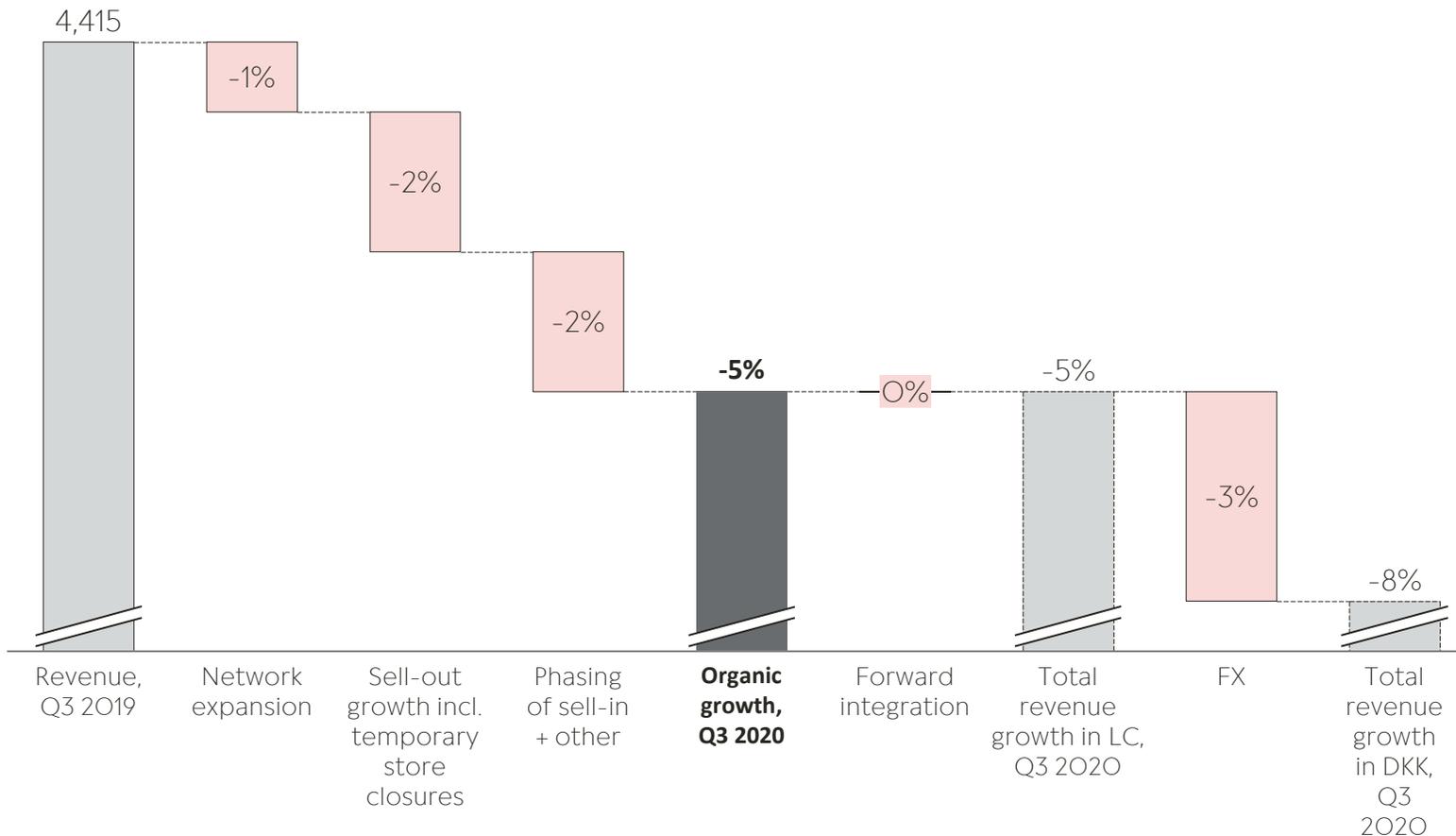


- Strong free cash flow due to continued low working capital levels
- Net working capital at around zero for the 4th quarter in a row

Continued improvement during Q3 2020

Organic growth impacted by phasing of sell-in to wholesale partners

DKK million, %-p growth (approximately)



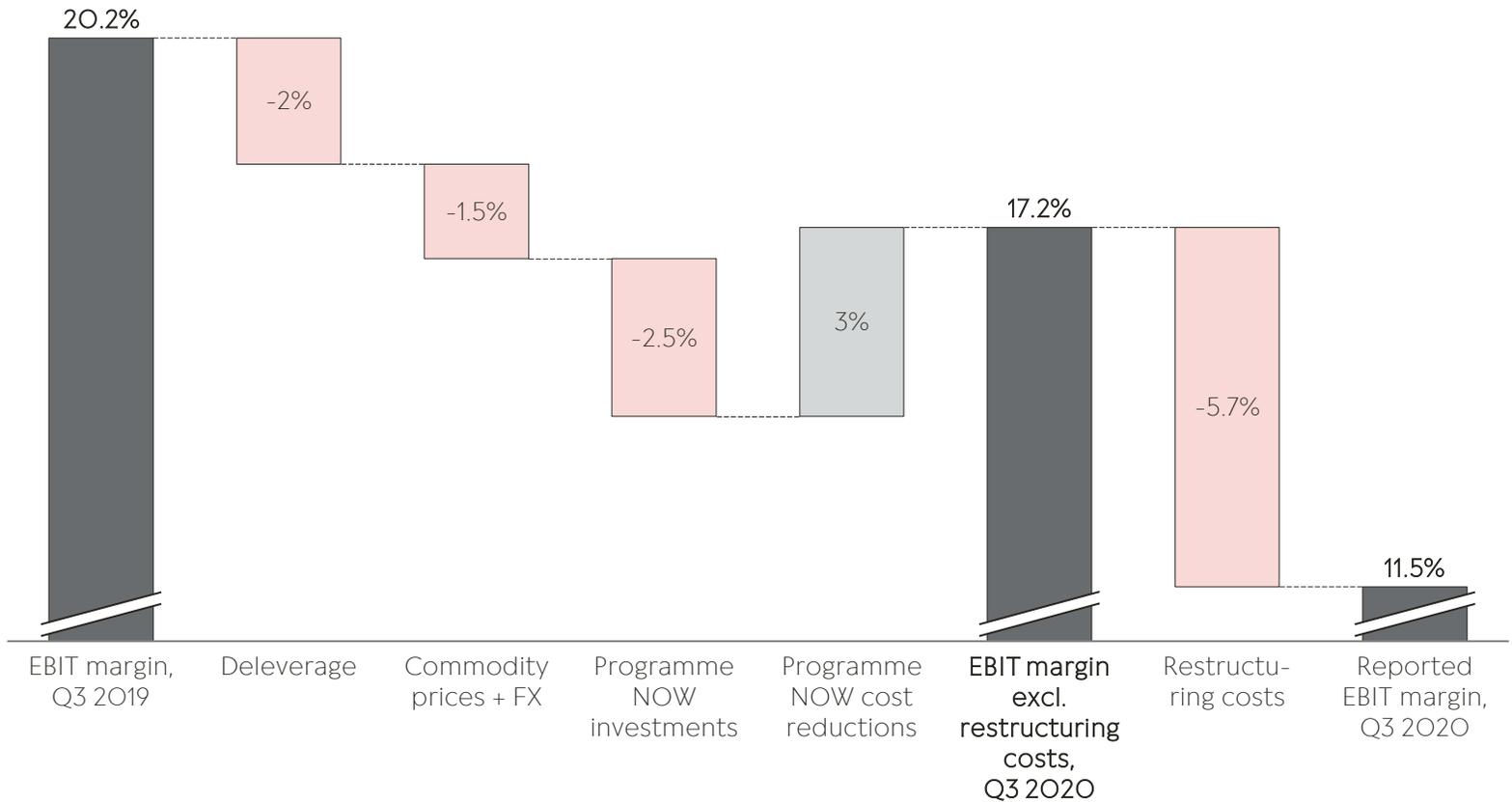
Commentary

- Network expansion has a 1pp negative impact due to net 32 store closures
- Sell-out growth in Q3 was positive in 5 of the 7 key markets. The consolidated number is dragged down into negative territory by markets impacted by COVID-19 (e.g. Spain, Latin America) and China
- Sell-in to Wholesale partners was lower than last year reflecting a cautious inventory approach by partners due to COVID-19

EBIT margin better than expected

EBIT margin 1.5pp below Q3 2019 excluding FX and commodity impact

%-p growth (approximately)

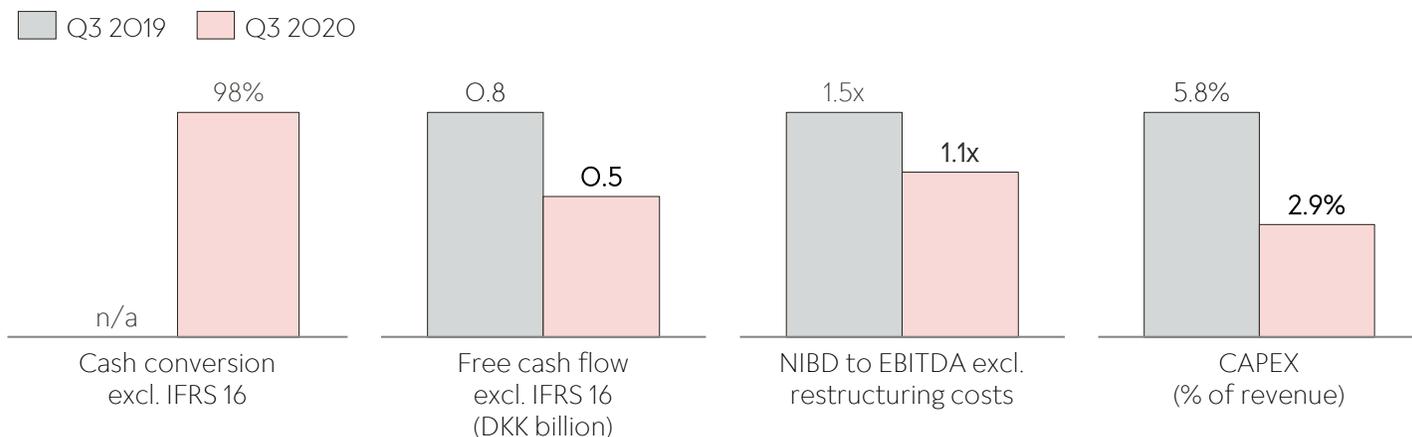


Commentary

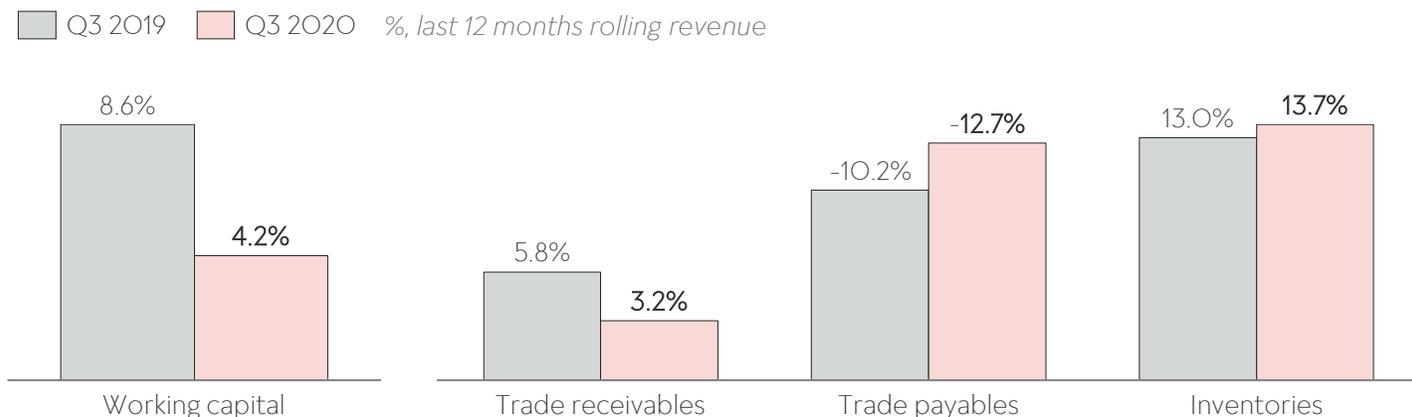
- Profitability impacted by -1.5pp due to the increase in silver prices in 2019 (not related to the current silver price development) and foreign exchange development
- Adjusting for foreign exchange and commodity prices, the EBIT margin is only 1.5pp below Q3 2019 despite COVID-19 impact
- Majority of the realised cost savings were reinvested into driving top line performance, mainly through media, strengthening of the organisation and initiatives to accommodate COVID-19 restrictions
- DKK 0.2 billion restructuring costs are mainly related to the execution of cost reduction projects and consultancy expenses

Strong cash flow despite inventory build-up ahead of peak trading season

Strong cash flow and healthy leverage ratio



Operating working capital continues to be at a low level despite inventory build-up



Commentary

Strong free cash flow

- Strong cash conversion in Q3 2020 – +98% in Q3 2020 and +239% for the first 9 months of 2020
- CAPEX down by more than 50% compared to Q3 2019 as store openings/refurbishments have been paused due to COVID-19
- NIBD to EBITDA excl. restructuring costs materially below the covenant threshold and well within the capital structure policy
 - The liquidity situation is healthy and available loan facilities amount to DKK 7.5 billion by the end of the quarter

Working capital significantly reduced by 4.4pp YoY to 4.2%

- Low working capital driven by low receivables partly offset by inventory build-up ahead of peak trading season
 - Health and quality of inventory is good

Net working capital remained at around zero in Q3 2020 - for the 4th quarter in a row

Agenda of today

Executive summary

COVID-19 status

Update on Programme NOW

Q3 2020 financial performance

FULL YEAR 2020 GUIDANCE

**STAR
WARS** × PANDORA



THE
MANDALORIAN

FINANCIAL GUIDANCE 2020

- Recent COVID-19 escalation creates significant uncertainty

ORGANIC GROWTH

-14% to -17%

EBIT MARGIN EXCL. RESTRUCTURING COSTS

17.5% to 19%

FINANCIAL GUIDANCE CONDITIONS

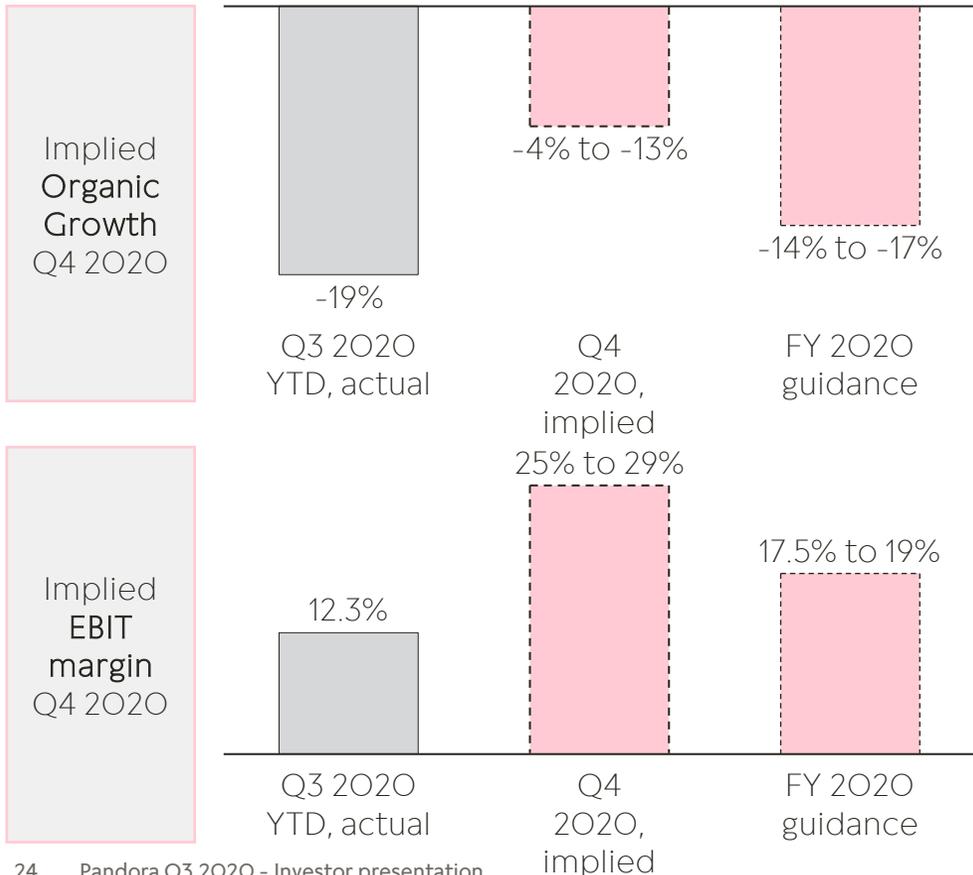
It has previously been communicated that the guidance is conditioned on certain COVID-19 assumptions. These no longer hold true:

- No new material lockdowns (now: UK and France in lockdown)
- Less than 10% of the physical stores will be temporarily closed for the rest of 2020 (now: 18% of stores closed)
- At this point in time, it is not meaningful to update the assumptions due to the uncertain COVID-19 environment
- No changes to guidance, but the recent escalation and potential further escalation of COVID-19 represents a clear downside risk

Implicit guidance implications for Q4 and updated building block



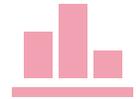
IMPLIED Q4 2020 GUIDANCE



ONE BUILDING BLOCK UPDATED – REST REMAINS UNCHANGED

Summary of building blocks for the guidance

- **Restructuring costs** changed to “DKK 1.2 billion” from “DKK 1.0 billion” and “DKK 1.3 billion” before COVID-19 wave 1
- **Total sell-out growth** similar range as the Organic Growth guidance
- **Net concept store openings** remain at “around net 50 closures”
- **CAPEX** still around “DKK 0.6 billion”
- **Effective tax rate** remains at “22-23%”
- **Cash distribution** continues to be suspended



OCTOBER OFF TO A GOOD START, BUT...

...from Black Friday and onwards, Pandora expects social distancing and other restrictions to negatively impact momentum besides potential further escalation of COVID-19

Exciting product line-up for peak trading season and next year

October 2020

STAR WARS x PANDORA



November/December 2020

CHRISTMAS COLLECTION



January 2021

PANDORA COLOURS



Closing remarks



Material improvement in Q3 –
preparing for peak trading
season



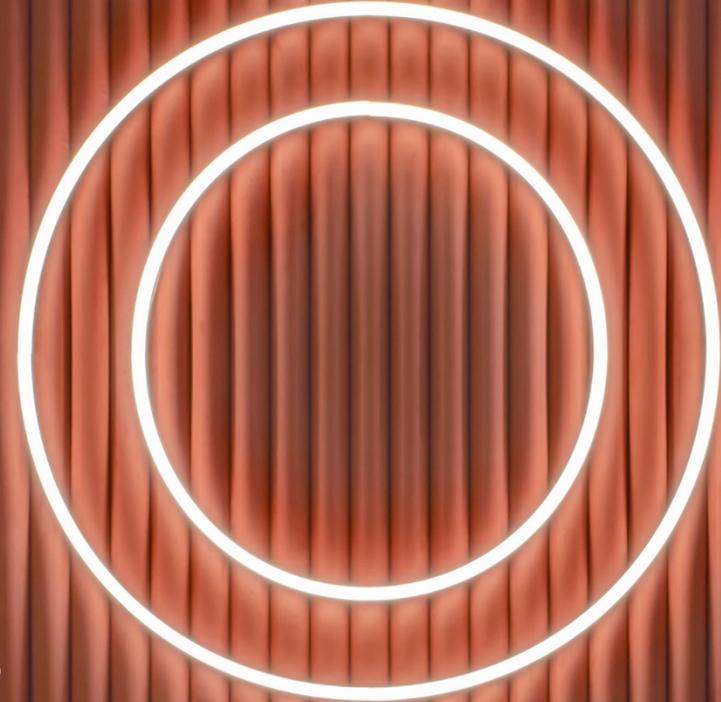
Cost Reset programme
upgraded to DKK 1.6 billion from
DKK 1.4 billion



Programme NOW continues
to deliver positive
results



Positive sell-out growth in
October – but recent COVID-19
escalations significantly increases
uncertainty on guidance

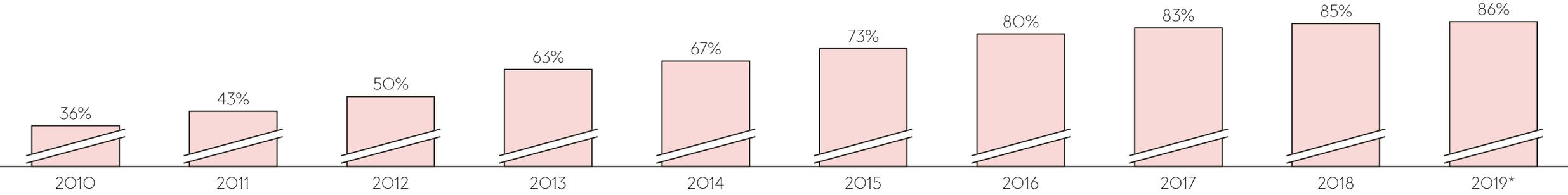


APPENDIX

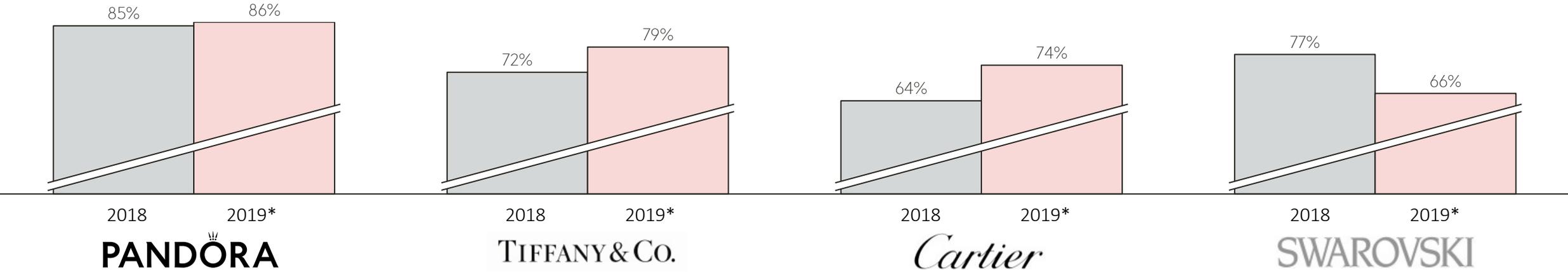


Pandora is the world's most recognised jewellery brand

Aided brand awareness development



Aided brand awareness across selected jewellery companies

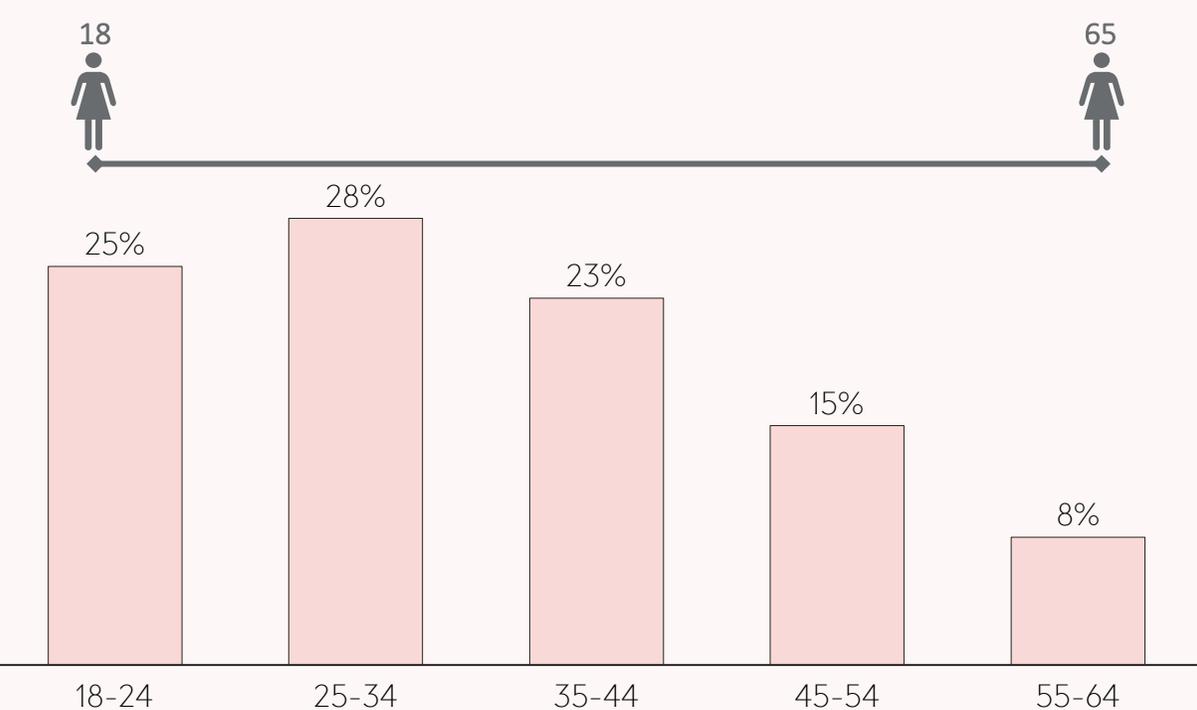


Source: Pandora Brand Tracker 2019 (n=5,874)
 Markets include AU, CN, FR, IT, UK, US
 *Research methodology was changed in 2019 to focus on key markets



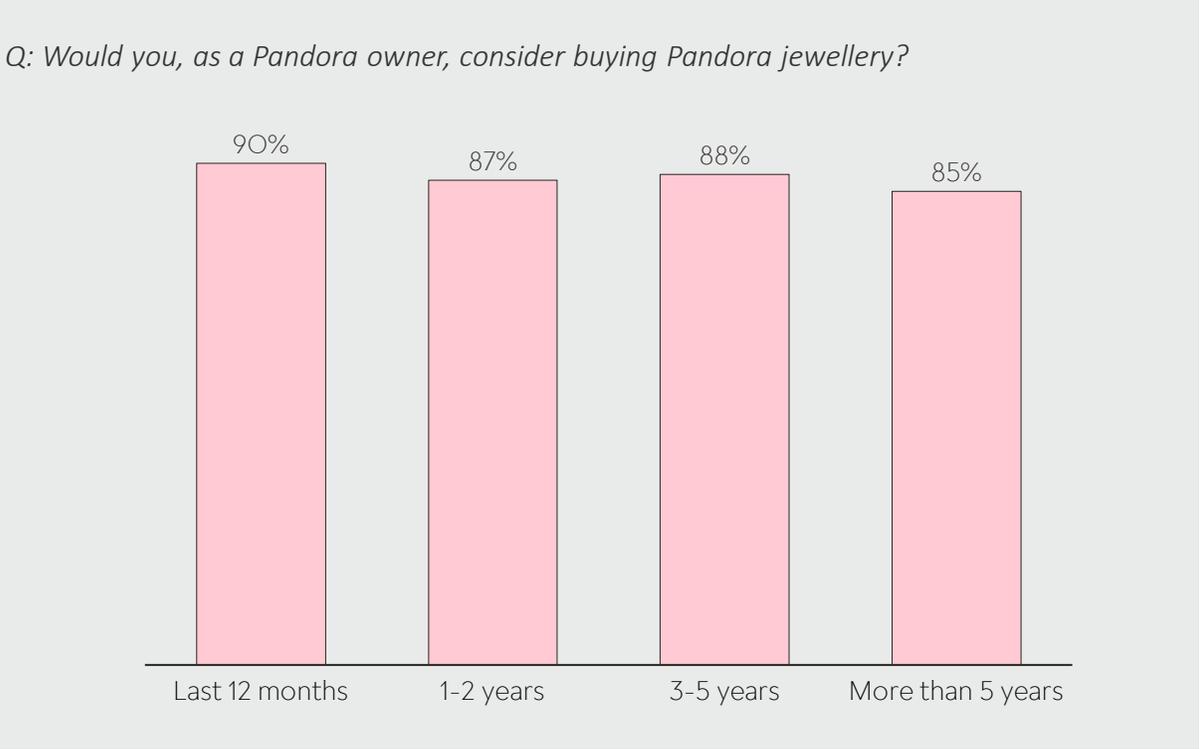
Pandora consumers are across generations and stay loyal

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



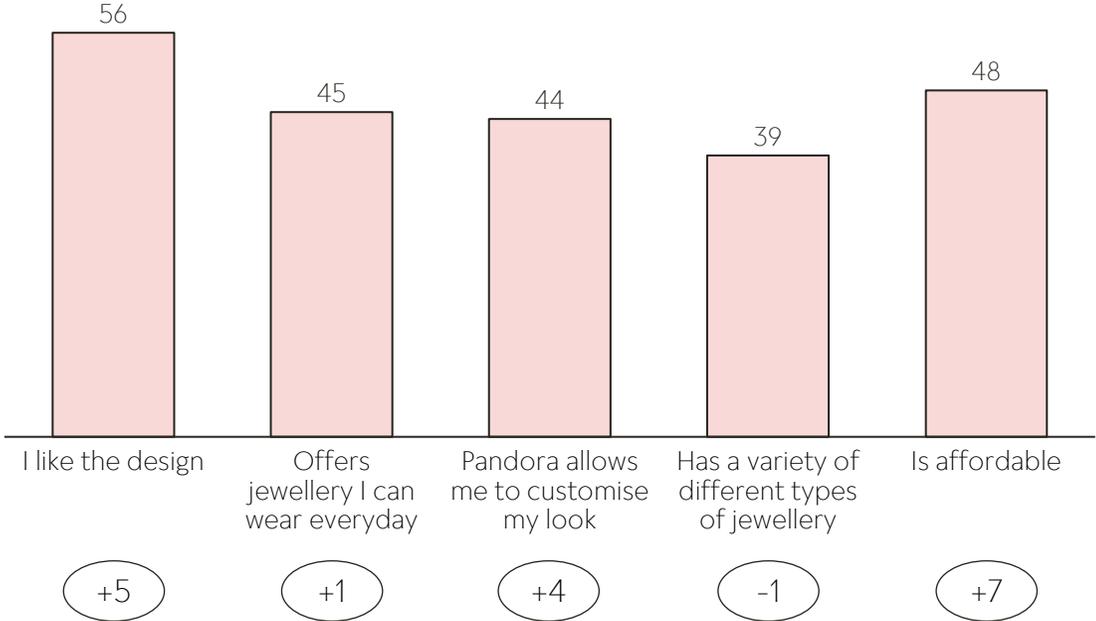
*Survey-data allows for the possibility that share of repurchasers can be slightly higher than previous years active owner-base
 **Deviation in Awareness from funnel-slides caused by different market filters in order to compare to 2014 (excludes CN, CZ, JP, SG and AE)

Pandora consumers have a wide-range of purchase criteria

○ Development 2017-2019, %-point

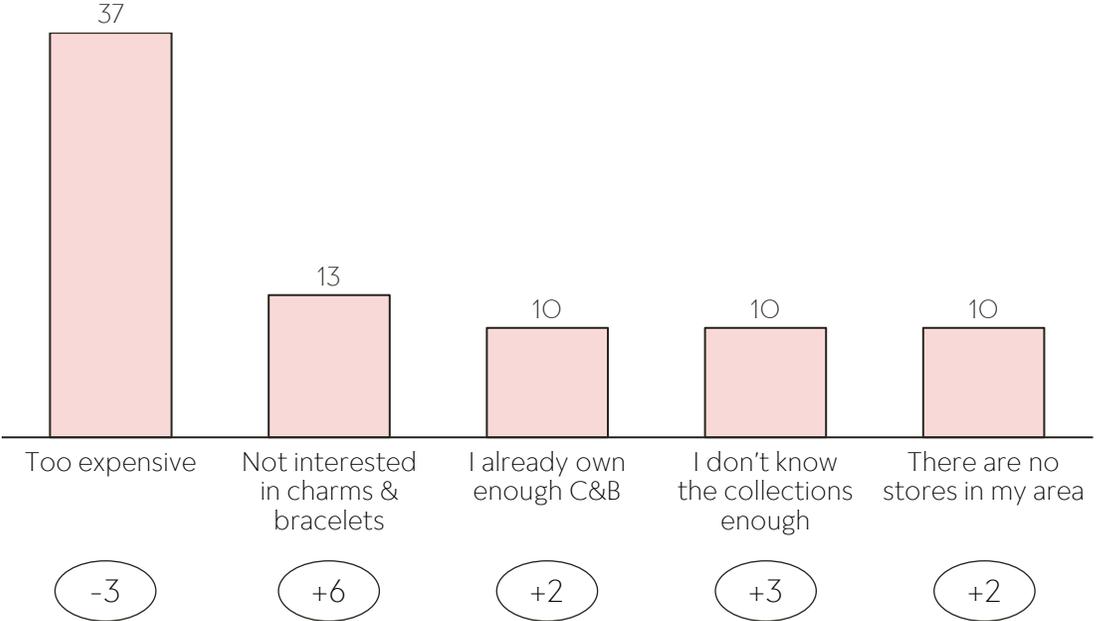
Pandora top 5 purchase drivers

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), %

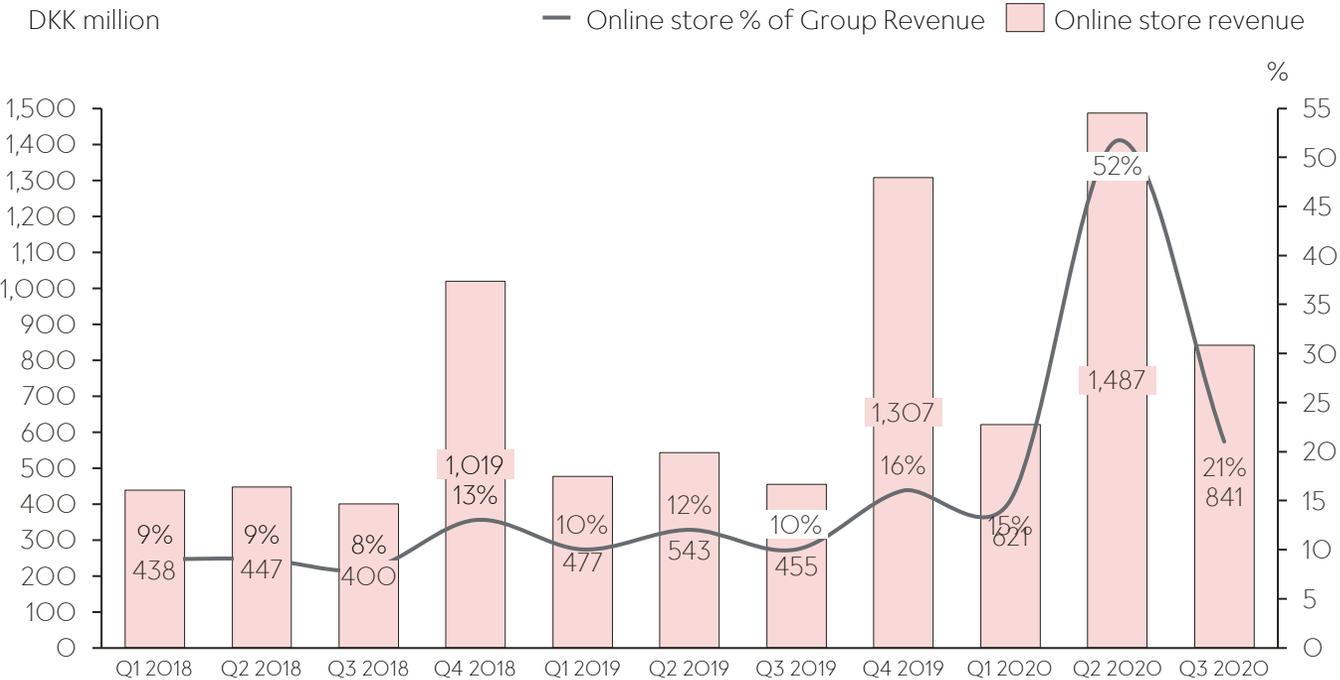


Source: Pandora Brand Tracker 2019
 Note: Markets include AU, CN, FR, IT, UK, US

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

Pandora's online business & presence

Online store development



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



16.6 million Facebook followers



8.1 million followers on Instagram

89%
ORGANIC
GROWTH IN
Q3 '20

21%
REVENUE SHARE OF
GROUP REVENUE IN
Q3 '20

20
MARKETS

SINGLE
DIGIT RETURN
RATES

STRONG
PROFITABILITY

Revenue development by channel and by product category

Channel development

| DKK million | Q3 2020 | Growth, Q3/Q3, LC | Q3 2020 share of revenue | FY 2019 | Growth, FY/FY, LC | FY 2019 share of revenue |
|-------------------------------------|--------------|-------------------|--------------------------|---------------|-------------------|--------------------------|
| Pandora owned retail | 2,799 | 4% | 69% | 14,181 | 8% | 65% |
| - of which concept stores | 1,836 | -12% | 45% | 10,619 | 5% | 49% |
| - of which online stores | 841 | 89% | 21% | 2,782 | 18% | 13% |
| - of which other points of sale | 122 | -19% | 3% | 780 | 22% | 4% |
| Wholesale | 1,113 | -17% | 27% | 6,725 | -24% | 31% |
| - of which franchise concept stores | 640 | -13% | 16% | 3,843 | -25% | 18% |
| - of which other points of sale | 473 | -22% | 12% | 2,882 | -22% | 13% |
| Third-party distribution | 158 | -34% | 4% | 962 | -26% | 4% |
| Total revenue | 4,070 | -5% | 100% | 21,868 | -6% | 100% |

Product category development

| DKK million | Q3 2020 | Growth, Q3/Q3, LC | Q3 2020 share of revenue | FY 2019 | Growth, FY/FY, LC | FY 2019 share of revenue |
|----------------------|--------------|-------------------|--------------------------|---------------|-------------------|--------------------------|
| Charms | 2,062 | -8% | 51% | 11,395 | -8% | 52% |
| Bracelets | 801 | -3% | 20% | 4,216 | -6% | 19% |
| Rings | 591 | -3% | 15% | 3,113 | -4% | 14% |
| Earrings | 280 | 1% | 7% | 1,487 | -1% | 7% |
| Necklaces & Pendants | 337 | 8% | 8% | 1,658 | 0% | 8% |
| Total revenue | 4,070 | -5% | 100% | 21,868 | -6% | 100% |

Key markets revenue and total like-for-like overview

| DKK million | Q3 2020 | <i>Growth Q3/Q3, LC</i> | <i>Sell-out growth incl. temporarily closed stores</i> | <i>Share of revenue, Q3 2020</i> | FY 2019 | <i>Growth FY/FY, LC</i> | <i>Like-for-like FY 2019</i> | <i>Share of revenue, FY 2019</i> |
|----------------------|--------------|-----------------------------|--|--|---------------|-----------------------------|----------------------------------|--|
| EMEA | 2,170 | 3% | - | 53% | 10,740 | -4% | -7% | 49% |
| - of which the UK | 617 | 19% | 17% | 15% | 2,861 | 2% | -7% | 13% |
| - of which Italy | 484 | 3% | 1% | 12% | 2,272 | -8% | -7% | 10% |
| - of which France | 222 | 10% | 0% | 5% | 1,169 | -7% | -11% | 5% |
| - of which Germany | 233 | 24% | 23% | 6% | 963 | -8% | -5% | 4% |
| AMERICAS | 1,147 | -7% | - | 28% | 6,772 | -5% | -5% | 31% |
| - of which the US | 901 | 9% | 18% | 22% | 4,677 | -9% | -5% | 21% |
| ASIA PACIFIC | 754 | -19% | - | 19% | 4,356 | -11% | -15% | 20% |
| - of which Australia | 225 | 16% | 6% | 6% | 1,118 | -16% | -17% | 5% |
| - of which China | 350 | -26% | -23% | 9% | 1,970 | -1% | -11% | 9% |
| Group | 4,070 | -5% | -2% | 100% | 21,868 | -6% | -8% | 100% |

Store network development

| | | Net openings | |
|-------------------------------------|--------------|--------------------|--------------------|
| Number of points of sale | Q3 2020 | Q3 2020 vs Q2 2020 | Q3 2020 vs Q3 2019 |
| Concept stores | 2,689 | -25 | -32 |
| - of which Pandora owned | 1,379 | 6 | - |
| - of which franchise owned | 809 | -19 | -24 |
| - of which third-party distribution | 501 | -12 | -8 |
| Other points of sale | 4,463 | -76 | -266 |
| - of which Pandora owned | 232 | 5 | 35 |
| - of which wholesale | 3,655 | -51 | -244 |
| - of which third-party distribution | 576 | -30 | -57 |
| Total points of sale | 7,152 | -101 | -298 |

Concept stores per market

| | Number of concept stores Q3 2020 | Number of concept stores Q2 2020 | Number of concept stores Q3 2019 | Growth Q3 2020 /Q2 2020 | Growth Q3 2020 /Q3 2019 | Number of O&O Q3 2020 | Number of O&O Q2 2020 | Number of O&O Q3 2019 | Growth O&O stores Q3 2020 /Q2 2020 | Growth O&O stores Q3 2020 /Q3 2019 |
|----------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------|-------------------------------|--------------------------|--------------------------|--------------------------|--|--|
| UK | 217 | 216 | 231 | 1 | -14 | 139 | 127 | 127 | 12 | 12 |
| Russia | 173 | 182 | 186 | -9 | -13 | 0 | 0 | 0 | 0 | 0 |
| Germany | 139 | 138 | 148 | 1 | -9 | 135 | 133 | 142 | 2 | -7 |
| Italy | 146 | 146 | 148 | 0 | -2 | 107 | 107 | 107 | 0 | 0 |
| France | 121 | 121 | 120 | 0 | 1 | 77 | 77 | 75 | 0 | 2 |
| Spain | 90 | 88 | 83 | 2 | 7 | 70 | 70 | 69 | 0 | 1 |
| Poland | 52 | 52 | 49 | 0 | 3 | 37 | 37 | 37 | 0 | 0 |
| South Africa | 30 | 30 | 30 | 0 | 0 | 28 | 28 | 28 | 0 | 0 |
| Turkey | 30 | 30 | 29 | 0 | 1 | 30 | 30 | 29 | 0 | 1 |
| Ireland | 26 | 26 | 28 | 0 | -2 | 21 | 21 | 23 | 0 | -2 |
| Netherlands | 25 | 25 | 27 | 0 | -2 | 25 | 25 | 27 | 0 | -2 |
| Ukraine | 31 | 30 | 28 | 1 | 3 | 0 | 0 | 0 | 0 | 0 |
| Portugal | 26 | 26 | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Belgium | 23 | 23 | 25 | 0 | -2 | 14 | 14 | 15 | 0 | -1 |
| Romania | 23 | 23 | 22 | 0 | 1 | 12 | 12 | 12 | 0 | 0 |
| United Arab Emirates | 18 | 18 | 19 | 0 | -1 | 18 | 18 | 19 | 0 | -1 |
| Czech Republic | 19 | 19 | 19 | 0 | 0 | 10 | 10 | 10 | 0 | 0 |
| Israel | 17 | 17 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Austria | 11 | 11 | 14 | 0 | -3 | 9 | 9 | 9 | 0 | 0 |
| Greece | 11 | 13 | 14 | -2 | -3 | 0 | 0 | 0 | 0 | 0 |
| Denmark | 7 | 7 | 12 | 0 | -5 | 7 | 7 | 12 | 0 | -5 |
| Saudi Arabia | 13 | 12 | 12 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Sweden | 10 | 10 | 11 | 0 | -1 | 10 | 10 | 11 | 0 | -1 |
| Nigeria | 8 | 8 | 10 | 0 | -2 | 0 | 0 | 0 | 0 | 0 |
| Rest of EMEA | 147 | 145 | 138 | 2 | 9 | 22 | 21 | 19 | 1 | 3 |
| EMEA | 1,413 | 1,416 | 1,446 | -3 | -33 | 771 | 756 | 771 | 15 | 0 |
| USA | 401 | 403 | 396 | -2 | 5 | 153 | 156 | 154 | -3 | -1 |
| Brazil | 87 | 91 | 94 | -4 | -7 | 54 | 54 | 56 | 0 | -2 |
| Canada | 78 | 79 | 79 | -1 | -1 | 23 | 23 | 23 | 0 | 0 |
| Mexico | 77 | 76 | 67 | 1 | 10 | 48 | 47 | 41 | 1 | 7 |
| Caribbean | 26 | 26 | 27 | 0 | -1 | 0 | 0 | 0 | 0 | 0 |
| Rest of Americas | 75 | 81 | 68 | -6 | 7 | 13 | 13 | 13 | 0 | 0 |
| Americas | 744 | 756 | 731 | -12 | 13 | 291 | 293 | 287 | -2 | 4 |
| China | 236 | 236 | 234 | 0 | 2 | 225 | 225 | 223 | 0 | 2 |
| Australia | 123 | 123 | 127 | 0 | -4 | 37 | 38 | 38 | -1 | -1 |
| Philippines | 34 | 35 | 36 | -1 | -2 | 0 | 0 | 0 | 0 | 0 |
| Malaysia | 28 | 31 | 31 | -3 | -3 | 0 | 0 | 0 | 0 | 0 |
| Hong Kong | 23 | 28 | 27 | -5 | -4 | 21 | 26 | 25 | -5 | -4 |
| Thailand | 21 | 21 | 18 | 0 | 3 | 0 | 0 | 0 | 0 | 0 |
| New Zealand | 18 | 18 | 18 | 0 | 0 | 9 | 9 | 9 | 0 | 0 |
| Singapore | 11 | 11 | 15 | 0 | -4 | 11 | 11 | 11 | 0 | 0 |
| Rest of Asia Pacific | 38 | 39 | 38 | -1 | 0 | 14 | 15 | 15 | -1 | -1 |
| Asia Pacific | 532 | 542 | 544 | -10 | -12 | 317 | 324 | 321 | -7 | -4 |
| All markets | 2,689 | 2,714 | 2,721 | -25 | -32 | 1,379 | 1,373 | 1,379 | 6 | 0 |

Profitability development

| DKK million | Q3 2020 reported | Q3 2020 Restructuring costs | Q3 2020 excl. restructuring costs | Q3 2019 reported |
|---|------------------|--------------------------------|--------------------------------------|------------------|
| Revenue | 4,070 | - | 4,070 | 4,415 |
| Cost of sales | -888 | 4 | -892 | -1,668 |
| Gross profit | 3,183 | 4 | 3,178 | 2,747 |
| <i>Gross margin</i> | 78.2% | - | 78.1% | 62.2% |
| Operating expenses (incl. D&A) | -2,715 | -239 | -2,476 | -2,945 |
| - of which sales, distribution and marketing expenses | -2,094 | -30 | -2,064 | -2,261 |
| - of which administrative expenses | -621 | -209 | -412 | -684 |
| EBIT | 11.5% | - | 17.2% | -4.5% |
| <i>EBIT margin</i> | | | | |

| 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

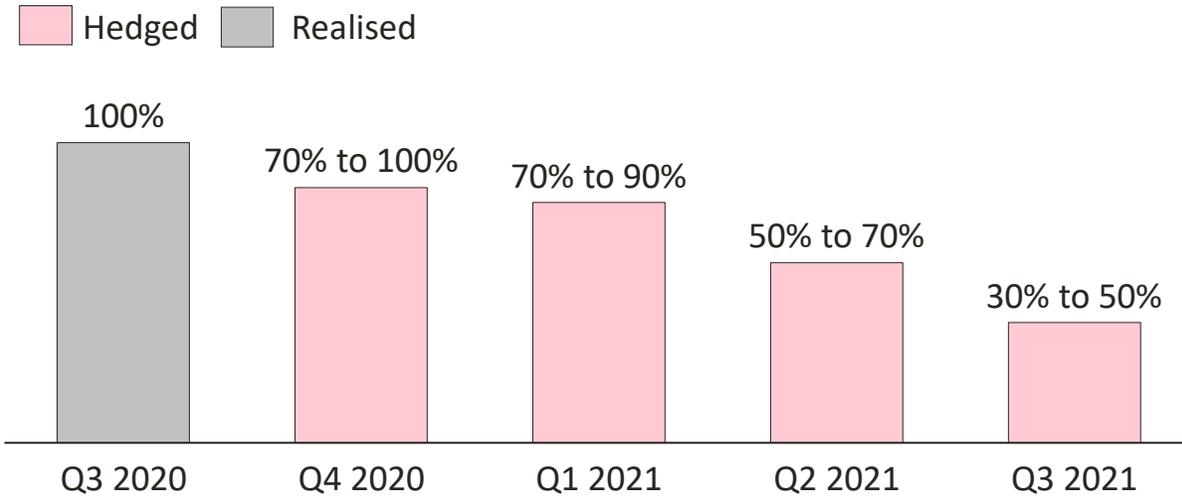
Working capital and cash management

| DKK million | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
|---|------------|------------|------------|------------|--------------|
| Inventory | 2,619 | 2,250 | 2,155 | 2,137 | 2,835 |
| - Share of revenue (last 12 months) | 13.7% | 11.6% | 10.1% | 9.8% | 13.0% |
| Trade receivables | 607 | 602 | 1,081 | 1,643 | 1,256 |
| - Share of revenue (last 12 months) | 3.2% | 3.1% | 5.1% | 7.5% | 5.8% |
| Trade payables | -2,425 | -2,316 | -2,337 | -3,095 | -2,222 |
| - Share of revenue (last 12 months) | -12.7% | -11.9% | -11.0% | -14.2% | -10.2% |
| Operating working capital | 801 | 535 | 899 | 684 | 1,869 |
| - Share of revenue (last 12 months) | 4.2% | 2.8% | 4.2% | 3.1% | 8.6% |
| Free cash flow excl. IFRS16 | 457 | 943 | -272 | 2,760 | 758 |
| CAPEX | 117 | 121 | 129 | 184 | 254 |
| % of revenue | 2.9% | 4.2% | 3.2% | 2.3% | 5.8% |
| NIBD to EBITDA excl. restructuring costs (last 12 months) | 1.1x | 1.1x | 1.3x | 1.5x | 1.8x |
| Selected KPIs | | | | | |
| Days Sales of Inventory - last 6 months of COGS (183 days) | 288 | 228 | 134 | 109 | 182 |
| Days Sales of Outstanding - last 3 months of wholesale and third-party distribution revenue (90 days) | 30 | 89 | 46 | 36 | 49 |

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

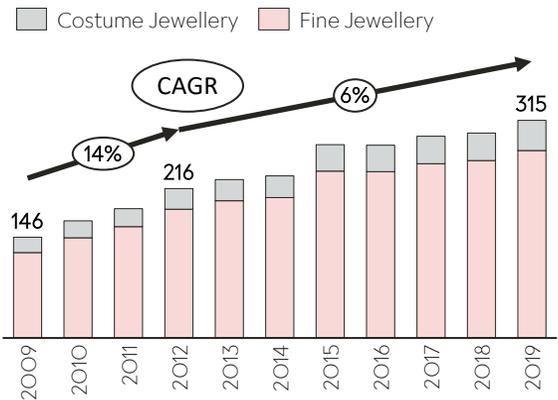
MARKET DEVELOPMENT

Fine jewellery market 2020-2024

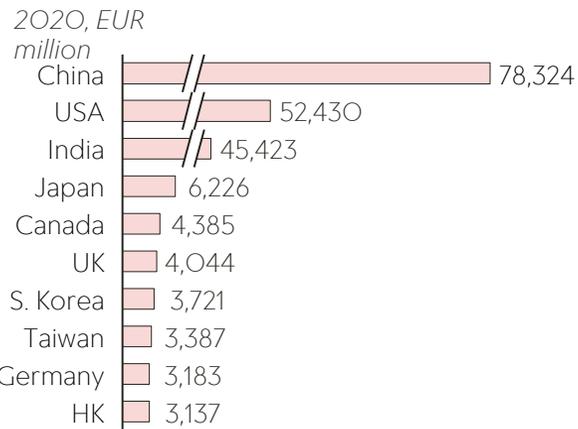


Jewellery market development

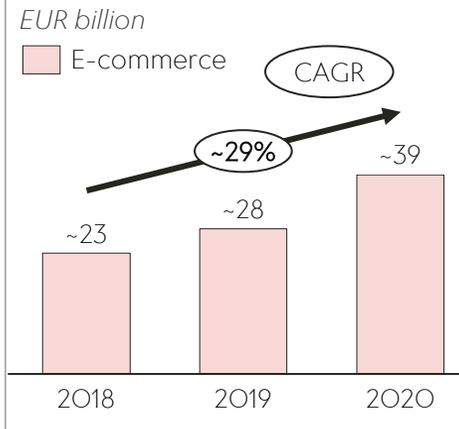
10 years, EUR billion



10 largest jewellery markets

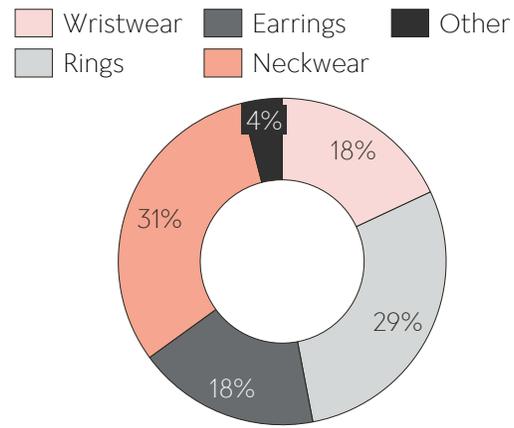


Jewellery eCOM development

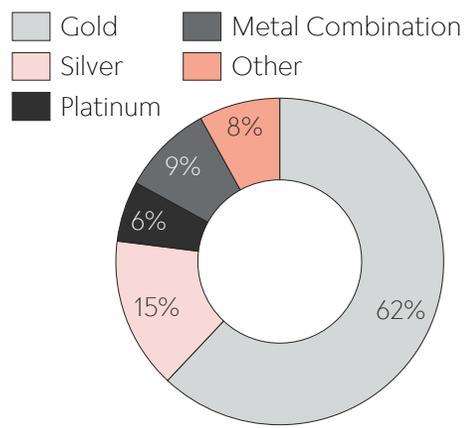


JEWELLERY DEVELOPMENT

Global category share (2020)



Fine jewellery metal split (2020)



World's 10 largest jewellery brands (2019)



Source: Euromonitor

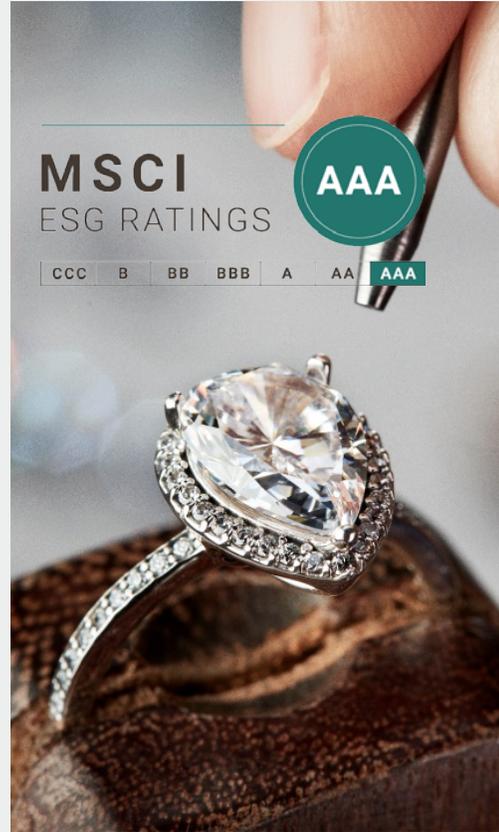
Sustainability

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.



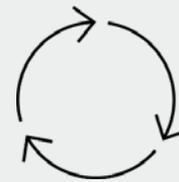
Carbon neutral in own operations by 2025



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

Investor Relations team

Michael Bjergby
 VP, Investor Relations, Tax & Treasury
 +45 7219 5387
 miby@pandora.net



Christian Møller
 Investor Relations Officer
 +45 7219 5361
 chmo@pandora.net



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 |

