

PANDÖRA



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Our equity story

Pandora aims to be not only the largest, but also the most desirable jewellery brand in the accessible luxury market, making high-quality jewellery available to the many. The jewellery market has historically grown faster than GDP and remains highly fragmented, with global brands set to outgrow the overall market.

Pandora's jewellery is designed to empower self-expression and be culturally relevant. It is hand-finished by skilled craftspeople and meets the highest sustainability standards in the industry. Pandora's unique business model is vertically integrated from design and crafting to direct-to-consumer channels, and the company has built unrivalled scale in manufacturing, retail distribution and brand presence.

Pandora's growth strategy Phoenix leverages the company's existing infrastructure to pursue numerous untapped growth opportunities and gain higher market share across geographies and jewellery categories. With its proven financial model, Pandora expects to outgrow the market with high-single digit organic growth while achieving best-in-class profitability. Thanks to its asset-light approach, the company also expects to deliver significant free cash flow, of which the vast majority will be returned to shareholders and result in mid-to-high teens EPS growth.

EXECUTIVE SUMMARY

Pandora delivers 18% organic growth in Q1 – raises 2024 revenue guidance

Financial highlights

- The second phase of Pandora's Phoenix strategy is off to a strong start. Increased investments are elevating brand desirability and showcasing Pandora's position as a full jewellery brand.
- Continued momentum, helped by the early restaging of the brand, drives strong Q1 2024 trading; organic growth ends at 18% with Like-for-like (LFL) growth of 11% and network expansion of 5%.
- In absolute terms, revenue increased by DKK 1.0 billion compared to Q1 2023.
- LFL growth in key European markets of 9%, US remaining solid at 9% and Rest of Pandora at 18%.
- The gross margin reached a new record-high of 79.4%, +190bp vs Q1 2023, supported by channel mix, pricing and efficiencies, as well as some tailwind from silver prices and foreign exchange rates.
- The Q1 2024 EBIT margin landed at 22.0%, +50bp ahead of last year, reflecting the strong growth which more than offset the planned step-up in marketing investments as part of the restaging of the brand.
- Leverage remains low at a NIBD/EBITDA of 1.3x. Early February, Pandora initiated a new DKK 4.0 billion share buyback programme, and in Q1 2024 EPS increased 18% compared to last year.

Phoenix strategy highlights

- Pandora's brand strategy, which centres on transforming the perception of Pandora into a full jewellery brand, was ignited in Q1 through the launch of the new multi-season "BE LOVE" marketing campaign.
- The strategy is resonating with consumers and drove LFL growth across Pandora's collections. The Core segment delivered 3% LFL growth whilst Fuel with more delivered 34% LFL growth. Within the Fuel with more segment, Timeless continued its momentum with 43% growth, while Pandora Lab-Grown Diamonds also saw progress with 87% growth.

2024 Guidance and current trading

- The organic growth guidance is upgraded to "8-10%" (previously "6-9%"). The EBIT margin guidance remains unchanged at "around 25%".
- Current trading in Q2 2024 has so far remained healthy with high single-digit LFL growth.

Alexander Lacik, President and CEO of Pandora, says:

"We are very pleased with our start to the year, as we embark on the next chapter of Phoenix. Whilst jewellery markets around us generally remain subdued, our ongoing brand investments allow us to take market share. We raise our revenue guidance and look forward to keep fuelling our growth with exciting strategic initiatives over the coming years."

DKK million	Q1 2024	Q1 2023	FY 2023	FY 2024 guidance
Revenue	6,834	5,850	28,136	
Organic growth, %	18%	1%	8%	8-10%
Like-for-like, %	11%	0%	6%	
Operating profit (EBIT)	1,507	1,256	7,039	
EBIT margin, %	22.0%	21.5%	25.0%	Around 25%

FINANCIAL HIGHLIGHTS

DKK million	Q1 2024	Q1 2023	FY 2023
Financial highlights			
Revenue	6,834	5,850	28,136
Organic growth, %	18%	1%	8%
Like-for-like, % ¹	11%	0%	6%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,067	1,753	9,118
Operating profit (EBIT)	1,507	1,256	7,039
EBIT margin, %	22.0%	21.5%	25.0%
Net financials	-229	-94	-805
Net profit for the period	965	889	4,740
Financial ratios			
Revenue growth, DKK, %	17%	3%	6%
Revenue growth, local currency, %	19%	2%	9%
Gross margin, %	79.4%	77.5%	78.6%
EBITDA margin, %	30.3%	30.0%	32.4%
EBIT margin, %	22.0%	21.5%	25.0%
Effective tax rate, %	24.5%	23.5%	24.0%
Equity ratio, %	17%	24%	23%
NIBD to EBITDA, x ²	1.3	1.2	1.1
Return on invested capital (ROIC), % ³	45%	46%	45%
Cash conversion incl. lease payments, %	-12%	-49%	78%
Net working capital, % of last 12 months' revenue	6.9%	8.8%	1.8%
Capital expenditure, % of revenue	6.0%	4.6%	5.8%
Stock ratios			
Total payout ratio (incl. share buyback), %	255%	322%	136%
Dividend per share, proposed, DKK	-	-	18
Dividend per share, paid, DKK	18	16	16
Earnings per share, basic, DKK	11.8	10.0	55.5
Earnings per share, diluted, DKK	11.8	10.0	55.1
Consolidated balance sheet			
Total assets	23,993	21,519	23,798
Invested capital	16,605	15,481	15,126
Net working capital	2,017	2,332	510
Net interest-bearing debt (NIBD)	12,643	10,227	9,770
Equity	3,961	5,254	5,355
Consolidated statement of cash flows			
Cash flows from operating activities	188	-142	7,384
Capital expenditure, total	409	270	1,624
Capital expenditure, property, plant and equipment	252	165	1,176
Free cash flows incl. lease payments	-187	-614	5,489

¹ Like-for-like growth include sell-out from all concept stores (including partner-owned), owned and operated Shop in Shops and Pandora Online. Partner-owned other points of sale are not included in like-for-like. The KPI includes stores which have been operating for +12 months.

² Ratio is based on 12 months' rolling EBITDA.

³ Last 12 months' EBIT in % of last 12 months' average invested capital. The "Return on invested capital (ROIC), %" was updated in Q1 2024 from "Last 12 months' EBIT in % of invested capital" to "Last 12 months' EBIT in % of last 12 months' average invested capital" to present a more useful and less volatile KPI by switching to moving annual total. All comparative periods have been restated.

BUSINESS UPDATE

A strong start to the next chapter of the Phoenix strategy

Building off the successes of the Phoenix strategy over the past three years, Pandora started the next chapter of its journey with good top-line momentum and solid profitability in Q1 2024. Organic growth was at double-digit levels, supported by double-digit LFL growth, whilst Pandora's earnings model further bolstered already high profitability. The brand strategy, which aims to transform consumer perception of Pandora to a full jewellery brand, was backed by an exciting new marketing campaign. This drove a continued and broad-based increase in traffic, leading to solid growth across most of Pandora's collections and geographies, in line with the strategic aim.

In Q1 2024, Pandora delivered organic growth of 18% which comprised of LFL growth of 11% and network expansion of 5%. On top of that, there was a 2% positive impact on organic growth from other factors including a positive contribution from an extra trading day in February due to the leap year. Regionally, European key markets continued to deliver solid LFL growth of 9%. This was, still, largely driven by particularly strong performance in Germany with 67% LFL growth, whilst other markets remained broadly stable. In the US, momentum remained strong at 9% LFL growth with good brand momentum combined with improved execution leading to consistent market share gains. Rest of Pandora also had a solid start to the year with another double-digit LFL quarter at 18% despite a tough comparison base. Growth here continued to be relatively broad-based with many countries contributing.

By channel, LFL growth was positive across all touchpoints with Pandora continuing to capitalise on higher traffic trends, and in particularly strong traffic through the online channel, which delivered 21% LFL. Pandora-owned stores continued to outperform partner stores in Q1 2024 with Pandora's physical network delivering 10% LFL vs partners at 3%.

Pandora continued to leverage its unique business model and vertically integrated supply chain to deliver a new record-high gross margin of 79.4%, up 190bp Y/Y. The gross margin was helped by ongoing efficiencies in Pandora's state-of-the-art crafting and supply facilities in Thailand, positive pricing benefits, channel mix and some tailwind from silver prices. The combined tailwind from foreign exchange and commodities seen in Q1 2024 is expected to gradually turn through the remainder of the year to become a net headwind in H2 2024. Promotional activity for the quarter was broadly in line with Q1 2023.

Elevating brand desirability and momentum through the new "BE LOVE" marketing campaign

In line with Pandora's marketing strategy, communicated at the Capital Markets Day 2023, to drive relevance and brand heat, Pandora continued the restaging of its brand in Q1 2024 with a new marketing campaign that will elevate desirability whilst clearly showcasing Pandora's identity as a full jewellery brand. The star-studded "BE LOVE" campaign builds off the success of the "Loves, Unboxed" holiday campaign in Q4 2023 with two new global brand ambassadors: sisters and artists Chloe and Halle Bailey. The multi-season campaign is rooted in love as more than just a day in the calendar, but something that you do, inviting everyone to *be love*. The campaign features a range of collections crafted with high-quality materials such as sterling silver, 14K gold (plated and solid), Murano glass, and lab-grown diamonds, emphasising Pandora as a brand for anyone looking to add sparkle to their life regardless of occasion. While it is still early days, the new marketing campaign has already seen an encouraging response with powerful social media activations and broad global press coverage. Pandora will continue to leverage the campaign across Mother's Day and beyond.

Driving the core whilst fuelling with more – in line with the strategic intent

In line with the objective of the brand restaging, Pandora saw broad-based growth across most collections in Q1 2024. The Core segment saw 3% LFL growth with Pandora's Moments platform at 5% LFL growth whilst Pandora ME had a particularly strong quarter at 26% LFL. Within the Fuel with more segment, growth was still driven heavily by

Timeless at 43% LFL growth. As witnessed through 2023, growth in Timeless was relatively broad-based across most product categories, but the Pavé Cuban chain bracelet in particular resonated strongly with consumers. There was also a solid initial response to Pandora's new pearl giftset, which shows the broad nature of the growth through the quarter. In addition to the ongoing trends seen in previous quarters, Timeless continues to make waves on social media platforms, particularly TikTok, with various products going viral. In Q1 2024, new products such as the Double Band Heart Ring captured the attention of consumers.

Within the quarter, total revenue for Pandora's Lab-Grown Diamond collection reached DKK 63 million with LFL growth of 87%. The assortment expansion in Q3 2023 continued to support growth. The collection is now sold across 700 stores in the US, Canada, the UK, Australia, Mexico and Brazil. North America continued to account for the largest proportion of revenue. Since the launch of the expanded assortment in 2023, Pandora has noted a continued and ongoing positive halo effect on Pandora's other collections from greater presence in the Lab-Grown Diamond category. This has been most evident in North America, where consumer consideration to purchase any piece of Pandora jewellery has increased since Pandora expanded its lab-grown diamonds assortment. This has been further accentuated by a focused marketing strategy to raise awareness and desirability.

REVENUE BY SEGMENT

DKK million	Q1 2024	Q1 2023 ¹	Like-for-like	Share of Revenue
Core	5,015	4,638	3%	73%
- Moments	4,231	3,859	5%	62%
- Collabs	560	610	-14%	8%
- ME	224	169	26%	3%
Fuel with more	1,819	1,212	34%	27%
- Timeless ²	1,524	949	43%	22%
- Signature	232	229	-8%	3%
- Pandora Lab-Grown Diamonds	63	34	87%	1%
Total revenue	6,834	5,850	11%	100%

¹ In Q3 2023, Pandora moved the Pandora ME collection from Fuel with more to Core. Comparative figures for Q1 2023 were restated accordingly.

² As of Q3 2023, Pandora Timeless includes revenue from the PANDORA ESSENCE collection. In Q1 2024, PANDORA ESSENCE revenue amounted to DKK 1 million.

Expansion of the store network drives profitable growth

In Q1 2024, network expansion contributed 5% to organic growth related to net 151 concept store openings and 116 Pandora-owned shop-in-shop openings during the last 12 months. During Q1 2024, Pandora opened net 19 new concept stores and 7 Pandora owned shop-in-shops. As witnessed through 2023, store openings continue to create immense value for Pandora with the EBIT margin reaching 35-40% in the first year with a rapid payback of investment. With a global market share of only 1.3% and accretive margins and returns on new store openings, there is significant value creation ahead for Pandora by continuing to expand the network. For 2024, Pandora continues to target 75-125 net concept store openings and an additional 25-50 Pandora owned shop-in-shop openings. Pandora now expects the organic revenue contribution in 2024 from network expansion to be around 4% (vs 3-4% previously).

EVOKE 2.0 continues to showcase new look and feel for the Pandora brand

The ongoing rollout of Pandora's new store concept, Evoke 2.0, marks a notable milestone, with a plan to transform 1,375-1,425 or around 60% of Pandora's owned and operated stores into this innovative concept by 2026. Evoke 2.0 better utilises the available space in the store, providing an intuitive and engaging experience to showcase Pandora as a full jewellery brand. During Q1 2024, Pandora opened 33 new Evoke 2.0 stores, including refurbishments, which built on the 55 Evoke 2.0 openings during 2023. The new stores in Q1 2024 were mainly in the US and Italy.

Investor and Analyst Days 2024 – Pandora Crating & Supply Thailand

Following the Capital Markets Day in October 2023, Pandora will be hosting a two-day investor and analyst visit on 11-12 June 2024 to Pandora's state-of-the-art Crafting & Supply facilities in Thailand. During the visit, Pandora will present its vertically integrated business model in detail, showcasing the company's unique ability to craft quality jewellery at scale. Pandora will also discuss the vast improvements that have been delivered in the facilities over the past years, driving notable productivity benefits. The visit includes tours across the facilities in Bangkok and Lamphun.

Embarking on chapter two of the Phoenix strategy

With the full year 2023 results, Pandora successfully concluded the first chapter of its Phoenix strategy. Evidencing the success of the strategy, Pandora delivered on its initial organic growth target set in 2021 of 5-7% CAGR between 2021-2023 with a realized organic growth CAGR of 7.5% over the period despite a weak consumer backdrop. Pandora ended the year with a 25.0% EBIT margin, thus meeting its target of 25-27% by 2023 despite the inflationary environment.

Pandora has now started to execute on the next chapter of its Phoenix strategy. At the Capital Markets Day in October 2023, Pandora showed how it will work to elevate performance to the next level. The four strategic growth pillars of the Phoenix strategy remained unchanged, while the key priority now is to transform the perception of Pandora into a full jewellery brand. As part of the strategic update, Pandora announced new financial targets:

- Organic growth: 7-9% CAGR 2023-2026
- EBIT margin: 26-27% by 2026

The organic growth target comprises of a targeted LFL growth CAGR of 4-6% and a contribution from network expansion of around 3% CAGR. Pandora's strong operating model and a range of current and new initiatives will be scaled up to drive solid and sustainable growth. When combined with an expected 1% annual revenue growth from forward integration, the targets add up to 8-10% local currency CAGR over 2023-2026. Total revenue is thereby expected to reach DKK 35 – 37 billion in 2026 (vs DKK 34 – 36 billion expected in October 2023, the increase reflecting the higher 2023 base).

The new EBIT margin target of 26-27% equals 100-200bp of margin expansion compared to the 2023 results. The EBIT margin target will be delivered while accelerating investments in current and future growth – underpinning Pandora's ability to leverage its current infrastructure to drive growth. Pandora notes that the Capital Markets Day margin target was set based on a silver price of USD 23.5 per ounce as per 25 September 2023. Pandora hedges silver on an ongoing basis, which typically results in a 9-12 months delayed impact on the EBIT margin from changes in the spot price. Therefore, the 2024 hedged rate has been locked at USD 23.7 per ounce and the combined impact from foreign exchange/commodities on the 2024 EBIT margin is broadly unchanged at being flat. The current spot price of USD 26.5 per ounce, if sustained, will impact the EBIT margin from Q2 2025 onwards. All else equal, this represents a 90bp headwind to the margin target for 2026. Whilst adding an element of uncertainty, Pandora notes that silver price volatility is not uncommon and that various other factors can impact the EBIT margin in 2026, including top-line growth, efficiency improvements and other mitigating factors which can be deployed depending on the price of silver.

REVENUE REVIEW

Double-digit revenue growth driven by double-digit LFL growth

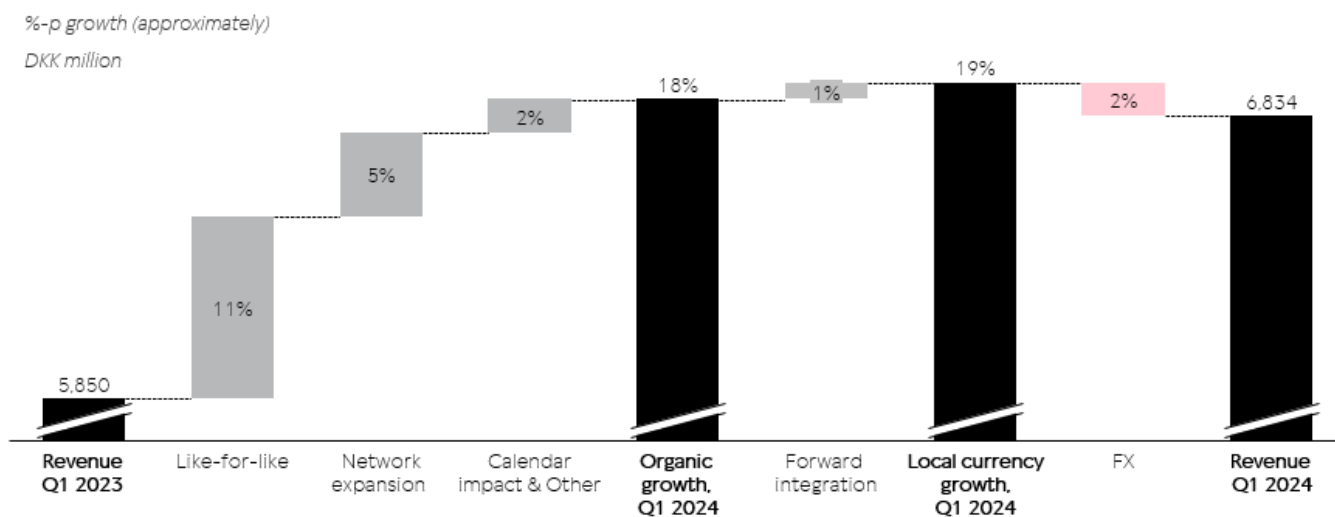
In Q1 2024, Pandora delivered organic growth of 18% which comprised of LFL growth of 11% and network expansion of 5%. Additionally, there was a 2% positive impact on organic growth from other factors including a positive contribution from an extra trading day in February due to the leap year.

The Core segment saw solid 3% LFL growth, supported by robust performance in Moments and strong performance in Pandora ME. The Fuel with more segment, which now accounts for 27% of the business, delivered 34% LFL growth.

Forward integration continues to support total revenue growth, contributing with 1% in Q1 2024. In the quarter, Pandora acquired a total of 21 concept stores in the US (8 stores), Canada (7 stores), Italy (4 stores) and Brazil (2 stores). Foreign exchange rates represented a net headwind of 2%, as most currencies have depreciated vs DKK, with in particular a material decline in the Turkish lira.

The revenue growth development can be illustrated as follows:

Q1 2024 growth composition vs Q1 2023



REVIEW OF REVENUE BY KEY MARKET

Sustained brand momentum drives strong top-line

Pandora's performance in Q1 2024 reflects a strong start to the second phase of its Phoenix strategy, marked by increased investments into restaging the brand and continued momentum across key markets. Overall, Pandora witnessed good trading results with organic growth reaching 18%, driven by LFL of 11%. The brand strategy, supported by the "BE LOVE" marketing campaign, resonated well with consumers, leading to solid growth across many markets.

US

The US market sustained its strength with 9% LFL in Q1 2024. Organic growth landed even higher at 16%, fuelled by the momentum generated from new store openings over the past 12 months. LFL growth was driven by increased traffic and supported by effective execution. The good brand momentum played a pivotal role in attracting this traffic, supported by the positive halo effect of Pandora Lab-Grown Diamonds, driving increased footfall and engagement.

While LFL growth in the wholesale channel was positive in Q1 2024, there remains a notable gap compared to Pandora's owned and operated stores.

Key markets in Europe

The key markets in Europe delivered solid LFL growth of 9% in Q1 2024. This was mainly driven by a very strong quarter in Germany with 67% LFL, primarily due to increased traffic as a result of ongoing strong brand momentum. As in 2023, growth was strong across all segments, reflecting the effectiveness of the strategic initiatives to drive growth in the core business while transforming the perception of Pandora to be recognized as a full jewellery brand.

The UK remained broadly stable with a slight decline of -1% LFL in Q1 2024, continuing to outperform the broader jewellery market in the UK. Traffic remained robust despite a continued reduction of promotional days compared to the previous year. Total revenue continued to grow in the UK in Q1 with organic growth at 2%.

Despite macroeconomic challenges, Italy maintained resilience in Q1 2024 with a decline of -2% LFL. Notably, the market exhibited positive signs of consumer engagement, as traffic remained steady and the Fuel with more segment delivered encouraging growth by attracting new customers. Organic growth in Q1 2024 was 5%.

France sustained positive LFL growth at 2%, as marketing initiatives yielded favourable responses, contributing to the overall performance and underscoring the brand's resonance with consumers. The wholesale channel continues to be a significant drag on performance in France with -13% LFL among partners vs 4% in Pandora's own stores.

China

China had a challenging quarter at -17% LFL growth, not helped by an overall challenging market. Pandora continues to focus on enhancing brand discipline and positioning key collections more effectively. China remains a strategic priority for Pandora and with the new management settled in early 2024, Pandora is committed to navigating the market's complexities and driving positive change through the gradual relaunch of the brand in China.

Australia and Rest of Pandora

In Q1 2024, Australia continued to grapple with persistently low consumer sentiment in the overall marketplace and delivered -3% LFL growth. However, despite this challenging backdrop, Pandora's owned and operated stores demonstrated resilience, recording 2% positive LFL. In contrast, partner stores continued to underperform at -10% LFL, highlighting ongoing challenges within this segment of the market.

In Q1 2024, the Rest of Pandora markets exhibited strong performance with 18% LFL growth with several markets showing strong double-digit growth. Notably, markets such as Spain, Turkey, Greece, and Poland demonstrated sustained growth. Outside of Europe, large markets such as Mexico and Canada continued to deliver high-single-digit growth.

QUARTERLY REVENUE DEVELOPMENT BY KEY MARKET

DKK million	Q1 2024	Q1 2023	Like-for-like	Organic growth	Share of revenue
US	2,027	1,716	9%	16%	30%
China	110	161	-17%	-27%	2%
UK	854	809	-1%	2%	13%
Italy	565	539	-2%	5%	8%
Australia	203	220	-3%	-3%	3%
France	274	243	2%	12%	4%
Germany	472	269	67%	75%	7%
Total key markets	4,506	3,958	7%	13%	66%
Rest of Pandora	2,328	1,892	18%	29%	34%
Total revenue	6,834	5,850	11%	18%	100%

REVIEW OF NETWORK DEVELOPMENT

Continued expansion of Pandora's global network

In Q1 2024, a net of 19 concept stores and 7 Pandora-owned shop-in-shops was opened. Most of the concept stores openings were in the US and Latin America, while most of the shop-in-shops openings were in Japan. This strategic move underscores Pandora's recognition of the vast potential for further growth and expansion in Asia, and Pandora will further step up investments in this area during 2024.

In Q1 2024, network expansion drove 5% of the revenue growth. On top of that, forward integration added 1% to revenue growth.

Network expansion is low risk, while being accretive to margins and returns. As such, Pandora continues its plans to expand the network with 400-500 targeted net openings through 2024-2026. For 2024, Pandora continues to target 75-125 net concept store openings and an additional 25-50 Pandora owned shop-in-shop openings.

Number of points of sale ¹	Q1 2024	Q4 2023	Q1 2023	Growth Q1 2024 /Q4 2023	Growth Q1 2024 /Q1 2023
Concept stores	2,670	2,651	2,519	19	151
- of which Pandora owned ²	1,926	1,869	1,655	57	271
- of which franchise owned	412	463	562	-51	-150
- of which third-party distribution	332	319	302	13	30
Other points of sale	3,965	4,035	3,964	-70	1
- of which Pandora owned²	585	578	469	7	116
- of which franchise owned	3,085	3,144	3,177	-59	-92
- of which third-party distribution	295	313	318	-18	-23
Total points of sale	6,635	6,686	6,483	-51	152

¹ Please refer to note 11 Store network, concept store development in the accounting notes section for more details.

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

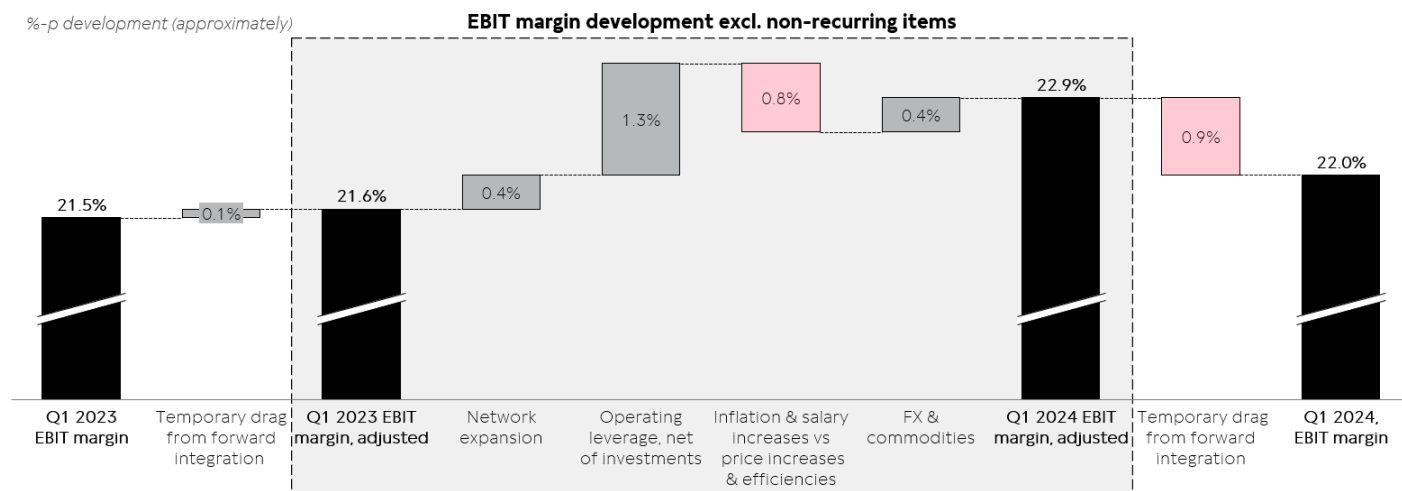
PROFITABILITY

Solid profitability maintained while elevating marketing investments

In Q1 2024, Pandora's EBIT margin landed at 22.0%, a 50bp improvement compared 21.5% in Q1 2023. The EBIT margin reflects operating leverage from the broad-based growth, which more than offset the increased investment level, most notably into marketing with the launch of the new multi-season "BE LOVE" campaign which forms part of the strategy to restage the Pandora brand to become known as a full jewellery brand.

In line with its strategy, Pandora will continue to accelerate investments into current and future growth initiatives, including brand initiatives. These investments were visible through Q1 2024, with marketing expenses increasing almost 30%, but fully offset by the high growth. The temporary margin drag from inventories bought back in connection with forward integration represented a 90bp headwind in the quarter, up 80bp from Q1 2023.

Foreign exchange represented a tailwind of 30bp and commodities an additional 10bp driven by favourable realized hedging gains on silver contracts. The foreign exchange tailwind comes from strengthening of the USD and GBP as well as a weaker THB, partly offset by depreciation of the Turkish Lira. The tailwind from commodity prices and foreign exchange rates is expected to fade out by the end of H1 2024 and turn into a net neutral impact on the full year of.

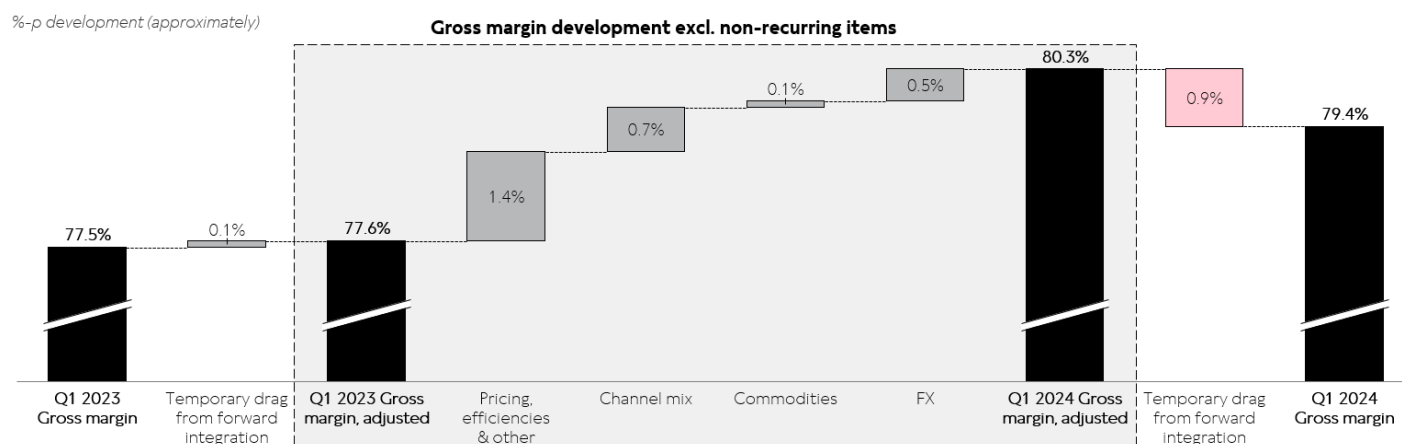


GROSS MARGIN

In Q1 2024, Pandora once again saw a notable improvement in the gross margin reaching a record-high of 79.4%, representing an increase of 190bp compared to Q1 2023. The improvement of the gross margin was a continuation of the trend witnessed over the past several years, underpinning the strength of Pandora's vertically integrated business model.

The increase in the gross margin in Q1 2024 was primarily driven by favourable channel mix, pricing adjustments, and operational efficiencies at the crafting facilities in Thailand. Additionally, Pandora benefited from positive impacts from foreign exchange movements and silver prices. The combined tailwind from foreign exchange and commodities seen in Q1 2024 is expected to gradually turn through the remainder of the year to become a net headwind in H2 2024.

The gross margin continued to be temporarily negatively impacted by the impact from buying back inventory during the process of forward integration. This represented a net headwind of -80bp compared to Q1 2023, and the underlying gross margin is thus just over 80%.



GROSS MARGIN AND GROSS PROFIT

DKK million	Q1 2024	Q1 2023	Growth in constant FX
Revenue	6,834	5,850	19%
Cost of sales	-1,410	-1,315	12%
Gross profit	5,424	4,536	21%
Gross margin, %	79.4%	77.5%	

OPERATING EXPENSES

The operating expenses increased by 21% in constant exchange rates measured against Q1 2023. The increase was driven by the launch of the refreshed brand strategy, as well as the expansion of the profitable store network and forward integration. Since Q1 2023, 387 Pandora owned and operated stores have been added to the retail network, driving the sales and distribution expenses up by 23% in constant exchange rates.

Marketing expenses were up by 28% in constant exchange rates vs Q1 2023, with an absolute increase in spend at DKK 189 million. This relates to the brand strategy, which aims to transform the perception of Pandora into a full jewellery brand. This was ignited with the launch of the multi-season “BE LOVE” marketing campaign. The share of revenue was 13.2%, 1 pp higher than Q1 2023.

Administrative expenses increased by 6% in constant exchange rates vs Q1 2023. This is achieved while continuing to invest in Digital & Technology, including the new ERP platform, and scaling up investments to accelerate future growth.

QUARTERLY OPERATING EXPENSES

DKK million	Q1 2024	Q1 2023	Growth in constant FX	Share of revenue Q1 2024	Share of revenue Q1 2023
Sales and distribution expenses	-2,421	-2,003	23%	35.4%	34.2%
Marketing expenses	-904	-715	28%	13.2%	12.2%
Administrative expenses	-592	-562	6%	8.7%	9.6%
Total operating expenses	-3,917	-3,280	21%	57.3%	56.1%

FINANCIAL EXPENSES AND TAX

Net financials came in at a cost of DKK 229 million in Q1 2024, compared to DKK 94 million in Q1 2023. The increase is mainly driven by higher interest rates compared to the same period last year, affecting loans, as well as the IFRS 16 related interest on lease payments. Additionally, the net realised profit on foreign exchange hedging contracts represented a net loss of DKK 44 million in Q1 2024, in large driven by the recent weakening of the THB towards DKK. Despite this, Pandora re-iterates its guidance for total net financial expenses in 2024 of around DKK 950-1,000 million.

The effective tax rate in Q1 2024 came in at 24.5%, in line with the guidance and up by 100bp compared to Q1 2023. The increase is driven by the Pillar Two tax rules taking effect from 2024 and was as expected and communicated.

Pandora generated an EPS of DKK 11.8 for the quarter, an 18% increase from DKK 10.0 in Q1 2023.

CASH FLOW & BALANCE SHEET

Strong net working capital and cash conversion

Net working capital was down to 6.9% of revenue in Q1 2024 vs 8.8% in Q1 2023. The reduction of 190bp was helped by a reduction in inventory as a percentage of the last 12 months revenue (110bp) and an increase of the trade payable balance (100bp). As per normal seasonality, the cash conversion was negative in the first quarter, but significantly improved over last year with Pandora delivering a cash conversion of -12% in Q1 2024, compared to -49% in Q1 2023. This was achieved through net working capital being lower, both in absolute terms and as a percentage of revenue, despite growth in the quarter.

CAPEX came in at DKK 0.4 billion, equivalent to 6% of revenue and in line with the 6-7% guidance for the full year. CAPEX as a percent of revenue was 1 pp higher than Q1 2023, driven by investments to fuel growth, especially the expansion of the store network and digital investments.

ROIC was 45% for the quarter, in line with 46% for Q1 2023. The structurally high ROIC continues to be supported by the investments into expanding Pandora's store network, as new Pandora stores are ROIC accretive on a run-rate basis. From 2024 onwards, the ROIC is calculated as a moving annual total, using the average invested capital over 12 months rather than the ending balance. This is done to present a more useful and less volatile KPI. Comparative figures have been restated and historical figures can be found in the Excel appendix to the Q1 2024 company announcement.

Trade receivables continue to be at a healthy level. The wholesale days sales outstanding (DSO) ends at 35 days vs 33 days in Q1 2023, with the increase reflecting geographical mix in the wholesale channel. Retail DSO were at 10 days, adversely impacted by phasing of retail receivables in Mexico which were received just after the end of the quarter. Adjusting for this phasing, retail DSO was 7 days, in line with the trend for 2023. This also had an impact on the total DSO increasing to 15 days, which would be 12 days when adjusted, and in line with the Q1 2023 DSO of 13 days.

NET WORKING CAPITAL

Share of preceding 12 months' revenue	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Inventories	15.2%	14.8%	17.8%	16.6%	16.3%
Trade receivables	3.8%	4.8%	3.4%	2.9%	3.2%
Trade payables	-9.2%	-11.4%	-8.7%	-8.5%	-8.2%
Other net working capital elements	-2.9%	-6.4%	-3.3%	-2.6%	-2.4%
Total	6.9%	1.8%	9.2%	8.4%	8.8%

Balance Sheet

Non-current assets increased by DKK 1.9 billion to DKK 16.4 billion at the end of Q1 2024, driven by the network expansion increasing the right-of-use assets as well as tangible assets and a higher CAPEX spend related to store refurbishments.

At the end of Q1 2024, net interest-bearing debt amounted to DKK 12.6 billion, up from DKK 10.2 billion in Q1 2023. This corresponds to a leverage of 1.3x, in line with usual seasonality as well as Q1 2023 at 1.2x.

By the end of Q1 2024, equity in Pandora amounted to DKK 4.0 billion, down from DKK 5.4 billion by year end 2023 reflecting usual seasonality driven by distributions to shareholders in the form of dividends and share buybacks. Pandora paid out DKK 1.5 billion in dividends and bought back shares for an amount of DKK 1.0 billion in Q1 2024.

FINANCIAL GUIDANCE

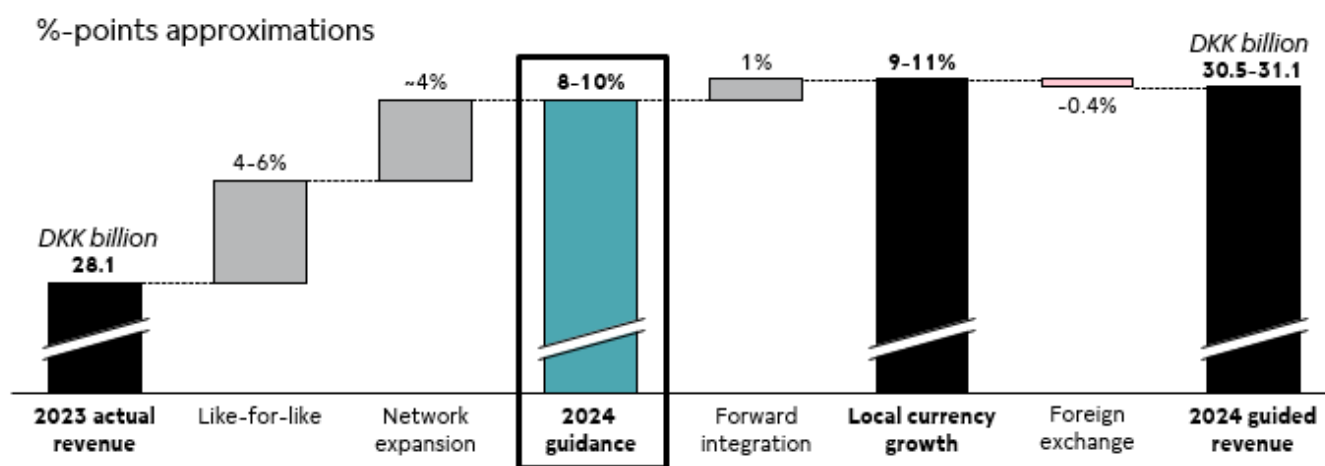
Upgraded revenue outlook following good strategic momentum

Despite lingering macroeconomic uncertainties, Pandora's strategic initiatives, anchored by the Phoenix strategy, have yielded promising results. Reflecting the strategic momentum, Pandora lifts its organic growth guidance range.

Pandora is now targeting organic growth of 8-10% (previously 6-9%) and an EBIT margin of around 25%. The new organic growth range reflects the good strategic momentum on various growth initiatives partly offset by the tougher base of comparison in H2 2024 and the broader macroeconomic environment. The low-end of the new organic growth guidance range would require a weakening of the macroeconomic environment relative to today.

REVENUE GUIDANCE

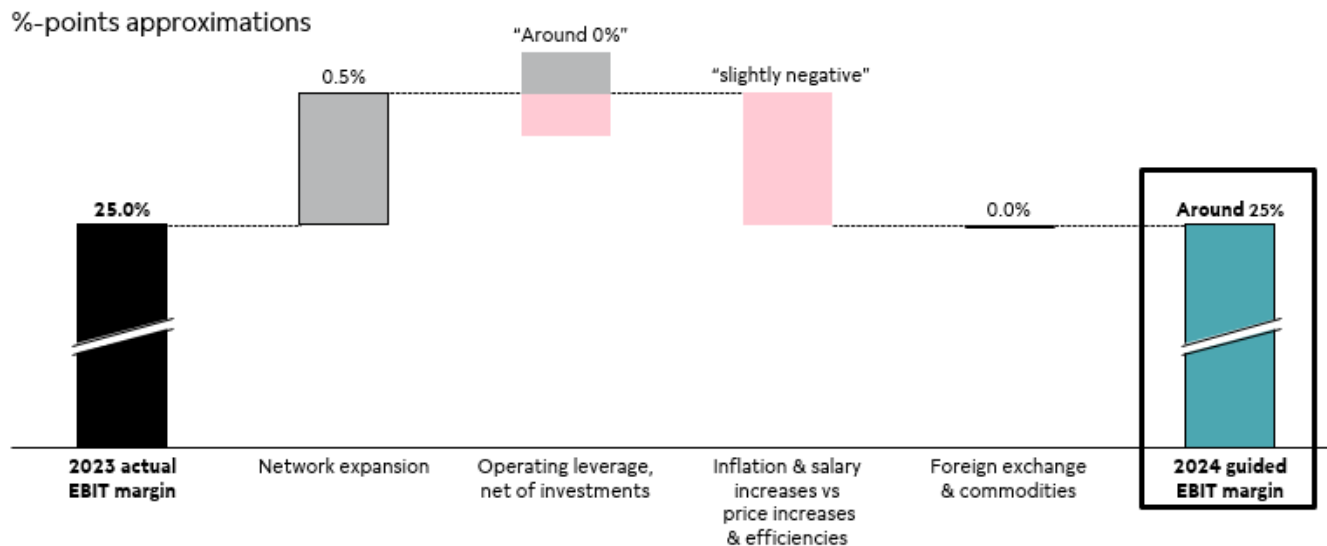
The organic growth guidance can be illustrated as follows:



Pandora is currently expecting LFL growth of 4-6% (previously 3-5%). The low-end of the LFL range would require a weakening of the macroeconomic environment relative to today. Continued network expansion is expected to add around 4% (previously 3-4%) to take the total organic growth to 8-10% (previously 6-9%). Finally, forward integration is expected to add around 1% revenue with revenue growth in local currency ending at 9-11% (previously 7-10%).

PROFITABILITY GUIDANCE

The EBIT margin guidance can be illustrated as follows:



The EBIT margin guidance for 2024 is unchanged at "Around 25%". The building blocks include a positive impact from the profitable expansion of Pandora's store network, expected to add 50bp (previously 40bp).

The "Operating leverage, net of investments" remain roughly unchanged compared to the original guidance for 2024. The operating leverage associated with the higher revenue expectations will be re-invested into among others Asian markets, general marketing activities and slightly accelerated forward integration. Pandora has a low penetration across many Asian markets, and during 2024 Pandora will take the first steps to establish a stronger position in among others Japan and South Korea. Partly due to this and partly due to phasing of costs in general, the EBIT margin in Q2 and Q3 2024 is expected to be slightly below last year.

As outlined during the Capital Markets Day in 2023, Pandora is committed to scaling up investments to seize current and future growth opportunities. These investments encompass various initiatives such as the restaging of the brand, the rollout of the Evoke 2.0 store concept, personalized experiences (both online and offline), as well as efforts to establish Pandora as the go-to destination for Lab-Grown Diamonds. Consequently, while positive LFL growth yields operational leverage, the impact of ongoing investments under the Phoenix strategy is expected to offset the leverage in 2024. It's worth noting that Pandora retains flexibility in adjusting these investments based on growth outcomes.

Furthermore, inflationary pressures, including salary increases, are anticipated to be largely mitigated through price adjustments and operational efficiencies. The combined impact of silver prices and foreign exchange fluctuations is projected to be net neutral, broadly in line with the original guidance for 2024 (previously -10bp).

2024 GUIDANCE – OTHER PARAMETERS (UNCHANGED)

Pandora expects to open net 75-125 concept stores and 25-50 owned and operated other points of sales in 2024.

CAPEX is expected to end at 6-7% share of revenue, as Pandora continues to scale up investments into the store network with the roll-out of Evoke 2.0 and network expansion, digital initiatives and crafting facilities.

The effective tax rate is expected to be 24-25% as the Pillar Two tax rules, released by OECD, comes into effect in 2024.

At current interest rate levels, foreign exchange rates (and thereby gain/loss on foreign exchange contract) and targeted leverage levels, Pandora expects total net financial expenses to be around DKK 950-1,000 million in 2024.

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 35.

FOREIGN EXCHANGE AND COMMODITY ASSUMPTIONS AND IMPLICATIONS – As of 30 April 2024

	Average 2023	Average 2024	2024 Y-Y Financial Impact
USD/DKK	6.89	6.94	
THB/DKK	0.20	0.19	
GBP/DKK	8.57	8.72	
CNY/DKK	0.97	0.96	
AUD/DKK	4.58	4.54	
Silver/USD (per ounce)	22.7	23.7	
REVENUE (DKK million)			<i>Approx.</i> -120
EBIT (DKK million)			<i>Approx.</i> -25
EBIT margin (foreign exchange)			<i>Approx.</i> +0.4%
EBIT margin (commodities)			<i>Approx.</i> -0.4%

CAPITAL STRUCTURE POLICY AND CASH DISTRIBUTION

At the end of Q1 2024, in line with expectations and usual seasonality, Pandora's leverage was 1.3x NIBD to EBITDA, broadly in line with Q1 2023 at 1.2x.

Pandora aims for a leverage ratio of approximately 1.2x NIBD to EBITDA by the end of 2024. In line with the usual seasonality of the business, leverage will increase through the year, peaking in Q3 2024, and then fall back by year end.

In Q1 2024, Pandora has paid out DKK 1.5 billion as an ordinary dividend of DKK 18 per share and DKK 1.0 billion through share buybacks (DKK 0.4 billion related to the 2023 programme ending on 2 February 2024). In total, Pandora plans a total cash distribution of DKK 5.5 billion to its shareholders in the period from 8 February 2024 to 31 January 2025, both days inclusive.

At Pandora's Annual General Meeting on 14 March 2024, the proposed resolution to reduce the share capital with a nominal amount of DKK 7,000,000 treasury shares of DKK 1 was adopted. The share capital reduction was announced to the Danish Business Authority on 14 March 2024 and the four week notification period has expired with no objections. The Board of Directors has therefore resolved to effect the share capital reduction on 12 April 2024. Following this, the Company's share capital is nominally DKK 82,000,000, divided into shares of DKK 1.

SUSTAINABILITY

Sustainability is a cornerstone of our growth strategy, Phoenix.

We are pursuing ambitious targets to lower our impact on the planet and create positive outcomes for people and communities touched by our business.

In Q1 2024, we continued to execute against our three strategic sustainability priorities: low-carbon business, circular innovation, and inclusive, diverse and fair culture.

- **Low-carbon:** In 2023, we decreased our total greenhouse gas emissions across Scopes 1, 2 and 3 by 27% compared to our 2019 baseline - solid progress towards our target of halving emissions by 2030. Reaching our climate target will not be a linear journey. We expect emissions to increase somewhat in 2024 compared to 2023, since the impact of construction of our new facility in Vietnam, expansion and refurbishment of our store network will likely exceed emissions reductions efforts in the short term.
- **Circularity:** As of December 2023, we completed the shift of our sourcing to 100% recycled silver and gold for all our jewellery, well ahead of our 2025 target. Pandora is the first global brand to accomplish this circularity transition of its main raw materials. The carbon footprint of recycled silver is one-third compared to mined silver, while the recycling of gold emits less than 1% of the carbon emissions from mining new gold.
- **Inclusive, diverse and fair culture:** In 2023, we reached 34% women in senior leadership positions, up from 29% in 2022. This means we achieved our interim 2025 target of 33% women in leadership ahead of schedule. We will continue our work with succession plans and promotion processes to reach full gender parity no later than 2030.

More information on Pandora's 2023 sustainability performance, strategy and targets can be found in our Sustainability Report 2023 published on 7 February 2024.

OTHER EVENTS

At Pandora's Annual General Meeting on 14 March 2024, the proposed resolution to reduce the share capital with a nominal amount of DKK 7,000,000 treasury shares of DKK 1 was adopted. The share capital reduction was announced to the Danish Business Authority on 14 March 2024 and the four-week notification period has expired with no objections. The Board of Directors has therefore resolved to effect the share capital reduction on 12 April 2024. Following this, the Company's share capital is nominally DKK 82,000,000, divided into shares of DKK 1.

FINANCIAL CALENDAR 2024

The expected dates for publication of financial announcements in 2024 for Pandora A/S are as follows:

13 August 2024 Interim Financial Report for the second quarter 2024

06 November 2024 Interim Financial Report for the third quarter 2024

CONTACT

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 before the call.

The following numbers can be used by investors and analysts:

DK: +45 78 76 84 90

SE: +46 812 410 952

NO: +47 21 95 63 42

UK: +44 203 769 6819

US: +1 646 787 0157

PIN: 837462

Link to webcast: <https://pandora-events.eventcdn.net/events/interim-financial-report-for-the-first-quarter-of->

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 accessible price points. Pandora jewellery is sold in more than 100 countries through 6,700 points of sale, including more than 2,600 concept stores.

Headquartered in Copenhagen, Denmark, Pandora employs 33,000 people worldwide and crafts its jewellery at three facilities in Thailand. Pandora is committed to leadership in sustainability and is sourcing recycled silver and gold for all of its jewellery, just as the company has set out to halve greenhouse gas emissions across its value chain by 2030. Pandora is listed on the Nasdaq Copenhagen stock exchange and generated revenue of DKK 28.1 billion (EUR 3.8 billion) in 2023.

For more information, please contact:

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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	Q1 2024	Q1 2023	FY 2023
Revenue	3	6,834	5,850	28,136
Cost of sales		-1,410	-1,315	-6,012
Gross profit		5,424	4,536	22,125
Sales, distribution and marketing expenses		-3,325	-2,718	-12,707
Administrative expenses		-592	-562	-2,379
Operating profit		1,507	1,256	7,039
Finance income		47	92	251
Finance costs		-276	-186	-1,056
Profit before tax		1,278	1,162	6,234
Income tax expense		-313	-273	-1,494
Net profit for the period		965	889	4,740
Earnings per share, basic, DKK		11.8	10.0	55.5
Earnings per share, diluted, DKK		11.8	10.0	55.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q1 2024	Q1 2023	FY 2023
Net profit for the period	965	889	4,740
Other comprehensive income:			
Items that have been or may be reclassified to profit/loss for the period			
Exchange rate adjustments of investments in subsidiaries	80	-41	-149
Fair value adjustment of hedging instruments	-25	32	-197
Tax on other comprehensive income	5	5	39
Items that have been or may be reclassified to profit/loss for the period, net of tax	59	-4	-308
Items not to be reclassified to profit/loss for the period			
Actuarial gain/loss on defined benefit plans, net of tax	-	-	-9
Items not to be reclassified to profit/loss for the period, net of tax	-	-	-9
Other comprehensive income, net of tax	59	-4	-317
Total comprehensive income for the period	1,024	885	4,423

CONSOLIDATED BALANCE SHEET

DKK million	Notes	2024 31 March	2023 31 March	2023 31 December
ASSETS				
Goodwill	7	5,017	4,798	4,914
Brand		1,057	1,057	1,057
Distribution		1,038	1,041	1,039
Other intangible assets		872	679	790
Total intangible assets		7,984	7,575	7,801
Property, plant and equipment		2,818	2,247	2,746
Right-of-use assets	8	3,966	3,109	3,779
Deferred tax assets		1,347	1,273	1,260
Other financial assets		249	240	215
Total non-current assets		16,365	14,444	15,800
Inventories		4,425	4,327	4,166
Trade receivables	5	1,104	840	1,342
Right-of-return assets		48	39	55
Derivative financial instruments	4,12	127	253	87
Income tax receivable		104	156	103
Other receivables		886	920	849
Cash		934	541	1,397
Total current assets		7,628	7,075	7,998
Total assets		23,993	21,519	23,798
EQUITY AND LIABILITIES				
Share capital		89	96	89
Treasury shares		-5,184	-4,489	-4,353
Reserves		678	914	610
Proposed dividend		-	-	1,480
Retained earnings		8,379	8,734	7,530
Total equity		3,961	5,254	5,355
Provisions		435	329	408
Loans and borrowings	4,8	8,056	9,360	9,737
Deferred tax liabilities		222	234	164
Other payables		139	-	80
Total non-current liabilities		8,852	9,923	10,389
Provisions		24	20	23
Refund liabilities		552	454	721
Contract liabilities		168	129	185
Loans and borrowings	4,8	5,521	1,408	1,430
Derivative financial instruments	4,12	190	54	128
Trade payables	9	2,675	2,192	3,211
Income tax payable		534	864	583
Other payables		1,517	1,221	1,773
Total current liabilities		11,180	6,342	8,053
Total liabilities		20,032	16,265	18,443
Total equity and liabilities		23,993	21,519	23,798

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Treasury shares	Translation reserve	Hedging reserve	Dividend proposed	Retained earnings	Total equity
2024							
Equity at 1 January	89	-4,353	642	-33	1,480	7,530	5,355
Net profit for the period	-	-	-	-	-	965	965
Other comprehensive income, net of tax	-	-	88	-20	-	-9	59
Total comprehensive income for the period	-	-	88	-20	-	956	1,024
Share-based payments	-	197	-	-	-	-116	81
Purchase of treasury shares	-	-1,028	-	-	-	-	-1,028
Dividend proposed	-	-	-	-	-9	9	-
Dividend paid	-	-	-	-	-1,471	-	-1,471
Equity at 31 March	89	-5,184	731	-53	0	8,379	3,961
2023							
Equity at 1 January	96	-3,320	797	121	1,430	8,044	7,167
Net profit for the period	-	-	-	-	-	889	889
Other comprehensive income, net of tax	-	-	-29	25	-	-	-4
Total comprehensive income for the period	-	-	-29	25	-	889	885
Share-based payments	-	276	-	-	-	-217	60
Purchase of treasury shares	-	-1,446	-	-	-	-	-1,446
Dividend proposed	-	-	-	-	-18	18	-
Dividend paid	-	-	-	-	-1,412	-	-1,412
Equity at 31 March	96	-4,489	768	146	-	8,734	5,254

CONSOLIDATED STATEMENT OF CASH FLOWS

DKK million	Notes	Q1 2024	Q1 2023	FY 2023
Operating profit		1,507	1,256	7,039
Depreciation and amortisation		561	497	2,079
Share-based payments		59	24	105
Change in inventories		-160	-82	210
Change in receivables		193	549	56
Change in payables and other liabilities		-1,410	-1,894	446
Other non-cash adjustments		-14	14	-55
Finance income received		4	5	19
Finance costs paid		-191	-116	-683
Income tax paid		-361	-396	-1,832
Cash flows from operating activities, net		188	-142	7,384
Acquisitions of subsidiaries and activities, net of cash acquired	6	-115	-45	-349
Purchase of intangible assets		-39	-114	-359
Purchase of property, plant and equipment		-256	-226	-1,129
Change in other assets		2	8	37
Proceeds from sale of property, plant and equipment		3	-	-
Cash flows from investing activities, net		-406	-377	-1,800
Dividend paid		-1,471	-1,412	-1,412
Dividend paid – withholding tax		361	337	-
Purchase of treasury shares		-988	-1,449	-5,022
Proceeds from loans and borrowings		3,829	6,154	5,927
Repayment of loans and borrowings		-1,875	-3,160	-3,321
Repayment of lease liabilities		-271	-251	-1,107
Cash flows from financing activities, net		-414	219	-4,935
Net cash flow		-632	-301	649
Cash and cash equivalents, beginning of period		1,183	595	595
Exchange gains/losses on cash and cash equivalents		-4	-7	-61
Net cash flow		-632	-301	649
Cash and cash equivalents, end of period		548	288	1,183
Cash balances		934	541	1,397
Overdrafts		-386	-253	-214
Cash and cash equivalents, end of period		548	288	1,183
Cash flows from operating activities, net		188	-142	7,384
- Finance income received		-4	-5	-19
- Finance costs paid		191	116	683
Cash flows from investing activities, net		-406	-377	-1,800
- Acquisition of subsidiaries and activities, net of cash acquired		115	45	349
Repayment of lease liabilities		-271	-251	-1,107
Free cash flows incl. lease payments		-187	-614	5,489
Unutilised committed credit facilities	4	6,339	4,239	4,472

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

ACCOUNTING NOTES

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 (EU) 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 2023.

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 these non-GAAP measures provide valuable information to investors and Pandora's management when evaluating performance. Since other companies may 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 to be a replacement for measures defined under IFRS. Besides the "Return on invested capital (ROIC), %" which is defined as last 12 months' EBIT to last 12 months' invested capital including goodwill, see note 5.6 Financial definitions to the consolidated financial statements in the Annual Report 2023 for definitions of the performance measures used by Pandora.

International tax reform – Pillar Two model rules

Pandora is subject to minimum tax primarily in respect of jurisdictions with corporate income tax rates lower than 15% or in which we receive tax incentives. Where qualifying domestic minimum taxes are implemented in applicable jurisdictions, Pandora will pay the minimum tax in those jurisdictions. Where no qualifying domestic minimum tax has been implemented, tax will be paid in Denmark. The majority of the minimum tax due is expected to relate to Thailand where Pandora receives tax incentives as part of the investment agreement with the Board of Investment (BOI). The impact of minimum tax is taken into account in tax expense for Q1 2024.

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 2024. The implementation of these new or amended standards and interpretations had no material impact on the consolidated financial statements for the period. The new standards that are not yet effective are not expected to have any material impact on Pandora.

NOTE 2 – Management judgements and estimates under IFRS

In preparing the condensed consolidated interim financial statements, management makes various judgements, accounting estimates and assumptions that form the basis of the 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 2023 to which we refer.

NOTE 3 – Segment and revenue information

Pandora's activities are segmented into two reportable segments, each responsible for the end-to-end performance of collections. One includes our Core collections (formerly referred to as Moments incl. Collabs), while the other, Fuel with more (formerly referred to as Style), covers newer collections and innovations.

In Q3 2023, Pandora updated its collection structure by moving the Pandora ME collection from the Fuel with more segment into the Core segment. The strategic reasoning centres around design aesthetics and categorisation of jewellery to better align consumer synergies among collections, leading to a centralised platform for charms and carriers. All the comparative figures have been restated to reflect the updated structure.

Core includes the charms and charm carriers which focus on the collectability. The Fuel with more segment includes the Modern Classics (Pandora Timeless and Pandora Signature accompanied by Pandora's newest collection, PANDORA ESSENCE) and Pandora Lab-Grown Diamonds and targets both existing and new customers who may have a different aesthetic preference than the Core jewellery design.

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

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.

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

SEGMENT INFORMATION

DKK million	Core	Fuel with more	Group
Q1 2024			
Revenue	5,015	1,819	6,834
Cost of sales	-1,108	-302	-1,410
Gross profit	3,907	1,517	5,424
Operating expenses			-3,917
Consolidated operating profit (EBIT)			1,507
Profit margin (EBIT margin), %			22.0%
Q1 2023¹			
Revenue	4,638	1,212	5,850
Cost of sales	-1,085	-230	-1,315
Gross profit	3,554	982	4,536
Operating expenses			-3,280
Consolidated operating profit (EBIT)			1,256
Profit margin (EBIT margin), %			21.5%

¹ In Q3 2023, Pandora moved the Pandora ME collection from Fuel with more to Core. Comparative figures for Q1 2023 were restated accordingly.

REVENUE BY SEGMENTS

DKK million	Q1 2024	Q1 2023 ¹	Like-for-like	Local currency growth	Share of Revenue
Core	5,015	4,638	3%	10%	73%
- Moments	4,231	3,859	5%	12%	62%
- Collabs	560	610	-14%	-8%	8%
- ME	224	169	26%	35%	3%
Fuel with more	1,819	1,212	34%	52%	27%
- Timeless ²	1,524	949	43%	63%	22%
- Signature	232	229	-8%	3%	3%
- Pandora Lab-Grown Diamonds	63	34	87%	82%	1%
Total revenue	6,834	5,850	11%	19%	100%

Goods transferred at a point in time	6,820	5,836
Services transferred over time	14	15
Total revenue	6,834	5,850

¹ In Q3 2023, Pandora moved the Pandora ME collection from Fuel with more to Core. Comparative figures for Q1 2023 were restated accordingly.

² As of Q3 2023, Pandora Timeless includes revenue from the PANDORA ESSENCE collection. In Q1 2024, PANDORA ESSENCE revenue amounted to DKK 1 million.

REVENUE DEVELOPMENT IN KEY MARKETS

DKK million	Q1 2024	Q1 2023	Like-for-like	Local currency growth
US	2,027	1,716	9%	19%
China	110	161	-17%	-27%
UK	854	809	-1%	2%
Italy	565	539	-2%	5%
Australia	203	220	-3%	-3%
France	274	243	2%	12%
Germany	472	269	67%	75%
Total key markets	4,506	3,958	7%	14%
Rest of Pandora	2,328	1,892	18%	29%
Total revenue	6,834	5,850	11%	19%

REVENUE DEVELOPMENT BY CHANNEL

DKK million	Q1 2024	Q1 2023	Organic growth	Share of Revenue
Pandora owned¹ retail	5,495	4,391	24%	80%
- of which concept stores	3,662	2,901	24%	54%
- of which online stores	1,397	1,144	24%	20%
- of which other points of sale	437	346	27%	6%
Wholesale	1,127	1,283	-4%	16%
- of which concept stores	468	653	-16%	7%
- of which other points of sale	659	630	8%	10%
Third-party distribution	211	176	18%	3%
Total revenue	6,834	5,850	18%	100%

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.

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

NOTE 4 – 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 Financial risks in the consolidated financial statements in the Annual Report 2023.

Net interest-bearing debt (NIBD), incl. capitalised leases amounted to DKK 12.6 billion at the end of Q1 2024 (Q4 2023: DKK 9.8 billion) corresponding to a financial leverage of 1.3x (Q4 2023: 1.1x).

Liquidity risk

Pandora maintains an adequate level of cash and unutilised credit facilities to meet financial obligations when due.

DKK million	2024 31 March	2023 31 December
Loans and borrowings, non-current	5,158	6,973
Lease liabilities, non-current	2,898	2,765
Loans and borrowings, current	4,310	313
Lease liabilities, current	1,211	1,116
Cash	-934	-1,397
Net interest-bearing debt	12,643	9,770
Unutilised committed credit facilities	6,339	4,472

In Q1 2024, Pandora entered into a short term loan facility of DKK 2.0 billion maturing in 2025. Further, DKK 1.8 billion was drawn on short term money market lines to optimise interest costs. This resulted in a shift between current and non-current loans and borrowings. At the end of Q1 Pandora had DKK 6.3 billion in undrawn committed credit facilities.

NOTE 5 – Trade receivables

DKK million	2024 31 March	2023 31 December
Receivables related to third-party distribution and wholesale	515	705
Receivables related to retail revenue	589	637
Total trade receivables	1,104	1,342

NOTE 6 – Business combinations

In Q1 2024, Pandora took over 21 concept stores (8 in the US, 4 in Italy, 7 in Canada and 2 in Brazil). Net assets acquired mainly consisted of store properties, inventories and related liabilities. The total purchase price for the acquisitions was DKK 126 million. Based on the purchase price allocations, goodwill was DKK 67 million. Goodwill from the acquisitions was mainly related to the synergies from converting the stores from wholesale and distribution to Pandora-owned retail. Of the goodwill acquired, DKK 65 million was deductible for income tax purposes.

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

Excluding the temporary drag on gross margin from inventory buybacks and the impact from converting the stores from wholesale to Pandora-owned retail, the contribution to Group revenue and net profit from acquisitions for the period 1 January – 31 March 2024 was DKK 26 million and DKK 9 million, respectively. On a pro forma basis, if the

acquisitions had been effective from 1 January 2024, the impact on Group revenue and net profit for the period 1 January – 31 March 2024 would have been approximately DKK 29 million and DKK 10 million, respectively.

ACQUISITIONS

DKK million	Q1 2024	FY 2023
Property, plant and equipment and right-of-use assets	47	144
Other non-current assets	1	-
Inventories	57	194
Other current assets	-	3
Assets acquired	105	341
Non-current liabilities	19	75
Payables	2	4
Other current liabilities	25	49
Liabilities assumed	47	128
Total identifiable net assets acquired	58	213
Goodwill arising on the acquisitions	67	143
Purchase consideration	126	356
Cash movements on acquisitions:		
Consideration transferred regarding previous years ¹	-	14
Deferred payment ²	-11	-21
Net cash flows on acquisitions	115	349

¹ The consideration transferred during 2023 related to the acquisition in Portugal and Italy in 2022.

² The deferred payment of DKK 21 million relates mainly to the acquisition in Colombia in 2023. The deferred payment of DKK 11 million relates mainly to the acquisitions in US and Italy in 2024.

Business combinations after the reporting period

No business combinations to an extent of significance to Pandora took place after the reporting period.

NOTE 7 – Goodwill

DKK million	2024 31 March	2023 31 December
Cost at 1 January	4,914	4,822
Acquisition of subsidiaries and activities in the period	67	143
Exchange rate adjustments	35	-50
Cost at the end of the period	5,017	4,914

No impairment indication was identified based on the information regarding the market and the forecast. The latest impairment test was carried out 31 December 2023 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 2023.

NOTE 8 – Assets and liabilities related to leases

Pandora leases stores, various offices, office equipment and cars.

Amounts recognised in the balance sheet:

RIGHT-OF-USE ASSETS

DKK million	2024 31 March	2023 31 December
Property	3,950	3,765
Other	16	14
Total right-of-use assets	3,966	3,779

Out of the total increase of DKK 0.2 billion in right-of-use-assets in the period 1 January to 31 March 2024, DKK 0.5 billion relates to renewals of lease contracts and new leases driven by network expansion and forward integration, partially offset by a decrease of DKK 0.3 billion as a result of depreciation and currency exchange movement. The development in right-of-use-assets is further affected by the timing of renewals of lease contracts and new leases.

LEASE LIABILITIES

DKK million	2024 31 March	2023 31 December
Non-current	2,898	2,765
Current	1,211	1,116
Total lease liabilities	4,109	3,880

Lease liabilities are recognised in loans and borrowings.

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 March 2024	1 January – 31 March 2023
Property	309	279
Other	4	3
Total depreciation on right-of-use assets for the period	313	283

Depreciation mainly relates to leased stores and is presented in the sales, distribution and marketing expenses.

OTHER ITEMS RELATING TO LEASES

DKK million	1 January – 31 March 2024	1 January – 31 March 2023
Interest expense	82	56
Total interest for the period	82	56

Costs recognised in the period for short-term and low-value leases were DKK 21 million (Q1 2023: DKK 15 million). Expenses are recognised on a straight-line basis.

TOTAL CASH FLOWS RELATING TO LEASES

DKK million	1 January – 31 March 2024	1 January – 31 March 2023
Fixed lease payments	271	251
Interest payments	82	56
Variable leases	138	106
Short-term and low-value leases	21	15
Total cash flows relating to leases	512	428

Payments related to variable leases and short-term and low-value leases are not included in the lease liabilities.

NOTE 9 – 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 on 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 statement of cash flows (working capital within cash flows from operations) and amounted to DKK 121 million at 31 March 2024 (31 December 2023: DKK 82 million).

NOTE 10 – Contingent assets and liabilities

Reference is made to note 5.1 Contingent assets and liabilities to the consolidated financial statements in the Annual Report 2023.

NOTE 11 – Store network, concept store development¹

	Total concept stores					O&O concept stores		
	Number of concept stores	Number of concept stores	Number of concept stores	Growth Q1 2024 / Q4 2023	Growth Q1 2024 / Q1 2023	Number of concept stores O&O	Growth O&O stores Q1 2024 / Q4 2023	Growth O&O stores Q1 2024 / Q1 2023
	Q1 2024	Q4 2023	Q1 2023			Q1 2024		
US	457	447	417	10	40	366	21	89
China	212	219	237	-7	-25	202	-6	-22
UK	219	221	211	-2	8	215	0	19
Italy	175	175	155	0	20	148	8	30
Australia	124	127	120	-3	4	55	4	13
France	123	126	120	-3	3	102	4	22
Germany	135	135	132	0	3	133	0	4
Total key markets	1,445	1,450	1,392	-5	53	1,221	31	155
Rest of Pandora	1,225	1,201	1,127	24	98	705	26	116
All markets	2,670	2,651	2,519	19	151	1,926	57	271

¹All markets with 10 or more concept stores can be found in the Excel appendix uploaded on www.pandoragroup.com.

NOTE 12 – Commodity hedging and derivatives

It is Pandora's policy to hedge at least 70% of the Group's expected silver and gold consumption based on a rolling 12-month production plan. The table below illustrates the timing of the hedges related to the purchase of silver and gold for production, 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 Q1 2024	Hedged Q2 2024	Hedged Q3 2024	Hedged Q4 2024	Hedged Q1 2025
Silver price	23.83	24.71	25.05	24.85	24.30
Gold price	2,030	2,019	2,078	2,155	2,182
Commodity hedge ratio (target), %	Realised	70-100%	70-90%	50-70%	30-50%

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 Derivative financial instruments to the consolidated financial statements in the Annual Report 2023.

NOTE 13 – Subsequent events

As described in section Other events in the Management review and in Note 6 Business Combinations, Pandora is not aware of events after 31 March 2024, which are expected to materially impact the Group's financial position.

QUARTERLY OVERVIEW

DKK million	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Financial highlights					
Revenue	6,834	10,820	5,572	5,894	5,850
Organic growth, %	18%	12%	11%	5%	1%
Like-for-like, % ¹	11%	9%	9%	2%	0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,067	4,227	1,447	1,690	1,753
Operating profit (EBIT)	1,507	3,674	920	1,188	1,256
EBIT margin, %	22.0%	34.0%	16.5%	20.2%	21.5%
Net financials	-229	-330	-211	-171	-94
Net profit for the period	965	2,530	543	778	889
Financial ratios					
Revenue growth, DKK, %	17%	10%	6%	4%	3%
Revenue growth, local currency, %	19%	13%	11%	7%	2%
Gross margin, %	79.4%	79.3%	79.0%	78.1%	77.5%
EBITDA margin, %	30.3%	39.1%	26.0%	28.7%	30.0%
EBIT margin, %	22.0%	34.0%	16.5%	20.2%	21.5%
Effective tax rate, %	24.5%	24.4%	23.5%	23.5%	23.5%
Equity ratio, %	17%	23%	15%	19%	24%
NIBD to EBITDA, x ²	1.3	1.1	1.5	1.3	1.2
Return on invested capital (ROIC), % ³	45%	45%	43%	44%	46%
Cash conversion incl. lease payments, %	-12%	116%	65%	104%	-49%
Net working capital, % of last 12 months' revenue	6.9%	1.8%	9.2%	8.4%	8.8%
Capital expenditure, % of revenue	6.0%	5.4%	6.7%	6.8%	4.6%
Stock ratios					
Total payout ratio (incl. share buyback), %	255%	30%	249%	186%	322%
Consolidated balance sheet					
Total assets	23,993	23,798	23,126	22,112	21,519
Invested capital	16,605	15,126	16,228	15,609	15,481
Net working capital	2,017	510	2,498	2,265	2,332
Net interest-bearing debt (NIBD)	12,643	9,770	12,707	11,363	10,227
Equity	3,961	5,355	3,521	4,245	5,254
Consolidated statement of cash flows					
Cash flows from operating activities	188	4,821	1,078	1,627	-142
Capital expenditure, total	409	582	374	398	270
Capital expenditure, property, plant and equipment	252	394	305	312	165
Free cash flows incl. lease payments	-187	4,277	597	1,230	-614

¹ Like-for-like growth include sell-out from all concept stores (including partner owned), owned and operated Shop in Shops and Pandora Online. Partner owned other points of sale are not included in like-for-like. The KPI includes stores which have been operating for +12 months.

² Ratio is based on 12 months' rolling EBITDA.

³ Last 12 months' EBIT in % of last 12 months' average invested capital. The "Return on invested capital (ROIC), %" was updated in Q1 2024 from "Last 12 months' EBIT in % of invested capital" to "Last 12 months' EBIT in % of last 12 months' average invested capital" to present a more useful and less volatile KPI by switching to moving annual total. All comparative periods have been restated.

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 to 31 March 2024. The condensed 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 condensed consolidated interim financial statement gives a true and fair view of the financial position for the Pandora Group at 31 March 2024 and of the results of the Pandora Group's operations and cash flows for the period 1 January to 31 March 2024.

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 financial position as well as a description of material risks and uncertainties that the Group faces.

Copenhagen, 2 May 2024

EXECUTIVE MANAGEMENT

Alexander Lacik
Chief Executive Officer

Anders Boyer
Chief Financial Officer

BOARD

Peter A. Ruzicka
Chair

Christian Frigast
Deputy Chair

Lilian Fossum Biner

Birgitta Strymne Göransson

Marianne Kirkegaard

Catherine Spindler

Jan Zijderveld

DISCLAIMER

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

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