

PANDÖRA



INTERIM FINANCIAL REPORT Q2 2023

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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.

Robust growth in Q2 - revenue guidance raised

Financial highlights

- Brand strength and strong product offering combine to deliver robust growth. Q2 2023 organic growth accelerates to 5%, comprising of LFL (like-for-like) growth of +2% and network expansion of +4%.
- LFL growth in key markets in Europe broadly stable at 0%, US sees improvement to -4% LFL growth and Rest of Pandora sees ongoing strong growth at +12% LFL.
- Gross margins continue upward trend witnessed over past years and reach 78.1%, +170bp vs. Q2 2022.
- As expected, EBIT margin at 20.2% was -190bp Y/Y reflecting a.o. cost phasing and planned investments into growth. Full-year EBIT margin to be broadly in line with last year.
- Leverage remains low with NIBD/EBITDA at 1.3x. DKK 3.3 billion worth of shares purchased since February 8, making good progress towards purchasing a total of DKK 5.0 billion by February 2, 2024 at the latest.

Phoenix strategy highlights

- Phoenix continues to elevate Pandora as the go-to affordable global jewellery brand. Investments across the brand, products, store execution, online and not least the organisation are paying off.
- New unique product designs resonating with consumers; iconic studded bracelet sees good demand and underpins resilience in Moments with LFL at 0%. Other platforms continue to see solid growth with Pandora ME delivering another double-digit LFL quarter at +17% and Timeless delivering +7% LFL.
- LFL in Pandora owned stores continued to be strong (+4% in Q2 2023) and +9pp above partner stores reflecting improvements in our store execution across a.o. merchandising, inventory availability, staffing.
- Pandora continues its mission to democratise diamonds. In late August, Pandora launches three new lab-grown diamonds collections and expands offering to Australia. Mexico and Brazil to follow in October.
- Following three years of COVID-19 disruption in China, Pandora took the initial steps in the relaunch of the brand in mid-July. While still very early days on the journey, Pandora has seen some pick-up in traffic.

2023 outlook and current trading

- Reflecting the solid performance YTD, the organic growth guidance range is updated to “+2% to +5%” (previously -2% to +3%). The EBIT margin guidance remains unchanged at “Around 25%”.
- Current trading in Q3 so far is solid with LFL growth at mid-single digit levels. This has been driven by a broad-based pick up in traffic during the holiday season. Pandora expects traffic to ease off after the holiday season. Nonetheless, the underlying trading trends are encouraging. Pandora remains mindful of the macroeconomic climate.

Alexander Lacik, President and CEO of Pandora, says:

“We are pleased with delivering yet another solid quarter against a backdrop of macroeconomic uncertainty. We have consistently demonstrated that the foundations built under the Phoenix strategy are yielding positive results. We will continue to push ahead with our strategic initiatives for the second half of 2023 and beyond, including the expansion of our assortment in Diamonds and the ongoing roll-out of our new store concept, EVOKE 2.0. Given our solid performance so far, our updated guidance now sees another year of positive organic growth”.

DKK million	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022	FY 2023 guidance
Revenue	5,894	5,655	11,745	11,344	26,463	
Organic growth	5%	3%	3%	11%	7%	+2% to +5%
Like-for-Like, %	2%	2%	1%	9%	4%	
Operating profit (EBIT)	1,188	1,249	2,445	2,559	6,743	
EBIT margin, %	20.2%	22.1%	20.8%	22.6%	25.5%	Around 25%

FINANCIAL HIGHLIGHTS

DKK million	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Financial highlights					
Revenue	5,894	5,655	11,745	11,344	26,463
Organic growth, %	5%	3%	3%	11%	7%
Like-for-Like, % ¹	2%	2%	1%	9%	4%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,690	1,737	3,444	3,509	8,716
Operating profit (EBIT)	1,188	1,249	2,445	2,559	6,743
EBIT margin, %	20.2%	22.1%	20.8%	22.6%	25.5%
Net financials	-171	-27	-265	-37	-210
Net profit for the period	778	934	1,667	1,929	5,029
Financial ratios					
Revenue growth, DKK, %	4%	10%	4%	17%	13%
Revenue growth, local currency, %	7%	4%	5%	12%	8%
Gross margin, %	78.1%	76.4%	77.8%	76.2%	76.3%
EBITDA margin, %	28.7%	30.7%	29.3%	30.9%	32.9%
EBIT margin, %	20.2%	22.1%	20.8%	22.6%	25.5%
Effective tax rate, %	23.5%	23.5%	23.5%	23.5%	23.0%
Equity ratio, %	19%	27%	19%	27%	33%
NIBD to EBITDA, x	1.3	1.0	1.3	1.0	0.8
Return on invested capital (ROIC) ²	42%	46%	42%	46%	48%
Cash conversion incl. lease payments, %	104%	40%	25%	-37%	39%
Net working capital, % of last 12 months' revenue	8.4%	5.8%	8.4%	5.8%	4.2%
Capital expenditure, % of revenue	6.8%	5.4%	5.7%	4.1%	4.9%
Stock ratios					
Total pay-out ratio (incl. share buyback), %	186%	77%	259%	180%	100%
Dividend per share, proposed, DKK	-	-	-	-	16
Dividend per share, paid, DKK	-	-	16	16	16
Earnings per share, basic, DKK	8.9	9.9	19.0	20.5	54.2
Earnings per share, diluted, DKK	8.8	9.8	18.9	20.3	53.7
Consolidated balance sheet					
Total assets	22,112	20,503	22,112	20,503	22,013
Invested capital	15,609	13,543	15,609	13,543	13,961
Net working capital	2,265	1,451	2,265	1,451	1,104
Net interest-bearing debt (NIBD), incl. capitalised leases	11,363	7,926	11,363	7,926	6,794
Equity	4,245	5,617	4,245	5,617	7,167
Consolidated statement of cash flows					
Cash flows from operating activities	1,627	928	1,485	-183	4,434
Capital expenditure – total	398	306	668	464	1,290
Capital expenditure - property, plant and equipment	312	236	477	319	929
Free cash flows incl. lease payments	1,230	506	616	-936	2,602

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 Last 12 months' EBIT in % of invested capital.

BUSINESS UPDATE

Leveraging Phoenix to deliver a solid quarter with improving momentum

Building on the success of the Phoenix strategy, Pandora delivered robust Q2 2023 results with accelerating momentum on top-line and solid profitability. Despite the macroeconomic environment, Pandora achieved organic growth of 5% in Q2 2023 which comprised of solid LFL growth of +2% and network expansion of +4%.

In the second quarter, most of Pandora's key markets reported stable to slightly improving LFL performance. European key markets were stable, highlighting the brand's strong positioning and customer loyalty. Germany continued to deliver yet another quarter of double-digit LFL growth at +11%. The US witnessed an improvement with a reduced decline in LFL growth at -4% indicating the effectiveness of strategic initiatives implemented by Pandora to capture market opportunities. Furthermore, Rest of Pandora continued to deliver strong growth at +12% LFL. China reported a notable milestone as it moved into positive territory with +5% LFL growth, albeit off the easier prior year comparatives which were impacted by COVID-19. More recently, Pandora has taken the first steps in the relaunch of the brand across the two cities of Shanghai and Beijing. The relaunch is a journey, and it will take time before impacting revenue growth in China in a significant way. Since the relaunch was initiated mid-July, we have seen some pick-up in traffic in both stores in Shanghai and Beijing as well as online.

By channel, LFL growth continued to show notable outperformance by stores owned and operated by Pandora which delivered +4% LFL vs. partners at -5% LFL. This difference can be attributed to the vast improvements made in Pandora's own retail execution and operations since the implementation of the Phoenix strategy. Pandora will continue to work with partners to narrow the gap.

Pandora's gross margin continued to trend higher in Q2 2023, reaching 78.1% and up 170bp vs. Q2 2022. This increase can be attributed to successful pricing gains, positive mix and a lower drag from forward integration which more than offset the net drag from FX and commodities combined. Whilst the external environment remains highly promotional, Pandora maintained good discipline across the quarter with promotional activity broadly consistent with last year. The upward trend in gross margins over the past years highlights the brand's adeptness in managing costs and capturing value.

Ongoing investments in brand and product innovation yielding good results

Pandora's unique designs and handcrafted jewellery continues to resonate with consumers. In Q1 2023, Pandora launched a new iconic studded chain bracelet which offers a completely different texture and canvas for styling. The bracelet continued to see good consumer traction through Q2 2023 and underpinned resilient performance in Moments at 0% LFL. The performance in Moments was also helped by other strong product innovations in the quarter such as the new unique Sun and Moon rings which created buzz on various social media channels. Collaborations also saw solid growth of 1% LFL with Disney 100 and the launch of the Little Mermaid seeing good uptake with consumers. All product innovations are good examples of the many avenues Pandora has available to extract solid ongoing growth from the Moments platform.

Elsewhere, Timeless built further on the strong start to the year with another solid quarter of +7% LFL which was helped by a solid Mother's Day performance. Pandora ME also delivered another strong quarter at +17% LFL growth with good broad-based growth across most countries being helped by good execution. LFL growth in Signature declined at -6% reflecting some ongoing optimisation of the assortment.

Gearing up for the significant expansion for Pandora Lab-Grown Diamonds

Revenue in the quarter for Pandora Lab-Grown Diamonds was stable at DKK 32 million. Pandora continues to see vast growth opportunities for the platform and is preparing for the launch of three new lab-grown diamond collections as

well as expanding the offering to Australia, Mexico and Brazil, bringing diamond jewellery to more consumers for more wearing occasions. The new collections will launch during the New York Fashion Week in late August. Whilst the initial launch of Pandora Lab-Grown Diamonds included a narrow product range spanning 36 design variations, the expansion will add three new collections, spanning 57 new design variations which will be available in more than 700 store locations across US, Canada, UK and Australia. Select collections will launch by the end of October 2023 in Mexico and Brazil, with a full roll-out in the markets expected in the first quarter of 2024. The new collections will add fresh design aesthetics through new cuts, original settings, and everyday essential styles with wide consumer appeal and will be backed by an exciting new marketing campaign which centres around Pandora key ideology – democratising diamonds. Price points start at USD 290 and each stone in the new collections ranges from 0.15 to one carat. The expansion is the next step on Pandora’s journey to build out a significant presence in the lab-grown diamonds market.

REVENUE BY SEGMENT

DKK million	Q2 2023	Q2 2022 ¹	Like-for-Like	Share of Revenue	H1 2023	H1 2022 ¹	Like-for-Like	Share of revenue
Moments incl. Collabs	4,570	4,459	0%	78%	9,040	8,917	-1%	77%
- Moments	4,025	3,916	0%	68%	7,885	7,779	-1%	67%
- Collabs	545	543	1%	9%	1,155	1,138	-1%	10%
Style	1,324	1,196	8%	22%	2,705	2,427	8%	23%
- Timeless	880	788	7%	15%	1,829	1,616	9%	16%
- Signature	218	240	-6%	4%	447	491	-9%	4%
- ME	194	159	17%	3%	362	301	18%	3%
- Pandora Lab-Grown Diamonds	32	10	291%	1%	66	19	268%	1%
Total revenue	5,894	5,655	2%	100%	11,745	11,344	1%	100%

¹Pandora has updated its collection structure by moving products from Style to Moments incl. Collabs in Q1 2023. Comparative figures for Q2 2022 were restated accordingly by moving DKK 236 million from Style to Moments incl. Collabs. Total restatement on comparative figures for H1 2022 were DKK 497 million from Style to Moments incl. Collabs.

Notable current and future value from network development, Evoke 2.0 roll-out continues as planned

In Q2 2023, Pandora saw an incremental revenue contribution from network expansion of +4%, mainly related to the impact over the past 12 months from net 105 concept store openings and 111 Pandora owned shop-in-shop openings. Within Q2 2023, Pandora opened net 33 new concept stores and 24 Pandora owned shop-in-shops, underpinning solid future growth at accretive EBIT margins. Pandora is now targeting net concept store openings of 75-125 during 2023, up from 50-100 previously. Openings for Pandora owned other points of sales (i.e. shop-in-shops) are still expected to be 50-100.

During Q2 2023, Pandora opened doors to its brand-new store concept, Evoke 2.0, with a refit of an existing store in Italy. This marked an important milestone for the brand as the new store concept centres on a notably enhanced consumer journey, fostering a more intuitive and engaging experience across all of Pandora's platforms. The launch in Italy in April has seen encouraging initial results with improved traffic and consumer engagement. During the second quarter, Pandora opened a total of seven Evoke 2.0 stores across mainly Italy and the UK but also a brand-new store in Copenhagen Airport. Pandora is targeting over 40 Evoke 2.0 store openings globally in 2023, including the refurbishment of existing stores. The CAPEX per Evoke 2.0 store will be roughly in line with current levels.

In addition to network expansion, Pandora's forward integration strategy has played a significant role in driving operational efficiency and growth potential. Notably, Pandora's own stores have outperformed partner stores by 9pp in LFL growth in Q2 2023. The outperformance reinforces the value of forward integration. By gaining greater

control over the retail experience and customer interactions, Pandora is well-positioned to further optimise its operations, enhance brand consistency, and capture untapped growth potential.

New share buy-back announced, on track to deliver highest shareholder distribution in Pandora's history

During Q2 2023, Pandora initiated a new share buy-back programme to acquire own shares for a maximum consideration of DKK 2.6 billion in the period from 21st June 2023 to 2nd February 2024 at the latest, both days inclusive.

The programme followed the successful conclusion of Pandora's DKK 2.4 billion share buy-back programme. Combined, the two programmes deliver on Pandora's intention to buy back DKK 5.0 billion worth of own shares over twelve months. The total shareholder distribution, including dividends, of DKK 6.4 billion is the highest in Pandora's history.

For the first time, Pandora's share buy-back features a sustainability commitment whereby DKK 2 million, a portion of the expected execution performance, will be used to accelerate Pandora's low-carbon strategy via the purchase of Renewable Energy Certificates and investments in energy efficiency projects at Pandora's crafting facilities in Thailand. This is part of Pandora's ambitious low-carbon strategy to reduce emissions by 50% by 2030 and achieve net zero emissions by 2040.

Capital Markets Day 2023, October 5, London: Update on Phoenix strategy

Pandora hosted a Capital Markets Day in September 2021 providing financial targets covering the period 2021-2023. Since then – and despite headwinds from COVID-19 in China and a worsening macroeconomic situation – Pandora has made significant progress on the Phoenix strategy. At a Capital Markets Day on 5 October, 2023 in London, Pandora will provide an update on the strategy and the next steps in driving sustainable and profitable growth.

REVENUE REVIEW

Solid revenue growth driven by robust LFL and network developments

Pandora delivered organic growth of 5% which comprised of robust LFL growth of 2% and network expansion of 4%. Lower sell-in to partners, reflecting lower inventory cover for some partners as well as a drag in other points of sale (not included in LFL), had a negative impact on organic growth of 1%.

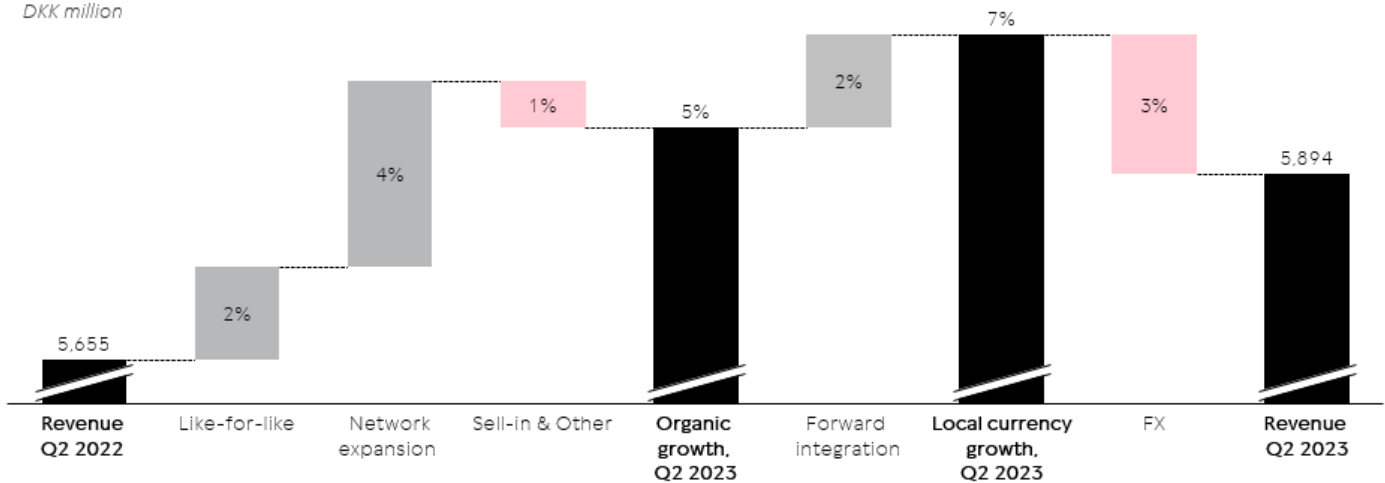
Forward integration continues to support total revenue growth, driven mainly by the acquisitions in H2 2022 in the US and of the Portuguese distributor in Q3 2022. Furthermore, the acquisitions of 14 concept stores in the US and 14 concept stores in Colombia in 2023 have further contributed to revenue growth, bringing the total contribution from forward integration to 2%. Foreign exchange rates represented a net headwind of 3%, as most currencies have depreciated vs. DKK, with in particular a weaker USD and AUD, but also a material decline in the Turkish lira.

The revenue growth development can be illustrated as follows:

Q2 2023 growth composition vs. Q2 2022

%-p growth (approximately)

DKK million



REVIEW OF REVENUE BY KEY MARKET

Like-for-like performance in Q2 driven by strong growth in Rest of Pandora

Pandora's robust performance in Q2 2023 followed similar patterns to previous quarters in most markets, however, with US and China improving sequentially. Despite challenging economic conditions, Pandora's focus on brand strength and execution continues to drive resilient results. The main trading events in Q2 2023 were Mother's Day and the End of Season Sale (EOSS) and, in-line with recent history, Pandora continued to demonstrate solid performances.

US

In the US, LFL improved sequentially to -4% from -7% in Q1 2023. Network expansion in the US lifted organic growth to 0% and total revenue growth in local currency was +2%. LFL momentum improved through the quarter following Mother's Day in May and a strong EOSS in June. Retail execution improved with strong conversion rates and traffic improving in the second quarter. E-commerce also played a significant role in driving growth, with strong demand for new product launches, including the highly popular Little Mermaid collection. LFL in the wholesale channel improved in the second quarter, resulting in a narrowing of the performance gap vs. Pandora's owned and operated stores.

Key markets in Europe

In aggregate, LFL for the key markets in Europe was 0% in Q2 2023, stable vs. Q1 2023.

The UK market once again demonstrated stability and resilience with 0% LFL. The performance remained broadly consistent throughout the second quarter and overall trading patterns were rather stable with the average selling price and basket also being broadly stable despite a weak consumer sentiment. The full-price business remained robust, demonstrating the strength of Pandora's product offerings and customer loyalty.

Germany continues to excel with another quarter of double-digit growth at +11%, reaffirming the effectiveness of Pandora's consistent growth approach across platforms. Despite challenging economic conditions and promotional competition, Pandora continues to thrive with strong brand momentum. Pandora continues to see vast long-term potential in the German market.

In Italy, LFL was in line with the first quarter at -5%. The introduction of the highly anticipated Evoke 2.0 stores has been met with good enthusiasm from customers, who appreciate the warm atmosphere the stores offer. The performance of the three new stores has been encouraging, with higher traffic and conversion rates, highlighting the potential for future roll out of the concept. Furthermore, Pandora's Timeless collection has shown good success, contributing to increased brand penetration and attracting new customers.

Performance in France was also in line with the first quarter at -5% LFL despite performance being weighed down once again by the wholesale channel. LFL in Pandora operated stores was -1% in Q2 vs. -16% in the partner stores. There are encouraging underlying signs of better brand momentum in France with the appointment of Laury Thilleman, a prominent French TV personality and model, as the new Pandora France Ambassador already resonating well with consumers across a strong Mother's Day campaign.

China

China showcased a notable milestone as it moved into positive territory with +5% LFL growth, albeit off easier comparatives. Pandora strategically deferred media spend until July, aligning with the initiation of the brand relaunch across the two cities of Shanghai and Beijing. The relaunch is a journey, and it will take time before impacting revenue growth in China in a significant way. Since the relaunch was initiated mid-July, we have seen some pick-up in traffic in both stores in Shanghai and Beijing as well as online.

Australia and Rest of Pandora

Australia delivered -5% LFL vs. Q2 2022, driven by a continued weak consumer sentiment in the country. Pandora's owned and operated concept stores continues to outperform the wholesale channel (0% vs. -10% LFL in Q2), partly driven by tourism as well as strong execution in Pandora owned and operated stores with high conversion rates.

Rest of Pandora continued to showcase strong performance, with a consistent 12% LFL growth rate maintained throughout the first and second quarter of 2023. The growth is broad-based with double-digit growth rates achieved in multiple markets including Portugal, Peru, Poland, Austria, and Turkey. Mexico and Spain continued to report solid LFL growth at 8% and 5%, respectively.

QUARTERLY REVENUE DEVELOPMENT BY KEY MARKET

DKK million	Q2 2023	Q2 2022	Like-for-Like	Organic growth	Share of revenue
US	1,834	1,841	-4%	0%	31%
China	156	179	5%	-6%	3%
UK	656	665	0%	1%	11%
Italy	584	595	-5%	-2%	10%
Australia	218	246	-5%	-3%	4%
France	231	237	-5%	-3%	4%
Germany	295	285	11%	3%	5%
Total top-7 markets	3,972	4,048	-2%	-1%	67%
Rest of Pandora	1,922	1,607	12%	21%	33%
Total revenue	5,894	5,655	2%	5%	100%

YEAR-TO-DATE REVENUE DEVELOPMENT BY KEY MARKET

DKK million	H1 2023	H1 2022	Like-for-Like	Organic growth	Share of revenue
US	3,549	3,490	-5%	-2%	30%
China	317	433	-12%	-23%	3%
UK	1,465	1,473	0%	3%	12%
Italy	1,123	1,181	-5%	-5%	10%
Australia	438	490	-5%	-6%	4%
France	474	498	-5%	-5%	4%
Germany	564	559	11%	1%	5%
Total top-7 markets	7,930	8,125	-4%	-3%	68%
Rest of Pandora	3,815	3,219	12%	18%	32%
Total revenue	11,745	11,344	1%	3%	100%

REVIEW OF NETWORK DEVELOPMENT

Strategic network expansion, targeting 125-225 net openings in 2023

In the second quarter of 2023, Pandora has continued its strategic network expansion by opening a net total of 33 new concept stores and 24 Pandora owned shop-in-shops. This brings the year-to-date net openings to 10 concept stores and 29 Pandora owned shop-in-shops. Given the value creation from network expansion, Pandora is now targeting 75-125 net concept store openings in 2023, up from 50-100 previously. Net openings of Pandora owned shop-in-shops are still expected to be 50-100. The majority of the new store openings are still expected to be concentrated towards the end of the year, following a similar trend to that of the previous year.

Compared to Q2 2022, Pandora has opened net 105 concept stores, of which 33 has been opened in the US, and 111 Pandora owned shop-in-shops, which is concentrated around Latin America and in particular Mexico. Network expansion drove 4% of growth in the quarter and comes with significant opportunity for further value creation.

Number of points of sale ¹	Q2 2023	Q1 2023	Q2 2022	Growth	Growth
				Q2 2023	Q2 2023
				/Q1 2023	/Q2 2022
Concept stores	2,552	2,519	2,447	33	105
- of which Pandora owned ²	1,712	1,655	1,500	57	212
- of which franchise owned	533	562	618	-29	-85
- of which third-party distribution	307	302	329	5	-22
Other points of sale	3,975	3,964	4,001	11	-26
- of which Pandora owned²	493	469	382	24	111
- of which franchise owned	3,167	3,177	3,141	-10	26
- of which third-party distribution	315	318	478	-3	-163
Total points of sale	6,527	6,483	6,448	44	79

¹ Please refer to note 14 Store network, concept store development in the accounting notes section for more details.

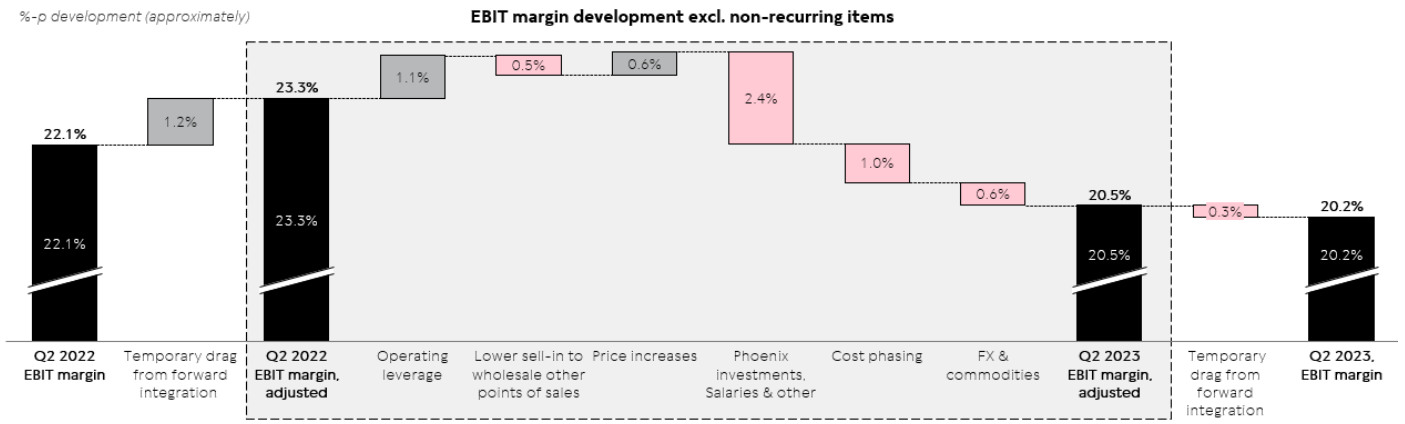
² Pandora does not own any of the premises (Land and buildings) where stores are operated. Pandora exclusively operates stores from leased premises.

PROFITABILITY

Gross margin continues to strengthen, EBIT margin on track

As anticipated, the EBIT margin for Q2 2023 landed at 20.2%, representing a decline of 190bp compared to Q2 2022. As previously communicated, the EBIT margin in Q1-Q3 2023 was expected to be below last year and Q4 above last year among others due to cost phasing and the impact from foreign exchange rates and commodities. Pandora remains on track to deliver a full-year EBIT margin around 25%, broadly in line with last year.

In Q2 2023, operating leverage from LFL growth and network expansion contributed positively alongside the previously implemented pricing actions across the Group. These were offset by planned Phoenix investments and salary increases as well as cost phasing. Silver prices and foreign exchange rates represented a net headwind of 60bp mainly driven by a weaker USD partly offset by tailwinds from silver prices. Silver prices and foreign exchange rates are expected to turn from a net drag of roughly 70bp in Q1-Q3 to a positive impact on the EBIT margin in Q4 2023.



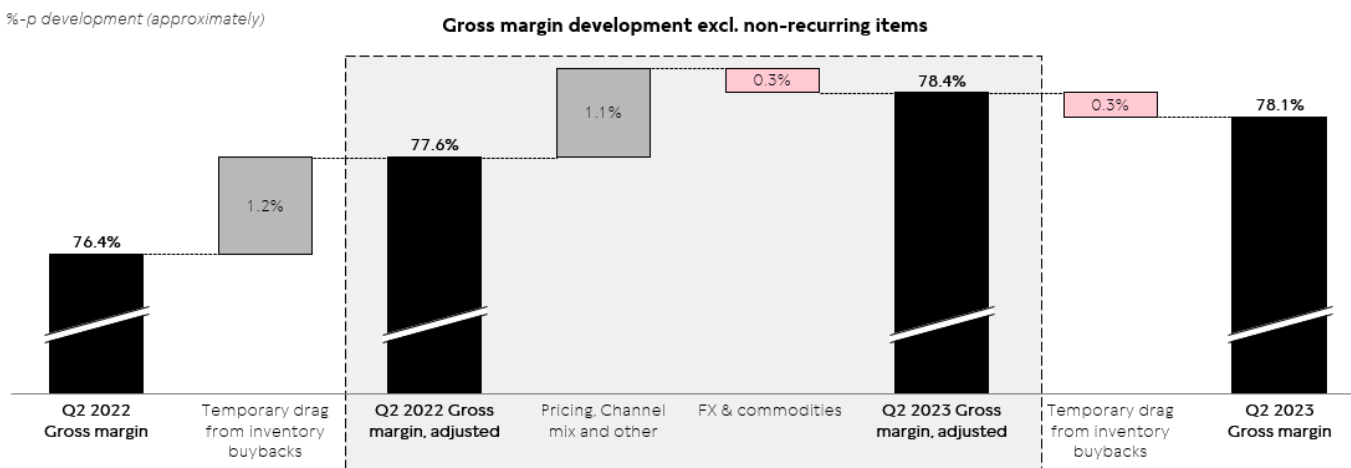
GROSS MARGIN

In Q2 2023, Pandora achieved a strong gross margin of 78.1%, reflecting an increase of 170bp compared to Q2 2022. Favourable channel mix and a successful pricing strategy have been instrumental in driving this upward trend in gross margins.

Foreign exchange rates constituted a headwind of 90bp, driven by a stronger USD and THB relative to DKK on the sold products, due to the time-lag from production and inventories. This was partly offset by favourable changes to commodity prices, mainly on silver, which provided an upside of 60bp.

Lower temporary cost related to buying back inventories in relation to forward integration represented a net tailwind of 90bp compared to Q2 2022. Adjusted for these non-recurring items, the gross margin improved by 80bp to 78.4%.

%-p development (approximately)



GROSS MARGIN AND GROSS PROFIT

DKK million	Q2 2023	Q2 2022	Growth in constant FX	H1 2023	H1 2022	Growth in constant FX
Revenue	5,894	5,655	7%	11,745	11,344	5%
Cost of sales	-1,289	-1,337	-5%	-2,603	-2,702	-7%
Gross profit	4,606	4,318	10%	9,142	8,642	8%
Gross margin	78.1%	76.4%		77.8%	76.2%	

OPERATING EXPENSES

Total operating expenses increased by 13% in constant foreign exchange rates vs. Q2 2022. This was mainly driven by the profitable expansion of the Pandora owned physical network – reflected in the 19% increase in sales and distribution cost, which is also impacted by the higher than usual salary increases, not least to store staff.

Administrative expenses remain stable and in-line with previous quarters. As mentioned in the Q2 2022 Company Announcement, administrative expenses were lower than usual in Q2 2022 which reflects the 29% increase in constant foreign exchange rates vs. Q2 2022. Furthermore, Pandora continues to strategically invest in Digital & Technology, including the new ERP platform, and investments in the organisation to keep strengthening the foundation for future growth.

As for the first quarter of 2023, last year's global media tender resulted in lower advertising costs. Consequently, Pandora is able to maintain a strong media presence despite marketing expenses decreasing by 4% in constant foreign exchange rates compared to last year. Full year marketing costs are still expected to be within the 13-15% range of full year revenue.

QUARTERLY OPERATING EXPENSES

DKK million	Q2 2023	Q2 2022	Growth in constant FX	Share of revenue Q2 2023	Share of revenue Q2 2022
Sales and distribution expenses	-1,975	-1,701	19%	33,5%	30.1%
Marketing expenses	-864	-914	-4%	14,7%	16.2%
Administrative expenses	-578	-454	29%	9,8%	8.0%
Total operating expenses	-3,417	-3,069	13%	58.0%	54.3%

YEAR-TO-DATE OPERATING EXPENSES

DKK million	H1 2023	H1 2022	Growth in constant FX	Share of revenue H1 2023	Share of revenue H1 2022
Sales and distribution expenses	-3,978	-3,461	16%	33,9%	30.5%
Marketing expenses	-1,579	-1,659	-4%	13,4%	14.6%
Administrative expenses	-1,140	-964	19%	9,7%	8.5%
Total operating expenses	-6,697	-6,083	11%	57.0%	53.6%

FINANCIAL EXPENSES AND TAX

Net financials in Q2 2023 ended at a cost of DKK 171 million compared to DKK 27 million in Q2 2022. The increase compared to last year is partly explained by the extraordinary tailwind in Q2 2022 related to foreign exchange adjustments and losses on foreign exchange rate hedges, as highlighted in the Q2 2022 company announcement, which combined represented a tailwind of DKK 46 million in Q2 2022. Furthermore, similar to the first quarter of 2023, increased interest rates and higher leverage compared to last year impacted the interest paid on loans and IFRS 16 related interest on lease payments. The net realised profit on foreign exchange hedging contracts was negligible in Q2 2023.

The effective tax rate ended at 23.5% for Q2 2023, at the mid-point of the guided range of 23-24% and in line with previous quarters. EPS ended at DKK 8.9 per share in Q2 2023, DKK 1 below Q2 2022.

CASH FLOW & BALANCE SHEET

Strong cash conversion following sequential improvement in net working capital

The net working capital improved sequentially despite the usual slight seasonal build up of inventories and ended at 8.4% of the last 12 months revenue. The year-on-year increase was driven mainly by a decrease in payables and net positive market values on silver hedges, which represented a significant net liability in Q2 2022. Inventories ended at 16.6% of the last 12 months revenue, a touch below last year's level and in line with expectations. The full year inventory position (measured in DKK) is expected to land broadly in line with last year.

Trade receivables continues to be at a healthy level with wholesale Days Sales Outstanding (DSO) ending at 30 days, vs. 24 days in Q2 2022. The increase was mainly driven by geographical mix in the wholesale channel. Total DSO, including retail receivables, ended at 12 days by the end of Q2 2023, slightly above Q2 2022 of 11 days.

Cash conversion was strong and ended at 104% in Q2 2023, as last year's deliberate inventory build-up is starting to lapse. Free cash flow including lease payments ended at DKK 1,230 million. CAPEX ended at 6.8% of revenue as investments into growth and in particular the physical store network ramps up, bringing the YTD CAPEX spent closer to the targeted full year CAPEX at around 6% of revenue.

ROIC continues to be strong at 42%, slightly below last year with 46% in Q2 2022. The decrease is mainly a function of a higher invested capital and the higher net working capital compared to last year.

NET WORKING CAPITAL

Share of preceding 12 months' revenue	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Inventories	16.6%	16.3%	15.9%	20.1%	16.9%
Trade receivables	2.9%	3.2%	4.8%	3.4%	2.6%
Trade payables	-8.5%	-8.2%	-11.8%	-10.4%	-9.5%
Other net working capital elements	-2.6%	-2.4%	-4.7%	-4.3%	-4.2%
Total	8.4%	8.8%	4.2%	8.8%	5.8%

Balance Sheet

Total non-current assets increased to DKK 14.9 billion at the end of Q2 2023 (Q2 2022: DKK 13.5 billion), mainly due to higher right-of-use assets coming from network expansion, higher CAPEX across asset types and goodwill related to forward integration. Current assets remained broadly stable and similar to Q2 2022.

Net interest-bearing debt amounted to DKK 11.4 billion at the end of Q2 2023 (Q2 2022: DKK 7.9 billion), corresponding to a financial leverage of 1.3x (Q2 2022: 1.0x). Net interest-bearing debt developed in line with expectations and the increase compared to last year was mainly driven by cash distributions to shareholders in the first quarter of 2023 following Pandora's decision to slightly lift leverage from the low end of the capital structure range of 0.5x to 1.5x NIBD to EBITDA (year-end measure) to around the mid-point of the range.

At the end of Q2 2023, equity in Pandora amounted to DKK 4.2 billion, down from DKK 7.2 billion by year end 2022 reflecting usual seasonality driven by distributions to shareholders in the form of dividends and share buybacks. Pandora has paid out DKK 1.4 billion in dividends and bought back shares for an amount of DKK 3.0 billion in the first half of 2023.

FINANCIAL GUIDANCE

Raising revenue guidance based on solid performance YTD

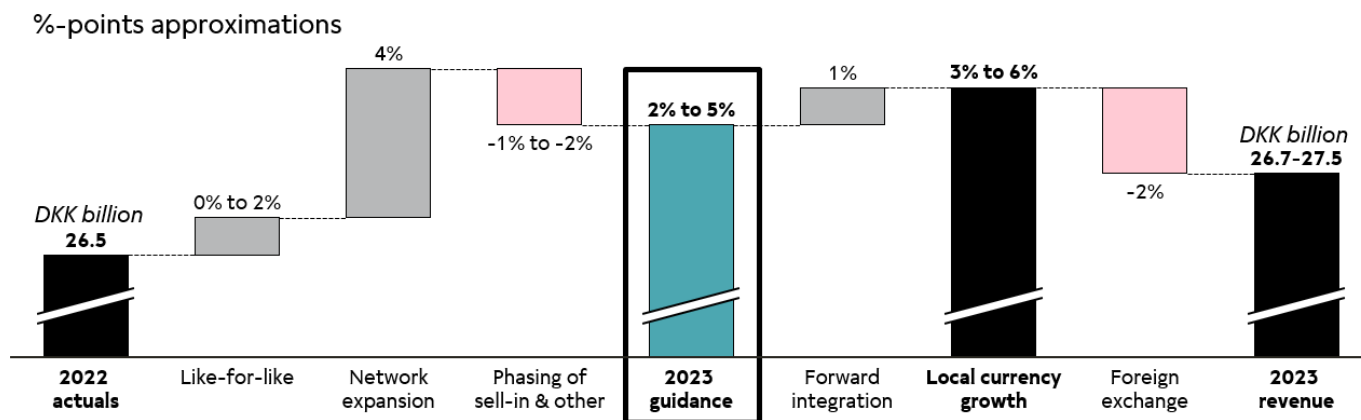
The brand has demonstrated resilience since the macroeconomic conditions started to worsen during 2022. Whilst the economic outlook for the remainder of 2023 remains uncertain, performance YTD has been solid as initiatives under the Phoenix strategy continue to yield good results. Pandora therefore updates its financial guidance to “organic growth of +2% to +5%” (previously -2% to +3%). The EBIT margin guidance remains unchanged at “Around 25%”. The low end of the updated organic growth range would require a consistent worsening of macro conditions relative to today.

Whilst the short-term macroeconomic environment remains uncertain, Pandora’s internal initiatives to position the company for sustainable growth continue unabated. The Group will continue to focus on driving higher brand desirability, acquiring new customers, and expanding the network. The prospects for delivering healthy LFL and organic growth remain as strong as ever.

REVENUE GUIDANCE

Pandora is currently expecting a LFL growth in 2023 between 0% to +2% (previously -4% to 0%), depending on how macroeconomic conditions progress through the year. Continued network expansion is expected to add 4% (previously 3%) to growth whereas the phasing of sell-in to partners/other is expected to be a drag of -1% to -2% (previously 0 to -1%). In combination, these elements help lift organic growth to +2% to +5%. Forward integration is expected to add around 1% with revenue growth in local currency ending at +3% to +6%. Foreign exchange is expected to add around 1% with revenue growth in local currency ending at +3% to +6%.

The organic growth guidance can be illustrated as follows:



PROFITABILITY GUIDANCE

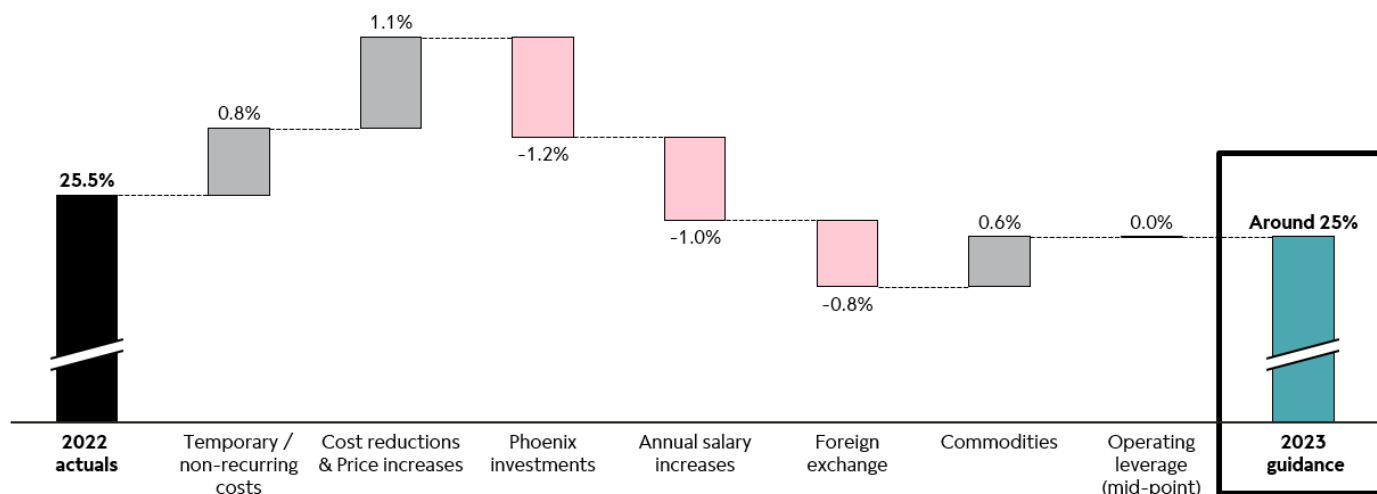
The EBIT margin guidance for 2023 is unchanged at “Around 25%”. The building blocks include temporary and non-recurring costs from 2022 which are expected to drive a tailwind of 80bp whilst the structural cost reductions and the price increases implemented in Q4 2022 will be driving a further tailwind of 110bp. Higher-than-normal salary increases are expected to suppress the EBIT margin by 100bp while foreign exchange rates and commodity assumptions per 31 July 2023 currently represent a net headwind of 20bp.

Investments in Phoenix initiatives and future growth are expected to be a -120bp drag on the EBIT margin (previously -100bp). In-line with previous guidance, Pandora will continue to demonstrate an extra layer of cost flexibility to either underpin the EBIT margin further or invest for growth. The EBIT margin phasing through the year is expected to be more skewed towards Q4 than in 2022. This mainly reflects phasing of costs, hedged silver prices and foreign

exchange rates. Silver prices and foreign exchange rates are expected to turn from a net drag of roughly 70bp in Q1-Q3 to a positive impact on the EBIT margin in Q4 2023.

The EBIT margin guidance can be illustrated as follows:

%-points approximations



2023 GUIDANCE – OTHER PARAMETERS

Pandora expects to open net 75-125 concept stores (previously “net 50-100 concept store openings”) and 50-100 owned and operated other points of sales in 2023.

CAPEX is expected to end at around 6% share of revenue, primarily driven by investments into the store network, digital initiatives and crafting facilities. The effective tax rate is expected to be 23-24%, unchanged from last year.

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 36.

FOREIGN EXCHANGE AND COMMODITY ASSUMPTIONS AND IMPLICATIONS – As of 31 July 2023

	Average 2022	Average 2023	2023 Y-Y Financial Impact
USD/DKK	7.07	6.83	
THB/DKK	0.20	0.20	
GBP/DKK	8.73	8.59	
CNY/DKK	1.05	0.97	
AUD/DKK	4.91	4.60	
Silver/USD (per ounce)	24.9	22.7	
REVENUE (DKK million)			<i>Approx.</i> -600
EBIT (DKK million)			<i>Approx.</i> -200
EBIT margin (foreign exchange)			<i>Approx.</i> -0.8%
EBIT margin (commodities)			<i>Approx.</i> +0.6%

CAPITAL STRUCTURE POLICY AND CASH DISTRIBUTION

At the end of June 2023, Pandora's leverage remains low at 1.3x NIBD to EBITDA. The increase in leverage vs. the end of December 2022 is in line with expectations as previously communicated and primarily reflects cash distributions to the shareholders as well as usual seasonality.

Pandora has paid out DKK 4.4 billion to shareholders in the first half of 2023, of which DKK 1.4 billion came from an ordinary dividend of DKK 16 per share and the DKK 3.0 billion was distributed via share buybacks. Pandora intend to buy back DKK 5.0 billion worth of own shares over twelve months ending February 2, 2024, of which DKK 3.3 billion has been bought back as of August 11, 2023.

SUSTAINABILITY

Pandora's growth strategy, Phoenix, counts sustainability as one of five foundational pillars that will support the company's long-term growth ambitions. Placing sustainability at the core of our business reflects that we strive to be a responsible and leading global brand.

We focus our efforts on execution against our sustainability targets across our three strategic priorities: low-carbon business, circular innovation, and inclusive, diverse and fair culture.

Key activities in Q2 included:

- Progressed on our target to become carbon neutral in own operations by 2025: reduced emissions by further energy-saving measures in our crafting facilities, expanded the geographical scope of RECs (renewable energy certificates) for 2023 and initiated the increased on-site renewable energy capacity.
- As part of the supplier engagement programme on Scope 3 emissions, we conducted further dialogue and survey to selected suppliers to gather carbon footprint data and climate insights. In addition, we continued to explore opportunities on low-carbon solutions within key supply categories. We continue to work with our suppliers on human rights topics so they can improve their management systems and engage more closely with workers on their experiences.
- We increased the share of recycled silver and gold (61% in 2022) and we are well on track to meet our target to purchase 100% recycled silver and gold for crafting our jewellery by 2025.
- We made positive progress towards our gender parity target through various initiatives.

More information on Pandora's 2022 sustainability performance, strategy and targets can be found in [Pandora's Sustainability Report 2022](#).

OTHER EVENTS

During Q2 2023, Pandora initiated a new share buy-back programme to acquire own shares for a maximum consideration of DKK 2.6 billion in the period from 21st June 2023 to 2nd February 2024 at the latest, both days inclusive.

The programme followed the successful conclusion of Pandora's DKK 2.4 billion share buy-back programme. Combined, the two programmes deliver on Pandora's intention to buy back DKK 5.0 billion worth of own shares over twelve months. The total shareholder distribution, including dividends, of DKK 6.4 billion is the highest in Pandora's history.

FINANCIAL CALENDAR 2023

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

5 October 2023	Capital Markets Day 2023
08 November 2023	Interim Financial Report for the third quarter/first nine months of 2023
07 February 2024	Annual Report 2023

2023 YEAR-TO-DATE DEVELOPMENT

REVENUE

Total revenue increased by 5% in local currency to DKK 11,745 million in H1 2023 compared with H1 2022. Organic growth was 3% reflecting robust underlying performance against a backdrop of macroeconomic uncertainty.

GROSS PROFIT AND COSTS

Gross profit was DKK 9,142 million in H1 2023 (DKK 8,642 million in H1 2022), resulting in a gross margin of 77.8% in H1 2023 vs. 76.2% in H1 2022. The increase was driven by favourable channel mix and pricing.

Sales and distribution expenses increased to DKK 3,978 million in H1 2023 (DKK 3,461 million in H1 2022), corresponding to 33.9% of revenue in H1 2023 (30.5% in H1 2022). The increase is mainly the result of the profitable expansion of the Pandora owned physical network.

Marketing expenses was DKK 1,579 million in H1 2023 (DKK 1,659 million in H1 2022), resulting in a share of revenue of 13.4% in H1 2023 compared with 14.6% in H1 2022, driven by last year's global media tender which resulted in lower advertising costs. Consequently, Pandora is able to maintain the media pressure at a lower cost.

Administrative expenses ended at DKK 1,140 million in H1 2023 compared with DKK 964 million in H1 2022, corresponding to 9.7% of revenue in H1 2023 (8.5% in H1 2022). The increase was mainly driven by lower than usual administrative expenses in Q2 2022.

EBIT

EBIT for H1 2023 was DKK 2,445 million, resulting in an EBIT margin of 20.8% in H1 2023 vs. 22.6% in H1 2022. As previously communicated, the EBIT margin phasing through the year is expected to be more skewed towards Q4 than in 2022 due to cost phasing, silver prices and foreign exchange rates.

NET FINANCIALS

Net financials amounted to a cost of DKK 265 million in H1 2023 vs. a cost of DKK 37 million in H1 2022. This reflects among others higher leverage and increased interest rates on loans and store leases.

INCOME TAX EXPENSES

Income tax expenses were DKK 512 million in H1 2023 compared with DKK 593 million in H1 2022, implying an effective tax rate for the Group of 23.5% for H1 2023 similar to H1 2022.

NET PROFIT

Net profit in H1 2023 was DKK 1,667 million vs. DKK 1,929 million in H1 2022.

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 78 76 84 90

SE: +46 406 820 620

UK: +44 203 769 6819

US: +1 646 787 0157

PIN: 837462

Link to webcast: <https://pandora-events.eventcdn.net/events/Q2-2023>

ABOUT PANDORA

Pandora is the world's largest jewellery brand. The company designs, manufactures and markets hand-finished jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries through more than 6,500 points of sale, including more than 2,500 concept stores.

Headquartered in Copenhagen, Denmark, Pandora employs 32,000 people worldwide and crafts its jewellery at two LEED-certified facilities in Thailand. Pandora is committed to leadership in sustainability and will purchase only recycled silver and gold for crafting its jewellery by 2025 and halve greenhouse gas emissions across its value chain by 2030. Pandora is listed on the Nasdaq Copenhagen stock exchange and generated sales of DKK 26.5 billion (EUR 3.6 billion) in 2022.

For more information, please contact:

INVESTOR RELATIONS

Bilal Aziz
VP, Investor Relations & Treasury
+45 3137 9486
biazi@pandora.net

Adam Fuglsang
Director, Investor Relations
+45 6167 7425
adfug@pandora.net

CORPORATE COMMUNICATIONS

Mads Twomey-Madsen
SVP, Corporate Communications & Sustainability
+45 2510 0403
madt@pandora.net

Johan Melchior
VP, Media Relations & Public Affairs
+45 4060 1415
jome@pandora.net

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue	3	5,894	5,655	11,745	11,344	26,463
Cost of sales		-1,289	-1,337	-2,603	-2,702	-6,273
Gross profit		4,606	4,318	9,142	8,642	20,190
Sales, distribution and marketing expenses		-2,839	-2,615	-5,557	-5,120	-11,322
Administrative expenses		-578	-454	-1,140	-964	-2,125
Operating profit		1,188	1,249	2,445	2,559	6,743
Finance income		67	132	160	221	412
Finance costs		-239	-160	-424	-258	-622
Profit before tax		1,017	1,221	2,180	2,522	6,533
Income tax expense		-239	-287	-512	-593	-1,504
Net profit for the period		778	934	1,667	1,929	5,029
Earnings per share, basic, DKK		8.9	9.9	19.0	20.5	54.2
Earnings per share, diluted, DKK		8.8	9.8	18.9	20.3	53.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Net profit for the period	778	934	1,667	1,929	5,029
Other comprehensive income:					
Items that may be reclassified to profit/loss for the period					
Exchange rate adjustments of investments in subsidiaries	-25	128	-66	236	-196
Fair value adjustment of hedging instruments	-282	-337	-249	-157	297
Tax on other comprehensive income, hedging instruments, income/expense	43	77	48	38	23
Items that may be reclassified to profit/loss for the period, net of tax	-263	-132	-267	117	123
Items not to be reclassified to profit/loss for the period					
Actuarial gain/loss on defined benefit plans, net of tax	-21	-	-21	-	12
Items not to be reclassified to profit/loss for the period, net of tax	-21	-	-21	-	12
Other comprehensive income, net of tax	-284	-132	-288	117	135
Total comprehensive income for the period	494	802	1,379	2,046	5,164

CONSOLIDATED BALANCE SHEET

DKK million	Notes	2023 30 June	2022 30 June	2022 31 December
ASSETS				
Goodwill	9	4,882	4,743	4,822
Brand		1,057	1,057	1,057
Distribution		1,040	1,064	1,047
Other intangible assets		687	568	642
Total intangible assets		7,666	7,433	7,568
Property, plant and equipment		2,382	1,937	2,226
Right-of-use assets	10	3,367	2,704	2,978
Deferred tax assets		1,299	1,174	1,261
Other financial assets		214	221	249
Total non-current assets		14,929	13,469	14,282
Inventories		4,460	4,239	4,211
Trade receivables	7	791	663	1,262
Right-of-return assets		39	52	54
Derivative financial instruments	5,6	117	124	231
Income tax receivable		182	207	155
Other receivables		738	744	1,024
Cash		855	1,005	794
Total current assets		7,183	7,034	7,731
Total assets		22,112	20,503	22,013
EQUITY AND LIABILITIES				
Share capital		89	96	96
Treasury shares		-2,337	-1,690	-3,320
Reserves		650	911	918
Proposed dividend		-	-	1,430
Retained earnings		5,843	6,301	8,044
Total equity		4,245	5,617	7,167
Provisions		369	386	363
Loans and borrowings	10	10,555	7,998	3,130
Deferred tax liabilities		174	145	172
Total non-current liabilities		11,098	8,529	3,665
Provisions		19	26	21
Refund liabilities		478	583	628
Contract liabilities		126	127	136
Loans and borrowings	10	1,663	933	4,458
Derivative financial instruments	5,6	206	423	74
Trade payables	11	2,277	2,385	3,131
Income tax payable		964	981	1,068
Other payables		1,036	898	1,666
Total current liabilities		6,769	6,356	11,181
Total liabilities		17,867	14,885	14,846
Total equity and liabilities		22,112	20,503	22,013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK million	Share capital	Treasury shares	Translation reserve	Hedging reserve	Dividend proposed	Retained earnings	Total equity
2023							
Equity at 1 January	96	-3,320	797	121	1,430	8,044	7,167
Net profit for the period	-	-	-	-	-	1,667	1,667
Other comprehensive income, net of tax	-	-	-73	-195	-	-21	-288
Total comprehensive income for the period	-	-	-73	-195	-	1,647	1,379
Share-based payments	-	276	-	-	-	-185	91
Purchase of treasury shares	-	-2,980	-	-	-	-	-2,980
Cancellation of treasury shares	-7	3,687	-	-	-	-3,680	-
Dividend paid	-	-	-	-	-1,412	-	-1,412
Dividend proposed	-	-	-	-	-18	18	-
Equity at 30 June	89	-2,337	724	-74	-	5,843	4,245
2022							
Equity at 1 January	100	-3,416	905	-110	1,516	8,007	7,001
Net profit for the period	-	-	-	-	-	1,929	1,929
Other comprehensive income, net of tax	-	-	239	-122	-	-	117
Total comprehensive income for the period	-	-	239	-122	-	1,929	2,046
Share-based payments	-	198	-	-	-	-157	41
Purchase of treasury shares	-	-1,958	-	-	-	-	-1,958
Cancellation of treasury shares	-5	3,486	-	-	-	-3,481	-
Dividend paid	-	-	-	-	-1,516	2	-1,514
Equity at 30 June	96	-1,690	1,144	-233	-	6,301	5,617

CONSOLIDATED STATEMENT OF CASH FLOWS

DKK million	Notes	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Operating profit		1,188	1,249	2,445	2,559	6,743
Depreciation and amortisation		502	488	999	950	1,973
Share-based payments		30	22	54	36	87
Change in inventories		-97	-594	-179	-948	-1,012
Change in receivables		228	371	776	417	-531
Change in payables and other liabilities		153	-267	-1,741	-2,078	-559
Other non-cash adjustments		-41	-26	-27	29	-18
Finance income received		5	1	10	2	7
Finance costs paid		-133	-98	-249	-198	-466
Income taxes paid		-207	-219	-603	-952	-1,790
Cash flows from operating activities, net		1,627	928	1,485	-183	4,434
Acquisitions of subsidiaries and activities, net of cash acquired	8	-111	-2	-156	-293	-562
Purchase of intangible assets		-56	-75	-170	-140	-353
Purchase of property, plant and equipment		-226	-198	-452	-297	-838
Change in other assets		21	-3	29	3	-36
Proceeds from sale of property, plant and equipment		-	1	-	3	5
Cash flows from investing activities, net		-371	-277	-748	-723	-1,785
Dividend paid		-	-	-1,412	-1,514	-1,514
Dividend paid – withholding tax		-337	-345	-	-	-
Purchase of treasury shares		-1,451	-719	-2,900	-1,958	-3,527
Proceeds from loans and borrowings		1,175	1,212	7,329	5,097	4,994
Repayment of loans and borrowings		99	-273	-3,061	-273	-1,985
Repayment of lease commitments		-264	-245	-515	-519	-1,068
Cash flows from financing activities, net		-778	-370	-560	833	-3,100
Net increase/decrease in cash		478	281	177	-73	-452
Cash and cash equivalents, beginning of period		288	716	595	1,043	1,043
Exchange gains/losses on cash and cash equivalents		-17	8	-23	36	4
Net increase/decrease in cash		478	281	177	-73	-452
Cash and cash equivalents, end of period		749	1,005	749	1,005	595
Cash balances		855	1,005	855	1,005	794
Overdrafts		-106	-	-106	-	-199
Cash and cash equivalents, end of period		749	1,005	749	1,005	595
Cash flows from operating activities, net		1,627	928	1,485	-183	4,434
- Finance income received		-5	-1	-10	-2	-7
- Finance costs paid		133	98	249	198	466
Cash flows from investing activities, net		-371	-277	-748	-723	-1,785
- Acquisition of subsidiaries and activities, net of cash acquired		111	2	156	293	562
Repayment of lease commitments		-264	-245	-515	-519	-1,068
Free cash flows incl. lease payments		1,230	506	616	-936	2,602
Unutilised committed credit facilities	5	3,346	1,674	3,346	1,674	6,693

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 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 2022.

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. Apart from the 'Free cash flows incl. lease payments' which is defined as cash flows from operating activities, excluding financial items; cash flows from investing activities excluding acquisitions of subsidiaries and activities and includes the repayment of lease commitments, for definitions of the performance measures used by Pandora, see note 5.6 Financial definitions to the consolidated financial statements in the Annual Report 2022.

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 2023. The implementation of these new or amended standards and interpretations had no material impact on the 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 – Significant accounting estimates and judgements

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 2022 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 Moments incl. Collabs, while the other, Style, covers newer collections and innovations. In Q1 2023, Pandora updated its collection structure by moving products across Signature and Timeless into the Moments platform. The strategic reasoning centres around personalisation and becoming more customer centric, leading to a centralised platform for congruent charms and charm holders.

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	Moments incl.		
	Collabs	Style	Group
Q2 2023			
Revenue	4,570	1,324	5,894
Cost of sales	-1,024	-265	-1,289
Gross profit	3,547	1,059	4,606
Operating expenses			-3,417
Consolidated operating profit (EBIT)			1,188
Profit margin (EBIT margin)			20.2%
Q2 2022¹			
Revenue	4,459	1,196	5,655
Cost of sales	-1,091	-246	-1,337
Gross profit	3,368	950	4,318
Operating expenses			-3,069
Consolidated operating profit (EBIT)			1,249
Profit margin (EBIT margin)			22.1%
H1 2023			
Revenue	9,040	2,705	11,745
Cost of sales	-2,053	-550	-2,603
Gross profit	6,987	2,155	9,142
Operating expenses			-6,697
Consolidated operating profit (EBIT)			2,445
Profit margin (EBIT margin)			20.8%
H1 2022¹			
Revenue	8,917	2,427	11,344
Cost of sales	-2,201	-500	-2,702
Gross profit	6,716	1,926	8,642
Operating expenses			-6,083
Consolidated operating profit (EBIT)			2,559
Profit margin (EBIT margin)			22.6%

REVENUE BY SEGMENTS

DKK million	Q2 2023	Q2 2022 ¹	Like-for-like	Local currency growth	Share of Revenue	H1 2023	H1 2022 ¹	Like-for-like	Local currency growth	Share of Revenue
Moments incl. Collabs	4,570	4,459	0%	5%	78%	9,040	8,917	-1%	2%	77%
- Moments	4,025	3,916	0%	5%	68%	7,885	7,779	-1%	2%	67%
- Collabs	545	543	1%	2%	9%	1,155	1,138	-1%	1%	10%
Style	1,324	1,196	8%	13%	22%	2,705	2,427	8%	12%	23%
- Timeless	880	788	7%	14%	15%	1,829	1,616	9%	14%	16%
- Signature	218	240	-6%	-7%	4%	447	491	-9%	-8%	4%
- ME	194	159	17%	25%	3%	362	301	18%	22%	3%
- Pandora Lab-Grown Diamonds	32	10	291%	240%	1%	66	19	268%	259%	1%
Total revenue	5,894	5,655	2%	7%	100%	11,745	11,344	1%	5%	100%

Goods transferred at a point in time 5,880 5,638 11,716 11,310

Services transferred over time 14 17 29 34

Total revenue 5,894 5,655 11,745 11,344

¹Pandora has updated its collection structure by moving products from Style to Moments incl. Collabs in Q1 2023. Comparative figures for Q2 2022 were restated accordingly by moving DKK 236 million from Style to Moments incl. Collabs. Total restatement on comparative figures for H1 2022 were DKK 497 million from Style to Moments incl. Collabs.

REVENUE DEVELOPMENT IN KEY MARKETS

DKK million	Q2 2023	Q2 2022	Like-for-like	Local currency growth	H1 2023	H1 2022	Like-for-like	Local currency growth
US	1,834	1,841	-4%	2%	3,549	3,490	-5%	1%
China	156	179	5%	-6%	317	433	-12%	-23%
UK	656	665	0%	1%	1,465	1,473	0%	3%
Italy	584	595	-5%	-2%	1,123	1,181	-5%	-5%
Australia	218	246	-5%	-3%	438	490	-5%	-6%
France	231	237	-5%	-3%	474	498	-5%	-5%
Germany	295	285	11%	3%	564	559	11%	1%
Total top-7 markets	3,972	4,048	-2%	0%	7,930	8,125	-4%	-2%
Rest of Pandora	1,922	1,607	12%	23%	3,815	3,219	12%	20%
Total revenue	5,894	5,655	2%	7%	11,745	11,344	1%	5%

REVENUE DEVELOPMENT BY CHANNEL

DKK million	Q2 2023	Q2 2022	Organic growth	Share of Revenue	H1 2023	H1 2022	Organic growth	Share of Revenue
Pandora owned¹ retail	4,603	4,101	11%	78%	8,994	8,026	9%	77%
- of which concept stores	3,089	2,724	11%	52%	5,990	5,169	12%	51%
- of which online stores	1,141	1,098	7%	19%	2,285	2,317	0%	19%
- of which other points of sale	372	279	28%	6%	718	540	27%	6%
Wholesale	1,131	1,406	-15%	19%	2,414	2,972	-15%	21%
- of which concept stores	575	767	-15%	10%	1,229	1,600	-14%	10%
- of which other points of sale	555	639	-14%	9%	1,185	1,373	-16%	10%
Third-party distribution	161	148	30%	3%	337	346	14%	3%
Total revenue	5,894	5,655	5%	100%	11,745	11,344	3%	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.

NOTE 4 – Seasonality of operations

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

NOTE 5 – Financial risks

Pandora's overall risk exposure and financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rates, are described in the disclosures in note 4.4 Financial risks in the consolidated financial statements in the Annual Report 2022.

During Q2 2023, Pandora launched a new share buy-back programme to acquire own shares for a maximum consideration of DKK 2.6 billion up until 2 February 2024. This follows the successful conclusion of Pandora's DKK 2.4 billion share buy-back programme ending late June 2023. For the first time, Pandora's share buy-back features a sustainability commitment whereby DKK 2 million, a portion of the expected execution performance, will be used to accelerate Pandora's low-carbon strategy via the purchase of Renewable Energy Certificates and investments in energy efficiency projects at Pandora's crafting facilities in Thailand.

Net interest-bearing debt (NIBD), including capitalised leases amounted to DKK 11.4 billion at the end of Q2 2023 (Q1 2023: DKK 10.2 billion) corresponding to a financial leverage of 1.3x (Q1 2023: 1.2x).

Outstanding committed loan facilities (end of June 2023)

DKK million	Available facilities	Maturity date	Drawn amount	Available liquidity
Revolving credit facilities ¹	7,075	April 2028	3,729	3,346
Term loan maturing in 2030 ¹	745	May 2030	745	-
Bond maturing in 2028 ¹	3,724	April 2028	3,724	-
Total outstanding committed loan facilities	11,544		8,198	3,346

¹Sustainability-linked facilities.

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 Derivative financial instruments to the consolidated financial statements in the Annual Report 2022.

NOTE 7 – Trade receivables

DKK million	2023 30 June	2022 31 December
Receivables related to third-party distribution and wholesale	437	747
Receivables related to retail revenue	354	515
Total trade receivables	791	1,262

NOTE 8 – Business combinations

In H1 2023, Pandora took over 28 concept stores (14 concept stores in the US and 14 concept stores in Colombia). Net assets acquired mainly consisted of store properties, inventories and related liabilities. The total purchase price for the acquisitions was DKK 166 million. Based on the purchase price allocations, goodwill was DKK 85 million. Goodwill from the acquisitions was mainly related to the synergies from converting the stores from wholesale and distribution to Pandora owned retail. Among the goodwill acquired, DKK 36 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, contribution to Group revenue and net profit from acquisitions for the period 1 January – 30 June 2023 was DKK 40 million and DKK 15 million respectively. On a pro forma basis, i.e. in the event that the acquisitions had been effective from 1 January 2023, the impact on Group revenue and net profit for the period 1 January – 30 June 2023 would have been approximately DKK 72 million and DKK 22 million.

The purchase price allocations have not yet been finalised at the time of reporting and the accounting for the business combination is considered provisional at 30 June 2023.

ACQUISITIONS

DKK million	H1 2023	FY 2022
Property, plant and equipment and right-of-use assets	113	159
Inventories	75	195
Other current assets	1	-
Assets acquired	189	354
Non-current liabilities	71	78
Payables	1	3
Other current liabilities	36	61
Liabilities assumed	109	141
Total identifiable net assets acquired	81	213
Goodwill arising on the acquisitions	85	364
Purchase consideration	166	577
Cash movements on acquisitions:		
Consideration transferred regarding previous years ¹	6	-
Deferred payment	-15	-14
Net cash flow on acquisitions	156	562

¹ The deferred payment of DKK 6 million related to the acquisition in Portugal in 2022 is paid in 2023.

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	2023	2022
	30 June	31 December
Cost at 1 January	4,822	4,418
Acquisition of subsidiaries and activities in the period	85	364
Exchange rate adjustments	-25	39
Cost at the end of the period	4,882	4,822

No impairment indication was identified based on the information regarding the market and the forecast. The latest impairment test was carried out 31 December 2022 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 2022.

NOTE 10 – Assets and liabilities related to leases

Amounts recognised in the balance sheet:

RIGHT-OF-USE ASSETS

DKK million	2023	2022
	30 June	31 December
Property	3,352	2,960
IT	1	2
Cars	10	11
Other	4	5
Total right-of-use assets	3,367	2,978

Out of the total increase of DKK 0.4 billion in right-of-use-assets in the period 1 January to 30 June 2023, DKK 1 billion relates to renewals of lease contracts and new leases driven by network expansion and forward integration, partially offset by a decrease of DKK 0.6 billion as a result of depreciation and currency exchange movement. The development in right-of-use-assets is further affected by the timing of renewals of lease contracts and new leases including the negotiation of more favourable leasing terms.

LEASE LIABILITIES

DKK million	2023	2022
	30 June	31 December
Non-current	2,460	2,113
Current	1,008	950
Total lease liabilities	3,468	3,063

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 –	1 January –
	30 June 2023	30 June 2022
Property	556	533
IT	1	1
Cars	4	4
Other	2	2
Total depreciation on right-of-use assets for the period	563	540

The vast majority of depreciation relates to leased stores and is presented in the sales and distribution expenses.

OTHER ITEMS RELATING TO LEASES

DKK million	1 January – 30 June 2023	1 January – 30 June 2022
Interest expense	121	61
Total interest for the period	121	61

Costs recognised in the period for short-term and low-value leases were DKK 31 million (2022 H1: DKK 23 million). Expenses are recognised on a straight-line basis.

Total cash outflow relating to leases was DKK 885 million for 2023 H1 (2022 H1: DKK 776 million), comprising fixed lease payments in scope of IFRS 16 of DKK 515 million (2022 H1: DKK 519 million), variable lease payments of DKK 218 million (2022 H1: DKK 173 million), interest paid of DKK 121 million (2022 H1: DKK 61 million), and short-term and low-value leases of DKK 31 million (2022 H1: DKK 23 million). Payments related to variable leases and short-term and low-value leases are not included in the lease liabilities.

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 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 75 million at 30 June 2023 (30 June 2022: DKK 41 million).

NOTE 12 – Contingent assets and liabilities

Reference is made to note 5.1 Contingent assets and liabilities to the consolidated financial statements in the Annual Report 2022.

The discussions of any potential insurance compensation for Pandora's European Distribution Center, located in Hamburg, Germany, that was affected by a fire in October 2022, are still ongoing with the insurers. Due to the premature state of discussions and the associated uncertainties, Pandora has not recognised any material indemnity claim under the business interruption insurance policy as of 30 June 2023.

NOTE 13 – Related parties

Related parties with significant interests

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

Transactions with related parties

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

NOTE 14 – 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	Growth	Number of concept stores	Growth	Growth
	Q2 2023	Q1 2023	Q2 2022	Q2 2023 / Q1 2023	Q2 2023 / Q2 2022	O&O Q2 2023	O&O Q2 2023 / Q1 2023	O&O Q2 2023 / Q2 2022
US	427	417	394	10	33	300	23	73
China	231	237	219	-6	12	218	-6	17
UK	215	211	209	4	6	200	4	11
Italy	160	155	145	5	15	124	6	16
Australia	124	120	122	4	2	46	4	4
France	122	120	122	2	-	82	2	2
Germany	132	132	133	-	-1	129	-	-1
Total top-7 markets	1,411	1,392	1,344	19	67	1,099	33	122
Rest of Pandora	1,141	1,127	1,103	14	38	613	24	90
All markets	2,552	2,519	2,447	33	105	1,712	57	212

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

NOTE 15 – 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-month production plan. The table below illustrates the timing of the hedges related to the purchase of gold and silver 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 GOLD AND SILVER FOR PRODUCTION)

USD / OZ	Realised in Q2 2023	Hedged Q3 2023	Hedged Q4 2023	Hedged Q1 2024	Hedged Q2 2024
Gold price	1,891	1,765	1,884	2,071	1,989
Silver price	21.73	21.23	22.41	23.51	24.71
Commodity hedge ratio (target), %	Realised	70-100%	70-90%	50-70%	30-50%

NOTE 16 – Subsequent events

As described in section Other events in the Management review and in Note 8 Business Combinations, Pandora is not aware of events after 30 June 2023, which are expected to materially impact the Group's financial position.

QUARTERLY OVERVIEW

DKK million	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Financial highlights					
Revenue	5,894	5,850	9,856	5,263	5,655
Organic growth, %	5%	1%	4%	3%	3%
Like-for-Like, % ¹	2%	0%	-1%	1%	2%
Earnings before interests, tax, depreciation and amortisation (EBITDA)	1,690	1,753	3,712	1,496	1,737
Operating profit (EBIT)	1,188	1,256	3,206	978	1,249
EBIT margin, %	20.2%	21.5%	32.5%	18.6%	22.1%
Net financials	-171	-94	-155	-18	-27
Net profit for the period	778	889	2,365	734	934
Financial ratios					
Revenue growth, DKK, %	4%	3%	9%	11%	10%
Revenue growth, local currency, %	7%	2%	6%	5%	4%
Gross margin, %	78.1%	77.5%	76.2%	76.7%	76.4%
EBITDA margin, %	28.7%	30.0%	37.7%	28.4%	30.7%
EBIT margin, %	20.2%	21.5%	32.5%	18.6%	22.1%
Effective tax rate, %	23.5%	23.5%	22.5%	23.5%	23.5%
Equity ratio, %	19%	24%	33%	26%	27%
NIBD to EBITDA, x ²	1.3	1.2	0.8	1.1	1.0
Return on invested capital (ROIC) ³	42%	43%	48%	42%	46%
Cash conversion incl. lease payments, %	104%	-49%	110%	0%	40%
Net working capital, % of last 12 months' revenue	8.4%	8.8%	4.2%	8.8%	5.8%
Capital expenditure, % of revenue	6.8%	4.6%	4.7%	6.9%	5.4%
Stock ratios					
Total payout ratio (incl. share buyback), %	186%	322%	33%	108%	77%
Consolidated balance sheet					
Total assets	22,112	21,519	22,013	21,776	20,503
Invested capital	15,609	15,481	13,961	14,853	13,543
Net working capital	2,265	2,332	1,104	2,249	1,451
Net interest-bearing debt (NIBD), incl. capitalised leases	11,363	10,227	6,794	9,174	7,926
Equity	4,245	5,254	7,167	5,679	5,617
Consolidated statement of cash flows					
Cash flows from operating activities	1,627	-142	4,075	542	928
Capital expenditure, total	398	270	462	364	306
Capital expenditure, property, plant and equipment	312	165	349	260	236
Free cash flows incl. lease payments	1,230	-614	3,538	-	506

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 invested capital.

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 30 June 2023. 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 30 June 2023 and of the results of the Pandora Group's operations and cash flows for the period 1 January to 30 June 2023.

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, 15 August 2023

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 Stymne Göransson

Marianne Kirkegaard

Catherine Spindler

Jan Zijderveld

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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.

