



INTERIM REPORT

Q3 2021/22

WEBCAST PRESENTATION
7 APRIL 2022

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AGENDA



KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

OUTLOOK

DOUBLE-DIGIT GROWTH DESPITE CONTINUED SUPPLY CHALLENGES

- Product sales grew by 10% in local currencies mainly driven by the Staged category
- New brand licensing partners mitigated the decline from automotive industry
- Positive sell-out growth driven by EMEA and Americas
- We grew our customer base and saw an increase in repeat purchases
- Growth and cost levels were impacted by global component shortages. Additional costs related to component and logistics amounted to DKK 65m equivalent to 9pp on product gross margin
- Outlook maintained with EBIT margin bsi and Free Cash Flow expected to be in the low end of the range



Q3
2021/22

REVENUE

DKK 775m

10% growth in local currencies

*EBIT MARGIN bsi**

0.7%

(EBIT bsi DKK 6m)

FREE CASH FLOW

DKK -14m

9M
2021/22

REVENUE

DKK 2,250m

19% growth in local currencies

*EBIT MARGIN bsi**

1.9%

(EBIT bsi DKK 41m)

FREE CASH FLOW

DKK 18m

OUTLOOK
FY 2021/22

REVENUE

DKK 2.9bn to 3.1bn

*EBIT MARGIN bsi**

2-4%

(Low end)

FREE CASH FLOW

DKK 0m to 100m

(Low end)

IMPACT OF RUSSIA'S INVASION OF UKRAINE AND COVID-19 LOCKDOWNS IN CHINA

Russia's war

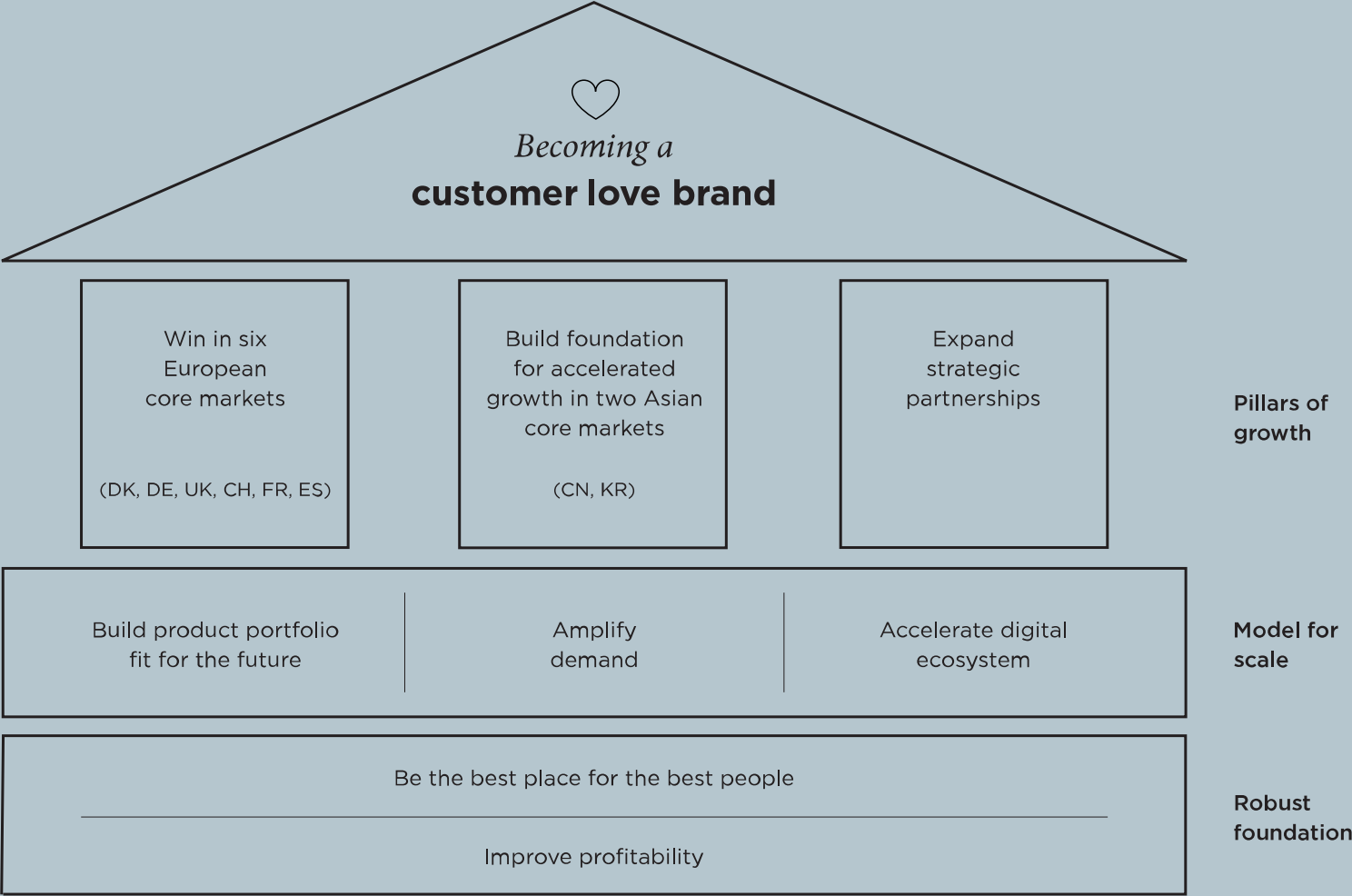
- Immediately stopped all sales to Russia and Belarus
- Complied with the subsequent sanctions against Russia and Belarus
- No direct sourcing from Russia or Ukraine, but expect price impact e.g., aluminium and iron
- Logistics impacted directly, causing a move from rail freight to sea and air freight
- The company changed from gas to electricity for heating in the aluminium factory

Lockdowns in China

- Short term risk related to Mainland China and Hong Kong:
 - Risk of production stop
 - Risk of lockdown of cities
 - Logistics in and out of Hong Kong



WE CONTINUED TO BUILD ROBUSTNESS



CONTINUED POSITIVE SELL-OUT IN CORE MARKETS

SIX EUROPEAN CORE MARKETS



- Sell-out grew by 10%, with strong performance from multibrand and etail
- Reported revenue declined by 10%, mainly due to high comparables in multibrand
- Revenue from monobrand grew by 10%
- eCommerce suffered from price inconsistency following price increases in January
- Continued strong performance in the pilot-city London
- Sell-out from company owned stores in London increased by 80% compared to last year

TWO ASIAN CORE MARKETS



- Reported revenue grew by 28%, driven by most channels
- Sell-out up by 1%, impacted by transition to new partners, local COVID-19 lockdowns and timing of the Chinese New Year
- New distribution partners onboarded to ensure stronger brand experience
- Transition to new partners has a negative impact on sell-out performance in the transition period



CUSTOMER GROWTH AND DEMAND CREATION

Customer growth

Customer growth*

+25%

Growth in customers
with 2+ products

+32%

Demand creation

Headphone campaign

- Campaign across channels
- Lifted performance on sell-out of headphones
- Campaign supported by brand ambassadors and influencers
- Significant uptake in both reaches generated and in the follower base across social media platforms

Churn campaign

- The company retargeted the customers in the database
- Positive early results with incremental sales and re-engagement

Improvements to the eCommerce platform

- Improved payment check-out functionality
- Improved customer satisfaction scores



LAUNCH OF BEOPLAY PORTAL AND BEOSYSTEM 72-22

Beoplay Portal for PlayStation, PC and mobile

- Fully compatible with PlayStation consoles and PCs
- Comes with a wireless dongle for faster connectivity
- Battery life improved, offering up to 42 hours of playtime



Beosystem 72-22

- Celebrates the 50th anniversary of the Beogram 4000 turntable
- 30 limited-edition systems for the US and Canada
- Matching Beolab 18 speakers and Beoremote Halo
- Solid wood walnut gift box that turns into a cabinet
- All units sold within the first day



CONSISTENT INFLOW OF BESPOKE AND CUSTOMISATION REQUESTS

MATERIAL SAMPLES



STORE EXPERIENCE



DIGITAL EXPERIENCE



NEW BRAND LICENSING PARTNERS AND BRANDS

Brand partnership with Verizon

- Verizon launched two soundbars audio tuned by Bang & Olufsen
- 2-in-1 entertainment solution providing both sound and streaming
- Sold to customers in the US



Luxury car brand Genesis

- HARMAN have onboarded the Luxury car brand Genesis
- Genesis is currently sold in Korea, the US and Europe
- Bang & Olufsen makes the speaker grills for the sound system in Factory 5



Sagemcom

- Sagemcom have onboarded Telecom Italia to its Video Soundbox unit
- Third telecom company onboarded to the product



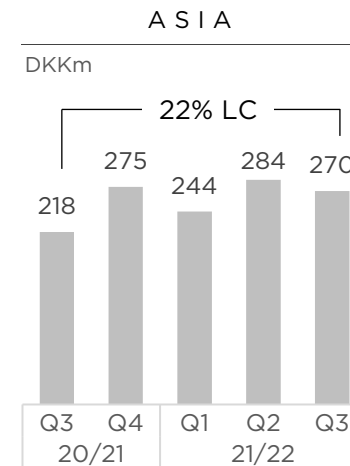
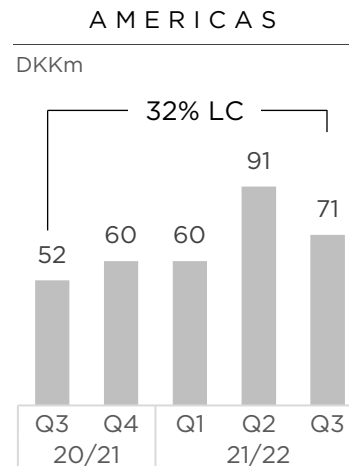
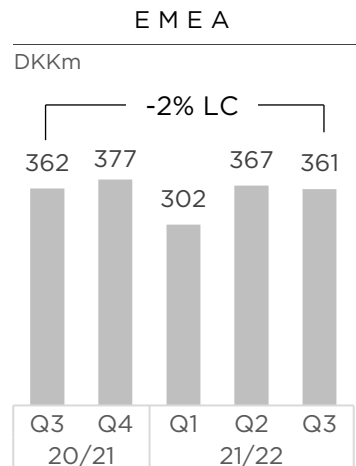
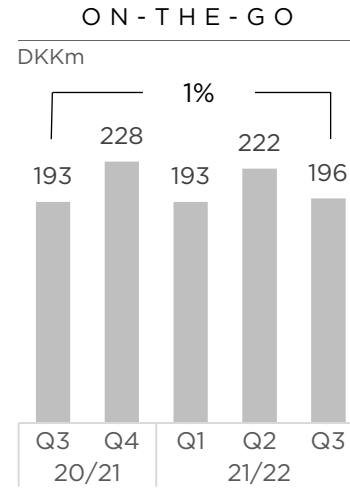
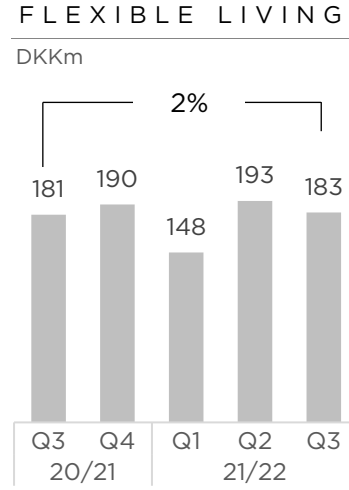
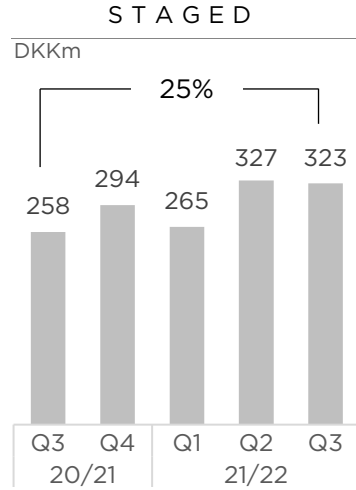
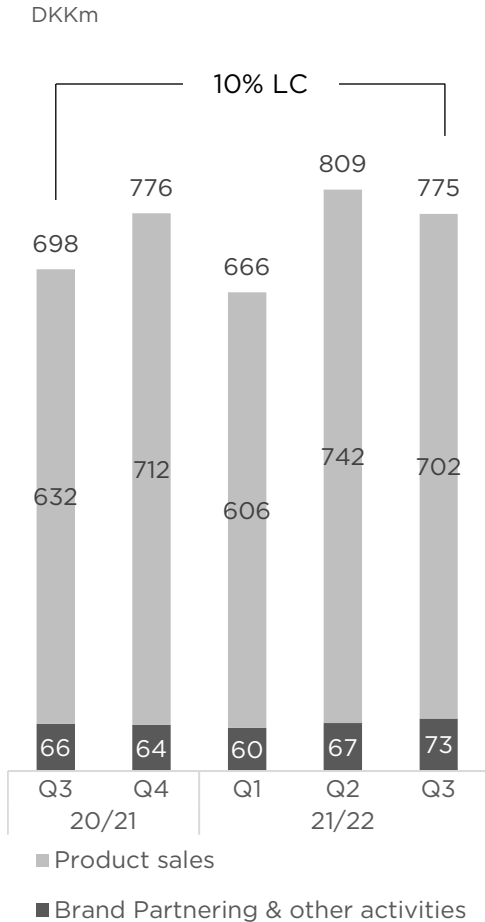
AGENDA

KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

OUTLOOK

10% REVENUE GROWTH, ESPECIALLY DRIVEN BY THE STAGED CATEGORY



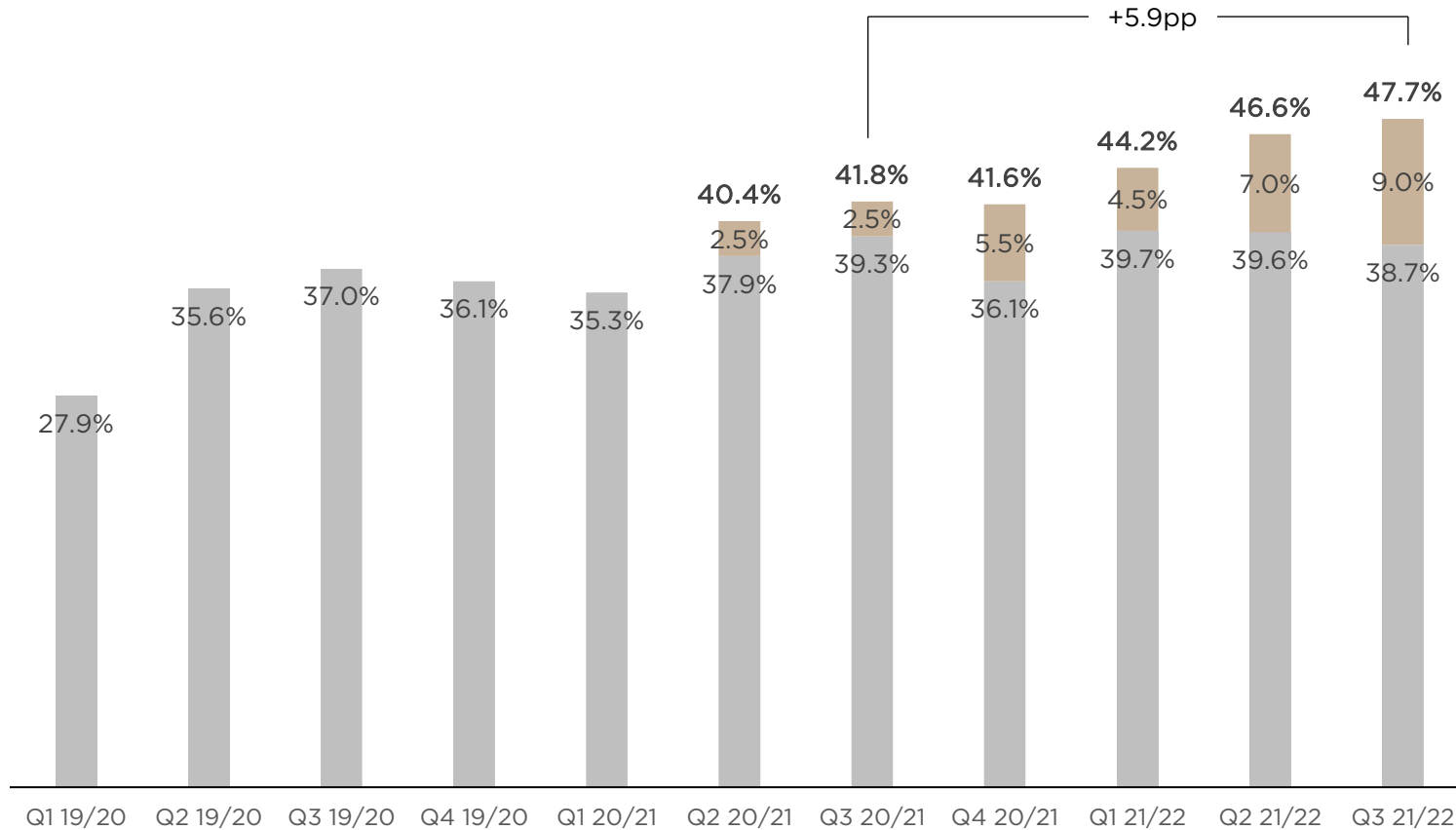
Revenue grew 10% YoY

- Product sales grew 10% to DKK 702m
- Brand Partnering & other activities increased by 9% in local currencies, driven by aluminium manufacturing
- Component scarcity impacted growth within both brand licensing and product sales
- New brand partners mitigated the decline from car manufacturing

Development in product sales

- Growth driven by Staged category
- Flexible Living negatively impacted by component scarcity
- On-the-go impacted by high comparables in EMEA, but delivered solid growth in Asia and Americas
- EMEA impacted by high comparables related to onboarding of new distributors last year. Double-digit sell-out in the quarter
- Strong growth in Americas and solid double-digit sell-out
- Solid growth in Asia driven by all channels. Sell-out on par with last year, impacted by transition to new distribution partners

INCREASED IMPACT ON PRODUCT GROSS MARGIN FROM HIGHER COMPONENT COSTS



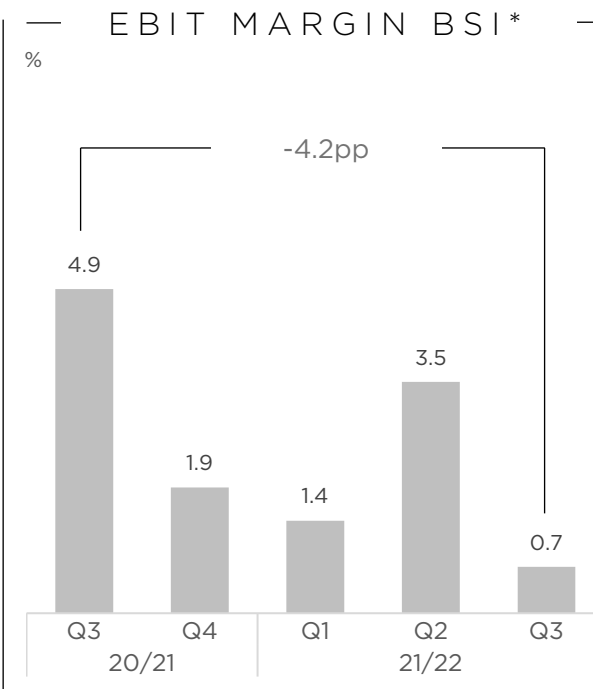
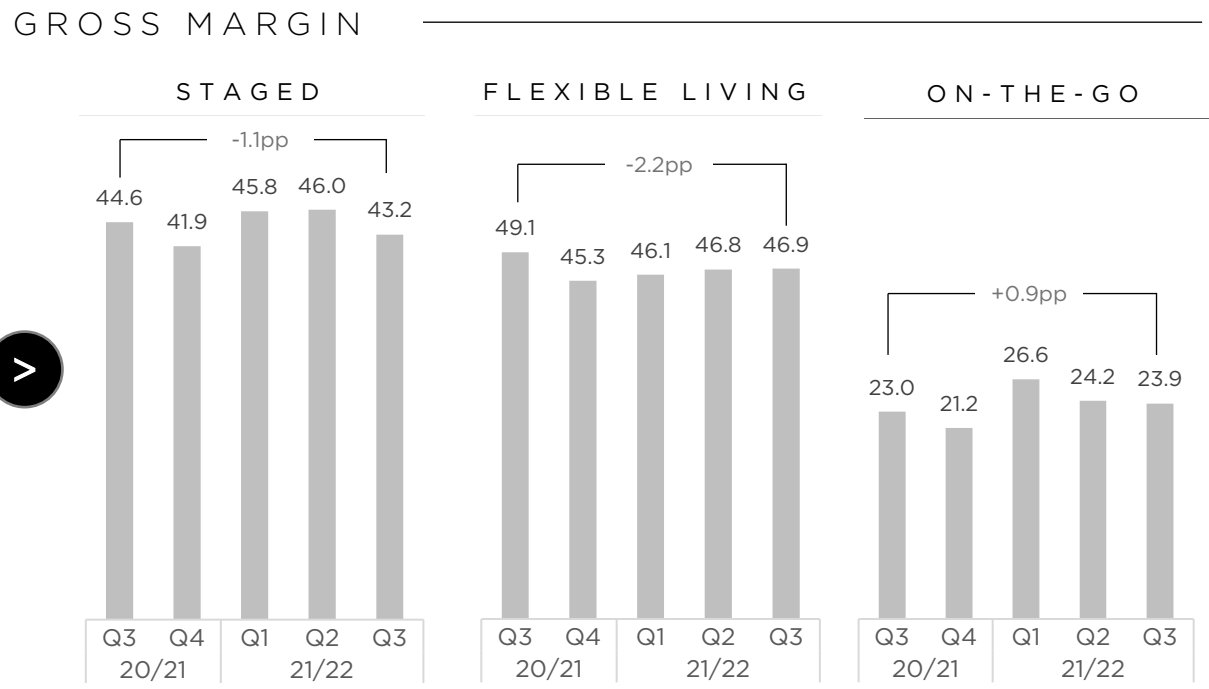
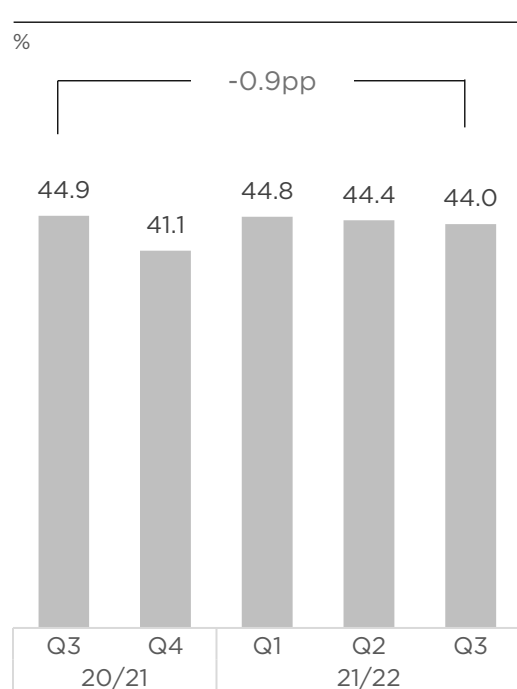
Gross margin before component and logistics impact increased by 5.9pp:

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

Combined negative YoY impact of 6.5pp from component and logistic costs:

- Total impact of 9pp on product gross margin or more than DKK 65m
- Increase related to spot buys of components
- Year-on-year, improved relative impact from logistics

POSITIVE EBIT MARGIN DESPITE SIGNIFICANT IMPACT FROM COMPONENT COSTS



- Gross margin declined due to:
 - ÷ Increased component costs
 - ÷ Lower margin from Brand Partnering & other activities
 - + Price increases
 - + Product mix
 - + FX impact
 - + Lower relative logistics impact

- Negative impact from higher component costs
- Partly offset by price increases
- Last year, the Staged category was adversely impacted by pass-through of screens for Beovision Contour 48"

- Positive impact from product mix
- Less discounting
- Partly offset by higher component costs

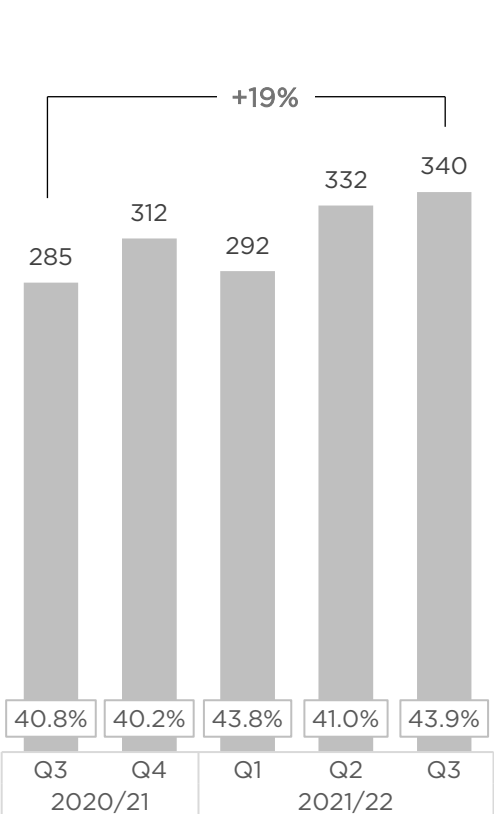
- Year-on-year decline due to significantly higher costs for components of DKK 65m

*Before special items

CAPACITY COSTS REFLECTING STRATEGIC INVESTMENTS

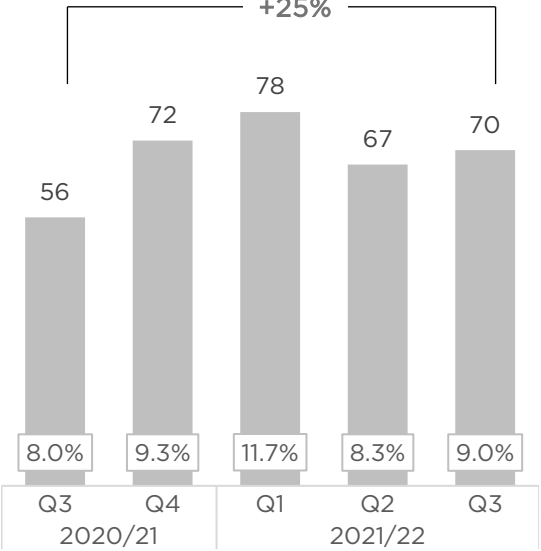
CAPACITY COSTS

DKKkm



DEVELOPMENT COSTS

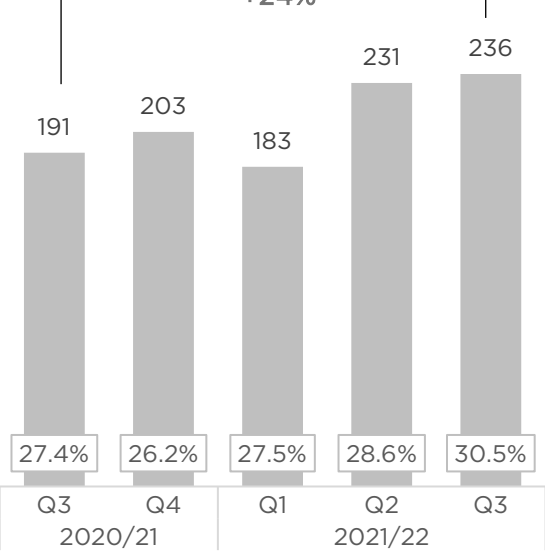
DKKkm



- Increase driven by higher depreciations and lower capitalisation rate
- Incurred development costs, grew by 8% to DKK 80m
- Increase in number of employees and investments in platform upgrades and product roadmap

DISTRIBUTION & MARKETING COSTS

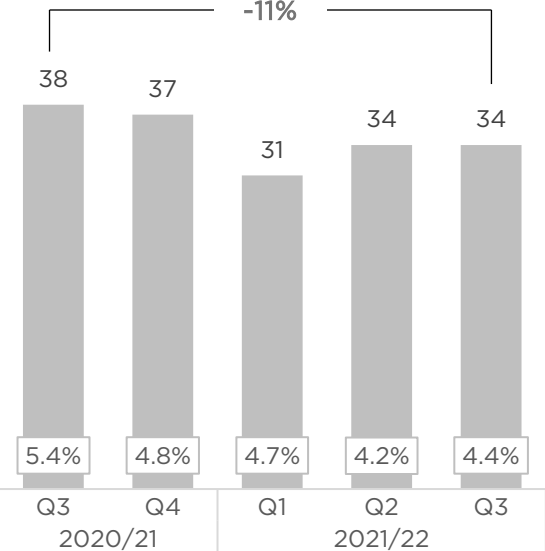
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- Higher costs for local teams and local marketing
- Global marketing campaigns to drive demand creation
- Higher warranty cost due to sales growth and one-off true up cost

ADMINISTRATIVE COSTS

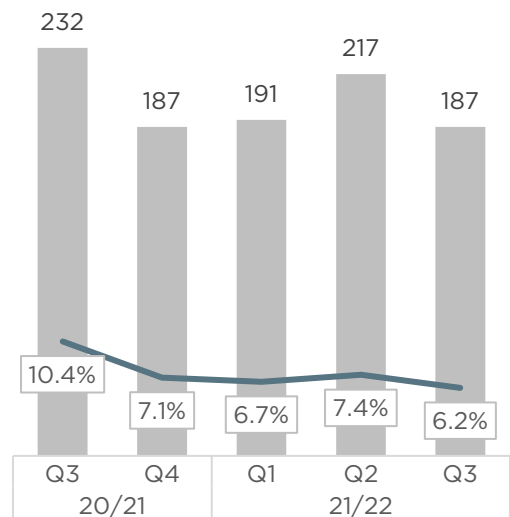
DKKkm



- Decrease related to lower consultancy costs and lower employee bonus costs

NEGATIVE FREE CASH FLOW FOLLOWING HIGHER INVESTMENTS IN STRATEGY EXECUTION

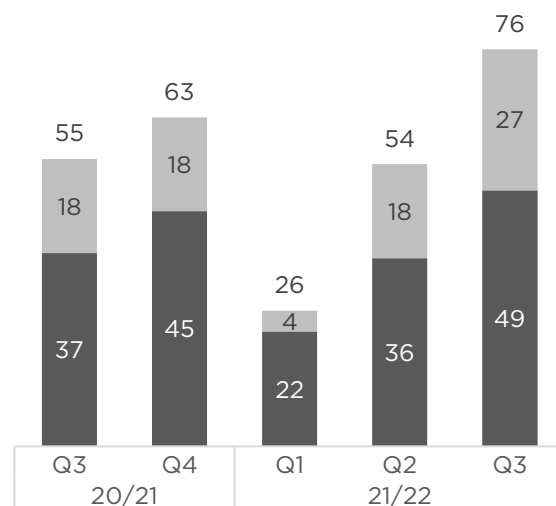
NWC
DKKm



Net working capital decreased DKK 30m (NWC ratio of 6.2%)

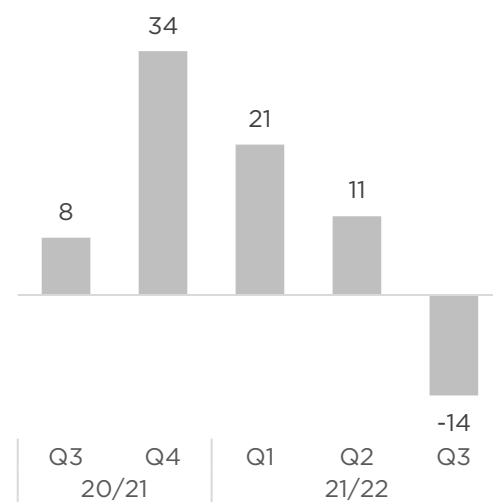
- Receivables down DKK 24m coming from the high season in Q2
- Trade payables down DKK 20m due to timing of payments
- Inventories up DKK 10m, partly due to raw materials and components
- Other liabilities up, driven by employee bonuses

CAPEX
DKKm



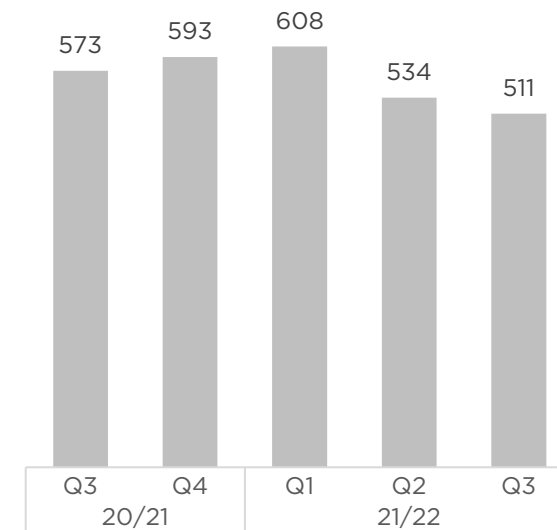
- Investments primarily within intangible assets related to product roadmap
- Tangible investments related to retail development and the aluminum factory

FREE CASH FLOW
DKKm



- Year-on-year decline related to higher CAPEX, DKK 21m higher than last year
- Operating cash flow at the same level as last year

AVAILABLE LIQUIDITY
DKKm



- Available liquidity decreased to DKK 511m
- The decline was mainly related to the negative free cash flow

AGENDA

KEY HIGHLIGHTS AND STRATEGY UPDATE

FINANCIAL PERFORMANCE

OUTLOOK

OUTLOOK 2021/22 MAINTAINED

OUTLOOK

Revenue
DKK 2.9bn to 3.1bn

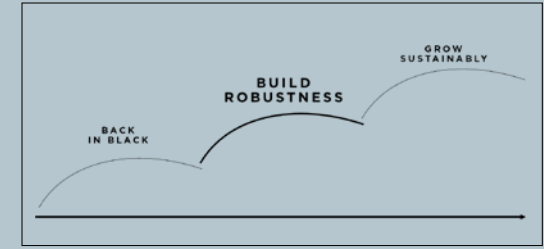
EBIT margin BSI*
2-4%

Free cash flow
DKK 0m to 100m

MAIN ASSUMPTIONS

- No significant worsening of product availability e.g. due to component scarcity or reduction in manufacturing capacity
 - No major lockdowns due to COVID-19 outbreaks in China
 - No revenue from sales to Russia or Belarus
 - Launch of 1+ product in Q4
-
- Expect to be in the low end of the range
 - Component and logistics costs expected not to worsen compared to the high level experienced in Q3
 - Higher logistics costs due to the war in Ukraine
-
- Expect to be in the low end of the range
 - No material changes in overdue receivables
 - CAPEX at the same level as Q3 related to product and retail development

SUMMARY | DOUBLE-DIGIT GROWTH DESPITE HEADWIND



- Double-digit growth for the seventh consecutive quarter
- Positive sell-out growth in all regions in Q3, underlining the good customer demand for B&O products
- We continue to see growth in our customer base and in repeat purchases
- Increasing negative margin impact from component and logistics, which is expected to continue
- Outlook maintained. Increased uncertainty related to supply chain and consumer demand due to higher inflation, COVID-19 lockdowns in China and the war in Ukraine



Questions

A person's hand is shown adjusting a vinyl record on a turntable. The turntable is on a wooden surface, and a small, round, white Bang & Olufsen speaker is visible to the right. The background is a warm, orange-red wall.

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