PANDORA

INTERIM FINANCIAL REPORT
Q2 2021

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

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Our equity story

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

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

Strong momentum continued in Q2 2021

- Financial guidance for 2021 upgraded on 6 August

Highlights

- Strong performance in Q2 2021 with 13% organic growth vs 2019 (+84% vs Q2 2020). On average, 15% of the physical stores were temporarily closed during Q2. Currently around 8% are temporarily closed.
- Growth is driven by the strategically important US market. Continued underlying strong performance is further accelerated by the stimulus packages.
- Sequential improvement vs 2019 in key European markets as COVID-19 restrictions eased.
- Performance in China remains weak – first steps to reposition the brand will be taken during H2 2021.
- Online continued the strong performance in Q2 2021 with +132% organic growth vs. 2019.
- Pandora Brilliance test launch ongoing in UK and progressing well. Decision on potential global launch to be taken late 2021, creating a potential new product platform by democratising diamonds.
- Strong EBIT margin at 25.2% driven by operating leverage – lifted by unusually strong US growth.
- Financial leverage was only 0.4x NIBD to EBITDA by the end of Q2 2021.
- Pandora to continue cash distribution. A further DKK 1 billion to be distributed over the next three months through a combination of DKK 0.5 billion extraordinary dividend and share buyback of up to DKK 0.5 billion.

To provide a cleaner view on the performance, Pandora is providing supplementary growth KPI's vs 2019, where there was no COVID-19 impact. Sell-out growth in Q2 2021 was 7% vs. 2019, driven by US. The financial performance in Q2 2021 is one more data point demonstrating that Pandora can drive sustainable and profitable growth.

Based on the strong performance in Q2 and a recently revised forecast for the rest of the year, the financial guidance for 2021 was upgraded on 6 August to "organic growth of 16-18%" (previously "above 12%") and "EBIT margin of 23-24%" (previously "above 22%"). The guidance remains subject to elevated risks due to the pandemic.

Alexander Lacik, President and CEO of Pandora, says:
"Our strong momentum continued in the second quarter of 2021, and we are pleased that we delivered solid growth compared to 2019. Performance in the US and online continued to be strong, and in Europe most of our stores have now reopened. Following the launch of Phoenix, our new strategy, we look forward to hosting our Capital Markets Day in September. The Executive Leadership Team will then present how Pandora will drive long-term sustainable and profitable growth, building on the vast untapped opportunities within our existing business."

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

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Organic growth, %	***84%***	***-38%***	***42%***	***-26%***	***-11%***
Sell-out growth incl. temporarily closed stores, %	*62%*	*-39%*	*41%*	*-28%*	*-12%*
Sell-out growth incl. temporarily closed stores, % vs 2019	*7%*	*n/a*	*2%*	*n/a*	*n/a*
Revenue, DKK million	5,155	2,876	9,655	7,048	19,009
Gross margin, %	77.1%	*74.9%*	*76.8%*	*76.4%*	*76.5%*
EBIT margin, %	***25.2%***	***1.1%***	***22.8%***	***9.5%***	***20.4%***

FINANCIAL HIGHLIGHTS

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020	FY 2021 guidance
Key financial highlights						
Organic growth, %	*84%*	*-38%*	*42%*	*-26%*	*-11%*	"16-18%"
Organic growth, % vs 2019[5]	*13%*	*n/a*	*5%*	*n/a*	*n/a*	
Sell-out growth incl. temporarily closed stores, %	*62%*	*-39%*	*41%*	*-28%*	*-12%*	
Sell-out growth incl. temporarily closed stores, %, vs 2019[5]	*7%*	*n/a*	*2%*	*n/a*	*n/a*	
Gross margin[1], %	*77.1%*	*74.9%*	*76.8%*	*76.4%*	*76.5%*	
EBIT margin[1], %	*25.2%*	*1.1%*	*22.8%*	*9.5%*	*20.4%*	"23-24%"
Revenue	5,155	2,876	9,655	7,048	19,009	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,762	325	3,178	1,058	4,999	
Operating profit (EBIT)	1,301	-198	2,204	5	2,684	
Net financials	-21	-28	-113	-262	-190	
Net profit for the period	992	-175	1,621	-199	1,938	
Financial ratios						
Revenue growth DKK, %	*79%*	*-39%*	*37%*	*-26%*	*-13%*	
Revenue growth, local currency, %	*85%*	*-38%*	*43%*	*-26%*	*-11%*	
Gross margin (reported), %	*77.1%*	*73.0%*	*76.8%*	*74.4%*	*75.6%*	
EBITDA margin (reported), %	*34.2%*	*11.3%*	*32.9%*	*15.0%*	*26.3%*	
EBIT margin (reported), %	*25.2%*	*-6.9%*	*22.8%*	*0.1%*	*14.1%*	
Effective tax rate, %	*22.5%*	*22.5%*	*22.5%*	*22.5%*	*22.3%*	
Equity ratio, %	*44%*	*29%*	*44%*	*29%*	*37%*	
NIBD to EBITDA excl. restructuring costs, x	0.4	1.1	0.4	1.1	0.5	
Return on invested capital (ROIC), %	*44%*	*16%*	*44%*	*16%*	*25%*	
Cash conversion incl. lease payments, %	*98%*	*n/a*	*31%*	*n/a*	*183%*	
Net working capital, % of last 12 months revenue	*-0.3%*	*-1.5%*	*-0.3%*	*-1.5%*	*-7.6%*	
Stock ratios						
Total pay-out ratio (incl. share buyback)[2], %	*76%*	-	*46%*	*n/a*	*65%*	
Dividend per share, DKK[3]	-	-	-	-	-	
Quarterly dividend per share, DKK[4]	5	-	5	-	-	
Earnings per share, basic, DKK	10.0	-2.1	16.3	-2.1	20.0	
Earnings per share, diluted, DKK	9.9	-2.1	16.2	-2.1	19.9	
Consolidated balance sheet						
Total assets	18,277	18,859	18,277	18,859	19,984	
Invested capital	11,136	12,864	11,136	12,864	10,540	
Net working capital	-57	-286	-57	-286	-1,447	
Net interest-bearing debt (NIBD)	3,005	7,391	3,005	7,391	3,151	
Equity	8,130	5,473	8,130	5,473	7,389	
Consolidated statement of cash flow						
Cash flow from operating activities	1,586	1,082	1,270	1,137	5,975	
Capital expenditure – total	138	121	225	250	491	
Capital expenditure - property, plant and equipment	64	100	98	194	369	
Free cash flow incl. lease payments	1,278	943	693	671	4,908	

[1] 2020 numbers are excluding Programme NOW restructuring costs.
[2] Excluding sale of Treasury shares amounting to DKK 1.8 billion in Q2 2020.
[3] Proposed dividend per share for the year.
[4] Paid quarterly dividend per share for the period.
[5] Revenue performance compared with 2020 is heavily distorted by COVID-19, as both years are impacted by store closures. Pandora has therefore added two supplementary growth KPI's vs 2019 to provide a cleaner view on the performance: Organic growth vs 2019 and Sell-out growth vs 2019.

Strong second quarter both on revenue and margin despite an average of 15% temporary store closures

Pandora delivered solid revenue performance in Q2 2021, with sell-out growth of 7% vs 2019. This was supported by significant growth in the biggest market, US, representing 34% of revenue in Q2 2021 vs 24% in Q2 2020. Most of Pandora's markets across Europe started to recover from COVID-19 restrictions during Q2 2021, however temporary store closures still affected Q2 2021. Sell-out growth for Moments, our largest product platform, was 4% vs. 2019.

The growth was mainly driven by strong US performance with sell-out growth of 63% vs 2019, fuelled by continued strong performance and accelerated by the stimulus packages. Market data continue to suggest that Pandora US is growing faster than the market. The continued strong performance is encouraging as US is one of Pandora's strategic priorities. We expect growth in the US to slow down in H2 as stimulus packages are phased out.

As COVID-19 restrictions eased in Europe during the second quarter, sell-out growth improved. Overall Q2 performance was, however, still quite impacted by COVID-19.

Performance in China improved sequentially but continues to be unsatisfactory with sell-out decreasing by -13% vs 2019, up from -48% in Q1 2021. Initial media tests and collaboration with influencers supported revenue in Q2 2021. The performance is in line with expectations and China continue to be a top priority. Pandora will elaborate on its objective to set up for growth in China at the Capital Markets Day in September. The first significant steps to reposition the brand in China will be taken during second half of 2021.

Online continued the strong performance in Q2 2021 with organic growth of 132% vs 2019 and an online revenue share of 24% in Q2 2021 (12% in Q2 2019). As fewer stores have been temporarily closed due to COVID-19 in Q2 this year and consumers are returning to the physical stores, the online revenue share in Q2 ended below the 52% seen in Q2 2020.

Mother's Day was the key trading event in Q2 2021, and Pandora's performance was strong with revenue up 7% vs 2019. In June, the Moments summer collection, including Blue Ocean, was launched. Blue Ocean has performed well and the Blue Ocean turtle became the second best selling product in the total assortment in June. This is further evidence of Pandora's ability to innovate and commercialize new designs.

As expected and with less inventory to clear, summer sale was substantially smaller than in 2020 and around 60% below 2019. The number of promotional days was furthermore significantly lower in Q2 2021 compared with Q2 2019 across key markets with 50 days in physical stores in Q2 2019 compared with 31 in Q2 2021. For online, promotional days across key markets was 37 days in Q2 2021, down from 47 days in Q2 2019.

Pandora Brilliance is the first collection tested with the aim to become a potential new platform next to Moments - by democratising diamonds. The test was launched in the UK in early May. So far, the test launch is progressing well, generating important insights for Pandora that will help sharpen a potential future global launch. A decision on a global launch will be taken late 2021.

In Q4 2021, Pandora ME will be re-launched with the aim to become a potential platform also.

Pandora's strong brand position was maintained and one third of all Google searches for branded jewellery globally in Q2 2021 was for Pandora.

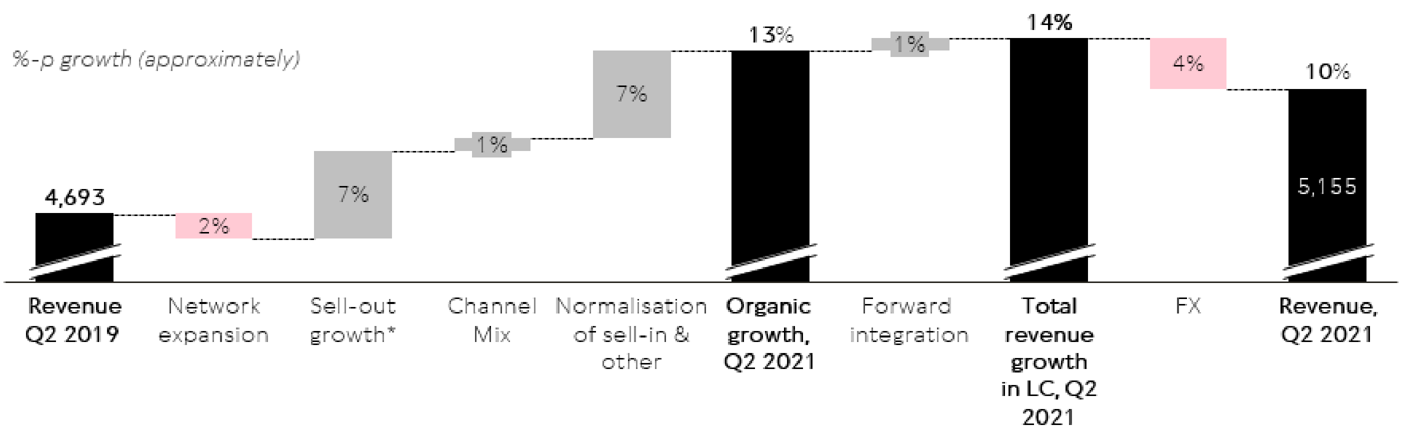
As Pandora enters Q3, the elevated uncertainty around COVID-19 continues. As of today, around 8% of the stores are temporarily closed. Pandora assumes that the number of temporarily closed stores in H2 2021 will be around 5%. Pandora also assumes that there will be no major disruptions in the supply chain, including that production in Thailand and with key suppliers continues. During Q2 2021, Pandora closed down production briefly in connection with a few COVID-19 cases among Thai colleagues. Due to the significant precautionary measures taken by Pandora at the production sites in Thailand, the impact on production in Q2 was immaterial.

REVENUE REVIEW

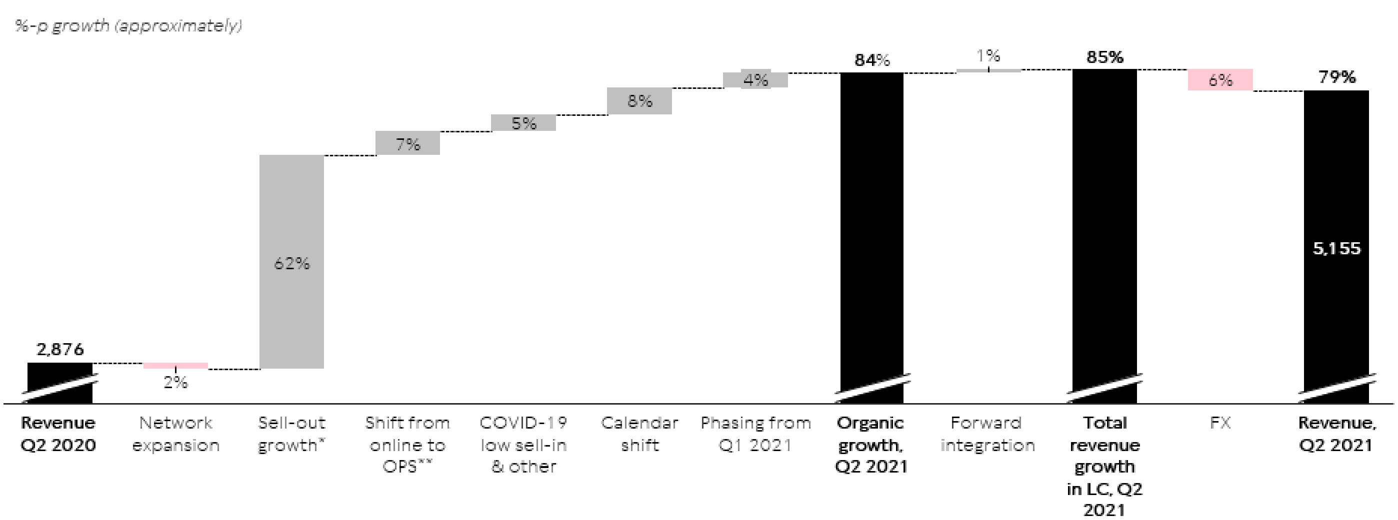
Strong underlying revenue development

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

Q2 growth composition vs Q2 2019



Q2 growth composition vs Q2 2020



**Sell-out growth incl. temporarily closed stores, %*
***OPS: Other points of sale*

Q2 2021 was another quarter with performance impacted by temporarily closed stores, especially in the European markets. On average 15% of the stores was temporarily closed in Q2 2021 vs approx. 45% in Q2 2020 and down from an average of 30% in Q1 2021. For this reason, the performance vs 2020 still need to be interpreted with care and development vs 2019 is a better performance measure (although performance vs 2019 is, of course, also impacted by COVID-19).

Q2 growth composition vs Q2 2019

Organic growth vs 2019 was up 13% in Q2 2021, driven first and foremost by a strong sell-out growth of 7%. In US, Pandora sees strong underlying growth supported by stimulus packages which drove unusual high growth in the market. The organic growth was furthermore positively impacted by relatively higher sell-in compared to Q2 2019. As part of Programme NOW, Pandora initiated a commercial reset in 2019 with the purpose of among others reducing inventory at wholesale partners. Sell-in to partners in Q2 2019 was therefore unusually low. The higher sell-in together with increased online freight income and strong performance in other points of sale, both not included in sell-out growth, drove around 7% of the growth.

The performance was negatively impacted by approximately -2pp from the closure of net 101 concept stores and +600 other points of sale compared with Q2 2019. Finally, the impact of lockdowns and social restrictions in physical stores has skewed the channel mix towards online. This created a positive impact of 1% on reported revenue converting wholesale sell-in to sell-out in the online channel.

Q2 growth composition vs Q2 2020

Revenue performance compared with 2020 is heavily distorted by COVID-19 impacts, as both years (and especially Q2 2020) are impacted by store closures, making performance difficult to interpret.

This is clearly visible in the growth numbers, as sell-out growth ended at 62% vs Q2 2020 and organic growth at 84%. The difference between sell-out growth and organic growth is driven by a number of different factors.

- COVID-19 distorts the numbers in different ways. As the number of stores closed due to COVID-19 is significantly lower this year, this leads to a shift of revenue from online last year (which is included in sell-out) to physical stores, including Other points of sales (which is not included in sell-out). The impact of moving revenue from a channel included in sell-out growth to a channel not included in sell-out growth is included in the building block called *"Shift from online to OPS"*. Normally the impact of such shifts are negligible but due to the heavy COVID-19 impact last year and the low base in Q2 2020 it distorts the KPI's in this quarter.
- Additionally, the outbreak of the pandemic in early 2020, led to a cautious replenishment of inventories in Q2 2020. This resulted in relatively lower sell-in in Q2 2020. Exiting Q2 2021, partner inventories are generally back at healthy levels.
- As mentioned in Q1 2021, sell-out growth was favourably boosted due to differences in trading days between the weekly so-called 4-4-5 retail calendar (used for sell-out) and the Gregorian calendar (used for organic growth) – the impact is now reversed in Q2 favourably boosting organic growth in Q2 2021 by 8%.
- As also mentioned in Q1 2021, phasing of shipments from Q1 2021 to Q2 2021 was a drag on organic growth in Q1 and is now reversed in Q2 (4% impact).

Both Global Business Units showed good performance in Q2 2021. *Moments and Collabs* generated 59% sell-out growth vs 2020 while *Style and Upstream Innovation* generated 68% sell-out growth vs 2020.

REVIEW OF REVENUE BY CHANNEL

Revenue in Pandora owned concept stores was up vs 2020 following the partial reopening of stores, however down vs 2019, as store closures continue to have a negative impact on the channel. This is also visible in the online performance where revenue, as expected, is down vs Q2 2020, as consumers returned to stores. Online performance was on the other hand significantly higher than Q2 2019, ending at 132% organic growth.

Organic growth in Pandoras wholesale business was up +375% vs Q2 2020. The growth level should be seen in the context of a low base in Q2 2020 due to the significant impact from COVID-19. Compared with Q2 2019, organic growth was up +27% following a strong performance in the US particularly. Pandora has maintained its focus to secure a balanced sell-in vs sell-out ratio, and in general the partners have managed well through the pandemic. Other points of sales grew 27% vs 2019 driven by wholesalers in Germany with an online business.

QUARTERLY REVENUE DEVELOPMENT BY CHANNEL

DKK million	Q2 2021	Q2 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Organic growth vs 2019*	*Local currency growth vs 2020*	*Share of Revenue*
Pandora owned[1] retail	**3,399**	**2,480**	***31%***	***11%***	***37%***	***9%***	***41%***	***66%***
- of which concept stores	2,027	924	-	-	*115%*	*-16%*	*126%*	*39%*
- of which online stores	1,222	1,487	-	-	*-16%*	*132%*	*-16%*	*24%*
- of which other points of sale	150	68	-	-	*119%*	*-17%*	*119%*	*3%*
Wholesale	**1,599**	**365**	***188%***	***0%***	***375%***	***27%***	***359%***	***31%***
- of which concept stores	912	126	-	-	*709%*	*28%*	*663%*	*18%*
- of which other points of sale	687	239	-	-	*199%*	*27%*	*199%*	*13%*
Third-party distribution	**157**	**32**	***188%***	***0%***	***410%***	***-23%***	***410%***	***3%***
Total revenue	**5,155**	**2,876**	***62%***	***7%***	***84%***	***13%***	***85%***	***100%***

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

YEAR-TO-DATE REVENUE DEVELOPMENT BY CHANNEL

DKK million	H1 2021	H1 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Organic growth vs 2019*	*Local currency growth vs 2020*	*Share of Revenue*
Pandora owned[1] retail	**6,355**	**5,102**	***29%***	***7%***	***26%***	***4%***	***29%***	***66%***
- of which concept stores	3,408	2,760	-	-	*24%*	*-29%*	*29%*	*35%*
- of which online stores	2,639	2,109	-	-	*29%*	*166%*	*29%*	*27%*
- of which other points of sale	308	234	-	-	*35%*	*-16%*	*35%*	*3%*
Wholesale	**2,964**	**1,693**	***68%***	***-7%***	***88%***	***11%***	***84%***	***31%***
- of which concept stores	1,601	891	-	-	*98%*	*7%*	*90%*	*17%*
- of which other points of sale	1,363	802	-	-	*77%*	*16%*	*77%*	*14%*
Third-party distribution	**336**	**252**	***68%***	***-7%***	***39%***	***-22%***	***39%***	***3%***
Total revenue	**9,655**	**7,048**	***41%***	***2%***	***42%***	***5%***	***43%***	***100%***

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

REVIEW OF NETWORK DEVELOPMENT

Pandora closed net 29 concept stores in Q2 2021 of which 12 was in China, 5 in Spain and rest scattered across other markets. The closures in China are not an effect of the new strategy – Pandora sees ample opportunity for network expansion in China in due course - but merely due to low performing stores as well as some delays in relocating closed stores to new locations.

Other points of sale is down 444 compared with Q2 2020. The closures was mainly driven by US and Spain. In the US, Pandora closed down approx. 230 Jared accounts, while the closures in Spain is part of a general optimisation of the footprint closing smaller multibrand accounts. On a sequential basis vs Q1 2021, Other points of sale increase following a new collaboration with CHRIST in Germany.

Number of points of sale	Q2 2021	Q1 2021	Q2 2020	Growth Q2 2021 /Q1 2021	Growth Q2 2021 /Q2 2020
Concept stores	**2,630**	**2,659**	**2,714**	**-29**	**-84**
- of which Pandora owned[1]	1,379	1,394	1,373	-15	6
- of which franchise owned	745	755	828	-10	-83
- of which third-party distribution	506	510	513	-4	-7
Other points of sale	**4,095**	**4,050**	**4,539**	**45**	**-444**
Total points of sale	**6,725**	**6,709**	**7,253**	**16**	**-528**

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

REVIEW OF REVENUE BY KEY MARKET

The *US market*, Pandora's largest market generating 34% of total revenue in Q2 2021, delivered a very strong performance in the quarter. Pandora saw an encouraging performance of 63% sell-out growth vs 2019. As mentioned previously, the performance in US is temporarily supported by the stimulus packages. Demand for discretionary goods in the US, also outside the jewellery sector, is seeing unusually high growth, making it difficult to interpret the true underlying performance. According to Bank of Americas global luxury report for Q2, the US market saw growth of +53% vs Q2 2019. Comparing this to Pandoras sell-out growth of +63%, there is indications that Pandora continue to increase market share in the US. The strong performance was driven by a well-executed Mother's Day campaign and a continued utilisation of omni-channel features. Performance in US has been strong since Q3 2020, and growth is expected to ease off in the second half of the year, as stimulus packages are phased out. The strong performance comes on top of a smaller summer sale, as there was substantially less excess inventory to clear. Additionally, Pandora has continued to increase media investments in the quarter, as consumer sentiment towards discretionary goods is strong and the market was almost fully open in the quarter.

Performance in China improved compared to Q1 2021, with sell-out being down -13% vs Q2 2019, which is a significant improvement vs -48% in Q1 2021. During Q2, Pandora conducted a number of initial media tests. Additionally, revenue was supported by successful influencer campaigns and a celebrity collaboration, as well as a successful "618" Tmall promo. As previously communicated, China is one of the larger growth opportunities in the new Phoenix strategy. Pandora will take the first steps in repositioning and strengthening the brand in H2 2021 including to invest significantly in media. China is not expected to return to growth before next year. China accounted for 8% of revenue in Q2 2021.

The *UK market* ended at positive 1% sell-out growth vs 2019 driven by a very strong online performance. Stores reopened in Q2 2021 with an average of 13% of the network closed in the quarter. With stores reopening, Pandora saw consumers returning to physical stores with encouraging traffic trajectory throughout the quarter. Sell-out growth in the physical stores was still negative vs Q2 2019 with around -22%. As mentioned in the Q1 2021 interim financial report, the UK is the test market for the Pandora Brilliance launch. Pandora Brilliance generated around DKK 18 million of revenue in Q2 2021.

Italy was impacted by closures throughout April and May, with stores being fully open from mid May. Given the impact from the pandemic, the negative sell-out growth vs 2019 of -8% is satisfactory, as Italy is a market where the online business is traditionally limited. Upon the reopening, consumers immediately started to return to stores and in the month of June sell-out growth vs 2019 was positive. Additionally, Italy had 14 less promotional days than Q2 2019.

Australia, France and Germany have all been impacted by closures and social restrictions throughout the quarter. The combined underlying sell-out growth in these markets – adjusted for COVID-19 – is likely to be positive. On top of the negative impact from social restrictions, performance vs 2019 is also, as expected, negatively impacted by a much smaller summer sale. Online performance was strong and all markets saw strong positive online performance vs 2019, particularly France and Germany both seeing triple digit online growth vs 2019.

QUARTERLY REVENUE DEVELOPMENT BY KEY MARKET

DKK million	Q2 2021	Q2 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Local currency growth*	*Share of revenue*
US	1,771	687	*134%*	*63%*	*179%*	*184%*	*34%*
China	390	378	*7%*	*-13%*	*3%*	*3%*	*8%*
UK	569	409	*25%*	*1%*	*34%*	*35%*	*11%*
Italy	515	261	*56%*	*-8%*	*98%*	*98%*	*10%*
Australia	226	167	*23%*	*-9%*	*26%*	*26%*	*4%*
France	210	197	*1%*	*-14%*	*7%*	*7%*	*4%*
Germany	241	185	*-1%*	*-8%*	*31%*	*31%*	*5%*
Total top-7 markets	**3,922**	**2,283**	***59%***	***19%***	***76%***	***78%***	***76%***
Rest of Pandora	**1,233**	**593**	***75%***	***-22%***	***111%***	***112%***	***24%***
Total revenue	**5,155**	**2,876**	***62%***	***7%***	***84%***	***85%***	***100%***

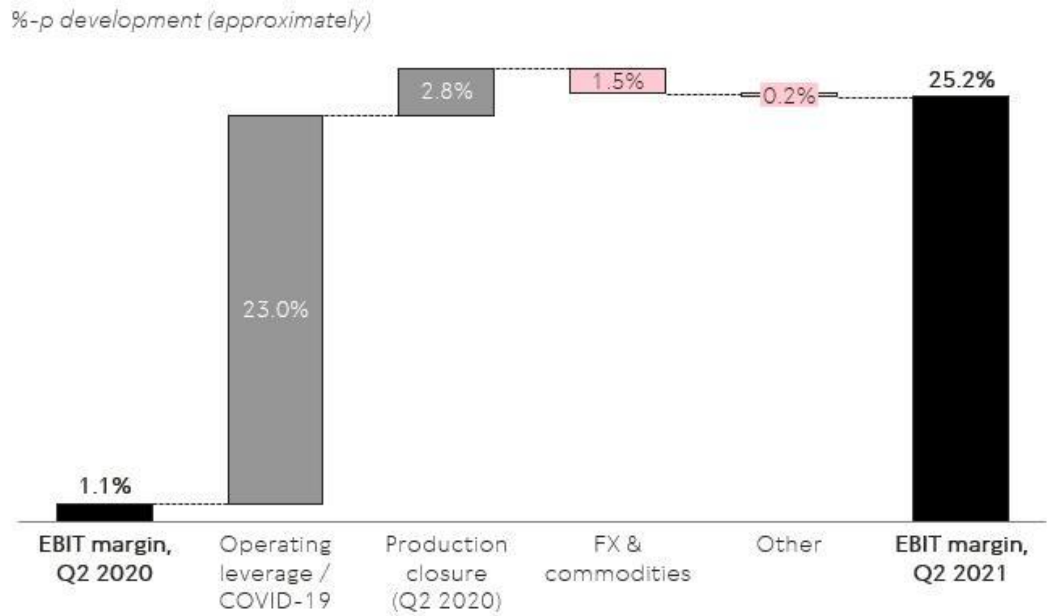
YEAR-TO-DATE REVENUE DEVELOPMENT BY KEY MARKET

DKK million	H1 2021	H1 2020	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Organic growth vs 2020*	*Local currency growth*	*Share of revenue*
US	3,161	1,622	*107%*	*58%*	*112%*	*114%*	*33%*
China	671	590	*20%*	*-32%*	*15%*	*15%*	*7%*
UK	1,156	999	*8%*	*-7%*	*15%*	*15%*	*12%*
Italy	955	713	*28%*	*-9%*	*34%*	*34%*	*10%*
Australia	469	359	*26%*	*-3%*	*22%*	*22%*	*5%*
France	403	437	*-7%*	*-18%*	*-7%*	*-7%*	*4%*
Germany	432	364	*-8%*	*-12%*	*19%*	*19%*	*4%*
Total top-7 markets	**7,248**	**5,084**	***45%***	***13%***	***47%***	***48%***	***75%***
Rest of Pandora	**2,407**	**1,964**	***26%***	***-24%***	***27%***	***28%***	***25%***
Total revenue	**9,655**	**7,048**	***41%***	***2%***	***42%***	***43%***	***100%***

PROFITABILITY

Very solid EBIT margin driven by operating leverage

EBIT margin development



The EBIT margin was 25.2% in Q2 2021, up from 1.1% in Q2 2020 (excluding restructuring costs) with Q2 2020 heavily impacted by the pandemic. The Q2 2021 EBIT margin is up sequentially from 20.1% in Q1 2021 and up from 22.9% in Q2 2019 (excluding restructuring costs), mainly driven by operating leverage.

The strong Q2 EBIT margin is supported by the unusually strong growth seen in US. The US growth is highly margin accretive as limited incremental OPEX has been required. On the other hand, the Q2 2021 EBIT margin is negatively impacted by the continued impact from the pandemic and the 15% of stores temporarily closed during the quarter.

In Q2 2020, the production facilities in Thailand were closed for a couple weeks to manage demand and supply following the COVID-19 outbreak. This negatively impacted gross profit and EBIT by DKK 80m last year and thereby dragged down the gross margin and EBIT margin in Q2 2020 by approx. 2.8pp.

Pandora received DKK 44 million in government support in Q2 2021 (UK, Italy, Spain and Germany), significantly lower than Q2 2020 (DKK 110 million). Furthermore Pandora reached agreements of DKK 26 million in rent concessions with landlords in Q2 2021 (DKK 52 million in Q2 2020).

As previously communicated, cost savings generated as part of Programme NOW is expected to have a DKK 350 million incremental impact in 2021 and supported the EBIT margin in Q2 by 2pp. Pandora continues to fully reinvest the cost savings in driving revenue.

The EBIT margin was negatively impacted by rising commodity prices (mainly silver) and led to a headwind of -1.5pp.

GROSS MARGIN

In Q2 2021, the gross margin increased around 2pp to 77.1% compared with 74.9% in Q2 2020 (excluding restructuring cost). The increase was mainly driven by the before mentioned one-off cost of DKK 80m last year, which was a 2.8pp drag on the gross margin. Additionally, the gross margin is positively impacted by lower promotional activity and a reduced mid-season sale (more full-price sell through). This is offset by increasing commodity prices which, net of FX, dragged down the gross margin vs Q2 2020 by approx. 1pp.

COST OF SALES AND GROSS PROFIT

DKK million	Q2 2021	Q2 2020	Growth	Share of revenue Q2 2021	Share of revenue Q2 2020	H1 2021	H1 2020	Growth	Share of revenue H1 2021	Share of revenue H1 2020
Revenue	5,155	2,876	79%	100.0%	100.0%	9,655	7,048	37%	100.0%	100.0%
Cost of sales	-1,180	-722	64%	-22.9%	-25.1%	-2,244	-1,663	35%	-23.2%	-23.6%
Gross profit excl. restructuring costs	**3,975**	**2,155**	**84%**	**77.1%**	**74.9%**	**7,410**	**5,385**	**38%**	**76.8%**	**76.4%**
Restructuring costs	-	-56	-100%	-	-1.9%	-	-142	-100%	-	-2.0%
Gross profit incl. restructuring costs	**3,975**	**2,099**	**89%**	**77.1%**	**73.0%**	**7,410**	**5,242**	**41%**	**76.8%**	**74.4%**

OPERATING EXPENSES

Total operating expenses was DKK 2,673 million in Q2 2021, up 28% in constant foreign exchange rates compared to an unusual low base in Q2 2020 due to the outbreak of the pandemic. Compared to a cleaner base in Q2 2019, the OPEX ratio declined from 53.2% to 51.9%.

The increase vs Q2 2020 comes from store closures, government support and other extraordinary cost savings activities last year following the outbreak of COVID-19 and the uncertainty it created. Sales and distribution expenses increased 15% in constant foreign exchange rates, following lower government support programmes in Q2 2021 of around DKK 70 million, lower rent concessions of around DKK 25m and less COVID-19 cost savings, as stores are reopening. Marketing expenses increased by 72% in constant foreign exchange rates, reflecting the extraordinary low spend in Q2 2020 as some media spending was paused during lockdowns. Pandora has invested in marketing during Q2 2021 to stay top of mind with consumers. Marketing expenses in Q2 2021 was 15.2% of revenue and in line with Pandora's mid-term expectations. Administrative expenses increased by 19% compared with Q2 2020 in constant foreign exchange rates, mainly due to COVID-19 related savings last year and are in line with the spend in Q1 2021.

OPERATING EXPENSES

DKK million	Q2 2021	Q2 2020	Growth	Share of revenue Q2 2021	Share of revenue Q2 2020	H1 2021	H1 2020	Growth	Share of revenue H1 2021	Share of revenue H1 2020
Sales and distribution expenses	-1,402	-1,240	13%	27.2%	43.1%	-2,872	-2,834	1%	29.8%	40.2%
Marketing expenses	-784	-464	69%	15.2%	16.1%	-1,362	-1,034	32%	14.1%	14.7%
Administrative expenses	-488	-418	17%	9.5%	14.5%	-972	-845	15%	10.1%	12.0%
Total operating expenses excl. restructuring costs	**-2,673**	**-2,122**	**26%**	**51.9%**	**73.8%**	**-5,206**	**-4,714**	**10%**	**53.9%**	**66.9%**
Restructuring costs	-	-175	-100%	-	6.1%	-	-524	-100%	-	7.4%
Total operating expenses incl. restructuring costs	**-2,673**	**-2,297**	**16%**	**51.9%**	**79.9%**	**-5,206**	**-5,237**	**-1%**	**53.9%**	**74.3%**

FINANCIAL EXPENSES AND TAX

Net financial expenses ended slightly below last year, primarily due to gains from commodity overhedging. The effective tax rate was well in line with guidance and in line with last year.

CASH FLOW & BALANCE SHEET

Net working capital remain negative despite inventory built up

The net working capital continue to be below zero and ended at -0.3% of the last 12 months revenue in Q2 2021 compared with -0.4% in Q1 2021 and -1.5% in Q2 2020. The net working capital continues to be below zero despite further inventory build-up in Q2 2021 of around DKK 0.2 billion on top of DKK 0.4 billion in Q1 2021 in order to decrease the risk of disruptions in the supply chain as well as decrease the risk of stock-outs. Inventories are expected to increase further in Q3 in preparation for the Q4 peak season. Trade receivables are slightly up vs Q1 2021 (DKK 0.1 billion) reflecting the increase in wholesale revenue, and wholesale Days Sales Outstanding (DSO) stayed close to a historical low at 24 days, reflecting the healthy and balanced sell-in to partners. DSO is significantly better than Q2 2020 at 89 days where COVID-19 resulted in temporary cash constraints among our partners. Total DSO, including retail receivables, stayed at 12 days by the end of June.

Free cash flow incl. lease payments ended at DKK 1.3 billion corresponding to a cash conversion of 98% in Q2 2021. Cash conversion for H1 2021 is 31% and reflects the deliberate decision to increase inventories and the payment of the final restructuring costs related to Programme NOW in Q1 2021. CAPEX in the quarter remained low at 3% of revenue partially due to postponement of certain projects due to COVID-19 lockdowns.

The improved underlying performance, combined with the lapse of Programme NOW one-off restructuring costs as well as lower invested capital are positively impacting ROIC. ROIC ended Q2 at 44% - the highest level since Q4 2018.

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

Share of preceding 12 months' revenue	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Inventories	11.8%	12.3%	10.3%	13.7%	11.6%
Trade receivables	3.2%	3.1%	4.6%	3.2%	3.1%
Trade payables	-10.3%	-11.8%	-16.9%	-12.7%	-11.9%
Other net working capital elements	-4.9%	-4.0%	-5.6%	-4.2%	-4.2%
Total	**-0.3%**	**-0.4%**	**-7.6%**	**0.0%**	**-1.5%**

The financial leverage, NIBD to EBITDA excl. restructuring costs, was 0.4x by the end of June. This is just below the capital structure policy range of NIBD to EBITDA between 0.5 and 1.5x. Pandora continue to hold a strong liquidity position and is well positioned for the continued elevated uncertainty related to COVID-19 while at the same time continuing to distribute cash to shareholders. Please see section below.

FINANCIAL GUIDANCE

Based on the strong Q2 2021 results and an updated full-year forecast, the financial guidance for 2021 was upgraded on 6 August to "organic growth of 16-18%" (previously "above 12%") and "EBIT margin of 23-24%" (previously "above 22%").

COVID-19 continues to create an elevated level of uncertainty on the guidance.

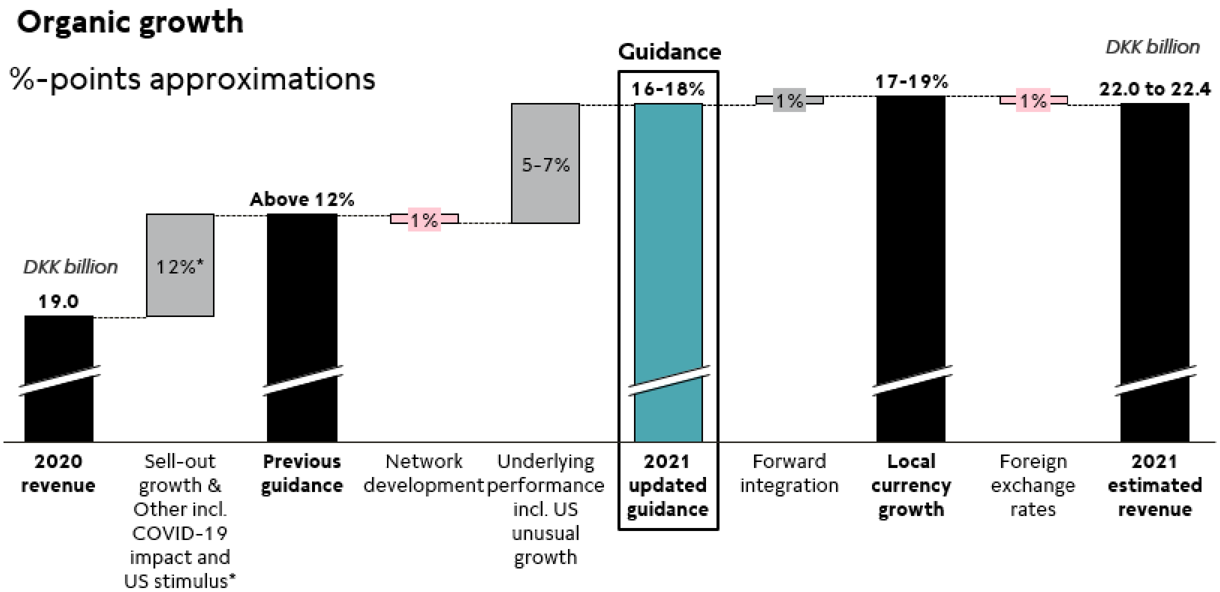
PREVIOUS GUIDANCE **INCLUDING** IMPACT FROM COVID-19		NEW 2021 GUIDANCE **INCLUDING** IMPACT FROM COVID-19
ORGANIC REVENUE GROWTH **ABOVE 12%** (ABOVE 0% VS 2019)	→	**ORGANIC REVENUE GROWTH** **16-18%** (3-5% VS 2019)
EBIT MARGIN **ABOVE 22%**		**EBIT MARGIN** **23-24%**

REVENUE GUIDANCE

The revenue guidance was upgraded on 6 August to "organic growth of 16-18%" (previously "above 12%"). An organic growth of 16-18% vs 2020 correspond to an organic growth expectation of *3-5%* vs 2019.

The updated guidance is based on the assumption that approximately 5% of the stores will be temporarily closed or severely impacted due to COVID-19 in the second half compared with 5-10% previously. Today, around 8% of the stores are temporarily closed or severely impacted due to COVID-19. The updated guidance also assumes that COVID-19 will have no major negative impact on production and supply chain.

Full year, a negative impact on organic growth of -6% compared to 2020 is expected. The -6% impact is the net result of revenue lost in the temporarily closed stores and a partial online pickup of the lost revenue. On the other hand, the COVID-19 stimulus packages in US are positively contributing to the growth seen so far in 2021. It is expected that the impact from US stimulus packages will be significantly lower in H2 2021. Looking into 2022, there is obviously high uncertainty on what the net impact of these two COVID-19 related factors are. China is expected to remain a drag on group performance for the rest of the year.

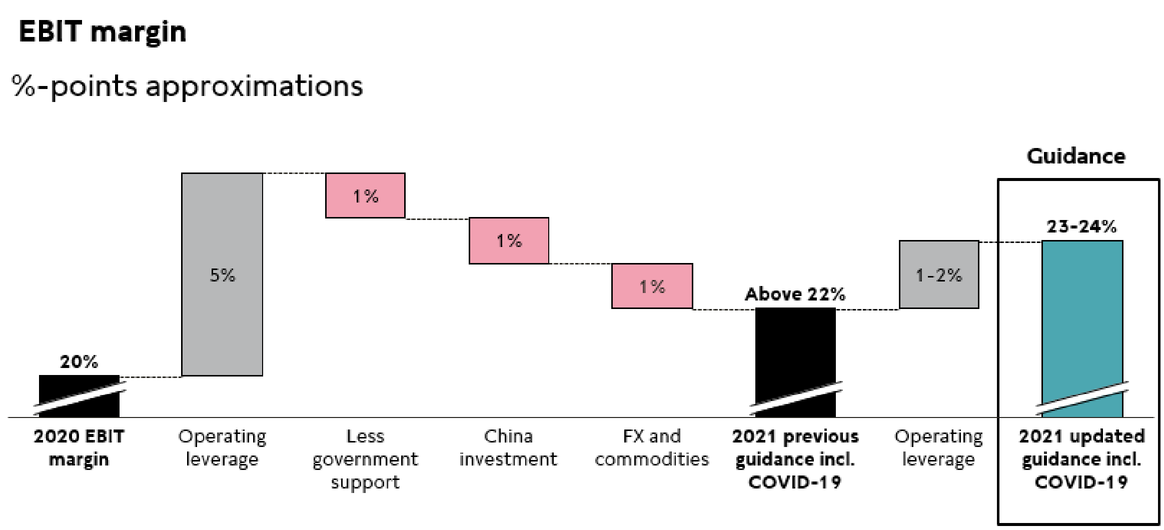


PROFITABILITY GUIDANCE

The EBIT margin guidance was upgraded on 6 August to "23-24%" (previously "above 22%"), driven by operating leverage. A large part of the upgrade comes from the unusually strong US growth, which is highly margin accretive.

In H1 2021, Pandora delivered an EBIT margin of 22.8%. The EBIT margin was negatively impacted by temporary COVID-19 store closures and restrictions and positively boosted by the strong US growth. The net impact in H1 2021 was slightly positive. The impact of both factors are expected to drop in H2 2021. Combined with the fact that Pandora will take the first significant steps in H2 in China by investing in a repositioning of the brand, this slightly lowers the normal seasonal pick-up in the EBIT margin in H2 vs H1.

Current foreign exchange rates, if unchanged, are estimated to have a favourable impact on the EBIT margin in 2021 of approximately 0.9pp, compared to 2020. This is slightly up from around 0.5 pp in the Q1 2021 Interim Financial Report. The full-year impact from both foreign exchange and commodities at current rates is still expected to be around 1pp negative impact on the EBIT margin in 2021.



2021 GUIDANCE - OTHER PARAMETERS

CAPEX for 2021 is expected to be around DKK 1 billion (previously DKK 1.0-1.2 billion). The updated guidance for store network development is net 25-50 concept store closures (previously "no major changes to the overall concept store network"). The effective tax rate is expected to be 22-23%, in line with 2020 and unchanged from previous guidance.

CAPITAL STRUCTURE POLICY AND CASH DISTRIBUTION

At the end of June 2021, Pandora's leverage was only 0.4x NIBD to EBITDA and thereby just below the range in our capital structure policy of 0.5-1.5x. In May 2021, Pandora re-initiated cash distributions with a total of DKK 1 billion which was paid out from May to August (Pandora distributed an extraordinary dividend of DKK 5 per share in May and from May to August, Pandora repurchased DKK 0.5 billion worth of shares). At the same time, Pandora announced the intention to, all else equal, distribute a further DKK 1 billion per quarter in each of Q3 and Q4.

Given the continued strong performance in Q2, the ample liquidity and low leverage, Pandora has decided to continue distributions to its shareholders. During the next three months, up to DKK 1 billion will be distributed through a combination of extraordinary dividend of DKK 5 per share, that will be paid on 31 August 2021, and share buyback of up to DKK 0.5 billion.

Assuming no significant worsening of COVID-19, it is Pandora's intention to initiate further cash distribution programmes in Q4 2021.

FOREIGN EXCHANGE ASSUMPTIONS AND IMPLICATIONS

	Average 2020	12 August 2021	
FX ASSUMPTIONS AND IMPLICATIONS	FX Rates	FX Rates	2021 Y-Y Financial Impact
USD/DKK	6.5422	6.3354	
THB/DKK	0.2091	0.1919	
GBP/DKK	8.3890	8.7761	
CNY/DKK	0.9476	0.9781	
AUD/DKK	4.5069	4.6590	
REVENUE (DKKm)			~-100 to -250
EBIT (DKKm)			~100-200
EBIT margin			~0,9%

SUSTAINABILITY

Pandora's key sustainability targets are listed below. You can read more about our progress against them in our 2020 Sustainability Report.

- Set a science-based target to reduce carbon emissions across our full value chain by 2021
- Be carbon neutral in our own operations by 2025
- Use 100% renewable energy at our crafting facilities by 2020
- Use only recycled silver and gold in our jewellery by 2025
- Develop strategy for inclusion and diversity to further advance equality in and beyond our company

In Q2, Pandora announced the launch of Pandora Brilliance, its first lab-created diamond collection. Furthermore, Pandora announced that mined diamonds will no longer be used in Pandora's products. The Pandora Brilliance product line has achieved CarbonNeutral® product certification in accordance with The CarbonNeutral Protocol, a leading global framework for carbon neutrality. The certification covers Pandora Brilliance jewellery, its packaging and transportation.

Pandora updated its Responsible Sourcing Policy, which sets out the principles and standards that Pandora applies when selecting and working with its suppliers. Pandora also updated its Supplier Code of Conduct which details the specific expectations to our suppliers. Both can be found under the policies tab in the sustainability section of our website.

Pandora submitted its company and value chain greenhouse gas emission targets to the Science Based Targets initiative (SBTi). Pandora is in the process of finalizing two other key components of our sustainability strategy, Inclusion and Diversity (I&D) and Point of Sales Materials (POSM). We aim to share more about the Science Based Target and our approach to I&D and POSM in fall 2021.

Since 2019, Pandora has been working together with UNICEF to support young voices and improving access to quality learning opportunities. As part of our collaboration, we released a limited-edition blue dreamcatcher charm highlighting the importance of one of UNICEF's programmes in Guatemala. For every Pandora for UNICEF charm sold between 4 March 2021 and 4 June 2021, Pandora donated EUR 15 to UNICEF's work for children and young people, including education, gender equality, rights awareness, personal empowerment and civic engagement programmes.

OTHER IMPORTANT EVENTS IN Q2 2021 AND AFTER THE REPORTING PERIOD

As announced on 29 June 2021, Luciano Rodembusch joined Pandora on 2 August 2021 as General Manager of the North America cluster, reporting to CCO Martino Pessina. Luciano replaces Sid Keswani who stepped down in April 2021.

FINANCIAL CALENDAR 2021

The financial calendar lists the expected dates of publication of financial announcements:

14 September 2021	Capital Markets Day (online event) More to come on: https://pandoragroup.com/investor/capital-markets-day-2021
03 November 2021	Interim Financial Report for the third quarter/first nine months of 2021

2021 DEVELOPMENT

REVENUE

Total revenue increased by 43% in local currency to DKK 9,655 million in H1 2021 compared with H1 2020. Organic growth was 42% reflecting good underlying performance but also that H1 2020 was heavily impacted by COVID-19.

GROSS PROFIT AND COSTS

Gross profit was DKK 7,410 million in H1 2021 (DKK 5,242 million in H1 2020), resulting in a gross margin of 76.8% in H1 2021 in line with H1 2020 of 76.4% excluding restructuring costs.

Sales and distribution expenses excluding restructuring costs increased to DKK 2,872 million in H1 2021 (DKK 2,834 million in H1 2020), corresponding to 29.8% of revenue in H1 2021 (40.2% in H1 2020). The increase is the result of variable costs related to the higher revenue, cost reductions implemented during the COVID-19 pandemic in H1 2020 and less government support and rent concessions received in Q2 2021. Rent concessions and government support have been recognized in the profit and loss statement under Sales and Distribution expenses.

Marketing expenses excluding restructuring costs increased to DKK 1,362 million in H1 2021 (DKK 1,034 million in H1 2020), resulting in a share of revenue of 14.1% in H1 2021 compared with 14.7% in H1 2020.

Administrative expenses excluding restructuring cost increased to DKK 972 million in H1 2021 compared with DKK 845 million in H1 2020, corresponding to 10.1% of revenue in H1 2021 (12.0% in H1 2020). The increase in absolute terms mainly reflects the COVID-19 savings recognised H1 in 2020.

EBIT

EBIT for H1 2021 was DKK 2,204 million – a significant increase compared with H1 2020, resulting in an EBIT margin of 22.8% in H1 2021 (9.5% in H1 2020 excluding restructuring costs). The significant improvement in the EBIT margin is mainly a result of strong operating leverage as H1 2020 was very negatively impacted by COVID-19.

NET FINANCIALS

Net financials amounted to a cost of DKK 113 million in H1 2021 vs a cost of DKK 262 million in H1 2020.

INCOME TAX EXPENSES

Income tax expenses were DKK 471 million in H1 2021 compared with a tax income of DKK 58 million in H1 2020, implying an effective tax rate for the Group of 22.5% for H1 2021 (22.5% in H1 2020).

NET PROFIT

Net profit in H1 2021 was DKK 1,621 million vs a loss of DKK 199 million in H1 2020.

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 35 44 55 77
UK (International): +44 33 33 000 804
US: +1 631 913 1422

Please use PIN: 633 40 815#

Link to webcast: https://streams.eventcdn.net/pandora/q2-2021/

ABOUT PANDORA

Pandora designs, manufactures and markets hand-finished and contemporary jewellery made from high-quality materials at affordable prices. Pandora jewellery is sold in more than 100 countries on six continents through more than 6,700 points of sale, including more than 2,600 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, Pandora employs around 26,000 people worldwide of whom more than 11,400 are located in Thailand, where the Company manufactures its jewellery. Pandora is publicly listed on the Nasdaq Copenhagen stock exchange in Denmark. In 2020, Pandora's total revenue was DKK 19.0 billion.

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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

DKK million	Notes	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Revenue	3	5,155	2,876	9,655	7,048	19,009
Cost of sales		-1,180	-778	-2,244	-1,805	-4,634
Gross profit		**3,975**	**2,099**	**7,410**	**5,242**	**14,375**
Sales, distribution and marketing expenses		-2,186	-1,747	-4,234	-4,001	-9,155
Administrative expenses		-488	-550	-972	-1,236	-2,536
Operating profit		**1,301**	**-198**	**2,204**	**5**	**2,684**
Finance income		65	53	82	71	316
Finance costs		-86	-81	-195	-332	-507
Profit before tax		**1,280**	**-226**	**2,091**	**-256**	**2,494**
Income tax expense		-288	51	-471	58	-556
Net profit for the period		**992**	**-175**	**1,621**	**-199**	**1,938**
Earnings per share, basic, DKK		10.0	-2.1	16.3	-2.1	20.0
Earnings per share, diluted, DKK		9.9	-2.1	16.2	-2.1	19.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Net profit for the period	**992**	**-175**	**1,621**	**-199**	**1,938**
Other comprehensive income:					
Items that may be reclassified to profit/loss for the period					
Exchange rate adjustments of investments in subsidiaries	-82	-1	96	-218	-609
Fair value adjustment of hedging instruments	-39	263	-423	84	206
Tax on other comprehensive income, hedging instruments, income/expense	11	-57	88	-14	-13
Items that may be reclassified to profit/loss for the period, net of tax	**-110**	**205**	**-239**	**-148**	**-416**
Items not to be reclassified to profit/loss for the period					
Actuarial gain/loss on defined benefit plans, net of tax	-	-	-	-	6
Items not to be reclassified to profit/loss for the period, net of tax	**-**	**-**	**-**	**-**	**6**
Other comprehensive income, net of tax	**-110**	**205**	**-239**	**-148**	**-410**
Total comprehensive income for the period	**882**	**30**	**1,382**	**-347**	**1,528**

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CONSOLIDATED BALANCE SHEET

DKK million	Notes	2021 30 June	2020 30 June	2020 31 December
ASSETS				
Goodwill	9	4,326	4,343	4,247
Brand		1,057	1,057	1,057
Distribution		1,097	1,125	1,110
Other intangible assets		545	737	529
Total intangible assets		**7,025**	**7,263**	**6,943**
Property, plant and equipment		1,832	2,333	2,054
Right-of-use assets	10	2,674	3,286	3,007
Deferred tax assets		837	914	764
Other financial assets		232	272	244
Total non-current assets		**12,600**	**14,067**	**13,012**
Inventories		2,557	2,250	1,949
Trade receivables	7	691	602	870
Right-of-return assets		52	60	62
Derivative financial instruments	5,6	71	194	351
Income tax receivable		94	141	83
Other receivables		609	718	745
Cash		1,604	826	2,912
Total current assets		**5,678**	**4,792**	**6,972**
Total assets		**18,277**	**18,859**	**19,984**
EQUITY AND LIABILITIES				
Share capital		100	100	100
Treasury shares		-344	-98	-93
Reserves		520	1,020	750
Retained earnings		7,854	4,452	6,632
Total equity		**8,130**	**5,473**	**7,389**
Provisions		421	289	370
Loans and borrowings	10	3,682	5,475	2,066
Deferred tax liabilities		221	383	368
Total non-current liabilities		**4,324**	**6,147**	**2,804**
Provisions		29	38	29
Refund liabilities		556	629	654
Contract liabilities		107	63	82
Loans and borrowings	10	927	2,743	3,996
Derivative financial instruments	5,6	219	82	119
Trade payables		2,236	2,316	3,211
Income tax payable		715	444	382
Other payables		1,035	924	1,317
Total current liabilities		**5,823**	**7,239**	**9,790**
Total liabilities		**10,147**	**13,386**	**12,595**
Total equity and liabilities		**18,277**	**18,859**	**19,984**

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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
2021							
Equity at 1 January	**100**	**-93**	**535**	**215**	**-**	**6,632**	**7,389**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**1,621**	**1,621**
Other comprehensive income, net of tax	**-**	**-**	**100**	**-330**	**-**	**-9**	**-239**
Total comprehensive income for the period	**-**	**-**	**100**	**-330**	**-**	**1,612**	**1,382**
Share-based payments	-	1	-	-	-	109	110
Purchase of treasury shares	-	-252	-	-	-	-	-252
Proposed dividend	-	-	-	-	498	-498	-
Dividend paid	-	-	-	-	-498	-	-498
Equity at 30 June	**100**	**-344**	**635**	**-115**	**-**	**7,854**	**8,130**
2020							
Equity at 1 January	**100**	**-1,964**	**1,112**	**54**	**836**	**5,110**	**5,249**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-199**	**-199**
Other comprehensive income, net of tax	**-**	**-**	**-213**	**65**	**-**	**-**	**-148**
Total comprehensive income for the period	**-**	**-**	**-213**	**65**	**-**	**-199**	**-347**
Share-based payments	-	9	-	-	-	38	47
Purchase of treasury shares	-	-431	-	-	-	-	-431
Sale of treasury shares	-	2,288	-	-	-	-509	1,778
Dividend paid	-	-	-	-	-836	11	-825
Equity at 30 June	**100**	**-98**	**899**	**120**	**-**	**4,452**	**5,473**

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CONSOLIDATED STATEMENT OF CASH FLOW

DKK million	Notes	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Operating profit		1,301	-198	2,204	5	2,684
Depreciation and amortisation		460	523	974	1,053	2,315
Share-based payments		39	27	81	45	70
Change in inventories		-183	-144	-538	-282	-96
Change in receivables		122	520	356	1,216	869
Change in payables and other liabilities		16	68	-1,424	-812	724
Other non-cash adjustments		-29	-21	-26	-273	-155
Interest etc. received		1	1	1	2	3
Interest etc. paid		-47	-51	-108	-97	-247
Income taxes paid		-94	356	-249	280	-192
Cash flows from operating activities, net		**1,586**	**1,082**	**1,270**	**1,137**	**5,975**
Acquisitions of subsidiaries and activities, net of cash acquired	8	-	-1	-14	-5	-12
Purchase of intangible assets		-76	-28	-126	-62	-130
Purchase of property, plant and equipment		-39	-80	-99	-163	-374
Change in other non-current assets		1	10	7	9	19
Proceeds from sale of property, plant and equipment		3	1	3	-1	13
Cash flows from investing activities, net		**-111**	**-98**	**-228**	**-222**	**-484**
Acquisitions of non-controlling interests		-	-42	-	-42	-42
Dividend paid		-498	-	-498	-826	-825
Purchase of treasury shares		-252	-	-252	-431	-431
Sale of treasury shares		-	1,778	-	1,778	1,778
Proceeds from loans and borrowings		1,859	2,981	1,859	5,857	5,861
Repayment of loans and borrowings		-2,975	-5,315	-3,004	-7,100	-9,073
Repayment of lease commitments		-243	-92	-470	-345	-839
Cash flows from financing activities, net		**-2,110**	**-689**	**-2,366**	**-1,108**	**-3,571**
Net increase/decrease in cash		**-635**	**295**	**-1,324**	**-193**	**1,920**
Cash at beginning of period[1]		2,239	537	2,912	1,054	1,054
Exchange gains/losses on cash		0	-5	16	-34	-62
Net increase/decrease in cash		-635	295	-1,324	-193	1,920
Cash at end of period[1]		**1,604**	**826**	**1,604**	**826**	**2,912**
Cash flows from operating activities, net		1,586	1,082	1,270	1,137	5,975
- Interests etc. received		-1	-1	-1	-2	-3
- Interests etc. paid		47	51	108	97	247
Cash flows from investing activities, net		-111	-98	-228	-222	-484
- Acquisition of subsidiaries and activities, net of cash acquired		-	1	14	5	12
Free cash flow incl. IFRS 16 (excluding repayment of lease commitments)		**1,522**	**1,035**	**1,163**	**1,015**	**5,747**
Free cash flow excl. IFRS 16 (including repayment of lease commitments)		**1,278**	**943**	**693**	**671**	4,908
Unutilised committed credit facilities		**5,205**	**7,250**	**5,205**	**7,250**	**6,998**

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

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

NOTE 1 – Accounting policies

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

Pandora has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as adopted by the EU and which are effective for the financial year beginning on 1 January 2021. The new or revised Standards and Interpretations did not affect recognition and measurement or result in any material changes to disclosures. The accounting policies applied are consistent with the accounting policies set out in the Annual Report 2020.

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 report that are not defined according to IFRS. Pandora believes that these non-GAAP measures provide valuable information to investors and Pandora's management when evaluating performance. Since other companies might calculate these differently from Pandora, they may not be comparable to the measures used by other companies. These financial measures should therefore not be considered a replacement for measures defined under IFRS. For the definitions of other alternative performance measures used by Pandora which are not defined by IFRS, refer to note 5.6 in the consolidated financial statements in the Annual Report 2020.

NOTE 2 – Significant accounting estimates and judgements

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

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2020 to which we refer.

Due to COVID-19 outbreak and the limited visibility of the impact, Pandora will continue assessing the value of the assets and relevant contracts, especially in case of new material lockdowns.

For information on liquidity risk, please refer to note 5.

NOTE 3 – Segment and revenue information

Pandora's activities are segmented on the basis of collections and consistent with the management reporting structure.

The operating activities of the Group are divided into two operating segments: Moments and Collabs as well as Style and Upstream Innovation. This structure was implemented as part of Pandora's reorganisation in Q2 2020. The comparative figures for 2020 have been restated to reflect the new segments and disaggregation of *revenue by GBU collection structure* has replaced *revenue by product category* in Q2 onwards.

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

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

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

SEGMENT INFORMATION

DKK million	Moments and Collabs	Style and Upstream Innovation	Group
Q2 2021			
Revenue	3,722	1,433	5,155
Cost of sales	-881	-299	-1,180
Gross profit	**2,841**	**1,134**	**3,975**
Operating expenses			-2,673
Consolidated operating profit (EBIT)			**1,301**
Profit margin (EBIT margin)			***25.2%***
Q2 2020[1]			
Revenue	2,139	738	2,876
Cost of sales	-583	-195	-778
Gross profit	**1,556**	**543**	**2,099**
Operating expenses			-2,297
Consolidated operating profit (EBIT)			**-198**
Profit margin (EBIT margin)			***-6.9%***
Restructuring costs			-231
Profit margin (EBIT margin) excl. restructuring costs			***1.1%***
H1 2021			
Revenue	6,973	2,682	9,655
Cost of sales	-1,676	-568	-2,244
Gross profit	**5,297**	**2,113**	**7,410**
Operating expenses			-5,206
Consolidated operating profit (EBIT)			**2,204**
Profit margin (EBIT margin)			***22.8%***
H1 2020[1]			
Revenue	5,112	1,936	7,048
Cost of sales	-1,318	-487	-1,805
Gross profit	**3,794**	**1,449**	**5,242**
Operating expenses			-5,237
Consolidated operating profit (EBIT)			**5**
Profit margin (EBIT margin)			***0.1%***
Restructuring costs			-666
Profit margin (EBIT margin) excl. restructuring costs			***9.5%***

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

REVENUE BY GLOBAL BUSINESS UNITS

DKK million	Q2 2021	Q2 2020[1]	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Share of Revenue*	H1 2021	H1 2020[1]	*Sell-out growth vs 2020*	*Sell-out growth vs 2019*	*Share of revenue*
Moments and Collabs	**3,722**	**2,139**	***59%***	***7%***	***72%***	**6,973**	**5,112**	***41%***	***4%***	***72%***
hereof Moments	3,376	1,923	*59%*	*4%*	*65%*	6,242	4,566	*40%*	-	*65%*
hereof Collabs	346	215	*55%*	*43%*	*7%*	732	546	*51%*	*50%*	*8%*
Style and Upstream Innovation	**1,433**	**738**	***68%***	***2%***	***28%***	**2,682**	**1,936**	***38%***	***-7%***	***28%***
hereof Timeless	886	452	*72%*	*-12%*	*17%*	1,712	1,167	*45%*	*-18%*	*18%*
hereof Signature	447	215	*62%*	*17%*	*9%*	811	609	*28%*	*6%*	*8%*
hereof Me	82	71	*36%*	*n/a*	*2%*	140	160	*10%*	*n/a*	*1%*
hereof Brilliance	18	-	-	*n/a*	*0%*	18	-	-	*n/a*	*0%*
Total revenue	**5,155**	**2,876**	***62%***	***7%***	***100%***	**9,655**	**7,048**	***40%***	***1%***	***100%***

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

	Q2 2021	Q2 2020	H1 2021	H1 2020
Goods transferred at a point in time	5,138	2,868	9,623	7,023
Services transferred over time	17	8	32	25
Total revenue	**5,155**	**2,876**	**9,655**	**7,048**

REVENUE DEVELOPMENT IN THE KEY MARKETS

DKK million	Q2 2021	Q2 2020	*Growth in local currency*	H1 2021	H1 2020	*Growth in local currency*	FY 2020
US	1,771	687	*184%*	3,161	1,622	*114%*	4,505
China	390	378	*3%*	671	590	*15%*	1,261
UK	569	409	*35%*	1,156	999	*15%*	2,960
Italy	515	261	*98%*	955	713	*34%*	2,021
Australia	226	167	*26%*	469	359	*22%*	1,120
France	210	197	*7%*	403	437	*-7%*	1,154
Germany	241	185	*31%*	432	364	*19%*	1,014
Total top-7 markets	**3,922**	**2,283**	***78%***	**7,248**	**5,084**	***48%***	**14,036**
Rest of Pandora	**1,233**	**593**	***112%***	**2,407**	**1,964**	***28%***	**4,973**
Total revenue	**5,155**	**2,876**	***85%***	**9,655**	**7,048**	***43%***	**19,009**

REVENUE BY CHANNEL

DKK million	Q2 2021	Q2 2020	*Growth in local currency*	H1 2021	H1 2020	*Growth in local currency*	FY 2020
Retail physical stores[1]	2,177	992	*126%*	3,716	2,994	*29%*	7,943
Retail online stores	1,222	1,487	*-16%*	2,639	2,109	*29%*	5,483
Wholesale and third-party distribution	1,756	397	*363%*	3,300	1,946	*78%*	5,583
Total revenue	**5,155**	**2,876**	***85%***	**9,655**	**7,048**	***43%***	**19,009**

[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 second half of the year (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 in the consolidated financial statements in the Annual Report 2020.

Outstanding committed loan facilities (end of June 2021)

	Available facilities DKK million	Maturity date	*Drawn amount DKK million*
Revolving Credit Facilities	7,064	April 2026	*1,859*
Total	**7,064**		***1,859***

Revolving Credit Facilities were refinanced in April with a EUR 950 million sustainability-linked facility where the margin on the loan is linked to Pandora's sustainability targets to be carbon neutral and to use recycled metals only by 2025. The facility is part of the company's liquidity reserve and has an initial five-year term, which may be extended by an additional two years subject to approval by the lenders. During Q2 2021, Pandora repaid a DKK 3 billion Club Deal ahead of maturity due to a strong liquidity position. The Club Deal was arranged during the initial COVID-19 outbreak in early 2020 as a precautionary initiative. As of today, available liquidity amounts to approximately DKK 5.2 billion.

NOTE 6 – Derivative financial instruments

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

See note 4.5 to the consolidated financial statements in the Annual Report 2020.

NOTE 7 – Trade receivables

DKK million	2021 30 June	2020 31 December
Receivables related to third-party distribution and wholesale	467	600
Receivables related to retail revenue sales	225	270
Total trade receivables	**691**	**870**

NOTE 8 – Business combinations

Pandora took over 22 concept stores in the US in the period 1 January – 30 June 2021. Net assets acquired mainly consists of non-current assets and liabilities relating to the stores. The total purchase price was DKK 14 million and the purchase price allocations have not been finalised at the time of reporting. Outstanding items in these are considered immaterial.

Business combinations after the reporting period

In July 2021, Pandora took over 7 stores in the US. Net assets acquired mainly consists of inventory and non-current assets and liabilities relating to the stores. The total purchase price was DKK 52 million and the purchase price allocations have not been finalised at the time of the reporting.

NOTE 9 – Goodwill

DKK million	2021 30 June	2020 31 December
Cost at 1 January	4,247	4,416
Acquisition of subsidiaries and activities in the period	-	2
Exchange rate adjustments	79	-170
Cost at the end of the period	**4,326**	**4,247**

No impairment indication was identified based on the information regarding the market and the forecast. The latest impairment test was carried out in 2020 and given the development since then, there continues to be substantial headroom between the carrying amount and the value in use.

NOTE 10 – Assets and liabilities related to leases

Amounts recognised in the balance sheet:

RIGHT-OF-USE ASSETS

DKK million	2021 30 June	2020 31 December
Property	2,645	2,975
IT	4	5
Cars	15	18
Other	10	10
Total right-of-use assets	**2,674**	**3,007**

Out of the total decrease of DKK 0.3 billion in right-of-use-assets in the period 1 January – 30 June 2021, DKK 0.5 billion relates to depreciation and currency exchange movement, partially offset by a net increase of DKK 0.2 billion as a result of renewals of lease contracts and new leases. The development in right-of-use-assets is further affected by the timing of renewals of lease contracts and new leases including the negotiation of more favourable leasing terms.

LEASE LIABILITIES

DKK million	2021 30 June	2020 31 December
Non-current	1,823	2,066
Current	927	993
Total lease liabilities	**2,750**	**3,059**

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

Amounts recognised in the income statement:

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

DKK million	1 January – 30 June 2021	1 January – 30 June 2020
Property	533	537
IT	1	1
Cars	5	6
Other	2	3
Total depreciation on right-of-use assets for the period	**540**	**546**

OTHER ITEMS RELATING TO LEASES

DKK million	1 January – 30 June 2021	1 January – 30 June 2020
Interest expense	-48	-46
Total interest for the period	**-48**	**-46**

Costs recognised in the period for short term and low value leases were DKK 20 million (2020: DKK 20 million). Expenses are recognised on a straight line basis.

Total cash outflow relating to leases was DKK 642 million in H1 2021 (H1 2020: DKK 484 million) . This comprises of fixed lease payments in scope of IFRS 16 in amount of DKK 470 million (2020: DKK 345 million), variable lease payments in amount of DKK 104 million (2020: DKK 75 million), interest paid of DKK 48 million (2020: DKK 44 million) and short term and low value leases of DKK 20 million (2020: DKK 20 million). Payments related to variable leases and short term and low value leases are not included in the lease liabilities.

Due to COVID-19, repayment of certain fixed leases has been negotiated and a cash settlement has been agreed with landlords and deferred by approximately DKK 35 million (2020: DKK 117 million).

Pandora decided to apply the practical expedient for all contracts with rent concessions occurring as direct consequence of COVID-19 and where it meets all conditions of the practical expedient. The amendments to IFRS 16 are described in the note 1.2 in the Annual Report 2020.

As a result, rent concessions have been recognised in the profit and loss statement in 2021 amounting to DKK 42 million in H1 2021 (H1 2020: DKK 52 million) under Sales and Distribution expenses.

Overall financing cash flow is positively impacted by DKK 77 million in H1 2021 (H1 2020: DKK 169 million) due to rent relief and rent deferrals.

NOTE 11 – Contingent liabilities

Reference is made to note 5.1 to the consolidated financial statements in the Annual Report 2020.

NOTE 12 – Related parties

Related parties with significant interests

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

Transactions with related parties

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

NOTE 13 – STORE NETWORK, OTHER POINTS OF SALE DEVELOPMENT

	Q2 2021	Q1 2021	Q2 2020	*Growth Q2 2021 / Q1 2021*	*Growth Q2 2021 /Q2 2020*
Other points of sale (retail)	257	253	227	4	30
Other points of sale (wholesale)	3,274	3,243	3,706	31	-432
Other points of sale (third-party)	564	554	606	10	-42
Other points of sale, total	**4,095**	**4,050**	**4,539**	**45**	**-444**

NOTE 14 – STORE NETWORK, CONCEPT STORE DEVELOPMENT[1]

	Total concept stores					*O&O concept stores*		
	Number of concept stores Q2 2021	**Number of concept stores Q1 2021**	**Number of concept stores Q2 2020**	***Growth Q2 2021 / Q1 2021***	***Growth Q2 2021 /Q2 2020***	**Number of concept stores O&O Q2 2021**	***Growth O&O stores Q2 2021 / Q1 2021***	***Growth O&O stores Q2 2021 /Q2 2020***
US	389	391	403	-2	-14	179	-	23
China	216	228	236	-12	-20	202	-14	-23
UK	215	216	216	-1	-1	141	3	14
Italy	145	146	146	-1	-1	106	-1	-1
Australia	122	123	123	-1	-1	39	-	1
France	121	120	121	1	-	77	1	-
Germany	137	137	138	-	-1	134	-	1
All markets	**2,630**	**2,659**	**2,714**	**-29**	**-84**	**1,379**	**-15**	**6**

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

NOTE 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-months production plan. The below table illustrates the timing of the hedges related to the purchase of silver for production, i.e. excluding the time lag effect from inventory to Cost of sales (when the product is sold). The time-lag from use in production to impact on Cost of sales is usually 2-7 months.

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

USD / OZ	***Realised in Q2 2021***	**Hedged Q3 2021**	**Hedged Q4 2021**	**Hedged Q1 2022**	**Hedged Q2 2022**
Gold price	*1,835*	1,835	1,812	1,812	1,794
Silver price	*22.55*	25.04	25.59	27.07	26.92
Commodity hedge ratio, %	*Realised*	70-100%	70-90%	50-70%	30-50%

NOTE 16 – Subsequent events

Other than as described in "Other events" in the Management review, Pandora is not aware of events after 30 June 2021, which are expected to materially impact the Group's financial position.

QUARTERLY OVERVIEW

DKK million	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Key financial highlights					
Organic growth, %	***84%***	***13%***	***4%***	***-5%***	***-38%***
Organic growth, % vs 2019	*13%*	*-3%*	*n/a*	*n/a*	*n/a*
Sell-out growth incl. temporarily closed stores, %	*62%*	*21%*	*1%*	*-2%*	*-39%*
Sell-out growth incl. temporarily closed stores, % vs 2019	*7%*	*-5%*	*n/a*	*n/a*	*n/a*
Gross margin, %[1]	*77.1%*	*76.3%*	*75.7%*	*78.1%*	*74.9%*
EBIT margin, %[1]	***25.2%***	***20.1%***	***31.8%***	***17.2%***	***1.1%***
Consolidated income statement					
Revenue	5,155	4,500	7,891	4,070	2,876
Earnings before interests, tax, depreciations and amortisations (EBITDA)	1,762	1,416	2,896	1,045	325
Operating profit (EBIT)	1,301	903	2,212	467	-198
Net financials	-21	-92	96	-24	-28
Net profit for the period	992	628	1,794	343	-175
Financial ratios					
Revenue growth, DKK, %	*79%*	*8%*	*-1%*	*-8%*	*-39%*
Revenue growth, local currency, %	*85%*	*13%*	*4%*	*-5%*	*-38%*
Gross margin, %	*77.1%*	*76.3%*	*75.4%*	*78.2%*	*73.0%*
EBITDA margin, %	*34.2%*	*31.5%*	*36.7%*	*25.7%*	*11.3%*
EBIT margin, %	*25.2%*	*20.1%*	*28.0%*	*11.5%*	*-6.9%*
Effective tax rate, %	*22.5%*	*22.5%*	*22.3%*	*22.5%*	*22.5%*
Equity ratio, %	*44%*	*41%*	*37%*	*30%*	*29%*
NIBD to EBITDA, excl. restructuring costs[2], x	0.4	0.6	0.5	1.1	1.1
Return on invested capital (ROIC)[2], %	*44%*	*29%*	*25%*	*22%*	*16%*
Cash conversion incl. lease payments (excl. IFRS 16), %	*98%*	*-65%*	*171%*	*98%*	*n/a*
Net working capital, % of last 12 months revenue	*-0.3%*	*-0.4%*	*-7.6%*	*0.0%*	*-1.5%*
Stock ratios					
Total payout ratio (incl. share buyback)[3], %	*76%*	-	-	-	-
Consolidated balance sheet					
Total assets	18,277	19,211	19,984	18,932	18,859
Invested capital	11,136	11,675	10,540	12,544	12,864
Net working capital	-57	-76	-1,447	5	-286
Net interest-bearing debt (NIBD)	3,005	3,735	3,151	6,862	7,391
Equity	8,130	7,940	7,389	5,682	5,473
Consolidated statement of cash flow					
Cash flow from operating activities	1,586	-316	4,062	776	1,082
Capital expenditure (CAPEX), DKK million	138	88	124	117	121
Capital expenditure, property, plant and equipment (CAPEX), DKK	64	35	78	97	100
Free cash flow incl. lease payments (excl. IFRS 16), DKK	1,278	-586	3,780	457	943

[1] 2020 numbers are excluding Programme NOW restructuring costs.
[2] Ratios are based on 12 months' rolling EBITDA and EBIT, respectively.
[3] Excluding sale of Treasury shares amounting to DKK 1.8 billion in Q2 2020.

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 – 30 June 2021. The consolidated interim financial statement, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and additional requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated interim financial statement gives a true and fair view of the financial position for the Pandora Group at 30 June 2021 and of the results of the Pandora Group's operations and cash flows for the period 1 January – 30 June 2021.

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

Copenhagen, 17 August 2021

EXECUTIVE MANAGEMENT

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

BOARD

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

DISCLAIMER

This company announcement 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.