

No. 357

**COMPANY ANNOUNCEMENT**

17 February 2017

**NOTICE OF ANNUAL GENERAL MEETING**

Pursuant to articles 6.3 and 6.8 of the Articles of Association of PANDORA A/S (the "Company"), the Annual General Meeting of the Company is hereby convened to be held on

**Wednesday 15 March 2017 at 10:00 am CET**

The Annual General Meeting will be held at

**Tivoli Hotel & Congress Center, Arni Magnussons Gade 2, 1577 Copenhagen V, Denmark**

with the following agenda:

1. The Board of Directors' report on the Company's activities during the past financial year.
2. Adoption of the Annual Report 2016.
3. Resolution proposed by the Board of Directors on remuneration to the Board of Directors for 2016 and 2017 and amendments to the Company's Remuneration Policy.
  - 3.1 Approval of remuneration for 2016.
  - 3.2 Amendments to the Company's Remuneration Policy.
  - 3.3 Approval of remuneration level for 2017.
4. Resolution proposed on the distribution of profit as recorded in the adopted Annual Report, including the proposed amount of any dividend to be distributed or proposal to cover any loss.
5. Resolution on the discharge from liability of the Board of Directors and the Executive Management.
6. Any proposals by the shareholders and/or Board of Directors.

The Board of Directors has submitted the following proposals:

- 6.1 Change of the minimum share denomination.
  - 6.2 Reduction of the Company's share capital.
  - 6.3 Authority to the Board of Directors to let the Company buy back treasury shares.
  - 6.4 Authority to the Board of Directors to distribute extraordinary dividend.
  - 6.5 Authority to the chairman of the Annual General Meeting.
7. Election of members to the Board of Directors.
  8. Election of auditor.
  9. Any other business.

## Complete proposals

### Re agenda item 2:

The Board of Directors proposes that the audited Annual Report 2016 be approved by the General Meeting.

### Re agenda item 3:

#### *Re agenda item 3.1*

The Board of Directors proposes that the actual remuneration of the Board of Directors for 2016 be approved by the General Meeting. Reference is made to the Annual Report 2016, note 2.3.

#### *Re agenda item 3.2*

The Board of Directors proposes to approve the following amendments to the Company's Remuneration Policy (as last amended at the Annual General Meeting on 19 March 2014):

The wording of paragraphs 2 and 3 in section 2.0 (Board of Directors) are amended to the following:

*"A number of committees have been established and the members of each committee will receive a fixed committee fee for their contribution. The chairman of the committee will receive up to 1.5 times the committee fee. The Chairman of the Board will not receive any committee fees.*

*Board Members are paid a fixed travel allowance when attending board meetings outside their country of residence. The travel allowance will be disclosed in the Annual Report."*

The proposed amendments of paragraph 2 only include the wording "up to" which implies that the fee to the chairman of a committee can be less than 1.5 times the fee of an ordinary member of such committee.

The amendments of paragraph 3 imply that the Company can provide a fixed travel allowance to board members when a board meeting venue requires board members to travel outside their country of residence.

#### *Re agenda item 3.3*

The Board of Directors proposes that the following remuneration level for the financial year 2017 be approved by the General Meeting:

The Chairman of the Board of Directors will receive a fixed fee of DKK 1,500,000, each of the Deputy Chairmen will receive DKK 750,000, and other members of the Board of Directors will each receive DKK 500,000. Furthermore, a number of committees have been established. The chairman of a committee will receive a fixed fee of DKK 150,000 and a committee member will receive a fixed fee of DKK 100,000 for this work, regardless of how many committees a member is involved in. The chairman and members of the Audit Committee shall, however, each receive an additional fee of DKK 50,000. The Chairman of the Board of Directors will not receive any committee fee.

### Re agenda item 4:

The Board of Directors proposes that a dividend of DKK 9.00 per share be paid on the profit for the year available for distribution according to the Annual Report. No dividend will be paid on the Company's holding of treasury shares. The remaining amount will be transferred to the Company's reserves.

**Re agenda item 5:**

The Board of Directors proposes that the General Meeting discharge the Board of Directors and the Executive Management from liability.

**Re agenda item 6:**

The Board of Directors has submitted the following proposals:

- 6.1 Change of the minimum share denomination.
- 6.2 Reduction of the Company's share capital.
- 6.3 Authority to the Board of Directors to let the Company buy back treasury shares.
- 6.4 Authority to the Board of Directors to distribute extraordinary dividend.
- 6.5 Authority to the chairman of the Annual General Meeting.

*Re agenda item 6.1*

The Board of Directors proposes that the minimum denomination of the Company's shares (the nominal value of the shares) be reduced from DKK 1 to DKK 0.01. The Board of Directors therefore proposes that the wording of article 4.1 of the Articles of Association be amended as follows:

*"The Company's share capital is nominally DKK 117,056,821, divided into shares of DKK 0.01 or any multiple thereof."*

In consequence of the above, the voting rights of the Company's shares will be changed so that each share denomination of DKK 0.01 entitles the holder to one (1) vote. The Board of Directors therefore proposes that article 9.1 of the Articles of Association be amended as follows:

*"Each share of DKK 0.01 carries one vote."*

It should be noted that the amendments proposed do not imply any reduction of the share denomination of DKK 1 at the present time. The reduction is introduced only to create a flexibility that enables the Board of Directors to implement future share splits (i.e. a reduction of the denomination of the traded shares) when appropriate.

*Re agenda item 6.2*

The Company launched a share buyback programme of up to a maximum consideration of DKK 4,000 million in 2016. The purpose of the share buyback programme is to reduce the Company's share capital and to meet its obligations under the share option programmes for the Company's employees. The Board of Directors proposes to reduce the Company's share capital to the effect that a part of the acquired treasury shares are cancelled while the remaining part of the acquired treasury shares are maintained by the Company for the purpose of fulfilling the Company's obligations in connection with the incentive programmes for the Company's employees.

The share buyback programme was implemented in the period from 9 February 2016 to 31 December 2016. Reference is made to the company announcements available on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com).

Against that background, the Board of Directors proposes that the Company's share capital be reduced by a nominal amount of DKK 4,549,430 by cancellation of a nominal amount of DKK 4,549,430 treasury shares of DKK 1, equal to 3.9 % of the Company's total share capital. Under section 188 of the Danish Companies Act it is stated that the purpose of the reduction is to cancel a part of the Company's portfolio of treasury shares.

According to the Danish Business Authority's practice, this purpose may be compared to a capital reduction to be distributed to the shareholders, see section 188(1)(ii) of the Danish Companies Act. In that connection, the Board of Directors states that the shares have been acquired at a total amount of DKK 3,842,638,565 to the effect that, in addition to the nominal reduction amount of DKK 4,549,430, an amount of DKK 3,838,089,135 has been distributed. Following the capital reduction, the Company's nominal share capital will be DKK 112,507,391.

As a result of the share capital reduction, it is proposed that article 4.1 of the Articles of Association should be amended to read as follows after expiry of the time period prescribed in section 192 of the Danish Companies Act:

*"The Company's share capital is nominally DKK 112,507,391, divided into shares of DKK 0.01 or any multiple thereof."*

Before the implementation of the capital reduction, the Company's creditors will be requested, through the Danish Business Authority's IT system, to file their claims within a time limit of 4 weeks, see section 192(1) of the Danish Companies Act. Under section 193(2) of the Danish Companies Act, the Danish Business Authority will automatically register the implementation of the capital reduction and the resulting amendment to the Articles of Association as being final 4 weeks after the expiry of the time limit for the creditors' filing of claims at the earliest or, at the request of the Board of Directors, on any date after the expiry of the time limit for the creditors' filing of claims unless the implementation at such time cannot take place under the provisions of the Danish Companies Act.

*Re agenda item 6.3*

The Board of Directors proposes that the General Meeting authorises the Board of Directors to, in the period until 14 March 2022, allow the Company to acquire treasury shares up to an aggregate nominal value of 10 % of the Company's share capital, provided that the Company's holding of treasury shares does not at any time exceed 10 % of the Company's share capital. The purchase price paid in connection with acquisition of treasury shares must not diverge from the price quoted on NASDAQ Copenhagen at the time of acquisition by more than 10 %.

*Re agenda item 6.4*

The Board of Directors proposes that the Company's Board of Directors is granted the authority, in accordance with sections 182-183 of the Danish Companies Act, to pass one or more resolutions to distribute extraordinary dividend of up to a total amount of DKK 27 per share of DKK 1 for the period until the next Annual General Meeting.

*Re agenda item 6.5*

It is proposed that the chairman of the Annual General Meeting is authorised to make such amendments and additions to the resolutions passed by the Annual General Meeting and to the application for registration with the Danish Business Authority as the Authority may require for registration.

**Re agenda item 7:**

Pursuant to article 11.1 of the Articles of Association, the Board of Directors shall consist of 3 to 10 board members elected by the General Meeting. All members of the Board of Directors elected by the General Meeting stand for election at the Annual General Meeting.

The Board of Directors currently consists of the following 10 board members elected by the General Meeting: Peder Tuborgh (Chairman), Christian Frigast (Deputy Chairman), Allan Leighton (Co-Deputy Chairman), Andrea

Dawn Alvey, Ronica Wang, Anders Boyer-Søgaard, Bjørn Gulden, Per Bank, Michael Hauge Sørensen and Birgitta Stymne Göransson.

The Board of Directors proposes re-election of the current 10 board members.

The composition of the Company's Board of Directors reflects the skills and experience which is deemed required to manage a public listed company. The Company aims at composing the Board of Directors to consist of persons who possess the professional skills and international experience required to serve as a board member.

A detailed description of each of the board candidates and information on their managerial posts is attached hereto as Appendix 1. The description is also available on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com).

If the proposal is adopted, the Company's Board of Directors will consist of Peder Tuborgh, Christian Frigast, Allan Leighton, Andrea Dawn Alvey, Ronica Wang, Anders Boyer-Søgaard, Bjørn Gulden, Per Bank, Michael Hauge Sørensen and Birgitta Stymne Göransson.

**Re agenda item 8:**

The Board of Directors proposes re-election of Ernst & Young P/S in accordance with the Audit Committee's recommendation. The Audit Committee has not been influenced by third parties and has not been subject to any agreement with third parties, which limits the Annual Meeting to the election of certain auditors or audit firms.

## VOTING REQUIREMENTS

The resolutions under agenda items 6.1 and 6.2 proposed by the Board of Directors require at least two-thirds of the votes cast and of the share capital represented at the Annual General Meeting; see section 106(1) of the Danish Companies Act. All other proposals may be passed by a simple majority of votes; see article 10.2 of the Articles of Association.

## DATE OF REGISTRATION, ADMISSION, PROXY AND POSTAL VOTE

### Date of registration, right to attend and right to vote

A shareholder's right to attend the Annual General Meeting and to vote is determined on the basis of the shares held by such shareholder at the date of registration (1 week before the Annual General Meeting), i.e. on **Wednesday 8 March 2017**. The shares held by each shareholder are determined at the date of registration on the basis of the shareholdings registered in the share register and in accordance with any notices on shareholdings received by the Company but not yet registered in the share register. To be entitled to vote, the shareholder must request an admission card no later than 3 days before the Annual General Meeting, i.e. no later than on **Friday 10 March 2017**.

### Notice of attendance and admission card

An admission card is required for attending the Annual General Meeting. A shareholder, its proxy or advisor wishing to attend the Annual General Meeting and to receive an admission card must notify the Company of their attendance no later than on **Friday 10 March 2017**; see article 9.5 of the Articles of Association.

Admission cards may be requested as follows:

- Electronically through the Investor Portal on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com) by using NemID or username and password; or
- By returning the Registration, Proxy and Postal Voting Form, which can be printed from the Company's website [www.pandoragroup.com](http://www.pandoragroup.com), duly completed, dated and signed, by letter to Computershare A/S, Kongevejen 418, DK-2840 Holte, Denmark, by email, scan-to-email to [agm@computershare.dk](mailto:agm@computershare.dk) or by fax +45 45 46 09 98.

Admission cards and voting forms will be sent by ordinary mail to the address indicated in the share register. Admission cards that have been requested on Friday 10 March 2017 will be handed out together with voting forms at the entrance to the Annual General Meeting.

### Proxy/postal vote

Shareholders prevented from attending the Annual General Meeting may vote by proxy by authorising the Board of Directors or a named third party as proxy representative or by postal voting. A shareholder may either grant proxy or submit a postal vote, but not both.

- Electronic proxy forms or electronic postal votes may be submitted through the Investor Portal on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com) by using NemID or username and password.
- Physical proxy forms or physical postal votes may be submitted by using the Registration, Proxy and Postal Voting Form which can be printed from the Company's website [www.pandoragroup.com](http://www.pandoragroup.com). The duly completed, dated and signed Registration, Proxy and Postal Voting Form must be sent by letter to Computershare A/S, Kongevejen 418, DK-2840 Holte, Denmark, by email, scan-to-email to [agm@computershare.dk](mailto:agm@computershare.dk) or by fax +45 45 46 09 98.

Proxy forms/postal votes may be submitted for shares held at the date of registration as determined on the basis of the Company's share register as well as any information on shareholdings received by the Company but not yet registered in the share register; see article 9.5 of the Articles of Association.

Proxy forms (electronic or physical) must be received by Computershare A/S no later than on **Friday 10 March 2017 at 11:59 pm CET**, whereas postal voting forms (electronic or physical) must be received by Computershare A/S no later than on **Tuesday 14 March 2017 at 12:00 pm CET (noon)**.

Once received by the Company, a postal vote is binding on the shareholder and cannot be revoked.

## **SHARE CAPITAL, VOTING RIGHTS AND CUSTODIAN BANK**

The Company's share capital is DKK 117,056,821, divided into shares of DKK 1 or multiples thereof.

Article 9 of the Articles of Association contains the following provisions on voting rights:

- 9.1 Each share of DKK 1 carries one vote.
- 9.2 Shareholders may attend general meetings in person or by proxy and may, in both cases, be accompanied by an advisor.
- 9.3 Proxies may exercise voting rights on behalf of shareholders subject to presenting a written and dated instrument of proxy. The Company shall make a written or electronic proxy form available to all shareholders entitled to vote at the general meeting.
- 9.4 A shareholder's shareholding and voting right will be determined at the date of registration on the basis of the ownership registered in the register of shareholders and the notices concerning ownership received by the Company for the purpose of entering such ownership into the register of shareholders. The date of registration is one week before the date of the general meeting.
- 9.5 Shareholders shall notify the Company of their attendance or their proxy's attendance at any general meeting no later than three days before the date of the meeting. This requirement shall also apply to any advisor. Admission cards will be issued to the persons who are registered shareholders as per the date of registration or from whom the Company has received notice, by the date of registration, to enter into the register of shareholders.
- 9.6 Shareholders may vote by post. Postal votes shall reach the Company no later than at 12:00 pm CET (noon) on the day before the general meeting. Once received by the Company, a postal vote is binding on the shareholder and cannot be revoked.

The Company has designated Nordea Bank Danmark A/S as its custodian bank, through which the Company's shareholders may exercise their financial rights.

## **QUESTIONS**

At the Annual General Meeting, the Board of Directors and the Executive Management will answer questions from the shareholders on matters of relevance to the assessment of the Annual Report, the Company's position and any other questions to be addressed at the Annual General Meeting. Questions may be asked until 12:00 pm CET (noon) on the day before the Annual General Meeting in writing to PANDORA A/S, Havneholmen 17-19, DK-

1561 Copenhagen, Denmark, addressed to the Legal Department for the attention of General Counsel Lars Jensen or by email to [legal@pandora.net](mailto:legal@pandora.net). Questions from shareholders can be asked in both Danish and English. Such questions will be answered in English and may be answered in Danish if so requested by the shareholder.

## **AGENDA, LANGUAGE, ETC.**

No later than 3 weeks before the Annual General Meeting, the complete, unabridged text of the documents to be submitted to the Annual General Meeting as well as the agenda with the complete proposals to be transacted at the Annual General Meeting will be made available for inspection at the reception desk at the Company's registered office, Havneholmen 17-19, DK-1561 Copenhagen, Denmark, on all business days from 8:00 am to 4:00 pm CET.

No later than 3 weeks before the Annual General Meeting, the following information will also be made available on the Company's website [www.pandoragroup.com](http://www.pandoragroup.com):

- 1) The notice convening the Annual General Meeting and appendices.
- 2) The total number of shares and voting rights at the date of the notice convening the Annual General Meeting.
- 3) The documents to be submitted to the Annual General Meeting, including the agenda and the complete proposals and the audited Annual Report 2016.
- 4) The forms to be used for registration and for voting by proxy and postal voting.

The financial highlights and a 5 year financial overview for the Company is included as Appendix 2 to this notice.

The Annual General Meeting will be held in English. Irrespective of article 9.8 of the Articles of Association and as a service to the shareholders, the Company will offer simultaneous interpretation to or from Danish to any shareholder who so wishes during the Annual General Meeting.

## **PRACTICAL INFORMATION**

Admission and registration at the Annual General Meeting will commence on Wednesday 15 March 2017 at 9:00 am CET where coffee and tea will also be served.

Copenhagen, 17 February 2017

PANDORA A/S

The Board of Directors



## APPENDIX 1

### Description of the candidates proposed by the Board of Directors

**Peder Tuborgh** was born in 1963, is a Danish citizen and currently lives in Højbjerg, Denmark.

Peder Tuborgh has been Chairman and member of the Board of Directors since October 2014 and is also Chairman of the Remuneration Committee and a member of the Nomination Committee. Peder Tuborgh is regarded as an independent board member.

The special skills possessed by Peder Tuborgh that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience in global manufacturing and logistics, global branding, sales and marketing as well as consumer sales and retail marketing.

Peder Tuborgh holds an MSc in Economics and Business Administration from Odense University, Denmark. Currently, he is CEO of Arla Foods a.m.b.a. In addition, Peder Tuborgh is vice chairman of Aarhus University and board member of Global Dairy Platform.

**Christian Frigast** was born in 1951, is a Danish citizen and currently lives in Klampenborg, Denmark.

Christian Frigast has been a member of the Board of Directors of PANDORA A/S since August 2010 and is also Deputy Chairman of the Board, Chairman of the Nomination Committee and member of the Remuneration Committee. Christian Frigast is regarded as an independent board member.

The special skills possessed by Christian Frigast that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience in general management and active involvement in a number of retail and other companies obtained through his numerous directorships.

Christian Frigast holds an MSc in Economics from Copenhagen University. He has been Managing Partner at Axcel Management A/S since the founding of the company in 1994 until October 2016, and continues as Executive Chairman at Axcel Management A/S.

Christian Frigast is Chairman of Danish Ship Finance Holding A/S and the Danish Export Credit Agency (EKF). Christian Frigast is Deputy Chairman of the Danish Venture Capital and Private Equity Association (DVCA), and he is a member of the management of AXII Holding ApS. He also sits on the boards of Frigast ApS, Nordic Waterproofing, Danish Ship Finance and the Board Leadership Society in Denmark. In addition, Christian Frigast chairs and co-founded Axcel's own think-tank, Axcelfuture, which is working to improve the investment climate in Denmark, and he is an associate professor at Copenhagen Business School.

**Allan Leslie Leighton** was born in 1953, is an English citizen and currently lives in London, United Kingdom.

Allan Leighton has been Co-Deputy Chairman of the Board of Directors of PANDORA A/S since March 2015. Prior hereto Allan Leighton served as Chairman of the Board of Directors of PANDORA A/S from 8 September 2010 to 1 July 2013 and as Chief Executive Officer of PANDORA A/S from 1 July 2013 to 1 March 2015. Due to his previous management positions with PANDORA A/S, Allan Leighton is not regarded as an independent board candidate.

The special skills possessed by Allan that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience within general management in listed companies, financial

management in listed companies, global supply chain and sourcing, consumer sales and retail marketing, and global cross platform branding.

Allan Leighton attended Harvard University's Advanced Management Program. He has an Honorary Degree from Cranfield University and an Honorary Fellowship from the University of Lancashire. Currently, Allan Leighton is Chair of the Co-Operative Group and Chairman of the boards of directors of Entertainment One plc, Matalan Ltd., Wagamama Ltd. and the Canal and River Trust.

**Andrea Dawn Alvey** was born in 1967, is an American citizen and currently lives in Raleigh, North Carolina, USA.

Andrea Dawn Alvey has been a member of the Board of Directors of PANDORA A/S since August 2010 and is also a member of the Audit and Remuneration Committees. Andrea Dawn Alvey is regarded as an independent board member.

The special skills possessed by Andrea Dawn Alvey that are important for the performance of her duties as a member of the Board of Directors of PANDORA are her experience and insight in global supply chains, IT operations and retail financing.

Andrea Dawn Alvey holds a Bachelor of Science in Business Economics/Statistics from Southern Connecticut State University. Currently, Andrea Dawn Alvey is President of Kitabco Investments, Inc. and Regional Developer for Peak Franchising.

**Ronica Wang** was born in 1962, is a citizen of Hong Kong and is currently based in Asia, spending a large portion of her time in China.

Ronica Wang has been a member of the Board of Directors of PANDORA A/S since March 2012 and is also member of the Nomination Committee. Ronica Wang is regarded as an independent board member.

The special skills possessed by Ronica Wang that are important for the performance of her duties as a member of the Board of Directors of PANDORA A/S include her international experience within general management in listed companies, consumer sales and retail marketing, global and cross platform branding and the affordable goods industry.

Ronica Wang holds an MBA from The Wharton Business School, University of Pennsylvania, and a Bachelor Degree in Applied Science and Engineering (Industrial Engineering) from the University of Toronto. She has also studied multinational management at The London Business School. Currently, Ronica Wang is the Chairman and Managing Director of The InnoGrowth Group, Ltd., which she co-founded in 2007. She is a company Director and member of the Board of Directors of Active Kidz Shanghai as well as a member of the Board of Directors of GN Store Nord A/S.

**Anders Boyer-Søgaard** was born in 1970, is a Danish citizen and currently lives in Charlottenlund, Denmark.

Anders Boyer-Søgaard has been a member of the Board of Directors of PANDORA A/S since March 2012 and is also Chairman of the Audit Committee as well as a member of the Nomination Committee. Anders Boyer-Søgaard is regarded as an independent board member.

The special skills possessed by Anders Boyer-Søgaard that are important for the performance of his duties as a

member of the Board of Directors of PANDORA A/S are his experience within general management in listed companies, financial management in listed companies, as well as global supply chain and manufacturing.

Anders Boyer-Søgaard holds an M.Sc. (finance and accounting) from Copenhagen Business School from 1997. Currently, Anders Boyer-Søgaard is CFO of Hempel A/S.

**Bjørn Gulden** was born in 1965 in Switzerland, is a Norwegian citizen and currently lives in Hattingen, Germany.

Bjørn Gulden has been a member of the Board of Directors of PANDORA A/S since August 2013 and is also a member of the Remuneration Committee. Bjørn Gulden is not regarded as an independent board member due to the fact that he served as CEO of PANDORA A/S during the period from 21 February 2011 until 1 July 2013.

The special skills possessed by Bjørn Gulden that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his substantial skills related to global sourcing, consumer sales and retail and comprehensive insight into the affordable goods industry.

Bjørn Gulden holds a BBA from the University of Rogaland, Norway and an MBA from Babson Graduate School of Business in Boston, USA. Currently, Bjørn Gulden is CEO of Puma SE. Furthermore, Bjørn Gulden serves on the boards of Tchibo GmbH, Borussia Dortmund (BVB) GmbH & Co. KGaA, Deichmann SE and Dansk Supermarked A/S.

**Per Bank** was born in 1967, is a Danish citizen and currently lives in Aarhus, Denmark.

Per Bank has been a member of the Board of Directors of PANDORA A/S since March 2014 and is also member of the Nomination Committee. Per Bank is regarded as an independent board member.

The special skills possessed by Per Bank that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience within general management in listed companies, consumer sales and retail marketing and manufacturing.

Per Bank graduated as an industrial engineer from the University of Southern Denmark in 1992. Currently, Per Bank is the Managing Director of Dansk Supermarked A/S. Furthermore, Per Bank is currently Chairman of the boards of directors of F. Salling A/S and Købmand Ferdinand Sallings Mindefond. In addition, Per Bank is a member of the board of directors of Danmarks Nationalbank.

**Michael Hauge Sørensen** was born in 1973, is a Danish citizen and currently lives in Hong Kong.

Michael Hauge Sørensen has been a member of the Board of Directors of PANDORA A/S since March 2014 and is also a member of the Audit Committee. Michael Hauge Sørensen is regarded as an independent board member.

The special skills possessed by Michael Hauge Sørensen that are important for the performance of his duties as a member of the Board of Directors of PANDORA A/S are his experience within consumer sales and retail marketing, global and cross platform branding and the affordable goods industry.

Michael Hauge Sørensen is an alumni of Stanford Graduate School of Business and has attended numerous management programmes at INSEAD and IMD. Currently, Michael Hauge Sørensen is the interim CEO of Zebra A/S and Chairman of the boards of directors of Fristads Kansas AB, TOP-TOY A/S, TT Holding II A/S and TT

Holding III A/S. Furthermore, Michael Hauge Sørensen is a member of the boards of directors of Zebra A/S, IC Group A/S, Santa Fe Group A/S and Michaso Holdings Limited.

**Birgitta Stymne Göransson** was born in 1957, is a Swedish citizen and currently lives in Stockholm, Sweden.

Birgitta Stymne Göransson has been a member of the Board of Directors of PANDORA A/S since March 2016 and is also a member of the Audit Committee. Birgitta Stymne Göransson is regarded as an independent board candidate.

The special skills possessed by Birgitta Stymne Göransson that are important for the performance of her duties as a member of the Board of Directors of PANDORA A/S is her experience from general management, financial management and business development in international listed and private companies covering retail, consumer services, IT and medical technology in addition to her background as board member in a number of global listed companies.

Birgitta Stymne Göransson holds an MBA from Harvard Business School and a Master of Science in Chemical Engineering from the Royal Institute of Technology in Stockholm. Birgitta Stymne Göransson currently works as Senior Industrial Advisor and non-executive board member. She is Chairman of the boards of directors of HL Display AB and the non-profit Fryshuset foundation, and serves on the Board of Elekta AB, Capiro AB, Midsona AB and Sportamore AB.

## **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 around 8,100 points of sale, including more than 2,100 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs around 21,500 people worldwide of whom around 12,400 are located in Gemopolis, Thailand, where the Company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ Copenhagen stock exchange in Denmark. In 2016, PANDORA's total revenue was DKK 20.3 billion (approximately EUR 2.7 billion).

## **CONTACT**

For more information, please contact:

### **INVESTOR RELATIONS**

Magnus Thorstholm Jensen  
Vice President, Head of Investor Relations  
+45 7219 5739  
mtje@pandora.net

### **MEDIA RELATIONS**

Kristian Lysgaard  
Director, Corporate Communications  
+45 7219 5774  
krly@pandora.net

Brian Granberg  
Investor Relations Officer  
+45 7219 5344  
brgr@pandora.net

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

DKK million	Notes	2016	2015
<b>CONSOLIDATED INCOME STATEMENT</b>			
Revenue	2.1, 2.2	20,281	16,737
Cost of sales	2.3	-5,058	-4,544
<b>Gross profit</b>		<b>15,223</b>	<b>12,193</b>
Sales, distribution and marketing expenses	2.3	-5,838	-4,722
Administrative expenses	2.3	-1,981	-1,657
<b>Operating profit</b>	<b>2.2</b>	<b>7,404</b>	<b>5,814</b>
Finance income	4.6	328	84
Finance costs	4.6	-82	-553
<b>Profit before tax</b>		<b>7,650</b>	<b>5,345</b>
Income tax expense	2.5	-1,625	-1,671
<b>Net profit for the year</b>		<b>6,025</b>	<b>3,674</b>
Earnings per share, basic (DKK)	4.2	52.8	30.9
Earnings per share, diluted (DKK)	4.2	52.5	30.7
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
<b>Net profit for the year</b>		<b>6,025</b>	<b>3,674</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit/loss for the year</b>			
Exchange rate adjustments of investments in subsidiaries		121	249
Commodity hedging instruments:			
- Realised in cost of sales		-	-9
- Realised in net financials		-21	23
- Realised in inventories		-145	183
- Fair value adjustments		144	-193
Foreign exchange hedging instruments:			
- Realised in net financials		-167	175
- Fair value adjustments		236	-156
Tax on other comprehensive income, hedging instruments, income/expense	2.5	-10	22
<b>Other comprehensive income, net of tax</b>		<b>158</b>	<b>294</b>
<b>Total comprehensive income for the year</b>		<b>6,183</b>	<b>3,968</b>

# CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER

DKK million	Notes	2016	2015
<b>ASSETS</b>			
Goodwill		2,571	2,424
Brand		1,057	1,057
Distribution network		184	216
Distribution rights		1,061	1,069
Other intangible assets		893	683
<b>Total intangible assets</b>	<b>3.1</b>	<b>5,766</b>	<b>5,449</b>
Property, plant and equipment	3.2	1,767	1,237
Deferred tax assets	2.5	946	879
Other financial assets		250	159
<b>Total non-current assets</b>		<b>8,729</b>	<b>7,724</b>
Inventories	3.3	2,729	2,357
Derivative financial instruments	4.5	161	65
Trade receivables	3.4	1,673	1,360
Income tax receivable		142	113
Other receivables		754	803
Cash	4.3	897	889
<b>Total current assets</b>		<b>6,356</b>	<b>5,587</b>
<b>Total assets</b>		<b>15,085</b>	<b>13,311</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	4.1	117	122
Treasury shares		-4,334	-4,152
Reserves		1,181	1,023
Dividend proposed		1,007	1,511
Retained earnings		8,823	7,635
<b>Total equity</b>		<b>6,794</b>	<b>6,139</b>
Provisions	3.5	101	97
Loans and borrowings	4.3, 4.4	3,008	2,350
Deferred tax liabilities	2.5	393	394
Other payables		393	249
<b>Total non-current liabilities</b>		<b>3,895</b>	<b>3,090</b>
Provisions	3.5	1,004	971
Loans and borrowings	4.3, 4.4	3	257
Derivative financial instruments	4.4, 4.5	256	214
Trade payables	4.4	1,622	1,329
Income tax payable		547	306
Other payables		964	1,005
<b>Total current liabilities</b>		<b>4,396</b>	<b>4,082</b>
<b>Total liabilities</b>		<b>8,291</b>	<b>7,172</b>
<b>Total equity and liabilities</b>		<b>15,085</b>	<b>13,311</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

DKK million	Notes	Share capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Dividend proposed	Retained earnings	Total equity
<b>2016</b>									
Equity at 1 January		122	-	-4,152	1,134	-111	1,511	7,635	6,139
<b>Net profit for the year</b>		-	-	-	-	-	-	<b>6,025</b>	<b>6,025</b>
Exchange rate adjustments of investments in subsidiaries		-	-	-	121	-	-	-	121
Fair value adjustment of hedging instruments		-	-	-	-	47	-	-	47
Tax on other comprehensive income	2.5	-	-	-	-	-10	-	-	-10
<b>Other comprehensive income, net of tax</b>		-	-	-	<b>121</b>	<b>37</b>	-	-	<b>158</b>
<b>Total comprehensive income for the year</b>		-	-	-	<b>121</b>	<b>37</b>	-	<b>6,025</b>	<b>6,183</b>
Fair value adjustments of obligation to acquire non-controlling interests		-	-	-	-	-	-	-123	-123
Share-based payments	2.4	-	-	-	-	-	-	76	76
Share-based payments (exercised)		-	-	230	-	-	-	-229	1
Share-based payments (tax)		-	-	-	-	-	-	25	25
Purchase of treasury shares		-	-	-4,000	-	-	-	-	-4,000
Reduction of share capital		-5	-	3,588	-	-	-	-3,583	-
Dividend paid	4.2	-	-	-	-	-	-1,511	4	-1,507
Dividend proposed	4.2	-	-	-	-	-	1,007	-1,007	-
<b>Equity at 31 December</b>		<b>117</b>	<b>-</b>	<b>-4,334</b>	<b>1,255</b>	<b>-74</b>	<b>1,007</b>	<b>8,823</b>	<b>6,794</b>
<b>2015</b>									
Equity at 1 January		128	1,229	-2,679	885	-156	1,088	6,537	7,032
<b>Net profit for the year</b>		-	-	-	-	-	-	<b>3,674</b>	<b>3,674</b>
Exchange rate adjustments of investments in subsidiaries		-	-	-	249	-	-	-	249
Fair value adjustment of hedging instruments		-	-	-	-	23	-	-	23
Tax on other comprehensive income	2.5	-	-	-	-	22	-	-	22
<b>Other comprehensive income, net of tax</b>		-	-	-	<b>249</b>	<b>45</b>	-	-	<b>294</b>
<b>Total comprehensive income for the year</b>		-	-	-	<b>249</b>	<b>45</b>	-	<b>3,674</b>	<b>3,968</b>
Transfers <sup>1</sup>		-	-1,229	-	-	-	-	1,229	-
Share-based payments	2.4	-	-	-	-	-	-	75	75
Share-based payments (exercised)		-	-	266	-	-	-	-266	-
Share-based payments (tax)		-	-	-	-	-	-	52	52
Purchase of treasury shares		-	-	-3,900	-	-	-	-	-3,900
Reduction of share capital		-6	-	2,161	-	-	-	-2,155	-
Dividend paid	4.2	-	-	-	-	-	-1,088	-	-1,088
Dividend proposed	4.2	-	-	-	-	-	1,511	-1,511	-
<b>Equity at 31 December</b>		<b>122</b>	<b>-</b>	<b>-4,152</b>	<b>1,134</b>	<b>-111</b>	<b>1,511</b>	<b>7,635</b>	<b>6,139</b>

<sup>1</sup>The 'Share premium' is a distributable reserve under Danish regulation and has therefore been transferred to 'Retained earnings' in 2015.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

DKK million	Notes	2016	2015
Profit before tax		7,650	5,345
Finance income	4.6	-328	-84
Finance costs	4.6	82	553
Depreciation, amortisation and impairment losses		518	400
Share-based payments	2.4	76	75
Change in inventories		-206	-431
Change in receivables		-327	-560
Change in payables and other liabilities		327	1,139
Other non-cash adjustments	4.7	241	-432
Interest etc. received		3	3
Interest etc. paid		-43	-104
Income taxes paid		-1,462	-2,520
<b>Cash flows from operating activities, net</b>		<b>6,531</b>	<b>3,384</b>
Acquisition of subsidiaries and activities, net of cash acquired	5.1	-210	-289
Divestment of businesses	5.1	-	29
Purchase of intangible assets		-344	-402
Purchase of property, plant and equipment		-825	-620
Change in other non-current assets		-75	-49
Proceeds from sale of property, plant and equipment		31	35
<b>Cash flows from investing activities, net</b>		<b>-1,423</b>	<b>-1,296</b>
Dividend paid	4.2	-1,507	-1,088
Purchase of treasury shares	4.1	-4,000	-3,900
Proceeds from loans and borrowings		3,777	4,658
Repayment of loans and borrowings		-3,373	-2,003
<b>Cash flows from financing activities, net</b>		<b>-5,103</b>	<b>-2,333</b>
<b>Net increase/decrease in cash</b>		<b>5</b>	<b>-245</b>
Cash at 1 January <sup>1</sup>		889	1,131
Exchange gains/losses on cash		3	3
Net increase/decrease in cash		5	-245
<b>Cash at 31 December<sup>1</sup></b>		<b>897</b>	<b>889</b>
Cash flows from operating activities, net		6,531	3,384
- Interest etc. received		-3	-3
- Interest etc. paid		43	104
Cash flows from investing activities, net		-1,423	-1,296
- Acquisition of subsidiaries and activities, net of cash acquired		210	289
- Divestment of businesses		-	-29
<b>Free cash flow</b>		<b>5,358</b>	<b>2,449</b>
Unutilised credit facilities		5,120	3,089

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

<sup>1</sup> Cash comprises cash at bank and in hand.



# FIVE-YEAR FINANCIAL OVERVIEW

DKK million	2016	2015	2014	2013	2012
<b>Consolidated income statement</b>					
Revenue	20,281	16,737	11,942	9,010	6,652
Gross profit	15,223	12,193	8,423	5,999	4,429
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,922	6,214	4,294	2,881	1,658
Operating profit (EBIT)	7,404	5,814	4,072	2,681	1,475
Net financials	246	-469	-200	61	4
Net profit for the year	6,025	3,674	3,098	2,220	1,202
<b>Consolidated balance sheet</b>					
Total assets	15,085	13,311	10,556	9,275	8,414
Invested capital	9,396	8,255	6,080	5,976	5,900
Operating working capital	2,780	2,388	1,990	1,846	2,039
Net interest-bearing debt (NIBD) <sup>1</sup>	2,448	1,921	-1,121	-637	-183
Equity	6,794	6,139	7,032	6,462	6,038
<b>Consolidated cash flow statement</b>					
Net increase/decrease in cash	5	-245	431	361	165
Free cash flow	5,358	2,449	3,868	1,956	1,151
Cash conversion, %	72.4%	42.1%	95.0%	73.0%	78.0%
<b>Growth ratios</b>					
Revenue growth, %	21%	40%	33%	35%	0%
Gross profit growth, %	25%	45%	40%	35%	-9%
EBITDA growth, %	27%	45%	49%	74%	-27%
EBIT growth, %	27%	43%	52%	82%	-28%
Net profit growth, %	64%	19%	40%	85%	-41%
<b>Margins</b>					
Gross margin, %	75.1%	72.9%	70.5%	66.6%	66.6%
EBITDA margin, %	39.1%	37.1%	36.0%	32.0%	24.9%
EBIT margin, %	36.5%	34.7%	34.1%	29.8%	22.2%
<b>Other ratios</b>					
Effective tax rate, %	21.2%	31.3%	20.0%	19.0%	18.7%
Equity ratio, %	45.0%	46.1%	66.6%	69.7%	71.8%
NIBD to EBITDA, x	0.3	0.3	-0.3	-0.2	-0.1
Book value per share	58.04	50.20	54.89	49.66	46.40
Return on invested capital (ROIC), %	78.8%	70.4%	67.0%	44.9%	25.0%
<b>Share information</b>					
Number of shares	117,056,821	122,297,169	128,115,820	130,143,258	130,143,258
Nominal value, DKK	1	1	1	1	1
Share capital, DKK million	117,056,821	122,297,169	128,115,820	130,143,258	130,143,258
Treasury shares	5,130,682	6,063,915	7,216,058	3,539,023	182,925
Share options outstanding	581,252	823,567	1,382,800	1,511,585	1,108,123
Share options granted	105,665	171,678	227,555	437,228	1,009,977
Share options exercised	334,877	718,165	170,784	-	-
Dividend per share <sup>2</sup> , DKK	9.00	13.00	9.00	6.50	5.50
Total payout ratio (incl. share buyback), %	91.5%	135.8%	104.1%	63.7%	59.5%
Earnings per share, basic, DKK	52.8	30.9	25.0	17.2	9.2
Earnings per share, diluted, DKK	52.5	30.7	24.7	17.0	9.2
Share price at year-end, DKK	924.0	872.0	504.5	294.0	124.5
<b>Other key figures</b>					
Capital expenditure (CAPEX), DKK million	1,199	1,109	455	490	276
Capital expenditure, tangible assets (CAPEX), DKK million	828	706	297	182	167
Store network, total number of points of sale	8,131	9,271	9,906	10,279	10,374
Store network, total number of concept stores	2,138	1,802	1,410	1,100	895
Average number of full-time employees	17,770	13,971	9,957	6,910	5,753

<sup>1</sup> For 2015, NIBD and consequently NIBD to EBITDA were recalculated due to reclassifications. Refer to note 4.3.

<sup>2</sup> Dividend proposed per share for 2016.