INTERIM REPORT
Q2 2021/22

WEBCAST PRESENTATION

12 JANUARY 2022

BANG & OLUFSEN

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AGENDA

KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

OUTLOOK

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15% REVENUE GROWTH IN Q2

- Continued execution on strategy plan
- Product sales grew 22%, driven mainly by the Staged and Flexible Living categories and all key distribution channels
- Double-digit sell-out growth across all distribution channels and product categories, exceeding sell-in
- In H1, the number of customers using the company's app grew by 16%
- Component and logistics challenges had a negative effect on sales and margin
- Outlook maintained. Uncertainty high

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	Q2 2021/22	H1 2021/22	OUTLOOK FY 2021/22
REVENUE	**DKK 809m** 15% growth in local currencies	**DKK 1,475m** 27% growth in local currencies	**DKK 2.9bn to 3.1bn**
*EBIT MARGIN bsi**	**3.5%** (EBIT bsi DKK 28m)	**2.5%** (EBIT bsi DKK 37m)	**2-4%**
FREE CASH FLOW	**DKK 11m**	**DKK 32m**	**DKK 0m to 100m**

* Before special items

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CONTINUED EXECUTION ON STRATEGY PLANS

Becoming a
customer love brand

Pillars of growth

- Win in six European core markets (DK, DE, UK, CH, FR, ES)
- Build foundation for accelerated growth in two Asian core markets (CN, KR)
- Expand strategic partnerships

Model for scale

- Build product portfolio fit for the future
- Amplify demand
- Accelerate digital ecosystem

Robust foundation

- Be the best place for the best people
- Improve profitability

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CORE MARKETS | STRONG PERFORMANCE IN ASIA – EMEA IMPACTED BY PRODUCT RETURNS

SIX EUROPEAN CORE MARKETS REPORTED GROWTH

- Growth driven by Staged and Flexible Living, despite being negatively impacted by component scarcity
- Double-digit Like-for-like sell-out growth in Q2
- Positive results from the company’s ambition to win London
- Restructuring efforts to maximize customer experience and partner performance
- Performance negatively impacted by controlled returns of EOL products from few multibrand partners in Germany and Switzerland

8%

YoY REVENUE GROWTH* ADJUSTED FOR PRODUCT RETURNS

TWO ASIAN CORE MARKETS REPORTED GROWTH

- China growth plan finalised, with a strong emphasis on go-to-market tactics
- Continued brand ambassador collaboration with Lay Zhang to drive up brand awareness and affinity with new and existing customers
- Customer service centre in Shanghai established
- Expanded programmatic use of social media platforms through programmes in TikTok and WeChat to reach, engage and create experiences for the Chinese target audience

32%

REVENUE GROWTH* COMPARED TO Q2 LY

* Local currencies

WIN LONDON | LIKE-FOR-LIKE SELL-OUT FROM LONDON MONOBRAND STORES UP +170%

Roll-out of a plan to win in a smaller geographical area

London selected as pilot city

- High density of target audience customers
- Comparatively weak existing market coverage

Boosting brand awareness, consideration, purchase and loyalty by working focused and systematically with

- Data
- Customer segment journeys
- Go-to-market tactics
- Cross-channel experiences

The roll-out plan rests on three pillars

- Increasing and enhancing physical footprint
- Establishing blended retail with strategic partners
- Creating events and experiences

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Select examples of roll-out activities

INCREASED PHYSICAL FOOTPRINT

- Pop-up store in Shoreditch, East London
- Three new wall bays in key London train stations
- Ten new store openings in London airports
- One new ranging in lifestyle partner
- POS upgrades in all John Lewis stores where B&O has brand presence

NEW STRATEGIC PARTNERS

- Interior designer Timothy Oulton
- Situ Live
- Luxury kitchen specialist, Smallbone Kitchens

EVENTS AND EXPERIENCES

- HNWI events with partners such as Dalmore Whiskey and Dolce & Gabbana
- B&O experience via Velux at London Design Festival; Amazon Live at Victoria House

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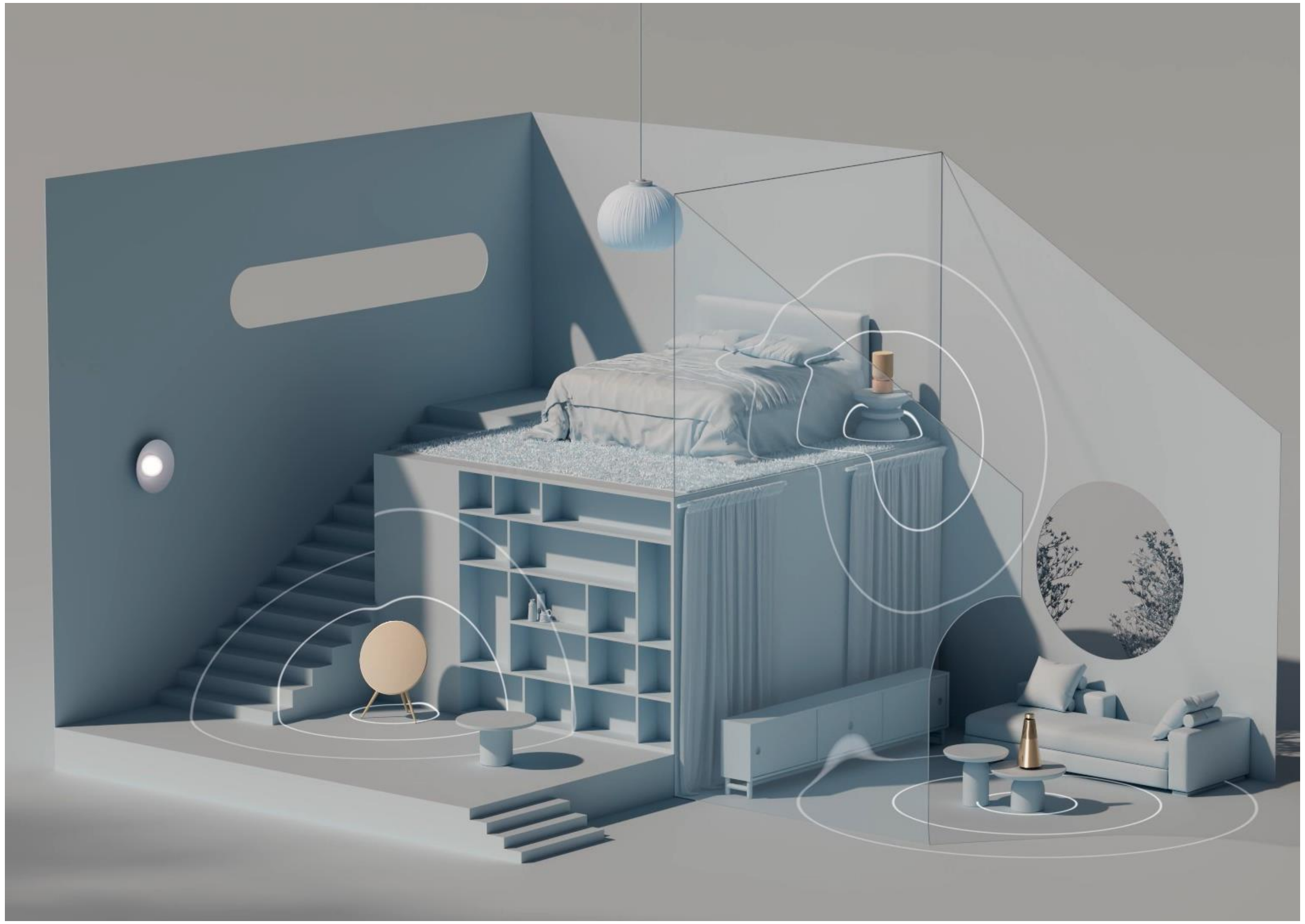
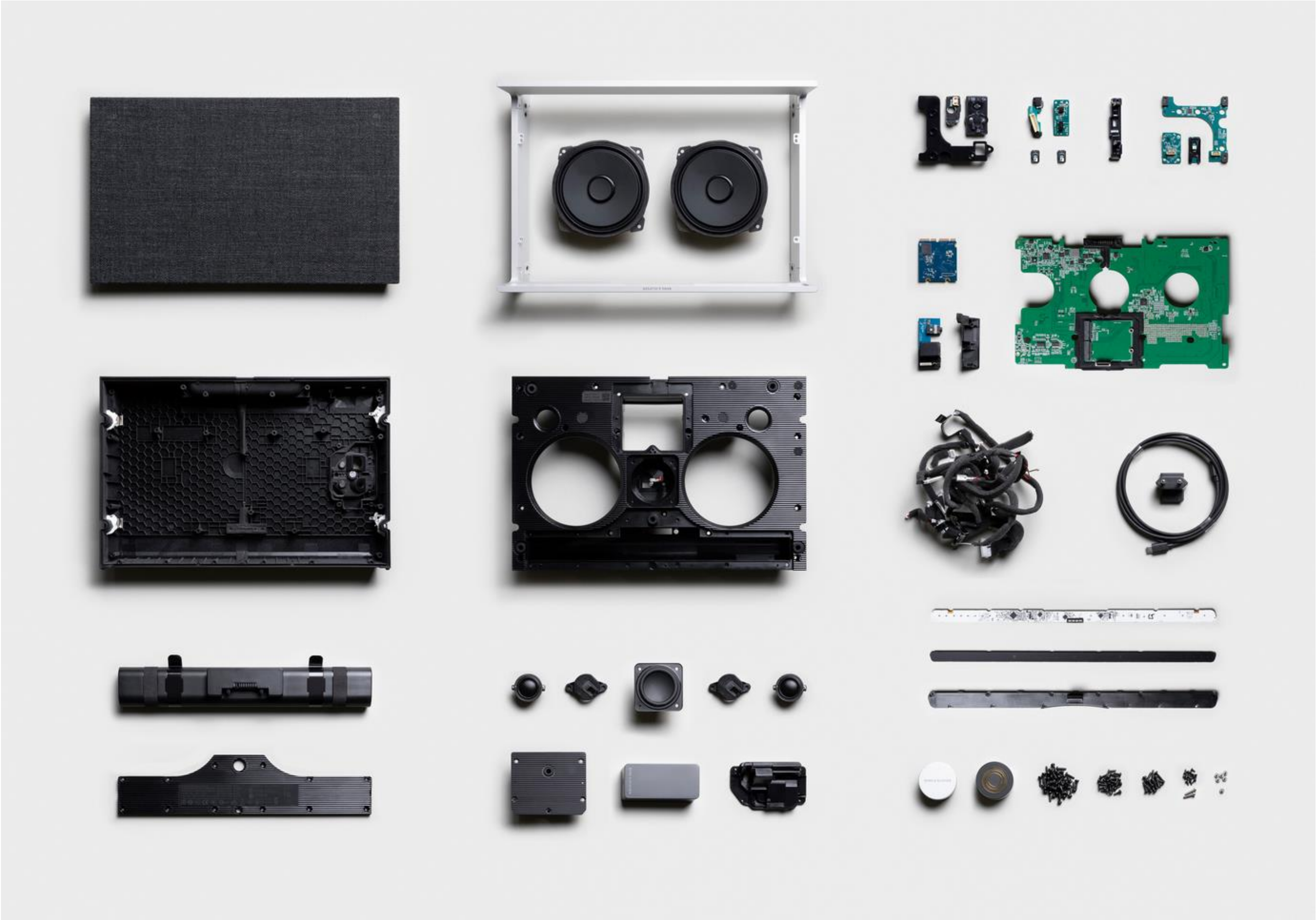
BEOLINK | CONNECTING PAST AND FUTURE BANG & OLUFSEN PRODUCTS IN A UNIQUE UNIFIED SYSTEM



- Beolink Multiroom sits at the heart of the strategic ambition of building a portfolio fit for the future
- Beolink connects products from the past with products from the present and the future
- Facilitates sharing of audio sources in one unified system with total control, and simple user experience
- Seamless experience makes it easy and attractive for customers to extend the system with more speakers
- Bridges previous and new platforms thereby extending the lifetime of products

BEOSOUND LEVEL CRADLE-TO-CRADLE CERTIFIED
HIGHLIGHTS PRODUCT LONGEVITY



- First ever consumer electronics product to be Cradle-to-Cradle Certified®
- Designed with a modular approach, making it easy to maintain, service and repair
- Extends the lifetime substantially beyond industry standards
- Supports a resource-efficient circulation process when it reaches its end-of-useful-life point
  - Easy to disassemble
  - Use of high-quality materials, including post-consumer recirculated polymer materials for structural components

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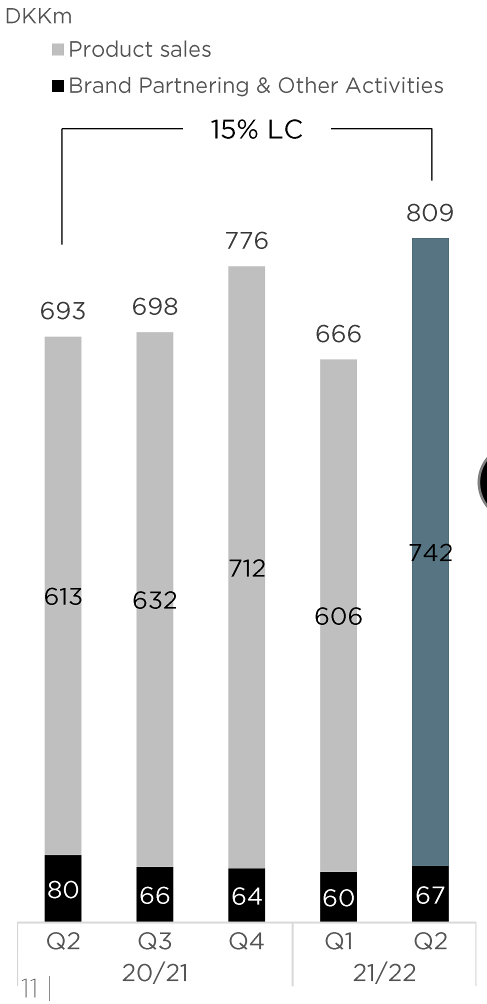
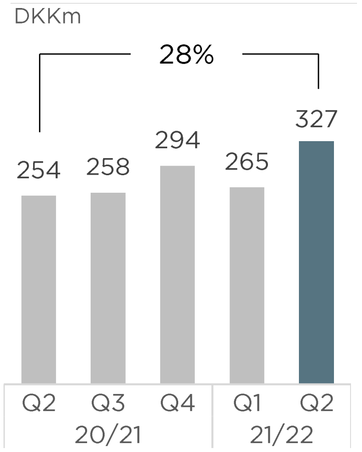
FINANCIAL PERFORMANCE

OUTLOOK

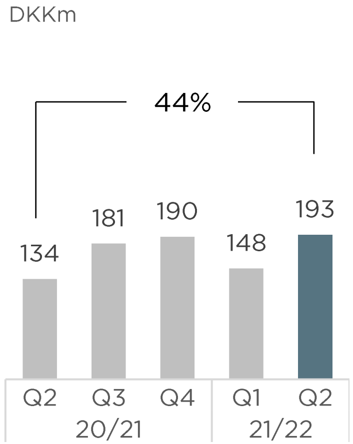
15% REVENUE GROWTH DRIVEN BY ALL CHANNELS, REGIONS AND PRODUCT CATEGORIES



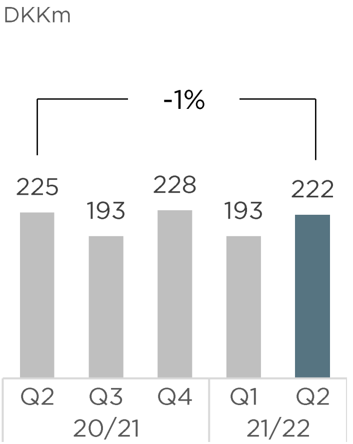
STAGED



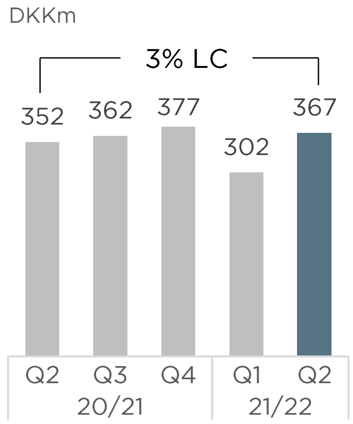
FLEXIBLE LIVING



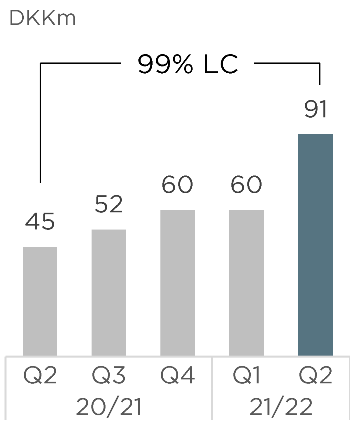
ON-THE-GO



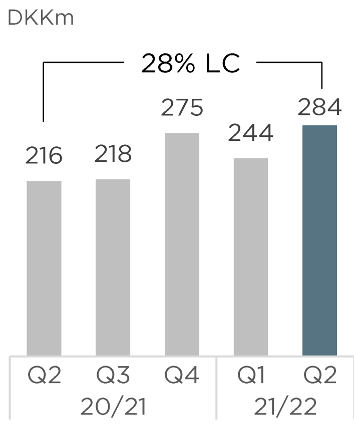
EMEA



AMERICAS



ASIA



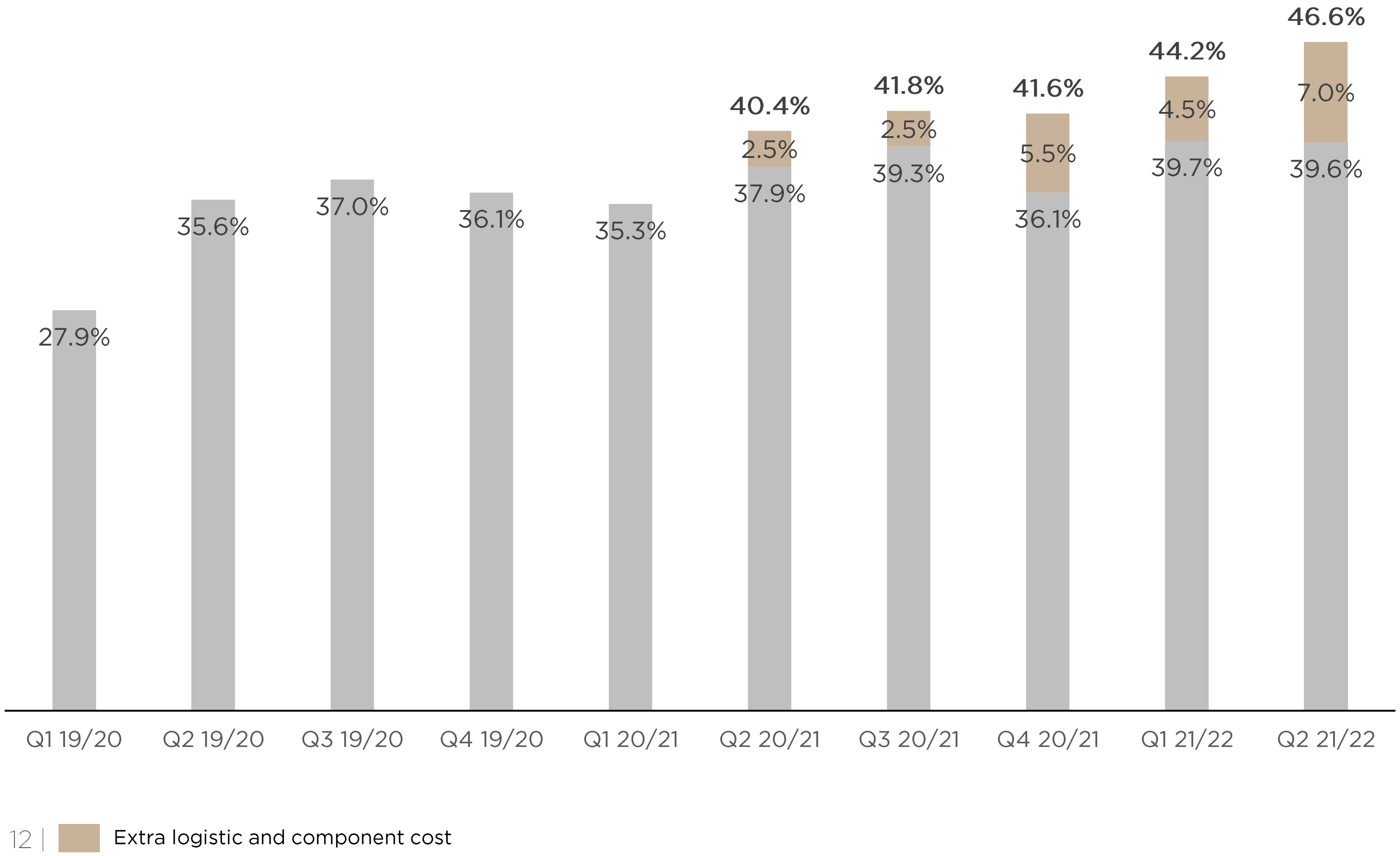
Revenue grew 15% YoY

- Product sales grew 22% to DKK 666m
- Brand Partnering & other activities declined by 15% in local currencies, driven by licencing income
- Component scarcity impacted growth within both brand licensing and product sales
- High PC sales last year due to work from home trend

Development in product sales

- Growth driven by Staged and Flexible Living categories
- Strong growth in Americas and Asia
- Improved channel performance in all regions
- Multibrand in EMEA adversely impacted by controlled product returns of mainly end-of-life products to safeguard the brand
- Double-digit like-for-like sell-out, outgrowing sell-in

GROSS MARGIN IMPACTED BY CONTINUED INCREASES IN COMPONENT COSTS



Gross margin before component and logistics impact improved:

- Change in product mix towards higher margin products
- Reduced impact from fixed production costs allocation
- Price increases
- Less obsolescence

Combined negative YoY impact of 4.5pp from component and logistic costs:

- Increase related to spot buys of components
- Year-on-year, logistics impact improved:
    - Part of Beosound Stage production moved from China to Europe
    - More Staged and Flexible Living products shipped by rail
    - New distribution centre established in the US

The company has made select price increases in January 2022 to strengthen profitability

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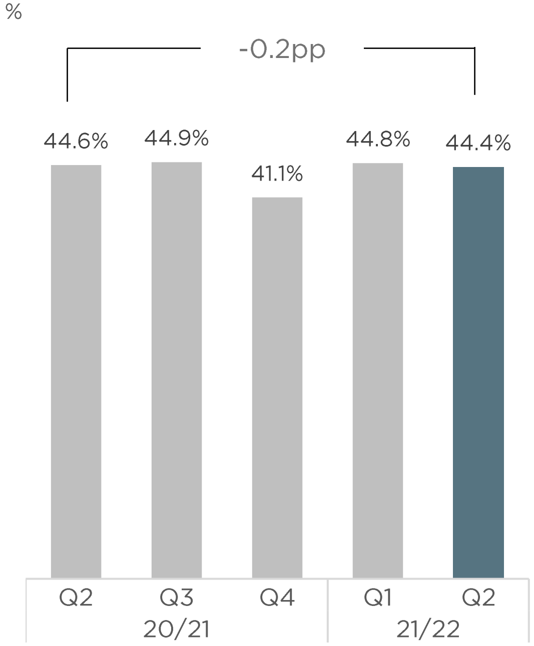
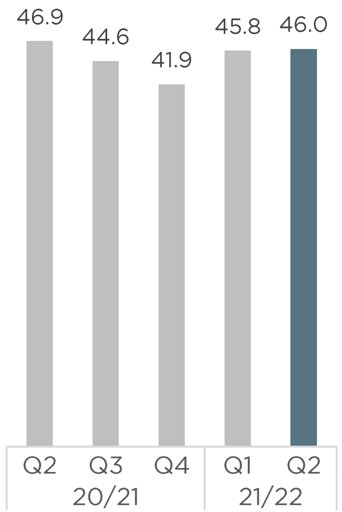
FIFTH CONSECUTIVE QUARTER WITH POSITIVE EBIT

GROSS MARGIN



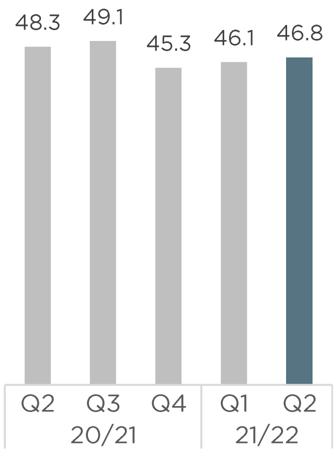
- Gross margin declined by 0.2pp due to:
  - Decline in Brand Partnering & other activities
- Product gross margin up 1.7pp
  - Positive impact from product mix, price increases and relatively lower allocation of production costs
  - Negative impact from increased component costs

STAGED



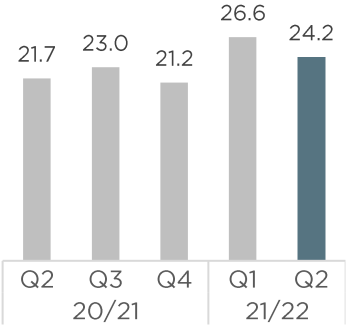
- Decreased 0.9pp
  - Negative impact from component and logistics costs
  - Partly offset by price increases

FLEXIBLE LIVING



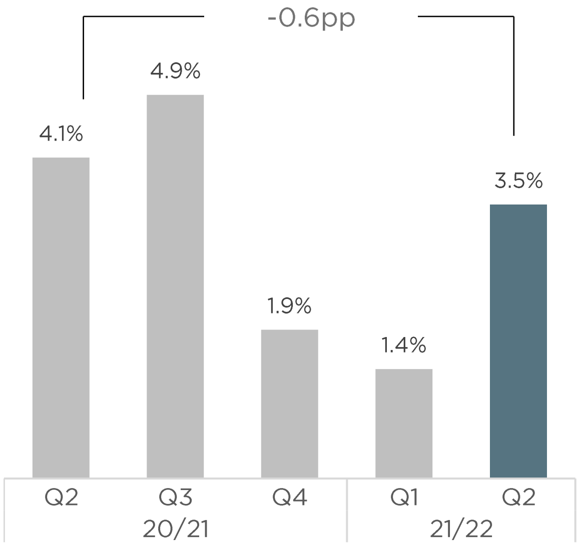
- Decreased 1.5pp
  - Negative impact from component and logistics costs
  - Partly offset by price increases

ON-THE-GO



- Increased 2.5pp
  - Positive impact from product mix
  - Partly offset by component and logistics costs

EBIT MARGIN BSI*



- Year-on-year decline due to lower contribution from Brand Partnering & other activities and increased spending on sales & marketing in combination with the impact on gross margin from higher component costs

*Before special items

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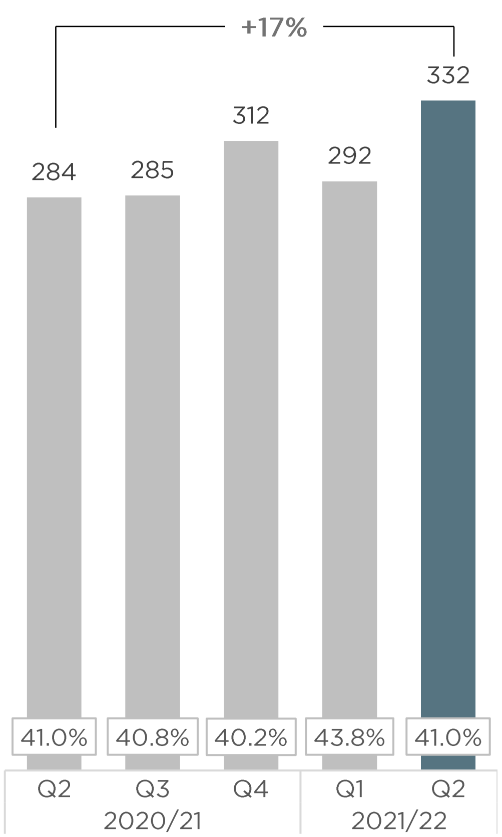
STABLE COSTS RATIO REFLECTING INVESTMENT IN OUR STRATEGY

CAPACITY COSTS

DKKm



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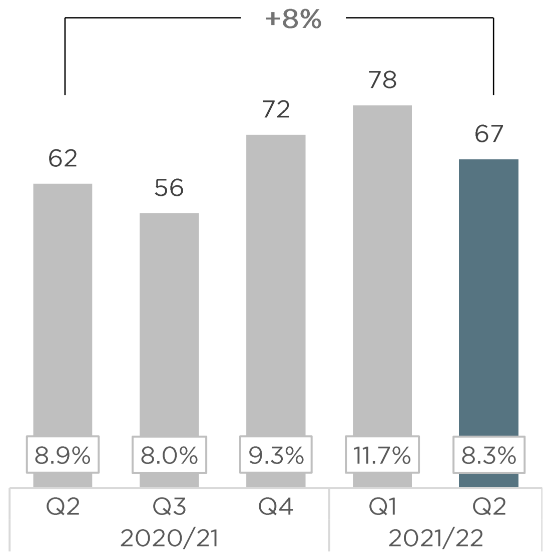
DEVELOPMENT COSTS

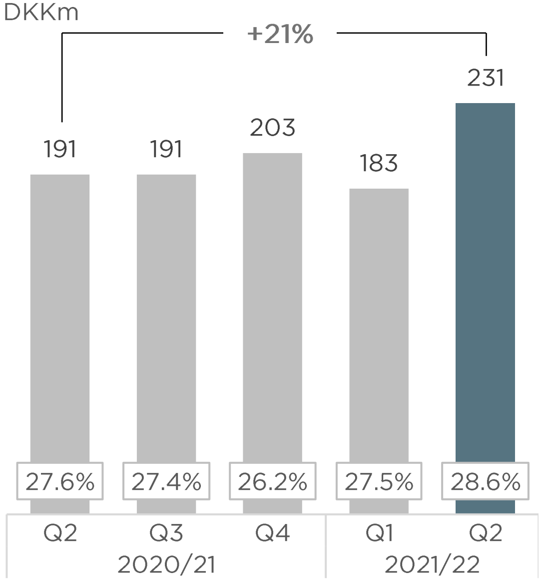
DKKm



- Absolute increase related to higher incurred development costs, which grew by 7% to DKK 73m
- Investments in platform upgrades and upcoming product launches
- Hiring of more competencies, especially within software and platform development

DISTRIBUTION & MARKETING COSTS

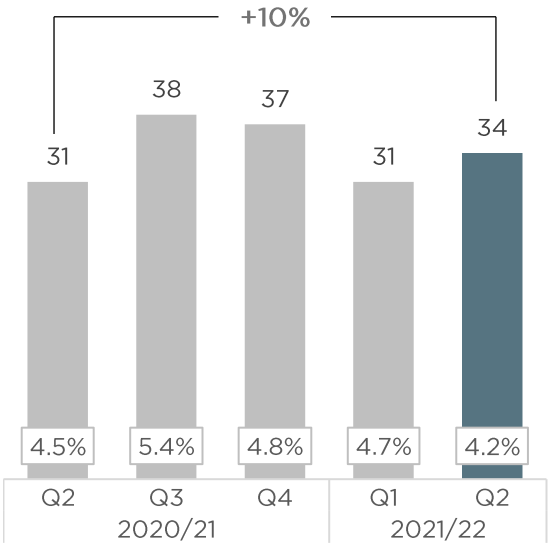
DKKm



- Higher marketing spend for demand creation
- Hiring of sales and marketing resources to fuel sales
- Higher warranty provisions following revenue growth

ADMINISTRATIVE COSTS

DKKm



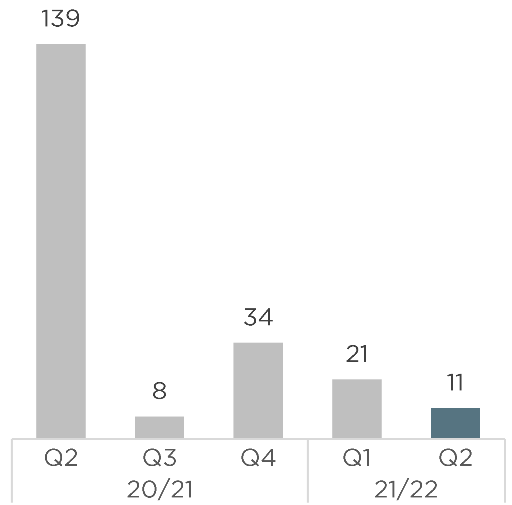
- Increase primarily related to HR and ESG related initiatives

Costs relative to revenue

FIFTH CONSECUTIVE QUARTER WITH POSITIVE FREE CASH FLOW

FREE CASH FLOW

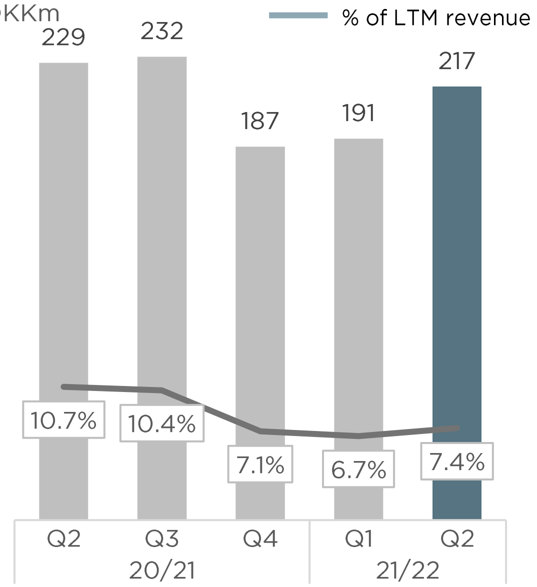
DKKm



- Year-on-year decline related to changes in net working capital
  - Negative impact of DKK 26m in Q2 21/22
  - Positive impact of DKK 108m in Q2 20/21 following diligently working to optimize working capital
- EBITDA of DKK 81m, DKK 7m better than Q2 LY
- CAPEX DKK 18m higher YoY

NWC

DKKm

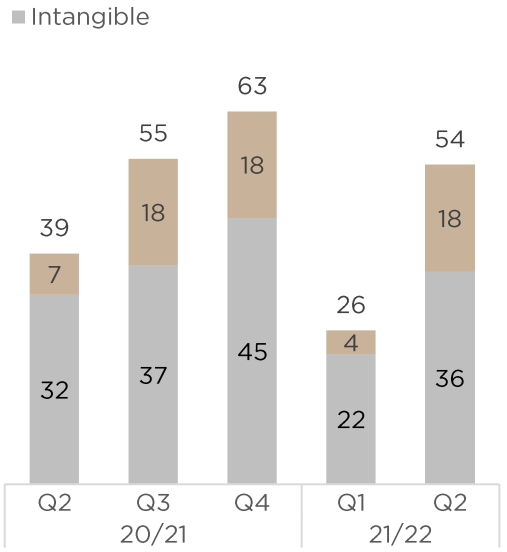


Net working capital increased DKK 26m during the quarter (NWC ratio of 7.4%)

- Receivables up DKK 81m driven by revenue growth
- Trade payables up DKK 90m due to higher production and deliveries
- Inventories up DKK 84m due to timing of supply and spot buys of components

CAPEX

DKKm



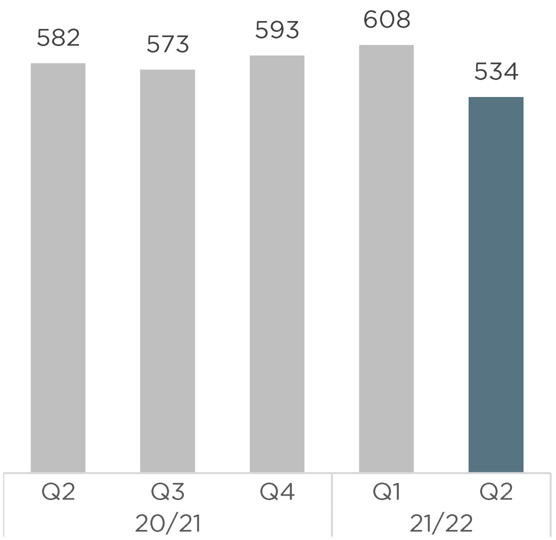
Investments primarily within intangible assets related to

- Development of new products
- Development of product platforms

The year-on-year increase within tangible investments were mainly related to retail development

AVAILABLE LIQUIDITY

DKKm



- Available liquidity decreased to DKK 534m
- The decline was mainly related to settlement of the Danish Holiday Fund and purchase of treasury shares to cover LTIP programmes

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AGENDA

KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

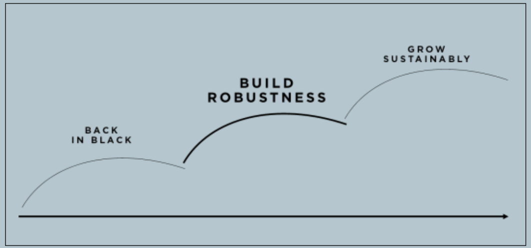
OUTLOOK

OUTLOOK 2021/22 MAINTAINED

OUTLOOK	MAIN ASSUMPTIONS
Revenue DKK 2.9bn to 3.1bn	▪ Growth mainly driven by product sales ▪ Full-year effect from products launched last year ▪ Launching more than two product innovations in H2 ▪ No significant worsening of product availability e.g. due to component scarcity or reduction in manufacturing capacity ▪ New COVID-19 outbreaks is not expected to be materially different from 2020/21
EBIT margin BSI* 2-4%	▪ Component and logistics costs assumed not to worsen compared to H1 ▪ Higher costs for demand creation ▪ Higher costs for product development
Free cash flow DKK 0m to 100m	▪ No material changes in overdue receivables ▪ Higher CAPEX related to both product and retail development

 * BSI: Before special items

SUMMARY | STRONG MOMENTUM MAINTAINED



- Continued execution on strategy
- Product sales grew 22% across regions, product categories and distribution channels
- Double-digit sell-out growth across all distribution channels and product categories, exceeding sell-in
- Continued negative revenue and margin impact from component and logistics challenges
- Outlook maintained. Uncertainty and visibility remains challenged

INVESTOR RELATIONS CONTACT

Martin Egenhardt
+45 53707439
mare@bang-olufsen.dk