

Pandora

Q4 2024 Results

[00:00:00] **Bilal Aziz, VP, Investor Relations & Treasury:** Good morning, everyone, and welcome to the conference call for Pandora's full year 2024 results. I am Bilal Aziz from the Investor Relations team, and I'm joined here by CEO Alexander Lacik, CFO Anders Boyer and the rest of the IR team. As usual, there will be a Q&A session at the end of the call. If you could kindly limit yourself to two questions at a time, that would be great. Please pay notice to the disclaimer on slide two and turn to slide three. I will now hand over to Alexander.

[00:00:28] **Alexander Lacik, CEO:** Thank you Bilal, and welcome everyone. As usual, I'll start by highlighting some of the key takeaways for the year and Q4. If I take a step back, I think Pandora can be very proud of delivering another strong year through yet another year of quite tepid growth in many jewellery markets and consumer pressure. We've managed to drive our business forward. At the heart of this is the Phoenix strategy. Our mission is to build a full jewellery brand and attract more consumers to the brand. Therefore, you'll probably not be surprised to hear me say that we will continue on that course well into the future. Our results continue to demonstrate the robustness of our strategy in hard financial numbers. We've delivered 7% like for like growth for the full year and ended Q4 with a healthy 6%. Through the course of the year, you would have noted that we kept a very stable core. That's always the first priority and incredibly important. But then we drove faster growth in what we call fuel, with more underpinning our promise to ensure this brand becomes the one stop shop for all type of jewellery. On profitability I hope most of you will agree with me that any brand consistently delivering around 80% gross margins, has a strong business



model and is doing something right. And of course, this allows us to make ongoing investments into the business whilst maintaining very solid Ebit margins of, in this case, just over 25%. Exactly in line with our guidance. We continue to demonstrate very high return on capital, which improved slightly this year. Again, a reflection of the very efficient business model. Finally, you can see how all the metrics fed into our strong earnings model with 17% EPs growth in the year. So all in all, a good performance in quite challenging markets. Now let's look ahead. Can we move to slide four please.

[00:02:24] For the 2025 we expect the overall consumer environment and macroeconomic situation to remain quite challenging. We have taken this into consideration in our guidance. But despite this headwind, we are guiding for organic growth of 7 to 8%, of which we expect like for like growth of 4 to 5. You can be assured that we'll keep pressing ahead with our Phoenix strategy. I want to note that we did indeed see some more intense promotional behaviour from some of our competitors during the end of last year, a reflection of the challenging environment. That's not a game we particularly play in, and I do not expect, at least on the onset, the environment to be any easier. Therefore, I believe delivering these growth numbers with the current backdrop will be a great outcome. Our Ebit margin guidance. I'll let Anders comment on that in detail later. However, as a summary, there's two headlines here. First, we continue to invest in our brand. These are non-negotiable and value accretive investments. And secondly, this year we are faced with significant external cost headwinds from commodity prices. Despite these, we are guiding for margins of around 24.5%, which again will be a good outcome. Now I'll provide a few words on current trading. We've started the quarter pretty well with our like for like growth at high single digit levels so far. I want to caveat this slightly with strong performance in our end of season sale. And recently we have seen consumers concentrate their shopping more around promotional events. Nonetheless, the underlying trends of the business remain healthy, with a like for like closer to mid-single digit



levels, something reflected in our like for like guidance also for this year. Now let's move to slide five please.

[00:04:09] I covered our financial performance earlier. This slide shows how we also managed to grow our business in a sustainable manner. Two important milestones in 24. We now craft all jewellery with 100% recycled silver and gold. And we now run entirely on renewable electricity throughout our operations. We are happy that these efforts are noted. For the third year in a row, we received an A score from CDP and we were ranked among the 100 most sustainable companies across sectors. We take our commitments here very seriously. Can we move to slide seven, please?

[00:04:44] I mentioned earlier how the Phoenix strategy has been driving us forward. On this slide you can see the specific pillars of that. You usually hear me talk mostly about the brand because that's where everything starts. But I want to emphasise that all of the pillars are intertwined and we invest in all of them accordingly. Whether it's our new e-commerce platform or driving engraving, we are putting proper capital and resource behind each and every pillar here. We're building this company not just for the near term, but importantly for many years to come ahead of us. I've always said that good brands that remain relevant do two things. Well, first of all, they're consistent through time, and secondly, they invest through cycles. That's exactly what we have been and will continue to be doing. That brings me nicely on to the next slide.

[00:05:32] When you have solid foundations backed by a strong strategy, then you can continue to bring more and more consumers into your brand to drive solid like for like growth. As you can see here, we've demonstrated that quite consistently since the start of Phoenix period in 2021 with a like for like CAGR of 6%. Now, every year is obviously different with various challenges these days,



and whilst there may be fluctuations around the numbers, you can be sure that our pipeline for growth remains strong. Our market share in aggregate is still very small in a very fragmented industry, and we think jewellery as a category is a structurally exciting place to be. So as we continue to elevate the brand, we will certainly be looking to take at least our fair share of growth in the accessible market. Next slide please.

[00:06:20] Let's start diving into some details of the Phoenix strategy through 24 and Q4. As usual, I'll start with the brand and here's how. And we show some examples here of our marketing efforts, which are consistently driving the brand heat. In Q4, we drove a strong holiday campaign and centred it around our beloved campaign that we launched earlier on in the year. The campaign continued to push ahead on our broader brand restaging, but this time also sent around the gifting period for good reasons. Meanwhile, we remain active around big PR events during the quarter and were once again principal partner of the Fashion Awards in the UK. I also want to highlight here that our marketing efforts are not exclusive to TV or broader digital media. We are also investing in our stores, which remain pivotal to the consumer experience. You've heard me talk about our new store concept, but here you can also see how we utilised the front of our stores with a specific campaign that portrayed our distinct identity as a brand. Some of you have already had a chance to say hello to our new Chief Marketing officer, Berta. For others, I'm sure there will be other chances through the year, and I'm really excited to have Berta on board. You can expect a continued laser focus on taking the Pandora brand to new heights. Next slide please.

[00:07:38] As you probably know already, Pandora has a very strong e-commerce platform today. This becomes abundantly clear through the pandemic. This became abundantly clear through the pandemic. But even since then, where it has driven significant like for like growth. But we don't rest



on our laurels. As part of our mission to dial up brand desirability, we have been investing in this platform for complete new look and revamp. The new platform brings the brand to life through a much more immersive experience. This is critically important given this is our largest brand window. We tested a new platform through Q4 in Italy and Canada with encouraging results not only on commercial metrics but also the brand engagement. We will now be rolling the new platform out globally through the first half of the year in phases. The slide here doesn't do justice to the level of change that's taking place. So I do urge you to experience for yourself the before and after. I'm sure you'll see a tangible difference. Next slide please.

[00:08:36] Let's now look at our two segments Core and Fuel with more. As you know, our strategic aim is to be seen as a full jewellery brand which essentially entails driving steady growth in the core whilst adding higher growth in fuel with more as a global brand. There will always be shifts between collections depending on consumer preferences, timing of new products and specific marketing campaigns. That means that in the in-year focus between collections will naturally vary. But the big picture message we look at is growing our strong core and fuelling this with more. The specific collections that drive that growth in a given year is more a function of that. Now, you can see from this slide that our strategy is working within our core. We have seen very steady 2% like for like growth across both 23 and 24. This was also the case in Q4, where the new holiday collection on moments platform was particularly well received. Next slide please.

[00:09:30] Our fuel with more segment continues to grow quicker, having achieved a very strong 14% like for like growth in 2023. We successfully managed to build on this with 22% like for like growth in the last year that underpins that. We are indeed engaging with more consumers across all our collections. For Q4, fuel with more was still at double digit levels of 13%, despite the very tough



comp from the prior year. As I'm sure some of you will remember, we launched our brand new essence collection in the spring of 24, which carries an organic, natural and fluid design aesthetic where we didn't have much exposure previously. Since the launch, I'm happy to report that we are indeed trading well and importantly, attracting new consumers with a new collection. We will be looking to take this further in 25. Next slide please.

[00:10:23] Here you can see a tangible example of our fourth pillar personalization and how that can sprinkle incremental solid like for like growth. For us since last year we've been seeing great success in our instant engraving services. And consumers love this personal touch. Therefore, we've continued to expand quite quickly here. 1600 stores now offer the service, and we also have a very strong online offering across most of our major markets. As I previously said, this provides nice incremental growth for us and utilises our current store and online infrastructure. Those are the benefits you earn and therefore can build on from your brand appeal. Now let's discuss some of the markets in a bit more detail. Next slide.

[00:11:06] As usual, I'll start with our biggest market, the US, which delivered a very strong 9% like for like growth. Another great quarter and actually a small acceleration. We believe this is driven by still strong brand momentum with our major KPIs moving in the right direction. This helped us thrive through the holiday season. And and in particular we had a good performance through Black Friday this year. Similar to the previous quarter, we are complementing the like for like performance with our network expansion in the US, where there's ample white space. This has led to 13% organic growth in total for the quarter. Next slide please.



[00:11:44] The performance in our key European markets did slow somewhat to 0% like for like in the quarter. However, one thing to keep in mind is in a broader European context, we actually saw 4% like for like growth. Of course, a large chunk of our European exposure is reported within rest of Pandora. But let's just unpick the four markets on the slide here. First, growth in Germany remained very strong at 28% like for like growth. That's particularly strong when you account for the tough comparative from last year and driven by solid momentum and good traffic. As expected, this growth did normalise from the previous quarter, and we expect more of that in 2025 as our growth moderates to more normal levels. In the U.K., we saw particularly high promotional environment over the holiday period, likely prompted by the still weak economic backdrop. So in that context, a minus three like for like performance we see as okay in Italy and France we met some challenges and a like for like fell minus ten and -14 respectively. Firstly I want to highlight that our brand metrics remain healthy in both markets. However, we did see quite an intense promotional activity in the markets across the holiday period. And that's not a game we lead in, although we sometimes have to react. Therefore, that did impact our performance as seen. Nonetheless, we have crafted a plan ahead for these markets. As I said, whilst our brand metrics have remained healthy, but they are yet to translate into higher traffic growth, which is the most important metric for us. Therefore, we'll be investing even more into the brand to drive more local cultural relevancy. Next slide please.

[00:13:20] In rest of Pandora we delivered another double digit quarter of 11%. Like for like growth. This performance is still over tough comp base so remains strong in that context. As I mentioned in the previous slide, a big chunk, a big chunk of our other European exposure actually sits here. So for example, Spain, Portugal, Poland are very important and increasingly large markets for us. They all, alongside many other markets drove very strong like for like growth in the quarter and will continue to invest in the brand in these markets. Elsewhere we did see the expected normalisation we



mentioned in Turkey, Turkey earlier in the year. That will also likely be a feature through 25. So keep that in mind. Next slide please.

[00:14:03] Finally in China we had -10% like for like growth and performance remains challenging. Overall we have been investing into the brand in Shanghai selectively since mid 23. And we're now considering next steps. As part of that we look to optimise the PNL and optimise the network in China, closing at least 50 underperforming stores. In Australia we delivered minus five minus four like for like growth. With a broader macro environment still impeding us somewhat, We look to dial up our execution here to continue to drive the message of our full jewellery brand. Next slide please.

[00:14:39] Here you can see the immense value we create from our network expansion. As the chart shows, since the start of Phoenix strategy on an isolated basis only, we've basically added 4 billion revenue Danish kroner revenue to the group from expanding our network. Of course, as the stores mature after the 12 months and come into the like for like base, the total revenue impact is even higher. At the top of the slide, we show how attractive the economics of a new store opening is for Pandora. Whether it's a concept store or shopping shop, the revenue ramp up is incredibly quick in year one, and the full Ebit margin is in the range of 35 and 40%. Those are metrics hard to find elsewhere in the industry, so we will continue to expand on this journey ahead in 2025, where we target 75 to 100 total openings and an organic growth contribution of 3%. The number of concept store openings is impacted by the planned closures of stores in China this year, but this will have minimal impact on the organic growth as such. Next slide please.

[00:15:44] Finally, before I hand it over to Anders, I wanted to give a quick update on the rollout of our new store format. I already mentioned earlier how our stores are a key part of our marketing,



and how we present the brand to consumers. Tied to that, you you heard me talk about how we elevated our shop fronts for the holiday campaign. The key for Pandora is to do these things at scale and across markets in unison. That's where the new format will increasingly come in. For those of you that have seen the format, you will see that elevated in-store brand experience and Pandora clearly presented as a full jewellery brand. You won't need to be told that you should be able to feel it during the holiday season. We did also see how the execution in the new format is beginning to shine through when you execute it on roughly four transactions per minute during the peak, every second counts. And we saw tangible examples over Christmas of how our teams in the new format were able to use the walls much more effectively with more selling stations. That's exactly the intention, and it was great to see another proof point in the busiest part of the year. Currently, we believe the new format offer a low single digit like for like uplift relative to the old store format. So overall, we've continued to make quite good progress with the new format openings, which now stand at 425. So far, we're tracking well on our ambitious target by 2026. And on that note, I'll hand it over to Anders for a closer look at the numbers.

[00:17:16] **Anders Boyer, CFO:** Thank you Alexander, and good morning everyone. Please turn to slide 21. Alexander already gave us a snapshot of the results, so I'll just take the chance here to look at the numbers from a big picture view instead. So the financial performance you saw in 2024 is actually a good example of our earnings model and our equity story, because when we drive solid top line growth and maintain strong execution through all of the other PNL balance sheet and cash flow lines, then the end result is significant excess cash for the shareholders and double digit earnings per share growth. And that is the core of our equity story. And this is exactly what we set out to do with the Phoenix strategy and what we set out to do with the targets from the CMD back in 2023. One other KPI worth mentioning in the table here is the gross margin. We ended 24 with a



record high gross margin of 79.8, and that's up 120 basis points year over year. And in Q4 specifically, our gross margin also remained strong with support from, among others, the price increases we made in October, which more than offset the headwind from commodities and a higher share of consumer shopping during the key trading events. I'll talk about our forward looking expectations just in a minute on revenue and Ebit margin. But for 2025, I can tell you that we expect our gross margin to remain almost flattish, just slightly down versus the 79.8% in 2024. And given the external headwinds we are facing from commodities and effects of around 120 or so of around 210 basis points, I think you'll agree with me that it would be a fantastic outcome. I also want to touch on our progress on working capital. And as you can see in the table here, we ended the year in negative and that was the result of good execution across all aspects of working capital, really all the way from inventory through payables to receivables. There was some benefit from one of the factors that we expect to reverse in 2025, and working capital by the end of 25 will therefore be at a slightly higher level, but still well below the CMD target and well below where we ended in 22 and 23. Next slide please.

[00:20:02] So on this slide we are breaking down the revenue growth in the quarter. And Alexander has actually already covered the key elements here. And I think the bridge is pretty straightforward and self-explanatory. So I'll just highlight the second purple bar. That's the network growth, which continues to be a fantastic revenue driver for us. It contributed five points of growth in the fourth quarter and for the actually for the full year as well, exactly in line with our guidance. Next slide please.

[00:20:37] On the Ebit margin, our performance also played out in line with our expectations. And we saw a good margin expansion in Q4. And therefore we ended the full year at 25.2%. And as you



can see in the dotted box, the underlying Q4 margin was slightly up despite a 70 basis points drag from commodity and FX. I should also just would like to give a comment on operating expenses in the quarter. As some of you might remember from the third quarter announcement, we stated that the increase in OpEx would be less pronounced here in Q4. And that's also exactly what's happened. And the total OpEx ratio in Q4 was actually slightly down versus last year. And this is, among others, driven by a much lower increase in sales and distribution expenses compared to the first three quarters of 2024. As we had expected, the sales and distribution ratio is up only 40 basis points, and this 40 basis points is linked to the expansion of our store network, which is which is then more than offset through a higher gross margin and leverage on other OpEx lines. On marketing, the ratio was slightly down year over year in Q4, and that's simply facing on a full year basis. We did invest a significant amount with marketing expenses up 15% year over year and constituting just around 14% of revenue. And as some of you will know that that's at the midpoint of our guided. 13 to 15% marketing spend as a percent of revenue. And then finally, I would like to highlight that we have been driving quite nice leverage on the admin expenses in 2024, with admin costs dropping from 8.5% of revenue in 2023 to 7.8% of revenue now. Then let's move on to the guidance on slide 25 for 2025.

[00:22:51] We are targeting another year of solid growth with organic growth being 7% to 8%. And let me just help you unpack some of the building blocks of that. On like for like. And that's the first purple bar in the bridge. We expect to deliver 4 to 5% growth. And that's within the CMD range that we gave back in 2023 over 4 to 6% CAGR. The 4 to 5% is is slightly lower than what we actually actually have delivered over the past two years, but we do see a need to factor in a continued weak macro and a continued weak consumer backdrop. And tied to that, as Alexander also mentioned, we did see the general shopping environment in Q4 getting more promotional, and we also factor that



into our thinking against all of this. We will keep pushing ahead with our Phoenix strategy, and that also means that we will continue to invest behind the growth drivers such as the brand, creative development and our collections, the store network, the new e-commerce platform and much more. So overall, given the current weak macro backdrop. We actually believe that 4 to 5% like for like performance would be a good outcome and in line with our CMD targets. And finally, we expect the contribution from network expansion to be 3%. And that. And that's also in line with our CMD ambition. And before I move on, just to help you with some of your modelling for Q1 specifically, we expect our like for like and organic growth to be at roughly similar level. And that's due to phasing of store openings, phasing of sell in, a little bit of calendar impact in Q1, and this is going to be for Q1 only. And then from Q2 onwards, you will see a more normal gap between like for like and organic growth. Next slide please.

[00:25:08] On the Ebit margin guidance. The big picture message really is that we will be facing quite significant headwinds from commodities and effects. A total of 210 basis points, as you can see in the bridge. But despite that, we are targeting to keep the margin broadly flat, flattish, almost flattish versus 2024 at around 24.5% Ebit margin. So let me comment on the building blocks that you see on this slide here. First of all, and this is about the second purple box. The operating leverage, as I just mentioned, we will continue to invest behind our strategy. It works and we will continue along the same path. And that's why we expect the net operating leverage to be broadly flat like in recent years. Secondly, the combination of operating leverage from the expansion of the network. That's the first purple box and the recent price increases and deficiencies. And that's the third purple box. They are combined, expected to offset most of the headwind from commodities and foreign exchange, as you can see on on the slide here. Lastly, as some of you will remember, we have initiated a broader cost program in response to the higher commodity prices. And as you can



see in the last building block, we expect the net impact of the program to be roughly neutral in 2025 specifically. And that means that the cost of running the program, as well as implementation costs, will be offset by savings generated already in 2025. And that brings me nicely onto the next slide.

Slide 27.

[00:27:11] Since the third quarter announcement, we've spent quite some time in the leadership team looking at what we can do to mitigate the surge in silver prices and the negative impact on the Ebit margin target for 2026. And we are happy to report that we are now in a position to reconfirm our Ebit margin target of 26 to 27%, despite a 270 basis points of headwind, as we show in the text box to the upper right here on the slide. Then, based on what we know today and based on a silver price of \$30.5 as of Jan 27, then we expect to be at the low end of of the range. Before I dive into some of the specifics of our thinking and plans, we would like to emphasise two points. When external factors like this change silver prices, commodities, then you can choose just to accept it and take down your target. Or you can choose to use this as an opportunity to look deep on how you operate. And and this is this latter approach that we are taking. And secondly, I want to stress that we will at no point sacrifice any investment, which is the right thing to do for the long term just to reach this target. So that brings me on to some of the specifics as it stands today relative to the CMD. In October 2023, we are facing a 270 basis points of headwind to our Ebit margin target related to the movement of commodity prices and FX. And that's the two pink boxes that you see in the bridge here within the dotted square. As we mentioned back at the third quarter announcement, we are looking at two main buckets of mitigation. That's pricing and its cost. And then on on pricing. First we did increase prices by 5% already in October last year. And we're happy to report that it went well with an elasticity of minus one or better in most places. And based on that, we will take further pricing action this year. And therefore, we can now confirm the first 140 basis points of



mitigation that we mentioned back in the third quarter announcement. And that's the first of the solid purple buckets in here in the dotted box on the cost side. We have external advisors working with us, and it's always nice to take a step back once in a while and reassess the way you do things. And our initial assessment suggests that there is indeed some opportunities to reduce costs. There's no sort of one big major driver of that. It is rather across the entire value chain and across all of the different cost lines. But we do see opportunities across several areas, such as such as procurement, distribution, continued efficiencies in crafting, store operations and other areas. So these cost savings combined with any potential potential additional pricing in 2026 That sits as part of the shaded purple box, showing a 130 basis points of planned mitigation. It's somewhat early days here, and we will, of course, keep you updated as we begin to execute. So to sum up, our message is that at a silver price of 30.5 USD, we can confirm the CMD target of 2000 sorry, of 26 to 27%. And the combination of the two shaded boxes that you can see on the bridge here, that's operating leverage to the left. And then the box called further mitigation to the right. That will likely lead us towards the low end of the range based on what we know today. Now, I know that as of this morning, the silver prices. And let me just double check where we are as as we speak. 32.5 I've just been whispered across the table here at a silver price of 32.5, rather than the 30.5. That's the basis for the bridge here. And that would, of course, change the math a little. But silver will keep going up and going down. But our message today is that since silver were at \$16 just a few years back, we have been able to mitigate it. And today we confirm that we have actions in place to cover us till just around \$31 per ounce. And then we will keep updating you as we go during 2025. Finally, I know that some of you will be thinking in terms of year over year margin development from 25 to 26, rather than the way that we showed the bridge here where we built versus the CMD target. And if you look at it year over year, instead, what we say here today obviously implies a margin expansion next year of at least 150 basis points. And that is exactly the plan. And that margin expansion will be



delivered through a combination of operating leverage, price increases and the cost program. So long story, but I hope it helps you understand our plans and thinking. And then please move on to the next slide.

[00:33:38] Finally, I just wanted to remind us all about the high cash returns, which has in fact been a feature of the Pandora story for over a decade. And these two graphs on the slide here, I think illustrated quite nicely. And this year is going to be no different. We ended 2024 with significant free cash flow generation. And we are returning all of that back. So tomorrow we will start a new 4 billion kroner share buyback program. And we propose a dividend of 20 kroner per share, which is up just over 10% versus last year. And with that, I'll hand it back to Alexander.

[00:34:22] **Alexander Lacik, CEO:** Thanks, Anders. Just so so we conclude on everything. I want to highlight a few things. First, the Phoenix strategy is pushing our brand to new highs and is transforming the perception of Pandora to a full jewellery brand. And this truly is the most important thing here. This obviously helps us create significant value for our shareholders. We drive solid like for like growth, deliver very strong profitability across the board and return cash back to shareholders. 2025 looks to be another uncertain year due to the macroeconomic environment and geopolitics, but perhaps it's never not been uncertain times ahead, at least since I've joined. So this is not new to us. Our constant has been the Phoenix strategy. It's been resilient in very uncertain times. And because of that, we're guiding for another year of solid growth. And with that, I think we can open for questions.

[00:35:24] **Operator, Conference Call:** Thank you. If you wish to ask a question, please press five star on your telephone keypad. To withdraw your question, please press five star again. In the



interest of time, we ask that you please limit yourself to one question. If you have additional questions, you may rejoin the queue. The first question is from the line of Grace Smalley from Morgan Stanley. Please go ahead. Your line will now be unmuted.

[00:35:49] **Grace Smalley, Morgan Stanley:** Hi. Good morning. Thank you for taking my questions. The first one would just be on promotions and pricing. Could you just help us with what you're seeing in terms of the promotional backdrop? And I guess how you're feeling about implementing price increases against that promotional competitive backdrop. And if there's anything geographically here to call out in terms of what you're seeing differently on both the promotions and your comfort with the price increases. And then my second question would be just on those European markets where the like for like hasn't been as strong as elsewhere. So France, Italy, UK, I guess. What are the factors that you're looking at that are within your own control in terms of initiatives that you can put in place to drive improvement in, in those markets? Thank you very much.

[00:36:37] **Alexander Lacik, CEO:** Hi, Grace. I think on the pricing and promotion, we've seen that pretty much across all countries, actually, that it's been more more days of promotion. We've seen deeper discounting. This varies a little bit across markets, and we've also seen players which may be prior years haven't participated that much into the game. So so overall it's been a hotter promotional environment. Now of course people promote in different executions. Sometimes is a gift with a promotion. Sometimes is, you know, certain thresholds which are being moved around. But in general, what we track, we can see that is essentially just a hotter environment. It doesn't really change our view on on our pricing actions. I think we introduced this 5% price increase in early October. Now it's it's been quite a, quite a, let's call it moving, moving feast with all the promotional



activity in the last quarter. So it's not 100% conclusive, but we feel pretty good about this minus one elasticity that we keep talking about, and in some instances might even be a little bit better. But the way I think about it from a modelling standpoint is, is certainly put your minus one in. And that's kind of how we roll. So so I don't think that's going to change our thinking much, at least not for the next one. And then as always, we we run it for a while and then, then we see then when it comes to the, to the European markets. So I think the context actually is quite different in, in the three ones we speak about here Italy and UK where we have a much bigger market share, whereas France we are much more of a of a, let's say a challenger brand by nature. What we see across all three is, is, as I said, is is significantly increase in the promotional context going forward. So if you take France, which I think is the biggest disappointment, if I'm honest we tried a slightly different media model post Mother's Day. Up until October. And looking back now, that was a mistake. But you know when when you're a challenge, you have to try some different things. Sometimes it works, sometimes it doesn't. In this instance, we entered the Q4 period with let's say a weaker momentum on the brand. Then we meet the competitive set that's much stiffer than what we've seen, I think during my six years at Pandora in France. So it was like a double whammy. So the learning of that is, of course, we're not continuing with that kind of Media approach. So we're kind of going back a little bit. We probably also need to to think through our investment levels in France if we want to get that to, to grow a little bit faster. So I think this is the main point of, of what we can affect. I don't think other than that, if I look at the brand metrics, they're all quite positive actually in France, if I go through the funnel. So so we know kind of that the brand is is moving in the right direction. This was, I think is a bump in the road in our execution, to be fair, in Italy. I think we have lost a little bit of momentum in Italy. If I look at in particular on the core the introduction of essence and all of these things are is working just as well there as anywhere else. But I think we've lost a little bit of momentum on, on the core. So that's going to be a little bit of a refocus exercise. Again, that's perfectly within within



our abilities to do so. It doesn't, however, change the fact that the Italian jewellery market is is rather soft. That that's our read of the situation and UK lastly, in fact, I think still with the minus three, we believe that we are still gaining market share. Actually the view is that that the jewellery market and I know that the ONS data would have it slightly positive, but we think that that's more driven by by the watch watches, which is part of that. That and that's kind of triangulating a little bit what we read from other players. So we still believe that the jewellery market is probably in a negative space. So that's kind of been the story for the last two, two, two and a half years coming out of the pandemic, where the jewellery market has been been in negative space in UK and we've been anywhere between 5 and 15 points on any given reporting period ahead of that market. So yes, minus three is not something I write home about. But in that context and the promotional context that we face, I think we're still pretty okay with with that. Now I note that this is an obviously, the conversation we're having here is always trying to look for the holes in the cheese, but the European cheese actually tastes quite well. We have strong business in Spain, Iberia, all of Eastern Europe, all of northern Europe. So we have a couple of markets. Even Greece is actually doing really, really well. So we have kind of this this issue in the markets that that you pinpointed here. So fair enough. But if I look at the European continent, that would have posted a growth something around four, four and a half percentage points, like for like, which is not too shabby to be honest. So yeah, but we do have some headaches. That's that's part of the game somehow.

[00:41:55] **Grace Smalley, Morgan Stanley:** Okay. Great. Thank you. Very helpful context.

[00:42:01] **Operator, Conference Call:** Next up we have Ben Rama Martin from Goldman Sachs. Please go ahead. Your line will now be unmuted.



[00:42:09] **Ben Rada Martin, Goldman Sachs:** Great. Thanks very much. Alexander, Anders and Bilal I say two please. My first was just on, I guess, margin commentary beyond 2026. I noted in the release you had some comments that you believe that you might be able to drive further margin expansion from 2026 onwards. I was just wondering if you could clarify whether you think there's a little bit of upside from the 26 to 27% targets. And my second is just on essence noting that category is held around that 2 to 3% of sales. Mark, I wonder if you could maybe talk to some of the goalposts you're thinking about for that category into this year? Thanks very much. Thank you.

[00:42:46] **Bilal Aziz, VP, Investor Relations & Treasury:** Yeah, I'll take the first one, Ben. We won't be commenting beyond 2026. We have enough on our plate to get to 2026 as it stands. So yeah, no comments beyond that. Sadly, what we can say is obviously with the cost programming are rolling on, we expect some structural benefit in 26. And then from that point onwards, we'll see how the variables stack up from that point onwards. But yes, over to Anders and Alexander for essence.

[00:43:12] **Alexander Lacik, CEO:** Yeah. On on essence. Where should we start when we launch a new collection? It's always very difficult to to exactly gauge where it's going to land. We don't run volumetric research here. We do run concept research, which kind of gives you a sense of direction when it comes to purchase interest, but we actually don't have any volumetrics on top of it. So it is a bit of a guessing game always. So the only thing which we've said in the past is that a collection needs to get to a critical mass within a sensible time frame. The way we've spoken about that in the past was to say that within 3 to 5 years, this should get to like a 5% share of a business to say something. And that would still hold true in in this respect. We've used kind of when we when we coined that 5%, we were talking about it getting to a billion in revenue size. Of course, since then our business has grown quite something. So so the number would would be bigger. But that's that's



kind of the velocity it will require to essentially get enough interest through the value chain of, of Pandora. If it's smaller than that, then we have to kind of keep pushing it internally for this to feature. But I think essence frankly, is off to a very promising start, and I wouldn't be guiding on any particular number for the year. So, you know, it needs to sequentially keep growing. That's probably the more important thing here.

[00:44:43] **Ben Rada Martin, Goldman Sachs:** Perfect. Thank you very much.

[00:44:47] **Operator, Conference Call:** Next up we have Thomas Joubert from Citi. Please go ahead. Your line will now be unmuted.

[00:44:54] **Thomas Chauvet, Citi:** Good morning. Thank you all. Two questions, one on tariffs and the second one on the margin bridge. On tariffs. If the US were to implement 1,020% tariffs to European or Danish imports, can you confirm you'll likely be subject to it? Although 100% of your production is in Thailand and then exported to the US. And how do you think, Anders, about the impact of tariffs on on such a high gross margin business? So you have a Cogs of 20, 80% gross margin. So should we assume 1,020% tariffs would be applied to that Cogs of 20? So if you were to pass that on to the end consumer, that would require limited price increase of, you know, maybe 3% to fully offset that. And on the margin bridge 2026. Can you explain how much of the, you know, that bucket to the right, 130 Bips mitigation action? How much of that comes from the structural cost savings you've you've initiated in 2025? And then in 25, can you split the 0% impact from net cost saving between the the actual savings and the one off funding expenses? So is it plus 100 and -100. So we understand how much tailwind there is in 2026 from purely those those costs those cost initiatives. And just as you said earlier on the tweaked Ebit margin guidance towards 26% as



towards the low end. Is it because of lower anticipated opex leverage, or rather, your ability to to fully offset the headwinds from commodity and FX? Thank you.

[00:46:45] **Anders Boyer, CFO:** I think, Tom, thank you for those questions. If there would be a 10% tariff on imports to the US from Thailand, then as a starting point, the impact annual impact would be 350 to 400 million Danish kroner or something along those lines. So a little bit more than a 100 basis point. Of course, that assumes that the the jewellery category would be included. Let's see if that would be the case and if that happens. But something to the tune of that. And what to keep in mind here is that at least normally what you would pay tariffs based upon would not be our cost of goods sold or what they actually what sits in the Pandora PNL. But what is the landed cost when the product gets into the the US from abroad? And with that this is slightly technical, but with the the tax setup that we have, then we, we are selling the products from the parent company in Denmark into the US at a at a price which is much higher than the than the actual Cox, which is just completely standard setup within, within a company. And therefore it would be a, the let's call it 350 to 400 million kroner impact. If It before any, any kind of, any kind of mitigation. So let, let let's yeah. Let's see with the what has been announced already with tariffs on China the impact is quite limited. Something like 2 million US per year, 15 million Danish kroner in round numbers because we have been working on actually for some years anticipating that something might be happening one day that limiting imports from within Pandora us from China. So it's quite a quite limited impact. So so far and then on the, on the margin bridge I think we would be careful to carve it out at this point in time on how much sits in, in the 130 basis points, what's pricing And what is cost savings? I think the message that we want to pass on is that we have enough fuel in the tank. We have not handled handles to to turn to get us towards the low end of the range. But what exactly comes from pricing? What exactly comes from the cost program and what exactly actually comes from operating



leverage? We we don't want to guide specifically on that yet until we get to the yeah, basically one year ahead of time when we're guiding specifically for, for for 2026 and the and on the the net cost savings specifically in 25, where we are guiding for around zero and sort of trying to A carve that out. I'm honestly, I'll also be a little bit hesitant to to do that right now. I know what the cost of running the program will be. But what I do don't know exactly yet is that how many cost initiatives will be implementing this year where there will be implementation costs, whatever shape and form that, that, that, that, that might come. So we need a little bit more time to be able to break that, break that out. And I should also mention we haven't announced anything internally yet as well. So that also plays into that. I would prefer to be a little bit unspecific at this point in time.

[00:51:02] **Thomas Chauvet, Citi:** I understand, thank you Anders.

[00:51:09] **Operator, Conference Call:** The next question is from Kristian Godiksen from SEB. Please go ahead. Your line will now be unmuted.

[00:51:16] **Kristian Godiksen, SEB:** Thank you. I have a lot of questions, but I will limit myself to the two questions as promised. So. So firstly, I'm just wondering what is your expectation on on? I would maybe call it net pricing i.e. adjusting for promotions. And in based on you want to increase prices but in a promotional environment, what are your expectations in 25 and 26? That would be my first question.

[00:51:47] **Anders Boyer, CFO:** Yeah, maybe I can start out there from a more technical point of view. We would assume that it doesn't incrementally get more promotional than what we already



saw in 2024. So we would assume that actually it flows through to, to the to the bottom line, so to speak.

[00:52:08] **Kristian Godiksen, SEB:** Okay. So so just to be sure. So, so basically there's upside based on if the promotional environments improve.

[00:52:17] **Anders Boyer, CFO:** Yeah.

[00:52:18] **Alexander Lacik, CEO:** Specifically highly theoretical. But yes. You can't deny the theory.

[00:52:24] **Kristian Godiksen, SEB:** Okay, perfect. And then my second question testing the holes in the European GTA. So so on the margin outlook for 2026 on slide 27. So I appreciate the bridge very much. I was just wondering why are you looking towards the low end of the guidance range? If you mitigate the 2.7 percentage points, that's exactly the headwind from the commodities and the effects. And hence I guess all else equal, you should look at the midpoint. And then I would even argue you should add you look towards the high end or above the range based on you are reaching a higher sorry, you're reaching a higher revenue than what your your 2026 targets imply based on the on the strong like for like and also network expansion. Thank you.

[00:53:11] **Anders Boyer, CFO:** Thank you for that. And I'm sitting smiling with Adam here across the table because he has kind of anticipated you would ask that question. But it's very it's very fair. And we as you can see on the slide here, we made the box shaded because we because we don't know how much yet can come out of the, the cost program of at least not to the extent that we can put a sort of a two lines above it, below it and say this is a signed and sealed. So so that again, the



message is that we've looked through a combination of top line growth that which drive leveraged sort of on the first shaded box on that slide 27, combined with the extent of, of pricing and elasticity, for that matter, and the magnitude of the cost program and their under cost program. What is at play is not just sort of the gross saving, but also if we have something we can do, do we do it on in December 26th or can we do it in Jan 26, which makes a big difference on the impact in in 2026. So net net, we are a bit hesitant to again break it out exactly what the building blocks are. But what we can see looking across leverage, pricing, elasticity, the cost program. That's enough. Again, just to repeat fuel in the tank to get to the low end of it based on what we know today. And then we will, I think, talk a bit about this as we go through the quarters in 2025.

[00:55:04] **Kristian Godiksen, SEB:** Okay. Perfect. And just maybe one quick follow up just to make sure my math here And price elasticity assumption that's the minus one. So there's potential upside to that as well.

[00:55:14] **Anders Boyer, CFO:** That's correct.

[00:55:16] **Kristian Godiksen, SEB:** Okay. Perfect. Thanks. Thanks a lot.

[00:55:21] **Operator, Conference Call:** The next in line is Lars Topholt from Carnegie. Please go ahead. Your line will now be unmuted.

[00:55:27] **Lars Topholm, Carnegie:** Yes. Congrats. With another good call. I have a question to your store expansion target of 50 to 75 new stores. And that's of course. Net. But at the same time, you said you expected you could close 50 stores in China. Now, now that in 25 you will close those 50.



And is it fair to assume that turnover in a Chinese concept store is lower than in the average concept store you open, so that just maybe the 3% contribution from store expansion is conservative? And then I have a second question, if I may. So I understand the trading calendar means that you actually had some revenue on 30th and 31st of December. That will only be benefiting your top line in Q1 2025. I wonder if you can explain what that is, and maybe also hint what kind of impact, either as a percentage of like for like or in total revenue. That effect is. Thank you.

[00:56:41] **Anders Boyer, CFO:** Hi, Lars. It's Anders. The 50 plus store closures in China is something that we expect to happen in this year. And you're right that the revenue per store is lower, and I would say substantially lower. And especially that's the reason that we're picking these 50 stores. And not some of the other 150 stores that we have in China. So the the revenue is well below, I think, as a rule of thumb, I think we have said 7 million kroner ish revenue, annualized revenue in a new concept store. But what we are closing here in China, I'm almost tempted to say, is more like a fraction of it. It's substantially lower than that. So you would say ex-china.

[00:57:30] **Lars Topholm, Carnegie:** And as you will open 100 to 125 concept stores.

[00:57:34] **Anders Boyer, CFO:** Exactly, exactly. Yeah, exactly. And we I think the 3% revenue growth I think is our best guess on where we will be ending based on, on these store openings. That is, of course, a lot of math behind that. We are happy to to to dig a little bit into if you like probably at a separate call.



[00:58:05] **Lars Topholm, Carnegie:** Isn't this complete deja vu? Because last year we had the same discussion. You said 3% and ended at five. And if I do the math, you're going to repeat that this year or has something changed?

[00:58:18] **Anders Boyer, CFO:** First of all, there's quite a few of course, even adjusting for China, fewer store openings this year. So was it 137 concept stores this year? So even taking out the China closest this year, it is lower and then shop and shop is 25 versus 99. So there's it is a quite a fewer. Net store openings that we are looking at. And the trading calendar. I think my colleague Bilal will answer that one.

[00:58:55] **Bilal Aziz, VP, Investor Relations & Treasury:** Yep. So typically in line with our peers in terms of the like for, like we follow the retail calendar. And as you would know, the 30th and 31st of 2024 started on a Monday. So therefore that day will fall into they did fall into week one of trading of 2025. There's still the same amount of days in each quarter. It's just a mixed shift. Now, of course, 30th and 31st are typically end of season sale days that we usually have. They're typically a bit a bit bigger than typical base days. So it's just a small shift in the mix between Q4 and into Q1. And we haven't quantified what that shift would be, but you can assume it's, it's, it's small positive into Q1, basically low single digit. Assume that for the Q1 current trading.

[00:59:51] **Lars Topholm, Carnegie:** Fantastic. Thank you so much guys.

[00:59:58] **Operator, Conference Call:** The next question is from Martin Brenø from Nordea. Please go ahead. Your line will now be unmuted.



[01:00:06] **Martin Brenøe, Nordea:** Hi Alexander and Anders. And thank you for taking my questions. I have two, if I may. The first question would be about the rest of Pandora. Really strong growth in the European markets in that segment, which is quite nice to see to. To your point, Alexandra, and a bit limited commentary on Latin America, which has been the growth engine for Pandora for a while. And I think that you in the past also the CMD, were particularly excited about the opportunity in Brazil following the very impressive journey that we saw in Mexico. So can you maybe help us understand what the status is in, in that region and maybe also given the management change? That's the first question. And then the second question would be you I think it's a very insightful graph on the store openings and clearly been an important growth driver to your organic growth can can you just help us understand? Also, given the changes in the Net store openings, how a store openings impact your like for like if it's possible for example for you to give a split between the like for like growth contribution or growth from for stores that are let's say 2 or 3 years old compared to stores that are older than that, that split would be very helpful. Thank you.

[01:01:23] **Alexander Lacik, CEO:** I mean, I can cover the first one. I mean Mexico was kind of flattish. And then all the other ones were in varying levels of double digit growth across the region, with Brazil actually topping the chart. But Brazil, this kind of goes up and down a little bit depending on the kind of promotional situation. It's a quite promoted market as well. And from memory we had a pretty decent Q3 out there as well. So so that's kind of the picture. So overall Latam in a In pretty decent shape. Yeah. And there may be others. I don't know that we have those numbers here.

[01:02:02] **Anders Boyer, CFO:** But it's a fair question to Martin on on the like for like impact from new store openings. But the in a way the odd situation is that given how fast revenue is ramping up in a, in a new store in year one, where it is not counting in like for like then the the sort of the



artificial if you want to call it that revenue pick up in months 13 onwards which then counts in like for like is quite limited. The board actually asked the same question of sometime last year, and I was just trying to search through my notes here while Alexander was answering the other question. And it was some from memory, some 3040 basis points of like for like help from new store openings. So it's it's something but it's that's not why like for like is growing. I guess that's the key message.

[01:03:00] **Martin Brenøe, Nordea:** That's a very helpful thank you both for for answering the questions.

[01:03:08] **Operator, Conference Call:** And the next attendee with a question please state your name and business before asking your question. Your line will be unmuted now.

[01:03:20] **Daria, Bank of America:** Hi. Good morning everyone. This is Daria from Bank of America. Thank you for taking my questions. I have two largely around the guidance. So within your 2025 guidance, could you please walk us through the building blocks from the regional perspective, both on like for like and space and particularly on the US market? That has been a fantastic growth driver for you. Do you expect us to accelerate, stay stable or slow down? If you could share your thoughts around that and also around the cost saving program, When will you provide a more exact number of the review? Will it be at the first quarter results or actually later on through the year? Just a little clarification. Thank you.

[01:04:02] **Bilal Aziz, VP, Investor Relations & Treasury:** Hi Daria, I'll take the first question. So yeah, we haven't been specific by region as a starting point. I think it would be safe to assume not a whole lot different in terms of, I guess, the Q4, even the Q3 sort of mix. You are right. Us has been a



growth driver for us for a while. At least in our base case, we expect that to continue pending. Obviously the usual macro disclaimers. And then meanwhile, we'll obviously continue to execute across Europe particularly in some of the more challenging markets as well. But yeah, as a base case, not not a whole lot different from from Q4 in terms of the mix. And then on to Anders on the cost program.

[01:04:47] **Anders Boyer, CFO:** Yeah, that is a fair question. I am we will I'll be spending quite some energy on it in the in Pandora and the cost program. So the picture is getting sort of more and more firmed up by, by, by the, by the week. So I don't think we will have the force of conclusion already by the, the first quarter announcement in May, but we will definitely know quite something more than, than what we do today. So we will give you a little bit sharper picture in at the Q1 announcement, and then I think it will be another quarter or so before we can so more firmed up on, on especially on the 2026 impact.

[01:05:35] **Daria, Bank of America:** Thank you.

[01:05:39] **Operator, Conference Call:** The next question is from the line of Anne-Laure Bismuth from HSBC. Please go ahead. Your line will now be unmuted.

[01:05:47] **Anne-Laure Bismuth, HSBC:** Yes. Hi. Good morning. So I have two questions as well. The first one is is on the diamond collection. So you stated in the press release that you will proceed at a slower pace and that you expect now the revenue target of 1 billion DKK revenue beyond 2026. So what are the key learnings from the rollout of this collection so far? Or what is the reason why you are slowing a bit the rollout of this collection? And my second question is about the current trading.



So thank you for providing some granularity about the performance in January. Have you witnessed any discrepancy by region or. My question is more about the US or the US still strong in we are still strong in in January. Thank you very much.

[01:06:35] **Alexander Lacik, CEO:** I can take the diamond question. So when we when we went on this plan a few years ago, we had let's say made a global rollout schedule, which was obviously predicated on each market being giving us sufficient confidence that we could continue rolling out. I think what we've found and learned is that a prerequisite for this business proposition to be interesting is that there is a certain level of base awareness with consumers. And, you know, we launched into Brazil and Mexico last year where we knew that there was literally zero awareness. And we can also see that it's it's harder then to establish this business proposition without an immense amount of investment behind it. And we have other things which are higher priorities in those markets. So that's kind of why we essentially now have slowed down. Us is where it's happening. Us and Canada, I should say Australia is kind of coming on stream slowly, slowly, slowly. Uk is also coming on slowly. So we will for the foreseeable future. We'll stay in those markets and really drive drive that business forward. And then, you know, then we'll see how the other markets develop in terms of awareness built. Yeah, that's that I think is as much as I can say. Yeah.

[01:08:01] **Bilal Aziz, VP, Investor Relations & Treasury:** Yep. And on current trading and so not not a whole lot of discrepancy between what we've seen typically. You know, we and particularly in Q4. So the US was particularly strong. You can you can take that comment going forward. And of course, we've still got a few challenges in some of the European markets. You can take that forward as well. So it won't be materially different as we stand.



[01:08:24] **Anders Boyer, CFO:** Maybe the only one to call out that we have also spoken about for some time is that you should expect Germany to normalise after this sort of exceptional growth that we've seen for for quite some time.

[01:08:40] **Anne-Laure Bismuth, HSBC:** Thank you.

[01:08:44] **Operator, Conference Call:** The next question is from the line of André Thormann from Danske Bank. Please go ahead. Your line will now be unmuted.

[01:08:53] **André Thormann, Danske Bank:** Hello, everyone. Thanks for taking my questions. Just two from me, please. The first is on the price elasticity. And and you keep mentioning this minus one. And I just wonder why you keep on sticking with it. Because it sounds like you have seen better price elasticity in some markets. And it's maybe a bit between the lines that it's, it is actually better than, than the minus one. So that's the first question. The second question is around this 2026 guidance and and the spot silver price that you also mentioned in your remarks. And I just wondered if if you take the spot silver price just to be sure, would you still be able to reach the 26 to 27% Ebit margin in 26? That's my questions.

[01:09:40] **Anders Boyer, CFO:** I'm glad to say and thank you for those two questions. We as as we did say, the price elasticity in some markets were a bit better than minus one. And then there's others that were it's just around the minus one. And we think on average I think the good way to model this, as Alexander says, is to assume minus one. Also, given how the macro backdrop in general, consumers being under pressure, I think that that's a good way to to, to to think about it and do for your modelling, which kind of back of the the back of the envelope rule of thumb would



be that one point of price increase is around 20 basis points of Ebit margin uplift. That's kind of how to think about it. Then, as we see right now, it might have been a little bit better than that, but it doesn't change the direction. And then on on silver prices and and and the and the margin target I think given that we've already pointed towards the low end of the target on a 30.5 then it is some 60 basis points, I guess, a additional headwind based on on the trading right now, if that persists well, then then we will have to take another round and look at what what can be done. So it's not something that we would be able to confirm as of now. We are already mitigating a lot with at 30.5 USD, which I think in a way just that is a quite something whether we can get to 60 basis points more. That would be two too early to say. Then we would need to see being able to do even more pricing elasticity in sort of in hard numbers, really being nicely below -1.0 and or the cost program generating more or earlier that that also comes into play. But so let's, let's keep talking about it as we go through 2025, but we can't confirm it at this point in time.

[01:12:10] **André Thormann, Danske Bank:** Great. Thank you so much.

[01:12:15] **Operator, Conference Call:** And the next attendee in the line is Anthony Charchafji from BNP Paribas. Please go ahead. Your line will now be unmuted.

[01:12:24] **Anthony Charchafji, BNP Paribas:** Thank you. Good morning. It's Anthony Charchafji from BNP Paribas. I have just two questions left. The first one would be on, on on CapEx guided at 7% of sales. It was 6% in 2024, but it's with a store expansion much, much lower. I understand that there is some some cost on the on the new facility in Vietnam, but maybe can you can you can you remind us the the CapEx bucket for 2025 and why it is increasing? My second question would be on on 2025 guidance. So on this, I think you you you mentioned that you expected gross margin flat. So



it would mean a it would mean that the deleverage would come from from the opex. But if I see the the bridge, I think the commodity impact is, is on the gross margin. Most of the ethics as well, the price increase on the gross margin as well, and network expansion of 40 Bips should be helping the OpEx. So just to just to have a bit of help on the modelling between the gross margin and the OpEx for 2025. Thank you and well done.

[01:13:45] **Anders Boyer, CFO:** Thank you, Anthony, for for for those two questions. Yeah. You're right on the network expansion. The the headline number will be be lower. But of course, what impacts the the capital as such on the network expansion is the gross number Ex-china which that's still a little bit lower, but not that much lower compared to 2020 and 24. And then the other two drivers that takes it towards towards the 7% rather than 6% is that this year we will have the peak on the CapEx on our new crafting facility in Vietnam. And so a decent amount more being invested compared to 2020. 24. I think that alone, just looking at my numbers here is it's actually almost a percent of revenue. More just on Vietnam. We're spending in total just around 1 billion kronor. Building the factory in Vietnam. And 500 million kronor of that will be invested in 2020 and 25. So that's really the key. The key one. And then on the the Ebit Ebit margin bridge it's a good it's a good reflection on how the leverage comes comes up. So we with the EBIT gross margin being sort of roughly flat to slightly down in 2025. That's kind of, as you say, indirectly means that the the opex ratio should be sort of flattish year over year. And that's pretty much how to that is pretty much how to to think about it. In for, for, for the, for the year. I don't know whether that answers your questions or your question, but maybe I missed the last one.

[01:16:05] **Anthony Charchafji, BNP Paribas:** No. All good, thank you. Thank you very much.



[01:16:11] **Operator, Conference Call:** We now have a follow up question from Kristian Godiksen from SEB. Please go ahead. Your line will now be unmuted.

[01:16:26] **Kristian Godiksen, SEB:** Thank you for two follow up questions from my side, please. So so the Ebit margin guidance for 25 and 26. I was just wondering if you could break down the assumptions on the marketing spend as a percentage of revenue. And then the second question would be on the outlook for China. And maybe you could put some more commentary on your changing the GM. Thank you.

[01:16:50] **Anders Boyer, CFO:** Okay. On the first question on marketing, that's kind of what goes into the leverage bucket where we will see as the years go by. So how much do we want to invest in building the brand, both for, for the year and for the long term? So that kind of goes into that dynamic of where we end in the 0 to 1% operating leverage range. But it's clear that we will we will keep investing as long as long as we're going through the restaging of the brand to be known as a full, full jewellery brand, I think that that's probably as much as we can say on that line.

[01:17:35] **Alexander Lacik, CEO:** China. Nothing's changed from what we've been discussing in the past. You know, it's a difficult market for us. It's a difficult market in general for many. So there's you know, we keep kind of trying in Shanghai. Now we need to prune a little bit stores where we feel it's too far away from, from actually making us any decent profit. So it's just cleaning up the channel a little bit so that I don't have anything meaningful. Different news regarding China at this point in time to talk about.



[01:18:06] **Kristian Godiksen, SEB:** Okay, maybe. Just lastly, remind me on have you upgraded any of the stores in China? Has that had any impact or...?

[01:18:14] **Alexander Lacik, CEO:** No, we've been quite sparse with that given given the very poor performance. Yeah.

[01:18:22] **Kristian Godiksen, SEB:** Okay. Okay. Thank you.

[01:18:28] **Operator, Conference Call:** The next one is Lars Topholt from Carnegie with a follow up. Please go ahead. Your line will now be unmuted.

[01:18:34] **Lars Topholm, Carnegie:** Yes. Thank you. I just wonder if you can give an update on your entry or more intensified entry into Japan, Korea and also status in India, please.

[01:18:49] **Alexander Lacik, CEO:** Yeah, so we added quite a few. It's more like shopping shops. It's more of a department store type market in Japan with quite some, some good, good outcomes last year. Now we are slowing that down a little bit, consolidating that, taking those learnings. In Japan, Korea, you know, we were on you know we are back on on good terms with the distributor there. So I think that business also picked up as we kind of now try to drive it more the way the Pandora business should be run. And then as it comes to India, we're still in negotiation, trying to find a suitable partner for us. There is nothing firm locked and it's quite important that we land this one as as right as we can. So we are not rushing it. It's a it's a big market opportunity, but we need to kind of make sure that the starting point is sensible for us. So you know, we're not stressing the situation in India. So we're still working on finding a good partner for the business.



[01:19:55] **Lars Topholm, Carnegie:** And there's still no change, Alexander, to the strategy of India initially being a distributor market. That's still the plan right?

[01:20:03] **Alexander Lacik, CEO:** Yeah. we need somebody that understands the dynamic of of the local market. As you know, we don't have any any prior experience in the business, not in terms of people or nothing documented. We had five stores there with a distributor that didn't really do much for the business, so it took some time to unwind that. I'm just happy it wasn't 100 stores. So yeah, so I think that in that type of market is better to line up with somebody who actually understands the ins and outs as much as we understand Europe and North America, because we're kind of the crew is from there. India is a is an entirely different ball game. So yeah, I think that's the right way to go.

[01:20:47] **Lars Topholm, Carnegie:** Thank you.

[01:20:50] **Bilal Aziz, VP, Investor Relations & Treasury:** Brilliant. That that concludes our call. I'll hand over to Alexander for a few quick final remarks.

[01:20:55] **Alexander Lacik, CEO:** Well, I mean, thank you, first of all for paying attention to us again. We're always grateful for that. We concluded 24 on a high. Not an easy year. And, you know, I'm sure that there's going to be new curveballs thrown at us in 25. But we've shown that we're quite resilient and and agile to to deal with that. I do like to stress all the work that Andrés is leading in terms of the cost program. I know you have a lot of questions, and maybe not getting all the level of detail that you're looking for, but but, you know, I think the headline is that we reconfirmed the EBIT



targets, albeit in the lower part of the range, and that there's a lot of confidence around that now. There's obviously an open point on how silver is going to move up and down. So so that remains a little bit of an open point. But other than that, I think we have good understanding of where we have the holes in the cheese and also where we have the good parts of the cheese. So we'll keep pushing forward. And again, reiterating 7 to 8% organic growth as a as a target for the year in a market which is most likely going to be flat at best is still a fantastic outcome. So see you out there in subsequent calls and subsequent quarters. Thank you very much for paying attention.

