

Investor presentation 04 February 2021

# FOURTH QUARTER RESULTS 2020



PANDORA

# AGENDA OF TODAY

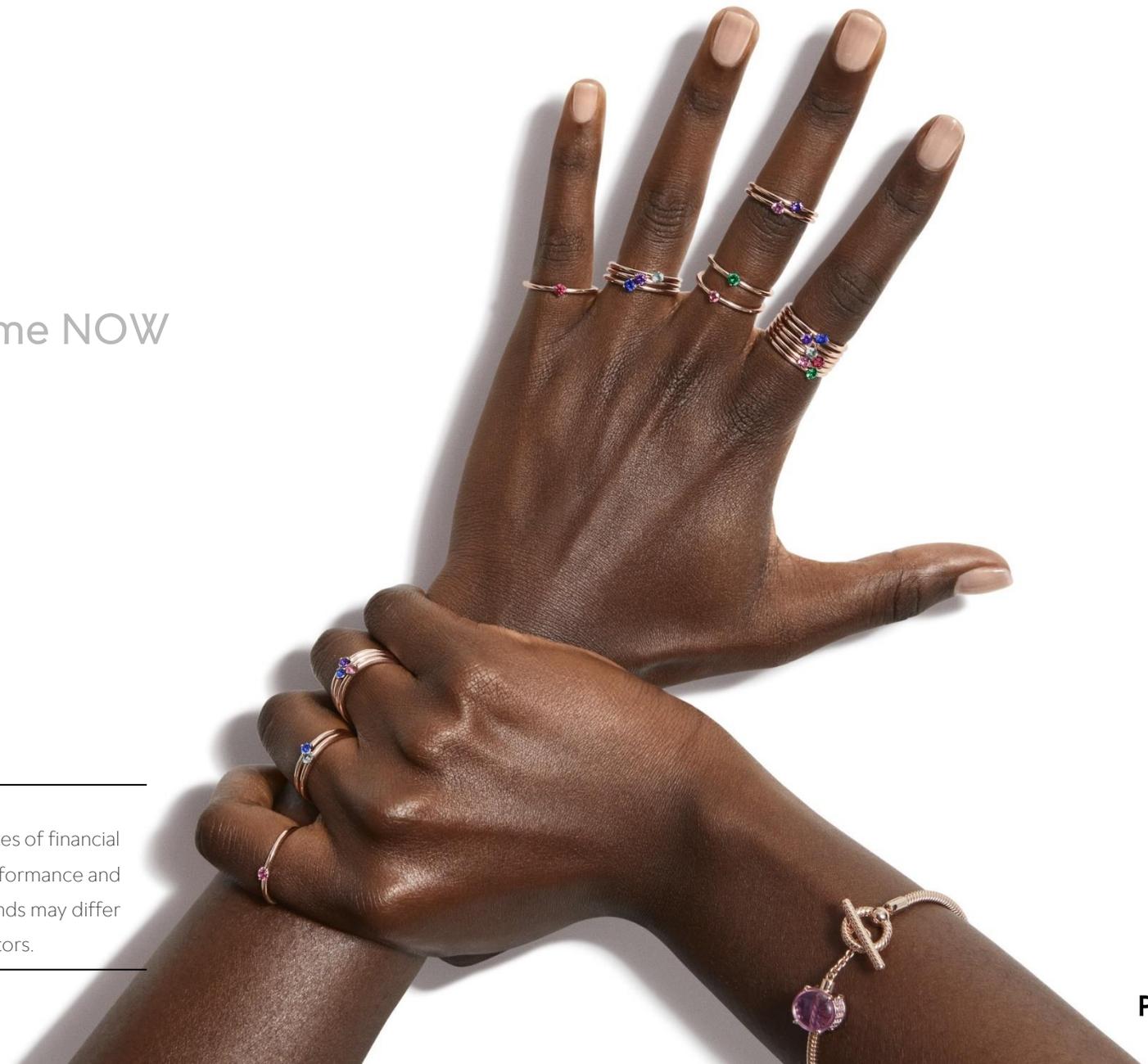
1. Executive summary
2. Business update incl. Programme NOW
3. Q4 2020 Financials
4. Financial guidance
5. Appendix

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## DISCLAIMER

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

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# CONTINUED BRAND MOMENTUM DRIVES STRONG PERFORMANCE

- COVID-19 creates elevated uncertainty about 2021



Solid execution of  
social distancing battle  
plan pays off



Digital initiatives  
continue to drive  
strong online growth  
(+104% in Q4)

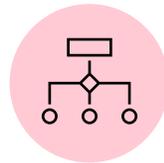


Sell-out growth  
positive in 5 out of 7  
key markets



# PROGRAMME NOW NEARING ITS CONCLUSION AND CONTINUE TO IMPROVE THE FOUNDATION OF PANDORA

- Later in 2021, Pandora will communicate a new strategy, changing focus from transformation to growth



The new operating model has proven successful – visible progress across the value chain



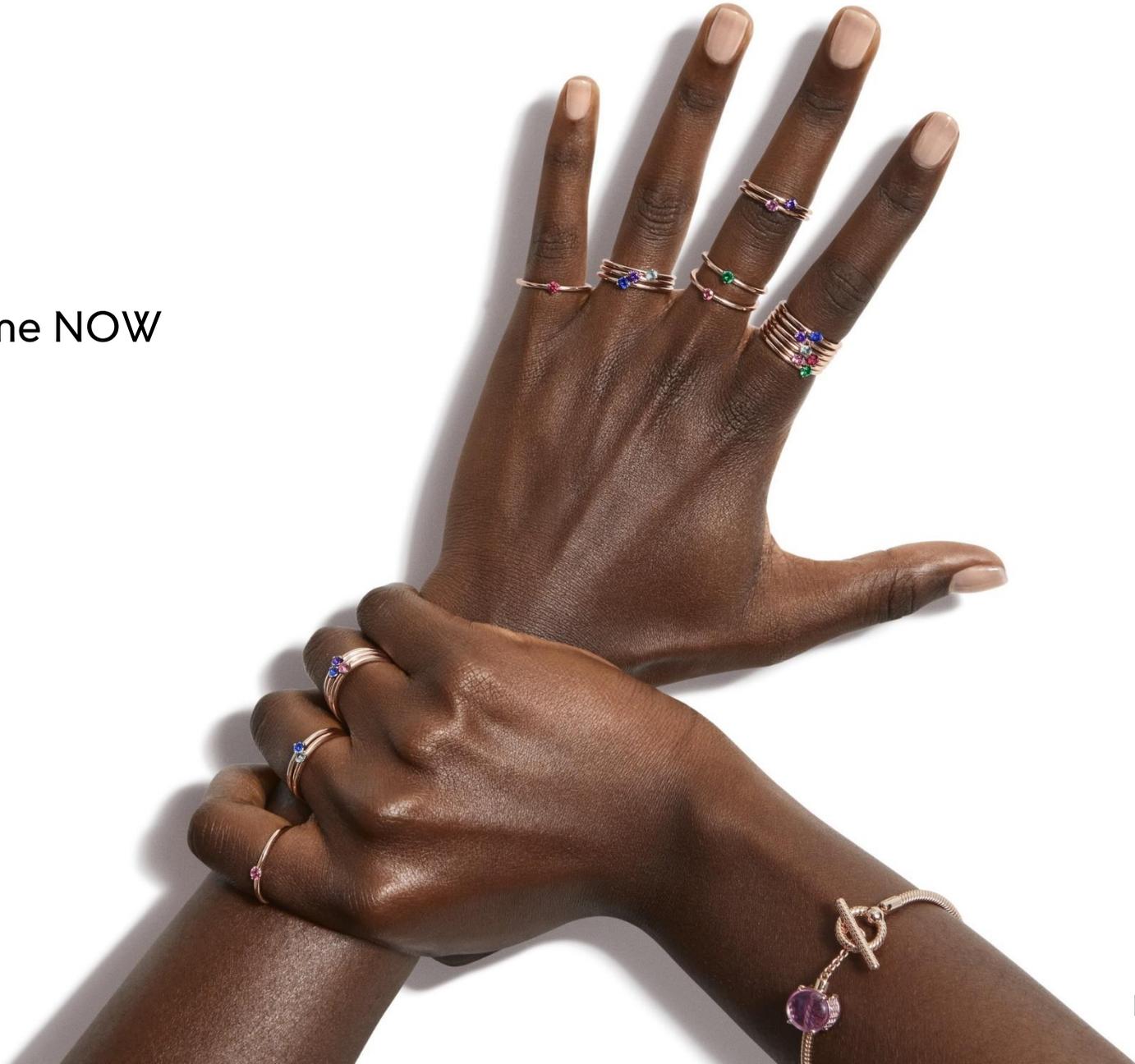
Brand momentum continues to improve – investments in brand, digital and organisation are paying off



Cost reset delivering savings of DKK 1.6 billion p.a. – funding the transformation journey

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# PROGRAMME NOW APPROACHING COMPLETION

## Turnaround objectives

## Initiatives

 <p><b>Brand Relevance</b></p>	Data-driven growth and personalisation	<ul style="list-style-type: none"> <li>• Digital spend optimised and increased to reach a targeted audience</li> <li>• Step-changing data-driven e-mail marketing – material performance improvement both in terms of traffic and conversion rate</li> </ul>
	Win in China	<ul style="list-style-type: none"> <li>• China continues to be challenging, as expected</li> <li>• New Chinese management team in place to create and execute on growth plan</li> <li>• China remains top priority and a significant growth opportunity for Pandora</li> </ul>
 <p><b>Brand Access</b></p>	Omnichannel capabilities	<ul style="list-style-type: none"> <li>• “Click &amp; collect” rolled out to more than 400 concept stores in US and UK</li> <li>• Endless Aisle implemented in most key markets</li> </ul>
	New store concept	<ul style="list-style-type: none"> <li>• Newly established team ready to drive development of the new store concept</li> <li>• Full-scale testing expected in H2 2021 with first roll-out in 2022</li> </ul>
 <p><b>Cost reset</b></p>	Cost reset continuation	<ul style="list-style-type: none"> <li>• DKK 1.6 billion cost reduction target delivered</li> <li>• The Cost reset team will remain in place after Programme NOW - leverage further cost reduction opportunities</li> </ul>

# PROGRAMME NOW TIMELINE

**Nov 2018**

Programme NOW initiated

**May 2019**

Early initiatives unfolding

**Q4 2019**

Step-change in like-for-like trajectory

**Q2 2020**

Reorganisation completed  
Programme NOW rescoped

**Q4 2020**

Back to positive growth

Diagnosis concluded –  
Initiatives of Programme  
NOW revealed

**Feb 2019**

Brand relaunch  
effectuated

**Aug 2019**

Positive LFL before  
COVID-19 implications

**Jan Feb 2020**

Significant improvement  
in sell-out

**Q3 2020**

# MAINTAINING OUR INDUSTRY-LEADING BRAND POSITION

## Global Share of Search – Google Q4 2020

**1/3** of all Google searches for branded jewellery globally was for **PANDORA**

- Two closest global competitors both have a ~10% share of searches

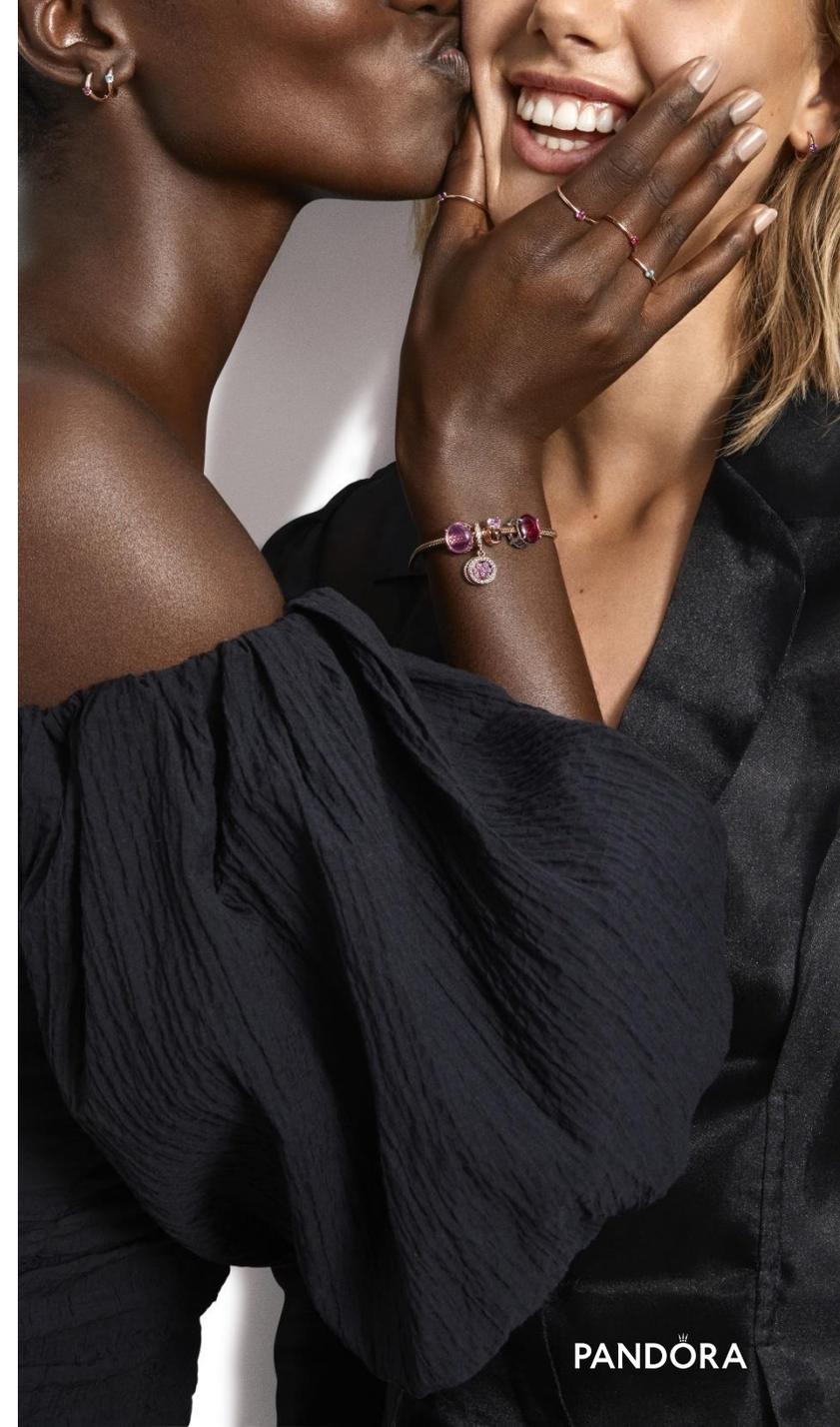
## Global unaided brand awareness Q4 2020

**Number 1 in 5 out of 7 key markets**  
**#2 in the US**

- Number 1 in Italy, France, Germany, UK, and Australia
- Number 2 in US

\*Source: Google Trends . Share of Search (%) is (Searches Pandora)/(Searches Pandora + Searches relevant competitor brands)

Source Female unaided brand awareness: Internal brand tracker. Old monthly brand tracker (August 2018- June 2020) and new brand tracker setup (August 2020- ) were compared for comparison purposes. Sample sizes: Old setup (n=400 females per month/market) and New setup (n= 300 females per month/market). The tracker looks at women aged 18-64 and includes markets IT, FR, DE, ES, UK, US, CA, AU weighted according to population size





## POSITIVE SELL-OUT GROWTH IN 5 OUT OF 7 KEY MARKETS IN Q4 2020

- Programme NOW is yielding visible results continuing the positive trajectory and momentum in Q4 2020 – China is challenging, as expected
- Q4 performance was supported by better product availability - the new operating model shows its worth
- In order to spread our traffic during a peak season with social distancing requirements, Q4 2020 had slightly more promotional days than Q4 2019

SELL-OUT DEVELOPMENT	Q4 2020	Temp. closed stores due to COVID-19, %*
US	+22%	5%
UK	+1%	24%
Italy	-12%	8% (30%) <sup>1</sup>
France	1%	30%
Germany	5%	25%
China	-25%	1%
Australia	19%	8%
<b>Group</b>	<b>1%</b>	<b>Around 10%</b>

\*Average closures throughout Q4

<sup>1</sup>Italy store closures of 8% only include stores closed for a full week, but actual closing days are up to 30% in Q4

# SOCIAL DISTANCING BATTLE PLAN PROVED SUCCESSFUL – CERTAIN INITIATIVES TO CONTINUE

## Increased online capacity

Operational effectiveness was kept high supported by increased investments in online capacity

## Virtual try on

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

## Remote shopping assistant

Allowed consumers to call in for a voice appointment to guide them. Was rolled out in UK, US, France and Germany

## Pop-up shops

Temporarily opened around 100 pop-up shops in key cities minimising queues and traffic

## Redirected traffic

Promoted the online store and the omnichannel service “Endless Aisle” in campaigns and in queues in front of stores

## Stretched peak trading periods

Used promotional tactics and media planning to stretch the peak trading period over longer time

## Q4 Traffic – growth

**-60%** **+50%**

O&O concept stores

Online

## Q4 Conversion rate – growth

**+65%** **+30%**

O&O concept stores

Online



# DATA-DRIVEN GROWTH INITIATIVES DRIVES TRAFFIC AND CONVERSION

**Example** | e-mail marketing delivers significant growth rates proving the opportunities within data-driven growth

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



Data-driven growth initiatives such as e-mail marketing support strong online organic growth of 104% in Q4

DKK  
**300**  
million revenue  
in Q4 2020

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>110%  
compared with  
last year

VISITS  
THROUGH E-MAILS

**+61%**  
YoY

REVENUE  
PER E-MAIL

**+65%**  
YoY

CONVERSION  
RATE

**+43%**  
YoY

SENT

**+32%**  
YoY

# Q4 2020 DIGITAL RESULTS

Global median page loading time

**2.7sec**

(-42% since the start of the year)

Online conversion rate

**3.2%**

(+30% YoY)

Completed the roll out of Click & Collect stores in UK & US in Q4

**7%**

(of online sales in US)

# Q4 PERFORMANCE - COVID-19 LOCKDOWNS BLUR THE PICTURE

- Sell-out growth in Q4 2020 ended in positive territory
- Sell-out growth was impacted by two opposing COVID-19 factors:
  1. Lockdown of stores dragging down revenue
  2. A shift in general consumer demand away from travelling etc. and towards among others gifting and jewellery
- We do not have data suggesting what the net impact of these two factors is
- Credit card data from the US, however, suggests that the jewellery category grew significantly in Q4 2020 vs prior year – indicating a material and temporary shift in demand
- Having said that, the scattered market data available indicates that Pandora's overall Q4 performance was better than the market in general

## Q4 illustrative performance



## Store operations in Q4 2020





# MANAGING UNCERTAINTY AS LOCKDOWNS CONTINUES

## PREPARING FOR ANOTHER UNCERTAIN QUARTER

- Pandora will continue to be socially responsible by creating safe environments for store staff and consumers
- Three important trading events, Valentines, Mothers Day in UK and Chinese New Year lies ahead, and are instrumental for a successful Q1
- Pandora will to the extent possible continue the successful initiatives from the Social distancing battle plan in Q4
- Flexibility will be key again this quarter, as the ability to manage inventory between stores and online will secure availability of best sellers in the right channel
- Continued strong traction on cost reset savings funding investments in Media and Marketing

# COST SAVINGS RUN-RATE TARGET OF DKK 1.6B DELIVERED

COST CATEGORIES	COST INITIATIVES & IMPROVEMENTS	ANNUAL RUN RATE TARGET BY END 2020 (DKK billion)	SAVINGS ACHIEVED (RUN RATE END 2020, DKK billion)
Cost of sales	<ul style="list-style-type: none"> <li>Continued incremental savings through optimisation of production of existing assortment and existing production methods</li> <li>Design to value review of high-running products done</li> </ul>	0.45 – 0.48	
Retail expenses	<ul style="list-style-type: none"> <li>Improved productivity in store (sales per labour hour)</li> <li>Further lease cost reductions driven by newly established Global Network team</li> </ul>	0.35 – 0.38	
Administrative expenses	<ul style="list-style-type: none"> <li>New ways of working and travel norms has reduced travel expenses</li> <li>Global Business Services organisation launched – savings to materialise from 2022</li> </ul>	0.25	
IT	<ul style="list-style-type: none"> <li>IT Transformation completed</li> <li>Efficiencies and savings delivered as planned</li> </ul>	0.20	
Other	<ul style="list-style-type: none"> <li>Higher efficiency of marketing and media spending from global/local tenders</li> <li>Insourcing of critical capabilities reducing external spend</li> <li>Optimisation and retendering of packaging material</li> <li>Introduction of sustainability initiatives e.g. 'ask for bags' in store</li> </ul>	0.3-0.34	

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# SOLID FINANCIAL RESULTS DESPITE CONTINUED NEGATIVE COVID-19 IMPACT

## Revenue

7.9

DKK billion  
(4% YoY growth in local  
currency)

- Strong performance continues in Q4 despite 10% of the stores being closed due to COVID-19
- Uplift from consumer spending away from traveling and services towards gifting and discretionary goods

## Sell-out growth incl. temporarily closed stores

1%

(-5% in Q4 2019)

- Five out of seven key markets delivered positive sell-out growth despite negative COVID-19 impact
- Social distancing battle plan pays off contributing to the solid Q4 performance

## Organic growth

4%

(-1% in Q4 2019)

- Material organic growth improvement in Q4 2020 – first quarter with positive organic growth since Q4 2017
- Performance supported by online growth of +104% – both traffic and conversion rate are strong

## EBIT margin excluding restructuring costs

31.8%

(35.3% in Q4 2019)

- Higher than anticipated EBIT margin driven by operating leverage from top-line growth
- Gross margin remains strong – 1.5pp drag from raw materials and FX development compared with last year

## Free cash flow incl. lease payments

3.8

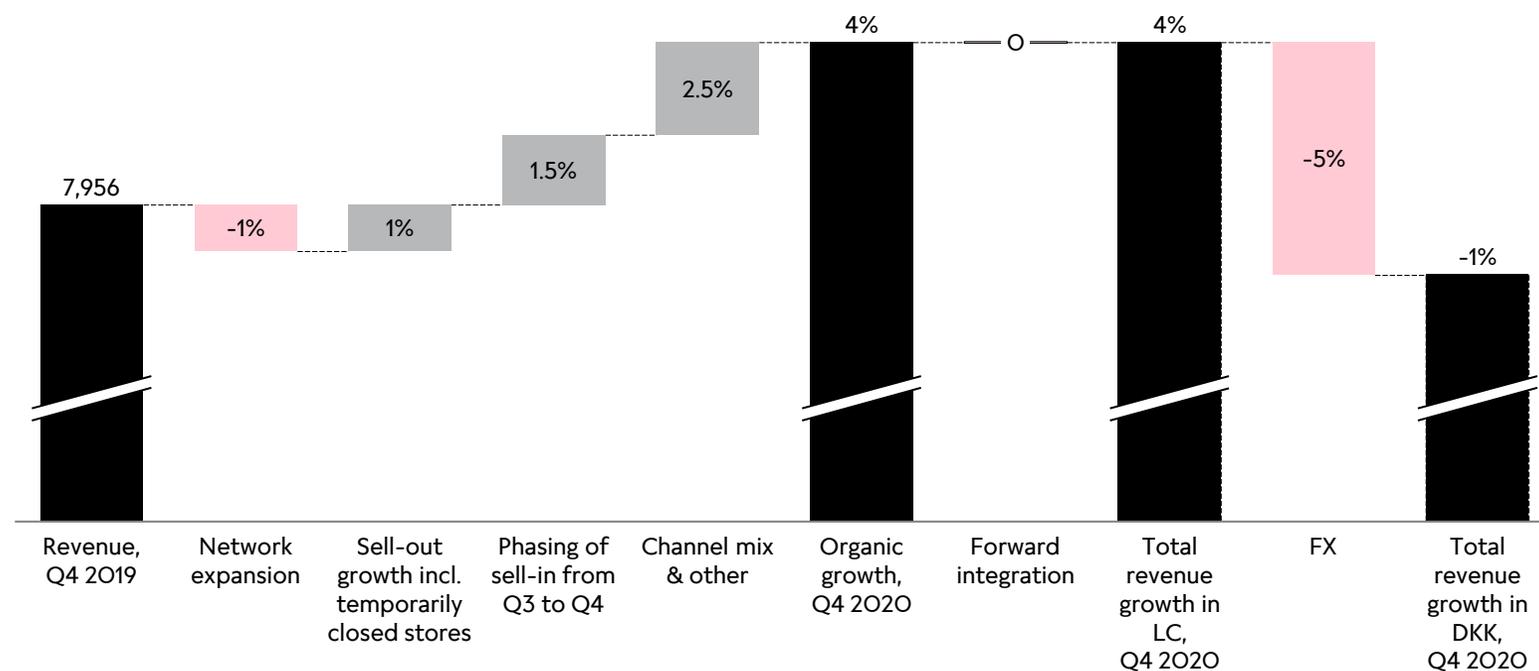
DKK billion  
(DKK 2.8 billion in Q4 2019)

- Operating working capital ended in negative by the end of 2020 – lowest level ever
- 2020 was the second consecutive year with cash conversion well above 100%

# BACK TO POSITIVE GROWTH IN Q4 – FIRST TIME SINCE Q4 2017

## Organic growth supported by phasing of sell-in and shift in channel mix

DKK million, %-p growth (approximately)



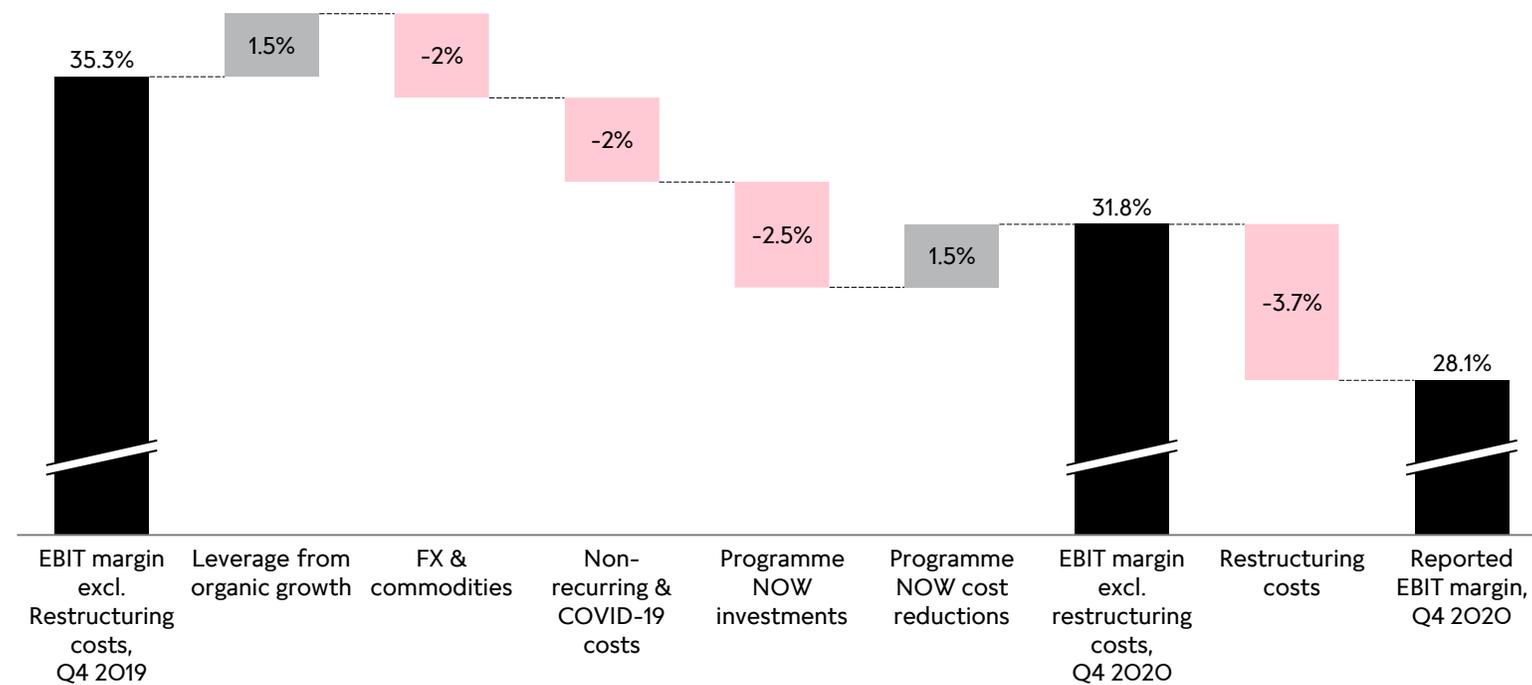
### Commentary

- Network expansion has a 1pp negative impact due to net 80 store closures
- Sell-in to Wholesale partners was boosted by the phasing from Q3 to Q4 (equivalent negative impact in Q3 2020)
- Channel mix supported the organic growth by 1pp (wholesale revenue converting to online revenue) and online freight income also supported organic growth by around 1pp

# STRONG EBIT MARGIN IN A DIFFICULT ENVIRONMENT

## EBIT margin at strong level despite COVID-19 headwind

%-p growth (approximately)

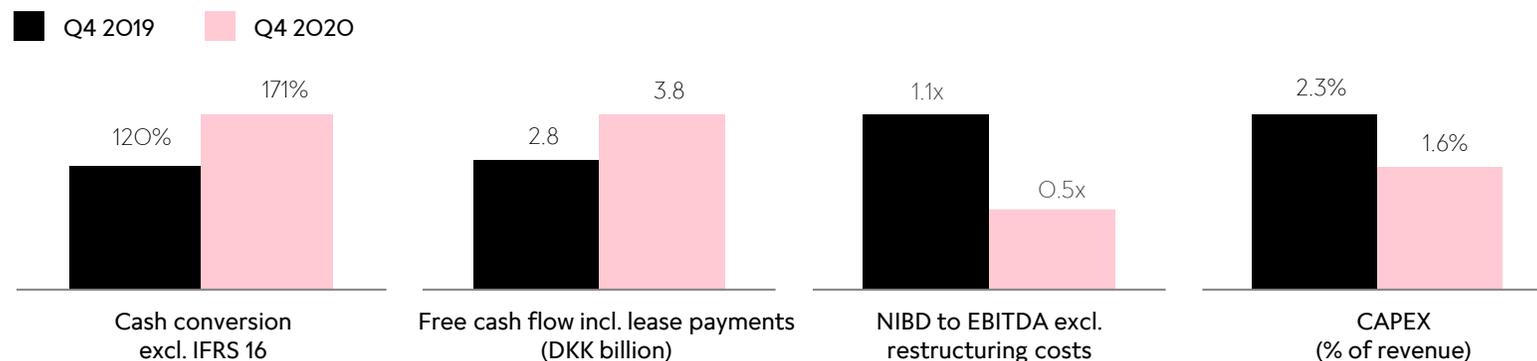


### Commentary

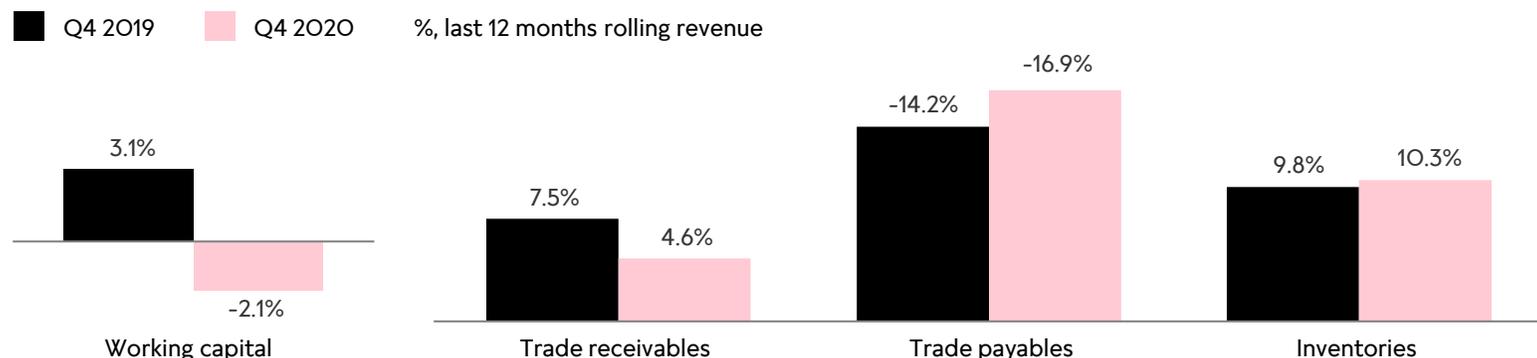
- Adverse foreign exchange development impacted the EBIT margin by -1pp driven by depreciation of the USD and GBP against the Danish krone, partly offset by a positive impact from weakening of the THB
- Higher silver prices dragged down the margin by 1pp
- COVID-19 related costs – mainly additional costs to manage social distancing requirements in the stores – combined with other non-recurring costs negatively impacted the margin by 2pp
- Cost savings delivered were reinvested into driving the top-line and strengthening the organisation. In Q4 2020, significant investments in additional online capacity as well as in improved online customer service were made
- Restructuring costs of DKK 0.3 billion represent the final one-off costs under Programme NOW. No further restructuring costs will be reported separately in 2021

# CONTINUED STRONG FREE CASH FLOW IN Q4

## Free cash flow increased from last year and leverage at low end of policy range



## Record low working capital dipping into negative levels



### Commentary

#### Strong free cash flow

- Strong free cash flow again in Q4 2020 closing the quarter better than Q4 2019, coming from a continued solid development in operating working capital, a relatively lower CAPEX level and lower tax payments

#### Working capital turn negative – not a sustainable level

- Inventories ended 2020 almost 10% below last year and below our targeted weeks of coverage. An increase in inventories in 2021 is planned
- Trade receivables significantly down compared with 2019 as DSO close at an all time low in Q4
- Trade payables at high level boosted by non-recurring payables related to restructuring costs

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# 2021 GUIDANCE

## STABILISING THE TOP-LINE:

- In 2021, Pandora expects to reach an important milestone: returning to top-line growth after three years of decline
- In the absence of COVID-19 impact, Pandora would guide for slightly positive organic growth in 2021 versus 2019
- Having said that, 2021 will be impacted by COVID-19 lockdowns and performance therefore remains highly uncertain. Around 6% drag on revenue is assumed in 2021
- In order to increase transparency on Pandora's thinking about the underlying business and as a reflection of the high level of uncertainty on the materiality and duration of the COVID-19 impact, Pandora therefore provides supplementary information about what the guidance would have been in the absence of COVID-19 lockdowns

### OFFICIAL 2021 GUIDANCE

Including impact from COVID-19

#### ORGANIC REVENUE GROWTH

**Above 8%**  
(Above -3% vs 2019)

#### EBIT MARGIN

**Above 21%**

Excluding impact from COVID-19

#### ORGANIC REVENUE GROWTH

**Above 14%**  
(Above 2% vs 2019)

#### EBIT MARGIN

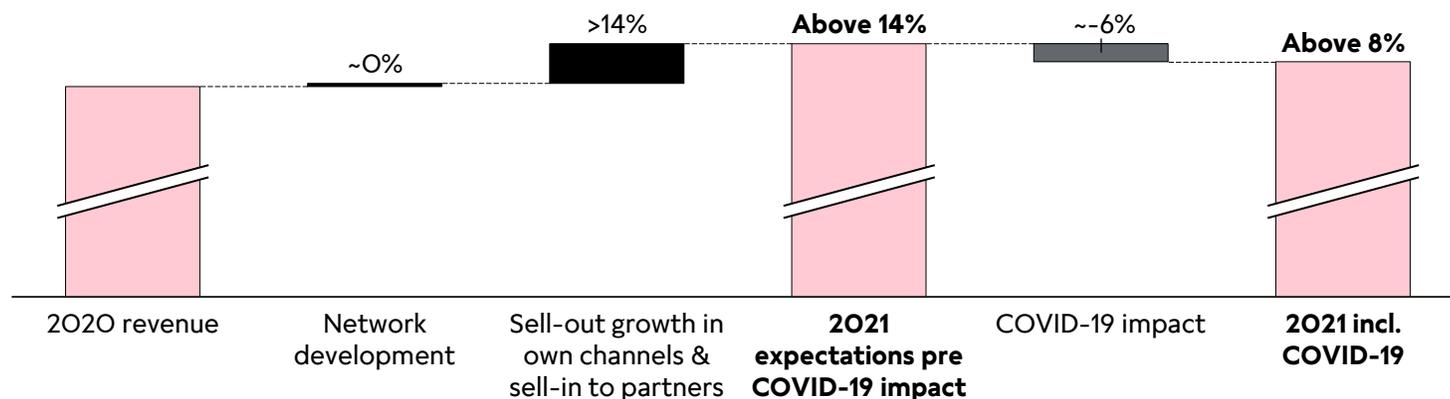
**Above 23%**

PANDORA

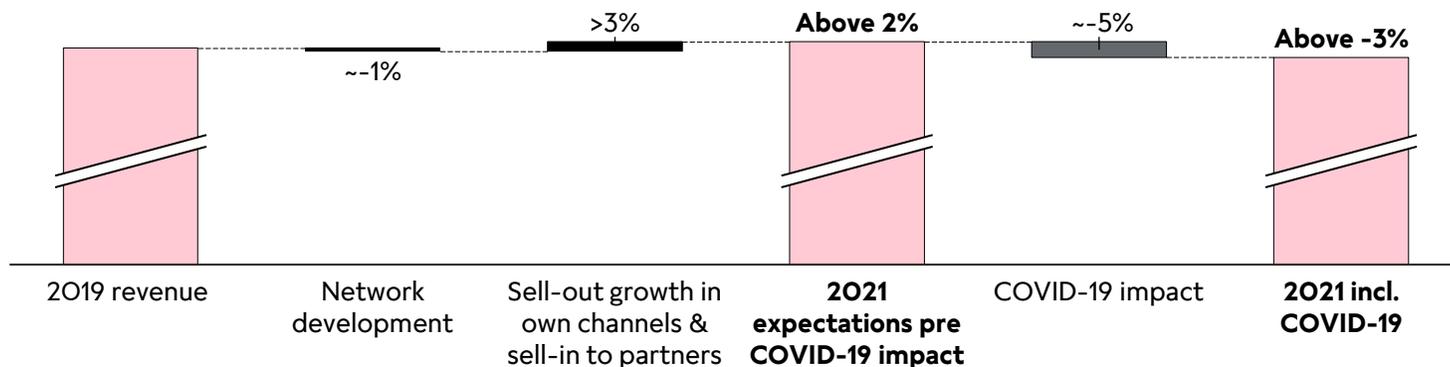
PANDORA

# FULL YEAR 2021 ORGANIC GROWTH GUIDANCE BRIDGE

## 2021 vs 2020



## 2021 vs 2019

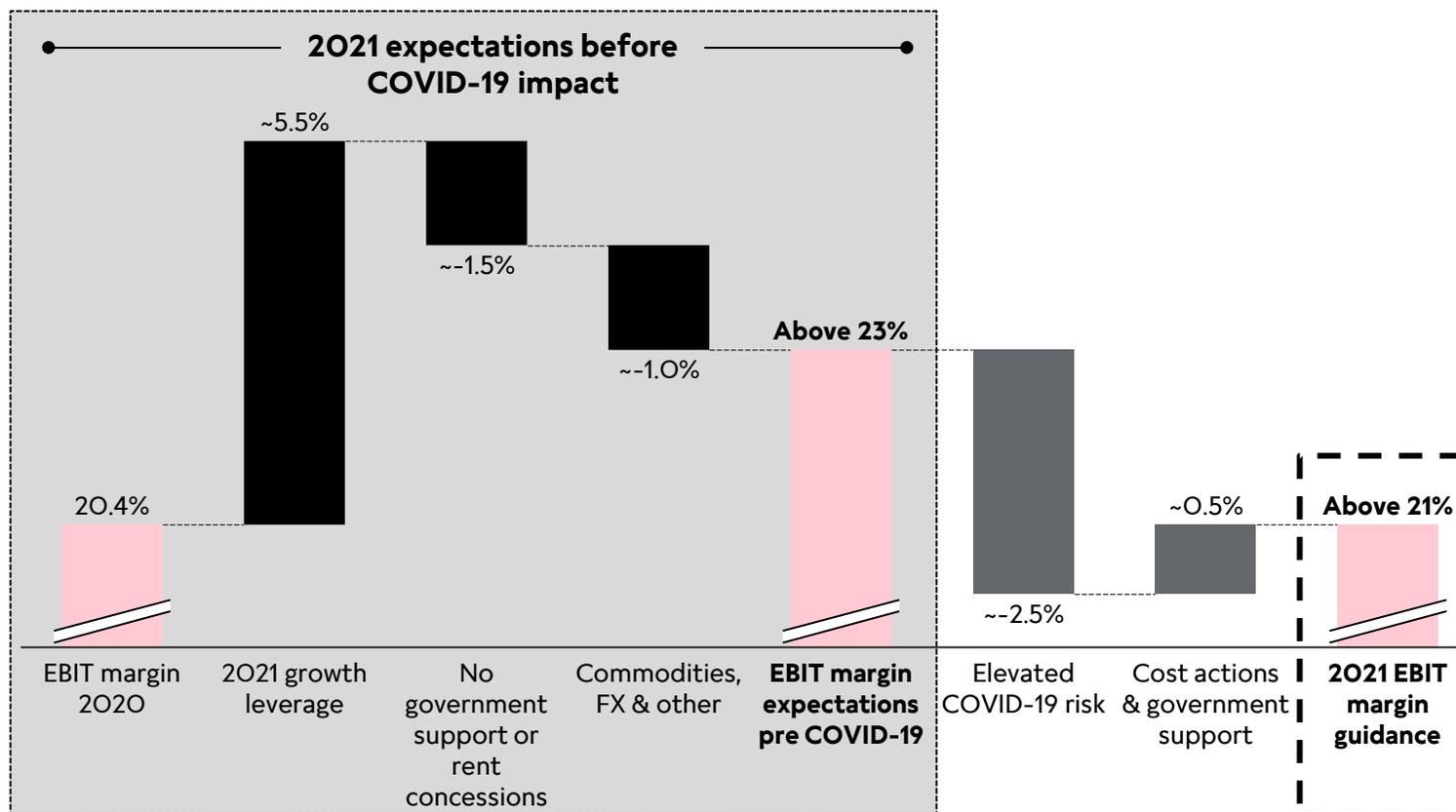


## GUIDANCE ASSUMPTIONS 2021

- The guidance is based on the assumption that approximately 25% of the stores will be temporarily closed during the first half of 2021 and that organic growth will be negatively impacted by around -6% for the full year
- The guidance is also based on the assumption that the positive impact seen in late 2020 of reallocation of consumer spending away from travelling and services towards gifting and discretionary goods was not larger than the negative impact from temporary store closures
- The impact from forward integration is expected to be around 1% in 2021. Finally, Pandora expects headwind from foreign exchange rates of approximately -1% taking total revenue growth in DKK to above 8% in 2021

# FULL YEAR 2021 EBIT MARGIN GUIDANCE BRIDGE

## %-points approximations



## EBIT MARGIN GUIDANCE 2021

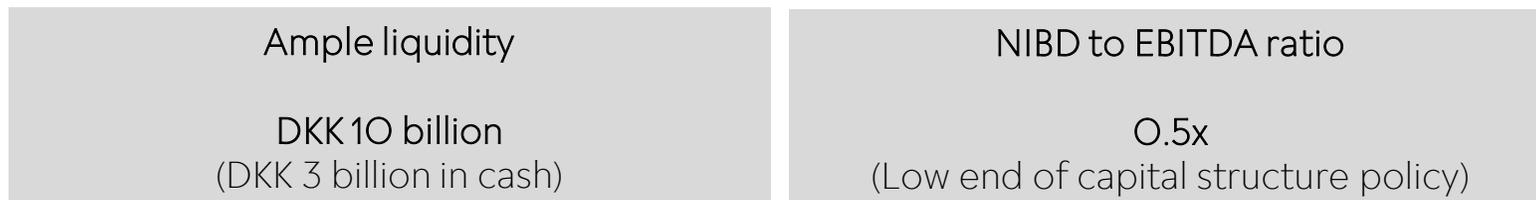
- As illustrated on the left there is significant positive operating leverage in the business model
- In the EBIT margin guidance this is not directly visible due to continued COVID-19 headwind and higher commodity prices
- The assumed COVID-19 lockdowns in H1 2021 drags down the margin by 2pp
- The quarterly phasing of the EBIT margin obviously depends on the COVID-19 development. As in prior years and in line with normal seasonality, Q4 is expected to be by far the most profitable quarter of the year

## OTHER GUIDANCE PARAMETERS 2021

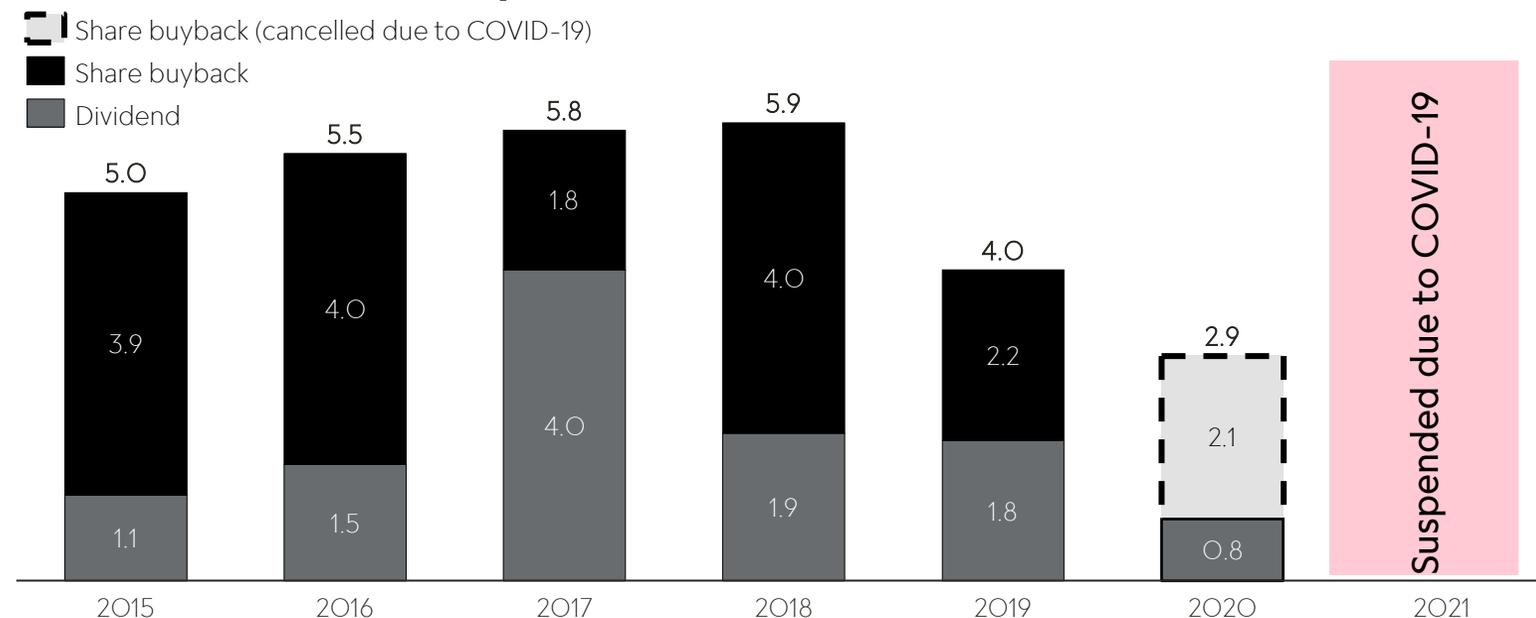
- CAPEX for the year is expected to be in the range of DKK 1.0-1.2 billion
- No major changes to the overall concept store network are expected
- The effective tax rate is expected to be 22-23%, in line with 2020

# CASH DISTRIBUTION IS SUSPENDED DUE TO UNCERTAINTY AROUND COVID-19

## Ending 2020 with solid financials



## Cash distribution development since 2015 (DKK billion)



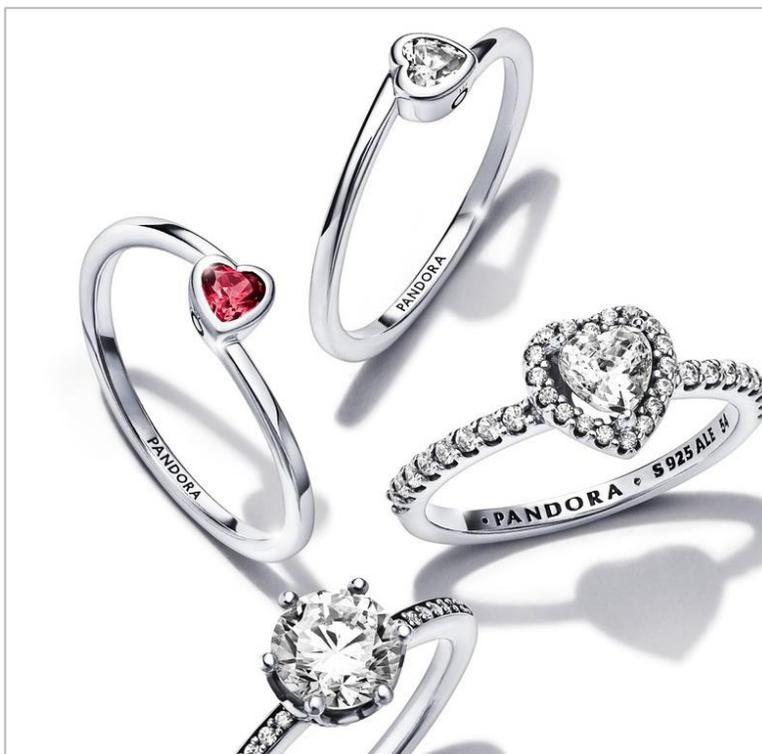
- Pandora continues to be highly cash generative and has ample liquidity to initiate cash distribution to shareholders
- By the end of 2020, financial leverage was 0.5x. This is in the low end of the capital structure policy (NIBD to EBITDA between 0.5 and 1.5x)
- However due to the unprecedented uncertainty caused by COVID-19, Pandora considers it appropriate and prudent to await further certainty about the pandemic before re-initiating cash distribution to the shareholders
- At the Annual General Meeting in March 2021, Pandora will ask shareholders to authorise Pandora to distribute up to DKK 15 extraordinary dividend per share
- The Board of Directors already has the authority to initiate a share buyback at any point in time
- The capital structure policy remains unchanged

# EXCITING PRODUCT LINE-UP FOR KEY TRADING EVENTS IN Q1 2021

January 2021  
PANDORA COLOURS



February 2021  
VALENTINES



March 2021  
SPRING



# CLOSING REMARKS



Material improvement in Q4 – positive growth despite COVID-19 lockdowns



Pandora is making preparations for the transition from transformation to growth



Positive underlying growth in 2021 excluding COVID-19



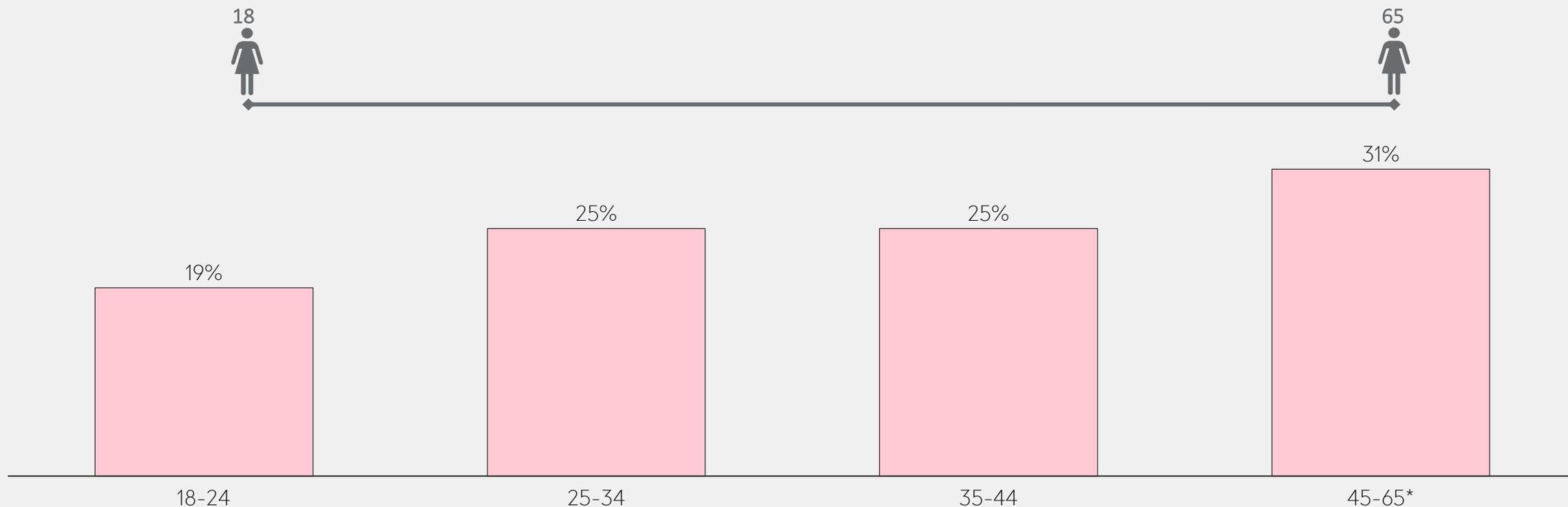
Cash distribution to be resumed once COVID-19 is under control

# APPENDIX



# PANDORA CONSUMERS ARE ACROSS GENERATIONS

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



Source: Pandora Brand Tracker 2020 (n=2508)

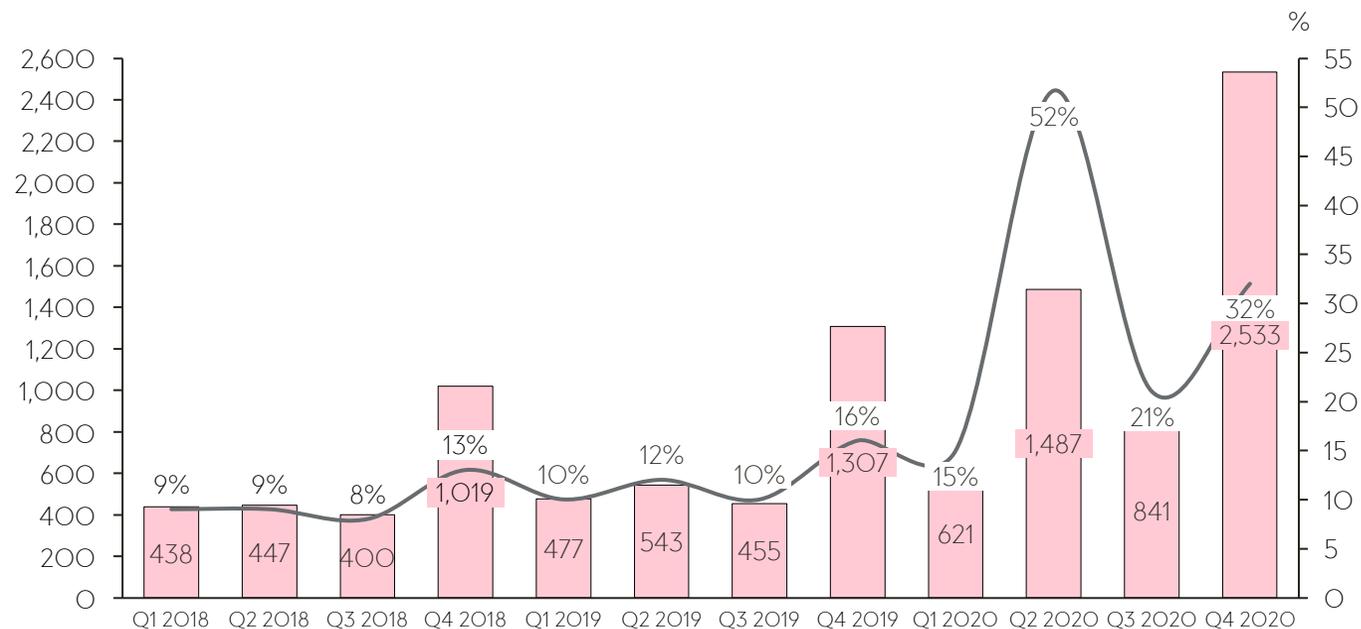
Note: Markets include IT, ES, FR, UK, DE, RU, CA, CN, AU

\*Age range stops at 54 in China and Russia.

# PANDORA'S ONLINE BUSINESS & PRESENCE

## Online store development

DKK million — Online store % of Group Revenue ■ Online store revenue



## Online platforms



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



More than 345 million visits on the Pandora online stores in 2020



18 million Pandora club members worldwide



16.9 million Facebook followers



8.3 million followers on Instagram

104%

ORGANIC GROWTH IN Q4 '20

32%

REVENUE SHARE OF GROUP REVENUE IN Q4 '20

20

MARKETS

SINGLE

DIGIT RETURN RATES

STRONG PROFITABILITY

# REVENUE DEVELOPMENT BY CHANNEL AND BY PRODUCT CATEGORY

## Channel development

DKK million	Q4 2020	Growth, Q4/Q4, LC	Q4 2020 share of revenue FY 2020	FY 2020	Growth, FY 2020 FY/FY, LC	FY 2020 share of revenue
Pandora owned retail	5,525	12%	70%	13,426	-2%	71%
- of which concept stores	2,725	-21%	35%	7,321	-29%	39%
- of which online stores	2,533	104%	32%	5,483	103%	29%
- of which other points of sale	266	7%	3%	622	-18%	3%
Wholesale	2,143	-10%	27%	4,949	-25%	26%
- of which concept stores	1,182	-14%	15%	2,714	-28%	14%
- of which other points of sale	961	-5%	12%	2,235	-21%	12%
Third-party distribution	223	-10%	3%	634	-33%	3%
<b>Total revenue</b>	<b>7,891</b>	<b>4%</b>	<b>100%</b>	<b>19,009</b>	<b>-11%</b>	<b>100%</b>

## Product category development

DKK million	Q4 2020	Growth, Q4/Q4, LC	Q4 2020 share of revenue FY 2020	FY 2020	Growth, FY 2020 FY/FY, LC	FY 2020 share of revenue
Charms	3,936	1%	50%	9,646	-13%	51%
Bracelets	1,614	9%	20%	3,751	-8%	20%
Rings	1,113	5%	14%	2,774	-8%	15%
Earrings	580	8%	7%	1,319	-9%	7%
Necklaces & Pendants	649	10%	8%	1,519	-6%	8%
<b>Total revenue</b>	<b>7,891</b>	<b>4%</b>	<b>100%</b>	<b>19,009</b>	<b>-11%</b>	<b>100%</b>

# STORE NETWORK DEVELOPMENT

Net openings

Number of points of sale	Q4 2020	Q4 2020 vs Q3 2020	Q4 2020 vs Q4 2019
<b>Concept stores</b>	<b>2,690</b>	<b>1</b>	<b>-80</b>
- of which Pandora owned	1,382	3	-15
- of which franchise owned	797	-12	-59
- of which third-party distribution	511	10	-6
<b>Other points of sale</b>	<b>4,402</b>	<b>-61</b>	<b>-255</b>
- of which Pandora owned	235	3	28
- of which wholesale	3,602	-53	-210
- of which third-party distribution	565	-11	-73
<b>Total points of sale</b>	<b>7,092</b>	<b>-60</b>	<b>-335</b>

# KEY MARKETS REVENUE AND SELL-OUT GROWTH OVERVIEW

DKK million	Q4 2020	Organic Growth Q4/Q4	Sell-out growth incl. temporarily closed stores	Share of revenue, Q4 2020	FY 2020	Organic Growth FY/FY	Sell-out growth incl. temporarily closed stores	Share of revenue, FY 2020
UK	1,345	9%	1%	17%	2,960	6%	-2%	16%
Italy	825	-3%	-12%	10%	2,021	-11%	-16%	11%
France	494	1%	1%	6%	1,154	-1%	-4%	6%
Germany	418	7%	5%	5%	1,014	6%	4%	5%
US	1,982	20%	22%	25%	4,505	0%	1%	24%
Australia	537	24%	19%	7%	1,120	2%	-2%	6%
China	322	-23%	-25%	4%	1,261	-35%	-35%	7%
<b>Group</b>	<b>7,891</b>	<b>4%</b>	<b>-2%</b>	<b>100%</b>	<b>19,009</b>	<b>-11%</b>	<b>-12%</b>	<b>100%</b>

# CONCEPT STORES PER MARKET

	Number of concept stores Q4 2020	Number of concept stores Q3 2020	Number of concept stores Q4 2019	Growth Q4 2020 /Q3 2020	Growth Q4 2020 /Q4 2019	Number of O&O Q4 2020	Number of O&O Q3 2020	Number of O&O Q4 2019	Growth O&O stores Q4 2020 /Q3 2020	Growth O&O stores Q4 2020 /Q4 2019
UK	217	217	230	0	-13	139	139	126	0	13
Russia	174	173	184	1	-10	0	0	0	0	0
Germany	138	139	146	-1	-8	134	135	140	-1	-6
Italy	146	146	148	0	-2	107	107	107	0	0
France	121	121	122	0	-1	77	77	77	0	0
Spain	92	90	87	2	5	70	70	70	0	0
Poland	55	52	52	3	3	38	37	37	1	1
South Africa	30	30	30	0	0	28	28	28	0	0
Turkey	29	30	30	-1	-1	29	30	30	-1	-1
Ireland	26	26	29	0	-3	21	21	24	0	-3
Netherlands	25	25	26	0	-1	25	25	26	0	-1
Ukraine	31	31	29	0	2	0	0	0	0	0
Portugal	26	26	26	0	0	0	0	0	0	0
Belgium	22	23	24	-1	-2	14	14	15	0	-1
Romania	23	23	23	0	0	12	12	12	0	0
United Arab Emirates	17	18	18	-1	-1	17	18	18	-1	-1
Czech Republic	19	19	19	0	0	10	10	10	0	0
Israel	17	17	17	0	0	0	0	0	0	0
Austria	11	11	14	0	-3	9	9	9	0	0
Greece	11	11	14	0	-3	0	0	0	0	0
Denmark	7	7	12	0	-5	7	7	12	0	-5
Saudi Arabia	13	13	13	0	0	0	0	0	0	0
Sweden	7	10	10	-3	-3	7	10	10	-3	-3
Nigeria	8	8	10	0	-2	0	0	0	0	0
US	403	401	402	2	1	154	153	158	1	-4
Brazil	84	87	95	-3	-11	54	54	57	0	-3
Canada	77	78	79	-1	-2	30	23	23	7	7
Mexico	77	77	69	0	8	49	48	45	1	4
Caribbean	27	26	27	1	0	0	0	0	0	0
China	234	236	237	-2	-3	222	225	226	-3	-4
Australia	122	123	128	-1	-6	38	37	39	1	-1
Philippines	36	34	36	2	0	0	0	0	0	0
Malaysia	27	28	31	-1	-4	0	0	0	0	0
Hong Kong	24	23	30	1	-6	22	21	28	1	-6
Thailand	21	21	20	0	1	0	0	0	0	0
New Zealand	18	18	18	0	0	9	9	9	0	0
Singapore	11	11	12	0	-1	11	11	11	0	0
Rest of the World	264	260	273	4	-9	49	49	50	0	-1
<b>All markets</b>	<b>2,690</b>	<b>2,689</b>	<b>2,770</b>	<b>1</b>	<b>-80</b>	<b>1,382</b>	<b>1,379</b>	<b>1,397</b>	<b>3</b>	<b>-15</b>

# PROFITABILITY DEVELOPMENT

DKK million	Q4 2020 reported	Q4 2020 Restructuring costs	Q4 2020 excl. restructuring costs	Q4 2019 reported
Revenue	7,891	-	7,891	7,956
Cost of sales	-1,941	-21	-1,920	-1,924
<b>Gross profit</b>	<b>5,950</b>	<b>-21</b>	<b>5,971</b>	<b>6,032</b>
<i>Gross margin</i>	75.4%	-	75.7%	75.8%
Operating expenses (incl. D&A)	-3,738	-276	-3,462	-3,730
- of which sales, distribution and marketing expenses	-3,060	-42	-3,018	-2,933
- of which administrative expenses	-678	-234	-444	-797
<b>EBIT</b>	<b>2,212</b>	<b>-296</b>	<b>2,508</b>	<b>2,302</b>
<i>EBIT margin</i>	28.0%		31.8%	28.9%

DKK million	FY 2020 reported	FY 2020 Restructuring costs	FY 2020 excl. restructuring costs	FY 2019
Revenue	19,009	-	19,009	21,868
Cost of sales	-4,634	-159	-4,475	-5,966
<b>Gross profit</b>	<b>14,375</b>	<b>-159</b>	<b>14,534</b>	<b>15,903</b>
<i>Gross margin</i>	75.6%		76.5%	72.7%
Operating expenses (incl. D&A)	-11,691	-1,039	-10,652	-12,074
- of which sales, distribution and marketing expenses	-9,155	-204	-8,951	-9,305
- of which administrative expenses	-2,536	-834	-1,702	-2,770
<b>EBIT</b>	<b>2,684</b>	<b>-1,197</b>	<b>3,881</b>	<b>3,829</b>
<i>EBIT margin</i>	14.1%		20.4%	17.5%

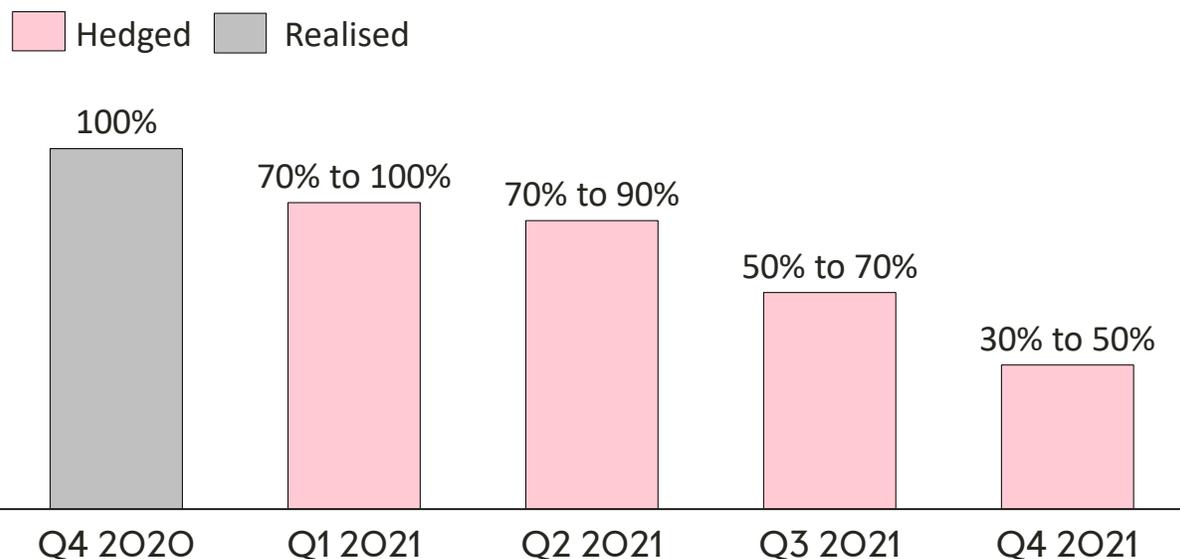
# WORKING CAPITAL AND CASH MANAGEMENT

DKK million	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Inventory	1,949	2,619	2,250	2,155	2,137
- Share of revenue (last 12 months)	10.3%	13.7%	11.6%	10.1%	9.8%
Trade receivables	870	607	602	1,081	1,643
- Share of revenue (last 12 months)	4.6%	3.2%	3.1%	5.1%	7.5%
Trade payables	-3,211	-2,425	-2,316	-2,337	-3,095
- Share of revenue (last 12 months)	-16.9%	-12.7%	-11.9%	-11.0%	-14.2%
<b>Operating working capital</b>	<b>-392</b>	<b>801</b>	<b>535</b>	<b>899</b>	<b>684</b>
- Share of revenue (last 12 months)	-2.1%	4.2%	2.8%	4.2%	3.1%
Free cash flow excl. IFRS16	3,780	457	943	-272	2,760
CAPEX	124	117	121	129	184
% of revenue	1.6%	2.9%	4.2%	3.1%	2.3%
NIBD to EBITDA excl. restructuring costs (last 12 months)	0.5x	1.1x	1.1x	1.3x	1.1x
<b>Selected KPIs</b>					
Days Sales of Inventory - last 6 months of COGS (183 days)	126	288	228	134	109
Days Sales of Outstanding - last 3 months of wholesale and third-party distribution revenue (90 days)	23	30	89	46	36

# HEDGING POLICY AND RAW MATERIALS SHARE OF PRODUCTION COSTS

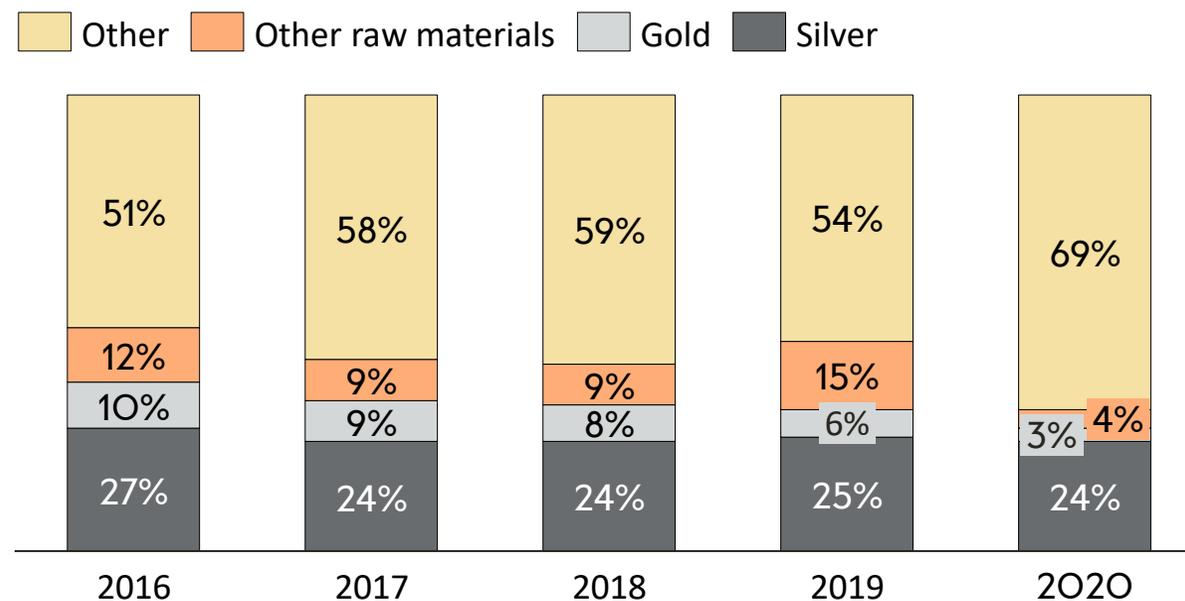
## Commodity hedging policy is to hedge around 70% of future 12 months use in production

*For illustrative purposes*



- With an additional 2-4 months time lag from production to sale of the product and effect on the income statement, the impact of the recent increase in metal prices will be gradual.

## Raw material share of cost of goods sold



- Other cost of goods sold consist of labour, cost to third-party set-ups (i.e. plating) and licence, customs, freight cost, remelt and minor provisions
- 'Other raw materials' decreased in 2020 as plating is done in-house and expensed mainly through 'Other'.

# OVERVIEW OF THE GLOBAL JEWELLERY MARKET

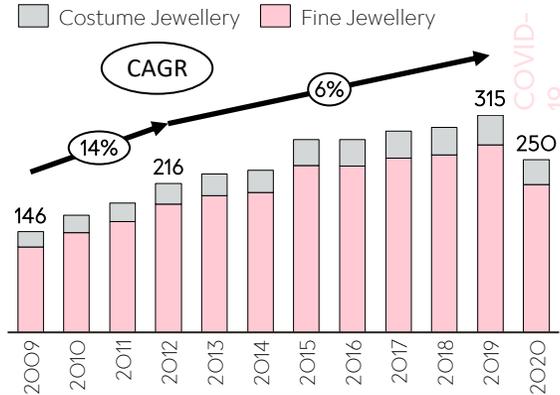
## MARKET DEVELOPMENT

Fine jewellery market 2020-2024



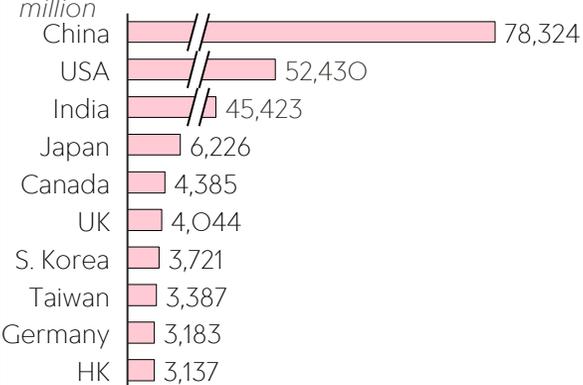
Jewellery market development

10 years, EUR billion



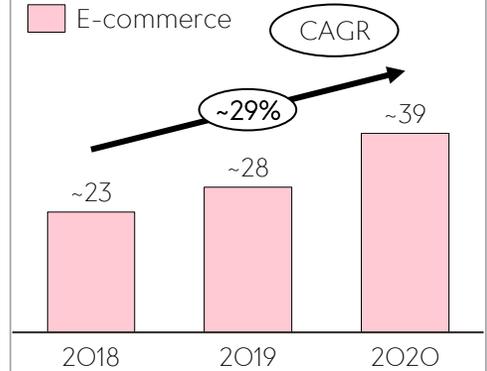
10 largest jewellery markets

2020, EUR million



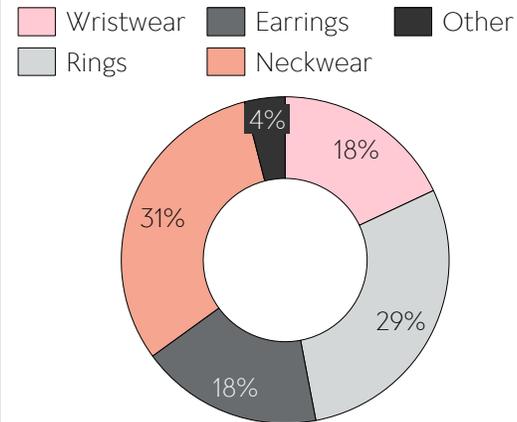
Jewellery eCOM development

EUR billion

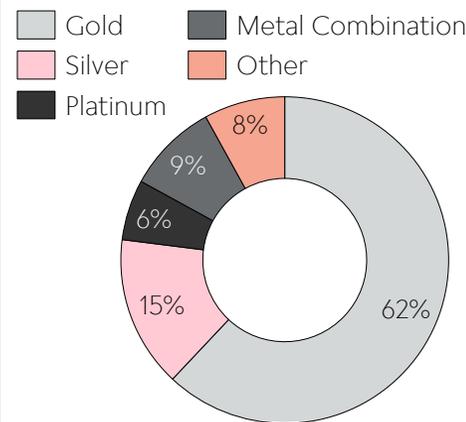


## JEWELLERY DEVELOPMENT

Global category share (2020)



Fine jewellery metal split (2020)



World's 10 largest jewellery brands (2019)



Source: Euromonitor

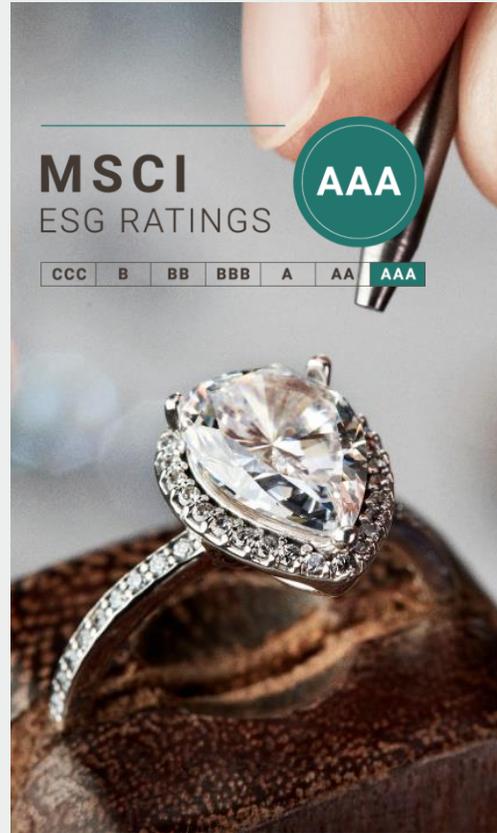
# SUSTAINABILITY

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

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

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

- 13 CLIMATE ACTION** (Icon: Eye with globe)
- 5 GENDER EQUALITY** (Icon: Gender symbols)
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION** (Icon: Infinity symbol)
- 8 DECENT WORK AND ECONOMIC GROWTH** (Icon: Bar chart with upward arrow)



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

## Climate and environment

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



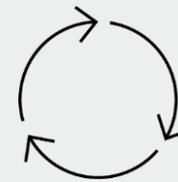
**Carbon neutral**  
in own operations  
by 2025



**100% renewable energy**  
at our crafting facilities  
achieved in 2020



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



**90%**  
of waste was  
recycled at our  
crafting facilities



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

# SUSTAINABLE PRODUCTS



99.8%

of all stones are  
man-made



From 60%<sup>1</sup> recycled in  
2020 to 100% in 2025

By 2025, 100% of products will  
be made from recycled silver and gold



100% certified  
silver and gold grain suppliers



## Responsible Sourcing Programme

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

# WORKPLACE AND SOCIETY



## Inclusive workspace

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

PANDORA for 

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

75%

of our Board of Directors are  
women and 25% are men

## Executive Leadership Team

12.5% are women  
87.5% are men

# INVESTOR RELATIONS CONTACT DETAILS

## Investor Relations team

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## Share information

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

## ADR information

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

