

No. 320

## COMPANY ANNOUNCEMENT

9 August 2016

### INTERIM REPORT FOR Q2 2016

## PANDORA INCREASES REVENUE BY 20% AND 25% IN LOCAL CURRENCY

- Group revenue in Q2 2016 was DKK 4,327 million, an increase of 20% (25% increase in local currency), compared with Q2 2015:
  - Americas increased by 5% (10% increase in local currency)
  - EMEA increased by 28% (32% increase in local currency)
  - Asia Pacific increased by 43% (51% increase in local currency)
  - Revenue from concept stores increased by 39% and corresponded to 63% of the total revenue
- Concept store like-for-like sales increased 7%, driven by positive growth in EMEA and Asia Pacific, partially offset by -1% in Americas (US like-for-like sales increased 2%)
- The gross margin increased to 75.3% in Q2 2016, compared with 71.5% in Q2 2015
- EBITDA increased by 23% to DKK 1,609 million in Q2 2016, corresponding to an EBITDA margin of 37.2%, compared with 36.4% in Q2 2015
- Net profit for the quarter was DKK 1,221 million, compared with DKK 910 million in Q2 2015
- Free cash flow increased to DKK 576 million in Q2 2016 compared with DKK -268 million in Q2 2015. Q2 2015 was negatively impacted by DKK 642 million relating to a settlement with the Danish tax authorities
- During Q2 2016, PANDORA bought back 1,605,870 own shares at a total value of DKK 1,466 million as part of the ongoing DKK 4.0 billion share buyback programme, corresponding to 1.4% of the total share capital as of end Q2 2016

In connection with the Q2 2016 results Anders Colding Friis, CEO of PANDORA, stated:

*"Growth in all regions continued into the second quarter. EMEA and Asia Pacific maintained the strong momentum with double digit revenue growth, driven by positive double digit like-for-like growth and continued improvement of the store network. Americas increased 10% in local currency, driven by 2% like-for-like growth in the US, a strong performance in the US eSTORE and a continued successful concept store roll-out across the region. All regions were supported by our continued focus on product diversification into Rings and Earrings."*

## CONFERENCE CALL

A conference call for investors and financial analysts will be held today at 10.00 CET and can be joined online at [www.pandoragroup.com](http://www.pandoragroup.com). The presentation for the call will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:

DK: +45 32 71 16 59

UK (International): +44(0) 20 3427 1903

US: +1 646 254 3388

To participate, please quote confirmation code "PANDORA" when dialling into the conference.

## FINANCIAL CALENDAR

1 November 2016      Interim Report for the third quarter of 2016

## 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 approximately 8,900 points of sale, including more than 1,900 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 17,800 people worldwide of whom approximately 12,000 are located in Gemopolis, Thailand, where the Company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ Copenhagen stock exchange in Denmark. In 2015, PANDORA's total revenue was DKK 16.7 billion (approximately EUR 2.2 billion).

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## FINANCIAL HIGHLIGHTS

DKK million	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
<b>Consolidated income statement</b>					
Revenue	4,327	3,598	9,067	7,145	16,737
Gross profit	3,260	2,573	6,796	5,095	12,193
Earnings before interest, tax, depreciations and amortisations (EBITDA)	1,609	1,311	3,369	2,616	6,214
Operating profit (EBIT)	1,488	1,235	3,133	2,473	5,814
Net financials	57	-69	66	-350	-469
Profit before tax	1,545	1,166	3,199	2,123	5,345
Net profit for the period	1,221	910	2,527	1,293	3,674
<b>Consolidated balance sheet</b>					
Total assets	14,242	11,781	14,242	11,781	13,311
Invested capital	8,965	7,359	8,965	7,359	8,255
Net working capital	1,355	939	1,355	939	925
Net interest-bearing debt (NIBD)	3,654	1,030	3,654	1,030	1,718
Equity	5,413	6,097	5,413	6,097	6,139
<b>Consolidated cash flow statement</b>					
Cash flows from operating activities, net	890	-93	2,457	1,071	3,384
Cash flows from investing activities, net	-486	-330	-732	-641	-1,296
Free cash flow	576	-268	1,932	722	2,449
Cash flows from financing activities, net	-575	419	-2,067	-953	-2,333
Net increase/decrease in cash	-171	-4	-342	-523	-245
<b>Growth ratios</b>					
Revenue growth, %	20%	41%	27%	39%	40%
Gross profit growth, %	27%	43%	33%	42%	45%
EBITDA growth, %	23%	47%	29%	43%	45%
EBIT growth, %	20%	47%	27%	43%	43%
Net profit growth, %	34%	37%	95%	-5%	19%
<b>Margins</b>					
Gross margin, %	75.3%	71.5%	75.0%	71.3%	72.9%
EBITDA margin, %	37.2%	36.4%	37.2%	36.6%	37.1%
EBIT margin, %	34.4%	34.3%	34.6%	34.6%	34.7%
<b>Other ratios</b>					
Effective tax rate, %	21.0%	22.0%	21.0%	39.1%	31.3%
Equity ratio, %	38.0%	51.8%	38.0%	51.8%	46.1%
NIBD to EBITDA, x <sup>1</sup>	0.5	0.2	0.5	0.2	0.3
Return on invested capital (ROIC), % <sup>1</sup>	72.2%	65.5%	72.2%	65.5%	70.4%
Capital expenditure (CAPEX), DKK million <sup>2</sup>	352	239	626	406	1,109
Cash conversion, % <sup>3</sup>	38.7%	-21.7%	61.7%	29.2%	42.1%
<b>Share information</b>					
Dividend per share, DKK	-	-	-	-	13.00
Total payout ratio (incl. share buyback), % <sup>3</sup>	-	-	-	-	135.8%
Earnings per share, basic, DKK	10.6	7.6	21.9	10.8	30.9
Earnings per share, diluted, DKK	10.6	7.5	21.8	10.7	30.7
Share price at end of period, DKK	903.5	719.0	903.5	719.0	872.0
<b>Other key figures</b>					
Average number of employees	17,276	13,378	17,006	12,661	13,971

- 1) Ratios are based on 12 months rolling EBITDA and EBIT, respectively  
2) Capital expenditure includes additions to both tangible and intangible assets  
3) The definition was changed in Q4 2015 – please refer to the Annual Report 2015

## FINANCIAL GUIDANCE

The financial guidance for the full year 2016 for revenue and EBITDA margin is maintained and PANDORA continues to expect revenue above DKK 20 billion and an EBITDA margin of more than 38%. Assuming current exchange rates, PANDORA continues to expect a full year headwind effect from currencies on revenue of around 3% compared with 2015.

CAPEX guidance for 2016 is increased to approximately DKK 1,200 million (previously around DKK 1,000 million). The increase is related to a number of projects across the business progressing faster than anticipated, including IT and the production expansion in Thailand.

All expectations are based foreign exchange rates at the day of announcement.

	FY 2016 New guidance	FY 2016 Previous guidance	FY 2015 Actual
Revenue, DKK billion	> 20	> 20	16.7
EBITDA margin	> 38%	> 38%	37.1%
CAPEX, DKK million	approx. 1,200	approx. 1,000	1,109
Effective tax rate	approx. 21%	approx. 21%	31.3%

PANDORA plans to continue to expand the store network and now expects to add more than 300 new concept stores in 2016 (previously more than 275). The concept store openings are now expected to be distributed with roughly 50% in EMEA (previously 60%), 25% in Americas (previously 20%) and 25% Asia Pacific (previously 20%).

## IMPORTANT EVENTS IN Q2 2016

### SHARE BUYBACK PROGRAMME FOR 2016

In connection with the Annual Report 2015, PANDORA launched a share buyback programme under which PANDORA expects to buy back own shares to a maximum consideration of DKK 4.0 billion. The programme will end no later than 31 December 2016.

As of 30 June 2016, a total of 2,434,193 shares had been bought back, corresponding to a transaction value of DKK 2,153 million. As of 30 June 2016, PANDORA held a total of 2,922,883 treasury shares, corresponding to 2.5% of the share capital.

### REDUCTION OF PANDORA A/S' SHARE CAPITAL

At the Company's Annual General Meeting on 16 March 2016, it was decided to reduce the share capital by a nominal amount of DKK 5,240,348 through cancellation of nominal 5,240,348 treasury shares of DKK 1.

On 15 April, the Board of Directors implemented the share capital reduction with final effect with the Danish Business Authority. After the reduction, PANDORA's share capital is nominally DKK 117,056,821 divided into shares of DKK 1.

Following the share capital reduction, PANDORA now owns less than 5% of the total share capital and the total voting rights in the Company.

## EVENTS AFTER THE REPORTING PERIOD

There have been no important events after the reporting period.

## FINANCIAL REVIEW

### REVENUE

Total revenue for Q2 2016 was DKK 4,327 million, an increase of 20% (25% in local currency) compared with Q2 2015. Growth was mainly driven by an increase in volume. In general, prices on individual products towards the end-consumer were unchanged.

Revenue increased across all three geographical regions. One third of the growth was organic (including all stores and eSTOREs, which have been open for more than 12 months) and the remaining two thirds were driven by expansion of the network (all new stores and eSTOREs opened in the last 12 months) including acquired stores (the net effect of converting distributor revenue to retail revenue from acquired stores in the last 12 months). The overall growth was driven by a positive reception of the Mother's Day and the High Summer collection, launched in stores during Q2 2016, as well as a continued high demand for earlier launched products. In Q2 2016, around 50% of revenue was generated by products launched within the last 12 months, which is similar to Q2 2015.

#### Revenue per sales channel - Group

DKK million	Q2 2016	Q2 2015	Growth	Share of revenue
Concept stores	2,716	1,952	39%	63%
- hereof PANDORA owned	1,324	804	65%	31%
Shop-in-shops	626	564	11%	14%
- hereof PANDORA owned	143	87	64%	3%
<b>Branded</b>	<b>3,342</b>	<b>2,516</b>	<b>33%</b>	<b>77%</b>
<b>Multibranded</b>	<b>703</b>	<b>709</b>	<b>-1%</b>	<b>16%</b>
<b>Total direct</b>	<b>4,045</b>	<b>3,225</b>	<b>25%</b>	<b>93%</b>
3 <sup>rd</sup> party distributors	282	373	-24%	7%
<b>Total revenue</b>	<b>4,327</b>	<b>3,598</b>	<b>20%</b>	<b>100%</b>

Revenue from concept stores (excluding revenue from 3<sup>rd</sup> party concept stores) increased 39% compared with Q2 2015, driven by all three regions, and represented 63% of revenue compared with 54% in Q2 2015. The increase was driven by continued growth in existing stores as well as the addition of net 321 new concept stores in the last 12 months, excluding new 3<sup>rd</sup> party concept stores. Based on data from concept stores (excluding eSTOREs), which have been operating for more than 12 months, like-for-like sales for the Group increased 7%, driven by growth in EMEA and Asia Pacific, partly offset by negative growth in Americas. Excluding 3<sup>rd</sup> party concept stores, like-for-like sales increased 9%.

#### Concept stores\* like-for-like sales growth

	Q2 2016 vs. Q2 2015	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014
Group	7%	9%	13%	13%	12%

\* Concept stores (excluding eSTOREs) that have been operating for more than 12 months

Revenue from PANDORA owned stores, including all PANDORA eSTOREs, increased by 65% to DKK 1,467 million and corresponded to 34% of total revenue compared with 25% in Q2 2015. The growth in retail revenue was driven by a continuous relevant product offering and strong

in-store execution with cross selling into all jewellery categories as well as continued success of the PANDORA eSTORE. In Q2 2016, revenue from PANDORA's eSTOREs corresponded to around 4% of Group revenue, an increase from around 2.5% in Q2 2015. At the end of Q2 2016 eSTOREs were available in 14 countries compared with 9 at the end of Q2 2015. Furthermore, PANDORA has added net 192 PANDORA owned stores in the last 12 months, including net 46 concept stores and 24 shop-in-shops, converted from distributor stores, to a total of 525 concept stores and 118 shop-in-shops owned by PANDORA. For Q2 2016, the net effect of converting distributor revenue to retail revenue was approximately DKK 115 million, with China contributing approximately DKK 65 million and Singapore and Macau approximately DKK 45 million. The corresponding effect for Q2 2015 was approximately DKK 80 million.

Revenue from multibranded stores was DKK 703 million and decreased 1% compared with Q2 2015, due to the closure of net 1,261 multibranded stores in the last 12 months.

Revenue from 3<sup>rd</sup> party distributors was DKK 282 million, corresponding to a decrease of 24% compared with Q2 2015. Revenue from 3<sup>rd</sup> party distributors was impacted by PANDORA's take-over of distribution in China, Singapore and Macau. Excluding the three countries, revenue from 3<sup>rd</sup> party distributors decreased 5% compared with Q2 2015. The underlying decline was primarily due to the continued challenging business environment in Russia.

At the end of Q2 2016, sales return and warranty provisions corresponded to approximately 6% of 12 months' rolling revenue value, compared with 6% for Q1 2016 and 7% for Q2 2015.

**Store network, number of points of sale – Group\***

	Number of PoS Q2 2016	Number of PoS Q1 2016	Number of PoS Q2 2015	Delta Q2 2016 and Q1 2016	Delta Q2 2016 and Q2 2015
<b>Concept stores</b>	<b>1,920</b>	<b>1,852</b>	<b>1,554</b>	<b>68</b>	<b>366</b>
- hereof PANDORA owned	525	511	357	14	168
- hereof 3 <sup>rd</sup> party distributors	511	490	466	21	45
<b>Shop-in-shops</b>	<b>1,827</b>	<b>1,666</b>	<b>1,575</b>	<b>161</b>	<b>252</b>
- hereof PANDORA owned	118	119	94	-1	24
- hereof 3 <sup>rd</sup> party distributors	427	408	381	19	46
<b>Multibranded</b>	<b>5,172</b>	<b>5,508</b>	<b>6,433</b>	<b>-336</b>	<b>-1,261</b>
- hereof 3 <sup>rd</sup> party distributors	1,071	1,097	1,256	-26	-185
<b>Total PoS</b>	<b>8,919</b>	<b>9,026</b>	<b>9,562</b>	<b>-107</b>	<b>-643</b>

\*Regional store network development available in note 11

In the last 12 months PANDORA has added net 366 concept stores to the global store network, including 68 new stores in Q2 2016. The increase includes a net total of 168 new PANDORA owned concept stores, of which 46 has been taken over from distributors. Please refer to note 10 for a detailed overview of concept stores per country.

In Q2 2016, PANDORA opened net 161 new shop-in-shops of which 98 stores was related to a collaboration with Jared in the US, which is in the process of upgrading more than 200 multibranded locations to shop-in-shops.

**REVENUE BREAKDOWN BY GEOGRAPHY**

In Q2 2016, 38% of revenue was generated in Americas (44% in Q2 2015), 43% in EMEA (41% in Q2 2015) and 18% in Asia Pacific (15% in Q2 2015).

**Revenue per region**

DKK million	Q2 2016	Q2 2015	Growth	Growth in local currency
Americas	1,662	1,578	5%	10%
EMEA	1,873	1,468	28%	32%
Asia Pacific	792	552	43%	51%
<b>Total</b>	<b>4,327</b>	<b>3,598</b>	<b>20%</b>	<b>25%</b>

**AMERICAS**

Revenue for the second quarter in Americas was DKK 1,662 million, an increase of 5% (10% in local currency) compared with Q2 2015. The increase was primarily driven by revenue from concept stores in the region, which increased 22% compared with Q2 2015. Growth in revenue from concept stores was driven by growth in existing stores as well as the addition of 93 new concept stores in the region in the last 12 months.

**Revenue per sales channel - Americas**

DKK million	Q2 2016	Q2 2015	Growth	Share of revenue
Concept stores	1,055	864	22%	63%
- hereof PANDORA owned	282	213	32%	17%
Shop-in-shops	363	380	-4%	22%
- hereof PANDORA owned	-	-	-	-
<b>Branded</b>	<b>1,418</b>	<b>1,244</b>	<b>14%</b>	<b>85%</b>
<b>Multibranded</b>	<b>244</b>	<b>334</b>	<b>-27%</b>	<b>15%</b>
<b>Total direct</b>	<b>1,662</b>	<b>1,578</b>	<b>5%</b>	<b>100%</b>
3 <sup>rd</sup> party distributors	-	-	-	-
<b>Total revenue</b>	<b>1,662</b>	<b>1,578</b>	<b>5%</b>	<b>100%</b>

Revenue in the US was DKK 1,268 million, an increase of 8% compared with Q2 2015 (11% in local currency). The growth was driven by network expansion, as well as continued success of the US eSTORE launched in April 2015. Rings and Earrings performed very well in US while growth in revenue from Charms was flat in local currency (or single digit negative in DKK), as revenue from Charms in Q2 2015 was positively impacted by the strong initial reception of PANDORA's Disney collection as well as launch of the collection in shop-in-shops and multibranded stores in April 2015. During the last 12 months, the US has closed a net of 388 multibranded points of sale, including the 98 upgraded Jared stores, which are now reported as shop-in-Shops. Initial sell-in to Jared as a part of the planned upgrade of multibranded stores to shop-in-shops had a one-off sell-in effect of approximately DKK 60 million reported as shop-in-shop revenue. Shop-in-shop revenue in Americas declined 4% in the quarter, primarily due to the Disney collection sell-in in Q2 2015.

Revenue in Canada, which corresponded to around 10% of revenue from Americas, decreased 5% compared with Q2 2015 (or increased 3% in local currency), primarily due to less traffic in the stores. In the second half of 2016, an eSTORE is scheduled to be launched in Canada, which is expected to have insignificant revenue impact for 2016. Revenue from Brazil increased 4% (22% in local currency) compared with Q2 2015, despite being negatively impacted by the economic and political situation in the country. Growth was primarily driven by network expansion, including the addition of net 24 new concept stores in the last 12 months. Brazil corresponded to around 5% of revenue from Americas for the quarter. Revenue from the Caribbean Islands decreased with double digits compared with Q2 2015, primarily due to the economic situation in Puerto Rico. Revenue from the Caribbean Islands represented close to 5% of revenue from Americas.

**Concept stores\* like-for-like sales growth**

	Q2 2016 vs. Q2 2015	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014
Americas	-1%	2%	7%	5%	10%

\* Concept stores (excluding eSTOREs) that have been operating for more than 12 months

Like-for-like sales growth in concept stores (excluding eSTOREs) in Americas in Q2 2016 was -1%, impacted by negative like-for-like sales development in Brazil, Canada and the Caribbean (primarily in Puerto Rico). Like-for-like sales growth in the US was 2%, in spite the effects of launching an eSTORE in Q2 last year and a difficult retail environment. Like-for-like growth in all major regions in the US was flat to positive.

**EMEA**

Revenue in EMEA, covering Europe, Middle East and Africa, was DKK 1,873 million in Q2 2016, and increased 28% (or 32% in local currency) compared with Q2 2015. Revenue growth was driven by all store types, including 38% growth in revenue from concept stores.

**Revenue per sales channel - EMEA**

DKK million	Q2 2016	Q2 2015	Growth	Share of revenue
Concept stores	1,085	789	38%	58%
- hereof PANDORA owned	622	428	45%	33%
Shop-in-shops	185	147	26%	10%
- hereof PANDORA owned	87	77	13%	5%
<b>Branded</b>	<b>1,270</b>	<b>936</b>	<b>36%</b>	<b>68%</b>
<b>Multibranded</b>	<b>395</b>	<b>326</b>	<b>21%</b>	<b>21%</b>
<b>Total direct</b>	<b>1,665</b>	<b>1,262</b>	<b>32%</b>	<b>89%</b>
3 <sup>rd</sup> party distributors	208	206	1%	11%
<b>Total revenue</b>	<b>1,873</b>	<b>1,468</b>	<b>28%</b>	<b>100%</b>

Revenue in the UK increased 7% in Q2 2016 (17% in local currency), and contributed around 25% of revenue in EMEA. Growth was driven by a positive development in existing stores, as well as the expansion of the store network, including net 36 new concept stores opened since Q2 2015, to a total of 205 concept stores. The PANDORA Rose collection continued to perform well in the UK with meaningful revenue contribution. Revenue in local currency in the UK during the quarter was not impacted by the UK EU referendum vote. Italy and France continued to drive the growth in the region with revenue increasing approximately 40% and 70%, respectively, in the quarter. Italy and France represented close to 25% and 15%, respectively, of revenue in EMEA in Q2 2016. Revenue from Germany increased around 70%, primarily driven by the addition of net 33 new concept stores in the last 12 months, as well as continued positive like-for-like growth. The 49 PANDORA owned concept stores opened during H1 2015 in Germany performed well and in line with the expectations. Furthermore, Q2 2015 was negatively impacted by a provision for returned goods of DKK 53 million related to the closure of a number of multibranded accounts. Revenue from Germany represented around 10% of revenue from EMEA.

**Concept stores\* like-for-like sales growth**

	Q2 2016 vs. Q2 2015	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014
EMEA	10%	11%	13%	15%	11%

\* Concept stores (excluding eSTOREs) that have been operating for more than 12 months

Like-for-like sales growth in concept stores (excluding eSTOREs) in EMEA in Q2 2016 was 10%. Growth was driven by strong development in most markets in the region, including low



double digit growth in UK and Germany and high double digit growth in Italy and France. Like-for-like sales growth in EMEA adjusted for concept stores in distributor markets (including Russia, which continued to experience double digit negative like-for-like growth), was around 20%.

**ASIA PACIFIC**

Revenue in Asia Pacific was DKK 792 million in Q2 2016, an increase of 43% (51% in local currency) compared with Q2 2015. Growth was mainly driven by a positive development in Australia as well as revenue from PANDORA owned stores, which increased 175% compared with Q2 2015. The increase in revenue from PANDORA owned stores was primarily driven by a strong development in China, as well as the conversion effect of DKK 110 million from the take-over of the distribution in China, Singapore and Macau. Excluding the positive one-off effect from converting distributor revenue to retail revenue in China, Singapore and Macau, total revenue from Asia Pacific increased 24% compared with Q2 2015. The performance of the Disney collection continued its encouraging start, and contributed with meaningful revenue in the region.

**Revenue per sales channel – Asia Pacific**

DKK million	Q2 2016	Q2 2015	Growth	Share of revenue
Concept stores	578	300	93%	73%
- hereof PANDORA owned	420	163	158%	53%
Shop-in-shops	77	37	108%	10%
- hereof PANDORA owned	56	10	460%	7%
<b>Branded</b>	<b>655</b>	<b>337</b>	<b>94%</b>	<b>83%</b>
<b>Multibranded</b>	<b>64</b>	<b>48</b>	<b>33%</b>	<b>8%</b>
<b>Total direct</b>	<b>719</b>	<b>385</b>	<b>87%</b>	<b>91%</b>
3 <sup>rd</sup> party distributors	73	167	-56%	9%
<b>Total revenue</b>	<b>792</b>	<b>552</b>	<b>43%</b>	<b>100%</b>

Revenue in Australia increased around 30% compared with Q2 2015 (almost 40% in local currency), and represented around 40% of revenue from Asia Pacific. The growth was primarily driven by a continued strong like-for-like sales growth, as well as net 9 new concept stores opened since Q2 2015, to a total of 105 concept stores in Australia. Revenue in China represented around 25% of revenue from Asia Pacific and increased around 340% compared to Q2 2015 (or approximately 200% excluding the impact of converting distributor revenue to retail revenue of around DKK 65 million). Like-for-like sales in China continued to increase with high double digit growth rates, and during the last 12 months 37 new concept stores had been added to a total of 67 in China. Year to date 14 new concept stores have been added in China, and based on the latest estimates, PANDORA now expects to open around 40 concept stores annually in China in 2016, 2017 and 2018 (compared to previously communicated around 30, 25 and 25 concept stores for 2016, 2017 and 2018, respectively). Furthermore, a PANDORA eSTORE is scheduled to be launched in China in Q4 2016, which is expected to have an insignificant impact on revenue for 2016. Revenue in Hong Kong increased 6%, (around 10% in local currency), primarily driven by expansion of the store network and since Q2 2015, 6 new concept stores have been opened to a total of 26 concept stores in Hong Kong. Revenue from Hong Kong represented close to 15% of revenue from Asia Pacific.

**Concept stores\* like-for-like sales growth**

	Q2 2016 vs. Q2 2015	Q1 2016 vs. Q1 2015	Q4 2015 vs. Q4 2014	Q3 2015 vs. Q3 2014	Q2 2015 vs. Q2 2014
Asia Pacific	16%	21%	26%	24%	18%

\*Concept stores (excluding eSTOREs) that have been operating for more than 12 months

Like-for-like sales growth in concept stores (excluding eSTOREs) in Asia Pacific in Q2 2016 was 16%, and primarily driven by high double digit growth in China and Australia. Like-for-like in Hong Kong continues to be low double-digit negative, impacted by the economic environment in the market as well as the increase in retail footprint in the last 12 months. However, total sales-out growth in Hong Kong continues to be positive.

### REVENUE BREAKDOWN BY PRODUCT CATEGORY

#### Product category development

DKK million	Q2 2016	Q2 2015	Growth	Share of total revenue
Charms	2,697	2,456	10%	62%
Bracelets	736	550	34%	17%
- hereof Moments and ESSENCE collections	587	360	63%	14%
Rings	544	382	42%	13%
Other jewellery	350	210	67%	8%
<b>Total revenue</b>	<b>4,327</b>	<b>3,598</b>	<b>20%</b>	<b>100%</b>

Revenue from Charms was DKK 2,697 million in Q2 2016, an increase of 10% compared with Q2 2015. Growth in revenue from Charms in Americas was single digit negative, as Americas revenue in Q2 2015 was positively impacted by launch of the Disney collection in shop-in-shops and multibranded stores, which primarily consisted of charms. Revenue from Charms in EMEA and Asia Pacific increased around 20% and 50% respectively. Revenue from Bracelets increased 34% driven by the Moments and ESSENCE collections. The increase in Bracelets was primarily due to 9 new bracelets introduced during 2016, as well as successful Bracelet promotions in selected markets. The two categories represented 79% of total revenue in Q2 2016 compared with 84% in Q2 2015.

Revenue from Rings was DKK 544 million, an increase of 42% compared with Q2 2015. The category continued to do well, driven by continued use of revenue generating initiatives including emphasis on rings in staff training, improved in-store focus, as well as successful promotions across all regions. The Rings category represented 13% of total revenue in Q2 2016, compared with 11% in Q2 2015.

Revenue from Other jewellery was DKK 350 million, an increase of 67% compared with Q2 2015. From January 2016, PANDORA has increased the focus on earrings, and as a result revenue from Earrings increased by more than 80% compared with Q2 2015 and contributed with around 4% of Group revenue. Revenue from Necklaces continued to perform well and increased close to 60%. Other jewellery represented 8% of total revenue in Q2 2016 compared with 6% in Q2 2015.

### COSTS

Total costs in Q2 2016, including depreciation and amortisation, were DKK 2,839 million, an increase of 20% compared with Q2 2015. Total costs corresponded to 65.6% of revenue in Q2 2016 compared with 65.7% in Q2 2015.

**Cost development**

DKK million	Q2 2016	Q2 2015	Growth	Share of	Share of
				total revenue	total revenue
				Q2 2016	Q2 2015
Cost of sales	-1,067	-1,025	4%	24.7%	28.5%
<b>Gross profit</b>	<b>3,260</b>	<b>2,573</b>	<b>27%</b>	<b>75.3%</b>	<b>71.5%</b>
Sales and distribution expenses	-894	-662	35%	20.7%	18.4%
Marketing expenses	-405	-319	27%	9.4%	8.9%
Administrative expenses	-473	-357	32%	10.9%	9.9%
<b>Total costs</b>	<b>-2,839</b>	<b>-2,363</b>	<b>20%</b>	<b>65.6%</b>	<b>65.7%</b>

**GROSS PROFIT**

Gross profit in Q2 2016 was DKK 3,260 million corresponding to a gross margin of 75.3% compared with 71.5% in Q2 2015. The increase was mainly driven by tailwind from more favourable raw material prices (approximately 1.5 percentage points) and an increase in revenue from PANDORA owned stores (approximately 1.5 percentage points). An increase in production complexity had a negative impact of approximately 1 percentage points. Additionally, as a positive one off, PANDORA reclaimed duties regarding prior years in the Americas region (approximately 1 percentage point).

**COMMODITY HEDGING**

It is PANDORA's policy to hedge approximately 100%, 80%, 60% and 40%, respectively, of expected gold and silver consumption in the following four quarters. The hedged prices for the following four quarters for gold are USD 1,161/oz, USD 1,172/oz, USD 1,197/oz and USD 1,274/oz and for silver USD 14.91/oz, USD 15.94/oz, USD 15.44/oz and USD 17.82/oz. However, inventory will delay impact of the hedged prices on cost of sales.

The average realised purchase price in Q2 2016 was USD 1,228/oz for gold and USD 15.81/oz for silver.

Excluding hedging and the time lag effect from the inventory, the underlying gross margin would have been approximately 75% based on the average gold (USD 1,260/oz) and silver (USD 16.78/oz) market prices in Q2 2016. Under these assumptions, a 10% deviation in quarterly average gold and silver prices would impact the gross margin by approximately +/- 1 percentage point.

**OPERATING EXPENSES**

Operating expenses in Q2 2016 were DKK 1,772 million compared with DKK 1,338 million in Q2 2015, representing 41.0% of revenue in Q2 2016 compared with 37.2% in Q2 2015.

Sales and distribution expenses were DKK 894 million in Q2 2016, an increase of 35% compared with Q2 2015, and corresponding to 20.7% of revenue compared with 18.4% in Q2 2015. The increase in sales and distribution expenses was mainly driven by higher revenue, as well as an increase in the number of PANDORA owned stores (from 451 in Q2 2015 to 643 in Q2 2016). The higher costs in PANDORA owned stores was mainly related to property and employee expenses, having a negative impact of around 3 percentage points compared with Q2 2015. Furthermore, sales and distribution expenses were impacted by an increase in depreciation and amortisation primarily related to the acquisition of store leases in Germany. In Q2 2016, depreciation and amortisation related to sales and distribution costs was DKK 70 million compared with DKK 41 million in Q2 2015.

Marketing expenses were DKK 405 million in Q2 2016 compared with DKK 319 million in Q2

2015, corresponding to 9.4% of revenue, compared with 8.9% in Q2 2015. The increase in marketing expenses was primarily driven by an increase in PR and media costs.

Administrative expenses in Q2 2016 increased by 32% to DKK 473 million, representing 10.9% of revenue, compared with 9.9% of Q2 2015 revenue. The increase was primarily due to ongoing higher IT expenses and one-off costs related to the transition into a new IT service provider (approximately 1 percentage point).

#### **EBITDA**

EBITDA for Q2 2016 increased by 23% to DKK 1,609 million resulting in an EBITDA margin of 37.2% compared with 36.4% in Q2 2015.

#### **Regional EBITDA**

DKK million	Q2 2016	Q2 2015	Growth	EBITDA margin Q2 2016	EBITDA margin Q2 2015
Americas	670	604	11%	40.3%	38.3%
EMEA	683	459	49%	36.5%	31.3%
Asia Pacific	256	248	3%	32.3%	44.9%
<b>Group</b>	<b>1,609</b>	<b>1,311</b>	<b>23%</b>	<b>37.2%</b>	<b>36.4%</b>

The EBITDA margin for Americas increased to 40.3% in Q2 2016 compared with 38.3% in Q2 2015. The increase was primarily due to an improved gross margin due to lower commodity prices and a one-off related to reclaimed duties regarding prior years in the Americas region (approximately 2.5 percentage points). The increase in gross margin was partially offset by channel mix.

The EBITDA margin for EMEA increased to 36.5% in Q2 2016 compared with 31.3% in Q2 2015. The increase was primarily driven by a higher gross margin due to lower commodity prices supported by operating leverage in the region due to the higher revenue. Additionally, Q2 2015 was negatively impacted by a sales return provision in Germany (approximately 3 percentage points).

The EBITDA margin for the Asia Pacific region decreased to 32.3% compared with 44.9% in Q2 2015. The decrease was due to channel mix changes primarily related to the expansion in China, Japan and Singapore, which had a negative impact of around 13 percentage points for the region in the quarter. This includes an impact of around 3 percentage points on the gross margin for Asia Pacific due to the takeover of the distribution in Singapore and Macau, where initial inventory in the stores was taken over at distributor prices.

#### **EBIT**

EBIT for Q2 2016 increased to DKK 1,488 million, an increase of 20% compared with Q2 2015, resulting in an EBIT margin of 34.4% for Q2 2016 compared with 34.3% in Q2 2015.

#### **NET FINANCIALS**

In Q2 2016, net financials amounted to a gain of DKK 57 million, compared with a net financial loss of DKK 69 million in Q2 2015. Of the total amount, DKK 67 million was related to exchange rate gains including gains on foreign exchange contracts.

### INCOME TAX EXPENSES

Income tax expenses were DKK 324 million in Q2 2016. The effective tax rate in Q2 2016 was 21.0% compared with 22.0% for Q2 2015. The effective tax rate for the quarter was in line with the estimated effective tax rate for the full year.

### NET PROFIT

Net profit in Q2 2016 increased to DKK 1,221 million from DKK 910 million in Q2 2015. The increase was primarily due to an increase in EBIT and a gain on net financials in Q2 2016.

### BALANCE SHEET AND CASH FLOW

In Q2 2016, PANDORA generated free cash flow of DKK 576 million compared with DKK -268 million in Q2 2015. The increase was primarily due to an increase in profits as well as Q2 2015 being negatively impacted by DKK 642 million related to a settlement with the Danish tax authorities.

Operating working capital (defined as inventory and trade receivables less trade payables) at the end of Q2 2016 corresponded to 15.8% of the last twelve months revenue, compared with 15.7% at the end of Q2 2015 and 14.4% at the end of Q1 2016.

#### Operating working capital as a percentage of revenue

	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Inventory	15.7%	13.8%	14.1%	17.2%	15.5%
Trade receivables	6.7%	7.6%	8.1%	9.3%	7.2%
Trade payables	6.6%	7.0%	7.9%	6.9%	7.0%
<b>Operating working capital</b>	<b>15.8%</b>	<b>14.4%</b>	<b>14.3%</b>	<b>19.6%</b>	<b>15.7%</b>

Inventory was DKK 2,929 million at the end of Q2 2016, corresponding to 15.7% of preceding 12 months revenue compared with DKK 2,161 million in Q2 2015 corresponding to 15.5% of revenue. The nominal increase since Q2 2015 was mainly due to higher activity. Compared with Q2 2015, gold and silver prices affected inventory value with a decrease of approximately 14%, partially offset by a 6% increase from foreign exchange. The relative and nominal increase compared to Q1 2016 is related to inventory build-up ahead of the launch of the Autumn/Winter collection.

Trade receivables increased to DKK 1,253 million at the end of Q2 2016 (6.7% of preceding 12 months revenue) compared with DKK 1,009 million at the end of Q2 2015 (7.2% of the preceding 12 months revenue). The relative decrease in trade receivables was primarily due to a continued strong cash collection, as well as an increase in share of retail revenue.

Trade payables at the end of the quarter were DKK 1,239 million compared with DKK 979 million at the end of Q2 2015 and DKK 1,259 million at the end of Q1 2016. The nominal increase in trade payables compared to Q2 2015 was impacted by increased activity in the Group, specifically in China, Singapore and Macau.

CAPEX was DKK 352 million in Q2 2016 compared with DKK 239 million in Q2 2015. The CAPEX investments were mainly related to IT, new HQ in Copenhagen, openings of PANDORA owned stores and the production facilities in Thailand. In Q2 2016, CAPEX represented 8.1% of revenue.

During the quarter, a total of DKK 1,466 million was used to purchase own shares related to

the share buyback programme for 2016. As of 30 June 2016, PANDORA held a total of 2,922,883 treasury shares, corresponding to 2.5% of the share capital.

Total interest-bearing debt was DKK 4,194 million at the end of Q2 2016, compared with DKK 1,641 million at the end of Q2 2015, and cash amounted to DKK 540 million compared with DKK 611 million at the end of Q2 2015. Net interest-bearing debt (NIBD) at the end of Q2 2016 was DKK 3,654 million corresponding to a NIBD to EBITDA ratio of 0.5x of the last twelve months EBITDA, compared with DKK 1,030 million at the end of Q2 2015 corresponding to a NIBD to EBITDA ratio of 0.2x.

## **DEVELOPMENT IN H1 2016**

### **REVENUE**

Total revenue increased by 27% to DKK 9,067 million in H1 2016 compared to H1 2015. Excluding foreign exchange movements the underlying revenue growth was 30%.

The geographical distribution of revenue in H1 2016 was 38% for Americas (44% in H1 2015), 44% for Europe (40% in H1 2015) and 18% for Asia Pacific (16% in H1 2015).

### **COSTS**

Gross profit was DKK 6,796 million in H1 2016 compared to DKK 5,095 million in H1 2015, resulting in a gross margin of 75.0% in H1 2016 compared to 71.3% in H1 2015.

Sales, distribution and marketing expenses increased to DKK 2,643 million in H1 2016 compared to DKK 1,907 million in H1 2015, corresponding to 29.1% of revenue in H1 2016 and 26.7% in H1 2015. Administrative expenses amounted to DKK 1,020 million in H1 2016 versus DKK 715 million in H1 2015, representing 11.2% and 10.0% of H1 2016 and H1 2015 revenue, respectively.

### **EBITDA**

EBITDA for H1 2016 increased by 29% to DKK 3,369 million resulting in an EBITDA margin of 37.2% in H1 2016 versus 36.6% in H1 2015.

Regional EBITDA margins for H1 2016 were 39.3% in Americas (36.2% in H1 2015), 36.7% in Europe (34.1% in H1 2015) and 33.9% in Asia Pacific (44.3% in H1 2015).

### **EBIT**

EBIT for H1 2016 was DKK 3,133 million – an increase of 27% compared to H1 2015, resulting in an EBIT margin of 34.6% in H1 2016 versus 34.6% in H1 2015.

### **NET FINANCIALS**

Net financials amounted to a gain of DKK 66 million in H1 2016 versus a loss of DKK 350 million in H1 2015, primarily related to intercompany loans in US dollars.

### **INCOME TAX EXPENSES**

Income tax expenses were DKK 672 million in H1 2016 compared to DKK 830 million in H1 2015, implying an effective tax rate for the Group of 21.0% for H1 2016 compared to 39.1% in H1 2015. Tax expenses for the first six months of 2015 were impacted by the earlier disclosed settlement with the Danish tax authorities, which had an impact of DKK 364 million in the first quarter relating to prior years. Excluding the additional expense, the effective tax rate would have been 22.0% for H1 2015.

### **NET PROFIT**

Net profit in H1 2016 was DKK 2,527 million compared to DKK 1,293 million in H1 2015.

## FINANCIAL STATEMENTS

### Consolidated income statement

DKK million	Notes	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
Revenue	3	4,327	3,598	9,067	7,145	16,737
Cost of sales		-1,067	-1,025	-2,271	-2,050	-4,544
<b>Gross profit</b>		<b>3,260</b>	<b>2,573</b>	<b>6,796</b>	<b>5,095</b>	<b>12,193</b>
Sales, distribution and marketing expenses		-1,299	-981	-2,643	-1,907	-4,722
Administrative expenses		-473	-357	-1,020	-715	-1,657
<b>Operating profit</b>		<b>1,488</b>	<b>1,235</b>	<b>3,133</b>	<b>2,473</b>	<b>5,814</b>
Finance income		71	44	95	46	84
Finance costs		-14	-113	-29	-396	-553
<b>Profit before tax</b>		<b>1,545</b>	<b>1,166</b>	<b>3,199</b>	<b>2,123</b>	<b>5,345</b>
Income tax expense		-324	-256	-672	-830	-1,671
<b>Net profit for the period</b>		<b>1,221</b>	<b>910</b>	<b>2,527</b>	<b>1,293</b>	<b>3,674</b>
Earnings per share, basic (DKK)		10.6	7.6	21.9	10.8	30.9
Earnings per share, diluted (DKK)		10.6	7.5	21.8	10.7	30.7

### Consolidated statement of comprehensive income

DKK million	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
<b>Net profit for the period</b>	<b>1,221</b>	<b>910</b>	<b>2,527</b>	<b>1,293</b>	<b>3,674</b>
<b>Items that might be reclassified to profit/loss for the period</b>					
Exchange rate adjustments of investments in subsidiaries	143	-261	-46	392	249
Fair value adjustment of hedging instruments	237	-47	519	-2	23
Tax on other comprehensive income, hedging instruments, income/expense	-52	8	-115	10	22
<b>Other comprehensive income, net of tax</b>	<b>328</b>	<b>-300</b>	<b>358</b>	<b>400</b>	<b>294</b>
<b>Total comprehensive income for the period</b>	<b>1,549</b>	<b>610</b>	<b>2,885</b>	<b>1,693</b>	<b>3,968</b>



**Consolidated balance sheet**

DKK million	2016 30 June	2015 30 June	2015 31 December
<b>ASSETS</b>			
Goodwill	2,507	2,335	2,424
Brand	1,058	1,057	1,057
Distribution network	200	231	216
Distribution rights	1,064	1,069	1,069
Other intangible assets	783	514	683
<b>Total intangible assets</b>	<b>5,612</b>	<b>5,206</b>	<b>5,449</b>
Property, plant and equipment	1,543	941	1,237
Deferred tax assets	873	592	879
Other financial assets	217	144	159
<b>Total non-current assets</b>	<b>8,245</b>	<b>6,883</b>	<b>7,724</b>
Inventories	2,929	2,161	2,357
Financial instruments	445	109	65
Trade receivables	1,253	1,009	1,360
Income tax receivable	22	236	113
Other receivables	808	772	803
Cash	540	611	889
<b>Total current assets</b>	<b>5,997</b>	<b>4,898</b>	<b>5,587</b>
<b>Total assets</b>	<b>14,242</b>	<b>11,781</b>	<b>13,311</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	117	122	122
Share premium	-	1,173	-
Treasury shares	-2,486	-1,804	-4,152
Reserves	1,381	1,129	1,023
Proposed dividend	-	-	1,511
Retained earnings	6,401	5,477	7,635
<b>Total equity</b>	<b>5,413</b>	<b>6,097</b>	<b>6,139</b>
Provisions	102	134	97
Loans and borrowings	4,100	1,350	2,350
Deferred tax liabilities	533	463	394
Other payables	271	55	249
<b>Total non-current liabilities</b>	<b>5,006</b>	<b>2,002</b>	<b>3,090</b>
Provisions	977	663	971
Loans and borrowings	94	291	257
Financial instruments	72	285	214
Trade payables	1,239	979	1,329
Income tax payable	480	838	306
Other payables	961	626	1,005
<b>Total current liabilities</b>	<b>3,823</b>	<b>3,682</b>	<b>4,082</b>
<b>Total liabilities</b>	<b>8,829</b>	<b>5,684</b>	<b>7,172</b>
<b>Total equity and liabilities</b>	<b>14,242</b>	<b>11,781</b>	<b>13,311</b>

**Consolidated statement of changes in equity**

DKK million	Share capital	Share Premium	Treasury shares	Translation reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2016	122	-	-4,152	1,134	-111	1,511	7,635	6,139
Net profit for the period	-	-	-	-	-	-	2,527	2,527
Exchange rate adjustments of investments in subsidiaries	-	-	-	-46	-	-	-	-46
Fair value adjustment of hedging instruments	-	-	-	-	519	-	-	519
Tax on other comprehensive income	-	-	-	-	-115	-	-	-115
<b>Other comprehensive income, net of tax</b>	-	-	-	<b>-46</b>	<b>404</b>	-	-	<b>358</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>-46</b>	<b>404</b>	-	<b>2,527</b>	<b>2,885</b>
Share-based payments	-	-	231	-	-	-	-182	49
Purchase of treasury shares	-	-	-2,153	-	-	-	-	-2,153
Reduction of share capital	-5	-	3,588	-	-	-	-3,583	-
Dividend paid	-	-	-	-	-	-1,511	4	-1,507
<b>Equity at 30 June 2016</b>	<b>117</b>	-	<b>-2,486</b>	<b>1,088</b>	<b>293</b>	-	<b>6,401</b>	<b>5,413</b>

Equity at 1 January 2015	128	1,229	-2,679	885	-156	1,088	6,537	7,032
Net profit for the period	-	-	-	-	-	-	1,293	1,293
Exchange rate adjustments of investments in subsidiaries	-	-	-	392	-	-	-	392
Fair value adjustment of hedging instruments	-	-	-	-	-2	-	-	-2
Tax on other comprehensive income	-	-	-	-	10	-	-	10
<b>Other comprehensive income, net of tax</b>	-	-	-	<b>392</b>	<b>8</b>	-	-	<b>400</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>392</b>	<b>8</b>	-	<b>1,293</b>	<b>1,693</b>
Share-based payments	-	-	266	-	-	-	-254	12
Purchase of treasury shares	-	-	-1,552	-	-	-	-	-1,552
Reduction of share capital	-6	-56	2,161	-	-	-	-2,099	-
Dividend paid	-	-	-	-	-	-1,088	-	-1,088
<b>Equity at 30 June 2015</b>	<b>122</b>	<b>1,173</b>	<b>-1,804</b>	<b>1,277</b>	<b>-148</b>	-	<b>5,477</b>	<b>6,097</b>

The "Share premium" is a distributable reserve under the Danish regulations and has therefore been transferred to "Retained earnings" in December 2015.

**Consolidated cash flow statement**

DKK million	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
Profit before tax	1,545	1,166	3,199	2,123	5,345
Finance income	-71	-44	-95	-46	-84
Finance costs	14	113	29	396	553
Depreciation, amortisation and impairment losses	121	76	236	143	400
Share-based payments	20	23	37	38	75
Change in inventories	-379	-335	-544	-289	-431
Change in receivables	-140	106	-291	-104	-560
Change in payables and other liabilities	-398	-504	-309	202	1,139
Other non-cash adjustments	358	117	578	-338	-432
Interest etc. received	1	-	2	1	3
Interest etc. paid	-9	-77	-17	-83	-104
Income taxes paid	-172	-734	-368	-972	-2,520
<b>Cash flows from operating activities, net</b>	<b>890</b>	<b>-93</b>	<b>2,457</b>	<b>1,071</b>	<b>3,384</b>
Acquisitions of subsidiaries and activities, net of cash acquired	-164	-78	-192	-239	-289
Divestment of businesses	-	-	-	29	29
Purchase of intangible assets	-106	-82	-179	-136	-402
Purchase of property, plant and equipment	-206	-157	-327	-270	-620
Change in other non-current assets	-20	-16	-46	-37	-49
Proceeds from sale of property, plant and equipment	10	3	12	12	35
<b>Cash flows from investing activities, net</b>	<b>-486</b>	<b>-330</b>	<b>-732</b>	<b>-641</b>	<b>-1,296</b>
Capital increase including share premium, net	-	1	-	1	-
Dividend paid	-	-	-1,507	-1,088	-1,088
Purchase of treasury shares	-1,466	-983	-2,153	-1,552	-3,900
Proceeds from loans and borrowings	1,277	1,500	2,417	1,804	4,658
Repayment of loans and borrowings	-386	-99	-824	-118	-2,003
<b>Cash flows from financing activities, net</b>	<b>-575</b>	<b>419</b>	<b>-2,067</b>	<b>-953</b>	<b>-2,333</b>
<b>Net increase/decrease in cash</b>	<b>-171</b>	<b>-4</b>	<b>-342</b>	<b>-523</b>	<b>-245</b>
Cash at beginning of period	703	644	889	1,131	1,131
Exchange gains/losses on cash	8	-29	-7	3	3
Net increase/decrease in cash	-171	-4	-342	-523	-245
<b>Cash at end of period</b>	<b>540</b>	<b>611</b>	<b>540</b>	<b>611</b>	<b>889</b>
Cash flows from operating activities, net	890	-93	2,457	1,071	3,384
- Interest etc. received	-1	-	-2	-1	-3
- Interest etc. paid	9	77	17	83	104
Cash flows from investing activities, net	-486	-330	-732	-641	-1,296
- Acquisition of subsidiaries and activities, net of cash acquired	164	78	192	239	289
- Divestment of businesses	-	-	-	-29	-29
<b>Free cash flow</b>	<b>576</b>	<b>-268</b>	<b>1,932</b>	<b>722</b>	<b>2,449</b>
<b>Unutilised credit facilities</b>	<b>3,032</b>	<b>3,937</b>	<b>3,032</b>	<b>3,937</b>	<b>3,089</b>

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

## NOTES

### **NOTE 1 – Accounting policies**

This unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union and accounting policies set out in the Annual Report 2015 of PANDORA.

Furthermore, the interim financial report and Management's review are prepared in accordance with Danish disclosure requirements for 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 2016. The implementation of these new or amended standards had no material impact on the financial statements for Q2 2016.

### **NOTE 2 – Significant accounting estimates and judgements**

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

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2015. See descriptions in the individual notes to the consolidated financial statement in the Annual Report 2015.

### **NOTE 3 - Operating segment information**

PANDORA's activities are segmented on the basis of geographical areas in accordance with the management reporting structure. In determining reporting segments, a number of segments have been aggregated. All segments derive their revenue from the types of products specified in Company Announcement no. 290.

The Group operates with two performance measures with EBITDA as the primary performance measure and EBIT as the secondary performance measure. Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment results are measured as EBITDA, corresponding to 'operating profit' in the consolidated financial statements before depreciation, amortisation and impairment losses in respect of non-current assets. EBIT as a performance measure is only measured at Group level.

For information on revenue from the different products and sale channels reference is made to the Management Review.

**NOTE 3 - Operating segment information, continued**

DKK million	Americas	EMEA	Asia Pacific	Total Group
<b>Q2 2016</b>				
External revenue	1,662	1,873	792	4,327
Segment profit (EBITDA)	670	683	256	1,609
Amortisation, depreciation and impairment losses				-121
<b>Consolidated operating profit (EBIT)</b>				<b>1,488</b>
<b>Q2 2015</b>				
External revenue	1,578	1,468	552	3,598
Segment profit (EBITDA)	604	459	248	1,311
Amortisation, depreciation and impairment losses				-76
<b>Consolidated operating profit (EBIT)</b>				<b>1,235</b>
<b>H1 2016</b>				
External revenue	3,437	3,958	1,672	9,067
Segment profit (EBITDA)	1,350	1,452	567	3,369
Amortisation, depreciation and impairment losses				-236
<b>Consolidated operating profit (EBIT)</b>				<b>3,133</b>
<b>H1 2015</b>				
External revenue	3,151	2,885	1,109	7,145
Segment profit (EBITDA)	1,141	984	491	2,616
Amortisation, depreciation and impairment losses				-143
<b>Consolidated operating profit (EBIT)</b>				<b>2,473</b>

DKK million	Q2 2016	Q2 2015	H1 2016	H1 2015
<b>Revenue per product group</b>				
Charms	2,697	2,456	5,624	4,837
Bracelets	736	550	1,662	1,096
Rings	544	382	1,076	787
Other jewellery	350	210	705	425
<b>Total revenue</b>	<b>4,327</b>	<b>3,598</b>	<b>9,067</b>	<b>7,145</b>

**NOTE 4 – Seasonality of operations**

Due to the seasonal nature of the jewellery business, higher revenue is historically realised in the second half of the year.

**NOTE 5 – Financial risks**

PANDORA's overall risk exposure and financial risks, including risks related to commodity prices, foreign currency, credit, liquidity and interest rate, are unchanged compared with the disclosures in note 4.4 in the consolidated financial statement in the Annual Report 2015.

**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 7), see note 4.5 to the consolidated financial statement in the Annual Report 2015.

**NOTE 7 – Business combinations**

**Acquisitions in 2016**

On 1 January 2016, PANDORA acquired the PANDORA store network in Singapore and Macau from Norbreeze Group (Norbreeze). The distribution agreements with Norbreeze for distributing PANDORA jewellery in Singapore, Macau and the Philippines was expired on 31 December 2015. Distribution in the Philippines continues under a new agreement with the existing distributor, whereas the distribution in Singapore and Macau remain with PANDORA. On 1 January 2016, PANDORA established a local office in Singapore for the Singapore operation, whereas Macau and the Philippines are operated out of PANDORA's office in Hong Kong.

According to the purchase price allocation, the purchase price of DKK 167 million was primarily related to non-current assets and inventories related to the acquired stores. Goodwill was DKK 102 million mainly related to the opportunity to enter Singapore and Macau directly and to add 15 PANDORA concept stores and 5 shop-in-shops located in these two markets to PANDORA's retail chain.

In June 2016, purchase consideration in amount of DKK 150 million has been transferred to Norbreeze. DKK 7 million was prepaid in 2015. The remaining DKK 10 million will be transferred in Q3 2016. Transaction cost of DKK 3 million was recognised in the income statement as administrative expenses. None of the goodwill recognised is deductible for income tax purposes.

Contribution from acquisitions in 2016 to Group revenue and net earnings for the period 1 January – June 2016 was insignificant.

**Acquisitions**

DKK million	Q2 2016	Total 2015
Other intangible assets	-	69
Property, plant and equipment	5	23
Other non-current receivables	9	12
Receivables	2	30
Inventories	56	141
Cash	1	21
<b>Assets acquired</b>	<b>73</b>	<b>296</b>
Non-current liabilities	2	5
Payables	6	40
Other liabilities	-	7
<b>Liabilities assumed</b>	<b>8</b>	<b>52</b>
<b>Total identifiable net assets acquired</b>	<b>65</b>	<b>244</b>
Goodwill arising from the acquisition	102	281
<b>Purchase consideration</b>	<b>167</b>	<b>525</b>
Cash movements on acquisition:		
Prepaid, previous year <sup>1</sup>	-7	-
Consideration transferred regarding previous years <sup>2</sup>	28	-
Deferred payment (including earn-out)	-10	-222
Cash acquired	-1	-21
<b>Net cash flow on acquisition for the period</b>	<b>177</b>	<b>282</b>
Prepayments, acquisitions <sup>3</sup>	15	7
<b>Net cash flow on acquisitions</b>	<b>192</b>	<b>289</b>
Cash flow from divestment of businesses <sup>4</sup>	-	-29
<b>Net cash flow from business combinations</b>	<b>192</b>	<b>260</b>

1) Prepayment in 2015, DKK 7 million, was regarding the acquisitions in Singapore, Macau and the Philippines on 1 January 2016.

2) The consideration transferred in 2016 was the last payment for the transfer of assets regarding the acquisition in China in 2015, DKK 28 million.

3) Prepayment for UK stores, acquired in Q3 2016.

4) Sale of businesses in 2015 included mainly inventories (DKK 18 million), assets related to stores and goodwill (DKK 9 million).

**Acquisitions after the balance sheet date**

**Acquisition of four stores in UK**

On 6 July 2016, PANDORA acquired four concept stores in London, UK in a business combination. The purchase amount was DKK 20 million. Assets acquired mainly consist of inventories and other assets and liabilities relating to the stores. Due to the late closing of the acquisition, it has not been practically possible to prepare the initial accounting for the business combination. The purchase price allocation for the acquisition will be included in the interim financial report for the third quarter of 2016.

**Acquisitions in 2015**

**Strategic alliance in Japan**

On 1 January 2015, PANDORA acquired assets related to the distribution in Japan from Bluebell in a business combination. In addition to the reacquired distribution rights (DKK 30 million), assets related to branded stores – one concept store and nine shop-in-shops – and goodwill (DKK 20 million). The acquisition was part of a strategic alliance with Bluebell in Japan with the intent to jointly distribute PANDORA jewellery in Japan.

The agreement initially has a five-year term. On termination of the agreement, PANDORA will take over the full distribution of PANDORA jewellery in Japan. The total amount to be paid to Bluebell will depend on the realised revenue in 2019. The fair value of the earn-out is estimated at DKK 58 million.

**Acquisition of PAN ME A/S**

On 16 January 2015, PANDORA acquired 100% of the shares in PAN ME A/S, which holds the rights to distribute PANDORA jewellery in the United Arab Emirates (UAE), Bahrain, Qatar and Oman.

The purchase price of DKK 112 million was primarily related to non-current assets and inventories related to 11 concept stores and 3 shop-in-shops in the UAE and intangible assets comprising reacquired distribution rights (with a remaining lifespan of approximately one year) of DKK 5 million and goodwill of DKK 55 million.

**UK**

On 2 April 2015, PANDORA acquired 100% of the shares in four Evernal companies comprising concept stores in Liverpool, Blackpool, Trafford and Arndale. The purchase price was DKK 70 million. Assets acquired mainly consist of inventories and other assets and liabilities relating to the stores. Of the purchase price, DKK 74 million was allocated to goodwill.

**China**

On 1 July 2015, PANDORA acquired assets related to the distribution in China from Oracle Investment (Hong Kong) Limited in a business combination. In addition to the reacquired distribution rights (0.5 year remaining) (DKK 34 million), assets comprised inventories and assets related to 49 branded stores - 30 concept stores and 19 shop-in-shops and goodwill (DKK 94 million). The acquisition was part of a strategic alliance with Oracle in China to jointly distribute PANDORA jewellery in China until 31 December 2018.

The total price will be calculated based on revenue in 2018 and is expected to be DKK 208 million. The remaining payment - the earn-out – will be delayed until the distribution agreement ends in 2018.

**Other business combinations in 2015**

PANDORA acquired concept stores in the US and Germany in 2015. Assets acquired mainly consist of inventories and other assets relating to the stores. Of the purchase price, DKK 38 million was allocated to goodwill.

The text above regarding acquired businesses in 2015 has been reduced. The full text is available in the

Annual Report for 2015.

**NOTE 8 - Contingent liabilities**

See note 5.2 to the consolidated financial statements in the Annual Report 2015. Leasing commitments increased by DKK 117 million in Q2 2016 to DKK 2,553 million at the end of Q2 2016.

**NOTE 9 – Related parties**

*Related parties with significant interests*

BlackRock, Inc. holds more than 5% of the share capital and the voting rights in PANDORA.

Other related parties of PANDORA with significant influence include the Boards of Directors and the Executive Boards of these companies and their close family members. Related parties also include companies in which the aforementioned persons have control or significant interests.

*Transactions with related parties*

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



NOTE 10 – Concept store development\*

	Number of concept stores Q2 2016	Number of concept stores Q1 2016	Number of concept stores Q2 2015	Growth Q2 2016 /Q1 2016	Growth Q2 2016 /Q2 2015	Number of O&O Q2 2016	Growth O&O stores Q2 2016 /Q1 2016
US	335	328	299	7	36	44	2
Brazil	75	72	51	3	24	42	-1
Canada	73	72	66	1	7	2	-
Caribbean	20	19	18	1	2	-	-
Mexico	16	14	8	2	8	-	-
Rest of Americas	21	14	5	7	16	-	-
<b>Americas</b>	<b>540</b>	<b>519</b>	<b>447</b>	<b>21</b>	<b>93</b>	<b>88</b>	<b>1</b>
UK	205	198	169	7	36	9	-
Russia	200	203	179	-3	21	-	-
Germany	157	159	124	-2	33	144	-
France	60	58	44	2	16	23	-
Italy	59	53	45	6	14	20	1
Spain	47	38	32	9	15	-	-
Poland	40	40	37	-	3	17	-
South Africa	31	29	23	2	8	-	-
Belgium	24	24	24	-	-	-	-
Ireland	23	22	20	1	3	-	-
Ukraine	21	20	17	1	4	-	-
Netherlands	20	19	18	1	2	20	1
Portugal	18	17	16	1	2	-	-
Israel	17	16	12	1	5	-	-
United Arab Emirates	15	15	14	-	1	15	-
Czech Republic	14	14	11	-	3	10	-
Turkey	13	13	11	-	2	13	-
Greece	13	11	9	2	4	-	-
Austria	11	12	10	-1	1	4	-
Denmark	11	11	10	-	1	11	-
Romania	10	10	7	-	3	7	-
Rest of EMEA	77	73	50	4	27	16	1
<b>EMEA</b>	<b>1,086</b>	<b>1,055</b>	<b>882</b>	<b>31</b>	<b>204</b>	<b>309</b>	<b>3</b>
Australia	105	103	96	2	9	17	-
China	67	58	30	9	37	67	9
Hong Kong	26	26	20	-	6	24	-
Malaysia	25	25	21	-	4	-	-
Singapore	15	15	15	-	-	12	-
New Zealand	12	12	10	-	2	-	-
Philippines	10	8	8	2	2	-	-
Rest of Asia Pacific	34	31	25	3	9	8	1
<b>Asia Pacific</b>	<b>294</b>	<b>278</b>	<b>225</b>	<b>16</b>	<b>69</b>	<b>128</b>	<b>10</b>
<b>All markets</b>	<b>1,920</b>	<b>1,852</b>	<b>1,554</b>	<b>68</b>	<b>366</b>	<b>525</b>	<b>14</b>

\*Includes markets with 10 or more concept stores as of end Q2 2016

**NOTE 11 - Store network, number of points of sale - Group and regions**

**Group**

	Number of PoS Q2 2016	Number of PoS Q1 2016	Number of PoS Q2 2015	Delta Q2 2016 and Q1 2016	Delta Q2 2016 and Q2 2015
<b>Concept stores</b>	<b>1,920</b>	<b>1,852</b>	<b>1,554</b>	<b>68</b>	<b>366</b>
- hereof PANDORA owned	525	511	357	14	168
- hereof 3 <sup>rd</sup> party distributors	511	490	466	21	45
<b>Shop-in-shops</b>	<b>1,827</b>	<b>1,666</b>	<b>1,575</b>	<b>161</b>	<b>252</b>
- hereof PANDORA owned	118	119	94	-1	24
- hereof 3 <sup>rd</sup> party distributors	427	408	381	19	46
<b>Multibranded</b>	<b>5,172</b>	<b>5,508</b>	<b>6,433</b>	<b>-336</b>	<b>-1,261</b>
- hereof 3 <sup>rd</sup> party distributors	1,071	1,097	1,256	-26	-185
<b>Total PoS</b>	<b>8,919</b>	<b>9,026</b>	<b>9,562</b>	<b>-107</b>	<b>-643</b>

**Americas**

	Number of PoS Q2 2016	Number of PoS Q1 2016	Number of PoS Q2 2015	Delta Q2 2016 and Q1 2016	Delta Q2 2016 and Q2 2015
<b>Concept stores</b>	<b>540</b>	<b>519</b>	<b>447</b>	<b>21</b>	<b>93</b>
- hereof PANDORA owned	88	87	69	1	19
- hereof 3 <sup>rd</sup> party distributors	-	-	-	-	-
<b>Shop-in-shops</b>	<b>798</b>	<b>682</b>	<b>664</b>	<b>116</b>	<b>134</b>
- hereof PANDORA owned	-	-	-	-	-
- hereof 3 <sup>rd</sup> party distributors	-	-	-	-	-
<b>Multibranded</b>	<b>1,679</b>	<b>1,783</b>	<b>2,085</b>	<b>-104</b>	<b>-406</b>
- hereof 3 <sup>rd</sup> party distributors	-	-	-	-	-
<b>Total PoS</b>	<b>3,017</b>	<b>2,984</b>	<b>3,196</b>	<b>33</b>	<b>-179</b>

**EMEA**

	Number of PoS Q2 2016	Number of PoS Q1 2016	Number of PoS Q2 2015	Delta Q2 2016 and Q1 2016	Delta Q2 2016 and Q2 2015
<b>Concept stores</b>	<b>1,086</b>	<b>1,055</b>	<b>882</b>	<b>31</b>	<b>204</b>
- hereof PANDORA owned	309	306	250	3	59
- hereof 3 <sup>rd</sup> party distributors	450	433	369	17	81
<b>Shop-in-shops</b>	<b>829</b>	<b>781</b>	<b>715</b>	<b>48</b>	<b>114</b>
- hereof PANDORA owned	84	83	82	1	2
- hereof 3 <sup>rd</sup> party distributors	340	323	280	17	60
<b>Multibranded</b>	<b>3,253</b>	<b>3,482</b>	<b>4,091</b>	<b>-229</b>	<b>-838</b>
- hereof 3 <sup>rd</sup> party distributors	1,071	1,097	1,256	-26	-185
<b>Total PoS</b>	<b>5,168</b>	<b>5,318</b>	<b>5,688</b>	<b>-150</b>	<b>-520</b>

**Asia Pacific**

	Number of PoS Q2 2016	Number of PoS Q1 2016	Number of PoS Q2 2015	Delta Q2 2016 and Q1 2016	Delta Q2 2016 and Q2 2015
<b>Concept stores</b>	<b>294</b>	<b>278</b>	<b>225</b>	<b>16</b>	<b>69</b>
- hereof PANDORA owned	128	118	38	10	90
- hereof 3 <sup>rd</sup> party distributors	61	57	97	4	-36
<b>Shop-in-shops</b>	<b>200</b>	<b>203</b>	<b>196</b>	<b>-3</b>	<b>4</b>
- hereof PANDORA owned	34	36	12	-2	22
- hereof 3 <sup>rd</sup> party distributors	87	85	101	2	-14
<b>Multibranded</b>	<b>240</b>	<b>243</b>	<b>257</b>	<b>-3</b>	<b>-17</b>
- hereof 3 <sup>rd</sup> party distributors	-	-	-	-	-
<b>Total PoS</b>	<b>734</b>	<b>724</b>	<b>678</b>	<b>10</b>	<b>56</b>

## Quarterly overview

DKK million	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
<b>Consolidated income statement</b>					
Revenue	4,327	4,740	5,681	3,911	3,598
Gross profit	3,260	3,536	4,205	2,893	2,573
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,609	1,760	2,144	1,454	1,311
Operating profit (EBIT)	1,488	1,645	2,002	1,339	1,235
Net financials	57	9	-84	-35	-69
Profit before tax	1,545	1,654	1,918	1,304	1,166
Net profit for the period	1,221	1,306	1,375	1,006	910
<b>Consolidated balance sheet</b>					
Total assets	14,242	13,502	13,311	12,919	11,781
Invested capital	8,965	7,972	8,255	7,879	7,359
Net working capital	1,355	615	925	1,124	939
Net interest-bearing debt (NIBD)	3,654	2,549	1,718	2,175	1,030
Equity	5,413	5,302	6,139	5,465	6,097
<b>Consolidated cash flow statement</b>					
Cash flows from operating activities, net	890	1,567	1,719	594	-93
Cash flows from investing activities, net	-486	-246	-323	-332	-330
Free cash flow	576	1,356	1,464	263	-268
Cash flows from financing activities, net	-575	-1,492	-1,060	-320	419
Net increase/decrease in cash	-171	-171	336	-58	-4
<b>Growth ratios</b>					
Revenue growth, %	20%	34%	43%	37%	41%
Gross profit growth, %	27%	40%	48%	45%	43%
EBITDA growth, %	23%	35%	48%	43%	47%
EBIT growth, %	20%	33%	45%	39%	47%
Net profit growth, %	34%	241%	37%	39%	37%
<b>Margins</b>					
Gross margin, %	75.3%	74.6%	74.0%	74.0%	71.5%
EBITDA margin, %	37.2%	37.1%	37.7%	37.2%	36.4%
EBIT margin, %	34.4%	34.7%	35.2%	34.2%	34.3%
<b>Other ratios</b>					
Effective tax rate, %	21.0%	21.0%	28.3%	22.9%	22.0%
Equity ratio, %	38.0%	39.3%	46.1%	42.3%	51.8%
NIBD to EBITDA, x <sup>1</sup>	0.5	0.4	0.3	0.4	0.2
Return on invested capital (ROIC), % <sup>1</sup>	72.2%	78.0%	70.4%	65.9%	65.5%
Capital expenditure (CAPEX), DKK million <sup>2</sup>	352	274	319	384	239
Cash conversion, % <sup>3</sup>	38.7%	82.4%	73.1%	19.6%	-21.7%
<b>Other key figures</b>					
Average number of employees	17,276	16,740	15,898	14,662	13,378

1) Ratios are based on 12 months rolling EBITDA and EBIT, respectively

2) Capital expenditure includes additions to both tangible and intangible assets

3) The definition was changed in Q4 2015 – please refer to the Annual Report 2015

## **MANAGEMENT STATEMENT**

The Board of Directors and the Executive Board have reviewed and approved the interim report of PANDORA A/S for the period 1 January – 30 June 2016.

The interim report, 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 Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 30 June 2016, and of the results of the PANDORA Group's operations and cash flow for the period 1 January – 30 June 2016.

Further, in our opinion the Management's review p. 1-27 gives a true and fair view of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 9 August 2016

## **EXECUTIVE BOARD**

Anders Colding Friis  
*Chief Executive Officer*

Peter Vekslund  
*Chief Financial Officer*

## **BOARD OF DIRECTORS**

Peder Tuborgh  
*Chairman*

Allan Leighton  
*Deputy Chairman*

Christian Frigast  
*Deputy Chairman*

Andrea Alvey

Per Bank

Anders Boyer-Søgaard

Bjørn Gulden

Michael Hauge Sørensen

Birgitta Stymne Göransson

Ronica Wang

## Disclaimer

Certain statements in this company announcement constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimate” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as our future results of operations; our financial condition; our working capital, cash flows and capital expenditures; and our business strategy, plans and objectives for future operations and events, including those relating to our on-going operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities; and

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; our plans or objectives for future operations or products, including our ability to introduce new jewellery and non-jewellery products; our ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the United States, Australia, Germany, the United Kingdom and other markets in which we operate; the protection and strengthening of our intellectual property, including patents and trademarks; the future adequacy of our current warehousing, logistics and information technology operations; changes in Danish, E.U., Thai or other laws and regulation or any interpretation thereof, applicable to our business; increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced in this company announcement.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of NASDAQ Copenhagen. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this company announcement.