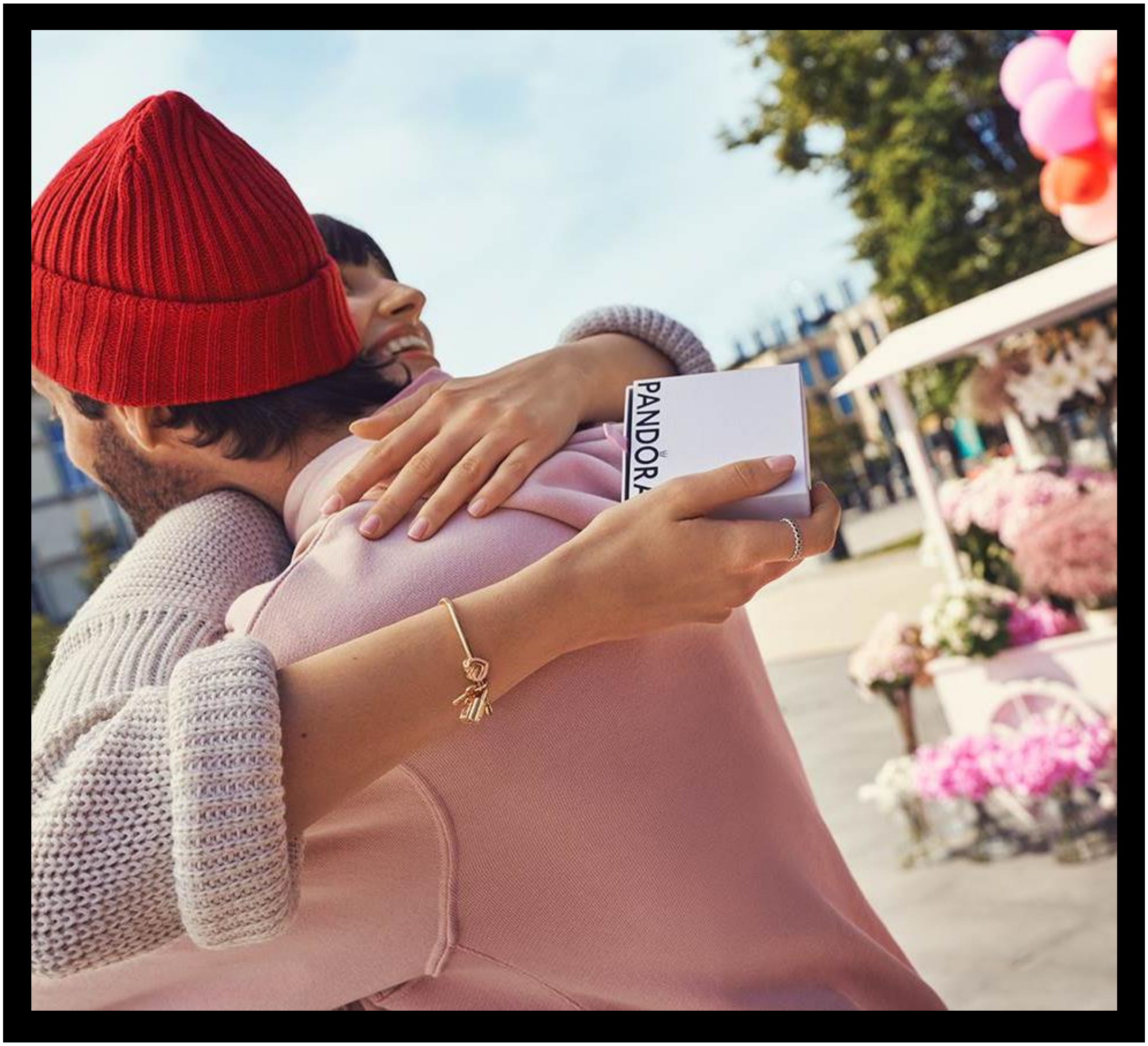
PANDORA



INTERIM FINANCIAL REPORT
Q4 2021

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Havneholmen 17-19 | DK-1561 Copenhagen V | Denmark | www.pandoragroup.com | Company reg. no.: 2850 5116

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Our equity story

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

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

EXECUTIVE SUMMARY

Record revenue and sell-out in the fourth quarter

- Sustainable and profitable growth to continue

Highlights

- Strong and broad-based growth in Q4 with 12% sell-out growth vs 2019
- Full year organic growth of 23% vs 2020 and EBIT margin of 25.0% both exceeded the guidance
- US remained strong with sell-out growth of 39% vs Q4 2019
- Performance in China was unsatisfactory and negatively impacted by COVID-19. Sell-out growth ended at -39% vs Q4 2019. Pandoras continue to see significant opportunities to grow in China
- The Moments platform continue to deliver strong results, including a successful Christmas collection
- Online sustained the strong performance with 91% organic growth vs Q4 2019
- Pandora ME relaunch was well received, delivering 57% growth compared to the initial launch in 2019
- Solid Q4 EBIT margin of 29.7% driven by operating leverage. The Q4 results include a write-down of IT assets and a larger bonus pool, in total non-recurring cost of around DKK 100 million
- Pandora generated a strong cash flow in 2021, and leverage ended at only 0.4x NIBD to EBITDA
- Pandora continues distributions to shareholders with proposed dividend of DKK 16 per share and a new share buyback programme of DKK 3.3 billion

Pandora expects the sustainable and profitable growth to continue. Pandora guide for an "organic growth of *3-6%*" in 2022. The EBIT margin is expected to be "*25.0-25.5%*". Pandora also reconfirms the 2021-2023 organic growth CAGR of 5-7% communicated at the Capital Markets Day, thereby raising the absolute revenue target for 2023 by DKK 1.9-2.2 billion to DKK 27.0-28.1 billion.

Current trading remain solid and confirm that Pandora is back on the growth track. Organic growth was 23% in January 2022. It should be noted that January 2021 was impacted by COVID-19 lock-downs, making it an easier comparison.

Alexander Lacik, President and CEO of Pandora, says:
"We end 2021 on a high note with record-breaking revenue and sell-out in Q4, and I am pleased that we are able to increase our 2023 revenue target by around DKK 2 billion. I am particularly pleased that our strong growth was broad-based across key markets. Our investments in digital are clearly paying off, Moments is showing solid growth, and we are encouraged by the new product platforms Pandora ME and Brilliance. With this – and with network expansion accelerating in 2022 – I am confident that we have all the ingredients to deliver sustainable and profitable revenue growth in the years to come."

Financial overview (excl. Programme NOW restructuring costs in 2020)

	Q4 2021	Q4 2020	FY 2021	FY 2020
Organic growth, %	***10%***	***4%***	***23%***	***-11%***
Sell-out growth incl. temporarily closed stores, %	*11%*	*1%*	*20%*	*-12%*
Organic growth, % vs 2019	*15%*	*n/a*	*9%*	*n/a*
Sell-out growth incl. temporarily closed stores, % vs 2019	*12%*	*n/a*	*7%*	*n/a*
Revenue, DKK million	9,011	7,891	23,394	19,009
Gross margin, %	*75.7%*	*75.7%*	*76.1%*	*76.5%*
EBIT margin, %	***29.7%***	***31.8%***	***25.0%***	***20.4%***

FINANCIAL HIGHLIGHTS

DKK million	Q4 2021	Q4 2020	FY 2021	FY 2020	*FY 2022 guidance*
Key financial highlights					
Organic growth, %	***10%***	***4%***	***23%***	***-11%***	**"3-6%"**
Organic growth, % vs 2019[1]	*15%*	*n/a*	*9%*	*n/a*	
Sell-out growth incl. temporarily closed stores, %	*11%*[4]	*1%*	*20%*	*-12%*	
Sell-out growth incl. temporarily closed stores, %, vs 2019[1]	*12%*	*n/a*	*7%*	*n/a*	
Gross margin[2], %	*75.7%*	*75.7%*	*76.1%*	*76.5%*	
EBIT margin[2], %	***29.7%***	***31.8%***	***25.0%***	***20.4%***	**"25.0-25.5%"**
Revenue	9,011	7,891	23,394	19,009	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,267	2,896	7,838	4,999	
Operating profit (EBIT)	2,678	2,212	5,839	2,684	
Net financials	-211	96	-461	-190	
Net profit for the period	1,904	1,794	4,160	1,938	
Financial ratios					
Revenue growth DKK, %	*14%*	*-1%*	*23%*	*-13%*	
Revenue growth, local currency, %	*11%*	*4%*	*24%*	*-11%*	
Gross margin, %	*75.7%*	*75.4%*	*76.1%*	*75.6%*	
EBITDA margin, %	*36.3%*	*36.7%*	*33.5%*	*26.3%*	
EBIT margin, %	*29.7%*	*28.0%*	*25.0%*	*14.1%*	
Effective tax rate, %	*22.8%*	*22.3%*	*22.6%*	*22.3%*	
Equity ratio, %	*38%*	*37%*	*38%*	*37%*	
NIBD to EBITDA excl. restructuring costs, x	0.4	0.5	0.4	0.5	
Return on invested capital (ROIC), %	*59%*	*25%*	*59%*	*25%*	
Cash conversion incl. lease payments, %	*147%*	*171%*	*88%*	*183%*	
Net working capital, % of last 12 months revenue	*-5.0%*	*-7.6%*	*-5.0%*	*-7.6%*	
Stock ratios					
Total pay-out ratio (incl. share buyback)[3], %	*143%*	-	*115%*	*65%*	
Dividend per share, proposed, DKK	-	-	16	-	
Dividend per share, paid, DKK	5	-	15	-	
Earnings per share, basic, DKK	19.4	18.5	42.1	20.0	
Earnings per share, diluted, DKK	19.1	18.4	41.7	19.9	
Consolidated balance sheet					
Total assets	18,542	19,984	18,542	19,984	
Invested capital	9,884	10,540	9,884	10,540	
Net working capital	-1,181	-1,447	-1,181	-1,447	
Net interest-bearing debt (NIBD)	2,882	3,151	2,882	3,151	
Equity	7,001	7,389	7,001	7,389	
Consolidated statement of cash flow					
Cash flow from operating activities	4,073	4,062	6,228	5,975	
Capital expenditure – total	215	124	641	491	
Capital expenditure - property, plant and equipment	146	78	341	369	
Free cash flow incl. lease payments	3,941	3,780	5,137	4,908	

[1] Revenue performance compared with 2020 was heavily distorted by COVID-19, as both years are impacted by store closures. Pandora has therefore added two supplementary growth KPIs vs 2019 to provide a cleaner view on the performance: Organic growth vs 2019 and Sell-out growth vs 2019. These two KPI's will be removed from 2022 onwards.
[2] 2020 figures exclude Programme NOW restructuring costs.
[3] Excluding sale of Treasury shares amounting to DKK 1.8 billion in Q2 2020.
[4] Sell-out growth vs Q4 2020 changed from ~10% in the preliminary and unaudited numbers released in the pre-release dated January 10, 2022 to 11%.

BUSINESS UPDATE

Broad based revenue growth in Q4 2021 secures recording-breaking sell-out - execution of Phoenix continues

Pandora delivered a solid revenue performance in Q4 2021, with organic growth of 15% vs 2019. The strong growth was driven by a solid online performance, which ended Q4 at 91% above Q4 2019. This is a testimony to the digital investments made during the last couple of years, and Pandora has increased both traffic and conversion rate online.

The strong growth was supported by Pandora's biggest platform, *Moments*, which delivered sell-out growth of 12% vs Q4 2019. Growing the Moments platform is a key pillar in Pandora's Phoenix strategy. The performance was boosted by a very strong Christmas collection where meaningful symbols such as Family, Friends and Love resonate with the consumer. The performance was furthermore supported by a successful Product with Purchase campaign (PWP). As another element in innovating the Moments platform, Pandora is currently testing engraving capabilities and have done an online pilot in Italy with promising results.

Style and Upstream Innovation also delivered a strong 12% growth in the quarter vs Q4 2019. This is not least driven by the relaunch of Pandora ME, which grew 57% vs. the initial launch in Q4 2019. The platform was well received across key markets and ended at 4% share of revenue in the quarter, double the share in Q4 2020. The relaunch of Pandora ME created new hype around the brand and attracted less active and lapsed consumers. Around 65% of transactions were lapsed consumers who have not bought a Pandora product in 200 days. This help build brand momentum as lapsed consumers are reengaged with the brand. Around 35% of transactions were from new consumers. The most successful products have been the Carriers, Mini Dangles and Medallions representing 81% of total sales in the quarter.

*Pandora Brillianc*e delivered DKK 20 million incremental revenue in Q4 2021, which was the first key consumption period after the test launch. In December, a pick-up in sales was recognised, as marketing activities around Brilliance was shifted towards being a gifting proposition. Online share of business was 40% and in line with the overall UK market, demonstrating consumer willingness to purchase higher price points online. Pandora stores with full assortment continue to perform well, delivering around 3% share of business, while Rings continue to be the best performing item representing 50% share of sales. Average sales price during 2021 has been around GBP 500 which is 10 times the UK average. Learnings and continued tests during Q4 2021 underpin the decision to embark on a sequential global rollout starting in 2022.

REVENUE BY GLOBAL BUSINESS UNITS

DKK million	Q4 2021	Q4 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Local currency Growth vs 2020*	*Share of Revenue*
Moments and Collabs	**6,311**	**5,602**	***10%***	***12%***	***9%***	***70%***
- Moments	5,510	4,654	*14%*	*12%*	*15%*	*61%*
- Collabs	801	948	*-14%*	*15%*	*-18%*	*9%*
Style and Upstream Innovation	**2,700**	**2,288**	***13%***	***12%***	***14%***	***30%***
- Timeless	1,656	1,492	*7%*	*0%*	*7%*	*18%*
- Signature	695	674	*1%*	*27%*	*0%*	*8%*
- Me	328	122	*147%*	*57%*	*163%*	*4%*
- Brilliance	20	-	*n/a*	*n/a*	*n/a*	-
Total revenue	**9,011**	**7,891**	***11%***	***12%***	***11%***	***100%***

[1] The 'Garden' collection has been re-allocated from Style and Upstream Innovation to Moments and Collabs in Q2 2021. Comparative figures for 2020 were restated accordingly.

DKK million	YTD 2021	YTD 2020[1]	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Local currency Growth vs 2020*	*Share of revenue*
Moments and Collabs	**16,610**	**13,562**	***20%***	***8%***	***23%***	***71%***
- Moments	14,699	11,660	*22%*	*6%*	*27%*	*63%*
- Collabs	1,911	1,902	*3%*	*28%*	*0%*	*8%*
Style and Upstream Innovation	**6,784**	**5,447**	***19%***	***2%***	***25%***	***29%***
- Timeless	4,091	3,318	*19%*	*-12%*	*24%*	*17%*
- Signature	1,990	1,739	*12%*	*21%*	*14%*	*9%*
- Me	656	390	*42%*	*140%*	*67%*	*3%*
- Brilliance	48	-	*n/a*	*n/a*	*n/a*	-
Total revenue	**23,394**	**19,009**	***20%***	***7%***	***24%***	***100%***

[1] The 'Garden' collection has been re-allocated from Style and Upstream Innovation to Moments and Collabs in Q2 2021. Comparative figures for 2020 were restated accordingly.

The strong performance in Q4 2021 was broad based, as all key markets (except China) delivered positive growth vs 2019. The solid performance continue to be supported by Pandora's biggest market, US, representing 28% of revenue in Q4 2021 vs 25% in Q4 2020. The performance remained strong in US and sell-out growth vs Q4 2019 ended at 39% - below the growth level seen during the first 9 months of 2021 as expected. US represents a strategic priority for Pandora, and the strong performance is encouraging. The long-term aim is to double the US business vs 2019.

The performance in China continue to be unsatisfactory and negatively impacted by COVID-19. Pandora's Chinese stores were formally open in Q4, but traffic into stores was down -40% vs 2020 as most stores are located in cities impacted by the pandemic and China's "zero-COVID policy". Performance in China in Q4 therefore continued to be weak with sell-out growth at -39% vs Q4 2019, slightly up vs -45% in Q3 2021. Pandora saw a few positive signs in Q4, such as being ranked the largest brand in fashion jewellery on Tmall for the first time since entering China. This provide comfort for the journey ahead. The first significant steps in the repositioning of the brand was planned for 2021. Following the negative traffic development seen in Q3 and Q4 due to COVID-19, Pandora has decided to postpone the majority of the media investment into 2022. The purpose of the investment is among others to drive traffic to the stores, which makes little sense when street traffic is impacted by COVID-19. Pandoras long term ambition is to triple the China business vs 2019.

Key European markets continue to perform strongly. Despite an escalation of COVID-19 during Q4, performance remained strong. In Q4 2021, UK, Italy, France and Germany delivered a combined sell-out growth of 10% vs Q4 2019 following an equally strong Q3 at 11% growth, cementing that Pandora is back on a growth track.

Online continued the phenomenal performance in Q4 2021 with organic growth of 91% vs Q4 2019 (-7% vs Q4 2020 when more stores were temporarily closed) driven by among others strong performance in Click and Collect. The online share of revenue in Q4 2021 was 27% (32% in Q4 2020 and 16% in Q4 2019). Pandoras online business furthermore accounted for 95% of revenue growth vs Q4 2019, a testimony to the step-changes made in Pandora's online presence during the past couple of years.

Pandora's production sites in Thailand were running throughout Q4 2021 and saw limited disruptions to its supply chain. Product availability was high across all key markets, following Pandoras decision to keep investing in precautionary measures to manage the pandemic and avoid disruptions and minimise risk of stock outs.

Personalising the consumer journey continues

Pandora is built on the concept of personalisation. Personalisation is also one of the growth pillars in the Phoenix strategy, aiming to drive a more seamless and personalised customer experience. Pandora opened three new concept stores in Q4 2021 testing a new store format. The stores opened in London UK, Milan Italy and Guangzhou China, and show initial promising results. The stores aims to make shopping more intuitive and will improve speed of service, enabling customers to easily explore, find and try on products. Pandora plan to roll out further 10 stores in Q2 2022 in China, US, Germany and France to test the concept further.

Part of the design in the store concept is to successfully cater for omni-channel capabilities such as Click and Collect (C&C) which Pandora now offer in the majority of concept stores in its key markets. In Q4 2021, and especially December, C&C performance was strong and reached 21% and 26% share of online business in US and Australia, respectively - the highest among the key markets. Additionally, Pandora continue to see encouraging results from personalised marketing activities online, such as email marketing which grew approx. 80% vs 2019 and reached DKK 255 million in the quarter. This cements the opportunity in the new loyalty programme as Pandora will be able to target the consumers directly with content of their interest. Today the new loyalty programme is only operational in China, but in Q2 2022 Pandora will also launch the programme in France with more markets to come later in the year.

Pandora continued to successfully reduce promotions in Q4 vs both Q4 2020 and Q4 2019, and is now approaching the right level of promotions for the brand. The lower promotions were especially noticeable around Black Friday, which did not include any extended promotions in Q4 of this year as it did last year. In US, where Black Friday is biggest, Pandora also took the Black Friday discount offer down from 35% in 2020 and 2019 to 30% in 2021. Despite lower promotions, Black Friday was larger than last year. In key markets, the number of promotional days in physical stores was furthermore lowered to 31 days in Q4 2021 compared with 37 days in Q4 2019. Online, there were 38 promotional days across key markets in Q4 2021, in line with Q4 2019.

Pandora’s strong brand position was maintained in Q4 2021. Pandora has kept marketing spend high throughout 2021 as a clear ambition to stay top of mind with consumers. This is paying off as one third of all Google searches for branded jewellery in Q4 2021 and throughout 2021 was for Pandora. Unaided brand awareness was strong in Q4 2021, and still differs from market to market depending on maturity. The relative gap to competitors was unchanged in Q4 2021.

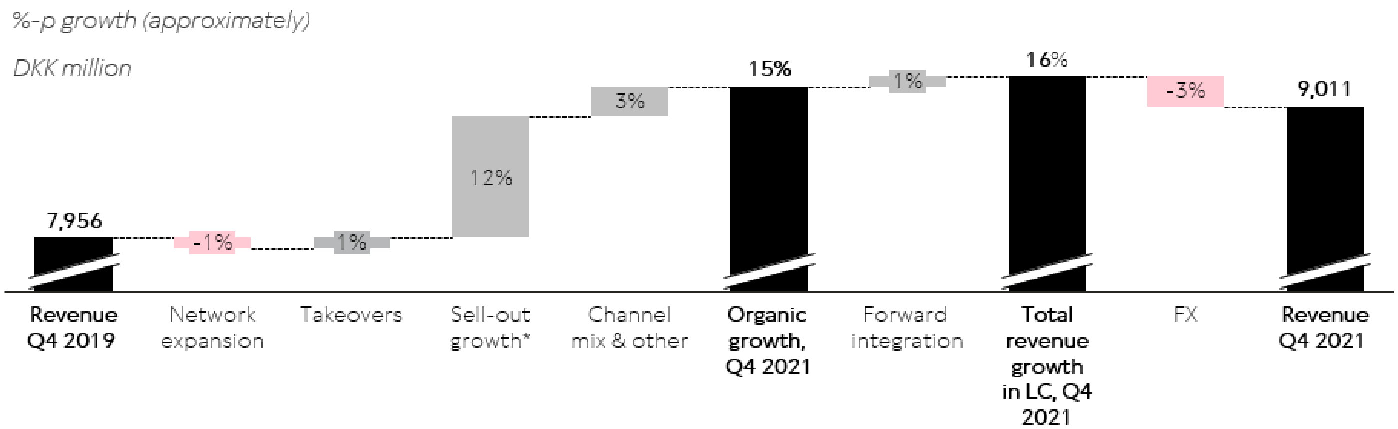
Throughout 2021, Pandora has provided additional growth KPI’s vs 2019 to make it easier to interpret performance during the pandemic. Going into 2022, and as the impact of the pandemic is expected to ease, Pandora will simplify the performance KPI’s and shift focus back towards year-over-year organic growth. This is aligned to the Phoenix target and guidance. Pandora will continue to supplement with sell-out growth performance. Acknowledging that comparison with 2021 is impacted by the pandemic as well as the unusual US growth in 2021 Pandora will – for selected dimensions - report the organic growth vs 2019 as an additional datapoint to understand underlying performance. For this reason, Pandora will no longer provide sell-out growth vs 2019. The new set of KPI’s will be introduced in Q1 2022.

REVENUE REVIEW

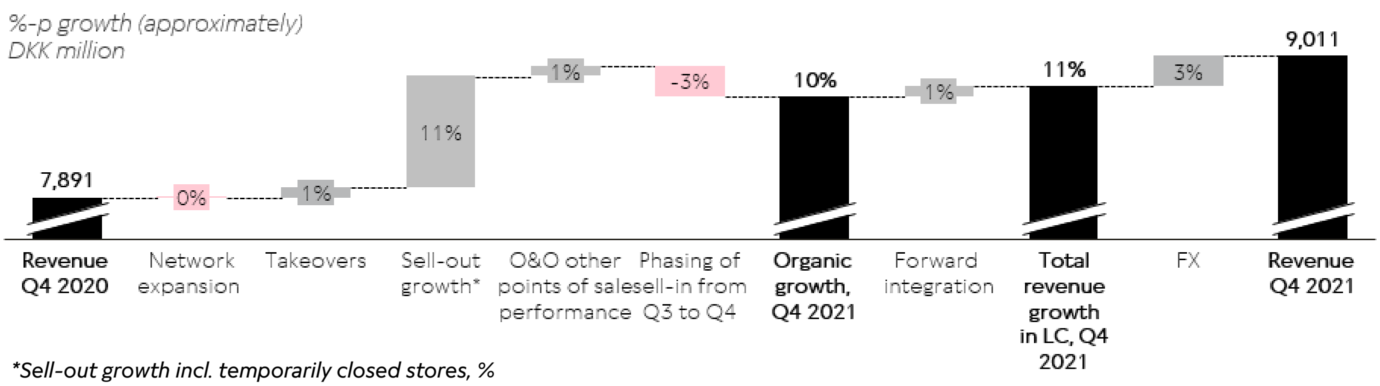
Broad based growth results in historical high revenue

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

Q4 2021 growth composition vs Q4 2019



Q4 2021 growth composition vs Q4 2020



**Sell-out growth incl. temporarily closed stores, %*

COVID-19 continues to impact performance KPI's vs 2020, as Q4 2020 was impacted by temporary store closures. On average around 3% of the stores were temporarily closed in Q4 2021 vs approximately 10% in Q4 2020 and down from an average of 5% in Q3 2021, 15% in Q2 2021 and 30% in Q1 2021. In addition, while stores in China were formally open in Q4, traffic into the majority of the network was heavily impacted by COVID-19. Pandora still recommends to use performance vs 2019 as the best indicator for performance (although performance vs 2019 is, of course, also impacted by COVID-19), and cautions that performance vs 2020 need to be interpreted with care.

Q4 2021 growth composition vs Q4 2019

Organic growth vs 2019 was up 15% in Q4 2021, mainly driven by strong sell-out growth of 12% across most markets. Since Q4 2019 the network composition has changed slightly. Revenue was negatively impacted by approximately 1% from the closure of net 151 concept stores and 503 other points of sale compared with Q4 2019. This was partially offset by takeover of franchise partners, mainly in UK, where Pandora is not paying any goodwill, affecting revenue positively by approximately 1%. Additionally, organic growth was positively impacted by a favourable channel mix among others related to the significant growth in online revenue.

Q4 2021 growth composition vs Q4 2020

Pandora generated sell-out growth of 11% vs Q4 2020, while organic growth ended 1pp below at 10%. The gap between sell-out growth and organic growth is mainly driven by a phasing of sell-in between quarters. Franchise partners build-up inventory already in Q3 2021 ahead of the Q4 peak season. In 2020, due to high uncertainty around COVID-19, sell-in for peak season was pushed into Q4 and consequently, Q4 2021 sell-out growth is higher than sell-in growth, which impacts organic growth negatively by 3%.

Revenue is furthermore positively impacted by approximately 1% from takeovers, same as mentioned above, and approximately 1% from strong performance in Pandora-owned other points of sales.

REVIEW OF REVENUE BY CHANNEL

Online deliver staggering results

Pandora saw strong performance across all channels in Q4. Online continued the strong growth and almost doubled vs Q4 2019. Organic growth was down -7% vs Q4 2020, a reflection of temporary store closures in Q4 2020 driving more demand online. Pandora-owned concept stores saw a sequential improvement in Q4 2021 and delivered organic growth of -1% vs Q4 2019 up from -7% in Q3, -16% in Q2 and -41% in Q1 2021. Pandora-owned Other points of sales delivered strong positive organic growth vs both 2020 and 2019, following an expansion and strengthening of the network.

Organic growth in Pandora's wholesale business was up 8% vs Q4 2020. As expected, sell-out growth was higher than organic growth vs Q4 2020 as partners build inventories ahead of the Q4 peak season already in Q3 2021. Exiting 2021, the inventory levels at partners are healthy. Performance at third-party distributors ended Q4 2021 at 0% organic growth vs 2019, a significant improvement vs -23% in Q3 2021, due to the reopening of markets in Asia, where Pandora has a high share of third party distribution.

QUARTERLY REVENUE DEVELOPMENT BY CHANNEL

DKK million	Q4 2021	Q4 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Organic growth vs 2019*	*Share of Revenue*
Pandora owned[1] retail	**6,471**	**5,525**	***9%***	***18%***	***11%***	***24%***	***72%***
- of which concept stores	3,668	2,725			*26%*	*-1%*	*41%*
- of which online stores	2,465	2,533			*-7%*	*91%*	*27%*
- of which other points of sale	338	266			*26%*	*31%*	*4%*
Wholesale	**2,291**	**2,143**	***15%***	***1%***	***8%***	***-2%***	***25%***
- of which concept stores	1,278	1,182			*11%*	*-3%*	*14%*
- of which other points of sale	1,013	961			*3%*	*-1%*	*11%*
Third-party distribution	**249**	**223**	***15%***	***1%***	***12%***	***0%***	***3%***
Total revenue	**9,011**	**7,891**	***11%***	***12%***	***10%***	***15%***	***100%***

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

YEAR-TO-DATE REVENUE DEVELOPMENT BY CHANNEL

DKK million	YTD 2021	YTD 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Organic growth vs 2019*	*Share of Revenue*
Pandora owned[1] retail	**15,922**	**13,426**	***15%***	***13%***	***16%***	***13%***	***68%***
- of which concept stores	9,133	7,321			*20%*	*-15%*	*39%*
- of which online stores	5,977	5,483			*8%*	*119%*	*26%*
- of which other points of sale	812	622			*30%*	*3%*	*3%*
Wholesale	**6,705**	**4,949**	***32%***	***-3%***	***41%***	***6%***	***29%***
- of which concept stores	3,737	2,714			*47%*	*7%*	*16%*
- of which other points of sale	2,968	2,235			*35%*	*6%*	*13%*
Third-party distribution	**767**	**634**	***32%***	***-3%***	***24%***	***-16%***	***3%***
Total revenue	**23,394**	**19,009**	***20%***	***7%***	***23%***	***9%***	***100%***

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

PANDORA

REVIEW OF NETWORK DEVELOPMENT

Pruning of the network in 2021 makes Pandora ready for expansion in 2022

Pandora opened net 3 concept stores in Q4 2021, but has closed a total of -71 net concept stores in the year. As communicated at the Capital Markets Day on 14 September 2021, Pandora sees significant opportunities to expand the store network and expects to have more concept stores in 2023 than today. The first steps in increasing the store network will happen in 2022, as Pandora expects to open net 50-100 concept stores. Furthermore, Pandora has signed a letter of intent to assume ownership of 37 franchise stores in the US and Canada from Ben Bridge Jeweler. Ben Bridge is Pandora's largest franchise partner in North America and the acquisition will support Pandoras growth strategy in the US.

Finally, Pandora has closed net -248 Other points of sale, mainly in Spain and US. The closures are predominantly related to smaller sales points, which did not drive substantial incremental revenue. In fact, Pandora sees opportunity in this channel as well and during 2021 Pandora has engaged with a number of new partners, such as CHRIST in Germany. Despite substantial closures in terms of the number of points of sale, the quality of the network is up and organic growth for the year was 35% vs 2020.

Number of points of sale	Q4 2021	Q3 2021	Q4 2020	Growth Q4 2021 /Q3 2021	Growth Q4 2021 /Q4 2020
Concept stores	**2,619**	**2,616**	**2,690**	**3**	**-71**
- of which Pandora owned[1]	1,423	1,403	1,382	20	41
- of which franchise owned	700	710	797	-10	-97
- of which third-party distribution	496	503	511	-7	-15
Other points of sale	**4,154**	**4,105**	**4,402**	**49**	**-248**
Total points of sale	**6,773**	**6,721**	**7,092**	**52**	**-319**

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

REVIEW OF REVENUE BY KEY MARKET

Positive growth in all key market except China

The *US* continued the very strong performance in the quarter. This is the sixth consecutive quarter, where Pandora delivers sell-out growth above or around +20%, with Q4 2021 ending at 39% vs 2019. Pandora ended 2021 with an extraordinary 51% sell-out growth vs 2019. The performance in US vs 2019 is temporarily supported by the stimulus packages and a potential reallocation of consumer spend away from travel and entertainment into discretionary goods. It is Pandoras assessment that the underlying performance in the US is strong, and a result of the commercial and operational initiatives put in place during the last couple of years. Pandora sees ample opportunity to continue to grow in US in the long term, but obviously 2022 is subject to uncertainty given the unusually strong performance in 2021. Pandora has a solid pipeline of initiatives lined up for 2022 and expect to continue to meaningfully outperform the market.

Performance in *China* in Q4 2021 continue to be unsatisfactory and impacted by COVID-19. Sell-out growth vs 2019 ended at -39% in Q4 2021. Although Pandora's physical stores in China were open during Q4, most of the stores saw a significant decline in traffic due to COVID-19 restrictions. The negative impact was not recouped online and China accounted for just 2% of Group revenue in Q4 2021. Pandora saw a number of positive signs cementing the opportunity ahead, especially from a very successful Tmall performance during 2021. For further details on China, please refer to the section Business update.

All Pandoras key markets in Europe delivered positive growth vs both Q4 2020 and Q4 2019. Combined, the key European markets delivered 10% sell-out growth vs Q4 2019 and continued the strong performance from Q3 2021 following the reopening of stores. For the second consecutive quarter, Germany saw 30% sell-out growth vs 2019, while Italy delivered 6% sell-out growth vs Q4 2019. Both markets saw a flat performance in the physical network, but delivered growth rates of more than 100% online. In Italy, the strong online performance was supported by engraving capabilities, which contributed with 7% of online sales in December based on only 4 DV's. France returned to positive sell-out growth of 2% in Q4 2021 vs Q4 2019, an improvement from -6% in Q3 2021. UK ended Q4 2021 with 9% sell-out growth vs both Q4 2020 and Q4 2019, but the growth composition was different as Q4 2020 was impacted by temporary store closures due to COVID-19. Online growth in UK was around 80% vs Q4 2019.

The *Australian market* improved gradually during the quarter, as October was impacted by approx. 30% temporary store closures. Despite store closures, Australia ended Q4 with positive sell-out growth of 9% vs Q4 2019 and returned to positive growth in November following reopening of the network. Australia had a very successful C&C performance in December, contributing with 26% of online sales; the highest share in all of Pandoras key markets.

Finally, Pandora saw a strong recovery outside the seven key markets in Q4 2021. These markets ended the year with organic growth in Q4 2021 vs Q4 2019 of +8% compared to -14% in the first nine months of 2021, mainly coming from Asian markets outside China and Latin America.

QUARTERLY REVENUE DEVELOPMENT BY KEY MARKET

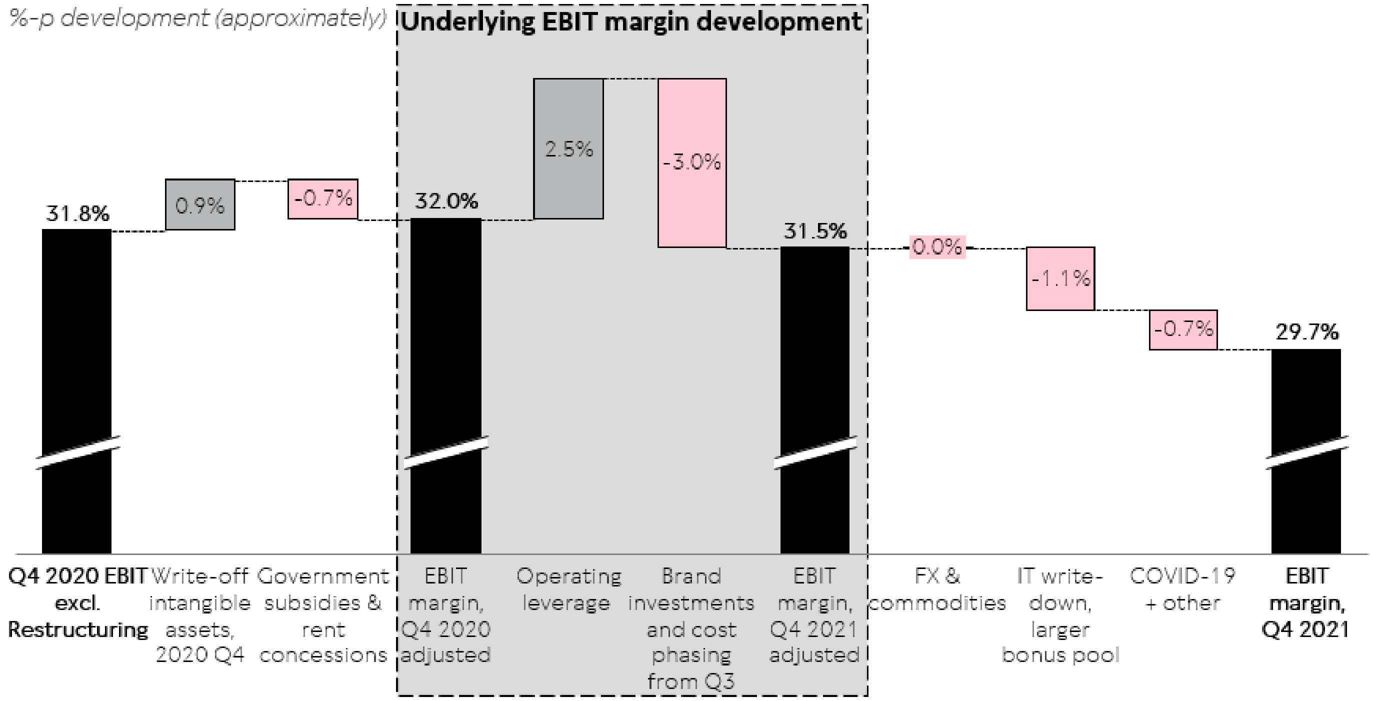
DKK million	Q4 2021	Q4 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Organic growth vs 2019*	*Share of revenue*
US	2,523	1,983	15%	39%	18%	42%	28%
China	222	322	-24%	-39%	-36%	-51%	2%
UK	1,521	1,345	9%	9%	6%	17%	17%
Italy	961	825	23%	6%	17%	13%	11%
Australia	491	537	-10%	9%	-12%	9%	5%
France	498	494	1%	2%	1%	1%	6%
Germany	478	418	23%	30%	14%	23%	5%
Total top-7 markets	**6,694**	**5,923**	**10%**	**17%**	**8%**	**18%**	**74%**
Rest of Pandora	2,316	1,967	15%	-1%	16%	8%	26%
Total revenue	**9,011**	**7,891**	**11%**	**12%**	**10%**	**15%**	**100%**

YEAR-TO-DATE REVENUE DEVELOPMENT BY KEY MARKET

DKK million	YTD 2021	YTD 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Organic growth vs 2019*	*Share of revenue*
US	7,026	4,506	48%	51%	58%	56%	30%
China	1,126	1,261	-7%	-37%	-13%	-43%	5%
UK	3,314	2,960	5%	4%	7%	14%	14%
Italy	2,443	2,021	21%	0%	21%	8%	10%
Australia	1,131	1,120	-1%	-1%	-4%	-1%	5%
France	1,122	1,154	-4%	-7%	-3%	-4%	5%
Germany	1,191	1,014	8%	13%	17%	24%	5%
Total top-7 markets	**17,353**	**14,038**	**21%**	**15%**	**23%**	**17%**	**74%**
Rest of Pandora	6,041	4,971	18%	-13%	23%	-7%	26%
Total revenue	**23,394**	**19,009**	**20%**	**7%**	**23%**	**9%**	**100%**

PROFITABILITY

Strong profitability continues



As illustrated above, the underlying EBIT margin in Q4 2021 was slightly lower than Q4 last year, among others due to increased brand investments and some cost phasing from Q3 into Q4. The increased brand investments include investments into the Pandora ME re-launch. In Q4 2021, Pandora has deliberately increased its marketing spend across most key markets to stay top of mind with the consumers in a competitive fourth quarter. Marketing expenses constitute 16.4% of revenue in Q4 and are thereby above the range in which Pandora generally expect to operate (13-15%). It is part of Pandoras strategy to continue to invest in driving the topline, which include investments in the brand.

In Q4 last year, the EBIT margin was impacted by two non-recurring factors. A DKK 82 million write down of intangible assets, which was partly offset by government support and rent concessions of DKK 60 million. In Q4 2021 the EBIT margin is also negatively impacted by two non-recurring factors. As in Q3 2021, Pandora had increased production cost in Thailand driven by precautionary measures taken due to COVID-19. In Q4 2021, these cost amount to approx. DKK 25 million. Pandora continued these significant measures to protect employees and production in Thailand from COVID-19. This included setting up temporary on-site lodging to mitigate the risk of infections. Pandora anticipates to continue taking certain pre-cautionary measures during the first part of 2022. Additionally, the Q4 results include around DKK 100 million incremental cost related to among others a write-down of certain IT assets and a larger bonus pool to employees reflecting the strong 2021 performance.

The EBIT margin was negatively impacted by rising commodity prices (mainly silver) leading to a headwind of around -2.1pp. This is fully offset by favourable foreign exchange rate developments (mainly USD and Thai baht) of around +2.1pp.

In absolute terms and excluding restructuring costs in 2020, EBIT increased by 21% vs Q4 2020. Year-to-date 2021, Pandora has more than doubled absolute EBIT ending the year at DKK 5,839 million, up from DKK 2,684 million in 2020.

GROSS MARGIN

In Q4 2021, the gross margin remained strong and is unchanged at 75.7% vs Q4 2020.

In Q4, Pandora continued its significant measures to protect employees and production in Thailand from COVID-19 impacting gross margin negatively by 0.3pp, please also refer to the EBIT margin section above. As also mentioned, in Q4 2020, a non-recurring write off of DKK 80 million was recognised, suppressing the margin in Q4 2020 by -1pp.

Increasing commodity prices had a negative impact on the gross margin of -2.1pp, partly offset by a favourable FX development, mainly from the Thai baht and strong USD, of +1.4pp vs Q4 2020. Finally, the gross margin was positively impacted by lower promotional activity (more full-price sell-through). This was partly offset by higher freight costs of -0.3pp and a temporary additional drag of around -0.2pp due to take-over of inventory at wholesale value from acquired franchise partners.

COST OF SALES AND GROSS PROFIT

DKK million	Q4 2021	Q4 2020	*Growth*	*Share of revenue Q4 2021*	*Share of revenue Q4 2020*	YTD 2021	YTD 2020	*Growth*	*Share of revenue YTD 2021*	*Share of revenue YTD2020*
Revenue	9,011	7,891	*14%*	*100.0%*	*100.0%*	*23,394*	19,009	*23%*	*100.0%*	*100.0%*
Cost of sales	-2,188	-1,920	*14%*	*-24.3%*	*-24.3%*	-5,590	-4,475	*25%*	*-23.9%*	*-23.5%*
Gross profit excl. restructuring costs	**6,822**	**5,971**	***14%***	***75.7%***	***75.7%***	**17,803**	**14,534**	***22%***	***76.1%***	***76.5%***
Restructuring costs	0	-21	*-100%*	*0%*	*-0.3%*	0	-159	*-100%*	*0.0%*	*-0.8%*
Gross profit incl. restructuring costs	**6,822**	**5,950**	***15%***	***75.7%***	***75.4%***	**17,803**	***14,375***	***24%***	***76.1%***	***75.6%***

OPERATING EXPENSES

Total operating expenses was DKK 4,144 million in Q4 2021, up 18% in constant foreign exchange rates compared to Q4 2020. The OPEX ratio increased to 46.0% in Q4 2021 from 43.9% in Q4 2020 mainly driven by higher marketing cost but also around DKK 100 million in non-recurring costs in Q4 2021.

Marketing expenses increases around 40% vs Q4 2020. During Q4, Pandora re-launched Pandora ME, following the "launch and leverage" principle. Pandora also experienced more competition in Q4 2021 for the best marketing slots and as a result prices for marketing also went up. Marketing expenses in Q4 2021 constituted 16.4% of revenue, while year-to-date was 15.3% and slightly above Pandora's expectations of a 13-15% marketing spend ratio.

Sales and distribution expenses was up 4% in constant foreign exchange rates vs Q4 2020. Adjusting for government support and rent concessions received in Q4 2020 of DKK 60 million the year over year development is roughly flat. Pandora has received DKK 15 million in government support and rent concessions in Q4 2021. Pandora see a higher cost level in the stores post-COVID-19 due to elevated salary increases as well as the need to operate with a slightly higher staffing level to mitigate the risk of having to temporarily close stores due to COVID-19 quarantines.

Administrative expenses increased by 37% in constant foreign exchange rates compared with Q4 2021, mainly due to the write down of IT assets and employees bonuses mentioned above.

OPERATING EXPENSES

DKK million	Q4 2021	Q4 2020	*Growth*	*Share of revenue Q4 2021*	*Share of revenue Q4 2020*	YTD 2021	YTD 2020	*Growth*	*Share of revenue YTD 2021*	*Share of revenue YTD 2020*
Sales and distribution expenses	-2,061	-1,966	*5%*	*22.9%*	*24.9%*	-6,352	-6,234	*2%*	*27.2%*	*32.8%*
Marketing expenses	-1,473	-1,052	*40%*	*16.4%*	*13.3%*	-3,587	-2,717	*32%*	*15.3%*	*14.3%*
Administrative expenses	-610	-444	*37%*	*6.8%*	*5.6%*	-2,026	-1,702	*19%*	*8.7%*	*9.0%*
Total operating expenses excl. restructuring costs	**-4,144**	**-3,462**	***20%***	***46.0%***	***43.9%***	**-11,965**	**-10,652**	***12%***	***51.1%***	***56.0%***
Restructuring costs	0	-276	*-100%*	*0.0%*	*3.5%*	0	-1,038	*-100%*	*0.0%*	*5.5%*
Total operating expenses incl. restructuring costs	**-4,144**	**-3,738**	***11%***	***46.0%***	***47.4%***	**-11,965**	**-11,691**	***2%***	***51.1%***	***61.5%***

FINANCIAL EXPENSES AND TAX

Net financials in Q4 2021 ended at a cost of DKK 211 million, in large driven by realised losses on FX hedging contracts relating to Sterling, Thai Baht and U.S. Dollar.

The effective tax rate ended at 22.8% for Q4 2021 and 22.6% for the full year, in line with guidance and slightly above 2020.

CASH FLOW & BALANCE SHEET

Free cash flow remained strong despite significant inventory build-up during 2021

The net working capital continues to be strong and ended at -5.0% of the last 12 months revenue in Q4 2021 compared with 0.2% in Q3 2021, and -7.6% in Q4 2020. This is despite significant inventory build-up during 2021 amounting to around DKK 1.0 billion vs Q4 2020. The increase in inventory was as expected, and is a result of a deliberate action to mitigate risk of stock outs and disruptions in the supply chain.

Trade receivables in absolute amounts are up vs Q4 2020 reflecting an increase in wholesale revenue. Wholesale Days Sales Outstanding (DSO) ended at 24 days in line with last year, but 9 days lower than Q3 2021 reflecting the healthy and balanced sell-in to partners. Total DSO, including retail receivables, ended at 10 days by the end of December; 5 days lower than Q3 2021.

Free cash flow incl. lease payments ended at DKK 3,941 million corresponding to a cash conversion of 147% in Q4 2021. CAPEX in the quarter remained low at 2% of revenue (3% year to date), mainly as a result of postponements of certain projects caused by COVID-19. CAPEX will increase in 2022, as Pandora expect to invest 6% of revenue, in line with the communication at the Capital Markets Day in September.

The improved underlying performance, combined with the lapse of Programme NOW one-off restructuring costs as well as lower invested capital are all positively impacting ROIC. ROIC ended the year at 59% - the highest level since Q1 2018 – and up from 25% in Q4 2020.

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

Share of preceding 12 months' revenue	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Inventories	*12.8%*	*14.4%*	*11.8%*	*12.3%*	*10.3%*
Trade receivables	*4.3%*	*3.6%*	*3.2%*	*3.1%*	*4.6%*
Trade payables	*-14.0%*	*-11.0%*	*-10.3%*	*-11.8%*	*-16.9%*
Other net working capital elements	*-8.2%*	*-6.7%*	*-4.9%*	*-4.0%*	*-5.6%*
Total	***-5.0%***	***0.2%***	***-0.3%***	***-0.4%***	***-7.6%***

The financial leverage, NIBD to EBITDA excl. restructuring costs, was 0.4x by the end of December. This is below the capital structure policy range of NIBD to EBITDA between 0.5 and 1.5x. Pandora has since Q2 2021 until 4 February 2022 paid out DKK 5.5 billion to its shareholder through a combination of extraordinary dividends and share buybacks. Pandora paid out DKK 1.5 billion in extraordinary dividends in 2021 and bought back 3.9 million shares at a total value of 3.3 billion in 2021, out of the DKK 4.0 billion share buyback programme which ended 4 February 2022. For cash distribution in 2022 please see section around capital structure policy and cash distribution below.

2021 ended the year with a significant lift in EPS of more than 100% vs 2020. This is driven by the both the lapse of restructuring costs and the record breaking revenue growth driving operating leverage.

FINANCIAL GUIDANCE

Sustainable and profitable growth to continue

The Phoenix strategy aims to deliver sustainable and profitable growth. And in 2021 Pandora delivered on that purpose. In 2022, Pandora expects to continue the journey and deliver solid organic revenue growth – confirming that Pandora is back on the growth track.

Pandora targets an organic growth of 3-6% and an EBIT margin of 25.0-25.5% in 2022. This includes expected headwinds following the unusually high growth in the US in 2021 and expected negative impact from COVID-19, especially in Q1 2022.

ORGANIC GROWTH	EBIT MARGIN
3-6%	25.0-25.5%

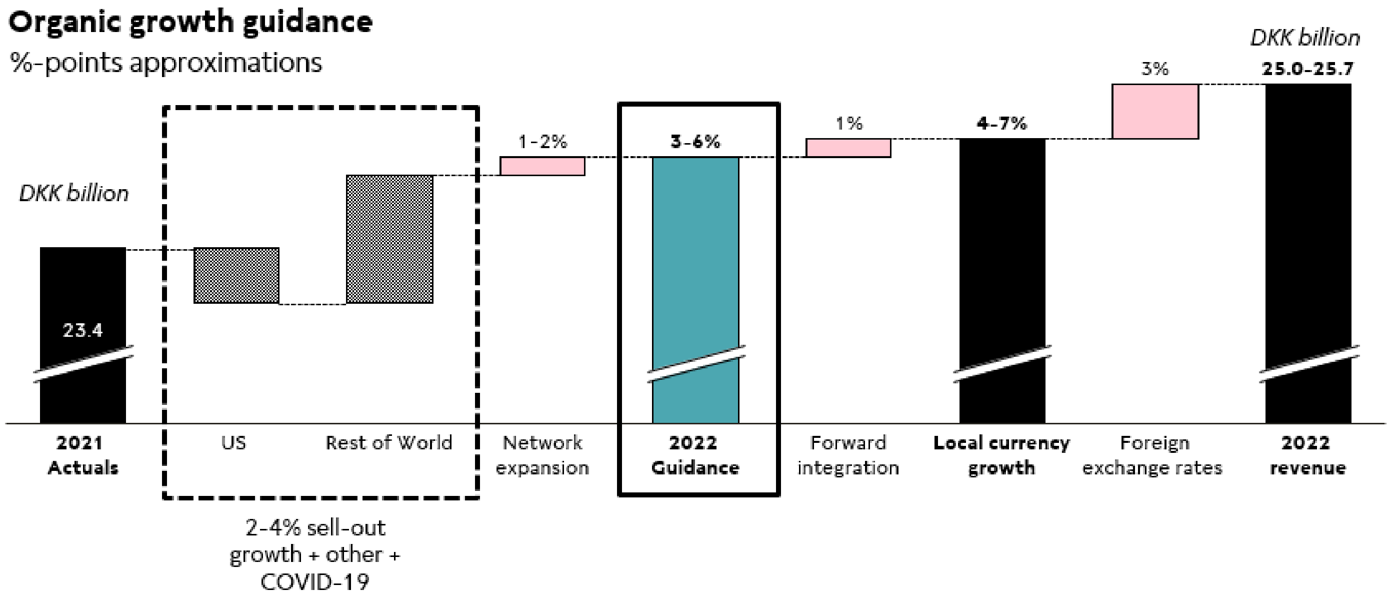
Given that the US constituted 30% of revenue in 2021 and given the unusually high growth in 2021, the guidance is based on certain assumptions about the growth in the overall US jewellery market. The guidance is also based on certain assumptions about the COVID-19 impact in 2022. The key assumptions behind the organic growth guidance can be illustrated as below (further details follows in the section below):

2022 ORGANIC GROWTH ASSUMPTIONS
Directional and indicative

	3%	6%
COVID-19	**Low single-digit negative impact**	**No to very limited negative impact**
Pandora US	**Negative mid- to high single-digit**	**Flat to slightly positive**
Pandora Rest of world	**Positive high single-digit**	**Positive high single-digit**

REVENUE GUIDANCE

The organic growth guidance can be illustrated as follows:



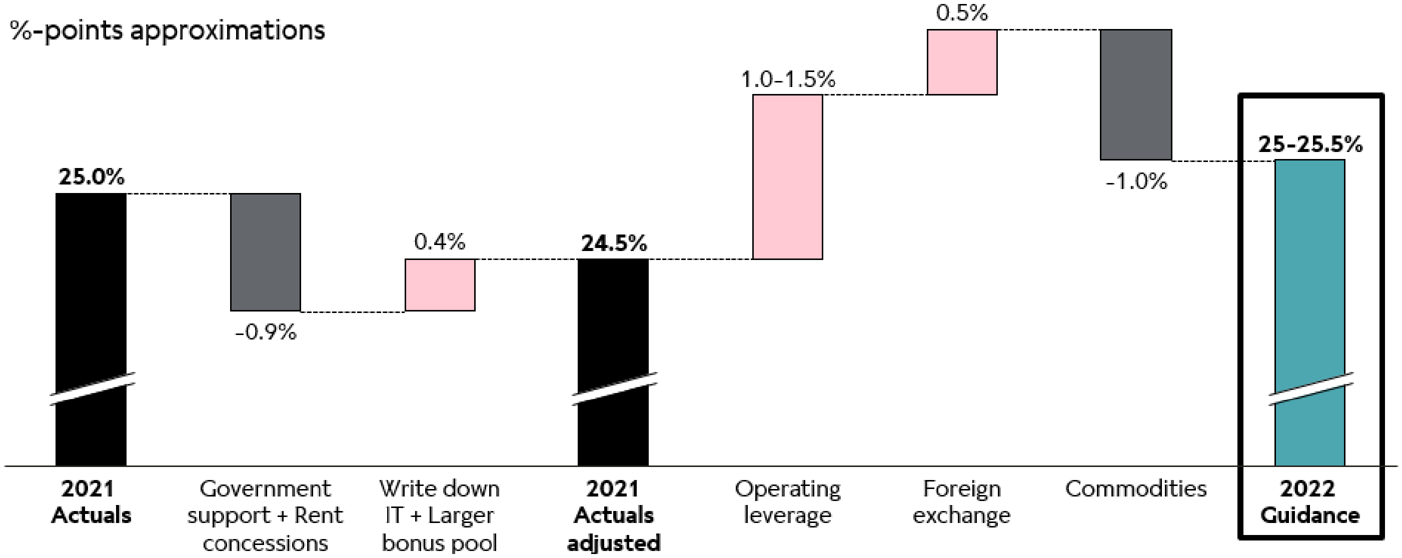
Pandora's guidance for 2022 is best understood by looking at the US and the Rest of world separately. In 2022 Pandora assumes that the general US jewellery market will decline 10-20% following the very strong growth in 2021. Pandora expects to continue outperforming the general US market – as has been the case for the last several quarters – and thereby deliver an organic growth in 2022 between high single-digit negative and slightly positive.

It should be noted that if the Pandora US revenue decline by a high single-digit percentage in 2022, it still equals an organic growth CAGR in the low teens compared to 2019.

Additionally, the low end of the guidance for 2022 assumes that COVID-19 will continue to impact performance negatively, and mainly in Q1 2022 (high single-digit percentage negative impact in Q1 2022, corresponding to a low single-digit percentage negative impact for the full year.) This is obviously associated with uncertainty.

PROFITABILITY GUIDANCE

Pandora aims to continue to expand its EBIT margin and targets an EBIT margin of *25.0-25.5%* in 2022. The building blocks in the EBIT margin guidance are illustrated in the bridge below.



In 2021, a number of non-recurring factors positively impacting the EBIT margin by 0.5%. Pandora received DKK 152 million in government support and DKK 56 million in rent concessions, positively impacting the EBIT margin by 0.9%. This was partly offset by non-recurring cost of around DKK 100 million related to write-down of IT assets and a larger bonus pool in Q4 2021 dragging down the EBIT margin by 0.4%. Adjusting for these non-recurring impacts, the underlying EBIT margin in 2021 was 24.5%.

The margin expansion in 2022 is driven by operating leverage. Where Pandora will land within the 25.0-25.5% range, will depend primarily on the revenue performance. As in prior years and in line with normal seasonality, Q4 is expected to be the most profitable quarter of the year by far.

Current foreign exchange rates, if unchanged, are estimated to have a favourable impact on the EBIT margin in 2022 of approximately 0.5%, compared to 2021. This is offset by a negative impact from commodities, mainly silver prices, of approximately -1.0%.

With the guidance for 2022, Pandora is already within its guided range for 2023 of 25-27% EBIT margin as communicated at the Capital Market Day, see also section "*2023 Target*".

2022 GUIDANCE - OTHER PARAMETERS

CAPEX for 2022 is expected to be around 6% of revenue (2021 actual: 3% of revenue). The increase is among others due to opening of new stores and expansion of manufacturing capacity. The guidance for the store network development is net 50-100 concept store openings (2021 actual: 71 net closures) while other points of sales is expected to increase by net 50-75. The effective tax rate is expected to be 23-24%, up from 22-23% in prior years. The increase is related to among others increased withholding taxes on dividends upstreamed to the parent company and non-deductible expenses related to China and Panama.

As a global brand, Pandoras financial performance is subject to changes in the macroeconomic environment, consumer behaviour as well as geopolitical unrest. Pandora sees greater uncertainty than usual around these factors in 2022. In addition, the guidance for 2022 do not take into account if further material COVID-19 outbreaks occur later in 2022 or if COVID-19 causes major disruptions in the supply chain. The guidance 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, please also refer to the disclaimer on page 40.

CAPITAL STRUCTURE POLICY AND CASH DISTRIBUTION

At the end of December 2021 and following another year of strong cash generation, Pandora's leverage was only 0.4x NIBD to EBITDA, below our capital structure policy of 0.5-1.5x. During the last couple of years, Pandora has successfully decreased net working capital by DKK 3 billion. At the same time, capitalized lease liabilities have decreased by more than DKK 1 billion. Combined, these two factors have decreased leverage by around 0.5x. As cash distributions to shareholders are limited to the amount of free reserves in the Parent Company, the lower net working capital and lease liabilities also currently impact the ability to reach the upper part of the leverage range. As of 31 December 2021, free reserves in the Parent Company amounted to DKK 7.5 billion.

During 2021, Pandora paid extraordinary dividends of total DKK 15 per share. In addition, from 5 May 2021 to 4 February 2022, Pandora bought back 4.8 million shares at an average price of around DKK 829 equivalent to a total value of DKK 4.0 billion.

Based on the strong results for 2021, Pandora continues distributions to shareholders with a proposed dividend of DKK 16 per share and a new share buyback programme of DKK 3.3 billion.

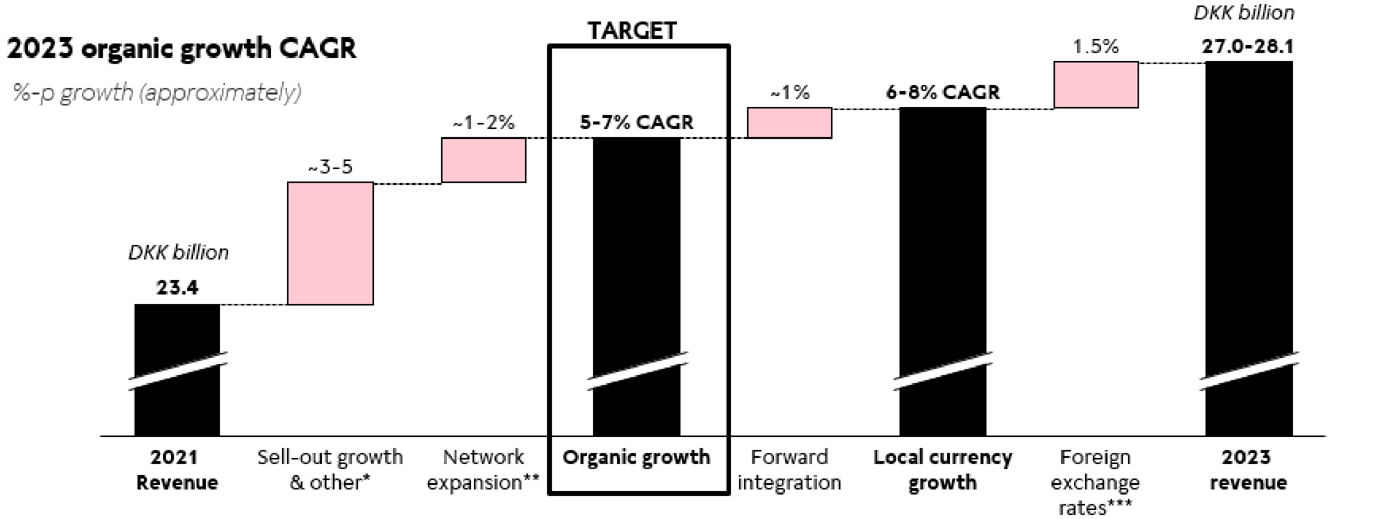
2023 TARGETS

Today, Pandora reconfirm its targets towards 2023 communicated at the Capital Markets Day in September 2021:

ORGANIC GROWTH	EBIT MARGIN
5-7% CAGR	25-27%
(from 2021 to 2023)	(in 2023)

Pandora reconfirm its targets despite a much stronger 2021 performance, which increased the baseline (2021 revenue) for the organic growth CAGR from DKK 22.0 – 22.4 billion as assumed at the Capital Markets Day to DKK 23.4 billion realized in 2021. As a consequence hereof, Pandora today increase the absolute revenue target in 2023 from DKK 24.8-26.2 billion to DKK 27.0-28.1 billion.

It should be noted that the upper end of the growth range has, naturally, become more difficult to reach due to the strong US performance recognised in 2021. However, it should at the same time be noted that the low end of the new target range of DKK 27.0 billion is above the high end of the old target range, DKK 26.2 billion. Please see building blocks below:



*Other includes phasing of sell-in and sell-out, inventory changes in the partner channel, online freight and performance in other points of sales than concept stores

**Network expansion of ~1-2% include new store openings in 2022 and 2023 as well as the part of transactions where Pandora take over franchise partners without payment of goodwill

*** Foreign exchange rates as of January 31, 2022

Additionally, Pandora continue to see EBIT margin expansion ahead driven by operating leverage and reconfirm its target of 25-27% EBIT margin in 2023. During 2022 and 2023, Pandora will continue to invest in driving sustainable and long-term revenue growth.

As communicated at the Capital Markets Day, the EBIT margin pick up in the 25-27% range was mainly expected in 2023 among others because of the negative impact in 2022 from FX/commodities of -0.5% (unchanged from what was communicated at the Capital Markets Day) – please also refer to the 2022 guidance bridge.

FOREIGN EXCHANGE AND COMMODITY ASSUMPTIONS AND IMPLICATIONS – AS OF JANUARY 31, 2022

	Average 2021	Average 2022	2022 Y-Y Financial Impact
USD/DKK	6.29	6.67	
THB/DKK	0.20	0.20	
GBP/DKK	8.39	8.95	
CNY/DKK	0.98	1.05	
AUD/DKK	4.72	4.70	
Silver/USD (per ounce)	*21.1*	*24.9*	
REVENUE (DKK million)			*Approx. 700*
EBIT (DKK million)			*Approx. 100*
EBIT margin (FX)			*Approx. 0.5%*
EBIT margin (Commodities)			*Approx. -1.0%*

SUSTAINABILITY

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

We aspire to be a truly low-carbon business, drive circularity into the core of how our products are designed to their end of life, and act as an example of what it means to be inclusive, diverse and fair. As a consequence, Pandora has decided to link 25% of the long-term incentive programme to sustainability targets.

Pandora's key sustainability targets are listed below:

- Be carbon neutral in our own operations by 2025
- Reduce the total emissions across our own operations and value chain by 50% by 2030
- Become net zero by 2040
- Use 100% renewable energy at our crafting facilities
- Use only recycled silver and gold in our jewellery by 2025
- Only use lab-created diamonds going forward
- Gender balance in all hiring and promotions into leadership at VP+ in order to achieve 1/3 women in leadership by 2025 and reach full gender parity[1] no later than 2030
- Create workforce with proportionate share of underrepresented groups in geographies that allow data registering
- 30% of the branding content budget will be spent with suppliers owned by women or underrepresented groups and will work to ensure that 30% of our brand ambassadors in our global communication are from underrepresented groups.

[1] Gender parity in leadership = equal no. of men and women in leadership positions from VP and up (incl. the Board of Directors) with +/- 5 pp variation, also allowing for people not identifying as female or male.

In Q4 2021, Pandora announced the introduction of new in-store and online bags and boxes that are easier to recycle, and which have reduced plastic content and a lower carbon footprint. Further, the company's broader sustainable packaging strategy and targets were formalized, and will be presented for final approval in Q1 2022. Pandora obtained its fourth re-certification by the Responsible Jewellery Council (RJC) against the 2019 Code of Practices.

Pandora launched three new governance documents: a newly updated Human Right's Policy and the company's first Materials Standard, which outlines the company's commitments to sourcing materials more sustainably. Pandora also established a Responsible Marketing Standard, whose guidance will support the company in delivering on its new inclusion and diversity-related customer engagement targets.

Pandora provided a status update on its partnership with UNICEF and committed to continue its support of the global child rights organisation, as the partnership enters its third year. The partnership - which raises funds through donations and special jewellery collections - has since 2019 raised $5.8 million and helped UNICEF reach a key target of providing more than 10 million children and young people with opportunities to learn, express themselves and find work in the future.

Pandora is further adding sustainability resources across the organisation. This includes expanding its sustainability team at its crafting facilities in Thailand and across the organisation, with a particular focus on executing against the company's Science Based Target announced in Q3 2021.

<u>Pandora's Sustainability Report 2021 is now live on pandoragroup.com</u>

OTHER IMPORTANT EVENTS IN Q4 2021 AND AFTER THE REPORTING PERIOD

Pandora has signed a letter of intent to assume ownership of 37 franchise stores in the US and Canada from Ben Bridge Jeweler.

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the consolidated financial statements.

FINANCIAL CALENDAR 2022

The financial calendar lists the expected dates of publication of financial announcements and the Annual General Meeting in the 2022 financial year for Pandora A/S.

09 February 2022	Annual Report for 2021
10 March 2022	Annual General Meeting
04 May 2022	Interim Financial Report for the first quarter of 2022
16 August 2022	Interim Financial Report for the second quarter/first six months of 2022
08 November 2022	Interim Financial Report for the third quarter/first nine months of 2022

2021 YEAR-TO-DATE DEVELOPMENT

REVENUE

Total revenue increased by 24% in local currency to DKK 23,394 million in 2021 compared with 2020. Organic growth was 23%, reflecting good underlying performance but also that 2020 was heavily impacted by COVID-19.

GROSS PROFIT AND COSTS

Gross profit was DKK 17,803 million in 2021 (DKK 14,534 million in 2020), resulting in a gross margin of 76.1% in 2021 and down 0.4pp vs 2020 of 76.5% excluding restructuring costs.

Sales and distribution expenses excluding restructuring costs increased to DKK 6,352 million in 2021 (DKK 6,234 million in 2020), corresponding to 27.2% of revenue in 2021 (32.8% in 2020). The increase is the result of variable costs related to the higher revenue, cost reductions implemented during the COVID-19 pandemic in 2020 and less government support and rent concessions received in 2021. Rent concessions and government support have been recognized in the profit and loss statement under Sales and Distribution expenses.

Marketing expenses excluding restructuring costs increased to DKK 3,587 million in 2021 (DKK 2,717 million in 2020), resulting in a share of revenue of 15.3% in 2021 compared with 14.3% in 2020.

Administrative expenses excluding restructuring cost increased to DKK 2,026 million in 2021 compared with DKK 1,702 million in 2020, corresponding to 8.7% of revenue in 2021 (9.0% in 2020). The increase in absolute terms mainly reflects the COVID-19 savings recognised in 2020.

EBIT

EBIT for 2021 was DKK 5,839 million – a significant increase compared with DKK 3,881 million excluding restructuring costs for 2020, resulting in an EBIT margin of 25.0% in 2021 (20.4% in 2020 excluding restructuring costs). The significant improvement in the EBIT margin is mainly a result of strong operating leverage as 2020 was very negatively impacted by COVID-19.

NET FINANCIALS

Net financials amounted to a cost of DKK -461 million in 2021 vs a cost of DKK -190 million in 2020.

INCOME TAX EXPENSES

Income tax expenses amounted to DKK 1,218 million in 2021 compared with a tax expense of DKK 556 million in 2020, implying an effective tax rate for the Group of 22.6% for 2021 (22.3% in 2020). The increase in tax expenses is mainly a function of the lapse of Programme NOW restructuring costs combined with the significant revenue growth and resulting improvement in EBIT.

NET PROFIT

Net profit in 2021 was DKK 4,160 million vs DKK 1,938 million in 2020.

CONTACT

CONFERENCE CALL

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

The following numbers can be used by investors and analysts:
DK: +45 35445577
SE: +46 856642651
UK: +44 3333000804
US: +1 6319131422

Please use PIN: 28767262#

Link to webcast: https://streams.eventcdn.net/pandora/2021ar/

ABOUT PANDORA

Pandora is the world's largest jewellery brand. The company designs, manufactures and markets hand-finished jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries through 6,800 points of sale, including more than 2,600 concept stores.

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

For more information, please contact:

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PANDORA

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	3	9,011	7,891	23,394	19,009
Cost of sales		-2,188	-1,941	-5,590	-4,634
Gross profit		**6,822**	**5,950**	**17,803**	**14,375**
Sales, distribution and marketing expenses		-3,535	-3,060	-9,939	-9,155
Administrative expenses		-610	-678	-2,026	-2,536
Operating profit		**2,678**	**2,212**	**5,839**	**2,684**
Finance income		17	185	152	316
Finance costs		-228	-89	-613	-507
Profit before tax		**2,467**	**2,308**	**5,378**	**2,494**
Income tax expense		-563	-514	-1,218	-556
Net profit for the period		**1,904**	**1,794**	**4,160**	**1,938**
Earnings per share, basic, DKK		19.4	18.5	42.1	20.0
Earnings per share, diluted, DKK		19.1	18.4	41.7	19.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q4 2021	Q4 2020	FY 2021	FY 2020
Net profit for the period	**1,904**	**1,794**	**4,160**	**1,938**
Other comprehensive income:				
Items that may be reclassified to profit/loss for the period				
Exchange rate adjustments of investments in subsidiaries	236	-128	370	-609
Fair value adjustment of hedging instruments	249	-7	-417	206
Tax on other comprehensive income, hedging instruments, income/expense	-58	11	83	-13
Items that may be reclassified to profit/loss for the period, net of tax	427	-124	36	-416
Items not to be reclassified to profit/loss for the period				
Actuarial gain/loss on defined benefit plans, net of tax	10	6	10	6
Items not to be reclassified to profit/loss for the period, net of tax	10	6	10	6
Other comprehensive income, net of tax	437	-118	46	-410
Total comprehensive income for the period	**2,341**	**1,676**	**4,206**	**1,528**

CONSOLIDATED BALANCE SHEET

DKK million	Notes	2021 31 December	2020 31 December
ASSETS			
Goodwill	9	4,418	4,247
Brand		1,057	1,057
Distribution		1,080	1,110
Other intangible assets		538	529
Total intangible assets		**7,094**	**6,943**
Property, plant and equipment		1,816	2,054
Right-of-use assets	10	2,532	3,007
Deferred tax assets		891	764
Other financial assets		222	244
Total non-current assets		**12,555**	**13,012**
Inventories		2,991	1,949
Trade receivables	7	1,009	870
Right-of-return assets		70	62
Derivative financial instruments	5,6	69	351
Income tax receivable		68	83
Other receivables		738	745
Cash		1,043	2,912
Total current assets		**5,988**	**6,972**
Total assets		**18,542**	**19,984**
EQUITY AND LIABILITIES			
Share capital		100	100
Treasury shares		-3,416	-93
Reserves		795	750
Retained earnings		9,523	6,632
Total equity		**7,001**	**7,389**
Provisions		416	370
Loans and borrowings	10	2,765	2,066
Deferred tax liabilities		113	368
Total non-current liabilities		**3,295**	**2,804**
Provisions		26	29
Refund liabilities		724	654
Contract liabilities		163	82
Loans and borrowings	10	1,161	3,996
Derivative financial instruments	5,6	209	119
Trade payables		3,267	3,211
Income tax payable		1,003	382
Other payables		1,694	1,317
Total current liabilities		**8,246**	**9,790**
Total liabilities		**11,541**	**12,595**
Total equity and liabilities		**18,542**	**19,984**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Treasury shares	Translation reserve	Hedging Reserve	Dividend proposed	Retained earnings	Total equity
2021							
Equity at 1 January	100	-93	535	215	-	6,632	7,389
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**4,160**	**4,160**
Other comprehensive income, net of tax	**-**	**-**	**370**	**-325**	**-**	**1**	**46**
Total comprehensive income for the period	**-**	**-**	**370**	**-325**	**-**	**4,161**	**4,206**
Share-based payments	-	1	-	-	-	209	210
Purchase of treasury shares	-	-3,325	-	-	-	-	-3,325
Proposed dividend	-	-	-	-	1,481	-1,481	-
Dividend paid	-	-	-	-	-1,481	2	-1,479
Equity at 31 December	**100**	**-3,416**	**905**	**-110**	**-**	**9,523**	**7,001**
2020							
Equity at 1 January	100	-1,964	1,112	54	836	5,110	**5,249**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**1,938**	**1,938**
Other comprehensive income, net of tax	**-**	**-**	**-577**	**161**	**-**	**6**	**-410**
Total comprehensive income for the period	**-**	**-**	**-577**	**161**	**-**	**1,944**	**1,528**
Share-based payments	-	14	-	-	-	76	90
Purchase of treasury shares	-	-431	-	-	-	-	-431
Sale of treasury shares	-	2,288	-	-	-	-509	1,779
Dividend paid	-	-	-	-	-836	11	-825
Equity at 31 December	**100**	**-93**	**535**	**215**	**-**	**6,632**	**7,389**

PANDORA

CONSOLIDATED STATEMENT OF CASH FLOW

DKK million	Notes	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating profit		2,678	2,212	5,839	2,684
Depreciation and amortisation		589	684	1,999	2,315
Share-based payments		42	15	166	70
Change in inventories		332	682	-799	-96
Change in receivables		-380	-373	-77	869
Change in payables and other liabilities		1,451	1,252	327	724
Other non-cash adjustments		160	52	70	-155
Interest etc. received		1	-	3	3
Interest etc. paid		-322	-81	-468	-247
Income taxes paid		-478	-382	-832	-192
Cash flows from operating activities, net		**4,073**	**4,062**	**6,228**	**5,975**
Acquisitions of subsidiaries and activities, net of cash acquired	8	0	-6	-66	-12
Purchase of intangible assets		-83	-38	-289	-130
Purchase of property, plant and equipment		-101	-89	-296	-374
Change in other non-current assets		13	14	17	19
Proceeds from sale of property, plant and equipment		-2	11	2	13
Cash flows from investing activities, net		**-172**	**-109**	**-631**	**-484**
Acquisitions of non-controlling interests		-	-	-	-42
Dividend paid		-486	-	-1,479	-825
Purchase of treasury shares		-2,230	-	-3,325	-431
Sale of treasury shares		-	-	-	1,778
Proceeds from loans and borrowings		-693	4	1,315	5,861
Repayment of loans and borrowings		1	-1,654	-3,004	-9,073
Repayment of lease commitments		-280	-261	-991	-839
Cash flows from financing activities, net		**-3,688**	**-1,910**	**-7,484**	**-3,571**
Net increase/decrease in cash		**213**	**2,044**	**-1,887**	**1,920**
Cash at beginning of period[1]		824	874	2,912	1,054
Exchange gains/losses on cash		7	-6	18	-62
Net increase/decrease in cash		213	2,044	-1,887	1,920
Cash at end of period[1]		**1,043**	**2,912**	**1,043**	**2,912**
Cash flows from operating activities, net		4,073	4,062	6,228	5,975
- Interests etc. received		-1	-	-3	-3
- Interests etc. paid		322	81	468	247
Cash flows from investing activities, net		-172	-109	-631	-484
- Acquisition of subsidiaries and activities, net of cash acquired		-	6	66	12
Free cash flow excluding lease payments		**4,221**	**4,041**	**6,128**	**5,747**
Free cash flow including lease payments		**3,941**	**3,780**	**5,137**	**4,908**
Unutilised committed credit facilities		**6,023**	**6,998**	**6,023**	**6,998**

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

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

NOTE 1 – Accounting policies

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

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

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

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

New standards, interpretations and amendments adopted by Pandora

Pandora has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year beginning on 1 January 2021. The implementation of these new or amended standards and interpretations had no material impact on the financial statements for the period apart from the amendment in IFRS 16. Pandora applied the extension of the practical expedient issued by IASB for all contracts with rent concessions occurring as a direct consequence of COVID-19 and where it meets all conditions of the practical expedient. The effect of the amendment and its impact on financial statements is presented in note 10.

NOTE 2 – Significant accounting estimates and judgements

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

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

NOTE 3 – Segment and revenue information

Pandora's activities are segmented into two reportable segments (Global Business Units), each responsible for the end-to-end performance of products. One Global Business Unit is responsible for Moments and Collabs, while the other drives the newer collections and innovations.

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

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

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

SEGMENT INFORMATION

DKK million	Moments and Collabs	Style and Upstream Innovation	Group
Q4 2021			
Revenue	6,311	2,700	9,011
Cost of sales	-1,600	-588	-2,188
Gross profit	**4,711**	**2,112**	**6,822**
Operating expenses			-4,144
Consolidated operating profit (EBIT)			**2,678**
Profit margin (EBIT margin)			***29.7%***
Q4 2020[1]			
Revenue	5,602	2,288	7,891
Cost of sales	-1,411	-529	-1,941
Gross profit	**4,191**	**1,759**	**5,950**
Operating expenses			-3,738
Consolidated operating profit (EBIT)			**2,212**
Profit margin (EBIT margin)			***28.0%***
Restructuring costs			-296
Profit margin (EBIT margin) excl. restructuring costs			***31.8%***
FY 2021			
Revenue	16,610	6,784	23,394
Cost of sales	-4,106	-1,485	-5,590
Gross profit	**12,504**	**5,300**	**17,803**
Operating expenses			-11,965
Consolidated operating profit (EBIT)			**5,839**
Profit margin (EBIT margin)			***25.0%***
FY 2020[1]			
Revenue	13,562	5,447	19,009
Cost of sales	-3,359	-1,275	-4,634
Gross profit	**10,204**	**4,172**	**14,375**
Operating expenses			-11,691
Consolidated operating profit (EBIT)			**2,684**
Profit margin (EBIT margin)			***14.1%***
Restructuring costs			-1,197
Profit margin (EBIT margin) excl. restructuring costs			***20.4%***

[1] The 'Garden' collection has been re-allocated from Style and Upstream Innovation to Moments and Collabs in Q2 2021. Comparative figures for 2020 were restated accordingly.

REVENUE BY GLOBAL BUSINESS UNITS

DKK million	Q4 2021	Q4 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Share of Revenue*	FY 2021	FY 2020[1]	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Share of revenue*
Moments and Collabs	**6,311**	**5,602**	***10%***	***12%***	***70%***	**16,610**	**13,562**	***20%***	***8%***	***71%***
hereof Moments	5,510	4,654	*14%*	*12%*	*61%*	14,699	11,660	*22%*	*6%*	*63%*
hereof Collabs	801	948	*-14%*	*15%*	*9%*	1,911	1,902	*3%*	*28%*	*8%*
Style and Upstream Innovation	**2,700**	**2,288**	***13%***	***12%***	***30%***	**6,784**	**5,447**	***19%***	***2%***	***29%***
hereof Timeless	1,656	1,492	*7%*	*0%*	*18%*	4,091	3,318	*19%*	*-12%*	*17%*
hereof Signature	695	674	*1%*	*27%*	*8%*	1,990	1,739	*12%*	*21%*	*9%*
hereof Me	328	122	*147%*	*57%*	*4%*	656	390	*42%*	*140%*	*3%*
hereof Brilliance	20	-	*n/a*	*n/a*	*0%*	48	-	*n/a*	*n/a*	*0%*
Total revenue	**9,011**	**7,891**	***11%***	***12%***	***100%***	**23,394**	**19,009**	***20%***	***7%***	***100%***

[1] The 'Garden' collection has been re-allocated from Style and Upstream Innovation to Moments and Collabs in Q2 2021. Comparative figures for 2020 were restated accordingly.

Goods transferred at a point in time	8,981	7,861	23,321	18,939
Services transferred over time	30	30	73	70
Total revenue	**9,011**	**7,891**	**23,394**	**19,009**

REVENUE DEVELOPMENT IN THE KEY MARKETS

DKK million	Q4 2021	Q4 2020	*Growth in local currency*	FY 2021	FY 2020	*Growth in local currency*
US	2,523	1,982	*21%*	7,026	4,505	*61%*
China	222	322	*-36%*	1,126	1,261	*-13%*
UK	1,521	1,345	*6%*	3,314	2,960	*8%*
Italy	961	825	*17%*	2,443	2,021	*21%*
Australia	491	537	*-12%*	1,131	1,120	*-4%*
France	498	494	*1%*	1,122	1,154	*-3%*
Germany	478	418	*15%*	1,191	1,014	*18%*
Total top-7 markets	**6,694**	**5,923**	***9%***	**17,353**	**14,036**	***24%***
Rest of Pandora	**2,316**	**1,967**	***17%***	**6,041**	**4,973**	***23%***
Total revenue	**9,011**	**7,891**	***11%***	**23,394**	**19,009**	***24%***

REVENUE BY CHANNEL

DKK million	Q4 2021	Q4 2020	*Growth in local currency*	FY 2021	FY 2020	*Growth in local currency*
Retail physical stores[1]	4,006	2,991	*30%*	9,945	7,943	*25%*
Retail online stores	2,465	2,533	*-7%*	5,977	5,483	*8%*
Wholesale and third-party distribution	2,539	2,366	*5%*	7,472	5,583	*36%*
Total revenue	**9,011**	**7,891**	***11%***	**23,394**	**19,009**	***24%***

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

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

NOTE 4 – Seasonality of operations

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

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NOTE 5 – Financial risks

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

Outstanding committed loan facilities (end of December 2021)

	Available facilities DKK million	Maturity date	Drawn amount DKK million	Available liquidity
Revolving Credit Facilities	7,065	April 2026	1,041	6,023
Total	**7,065**		**1,041**	**6,023**

NOTE 6 – Derivative financial instruments

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

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

NOTE 7 – Trade receivables

DKK million	2021 30 December	2020 31 December
Receivables related to third-party distribution and wholesale	672	600
Receivables related to retail revenue sales	337	270
Total trade receivables	**1,009**	**870**

NOTE 8 – Business combinations

In 2021, Pandora took over 29 concept stores in US in 2 business combinations. Net assets acquired mainly consist of store properties, inventories and related liabilities. The total purchase price for the acquisitions was DKK 66 million. Based on the purchase price allocations, goodwill was DKK 12 million. Goodwill from the acquisitions is mainly related to the synergies from converting the stores from wholesale to Pandora owned retail. Of the goodwill acquired, DKK 12 million is deductible for income tax purposes.

Costs relating to the acquisitions were immaterial and are recognised as operating expenses in the income statement.

Contribution to Group revenue and net earnings from acquisitions for the period 1 January – 31 December 2021 was DKK 307 million and DKK 93 million respectively. On a pro forma basis, if the acquisitions had been effective from 1 January 2021, the impact on Group revenue and net earnings for the period 1 January – 31 December 2021 would have been approximately DKK 358 million and DKK 112 million.

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ACQUISITIONS

DKK million	FY 2021	FY 2020
Distribution rights	13	-
Property, plant and equipment	84	4
Inventories	34	4
Assets acquired	**131**	**8**
Non-current liabilities	50	2
Other current liabilities	27	1
Liabilities assumed	**77**	**3**
Total identifiable net assets acquired	**54**	**5**
Goodwill arising on the acquisitions	12	2
Purchase consideration	**66**	**7**
Cash movements on acquisitions:		
Consideration transferred regarding previous years	-	5
Net cash flow on acquisitions	**66**	**12**

Business combinations after the reporting period

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

NOTE 9 – Goodwill

DKK million	2021 31 December	2020 31 December
Cost at 1 January	4,247	4,416
Acquisition of subsidiaries and activities in the period	12	2
Exchange rate adjustments	159	-170
Cost at the end of the period	**4,418**	**4,247**

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

NOTE 10 – Assets and liabilities related to leases

Amounts recognised in the balance sheet:

RIGHT-OF-USE ASSETS

DKK million	2021 31 December	2020 31 December
Property	2,507	2,975
IT	3	5
Cars	14	18
Other	8	10
Total right-of-use assets	**2,532**	**3,007**

Out of the total decrease of DKK 0.5 billion in right-of-use-assets in the period 1 January – 31 December 2021, DKK 1 billion relates to store closures, depreciation and currency exchange movement, partially offset by a net increase of DKK 0.5 billion as a result of renewals of lease contracts and new leases. The development in right-of-use-assets is further affected by the timing of renewals of lease contracts and new leases including the negotiation of more favourable leasing terms.

LEASE LIABILITIES

DKK million	2021 31 December	2020 31 December
Non-current	1,724	2,066
Current	886	993
Total lease liabilities	**2,610**	**3,059**

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

Amounts recognised in the income statement:

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

DKK million	1 January – 31 December 2021	1 January – 31 December 2020
Property	1,066	1,190
IT	1	1
Cars	9	11
Other	4	5
Total depreciation on right-of-use assets for the period	**1,081**	**1,208**

OTHER ITEMS RELATING TO LEASES

DKK million	1 January – 31 December 2021	1 January – 31 December 2020
Interest income from sub-leases	-	1
Interest expense	-99	-97
Total interest for the period	**-99**	**-96**

Costs recognised in the period for short term and low value leases were DKK 39 million (2020: DKK 33 million). Expenses are recognised on a straight line basis.

Total cash outflow relating to leases was DKK 1,377 million for 2021 (2020: DKK 1,164 million). This comprises of fixed lease payments in scope of IFRS 16 of DKK 991 million (2020: DKK 839 million), variable lease payments of DKK 248 million (2020: DKK 196 million), interest paid of DKK 99 million (2020: DKK 96 million) and short term and low value leases of DKK 39 million (2020: DKK 33 million). Payments related to variable leases and short term and low value leases are not included in the lease liabilities.

Due to COVID-19, Pandora has received rent concessions from landlords in 2021 amounting to DKK 56 million (2020: DKK 112 million) of which DKK 4 million has been recognized in Q4 2021 (Q4 2020: DKK 24 million). In addition, repayment of certain fixed leases has been negotiated and a cash settlement has been agreed with landlords and deferred with immaterial effect in 2021 (2020: DKK 52 million).

Amendment to IFRS 16 Leases

In March 2021, the IASB issued Covid-19-Related Rent Concessions beyond 30 June 2021 - amendment to IFRS 16 Leases. The IASB extended the period of the relief to lessees arising as a direct consequence of the COVID-19 pandemic from 30 June 2021 to 30 June 2022. As a practical expedient, a lessee may elect not to assess whether a COVID-19 pandemic-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 pandemic-related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification. Pandora applied the extension of the practical expedient for all contracts with rent concessions occurring as direct consequence of COVID-19 and where it meets all conditions of the practical expedient.

As a result, rent concessions have been recognised in the profit and loss statement in 2021 amounting to DKK 56 million (2020: DKK 112 million) under Sales and Distribution expenses.

Overall financing cash flow is positively impacted by approximately DKK 56 million in 2021 (2020: DKK 164 million) due to rent relief and rent deferrals.

NOTE 11 – Trade payables

The Group generally accepts that vendors sell-off their receivables arising from the sale of goods and services to the Group to a third party. Pandora has established a supply chain financing programme where vendors can sell off their receivables from Pandora at attractive terms, based on invoices approved by Pandora, but at the bank's sole discretion. Pandora is not directly or indirectly a party to these agreements. The amounts payable to suppliers included in the supply chain financing programme are classified as trade payables in the balance sheet as well as in the cash flow statement (working capital within cash flow from operations) and amounts to DKK 24 million at 31 December 2021 (DKK 26 million at 31 December 2020).

NOTE 12 – Contingent liabilities

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

NOTE 13 – Related parties

Related parties with significant interests

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

Transactions with related parties

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

NOTE 14 – Store network, other points of sale development

	Q4 2021	Q3 2021	Q4 2020	*Growth Q4 2021 / Q3 2021*	*Growth Q4 2021 /Q4 2020*
Other points of sale (retail)	334	279	235	55	99
Other points of sale (wholesale)	3,255	3,256	3,602	-1	-347
Other points of sale (third-party)	565	570	565	-5	0
Other points of sale, total	**4,154**	**4,105**	**4,402**	**49**	**-248**

NOTE 15 – Store network, concept store development[1]

	Total concept stores					O&O concept stores		
	Number of concept stores Q4 2021	Number of concept stores Q3 2021	Number of concept stores Q4 2020	*Growth Q4 2021 / Q3 2021*	*Growth Q42021 /Q4 2020*	Number of concept stores O&O Q4 2021	*Growth O&O stores Q4 2021 / Q3 2021*	*Growth O&O stores Q4 2021 /Q4 2020*
US	388	386	403	2	-15	187	1	33
China	214	219	234	-5	-20	196	-7	-26
UK	211	211	217	-	-6	170	15	31
Italy	146	146	146	-	0	107	0	0
Australia	125	123	122	2	3	43	2	5
France	122	122	121	-	1	78	0	1
Germany	135	135	138	-	-3	132	0	-2
All markets	**2,619**	**2,616**	**2,690**	**3**	**-71**	**1,423**	**20**	**41**

[1]Includes 7 key markets measured on revenue for FY 2020. All markets with 10 or more concept stores can be found in the Excel appendix uploaded on www.pandoragroup.com

NOTE 16 – Commodity hedging

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

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

USD / OZ	*Realised in Q4 2021*	Hedged Q1 2022	Hedged Q2 2022	Hedged Q3 2022	Hedged Q4 2022
Gold price	*1,798*	1,806	1,802	1,794	1,807
Silver price	*25.02*	25.65	25.59	23.72	23.44
Commodity hedge ratio, %	*Realised*	70-100%	70-90%	50-70%	30-50%

NOTE 17 – Subsequent events

As described in "Other events" in the Management review, Pandora is not aware of events after 31 December 2021, which are expected to materially impact the Group's financial position.

QUARTERLY OVERVIEW

DKK million	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Key financial highlights					
Organic growth, %	***10%***	***14%***	***84%***	***13%***	***4%***
Organic growth, % vs 2019	*15%*	*9%*	*13%*	*-3%*	*n/a*
Sell-out growth incl. temporarily closed stores, %	*11%*	*5%*	*62%*	*21%*	*1%*
Sell-out growth incl. temporarily closed stores, % vs 2019	*12%*	*9%*	*7%*	*-5%*	*n/a*
Gross margin, %[1]	*75.7%*	*75.5%*	*77.1%*	*76.3%*	*75.7%*
EBIT margin, %[1]	***29.7%***	***20.2%***	***25.2%***	***20.1%***	***31.8%***
Consolidated income statement					
Revenue	9,011	4,728	5,155	4,500	7,891
Earnings before interests, tax, depreciations and amortisations (EBITDA)	3,267	1,393	1,762	1,416	2,896
Operating profit (EBIT)	2,678	957	1,301	903	2,212
Net financials	-211	-137	-21	-92	96
Net profit for the period	1,904	635	992	628	1,794
Financial ratios					
Revenue growth, DKK, %	*14%*	*16%*	*79%*	*8%*	*-1%*
Revenue growth, local currency, %	*11%*	*15%*	*85%*	*13%*	*4%*
Gross margin, %	*75.7%*	*75.5%*	*77.1%*	*76.3%*	*75.4%*
EBITDA margin, %	*36.3%*	*29.5%*	*34.2%*	*31.5%*	*36.7%*
EBIT margin, %	*29.7%*	*20.2%*	*25.2%*	*20.1%*	*28.0%*
Effective tax rate, %	*22.8%*	*22.5%*	*22.5%*	*22.5%*	*22.3%*
Equity ratio, %	*38%*	*40%*	*44%*	*41%*	*37%*
NIBD to EBITDA, excl. restructuring costs[2], x	0.4	0.5	0.4	0.6	0.5
Return on invested capital (ROIC)[2], %	*59%*	*48%*	*44%*	*29%*	*25%*
Cash conversion incl. lease payments (excl. IFRS 16), %	*147%*	*53%*	*98%*	*-65%*	*171%*
Net working capital, % of last 12 months revenue	*-5.0%*	*0.2%*	*-0.3%*	*-0.4%*	*-7.6%*
Stock ratios					
Total payout ratio (incl. share buyback), %	*143%*	*211%*	*76%*	-	-
Consolidated balance sheet					
Total assets	18,542	18,173	18,277	19,211	19,984
Invested capital	9,884	11,141	11,136	11,675	10,540
Net working capital	-1,181	50	-57	-76	-1,447
Net interest-bearing debt (NIBD)	2,882	3,819	3,005	3,735	3,151
Equity	7,001	7,322	8,130	7,940	7,389
Consolidated statement of cash flow					
Cash flow from operating activities	4,073	885	1,586	-316	4,062
Capital expenditure (CAPEX), DKK million	215	201	138	88	124
Capital expenditure, property, plant and equipment (CAPEX), DKK million	146	96	64	35	78
Free cash flow incl. lease payments (excl. IFRS 16), DKK	3,941	502	1,278	-586	3,780

[1] 2020 figures exclude Programme NOW restructuring costs.
[2] Ratios are based on 12 months' rolling EBITDA and EBIT, respectively.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have reviewed and approved the interim financial report of Pandora A/S for the period 1 January – 31 December 2021. The consolidated interim financial statement, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and additional requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated interim financial statement gives a true and fair view of the financial position for the Pandora Group at 31 December 2021 and of the results of the Pandora Group's operations and cash flows for the period 1 January – 31 December 2021.

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

Copenhagen, 9 February 2022

EXECUTIVE MANAGEMENT

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

BOARD

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

PANDORA

DISCLAIMER

This Company announcement contains forward-looking statements, including, but not limited to, guidance, expectations, strategies, objectives and statements regarding future events or prospects with respect to the Company's future financial and operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "expect", "estimate", "intend", "will be", "will continue", "will result", "could", "may", "might" or any variations of such words or other words with similar meanings. Forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Company assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward–looking statements. Some important risk factors that could cause the Company's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and geopolitical uncertainty (including interest rates and exchange rates), financial and regulatory developments, general changes in market trends and end-consumer preferences, demand for the Company's products, competition, the availability and pricing of materials used by the Company, production- and distribution-related issues, IT failures, litigation, pandemics, and other unforeseen factors. The nature of the Company's business means that risk factors and uncertainties may arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Company's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.