

Pandora

Third Quarter Results 2025

[00:00:00] **Bilal Aziz, SVP, Investor Relations, Treasury & Strategy:** Good morning everyone, and welcome to the conference call for Pandora's Q3 2025 results. I'm 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. I'm also really happy to have with us today CEO designate and current CMO Berta de Pablos-Barbier. 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. On that point, I will hand over to Alexander on slide three.

[00:00:30] **Alexander Lacik, CEO:** Thank you Bilal, and welcome everyone. Let me start with a few high level points on our business. So we've been operating with very challenging macroeconomics actually for a while now. But even in this difficult setting, we continue to execute on our strategy and repeatedly deliver solid organic growth. The strategy centres around investing behind the Pandora brand and bringing more exciting innovations to our consumers. This will help keep us relevant today, and we'll drive value for us well into the future. Our business model and financial algorithm remains incredibly healthy. You can see that in our gross margin, still operating close to 80%. Despite the macro headwinds. We keep having very healthy margins, we keep generating significant cash flow, and we keep driving healthy EPS growth. These points are also clear when we look at Q3. So now let's have a closer look at the quarter. Next slide please.

[00:01:31] **Alexander Lacik, CEO:** Again we did a good job in a tough backdrop. We have maintained good discipline on the Phoenix strategy and our overall mission to build a full jewellery brand. We



delivered 2% like for like growth, which alongside network expansion drives 6% organic growth. The like for like growth has been a bit below our usual run rate over the past few years, obviously not helped by the broader macro and consumer sentiment. But we know what to adjust, and we have a healthy pipeline of growth initiatives. On profitability we're impacted by external headwinds from tariffs, foreign exchange rates and commodities. In that light, we're very pleased with the profitability of the group with gross margins, as I mentioned, just around 80%. The underlying performance is even stronger. So our core profitability drivers offset a lot of the external headwinds. Finally, our return on capital remains very high at 43%, something you should generally expect from us. On EPs, we continue to drive good underlying growth. So overall quite a satisfying quarter. Now let's have a look ahead. Can we move to slide four please.

[00:02:43] **Alexander Lacik, CEO:** On guidance we've generally left things unchanged, but with a few tweaks. From a top line perspective, our guidance is still for organic growth of 7 to 8% for the like for like guidance. We're now expecting that to be 3 to 4% versus 4 to 5 previously. And there's a few things to highlight there. First, due to the broader macroeconomic situation, we've changed the like for like range slightly, as I mentioned from 4 to 5 to now to be 3 to 4. The low end of this range would require a worsening of the macroeconomic situation. We are also mindful that the holiday season can be quite promotional. So we built in some room for that too. On network, our new stores are performing a bit better than expected, so we have raised our expectations to a 4% growth contribution as opposed to 3% previously. Therefore, in total, our organic growth guidance of 7 to 8 remains unchanged, albeit, as I mentioned, with a slightly different composition. I'll let Anders talk about some of the specific details here later on. Finally, that brings me on to current trading. In October a like for like trading has been around 4% and thereby above the Q3 level. So an encouraging start to the quarter. On the Ebit margin guidance, the messages that it's unchanged at

around 24%. We have managed to absorb, quite frankly, an insane amount of headwind this year and are very pleased that we can still target an Ebit margin in the mid 20s. I actually think that's a fantastic outcome, and a true testament to the health of our business model and the agility of our organisation. Can we move to slide seven, please?

[00:04:27] **Alexander Lacik, CEO:** Our strategic focus is to attract more consumers to the Pandora brand by broadening our appeal as a full jewellery brand. Our North Star is the Phoenix strategy and the pillars you can see on this slide. This year we've started to dial up our focus a bit more on the two aspects you see on the top of the wheel, brand and design. This is something that will continue into 26 and beyond as well. That brings me nicely on to the next slide.

[00:04:55] **Alexander Lacik, CEO:** I already showed this last quarter, but I'll highlight it again. It shows how big the growth opportunity is for us beyond wristwear. As a brand as you know, we come from mainly operating in around 18% of the market. Increasingly targeting the other 82% of the market is what makes our growth profile really exciting. You see the main elements of the Phoenix strategy on the previous slide. We are sharpening some of our execution to attract more consumers to the brand and drive like for like growth. Some of you may remember from last year that I mentioned how our focus will naturally shift towards design and brand. This includes really looking to dialling up our innovation pipeline and marketing efforts, something Berta also fully endorses. The launch of Talisman and Mini's Subcollections are good examples of how we drive incremental newness that brings excitement to the brand. You will also see us dialling up our relevance on a more local level, through the use of some asset that reflects our brand values. And then last but certainly not least, we see opportunities to optimise our in-store experience. I'll come back to that a little bit later. Now let's have a closer look at our marketing. Next slide please.



[00:06:08] **Alexander Lacik, CEO:** Here are some examples of what we've been working on actively through Q3. That gives you a taste of what's to come in the future. From a marketing standpoint, it's fair to say we've made a big impact already with our Talisman launch. The press and media coverage of the collection has been fantastic, and initial consumer reactions are also very positive. You will remember how in the previous quarter we mentioned, we would also be looking to dial up our brand heat on a local level. Pandora is and will always be a global brand, but there are clear areas where we think we can be sharper and even more relevant to consumers on a country level. We've started to execute this already in some markets and see good impact. This is something we will continue building on. Before I move to the next slide, I also want to comment that our new Christmas campaign is now live. It's a campaign that is more rooted in Pandora's true DNA, driving meaningful moments, and we're super excited for that. So please keep an eye out for that next slide, please.

[00:07:07] **Alexander Lacik, CEO:** I mentioned earlier on in the year how we're excited about our creative pipeline. This year. We focussed the newness in our charms and carriers core. It's always important we keep this offering fresh and front and centre of our consumer minds. We did that through the introduction of our Talisman and Minis collection, and so far most of our media efforts have focused on the Talisman. I mentioned previously that the media coverage of our launch has been very successful, and we've also seen this translate in the actual stores. The Talisman collection has resonated very well with consumers, with good initial results in all markets. It's still a relatively small collection from a design variation perspective, but the consumer appetite to engage has been incredibly pleasing to watch. This demonstrates how we can continue to drive consumer engagement with our unique combination of innovation, affordability and storytelling. Now it is our



job to build on this momentum, something I know Berta will have a sharp focus on going forward.

Next slide please.

[00:08:11] **Alexander Lacik, CEO:** Now innovation doesn't just limit itself to new designs. It stretches all the way from optimising current designs over crafting methods to new material innovation as well. We are advanced in exploring creative innovation that is anchored in our distinctive DNA as a precious metal jewellery brand in the space of accessible luxury. This innovation will allow us to mitigate a material part of the cost headwind we face from higher commodity prices, in particular on precious metals. Our consumer research here has been encouraging, very encouraging, in fact. And let me be clear. Everything we do is being led from a consumer standpoint. That's the centre of gravity for us. Pandora's brand DNA is to provide beautiful, high quality jewellery that is accessible to the many. I won't be more specific at this point in time for competitive reasons, but of course we will keep you updated when the time comes. In conclusion, we're excited about the opportunities ahead to keep driving our business model forward. Next slide please.

[00:09:17] **Alexander Lacik, CEO:** Let's now look at our two segments Core and Fuel with more. As you know, a 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 I mentioned earlier, the newness we have is impacting within the core, which helped support growth here at 1%. The new sub collections we have launched are within the Pandora ME, which delivered quite strong like for like growth of 34%. You can see once again how over the past three years, we've been able to drive good, stable growth sequentially in our core, exactly in line with our plans. Next slide please.



[00:09:58] **Alexander Lacik, CEO:** Our Fuel with more segments grew at 2%. That's probably a bit lower than what we would have liked. But as I just mentioned this year, our creative newness has been more tilted towards the core. So there always will be some small swings. We have good upcoming plans for this segment in next year. Let's now move on and have a look at the markets. Next slide please.

[00:10:20] **Alexander Lacik, CEO:** As always I'll start with our biggest market the US which delivered a strong 6% like for like growth. This performance is particularly impressive of the tough comps we face in the US. Our brand metrics are very strong here. The response to our new Talisman subcollection has also been very positive. As with all markets, our attention now shifts to the holiday season and we've started Q4 in our largest markets in a pretty good shape. Next slide, please.

[00:10:47] **Alexander Lacik, CEO:** In Europe a total like for like growth across all markets came in roughly flat at minus one. We continue to see strong growth in Poland, Spain and Portugal to name a few. Where the brand is going from strength to strength. Performance in these markets was somewhat offset through weakness in our four European markets that we have historically disclosed separately. I'll pick out a few specific points. The overall environment remains tough in many European markets, but we will also sharpen our execution in a few of them. The first signs of that can be seen in Italy, where I mentioned that we've leveraged some more local marketing to drive brand heat, and the new subcollections have also seen good consumer interest. We've started to see pickup in traffic now in Italy, which is the first important sign we always look at. We will also leverage these strategies in some of the other markets. In the U.K. our like for like growth remains soft at minus eight, not helped with the performance of our online platform. We're working on fixing



this whilst pushing forward with our brand and product initiatives. Finally, in Europe, we'll also dial up our affordability proposition a bit better. The launch of Minis is certainly helping with that, but as I mentioned in the past quarter, we are realigning the pricing architecture slightly in some markets. So overall, our European growth remains somewhat mixed. But we have a plan we're executing on this and we see first signs of improvement. Next slide please.

[00:12:13] **Alexander Lacik, CEO:** In rest of Pandora we delivered another good quarter of 6% like for like growth. This was helped by some of the markets I mentioned on the previous slide, namely Spain, Canada and Portugal. But moving beyond Europe, Japan continues to do very well and is showing very strong like for like growth as we're beginning to build a brand presence out here. In Mexico we saw good improvement due to some of the actions we're taking. This is despite the highly promotional environment in that market. We are confident that our improvement continues into Q4. Finally, in Australia we saw continued good like for like growth of 4%. We have solid. We had solid performance through the quarter and are also investing in the brand for the long term here. Next slide please.

[00:12:57] **Alexander Lacik, CEO:** Here you can see a familiar slide on how we create value from our network. We're broadly on track with our openings this year targeting around 50 net openings by the year end. As I mentioned reflecting the good revenue ramp up we've seen from the openings from the past 12 months. We've upgraded our organic revenue contribution to be 4% from previously 3%. That should give you a good indication of how quickly we do see revenue pick up in new stores. We have little to no cannibalisation from existing stores as we typically open up in pure whitespace areas. Of course, the number of 50 openings might look low this year, but keep in mind that's net of the 100 closures in China. The latter do not impact revenue significantly. So we expect



the gross earnings to also contribute nicely to revenue into next year. As always, you'll see on the top of the slide the economics of new store openings in Pandora. A fantastic aspect of our business is our highly productive stores generating very strong shareholder value. Next slide please.

[00:14:04] **Alexander Lacik, CEO:** Finally, before I hand it over to Anders, I just wanted to highlight that we continue to sharpen our in-store execution. Part of this comes from the new store concept, which we now have sitting at close to 700 stores. But we've also decided to enhance the store design and layout to attract more consumers. This includes enhancing visual merchandising and elevated facades. We are also accelerating the adoption of a new digital window framework, which 80% of our stores should have already by the end of next year. Whether it's the flagship stores or the new formats, it pretty clear that we have an exciting opportunity to improve how the full jewellery brand comes to life in our stores. And on that note, I'll hand it over to Anders for a closer look at our numbers.

[00:14:48] **Anders Boyer, CFO:** Thank you Alexander and good morning everyone. Please turn to slide 20.

[00:14:54] **Anders Boyer, CFO:** Our reported financial performance is impacted by the significant external headwind from commodity prices, foreign exchange and tariffs. And this obviously distorts the picture when you look at the reported numbers. But if you look at the underlying performance, you'll actually see that it remains very strong. On the gross margin, for example, we had 280 basis points of combined external headwind in the quarter, but the reported gross margin was down only 80 basis points to 79.3. And that means that our actions through pricing and cost efficiencies had a strong positive effect in the quarter. So even despite all of these headwinds, we are on track for a



full year gross margin to be only slightly down versus 2024. I'll talk about the Ebit margin shortly, but the other KPI i will mention on this slide is earnings per share. The reported EPs is down year over year in the quarter. But again, if you adjust for the FX headwinds then we're driving quite nice EPs growth of 5% in the quarter. I normally don't like to talk about adjusted KPIs, but in a quarter like this, you need to look underneath the reported numbers to understand what actually goes on. And when you do that, you'll see that our financial algorithm keeps running well. Next slide please.

[00:16:23] **Anders Boyer, CFO:** On this slide we break down the revenue growth in the quarter. And we have commented on most building blocks already. And so I'll just add one comment to like for like. Like for like growth in the full third quarter was 2%. And. But as we launched the Talisman and Minis collections towards the end of August, and as we continue to evolve execution in the other areas we have talked about today, we have seen like for like improved since this summer and then reached 4% in October, as Alexander said. Next slide please.

[00:16:59] **Anders Boyer, CFO:** I've already mentioned the external headwind that we faced on the gross margin. And those headwinds obviously also feeds into the Ebit margin. But at an even higher level, you can see those headwinds in the dotted box here with a total of 380 basis points of external headwinds. And without these headwinds, the Ebit margin would have been 17.8% in the quarter and up versus last year. As you can see in the purple boxes on the bridge, these headwinds were partly offset through the effect of network expansion, pricing and cost efficiencies. Ebit margin in the quarter ended exactly in line with the plan. And as you can see, we therefore also keep the guidance for the year unchanged. And then please go to slide 24. This slide explains our top line guidance for 2025. And Alexander already spoke about our thinking. So let me just elaborate on a few points. The overall organic growth guidance is unchanged at 7 to 8, but the composition has



changed slightly. We've lowered the like for like range to be 3 to 4% versus 4 to 5% before. Since the start of the year, the macroeconomic picture has become more clouded and uncertainty has increased. And we did see softer trading during the third quarter. And this has made the old high end of 5% like for like a bit too ambitious based on how we see the world today. On the low end of the new 3 to 4% range. We have factored in a potential further macro weakening in the fourth quarter and a potential more intense promotional environment during the holiday season. And we think that's prudent given the environment that we see. As you have probably calculated, the new like for like range implies a like for like growth of around 2% to 4% in the final quarter of this year. And as we said, we started the fourth quarter with 4% like for like in October and thereby in the upper end of the implied range. And finally, on the network growth, as Alexander already mentioned, the new stores were opening are ramping up faster than expected. So we expect to land closer to a 4% growth contribution for the full year, as opposed to 3% previously. Next slide please.

[00:19:32] **Anders Boyer, CFO:** On the Ebit margin for 2025. Our guidance is unchanged, and we still expect to land around 24%. And the building blocks that you see on the slide here are also broadly unchanged. But again, I would like to draw your attention to the 280 basis points of headwinds, which sits in the dotted box in the bridge on this slide. And in that context, we are actually quite pleased with Ebit margin of around 24% this year. Next slide please.

[00:20:04] **Anders Boyer, CFO:** Now finally I just want to give you an update on our latest thinking about the 2026 Ebit margin given how commodity prices keeps moving. And also here I want to highlight the total external headwinds since we issued the Ebit margin target back at the Capital Market Day in October 2023, and they now amount to a total quite significant headwind of 620 basis points. And that's the sum of the headwinds from commodity foreign exchange and tariffs. As



you can see in the dotted box in the bridge. Given the recent surge in commodity prices since we last reported to you in the second quarter, we see an additional 120 basis points of Ebit margin headwind next year in 2026. And that takes the target to around 23% for next year, versus the at least 24% that we spoke about in the last quarter. Our mitigation efforts are tracking exactly as planned on pricing. We continue to expect the benefit of around 210 basis points on our costs side. We are moving ahead full speed on the cost program, which we call Project Silverstone, and we are executing as we speak. And at this point in time, we still expect savings equivalent to a 50 to 100 basis points margin uplift in 2026. And then finally but important, as Alexander mentioned, creative innovation has the potential to mitigate a material part of the Ebit margin headwind. When we when you look beyond 2026 and thereby also has the potential to protect our high margins and protect our strong financial algorithm. And on that note, I'll hand it back to Alexander.

[00:22:05] **Alexander Lacik, CEO:** Thanks, Anders. So to conclude, let me just highlight a couple of things. Our business model is healthy and very resilient. You can see that in our gross margin still operating close to 80% despite all the headwinds that are just detailed. Secondly what we will protect in our business model is our ability to innovate and be ahead of the curve. Our recent launches demonstrate the potential, and we're working on some really exciting innovations which also have the potential to both drive consumer excitement and deliver margin protection at the same time. Finally, we're targeting another year of solid organic growth and are well geared for the holiday season. Before we turn over to the Q&A, I'd like to add a short comment to our announcement a couple of weeks back. As you know, I decided to retire next year. I'm sure you will see. I will see most of you before I leave, but I'd just like to say that it's been the greatest honour of my professional life to lead Pandora over the past seven years. I'm incredibly proud of what we've built, and the company today stands on a very strong foundation and with a clear path to grow.

Everything has a beginning, middle, and an end, and now it's going to be time for me to spend my energy on other things. Anyways, I'm always very happy that I can. I'm super happy that I can pass the baton to Berta, who I know will do a fantastic job. So I just hand over to her to say hello.

[00:23:33] **Berta de Pablos-Barbier, CMO:** Good morning everyone, and thank you, Alexander. I am really honoured and excited to take over as CEO next year. I've already been here a full year and let me tell you, I see many exciting opportunities ahead of us. All that building on the vision to become a full jewellery brand. I mean, this past four weeks I have worked even closer with you, Alexander, as we are planning the transition. And I think we both agree that we are making it a very smooth one and a very pleasant one. So I really look forward to speaking with you all in the near future and continuing the strong engagement that we have had. So with that, Bilal, I believe we can open to the Q&A that will be headed today by both Alexander and Anders.

[00:24:24] **Operator:** If you do wish to ask a question, you will need to press five star on your telephone. To withdraw your question. Press five star again. First up, we will have Grace Smalley from Morgan Stanley. Please go ahead. You'll now be unmuted.

[00:24:41] **Grace Smalley, Morgan Stanley:** Hi. Good morning. Thank you. And thank you again, Alexander, for all your help. And congratulations to Berta. I have two questions, please. The first one would be on pricing. Could you just help us understand what you're now seeing on pricing elasticity relative to your previous assumption of one? And more broadly, on your entry price point, I believe part of your strategy part of the strategy has been especially on the back of some of the Deep Dive work you've done in Italy is related to increasing the offering entry price point. So could you just help elaborate on that strategy and any initial learnings from that so far? And then my second question



would just be on the creative innovation you've mentioned with the idea of mitigating some of the margin headwinds in 2027. Appreciate you don't want to share too much detail given the competitive landscape, but can you just help us understand how you're thinking about testing those initiatives and managing the potential consumer impact and brand perception, and whether you think kind of the work you are doing here could be a key differentiator, as other players are also trying to offset some of these headwinds. Thank you very much.

[00:25:52] **Alexander Lacik, CEO:** Okay. I can give give it a go. And then you guys file in as you see fit. So I think the elasticity assumptions still sit around the minus one. I don't think there's any change worth reporting here. Then in terms of the entry price points, as you mentioned. So one of the things obviously, it's not only about the price points as such, it's also about the innovation that we put in there and in specifically around let's call it charms sub. Let's call it 39 euro dollar pounds. Where I think we've probably not had enough exciting news. So a way to address that has been through the introduction of Minis, part of the talisman range and a few other things that that we have been bringing. The other aspect of that has also been to relook a little bit on the pricing architecture, where maybe we've moved some some price points above the 40 decile and reconsidering whether that should be dropping down below again. So those are kind of the actions that we are taking very surgically. We're moving step by step. Then when it comes to the creative innovation. Yeah, we will keep the lid on this, but you can rest assured that the starting point is not Cogs. The starting point is continuing to stay true to the Pandora DNA, which I mentioned in the presentation around affordability, around precious metals. So everything we do is going to be thoroughly tested. We've, in fact, already done. I think it's over 2020 odd thousand interviews on this to ensure that from a brand fit concept fit value fit, it's it's smack in the middle of who we are. So, so the identity of this brand is not going to change due to the innovation. Will it be a key

differentiator? Let's see. I obviously don't have a crystal ball. And to see what other people are doing around us. But surely it will be a very, very strong consumer proposition that we're intending to bring to the market. That's as much as I can reveal today.

[00:28:05] **Grace Smalley, Morgan Stanley:** Very clear. Thank you very much.

[00:28:10] **Operator:** And as a reminder, in the interest of time, we ask that you please limit yourself to two questions. If you have additional questions, you may rejoin the queue. Next up is Lars Topholm. Your line is open.

[00:28:25] **Lars Topholm, DNB Carnegie:** Yeah. Thanks for taking my questions. Actually, I related to a question. And maybe it's a bit naive to ask because I'm not asking for 2027 guidance, but when you specifically point out you expect to mitigate a material part of I guess the 370 bips headwind you see into 2027, how much is a material part? Can I compare it to the 200 you mitigated this year, or how should I think about that? Thanks.

[00:29:00] **Anders Boyer, CFO:** It's not not an not an unexpected question Lars, obviously. But thanks. Thanks for that. The the best way to look at it is actually to use 2025 as the starting point. And in, in this year, we have the the PNL sits with a \$28 in the PNL. Give and take. And it's that increase from \$28 this year to \$48 that we're basing the company announcement on that will hit the PNL in 2027, that \$20 uplift on silver and the equivalent on gold where we see that we can mitigate a material part. So so it's actually a material part of the total. I'm just thinking loud here. 600 basis points of headwind across from from 25 to 27, not just from 26 to 27. So a material part of that 600 basis points and that, that we see a way forward to but how exactly how much and how



fast as well I should say that that's a bit too early, but we do know enough today that we can say over time, whatever that number of years is, we can mitigate and material part of, of it and and so and then I would like to maybe take the opportunity here to add a couple of a couple of points because with this creative innovation, to the extent we can actually do it, it doesn't just have a nice margin uplift or to Alexander's point, starting with a nice consumer opportunity for us. But it actually also reduces the commodity exposure in our PNL as well. So it exposes our earnings model less to to swings in, in commodity prices. And then lastly, if I'll take the liberty of saying if you take a step back. Then when we had the CMD in 2023, the starting point was an Ebit margin of 25% back then. And then over the course of those 25 months since October 2023, we have had 1000 basis points of headwind across commodities, FX and tariffs between 2023 and 2027. So it's it's it's pretty it's pretty significant. So what we're saying today is that that with the combination of pricing, with leverage, with the Silverstone cost projects and now also creative innovation in a broader sense, that's actually a way forward for us to keep margins almost unchanged compared to 2023, despite all of this headwind and thereby protect our financial algorithm. That's quite okay in my book. I can't give you a hard number yet, even though I would love to do that. It's a little bit too early to do that, but we will definitely keep you, keep you posted.

[00:32:27] **Lars Topholm, DNB Carnegie:** But Anders it fair to say that if you expect to be able to mitigate an unspecified but material part, that long term business model still have margins well ahead of 20%? And then I guess a related question, maybe that's my second question. So so when you talk about reducing the exposure to silver, I guess in particular, it sounds to me like you're talking stainless steel. Maybe you don't want to comment on that, but can you comment on how that creative innovation affects the way you produce? Will it allow you, for example, to use more

robotics? Will it allow you to do printing directly in metal? Can you talk about what that brings about design opportunities. Will you do PVD coding, for example? Maybe some words on that.

[00:33:23] **Alexander Lacik, CEO:** Lars I understand your question, but we will not answer that. This is way too sensitive to get into. The only thing I will point out that we will not turn into a costume jewellery player. We will still remain with precious metals. We're just finding another way to execute that. That's as much as we will. I know you all want answers on this, but from a competitive standpoint, I'd be crazy to give you that today. So you just have to hang. I think it's I think the statement Anders gave is a strong indication that we still believe that the earnings model that we're operating under today is going to be valid in the future as well. I think that's as much as we will stretch the conversation to.

[00:34:09] **Lars Topholm, DNB Carnegie:** That's fantastic. Thank you very much, guys.

[00:34:15] **Operator:** Our next question will be from the line of Daria Nasledysheva, Bank of America. Please go ahead. Your line will be unmuted.

[00:34:23] **Daria Nasledysheva, Bank of America:** Hi everyone. This is Daria from Bank of America and thank you for taking my questions. I have two as allowed. Could you please talk a little bit about Germany where like worsened a little bit despite an easier comparison base, how should we be generally thinking about the growth trajectory from here for the geography? And what are you seeing so far in October? And my second question would be on gold and silver. Could you please help us understand a little bit about hedging? Doesn't look like you have been hedging much



recently for obvious reasons. And also given how much you hedged earlier in the year. But is it currently on pause and you're more in a wait and see mode if you could help us there? Thank you.

[00:35:04] **Alexander Lacik, CEO:** Okay, I can start off with the German question. I think the end line of of this question is we will see Germany in growth next year. Okay. I think that that's the important point to make here. What we have sitting in the base. I mean, the Q3 wasn't necessarily much easier from a comp standpoint. In last year, in the same quarter, we grew by 45%. And I think prior year in 23, we were growing 30-35% from memory. So over a two year stack, you're looking at over 70% growth. The important point here is, and we made this comment last year because a lot of that growth last year came because of this viral trends through TikTok. And we've been very clear to everyone that we didn't see this as part of the underlying business going forward. So of course, when it happens, we're happy to accept those customers coming through the door. But we also need to be very clear on what actually becomes a sustainable business. The good news on that, though, is when we look at the kind of customer base. Over the last three years, we've literally doubled the customer base, which actually means that even a lot of these TikTok trends, we actually retain that customer to come back to us again. So that that's the good news. Of course, when you have this huge mountain to climb year on year, it it's not that easy. And and the science around this isn't, isn't as precise because how much of the 45 was due to the TikTok versus Q2? God only knows. So and as you say, the comps going into next quarter are easing up a little bit. It doesn't mean it's easy, but I think as we get into next year we should see growth, healthy growth coming out of the the German business. The brand is in super good shape. All our brand metrics are very strong in Germany. So so this is purely a comp issue, nothing else. And then I'll hand over to Anders on the hedging or Bilal maybe.



[00:37:08] **Anders Boyer, CFO:** But thanks for for that question on the hedging. You're right that we haven't hedged more gold and silver since April where we took the opportunity to hedge a little bit longer out. We stick to the our hedging guidance of hedging gold and silver production, hedging 70% of the next 12 months of production. That that's our sort of rule of thumb where we'll stick to that, but we'll not get below that hedging level until a couple of months further out compared to today. And then then we'll go back and hatch as per per usual once we get get to that 70% threshold again.

[00:37:52] **Daria Nasledysheva, Bank of America:** Perfect. Thank you.

[00:37:57] **Operator:** Our next question will be from the line of William Woods from Bernstein. Please go ahead. Your line will be unmuted.

[00:38:05] **William Woods, Bernstein:** Hi. Good morning. I think last time we spoke we talked about how you're balancing growth and margins. And I think you described it as a tightrope walk. How do you think that balance is going at the moment. And I suppose, do you think you'll need to give up more margin in the next year or so to, to drive further growth? And then the second one is, I suppose when you look at the slowdown in the underlying business, the like for likes, how much of this are you ascribing and do you think is due to consumer weakness versus an underlying downturn in the brand or with fewer? With more? Thanks.

[00:38:40] **Alexander Lacik, CEO:** Let's just decipher your first question. So are you are you suggesting pricing, playing a marginal. I'm just. So I'm answering the right question here.



[00:38:51] **William Woods, Bernstein:** No, sorry. I think it's about the balance of growth and margins going forward. I think before we were talking about it being a tightrope walk of kind of pulling a little bit of margin to invest in growth or, or either way. How do you think about managing the business going forward for growth or for margins.

[00:39:09] **Alexander Lacik, CEO:** I mean, we've always said that the algorithm of this business is by generating more traffic and through more traffic than you drive, like for like, and then when we drive like for like people like yourself, like our stock and then the share price appreciates that nothing in that has changed. Now, of course, the sentiment around us and the macro around us has arguably become a little bit more challenging to the tune of what you see now. But I don't see that there's any change. We're not going to start driving this for for Ebit margin. This is the wrong thing or wrong thing. But if I have to choose between the two, the what we've been doing the last couple of years, we'll keep pushing on the top line. Then on your other question, you actually have to peel the onion a little bit to, to get under the skin of that question because it's, it's not a uniform answer. So it depends on where we're asking the question on the underlying growth. So if we if we look at it from a regional standpoint, which is kind of how, how in the future we'll report it, but it just gives you a slightly different perspective on North American business is growing at 6%. Canada is growing even stronger than that. So I don't have a real issue there. Now, the consumer sentiment, we can always argue, but my starting point from a market opportunity is still continues to be very high. And we have great momentum. Brand is strong, we're generating more traffic and therefore like for like is is solid. Then we go to Asia Pacific. That's growing by five points. Similar dynamics Australia has gone from having a quite weak macro in the last few years. That's turned a little bit more positive. I think we are playing to a better tune there. The brand is mature, but it continues to to deliver good growth. Japan is in that region as well, where the business is, is really flying, and that's kind of an



interesting insight as we're thinking about spending more energy in that region going forward. Then you go to Latam, which grew by one point. We know we had some issues as we were trying to detox our Mexican business, which of course is the lion's share of the business out there. So so then kind of we go back to the old known mechanics and that business responded. So, so going forward that should improve. And then we come into Europe. And again Europe is minus one or flattish pick one. But within Europe I mean we have markets like Poland Eastern Europe, I should say, largely speaking, you have Iberia, Portugal, Spain, Greece, you have a number of countries in what we call now the EMEA cluster, which are in double digit growth. And then we have a couple of question marks in Europe so we can talk about them. And each country actually has a slightly different mechanic. So if I start with Germany that we just spoke about. Yeah, that posted a negative number, but actually underlying is a super strong business for us. And I think in the last three years it's doubled and it continues to be very, very strong. So no, no concerns whatsoever there. Italy we've detailed this in the past. We needed to drive up the local relevance to touch. We know that our opening price points, as we just discussed, we needed to do a bit more work in that space. Sequentially, we can now see that that's starting to bite. At least there's some green shoots. So I think Italy was only down four point something, which is probably a pretty good outcome. On such a short notice. And then we take France. France is super difficult from a macro standpoint. So I think that's not great. The brand, as we've said in the past, is not as strong as it needs to be. And on top of that, in the quarter, we decided to detox it from a promotional standpoint. So we also left a few points on the table just in order to set the brand for, you know, structurally getting to a healthier place. So I think that and that's not, you know, hugely different from what we've seen in the last few quarters. And I think UK was also I mean, you guys sit in the UK is not a great environment. As I read reports from other people that are kind of in the similar space, nobody really is having a field day out there. And on top of that you know, we had some mechanical issues with

our e-com business, which didn't help matters. So that's probably the of of all my children. That's the one which is now getting slapped on the hand, not not behaving, but but it's the second biggest market for Pandora. And that needs to to get get in good shape sooner rather than later. So. So there is not one single answer to say, you know, is the consumer strong or bad? It's always the the dynamic of the consumer sentiment in a particular market, the starting point and the health of our brand momentum in there. And between the two you will have a very different or mixed picture across the globe. But another way to think about it is in 70% of my revenue base, I'm growing 6% or more, and I'm talking like for like and then I have these four European markets that are kind of dragging the picture down. So actually I would say underlying our businesses is really healthy in a, in a different difficult macro backdrop. So I hope that gives some perspective to you.

[00:44:32] **Operator:** Next up is Anne-Laure Bismuth from HSBC. Your line is open.

[00:44:40] **Anne-Laure Bismuth, HSBC:** Yes. Good morning. So I have two questions. The first one is on the margin headwind coming from the silver price. Would you consider to increase further prices going forward ahead of the 1 to 2% price increase linked to the inflation? And my second question is about the current reading, just to confirm that you have seen a slight sequential improvement in September on the back of the launch of the Mini and Talisman collections, also in October, where the improvement was coming from. Thank you very much.

[00:45:14] **Anders Boyer, CFO:** On thank you for those questions Anne-Laure. On the first one. As you know, since over the last 18 months or so, we've done more on pricing than what we where we see we would normally do if we go back to the capital market day. We said that you should expect Pandora to do 1 to 2% of pricing every year. Then that's been 18 months here where it's been



circumstances have been quite different. But going forward from here still think about 1 to 2% of of price increase per year as the as the how we are going to run the business. And then on the on the current trading.

[00:45:59] **Bilal Aziz, SVP, Investor Relations, Treasury & Strategy:** I'll take that one. So Yeah, you're right. Both comments are factually true. And it was the sort of pick up in the trading was driven in part by the new collections that we launched pretty much through September. The drivers are pretty much similar of that dynamic in October as well. We won't get into the regional split at this level. It's just one month. It's relatively small, but the drivers of that improvement are broadly similar.

[00:46:26] **Alexander Lacik, CEO:** Just add one point which we didn't touch on when it comes to the US pricing. Of course we have the tariffs. And we would eventually want to, to offset some of that you know, through different pricing or assortment mechanics. Now, that is also dependent on what happens around us. And if you remember what I said earlier in the year, I expected that we wouldn't see a lot of pricing activity up to the Christmas trading, and that's kind of what's playing out. So I think people are or brands are somehow pricing a touch. And then my expectation would be coming into next year also when a lot of people have depleted probably inventory that they bought at a different spot, prices are starting to seep through their, their sales. We might see some, some more movements in the US specifically. And then I think we will obviously be agile and have a think about whether we follow or how we think about that. So but Andy's is correct. What the baseline right now would be that 1 to 2. But I'm with the caveat of let's see what happens in the US. And who knows, maybe the Supreme Court in the US decides that tariffs isn't such a great idea. And then we have a different conversation. That would be welcome. But who knows.

[00:47:48] **Anne-Laure Bismuth, HSBC:** Thank you.

[00:47:52] **Operator:** Next up is Thomas Chauvet from Citi. Your line is open.

[00:47:56] **Thomas Chauvet, Citi:** Good morning everyone. Two questions please. The first one on on pricing. Could you talk a bit about the rationale behind the price decrease in Europe, which I understand was around -5% in Germany, UK, Italy and France. What volume uplift would you anticipate from these cards? Are you considering similar cuts in the US or the rest of Pandora and and do lower prices potentially allow for lower promotion in those European markets in in 26. This is this is 25. And secondly on the creative innovation understand you cannot say too much whether it will remain a precious metals offering or stainless steel in terms of production. However, given your highly vertically integrated how adaptable today are the Police and Lamoon production site we visited a couple of years ago, or even the upcoming Vietnam factory which which has yet to open. Are these sites and the people able to to change gear quickly? Or would you have to use OEM in an initial phase? And just endless. When you say in the release, such innovation is expected to mitigate a material part of the higher commodity price. Effectively, you're suggesting that there is no cap to your very high gross margin of 80%. Is that is that correct? Thank you.

[00:49:30] **Alexander Lacik, CEO:** On the pricing. Yeah. There's been adjustments in a couple of markets in Europe. Will it impact the promotion? Well, in a perfect world, the answer would be yes, but it also depends on what happens around me. So if the market doesn't have volume growth, you know other people will be grappling with the same topic. So, you know, let's follow the market and see. The benefit we have here is because we're almost fully integrated when it comes to the, let's



say, the retail aspect of our business. So we can act really fast if there's something which we pick up on and just on that, you in the past, we didn't really use the pricing aspect as actively I think what we're learning is that we can be quite dynamic, going both up and down on pricing, and we will be using this going forward. So it's not going to be a monolithic aspect. The other side of that could also be that, you know that we change promo mechanics etc., and therefore you can get a price impact or gross margin impact. So it's not all straight list price increase up or down. So, so I just think that it's going to be a more dynamic future. Do we project any of this to translate out of the markets you mentioned? Not at the moment. But again, as I said, it's a dynamic world. And in us, if anything, I need to be thinking up, not down. Given the tariff impact then on the creative innovation, just want to make one thing clear. And I said that we're going to remain a precious metal brand. So, so, so this this idea that I know some of you guys out there are imposing or putting words in my mouth on other material. Be careful of of that. We have never said it and that that's not the direction of the company. Adaptability. Yes. We are very adaptable. So of course, the part of the innovation, as we said, it's not purely about material. It's also the process of production that we're looking at. So. So it's a whole slew of things that, that we're considering. And then I'll, you know, and then Vietnam, we're, we're, we're just building so that also gives us some flex. There could be instances where we go OEM, but we have time. This is the beauty of the hedge that we put in place. So this only needs to hit the market in 27 if we can do earlier. Let's see then then we'll come and tell you that. But we have enough time to to put this under our own four walls in order to also be efficient from a production standpoint. And then I'll turn it to Anders to comment on the gap to, to gross margin.

[00:52:25] **Anders Boyer, CFO:** Thanks for that question, Thomas. It's still too early for us to be super precise, but I think reframing what this is, converting sort of a material part hedge or mitigating a material part of of the headwind into a gross margin. That means getting into the high



70s again. But what exactly that high 70s mean? That that's we need a bit more work to be done before we can nail that down, but still very high gross margins.

[00:53:04] **Thomas Chauvet, Citi:** Thank you.

[00:53:08] **Operator:** Our next question will be from the line of Anthony Charchafji from BNP Paribas. Please go ahead. Your line will be unmuted.

[00:53:17] **Anthony Charchafji, BNP:** Good morning. It's Anthony from BNP. Thank you very much for taking my question and congratulations on the strong financial and nice volume improvement into Q4. I have two questions, please. The first one would be on the like for like into 2026. The consensus is at around 3%. Just if you if you want to share any any comment on that one and the phasing between H1 and H2 as we as we are seeing volume sequentially Improving. My second question would be on the use of AI with demand planning, marketing, or product creation. Historically, Pandora is is not much into the the buzz business with quite long lead time to market. Just curious if you are willing to put a bit more buzz into the business and if we should expect a bit more volatile, like for, like, going forward. Thank you.

[00:54:16] **Bilal Aziz, SVP, Investor Relations, Treasury & Strategy:** Yeah, I'll start that. Anthony, for for 2026 guidance. We'll get back to you in February. We'll trade to the holiday season, obviously. We'll see where the world. Looks like there's many variables, obviously, that goes that we obviously will always have a good growth pipeline. That's our job to have by definition. But we'll get back to you on, on on February. Sorry for not being more specific. Right now, but yeah. Over to you on AI Alexander.



[00:54:40] **Alexander Lacik, CEO:** Yeah. I mean, we've actually been using AI or machine learning or MLs or genetics. I mean, pick a label for several years across our business where it makes sense. Okay, so when it comes to media buying, identifying customer cohorts we've used it to augment design development. So this is already live and kicking. We've just haven't been talking a lot about it. And I think we're relatively proficient. The, the thing you're asking in terms of product development, what's important in our business is not the same model as an indie text would have, for instance, where they need to launch new things all the time. What I just need I need things that are robust and are going to be successful because we can't afford launching that many things in a year. And also, given the nature of the category where you have a very low purchase frequency, it actually doesn't make any particular sense to kind of gear up and launch tons of things all the time. This is a bit, I think, what Pandora did in the past, and it didn't really work because it takes time to build awareness of a collection. As we know, Pandora has been in the works for 4 or 5 years now. It's really hitting a really nice mark. We've just launched essence two years ago. That's now hitting a 3% share of business mark, and we need to get that up. And then we're launching other things. So speed of that development is not critical for me. It's quality of that development that is more important than thinking a little bit forward. We just came back from the Dreamforce, which is the largest gathering in the world headed up by Salesforce, you know, and they kind of own the space around CRM. We've been partnering with, with Salesforce, I mean, for 15 years when it comes to our CRM platforms, our e-commerce, etc., etc. we are one of the people that come the furthest in the world of applying the agentic approach or AI, if you may, on how to improve the sales experience online because today, you know, everybody kind of thinks that their online experience is fantastic. It's not you know, it's a pretty plain, you know, for those of you that are old enough would remember the old mail order catalogues. That's what it is. It's just a glorified two dimensional experience online. It irrespective of which brand we talk about, including Pandora. And I think there's

a huge opportunity in this space if we can use this type of technology to actually improve that whole experience, that frankly, when you go into Pandora store, we give to you, and that's one of our competitive advantages. We need to find a way to translate that online, because the one thing which is going to be absolutely sure is that in 5 or 10 years from now, more transactions will happen online than today, and therefore we need to be offering them a more interesting experience than I think we do today. That's why we're throwing ourselves together with Salesforce in this development. So, so much more interesting stuff to come in that space.

[00:58:01] **Anthony Charchafji, BNP:** Okay. Thank you very much. It's very interesting. Maybe just one follow up on, on this is your partnership with with Salesforce means that you, that you can't do anything with Shopify and maybe OpenAI to bring basically sales in in ChatGPT directly or can you still still do this?

[00:58:28] **Alexander Lacik, CEO:** I mean, first of all, Shopify versus what we are currently doing ourselves, I think is quite benign. So if they improve, well, maybe, but there's no exclusive from that sense. It's just smarter for us to house everything on one platform, because then I have an integrated and a much easier pathway to, to you know, kind of use my data sets. This may change in the future because this is an ever evolving space. And I think open AI is actually working with Salesforce on some of their technologies. So one thing doesn't exclude the other. No it doesn't.

[00:59:05] **Anthony Charchafji, BNP:** Okay. Thank you very much. Thank you.

[00:59:10] **Operator:** Our next question will be from the line of Kristian Godiksen from SEB. Your line is open.

[00:59:16] **Kristian Godiksen, SEB:** Thank you. Yeah. So I usually don't congratulate, but this time I think it's an order on a very successful journey. Alexander. And then obviously congrats to you Roberta as well. So look forward to meet you. And then yeah, I'll restrict myself to the two questions initially. So first of all, the exciting design pipeline that you have planned for 2026, in the future with more, can you maybe elaborate a bit on that? Is that expansions, or is that a new collections in the line of of Essence and Talisman and the like? And then secondly more mechanical question on, on the on the network expansion. So I know you're not guiding for 2026 yet, but but what is the outlook for store openings and hence network expansion into next year? Let's say you adjust for the 400 Chinese closure stores. Then you are at 150 this year. And that is compared to more than 200 in the previous three years. So and obviously the base have increased just to maybe get a understanding of network expansions going into the coming years. Thank you.

[01:00:20] **Alexander Lacik, CEO:** Yeah, I'll, I'll deal with the first one. I mean, as you know, we don't disclose what we're doing when it comes to innovation purely from competitive reasons. Sometimes we can lift a little bit on the kimono when it comes to the charms category, because I think that, you know, we command and control that. More on fuel with more. There is no full court competition across all lines, so I will not get get into that. Other than, you know, we're quite confident that what we have coming is, is interesting. So and then maybe you want to talk about the network piece Anders.

[01:00:55] **Anders Boyer, CFO:** Yes and hi Kristian. Thanks for for that question. I don't know whether the question comes out of that. If you look at the CMD target that we set a couple of years back, we said the 3% CAGR. And if you then add up what we did last year in 2024, what we are



guiding for this year, then you can get to a super low number next year in order to get to the 3% CAGR. And we actually did discuss that before going into the announcement this morning. That does it almost look sort of too stupid low what it takes to get to to to to to 3%. So maybe a way to answer.

[01:01:34] **Kristian Godiksen, SEB:** Sorry. Just to clarify my question. That was not the intention of the question. It was more the more that you only open 50 stores this year. And then obviously if you add back 100 stores from China, then it's 150 and it's more on the run rate. And also the the network expansion growth contribution next year, just based on the previous three years, you did more than 200 store openings. So it's more on, on on the. Yeah. On the underlying basis of, of doing store openings and network expansion.

[01:02:06] **Anders Boyer, CFO:** Okay. Fair enough. The I think it's probably helpful to look at the concept stores only because that, that that's where the majority of its much bigger revenue per store. So if you look at that number specifically, then from memory, we opened 137 in 2024. And this year Ex-china, which I think is the relevant comp base, we're opening 125. So the big shift from a number of stores is underlying is on the shop in shops, but the but the revenue per store is is much lower. So another way to answer the question. Question is that, no, we're definitely not at the end of that journey of, of network expansion.

[01:02:55] **Kristian Godiksen, SEB:** Okay. Perfect. Thank you.

[01:03:01] **Operator:** Next up is Chiara Battistini from JP Morgan. Please go ahead.



[01:03:07] **Chiara Battistini, JP Morgan:** Good morning. Thank you very much for taking my question. And congratulations, Alexander, for the great journey. And congratulations also to Berta for the new role. I have just a couple of follow up questions, actually. The first one is on taking all the pricing actions into consideration increases and also the reductions. Can you just summarise what kind of pricing impact we saw in Q3, what we should be expecting in terms of pricing impact to like for like to sales like for like in Q4 and maybe into H1 26 before any further price increase has not been announced yet. And the second question on maybe the initial response to the talisman and the minis. I appreciate it's early days, but I was wondering whether you could share more colour on what consumers these new collections have been attracting, whether you've seen a new consumer coming in, or rather a repeat purchase among the existing customers. Please. Thank you.

[01:04:08] **Alexander Lacik, CEO:** Do you want to do the first one on this Anders?

[01:04:09] **Anders Boyer, CFO:** Yeah, I was just I would like to do that. Thanks, Chiara. I was just trying to do the math in my head. Is looking at the numbers specifically like that. And I'm looking at my colleagues here as well. But Q3 the the ASP increases something like high single digit 8%, if I'm not mistaken, specifically in Q3. That reduces to around five in Q4 because we're coming. The price increase that we did in October last year and then getting into h one it must be pretty much around 5% still, because we only only get to an even lower comp in April 2026. That would then be getting down to the low single digit level by by then. I hope that helps.

[01:05:04] **Alexander Lacik, CEO:** And then on on your question on Talisman's and Mini, it's six weeks. So I, you know, I will not comment on anything other than that it's meeting minimally meeting what we had anticipated internally and actually a bit more than that. But that, you know,



what is an expectation? It's a forecast. And who knows whether that's good, bad or indifferent. So but we consider this to be off to a good start. What always happens when when we launch. And I think this is, you know, having worked on different brands for the last 35 years, the initial customer that comes through the door is your existing customer. And then as time goes by, that kind of shifts. So you get more and more new coming through the door. So that's the only thing I would say on, on the first six weeks of trading. But six weeks is nothing. So so it's a little bit too early, I think, when we get into the February call, then we'll have a couple of months under the belt, and then we can give you a little bit of more colour on who and exactly what they're behaving. So, yeah.

[01:06:17] **Chiara Battistini, JP Morgan:** That's great. Thank you very much.

[01:06:21] **Operator:** Next up is André Thormann from Danske Bank. Please go ahead. Your line will be unmuted.

[01:06:34] **André Thormann, Danske Bank:** Can can comment a bit. Hey I thought I was already unmuted, but thanks for taking my questions. So I just have a few on Project Silverstone. I wonder if you can give a bit of colour on these 50 to 100 basis points of of offsetting in 26. What is the key drivers here? And maybe also if this is something that will help you in 2027 setting further silver price headwind. Thanks.

[01:07:07] **Anders Boyer, CFO:** Thanks for that question André. And so there's there's no sort of dominating bucket in, in the 50 to 100 basis points margin uplift last, next, next year's rather a range of smaller things or medium sized things, but there's not one silver bullet, if I can call it that. But some of the bigger buckets that sits in there is a continued very good productivity improvement

every year in our crafting and sites in Thailand. We have seen quite a number of opportunities within procurement in general. We have been strengthening that muscle during 2025 and have quite a nice pipeline of things that we can do then we see opportunities in how we operate the stores across all the cell lines that sits in the stores from how we manage the stores with our colleagues the point of sales material, visual merchandising as well. And then there's a long tail of other things where we see that we can take out cost and yes we are actually have decided to keep the this cost muscle Silverstone in, in the organisation as a, as a permanent setup, small setup, but a dedicated small setup that will keep looking at cost opportunities beyond what you would do. Only if I can call it that in a procurement setup. So. But someone who can also look across functions across the value chain on, on on where, where we can take out cost.

[01:09:07] **André Thormann, Danske Bank:** Thank you.

[01:09:11] **Operator:** Our next question comes from the line of Alison Lygo from Deutsche Bank. Please go ahead. Your line now be unmuted.

[01:09:20] **Alison Lygo, Deutsche Bank:** Good morning and thanks for taking my questions. Just two quick last one for me, please. First is on store contributions. So you've increased your guidance for store contribution in the year. Where do you think you're at now in terms of reaching a share of mature revenue within the first year? And then the second one just on the UK, you mentioned some issues with the online platform. If any one detail you could, you can share on that. Is it resolved and kind of how much of a drag do you think that was within the third quarter. Thank you.

[01:09:55] **Anders Boyer, CFO:** Hi, Alison. If I take the first question and if I understood the question right then we are the stores. When we open up a new store, it actually ramps up I'm almost saying surprisingly fast. So we are almost reaching sort of run rate level in year one. There is a small pickup in in the second year. But when you look at the Ebit margin that we're generating in a, in a store that we open in year one in the 35 to 40% Ebit margin in year one. You can also thereby also conclude that that revenue is picking up super fast. So it's a revenue maturity in the in the 90s already. Already in year one.

[01:10:45] **Alexander Lacik, CEO:** Yeah. On the, on the UK online. So it actually declined more than our store network in, in the quarter, which is the only place globally where it did. So, so that that is a drag. It started somewhere in Q2 and it's kind of gone in. It's a mixture of some commercial decisions that we've made. There's some technical aspects that, that we are dealing with. So it's, it's it's, you know, 5 or 6 different things. We're all over it, as you can imagine. The UK store is our second biggest store globally, so so that that needs to be addressed. But there's all hands on deck to, to get that fixed. Yeah. That's as much as I can, you know, say today.

[01:11:40] **Alison Lygo, Deutsche Bank:** Great. Thank you.

[01:11:44] **Operator:** Next up is Klaus Kehl from Nykredit. Please go ahead.

[01:11:51] **Klaus Kehl, Nykredit:** Yeah. Hello. I noticed that you have started to to talk more about Japan. Could you elaborate a bit on what's going on out there and and what the potential is in, in this market. And then my second question would be that I'm a little bit confused about the Mexico.

You've been in detox mode for quite a number of quarters, but how far are you with this detox, and are you starting to see growth again in Mexico? That would be my two questions.

[01:12:22] **Alexander Lacik, CEO:** Yeah. So so the Japan story has you know, there's a few things to that. So many years ago we were there with the distributor. The distributor planted a few flags, which were mainly in, let's say, the tourist districts. So, so we actually we had a small business, not very profitable. It was kind of even keel, let's say. But we're not really speaking to the local customer. So some two years ago we decided to give it a shot and go after the local customer, which also meant that we needed presence in other places than just the the kind of, let's say the tourist areas. So we, you know, we're now up to like 50 points of sale or 60 thereabouts mainly focussed in the Tokyo and Osaka area, you know, which obviously the addressable market is absolutely huge. We've added a little bit of local earned Media. Let's say we've used some some Kpop influencers. We've applied a bit of a more media investment that we've done in the past. We've shored up our store operation a little bit, which was also not great. And that's and then actually, we took our prices up a little bit in order to, to pay for, for all these extra investments. Not a huge amount, but some. And that's pretty much what we've done. And it looks like all the growth that we're gaining now in Japan is coming from the local local customer. So so it's very encouraging steps because the other insight for us is obviously we don't have to completely localise, let's say our global model that, that that was always a question mark when we went into Japan because everybody says, oh, everything is so different. And of course, when a small market, everything is different is not so attractive for a company like ours, where we live off the leveraging the scale of of one model. But so that's been quite interesting to to follow. And that seems to be going on quite well. Mexico I think the, the story in Mexico is is of a different nature. So all of Latam essentially has a price index, which is significantly higher than anywhere else with the view that we were serving



the the top end of the socioeconomic pyramid. So going after the A and B type of consumers, because let's say that what we call a middle of the market in other markets, well, wouldn't necessarily be very affordable. For them, you can think of our core customer as being as the people that work in our stores. That's the core constituents of of a Pandora customer. So therefore they went after a slightly different audience. That worked really well up to a point. And with that higher price point, they also adopted a high low model, which we don't really use anywhere else in the world where we would have a lower starting price and then we'd do shallow discounts, let's say. We've tried and at one point, of course, when you, when you only target, let's say, 10% of the population, you will start reaching maturity in terms of penetration at one point, I think 1 or 2 years. Well, probably two years ago, we started reaching a quite mature part of, of that sliver of the population. And, and then the answer to get more penetration was to do more deep discounting promotions. And that's the part which we've said for a while that we were trying to detox away from. What we're finding, of course, is then we don't have enough penetration Opportunities. So we're kind of rethinking a little bit the model, but we were losing too much volume by coming off these promotions. And meanwhile it's also important to mention is that competition around us has gone even more promotional than maybe what we saw 2 or 3 years ago. So it's kind of different things that have happened to the dynamic. So. So what we've done now is we've gone back to, let's say, our base model of high low to fight and hold the business where it is, as we're trying to think of, how can we pivot and open up the brand to more consumers? So we have some thinking in that space, which we hope to be bringing to the market in the next, I don't know, couple of months maybe. So, so because Mexico still represents a very interesting market for us, it's highly profitable despite this kind of high, low model, which is different from elsewhere. But thinking about it a bit more long term, we want to open up the addressable market. So so there's some additional thinking happening there.

[01:17:17] **Klaus Kehl, Nykredit:** Okay. But just to be clear, are you in positive or negative growth territory in Mexico?

[01:17:22] **Alexander Lacik, CEO:** We are on a better trajectory than we were in the beginning of the year, which was negative.

[01:17:29] **Klaus Kehl, Nykredit:** Okay. Thank you very much.

[01:17:35] **Operator:** Next up is Piral Dadhania from RBC. Please go ahead. Your line now be unmuted.

[01:17:41] **Piral Dadhania, RBC:** Thank you. Good morning everybody. So I have a question on the sort of the contribution to like for like in Q3. Thank you for sharing Anders the ASP contribution is being plus eight. Could you just help us understand if the volume growth in Q3 has modestly improved versus where you were in Q2? And are we right to assume that it's running at probably negative mid-single digit, give or take? And then my second question is just around the performance by price point across the price architecture of the offer in Q3. I think you said you were a bit disappointed with the fuel with more performance in the period that I think comes at a higher price point on average. Is it fair to say that the lower price points are perhaps performing better than the higher price points? And as it relates to consumer behaviour, are you seeing any trading down as the macro becomes more challenging? Any insights into consumer behaviour would be helpful. Thank you.



[01:18:46] **Anders Boyer, CFO:** Hi Piral. I'll maybe start here with the first question on the unit. You're right that the sort of the the unit decline in in the third quarter as per design, given that we are targeting a minus one elasticity was around mid-single digit mid-single digit down. Then I think I should note and add that now we have October behind us. I think we can also say on this call, then in October we are coming. The price increase that we did in October 2024. And as expected, we've seen a much better unit development in October. Exactly as per the signs of getting closer to a flat, not, not completely flat unit development, but close to flat.

[01:19:38] **Alexander Lacik, CEO:** Okay. So how do we answer this question? Because it's quite complex question that you're answering, asking. The first point to make is we don't necessarily see any trading down. That's somehow not what we see in our business have never really seen. And then if you if you look at fuel with more and dissect it a little bit. So actually our timeless business is growing by four. But a lot of that is eaten up by signature which is a collection that we have consciously decided to down prioritise. And that's quite painful. So so that eats away some of the benefits. Then you look at essence. It's up 13 lab grown diamonds is up 19, but in units it's up over 65. As if you remember, we said we'd pivot from you know, the high price points to the lower price points with the kind of product offering that we have there. So, so it's actually, you know, at the face, the 2% looks disappointing, but partly that's driven by the signature really not not contributing properly. That's probably the best way to to answer your question, then within the different pricing deciles, there is and there's so much dynamic going on between the collections that, you know, we would need two hours to, to detail that out. And I'm not even sure it's particularly meaningful. So I think I'll just stop there.

[01:21:13] **Piral Dadhania, RBC:** Sure. Thank you. Well, maybe maybe I could ask specifically. Just around the US. I was thinking more. Maybe I wasn't clear, I apologise. Thinking more about the specific headwinds you're facing in the US, which is also your biggest market. The tariffs, the government shutdown, the reintroduction of student loan repayments. Is that driving any changes in terms of the performance by price point for the US specifically? Thank you.

[01:21:36] **Alexander Lacik, CEO:** Not really what I mean. And I'm not even sure it's it's a major drag. But of course with with all these ICE agents you know running around, we can see that a lot of the Latinos, which is a, you know, a significant part of of our audience in the US, they are, you know, less let's say, present in the shopping malls in the southern parts of the US. So that has some impact. But that's that's probably the only one I would say the rest on the price point. No, I see nothing there.

[01:22:10] **Piral Dadhania, RBC:** Thank you.

[01:22:14] **Operator:** And our last question will be a follow up from the line of Lars Topholm from DNB Carnegie. Please go ahead. Your line will be unmuted.

[01:22:23] **Lars Topholm, DNB Carnegie:** Yeah, I actually don't have a follow up. I signed off again because my question has already been asked.

[01:22:33] **Operator:** That's allright. Then over to you, Bilal.



[01:22:36] **Bilal Aziz, SVP, Investor Relations, Treasury & Strategy:** Thank you for handing back to me. And thank you for for dialling in just hand over to Aleksander for very, very final comments and any questions or any follow ups. Do let Investor relations team around around the rest of the day. Of course, as well. Yeah.

[01:22:52] **Alexander Lacik, CEO:** Well, first of all, thank you for for the attention. I was just saying to Bilal before we went in here, we're covering Q3. We are talking about current trading. We're talking about prediction for 26 and on. On top of that, we're also trying to kind of look in the crystal ball for 27. So it's actually quite, quite complex. Message track this time around. But I think at the end of the day, if I kind of zoom out the changes which we've done to the company in the last few years still kind of somehow continues to work, the earnings model works. Yes. We have headwinds like any business will have here and there. I think we're super agile on trying to think about how to offset that going into the future more short term with Silverstone and pricing and these type of actions longer term through through the innovation and, you know, quite exciting stuff, which unfortunately we can't detail today. But, you know, we wouldn't be saying here that we can offset material parts of this headwind if we weren't excited about it. So so I think actually companies in in really good shape and we're super excited for Q4. And on that note, you know we'll see you in February. Thank you very much for today.

