

Q2 2023 – AIDE MEMOIRE

Pandora Investor Relations

Guidance

Revenue

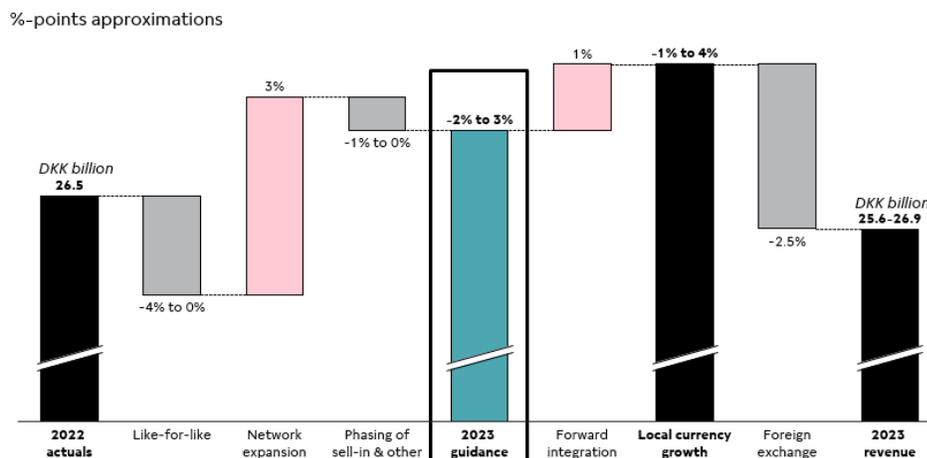
Full-year guidance: The economic outlook for the remainder of 2023 remains uncertain. High inflation and rising interest rates suggest that consumer spending will continue to be under pressure. Pandora started the year well with continued resilience in Q1 and therefore updated its financial guidance to “organic growth of -2% to 3%” (previously -3% to 3%).

This consists of

- A LFL growth between -4% to 0 (previously “flattish to mid-single-digit decline”)
- Network expansion of 3% (up from previously 2-3%)
- Phasing of sell-in/other is expected to represent a drag of -1% to 0%

Forward integration is expected to add around 1% revenue growth with local currency growth ending at -1% to 4%. As highlighted at the Q1 2023 results, the low end of the updated organic growth range would require a consistent worsening of trading conditions relative to the time of the Q1 2023 reporting date.

The organic growth guidance can be illustrated as follows:



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EBIT margin

Full-year guidance: The EBIT margin guidance for 2023 is “Around 25%”, unchanged from the initial guidance shared 8 February 2023.

This consists of:

- Temporary and non-recurring costs in 2022 drive a tailwind of 0.8pp.
- Structural cost reductions and the price increases implemented in Q4 2022 will be funding the investments in Phoenix initiatives and future growth.
- Higher-than-normal salary increases are expected to suppress the EBIT margin by 1.0pp.
- Foreign exchange rates and commodity assumptions as per 28 April 2023 represented a net headwind of 0.5pp.
- Operating leverage at the mid-point of the current organic growth guidance is expected to be broadly neutral, seeing the EBIT margin reach around 25% for FY 2023
- The EBIT margin phasing through the year is expected to be more skewed towards Q4 than in 2022. This reflects, among others, phasing of costs, hedged silver prices and foreign exchange rates.

Other topics and guidance parameters

- Pandora expects to open net 50-100 concept stores (including both partner and owned & operated stores) and 50-100 own and operated other points of sales in 2023.
- As per the revenue guidance, new store openings are expected to have a positive impact of 3% on group organic growth whilst the phasing of the wholesale channel sell-in and other is expected to have a negative impact of -1% to 0%.
- Pandora expects CAPEX to be around 6% of revenue in 2023 driven by investment in the store network, digital initiatives and crafting facilities.
- The effective tax rate is expected to be 23-24%.

Please also see [Pandora's Q1 2023 Interim Financial Report](#), page 15-17 for further insights on the guidance.

Current trading

- Current trading comment from Q1 2023 results: *“A few words on current trading so far in Q2. We’ve seen our underlying trading to be broadly consistent with what we saw in Q1. And I want to remind you that we are only four weeks in. The environment remains uncertain and Q2 trading is concentrated around Mother’s Day, which is still ahead of us. Nonetheless, we continue to be pleased with the underlying health of the business.”*

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Cash distribution

- At the end of March 2023, Pandora's leverage remained low at 1.2x NIBD to EBITDA. The increase in leverage versus the end of December 2022 is in line with expectations as previously communicated and primarily reflects significant cash distributions to the shareholders.
- In Q1 2023, Pandora paid out DKK 1.4 billion as an ordinary dividend of DKK 16 per share and DKK 1.4 billion through share buybacks. In total, Pandora plans to pay out up to DKK 6.4 billion to its shareholders in the period from 8 February 2023 to 2 February 2024, both days inclusive, and assuming no material deterioration in the macroeconomic climate.

Notes

- Pandora will enter a silent period on 18 July 2023.
- Pandoras Interim Financial Report for Q2 2023 will be released 15 August 2023.
- Collection of Pandora's pre-Q2 2023 consensus will begin end of July.
- Pandora will host a Capital Markets Day in London 5 October 2023.