10 October 2024

Q1 2024/25 - June-August 2024

# Webcast presentation

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# Agenda

- # Key Highlights
- # Business review
- # Financial review
- # Outlook 24/25

# Key highlights - Q1 in line with our plans and expectations

| | Q1 2024/25 |
|---|---|
| Revenue | DKK 544m<br>-12% growth in local currencies |
| Gross margin | 55.2%<br>(up from 52.6%) |
| EBIT margin bsi* | -3.1.%<br>(down from 2.6%) |
| Free cash flow | DKK -36m<br>(up from DKK -61m) |

- Decline in revenue mainly due to a strong comparable first quarter last year.
- Improved gross margin to record-high 55.2%, which shows the progress we are making in building a more robust financial foundation for the company.
- Launch of new flagship headphones Beoplay H100.
- At the AGM on 15 August 2024, a 20% capital increase authorisation was approved.
- A directed share issue is expected to be conducted before the end of November 2024.
- The proceeds will be used for value-creating investments to realise the announced mid-term growth plan.
- FY 2024/25 outlook unchanged.

# New Brand ambassador and new partnership

## Charles Leclerc,
## New brand ambassador

In June, we introduced our new Brand ambassador for 2024 and 2025, the Formula 1 driver for Ferrari, Charles Leclerc.

## Partnership with Riva


Partnership with the luxury yacht brand Riva. Two product collaborations, Beosound A5 and Beosound 2, available from October.

# Channel development progressing

**EMEA**

Opening of shop-in-shop in department store Le Printemps in Paris.

**Americas**

Significant reduction in number of multibrand doors since Q1 of last year.

**APAC**

New store in Wuhan, third store in a SKP luxury shopping mall in China.

| Points of sale, number | Monobrand * | | Multibrand | | Custom installers | |
|---|---|---|---|---|---|---|
| | 31-08-2024 | 31-08-2023 | 31-08-2024 | 31-08-2023 | 31-08-2024 | 31-08-2023 |
| EMEA | 276 | 299 | 1,445 | 1,526 | N/A | N/A |
| Americas | 30 | 29 | 20 | 1,478 | 124 | 42 |
| APAC | 77 | 77 | 788 | 938 | N/A | N/A |
| **Total** | **383** | **405** | **2,253** | **3,942** | **124** | **42** |

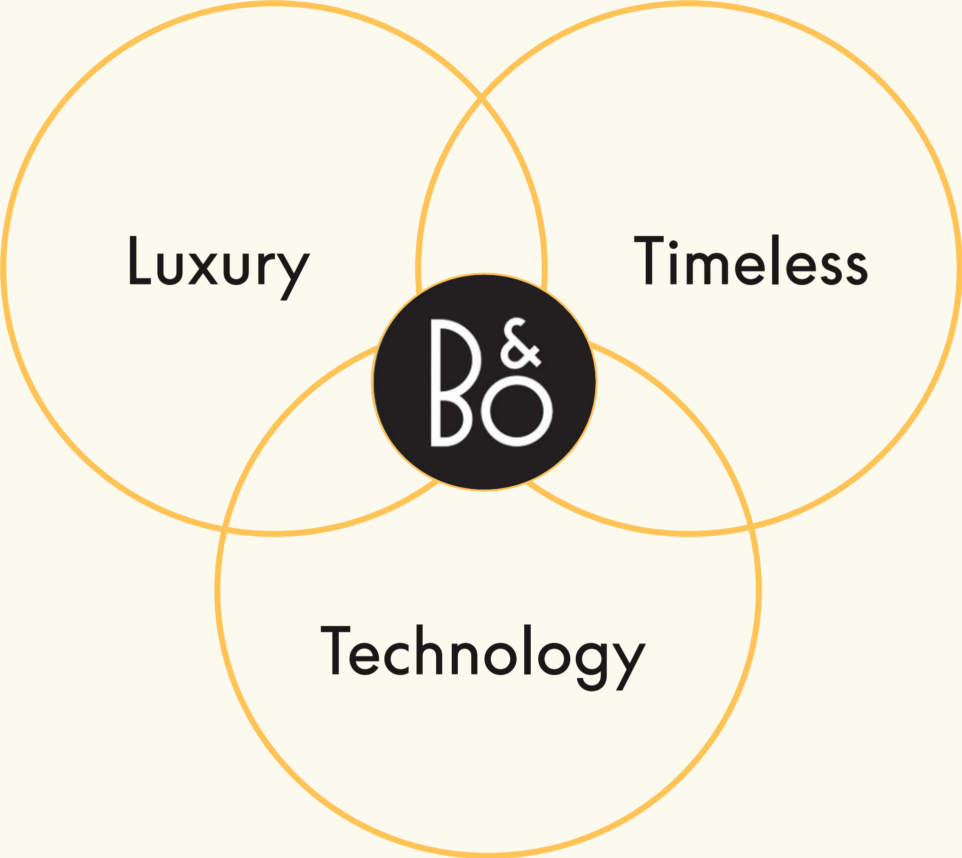
* Monobrand is including company-owned stores

# License business – new partnership

### New Partnership with TCL electronics

In July, we announced our six-year licensing partnership with TCL. Through this partnership we bring elevated audio experiences to TCL's premium TV portfolio with our "Audio by Bang & Olufsen" proposition, distributed globally via TCL's channels and customers..

# Product launch of Beoplay H100



# Financial Review Q1

# Like-for-like sell-out growth in branded channels

**-2%**
Sell-out growth

| Regions | | Product Categories | |
|---|---|---|---|
| -2% | EMEA | 19% | Staged |
| -7% | Americas | -19% | Flexible Living |
| -2% | APAC | -19% | On-the-go |

**Regions**

- **EMEA:** Excluding EOL deals, like-for-like sell-out grew year-on-year. Company-owned stores and monobrand grew. Multibrand and eTail declined.
- **Americas:** Company-owned stores and monobrand stores grew. Multibrand end Etail declined.
- **APAC:** double-digit sell-out growth for monobrand. Multibrand increased while Etail declined.

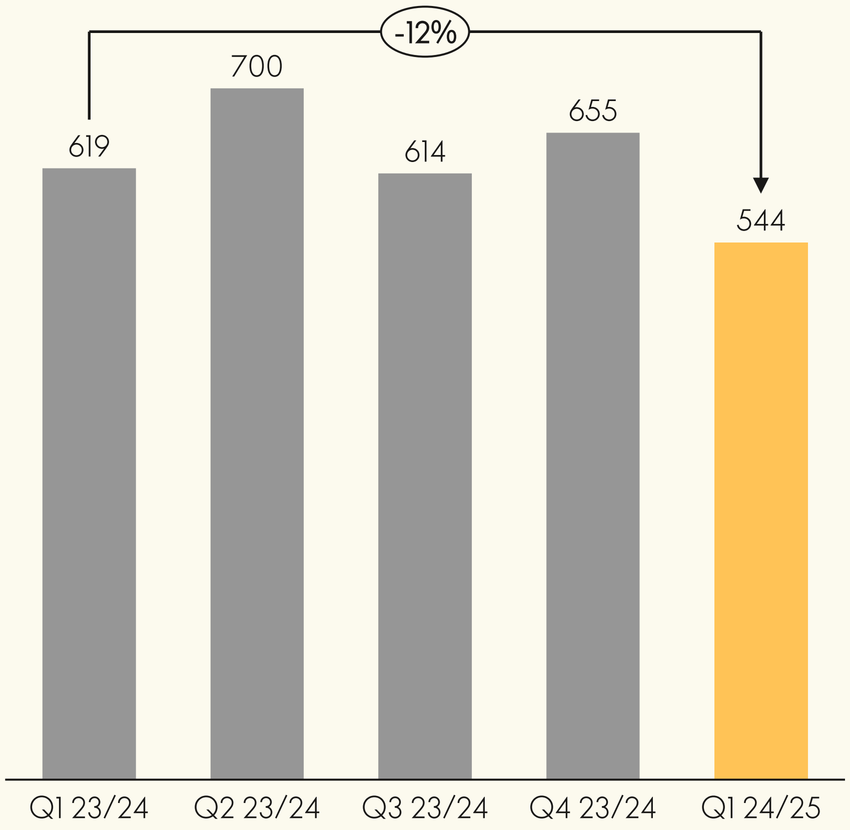
**Product categories**

- Growth in the Staged category of 19%, reflected in the change in channel mix.

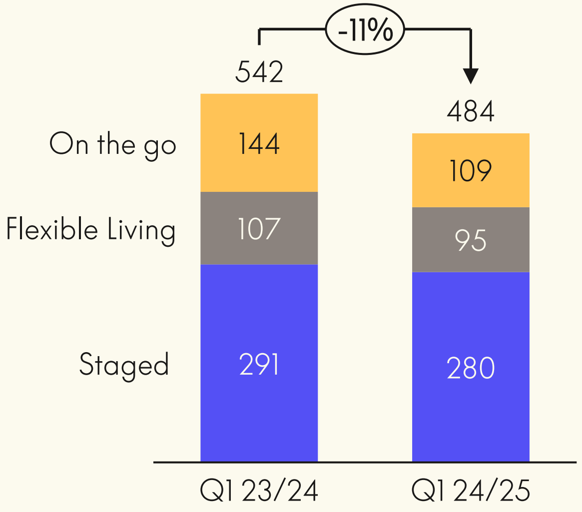
# Group revenue declined 12% in local currencies in line with our expectations

DKKm

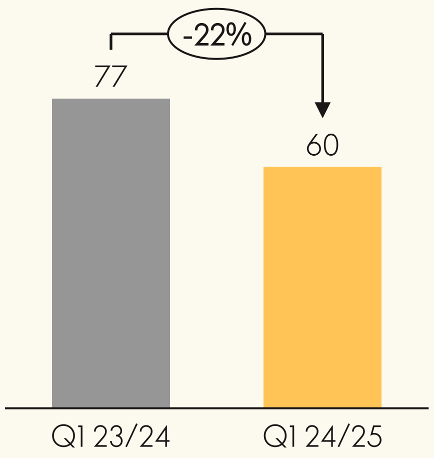
## Group revenue




## Product sales




## Brand partnering & other activities

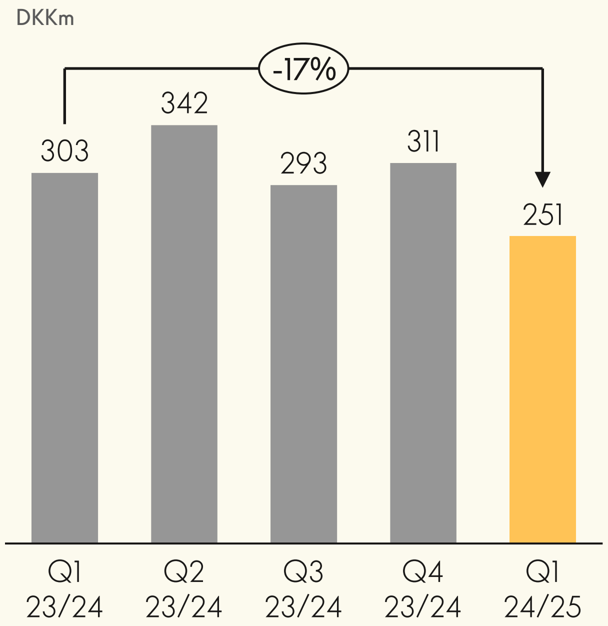



- Decline in Staged category in EMEA partly offset by growth in Americas and APAC.
- Decline in On-the-go reflecting change in channel mix.
- Revenue from branded channels (company-owned, monobrand and own ecommerce) outperformed multibranded channels.

- Decline was mainly driven by reduced license income from HP year-on-year in line with our expectations due to the expiry of the agreement as per June 2024.

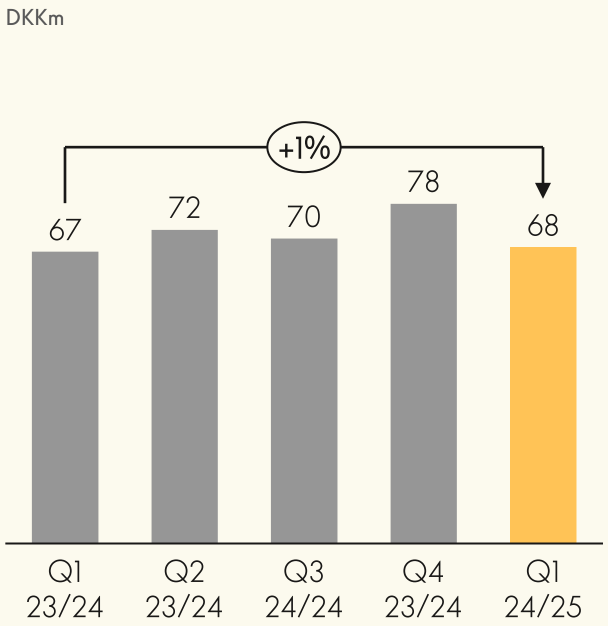
# Growth in branded channels in Americas and APAC, decline in EMEA due to high comparables. Improved gross margins across regions

## EMEA



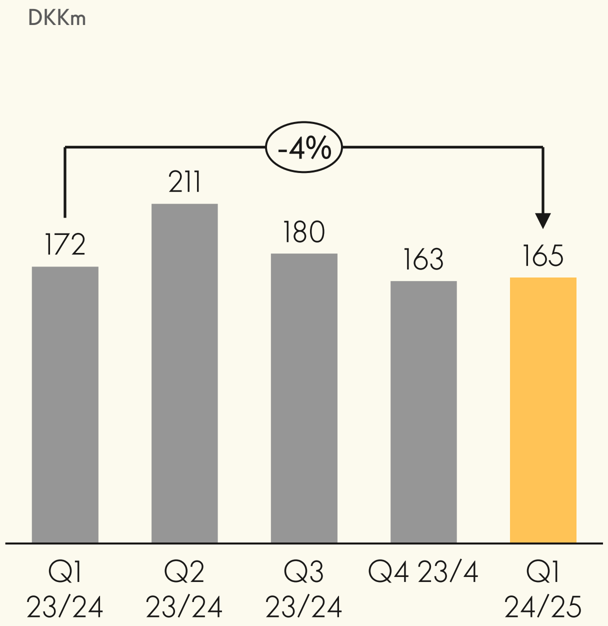

Revenue down 17% in LC
Gross margin: 48.9% up from 47.3%

## Americas



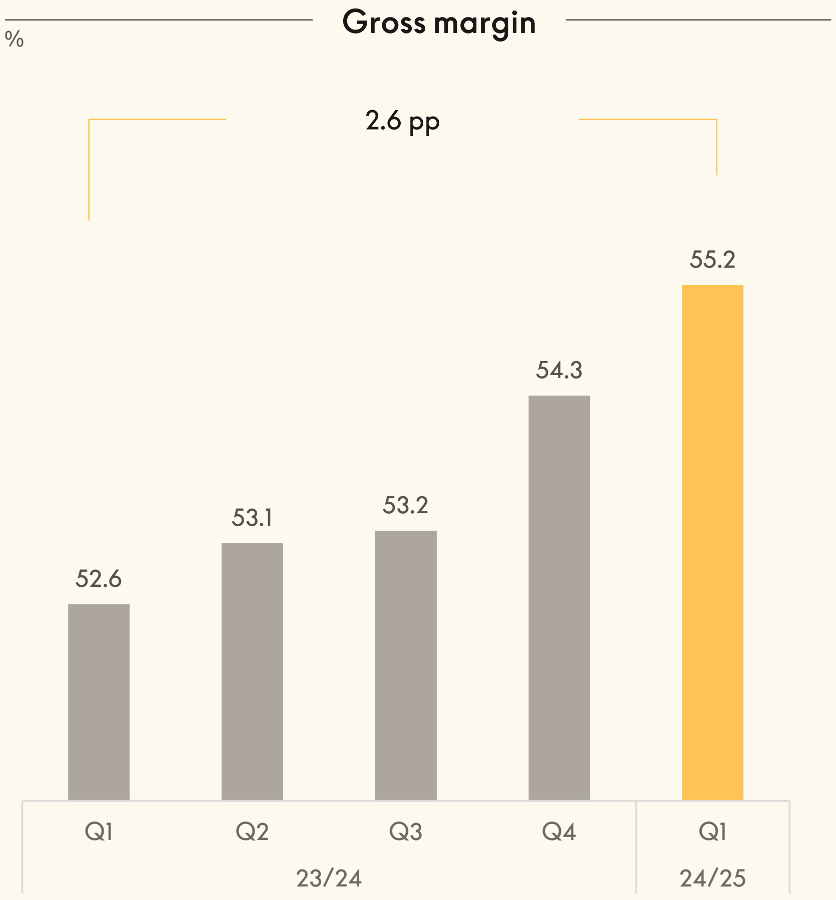

Revenue Up 3% in LC
Gross margin: 51.3% up from 45.5%

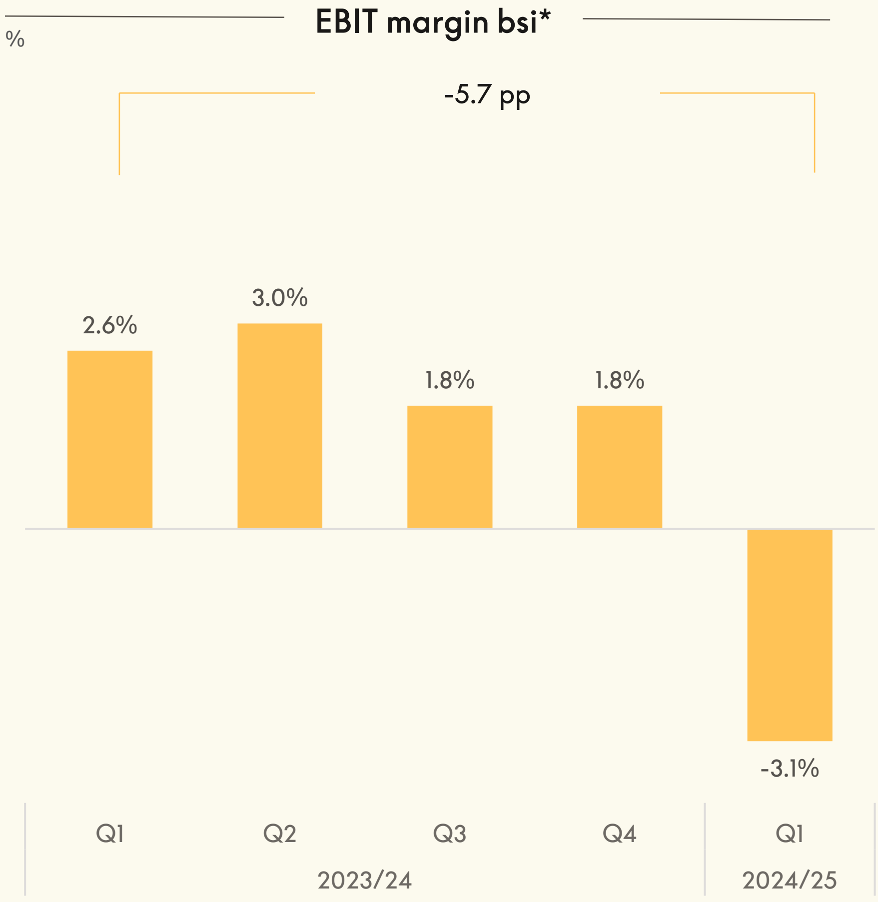
## APAC




Revenue down 3% in LC
Gross margin: 54.0% up from 48.9%

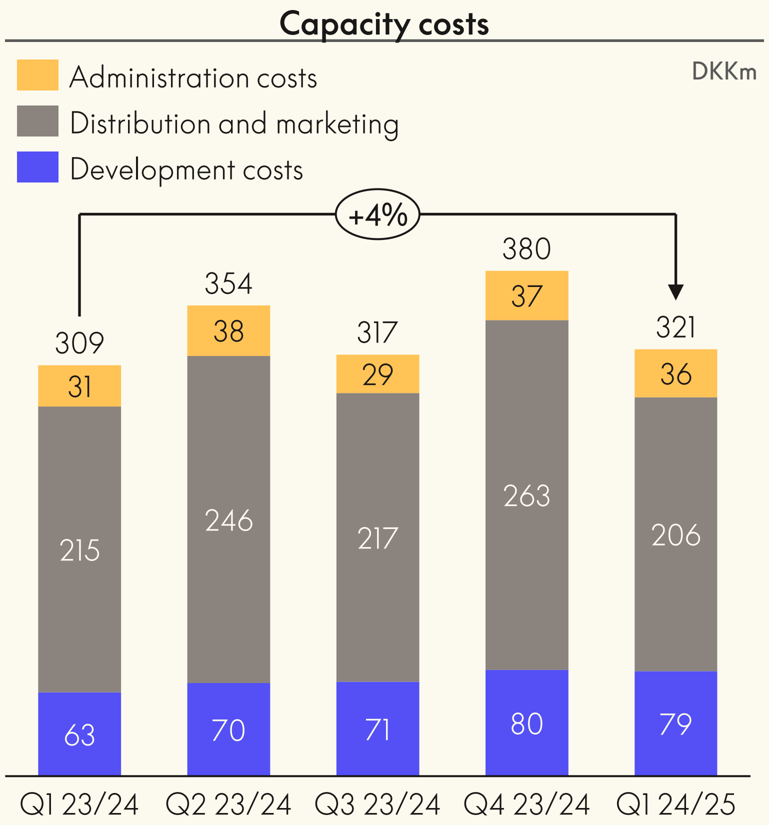
# Record-high gross margin. EBIT margin bsi impacted by lower revenue level



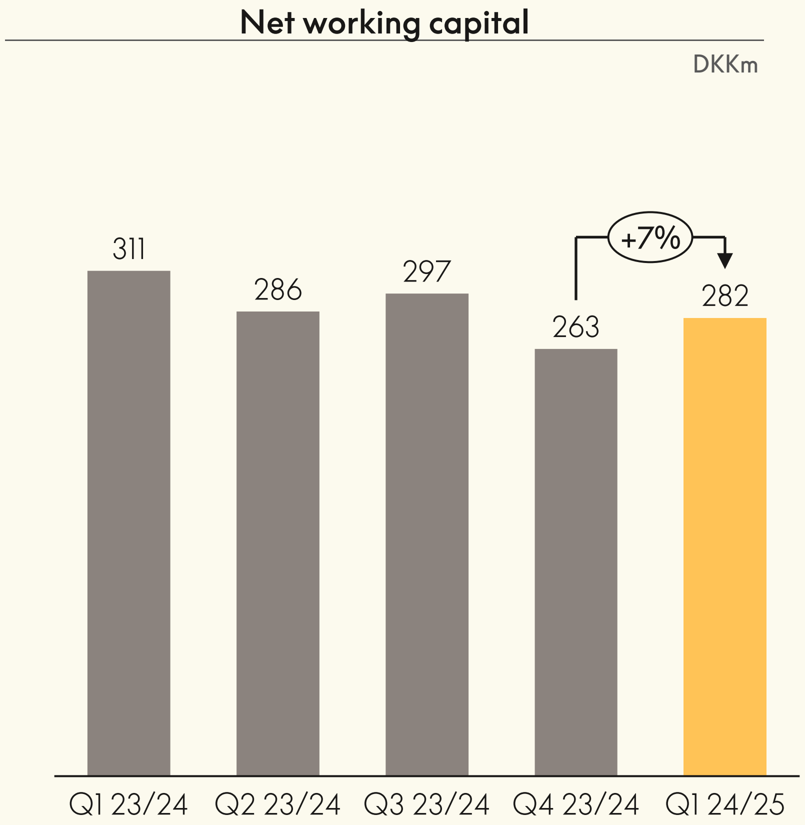




*Before special items

# Capacity costs increased mainly due to an one-off positively impacting last year




- Q1 increase mainly driven by COVID-19-related adjustment of relief packages received in Q1 last year.
- Marketing ratio 10.1% (11.6%).

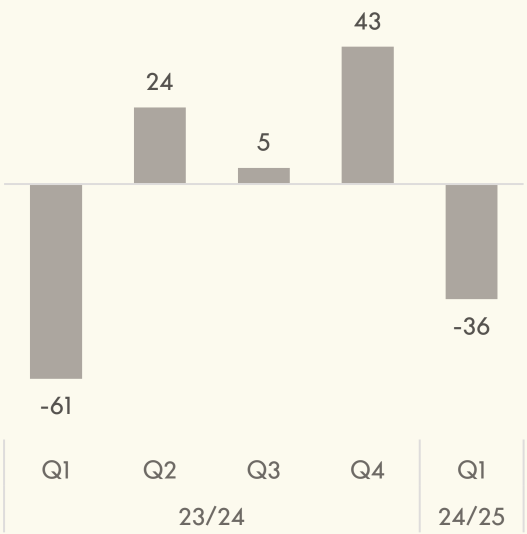



- Higher networking capital during the quarter mainly driven by change in payables and other liabilities.
- Other liabilities decreased by DKK 45m to DKK 126m primarily driven by employee related liabilities.

# Free cash flow improved DKK 25m year-on-year

## Free cash Flow

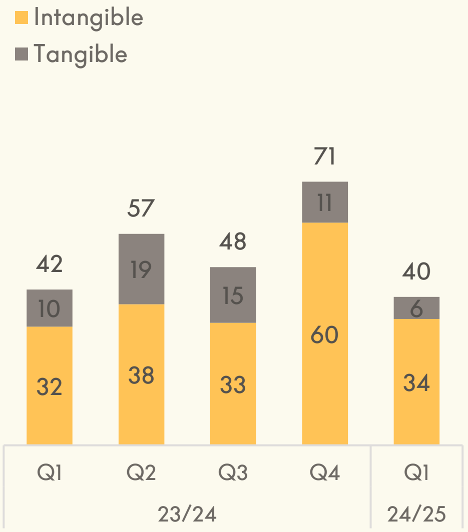
DKKm




- Q1 free cash flow of DKK -36m, up DKK 25m against last year driven by a positive operating cash flow.

## CAPEX

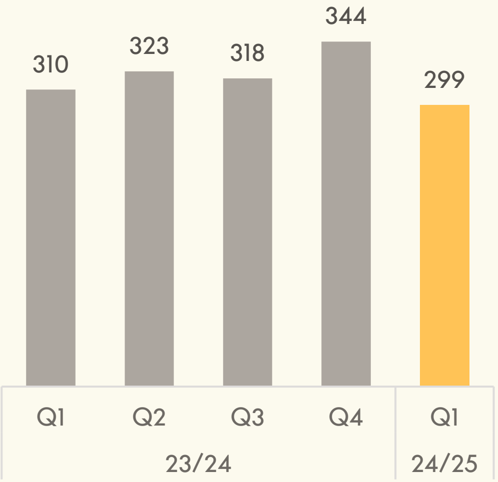
DKKm




- CAPAX decreased DKK 2m from last year.
- Investments primarily within intangible assets and related to new products and platforms.

## Capital resources

DKKm




- Capital resources, consisting of available liquidity and available credit facility, totalling DKK 299m.
- Available liquidity was DKK 139m, against DKK 184m at end of Q4.

# Outlook for 2024/25

| | Revenue growth in local currencies | EBIT margin bsi* | Free cash flow |
|---|---|---|---|
| Outlook FY 2024/25 | -3% to 3% | -2% to 1% | DKK -100m to 0m |
| Actuals Q1 2024/25 | -12% | -3.1% | DKK -36m |

The outlook is based on the planned accelerated strategic execution, including a capital increase enabling increased investments as described in relation to mid-term ambitions.

CAPEX expected to be around DKK 250 to 275m. Capacity costs are expected to increase by around DKK 100m from 2023/24.

## Mid-term financial ambitions

Organic growth
8%
CAGR** 25/26-27/28

EBIT margin bsi*
8%
in 27/28

Free cash flow, DKK
DKK 250m
in 27/28

Assumptions

The financial ambitions are based on constant currencies and on the current political and economic environment and projections. Any change to these factors may impact the ambitions. The sensitivities relating to the outlook for 2024/25 apply equally to the period for the medium-term ambitions.

 | * Before special items ** Compound annual growth rate


Q&A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