INTERIM FINANCIAL REPORT Q2 2022

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CONTENTS

Our equity story

Pandora is a cross-generational brand with unmatched recognition that gives a voice to people's loves. Our jewellery is crafted and hand-finished to the highest ethical and environmental standards at our state-of-the-art crafting facilities in Thailand and made to inspire women to collect, create and combine genuine jewellery at affordable prices.

Pandora's strategy focuses on delivering sustainable and profitable revenue growth building on the vast untapped opportunities within our existing core business. A strong cash generation and attractive cash return will remain.

EXECUTIVE SUMMARY

Growth continues – 3rd straight quarter with record revenue

- ***Diamonds by Pandora*** **to be launched in North America on 25 August**

Highlights

- Organic growth of 3% in Q2 2022 (17% growth vs Q2 2019). On track to deliver on the guidance for 2022
- High quality growth underpinned by solid performance in our core Moments platform, supported by a continued strong performance in Collabs and in particular the new *Marvel* collection
- US was down 12% compared with Q2 2021, as the market is comping the unusual effects from last year's stimulus cheques. US delivered strong organic growth of 59% vs Q2 2019 - in line with Q1 2022.
- Key European markets delivered double digit organic growth vs 2021. Other larger markets like Spain and Mexico also delivered double digit growth
- China was negatively impacted by COVID-19, dragging down group organic growth by 4pp vs 2021 and 7pp vs 2019
- Online continued to perform well with organic growth of almost 100% vs Q2 2019
- The EBIT margin remains strong with Q2 2022 ending at 22.1%
- Free cash flow ended at DKK 0.5 billion. A further deliberate increase in inventories temporarily impacts cash conversion negatively in the quarter
- During Q2 2022, DKK 0.7 billion was distributed to shareholders (year to date DKK 3.5 billion). In total, Pandora plan to distribute DKK 5.3 billion to its shareholders in 2022, equivalent to around 10% of market cap
- Leverage remains low (NIBD to EBITDA at 1.0x) and Pandora has a strong liquidity and funding position
- *Diamonds by Pandora* to be launched in North America on 25 August

Pandoras guidance for full year 2022 is unchanged. Organic growth is expected to end in the range of 4-6% and EBIT margin in the range of 25-25.5%. The macroeconomic outlook is associated with elevated uncertainty.

Alexander Lacik, President and CEO of Pandora, says:
"We are very pleased to see our efforts continuing to pay off as we deliver yet another record revenue quarter. We maintained solid growth vs pre-pandemic levels, despite negative impacts by lockdowns in China and a tough US comparison due to the stimulus cheques last year. Execution of the Phoenix strategy is progressing well, initiatives like network expansion, new store concept development and introduction of a new customer loyalty program to mention a few are on track. We remain optimistic and encouraged by the growth opportunities ahead of us. We are thrilled to announce the launch of our Diamonds by Pandora collection in North America on 25 August. Another important milestone on our mission to democratise the jewellery market."

Financial overview:

DKK million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021	FY 2022 guidance
Revenue	5,655	5,155	11,344	9,655	23,394	
Organic growth, %	***3%***	***84%***	***11%***	***42%***	***23%***	***4-6%***
Sell-out growth incl. temporarily closed stores, %	*2%*	*62%*	*9%*	*41%*	*20%*	
Operating profit (EBIT)	1,249	1,301	2,559	2,204	5,839	
EBIT margin, %	***22.1%***	***25.2%***	***22.6%***	***22.8%***	***25.0%***	***25-25.5%***

FINANCIAL HIGHLIGHTS

DKK million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Financial highlights					
Revenue	5,655	5,155	11,344	9,655	23,394
Organic growth, %	***3%***	***84%***	***11%***	***42%***	***23%***
Sell-out growth incl. temporarily closed stores, %[1]	*2%*	*62%*	*9%*	*41%*	*20%*
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,737	1,762	3,509	3,178	7,838
Operating profit (EBIT)	1,249	1,301	2,559	2,204	5,839
EBIT margin, %	***22.1%***	***25.2%***	***22.6%***	***22.8%***	***25.0%***
Net financials	-27	-21	-37	-113	-461
Net profit for the period	934	992	1,929	1,621	4,160
Financial ratios					
Revenue growth DKK, %	*10%*	*79%*	*17%*	*37%*	*23%*
Revenue growth, local currency, %	*4%*	*85%*	*12%*	*43%*	*24%*
Gross margin, %	*76.4%*	*77.1%*	*76.2%*	*76.8%*	*76.1%*
EBITDA margin, %	*30.7%*	*34.2%*	*30.9%*	*32.9%*	*33.5%*
EBIT margin, %	*22.1%*	*25.2%*	*22.6%*	*22.8%*	*25.0%*
Effective tax rate, %	*23.5%*	*22.5%*	*23.5%*	*22.5%*	*22.6%*
Equity ratio, %	*27%*	*44%*	*27%*	*44%*	*38%*
NIBD to EBITDA	1.0	0.4	1.0	0.4	0.4
Return on invested capital (ROIC), % of last 12 months EBIT	*46%*	*44%*	*46%*	*44%*	*59%*
Cash conversion incl. lease payments, %	*40%*	*98%*	*-37%*	*31%*	*88%*
Net working capital, % of last 12 months revenue	*5.8%*	*-0.3%*	*5.8%*	*-0.3%*	*-5.0%*
Capital expenditure, % of revenue	*5.4%*	*2.7%*	*4.1%*	*2.3%*	*2.7%*
Stock ratios					
Total pay-out ratio (incl. share buyback), %	*77%*	*76%*	*180%*	*46%*	*115%*
Dividend per share, proposed, DKK	-	-	-	-	16
Dividend per share, paid, DKK	-	5	16	5	15
Earnings per share, basic, DKK	9.9	10.0	20.5	16.3	42.1
Earnings per share, diluted, DKK	9.8	9.9	20.3	16.2	41.7
Consolidated balance sheet					
Total assets	20,503	18,277	20,503	18,277	18,542
Invested capital	13,543	11,136	13,543	11,136	9,884
Net working capital	1,451	-57	1,451	-57	-1,181
Net interest-bearing debt (NIBD) incl. capitalised leases	7,926	3,005	7,926	3,005	2,882
Equity	5,617	8,130	5,617	8,130	7,001
Consolidated statement of cash flow					
Cash flow from operating activities	928	1,586	-183	1,270	6,228
Capital expenditure – total	306	138	464	225	641
Capital expenditure - property, plant and equipment	236	64	319	98	341
Free cash flow incl. lease payments	506	1,278	-936	693	5,137

[1]Sell-out growth only include sell-out from all concept stores including partner owned, and Pandora online. Other points of sales are not included in sell-out growth.

Another record revenue quarter as the Phoenix strategy further unfolds

Pandora continued the good start to the year delivering another record revenue quarter in Q2 2022. Organic growth was 3% vs Q2 2021, equal to 17% vs Q2 2019 and keeping up the momentum from Q1 2022. The growth was strong across the majority of markets with key European markets delivering double digit organic growth vs Q2 2021. The performance in Europe was impacted by the temporary COVID-19 store closures in Q2 of last year. At Group level, Pandora had 15% temporary store closures due to COVID-19 in Q2 2021. China represent a significant headwind in Q2 2022, dragging down organic growth by 4pp vs Q2 2021 and 7pp vs Q2 2019. As expected, US ended Q2 2022 with organic growth of -12% vs Q2 2021, following the tough comp from stimulus packages, which kicked in in March last year. Growth in the US remained strong vs Q2 2019 at 59%.

Pandora's biggest product platform, *Moments*, delivered 4% sell-out growth vs Q2 2021. The performance was supported by strong Mother's Day trading, as Pandora continue to see solid traction during key gifting periods. This is encouraging, as it shows the relevance of the Brand during key gifting occasions.

Furthermore, *Moments* were supported by *Collaborations*, which continued the very strong traction from Q1 2022 and was up 34% vs Q2 2021. Growth was supported by the new *Marvel* collaboration. The *Marvel* collaboration builds on Pandora's strong relationship with *Disney* and has proved a solid contributor to revenue growth. *Marvel* has a solid fan base across geographies and fits well into Pandora's universe of self-expression. *Marvel* alone accounted for 2% share of business in the quarter. More products from the *Marvel* universe is planned to be launched later in 2022. Pandora also introduced new *Pixar* designs in Q2 2022, which also supported the strong performance.

Style had -4% sell-out growth vs Q2 2021. The growth was dragged down by both *Timeless and Signature*. Both platforms had no newness during the first half of 2022, but new products will be added to these platforms later in 2022 and 2023. This is a deliberate decision and follows Pandoras merchandising plan, as all platforms will not be supported by new products each quarter. *Pandora ME* grew 72% vs Q2 2021 ending at 3% share of revenue in the quarter. *Pandora ME* has gained good traction in most of the continental European markets, but still need to gain stronger traction in for example US and UK.

Pandora steps into the diamond market - launch of *Diamonds by Pandora* in North America

Pandora has previously communicated that a global sequential launch of Diamonds by Pandora (previously called Pandora Brilliance) would be initiated in 2022. Today, Pandora confirms that the first market in the global sequential launch is North America. North America is the biggest market for lab grown diamonds. Diamonds by Pandora will be available for consumers from 25 August across 269 Pandora stores in US and Canada as well as online. The price range will start at USD 300 with stone ranges from 0.15 to one carat. The collection will include 33 pieces consisting of rings, bangles, necklaces and earrings, each featuring a solitary lab-created diamond hand-set within sterling silver, solid 14K yellow gold or solid 14K white gold.

The introduction of Diamonds by Pandora in North America follows a UK test launch in 2021. At the time of initiating the UK test launch, Pandora also announced that it would stop using mined diamonds. Launching Diamonds by Pandora in North America is a key element in the Phoenix strategy and one of the essential new potential sources of growth. Today, 75% of Pandoras revenue is generated by the Moments platform, and it is Pandoras ambition to continue to grow this platform, however simultaneously fuel its product offering with more platforms. Diamonds by Pandora is a unique opportunity to drive incremental revenue growth and it has the potential to become a new meaningful platform for Pandora over time. With this platform, Pandora is tapping into the DKK ~600 billion diamond market (*BAIN 2022, The Global Diamond Industry 2021–22*) in which lab grown jewellery diamonds are expected to grow.

REVENUE BY SEGMENTS

DKK million	Q2 2022	Q2 2021	*Sell-out growth vs 2021*	*Share of revenue*	H1 2022	H1 2021	*Sell-out growth vs 2021*	*Share of Revenue*
Moments incl. Collabs	4,223	3,722	***4%***	***75%***	8,420	6,973	***11%***	***74%***
- Moments	3,680	3,376	*1%*	*65%*	7,281	6,242	*8%*	*64%*
- Collabs	543	346	*34%*	*10%*	1,138	732	*38%*	*10%*
Style	**1,432**	**1,433**	***-4%***	***25%***	**2,924**	**2,682**	***3%***	***26%***
- Timeless	895	886	*-7%*	*16%*	1,840	1,712	*-1%*	*16%*
- Signature	368	447	*-13%*	*7%*	764	811	*-5%*	*7%*
- ME	159	82	*72%*	*3%*	301	140	*95%*	*3%*
- Diamonds by Pandora	10	18	*-22%*	*0%*	19	18	*59%*	*0%*
Total revenue	**5,655**	**5,155**	***2%***	***100%***	**11,344**	**9,655**	***9%***	***100%***

New loyalty programme and new store concept show promising results

One of the growth pillars in the Phoenix strategy is *Personalisation*, which aim to drive a more seamless and personalised customer experience. In Q1 2022, Pandora soft launched its new loyalty programme, *My Pandora*, in France and will roll it out to more markets in 2023. The soft launch in France has so far showed strong results and roughly 250,000 consumers have so far signed up and more than 60% of the consumers enrolled into the programme have made a purchase. *My Pandora* represents a significant opportunity for Pandora, as it enables a more emotional connection with the consumers. Furthermore, it provides the possibility to target consumers directly and thereby drive a higher frequency of repeat purchase. Through *My Pandora*, Pandora gets access to quality consumer data more effectively than today. Consumers are willingly sharing interests and style preferences when signing up, allowing Pandora to personalise marketing campaigns when engaging with them. *My Pandora* is a key enabler for Pandora to complete a true omni-channel experience both online and in-store, as the programme allows store staff to easily identify consumer interests and purchase history.

Another enabler in completing and succeeding with a true omni-channel experience is the new store concept called *Evok*e, which Pandora is currently testing across its key markets. So far, 12 stores have been opened across five markets in US, China, UK, Italy and Germany. The initial results of the launch are positive, and Pandora expects to open more than 35 new Evoke stores during Q3 and Q4 2022 with more to come in 2023. Pandora sees that consumers have more interaction with perimeter walls in the Evoke stores and dwell time has increased roughly 40%. This allows consumers to be more inspired by the various collections and open up for new possibilities to engage with consumers for store staff. *Evoke* has furthermore outperformed during peak periods, indicating that it operationally works very well. This is a key parameter for success. On average, Pandora has seen Evoke delivering a slightly higher sell-out growth than comparable stores.

Network expansion supporting growth and margins

In Q2 2022, Pandora saw an incremental revenue contribution of DKK 190 million coming from new store openings and forward integration. Of the DKK 190 million, roughly DKK 75 million is accounted for as acquisitions (goodwill paid) and thereby not included in organic growth. On average, Pandora see a revenue markup of roughly 1.8-2.0x when converting wholesale revenue to retail revenue.

Pandora sees significant opportunities ahead when it comes to adding value creation through network development. Both through new store openings, but also potential takeovers or acquisition of franchise partners where it make sense for both parties. Regarding new store openings, Pandora has identified roughly 600 locations across its top markets where it sees a potential for opening up a new store. Of these 600 stores, 50% are in US and China, and 80% are concept stores. During 2022 and 2023, Pandora plan to start capitalising on these locations by opening up net

100-150 concept stores. Opening of new stores is EBIT margin accretive, has a short payback on the initial CAPEX investment of roughly one year and an attractive, low-risk profile. New lease contracts are in most cases quite flexible and include regular break clauses. In 2022, Pandora expects to open net 50-100 concept stores and net 75-100 Pandora owned other points of sales. Other points of sales has roughly the same margin profile as concept stores, but revenue is lower.

Franchise takeovers are based on potential, performance, operational set-up and scale and is assessed on a case-by-case basis. Since Q2 2021, Pandora has added 109 owned and operated concept stores through forward integration of which 64 stores are accounted for as takeovers (included in organic growth as no goodwill is paid). When Pandora takes over or acquire a store from a franchise partner it is roughly EBIT margin neutral, as Pandora takes on the full operational expenses but at a revenue markup of around 1.8 to 2. Additionally, Pandora recognises a temporary drag on gross margin from inventory buybacks as Pandora for a 3-6 months period has the gross margin of a wholesaler while the inventory bought back is sold. The drag was 1pp in Q2 2022 and is expected to continue in Q3 and Q4.

Production and pandemic in Thailand

The pandemic continues to require extraordinary measures in Thailand to protect both employees and the production. By the end of March 2022, Pandora had 1,200 employees in COVID-19 related quarantine in Thailand. During Q2 2022, the situation improved significantly and today around 600 employees are in quarantine. During the quarter, Pandora deliberately invested in building further inventories and production capacity to mitigate the risk of potential future disruptions to the supply chain as well as to support revenue growth. Inventories are now roughly at the targeted level but as part of normal seasonality ahead of the Q4 peak season, inventories will build up further during Q3.

As previously communicated, Pandora will increase production capacity by building two new production sites, one in Northern Thailand and one in Vietnam. The two new sites will increase total capacity to more than 200 million pieces a year by 2026 vs roughly 130 million today. The new sites also serve to strengthen business continuity plans. Total CAPEX investment for the two factories are currently estimated at around USD 200 million towards 2026.

Performance metrics

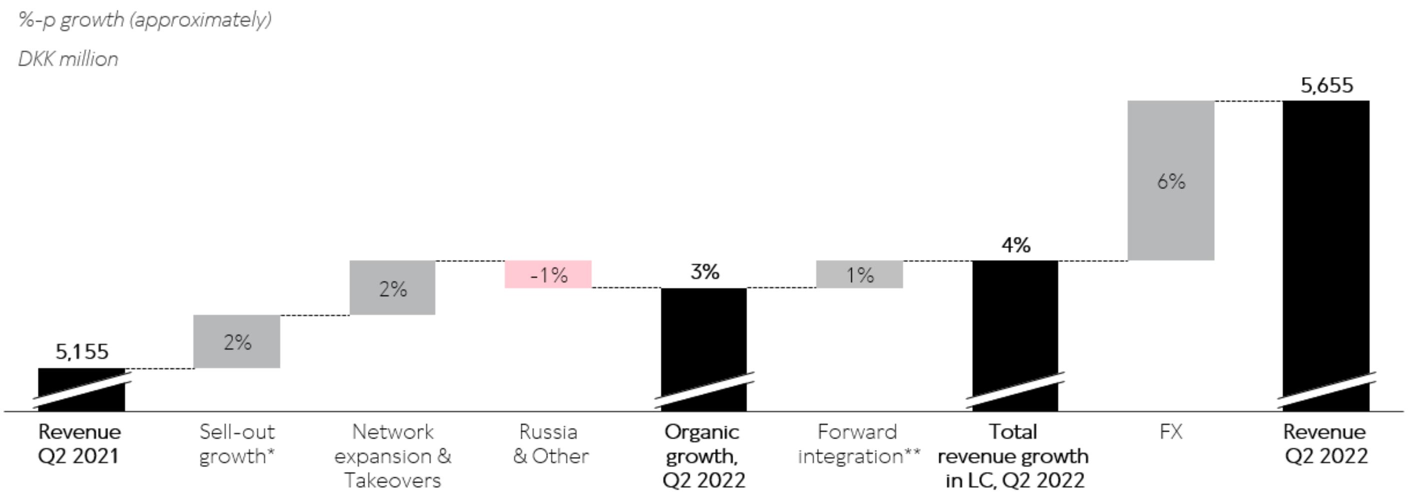
COVID-19 continues to impact performance KPI's. When comparing vs Q2 2021, the performance needs to be interpreted with care as temporary store closures distort the year over year performance. On average around 15% of the stores were temporarily closed in Q2 2021, mainly in European markets. In Q2 2022, Pandora therefore provide details vs 2019 to provide a cleaner view of the underlying performance. Furthermore, it should be highlighted that the US performance is distorted by stimulus packages which supported revenue growth in Q2 2021 creating an elevated comp base.

REVENUE REVIEW

Historical high Q2 revenue

The revenue growth development can be illustrated as follows (supplementary comments follows below):

Q2 2022 growth composition vs Q2 2021



**Sell-out growth incl. temporarily closed stores, %*
***This only includes the part of forward integration where goodwill is paid (acquisitions)*

Organic growth was up 3% in Q2 2022 (17% vs Q2 2019) of which sell-out growth accounted for 2%. The growth was further fuelled by network expansion of around 1% and takeovers of franchise stores where no goodwill was paid of 1%.

Q2 2022 was negatively impacted by around -1% by the ceasing of the business in Russia and Belarus as well as other smaller impacts such as lower revenue from online freight, which is not included in sell-out.

Forward integration supported total revenue growth in local currency with 1% driven by store acquisitions, mainly in US. This is in line with the full year guidance. Finally, Pandora saw a foreign exchange tailwind of 6%, mainly from a favourable USD development leading to a total revenue growth of 10% in Q2 2022.

REVIEW OF REVENUE BY CHANNEL

Growth driven by physical stores following COVID-19 lockdowns in Q2 2021

The growth composition between channels have changed compared to Q2 2021. In Q2 2021, Pandora saw an average of 15% temporary store closures, which drove consumers from the physical network into the online channel. In Q2 2022 the pattern changed, and consumers returned to the physical stores. In Q2 this year, Pandora only had temporary store closures due to COVID-19 in China. Pandora's own and operated concept stores delivered organic growth of 21% vs Q2 2021, while owned and operated other points of sales delivered 75% growth.

Online continued to perform strongly vs 2019 levels, but as expected the revenue level was down vs Q2 2021 due to the COVID-19 lockdowns last year. Online organic growth was 100% vs Q2 2019. Across most markets, Pandora sees a greater acceptance of the online store as a path to purchase, but are also seeing consumers returning to stores as COVID-19 restrictions are lifted.

Organic growth in Pandora's wholesale business was down -13% vs Q2 2021, while third-party distribution was down -8%. The organic growth in the wholesale channel was negatively impacted by the takeovers of wholesale stores where Pandora does not pay goodwill, as these stores are accounted for as retail revenue in Q2 2022 and wholesale revenue in Q2 2021. The wholesale channel is furthermore dragged down by market mix, as overall US revenue is down in Q2 and US accounts for roughly 40% of the global wholesale revenue. Russia, Ukraine and Belarus dragged down organic growth in third party distribution, as Pandora has ceased its business with Russia and Belarus, while Ukraine is in a state of emergency. Excluding these markets, third-party distribution would have been up 18% vs Q2 2021 driven by not least a strong performance in some of the Asian markets.

REVENUE DEVELOPMENT BY CHANNEL

DKK million	Q2 2022	Q2 2021	*Organic growth vs Q2 2021*	*Share of Revenue*	H1 2022	H1 2021	*Organic growth vs H1 2021*	*Share of Revenue*
Pandora owned[1] retail	**4,101**	**3,399**	***10%***	***73%***	**8,026**	**6,355**	***17%***	***71%***
- of which concept stores	2,724	2,027	*21%*	*48%*	5,169	3,408	*39%*	*46%*
- of which online stores	1,098	1,222	*-16%*	*19%*	2,317	2,639	*-17%*	*20%*
- of which other points of sale	279	150	*75%*	*5%*	540	308	*68%*	*5%*
Wholesale	**1,406**	**1,599**	***-13%***	***25%***	**2,972**	**2,964**	***0%***	***26%***
- of which concept stores	767	912	*-13%*	*14%*	1,600	1,601	*2%*	*14%*
- of which other points of sale	639	687	*-12%*	*11%*	1,373	1,363	*-4%*	*12%*
Third-party distribution	**148**	**157**	***-8%***	***3%***	**346**	**336**	***1%***	***3%***
Total revenue	**5,655**	**5,155**	***3%***	***100%***	**11,344**	**9,655**	***11%***	***100%***

[1] Pandora does not own any of the premises (Land and buildings) where stores are operated. Pandora exclusively operates stores from leased premises.

REVIEW OF NETWORK DEVELOPMENT

Network expansion starting to be visible in the numbers

As mentioned in Q1 2022, Pandora has ceased all business with the distributors in Russia and Belarus following the Russian invasion of Ukraine. Pandora had 153 concept stores and 66 other points of sale in those markets at the time the decisions was taken, and they are no longer considered part of Pandora.

Pandora has opened net 15 concept stores in Q2 2022 vs Q1 2022, mainly in US and China. This is the first step in Pandoras ambition to expand its network. The expansion comes with a significant opportunity for further value creation, please refer to the section *Network expansion supporting growth and margins* above.

In July, Pandora furthermore acquired the Portuguese distributor and from 20 July the market is being operated as a Pandora owned market. The acquisition will convert 25 concept stores and nine shop-in-shops from third-party distribution stores to Pandora-owned stores. The acquisition will add roughly DKK 100 million of revenue on a full year basis, converting third-party distributor revenue to retail revenue.

In Q2, a total of 25 Pandora owned shop-in-shops have furthermore been opened. These 25 points of sale are opened in Latin America of which 13 were opened in Mexico.

Number of points of sale[1]	Q2 2022	Q1 2022	Q2 2021	*Growth Q2 2022 /Q1 2022*	*Growth Q2 2022 /Q2 2021*
Concept stores	**2,447**	**2,432**	**2,450**	***15***	***-3***
- of which Pandora owned[2]	1,500	1,464	1,379	*36*	*121*
- of which franchise owned	618	637	745	*-19*	*-127*
- of which third-party distribution	329	331	326	*-2*	*3*
Other points of sale	**4,001**	**4,006**	**4,014**	***-5***	***-13***
- of which Pandora owned[2]	382	357	257	*25*	*125*
- of which franchise owned	3,141	3,168	3,274	*-27*	*-133*
- of which third-party distribution	478	481	483	*-3*	*-5*
Total points of sale[3]	**6,448**	**6,438**	**6,464**	***10***	***-16***

[1] Please refer to note 14 in the accounting notes section for more details.

[2] Pandora does not own any of the premises (Land and buildings) where stores are operated. Pandora exclusively operates stores from leased premises.

[3] As of Q1 2022, Pandora has excluded 153 concept stores and 66 other points of sales from third-party distribution related to Russia and Belarus. Pandora has also excluded 180 concept stores and 81 other points of sales from third-part distribution in the Q2 2021 comparison figures related to Russia and Belarus.

REVIEW OF REVENUE BY KEY MARKET

Growth in Europe remains strong, while US and China drag down total growth

Pandora's biggest market, the *US*, was down -12% vs Q2 2021, however still very strong vs 2019, delivering 59% organic growth. The US performance in Q2 is in line with the expectations laid out in the guidance for 2022. As previously communicated, a slowdown of the US market was expected in 2022 following the impact from the stimulus cheques implemented by the US government in 2021. The stimulus cheques were initiated in March 2021 and Q2 2021 was the strongest quarter in Pandora US last year with an organic growth of 80% vs 2019 thereby representing an elevated comparison base.

Pandora has recognised additional 4% of revenue growth (DKK 70 million) from forward integration in US coming from the acquisition of franchise partners. This includes the impact from the acquisition of the franchise partner Ben Bridge announced end of Q1 2022. The acquired Ben Bridge stores had sell-out of around USD 50 million in 2019, which all else equal should drive roughly DKK 170 million incremental revenue on a full year basis, converting wholesale revenue to retail revenue. Pandoras long-term aim is to double the US business vs 2019. In the first half of 2022, Pandora has delivered a 60% organic growth vs 2019 and in absolute value the US business has grown DKK 1.5 billion in revenue from H1 2019 to H1 2022.

Key European markets had a strong performance in Q2 2022 with all four markets delivering double digit organic growth vs Q2 2021. Pandora is pleased to see its established markets, UK and Italy, continue to deliver solid performance with double digit growth rates vs both 2021 and 2019. Both markets enjoy a strong market position and a high market share.

France was up 13% vs Q2 2021 not least supported by the loyalty programme which was launched in March 2022, while Germany was up 18%. Both markets continue its strong traction and Q2 2022 is the fourth quarter in a row where Germany deliver organic growth of more than 20% vs 2019. France was down 4% vs 2019, mainly driven by the wholesale channel following a weaker Mother's Day than anticipated. France and Germany both represents a solid opportunity as Pandoras market share is well below that of Italy and UK.

The performance in China continues to be unsatisfactory and negatively impacted by COVID-19 with the entire network either being closed or severely impacted. Traffic into stores was down -60% vs 2021, as many stores are located in cities impacted by the pandemic and China's "zero-COVID policy". Additionally, Pandoras online distribution warehouse is located in Shanghai and for a period of time, Pandora was not able to serve Chinese consumers online either. Performance in China in Q2 2022 therefore was weak and organic growth ended at -58% vs Q2 2021, translating into -68% vs Q2 2019. Note that Q2 2021 was the strongest quarter last year. Pandora expects China to remain a drag on performance for the rest of the year, however the drag should be lower in the second half than in Q2 2022. On a longer term, Pandora has high ambitions for China and see the market as a big opportunity for future growth. Pandora's long term ambition is to triple the China business vs 2019 and first steps in this plan is to reposition the brand. However this ambition has been postponed until market conditions stabilise, which currently looks more likely to happen in 2023. The purpose of the investment is among others to drive traffic to the stores, which makes little sense under current COVID-19 conditions.

Australia was up 3% vs Q2 2021. Australia is expected to be a bigger source of growth in the second half of 2022, as Australia was severely impacted by COVID-19 during the second half of 2021 and thereby represents an easier comp.

Pandora's business outside the seven key markets continue to be strong and in Q2 2022 these markets delivered a combined 26% organic growth vs Q2 2021. The two biggest markets in Rest of Pandora are Spain and Mexico, and both markets are on a strong growth trajectory. Spain had a 32% organic growth in Q2 2022 vs Q2 2021 while Mexico was up almost 50%. In Q2 2022, Spain had a revenue the size of France while Mexico accounted for roughly DKK 210 million. Spain was acquired from a distributor in 2017, while Mexico has been an owned and operated market since it started in 2016. In 2021, Spain ended the year with revenue of DKK 900 million, while Mexico ended at DKK 565 million.

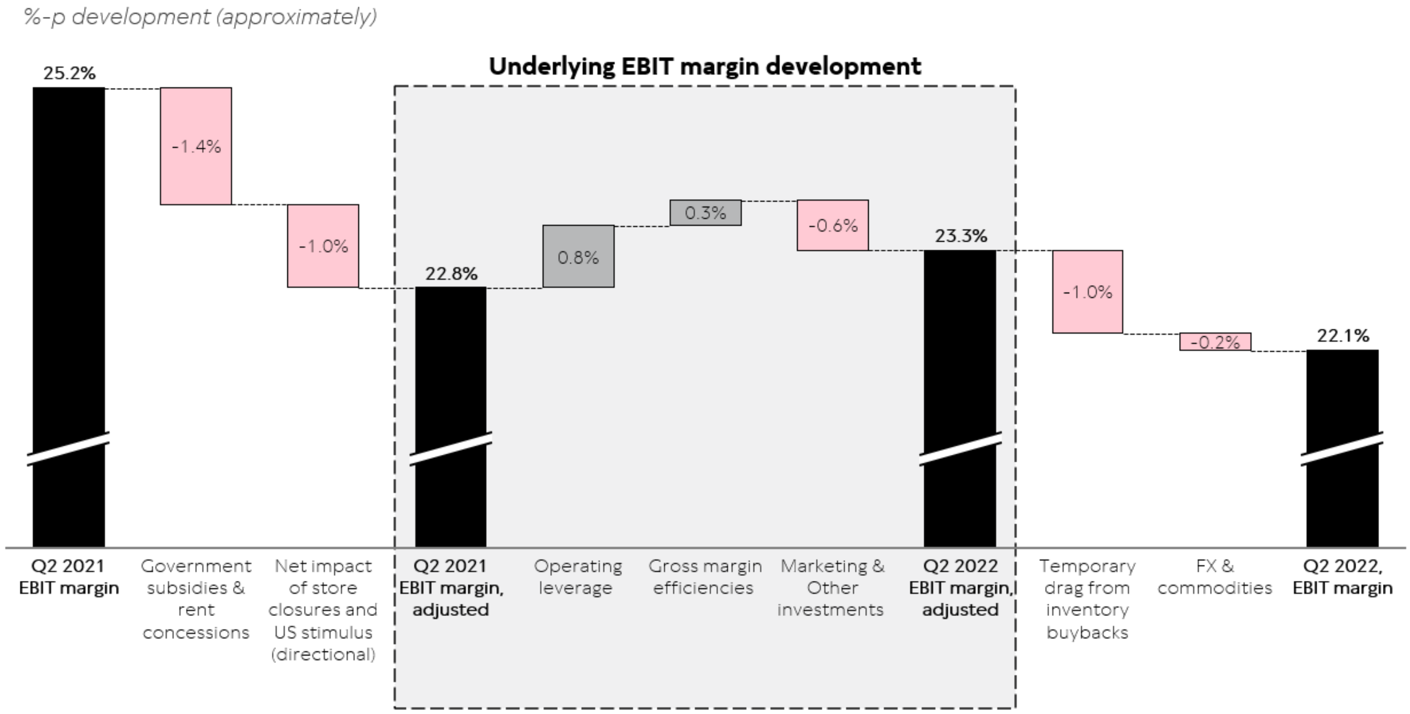
REVENUE DEVELOPMENT BY KEY MARKET

DKK million	Q2 2022	Q2 2021	*Organic growth vs 2021*	*Share of revenue*	H1 2022	H1 2021	*Organic growth vs 2021*	*Share of revenue*
US	1,841	1,771	*-12%*	*33%*	3,490	3,161	*-3%*	*31%*
China	179	390	*-58%*	*3%*	433	671	*-41%*	*4%*
UK	665	569	*15%*	*12%*	1,473	1,156	*23%*	*13%*
Italy	595	515	*15%*	*11%*	1,181	955	*24%*	*10%*
Australia	246	226	*3%*	*4%*	490	469	*2%*	*4%*
France	237	210	*13%*	*4%*	498	403	*23%*	*4%*
Germany	285	241	*18%*	*5%*	559	432	*29%*	*5%*
Total top-7 markets	**4,048**	**3,922**	***-5%***	***72%***	**8,125**	**7,248**	***5%***	***72%***
Rest of Pandora	**1,607**	**1,233**	***26%***	***28%***	**3,219**	**2,407**	***31%***	***28%***
Total revenue	**5,655**	**5,155**	***3%***	***100%***	**11,344**	**9,655**	***11%***	***100%***

Please refer to note 3 in the accounting notes section for details on sell-out growth per key market.

PROFITABILITY

Strong profitability continues



The EBIT margin development vs Q2 2021 is impacted by a number of non-recurring factors. While the reported EBIT margin is down roughly 3pp vs Q2 2021, the underlying EBIT margin in Q2 2022 is slightly up vs Q2 2021, as illustrated above.

In Q2 2021, the EBIT margin was impacted by a few non-recurring items. Pandora received DKK 70 million from government support and rent concessions related to COVID-19, supporting the EBIT margin last year by 1.4pp. The EBIT margin last year was further impacted by 1) negative impact from temporary store closures and 2) stimulus money in US supporting the EBIT margin as it drove elevated growth last year at little incremental cost. The net impact is estimated at roughly 1 pp, but should be viewed as directional.

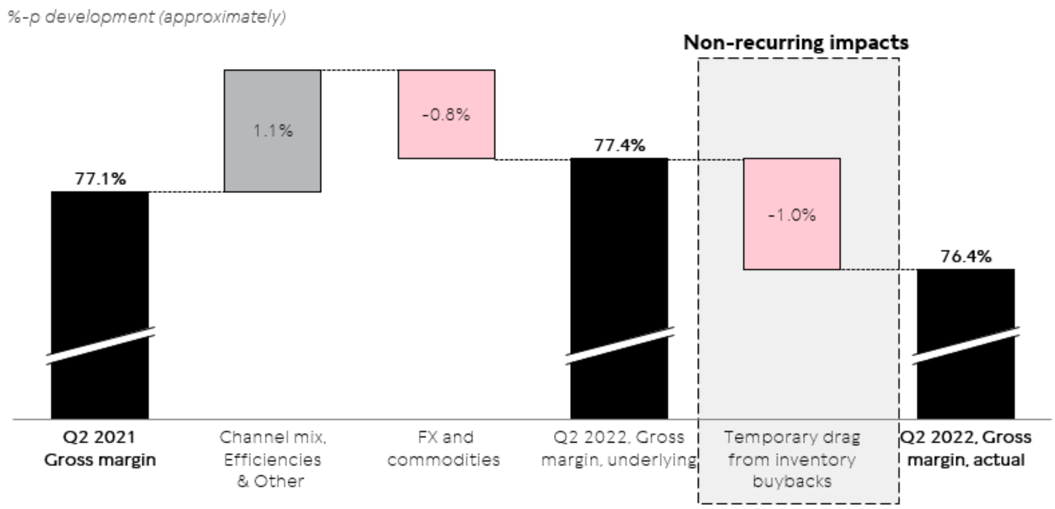
In Q2 this year, the EBIT margin was temporarily dragged down by 1.0pp due to inventories bought back in connection with forward integration.

Furthermore rising commodity prices (mainly silver) lead to a headwind of around -1.6pp. This was almost fully offset by favourable foreign exchange rate developments (mainly USD and Thai baht) of around 1.4pp. The headwinds from rising commodity prices are expected to impact H1 2022 the hardest, and gradually ease off during Q3 and Q4. The year to go net impact on EBIT margin from foreign exchange rates and commodities combined is expected to be slightly positive vs 2021, please also see section "*2022 guidance other parameters*".

As can be seen in the bridge above, the underlying development of the EBIT margin is positive vs Q2 2021, as operating leverage combined with a stronger underlying gross margin support the EBIT margin with 1.1 pp. For further details on gross margin, please see the next section. Offsetting some of the positive impacts are an overall higher marketing spend across most of the Pandora markets, also outside US as well as continued investments into the organisation and digital journey.

GROSS MARGIN

In Q2 2022, the gross margin remained strong and ended at 76.4%. The underlying gross margin is up vs Q2 2021, despite net headwinds from foreign exchange and commodity prices.



The gross margin was positively impacted by a favourable channel mix with more sales coming through physical O&O stores as well as overall efficiencies in the production. Increasing commodity prices had a negative impact of -1.6pp, mainly related to silver. The drag from commodities were partly offset by favourable foreign exchange development, mainly from Thai baht and USD of 0.8pp. The gross margin was additionally impacted by a temporary drag from inventory buybacks of around -1.0pp due to take-over of inventory at wholesale value in connection with forward integration.

GROSS MARGIN AND GROSS PROFIT

DKK million	Q2 2022	Q2 2021	*Growth in constant FX*	H1 2022	H1 2021	*Growth in constant FX*
Revenue	5,655	5,155	*4%*	11,344	9,655	*12%*
Cost of sales	-1,337	-1,180	*10%*	-2,702	-2,244	*19%*
Gross profit	**4,318**	**3,975**	***2%***	**8,642**	**7,410**	***10%***
Gross margin	***76.4%***	***77.1%***	***-0.8pp***	***76.2%***	***76.8%***	***-0.6pp***

OPERATING EXPENSES

Total operating expenses was DKK 3,069 million in Q2 2022, up 10% in constant foreign exchange rates vs Q2 2021.

Marketing expenses increased 11% in constant foreign exchange rates vs Q2 2021, as overall activity level is up following the store closures in Q2 2021. As a share of revenue marketing expenses are up 1pp. The increase is the result of a deliberate decision to spend more on marketing in an environment that is tougher than last year and Pandora see increased competition for the same marketing spots. Furthermore, the share of revenue in Q2 2021 was supported by the stimulus money in US, as the revenue came with little incremental marketing spend.

Sales and distribution expenses was up 15% in constant foreign exchange rates vs Q2 2021. In Q2 2021, Pandora received government support and rent concessions of DKK 70 million. Pandora has not received any significant government support or rent concessions in Q2 2022. Adjusting for government and rent concessions, sales and distribution expenses are up roughly 10% or DKK 150 million in constant foreign exchange rates. The increase is mainly related to the expansion of the Pandora Owned store network.

Administrative expenses decreased by 9% in constant foreign exchange rates compared with Q2 2021. In Q2 2022 administrative expenses are lower than the run rate, however this is partly due to phasing between quarters.

Total operating expenses as a share of revenue in H1 2022 was down 0.3pp from H1 2021.

OPERATING EXPENSES

DKK million	Q2 2022	Q2 2021	*Growth in constant FX*	*Share of revenue Q2 2022*	*Share of revenue Q2 2021*	H1 2022	H1 2021	*Growth in constant FX*	*Share of revenue H1 2022*	*Share of revenue H1 2021*
Sales and distribution	-1,701	-1,402	*15%*	*30.1%*	*27.2%*	-3,461	-2,872	*16%*	*30.5%*	*29.8%*
Marketing expenses	-914	-784	*11%*	*16.2%*	*15.2%*	-1,659	-1,362	*17%*	*14.6%*	*14.1%*
Administrative expenses	-454	-488	*-9%*	*8.0%*	*9.5%*	-964	-972	*-3%*	*8.5%*	*10.1%*
Total operating expenses	**-3,069**	**-2,673**	***10%***	***54.3%***	***51.9%***	**-6,083**	**-5,206**	***13%***	***53.6%***	***53.9%***

FINANCIAL EXPENSES AND TAX

Net financials in Q2 2022 ended at a cost of DKK 27 million, related to interest on loans and IFRS 16 related interest on lease payments, partly offset by net foreign exchange adjustments and losses on foreign exchange rate hedges of DKK 46 million.

The effective tax rate ended at 23.5% for Q2 2022, in line with guidance of 23-24% for the full year 2022, and above the Q2 2021 level mainly due to non-deductible costs in China and Panama (cluster head office for Latin America).

CASH FLOW & BALANCE SHEET

Net working capital increases as the deliberate inventory build-up continues

The net working capital ended at 5.8% of the last 12 months revenue in Q2 2022 compared with -0.3% in Q2 2021 and 3.5% in Q1 2022. The increase was mainly driven by a deliberate inventory build-up. Pandora has deliberately been increasing inventories during 2021 and continued this into the first half of 2022. This has been done to accommodate supply chain risks related to the pandemic, reducing risk of stock-outs as well as to support revenue growth. The higher inventories also impacts free cash flow negatively in Q2 2022. The inventories are now broadly at the right level, but as part of normal seasonality ahead of the Q4 peak season, inventories will build up further during Q3.

Trade receivables continue to be at a healthy level and in absolute amounts at same level as Q2 2021. Wholesale Days Sales Outstanding (DSO) ended at 24 days, same as in Q2 2021. Total DSO, including retail receivables, ended at 11 days by the end of Q2 2022, which is 1 day less than Q2 2021.

Free cash flow incl. lease payments ended at DKK 0.5 billion corresponding to a cash conversion of 40% in Q2 2022. The cash conversion was negatively impacted by the above mentioned inventory build-up and a higher CAPEX level, as planned. CAPEX ended at 5.4% of revenue in Q2 2022 vs 2.7% in Q2 2021. Pandora expects CAPEX to increase during the rest of 2022, targeting full year CAPEX at around 6% of revenue. The increase is a function of investments into opening new stores, store refits, investments in new and existing production facilities and IT.

ROIC continue to be strong and ended at 46% in Q2 2022, up 2pp vs Q2 2021.

NET WORKING CAPITAL AS A SHARE OF THE LAST 12 MONTHS' REVENUE

Share of preceding 12 months' revenue	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Inventories	*16.9%*	*14.4%*	*12.8%*	*14.4%*	*11.8%*
Trade receivables	*2.6%*	*3.2%*	*4.3%*	*3.6%*	*3.2%*
Trade payables	*-9.5%*	*-10.2%*	*-14.0%*	*-11.0%*	*-10.3%*
Other net working capital elements	*-4.2%*	*-3.9%*	*-8.2%*	*-6.7%*	*-4.9%*
Total	***5.8%***	***3.5%***	***-5.0%***	***0.2%***	***-0.3%***

Pandora has lifted EPS by 26% in the first half of 2022 vs first half of 2021 to DKK 20.5. This is driven by the solid organic growth seen in the first half of 2022 of 11%.

Balance Sheet

Total non-current assets increased to DKK 13.5 billion at the end of Q2 2022 (Q2 2021: DKK 12.6 billion), mainly due to an increase in deferred tax assets, higher CAPEX investment in property plant and equipment as well as slightly higher right-of-use-assets as a result of new leases and lease renewals.

During the second quarter, Pandora improved the funding and liquidity position with a EUR 100 million eight-year sustainability-linked loan from Nordic Investment Bank. Further, after Q2, Pandora secured a DKK 1.25 billion term loan from Danske Bank which matures in March 2023. The new facilities diversify Pandora's funding structure and sources, and further strengthens the liquidity position.

By the end of Q2 2022, equity in Pandora amounted to DKK 5.6 billion compared to DKK 7.0 billion in 2021. The decrease was primarily driven by payout of DKK 3.5 billion to its shareholders through a combination of dividends and share buybacks, partly offset by the profit in H1 2022.

FINANCIAL GUIDANCE

Guidance unchanged

Q2 performance was in line with the guidance and the expectations for the second half of 2022 remain unchanged. As such, Pandora's financial guidance for 2022 is unchanged with "organic growth of 4-6%" and "EBIT margin of 25-25.5%".

The macro-economic outlook is associated with elevated uncertainty.

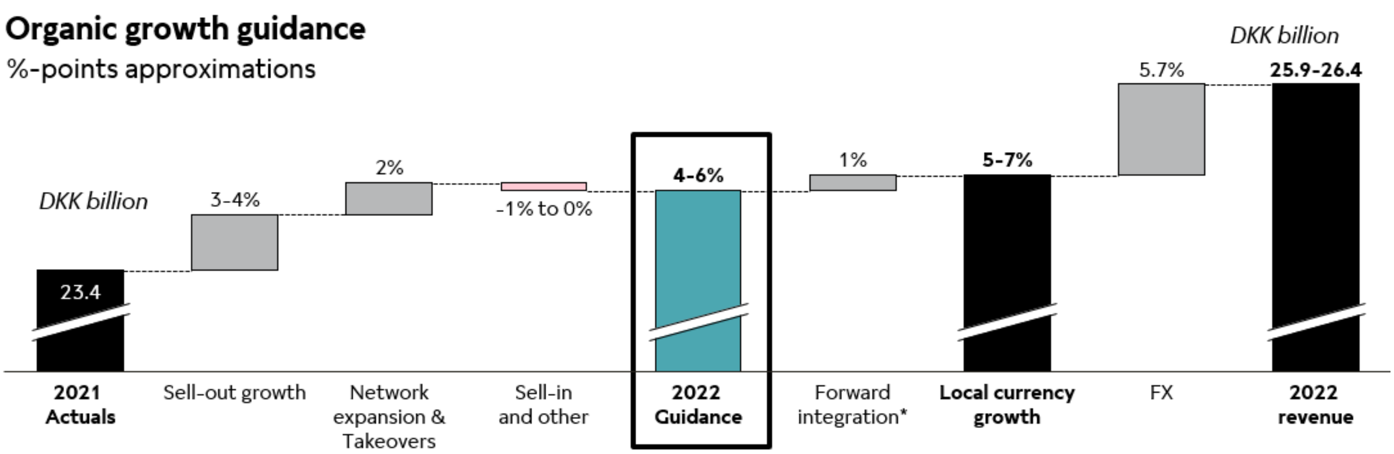
The guidance is based on certain directional assumptions for organic growth, as illustrated below:

2022 ORGANIC GROWTH ASSUMPTIONS
Directional and Indicative

	4%	6%
COVID-19 & macro-economy	**Low single-digit negative impact**	**Low single-digit negative impact**
War direct impact	**-1% impact**	**-1% impact**
Pandora US	**Negative mid- to high single-digit**	**Flat**
Pandora excl. US	**Low to mid teens**	**Low to mid teens**

REVENUE GUIDANCE

The organic growth guidance can be illustrated as follows:



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

The guidance assumes no revenue related to Russia, Belarus and Ukraine since the outbreak of the war between Russia and Ukraine and for the remainder of 2022.

The implied guidance for the second half of 2022 is -1% to +2% organic growth (12-16% vs H2 2019). The low end of the guidance is more likely to materialize if a worsening of the macroeconomic environment occur in H2 2022. Also, it should be noted that, similar to H2 2021, organic growth vs 2019 will expectedly be lower in Q3 2022 than in Q4 2022.

Pandora expects a shift in the sources of growth in the second half of 2022 compared to the first half. The Australian market is expected to be a bigger source of growth in the second half of 2022, as they were negatively impacted by COVID-19 in especially Q3 2021 seeing roughly 50% of stores temporarily closed. Also China is expected to continue to be a drag in the second half, but less than in the first half. On the other hand, the European markets will be comping on a “normal” second half of 2021 without major disruptions from COVID-19.

The guidance assumes around 2pp organic growth from network expansion (previously 1-2%), partially offset by slightly lower sell-in growth to the partner channel in the second half.

PROFITABILITY GUIDANCE

The 2022 EBIT margin guidance of *25.0-25.5%* is unchanged.

Pandora continues to see inflationary pressure across the value chain compared to 2021. At current levels, Pandora still expects to mitigate these incremental costs within the EBIT margin guidance.

Current foreign exchange rates, if unchanged, are estimated to have a favourable impact on the EBIT margin in 2022 of approximately 1.0% vs 2021. This corresponds to a 20 basis point tailwind vs the original guidance assumptions. Silver and gold prices, are expected to negatively impact the EBIT margin in 2022 with -1.0% (unchanged).

In line with previous years, Q4 2022 is expected to be the most profitable quarter of the year. Due to phasing on both revenue and cost, the Q4 EBIT margin is expected to be relatively stronger than in 2021 and Q3 correspondingly lower.

2022 GUIDANCE - OTHER PARAMETERS

The guidance of 50-100 net concept store openings remains unchanged from previous guidance and excludes Russia and Belarus. To give a more clear and consistent picture of the development in other points of sales, we have changed the guidance to include Pandora owned other points of sales only. Pandora expects to open 75-100 owned and operated other points of sales. CAPEX is unchanged from previous guidance and expected to end at around 6% share of revenue following investments into opening new stores, store refits, investments in the production facilities in Thailand and IT. The effective tax rate is expected to be 23-24%, up from 22-23% in prior years and unchanged from previous guidance.

FOREIGN EXCHANGE AND COMMODITY ASSUMPTIONS AND IMPLICATIONS – As of July 29, 2022

	Average 2021	Average 2022	2022 Y-Y Financial Impact
USD/DKK	6.29	7.05	
THB/DKK	0.20	0.20	
GBP/DKK	8.65	8.85	
CNY/DKK	0.98	1.07	
AUD/DKK	4.72	4.99	
Silver/USD (per ounce)	21.1	24.9	
REVENUE (DKK million)			*Approx. 1.300*
EBIT (DKK million)			*Approx. 350*
EBIT margin (FX)			*Approx. 1.0%*
EBIT margin (Commodities)			*Approx. -1.0%*

CAPITAL STRUCTURE POLICY AND CASH DISTRIBUTION

At the end of June 2022, Pandora's leverage was 1.0x NIBD to EBITDA, in the middle of the capital structure policy of 0.5-1.5x, and slightly up from 0.9x at the end of March 2022 and 0.4x at the end of December 2021. Pandora has paid out DKK 3.5 billion to its shareholders year to date 2022, of which DKK 1.5 billion came from an ordinary dividend of DKK 16 per share. The rest came from share buybacks. In total, Pandora plan to pay out DKK 5.3 billion to its shareholders in 2022, equivalent to around 10% of market cap.

Pandora currently has a share buyback programme running under which Pandora will repurchase shares for an aggregate maximum amount of DKK 3.3 billion. The programme will be concluded no later than 3 February 2023. The purpose of the programme is to reduce Pandora's share capital and to meet obligations arising from company incentive programmes. In the beginning of April, Pandora reduced the Company's share capital with a nominal amount of DKK 4,500,000 by cancellation of 4,500,000 treasury shares of DKK 1. After reduction of the share capital, the Company's share capital is nominally DKK 95,500,000, divided into shares of DKK 1.

SUSTAINABILITY

Our sustainability priorities are integrated into the Phoenix strategy, where sustainability serves as a foundational element, supporting our growth ambitions and aligning our actions with our values.

We aspire to be a low-carbon business, drive circularity into the core of how our products are designed to their end of life, and act as an inclusive, diverse and fair company.

You find the company's sustainability targets in our annual sustainability report on pandoragroup.com.

The launch of Diamonds by Pandora in North America on 25 August marks an important step towards our ambitions of becoming low-carbon and circular. The collection is made with lab-created diamonds that are grown in the US using only renewable energy, and have a carbon footprint of only 8.17 kg CO_2e per carat – 5% of that of a mined diamond. Furthermore, Diamonds by Pandora is the first collection made with 100% recycled silver and gold. It is a major milestone on our journey to craft all our jewellery with 100% recycled silver and gold by 2025, and we are progressing our strategic efforts to secure the necessary supply to shift more collections to fully recycled silver and gold.

Our response to the war in Ukraine:

- We are shocked and saddened by the unprovoked attack on Ukraine, and our thoughts go to the people of Ukraine, who are victims of this senseless act of military aggression. The war requires all businesses to act with the utmost responsibility regarding any interactions or business dealings with Russia and Belarus.
- On February 24th, we ceased all business with Russia and Belarus. We also instructed all our suppliers and business partners that no raw materials, products or services supplied to Pandora can come directly or indirectly from Russia or Belarus.
- The business in Russia and Belarus was handled by local distributors. All business has since been written off our books, and we no longer consider the distributors' stores part of Pandora.
- On February 27, the company donated USD 1 million to UNICEF's efforts to help children affected by the humanitarian crisis.
- On March 30, we announced that we ended our 12-year membership with the trade association Responsible Jewellery Council, RJC. The decision follows RJC's failure to suspend Russian companies' memberships and responsible business certifications and urge its members to suspend business with Russia. Pandora had previously requested that RJC take such actions.
- Pandora has over 800 employees in its Eastern Europe cluster including in Poland, Romania, Hungary, Slovakia. Many are impacted by the war. We have offered financial and psychological support, training for people managers, and additional days off for volunteering.

OTHER EVENTS

New term loan from Danske Bank

After Q2, Pandora secured a DKK 1.25 billion term loan from Danske Bank. The new loan diversifies Pandora's funding structure and further strengthens the liquidity position while supporting future growth.

Acquisition of the Portuguese distributor

In June it was announced that Pandora acquired the store network in Portugal, one of the top markets in Western Europe, and took over 34 locations from its distributor Visão do Tempo to assume full ownership of its Portuguese business. Visão do Tempo introduced Pandora on the Portuguese market 16 years ago and today operates 25 concept stores and nine shop-in-shops in the country. All 34 locations opened as Pandora owned and operated stores on the 20th of July. The acquisition supports Pandora's Phoenix strategy that aims to drive growth through a number of initiatives including strategic network expansion. By acquiring the network in Portugal, Pandora will also get better control of its brand development and be able to build a superior omni-channel journey and improve its product offering.

Opening of New York Hub

In July, it was announced that Pandora plan to open a New York Hub to bolster the US growth strategy. Pandora will open an office in New York in September 2022. Located in Manhattan, the new hub will deploy as a temporary space this fall, followed by a permanent space in the summer of 2023. The office will support approximately 150 full-time corporate employees. A New York hub increases Pandora's ability to recruit world class talent as the brand continues its long-term growth ambition in the US market, which is to increase market share and double revenue in the US compared to 2019. Pandora's US business reached over DKK 7 billion in sales in 2021.

FINANCIAL CALENDAR 2022

The expected dates for publication of financial announcements in 2022 for Pandora A/S are as follows:

08 November 2022	Interim Financial Report for the third quarter/first nine months of 2022

2022 YEAR-TO-DATE DEVELOPMENT

REVENUE

Total revenue increased by 12% in local currency to DKK 11,344million in H1 2022 compared with H1 2021. Organic growth was 11% reflecting good underlying performance but also that H1 2021 was heavily impacted by COVID-19.

GROSS PROFIT AND COSTS

Gross profit was DKK 8,642 million in H1 2022 (DKK 7,410 million in H1 2021), resulting in a gross margin of 76.2% in H1 2022 vs 76.8% in H1 2021.

Sales and distribution expenses increased to DKK 3,461 million in H1 2022 (DKK 2,872 million in H1 2021), corresponding to 30.5% of revenue in H1 2022 (29.8% in H1 2021). The increase is the result of variable costs related to the higher revenue, less government support and rent concessions received in H1 2022 as well the write-down of a Russian trade receivable of DKK 55 million. Rent concessions and government support have been recognised in the profit and loss statement under Sales and Distribution expenses.

Marketing expenses increased to DKK 1,659 million in H1 2022 (DKK 1,362 million in H1 2021), resulting in a share of revenue of 14.6% in H1 2022 compared with 14.1% in H1 2021.

Administrative expenses are roughly flat ending at DKK 964 million in H1 2022 compared with DKK 972 million in H1 2021, corresponding to 8.5% of revenue in H1 2022 (10.1% in H1 2021).

EBIT

EBIT for H1 2022 was DKK 2,559 million, which is an increase of 16% vs H1 2021, resulting in an EBIT margin of 22.6% in H1 2022 vs 22.8% in H1 2021.

NET FINANCIALS

Net financials amounted to a cost of DKK 37 million in H1 2022 vs a cost of DKK 113 million in H1 2021.

INCOME TAX EXPENSES

Income tax expenses were DKK 593 million in H1 2022 compared with DKK 471 million in H1 2021, implying an effective tax rate for the Group of 23.5% for H1 2022 (22.5% in H1 2021).

NET PROFIT

Net profit in H1 2022 was DKK 1,929 million vs DKK 1,621 million in H1 2021.

CONTACT

CONFERENCE CALL

A conference call for investors and financial analysts will be held today at 11.00 CET and can be joined online at www.pandoragroup.com. The presentation for the call will be available on the website before the call.

The following numbers can be used by investors and analysts:
DK: +45 78768490
SE: +46-4-0682-0620
UK: +44-203-7696819
US: +1 646-787-0157

PIN: 837462

Link to webcast: https://streams.eventcdn.net/pandora/2022q2/

ABOUT PANDORA

Pandora is the world's largest jewellery brand. The company designs, manufactures and markets hand-finished jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries through more than 6,400 points of sale, including more than 2,400 concept stores.

Headquartered in Copenhagen, Denmark, Pandora employs 27,000 people worldwide and crafts its jewellery at two LEED-certified facilities in Thailand using mainly recycled silver and gold. Pandora is committed to leadership in sustainability and has set science-based targets to reduce greenhouse gas emissions by 50% across its own operations and value chain by 2030. The company is listed on the Nasdaq Copenhagen stock exchange and generated sales of DKK 23.4 billion (EUR 3.1 billion) in 2021.

For more information, please contact:

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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Revenue	3	5,655	5,155	11,344	9,655	23,394
Cost of sales		-1,337	-1,180	-2,702	-2,244	-5,590
Gross profit		**4,318**	**3,975**	**8,642**	**7,410**	**17,803**
Sales, distribution and marketing expenses		-2,615	-2,186	-5,120	-4,234	-9,939
Administrative expenses		-454	-488	-964	-972	-2,026
Operating profit		**1,249**	**1,301**	**2,559**	**2,204**	**5,839**
Finance income		132	65	221	82	152
Finance costs		-160	-86	-258	-195	-613
Profit before tax		**1,221**	**1,280**	**2,522**	**2,091**	**5,378**
Income tax expense		-287	-288	-593	-471	-1,218
Net profit for the period		**934**	**992**	**1,929**	**1,621**	**4,160**
Earnings per share, basic, DKK		9.9	10.0	20.5	16.3	42.1
Earnings per share, diluted, DKK		9.8	9.9	20.3	16.2	41.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Net profit for the period	**934**	**992**	**1,929**	**1,621**	**4,160**
Other comprehensive income:					
Items that may be reclassified to profit/loss for the period					
Exchange rate adjustments of investments in subsidiaries	128	-82	236	96	370
Fair value adjustment of hedging instruments	-337	-39	-157	-423	-417
Tax on other comprehensive income, hedging instruments, income/expense	77	11	38	88	83
Items that may be reclassified to profit/loss for the period, net of tax	-132	**-110**	117	**-239**	36
Items not to be reclassified to profit/loss for the period					
Actuarial gain/loss on defined benefit plans, net of tax	-	-	-	-	10
Items not to be reclassified to profit/loss for the period, net of tax	-	**-**	-	**-**	10
Other comprehensive income, net of tax	-132	**-110**	117	**-239**	46
Total comprehensive income for the period	**802**	**882**	**2,046**	**1,382**	**4,206**

CONSOLIDATED BALANCE SHEET

DKK million	Notes	2022 30 June	2021 30 June	2021 31 December
ASSETS				
Goodwill	9	4,743	4,326	4,418
Brand		1,057	1,057	1,057
Distribution		1,064	1,097	1,080
Other intangible assets		568	545	538
Total intangible assets		**7,433**	**7,025**	**7,094**
Property, plant and equipment		1,937	1,832	1,816
Right-of-use assets	10	2,704	2,674	2,532
Deferred tax assets		1,174	837	891
Other financial assets		221	232	222
Total non-current assets		**13,469**	**12,600**	**12,555**
Inventories		4,239	2,557	2,991
Trade receivables	7	663	691	1,009
Right-of-return assets		52	52	70
Derivative financial instruments	5,6	124	71	69
Income tax receivable		207	94	68
Other receivables		744	609	738
Cash		1,005	1,604	1,043
Total current assets		**7,034**	**5,678**	**5,988**
Total assets		**20,503**	**18,277**	**18,542**
EQUITY AND LIABILITIES				
Share capital		96	100	100
Treasury shares		-1,690	-344	-3,416
Reserves		911	520	795
Retained earnings		6,301	7,854	9,523
Total equity		**5,617**	**8,130**	**7,001**
Provisions		386	421	416
Loans and borrowings	10	7,998	3,682	2,765
Deferred tax liabilities		145	221	113
Total non-current liabilities		**8,529**	**4,324**	**3,295**
Provisions		26	29	26
Refund liabilities		583	556	724
Contract liabilities		127	107	163
Loans and borrowings	10	933	927	1,161
Derivative financial instruments	5,6	423	219	209
Trade payables		2,385	2,236	3,267
Income tax payable		981	715	1,003
Other payables		898	1,035	1,694
Total current liabilities		**6,356**	**5,823**	**8,246**
Total liabilities		**14,885**	**10,147**	**11,541**
Total equity and liabilities		**20,503**	**18,277**	**18,542**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Treasury shares	Translation reserve	Hedging Reserve	Dividend proposed	Retained earnings	Total equity
2022							
Equity at 1 January	100	-3,416	905	-110	-	9,523	7,001
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**1,929**	**1,929**
Other comprehensive income, net of tax	**-**	**-**	**239**	**-122**	**-**	**-**	**117**
Total comprehensive income for the period	**-**	**-**	**239**	**-122**	**-**	**1,929**	**2,046**
Share-based payments	-	198	-	-	-	-157	41
Purchase of treasury shares	-	-1,958	-	-	-	-	-1,958
Cancellation of treasury shares	-5	3,486	-	-	-	-3,481	-
Proposed dividend	-	-	-	-	1,516	-1,516	-
Dividend paid	-	-	-	-	-1,516	2	-1,514
Equity at 30 June	**96**	**-1,690**	**1,144**	**-233**	**-**	**6,301**	**5,617**
2021							
Equity at 1 January	100	-93	535	215	-	6,632	7,389
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**1,621**	**1,621**
Other comprehensive income, net of tax	**-**	**-**	**100**	**-330**	**-**	**-9**	**-239**
Total comprehensive income for the period	**-**	**-**	**100**	**-330**	**-**	**1,612**	**1,382**
Share-based payments	-	1	-	-	-	109	110
Purchase of treasury shares	-	-252	-	-	-	-	-252
Proposed dividend	-	-	-	-	498	-498	-
Dividend paid	-	-	-	-	-498	-	-498
Equity at 30 June	**100**	**-344**	**635**	**-115**	**-**	**7,854**	**8,130**

CONSOLIDATED STATEMENT OF CASH FLOW

DKK million	Notes	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Operating profit		1,249	1,301	2,559	2,204	5,839
Depreciation and amortisation		488	460	950	974	1,999
Share-based payments		22	39	36	81	166
Change in inventories		-594	-183	-948	-538	-799
Change in receivables		371	122	417	356	-77
Change in payables and other liabilities		-267	16	-2,078	-1,424	327
Other non-cash adjustments		-26	-29	29	-26	70
Interest etc. received		1	1	2	1	3
Interest etc. paid		-98	-47	-198	-108	-468
Income taxes paid		-219	-94	-952	-249	-832
Cash flows from operating activities, net		**928**	**1,586**	**-183**	**1,270**	**6,228**
Acquisitions of subsidiaries and activities, net of cash acquired	8	-2	-	-293	-14	-66
Purchase of intangible assets		-75	-76	-140	-126	-289
Purchase of property, plant and equipment		-198	-39	-297	-99	-296
Change in other non-current assets		-3	1	3	7	17
Proceeds from sale of property, plant and equipment		1	3	3	3	2
Cash flows from investing activities, net		**-277**	**-111**	**-723**	**-228**	**-631**
Dividend paid		-	-498	-1,514	-498	-1,479
Dividend paid – withholding tax		-345	-	-	-	-
Purchase of treasury shares		-719	-252	-1,958	-252	-3,325
Proceeds from loans and borrowings		1,212	1,859	5,097	1,859	1,315
Repayment of loans and borrowings		-273	-2,975	-273	-3,004	-3,004
Repayment of lease commitments		-245	-243	-519	-470	-991
Cash flows from financing activities, net		**-370**	**-2,110**	**833**	**-2,366**	**-7,484**
Net increase/decrease in cash		**281**	**-635**	**-73**	**-1,324**	**-1,887**
Cash at beginning of period[1]		716	2,239	1,043	2,912	2,912
Exchange gains/losses on cash		8	-	36	16	18
Net increase/decrease in cash		281	-635	-73	-1,324	-1,887
Cash at end of period[1]		**1,005**	**1,604**	**1,005**	**1,604**	**1,043**
Cash flows from operating activities, net		928	1,586	-183	1,270	6,228
- Interests etc. received		-1	-1	-2	-1	-3
- Interests etc. paid		98	47	198	108	468
Cash flows from investing activities, net		-277	-111	-723	-228	-631
- Acquisition of subsidiaries and activities, net of cash acquired		2	-	293	14	66
Free cash flow excl. lease payments		**751**	**1,522**	**-417**	**1,163**	**6,128**
Free cash flow incl. lease payments		**506**	**1,278**	**-936**	**693**	**5,137**
Unutilised committed credit facilities		**1,674**	**5,205**	**1,674**	**5,205**	**6,023**

[1] Cash comprises cash at bank and in hand.

The above cannot be derived directly from the income statement and the balance sheet.

NOTE 1 – Accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and additional Danish disclosure requirements for interim financial reporting of listed companies.

The accounting policies applied are consistent with the accounting policies set out in the Annual Report 2021.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

Pandora presents financial measures in the interim financial report that are not defined according to IFRS. Pandora believes that these non-GAAP measures provide valuable information to investors and Pandora's management when evaluating performance. Since other companies might calculate these differently from Pandora, they may not be comparable to the measures used by other companies. These financial measures should therefore not be considered a replacement for measures defined under IFRS. For the definitions of other alternative performance measures used by Pandora which are not defined by IFRS, refer to note 5.6 in the consolidated financial statements in the Annual Report 2021.

New standards, interpretations and amendments adopted by Pandora

Pandora has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year beginning on 1 January 2022. The implementation of these new or amended standards and interpretations had no material impact on the financial statements for the period.

NOTE 2 – Significant accounting estimates and judgements

In preparing the condensed consolidated interim financial statements, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of Pandora's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2021 to which we refer.

Due to the Russian invasion in Ukraine, Pandora has assessed the impact of the overall uncertainty on both markets. As Pandora had limited presence in both markets and exited the Russia and Belarus markets earlier in 2022, the impact on the financial statements is insignificant.

NOTE 3 – Segment and revenue information

Pandora's activities are segmented into two reportable segments, each responsible for the end-to-end performance of products. One includes Moments, while the other covers newer collections and innovations.

The two operating segments include all channels relating to the distribution and sale of Pandora products.

The non-unit driven revenue, comprising mainly of franchise fees, is allocated to the different revenue categories proportionately.

Management monitors the profitability of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment results are measured at gross profit as presented in the table below.

SEGMENT INFORMATION

DKK million	Moments incl. Collabs	Style	Group
Q2 2022			
Revenue	4,223	1,432	5,655
Cost of sales	-1,047	-290	-1,337
Gross profit	**3,176**	**1,142**	**4,318**
Operating expenses			-3,069
Consolidated operating profit (EBIT)			**1,249**
Profit margin (EBIT margin)			***22.1%***
Q2 2021[1]			
Revenue	3,722	1,433	5,155
Cost of sales	-881	-299	-1,180
Gross profit	**2,841**	**1,134**	**3,975**
Operating expenses			-2,673
Consolidated operating profit (EBIT)			**1,301**
Profit margin (EBIT margin)			***25.2%***

DKK million	Moments incl. Collabs	Style	Group
H1 2022			
Revenue	8,420	2,924	11,344
Cost of sales	-2,104	-598	-2,702
Gross profit	**6,316**	**2,326**	**8,642**
Operating expenses			-6,083
Consolidated operating profit (EBIT)			**2,559**
Profit margin (EBIT margin)			***22.6%***
H1 2021[1]			
Revenue	6,973	2,682	9,655
Cost of sales	-1,676	-568	-2,244
Gross profit	**5,297**	**2,113**	**7,410**
Operating expenses			-5,206
Consolidated operating profit (EBIT)			**2,204**
Profit margin (EBIT margin)			***22.8%***

[1] The 'Garden' collection has been re-allocated from Style to Moments incl. Collabs in Q2 2021. Comparative figures for Q1 2021 were restated accordingly.

REVENUE BY SEGMENTS

DKK million	Q2 2022	Q2 2021[1]	*Sell-out growth vs 2021*	*Local currency growth*	*Share of Revenue*	H1 2022	H1 2021[1]	*Sell-out growth vs 2021*	*Local currency growth*	*Share of Revenue*
Moments incl. Collabs	4,223	3,722	***4%***	***8%***	***75%***	8,420	6,973	***11%***	***16%***	***74%***
- Moments	3,680	3,376	*1%*	*4%*	*65%*	7,281	6,242	*8%*	*12%*	*64%*
- Collabs	543	346	*34%*	*48%*	*10%*	1,138	732	*38%*	*49%*	*10%*
Style	**1,432**	**1,433**	***-4%***	***-5%***	***25%***	**2,924**	**2,682**	***3%***	***4%***	***26%***
- Timeless	895	886	*-7%*	*-4%*	*16%*	1,840	1,712	*-1%*	*3%*	*16%*
- Signature	368	447	*-13%*	*-22%*	*7%*	764	811	*-5%*	*-10%*	*7%*
- Me	159	82	*72%*	*87%*	*3%*	301	140	*95%*	*109%*	*3%*
- Diamonds by Pandora	10	18	*-22%*	*-47%*	*0%*	19	18	*59%*	*0%*	*0%*
Total revenue	**5,655**	**5,155**	***2%***	***4%***	***100%***	**11,344**	**9,655**	***9%***	***12%***	***100%***

[1] The 'Garden' collection has been re-allocated from Style to Moments incl. Collabs in Q2 2021. Comparative figures for Q1 2021 were restated accordingly.

	Q2 2022	Q2 2021	H1 2022	H1 2021
Goods transferred at a point in time	5,638	5,138	11,310	9,623
Services transferred over time	17	17	34	32
Total revenue	**5,655**	**5,155**	**11,344**	**9,655**

REVENUE DEVELOPMENT IN THE KEY MARKETS

DKK million	Q2 2022	Q2 2021	*Sell-out growth vs 2021*	*Growth in local currency*	H1 2022	H1 2021	*Sell-out growth vs 2021*	*Growth in local currency*
US	1,841	1,771	*-10%*	*-8%*	3,490	3,161	*-6%*	*0%*
China	179	390	*-62%*	*-58%*	433	671	*-50%*	*-41%*
UK	665	569	*7%*	*15%*	1,473	1,156	*24%*	*23%*
Italy	595	515	*16%*	*15%*	1,181	955	*24%*	*24%*
Australia	246	226	*3%*	*3%*	490	469	*0%*	*2%*
France	237	210	*16%*	*13%*	498	403	*24%*	*23%*
Germany	285	241	*42%*	*18%*	559	432	*61%*	*29%*
Total top-7 markets	**4,048**	**3,922**	***-5%***	***-3%***	**8,125**	**7,248**	***3%***	***6%***
Rest of Pandora	**1,607**	**1,233**	***29%***	***27%***	**3,219**	**2,407**	***31%***	***31%***
Total revenue	**5,655**	**5,155**	***2%***	***4%***	**11,344**	**9,655**	***9%***	***12%***

REVENUE BY CHANNEL

DKK million	Q2 2022	Q2 2021	*Growth in local currency*	H1 2022	H1 2021	*Growth in local currency*
Retail physical stores[1]	3,003	2,177	*32%*	5,709	3,716	*48%*
Retail online stores	1,098	1,222	*-16%*	2,317	2,639	*-17%*
Wholesale and third-party distribution	1,554	1,756	*-17%*	3,318	3,300	*-5%*
Total revenue	**5,655**	**5,155**	***4%***	**11,344**	**9,655**	***12%***

[1]Pandora does not own any of the premises (Land and buildings) where stores are operated. Pandora exclusively operates stores from leased premises.

The use of sales channels for the distribution of Pandora jewellery depends on the underlying market maturity and varies within markets but is consistent when viewed between segments.

NOTE 4 – Seasonality of operations

Due to the seasonal nature of the jewellery business, higher revenue and profits are historically realised in the fourth quarter.

NOTE 5 – Financial risks

Pandora's overall risk exposure and financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rates, are described in the disclosures in note 4.4 in the consolidated financial statements in the Annual Report 2021.

Net interest-bearing debt (NIBD), incl. capitalised leases amounted to DKK 7.9 billion at the end of Q2 2022 (Q1 2022: DKK 7.2 billion) corresponding to a financial leverage of 1.0x (Q1 2022: 0.9x). The increase in NIBD is mainly driven by cash returns to shareholders (DKK 0.7 billion) and an increase in net working capital (DKK 0.6 billion).

Outstanding committed loan facilities (end of June 2022)

	Available facilities DKK million	Maturity date	Drawn amount DKK million	Available liquidity
Revolving Credit Facilities	7,067	April 2027	5,394	1,673
Term Loan	744	May 2030	744	0
Total	**7,811**		**6,138**	**1,673**

NOTE 6 – Derivative financial instruments

Derivative financial instruments are measured at fair value and in accordance with level 2 in the fair value hierarchy (IFRS 13).

See note 4.5 to the consolidated financial statements in the Annual Report 2021.

NOTE 7 – Trade receivables

DKK million	2022 30 June	2021 31 December
Receivables related to third-party distribution and wholesale	410	672
Receivables related to retail revenue sales	253	337
Total trade receivables	**663**	**1,009**

NOTE 8 – Business combinations

During the first half of 2022, Pandora took over 38 concept stores in US, Canada and Italy in 3 business combinations (37 stores were taken over in Q1 2022 and 1 in Q2 2022). Net assets acquired mainly consist of store properties, inventories and related liabilities. The total purchase price for the acquisitions was DKK 294 million. Based on the purchase price allocations, goodwill was DKK 195 million. Goodwill from the acquisitions is mainly related to the synergies from converting the stores from wholesale to Pandora owned retail. Of the goodwill acquired, DKK 195 million is deductible for income tax purposes.

Cost relating to the acquisitions was immaterial and has been recognised as operating expenses in the income statement.

Excluding the temporary drag on gross margin from inventory buybacks, contribution to Group revenue and net earnings from acquisitions for the period 1 January – 30 June 2022 was DKK 162 million and DKK 59 million respectively. On a pro forma basis, if the acquisitions had been effective from 1 January 2022, the impact on Group revenue and net earnings for the period 1 January – 30 June 2022 would have been approximately DKK 189 million and DKK 67 million.

ACQUISITIONS

DKK million	H1 2022	FY 2021
Distribution rights	-	13
Property, plant and equipment	90	84
Inventories	80	34
Assets acquired	**170**	**131**
Non-current liabilities	43	50
Payables	2	-
Other current liabilities	27	27
Liabilities assumed	**72**	**77**
Total identifiable net assets acquired	**98**	**54**
Goodwill arising on the acquisitions	195	12
Purchase consideration	**294**	**66**
Cash movements on acquisitions:		
Deferred payment (including earn-out)	-1	-
Cash acquired	0	-
Net cash flow on acquisitions	**293**	**66**

Business combinations after the reporting period

In July 2022, Pandora acquired the distribution in Portugal from the previous distributor, Visão do Tempo. The acquisition comprised of inventories and non-current assets and liabilities relating to 34 stores. The total purchase price was approximately DKK 99 million and the purchase price allocation has not been finalised at the time of the reporting.

In July 2022, Pandora acquired 17 stores in the US. Net assets acquired mainly consists of inventory and non-current assets and liabilities relating to the stores. The total purchase price was approximately DKK 184 million and the purchase price allocations have not been finalised at the time of the reporting.

NOTE 9 – Goodwill

DKK million	2022 30 June	2021 31 December
Cost at 1 January	4,418	4,247
Acquisition of subsidiaries and activities in the period	195	12
Exchange rate adjustments	130	159
Cost at the end of the period	**4,743**	**4,418**

No impairment indication was identified based on the information regarding the market and the forecast. The latest impairment test was carried out 31 December 2021 and the test confirmed a substantial headroom between the carrying amount and the value in use. All the assumptions used are as described in the Annual Report 2021.

NOTE 10 – Assets and liabilities related to leases

Amounts recognised in the balance sheet:

RIGHT-OF-USE ASSETS

DKK million	2022 30 June	2021 31 December
Property	2,683	2,507
IT	2	3
Cars	12	14
Other	7	8
Total right-of-use assets	**2,704**	**2,532**

Out of the total increase of DKK 0.2 billion in right-of-use-assets in the period 1 January – 30 June 2022, DKK 0.7 billion relates to renewals of lease contracts and new leases driven by network expansion and forward integration, partially offset by a decrease of DKK 0.5 billion as a result of depreciation and currency exchange movement. The development in right-of-use-assets is further affected by the timing of renewals of lease contracts and new leases including the negotiation of more favourable leasing terms.

LEASE LIABILITIES

DKK million	2022 30 June	2021 31 December
Non-current	1,860	1,724
Current	932	886
Total lease liabilities	**2,792**	**2,610**

Lease liabilities are recognised in loans and borrowings in the balance sheet.

Amounts recognised in the income statement:

RECOGNISED DEPRECIATION ON RIGHT-OF-USE ASSETS CHARGED TO THE INCOME STATEMENT FOR THE PERIOD

DKK million	1 January – 30 June 2022	1 January – 30 June 2021
Property	533	533
IT	1	1
Cars	4	5
Other	2	2
Total depreciation on right-of-use assets for the period	**540**	**540**

OTHER ITEMS RELATING TO LEASES

DKK million	1 January – 30 June 2022	1 January – 30 June 2021
Interest expense	61	48
Total interest for the period	**61**	**48**

Costs recognised in the period for short term and low value leases were DKK 23 million (2021 H1: DKK 20 million). Expenses are recognised on a straight line basis.

Total cash outflow relating to leases was DKK 776 million for 2022 (2021 H1: DKK 642 million). This comprises of fixed lease payments in scope of IFRS 16 of DKK 519 million (2021 H1: DKK 470 million), variable lease payments of DKK 173 million (2021 H1: DKK 104 million), interest paid of DKK 61 million (2021 H1: DKK 48 million) and short term and low value leases of DKK 23 million (2021 H1: DKK 20 million). Payments related to variable leases and short term and low value leases are not included in the lease liabilities.

Due to COVID-19, repayment of certain fixed leases were negotiated and agreed with landlords and deferred by approximately DKK 35 million in H1 2021. In addition, Pandora received rent concessions from landlords in H1 2021 amounting to DKK 42 million, which was recognised under Sales and Distribution expenses in the profit and loss statement. Overall financing cash flow was positively impacted by DKK 77 million due to rent relief and rent deferrals in H1 2021. The impact in 2022 is insignificant due to limited COVID-19 impact.

NOTE 11 – Trade payables

The Group generally accepts that vendors sell-off their receivables arising from the sale of goods and services to the Group to a third party. Pandora has established a supply chain financing programme where vendors can sell off their receivables from Pandora at attractive terms, based on invoices approved by Pandora, but at the bank's sole discretion. Pandora is not directly or indirectly a party to these agreements. The amounts payable to suppliers included in the supply chain financing programme are classified as trade payables in the balance sheet as well as in the cash flow statement (working capital within cash flow from operations) and amounts to DKK 41 million at 30 June 2022 (DKK 13 million at 30 June 2021).

NOTE 12 – Contingent liabilities

Reference is made to note 5.1 to the consolidated financial statements in the Annual Report 2021.

NOTE 13 – Related parties

Related parties with significant interests

Other related parties of Pandora with significant influence include the Board and the Executive Management of this Company and their close family members. Related parties also include companies in which the persons have control or significant interests.

Transactions with related parties

Pandora did not enter into any significant transactions with members of the Board or the Executive Management, except for compensation and benefits received because of their membership of the Board, employment with Pandora or shareholdings in Pandora.

NOTE 14 – Store network, concept store development[1]

	Total concept stores					*O&O concept stores*		
	Number of concept stores Q2 2022	**Number of concept stores Q1 2022**	**Number of concept stores Q2 2021**	***Growth Q2 2022 / Q1 2022***	***Growth Q2 2022 /Q2 2021***	**Number of concept stores O&O Q2 2022**	***Growth O&O stores Q2 2022 / Q1 2022***	***Growth O&O stores Q2 2022 /Q2 2021***
US	394	391	389	3	5	227	3	48
China	219	209	216	10	3	201	10	-1
UK	209	208	215	1	-6	189	13	48
Italy	145	146	145	-1	-	108	1	2
Australia	122	124	122	-2	-	42	-1	3
France	122	120	121	2	1	80	2	3
Germany	133	133	137	-	-4	130	-	-4
Total top-7 markets	1,344	1,331	1,345	13	-1	977	28	99
Rest of Pandora[2]	1,103	1,101	1,105	2	-2	523	8	22
All markets	**2,447**	**2,432**	**2,450**	**15**	**-3**	**1,500**	**36**	**121**

[1]Includes 7 key markets measured on revenue for FY 2021. All markets with 10 or more concept stores can be found in the Excel appendix uploaded on www.pandoragroup.com.

[2] As of Q1 2022, Pandora has excluded 153 concept stores related to Russia and Belarus. Pandora has also excluded 180 concept stores in the Q2 2021 comparison figures related to Russia and Belarus.

NOTE 15 – Commodity hedging

It is Pandora's policy to hedge at least an average of 70% of the Group's expected gold and silver consumption based on a rolling 12-months production plan. The below table illustrates the timing of the hedges related to the purchase of silver for production, i.e. excluding the time lag effect from inventory to Cost of sales (when the product is sold). The time-lag from use in production to impact on Cost of sales is usually 2-7 months.

HEDGED AND REALISED PURCHASE PRICES (AT USE OF THE SILVER AND GOLD FOR PRODUCTION)

USD / OZ	*Realised in Q2 2022*	Hedged Q3 2022	Hedged Q4 2022	Hedged Q1 2023	Hedged Q2 2023
Gold price	*1,832*	1,821	1,853	1,951	1,943
Silver price	*24.45*	23.84	23.39	24.06	22.73
Commodity hedge ratio, %	*Realised*	70-100%	70-90%	50-70%	30-50%

NOTE 16 – Subsequent events

As described in "Other events" in the Management review and in note 8 – Business Combinations, Pandora is not aware of events after 30 June 2022, which are expected to materially impact the Group's financial position.

QUARTERLY OVERVIEW

DKK million	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Financial highlights					
Revenue	5,655	5,689	9,011	4,728	5,155
Organic growth, %	*3%*	*21%*	*10%*	*14%*	*84%*
Sell-out growth incl. temporarily closed stores, %	*2%*	*17%*	*11%*	*5%*	*62%*
Earnings before interests, tax, depreciations and amortisations (EBITDA)	1,737	1,772	3,267	1,393	1,762
Operating profit (EBIT)	1,249	1,310	2,678	957	1,301
EBIT margin, %	*22.1%*	*23.0%*	*29.7%*	*20.2%*	*25.2%*
Net financials	-27	-10	-211	-137	-21
Net profit for the period	934	995	1,904	635	992
Financial ratios					
Revenue growth, DKK, %	*10%*	*26%*	*14%*	*16%*	*79%*
Revenue growth, local currency, %	*4%*	*22%*	*11%*	*15%*	*85%*
Gross margin, %	*76.4%*	*76.0%*	*75.7%*	*75.5%*	*77.1%*
EBITDA margin, %	*30.7%*	*31.1%*	*36.3%*	*29.5%*	*34.2%*
EBIT margin, %	*22.1%*	*23.0%*	*29.7%*	*20.2%*	*25.2%*
Effective tax rate, %	*23.5%*	*23.5%*	*22.8%*	*22.5%*	*22.5%*
Equity ratio, %	*27%*	*28%*	*38%*	*40%*	*44%*
NIBD to EBITDA, excl. restructuring costs[1], x	1.0	0.9	0.4	0.5	0.4
Return on invested capital (ROIC)[1], % of last 12 months EBIT	*46%*	*49%*	*59%*	*48%*	*44%*
Cash conversion incl. lease payments, %	*40%*	*-110%*	*147%*	*53%*	*98%*
Net working capital, % of last 12 months revenue	*5.8%*	*3.5%*	*-5.0%*	*0.2%*	*-0.3%*
Capital expenditure, % of revenue	*5.4%*	*2.8%*	*2.4%*	*4.2%*	*2.7%*
Stock ratios					
Total payout ratio (incl. share buyback), %	*77%*	*277%*	*143%*	*211%*	*76%*
Consolidated balance sheet					
Total assets	20,503	19,419	18,542	18,173	18,277
Invested capital	13,543	12,684	9,884	11,141	11,136
Net working capital	1,451	871	-1,181	50	-57
Net interest-bearing debt (NIBD), incl. capitalised leases	7,926	7,157	2,882	3,819	3,005
Equity	5,617	5,526	7,001	7,322	8,130
Consolidated statement of cash flow					
Cash flow from operating activities	928	-1,111	4,073	885	1,586
Capital expenditure (CAPEX)	306	158	215	201	138
Capital expenditure, property, plant and equipment (CAPEX)	236	83	146	96	64
Free cash flow incl. lease payments	506	-1,442	3,941	502	1,278

[1] Ratios are based on 12 months' rolling EBITDA and EBIT, respectively.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have reviewed and approved the interim financial report of Pandora A/S for the period 1 January – 30 June 2022. The consolidated interim financial statement, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and additional requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated interim financial statement gives a true and fair view of the financial position for the Pandora Group at 30 June 2022 and of the results of the Pandora Group's operations and cash flows for the period 1 January – 30 June 2022.

Further, in our opinion, the Management's review gives a fair view of the development in the Group's activities and financial matters, results of operations, cash flows and the financial position as well as a description of material risks and uncertainties that the Group face.

Copenhagen, 16 August 2022

EXECUTIVE MANAGEMENT

Alexander Lacik *Chief Executive Officer*	Anders Boyer *Chief Financial Officer*

BOARD

Peter A. Ruzicka Chair	Christian Frigast Deputy Chair	
Heine Dalsgaard	Birgitta Stymne Göransson	Marianne Kirkegaard
Catherine Spindler	Jan Zijderveld	

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.