INTERIM FINANCIAL REPORT Q3 2022

8 November 2022 | Company Announcement No. 751

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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.

On track to deliver on the full year guidance
- Diamonds by Pandora well received in North America

Highlights

- Organic growth of 3% and sell-out growth of 1% vs Q3 2021 (13% organic growth vs Q3 2019)
- Phoenix strategy on track. Brand metrics remain strong, the core platform is growing while important steps to build new platforms have been taken
- Pandora's biggest product platform, *Moments*, delivered 2% sell-out growth vs Q3 2021
- Diamonds by Pandora was launched in North America on 25 August and reached 3% share of sell-out
- As expected, US was down 3% organically as the market is comping the unusual effects from last year's stimulus cheques. US delivered strong organic growth of 56% vs Q3 2019 - in line with last quarter
- UK and Australia delivered double digit organic growth vs Q3 2021. France continued to be impacted by lower promotional activity. Germany remains healthy while Italy saw some signs of a weakening consumer sentiment
- After successful testing, Pandora has increased prices on selected items in North America, while remaining affordable. Similar price increases (4% on average) was implemented globally in early Q4
- Network expansion drives 2% organic growth in the quarter at an average EBIT margin of 40%
- The gross margin was strong and increased 1.2pp vs Q3 2021. The EBIT margin in Q3 2022 was 18.6%. As previously communicated, the Q4 2022 EBIT margin is expected to be stronger than last year
- Inventories deliberately increased ahead of peak season. The inventory composition remains very healthy
- Pandora plan to distribute DKK 5.3 billion to its shareholders in 2022, equal to around 13% of market cap
- Leverage remains low with NIBD to EBITDA at 1.1x. Pandora has a strong liquidity and funding position

Pandora confirms the guidance for 2022 of 4-6% organic growth and 25.0-25.5% EBIT margin. Trading in Q4 so far has been in line with the Q3 performance and thereby in line with the upper end of the implied guidance range for Q4. Pandora is assessing the impact of the recent fire at the European Distribution center. The initial assessment suggests limited net financial impact. The macroeconomic outlook is associated with elevated uncertainty.

Alexander Lacik, President and CEO of Pandora, says:
"We continued our growth journey in the third quarter and are well prepared for peak trading in November-December with an exciting product line-up. Our launch of Diamonds by Pandora is off to an encouraging start and new products will be added to the platform to fuel holiday momentum. Despite macroeconomic and geopolitical uncertainty, the shopping patterns of our consumers is so far largely unchanged. With strong financials and our position in affordable gifting, we are well equipped to weather a potential recession and seize relevant investment opportunities, for example to expand our store network. We are already now taking precautionary measures to ensure our profitability should circumstances change."

DKK million	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021	FY 2022 guidance
Revenue	5,263	4,728	16,607	14,383	23,394	
Organic growth, %	***3%***	***14%***	***8%***	***32%***	***23%***	***4-6%***
Sell-out growth (like-for-like), %[1]	*1%*	*5%*	*6%*	*27%*	*20%*	
Operating profit (EBIT)	978	957	3,537	3,161	5,839	
EBIT margin, %	***18.6%***	***20.2%***	***21.3%***	***22.0%***	***25.0%***	***25-25.5%***

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

FINANCIAL HIGHLIGHTS

DKK million	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
Financial highlights					
Revenue	5,263	4,728	16,607	14,383	23,394
Organic growth, %	***3%***	***14%***	***8%***	***32%***	***23%***
Sell-out growth (like-for-like), %[1]	*1%*	*5%*	*6%*	*27%*	*20%*
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,496	1,393	5,004	4,571	7,838
Operating profit (EBIT)	978	957	3,537	3,161	5,839
EBIT margin, %	***18.6%***	***20.2%***	***21.3%***	***22.0%***	***25.0%***
Net financials	-18	-137	-55	-250	-461
Net profit for the period	734	635	2,663	2,256	4,160
Financial ratios					
Revenue growth DKK, %	*11%*	*16%*	*15%*	*29%*	*23%*
Revenue growth, local currency, %	*5%*	*15%*	*10%*	*33%*	*24%*
Gross margin, %	*76.7%*	*75.5%*	*76.3%*	*76.3%*	*76.1%*
EBITDA margin, %	*28.4%*	*29.5%*	*30.1%*	*31.8%*	*33.5%*
EBIT margin, %	*18.6%*	*20.2%*	*21.3%*	*22.0%*	*25.0%*
Effective tax rate, %	*23.5%*	*22.5%*	*23.5%*	*22.5%*	*22.6%*
Equity ratio, %	*26%*	*40%*	*26%*	*40%*	*38%*
NIBD to EBITDA	1.1	0.5	1.1	0.5	0.4
Return on invested capital (ROIC), % of last 12 months EBIT	*42%*	*48%*	*42%*	*48%*	*59%*
Cash conversion incl. lease payments, %	*0%*	*53%*	*-26%*	*38%*	*88%*
Net working capital, % of last 12 months revenue	*8.8%*	*0.2%*	*8.8%*	*0.2%*	*-5.0%*
Capital expenditure, % of revenue	*6.9%*	*4.2%*	*5.0%*	*3.0%*	*2.7%*
Stock ratios					
Total pay-out ratio (incl. share buyback), %	*108%*	*211%*	*160%*	*93%*	*115%*
Dividend per share, proposed, DKK	-	-	-	-	16
Dividend per share, paid, DKK	-	5	16	10	15
Earnings per share, basic, DKK	7.8	6.4	28.5	22.7	42.1
Earnings per share, diluted, DKK	7.8	6.4	28.3	22.6	41.7
Consolidated balance sheet					
Total assets	21,776	18,173	21,776	18,173	18,542
Invested capital	14,853	11,141	14,853	11,141	9,884
Net working capital	2,249	50	2,249	50	-1,181
Net interest-bearing debt (NIBD) incl. capitalised leases	9,174	3,819	9,174	3,819	2,882
Equity	5,679	7,322	5,679	7,322	7,001
Consolidated statement of cash flow					
Cash flow from operating activities	542	885	359	2,155	6,228
Capital expenditure – total	364	201	828	426	641
Capital expenditure - property, plant and equipment	260	96	579	195	341
Free cash flow incl. lease payments	0	502	-936	1,195	5,137

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

BUSINESS UPDATE

Third quarter performance in line with guidance – ready for peak season

While the macro headwinds are growing around the globe, Pandora continues to execute on the Phoenix strategy and perform in line with the upper end of the guidance. In Q3 2022, Pandora continued to drive its core platform, Moments, while fuelling with more. During the quarter, underlying revenue growth month by month was unchanged and Q4 trading so far is in line with the Q3 performance.

Pandora maintained the global promotional level in line with Q3 2021. After successfully reducing the promotional level over the last couple of years – thereby indirectly increasing prices - Pandora has now implemented selected price increases. Pandora has a well-articulated pricing strategy, where a key pillar is a commitment to offer affordable jewellery. The entire pricing strategy is formulated in the shape of a Diamond. The adjustments made can be characterised as 'stretching' the Diamond somewhat. Pandora has properly researched various price points and assessed the elasticity and on this basis found opportunities to adjust the pricing on roughly 1/3 of the assortment. It is important to stress that the opening price points are protected as well as the price on strategic items. This change was rolled out in October, and it will take few months to fully analyse the impact. On average, prices were raised by 4% across the portfolio.

Pandora's biggest product platform, *Moments*, delivered 2% sell-out growth vs Q3 2021. The performance was driven by Collaborations, which had another strong quarter, up 24% vs Q3 2021. Growth was supported by the new *Marvel* collaboration, but also other Disney classics including *Winnie the Pooh* was among the top performing products in Q3 2022.

Style had -2% sell-out growth vs Q3 2021. The growth was dragged down by mainly *Signature*. Pandora is not pleased with the performance of *Signature*, as the new products introduced in the quarter fell short of expectations. *Pandora ME* grew 125% vs Q3 2021, ending at 4% share of revenue in the quarter.

Launch of *Diamonds by Pandora* in North America

Pandora launched *Diamonds by Pandora* on 25 August across 269 Pandora stores in the US and Canada as well as online. The US is the world's largest market for lab-created diamond jewellery, estimated at around USD 1.2 billion and around 10 times the size for the UK lab-created diamond jewellery market. The market is expected to continue to grow, and lab-created diamonds are outpacing the diamond industry's overall growth. Pandora is pleased with the launch in US and Canada so far, but also see a need to improve and adjust in certain areas. Total revenue in the quarter ended at DKK 113 million, which include sell-in to the partner channel in connection with the launch.

Since launch, *Diamonds by Pandora* has captured 3% of total sell-out in North America. This equals nearly 5% share of business in the 269 stores offering the collection. The top 80 stores had an average share of business of 9% while bottom performing 80 stores had around 2%. Learning from the UK test launch, Pandora deliberately did not launch *Diamonds by Pandora* in all stores, and has specifically chosen the individual stores for the US launch based on potential. Pandora believes that learnings captured from the top 80 stores, can be used to strengthen sales in stores performing less well.

Launch to date 16% share of revenue from *Diamonds by Pandora* has been generated online, which is below average in the US trending around 20%. Rings continue to be the best performing category and data suggests that roughly 50% of transactions are generated by new consumers.

Pandora will add new products to the platform to fuel holiday momentum. This will include a 2.0 carat ring.

REVENUE BY SEGMENT

DKK million	Q3 2022	Q3 2021	*Sell-out growth vs 2021*	*Share of revenue*	9M 2022	9M 2021	*Sell-out growth vs 2021*	*Share of Revenue*
Moments incl. Collabs	**3,743**	**3,325**	***2%***	***71%***	**12,163**	**10,299**	***8%***	***73%***
- Moments	3,251	2,948	*-1%*	*62%*	10,532	9,190	*5%*	*63%*
- Collabs	492	377	*24%*	*9%*	1,631	1,109	*33%*	*10%*
Style	**1,520**	**1,403**	***-2%***	***29%***	**4,444**	**4,085**	***2%***	***27%***
- Timeless	749	722	*-2%*	*14%*	2,589	2,435	*-2%*	*16%*
- Signature	459	483	*-20%*	*9%*	1,223	1,294	*-10%*	*7%*
- ME	199	188	*125%*	*4%*	501	328	*105%*	*3%*
- Diamonds by Pandora	113	10	*97%*	*2%*	131	28	*79%*	*1%*
Total revenue	**5,263**	**4,728**	***1%***	***100%***	**16,607**	**14,383**	***6%***	***100%***

Personalising the consumer experience

Two of the bigger projects within the Personalisation growth pillar in the Phoenix strategy are the new store concept called *Evoke* and the new loyalty Programme called *My Pandora*. Both projects are moving in accordance to plan. Pandora has so far opened 23 Evoke test stores and more will be added in Q4 2022. Performance metrics are still encouraging with sell-out growth trending better than the rest of the store portfolio.

Another element, which is key in Pandoras journey of personalising the consumer experience, is the use and leverage of consumer data. Pandora has invested in systems, processes and integrations the last couple of years to become a frontrunner within personalisation in the jewellery category. In 2022, a dedicated *Personalisation* function has been established to drive this agenda forward. So far with promising results. By using existing consumer data, such as engagement data from paid media and website behaviour, Pandora is able to target consumers directly with content of their interest. As an example, Pandora can establish a cross-channel consumer centric journey, which feature tailored content that matches the need of a gifter in all touch points with Pandora. From personalised marketing content including gifting offers, to entering the Pandora website featuring gifting propositions. With this type of personalised consumer journey, Pandora can bring relevant communication all year, without compromising existing communication to self-purchasers and ultimately increase the addressable market throughout the year.

Pandora is in a strong position to manage an uncertain macro environment – pre-emptive cost measures taken

Pandora has so far seen limited shifts in consumer sentiment and Q3 2022 ended in line with the high end of the guidance. Based on external data, such as weakening consumer sentiment, inflation and higher interest rates etc., the macroeconomic headwinds are growing. At this point in time, Pandora mainly see signs of a weakening consumer in Italy, where the conversion rate and units per transaction (UPT) has decreased slightly. Pandora is taking a number of pre-emptive measures and should a recession scenario come into play, Pandora is in a strong position to manage through:

- Due to the favorable margin structure, strong cash generation and low financial leverage, Pandora has a strong starting point to manage through a potential period with weak demand. While prudent cost measures will obviously be taken, the strong starting point enables the company to invest and accelerate during a recession where relevant.

- Pandora has already initiated a number of measures preparing for a potential macroeconomic downturn. These measures mainly include a range of cost actions and re-prioritisation of initiatives. But it also includes more offensive measures such as potentially accelerating the profitable network expansion as access to the desired locations opens up during a recession. Network expansion contributed 2% organic growth in Q3 2022 at an average EBIT margin of 40%.

- Stress testing Pandora's financials shows that even in a deep recession scenario, Pandora would still be highly profitable and generate excess cash to be returned to shareholders. Year 2020, where the pandemic hit the hardest, is a testimony to that. Fully variable expenses – on top of cost of goods sold which are almost 100% variable - accounts for roughly 10% of revenue, and is mainly related to POS materials, variable rent, freight costs and variable salary. Additionally, the majority of marketing expenses (approximately 15% of revenue) can be adjusted with short notice.

- During 2022, inventories have increased DKK 2.2 billion, as planned. The majority of the inventory increase relates to normal seasonality ahead of the Q4 peak season. Pandora stresses that the inventory remains healthy and the company do not expect increased markdowns. Additionally, Pandora has – as previously communicated – decided to mitigate the risk of potential future disruptions to the supply chain by adding a "risk premium" to the inventory covering high runner products. Pandora expect to end the year with an inventory level of around DKK 4 billion. This corresponds to a weeks of cover of around 30 weeks, 3 weeks up from 27 by the end of 2021. The increase partly reflects the risk premium and partly a decision to increase availability of individual SKU's. Availability has a direct impact on conversion rates and thereby revenue.

Pandemic in Thailand

Pandora has for more than a year taken extraordinary measures in Thailand to protect both employees and production. In 2022, Pandora has slowly seen the situation improve moving from 1,200 employees in COVID-19 related quarantine in March to around 600 in August and now none.

Performance metrics

When comparing vs Q3 2021, the performance needs to be interpreted with care as temporary store closures due to COVID-19 distort the year over year performance. On average around 5% of the stores were temporarily closed in Q3 2021, driven by Australia which had around 50% of the stores temporarily closed in Q3 2021. In Q3 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 Q3 2021 creating an elevated comparative base.

From Q1 2023, Pandora will include retail owned other points of sales in the sell-out growth KPI. This will enhance overall transparency as a bigger portion of the store base will be captured in the KPI, increasing from around 80% of sell-out to around 85%. The change will not have a meaningful impact on the consolidated KPI, as retail owned other points of sales performance is relatively aligned to concept stores.

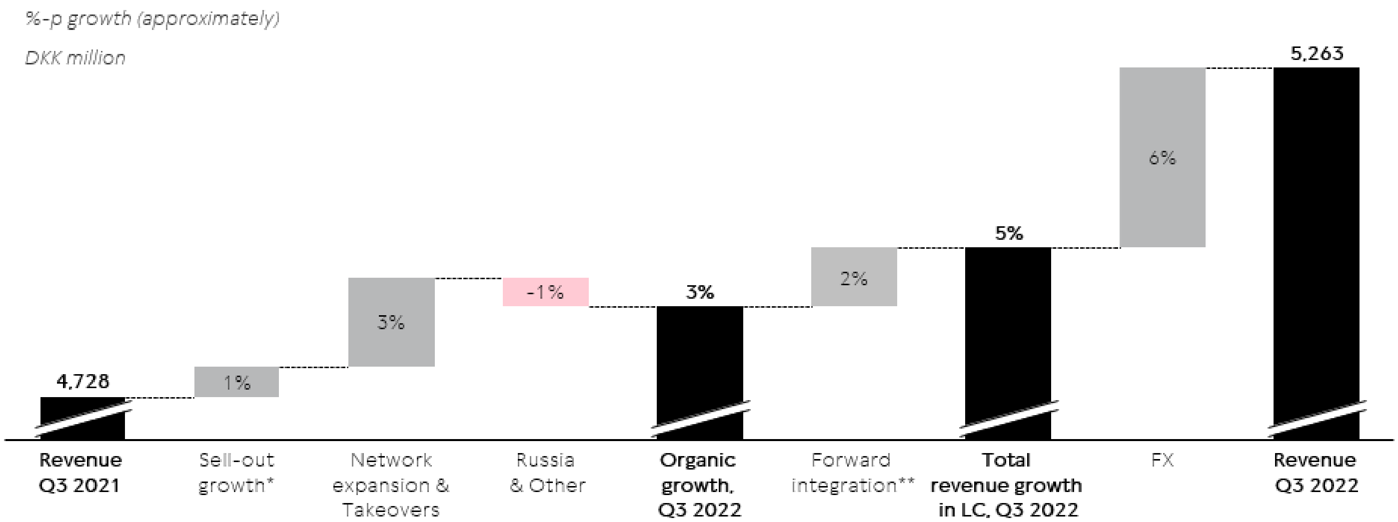
From Q1 2023 onwards, the company will not provide growth KPI's vs 2019. As COVID-19 no longer impact numbers to a material extent, Pandora will focus on year over year performance.

REVENUE REVIEW

Double digit revenue growth

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

Q3 2022 growth composition vs Q3 2021



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

The Q3 2022 performance remained solid with 3% organic growth and 1% sell-out growth. The organic growth was supported by network expansion contributing with 2% organic growth. Takeovers of franchise partners where no goodwill was paid contributed 1% organic growth.

The performance in Q3 2022 continues to be negatively impacted by ceasing the business in Russia and Belarus, accounting for roughly a 1% drag on organic growth. Other smaller items also impacted organic growth negatively, such as, lower sell-in in Germany mainly driven by the unwinding of business with a partner selling Pandora's jewellery via Amazon.

Forward integration supported total revenue growth in local currency with 2% driven by store acquisitions, mainly in the US. Foreign exchange rates was a net tailwind of 6%, and continues to be driven mainly by a strong US dollar, partly offset by the weakening of the British pound, leading to a total revenue growth of 11% vs Q3 2021.

REVIEW OF REVENUE BY CHANNEL

Growth driven by physical stores as online business normalises

The growth composition between channels have changed compared to Q3 2021, partly due to temporarily store closures last year due to COVID-19, which drove consumers from the physical network into the online channel. Organic growth in the quarter is therefore driven by the physical network, as consumers returned to the physical stores.

Online continued to perform strongly vs 2019 levels, landing Q3 2022 at an organic growth of around 75% vs Q3 2019. Year to date September, the online channel has delivered an organic growth of almost 110% vs 2019 – a testimony to the step changes and investments, Pandora has made during the last couple of years.

Pandora operated other points of sale continued to grow strongly. New store openings in Latin America, where the shop-in-shop store format fits well, and the cooperation with Macy's in the US supports growth in this channel.

Organic growth in Pandora's wholesale business was down -4% vs Q3 2021, while third-party distribution was down -1%. 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 Q3 2022 and wholesale revenue in Q3 2021. Franchise takeovers has in total contributed with DKK 60 million in net revenue converting from wholesale to retail revenue. The sequential improvement in wholesale performance from Q2 2022 to Q3 2022, was supported by the reopening of Australia. Australia is one of the larger franchise markets of Pandora, comping a Q3 2021 which had temporarily closed stores due to COVID-19.

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 40% vs Q3 2021 driven by a strong performance in some of the Asian markets.

REVENUE DEVELOPMENT BY CHANNEL

DKK million	Q3 2022	Q3 2021	*Organic growth vs Q3 2021*	*Share of Revenue*	9M 2022	9M 2021	*Organic growth vs 9M 2021*	*Share of Revenue*
Pandora owned[1] retail	**3,637**	**3,096**	***6%***	***69%***	**11,663**	**9,450**	***14%***	***70%***
- of which concept stores	2,547	2,057	*10%*	*48%*	7,717	5,465	*28%*	*46%*
- of which online stores	829	873	*-11%*	*16%*	3,146	3,512	*-15%*	*19%*
- of which other points of sale	260	166	*44%*	*5%*	800	474	*60%*	*5%*
Wholesale	**1,458**	**1,451**	***-4%***	***28%***	**4,430**	**4,415**	***-1%***	***27%***
- of which concept stores	793	858	*-8%*	*15%*	2,393	2,459	*-1%*	*14%*
- of which other points of sale	665	592	*3%*	*13%*	2,038	1,956	*-2%*	*12%*
Third-party distribution	**168**	**182**	***-1%***	***3%***	**514**	**518**	***0%***	***3%***
Total revenue	**5,263**	**4,728**	***3%***	***100%***	**16,607**	**14,383**	***8%***	***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

Pandoras network and reach is growing

Pandora has opened net 34 concept stores in Q3 2022 vs Q3 2021 and net 27 in Q3 2022. The store openings are mainly in US and China and are part of Pandoras ambition to increase the overall footprint in these markets. The expansion comes with a significant opportunity for further value creation. Pandora provided a deep dive into the financials of network developments in its Q2 2022 Interim financial report in the section called *Network expansion supporting growth and margins*.

Pandora expects net openings to reach 70-100 concept stores in 2022. Year to date, Pandora has opened net 20 concept stores.

In July, Pandora acquired the Portuguese distributor and has converted 25 concept stores and nine shop-in-shops from third-party distribution stores to Pandora-owned stores in Q3 2022. The acquisition will add roughly DKK 100 million of revenue on a full year basis, converting third-party distributor revenue to retail revenue. Pandora also acquired a franchise partner in the US, in which Pandora took back 13 concept stores in the Las Vegas area.

Pandora owned other points of sales increased by 152 vs Q3 2021. This is driven by mainly Latin America, which contributes 91 of the openings, of which 65 is in Mexico. Additionally, Pandora took over a number of stores from El Corte Ingles in Spain, transferring franchise owned other point of sales into retail points of sale. Other points of sales within third-party-distribution is down 159 vs Q3 2021, of which 150 relates to the takeover of the Portuguese distributor. These stores are now accounted for as either Pandora owned or franchise owned other points of sale.

Number of points of sale[1,3]	Q3 2022	Q2 2022	Q3 2021	*Growth Q3 2022 /Q2 2022*	*Growth Q3 2022 /Q3 2021*
Concept stores	**2,474**	**2,447**	**2,440**	***27***	***34***
- of which Pandora owned[2]	1,587	1,500	1,403	*87*	*184*
- of which franchise owned	588	618	710	*-30*	*-122*
- of which third-party distribution	299	329	327	*-30*	*-28*
Other points of sale	**3,967**	**4,001**	**4,026**	***-34***	***-59***
- of which Pandora owned[2]	431	382	279	*49*	*152*
- of which franchise owned	3,204	3,141	3,256	*63*	*-52*
- of which third-party distribution	332	478	491	*-146*	*-159*
Total points of sale	**6,441**	**6,448**	**6,466**	***-7***	***-25***

[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 excludes concept stores and other points of sales from third-party distribution related to Russia and Belarus, as the business is ceased. Comparative figures for 2021 were restated accordingly.

REVIEW OF REVENUE BY KEY MARKET

Q3 revenue growth in line with plan. Signs of weaker consumer sentiment in Italy

Overall, Pandora is pleased with the performance in Q3 2022, which landed in line with the expectations laid out in the guidance. Sell-out growth landed at 1%, broadly in line with Q2 2022 of 2%. Organic growth was 3% vs Q3 2021, in line with Q2 2022 and corresponding to 13% vs Q3 2019. All key markets (except China) delivered positive organic growth vs 2019 with US continuing to be the biggest contributor of growth. In Q3 2021, Pandora had 5% temporary store closures due to COVID-19, driven by Australia.

Pandora US performed in line with expectations and delivered -3% organic growth and -9% sell-out growth vs Q3 2021, comping last year's stimulus cheques. Organic growth was supported by the launch of Diamonds by Pandora. Additionally, 19 concept stores were opened vs Q3 2021, of which 11 was opened in Q3 2022. Compared with 2019, performance remained very strong with 56% organic growth.

On 13 July 2022, Pandora acquired 13 concept stores in Las Vegas. The acquisition is a key part of Pandora's ambition to further strengthen its presence on the west coast. In total, the acquisitions of franchise partners in the US added 5% revenue growth (DKK 70 million). This includes the impact from the acquisition of the franchise partner Ben Bridge announced end of Q1 2022 (sell-out of around USD 50 million in 2019).

The UK market delivered a strong quarter with 5% sell-out growth and 13% organic growth vs Q3 2021. Pandoras solid brand position combined with operational effectiveness and strong execution in stores all supported the solid growth. Organic growth in Germany was negative, mainly driven by the unwinding of business with a partner selling Pandora jewellery via Amazon. The underlying business remains healthy and Germany saw sell-out growth of 3% vs Q3 2021, while organic growth vs 2019 ended at 35%. France delivered -1% sell-out growth and the performance continues to be impacted by the promotional detox with 25 promotional days vs 43 days in Q3 2021 (67 days in Q3 2019).

Sell-out growth in Italy contracted by -5% and organic growth was -8%. In Q3 2022, Pandora has seen signs of weakening consumer sentiment in Italy, with customers being more reluctant to spend and upselling becoming more difficult. Retail metrics such as units per transaction (UPT) and conversion rates are decreasing, indicating that consumers are squeezed. Traffic remained strong.

In China, COVID-19 continues to constraint people's lives and our business. With scattered and lingering COVID-19 outbreaks and strict control policy the traffic continues to be severely impacted. Traffic into stores was down -62% vs 2021. Pandoras online distribution warehouse in Shanghai was closed for six days in July and Pandora had multiple stores closed or operating at reduced business hours during Q3 2022. Performance in China in Q3 2022 therefore was weak with sell-out growth of -46% and organic growth of -37% vs Q3 2021, translating into -71% organic growth vs Q3 2019. Therefore, the brand relaunch has been postponed until market conditions stabilise.

Australia delivered a strong quarter with 40% sell-out growth vs Q3 2021. This was in line with expectations as Australia had around 50% temporary store closures throughout Q3 2021, thereby representing an easier comp. The performance vs 2019 saw a sequential improvement from -8% in Q2 to +15% in Q3.

Pandora's business outside of the seven key markets continues to grow and in Q3 2022 these markets delivered a combined 17% sell-out growth vs Q3 2021.

QUARTERLY REVENUE DEVELOPMENT BY KEY MARKET

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

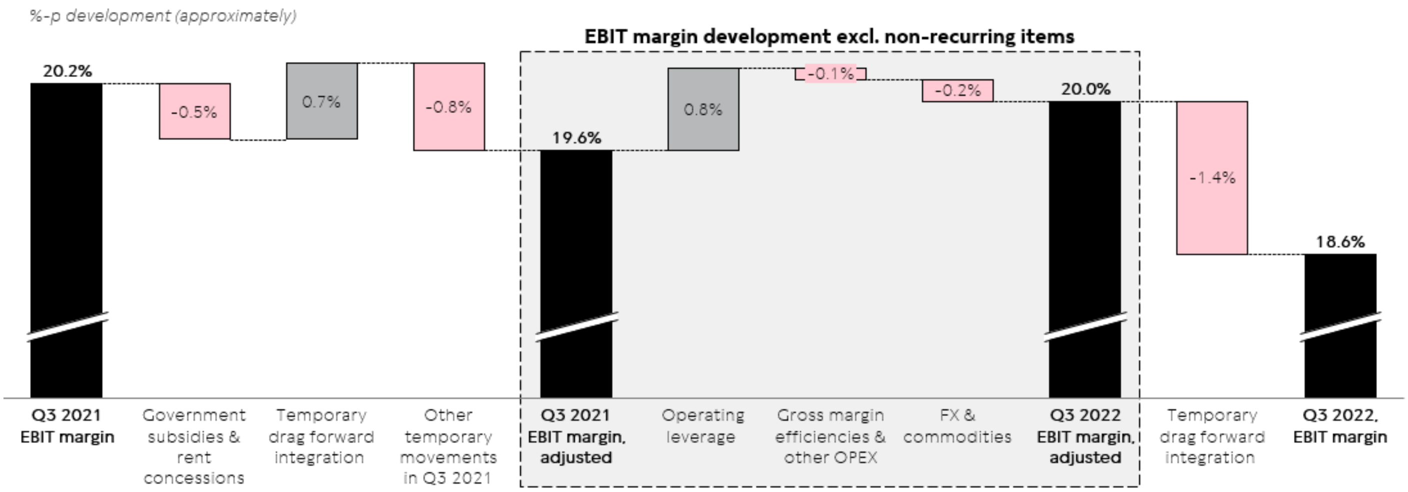
YEAR-TO-DATE REVENUE DEVELOPMENT BY KEY MARKET

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

For organic growth rates vs 2019, please refer to the Excel appendix uploaded on www.pandoragroup.com.

PROFITABILITY

Strong profitability continues



While the reported EBIT margin is down roughly 1.6pp vs Q3 2021, as expected and previously communicated, the underlying EBIT margin in Q3 2022 is slightly up vs Q3 2021, as illustrated above (directional indications).

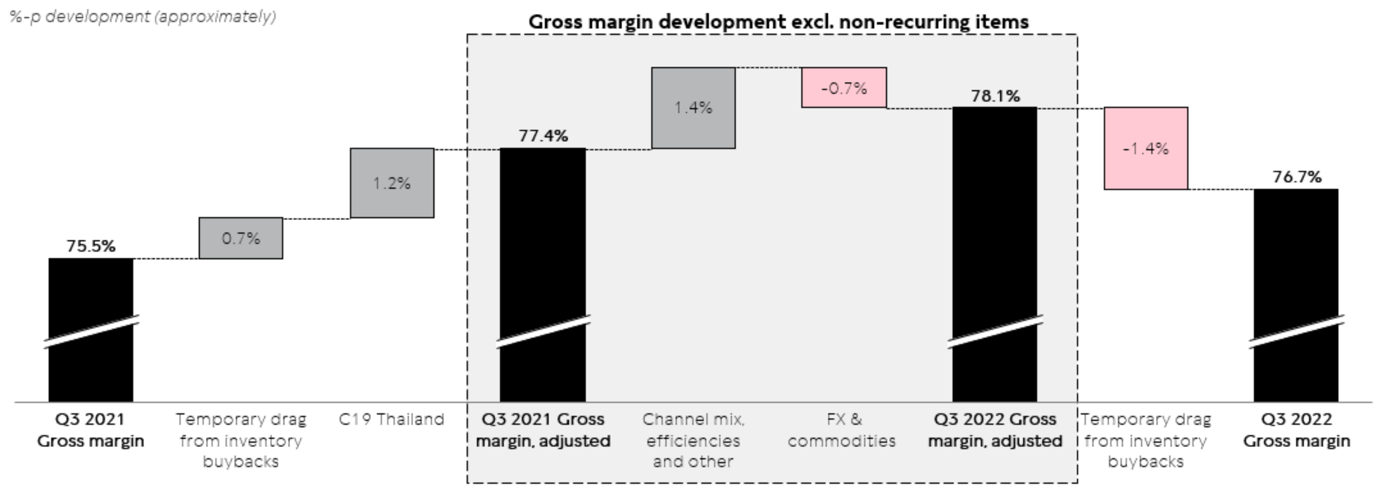
In Q3 2021, the EBIT margin was impacted by a few non-recurring items. Pandora received DKK 24 million from government support and rent concessions related to COVID-19, supporting the EBIT margin last year by 0.5pp. Furthermore the EBIT margin was negatively impacted by a temporary drag from forward integration of 0.7pp. Finally, the EBIT margin in Q3 2021 was positively impacted by 1) temporary staff savings in stores of 1pp and 2) net cost phasing from Q3 2021 to Q4 2021 of 1pp. This was partially offset by 3) COVID-19 pre-cautionary measures in Thailand of -1.2pp. In total these other temporary impacts benefitted the EBIT margin in Q3 2021 by 0.8pp.

In Q3 this year, the EBIT margin was temporarily dragged down by 1.4pp due to inventories bought back in connection with forward integration. Compared to last year, the temporary net negative impact from forward integration was 0.7pp. Excluding the temporary headwind from forward integration, the EBIT margin in Q3 2022 would have been 20.0%.

Finally, rising commodity prices (mainly silver) lead to a headwind of around -0.7pp. This was almost fully offset by favourable foreign exchange rate developments (mainly USD and THB) of around 0.5pp. In 2023, foreign exchange rates and commodities become a net tailwind for Pandora based on current spot prices. In 2022, the average price of silver in cost of goods sold is expected to land at USD 25/oz. At the current silver price of USD 19.2/oz (31 October), Pandora will see a tailwind of 1.8% on both gross margin and EBIT margin compared to full year 2022 when current hedges mature.

GROSS MARGIN

The gross margin ended at 76.7% corresponding to an improvement of 1.2pp vs Q3 2021. The gross margin was supported by favourable channel mix with more sales coming through physical O&O stores as well as overall efficiencies in the production. The gross margin improved despite 0.7pp headwind from increased silver prices. Silver prices were realised at an average price of USD 23.8 per ounce in the quarter.



The COVID-19 risk mitigating measures associated with the production in Thailand represented a significant 1.2pp headwind in Q3 2021. In Q3 2022, the direct costs associated with COVID-19 in Thailand were limited and thus constituted a net tailwind vs Q3 2021. The gross margin was additionally impacted by a temporary drag from inventory buybacks of around 1.4pp, resulting in a 0.7pp headwind year-over-year, due to take-over of inventory at wholesale value in connection with forward integration.

GROSS MARGIN AND GROSS PROFIT

DKK million	Q3 2022	Q3 2021	*Growth in constant FX*	9M 2022	9M 2021	*Growth in constant FX*
Revenue	5,263	4,728	*5%*	16,607	14,383	*10%*
Cost of sales	-1,227	-1,158	*0%*	-3,928	-3,402	*12%*
Gross profit	**4,037**	**3,571**	***6%***	**12,679**	**10,981**	***9%***
Gross margin	***76.7%***	***75.5%***	***1.2pp***	***76.3%***	***76.3%***	***0.0pp***

OPERATING EXPENSES

Total operating expenses were DKK 3,059 million in Q3 2022, up 11% in constant foreign exchange rates vs Q3 2021 and in line with expectations. As previously communicated, the OPEX to revenue ratio was expected to be above last year in Q3 and is expected to be below in Q4.

Sales and distribution expenses increased by 15% in constant foreign exchange rates vs Q3 2021. In Q3 2021, Pandora received DKK 24 million in government subsidies and rent concessions, and temporary savings from extraordinary vacancies in stores amounted to roughly DKK 50 million in Q3 2021. Additionally, a phasing of investment from Q3 2021 to Q4 2021 following Programme NOW savings also benefitted the EBIT margin in Q3 2021. Adjusting for the above, Sales and distribution expenses increased by a high-single-digit percentage vs Q3 2021 mainly driven by the expansion of the Pandora owned physical store network.

Administrative expenses were up 26% in constant foreign exchange rates vs Q3 2021. As mentioned in Q2 2022, Administrative expenses were impacted by a phasing between quarters, which accounted for almost half of the increase in Administrative expenses in Q3 2022. The phasing of investments following program NOW in 2021 also had a temporary positive impact on Administrative expenses in Q3 2021.

Marketing expenses decreased mainly due to the marketing push in Q3 2021 in connection with the global re-launch of Pandora ME.

OPERATING EXPENSES

DKK million	Q3 2022	Q3 2021	*Growth in constant FX*	*Share of revenue Q3 2022*	*Share of revenue Q3 2021*	9M 2022	9M 2021	*Growth in constant FX*	*Share of revenue 9M 2022*	*Share of revenue 9M 2021*
Sales and distribution	-1,723	-1,418	*15%*	*32.7%*	*30.0%*	-5,184	-4,290	*15%*	*31.2%*	*29.8%*
Marketing expenses	-760	-752	*-4%*	*14.4%*	*15.9%*	-2,418	-2,114	*9%*	*14.6%*	*14.7%*
Administrative expenses	-576	-444	*26%*	*10.9%*	*9.4%*	-1,540	-1,416	*6%*	*9.3%*	*9.8%*
Total operating expenses	**-3,059**	**-2,614**	***11%***	***58.1%***	***55.3%***	**-9,142**	**-7,820**	***12%***	***55.0%***	***54.4%***

FINANCIAL EXPENSES AND TAX

Net financials in Q3 2022 ended at a cost of DKK 18 million and was driven by IFRS 16 related interest on lease payments and interests on loans. This was partly offset by favourable foreign exchange rate adjustments on intercompany balances with Pandora US.

The effective tax rate ended at 23.5% for Q3 2022, in line with the guidance of 23-24% for the full year 2022, and above the Q3 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 inventories are built ahead of peak season

The net working capital ended at 8.8% of the last 12 months revenue in Q3 2022 compared with 0.2% in Q3 2021 and 5.8% in Q2 2022. The increase was mainly driven by a continued deliberate inventory build-up, which has been planned since the low point at the end of 2020. As previously communicated, there was a need to accommodate supply chain risks related to the pandemic, reducing risk of stock-outs as well as to support revenue growth. As part of normal seasonality, inventory levels also peaks in Q3 and then drop again in Q4. Overall, Pandora do not see a need to increase inventories further, but rather expect a stable or even lower inventory level in the upcoming quarters assuming that the pandemic do not worsen again.

Trade receivables continue to be at a healthy level and in absolute amounts up slightly (DKK 79 million) vs Q3 2021. Wholesale Days Sales Outstanding (DSO) ended at 34 days, vs 33 days in Q3 2021. Total DSO, including retail receivables, ended at 15 days by the end of Q3 2022, same as in Q3 2021.

Free cash flow incl. lease payments ended at DKK 0 billion corresponding to a cash conversion of 0% in Q3 2022. The cash conversion was negatively impacted by the above mentioned inventory build-up and a higher CAPEX level, as planned. CAPEX ended at 6.9% of revenue in Q3 2022 vs 4.2% in Q3 2021. Year-to-date CAPEX landed at 5.0%. The increase vs last year is a function of investments in opening new stores, store refits, investments in new and existing production facilities and Digital.

ROIC continue to be strong and landed Q3 2022 at 42% vs 48% in Q3 2021. The decrease was mainly a function of a higher invested capital due to the before mentioned inventory build-up.

NET WORKING CAPITAL

Share of preceding 12 months' revenue	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Inventories	*20.1%*	*16.9%*	*14.4%*	*12.8%*	*14.4%*
Trade receivables	*3.4%*	*2.6%*	*3.2%*	*4.3%*	*3.6%*
Trade payables	*-10.4%*	*-9.5%*	*-10.2%*	*-14.0%*	*-11.0%*
Other net working capital elements	*-4.3%*	*-4.2%*	*-3.9%*	*-8.2%*	*-6.7%*
Total	***8.8%***	***5.8%***	***3.5%***	***-5.0%***	***0.2%***

Pandora has lifted EPS by 25% in the nine months of 2022 vs first nine months of 2021 to DKK 28.5.

Balance Sheet

Total non-current assets increased to DKK 14.3 billion at the end of Q3 2022 (Q3 2021: DKK 12.6 billion), mainly due to an increase in goodwill. The acquisitions of franchise partners in the US, as well as the Portuguese distributor has increased goodwill by roughly DKK 0.4 billion, and foreign exchange rate adjustments drove an additional increase in goodwill of 0.2 DKK billion. Furthermore the increase is driven by deferred tax assets, higher CAPEX in property plant and equipment as well as slightly higher right-of-use-assets as a result of new leases and lease renewals.

By the end of Q3 2022, equity in Pandora amounted to DKK 5.7 billion compared to DKK 7.3 billion in 2021. The decrease was primarily driven by payout of DKK 4.3 billion to the shareholders through a combination of dividends and share buybacks, partly offset by profit generated in the period.

NIBD increased DKK 5.4 billion vs Q3 2021, mainly driven by funding of cash returns to shareholders and higher inventory.

FINANCIAL GUIDANCE

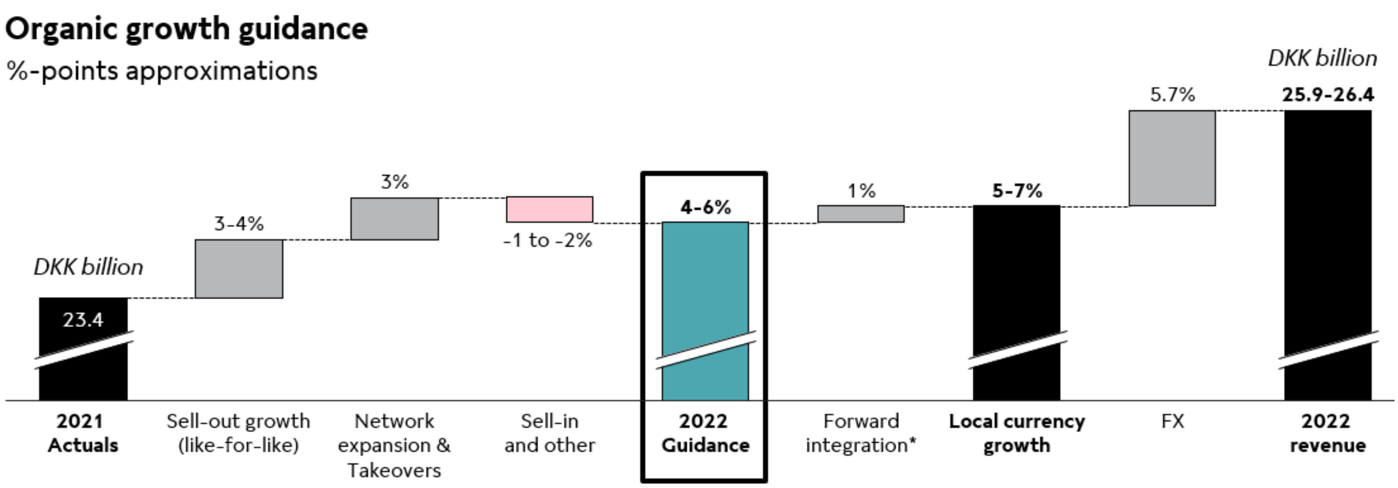
Guidance confirmed

Pandora confirms the guidance for 2022 of 4-6% organic growth and 25.0-25.5% EBIT margin. Both the second and third quarter of 2022 ended in line with the high end of the guidance. The low end of the guidance assumes that the trading conditions worsens during the remaining part of 2022. The macro-economic outlook is associated with elevated uncertainty and Pandora continues to expect certain headwinds from COVID-19 in China.

As mentioned under "Other events" below, Pandora's European distribution center was affected by a fire on 30 October. Given that peak season is coming up, the speed of re-establishing operations in the facility is of essence, and every day counts. Assuming that the distribution is back to normal operations in 3-4 weeks, counting from 30 October, Pandora expects some, but manageable financial impact in Q4 2022 and still within the financial guidance.

REVENUE GUIDANCE

The organic growth guidance can be illustrated as follows:



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

During the year, Pandora has shared a table with the underlying guidance assumptions for 2022. While Pandora still expects to land within the ranges and assumptions disclosed in the Interim Financial Report Q2 2022 (ref table below), the implicit Q4 2022 ranges obviously becomes quite wide. For the US specifically, the low end of the range ("negative high single digit") no longer seems likely.

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

The implied guidance for Q4 2022 is -3% to +2% organic growth (11-17% vs Q4 2019). Pandora is currently trading in the upper end of the implied guidance range.

The guidance assumes that network expansion will drive 3% organic growth, up from 2% previously, offset by slightly lower expected sell-in to partners.

PROFITABILITY GUIDANCE
Pandora also confirms the 2022 EBIT margin guidance of *25.0-25.5%*.

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 2022 EBIT margin is expected be relatively stronger than last year.

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 original EBIT margin guidance.

Current foreign exchange rates, if unchanged, are estimated to have a favourable impact on the EBIT margin in 2022 of approximately 0.8% vs 2021. This corresponds to a 20 basis point headwind vs the previous guidance assumptions, driven by a weaker British pound slightly offset by a stronger US dollar. Silver and gold prices, are expected to negatively impact the EBIT margin in 2022 with -1.0% (unchanged).

2022 GUIDANCE - OTHER PARAMETERS
Pandora expects to open net 70-100 concept stores, adjusted from previously 50-100. This excludes the stores closed in Russia and Belarus. Pandora furthermore expects to open 100-125 owned and operated other points of sales (previously 75-100).

CAPEX expectation is changed from previous guidance of 6% of revenue to around 5% of revenue. The decrease is mainly a reflection of lower CAPEX related to the store network and manufacturing. 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 October 30, 2022

	Average 2021	Average 2022	2022 Y-Y Financial Impact
USD/DKK	6.29	7.13	
THB/DKK	0.20	0.20	
GBP/DKK	8.65	8.75	
CNY/DKK	0.98	1.05	
AUD/DKK	4.72	4.91	
Silver/USD (per ounce)	21.1	25.0	
REVENUE (DKK million)			*Approx. 1.300*
EBIT (DKK million)			*Approx. 300*
EBIT margin (FX)			*Approx. 0.8%*
EBIT margin (Commodities)			*Approx. -1.0%*

CAPITAL MARKETS DAY SEPTEMBER 2021 - FINANCIAL TARGETS

Pandora hosted a Capital Markets Day in September 2021 and provided the following financial targets:

- 5-7% organic growth CAGR from 2021 to 2023
- 25-27% EBIT margin in 2023

Since the targets were communicated, the geopolitical and macroeconomic situation has worsened significantly. Additionally, China continues to be impacted by COVID-19 restrictions. At this point in time, the targets remain unchanged but the outlook is obviously associated with elevated uncertainty. As mentioned above, Pandora is already taking certain pre-emptive cost measures to support the EBIT margin in 2023.

CAPITAL STRUCTURE POLICY AND CASH DISTRIBUTION

At the end of September 2022, Pandora's leverage was 1.1x NIBD to EBITDA, in the middle of the capital structure policy of 0.5-1.5x, and slightly up from 1.0x at the end of June 2022 and 0.4x at the end of December 2021. Pandora has paid out DKK 4.3 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 13% 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. As per 4 November 2022 Pandora have purchased 4,522,288 shares under the programme at a value of DKK 2.3 billion, resulting in a total of 4,912,872 treasury shares, corresponding to 5.1% of the Company's share capital.

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 have focused our Q3 efforts on execution against our public targets across our three strategic priorities: low-carbon business, circular innovation, and inclusive, diverse and fair culture. Key activities included procuring a greater share of renewable energy across our own operations, engaging key suppliers in support of our Scope 3 emissions reductions, continuing our transition of silver and gold suppliers to recycled sources, and implementing our roadmap to increase the share of women in leadership positions. We also completed a global employee listening survey to measure inclusiveness within Pandora. The results will be reported in the 2022 Sustainability Report.

The launch of *Diamonds by Pandora* in North America on 25 August marked an important step towards our ambitions to become 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.

A recap on our response to the war in Ukraine:

- 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 been written off our books, and we no longer consider the distributors' stores part of Pandora.

OTHER EVENTS

As communicated in Company Announcements no. 746 and no. 747, on 30 October 2022 Pandora's European distribution center in Hamburg, Germany, was affected by a fire. Fortunately, no people were injured. The jewellery inventory is intact, and we expect that the distribution operations will be normalized within a few weeks. Online sales remain unaffected through external distribution partners. The physical Pandora stores in Europe hold inventory to reasonably sustain sales until the European distribution center is fully operational again.

Given that peak season is coming up, the speed of re-establishing operations in the European distribution center is of essence, and every day counts. Assuming that the distribution is back to normal operations in 3-4 weeks, counting from 30 October, Pandora expects some but limited financial impact in Q4 2022 and still within the financial guidance.

Pandora is actively and constructively engaging with its all-risk and business interruption insurers.

Other than the fire, no subsequent events have occurred after the balance sheet date that require adjustment to or disclosure in the consolidated financial statements.

FINANCIAL CALENDAR 2023

The expected dates for publication of financial announcements in 2023 for Pandora A/S are as follows:

08 February 2023	Annual report 2022
08 February 2023	Sustainability report 2022
16 March 2023	Annual General Meeting
03 May 2023	Interim Financial Report for the first quarter of 2023
15 August 2023	Interim Financial Report for the second quarter/first six months of 2023
08 November 2023	Interim Financial Report for the third quarter/first nine months of 2023

Any shareholder who proposes business to be transacted at the Annual General Meeting on Thursday 16 March 2023 must submit the proposal(s) to the Board of Directors' Secretariat no later than Wednesday 1 February 2023. Proposal(s) must be sent by letter to Pandora A/S, Board of Directors' Secretariat att.: Peter Ring, Havneholmen 17-19, DK-1561 Copenhagen V, Denmark or by email to legal@pandora.net

2022 YEAR-TO-DATE DEVELOPMENT

REVENUE

Total revenue increased by 10% in local currency to DKK 16,607 million in Q3 YTD 2022 compared with Q3 YTD 2021. Organic growth was 8% reflecting healthy underlying performance but also a first half of 2021 that was heavily impacted by COVID-19.

GROSS PROFIT AND COSTS

Gross profit was DKK 12,679 million in Q3 YTD 2022 (DKK 10,981 million in Q3 YTD 2021), resulting in an unchanged gross margin of 76.3% in Q3 YTD 2022 vs 76.3% in Q3 YTD 2021.

Operating expenses increased to DKK 9,142 million in Q3 YTD 2022 (DKK 7,820 million in Q3 YTD 2021), corresponding to 55.0% share of revenue in Q3 YTD 2022 (54.4% Q3 YTD 2021). The increase is driven by foreign exchange, costs related to network expansion and variable costs related to higher revenue, less government support and rent concession received in Q3 YTD 2022, as well as the write-down of a trade receivable towards the Russian distributor of around DKK 55 million. Rent concessions and government support have been recognised in the profit and loss statement under Sales and Distribution expenses.

EBIT

EBIT in Q3 YTD 2022 was DKK 3,537 million, which is an increase of 12% vs Q3 YTD 2021, resulting in an EBIT margin of 21.3% in Q3 YTD 2022 vs 22.0% in Q3 YTD 2021.

NET FINANCIALS

Net financials amounted to a cost of DKK 55 million in Q3 YTD 2022 vs a cost of DKK 250 million in Q3 YTD 2021. Foreign exchange rate fluctuations in 2022, and in particular a strong US dollar, have had a positive impact on net financials due to non-cash revaluations of intercompany balance sheet items in foreign currencies.

INCOME TAX EXPENSES

Income tax expenses were DKK 818 million in Q3 YTD 2022 compared with DKK 655 million in Q3 YTD 2021, implying an effective tax rate for the Group of 23.5% in Q3 YTD 2022 (22.5% in Q3 YTD 2021).

NET PROFIT

Net profit in Q3 YTD 2022 was DKK 2,663 million vs DKK 2,256 million in Q3 YTD 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 35445577
SE: +46 856642651
UK: +44 3333000804
US: +1 6319131422
Pin Code: 96234526#

Link to webcast: https://streams.eventcdn.net/pandora/2022q3/

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	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
Revenue	3	5,263	4,728	16,607	14,383	23,394
Cost of sales		-1,227	-1,158	-3,928	-3,402	-5,590
Gross profit		**4,037**	**3,571**	**12,679**	**10,981**	**17,803**
Sales, distribution and marketing expenses		-2,483	-2,170	-7,602	-6,404	-9,939
Administrative expenses		-576	-444	-1,540	-1,416	-2,026
Operating profit		**978**	**957**	**3,537**	**3,161**	**5,839**
Finance income		91	52	311	134	152
Finance costs		-109	-189	-367	-384	-613
Profit before tax		**960**	**820**	**3,482**	**2,911**	**5,378**
Income tax expense		-226	-184	-818	-655	-1,218
Net profit for the period		**734**	**635**	**2,663**	**2,256**	**4,160**
Earnings per share, basic, DKK		7.8	6.4	28.5	22.7	42.1
Earnings per share, diluted, DKK		7.8	6.4	28.3	22.6	41.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
Net profit for the period	**734**	**635**	**2,663**	**2,256**	**4,160**
Other comprehensive income:					
Items that may be reclassified to profit/loss for the period					
Exchange rate adjustments of investments in subsidiaries	139	38	374	134	370
Fair value adjustment of hedging instruments	-54	-243	-210	-666	-417
Tax on other comprehensive income, hedging instruments, income/expense	15	53	52	141	83
Items that may be reclassified to profit/loss for the period, net of tax	**100**	**-152**	**216**	**-391**	**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	**100**	**-152**	**216**	**-391**	46
Total comprehensive income for the period	**834**	**483**	**2,880**	**1,865**	**4,206**

CONSOLIDATED BALANCE SHEET

DKK million	Notes	2022 30 September	2021 30 September	2021 31 December
ASSETS				
Goodwill	9	4,995	4,359	4,418
Brand		1,057	1,057	1,057
Distribution		1,055	1,089	1,080
Other intangible assets		605	599	538
Total intangible assets		**7,713**	**7,104**	**7,094**
Property, plant and equipment		2,076	1,778	1,816
Right-of-use assets	10	2,825	2,561	2,532
Deferred tax assets		1,426	885	891
Other financial assets		243	229	222
Total non-current assets		**14,283**	**12,556**	**12,555**
Inventories		5,155	3,197	2,991
Trade receivables	7	880	801	1,009
Right-of-return assets		42	51	70
Derivative financial instruments	5,6	174	31	69
Income tax receivable		80	158	68
Other receivables		901	554	738
Cash		260	824	1,043
Total current assets		**7,492**	**5,616**	**5,988**
Total assets		**21,776**	**18,173**	**18,542**
EQUITY AND LIABILITIES				
Share capital		96	100	100
Treasury shares		-2,485	-1,186	-3,416
Reserves		1,011	368	795
Retained earnings		7,058	8,040	9,523
Total equity		**5,679**	**7,322**	**7,001**
Provisions		331	391	416
Loans and borrowings	10	7,014	3,755	2,765
Deferred tax liabilities		145	195	113
Total non-current liabilities		**7,490**	**4,341**	**3,295**
Provisions		26	30	26
Refund liabilities		502	526	724
Contract liabilities		129	124	163
Loans and borrowings	10	2,421	887	1,161
Derivative financial instruments	5,6	554	413	209
Trade payables		2,674	2,445	3,267
Income tax payable		1,175	875	1,003
Other payables		1,126	1,211	1,694
Total current liabilities		**8,607**	**6,509**	**8,246**
Total liabilities		**16,096**	**10,850**	**11,541**
Total equity and liabilities		**21,776**	**18,173**	**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	**-**	**-**	**-**	**-**	**-**	**2,663**	**2,663**
Other comprehensive income, net of tax	**-**	**-**	**381**	**-164**	**-**	**-**	**216**
Total comprehensive income for the period	**-**	**-**	**381**	**-164**	**-**	**2,663**	**2,880**
Share-based payments	-	199	-	-	-	-133	65
Purchase of treasury shares	-	-2,753	-	-	-	-	-2,753
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 September	**96**	**-2,485**	**1,285**	**-274**	**-**	**7,058**	**5,679**
2021							
Equity at 1 January	100	-93	535	215	-	6,632	7,389
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**2,256**	**2,256**
Other comprehensive income, net of tax	**-**	**-**	**138**	**-520**	**-**	**-9**	**-391**
Total comprehensive income for the period	**-**	**-**	**138**	**-520**	**-**	**2,247**	**1,865**
Share-based payments	-	1	-	-	-	154	155
Purchase of treasury shares	-	-1,094	-	-	-	-	-1,094
Proposed dividend	-	-	-	-	993	-993	-
Dividend paid	-	-	-	-	-993	-	-993
Equity at 30 September	**100**	**-1,186**	**673**	**-305**	**-**	**8,040**	**7,322**

CONSOLIDATED STATEMENT OF CASH FLOW

DKK million	Notes	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
Operating profit		978	957	3,537	3,161	5,839
Depreciation and amortisation		518	437	1,467	1,411	1,999
Share-based payments		26	43	62	124	166
Change in inventories		-699	-593	-1,647	-1,131	-799
Change in receivables		-339	-53	78	303	-77
Change in payables and other liabilities		260	300	-1,818	-1,124	327
Other non-cash adjustments		10	-65	40	-91	70
Interest etc. received		2	1	4	2	3
Interest etc. paid		-79	-38	-277	-146	-468
Income taxes paid		-135	-105	-1,086	-354	-832
Cash flows from operating activities, net		**542**	**885**	**359**	**2,155**	**6,228**
Acquisitions of subsidiaries and activities, net of cash acquired	8	-247	-52	-540	-66	-66
Purchase of intangible assets		-109	-80	-249	-206	-289
Purchase of property, plant and equipment		-225	-97	-522	-195	-296
Change in other non-current assets		-19	-3	-16	4	17
Proceeds from sale of property, plant and equipment		0	1	4	4	2
Cash flows from investing activities, net		**-599**	**-231**	**-1,323**	**-459**	**-631**
Dividend paid		-	-495	-1,514	-993	-1,479
Purchase of treasury shares		-796	-842	-2,753	-1,094	-3,325
Proceeds from loans and borrowings		368	149	5,191	2,008	1,315
Repayment of loans and borrowings		-	-	-	-3,005	-3,004
Repayment of lease commitments		-266	-241	-785	-711	-991
Cash flows from financing activities, net		**-694**	**-1,430**	**139**	**-3,796**	**-7,484**
Net increase/decrease in cash		**-752**	**-776**	**-825**	**-2,100**	**-1,887**
Cash at beginning of period[1]		1,005	1,604	1,043	2,912	2,912
Exchange gains/losses on cash		7	-4	42	11	18
Net increase/decrease in cash		-752	-776	-825	-2,100	-1,887
Cash at end of period[1]		**260**	**824**	**260**	**824**	**1,043**
Cash flows from operating activities, net		542	885	359	2,155	6,228
- Interests etc. received		-2	-1	-4	-2	-3
- Interests etc. paid		79	38	277	146	468
Cash flows from investing activities, net		-599	-231	-1,323	-459	-631
- Acquisition of subsidiaries and activities, net of cash acquired		247	52	540	66	66
Free cash flow excl. lease payments		**266**	**744**	**-151**	**1,907**	**6,128**
Free cash flow incl. lease payments		**0**	**502**	**-936**	**1,195**	**5,137**
Unutilised committed credit facilities		**2,752**	**5,056**	**2,752**	**5,056**	**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
Q3 2022			
Revenue	3,743	1,520	5,263
Cost of sales	-848	-378	-1,227
Gross profit	**2,895**	**1,142**	**4,037**
Operating expenses			-3,059
Consolidated operating profit (EBIT)			**978**
Profit margin (EBIT margin)			***18.6%***
Q3 2021[1]			
Revenue	3,325	1,403	4,728
Cost of sales	-829	-328	-1,158
Gross profit	**2,496**	**1,075**	**3,571**
Operating expenses			-2,614
Consolidated operating profit (EBIT)			**957**
Profit margin (EBIT margin)			***20.2%***

DKK million	Moments incl. Collabs	Style	Group
9M 2022			
Revenue	12,163	4,444	16,607
Cost of sales	-2,952	-976	-3,928
Gross profit	**9,211**	**3,468**	**12,679**
Operating expenses			-9,142
Consolidated operating profit (EBIT)			**3,537**
Profit margin (EBIT margin)			***21.3%***
9M 2021[1]			
Revenue	10,299	4,085	14,383
Cost of sales	-2,506	-897	-3,402
Gross profit	**7,793**	**3,188**	**10,981**
Operating expenses			-7,820
Consolidated operating profit (EBIT)			**3,161**
Profit margin (EBIT margin)			***22.0%***

[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	Q3 2022	Q3 2021[1]	*Sell-out growth vs 2021*	*Local currency growth*	*Share of Revenue*	9M 2022	9M 2021[1]	*Sell-out growth vs 2021*	*Local currency growth*	*Share of Revenue*
Moments incl. Collabs	**3,743**	**3,325**	***2%***	***7%***	***71%***	**12,163**	**10,299**	***8%***	***13%***	***73%***
- Moments	3,251	2,948	*-1%*	*5%*	*62%*	10,532	9,190	*5%*	*10%*	*63%*
- Collabs	492	377	*24%*	*22%*	*9%*	1,631	1,109	*33%*	*39%*	*10%*
Style	**1,520**	**1,403**	***-2%***	***2%***	***29%***	**4,444**	**4,085**	***2%***	***3%***	***27%***
- Timeless	749	722	*-2%*	*-3%*	*14%*	2,589	2,435	*-2%*	*1%*	*16%*
- Signature	459	483	*-20%*	*-10%*	*9%*	1,223	1,294	*-10%*	*-10%*	*7%*
- Me	199	188	*125%*	*2%*	*4%*	501	328	*105%*	*48%*	*3%*
- Diamonds by Pandora	113	10	*97%*	*883%*	*2%*	131	28	*79%*	*317%*	*1%*
Total revenue	**5,263**	**4,728**	***1%***	***5%***	***100%***	**16,607**	**14,383**	***6%***	***10%***	***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.

	Q3 2022	Q3 2021	9M 2022	9M 2021
Goods transferred at a point in time	5,247	4,717	16,557	14,340
Services transferred over time	17	11	51	44
Total revenue	**5,263**	**4,728**	**16,607**	**14,383**

REVENUE DEVELOPMENT IN THE KEY MARKETS

DKK million	Q3 2022	Q3 2021	*Sell-out growth vs 2021*	*Growth in local currency*	9M 2022	9M 2021	*Sell-out growth vs 2021*	*Growth in local currency*
US	1,597	1,342	*-9%*	*2%*	5,087	4,504	*-7%*	*1%*
China	162	233	*-46%*	*-37%*	594	904	*-49%*	*-40%*
UK	717	637	*5%*	*13%*	2,190	1,793	*17%*	*20%*
Italy	486	527	*-5%*	*-8%*	1,668	1,482	*14%*	*12%*
Australia	246	170	*40%*	*33%*	736	639	*10%*	*10%*
France	217	221	*-1%*	*-2%*	716	624	*16%*	*15%*
Germany	254	280	*3%*	*-9%*	813	712	*37%*	*14%*
Total top-7 markets	**3,679**	**3,411**	***-4%***	***0%***	**11,803**	**10,659**	***1%***	***4%***
Rest of Pandora	**1,585**	**1,317**	***17%***	***17%***	**4,804**	**3,725**	***26%***	***26%***
Total revenue	**5,263**	**4,728**	***1%***	***5%***	**16,607**	**14,383**	***6%***	***10%***

REVENUE BY CHANNEL

DKK million	Q3 2022	Q3 2021	*Growth in local currency*	9M 2022	9M 2021	*Growth in local currency*
Retail physical stores[1]	2,808	2,223	*21%*	8,517	5,939	*38%*
Retail online stores	829	873	*-11%*	3,146	3,512	*-15%*
Wholesale and third-party distribution	1,627	1,633	*-9%*	4,945	4,933	*-6%*
Total revenue	**5,263**	**4,728**	***5%***	**16,607**	**14,383**	***10%***

[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 9.2 billion at the end of Q3 2022 (Q2 2022: DKK 7.9 billion) corresponding to a financial leverage of 1.1x (Q2 2022: 1.0x). The increase in NIBD is mainly driven by cash returns to shareholders (DKK 0.8 billion) and an increase in net working capital (DKK 0.8 billion).

Outstanding committed loan facilities (end of September 2022)

	Available facilities DKK million	Maturity date	Drawn amount DKK million	Available liquidity
Revolving Credit Facilities	7,065	April 2027	4,313	2,751
Term Loan maturing in 2030	744	May 2030	744	0
Term Loan maturing in 2023	1,250	March 2023	1,250	0
Total	**9,058**		**6,307**	**2,751**

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 September	2021 31 December
Receivables related to third-party distribution and wholesale	613	672
Receivables related to retail revenue sales	267	337
Total trade receivables	**880**	**1,009**

NOTE 8 – Business combinations

The contribution from the acquisitions as highlighted below includes retail revenue and net profit after the acquisition date and excludes the temporary drag on gross margin from inventory buybacks. It should be noted that the impacts therefore do not include the lost revenue and net profit from the franchise channel, and thereby cannot be directly linked to the P&L from a performance perspective.

Ben Bridge

In Q1 2022, Pandora took over 37 concept stores in US and Canada (32 concept stores in US and 5 concept stores in Canada) from Ben Bridge in 2 business combinations. Net assets acquired mainly consist of store properties, inventories and related liabilities. The total purchase price for the acquisitions was DKK 291 million. Based on the purchase price allocations, goodwill was DKK 194 million. Excluding the temporary drag on gross margin from inventory buybacks, contribution to Group revenue and net profit from the acquisition was DKK 273 million and DKK 106 million respectively.

Panbor

On 13 July 2022, Pandora took over 13 concept stores in Las Vegas from Panbor. Net assets acquired mainly consist of store properties, inventories and related liabilities. The total purchase price for the acquisitions was DKK 166 million. Based on the purchase price allocations, goodwill was DKK 95 million. Excluding the temporary drag on gross margin from inventory buybacks, contribution to Group revenue and net profit from the acquisition was DKK 52 million and DKK 22 million respectively.

Portugal

On 20 July 2022, Pandora acquired the distribution in Portugal from the previous distributor, Visão do Tempo. The acquisition was comprised mainly of inventories, non-current assets and liabilities relating to 25 concept stores and 9 shop-in-shops. The total purchase price for the acquisitions was DKK 99 million. Based on the purchase price allocations, goodwill was DKK 64 million. Excluding the temporary drag on gross margin from inventory buybacks, contribution to Group revenue and net profit from acquisitions was DKK 29 million and DKK 14 million respectively.

Other business combinations in 2022

Pandora acquired 5 concept stores in the US and Italy in 2022. The purchase price was DKK 20 million. Assets acquired mainly consist of inventories and other assets and liabilities relating to the stores. Of the purchase price DKK 11 million was allocated to goodwill.

Total business combinations in 2022

The total purchase price for the acquisitions in the first nine months of 2022 was DKK 577 million. Based on the purchase price allocations, goodwill was DKK 364 million. Goodwill from the acquisitions is mainly related to the synergies from converting the stores from wholesale & distribution to Pandora owned retail. All the goodwill recognized 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 and the impact from converting the stores from wholesale to Pandora owned retail, contribution to Group revenue and net profit from acquisitions for the period 1 January – 30 September 2022 was DKK 361 million and DKK 144 million respectively. On a pro forma basis, i.e. in the event that the acquisitions had been effective from 1 January 2022, the impact on Group revenue and net profit for the period 1 January – 30 September 2022 would have been approximately DKK 493 million and DKK 186 million.

ACQUISITIONS

DKK million	9M 2022	FY 2021
Distribution rights	-	13
Property, plant and equipment and right-of-use assets	159	84
Inventories	195	34
Assets acquired	**354**	**131**
Non-current liabilities	78	50
Payables	3	-
Other current liabilities	61	27
Liabilities assumed	**141**	**77**
Total identifiable net assets acquired	**213**	**54**
Goodwill arising on the acquisitions	364	12
Purchase consideration	**577**	**66**
Cash movements on acquisitions:		
Deferred payment (including earn-out)	-37	-
Net cash flow on acquisitions	**540**	**66**

Business combinations after the reporting period

No acquisitions, to an extent of significance to Pandora, took place after the reporting period.

NOTE 9 – Goodwill

DKK million	2022 30 September	2021 31 December
Cost at 1 January	4,418	4,247
Acquisition of subsidiaries and activities in the period	364	12
Exchange rate adjustments	213	159
Cost at the end of the period	**4,995**	**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 September	2021 31 December
Property	2,803	2,507
IT	2	3
Cars	15	14
Other	6	8
Total right-of-use assets	**2,825**	**2,532**

Out of the total increase of DKK 0.3 billion in right-of-use-assets in the period 1 January – 30 September 2022, DKK 1.1 billion relates to renewals of lease contracts and new leases driven by network expansion and forward integration, partially offset by a decrease of DKK 0.8 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 September	2021 31 December
Non-current	1,957	1,724
Current	971	886
Total lease liabilities	**2,928**	**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 September 2022	1 January – 30 September 2021
Property	816	780
IT	1	1
Cars	7	7
Other	3	3
Total depreciation on right-of-use assets for the period	**827**	**792**

OTHER ITEMS RELATING TO LEASES

DKK million	1 January – 30 September 2022	1 January – 30 September 2021
Interest expense	103	72
Total interest for the period	**103**	**72**

Costs recognised in the period for short term and low value leases were DKK 45 million (2021: DKK 33 million). Expenses are recognised on a straight line basis.

Total cash outflow relating to leases was DKK 1,191 million for the first 9 months in 2022 (2021: DKK 978 million). This comprises of fixed lease payments in scope of IFRS 16 of DKK 785 million (2021: DKK 711 million), variable lease payments of DKK 258 million (2021: DKK 162 million), interest paid of DKK 103 million (2021: DKK 72 million) and short term and low value leases of DKK 45 million (2021: DKK 33 million). Payments related to variable leases and short term and low value leases are not included in the lease liabilities.

Due to COVID-19, Pandora received rent concessions from landlords for the first 9 months in 2021 amounting to DKK 51 million, which was recognised under Sales and Distribution expenses in the profit and loss statement. 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 34 million at 30 September 2022 (DKK 44 million at 30 September 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[1,2]

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

[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 excludes concept stores and other points of sales from third-party distribution related to Russia and Belarus. Comparative figures for 2021 were restated accordingly.

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 Q3 2022***	**Hedged Q4 2022**	**Hedged Q1 2023**	**Hedged Q2 2023**	**Hedged Q3 2023**
Gold price	*1,798*	1,787	1,850	1,838	1,773
Silver price	*23.80*	23.34	23.55	21.61	19.35
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 September 2022, which are expected to materially impact the Group's financial position. Up

QUARTERLY OVERVIEW

DKK million	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Financial highlights					
Revenue	5,263	5,655	5,689	9,011	4,728
Organic growth, %	*3%*	*3%*	*21%*	*10%*	*14%*
Sell-out growth (like-for-like), %[1]	*1%*	*2%*	*17%*	*11%*	*5%*
Earnings before interests, tax, depreciations and amortisations (EBITDA)	1,496	1,737	1,772	3,267	1,393
Operating profit (EBIT)	978	1,249	1,310	2,678	957
EBIT margin, %	*18.6%*	*22.1%*	*23.0%*	*29.7%*	*20.2%*
Net financials	-18	-27	-10	-211	-137
Net profit for the period	734	934	995	1,904	635
Financial ratios					
Revenue growth, DKK, %	*11%*	*10%*	*26%*	*14%*	*16%*
Revenue growth, local currency, %	*5%*	*4%*	*22%*	*11%*	*15%*
Gross margin, %	*76.7%*	*76.4%*	*76.0%*	*75.7%*	*75.5%*
EBITDA margin, %	*28.4%*	*30.7%*	*31.1%*	*36.3%*	*29.5%*
EBIT margin, %	*18.6%*	*22.1%*	*23.0%*	*29.7%*	*20.2%*
Effective tax rate, %	*23.5%*	*23.5%*	*23.5%*	*22.8%*	*22.5%*
Equity ratio, %	*26%*	*27%*	*28%*	*38%*	*40%*
NIBD to EBITDA, excl. restructuring costs, x[2]	1.1	1.0	0.9	0.4	0.5
Return on invested capital (ROIC)[1], % of last 12 months EBIT	*42%*	*46%*	*49%*	*59%*	*48%*
Cash conversion incl. lease payments, %	*0%*	*40%*	*-110%*	*147%*	*53%*
Net working capital, % of last 12 months revenue	*8.8%*	*5.8%*	*3.5%*	*-5.0%*	*0.2%*
Capital expenditure, % of revenue	*6.9%*	*5.4%*	*2.8%*	*2.4%*	*4.2%*
Stock ratios					
Total payout ratio (incl. share buyback), %	*108%*	*77%*	*277%*	*143%*	*211%*
Consolidated balance sheet					
Total assets	21,776	20,503	19,419	18,542	18,173
Invested capital	14,853	13,543	12,684	9,884	11,141
Net working capital	2,249	1,451	871	-1,181	50
Net interest-bearing debt (NIBD), incl. capitalised leases	9,174	7,926	7,157	2,882	3,819
Equity	5,679	5,617	5,526	7,001	7,322
Consolidated statement of cash flow					
Cash flow from operating activities	542	928	-1,111	4,073	885
Capital expenditure (CAPEX)	364	306	158	215	201
Capital expenditure, property, plant and equipment (CAPEX)	260	236	83	146	96
Free cash flow incl. lease payments	0	506	-1,442	3,941	502

[1]Sell-out growth include sell-out from all concept stores including partner owned, and Pandora online. Sell-out growth is a like-for-like KPI and includes stores which have been operating for +12 months and temporarily closed stores. Other points of sales are not included in sell-out growth.
[2] 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 September 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 September 2022 and of the results of the Pandora Group's operations and cash flows for the period 1 January – 30 September 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, 8 November 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.