PANDORA
UNFORGETTABLE MOMENTS

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COMPANY ANNOUNCEMENT
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INTERIM REPORT FOR Q3 2015

PANDORA INCREASES REVENUE WITH 37.5% DRIVEN BY ALL GEOGRAPHIC REGIONS

- Group revenue in Q3 2015 was DKK 3,911 million, an increase of 37.5% or 28.0% in local currency, compared with Q3 2014:
  - Americas increased by 22.7% (8.3% increase in local currency)
  - Europe increased by 40.7% (36.1% increase in local currency)
  - Asia Pacific increased by 74.8% (62.9% increase in local currency)
  - Revenue from concept stores increased by 49.3% and corresponded to 60.6% of the total revenue
- The gross margin increased to 74.0% in Q3 2015, compared with 70.3% in Q3 2014
- EBITDA increased by 42.5% to DKK 1,454 million in Q3 2015, corresponding to an EBITDA margin of 37.2%, compared with 35.9% in Q3 2014
- Net profit for the quarter was DKK 1,006 million, compared to a net profit of DKK 725 million in Q3 2014
- Free cash flow was DKK 263 million in Q3 2015 compared with DKK 567 million in Q3 2014
- During Q3 2015, PANDORA bought back 1,834,910 own shares at a total value of DKK 1,405 million as part of the ongoing DKK 3.9 billion share buyback programme, corresponding to 1.5% of the total share capital.

FINANCIAL GUIDANCE FOR 2015

The financial guidance for the full year 2015 for revenue and EBITDA margin is maintained and PANDORA continues to expect revenue of above DKK 16 billion and an EBITDA margin around 37%. Assuming current exchange rates, PANDORA expects a full year tailwind effect from currencies on revenue of around 10% compared to 2014. This compares to a tailwind of around 12% anticipated in August 2015 in connection with the announcement of the Q2 2015 report.

CAPEX guidance is increased to approximately DKK 1,000 million from previously guided approximately DKK 900 million, mainly due to faster than expected progression in investments in the production facilities in Thailand as well as IT related projects.

	FY 2015 New guidance	FY 2015 Previous guidance	FY 2014 Actual
Revenue, DKK billion	>16.0	>16.0	11.9
EBITDA margin	approx. 37%	approx. 37%	36.0%
CAPEX, DKK million	approx. 1,000	approx. 900	455
Effective tax rate	approx. 30%	approx. 30%	20%

PANDORA plans to continue to expand the store network and expects to add more than 375 new concept stores in 2015.

In connection with the Q3 2015 results Anders Colding Friis, CEO of PANDORA, stated:
"The strong top-line development has continued in the third quarter of the year, and again all regions contributed to the growth. Europe and Asia Pacific in particular did well, with both established as well as less developed markets continuing the positive momentum. Growth in the US was slightly softer than previous quarters primarily due to a change in promotion strategy in the region to further enhance our brand."

CONFERENCE CALL
A conference call for investors and financial analysts will be held today at 10.00 CET and can be joined online at www.pandoragroup.com. The presentation for the call will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:
DK: +4532 71 16 60
UK (International): +44(0) 20 3427 1905
US: +1646 254 3360

To help ensure that the conference begins in a timely manner, please dial in 5 minutes prior to the scheduled starting time. Participants will have to quote confirmation code "Pandora" when dialling into the conference.

ABOUT PANDORA
PANDORA designs, manufactures and markets hand-finished and contemporary jewellery made from high-quality materials at affordable prices. PANDORA jewellery is sold in more than 90 countries on six continents through approximately 9,500 points of sale, including more than 1,600 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 15,000 people worldwide of whom approximately 10,400 are located in Gemopolis, Thailand, where the company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ Copenhagen stock exchange in Denmark. In 2014, PANDORA's total revenue was DKK 11.9 billion (approximately EUR 1.6 billion).

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FINANCIAL HIGHLIGHTS

DKK million	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Consolidated income statement					
Revenue	3,911	2,845	11,056	7,981	11,942
Gross profit	2,893	1,999	7,988	5,588	8,423
Earnings before interest, tax, depreciations and amortisations (EBITDA)	1,454	1,020	4,070	2,850	4,294
Operating profit (EBIT)	1,339	963	3,812	2,691	4,072
Net financials	-35	-57	-385	-78	-200
Profit before tax	1,304	906	3,427	2,613	3,872
Net profit	1,006	725	2,299	2,091	3,098
Consolidated balance sheet					
Total assets	12,919	10,354	12,919	10,354	10,556
Invested capital	7,879	6,558	7,879	6,558	6,080
Net working capital	1,124	1,106	1,124	1,106	434
Net interest-bearing debt (NIBD)	2,175	9	2,175	9	-1,121
Equity	5,465	6,361	5,465	6,361	7,032
Consolidated cash flow statement					
Cash flows from operating activities	594	711	1,665	2,455	4,322
Cash flows from investing activities	-332	-288	-973	-451	-632
Free cash flow	263	567	985	2,163	3,868
Cash flows from financing activities	-320	-435	-1,273	-2,249	-3,259
Net increase (decrease) in cash for the period	-58	-12	-581	-245	431
Growth ratios					
Revenue growth, %	37.5%	26.2%	38.5%	29.0%	32.5%
Gross profit growth, %	44.7%	33.9%	42.9%	36.9%	40.4%
EBITDA growth, %	42.5%	33.8%	42.8%	47.3%	49.0%
EBIT growth, %	39.0%	36.0%	41.7%	50.3%	51.9%
Net profit growth, %	38.8%	18.5%	9.9%	41.2%	39.5%
Margins					
Gross margin, %	74.0%	70.3%	72.3%	70.0%	70.5%
EBITDA margin, %	37.2%	35.9%	36.8%	35.7%	36.0%
EBIT margin, %	34.2%	33.8%	34.5%	33.7%	34.1%
Other ratios					
Tax rate, %	22.9%	20.0%	32.9%	20.0%	20.0%
Equity ratio, %	42.3%	61.4%	42.3%	61.4%	66.6%
NIBD to EBITDA *	0.4	0.0	0.4	0.0	-0.3
Return on invested capital (ROIC), %*	65.9%	54.6%	65.9%	54.6%	67.0%
Capital expenditure (CAPEX), DKK million	384	135	790	279	455
Cash conversion, %	26.1%	78.2%	42.8%	103.4%	124.9%
Share information					
Dividend per share, DKK	-	-	-	-	9.00
Total payout ratio (incl. share buyback), %	-	-	-	-	112.7%
Earnings per share, basic, DKK	8.4	5.9	19.2	16.7	25.0
Earnings per share, diluted, DKK	8.4	5.8	19.1	16.6	24.7
Share price at end of period, DKK	779.0	462.1	779.0	462.1	504.5
Other key figures					
Average number of employees	14,662	10,340	13,328	9,550	9,957

* Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

IMPORTANT EVENTS IN Q3 2015

SHARE BUYBACK PROGRAMME FOR 2015

In connection with the Annual Report 2014, PANDORA launched a share buyback programme under which PANDORA expects to buy back own shares to a maximum consideration of DKK 3.9 billion. The share buyback programme is implemented in accordance with the provisions of the European Commission's regulation no. 2273/2003 of 22 December 2003 ('safe harbour'), which protects listed companies against violation of insider legislation in connection with share buybacks. The programme will end no later than 31 December 2015.

As of 30 September 2015, a total of 4,212,185 shares had been bought back, corresponding to a transaction value of DKK 2,957 million. As of 30 September 2015, PANDORA held a total of 4,891,427 treasury shares, corresponding to 4.0% of the share capital.

PANDORA may use the shares purchased under the programme to meet potential obligations arising from employee share option programmes. As of 30 September 2015, the total potential obligation under these programmes amounted to 832,609 shares.

TAKE OVER OF DISTRIBUTION IN SINGAPORE, MACAU AND THE PHILIPPINES

On 11 August 2015, PANDORA made an agreement with Norbreeze Group (Norbreeze), to acquire its PANDORA store network in Singapore and Macau on 1 January 2016, when Norbreeze's current distribution rights to PANDORA jewellery in the two countries expire. At the same time, PANDORA will regain ownership of the distribution rights in the Philippines, also currently owned by Norbreeze. PANDORA will pay a total amount of SGD 30 million (approximately DKK 149 million) to Norbreeze in Q1 2016, for the agreement. The agreement will be effective as of 1 January 2016 and is subject to certain conditions to be fulfilled.

EVENTS AFTER THE REPORTING PERIOD

STRATEGIC ALLIANCE WITH DISNEY TO INCLUDE ASIA PACIFIC

On 12 October, PANDORA expanded the strategic alliance with The Walt Disney Company, to include 13 markets in the Asia Pacific region, including Australia, China and Japan. In November, PANDORA will launch the first Disney products in the region.

REVENUE DEVELOPMENT

Total revenue for Q3 2015 was DKK 3,911 million, an increase of 37.5% (28.0% in local currency) compared with Q3 2014.

Volumes increased by 13.6% compared with Q3 2014 and the average sales price (ASP) recognised by PANDORA in Q3 2015 was DKK 175, compared with DKK 145 in Q3 2014. The increase in ASP was driven by 1) channel/market mix, primarily due to a higher share of retail revenue, 2) product mix, impacted by a higher share of revenue from Rings and 3) currency. All three factors contributed almost equally to the increase.

Revenue increased in all three major regions and was driven by a combination of like-for-like growth, contributing with roughly one third of the growth, as well as the continued expansion of the store network, contributing with the remaining two thirds. The like-for-like growth was driven by a positive reception of the Pre-Autumn and the Autumn collection, launched in stores during Q3 2015, as well as continued high demand for collections launched earlier in the year. In Q3 2015, around 50% of sales were generated by products launched within the last 12 months, which is similar to Q3 2014. Products across all categories launched more than 12 months ago continue to support revenue growth.

Revenue from PANDORA’s owned and operated stores, including all PANDORA eSTOREs, increased by 145% to DKK 1,019 million and corresponded to around 26% of total revenue compared to around 15% in Q3 2014. The growth in retail revenue was driven by strong in-store execution resulting in positive like-for-like growth as well as the addition of 275 new owned and operated stores in the last 12 months, including net 83 concept stores and 35 shop-in-shops, converted from franchisee stores, to a total of 440 concept stores and 117 shop-in-shops owned and operated by PANDORA. The net effect of converting wholesale revenue from the franchisee stores to retail revenue is approximately DKK 150 million compared to Q3 2014.

At the end of Q3 2015, sales return provisions corresponded to approximately 6% of 12 months’ rolling revenue value, compared with 7% for both Q2 2015 and Q3 2014.

Based on data from concept stores, which have been operating for more than 12 months, like-for-like sales-out in four of PANDORA’s major markets (the US, the UK, Germany and Australia) continued to be positive. The positive development was driven by a successful product portfolio with continuous relevant products, generally better in-store execution as well as increased awareness through regional marketing campaigns increasing store traffic in most stores.

REVENUE BREAKDOWN BY GEOGRAPHY

In Q3 2015, 36.5% of revenue was generated in Americas (41.0% in Q3 2014), 48.1% in Europe (46.9% in Q3 2014) and 15.4% in Asia Pacific (12.1% in Q3 2014).

Distribution of revenue

DKK million	Q3 2015	Q3 2014	*Growth*	*Growth in local currency*	FY 2014
US	1,057	839	*26.0%*	*5.7%*	3,629
Other Americas	372	326	*14.1%*	*15.3%*	1,330
Americas	**1,429**	**1,165**	***22.7%***	***8.3%***	**4,959**
UK	626	416	*50.5%*	*37.0%*	1,654
Germany	216	144	*50.0%*	*50.0%*	578
Other Europe	1,037	775	*33.8%*	*32.9%*	3,072
Europe	**1,879**	**1,335**	***40.7%***	***36.1%***	**5,304**
Australia	208	153	*35.9%*	*45.1%*	806
Other Asia Pacific	395	192	*105.7%*	*77.1%*	873
Asia Pacific	**603**	**345**	***74.8%***	***62.9%***	**1,679**
Total	**3,911**	**2,845**	***37.5%***	***28.0%***	**11,942**

AMERICAS

Revenue for the third quarter in Americas was DKK 1,429 million, an increase of 22.7% (8.3% in local currency) compared with Q3 2014.

Revenue in the US was DKK 1,057 million, an increase of 26.0% (5.7% in local currency) compared with Q3 2014. Growth was driven by network expansion (including the launch of a PANDORA eSTORE in Q2 2015) as well as regional like-for-like growth rates, which was supported by the continued success of the PANDORA Disney products. However, revenue for the quarter was negatively impacted by the decision to launch a Charms campaign instead of the traditional Q3 Bracelet campaign, which was done in an effort to enhance the PANDORA brand. The focus on Rings in the US continues to support growth as revenue from the category increased significantly compared to Q3 2014, and was close to 20% of US revenue for the quarter. Finally, converting wholesale revenue to retail revenue, from the 22 concept stores acquired from Hannoush Jewelers in September 2014, has added around DKK 20 million to revenue in the US in Q3 2015 compared to Q3 2014.

Like-for-like sales-out in Q3 2015, based on concept stores in the US - which have been operating for more than 12 months - increased by 1.7% compared with Q3 2014. Growth in the Northeast region, where a process to refresh the network is on-going, remained slightly negative for the quarter, while all other major US regions experienced flat to slightly positive like-for-like sales-out growth rates compared to Q3 2014. Like-for-like in the US was, similar to sales-in revenue, negatively impacted by the change in promotions in the region.

Concept stores* sales-out growth

	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013
US	1.7%	8.1%	8.9%	4.7%	3.7%

* Concept stores that have been operating for more than 12 months

Revenue from Other Americas was DKK 372 million in Q3 2015, an increase of 14.1% (15.3% in local currency) compared with the same quarter last year. Brazil continues to perform well, driven by double digit like-for-like growth rates as well as an expansion of the store network. PANDORA now has 57 concept stores in Brazil compared to 30 at the end of Q3 2014. Like-for-like sales-out growth in Canada was positive for the quarter, however, revenue decreased by 10% compared with the same quarter last year, primarily due to a reduction of in-store inventories, as a result of too high inventories at retail level. The effect is anticipated to continue into Q4 2015. In Q3 2015, Canada represented around 50% of revenue from Other Americas.

Store network, number of points of sale - Americas

	Number of PoS Q3 2015	Number of PoS Q2 2015	Number of PoS Q3 2014	Growth Q3 2015 /Q2 2015	Growth Q3 2015 /Q3 2014
Concept stores	466	447	391	19	75
- hereof PANDORA owned	72	69	48	3	24
Shop-in-shops	670	664	649	6	21
- hereof PANDORA owned	2	2	2	-	-
Gold	932	913	864	19	68
Branded	**2,068**	**2,024**	**1,904**	**44**	**164**
Branded as % of total	***66.2%***	***63.3%***	***57.1%***		
Silver	839	932	1,098	-93	-259
White and travel retail	217	240	334	-23	-117
Total	**3,124**	**3,196**	**3,336**	**-72**	**-212**

PANDORA continues to develop the branded store network and during Q3 2015, 19 new concept stores were opened in Americas. As part of the continued focus on the branded part of the network, unbranded stores are being closed and during the quarter 116 unbranded stores, primarily located in the US, were closed in Americas.

EUROPE

Revenue in Europe was DKK 1,879 million in Q3 2015, an increase of 40.7% (36.1% in local currency) compared with Q3 2014.

Revenue in the UK was DKK 626 million in Q3 2015, an increase of 50.5% (37.0% in local currency) compared with the same quarter last year. Growth was driven by a positive sales-out development, as well as the expansion of the store network, including 35 new concept stores opened since Q3 2014, to a total of 179 concept stores. Furthermore, growth was supported by the introduction of the PANDORA Rose collection in the UK stores in Q2 2015. The Rings category continued to support growth with revenue from the category increasing by more than 100% compared to Q3 2014. For the quarter around 20% of revenue was generated by Rings.

Like-for-like sales-out in Q3 2015, based on concept stores in the UK - which have been operating for more than 12 months - increased by 17.5% compared with Q3 2014.

Concept stores* sales-out growth

	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013
UK	17.5%	11.4%	20.6%	20.6%	20.6%

* Concept stores that have been operating for more than 12 months

Revenue in Germany increased 50% to DKK 216 million in Q3 2015, which includes a reversal of return provisions corresponding to around DKK 20 million. As a part of the effort to improve the store network, PANDORA agreed in January 2015 to assume 77 commercial leaseholds in Germany, where PANDORA will open owned and operated concept stores. During the quarter 31 owned and operated concept stores were added in the acquired locations and so far 64 of the 77 new stores has been opened. At the end of Q3 2015, PANDORA owned and operated 139 concept stores out of a total of 154 concept stores in Germany.

After more than doubling the number of concept stores over the last 12 months, like-for-like sales-out in Q3 2015 in Germany increased by 1.9% compared with Q3 2014.

Concept stores* sales-out growth

	Q3 2015 vs. Q3 2014	**Q2 2015 vs. Q2 2014**	**Q1 2015 vs. Q1 2014**	**Q4 2014 vs. Q4 2013**	**Q3 2014 vs. Q3 2013**
Germany	1.9%	9.0%	3.8%	2.3%	8.5%

* Concept stores that have been operating for more than 12 months

Revenue from Other Europe was DKK 1,037 million in Q3 2015, an increase of 33.8% compared with Q3 2014. Revenue from Other Europe was primarily driven by a positive development in Italy and France, with revenue in both countries increasing more than 50%. Italy and France represented around 30% and 15%, respectively, of revenue from Other Europe in Q3 2015. Revenue from Russia decreased 84% in Q3 2015 compared with Q3 2014. The decrease was driven by low double digit negative like-for-like sales-out growth during the quarter, impacted by the decreasing consumer spend in Russia, and consequently a more hesitant purchasing behaviour from PANDORA’s local distributor in Russia. In Q3 2015, Russia represented around 2% of revenue from Other Europe.

Store network, number of points of sale - Europe

	Number of PoS Q3 2015	**Number of PoS Q2 2015**	**Number of PoS Q3 2014**	**Growth Q3 2015 /Q2 2015**	**Growth Q3 2015 /Q3 2014**
Concept stores	963	882	721	81	242
- hereof PANDORA owned	289	250	143	39	146
Shop-in-shops	744	715	673	29	71
- hereof PANDORA owned	84	82	62	2	22
Gold	1,529	1,449	1,341	80	188
Branded	**3,236**	**3,046**	**2,735**	**190**	**501**
Branded as % of total	***56.6%***	***53.6%***	***46.8%***		
Silver	1,376	1,438	1,594	-62	-218
White and travel retail	1,110	1,204	1,517	-94	-407
Total*	**5,722**	**5,688**	**5,846**	**34**	**-124**

* Includes for Q3 2015 relating to 3rd party distributors: 149 concept stores, 202 shop-in-shops, 410 gold, 256 silver and 425 white stores.

During Q3 2015, the number of branded stores in Europe increased by 190 stores to a total of 3,236 stores, in line with PANDORA’s overall strategy to increase branded sales. Net 81 concept stores were opened in Q3, mainly in Germany (30), the UK (10), France (8) and Russia (8). During the quarter, 39 owned and operated concept stores were added net, of which 29 were added in Germany.

ASIA PACIFIC

Revenue in Asia Pacific was DKK 603 million in Q3 2015, an increase of 74.8% (62.9% in local currency) compared with Q3 2014.

Revenue in Australia was DKK 208 million in Q3 2015, an increase of 35.9% (45.1% in local currency) compared with Q3 2014. The growth was primarily driven by a continued strong sales-out growth, as well as 12 new concept stores opened since Q3 2014, to a total of 97 concept stores in Australia. Revenue from the Rings category increased 25% compared to

Q3 2014 and represented around 20% of revenue for the quarter.

Like-for-like sales-out in Q3 2015, based on concept stores in Australia - which have been operating for more than 12 months - increased by 44.5% compared with Q3 2014, and Australia thereby experienced the tenth quarter in a row with 20% like-for-like growth rates or more.

Concept stores* sales-out growth

	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014	Q1 2015 vs. Q1 2014	Q4 2014 vs. Q4 2013	Q3 2014 vs. Q3 2013
Australia	44.5%	35.7%	24.6%	20.0%	22.9%

*Concept stores that have been operating for more than 12 months

Revenue from Other Asia Pacific was DKK 395 million in Q3 2015, corresponding to an increase of 105.7% (77.1% in local currency) compared with Q3 2014. The growth was primarily driven by a positive development in Hong Kong and China, which each represented around 30% of revenue in Other Asia Pacific. Revenue in China was positively impacted by converting distributor revenue to retail revenue, following the new and improved partnership in China, which added around DKK 70 million to revenue in Q3 2015 compared to Q3 2014. Like-for-like sales-out in China continues to increase with double digit growth rates, and during the quarter 8 new concept stores were added to a total of 38 in China. Revenue in Hong Kong increased around 50% in local currency, primarily driven by expansion of the store network and since Q3 2014, 10 new concept stores have been opened to a total of 22 concept stores in Hong Kong.

Store network, number of points of sale – Asia Pacific

	Number of PoS Q3 2015	Number of PoS Q2 2015	Number of PoS Q3 2014	Growth Q3 2015 /Q2 2015	Growth Q3 2015 /Q3 2014
Concept stores	237	225	195	12	42
- hereof PANDORA owned	79	38	27	41	52
Shop-in-shops	199	196	185	3	14
- hereof PANDORA owned	31	12	-	19	31
Gold	134	135	144	-1	-10
Branded	**570**	**556**	**524**	**14**	**46**
Branded as % of total	***83.0%***	***82.0%***	***79.5%***		
Silver	99	78	69	21	30
White and travel retail	18	44	66	-26	-48
Total	**687**	**678**	**659**	**9**	**28**

At the end of Q3 2015, PANDORA has 570 branded stores in Asia Pacific compared with 524 at the end of Q3 2014. During the quarter 12 new concept stores were added in the region.

SALES CHANNELS

PANDORA's focus on expanding the concept store network continues and in Q3 2015, PANDORA opened net 112 new concept stores. This includes net 83 new owned and operated concept stores, of which 38 were added in China (of which 30 stores were taken over from former the distributor) and 29 in Germany. In the first nine months of 2015, PANDORA has now opened net 256 concept stores. Please refer to note 10 for a detailed overview of concept stores per country.

At the end of Q3 2015, PANDORA offered eSTOREs in the following 10 countries globally: Australia (opened in Q3 2015), Austria, France, Germany, Italy, the Netherlands, Poland, Sweden, the UK and the US. Since end of Q3, eSTOREs have been added in Brazil, Hong Kong and Japan. Revenue from the eSTOREs is presented as concept store revenue.

Store network, number of points of sale – Group

	Number of PoS Q3 2015	Number of PoS Q2 2015	Number of PoS Q3 2014	Growth Q3 2015 /Q2 2015	Growth Q3 2015 /Q3 2014
Concept stores	1,666	1,554	1,307	112	359
- hereof PANDORA owned	440	357	218	83	222
Shop-in-shops	1,613	1,575	1,507	38	106
- hereof PANDORA owned	117	96	64	21	53
Gold	2,595	2,497	2,349	98	246
Branded	**5,874**	**5,626**	**5,163**	**248**	**711**
Branded as % of total	***61.6%***	***58.8%***	**52.5%**		
Silver	2,314	2,448	2,761	-134	-447
White and travel retail	1,345	1,488	1,917	-143	-572
Total*	**9,533**	**9,562**	**9,841**	**-29**	**-308**

* Includes for Q3 2015 relating to 3rd party distributors: 149 concept stores, 202 shop-in-shops, 410 gold, 256 silver and 425 white stores.

Revenue from concept stores increased by 49.3% to DKK 2,372 million, and represented 60.6% of revenue in Q3 2015 compared to 55.9% in Q3 2014. Branded revenue in Q3 2015 increased by 40.7% to DKK 3,427 million and represented 87.6% of revenue compared with 85.6% in Q3 2014.

Revenue per sales channel

DKK million	Q3 2015	Q3 2014	*Growth*	*Share of total revenue*	FY 2014
Concept stores	2,372	1,589	49.3%	60.6%	6,741
Shop-in-shops	564	482	17.0%	14.4%	2,008
Gold	491	364	34.9%	12.6%	1,471
Total branded	**3,427**	**2,435**	**40.7%**	**87.6%**	**10,220**
Silver	169	159	6.3%	4.4%	791
White and travel retail	153	150	2.0%	3.9%	538
Total unbranded	**322**	**309**	**4.2%**	**8.3%**	**1,329**
Total direct	**3,749**	**2,744**	**36.6%**	**95.9%**	**11,549**
3rd party	162	101	60.4%	4.1%	393
Total revenue	**3,911**	**2,845**	**37.5%**	**100.0%**	**11,942**

PRODUCT OFFERING

Product mix

DKK million	Q3 2015	Q3 2014	*Growth*	*Share of total revenue*	FY 2014
Charms	2,428	1,788	35.8%	62.0%	7,933
Silver and gold charm bracelets	422	388	8.8%	10.8%	1,427
Rings	616	344	79.1%	15.8%	1,192
Other jewellery	445	325	36.9%	11.4%	1,390
Total revenue	**3,911**	**2,845**	**37.5%**	**100.0%**	**11,942**

Revenue from Charms was DKK 2,428 million in Q3 2015, an increase of 35.8% compared with Q3 2014, while revenue from Silver and gold charm bracelets increased by 8.8%. Revenue from Bracelets was impacted by a negative development in North America during the quarter, due to the decision not to run the traditional Q3 Bracelet campaign. In all other major markets revenue from Bracelets increased with double digit growth rates. The two categories represented 72.8% of total revenue in Q3 2015 compared with 76.5% in Q3 2014.

Revenue from Rings was DKK 616 million, an increase of 79.1% compared with Q3 2014. The category continues to do well, driven by continued use of revenue generating initiatives in most markets including more emphasis on rings in staff training, improved in-store focus on rings, as well as successful Rings promotions across several markets. The Rings category represented 15.8% of total revenue in Q3 2015 compared with 12.1% in Q3 2014.

Revenue from Other jewellery was DKK 445 million, an increase of 36.9% compared with Q3 2014. The growth was driven by revenue from Earrings and Necklaces, increasing by more than 80% respectively, compared to Q3 2014. Revenue from Other bracelets decreased by 14% compared to Q3 2014, primarily due to the aforementioned decision not to run a Bracelet promotion in North America. Other jewellery represented 11.4% of total revenue in Q3 2015 compared with 11.4% in Q3 2014.

COSTS

Total costs in Q3 2015, including depreciation and amortisation, were DKK 2,572 million, an increase of 36.7% compared with Q3 2014. Total costs corresponded to 65.8% of revenue in Q3 2015 compared with 66.2% in Q3 2014.

Cost development

DKK million	Q3 2015	Q3 2014	*Growth*	*Share of total revenue Q3 2015*	*Share of total revenue Q3 2014*	FY 2014
Cost of sales	1,018	846	20.3%	26.0%	29.7%	3,519
Gross profit	**2,893**	**1,999**	**44.7%**	**74.0%**	**70.3%**	**8,423**
Sales and distribution expenses	807	440	83.4%	20.6%	15.5%	1,957
Marketing expenses	360	259	39.0%	9.2%	9.1%	1,143
Administrative expenses	387	337	14.8%	9.9%	11.9%	1,251
Total costs	**2,572**	**1,882**	**36.7%**	**65.8%**	**66.2%**	**7,870**

GROSS PROFIT

Gross profit in Q3 2015 was DKK 2,893 million corresponding to a gross margin of 74.0% compared with 70.3% in Q3 2014. The increase was mainly driven by tailwind from more favourable raw material prices, market mix and an increase in revenue from owned and operated stores. The increase was partially offset by unfavourable currency rates. Furthermore, the gross margin was impacted with approximately minus 1 percentage points due to the takeover of the distribution in China, as initial inventory in the stores was taken over by PANDORA at distributor prices.

COMMODITY HEDGING

It is PANDORA's policy to hedge approximately 100%, 80%, 60% and 40%, respectively, of expected gold and silver consumption in the following four quarters. The hedged prices for the following four quarters for gold are USD 1,184/oz, USD 1,193/oz, USD 1,179/oz and USD 1,126/oz and for silver USD 16.46/oz, USD 16.59/oz, USD 15.74/oz and USD 14.82/oz. However, current inventory means a delayed impact of the hedged prices on cost of sales.

The average realised purchase price in Q3 2015 was USD 1,226/oz for gold and USD 17.60/oz for silver.

Excluding hedging and the time lag effect from the inventory, the underlying gross margin would have been approximately 76% based on the average gold (USD 1,124/oz) and silver (USD 14.92/oz) market prices in Q3 2015. Under these assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately +/- 1 percentage points.

OPERATING EXPENSES

Operating expenses in Q3 2015 were DKK 1,554 million compared with DKK 1,036 million in Q3 2014, representing 39.7% of revenue in Q3 2015 compared with 36.5% in Q3 2014. All operating expenses were impacted in Q3 2015 by exchange rate fluctuations compared to Q3 2014 (primarily USD, GBP and THB), with a total negative impact of around DKK 80 million.

Sales and distribution expenses were DKK 807 million in Q3 2015, an increase of 83.4% compared with Q3 2014, and corresponding to 20.6% of revenue compared with 15.5% in Q3 2014. The increase in sales and distribution expenses was mainly driven by higher revenue, as well as an increase in the number of PANDORA owned stores (from 282 in Q3 2014 to 557 in Q3 2015). The higher costs in owned and operated stores are mainly related to property and employee expenses, having a negative impact of around 3.5 percentage points compared to Q3 2014. Furthermore, sales and distribution expenses were impacted by an increase in amortisation related to the re-acquisition of distribution rights in China and Japan as well as the acquisition of store leases in Germany. In Q3 2015, amortisation related to sales and distribution costs was DKK 52 million compared to DKK 11 million in Q3 2014.

Marketing expenses were DKK 360 million in Q3 2015 compared with DKK 259 million in Q3 2014, corresponding to 9.2% of revenue, compared with 9.1% in Q3 2014. The increase was mainly driven by higher advertising expenses within print and digital, as well as an increase in costs related to point of sales material following the increase in concept stores.

Administrative expenses in Q3 2015 increased by 14.8% to DKK 387 million, representing 9.9% of revenue, compared with 11.9% of Q3 2014 revenue. The absolute increase in administrative costs was primarily due to an increase in employee expenses, as well higher IT costs.

EBITDA

EBITDA for Q3 2015 increased by 42.5% to DKK 1,454 million resulting in an EBITDA margin of 37.2% compared with 35.9% in Q3 2014. Compared to Q3 2014, the EBITDA margin for Q3 2015 was negatively impacted by around 0.5 percentage points from exchange rate fluctuations. The overall improvement was mainly due to an improved gross margin.

Regional EBITDA margins

	Q3 2015	Q3 2014	*Q3 2015 vs. Q3 2014 (%-pts)*
Americas	41.6%	41.3%	0.3%
Europe	48.0%	47.8%	0.2%
Asia Pacific	37.3%	45.2%	-7.9%
Unallocated costs	-6.8%	-9.0%	2.2%
Group EBITDA margin	**37.2%**	**35.9%**	**1.3%**

The EBITDA margin for Americas increased to 41.6% in Q3 2015 compared to 41.3% in Q3 2014. The improvement in the gross margin was partially offset by market mix, as well as an increase in number of employees, primarily related to the increase in owned and operated stores in the region.

The EBITDA margin for Europe increased to 48.0% in Q3 2015 compared to 47.8% in Q3 2014. The improvement in the gross margin was partially offset by a negative impact from the store expansion in Germany, as well as the large decrease in revenue from Russia.

EBITDA margin for the Asia Pacific region decreased to 37.3% compared with 45.2% in Q3 2014. The decrease was primarily due to an anticipated increase in costs related to the expansion in China and Japan, which had a negative impact of around 10 percentage point for the quarter. This includes a lower gross margin due to the takeover of the distribution in China, where initial inventory in the stores was taken over at distributor prices.

EBIT
EBIT for Q3 2015 increased to DKK 1,339 million, an increase of 39.0% compared with Q3 2014, resulting in an EBIT margin of 34.2% for Q3 2015 compared to 33.8% in Q3 2014.

NET FINANCIALS
In Q3 2015, net financials amounted to a loss of DKK 35 million, compared with a net financial loss of DKK 57 million in Q3 2014.

INCOME TAX EXPENSES
Income tax expenses were DKK 298 million in Q3 2015. The effective tax rate in Q3 2015 was 22.9% compared with 20.0% for Q3 2014. The increase was due to the settlement made in May with the Danish Tax Authorities, according to which PANDORA will recognise a higher proportion of the Group’s profit in Denmark.

NET PROFIT
Net profit in Q3 2015 increased to DKK 1,006 million from DKK 725 million in Q3 2014.

BALANCE SHEET AND CASH FLOW
In Q3 2015, PANDORA generated free cash flow of DKK 263 million compared with DKK 567 million in Q3 2014. The decrease was primarily due to a larger increase in working capital compared to the Q3 2014, higher CAPEX spend, as well as Q3 2014 being positively impacted by a repayment from the German tax authorities of DKK 175 million related to VAT paid in Germany.

Operating working capital (defined as inventory and trade receivables less trade payables) at the end of Q3 2015 corresponded to 19.6% of the last twelve months revenue, compared with 24.9% at the end of Q3 2014 and 15.7% at the end of Q2 2015.

Inventory was DKK 2,584 million at the end of Q3 2015, corresponding to 17.2% of preceding 12 months revenue compared to 19.7% in Q3 2014 and 15.5% in Q2 2015. The increase compared to Q2 2015 was mainly due to inventory build-up ahead of the launch of the Christmas collection. The nominal increase compared to Q2 2014 was mainly due to higher activity, acquisition of stores and currency development. Compared with Q3 2014, gold and silver prices affected inventory value with a decrease of approximately 14%.

Inventory development

DKK million	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Inventory	2,584	2,161	1,925	1,684	2,126
Share of the last 12 months' revenue	17.2%	15.5%	14.9%	14.1%	19.7%

Trade receivables increased to DKK 1,392 million at the end of Q3 2015 (9.3% of preceding 12 months revenue) compared with DKK 1,327 million at the end of Q3 2014 (12.3% of the preceding 12 months revenue) and DKK 1,009 million at the end of Q2 2015 (7.2% of preceding 12 months revenue). The relative decrease in trade receivables compared to Q3 2014 was primarily due to a continued strong cash collection as well as the increase in revenue from owned and operated stores, where no trade receivables are recognised. The increase compared to Q2 2015 is primarily due to revenue in the third quarter being skewed towards the end of the quarter, as well as extended credit terms ahead of Christmas in some markets.

Trade payables at the end of the quarter were DKK 1,036 million compared with DKK 758 million at the end of Q3 2014 and DKK 979 million at the end of Q2 2015. The increase is primarily due to increasing activity.

CAPEX was DKK 384 million in Q3 2015 compared to DKK 135 million in Q3 2014. The increase in CAPEX was mainly related to an increase in opening of owned and operated stores and an acceleration of investments in the production facilities in Thailand. In Q3 2015, CAPEX represented 9.8% of revenue.

During the quarter, a total of DKK 1,405 million was used to purchase own shares related to the share buyback programme for 2015. As of 30 September 2015, PANDORA held a total of 4,891,427 treasury shares, corresponding to 4.0% of the share capital.

Total interest-bearing debt was DKK 2,723 million at the end of Q3 2015, compared with DKK 464 million at the end of Q3 2014, and cash amounted to DKK 548 million compared with DKK 455 million at the end of Q3 2014. The increase in debt was primarily due to the ongoing share buyback programme as well as inventory build-up.

Net interest-bearing debt (NIBD) at the end of Q3 2015 was DKK 2,175 million corresponding to a NIBD/EBITDA of 0.4x of the last twelve months EBITDA, compared with DKK 9 million at the end of Q3 2014 corresponding to a NIBD/EBITDA of 0.0x.

DEVELOPMENT IN FIRST NINE MONTHS OF 2015

REVENUE

Total revenue increased by 38.5% to DKK 11,056 million in 9M 2015 compared to 9M 2014. Excluding foreign exchange movements the underlying revenue growth was 25.4%.

The geographical distribution of revenue in 9M 2015 was 41.4% for Americas (43.0% in 9M 2014), 43.1% for Europe (43.4% in 9M 2014) and 15.5% for Asia Pacific (13.6% in 9M 2014).

COSTS

Gross profit was DKK 7,988 million in 9M 2015 compared to DKK 5,588 million in 9M 2014, resulting in a gross margin of 72.3% in 9M 2015 compared to 70.0% in 9M 2014.

Sales, distribution and marketing expenses increased to DKK 3,074 million in 9M 2015 compared to DKK 2,000 million in 9M 2014, corresponding to 27.8% of revenue in 9M 2015 and 25.1% in 9M 2014. Administrative expenses amounted to DKK 1,102 million in 9M 2015 versus DKK 897 million 9M 2014, representing 10.0% compared to 11.2% of 9M 2015 and 9M 2014 revenue, respectively.

EBITDA

EBITDA for 9M 2015 increased by 42.8% to DKK 4,070 million resulting in an EBITDA margin of 36.8% in 9M 2015 versus 35.7% in 9M 2014.

Regional EBITDA margins for 9M 2015 before allocation of central costs were 42.8% in Americas (43.9% in 9M 2014), 43.8% in Europe (42.7% in 9M 2014) and 46.0% in Asia Pacific (47.4% in 9M 2014). Unallocated costs were -6.9% of revenue in 9M 2015 (-8.2% in 9M 2014).

EBIT

EBIT for 9M 2015 was DKK 3,812 million – an increase of 41.7% compared to 9M 2014, resulting in an EBIT margin of 34.5% in 9M 2015 versus 33.7% in 9M 2014.

NET FINANCIALS

Net financials amounted to a loss of DKK 385 million in 9M 2015 versus DKK 78 million in 9M 2014.

INCOME TAX EXPENSES

Income tax expenses were DKK 1,128 million in 9M 2015, implying an effective tax rate for the Group of 32.9% for 9M 2015. Tax expenses for the first nine months were impacted by the earlier disclosed settlement with the Danish Tax Authorities, which had an impact of DKK 364 million in the first quarter relating to prior years. Excluding the additional expense, the effective tax rate would have been 22.3%, compared with 20.0% for 9M 2014.

NET PROFIT

Net profit in 9M 2015 was DKK 2,299 million compared to DKK 2,091 million in 9M 2014.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of PANDORA A/S for the period 1 January - 30 September 2015.

The interim report, 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 Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 30 September 2015, and of the results of the PANDORA Group's operations and cash flow for the period 1 January - 30 September 2015.

Further, in our opinion the Management's review p. 1-15 gives a true and fair review of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 10 November 2015

EXECUTIVE BOARD

Anders Colding Friis
Chief Executive Officer

Peter Vekslund
Chief Financial Officer

BOARD OF DIRECTORS

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Christian Frigast
Deputy Chairman

Allan Leighton
Deputy Chairman

Andrea Alvey

Per Bank

Anders Boyer-Søgaard

Bjørn Gulden

Michael Hauge Sørensen

Ronica Wang

FINANCIAL STATEMENTS

Consolidated income statement

DKK million	Notes	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Revenue	3	3,911	2,845	11,056	7,981	11,942
Cost of sales		-1,018	-846	-3,068	-2,393	-3,519
Gross profit		**2,893**	**1,999**	**7,988**	**5,588**	**8,423**
Sales, distribution and marketing expenses		-1,167	-699	-3,074	-2,000	-3,100
Administrative expenses		-387	-337	-1,102	-897	-1,251
Operating profit		**1,339**	**963**	**3,812**	**2,691**	**4,072**
Finance income		1	4	47	13	14
Finance costs		-36	-61	-432	-91	-214
Profit before tax		**1,304**	**906**	**3,427**	**2,613**	**3,872**
Income tax expense		-298	-181	-1,128	-522	-774
Net profit for the period		**1,006**	**725**	**2,299**	**2,091**	**3,098**
Earnings per share						
Earnings per share, basic (DKK)		8.4	5.9	19.2	16.7	25.0
Earnings per share, diluted (DKK)		8.4	5.8	19.1	16.6	24.7

Consolidated statement of comprehensive income

DKK million	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Net profit for the period	**1,006**	**725**	**2,299**	**2,091**	**3,098**
Exchange rate differences on translation of foreign subsidiaries	-258	314	134	392	537
Value adjustment of hedging instruments	-11	-173	-13	-35	-18
Tax on other comprehensive income	-	8	10	9	5
Other comprehensive income, net of tax	**-269**	**149**	**131**	**366**	**524**
Total comprehensive income for the period	**737**	**874**	**2,430**	**2,457**	**3,622**

Consolidated balance sheet

DKK million	2015 30 September	2014 30 September	2014 31 December
ASSETS			
Goodwill	2,382	2,057	2,080
Brand	1,057	1,053	1,053
Distribution network	223	276	268
Distribution rights	1,089	1,046	1,047
Other intangible assets	615	386	411
Total intangible assets	**5,366**	**4,818**	**4,859**
Property, plant and equipment	1,072	633	711
Deferred tax assets	610	465	407
Other non-current financial assets	143	84	99
Total non-current assets	**7,191**	**6,000**	**6,076**
Inventories	2,584	2,126	1,684
Financial instruments	110	-	99
Trade receivables	1,392	1,327	1,110
Tax receivable	308	94	52
Other receivables	786	352	404
Cash	548	455	1,131
Total current assets	**5,728**	**4,354**	**4,480**
Total assets	**12,919**	**10,354**	**10,556**
EQUITY AND LIABILITIES			
Share capital	122	128	128
Share premium	1,173	1,229	1,229
Treasury shares	-3,209	-2,072	-2,679
Reserves	860	571	729
Proposed dividend	-	-	1,088
Retained earnings	6,519	6,505	6,537
Total equity	**5,465**	**6,361**	**7,032**
Provisions	73	63	61
Loans and borrowings	2,700	259	-
Deferred tax liabilities	436	548	430
Other non-current liabilities	57	-	-
Total non-current liabilities	**3,266**	**870**	**491**
Provisions	699	512	678
Loans and borrowings	23	205	10
Financial instruments	292	188	268
Trade payables	1,036	758	804
Income tax payable	1,178	995	643
Other payables	960	465	630
Total current liabilities	**4,188**	**3,123**	**3,033**
Total liabilities	**7,454**	**3,993**	**3,524**
Total equity and liabilities	**12,919**	**10,354**	**10,556**

Consolidated statement of changes in equity

DKK million	Share capital	Share Premium	Treasury shares	Translation reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2015	**128**	**1,229**	**-2,679**	**885**	**-156**	**1,088**	**6,537**	**7,032**
Net profit for the period	-	-	-	-	-	-	2,299	2,299
Exchange rate differences on translation of foreign subsidiaries	-	-	-	134	-	-	-	134
Value adjustment of hedging instruments	-	-	-	-	-13	-	-	-13
Tax on other comprehensive income	-	-	-	-	10	-	-	10
Other comprehensive income, net of tax	**-**	**-**	**-**	**134**	**-3**	**-**	**-**	**131**
Total comprehensive income for the period	**-**	**-**	**-**	**134**	**-3**	**-**	**2,299**	**2,430**
Share-based payments	-	-	266	-	-	-	-218	48
Purchase of treasury shares	-	-	-2,957	-	-	-	-	-2,957
Reduction of share capital	-6	-56	2,161	-	-	-	-2,099	-
Dividend paid	-	-	-	-	-	-1,088	-	-1,088
Equity at 30 September 2015	**122**	**1,173**	**-3,209**	**1,019**	**-159**	**-**	**6,519**	**5,465**
Equity at 1 January 2014	**130**	**1,248**	**-738**	**348**	**-143**	**823**	**4,794**	**6,462**
Net profit for the period	-	-	-	-	-	-	2,091	2,091
Exchange rate differences on translation of foreign subsidiaries	-	-	-	392	-	-	-	392
Value adjustment of hedging instruments	-	-	-	-	-35	-	-	-35
Tax on other comprehensive income	-	-	-	-	9	-	-	9
Other comprehensive income, net of tax	**-**	**-**	**-**	**392**	**-26**	**-**	**-**	**366**
Total comprehensive income for the period	**-**	**-**	**-**	**392**	**-26**	**-**	**2,091**	**2,457**
Share-based payments	-	-	35	-	-	-	19	54
Purchase of treasury shares	-	-	-1,792	-	-	-	-	-1,792
Reduction of share capital	-2	-19	423	-	-	-	-402	-
Dividend paid	-	-	-	-	-	-823	3	-820
Equity at 30 September 2014	**128**	**1,229**	**-2,072**	**740**	**-169**	**-**	**6,505**	**6,361**

Consolidated cash flow statement

DKK million	Q3 2015	Q3 2014	9M 2015	9M 2014	FY 2014
Profit before tax	1,304	906	3,427	2,613	3,872
Finance income	-1	-4	-47	-13	-14
Finance costs	36	61	432	91	214
Amortisation, depreciation and impairment losses	115	57	258	159	222
Share-based payments	17	30	55	54	71
Change in inventories	-476	-219	-765	-387	91
Change in receivables	-466	-282	-570	-3	63
Change in payables and other liabilities	127	419	329	300	795
Other non-cash adjustments	11	-199	-327	-109	-208
Interest etc. received	1	5	2	6	7
Interest etc. paid	-	-9	-83	-22	-30
Income tax paid	-74	-54	-1,046	-234	-761
Cash flows from operating activities	**594**	**711**	**1,665**	**2,455**	**4,322**
Acquisitions of subsidiaries and activities, net of cash acquired	-2	-159	-241	-162	-174
Divestment of businesses	-	19	29	19	19
Purchase of intangible assets	-165	-57	-301	-104	-164
Purchase of property, plant and equipment	-174	-78	-444	-175	-291
Change in other non-current assets	-5	-14	-42	-31	-45
Proceeds from sale of property, plant and equipment	14	1	26	2	23
Cash flows from investing activities	**-332**	**-288**	**-973**	**-451**	**-632**
Capital increase including share premium, net	-1	-	-	-	-
Dividend paid	-	-	-1,088	-820	-820
Purchase of treasury shares	-1,405	-817	-2,957	-1,792	-2,402
Proceeds from loans and borrowings	1,359	250	3,163	260	560
Repayment of loans and borrowings	-273	132	-391	103	-597
Cash flows from financing activities	**-320**	**-435**	**-1,273**	**-2,249**	**-3,259**
Net increase (decrease) in cash	**-58**	**-12**	**-581**	**-245**	**431**
Cash at beginning of period	611	457	1,131	686	686
Net exchange differences	-5	10	-2	14	14
Net increase (decrease) in cash	-58	-12	-581	-245	431
Cash at end of period	**548**	**455**	**548**	**455**	**1,131**
Cash flows from operating activities	594	711	1,665	2,455	4,322
- Interest etc. received	-1	-5	-2	-6	-7
- Interest etc. paid	-	9	83	22	30
Cash flows from investing activities	-332	-288	-973	-451	-632
- Acquisition of subsidiaries and activities, net of cash acquired	2	159	241	162	174
- Divestment of businesses	-	-19	-29	-19	-19
Free cash flow	**263**	**567**	**985**	**2,163**	**3,868**
Unutilised credit facilities	**2,773**	**3,607**	**2,773**	**3,607**	**3,677**

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

NOTES

NOTE 1 – Accounting policies

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union and accounting policies set out in the Annual Report 2014 of PANDORA.

Furthermore, the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

PANDORA has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 2015. These IFRSs have not had any significant impact on the Group's interim financial report.

NOTE 2 – Significant accounting estimates and judgements

In preparing the consolidated 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 2014. See descriptions in the individual notes to the consolidated financial statement in the Annual Report 2014.

NOTE 3 - Operating segment information

PANDORA's segment reporting is based on geography. The three reporting segments are Americas, Europe and Asia Pacific. Europe includes export to countries in Africa, India and the Middle East.

Each country in which PANDORA has an office is an operating segment. Based on the management structure the operating segments have been aggregated into three reporting segments. In all segments PANDORA sell jewellery for women crafted in the Thai facilities and use owned and operated stores, franchises and/or distributors as appropriate. The operating segments within each reporting segment are deemed to have similar economic characteristics i.e. are expected to have similar average gross margins in the long term.

For information on revenue from the different products and sale channels reference is made to the Management Review.

Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment profit is measured consistently with the operating profit in the consolidated financial statements before non-current assets are amortised/depreciated (EBITDA).

NOTE 3 - Operating segment information, continued

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
Q3 2015					
External revenue	1,429	1,879	603	-	3,911
Segment profit (EBITDA)	594	902	225	-267	1,454
Amortisation, depreciation and impairment losses					-115
Consolidated operating profit (EBIT)					**1,339**
Q3 2014					
External revenue	1,165	1,335	345	-	2,845
Segment profit (EBITDA)	481	638	156	-255	1,020
Amortisation, depreciation and impairment losses					-57
Consolidated operating profit (EBIT)					**963**

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
9M 2015					
External revenue	4,580	4,764	1,712	-	11,056
Segment profit (EBITDA)	1,960	2,086	788	-764	4,070
Amortisation, depreciation and impairment losses					-258
Consolidated EBIT					**3,812**
9M 2014					
External revenue	3,432	3,463	1,086	-	7,981
Segment profit (EBITDA)	1,507	1,479	515	-651	2,850
Amortisation, depreciation and impairment losses					-159
Consolidated EBIT					**2,691**

DKK million	Q3 2015	Q3 2014	9M 2015	9M 2014
Revenue per product group				
Charms	2,428	1,788	7,265	5,277
Silver and gold charm bracelets	422	388	1,204	962
Rings	616	344	1,403	837
Other jewellery	445	325	1,184	905
Total revenue	**3,911**	**2,845**	**11,056**	**7,981**

NOTE 4 – Seasonality of operations

Due to the seasonal nature of the jewellery business, higher revenue is historically realised in the second half of the year.

NOTE 5 – Financial risks

PANDORA’s overall risk exposure and financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rate, are unchanged compared to the disclosures in note 4.4 in the consolidated financial statement in the Annual Report 2014.

NOTE 6 – Financial instruments

Financial instruments are measured at fair value and in accordance with level 2 in the fair value hierarchy (IFRS 7), see note 4.3 to the consolidated financial statement in the Annual Report 2014.

NOTE 7 - Business combinations
Preliminary purchase price allocations have been prepared for the business combinations since 1 January 2015. These might change as they are being finalised within the 12 months window following the individual business combinations. No significant changes are expected.

Acquisitions in 2015
Japan
On 1 January 2015, PANDORA acquired assets related to the distribution of PANDORA jewellery in Japan from Bluebell in a business combination. In addition to the distribution rights, assets included 1 concept store and 9 shop-in-shops. The acquisition was part of a strategic alliance with Bluebell in Japan with the intent to jointly distribute PANDORA jewellery in Japan.

The agreement initially has a five-year term. On termination of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in Japan. The total amount to be paid to Bluebell will depend on the realised revenue in 2019 and will be in the range of HKD 74-220 million (DKK 52-156 million). The discounted fair value of the earn-out is calculated at DKK 58 million.

Intangible assets comprise re-acquired distribution rights (with remaining lifespan of approximately three years) of DKK 30 million. The fair value is based on comparison of peer markets similar to the Japanese market and the EBITDA that can be expected from similar rights in these markets.

Inventories of DKK 6 million have been measured at market value based on the saleability of the individual items. Goodwill, DKK 20 million, is attributable to the expected synergies from combining PANDORA's willingness and ability to invest in the Japanese market with Bluebell's in-depth knowledge of the Japanese retail market, Japanese consumers and insight into the Japanese real estate market, to build a considerable presence in Japan. None of the goodwill recognised is deductible for income tax purposes.

The contribution to the group revenue and net profit for the period 1 January – 30 September 2015 was insignificant.

Middle East
On 16 January 2015, PANDORA acquired 100% of the shares in Pan Me A/S. Pan Me A/S holds the rights to distribute PANDORA jewellery in the United Arab Emirates (UAE), Bahrain, Qatar and Oman.

PANDORA has paid the purchase price of DKK 112 million primarily related to the rights to distribute PANDORA jewellery in the UAE, Bahrain, Qatar and Oman, as well as non-current assets and inventories related to 11 concept stores and 3 shop-in-shops in the UAE.

Intangible assets comprise re-acquired distribution rights (with a remaining lifespan of approximately one year) of DKK 5 million. The fair value is based on comparison of peer markets and the EBITDA that can be expected from similar activities in these markets.

Inventories of DKK 25 million have been measured at market value based on the salability of the individual items. Receivables mainly consist of prepayments and receivables from sales which are recognised at the value of the expected cash inflow. Goodwill, DKK 54 million, is attributable to the expected synergies from PANDORA's direct involvement in the region and establishing Dubai as the future hub for PANDORA's activities in the Middle East and North Africa. None of the goodwill recognised is deductible for income tax purposes.

Acquisition related costs were DKK 2 million which was recognised in administration costs mainly in 2014.

The contribution to the group revenue and net profit for the period 16 January – 30 September 2015 was insignificant.

UK

On 1 April 2015, PANDORA acquired 100% of the shares in four Evernal companies. The Evernal companies comprise concept stores in Liverpool, Blackpool, Trafford and Arndale. PANDORA has paid the purchase price of DKK 70 million. Assets acquired mainly consist of inventory DKK 5 million, and other assets DKK 8 million and liabilities DKK 17 million mainly relating to the stores. Of the purchase price, DKK 74 million was allocated to goodwill. Goodwill is attributable to the increased margins from owning these already well performing stores. None of the goodwill recognised is deductible for income tax purposes.

Acquisition related costs were approximately DKK 3 million recognised in sales costs and in operating cash flows in the cash flow statement.

The contribution to the group revenue and net profit for the period 1 April – 30 September 2015 was insignificant.

China

On 1 July 2015, PANDORA initiated an agreement about joint distribution of PANDORA jewellery in China until 31 December 2018 with Oracle investment limited (Hong Kong). At the end of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in China. Transfer of the existing business is still commencing and some stores are still operated by Oracle under consignment agreements until licenses and other sanctions are obtained and therefore transferable. Control still resides with PANDORA. Due to this delay in the transfer and assessing of the asset value, no transfer of money has taken place as of 30 September 2015. Assets transferred are expected to be paid in two instalments on 15 October and 15 November 2015 after which, only the earn-out due in 2019 is outstanding.

Assets acquired are mainly inventories DKK 62 million, the re-acquired distribution right (0.5 year remaining) DKK 33 million and other tangible assets related to leaseholds DKK 7 million, which comprise 30 concept stores and 19 shop-in-shops. The final price is calculated based on the revenue in 2018 and is expected to be approximately DKK 201 million. Assets and inventories acquired are paid when the value is finally agreed. The initial payment to Oracle is expected to be approximately DKK 75 million. The remaining payment - the earn-out – will be deferred until the distribution agreement is ended in 2018. The total payment will be in the range of HKD 200-500 million (or approximately DKK 170-420 million).

With the acquisition PANDORA will be able to accelerate the store roll-out, enhance the retail focus and make significant marketing investments in the Chinese market. Oracle will contribute with its in-depth knowledge of the retail market and the Chinese consumer as well as their insight into the Chinese real estate market, which will aid PANDORA in securing the most attractive locations.

Acquisition related costs were approximately DKK 13 million recognised in administration costs and in operating cash flows in the cash flow statement.

The contribution to the group revenue and net profit for the period 1 July – 30 September 2015 was DKK 122 million and, DKK -25 respectively.

Other business combinations in 2015

PANDORA acquired concept stores in the US and Germany in 2015. These were accounted for as business combinations. Assets acquired mainly consist of inventory and other assets relating to the stores. Of the purchase price, DKK 34 million was allocated to goodwill. None of the goodwill recognised is deductible for income tax purposes.

The impact on revenue and net profit for the period 1 January – 30 September 2015 from the acquired stores was insignificant.

Acquisitions 2015

DKK million	Japan	Middle East	UK	China	Other	Total
Other intangible assets	30	5	-	34	-	69
Property, plant and equipment	2	7	-	7	2	18
Other non-current receivables	-	3	3	-	-	6
Receivables	-	24	5	-	10	39
Inventories	6	25	5	62	41	139
Cash	-	21	-	-	-	21
Assets acquired	**38**	**85**	**13**	**103**	**53**	**292**
Non-current liabilities	-	1	2	0	-3	0
Payables	-	27	9	1	0	37
Other non-current liabilities	-	-	6	0	7	13
Liabilities assumed	**-**	**28**	**17**	**1**	**4**	**50**
Total identifiable net assets acquired	**38**	**57**	**-4**	**102**	**49**	**242**
Goodwill arising from the acquisition	20	55	74	99	31	279
Purchase consideration	**58**	**112**	**70**	**201**	**80**	**521**
Cash movements on acquisition:						
Purchase consideration transferred	-58	-112	-70	-201	-80	-521
Deferred payment (earn out)	58	-	-	201	-	259
Cash acquired	-	21	-	-	-	21
Net cash flow on acquisition	**-**	**-91**	**-70**	-	**-80**	**-241**
Cash flow from sale of businesses *	-	-	-	-	29	29
Net cash flow from business combinations	**-**	**-91**	**-70**	-	**-51**	**-212**

* The sale of business included mainly inventories and goodwill

If the acquisitions had all occurred on 1 January 2015, consolidated pro-forma revenue and profit for the period 1 January - 30 September 2015 would have been DKK 11,183 million and DKK 2,274 million respectively.

Acquisitions after the reporting period

Distribution in Singapore, Macau and the Philippines

In August 2015, PANDORA entered an agreement with Norbreeze Group to acquire its PANDORA store network in Singapore and Macau on 1 January 2016 at the end of the current distribution agreement. Through the addition of 15 PANDORA concept stores and 5 shop-in-shops in the two countries, PANDORA has the opportunity to enter Singapore and Macau directly.

PANDORA will at the same time assume the distribution in the Philippines, which will continue to be operated by a local master franchisee. The payment for the acquisition is SGD 30.1 million (approximately DKK 149 million). The agreement is subject to certain conditions to be fulfilled. Due to the subsequent closing date, it is not possible to prepare the accounting for the business combination.

NOTE 8 - Contingent liabilities

See note 5.2 to the consolidated financial statements in the Annual Report 2014. Leasing commitments at the end of Q3 2015 was DKK 2,310 million and increased by DKK 759 million in the first nine months of 2015 mainly related to new owned and operated concept stores including the new stores in Germany and China. Other contingent liabilities are unchanged.

NOTE 9 – Related parties

Related parties with significant interests

As of 9 June 2015, BlackRock, Inc. increased its holding of shares in PANDORA to 6,234,764 shares, corresponding to 5.1% of the share capital and the voting rights.

On 30 September 2015, treasury shares represented 4.0% of the share capital.

Other related parties of PANDORA with significant influence include the Boards of Directors and the Executive Boards of these companies and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

Transactions with related parties
PANDORA did not enter into any significant transactions with members of the Board of Directors or the Executive Board, except for compensation and benefits received as a result of their membership of the Board of Directors, employment with PANDORA or shareholdings in PANDORA.

Note 10 – concept store development per country*

	Number of concept stores Q3 2015	**Number of concept stores Q2 2015**	**Number of concept stores Q3 2014**	***Growth Q3 2015 /Q2 2015***	***Growth Q3 2015 /Q3 2014***	***Number of O&O Q3 2015***	***Growth O&O stores Q3 2015 /Q2 2015***
USA	309	299	276	*10*	*33*	*36*	*-*
Canada	69	66	60	*3*	*9*	*2*	*-*
Brazil	57	51	30	*6*	*27*	*34*	*3*
Rest of Americas	31	31	25	*-*	*6*	*-*	*-*
Americas	**466**	**447**	**391**	***19***	***75***	***72***	***3***
Russia	187	179	164	*8*	*23*	*-*	*-*
UK	179	169	144	*10*	*35*	*9*	*-*
Germany	154	124	79	*30*	*75*	*139*	*29*
France	52	44	28	*8*	*24*	*22*	*1*
Italy	47	45	33	*2*	*14*	*16*	*-*
Poland	38	37	37	*1*	*1*	*17*	*-*
Spain	33	32	23	*1*	*10*	*-*	*-*
South Africa	27	23	17	*4*	*10*	*-*	*-*
Belgium	24	24	22	*-*	*2*	*-*	*-*
Ireland	20	20	19	*-*	*1*	*-*	*-*
Netherlands	19	18	15	*1*	*4*	*19*	*1*
Ukraine	18	17	14	*1*	*4*	*-*	*-*
Portugal	16	16	14	*-*	*2*	*-*	*-*
United Arab Emirates	14	14	10	*-*	*4*	*14*	*-*
Israel	13	12	10	*1*	*3*	*-*	*-*
Austria	12	10	11	*2*	*1*	*4*	*2*
Czech Republic	11	11	10	*-*	*1*	*8*	*-*
Turkey	11	11	7	*-*	*4*	*11*	*-*
Denmark	11	10	8	*1*	*3*	*11*	*1*
Rest of Europe	77	66	56	*11*	*21*	*19*	*5*
Europe	**963**	**882**	**721**	***81***	***242***	***289***	***39***
Australia	97	96	85	*1*	*12*	*16*	*-*
China	38	30	31	*8*	*7*	*38*	*38*
Hong Kong	22	20	12	*2*	*10*	*22*	*2*
Malaysia	21	21	19	*-*	*2*	*-*	*-*
Singapore	15	15	13	*-*	*2*	*-*	*-*
New Zealand	10	10	9	*-*	*1*	*-*	*-*
Rest of Asia Pacific	34	33	26	*1*	*8*	*3*	*1*
Asia Pacific	**237**	**225**	**195**	***12***	***42***	***79***	***41***
All Markets	**1,666**	**1,554**	**1,307**	***112***	***359***	***440***	***83***

*Includes countries with 10 or more concept stores as of Q3 2015.

Quarterly overview

DKK million	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Consolidated income statement					
Revenue	3,911	3,598	3,547	3,961	2,845
Gross profit	2,893	2,573	2,522	2,835	1,999
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,454	1,311	1,305	1,444	1,020
Operating profit (EBIT)	1,339	1,235	1,238	1,381	963
Net financials	-35	-69	-281	-122	-57
Profit before tax	1,304	1,166	957	1,259	906
Net profit	1,006	910	383	1,007	725
Consolidated balance sheet					
Total assets	12,919	11,781	11,396	10,556	10,354
Invested capital	7,879	7,359	6,235	6,080	6,558
Net working capital	1,124	939	126	434	1,106
Net interest-bearing debt (NIBD)	2,175	1,030	-330	-1,121	9
Equity	5,465	6,097	6,433	7,032	6,361
Consolidated cash flow statement					
Cash flows from operating activities	594	-93	1,164	1,867	711
Cash flows from investing activities	-332	-330	-311	-181	-288
Free cash flow	263	-268	990	1,705	567
Cash flows from financing activities	-320	419	-1,372	-1,010	-435
Net increase (decrease) in cash	-58	-4	-519	676	-12
Growth ratios					
Revenue growth, %	37.5%	41.4%	36.8%	40.4%	26.2%
Gross profit growth, %	44.7%	43.1%	40.8%	47.8%	33.9%
EBITDA growth, %	42.5%	46.8%	39.3%	52.6%	33.8%
EBIT growth, %	39.0%	46.8%	39.6%	55.0%	36.0%
Net profit growth, %	38.8%	37.5%	-45.6%	36.3%	18.5%
Margins					
Gross margin, %	74.0%	71.5%	71.1%	71.6%	70.3%
EBITDA margin, %	37.2%	36.4%	36.8%	36.5%	35.9%
EBIT margin, %	34.2%	34.3%	34.9%	34.9%	33.8%
Other ratios					
Tax rate, %	22.9%	22.0%	60.0%	20.0%	20.0%
Equity ratio, %	42.3%	51.8%	56.4%	66.6%	61.4%
NIBD to EBITDA*, x	0.4	0.2	-0.1	-0.3	0.0
Return on invested capital (ROIC)*, %	65.9%	65.5%	70.9%	67.0%	54.6%
Capital expenditure (CAPEX), DKK million	384	239	167	176	135
Cash conversion, %	26.1%	-29.5%	258.5%	169.3%	78.2%
Other key figures					
Average number of employees	14,662	13,378	11,945	11,177	10,340

* Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

Disclaimer

Certain statements in this company announcement constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimate” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as our future results of operations; our financial condition; our working capital, cash flows and capital expenditures; and our business strategy, plans and objectives for future operations and events, including those relating to our on-going operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities; and

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; our plans or objectives for future operations or products, including our ability to introduce new jewellery and non-jewellery products; our ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the United States, Australia, Germany, the United Kingdom and other markets in which we operate; the protection and strengthening of our intellectual property, including patents and trademarks; the future adequacy of our current warehousing, logistics and information technology operations; changes in Danish, E.U., Thai or other laws and regulation or any interpretation thereof, applicable to our business; increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced in this company announcement.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of NASDAQ OMX Copenhagen. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this company announcement.