BANG & OLUFSEN

Bang & Olufsen A/S

(a public limited liability company incorporated in Denmark under CVR no. 41 25 79 11)

Rights issue and admission to trading and official listing of 81,848,058 new shares at a subscription price of DKK 5 per new share with pre-emptive rights for the existing shareholders of Bang & Olufsen A/S at the ratio of 2:1.

This prospectus (the "**Prospectus**") has been prepared in connection with a capital increase comprising an offering (the "**Offering**") of 81,848,058 new shares (the "**New Shares**") in Bang & Olufsen A/S, CVR no. 41 25 79 11 (the "**Company**") with pre-emptive rights to subscribe for New Shares (the "**Pre-emptive Rights**") for the Existing Shareholders (as defined below) of the Company at the ratio of 2:1, meaning that each holder of shares in the Company who is registered as a shareholder of the Company (the "**Existing Shareholders**") with VP Securities A/S ("**VP Securities**") on 10 June 2020 at 5:59 p.m. CEST will be allocated two (2) Pre-emptive Rights for each Existing Share (as defined below). For one (1) Pre-emptive Right, the holder is entitled to subscribe for one (1) New Share at a price of DKK 5 per New Share (the "**Subscription Price**"). The Offering is directed solely to Existing Shareholders and to Qualified Investors (as defined below).

Immediately prior to the Offering, the Company has 40,924,029 shares issued (the "**Existing Shares**"). The Existing Shares are listed on Nasdaq Copenhagen A/S ("**Nasdaq Copenhagen**") under the ISIN code DK0010218429.

On 3 June 2020, an extraordinary general meeting of the Company resolved to issue 81,848,058 New Shares with Pre-emptive Rights for Existing Shareholders. The Pre-emptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the ISIN code DK0061284676.

The trading period for the Pre-emptive Rights commences on 9 June 2020 at 9:00 a.m. CEST and closes on 22 June 2020 at 5:00 p.m. CEST (the "**Rights Trading Period**"). The subscription period for the New Shares commences on 11 June 2020 at 9:00 a.m. CEST and closes on 24 June 2020 at 5:00 p.m. CEST (the "**Subscription Period**"). Once a holder of Pre-emptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by such holder, except as set forth in this Prospectus. Any of the Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to any compensation. After payment of the Subscription Price, investors will be granted temporary share certificates to the investor's account in VP Securities under the temporary ISIN code DK0061284593. The temporary share certificates will not be admitted to trading and official listing on Nasdaq Copenhagen under the temporary ISIN code. The temporary ISIN code is, thus, registered in VP Securities solely for the subscription of New Shares. The New Shares will be registered with the Danish Business Authority after the completion of the Offering, expected on 1 July 2020. The New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the same ISIN code as the Existing Shares with the expected first day of trading and official listing being 3 July 2020, at the latest.

New Shares which have not been subscribed for by the Existing Shareholders before the expiry of the Subscription Period (the "**Remaining Shares**") may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders or Qualified Investors, who have made binding undertakings to subscribe for the Remaining Shares according to the application form in Annex A before the expiry of the Subscription Period. In case of oversubscription of the Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to apportionment keys determined by the Company's board of directors (the "**Board of Directors**").

The Offering is fully underwritten, subject to satisfaction of certain conditions set out in separate advance subscription commitments and guarantee undertakings entered into between the Company and a number of Existing Shareholders and other investors, including Arbejdsmarkedets Tillægspension, Chr. Augustinus Fabrikker Aktieselskab, Maj Invest, Arbejdernes Landsbank, MP Pension and Færchfonden and a number of other institutional and Qualified Investors and members of the Company's Board of Directors, Executive Management Board and Group Leadership Team (the "**Guarantors**") prior to publication of this Prospectus (the "**Subscription Commitments**"). On the terms and conditions of the Subscription Commitments, the Guarantors undertake to exercise Pre-emptive Rights and to subscribe for any Remaining Shares that have not been subscribed for by holders of the Pre-emptive Rights. Therefore, subject to satisfaction of such terms and conditions, the Company has ensured that all New Shares will be subscribed for corresponding to aggregate gross proceeds of DKK 409,240,290.

Investors should be aware that an investment in the Pre-emptive Rights and the New Shares involves a high degree of risk. See "*Risk factors*" for a description of the factors that should be considered before investing in the Pre-emptive Rights and the New Shares.

The offering is subject to Danish law and this Prospectus has been prepared in accordance with Danish legislation and regulations in compliance with the requirements set out in the Danish Consolidated Act no. 377 of 2 April 2020 on capital markets (the "Danish Capital Markets Act"), Regulation (EU) no. 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Regulation"), Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019 as well as Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 (the "Delegated Prospectus Regulation"), and Nordic Main Market Rulebook for Issuers of Shares effective from 1 May 2020 ("Nasdaq Issuer Rules"). This Prospectus has been prepared in accordance with Article 14 (Simplified disclosure regime for secondary issuances) of the Prospectus Regulation, Annex 3 (Registration document for secondary issuances of equity securities) and Annex 12 (Securities note for secondary issuances of equity securities or of units issued by collective investment undertakings of the closed-end type) to the Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019. The Company has elected to apply the aforementioned Annexes, as the proportionate disclosure regime has been specifically implemented to be used in rights issues.

Neither this Prospectus nor any advertisement or any other offering material may be distributed, published or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in any jurisdiction outside of Denmark and Greenland, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Joint Global Coordinators and Joint Bookrunners (as defined below) may require satisfactory documentation to that effect. Due to such restrictions under applicable legislation and regulations, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark and Greenland may not have the Prospectus distributed to them and may not be entitled to exercise the Pre-emptive Rights or subscribe for the New Shares. No offer and no solicitation that may be unlawful are being made by the Company to any person in any jurisdiction under any circumstances. The Pre-emptive Rights and the New Shares have not been and will not be registered under the United States Securities Act 1933, as amended, (the "U.S. Securities Act") and are only offered and sold outside the United States or to, or for the account or benefit of, non-U.S. persons (as defined in Regulation S under the U.S. Securities Act ("Regulation S")) in accordance with Regulation S, or in transactions otherwise exempt from, or not subject to, the registration requirements of the U.S. Securities Act. See "Important information" and "The Offering–Terms and conditions of the Offering–Transfer restrictions".

Joint Global Coordinators and Joint Bookrunners

Carnegie **Nordea**

This Prospectus is dated 4 June 2020

IMPORTANT INFORMATION

This Prospectus has been prepared for the Offering and for admission to trading and official listing of the Pre-emptive Rights and the New Shares on Nasdaq Copenhagen in accordance with Danish legislation and regulations in compliance with the requirements set out in the Danish Capital Markets Act, the Prospectus Regulation, Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019 as well as Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, and Nasdaq Issuer Rules. This Prospectus has been prepared in accordance with Article 14 (Simplified disclosure regime for secondary issuances) of the Prospectus Regulation, Annex 3 (Registration document for secondary issuances of equity securities) and Annex 12 (Securities note for secondary issuances of equity securities or of units issued by collective investment undertakings of the closed-end type) to the Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019. The Company has elected to apply the aforementioned Annexes, as the proportionate disclosure regime has been specifically implemented to be used in rights issues.

This Prospectus has been prepared for the public offering in Denmark and Greenland, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in any jurisdiction outside of Denmark and Greenland, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Joint Global Coordinators and Joint Bookrunners may require satisfactory documentation to that effect.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of, or an invitation to, acquire any Pre-emptive Rights or to subscribe for New Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons into whose possession this Prospectus may come must inform themselves of and observe all such restrictions. Neither the Company nor the Joint Global Coordinators and Joint Bookrunners accept any legal responsibility for any violation of any such restrictions by any person, whether or not such person is a prospective purchaser of the Pre-emptive Rights or a subscriber of the New Shares. For a more detailed description of certain restrictions in connection with the Offering, see "*The Offering–Terms and Conditions of the Offering*".

Neither this Prospectus nor any advertisement or any other offering material may be distributed, published or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in any jurisdiction outside Denmark and Greenland, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Joint Global Coordinators and Joint Bookrunners may require to receive satisfactory documentation to that effect.

Due to such restrictions under applicable legislation and regulations, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark and Greenland may not have the Prospectus distributed to them and may not be entitled to exercise the Pre-emptive Rights or subscribe for the New Shares. No offer and no solicitation that may be unlawful are being made by the Company to any person in any jurisdiction under any circumstances.

Notice to Investors in the United States

The Pre-emptive Rights and the New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Neither the Pre-emptive Rights nor the New Shares have been, or will be, registered under the U.S. Securities Act or any state securities legislation in the United States. Accordingly, the Pre-emptive Rights may not be offered, sold, acquired or exercised within the United States, and the New Shares may not be subscribed for, offered or sold within the United States, absent an applicable exemption from such laws. The Pre-emptive Rights and the New Shares have not been, and will not be, registered under the U.S. Securities Act and are only offered and sold outside the United States or to, or for the account or benefit of, persons who are not U.S. Persons (as defined in Regulation S) in accordance with Regulation S or in transactions otherwise exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offering is governed by Danish legislation and requirements and, therefore, any information contained in this Prospectus may not be comparable with information contained in prospectuses of U.S. companies for similar transactions. For certain restrictions on transfer of the Pre-emptive Rights and the New Shares, see "*The Offering – Terms and conditions of the Offering – Transfer restrictions*".

For as long as any of the Company's Pre-emptive Rights and New Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which it is not subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted Pre-emptive Rights and New Shares, or to any prospective purchaser of such restricted Pre-emptive Rights and New Shares designated by such holder or beneficial owner, upon request the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act. The Company is currently exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b).

There is no treaty between the United States and Denmark providing for reciprocal recognition and enforceability of judgments rendered in connection with civil and commercial disputes and, accordingly, a final judgment rendered by a U.S. court based on civil liability would not be enforceable in Denmark. It is uncertain whether Danish courts would allow actions to be predicated on the securities laws of the United States or other jurisdictions outside Denmark. Danish courts are likely to deny claims for punitive damages and may grant a reduced amount of damages compared to U.S. courts.

Notice to Investors in the European Economic Area

In relation to each member state of the European Economic Area where the Prospectus Regulation applies (each a "**Relevant Member State**"), no offering of Pre-emptive Rights or New Shares will be made to the public in any Relevant Member State prior to the publication of a prospectus concerning the Pre-emptive Rights and the New Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Regulation, except that an offering of Pre-emptive Rights and New Shares may be made to the public at any time in such Relevant Member State pursuant to the following exemptions from the Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation ("**Qualified Investor**");

b) to fewer than 150 natural or legal persons other than Qualified Investors, subject to obtaining the prior written consent of the Company and the Joint Global Coordinators and Joint Bookrunners; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

In any Relevant Member State other than Denmark, the Prospectus is only addressed to, and is only directed at, investors in such Relevant Member State that fulfil the criteria for exemption from the obligation to publish a prospectus, including Qualified Investors.

For the purposes of the above, the expression an "offer of Pre-emptive Rights and New Shares to the public" in relation to Pre-emptive Rights and New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and the New Shares so as to enable an investor to decide whether to acquire the Pre-emptive Rights and acquire or subscribe for the New Shares.

Notice to Investors in the UK

This Prospectus is only being distributed to, and is only directed at, (i) persons outside the UK or (ii) "investment professionals" falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**") or (iii) "high net worth companies" and other persons to whom it may lawfully be communicated, falling within the meaning of Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons being "**Relevant Persons**"). Pre-emptive Rights and New Shares are only available to Relevant Persons and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such Pre-emptive Rights or New Shares will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act on or rely upon this Prospectus or any of its contents.

Notice to Investors in Canada, Australia and Japan

The Pre-emptive Rights and the New Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in Canada, Australia or Japan, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Joint Global Coordinators and Joint Bookrunners receive satisfactory documentation to that effect.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities that are the subject of the Offering have been subject to a product approval process, which has determined that the Pre-emptive Rights and the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Pre-emptive Rights and the shares of the Company may decline and shareholders and investors could lose all or part of their investment; the Pre-emptive Rights and the shares of the Company offer no guaranteed income and no capital protection; and an investment in the Pre-emptive Rights and the shares of the Company is compatible only with shareholders and investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators and Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to shareholders and investors in Denmark and Greenland conducted pursuant to a separate prospectus that has been approved by and registered with the Danish Financial Supervisory Authority).

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or shareholder in the Company or group of investors or shareholders in the Company to invest in, or purchase, or take any other action whatsoever with respect to, the Pre-emptive Rights and the New Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Pre-emptive Rights and the New Shares and determining appropriate distribution channels.

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SUMMARY

Section A – Introduction and warnings

Introduction and Warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Pre-emptive Rights and the New Shares should be based on a consideration of the Prospectus as a whole by the investor. Prospective investors in the Pre-emptive Rights and the New Shares could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Pre-emptive Rights and the New Shares.
Issuer information	The issuer of the Pre-emptive Rights and the New Shares is Bang & Olufsen A/S (the "**Company**"). The address and other contact details of the Company are Bang og Olufsen Allé 1, DK-7600 Struer, Denmark, telephone: (+45) 96 84 11 22. The Company has the legal entity identifier (LEI) 52990018KGR3ILFDNJ20 and has registration (CVR) no. 41 25 79 11. The ISIN code for the Existing Shares is DK0010218429. The ISIN code for the Pre-emptive Rights is DK0061284676. The temporary ISIN code for the New Shares is DK0061284593, which will not be admitted to trading and official listing on Nasdaq Copenhagen.
Competent authority	This Prospectus has been approved on 4 June 2020 by the Danish Financial Supervisory Authority as competent authority under the Prospectus Regulation. The address and other contact details of the Danish Financial Supervisory Authority are Århusgade 110, DK-2100 Copenhagen OE, Denmark, telephone number +45 33 55 82 82, email finanstilsynet@ftnet.dk and fax +45 33 55 82 00.

Section B – Key information on the issuer

Who is the issuer of the securities?

Domicile and legal form	The Company has its registered office at Bang og Olufsen Allé 1, DK-7600 Struer, Denmark, in the municipality of Struer, Denmark and is incorporated in Denmark as a Danish public limited liability company under the laws of Denmark. The Company has the legal entity identifier (LEI) 52990018KGR3ILFDNJ20 and has registration (CVR) no. 41 25 79 11.
Principal activities	The Company is a global luxury consumer electronics brand founded in 1925 in Struer, Denmark by Peter Bang and Svend Olufsen. The Company continues to leverage its rich heritage built around the relentless determination to create products that push the boundaries of audio technology aiming to place the Company at the forefront of audio innovation. The aim is that every product should be characterised by the unique combination of high sound quality, timeless design, and unrivalled craftsmanship. The Company employs around 800 people and operates a global footprint from five main corporate locations. Today, the Company operates an asset light and scalable business model building upon partner collaboration spanning from design to production and distribution. The Company's business is comprised of four operating segments for financial reporting purposes, covering its main geographies within the core product portfolio as well as brand partnering & other activities. The Company's product portfolio covers three categories which cater to three different consumer use cases. The Company's products are sold worldwide through an omnichannel setup. This setup constitutes monobrand point of sales (POS), multibrand (including eTail), the Company's own eCommerce platform as well as a business-to-business (B2B) channel.
Major Shareholders	At the Prospectus Date, the Company has received notifications of holdings of 5% or more of the share capital or voting rights from the shareholders below:

Shareholder	Ownership interest as per latest notification[1]
Sparke Roll (Denmark) Limited	14.9%
Arbejdsmarkedets Tillægspension	12.4%
Chr. Augustinus Fabrikker Akts.	5.8%
Færchfonden	5.1%

[1] Due to the completion of the cancellation of 2,273,449 treasury shares on 3 June 2020, the ownership interest of the major shareholders has increased proportionally to the resulting reduction of the share capital.

The Company is not aware of being owned or controlled, directly or indirectly, by others, and the Company is not aware of any agreements that could later result in others taking over the control of the Company.

Managing directors

At the Prospectus Date, the Board of Directors consists of Juha Christen Christensen, Tuula Rytilä, Joan Ng Pi O, M. Claire Chung, Mads Nipper, Jesper Jarlbæk, Anders Colding Friis, Britt Lorentzen Jepsen, Brian Bjørn Hansen, Dorte Vegeberg and Søren Balling. The Executive Management Board consists of Jaan Kristian Teär (CEO), Nikolaj Wendelboe (CFO), Snorre Kjesbu and Christian Ravnås Birk.

Statutory auditors

The statutory auditors of the Company is Ernst & Young Godkendt Revisionspartnerselskab. The Company's financial statement for the financial year ended 31 May 2019 has been audited by Ernst & Young Godkendt Revisionspartnerselskab represented by State Authorised Public Accountants Steen Skorstensgaard and Morten Friis.

Ernst & Young Godkendt Revisionspartnerselskab is currently represented by State Authorised Public Accountants Morten Friis and Henrik Kronborg Iversen. Henrik Kronborg Iversen has replaced Steen Skorstensgaard in connection with the mandatory rotation requirements under Danish law.

What is the key financial information regarding the issuer?

Key financial information

The key financial information shown below has been derived from:

- The audited consolidated financial statements of the Group for the period 1 June 2018 – 31 May 2019 prepared in accordance with IFRS as adopted by the EU and additional requirements of the Danish Financial Statements Act.
- The unaudited consolidated financial statements of the Group for the period 1 June 2019 – 29 February 2020 prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional requirements of the Danish Financial Statements Act.

The audited consolidated financial statements of the Group for the period 1 June 2018 – 31 May 2019

		1 June – 31 May
Income statement		
(DKK million)	**2018/19**	**2017/18**
Total revenue	2,838	3,285
Operating profit	59	122
Net profit	19	81
Total comprehensive income	1	121

As of 31 May

Statement of financial position		
(DKK million)	**2019**	**2018**
Total assets	2,462	2,921
Total equity	1,419	1,709

1 June – 31 May

Statement of cash flow		
(DKK million)	**2018/19**	**2017/18**
Cash from operating activities	(131)	248
Cash from investing activities	(141)	(163)
Cash from financing activities	(391)	(9)

The unaudited consolidated financial statements of the Group for the period 1 June 2019 – 29 February 2020

1 June – 29 February

Income statement		
(DKK million)	**2019/20**	**2018/19**
Total revenue	1,659	2,220
Operating profit	(207)	125
Net profit	(441)	79
Total comprehensive income	(450)	56

As of 29 February

Statement of financial position		
(DKK million)	**2020**	**2019**
Total assets	2,030	2,494
Total equity	967	1,508

1 June – 29 February

Statement of cash flow		
(DKK million)	**2019/20**	**2018/19**
Cash from operating activities	(26)	(102)
Cash from investing activities	(109)	(101)
Cash from financing activities	(30)	(343)

What are the key risks that are specific to the issuer?

Key risks	The key risks that are specific for the Company are: • The outbreak of COVID-19 continues to represent a substantial risk to the Company's business, operating results and financial position • The Company's capital structure may be insufficient to support its business operations and the Company may need additional capital in the future, including after the Offering, and such additional capital may not be available • The Company is dependent on successful and timely product launches • The Company may not successfully achieve its cost reduction programme and improve profitability of its business • The Company may not be able to execute on its recently announced short-term key strategic priorities and overall strategic direction or the strategy may prove ineffective • The Company may be unable to sustain revenue while transforming, maintaining and building the future distribution setup • The Company generates income from brand partnerships and failure to maintain and develop brand partnerships may have a material adverse effect on its operating results • The Company is subject to a credit risk in relation to its partners • The Company conducts business in a highly competitive industry with rapidly changing consumer trends and the Company may not be able to sufficiently adjust its product portfolio and pricing or adopt new technology to follow such trends and secure its competitive position • Current or future legal proceedings relating to intellectual property rights are expensive to support and could, if resolved in the Company's disfavour, significantly adversely impact its business, its reputation and its operating results • The Company is dependent on access to and functionality of third party technology • The Company may be unable to benefit from its sales and marketing efforts and increased focus on specific markets • The Company's products may be subject to unauthorised sale outside the Company's distribution network, which could dilute the Company's brand and adversely impact its business • The Company's business is exposed to currency and hedging risk

Section C – Key information on the securities

What are the main features of the securities?

Type, class and ISIN	The Shares, including the New Shares, are not divided into share classes. The ISIN code for the Existing Shares is DK0010218429. The ISIN code for the Pre-emptive Rights is DK0061284676. The temporary ISIN code for the New Shares is DK0061284593, which will not be admitted to trading and official listing on Nasdaq Copenhagen. Subject to completion of the Offering, the New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0010218429, expectedly on 3 July 2020. The temporary ISIN code of the New Shares will be merged with the ISIN code of the Existing Shares, expectedly no later than 6 July. The Existing Shares are denominated in DKK. At the Prospectus Date, the Company's registered share capital was DKK 409,240,290 divided into 40,924,029 shares (each with a nominal value of DKK 10 being reduced to DKK 5 upon completion of the Offering). Upon completion of the Offering, the Company's registered share capital will be DKK 613,860,435 divided into 122,772,087 shares each with a nominal value of DKK 5.

Rights attached to the New Shares	The New Shares will have the same rights as the Existing Shares, including with respect to eligibility for any dividends. Any dividends will be paid in DKK to the shareholder's account with VP Securities. No restrictions on dividends or special procedures apply to holders of the New Shares who are not residing in Denmark. All Shares in the Company will rank pari passu, including with respect to voting rights and pre-emption rights. Upon completion of the Offering, all Shares will then carry 1 vote per nominal value of DKK 0.1, corresponding to 50 votes per share of nominally DKK 5. In case of the dissolution or winding-up of the Company, the New Shares will be entitled to a proportionate part of the Company's assets after payment of the Company's creditors. The Articles of Association do not contain any provisions on redemption or exchange of the Shares.
Restrictions	The Shares, including the New Shares, are negotiable instruments and no restrictions under the Company’s Articles of Association or Danish law apply to the transferability of the Shares.
Dividend policy	The Company has not declared or made any dividend payments for the last financial year. Currently, the Company intends to use all available financial resources as well as revenue, if any, for purposes of the Company's current and future business. As of the Prospectus Date, the Company does not expect to make dividend payments within the foreseeable future.

Where will the securities be traded?

Admission to trading and official listing	The New Shares will be registered with the Danish Business Authority on 1 July 2020 and issued through VP Securities the same day. The New Shares will not be admitted to trading and official listing on Nasdaq Copenhagen under the temporary ISIN. The New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the same ISIN code as the Existing Shares, DK0010218429, with the expected first day of trading and official listing being on or around 3 July 2020.

What are the key risks that are specific to the securities?

Key risks	The key risks that are specific to the Offering are: • Due to the Offering, the prices on the Existing Shares, the Pre-emptive Rights and the New Shares may be volatile regardless of the Company’s operating performance and results, the stock market may in general experience considerable volatility and as such investors may not be able to resell shares at or above the Subscription Price

Section D – Key information on the offering and the admission

Under which conditions and timetable can I invest in this security?

Conditions and timetable

The Offering comprises 81,848,058 New Shares each of which will have a nominal value of DKK 5.

Shareholders registered with VP Securities on 10 June 2020 at 5:59 p.m. CEST as shareholders of the Company will as Existing Shareholders be entitled to an allocation of Pre-emptive Rights. For every one (1) Pre-emptive Right, the Existing Shareholder will be entitled to subscribe for one (1) New Share against payment of the Subscription Price.

Shares traded after 8 June 2020 will be traded as ex Pre-emptive Rights provided that the Shares are traded at a customary two-day value.

The Pre-emptive Rights and the New Shares will be delivered in book-entry form through allocation to the Existing Shareholders' accounts held with VP Securities.

Announcement of Prospectus:	4 June 2020
Last day of trading in Existing Shares including Pre-emptive Rights:	8 June 2020
First day of trading in Existing Shares ex Pre-emptive Rights:	9 June 2020
First day of Rights Trading Period:	9 June 2020
Allocation Time of Pre-emptive Rights:	10 June 2020 at 5:59 p.m. CEST

First day of Subscription Period:	11 June 2020
Last day of Rights Trading Period:	22 June 2020
Last day of Subscription Period:	24 June 2020
Allocation of Remaining Shares:	26 June 2020
Expected date of publication of the results of the Offering:	26 June 2020
Expected registration of the New Shares with the Danish Business Authority:	1 July 2020
Expected date of admission of the New Shares to trading and official listing under the ISIN code of the Existing Shares:	3 July 2020
Expected merger of ISIN codes:	No later than on 6 July 2020

Admittance to trading	The Company's Existing Shares have been admitted to trading and official listing on Nasdaq Copenhagen under the ISIN code DK0010218429. In connection with the Offering, the Pre-emptive Rights have been approved for admission to trading and official listing on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 9 June 2020 at 9:00 a.m. CEST to 22 June 2020 at 5:00 p.m. CEST.
Dilution	If an Existing Shareholder decides not to exercise its Pre-emptive Rights, such shareholder's proportionate ownership interest will be diluted by 66.7%.
Estimated expenses	The estimated cost and expenses payable by the Company related to the Offering, assuming completion of the Offering, are DKK 53 million. The fee to the Joint Global Coordinators and Joint Bookrunners is variable and, therefore, the total expenses are subject to the results of the Offering. The Company will pay Danish account holding institutions a subscription commission of 0.125% of the market value of the New Shares subscribed for through the relevant account holding institution, in connection with the Offering.

Why is this prospectus being produced?

Use of proceeds	The purpose of the Offering is to strengthen the Company's capital resources and to support the implementation of the Company's key strategic priorities announced on 2 April 2020. The Offering will raise gross proceeds to the Company of approximately DKK 409 million with net proceeds expected to be approximately DKK 356 million after deduction of costs and expenses payable by the Company in relation to the Offering. The proceeds are expected to be applied for general corporate purposes, including to finance the Company's committed and planned investments and activities to be taken towards the Company's key strategic priorities. The Company has committed an amount of DKK 160 to 200 million to certain capital expenditure investments in FY2020/2021, the vast majority being committed to capitalisation of development costs, tools and IT & digital investments, as well as investments in company owned and operated retail stores. The investment in tools will consist of production tools for new product launches, which will be mainly located at the Company's suppliers. The digital investments will mainly focus on eCommerce platform enhancements, retail integration in the core markets and local payment options. Further, the proceeds are intended to finance the estimated operating loss and negative cash flow in FY2020/2021 and to serve as additional financial cushion to help sustain any further losses following COVID-19.
Rights issue agreement	The Company and the Joint Global Coordinators and Joint Bookrunners have entered into the Rights Issue Agreement. Pursuant to the Rights Issue Agreement, the Joint Global Coordinators and Joint Bookrunners are entitled to terminate the Rights Issue Agreement upon occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains completion conditions, which the Company believes to be

customary for the Offering, and the completion of the Offering is subject to compliance with all conditions as set out in the Rights Issue Agreement. If one or more conditions for completion are not met, the Joint Global Coordinators and Joint Bookrunners may, at their discretion, also terminate the Rights Issue Agreement which may thereby require that the Company withdraw the Offering.

Subscription and guarantee commitments	The Offering is fully underwritten and subject to the satisfaction of certain terms and conditions, any New Shares that have not been subscribed for by holders of the Pre-emptive Rights will be subscribed for by the Guarantors. Certain of the Subscription Commitments entered into with the Guarantors contain termination rights, allowing these parties to withdraw their commitments *inter alia* in case of a material adverse change or certain material changes in the management of the Company which may result in a withdrawal of the Offering.
Material conflicts of interest	Members of the Board of Directors and the Executive Management Board are shareholders, directly or indirectly, in the Company and the Board of Directors and the Executive Management Board have undertaken that they will exercise their Pre-emptive Rights in whole or in part and/or some of these have undertaken to guarantee the subscription of a number of Remaining Shares. In addition, the Company has issued matching share rights to the Executive Management Board and selected employees of the Company. Therefore these persons have an interest in the Offering. Subject to the satisfaction of certain conditions in the Subscription Commitments, any New Shares that have not been subscribed for by the holders of the Pre-emptive Rights will be subscribed for by the Guarantors. Guarantors receive a fee for the part of their commitments that do not relate to exercise of Pre-emptive Rights. Some of the Guarantors are shareholders, directly or indirectly, in the Company and therefore have an interest in the Offering. The Joint Global Coordinators and Joint Bookrunners and its respective affiliates have from time to time been engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company or any of the Company's respective related parties. Specifically, the Company has in connection with the Offering entered into a Commitment Letter with Nordea regarding a DKK 100 million committed credit facility. With respect to other of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Joint Global Coordinators and Joint Bookrunners have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with the interests of shareholders, prospective investors and the Company. In particular, the Joint Global Coordinators and Joint Bookrunners are parties to the Rights Issue Agreement pursuant to which the Joint Global Coordinators and Joint Bookrunners are entitled to fees relating to the completion of the Offering. In addition, in the ordinary course of business the Joint Global Coordinators and Joint Bookrunners and its respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The Joint Global Coordinators and Joint Bookrunners and its respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

RISK FACTORS

Investing in the Pre-emptive Rights and/or the New Shares involves a high degree of financial risk. Prospective investors should carefully consider all information included in this Prospectus (including any information or material incorporated by reference), including the risks described below, before they decide to invest in the Pre-emptive Rights or the New Shares. This section addresses both general risks associated with the industry in which the Group (as defined below) operates and the specific risks associated with its business. If any such risks were to materialise, the Group's business, results of operations, cash flows, financial position, and/or prospects could be materially and adversely affected, resulting in a decline in the value of the Pre-emptive Right and/or the New Shares and a loss of part or all of the prospective investor's investment. Further, this section describes certain risks relating to the Offering and the Pre-emptive Rights and the New Shares which could also adversely impact the value of the Pre-emptive Rights and/or the New Shares. With respect to forward-looking statements that involve risks and uncertainties, see "*General information–Forward-looking statements*".

The risks and uncertainties discussed below are those that the Company's Management currently views as material, but these risks and uncertainties are not the only ones that it faces. Additional risks and uncertainties, including risks that are not known to the Company at present or that its Management currently deems immaterial, may also arise or become material in the future, which could, individually or in the aggregate, have materially and adversely effect on the Group's business, results of operations, cash flows, financial position, and/or prospects resulting in a decline in the value of the Pre-emptive Rights and/or New Shares and a loss of part or all of the prospective investor's investment. The most material risks, as currently assessed by the Company, taking into account the expected magnitude of their negative impact on the Group and the Group's business are set out first in each category of risk factors below.

Risks relating to the current economic environment and the Company's financial position

The outbreak of COVID-19 continues to represent a substantial risk to the Company's business, operating results and financial position: COVID-19 has had and will continue to have a severe adverse effect on the Company's business, including due to the following effects and risks related to the outbreak and the ensuing political reactions: (a) severe financial and economic uncertainties which may cause an adverse effect on demand in the markets where the Company operates and overall demand for luxury products; (b) severe disruptions, delays, price variations and quality variations in the Company's supply chain, production and/or manufacturing channels, including quarantine or mandatory closing of sites and offices; (c) delay in product launches; (d) severe disruptions in the Company's financial systems, general IT systems and support functions; (e) significant fluctuations in consumer behaviour or partners' behaviour; (f) potential interruption or delay in the Company's logistics setup and transportation services and increase in related costs, including in particular air freight, and (f) quarantines and lockdowns of employees or employees of the Company or its suppliers, partners, etc., and governmental shutdowns.

The aforementioned effects also severely impact the Company's distribution channels, including retail partners, a substantial portion of which already are or may become subject to quarantine or mandatory closure of stores, outlets, sites and offices, each of which will adversely impact the Company's retail partners, their financial position and consequently their ability to order new products and render payments to the Company.

The section "*Company Information – Trend Information*" of the Prospectus contains a general description of the material effects identified by the Company of COVID-19 on key areas of the Company's business, including its supply chain, product development, manufacturing and distribution channels. These effects are likely to continue in the foreseeable future, however magnitude and duration of the effects will depend on the future developments of COVID-19, including on whether any further outbreaks will occur in 2020 or later. Such developments and potential future outbreaks are inherently unpredictable, as the Company cannot assess the duration and severity of the outbreak, and the implications of the actions taken in response to COVID-19. There is a significant risk that the current and potential future outbreaks of COVID-19 could continue to adversely affect the Company's business, operating and financial results, cash flows, financial position, and/or prospects in both current and future financial years.

The Company's capital structure may be insufficient to support its business operations and the Company may need additional capital in the future, including after the Offering, and such additional capital may not be available: As described in the section "*The Offering – Working Capital*", the Company considers that its current capital resources may not be sufficient to meet the Company's present requirements for the next 12 months taking into account the present adverse economic environment, the Company's partners' economic situation and sensitivities concerning the Company's business. The Company's aggregate capital resources amounted to DKK 327 million in cash and DKK 366 million in net working capital resources as at the end of third quarter of the Company's financial year 2019/2020 ("**FY2019/2020**") ending on 29 February 2020. In addition, although the Offering has been based on the Company's assessment of its capital requirements going forward, the uncertainties and potential severity of the future effects of the outbreak of COVID-19 and potential future outbreaks, entail that the Company is not able to guarantee that the proceeds from the Offering will be sufficient. This may also be the case if the Company is unable to execute successfully on its strategic priorities or if the strategic priorities are insufficient as described in "*Company Information – Business – Strategy*" and "*Company Information – Consolidated Prospective Financial Information*". Hence, there is an inherent risk that the Company may require additional capital in the future to fund its business operations and its ability to obtain such additional capital depends *inter alia* on factors outside its control such as the condition of the capital markets and global economy. The Company is not able to ensure that additional capital will be available to it, if and when the Company will need it (or at all), or that the Company will be able to obtain such financing on reasonable terms. In the event of lack of funding, the Company may be required to restructure the business, including to cease parts of the Company's business operations, reduce workforce or take other cost-cutting measures. Any such measures could impact the Company's ability to execute its business plans or impact the Company's business performance in general, and the Company may in any event potentially risk insolvency. Any of the above consequences or measures could have a material adverse effect on the Company's operating results, cash flow and financial position.

The Company may not successfully achieve its cost reduction programme and improve profitability of its business: As announced on 16 March 2020, the Company has initiated a cost reduction programme with a targeted annual saving of DKK 175 million when the programme is fully implemented in the Company's financial year 2021/2022 ("**FY2021/2022**"). See "*Company Information – Trend information*" for a description of the Company's cost reduction programme. Implementing a cost reduction programme is *inter alia* dependent on the Company's ability to negotiate cost reductions with relevant counterparties (both in relation to the Company's product related spend as well as non-product related spend). Further, the implementation is subject to the Company's ability to outsource certain tasks and services to third parties and to do so in a manner and with the financial implications as assumed under the cost reduction programme. The cost-reduction programme will also require the Company to improve supply chain through better management of component liability, purchase price control and freight, as freight costs and volatility thereof has increased due to COVID-19. Should the Company fail in these efforts, there is a risk that the Company may not be able to successfully implement the targeted cost reductions. In addition, there is a risk that implementing the cost reduction programme may have unexpected negative impacts on other parts of the Company's business, including its ability to innovate, achieve sufficient scale and/or maintain its standing and the reputation of its brand. Furthermore, in reducing workforce, there is a risk that the Company might lose necessary competencies or adversely affect the morale and efficiency of the remaining staff. Any such failures or unintended consequences could have material adverse impact on the Company's business and reputation as well as operational performance and financial position.

The Company may not be able to execute on its recently announced short-term key strategic priorities and overall strategic direction or the strategy may prove ineffective: In connection with the announcement of its 3rd Quarter Financial Statements (as defined below) on 2 April 2020, the Company provided on update on its short-term key strategic priorities and a strategic direction. For more information see "*Company Information – Business – Strategic priorities*". The Company's ability to execute on its key strategic priorities and overall strategic direction is subject to a number of objectives and assumptions some of which are not within the Company's control. Further, due to the nature of the Company's business and due to the other risk factors set out in this Prospectus, there is an inherent risk that the Company may not be able to meet all objectives and/or satisfy all of those assumptions that are within its control. Consequently, there is a risk that the Company may not be able to successfully execute on its short-term key strategic priorities and overall strategic direction and thus risk to fail to recover its business as planned. There is also an inherent risk that the strategic direction may prove to not be sufficiently effective even if the strategic objectives are timely met and achieved. The outbreak of COVID-

19 and the related uncertainties and consequences add to these risks. Any failure to execute on the Company's short-term key strategic priorities and/or overall strategic direction could significantly affect the Company's business, operating result, cash flow and financial position.

The Company has debt funding and is subject to certain restrictions and covenants: The Company's wholly owned subsidiary Bang & Olufsen Operations A/S, has entered into a Commitment Letter with Nordea for a revolving facility of DKK 100 million to be made available for general corporate purposes, see "*The Offering – Key information on persons involved in the offering, capitalisation and use of proceeds – Capitalisation and indebtedness*". Nordea's commitment is subject *inter alia* to certain requirements and covenants, which will be documented further in the agreement for the revolving facility, to be agreed with Nordea. If the Company is unable to meet certain obligations in the future, including the financial covenants relating to the revolving facility, the Company may be faced with a demand to repay the facility. If the Company is unable to repay or refinance the revolving facility on reasonable terms as and when it falls due, it could have a material adverse effect on the Group's business, operating results, cash flows and financial position. As such, the restrictions imposed by the terms of the Commitment Letter and any breach of the covenants could have a material adverse effect on the Group's business, operating results, cash flows and financial position.

Risks relating to the Company's operations

The Company may be unable to sustain revenue while transforming, maintaining and building the future distribution setup: There is a risk that the Company's revenue may be adversely affected by the Company's ongoing implementation of its omnichannel go-to-market strategy. In Europe, the process of transforming the distribution setup may result in existing retail partners being terminated in some markets and the Company risks not being able to establish monobrand clusters and distributors in those markets or to not be able to do so with sufficient speed. Further, the implementation entails a focusing of resources on certain geographies or partners, including for the purpose of upgrading monobrand or multibrand partner stores, and there is a risk that the Company does not focus its resources correctly and therefore does not realise the expected return on investment.

In China and South Korea, the process of developing the distribution setup requires the establishment of new partnerships and there is a risk that the establishment of new partnerships and monobrand clusters may be delayed or may not progress as planned. In addition, the process requires the strengthening of the Company's organisation in those markets, enhancement of internal systems, development of market specific products, and targeted marketing efforts for those geographies and specific customer segments. In China and South Korea, the Company relies heavily on external partners to manage sales and presence on online sales platform, which in combination with inefficient internal systems entails that the Company has reduced transparency in these markets. The planned strengthening of the Company's organisation and enhancement of internal systems in China and South Korea is required to increase transparency. If the Company is able to succeed in these efforts and/or realise the expected return of the related investments, this could have significant adverse effect on the Company's operating results, cash flow and financial position.

The COVID-19 outbreak could adversely impact the Company's ability to execute on its omnichannel go-to-market strategy in a number of markets as consumer and retail patterns may change substantially and new attractive partners may not have necessary resources to invest in the partnership. This may result in delays or changes to the implementation of the strategy in affected markets.

With regard to online sales, the Company is dependent on achieving and retaining a favourable position on popular online sales platforms with regard to some of its products, in-particular in the On-the-go category. If the Company's products fails to obtain such position, e.g. due to adverse reviews or the platforms' favouring of other products, this may impact the presence of the Company's products on these platforms, which in turn may adversely affect the revenue generated from these platforms. To the extent consumer trends continue to favour the online sales channel, this risk will only be further increased.

The potential inability of the Company to sustain revenue and/or transform, maintain and build the Company's distribution network could significantly affect the Company's operating results, cash flow and financial position.

The Company is subject to a credit risk in relation to its partners: The Company's business is dependent on retail and strategic partners and consequently those partners' ability to make payment to the Company. The Company is thus exposed to credit risk, including non-payments, late payments, extension of credits and/or insolvency, any of which may adversely impact cash flow, result in write-offs or other. The magnitude of this risk is subject to various factors, including circumstances outside the Company's control such as developments in domestic and international markets and economies, fluctuations in exchange rates, or other circumstances that could lead to financial hardship for the Company's partners and ultimately bankruptcy for some of the partners.

In particular, the recent outbreak of COVID-19 in most of the Company's markets has severely impacted many of its partners and the credit risk on its partners have increased substantially. In the third quarter of FY2019/2020, the carrying value of the Company's trade receivables amounted to DKK 408 million. Accumulated impairment losses at the end of the third quarter of FY2019/2020 was DKK 55 million compared to DKK 53 million at the end of FY2018/2019. As of 30 April 2020, overdue balances represented 26% of receivables (unaudited figures before impairment losses) compared to 10% at the end of FY2018/2019. There is a high degree of concentration among debtors, with 50% of the carrying amount at the end of third quarter of FY2019/2020 being attributable to only 5 debtors. A similar or higher degree of concentration may occur in FY 2020/2021. This increases the Company's exposure to default among individual partners.

The Company estimates that a substantial number of its retail and strategic partners have adhered to mandatory or voluntary lockdown relating to COVID-19 and closed their stores in March and April, hence, only continuing to sell products via the eCommerce channels. While the Company maintains credit insurance in respect of some partners, the Company's exposure to such credit risk in respect of its partners is only covered to a limited extent and in any event subject to various limitations and exemptions. The Company may become subject to further limitations as to availability of credit insurance, as insurers may not be willing to offer credit insurance if and when the Company's receivables are pledged under the credit facility to be entered into with Nordea (*see "The Offering – Capitalisation and indebtedness"*). As the Company is dependent on maintaining good commercial relations with its partners, customary debt collection procedures against a partner may have adverse implications on the commercial relationship and may therefore in practice not be beneficial to the Company. Following the outbreak of COVID-19, the Company has taken certain measures with a view to support certain of its retail partners, including the waiving of marketing contributions and increase in the retail partners' part of the Company's eCommerce revenue sharing setup. These support measures, however, cannot offset the impact of COVID-19 suffered by its retail partners, and will as such not reduce the credit risk associated with the retail partner. Any failure by the Company's partners to meet their payment obligations towards the Company will adversely affect the Company's business, operating results, working capital, cash flow and financial position.

The Company is highly dependent on its retail partners and may not be able to attract, retain and upgrade a sufficient number of retail partners: The Company is heavily dependent on its retail partners, both monobrand partners, multibrand partners, specific clusters of retail partners and e-tail partners, for the distribution and sale of its products. The Company as of 29 February 2020 had 495 monobrand POS and 3,732 multibrand POS. The Company is dependent on its ability to continue to attract, retain and continue to upgrade such retail partners and to do so on terms favourable to the Company. The Company's ability to attract, retain and upgrade such retail partners requires investment and is further subject to a number of factors, some of which are outside the Company's control, including (a) significant fluctuations in domestic and international industries, markets and economies; (b) significant fluctuations in consumer behaviour; and (c) the outbreak of COVID-19, which has resulted in quarantines and mandatory closing of a number of retail partners.

The Company is closely monitoring the impact of COVID-19 effects on its retail partners, and have taken certain measures with a view to support certain of its retail partners, including the waiving of marketing contributions and increase of the retail partners' part of the Company's eCommerce revenue sharing setup. These support measures, however, cannot offset the full impact of COVID-19 suffered by its retail partners and therefore cannot prevent potential loss of retail partners due to the impact of the COVID-19 pandemic.

Some of the Company's existing monobrand partners and the majority of the Company's multibrand partners operate multiple stores or outlets and/or strong online market platforms. If any of such retail partners would delist the Company's products this would result in a number of stores, outlets and/or strong online market platforms ceasing to sell the Company's products. The failure to attract or retain retail partners and/or the failure to do so on terms sufficiently favourable to the Company would have a material adverse effects on the Company's operating results, cash flow and financial position.

The Company generates income from brand partnerships and failure to maintain and develop brand partnerships may have a material adverse effect on its operating results: The Company maintains a number of brand partnerships under which the Company's brands and/or technologies are used by the brand partner or are integrated with the brand partner's products. For example, the Company maintains a brand partnership with HP Inc. ("**HP**") in the market for personal computers and handheld devices and a brand partnership with Harman International Industries, Inc. ("**HARMAN**"), relating to speaker systems in cars. Brand partnerships are a key part of the Company's core business and a platform for exposing consumers to the Bang & Olufsen brand. Consequently, the Company is dependent on maintaining existing and developing new brand partnerships, and the benefit and risk associated herewith depends on the success of the partnerships, which may in part be outside the Company's control. For instance, some partnerships may be based on a license model, where the Company's revenue is dependent on the performance of the brand partner and the branded products in the relevant markets. Further, the partnership could have adverse impact on the Company, if the brand partner's products do not satisfy consumer needs or quality expectations as this could adversely impact the brand equity with consumers.

As announced on 2 April 2020, the Company generated in aggregate DKK 68 million in revenue in the third quarter of FY2019/2020 on its brand partnerships and other activities such as aluminium component production for third parties. Approximately 85% of the Company's revenue from brand partnership and other activities in the third quarter of FY2019/2020 is expected to relate to brand partnerships, including the partnerships with HP and HARMAN, and a similarly large proportion of revenue is expected to continue to be concentrated to few brand partners in FY2020/2021. This means the Company's revenue from brand partnerships is exposed to any adverse developments in individual brand partnerships, including the brand partnership with HP which expires in 2021, unless extended by the parties.

In the short term, the COVID-19 outbreak is expected to impact the sales of personal computers and in particular cars, which could adversely affect the Company's revenue from the partnerships with HP and HARMAN. A failure to maintain and develop brand partnerships, to prolong existing brand partnerships, to generate sales of the brand partner's products or consumer dissatisfaction with branded products could adversely affect the Company's brand equity, operating results, cash flow and financial position.

The Company may be unable to benefit from its sales and marketing efforts and increased focus on specific markets: The Company's business is highly dependent on the success of its sales and marketing investments and the geographical market prioritisation thereof, including its general marketing efforts directed at consumers and partners to make the Company's brand, identity and products attractive. As part of its marketing activities, the Company is investing substantially in improving its digital presence through its websites, social media platforms and mobile applications, with a view to control the luxury brand experience on digital channels, to collect the relevant consumer data and to further develop its eCommerce business. As part of its strategic priorities and with a view to increase the effectiveness and cost-efficiency of marketing efforts, the Company is placing extra focus on marketing efforts in specific geographic markets such as Europe, China and South Korea, and is consequently focusing relatively less on other markets, some of which are large potential markets such as e.g. the United States and Canada. In addition, the Company intends to refresh its brand expression in order to increase relevancy to the new target segments, which may have an adverse effect on the previous target segments and perception of the Company's products.

To the extent that the sales and marketing efforts, including the geographical focus, online marketing investments and brand positioning activities are not successful or are not as effective or cost-efficient as anticipated this could negatively impact the Company's business, operating results, cash flow and financial position.

The Company operates in the market for luxury design products which is increasingly competitive and which may be adversely affected by economic downturns: The Company's business produces luxury design products principally for end-consumers. The Company is experiencing increased competition within this market, in particular in the On-the-go market. The market for luxury design products is susceptible to adverse effects of economic downturns, such as the adverse market conditions resulting from the outbreak of COVID-19, which could significantly affect consumers' behaviour and demand in particular within luxurious design products or certain types of such luxurious design products, for instance products in the On-the-go market. In case of a global recession following COVID-19, it is likely that the demand for luxury design products may be adversely affected.

If the Company is not able to remain competitive in the luxury markets or if this market is adversely affected by an economic downturn, this could have an adverse effect on the Company's operating results, cash flow and financial position.

The Company's business is based on a well-known brand, which constitutes a risk to its business and operating results, should its brand value, reputation or public opinion adversely change: Being a well-known brand of luxurious products makes the Company vulnerable towards bad publicity or similar negative impacts on public opinion on the Company's brand and reputation. If the Company is unable to maintain and enhance its brand value and reputation or in the event of any damage to its reputation or brand, this could make marketing efforts unsuccessful, significantly decrease sales and adversely affect the Company's operating results, cash flow and financial position.

If the Company's brand value or reputation is adversely impacted, there is a risk that the Company would have to invest significant funds to restore its reputation. This could lead to deprioritising other business-critical investments, remove focus from strategy plans and business operations and increase the adverse effect on the Company's operating results, cash flow and financial position.

In addition, maintaining and enhancing the Company's brand value and reputation depends on its success with marketing efforts, maintaining and enhancing the quality of its products, as well as successfully securing, maintaining and defending its trademarks, designs and similar intellectual property. These efforts entail significant investments without any form of guarantee that the Company will be successful. Failure to maintain, enhance and secure the Company's brand value, reputation and related intellectual property could adversely affect the Company's operating results, cash flow and financial position.

The Company is dependent on its ability to forecast retail partners' inventory and inaccuracy of such may have a significant impact on the Company's operating results: The Company does not have full insight into its retail partners' sales and inventories and therefore has a limited ability to forecast partners' future demand for its products. This risk is further exacerbated during times of global economic uncertainties, such as COVID-19. In addition, the retail partners' businesses are exposed to potential changes in consumer behaviour and preferences and to changes in the behaviour of the Company's competitors and their respective retail partners. Such changes affect consumer demand for the Company's products and make accurate forecasting of monobrand and multibrand retail partners' inventory and orders very difficult, including as the lack of transparency in their sales and inventory creates a delay in the Company's ability to mitigate excess inventory and adjust the distribution channel accordingly. Consequently, the Company could overestimate demand resulting in excess inventory, which the Company and/or its retail partners would then be forced to write down, sell at a lower price or maintain with a resulting higher capital allocation. The carrying value of the Company's inventory on 29 February 2020 amounted to DKK 488 million. Such consequences could have an adverse effect on the Company's operating results, cash flow and financial position.

The Company may not be able to adequately protect its IT systems against security incidents: The Company's business is dependent on the availability, accuracy, capacity and security of the Company's IT systems, which include both proprietary and third party systems. The Company uses these systems to *inter alia* manage sales, accurately forecast its business, maintain financial records, manage its business operations and inventory stock as well as other critical business functions. The Company's IT systems may become subject to security incidents or other disruptions, downtime, damage, shutdowns, denial-of-service attacks, power shortages or outages, system upgrades, errors in telecommunication networks, malfeasance, and other foreseeable and unforeseeable events. In such case the Company's operations and its reputation with consumers and business relationships could be severely damaged, which could have an adverse impact on the Company's business, as well as the operating results, cash flow and financial position, as the Company does not hold a cyber security insurance.

The Company's business is exposed to seasonal demand for products: Due to the nature of the Company's products and the composition of its business, the Company experiences a degree of seasonality in revenue with the relatively largest part of quarterly sales taking place in the second quarter of the Company's financial year due to Christmas and the fourth quarter of the Company's financial year. Historically, the Company's sales have peaked during November and May. The Company is consequently highly dependent on accurate forecasting, e.g. to manage cash flows, production and inventories, as well as its ability to ensure that the right products and new product launches are available to such seasonal demand. The outbreak of COVID-19 has made production planning and timely supply even more challenging. In addition, there is a risk that continued COVID-19 measures or recurrence of such measures as a result of a second outbreak of COVID-19 during the fall of 2020 may adversely impact consumer demand including during periods where the Company historically experiences its peak sales. Any material fluctuations in demand, excess or shortfalls in inventories, or failure to timely launch products ahead of relevant seasons could adversely affect the Company's business, operating results, cash flow and financial position.

The Group's activities entail risk of pollution of the environment: The Company's business incurs substantial costs to comply with and observe environmental laws and regulations. The Company is required to maintain necessary authorisations to carry on its production, including in particular for its aluminium plant. However, should the Company fail to comply with applicable laws and regulations, including in relation to pollution or product legislation, or if the Company is faced with new environmental measures or liability claims, this could have a material adverse effect on the Company's brand and reputation as well as result in one-off claims and/or significant increases in operating costs. In addition, the Company cannot guarantee that its long-standing activities in Struer, Denmark, has not resulted in parts of the property being polluted. Parts of the land registration title numbers have been mapped as "potentially contaminated" and "contaminated" by the Central Jutland Region pursuant to the Danish Act on Soil Contamination, although the Company is not aware of any injunctions, legal claims or other legal requirements ordering the Company to clean up any pollution. The Company has taken out environmental liability insurance to cover future damage to the environment but there can be no assurance that the insurance will adequately cover all claims and costs that the Company's may incur if in fact there is any pollution. Any claims or losses not covered by insurance will have to be carried by the Company and would therefore adversely affect the Company's operating results, cash flow and financial position.

The Company's insurances may not cover losses incurred by the Company: The Company maintain insurance concerning some of the risks affecting its business, including general 'all-risk' insurance, product liability insurance, credit insurance and marine cargo insurance. The insurance coverage obtained by the Company is based on a commercial assessment and is subject to various limitations in terms of scope, geographies, amounts and various customary and individual exclusions. There is therefore a risk that claims or losses incurred by the Company may not be covered by insurance or may be in excess of applicable liability caps, in which case such claims or losses will have to be carried by the Company and would therefore adversely affect the Company's operating results, cash flow and financial position.

Risks relating to the Company's products

The Company is dependent on successful and timely product launches: In order for the Company to maintain a competitive position, sustain its consumer and partner base and further develop its business, the Company must regularly develop new products and new versions of existing products, and the Company is dependent on the timely and successful launch of such products. New products in the second quarter of FY2019/2020 included the Beovision Harmony 77'' and Beosound Stage. During the third and fourth quarter of FY2019/2020, the Company launched new Flexible Living products and new On-the-go products. Timely and successful launches in turn depend on *inter alia* (a) the Company's ability to innovate products, design, user experience and features and to contract new technologies with its technology partners such as e.g. Google, Apple and Amazon; (b) the Company's ability to market and time new product launches and in this context its ability to control and manage its supply chain and maintain sufficient quality levels; and (c) consumers' and partners' perception of the new products and prices and their willingness to purchase these from the Company; and (d) the Company's ability to retain or establish contractual relationships on terms favourable to the Company with the original design manufacturers ("**ODM**"), original equipment manufacturers ("**OEM**") or the joint design manufacturers ("**JDM**") as well as the current contractual relationship with LG Electronics ("**LG**"), which expires in March 2021 unless the LG and the Company agrees to extend the relationship. Historically, the Company has experienced both successes and failures in connection with product launches and the Company cannot guarantee that either planned or future product launches will be successful. In addition, there is a risk that COVID-19 and/or other factors could entail delays in the Company's new product introductions due to *inter alia* risk of lack of components, reduced production capacities with suppliers, financial distress with manufacturing partners, decreased ramp in production due to travel restrictions, increased shipping costs, including airfreight, etc., all of which the Company presently experience in varying degrees of severity. New product launches have historically been a very significant driver of the Company's revenue. In the Company's financial year 2020/2021 ("**FY2020/2021**"), the Company contemplates to launch a significant number of new products and the revenue for the financial year is dependent on such launches being successful and timely launched. Individual unsuccessful or delayed product launches could have an adverse effect on the Company's business, however, in particular continuous unsuccessful product launches or delays therein could significantly impact the Company's business, including consumer and partner perception of the Company's brand and products, as well as the Company's operating results, cash flow and financial position.

The Company conducts business in a highly competitive industry with rapidly changing consumer trends and the Company may not be able to sufficiently adjust its product portfolio and pricing or adopt new technology to follow such trends and secure its competitive position: The Company's ability to attract consumer demand and remain competitive depends on a number of factors, including its ability to predict consumer preferences, adopt new technologies, innovate and create market-leading products, properly manage production and inventory levels and to produce at cost levels enabling competitive pricing against other luxury brands. Failure to attract and maintain consumer demand will result in decreased sales and excess inventory, which the Company would be forced to write-off, sell at a discount or similar, resulting in significant impact on its gross margins. This, in turn, can limit the Company's ability to invest in other areas of its business, including sales, marketing and development of its products. Conversely, consumer demand exceeding expectations could lead to (a) increased overall manufacturing costs for the Company's products in order to meet the demand; (b) a decrease in product quality and resulting consumer dissatisfaction; and (c) delays in the Company's supply, production, manufacturing and distribution chains.

Some of the Company's competitors are well-known brands and new competitors also continue to enter the Company's markets. Some of the Company's competitors have stronger financial resources than the Company and these competitors may dedicate more resources to product and technology development, marketing efforts and pricing strategies than the Company is able to do. Further, some of the Company's competitors, which include multinational conglomerates, benefit from large distribution networks and a high degree of consumer recognition. If the Company is not able to successfully compete or need to further increase its investments in technology, product development, sales and marketing in order to remain competitive, this could have a material adverse effect on the Company's operating results, cash flow and financial position.

The Company is dependent on access to and functionality of third party technology: The Company is increasingly dependent on access to and ability to incorporate third party technology solutions and services in the Company's products, including particular the Company's ecosystem partners such as (i) Google in relation to Google Assistant, Google Home and Chromecast; (ii) Apple in relation to Airplay; (iii) Amazon in relation to Alexa; and (iv) Tencent, as well as music streaming solutions and services such as Deezer, Spotify and TuneIn. Some of these technologies and services have a high degree of consumer recognition and therefore drive consumer demand in many of the Company's markets. In addition, the Company depends on external software components, submodules, audio codes, etc. and consequently also support, updated features and patches from the external providers hereof. In the on-the-go segment, there are multiple third party technologies and intellectual property rights which may restrict the Company's freedom-to-operate and/or require the Company to pay to enable the Company to use to such technologies or rights.

If the Company is unable to gain access to technologies or third party intellectual property rights, or is unable to gain access hereto on commercially desirable terms, or is unable to properly incorporate them in the Company's products and to do so in a cost-efficient manner, this would adversely impact the Company's competitiveness which in turn could have an adverse impact on the Company's operating results, cash flow and financial position.

In addition, the Company depends on such third party technology solutions and services being functional for instance in relation to voice assistant, installation and upgrades, network settings, multiroom functions, etc. Such solutions and services may be interrupted, terminated, changed or be unstable, which would significantly affect the Company's products in which such solutions are incorporated and, hence, could result in consumer claims and/or dissatisfaction, which in turn would adversely impact the Company's operating results, cash flow and financial position.

The Company's products may be subject to unauthorised sale outside the Company's distribution network, which could dilute the Company's brand and adversely impact its business: The Company operates a selected distribution network but has on several occasions experienced unauthorised sales of the Company's products outside the Company's authorised distribution network. The Company's revenue pertaining to its On-the-go products decreased by 66% in the Americas operating segment during the second quarter of FY2019/2020, primarily related to earphones as sales through unauthorised channels continued to materially impact pricing in the market. Generally, unauthorised sale may dilute the Company's luxury brand and its pricing strategy as well as marketing efforts. Although price instability resulting from unauthorised sales decreased in the third quarter of FY2019/2020, unauthorised sales pose a continuous threat to the Company's business. Consequently, unauthorised sale may adversely impact the Company's business, operating results, cash flow and financial position.

The Company's dependency on its supply chain entails a significant risk to the Company's ability to develop and supply products to its distribution networks: The Company's business is highly dependent on its suppliers, including manufacturing partners, and their ability to supply products to the Company. The Company's production is to a very large extent handled by third parties and the Company develops products with the assistance of its suppliers. The Company's thus cooperates with and relies on both ODMs, OEMs and JDMs.

As a result of the foregoing, there is a risk that the Company's product supply may be adversely affected in the event of (i) suppliers' inability or unwillingness to supply products, including supply stops, as well as suppliers' and partners' inability or unwillingness to supply the necessary quantity of products and in a timely fashion; (ii) loss of or the development of adverse commercial relations with suppliers or partners; and/or (iii) other severe incidents or developments affecting the Company's suppliers or partners and which may be outside the control of the Company, its suppliers and/or its partners. Incidents that are outside the control of the Company and its suppliers include *inter alia*: (a) adverse changes in legislation, including tax rates, tax laws and regulatory requirements, which may result in increased liabilities and expenses; (b) factory downtime due to IT disruption, fires, natural disasters, current and future pandemics (including the current COVID-19 outbreak), geopolitical decisions and unrest, war and acts of war, terrorism, major strikes, demonstrations, lockouts, catastrophes, trade wars, Brexit, governmental shutdown, mass panics, financial crisis, and other occurrences both domestic and foreign outside their control; (c) adverse developments in domestic and international industries, markets and economies; and (d) adverse fluctuations in exchange rates.

In addition, the Company's ODMs, OEMs and JDMs rely on sub-suppliers for the production, delivery and support of critical components to the ODMs', OEMs' and JDMs' deliveries to the Company. Such sub-suppliers may to a large extent be subject to the same events as mentioned above and any incidents affecting such sub-suppliers could necessitate that the Company and its ODMs, OEMs and JDMs redesign, change or discontinue certain of the Company's product lines.

In relation to some product lines and components, the Company relies on single source suppliers or suppliers where there are few alternatives, and the Company is thus subject to increased exposure to a potential loss of steady and cost-efficient supply of components. This applies in particular in relation to the Company's portfolio of staged products. Specifically, the Company has an exclusive partnership with Tymphany Acoustic Technology HK Limited ("**Tymphany**") in relation to the production of speakers with transducers, and a partnership with LG in relation to the supply of TV panels for its TV products (see "*Company Information – Material contracts*").

The Company's current collaboration agreement with LG expires in March 2021 unless extended by the parties. As at the Prospectus Date, the Company anticipates that the collaboration will be extended; however, if the collaboration is not extended or otherwise reduced, the Company may ultimately have to source TV panels from another supplier and will have to secure that its TV products are compatible with the panels from the alternative supplier. This may require costly adaptions, e.g. of existing tools, and cause delays in product sales and launches until such alternative supply is secured and operational. Further, if the LG collaboriation is not extended, inter-operationality between the Company's TV products and LG TV panels may be adversely affected, which may require development of new software and/or give rise to customer claims and dissatisfaction. Under the LG agreement, the Company is subject to a minimum purchase obligation on TV panels, which is subject to a commercially agreed repayment obligations of up to USD 4 million of non recurring engineering costs related to the development of the TV's. Any failure to meet the minimum purchase obligations may thus give rise to a financial claim against the Company, which will depend on the level of sales actually achieved by the Company.

The suppliers' (and sub-suppliers') inability or unwillingness to supply products, failure to meet contractual terms with suppliers, loss of suppliers and/or severe incidents or developments affecting the Company's suppliers could have a significant impact on the Company's ability to supply products to its distribution network, which could result in a material adverse effect on the Company's operating results, cash flow and financial position.

Product quality issues or warranty claims could harm the Company's business and consequently its operating results: The Company operates within consumer electronics and its products may suffer from general quality issues, software problems and/or defects in materials, design, components or other parts, including any such parts supplied by third parties. This may cause products to malfunction or to not operate as advertised, all of which may affect overall consumer satisfaction, give rise to warranty claims, lower repurchase rates or affect brand equity. Further, products could potentially suffer more material defects, causing the product to e.g. overheat, catch fire or similar when used, which could result in significant harm to property or in personal injury and deaths. Any of the above may give rise to warranty or product liability claims against the Company. The Company's products are subject to product warranties with varying warranty periods that are generally up to three (3) years, except for its On-the-go products such as in-ear headphones and headphones, which are generally subject to a two (2) years' warranty period. In some cases, the Company has as part of marketing efforts offered products with extended warranty periods beyond three (3) years. In the event the Company's products suffer from quality issues, defects or malfunctions, the Company is consequently exposed to warranty claims for the duration of such warranty periods as the Company and not its retail partners bears the risk of such claims. For product liability claims, statutory time limitations that span several years may apply depending on applicable local legislation.

The Company's products are often manufactured by third parties or include third party components. The warranty periods and other means of recourse provided by these third party suppliers to the Company are typically shorter than those that the Company offers to its retail partners and consumers. Further, the Company claims against suppliers is typically subject to commercially agreed contractual limitations, which may limit the Company's ability to recover losses. Consequently, in situations where warranty and other claims relate to products or components supplied by third parties suppliers, the Company may not be able to recover the financial exposure by claiming against the third party suppliers.

The Company has in recent years experienced an unsatisfactory level of quality issues, including software errors, in relation to certain of its product lines. As part of the Company's short-term key strategic priorities and a strategic direction, announced on 2 April 2020, the Company has prioritised capacity and investments in improving the quality of the Company's product portfolio. For more information see "*Company Information – Business – Strategic priorities*". However, there can be no certainty that the Company will be able to achieve satisfactory quality levels for all product lines and launches. The above factors contribute to making it difficult for the Company to forecast and accurately reserve funds to cover future claims. If liability claims and warranty claims exceed the relevant reservations made in the Company's accounts, this would have adverse impact on the Company's operating results and financial position.

Quality issues, product defects or product malfunctions may also cause the Company to delay product launches, recall products and increase investments to mitigate future defects. They are also likely to damage the Company's brand and reputation, including in relation to its consumers' opinion on the quality of its products and the luxurious experience that its business provides, which could in turn adversely affect consumer repurchase rates and brand equity. Any such implications could have an adverse effect on the Company's operating results, cash flow and financial position.

Decisions to discontinue spare parts and/or support for older versions of the Company's products and/or product related features and technologies could adversely affect its consumers' satisfaction, its reputation and consequently its operating results: The Company's products and technologies are dependent on product support and development, including software updates and access to spare parts, in order to sustain and develop consumer satisfaction. From a business perspective, it may be necessary or appropriate to cease to supply spare parts or cease to provide support for older versions of the Company's products, features or technologies, including in particular software updates. Any such decisions may harm the Company's reputation, consumers' satisfaction with the Company's brand and products and consequently adversely impact the Company's operating results, cash flow and financial position. On the other hand, the Company may in certain cases choose to maintain access to spare parts and/or support of older versions of the Company's products, features or technologies, which may entail substantial non-profit making investments that could adversely affect the Company's operating result, cash flow and financial position.

Decreased sales performance in certain product lines may affect sales performance in other product lines: Certain of the Company's product lines complement each other and are thus subject to attachment rates, where a consumer's purchase of one of the Company's products (for example a TV set) often leads to the consumer's purchase of other products of the Company (for example loudspeakers). Consequently, a decrease in the sale of product groups with high attachment rates could also result in decreasing sales of other (complementing) product groups. This would have a material adverse effect on the Company's business, operating results, cash flow and financial position.

Risks related to intellectual property rights

Current or future legal proceedings relating to intellectual property rights are expensive to support and could, if resolved in the Company's disfavour, significantly adversely impact its business, its reputation and its operating results: The Company's business is particularly susceptible towards legal actions regarding intellectual property infringements and violations, including legal actions brought by the Company against third parties, such third parties being the Company's competitors as well as non-competitors, and vice-versa. The Company is presently a party to discussions with third parties which may result in such legal actions, including discussions in relation to claims regarding technology and intellectual property rights included in the Company's products. Defence preparations and support of current and future legal actions entail significant costs and investments and the Company is not able to accurately forecast the size of such costs and investments. In addition, the Company is not able to ensure that it is successful in every legal action that it is involved in, and the Company may also be required to settle current and future disputes on terms, which are not favourable to it. Legal actions brought against the Company, including the settlement hereof by judgement, arbitral award or settlement, could impact the Company's access to technologies, require the Company to cease or limit parts of the Company's business operations, products or technologies and/or result in substantial monetary claims and penalties against the Company. In some cases, the Company may be able to negotiate or enter into a license to the relevant intellectual property, which the Company – according to the claims – has infringed or violated, but such license would decrease the Company's gross profits and consequently its operating results and financial position. In other cases, the Company may not be able to secure such license in which case the Company would be required to cease manufacturing of a particular product, recall and destroy products, pay compensation, develop other products and/or other non-infringing or non-violating intellectual property, any of which would entail significant investments and could adversely impact the Company's operating results, cash flow and financial position.

The Company's products are dependent on intellectual property and other intangible assets and if such assets are diminished or adversely affected, this would have a significant adverse effect on the Company's business: The Company is highly dependent on its intellectual property rights, including patents, designs, copyrights, trademarks and other brand rights and licenses to any such rights. The regulations of certain countries do not to the same extent as countries in the European Union, the United Kingdom and the United States recognise or protect the Company's intellectual property. Inability to enforce or protect these intellectual property rights could result in severe damage to the Company's reputation and its competitiveness. The Company's business may be exposed to competing products, including counterfeit and knock-off products, making unauthorised use of the Company's intellectual property. Failure to prevent such infringements could significantly impact the Company's sales and adverse impact the Company's business, brand, operating results, cash flow and financial position.

Protecting intellectual property entails a significant investment, and increases in infringements, violations or attempts hereof may require the Company to invest additional funds to this effect, which may adversely impact the Company's operating results and financial position. Counterfeit products and reproductions of the Company's products will always be a significant threat to its business. If the Company fails to protect its intellectual property either due to required investments, impossibility in applicable regulations or otherwise, this could result in significant decrease of the Company's sales and adversely impact its business, brand, operating results, cash flow and financial position.

Risks relating to regulatory environment

Risk of breach of data protection regulation poses a significant risk to the Company's reputation and threat to its business and may result in significant penalties and/or adversely affect its operating results: The Company's business, including its strategy to establish a solid digital presence, requires the processing of data on consumers, including the collection, storage, use and other processing of data by the Company as well as third parties with whom the Company shares data or which process such data as part of providing services to the Company. The Company has invested significant funds to protect personal data and to comply with applicable personal data regulation, including Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2020 (the General Data Protection Regulation), however, the personal data regulation varies from country to country and different requirements or interpretation of requirements make it difficult to ensure accurate personal data protection. The investments made and steps taken may not be sufficient to prevent inadvertent or unauthorised use or unintended disclosure of such information. The Company's privacy policies prohibit inadvertent or unauthorised use or unintended disclosure of such information. The Company, however, cannot ensure that third party service providers and partners do not engage in such activities without the Company's knowledge or consent. Should the Company or its third party service providers and partners experience incidents involving any personal data and other sensitive information being compromised, this could significantly harm the Company's business, brand and reputation and consequently result in loss of profits. In addition, such incidents would expose the Company to legal actions, including regulatory proceedings, litigation and arbitration proceedings, which could entail a significant cost to defend. The Company specifically notes that fines for breach of data protection regulations may be measured as a percentage of the Company's global annual turnover. Such financial consequences would have a severe adverse effect on the Company's operating results, cash flow and financial position.

Regulatory requirements may adversely affect the Company's operating results, financial position and business in general: Consumer electronics are subject to a number of regulatory requirements, including product registration, certifications, import and export restrictions, customs regulations, embargo measures, etc. Further, the Company operates in jurisdictions which may impose formal or informal cash transfer restrictions. The Company's business remains susceptible to changes in legislation, which could increase its costs of doing business, including but not limited to tariffs, any countermeasures taken by relevant jurisdictions, geopolitical decisions and unrest, trade wars, Brexit and other occurrences both domestic and foreign outside their control.

While the Company is seeking to organise its business processes so as to limit risk of non-compliance, the Company has identified a need to allocate further resources for this purpose, including in relation to sanctions screening of counterparties, which the Company presently is not conducting on a general basis. Despite the Company's aim to limit the risk of non-compliance, the Company may not be able to prevent or detect unlawful conduct. As such, there can be no assurance that the Company's efforts will preclude instances of non-compliance.

Non-compliance with applicable laws and regulations, including in the event of changes in legislation, as well as the aforementioned occurrences could expose the Company to fines, restrictions on its business and/or added operational costs in case of violation of applicable regulations, each of which may adversely effect on the Company's operating results, cash flow and financial position.

Risks relating to financial matters

The Company's business is exposed to currency and hedging risks: The majority of the Company's operating costs are in USD and DKK, while its sales take place in the local currencies of its consumers and partners. As such, the Company's business and EBIT is exposed to currency risks. The Company hedges parts of its currency exposure, but its hedging activities are limited (including to a maximum of 3-months' currency hedging) and only partially mitigate its exposure. Further, due to the Company's current financial status and the current developments and significant fluctuations in the domestic and international financial markets following the outbreak of COVID-19, the Company's ability to obtain hedging instruments to protect against currency exposures has been further limited. The Company therefore considers that its business is subject to greater exposure to fluctuations in exchange rates than historically, in particular due to the combination between the inability to obtain hedging instruments and the more significant fluctuations in exchange rates as a result of COVID-19. Any such fluctuations could have an adverse effect on the Company's operating results, cash flow and financial position.

The Company's booked value and potential future application tax assets will depend on the Company achieving profitability in the future: The Company has at 29 February 2020 recorded gross deferred tax assets in the amount of DKK 90 million. Earnings for the third quarter of FY2019/2020 were a loss of DKK 275 million, which was impacted negatively by an impairment charge related to the deferred tax assets totalling DKK 265 million. There is a risk that the Company's deferred tax assets may be depleted further if the Company is not able to generate profits in the near future. Further, the Company's ability to benefit from its deferred tax assets depends on its ability to generate profits in the future. Any depletion of or failure to effectively utilise the Company's tax assets would negatively affect the Company's operating results and financial position.

The Company's recognition of certain income is subject to estimates and may be subject to subsequent adjustments: Recognition of parts of the Company's income for accounting purposes is subject to assessments, as the income relates to sales of products for which the customer has not obtained control of the asset, sales subject to rights of return obligations or sales subject to rebate schemes, each of which may give rise to adjustments, e.g. in case of events after the relevant balance sheet date. The Company's quarterly financial statements are not audited, but the Company has established internal controls intended to identify potential adjustments and to limit risk of errors in its financial reporting in general. Both errors and subsequent adjustments to historic financial reports might affect the accounting classification of certain revenue and may therefore affect the Company's financial reporting and result in a lower revenue or income than previously reported.

The Company's recognition of impairment losses regarding trade receivables is subject to estimates and may be subject to subsequent adjustments: The allowance for expected credit losses for trade receivables is based on historical credit loss experience combined with forward-looking information on macroeconomic factors affecting the credit risk. The Group applies the simplified approach to measure expected credit losses. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of trade receivables sharing the same characteristics. COVID-19 has impacted the overdue balances and could potentially require further impairment losses. As of 30 April 2020, overdue balances represented 26% of receivables (unaudited figures before impairment losses).compared to 10% at the end of the FY2018/2019. Both errors and subsequent adjustments to historic financial reports might affect the Company's financial reporting and result in a lower revenue or income than previously reported.

The Company's accruals for potential component liability claims may prove insufficient: The Company has made a provision for component liabilities, which mainly impacted the On-the-go category. The Company must inform their production partners of expected quantities to purchase components within a given period of time based on assumptions regarding lead time and demand from customers. If the Company cannot meet the minimum purchase obligation required by its production partners and/or the Company's accruals for potential components liability claims prove insufficient, it might have an adverse impact on the Company's operating results and financial position.

Risks related to employment and human resources

Significant management attention to specific circumstances may disrupt the Company's business and adversely affect its operating results and financial position: The Company has a lean management structure and the Company's business is dependent on the Executive Management Board's and other high ranking employees' or managers' ability to focus on the operation and further development of the Company's business on an ongoing basis. If particular matters or events require extraordinary attention from these individuals, there is a risk this could detract management's focus from ordinary business operation and execution on key strategic priorities. Any failure to attribute sufficient management attention to the operations and/or key strategic priorities may adversely affect the Company's operating results and financial position.

Matters and events that may require extraordinary management attention is often outside the Company's control and very difficult to predict. Such matters and events may include (a) analysing and implementing responses and measures to mitigate the impact of the COVID-19 outbreak; (b) monitoring and implementing the Company's cost reduction programme, e.g. negotiations on cost savings; (c) handling of material product quality issues, including related product recalls; (d) material negotiations of business opportunities and challenges, merger offers, incoming takeover bids or similar offers of third parties' acquiring the Company's business in whole or in part or establish strategic partnerships; (e) mitigating significant business risks due to changes in the global industries and/or economies, including adverse fluctuations therein; (f) monitoring and securing the Company's financial position and preparedness; and (g) maintaining and developing the Company's business and brand, including handling changes in the Company's relationships with its strategic partners.

Failure to attract or retain individuals in key positions could adversely affect the Company's business, operating results as well as the price for the Company's shares: The Company's business relies on being able to attract and retain highly qualified and talented individuals to management positions and to other leadership positions in key business areas, such as software and product development, sales, marketing, business operations, software development and financial forecasting. Especially within product development and sound design, the Company is dependent on attracting and retaining individuals, such as specialists within markets and products, from a relatively small pool of potential candidates with sufficient qualifications to maintain the Company's high standards for design and sound quality. In the event the Company is not able to attract and retain such individuals, including in the event of termination, death, disability, sickness or leaves, this could adversely affect the Company's business operations and financial forecasting. Such adverse effect could significantly affect the Company's operating results and financial position.

The Group is exposed to risks related to employment related physical injuries and/or stress related sickness/leaves: As the Company operates production facilities, the Company may become party to cases concerning industrial injuries. A substantial part of the Company's production is automated and the Company has an active safety organisation and high degree of focus on occupational health and safety. The Company has also taken out industrial injury insurance, but will continue to be subject to liability concerning industrial injury claims in the future. In addition, the Company has historically experienced employees becoming subject to stress or stress-like symptoms, which in some instances have led to long-term sickness/leaves. Both industrial injuries and stress may adversely affect the Company's workforce and consequently its business operations as the Company may be required to hire temporary workers or additional employees. This could have a material adverse effect on the Company's operating results, cash flow and financial position.

The Company's business is exposed to potential labour disputes: The Company is a member of The Confederation of Danish Industry, and in Denmark it is thus comprised by two collective agreements and the general agreement with The Danish Association of Managers and Executives. In this context, the Company is subject to such future amendments as may be made to such collective agreements. Further, the Company may in the future need or desire to restructure or outsource parts of its operations, and according to the labour law guidelines any such restructuring or outsourcing must be performed in collaboration between shop stewards and the Executive Management Board. Consequently, failure to comply with labour law guidelines or disagreements with shop stewards could entail disputes, which would have a negative impact on the Company's reputation, brand and its employee relations and thus lead to labour disputes, including stoppages, lockouts, strikes and/or work disruptions which may have a material adverse effect on the Company's business, operating results, cash flow and financial position.

Risks related to the Offering

Due to the Offering, the prices on the Existing Shares, the Pre-emptive Rights and the New Shares may be volatile regardless of the Company's operating performance and results, the stock market may in general experience considerable volatility and as such investors may not be able to resell Shares at or above the Subscription Price: The market price of the Existing Shares, the New Shares and the Pre-emptive Rights may be volatile and be affected by numerous factors in addition to the ones described in the preceding risk factors, many of which are beyond the Company's control, including (a) overall performance of the Danish and global stock markets and the global economy as a whole; (b) changes in expectations as to the Company's future financial performance, including financial estimates and investment recommendations by securities analysts and investors, causing unfavourable coverage of the Company's business; (c) announcements of products, or of acquisitions, strategic partnerships, joint ventures or capital raising activities or commitments, by the Company or by its competitors; (d) changes to the market's valuation of other similar companies; (e) actual or anticipated fluctuations in results of the Company's business operations; (f) circumstances, trends or changes in the high-end segment of the market for the Company's products; (g) changes in business or regulatory conditions affecting the Company; (h) outside systemic factors as the current outbreak of COVID-19; and (i) the public's response to the Company's company announcements, press releases or other public announcements by the Company or third parties.

The stock market has in general experienced considerable volatility which may be unrelated to issuers' past operating performance. This is especially likely to apply in times of global health crises, as currently seen with the outbreak of COVID-19. As such, there can be no assurance that the stock market's general volatility, even if otherwise unrelated to the Company's business, will not have a material adverse effect on the price of the Company's Shares and the Pre-emptive Rights. As a result thereof, investors may not be able to resell their shares at or above the Subscription Price, and there can be no assurance that investors may not occur a loss when attempting to do so.

Following the Offering, certain Existing Shareholders may increase their shareholdings and may be able to influence important actions the Company takes: Following the Offering, certain Existing Shareholders may increase their shareholdings and may be able to influence the outcome of decisions at general meetings, which may influence important actions the Company takes. These Existing Shareholders concentration of share ownership could have the effect of delaying, postponing, preventing or accelerating a change of control in the Company, and could impact any potential mergers, consolidations, acquisitions or other forms of combinations, which may or may not be desired by other shareholders. No assurances can be given that the interests of these Existing Shareholders participating in the Offering, or investors directly or indirectly controlling the Existing Shareholders participating in the Offering, will not differ from the interests of other shareholders. The interests of these Existing Shareholders participating in the Offering may not be aligned with the interests of minority shareholders or new shareholders with respect to such voting decisions.

Depending on the actual subscription for New Shares by other Existing Shareholders, the two largest shareholders who are acting as guarantors, Arbejdsmarkedets Tillægspension and Chr. Augustinus Fabrikker Aktieselskab, could upon completion of the Offering hold 24.7% and 14.3%, respectively, of the Company's share capital and voting rights if their underwriting commitments become effective in full.

The Company may issue more shares or other securities in the future, which may have an adverse effect on the share price: Upon completion of the Offering, the Company is subject to a lock-up agreement for a limited period of time. See "*The Offering – Lock-up agreements in connection with the Offering*" for a more detailed description of the agreement, including any exceptions thereto. Upon expiry of the lock-up period, the Company may, subject to appropriate corporate approvals, freely issue shares and other securities, which may cause a decrease in the price of the Shares. As described in "*The Offering – Working Capital Statement*", there is a risk that even after the Offering, the Company will have insufficient funds to cover actual capital requirement. In such case, the Company may be required to take measures to reduce costs and/or to obtain additional capital, including potentially through an additional share capital increase.

A significant decrease of the market price of the Existing Shares may cause the Pre-emptive Rights to lose value, and even if a market develops, the Pre-emptive Rights may not be effectively priced: The market price of the Pre-emptive Rights is dependent on the market price of the Existing Shares. A significant decrease in the market price of the Existing Shares could have an adverse effect on the market price of the Pre-emptive Rights. There can be no assurance that a market for the Pre-emptive Rights will develop during the Rights Trading Period. Even if a market for the trade of the Pre-emptive Rights develops, the Pre-emptive Rights may not be effectively priced against the price of the Existing Shares.

The market for the Pre-emptive Rights may only offer limited liquidity, and if a trading market develops, the price of the Pre-emptive Rights and the Existing Shares may be subject to greater volatility: The trading period, during which the Pre-emptive Rights can be traded on Nasdaq Copenhagen, commences on 9 June 2020 at 9:00 a.m. CEST and closes on 22 June 2020 at 5:00 p.m. CEST. The New Shares have been approved for admission to trading and official listing on Nasdaq Copenhagen from 3 July 2020 at 5:00 p.m. CEST until such time as the temporary securities identification code of the New Shares is merged with the securities identification code of the Existing Shares, expected to be on 6 July 2020. There can be no assurance that a market for the Pre-emptive Rights will develop when they are initially traded on Nasdaq Copenhagen, and if such market develops, the Pre-emptive Rights may be subject to greater volatility. In addition, in the event that the Existing Shareholders sell their Pre-emptive Rights, this could result in a significant decline in the market value of the Pre-emptive Rights and result in higher volatility of the Pre-emptive Rights as well as the Existing Shares. Lastly, prior to being merged with the existing securities identification code of the Existing Shares, the New Shares will be registered in a temporary securities identification code which is not admitted to trading and official listing. No market can be expected to exist in relation to New Shares as long as they are registered in the temporary securities identification code.

Failure to exercise Pre-emptive Rights by the end of the Subscription Period (24 June 2020 at 5:00 p.m. CEST) will result in the lapse of the holder's Pre-emptive Rights: In the event that a shareholder does not exercise the Pre-emptive Rights by the end of the Subscription Period (24 June 2020 at 5:00 p.m. CEST), such holders' Pre-emptive Rights to subscribe for New Shares will lapse with no value, and the holder will not be entitled to compensation. Accordingly, Existing Shareholders and other holders of Pre-emptive Rights must ensure that all required exercise instructions are received by such Existing Shareholder's or other holder's bank before the end of the Subscription Period. If an Existing Shareholder or other holder fails to provide all required exercise instructions or otherwise fails to follow the procedure applicable to exercising the Pre-emptive Rights prior to 24 June 2020 at 5:00 p.m. CEST, the Pre-emptive Rights will lapse with no value.

The Company is a public limited company registered under Danish law, which may make it difficult for shareholders resident outside Denmark to exercise or enforce certain rights: The Company is a public limited company incorporated in Denmark, which may make it difficult for shareholders of the Company resident outside Denmark to exercise or enforce certain rights. The rights of holders of Shares and Pre-emptive Rights are governed by Danish law and by the Company's Articles of Association. These shareholder rights may differ from the typical rights of shareholders in the United States and other jurisdictions. As a result, it may not be possible for investors to effect service of process upon the Company outside Denmark or to enforce against the Company judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside Denmark. In addition, shareholders outside of Denmark may not be able to exercise their shareholder rights, such as voting rights.

Shareholders resident outside Denmark may be unable to acquire and/or exercise Pre-emptive Rights: Shareholders resident in jurisdictions outside Denmark, including the United States, may be unable to acquire and/or exercise the Pre-emptive Rights and/or subscribe for New Shares, unless the Pre-emptive Rights or any rights or other securities being offered have been registered with the relevant authorities in such jurisdictions, or unless any such acquisition, exercise or subscription is made in accordance with an exemption from registration requirements. The Company is under no obligation and does not intend to file a registration statement in any jurisdiction outside Denmark and Greenland in respect of the Pre-emptive Rights and makes no representation as to the availability of any exemption from the registration requirement under the laws of any other jurisdiction outside Denmark and Greenland in respect of any such rights in the future.

Shareholders outside Denmark are subject to exchange rate risk: The Pre-emptive Rights and the New Shares are priced in DKK. Accordingly, the value of the Pre-emptive Rights and the New Shares is likely to fluctuate in line with any fluctuation of the exchange rate between the local currency of the country in which an investor outside Denmark is based and DKK. If the value of DKK depreciates against the local currency of the country in which an investor outside Denmark is based, the value of the Pre-emptive Rights and the New Shares will decrease when expressed in such local currency.

Holders of American Depositary Receipts (ADRs) may not be able to exercise Pre-emptive Rights: The Pre-emptive Rights are granted to the holders of Existing Shares. For holders of American Depositary Receipts (ADRs) or similar securities based on the Existing Shares, the Pre-emptive Rights will be granted to the relevant depository bank holding the Existing Shares in question. Consequently, holders of ADRs and similar securities' ability to exercise the Pre-emptive Rights within the Subscription Period depend on the applicable terms and conditions of the relevant depository banks and there is a risk that such holders may not be able to exercise the Pre-emptive Rights by the end of the Subscription Period (24 June 2020 at 5:00 p.m. CEST), in which case such holders' Pre-emptive Rights to subscribe for New Shares will lapse with no value, and the holder will not be entitled to compensation.

The Offering may not be completed and may be withdrawn: The Offering may not be completed or may be withdrawn by the Company during the period leading up to registration with the Danish Business Authority of the capital increase pertaining to the New Shares.

Pursuant to the Rights Issue Agreement, the Joint Global Coordinators and the Joint Bookrunners are entitled to terminate the agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains completion conditions which the Company believes are customary for offerings such as the Offering. If one or more conditions for completion are not met, the Joint Global Coordinators and the Joint Bookrunners may, at their discretion, terminate the Rights Issue Agreement which may thereby require that the Company withdraw the Offering. Any withdrawal will be notified to Nasdaq Copenhagen immediately and announced as soon as possible in the media in which the Offering was announced.

If the Offering is not completed or is withdrawn, the Offering and any associated arrangements will lapse, all submitted orders for Remaining Shares will be automatically cancelled, any payments received by the Company in respect of the New Shares will be returned to the investors without interest (less any transaction costs) and admission to trading and official listing of the New Shares on Nasdaq Copenhagen will be cancelled. However, trades of Pre-emptive Rights executed during the Rights Trading Period will not be affected. As a result, shareholders and investors who purchase Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any transaction costs. Similarly, trades in New Shares will not be affected, and shareholders and investors who have purchased New Shares will receive a refund of the subscription amount for the New Shares (less any transaction costs). Any such dealings prior to completion of the Offering will be at the sole risk of the parties concerned.

Should the Offering not be completed or be withdrawn, the Company will be liable to bear a part of the costs and fees related to the Offering, including all of the Company's advisor costs, which could have a material adverse effect on the Company's business, results of operations, cash flow and financial position.

The Subscription Commitments may be withdrawn or might not be honoured: The Offering is fully underwritten and subject to the satisfaction of certain terms and conditions in the Subscription Commitments, any New Shares that have not been subscribed for by holders of the Pre-emptive Rights will be subscribed for by the Guarantors. Certain of the Subscription Commitments entered into with the Guarantors contain termination rights, allowing these parties to withdraw their commitments *inter alia* in case of a material adverse change or certain material changes in the management of the Company which may result in a withdrawal of the Offering. In addition, each Guarantor may not have sufficient funds to meet their individual commitment. Please see the risk factor under *"Risk Factors – The Offering may not be completed and may be withdrawn".*

If an Existing Shareholder does not exercise any or all of the Pre-emptive Rights, their ownership interest will become diluted, and such dilution may be material: The issue of the New Shares will cause Existing Shareholders who have not exercised their Pre-emptive Rights to experience a substantial dilution of their ownership interest and voting rights. As the rights issue is completed at a discount to market price, the economic value of the Existing Shareholder's ownership stake will in such case also be diluted. Even if the Existing Shareholder decides to sell its Pre-emptive Rights, the payment it receives may not be sufficient to offset the dilution. See "*The Offering – Dilution*".

The Company expects to retain any available funds and future earnings to fund the development of its business and to ensure an adequate capital structure, and as such, a shareholder's ability to achieve a return on investment will depend on an appreciation in the price of the shares: With reference to the Company's present financial situation and the Company's key strategic priorities announced on 2 April 2020, the Company does not expect to distribute any cash dividends in the foreseeable future. During this period, investors must rely on sales of their shares as the only way to realise any future gains on their investments. Any future determination on the Company's dividend policy and the declaration of any dividends will be made at the discretion of the Board of Directors. Any future dividend payments will depend on a number of factors, including the Company's results of operations, financial position, future prospects, potential general meeting approval, contractual restrictions, restrictions imposed by applicable law and other factors the Board of Directors deems relevant.

The Company's Shares may not maintain their present liquidity: The liquidity of the Company's Shares is impacted by various external factors and may – among other things – be reduced as a result of a change in the Company's shareholder structure, including any further consolidation of share ownership which may result from the Offering, or in the event that Existing Shareholders do not exercise the Pre-emptive Rights granted to them. Please see "*The Offering – Key information on persons involved in the offering, capitalisation and use of proceeds*". Any decrease in the liquidity of the Company's Shares may have an adverse effect on the price of the Company's Shares and shareholders' ability to divest larger positions in the Company's Shares.

GENERAL INFORMATION

This Prospectus has been prepared in accordance with Danish legislations and regulations in compliance with the requirements set out in the Danish Capital Markets Act, the Prospectus Regulation, Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019 as well as Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, and Nasdaq Issuer Rules. This Prospectus is governed by Danish law.

References in this Prospectus to the "Company" are references to Bang & Olufsen A/S, CVR no. 41 25 79 11, and references to the "Group" are references to Bang & Olufsen A/S together with its consolidated subsidiaries, unless the context requires otherwise. See "*Glossary*" for a list of terms and definitions frequently used in this Prospectus.

Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, and Nordea Danmark, filial af Nordea Bank Abp, Finland, act as Joint Global Coordinators and Joint Bookrunners (the "**Joint Global Coordinators and Joint Bookrunners**") in connection with the Offering and will receive remuneration from the Company for its services. In the course of its usual business activities, the Joint Global Coordinators and Joint Bookrunners or certain companies affiliated with it may have provided and may in the future provide investment banking advice and carry on normal banking business with the Company and any subsidiaries and affiliates. The Joint Global Coordinators and Joint Bookrunners act exclusively for the Company and no one else in connection with the Offering, and they will not regard any other person as their respective clients in relation to the Offering.

This Prospectus is not intended to provide the basis of any credit or any other evaluation and should not be considered as a recommendation or invitation by the Company or the Joint Global Coordinators and Joint Bookrunners that any recipient of this Prospectus should acquire or exercise any Pre-emptive Rights or subscribe for any New Shares. Each prospective investor should determine for itself the relevance of the information contained in this Prospectus, and any acquisition or exercise of the Pre-emptive Rights or subscription of the New Shares should be based upon such information as it deems necessary.

Investors are authorised to use this Prospectus for the purpose of considering the acquisition or exercise of the Pre-emptive Rights and subscription of the New Shares described in this Prospectus. The information contained in this Prospectus has been provided by the Company and by other sources identified herein. The Joint Global Coordinators and Joint Bookrunners make no representation or warranty, whether expressed or implied, as to the accuracy or completeness of the information contained in the Prospectus. Nothing contained in this Prospectus is or may be relied upon as a promise or representation by the Joint Global Coordinators and Joint Bookrunners in this respect, whether as to the past or the future. The Joint Global Coordinators and Joint Bookrunners assume no responsibility for the accuracy or completeness of the Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which the Joint Global Coordinators and Joint Bookrunners may otherwise be found to have in respect of this Prospectus or any such statement.

Neither the delivery of this Prospectus nor the exercise of Pre-emptive Rights or the subscription or acquisition of the New Shares will create any implication that the information contained herein is correct as at any time subsequent to the Prospectus Date. Any material changes in connection with the information in this Prospectus which may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares, which occur or are ascertained between the time of approval of this Prospectus and the final completion of the Offering or the commencement of trading on Nasdaq Copenhagen, will be published as a supplement pursuant to applicable rules and legislation in Denmark. Investors who have accepted to exercise Pre-emptive Rights prior to publication of the supplement will be entitled to withdraw their acceptance for two (2) business days after the publication of such supplement.

Further, investors acknowledge that they have not relied on the Joint Global Coordinators and Joint Bookrunners or any person affiliated with the Joint Global Coordinators and Joint Bookrunners in connection with an investigation of the accuracy of any information contained in this Prospectus or their investment decision. Investors also acknowledge that they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning the Group or the Shares other than contained in this Prospectus, and, if given or made, any such information or representation should not be relied upon as having been authorised by the Company or the Joint Global Coordinators and Joint Bookrunners.

Prospective purchasers of Pre-emptive Rights and/or subscribers of New Shares should make an independent assessment as to whether the information in this Prospectus is relevant, and any purchase of Pre-emptive Rights and/or subscription of New Shares should be based on the examinations that the prospective purchasers and/or subscribers may deem necessary.

The Prospectus may not be forwarded, reproduced or otherwise redistributed, in whole or in part, by anyone but the Joint Global Coordinators and Joint Bookrunners and the Company. Investors may not reproduce or distribute this Prospectus, in whole or in part, and investors may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than for considering the purchase of Pre-emptive Rights and/or the subscription of New Shares described in this Prospectus. Investors agree to the foregoing by accepting delivery of this Prospectus.

The Offering will be subject to Danish law, and the Company, or the Joint Global Coordinators and Joint Bookrunners, have not taken or will not take any action in any jurisdiction, with the exception of Denmark and Greenland, which may result in a public offering of Pre-emptive Rights and/or New Shares. Further, the Company or the Joint Global Coordinators and Joint Bookrunners, or any of their respective representatives, will not make any representation to any offeree or purchaser of the Pre-emptive Rights or the New Shares regarding the lawfulness of an investment in the Pre-emptive Rights or the New Shares by such offeree or purchaser under the legislation applicable to such offeree or purchaser. All prospective subscribers and purchasers should individually examine the legal basis and consequences of the Offering, including any tax issues and currency restrictions that may be relevant in connection with the Offering. Further, all investors should individually examine the legal basis, including tax consequences of an investment in Pre-emptive Rights and the New Shares or the trading in Pre-emptive Rights, through their own advisers. This Prospectus does not constitute an offer of or an invitation to purchase any Pre-emptive Rights or purchase or subscribe for any New Shares in any jurisdiction in which such offer or invitation would be unlawful.

Furthermore, the Pre-emptive Rights and the New Shares are subject to transfer and selling restrictions in certain jurisdictions. See "*The Offering – Terms and conditions of the Offering – Transfer restrictions*". Prospective purchasers of Pre-emptive Rights and/or subscribers of the New Shares must comply with all applicable rules and legislation in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or New Shares or possess or distribute this Prospectus and must obtain consent, approval or permission, as required, for the acquisition of the Pre-emptive Rights or the New Shares. Any person into whose possession this Prospectus may come are required by the Company and the Joint Global Coordinators and Joint Bookrunners to inform themselves about such restrictions and to observe such restrictions. Neither the Company, the Company's auditors nor the Joint Global Coordinators and Joint Bookrunners accept liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber of the New Shares.

In connection with the Offering, the Joint Global Coordinators and Joint Bookrunners and any of its respective group enterprises, acting as an investor for their own account, may take up New Shares in the Offering and, in that capacity, may retain, purchase or sell for its own account such securities and New Shares or other investments, except in connection with the Offering. Accordingly, any reference in the Prospectus to New Shares being offered or placed should be read as including any offering or placement of New Shares to the Joint Global Coordinators and Joint Bookrunners or any of its group enterprises acting in such capacity. The Joint Global Coordinators and Joint Bookrunners do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

Enforceability of judgments

The Company is a public limited liability company organised under Danish law. Some of the members of Management are residents of Denmark, and all or a substantial share of assets of the Company and such persons are located in Denmark. As a result, it may not be possible for investors to effect service of process upon such persons or the Company outside Denmark or to enforce judgments obtained in courts outside Denmark based on applicable legislation in jurisdictions outside Denmark against such persons or the Company.

Third party information

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources, including public market studies by Bain & Company, Inc.

While the Company can confirm that information from external sources has been accurately reproduced, the Company has not independently verified and cannot give any assurances as to the accuracy of market data as presented in this Prospectus that was extracted or derived from these external sources. As far as the Company is aware and able to ascertain from this information, no facts have been omitted which would render the information provided inaccurate or misleading.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents.

Neither the Company nor the Joint Global Coordinators and Joint Bookrunners make any representations as to the accuracy of such information that was extracted or derived from these external sources. Thus, any development in the Group's activities may deviate from the market developments stated in the Prospectus. The Company and the Joint Global Coordinators and Joint Bookrunners do not assume any obligation to update such information. If information has been obtained from third parties, the Company confirms that such information has been accurately reproduced and that, to the best of the Company's knowledge and belief and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described under "*Risk factors*" included elsewhere in this Prospectus.

Presentation of financial statements and other information

Certain accounting and statistical figures in this Prospectus have been subject to rounding adjustments. Accordingly, the sum of these figures is not necessarily equivalent to the total amounts stated. In addition, certain percentage figures reflect calculations based on the underlying information prior to rounding up and, accordingly, the percentage figures may not necessarily be exactly equivalent to the figures that would be derived if the relevant calculations were based upon the rounded numbers.

References to "DKK" are references to Danish kroner. References to "GBP" are references to pound sterling. References to "EUR" are references to the common European currency, and references to "USD" are references to United States Dollar, the lawful currency of the United States of America.

The audited consolidated financial statements of the Group for the period 1 June 2017 – 31 May 2018 ("**FY2017/2018 Financial Statements**"), the audited consolidated financial statements of the Group for the period 1 June 2018 – 31 May 2019 ("**FY2018/2019 Financial Statements**"), the unaudited consolidated financial statements for the period 1 June 2019 – 30 November 2019 (the "**Half Year Financial Statements**") and the unaudited consolidated financial statements for the period 1 June 2019 – 29 February 2020 (the "**3rd Quarter Financial Statements**") are included in the Prospectus by reference. The historical financial information for the financial year 2018/2019 has been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies. The financial information for the period 1 June 2019 – 30 November 2019 and the financial information for the period 1 June 2019 – 29 February 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and adopted by the EU and additional Danish disclosure requirements for listed companies. The Company publishes its consolidated financial statements in DKK.

Forward-looking statements

Certain statements in this Prospectus, including, but not limited to, certain statements in "*Summary*", "*Risk factors*", "*Company Information–Information on assets and liabilities, financial position, results and dividend policy–Dividend policy*", "*Company Information–Information on assets and liabilities, financial position, results and dividend policy–Financial statements*", "*Company Information–Business*" and "*Company Information–Consolidated Prospective Financial Information*" are based on views of Management, as well as on assumptions made by and information currently available to Management, and such statements may constitute forward-looking statements within the meaning of securities laws of certain jurisdictions. Such forward-looking statements (other than statements of historical fact) regarding the Group's future results of operations, financial position, cash flows, business strategy, plans and objectives of Management for future operations can generally be identified by terminology such as "targets", "believes", "estimates", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues" or similar expressions or the negative forms thereof. Other forward-looking statements can be identified in the context in which the statements are made.

Such forward-looking statements are subject to known and unknown risks, uncertainties related to investments in the Company and other factors because they relate to events and depend on circumstances that may or may not occur in the future. The Company's actual results may differ significantly from the results discussed or implied in the forward-looking statements. Factors that may cause such difference include, but are not limited to, those discussed in "*Risk factors*", "*Company Information–Business*" and "*Company Information–Consolidated Prospective Financial Information*" herein. The forward-looking statements are made as at the Prospectus Date and, except as required by law or rules and regulations (including, but not limited to the rules of Nasdaq Copenhagen), the Company and the Group undertake no obligation to publicly update or publicly revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should carefully consider the risk factors described in this Prospectus before making any investments decision. If one or more of these risks materialise, it may have an adverse effect on the Company's business, position, results of operations or objectives. In addition, other risks that have not yet been identified or which the Company has not considered to be material may have an adverse effect, and investors may lose all or part of their investments. See "*Risk factors*". In addition, even if its result of operations, financial position and cash flows, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

All subsequent written or oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained in this Prospectus, including those set forth under "*Risk factors*".

RESPONSIBILITY STATEMENT

The Company's Responsibility

The Company is responsible for this Prospectus in accordance with Danish law.

The Company's Statement

We hereby declare that we, as the persons responsible for this Prospectus on behalf of the Company in our capacity as members of the Board of Directors and the Executive Management Board, that to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

We furthermore declare that this Prospectus has been approved by the Danish Financial Supervisory Authority as competent authority under the Prospectus Regulation. The Danish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus. The Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

Copenhagen, 4 June 2020

Bang & Olufsen A/S

Board of Directors

Juha Christen Christensen
Chairman

Tuula Rytilä
Board Member

Joan Ng Pi O
Board Member

M. Claire Chung
Board Member

Mads Nipper
Board Member

Jesper Jarlbæk
Board Member

Anders Colding Friis
Board Member

Britt Lorentzen Jepsen
Board Member
Employee Elected

Brian Bjørn Hansen
Board Member
Employee Elected

Dorte Vegeberg
Board Member
Employee Elected

Søren Balling
Board Member
Employee Elected

Juha Christen Christensen: Professional Board Member and founder of Star Global, Inc. and CloudMade Holdings Limited
Tuula Rytilä: Corporate Vice President at Microsoft Digital Stores
Joan Ng Pi O: China Advisor to the Executive Board of Swarovski
M. Claire Chung: Professional Board Member
Mads Nipper: Chief Executive Officer at Grundfos Holding A/S and Grundfos US ApS
Jesper Jarlbæk: Professional Board Member
Anders Colding Friis: Professional Board Member
Britt Lorentzen Jepsen: Project Manager at Bang & Olufsen A/S
Brian Bjørn Jensen: Senior Business Manager at Bang & Olufsen A/S
Dorte Vegeberg: Radio and Electronics Worker at Bang & Olufsen Operations A/S
Søren Balling: Production Technician at Bang & Olufsen Operations A/S

Executive Management Board

Jaan Kristian Teär
CEO

Nikolaj Wendelboe
Executive VP and CFO

Snorre Kjesbu
Executive VP, Design, Creation & Fulfilment

Christian Ravnås Birk
Executive VP, Marketing, Digital and Customer Experience

COMPANY INFORMATION

1 PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

1.1 Persons responsible and approval from competent authority

See "*Responsibility statement*" for more details.

1.2 Experts' reports and third party information

This Prospectus does not contain any expert statements or expert reports.

For details on information sourced from third parties, see "*General information–Third party information".*

2 AUDITORS

The Company's independent auditors are:

Ernst & Young Godkendt Revisionspartnerselskab
Company registration (CVR) no. 30 70 02 28
Dirch Passers Allé 36
DK-2000 Frederiksberg
Denmark

The Group's financial statements for the financial year ended on 31 May 2019 was audited by Ernst & Young Godkendt Revisionspartnerselskab represented by State Authorised Public Accountants Steen Skorstensgaard and Morten Friis. First Quarter Financial Statements, the Half Year Financial Statements and 3rd Quarter Financial Statements as published by the Company on 17 October 2019, 14 January 2020 and 2 April 2020, respectively, have as set out in such not been audited or reviewed by the Company's auditor.

Ernst & Young Godkendt Revisionspartnerselskab is currently represented by State Authorised Public Accountants Morten Friis and Henrik Kronborg Iversen. Henrik Kronborg Iversen have replaced Steen Skorstensgaard in connection with the mandatory rotation requirements under Danish law.

The above auditors are members of FSR – Danish Auditors, the Danish association for state-authorised public accountants (*FSR – Danske Revisorer*).

3 RISK FACTORS

See "*Risk factors*" for more details.

4 COMPANY INFORMATION

4.1 Name and registered office

Bang & Olufsen A/S
Company registration (CVR) no. 41 25 79 11
Bang og Olufsen Allé 1
DK-7600 Struer
Denmark

Legal Entity Identifier (LEI): 52990018KGR3ILFDNJ20
Telephone: (+45) 96 84 11 22
Website: https://www.bang-olufsen.com/

The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

4.2 Country of incorporation and governing law

The Company is a public limited liability company incorporated in Denmark and is subject to Danish law.

5 BUSINESS

This business review contains a number of observations, judgments and estimates, especially in relation to market sizes, market share and market trends, which are based on Management's estimates and publicly available information. Management's estimates are generally based on the Group's knowledge of the market and various external research and industry reports. External sources were used only to a limited extent in the preparation of this business and market review. However, there can be no assurance that other sources may not express a different opinion of the market, etc. than the one on which Management has based its views. The information regarding market conditions is based on Management's estimates. The forward-looking estimates are subject to substantial uncertainty.

5.1 Overview of the Company's key principal activities

The Company is a global luxury consumer electronics brand founded in 1925 in Struer, Denmark by Peter Bang and Svend Olufsen whose devotion and vision remain the foundation for the Company. The Company continues to leverage its rich heritage built around the relentless determination to create products that push the boundaries of audio technology aiming to place the Company at the forefront of audio innovation. The aim is that every product should be characterised by the unique combination of high sound quality, timeless design, and unrivalled craftsmanship. The Company employs around 800 people and operates in more than 70 markets. See "*Company Information – Trend information*" for a description of the Company's cost reduction programme. The Company operates a global footprint from five main corporate locations; (1) Struer, Denmark. Headquarters as well as research and development functions, certain group functions and aluminium production. (2) Kongens Lyngby, Denmark. Certain group functions, marketing, product management, sales office as well as software research and development. (3) New York, United States. Sales office. (4) Singapore. Sourcing functions as well as research and development. (5) Shanghai, China. Sales office. Today, the Company operates an asset light and scalable business model building upon partner collaboration spanning from design to production and distribution.

For the financial year ended 31 May 2019, the Company reported revenue of DKK 2,838 million and EBIT of DKK 59 million. The financial and operational performance for the six months ended 30 November 2019, was below expectations and on 17 December 2019, the Company published a revised outlook for FY2019/2020 and announced that it would launch a strategy process. The purpose of such, was to uncover symptoms and root causes of poor performance and to design solutions for a group turn-around in the short-to-medium term. See "*Company Information – Business – Strategic priorities*".

The Company's business is comprised of four operating segments for financial reporting purposes, covering its main geographies within the core product portfolio as well as brand partnering and other activities.

- EMEA is the Company's largest operating segment. For the financial year ended 31 May 2019, EMEA reported revenue of DKK 1,459 million, corresponding to 51% of group revenue (49% for the three quarters ended 29 February 2020). The top three geographic markets in EMEA are Denmark, the United Kingdom & Ireland and Germany.

- Asia is the Company's second largest operating segment. For the financial year ended 31 May 2019, Asia reported revenue of DKK 927 million, corresponding to 33% of group revenue (33% for the three quarters ended 29 February 2020). China constituted 58% of revenue in Asia for the financial year ended 31 May 2019 (60% for the three quarters ended 29 February 2020).

- Americas reported revenue of DKK 223 million, corresponding to 8% of group revenue in the financial year ended 31 May 2019 (6% for the three quarters ended 29 February 2020) making it the Company's smallest operating segment.

- Brand partnering & other activities comprises license partnerships, i.e. partnerships with e.g. HP and HARMAN. Further, this operating segment comprises the Company's aluminium business. This operating segment reported revenue of DKK 229 million corresponding to 8% of group revenue in the financial year ended 31 May 2019 (12% for the three quarters ended 29 February 2020).

The Company's product portfolio covers three categories which cater to three different consumer use cases:

- On-the-go. This product category encompasses headphones, earphones and portable Bluetooth speakers. All products are mobility based, built around nomadic use cases. This includes both immersive experiences and social experiences. Key products include Beoplay H9, Beoplay E8 and Beoplay A1. In the financial year ended 31 May 2019, On-the-go reported revenue of DKK 1,200 million corresponding to 42% of group revenue (37% for the three quarters ended 29 February 2020).

- Flexible Living. This product category encompasses network and WiFi connected products for consumers who want flexibility in use and placement in domestic settings. All products are multiroom enabled meaning that consumers can connect several speakers in their home. Key products include Beoplay A9, Beosound Balance as well as Beosound 1 and 2. In the financial year ended 31 May 2019, Flexible Living reported revenue of DKK 442 million corresponding to 16% of group revenue (15% for the three quarters ended 29 February 2020).

- Staged. This category encompasses both televisions and speakers which are all used in stationary settings for an immersive listening or viewing experience. All products are furthermore enabled for multiroom. Key products include Beovision Harmony, Beolab 90, Beosound Stage as well as the sculptural wall mounted Beosound Shape. In the financial year ended 31 May 2019, Staged reported revenue of DKK 967 million corresponding to 34% of group revenue (36% for the three quarters ended 29 February 2020).

Further, the Company sells accessories adhering to its main product categories.

The Company's products are sold worldwide through an omnichannel setup. This setup constitutes monobrand point of sales (POS), multibrand (including eTail), the Company's own eCommerce platform as well as a business-to-business (B2B) channel.

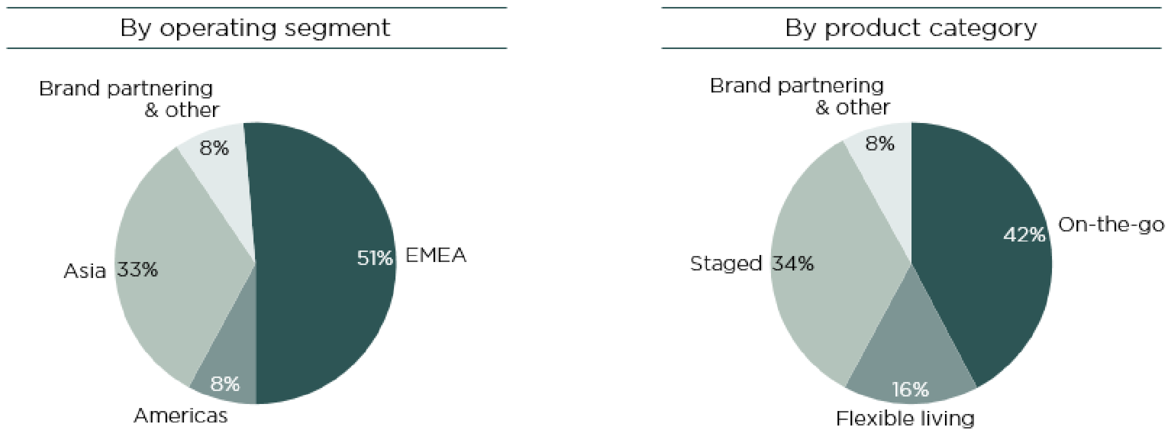
- Monobrand. Monobrand POS give consumers the full Bang & Olufsen brand experience. Monobrand POS are mainly owned by the Company's monobrand partners. The monobrand partners sell the Company's products in brick-and-mortar stores as well as online. In addition, the Company has seven owned and operated POS in key locations. On 29 February 2020, the Company had 495 monobrand POS (including company owned and operated stores).

- Multibrand. Multibrand POS consist of both brick-and-mortar stores and eTailers, and manifest the brand to target consumers in order to drive sales volume. The Company is prioritising department stores, travel retail, selected consumer electronics stores and selected eTailers that cater to consumers looking for luxury products. On 29 February 2020, the Company had 3,732 multibrand POS.

- Own eCommerce. The Company's own eCommerce platform works as a catalyst for the omnichannel setup enabling channels to create an optimised consumer experience. The Company launched a revitalised eCommerce platform in spring 2019 to meet consumers in their own space and time, support, and facilitate the consumer journey across all omnichannel touchpoints as well as building the brand's digital interface and experience. Further, through collaboration with monobrand partners, the Company continues to work on improving the online consumer experience.

- B2B. The Company sells products B2B and targets other businesses where brand synergies exist, within industries such as hospitality and airlines. This allows the Company to position its products in the right context while gaining additional scale in its operations.

The Company's revenue in the financial year ended 31 May 2019:



Key performance indicators for the periods indicated (DKK million unless otherwise stated):

	9 months ended 29/28 February		**Financial year ended 31 May**	
	2020	**2019**	**2019**	**2018**
Revenue	1,659	2,220	2,838	3,285
Gross profit	689	1,078	1,377	1,433
Gross margin	41.6%	48.6%	48.5%	43.6%
EBITDA[1]	-54	268	249	397
EBITDA margin[1]	-3.2%	12.1%	8.7%	12.1%
EBIT	-207	125	59	122
EBIT margin	-12.5%	5.6%	2.1%	3.7%
EBIT before special items[1]	-189	125	59	122
EBIT margin before special items[1]	-11.4%	5.6%	2.1%	3.7%
Non current assets	676	704	683	756
Net working capital[2]	366	400	410	100
Net interest-bearing deposit /(debt)[1]	102	517	420	985
Headcounts at the end of the period	919	937	957	1,028

[1] Please see "*Company Information – Significant change to the Group's financial position*" for definition and reconciliation of these non-IFRS measures.

[2] Trade receivables, inventories, prepayments, other receivables (excl. financial receivables (non-current)) less trade payables, deferred income and other liabilities. Please refer to note 4.4 of the financial statements and note 4 of the interim financial statements.

Key strengths

The Company believes that the following combination of capabilities and features will be instrumental to maintain and extend its position in the global luxury consumer electronics market, distinguish itself from its competitors and thereby position itself to capitalise on future opportunities.

Global luxury brand

The Bang & Olufsen brand is the Company's most important asset. The Company's strong brand equity is underpinned by the Company's partners who are all leaders in their field regardless of these being technology, brand licensing or brand equity partners. The Company has entered into partnerships with brands such as LG, HP and HARMAN with the latter extending the Bang & Olufsen brand reach to car brands such as Audi, Aston Martin, Bentley and Lamborghini.

According to a global brand tracking survey carried out by the Company, the Bang & Olufsen brand's global conversion rate from aided awareness to consideration is believed to be high compared to the market average, with more than half of the consumers that become aware of the Company will considering buying its products. The Company continues to focus on building and driving brand awareness across all touchpoints through an added emphasis on improving content creation, a more localised go–to-market approach and insights driven brand building activities.

Iconic products and solid product pipeline

Sound, design and craftsmanship is the centre of the Company's DNA. In terms of sound, the Company strives to deliver acoustic and authentic experiences in the highest possible audio quality. In terms of design, innovation is the inspiration that drives form and expression and the Company strives to ensure that the designs are performance-driven with quality and seamless user experience as a core focus. The Company has a strong and dedicated commitment to craftsmanship, and only materials of high quality are used in the Company's products.

The Company has an iconic product portfolio and several of the product families have been on the market for several years, proving their continued relevancy. While fundamental changes are not made to a product design during its lifetime, the Company's products are improved and updated with new technology on a regular basis, e.g. the Beoplay A9 family, which was initially introduced to the market in 2012 with the fourth generation rolled out in 2019. The combination of the products' timeless design, craftsmanship and use of quality materials results in a longer lifetime of the Company's products which the Company believes is a key differentiator compared to competitors. This especially applies to the Company's Flexible Living and Staged product categories, whereas the On-the-go product category in general has a shorter product lifecycle.

The Company continues to innovate and introduce new products to the market. During the past 12 months, the Company has introduced three new products, i.e. the Beovision Harmony that followed the successful Beovision Eclipse, Beosound Stage, a soundbar that was a new product category for the Company as well as Beosound Balance, which is a new speaker in the Flexible Living category. In addition, the Company continuously provides product updates to the market such as the Beoplay A1, Beoplay A9, Beoplay H9 and Beoplay E8 3.0. Further, the Company has launched several updates to colours, materials and finishes (CMFs) during the past 12 months energising the expression of existing products such as the Autumn/Winter, Spring/Summer and Contrast collections. Finally, the Company launches limited edition collaboration with other luxury brands.

Strong in-house capabilities

The Company has strong in-house sound capabilities. The Company employs several persons with degrees in music performance, sound recording and acoustics simulation. The strong reputation of the Company's sound capabilities has enabled the Company to attract top acoustics talents from across the globe. Today, more than 100 employees are working directly with acoustics and product innovation.

The Company's patent portfolio primarily relates to patents within Sound, Mechanical Engineering and aluminium. Amongst others, the Company's patents cover its acoustic lens technology that spreads the frequencies of the tweeter in a 180-degree horizontal direction and ensures that reflections from floor and ceiling are controlled. The Company's sound technology is made with the aim to ensure optimal sound for the consumers, regardless of his/her location in the room.

The skilful employee base and patent portfolio are complemented by cutting-edge facilities located at the Company's headquarters in Struer. In 2018, the Company opened an innovation lab allowing the Company's researchers to create hyper-accurate simulations of how loudspeakers will sound in any given environment. In addition, the headquarters is located near the Company's partner, Sound Hub Denmark, the world's first sound technology and innovation environment which supports sound and technology start-ups.

The Company operates an advanced aluminium manufacturing facility, Factory 5. The quality work made at the factory has piqued the interest from many third parties and today, the Company produces and sells custom made aluminium parts to external manufacturers, among others within the luxury car industry. The in-house aluminium competencies are a testament to the Company's craftsmanship capabilities.

Asset light and scalable business model

The Company's operating model builds on partner collaboration spanning from design to production and distribution. The Company has transformed its business model into a more asset-light, agile and scalable model, and today the Company is more efficient in terms of capital and resource deployment.

Since the financial year ended 31 May 2013, the Company has reduced its intangible and tangible asset base with approximately two-thirds. The significant transformation has been driven by divestments as well as continued outsourcing of production and improved technology partnerships which has continuously reduced the capital base and capital expenditure need.

Consumer-centric approach to the distribution network

The Company is in the process of moving, and has already taken measures, towards a consumer-centric omnichannel distribution setup consisting of monobrand POS, multibrand POS and online brand presence through both own and third-party platforms. The mono- and multibrand network is primarily operated by third party partners.

The Company's extensive luxury monobrand network, comprising as per 29 February 2020, 495 POS globally of which 373 are located in EMEA, 97 in Asia and 25 in Americas, is aiming at ensuring a truly global branded reach. The monobrand network is continuously being upgraded and the Company is, together with retail partners, working on relocating selected monobrand POS to high-traffic luxury environments with a focus on selected metropolitan areas. Monobrand POS are mainly partner owned and operated but the Company has seven company owned and operated POS in New York, Copenhagen, Paris and Hong Kong. In addition, the Company operates a Custom Installer (CI) channel offering connected and customised solutions for the home based on the Company's product portfolio. The CI channel is operated by selected monobrand partners and professional CI partners. The Company believes that the monobrand network puts the Company in a strong position to provide consumers with the full Bang & Olufsen brand experience and is a key driver of future revenue.

Market

The Company operates in the large and growing consumer electronics market, focusing on the global market for luxury consumer electronics. The Company considers itself one of the leading luxury consumer electronics companies.

Consumer electronics market

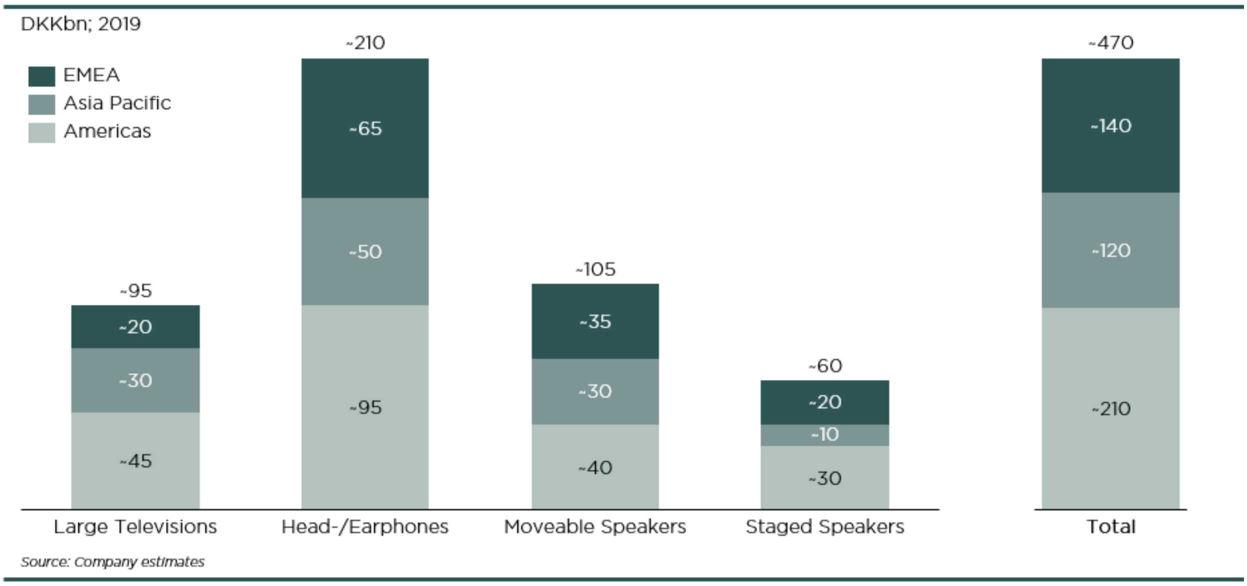
The global consumer electronics market is large and spans several product categories, of which the Company operates within selected audio and visual segments. The market is characterised by constant technological improvements and many of the world's largest companies operate in the consumer electronics space including Apple, LG, Samsung and Sony.

Most competitors target the global mass-market, whereas the Company focuses on luxury products and aims at differentiating its products through quality, design, sound and craftsmanship. The high-end products are priced at a higher price point than mass-market products, however, the Company often competes with large consumer electronics competitors, e.g. Samsung, Apple and LG, as well as Bose, Sonos and HARMAN. The competitors differ in each product vertical.

The global consumer electronics market is constantly developing and is highly affected by changing consumer taste, shifting fashion trends and technological improvements. Technological breakthroughs such as the smartphone, wireless technology and active noise-cancellation, has significantly impacted market segments and product categories within the consumer electronics market. Especially product verticals within the Company's On-the-go product category experiences shorter lifecycles. Besides being constantly affected by technological changes, the consumer electronics market is also cyclical, possessing a risk to market participants who must be able to adjust to rapid changes in market dynamics.

The Company's product portfolio caters to three different use cases; On-the-go, Flexible Living and Staged. The three use cases span across four product verticals within the consumer electronics market: Head- and earphones, moveable speakers, staged speakers and large televisions. Combined, these product verticals constitute the Company's total current addressable market which the Company estimates at approximately DKK 470 billion in 2019.

Total estimated addressable market:



Head- and earphones

The largest product vertical (in terms of market value) is the head- and earphones segment with an estimated global market value of approximately DKK 210 billion in 2019. This segment constitutes approximately 45% of the Company's total addressable market.

The head- and earphone market has experienced high growth driven by adaption of new technologies such as true wireless, active noise-cancellation and the integration of virtual assistants. Continued adaption of true wireless and active noise-cancelling earphones is expected to drive the market going forward as consumers upgrade to new technologies. Generally, growth in the head- and earphone market is driven by continued technological developments.

Being the largest audio segment within consumer electronics, the head- and earphone market is also highly competitive. There are many participants in the market vertical, both large and small companies competing within all price ranges. The Company's key competitors include Bose, Sony, Apple (including Beats by Dre), Sennheiser and Jabra.

Moveable speakers

The second-largest product vertical is the moveable speaker market that includes portable WiFi and Bluetooth speakers (and which covers both speakers within the Company's On-the-go and Flexible Living product categories). The market constitutes an increasing share of the total speaker market, driven by the introduction of wireless speakers that can be moved around in the home or on-the-go. In 2019, the market was estimated at a value of approximately DKK 105 billion.

The moveable speaker market has been growing rapidly following the adaptation to Bluetooth and WiFi technology, with multiroom speakers being the latest technology jump driving market growth. The moveable speaker market is increasingly favouring WiFi speakers as the new dominant technology, outcompeting pure Bluetooth speakers due to enhanced connectivity and sound quality.

The market is characterised by increased competition in the lower price ranges, where sound quality has been significantly improved in recent years lifting the bar for good sound quality. Many large companies have entered the market with speakers for their virtual assistants, including Google and Amazon who are now offering wireless speakers. Yet, competition is less fierce in the high-end segment, where key competitors include Bose, Marshall, HARMAN and Sonos.

Staged speakers

Staged speakers are characterised by being larger speakers, producing higher sound quality which is used for immersive sound experiences. The staged speaker market has been growing at slower rates, as the sound quality of moveable speakers has increased and taken market share. In 2019, the staged speaker market was estimated at approximately DKK 60 billion.

The staged speaker market has been negatively affected by new technologies and consumer trends, favouring on-the-go and flexible use cases that offers an easy-to-move feature. However, the demand for premium quality sound continues to attract consumers.

The staged speaker market is less competitive, with fewer high-quality players offering home audio. The Company's key competitors include HARMAN and Bowers & Wilkins.

Large televisions

Finally, the Company is operating in the market for large televisions (defined as more than 60''). Large televisions account for approximately 1/10 of the total television market, which is characterised by constant technological advancement, with new features and improved picture quality. In the large television segment, the growth has been low-to-modest as consumers turn to other entertainment and screen alternatives (e.g. iPads and Laptops). In 2019, the large television market was estimated at approximately DKK 95 billion.

The television market is characterised by different consumer preferences across geographies, especially regarding screen size, where U.S. consumers generally prefer larger screens compared to rest of the world. However, global consumer preferences have shifted towards aesthetically designed television and television with high-quality audio.

The television market is largely consolidated, due to the large cost associated with research and development as well as the relatively short lifecycle of television products due to constant technological advancements. The key players include Samsung, LG and Sony, with the Company being one of the only established global luxury brands within the televisions sphere.

Luxury trends

Besides being affected by specific market trends, the Company is also affected by the general trends within the global luxury market. These include:

- Changes in luxury consumer preferences. Global luxury consumers increasingly focus on quality, craftsmanship, heritage, and sustainability when buying luxury products.

- Redefinition of brick-and-mortar stores. Monobrand stores are changing from a point of sales to a touchpoint for consumer engagement. This redefinition is driven by reduced traffic as more consumers shop online, with online sales expected to account for 25% of all luxury purchases by 2025 according to Bain & Company, Inc.[1]

- Increasing importance of collaborations and special editions. Awareness and demand for collaborations between brands, artists and/or designers are increasing, especially among younger generations.

- Increasing demand for luxury from Chinese consumers. The growing upper-middle-class and group of high net worth individuals in China continues to fuel luxury market growth and Chinese consumers' share of global luxury spending is increasing.

- Luxury consumers is getting younger and more diverse. Generation Y and Z makes up half of the global luxury consumers and account for an increasing fraction of luxury purchases. The new generations have different preferences in terms of products, communication and distribution channels.

Business model

The Company operates an asset-light and scalable business model that builds on partner collaboration spanning from design to production and distribution. The ambition is to take a consumer-centric approach by constantly improving the value delivered to consumers.

The Company's business model can be divided into three key value streams; (1) product innovation and creation, (2) manufacturing, and (3) retail. Each value stream consists of a subset of internal and partner-driven value streams.

Product innovation and creation: The Company seeks to create progressive and innovative products based on the core capabilities of sound, design and craftsmanship, together with key technology partners and external designers. The Company works closely with ODMs, JDMs as well as OEMs when developing new products. The specific approach varies across the product portfolio, however, the Company is always part of the hardware and software creation. The Company works in close collaboration with partners on product design, industrial design, product architecture and connectivity among others. The partnership approach is an integral part of the Company's innovation and development model. Key partner examples include LG, HARMAN, Google, Apple, Tymphany, Merry, ToongIN and NXP as well as selected external designers.

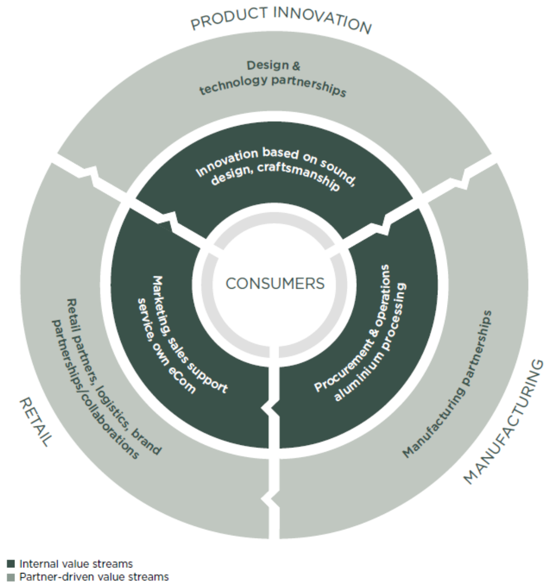
Manufacturing: The Company strives to ensure high-quality products through own aluminium processing, and drive efficiency throughout the value chain together with production partners. Key partner examples include Tymphany, Merry, LG and ToongIN.

Retail: The Company operates an omnichannel setup ensuring branded retail experience throughout a global network of monobrand and multibrand POS and online presence through e.g. own eCommerce platform. The multibrand channel is in selected geographies serviced by professional distributors that act as intermediaries between the Company and its multibrand partners. Further, the Company collaborates with global logistics partners ensuring timely delivery. Finally, brand partnerships/collaborations create

[1] Bain & Company, Inc., Luxury Goods Worldwide Market Study, Fall-Winter 2018, p. 3

brand exposure to new consumer groups. Key brand partners and collaboration examples include HP, HARMAN, Saint Laurent and RIMOWA.

Illustration of the Company's business model:



Consumers

The Company is in many aspects an inclusive brand catering to a broad group of consumers in terms of age, income and preferences. As part of the Company's journey from a wholesale "sell-in" focus to a retail-driven "sell-out" focus among others based on improving sell-out insight and revitalising the eCommerce platform, the Company gradually increases consumer insight. During the strategy process launched in December 2019, the Company has, based on consumer data, identified four target consumer segments that today are actively applied for strategic purpose, hereunder both in terms of future product development and in the daily operations:

- Gen Z. This target segment is typified by Gen Z in China. They typically live at home or at rented accommodation. Chinese Gen Z are new to luxury and the first generation in their families with a penchant to luxury as they see it as a visible status towards their surroundings. They are highly driven by today's trends and possess low brand loyalty. Shared interests include dining out or fine dining as well as a mobile and somewhat active lifestyle.

- Careerist. Careerists have a defined career path and typically lives in medium to large cities either alone or with a partner without children and potentially without the intention to become a parent. The Careerists' purchases are considered choices and shared interests include travelling as well as close connections with friends and family.

- Well Established. Well Established are likely urban dwellers with a more settled lifestyle potentially in their second home. The Well Established are young at heart, live in aspirational households and are parents with grown up kids not living at home or potentially never had kids. Shared interests include entertainment at home.

- High Net Worth Individuals (HNWIs). This is a wealthy segment with high disposable income yet financially prudent and carefully considering purchases. The HNWIs enjoy the finer things in life and need a hassle-free experience in everything they do in their spare time. The segment is music lovers, but not audiophiles.

Products and Brand partnering

The Company markets its product under one single brand, Bang & Olufsen. Formerly, the Company had a dual brand strategy with the Bang & Olufsen and the B&O Play brands. The single-brand approach was gradually implemented during the financial year ended 31 May 2019 across marketing, product packaging, in-store visual merchandising, digital platforms and other touchpoints.

The Company's product portfolio spans across three categories: On-the-go, Flexible Living and Staged. Further, the Company has a segment devoted to brand partnering and other activities including its brand licensing agreements and aluminium business.

Revenue by product category for the periods indicated (DKK million):

	9 months ended 29/28 February		Financial year ended 31 May	
	2020	**2019**	**2019**	**2018**
On-the-go	613	964	1,200	1,316
Flexible Living	256	354	442	398
Staged	594	737	967	1,334
Brand partnering & other	196	165	229	237
Total	1,659	2,220	2,838	3,285

On-the-go

On-the-go comprises products that are mobility based and built around nomadic use cases. The On-the-go portfolio includes wired and wireless earphones, wireless over-ear and on-ear headphones (several featuring active noise-cancellation technology), and small Bluetooth speakers. In the financial year ended 31 May 2019, On-the-go reported revenue of DKK 1,200 million corresponding 42% of group revenue (37% for the three quarters ended 29 February 2020).

Selected products within the On-the-go portfolio include:

- Beoplay H9. The fourth generation of the Company's premium over-ear headphones was launched in May 2019 with new technological features but with the same design. The new Beoplay H9 comes with active noise cancellation technology, voice assistant integration, and enhanced battery lifetime with 25 hours of playtime. In addition, Beoplay H9 continues to feature touch controls directly on the ear cups, adaptive memory foam, and eminent sound performance.

- Beoplay E8 3rd Gen. In January 2020, the Company launched its newest version of the true wireless in-ear earphones. The new version features improved ergonomic fit, more microphones for enhanced call clarity, and the newest Bluetooth 5.1 technology for improved connectivity. The earphone also offers transparency mode, letting the consumer tune into their surroundings and hear the real world through the earphones. The product has seven hours of play time from the earphones and an additional four charges in the case thereby providing up to 35 hours of play time at moderate listening levels.

- Beoplay A1, 2nd gen. The smallest Bluetooth speaker offered by the Company, with True360 omnidirectional sound technology ensuring a balanced dispersion of music. The Beoplay A1, 2nd gen was launched in May 2020 and comes 18 hours play-time, and is waterproof and resistant to dust and sand.

Flexible Living

Flexible Living comprises products for consumers who want flexibility in use and placement in domestic settings as well as the possibility to have products included in their multiroom setup. Products in the Flexible Living segment are network and WiFi connected speakers with the option to connect via Bluetooth. Selected Flexible Living products are also equipped with the Company's cutting-edge Acoustic Lens Technology. In the financial year ended 31 May 2019, Flexible Living reported revenue of DKK 442 million corresponding to 16% of group revenue (15% for the three quarters ended 29 February 2020). Selected products within the Flexible Living portfolio includes:

- Beosound 1 & 2. The two combined network/WiFi and Bluetooth speakers Beosound 1 & 2 were launched in the latest versions with Google Assistant in August 2018. The speakers are characterised by sound performance utilising the Company's Acoustic Lens Technology to create a 360-degree sound experience. The products have since the original launch been updated with the integration of virtual assistants.

- Beoplay A9. Since the first launch in 2012, Beoplay A9 has been the Company's bestseller, with its characteristic circular design and high sound quality. The most recent update came in May 2019 including Google Assistant integration and other software improvements.

- Beosound Balance. In March 2020, the Company introduced Beosound Balance, a wireless speaker, with an acoustic configuration made to deliver a strong bass performance and a broad sound image. The Active Room Compensation technology optimises the sound based on the positioning of the speaker and in practice adapts the speaker tuning to compensate for acoustic surroundings. Beosound Balance is the Company's most recent product launch in this category.

Staged

The Staged product category comprises products used in stationary settings for immersive listening or viewing experiences. Products include televisions as well as (large) staged speakers. Currently, the Company's Staged portfolio consists of large floor speakers, wall mounted speakers and large OLED televisions. In the financial year ended 31 May 2019, Staged reported revenue of DKK 967 million corresponding to 34% of group revenue (36% for the three quarters ended 29 February 2020), of which most was realised through monobrand channels.

The Company's television strategy is focused on sound for vision as the screens are developed by LG as part of the Company's strategy to focus on core capabilities while teaming up with partners within fields outside the Company's core focus. For new televisions, retail partners are sourcing their screens directly from LG and not through the Company.

Selected products within the Staged portfolio includes:

- Beovision Harmony. In October 2019, the Company launched Beovision Harmony, the newest television from the Company. Beovision Harmony comes in a 65'' or 77'' version with a 4K OLED television from LG and offers a sound experience as well as a high-standard picture quality and technology.

- Beosound Stage. In November 2019, the Company launched Beosound Stage, its first soundbar that brings the Company's signature sound to any television. The launch embarked the Company's journey into a new product sub-segment filling in a gap in the product portfolio.

- Beolab 90. The Company's most advanced stereo speaker was launched in November 2015. The intelligent Beolab 90 adapts to the customers living space and preferred listening modes. The speaker utilises the Company's beam direction control to tailor sound delivery across the room and control sound dispersion.

- Beosound Shape. Beosound Shape is a modular wall mounted speaker system, merging interior design with sound. The all-in-one speaker also acts as noise damper when hanging on the wall, improving the indoor acoustics.

Brand partnering and other activities

Brand partnering and other activities comprises brand licensing agreements and the Company's aluminium business. The operating segment reported revenue of DKK 229 million corresponding to 8% of group revenue in the financial year ended 31 May 2019 (12% for the three quarters ended 29 February 2020).

Partners are carefully selected based on the partnerships' ability to contribute to the Company's brand value while at the same time ensuring that partners do not dilute nor compromise the Company's brand and core capabilities within sound, design, and craftsmanship.

The largest partnerships are the licensing agreements with HP and Harman Becker Automotive Systems Manufacturing Kft. ("**Harman Becker**"), a subsidiary of HARMAN, with a remaining duration of 1 year and 15 years, respectively. Besides leveraging the Bang & Olufsen brand, the Company provides both sound tuning and design capabilities to the partnerships and works closely with the partners to ensure that both design and sound live up to the Bang & Olufsen brand. The partnership with the global computer manufacturer HP was launched in 2015. Since then, selected computers have been sold with the Company's brand and sound. The Company contributes to the partnership by sound tuning HP computers and receives a royalty fee for every unit sold with the Bang & Olufsen brand. Harman Becker and the Company entered a 20 year licensing agreement as part of HARMAN's acquisition of the Company's automotive business in 2015. The licensing payments are based on the number of cars produced with Bang & Olufsen branded speakers. Today, the Company's branded speakers can be selected in several car models, e.g. from Audi, Ford, Bentley and Lamborghini. Brand partnering and licensing agreements constitutes a sizeable and attractive revenue stream and the Company expects these to continue to generate attractive revenue streams going forward. See "*Company Information – Material contracts*" for a description of the contract with Harman Becker.

The Company's aluminium manufacturing facility, Factory 5, is one of the worlds' most advanced aluminium factories, created to meet the needs of the Company's quality expectations. The quality work made at the factory has piqued the interest from many third parties and today, the Company produces and sells custom made aluminium parts to external manufactures, among others within the luxury car industry. Selected references include Audi, Bentley, Aston Martin, Mercedes and BMW.

Distribution and channels

The Company sells its products through an omnichannel setup consisting of monobrand POS (primarily brick-and-mortar stores), multibrand POS (brick-and-mortar stores and eTailers) and through own eCommerce platform. The Company's products are sold globally, and the Company reports revenue related to three main regions, EMEA, Asia and Americas. Below tables sets forth the intersect between channels and regions in terms of number of POS.

Number of POS by region for the periods indicated:

	Monobrand			
	9 months ended 29/28 February		**Financial year ended 31 May**	
	2020	**2019**	**2019**	**2018**
EMEA	373	406	405	448
Asia	97	88	91	91
Americas	25	26	26	26
Total	495	519	522	565

	Multibrand			
	9 months ended 29/28 February		Financial year ended 31 May	
	2020	2019	2019	2018
EMEA	1,907	2,702	2,566	3,673
Asia	1,279	1,507	1,465	1,553
Americas	546	1,020	751	1,479
Total	3,732	5,229	4,782	6,705

The Company is upgrading the channel network primarily related to five key parameters; (1) moving from a scattered destination retail approach with broad geographical presence to a focus on selected metropolitan areas in top markets; (2) focus on relocation to luxury and high-traffic environments; (3) focus on in-store experience and branded spaces; (4) focus on revenue per square meter rather than number of POS; and (5) product merchandising and tiering based on target audience shopping rather than channel level. The upgrade has resulted in an intentional reduction of the amount of POS. In addition, the Company is working towards creating a more seamless brand experience across both physical and digital channels. To ensure greater consistency of visual expression, the Company is also implementing a stronger omnichannel focus on order fulfilment and service.

The Company has focused on improving sell-out insight in order to transition from a wholesale “sell-in” focus to a retail-driven "sell-out" focus. By the end of the third quarter of FY2019/2020 ending 29 February 2020, the Company had validated sell-out data representing revenue from 59% of European monobrand partners as well as from North Americas and Hong Kong representing 76% and 100% of revenue in these regions respectively. Long-term insight into sell-out performance will support the Company’s efforts to become even more demand-driven and improve the ability to forecast and react to market changes faster and more effectively.

Monobrand

Monobrand POS provide consumers with the full Bang & Olufsen brand experience and cater for consumers already familiar with the brand. The monobrand network is intended to expose new consumers to a luxury experience brand execution. As of 29 February 2020, the Company had 495 monobrand POS with 373 located in EMEA, 97 located in Asia and 25 located in Americas. The Company owned seven of the 495 monobrand POS.

In addition, the Company operates a CI channel offering connected and customised solutions for the home based on the Company’s product portfolio. The CI channel is operated by selected monobrand partners and professional CI partners in US and partly in Europe.

Monobrand continues to play an essential role in the Company’s overall sales and brand positioning. To succeed and be profitable, the Company has encouraged partners to consolidate in stronger partnerships operating clusters with the scale to deliver a consistent consumer experience and thereby drive an efficient retail business.

Multibrand

Multibrand POS manifests the brand to target consumers in order to drive sales volume. The Company is prioritising department stores, travel retail, selected consumer electronics shops and selected eTailers that cater to consumers looking for luxury products. In the third quarter ended 29 February 2020, the Company had 3,732 multibrand POS with 1,907 located in EMEA, 1,279 located in Asia and 546 located in Americas.

Up until the financial year ended 31 May 2018, the Company significantly expanded its presence in multibrand POS. The network was built predominantly in consumer electronics stores as well as telecom retail stores. However, due to lack of focus on openings in multibrand POS catering for the Company’s consumer segments as well as insufficient in-store execution, a significant part of the network had limited replenishment of purchases. Today, the Company focuses on multibrand POS that attract consumers searching for luxury products, such as department stores, airport retailers, selected consumer electronics retailers, and selected eTailers. In addition, the Company has worked on upgrading the in-store execution to support a much more consistent brand experience.

Own eCommerce

The Company's own eCommerce platform works as a catalyst for the omnichannel setup enabling channels to create an optimised consumer experience. The Company launched a revitalised eCommerce platform in spring 2019 with the purpose of meeting consumers in their own space and time, supporting the consumer journey across all omnichannel touchpoints as well as building the brand digital interface and experience. The Company expects that the revitalised platform over time will enable increased eCommerce purchases across all product categories and strengthen omnichannel features and functionality that ensure closer integration between on- and offline channels. The increased digital interaction is impacting how the Company operates as it has led to a deeper understanding of consumers and their needs and ensures real-time and more contextual consumer engagement. In the short to medium-term, the Company expects that the new eCommerce platform will predominantly service the European and U.S. markets, while China will leverage the strong local platforms. With a view to accelerate growth of its eCommerce business, the Company is exploring the possibility of entering into longer term partnerships with third parties, which could also drive increased activity for the Company's existing omnichannel set-up.

Marketing

In the financial year ended 31 May 2019 and the two quarters ended 30 November 2019, the Company focused its marketing efforts on building the Bang & Olufsen brand and in October 2019 launched a new global campaign "Exist to Create" which was based on both physical activation in key locations as well as online. The campaign was aligned with the launch of Beovision Harmony and Beosound Stage.

Following the employment of the Company's new chief executive officer, Jaan Kristian Teär, in October 2019 and a subsequent delayering of the sales and marketing organisation, marketing activation was changed. Today, the Company applies a more balanced approach implying that the marketing activities focus on promoting sales of selected products as well as promoting the Bang & Olufsen brand.

Consumer activation through marketing activities is split between campaigns launched centrally from the Company in selected countries and local activation together with partners.

The Company's marketing activation is adapted to actual market conditions and is also driven by events and seasonality to accommodate consumer preferences. Due to the outbreak of the COVID-19 pandemic and closing of brick-and-mortar stores, the Company has increased its focus on digital activation.

Product development and innovation

The Company continuously works to develop and adjust the product portfolio to follow consumer trends and demands in the market, while staying true to the Company's heritage and timeless design. The Company continuously explores and evaluates opportunities and gaps in the market as well as its current product portfolio and develops new products to fill those gaps. As such, the Company seeks to apply a consumer-centric approach to product development based on the Company's core capabilities of sound, design and craftsmanship. In addition, the Company has a core focus on ensuring continuous high quality and a seamless user experience across its products, The Company's new innovative products should always manifest these core capabilities as well as the core focus areas.

In addition, the Company focuses on ensuring strong lifecycle management of its product portfolio by providing technological updates, updates to CMFs as well as introducing limited editions which in many instances are based on collaborations with other luxury brands. The Company often utilises its original and timeless exterior design for several updates. This strategy is exemplified by the popular Beoplay H9 headphone (previously H6 and H7) and the Beoplay A9 speaker, which have been bestsellers for almost a decade. The design of these products has not been altered, however, they have been continuously updated through several product generations featuring up to date technologies. The Company believes that the long lifetime of the Company's products is driven by the strong focus on design, craftsmanship and quality in the product development phase. Popular CMFs include the seasonal collections, the bronze collection, and most recently the contrast collection. The Company has successfully launched limited editions in collaborations with several partners.

To strengthen its product development capabilities, the Company established a team of software developers in 2015. Their main objective was to design new cross-product software platforms to improve consumer satisfaction as well as maintain a relevant product portfolio which is on par with the competition. Two software platforms were developed; one for Flexible Living and Staged speakers, and one for On-the-go products. Beosound Balance was the first product to be launched with the new platform. The new platforms are, in addition to providing a uniform consumer experience across products, expected to make the Company more efficient from both a product development and potentially a financial performance point of view. Further, the platforms are expected to enable a faster time to market on new products and reduce the time needed to update and correct errors across products in the future.

As previously described, the Company's operating model is built on the widespread use of partnerships, and this also applies to product development and innovation. The Company focuses on its core capabilities when innovating and developing products. The Company works closely with ODMs, JDMs as well as OEMs when developing new products. The specific approach varies across the product portfolio, however, the Company is always part of the hardware and software creation. The Company works in close collaboration with partners on product design, industrial design, product architecture and connectivity among others. The partnership approach is an integral part of the Company's innovation and development model. In context areas, for instance where global solutions are already well-established in the market, the Company applies solutions from one of its many partners. The product complexity has significantly increased, especially within the On-the-go category where products now need to incorporate a broad range of solutions including active noise-cancellation and improved call clarity. Key examples of the Company's use of partners in the product development and innovation phase are listed below.

- Design: The Company typically works with external designers in close collaboration with internal designers and UI/UX experts when developing new products. Beosound Balance which is the most recent product launched was designed in collaboration with Benjamin Hubert of Layer Design.

- Hardware and technology: The Company is using hardware partners in various degrees, for instance on chip sets. Furthermore, the Company collaborates with technology partners on product architecture, WiFi, Bluetooth and algorithms amongst others in the product creation phase. Partners include Tymphany, Merry, ToongIN, NXP and Qualcomm.

- Software solutions: The Company incorporates several software solutions from partners, this includes wireless multiroom solutions like Apple Airplay 2 and Google Chromecast, voice assistants like Google Assistant and Amazon Alexa and music streaming services from Spotify, Deezer and TuneIn.

Manufacturing and supply

The Company's asset-light model is deeply reflected in its approach to manufacturing and supply. Today, the Company's in-house production is limited to the production of high-quality aluminium components at the Company's premises. Most of the processes are automated using robot equipment for aluminium processing. Surface treatment of aluminium is a key process, based on modern industrial processes and using computer and robot technology. The mechanical processes are constantly being challenged by the designers' intentions and design requirements, and the Company possesses substantial know-how in aluminium surface treatment and design. Anodisation is a surface treatment used to protect an aluminium surface, making it resistant to wear and tear. Blank anodised surfaces are much more scratch resistant than similar blank painted surfaces or untreated plastic surfaces. The Company began using anodisation in the 1950s. The first products with anodised aluminium profiles were launched in 1967. The current anodisation facility was built in 1992 and is still one of the most advanced anodisation facilities in the world. The anodisation facility consists of fifty pools in a 50-metre dip line. Each pool contains 4,000 litres. A typical process consists of degreasing, matt pickling, oxidising, colour dyeing and sealing. The Company applies an advanced dyeing system to achieve any colour scheme desired. Today, anodisation of aluminium has replaced the polluting heavy-metal galvanisation processes previously used.

The Company has outsourced all other manufacturing tasks. The main manufacturing partners are Tymphany, Merry and ToongIN. Manufacturing is mainly done in the Czech Republic and China.

The Company has a thorough supplier selection process to ensure that the suppliers meet the Company's requirements to long-term partners. In addition to monitoring systems which verify the performance of the product and component suppliers and provides early warnings of deviations, the Company has established regular business reviews with major product platform providers.

Where possible, the Company pursues a dual sourcing strategy aimed at ensuring the ability to source the same type of components from at least two different suppliers. For certain single source suppliers, other measures have been implemented to reduce the risk, such as higher inventory buffers and dual sets of production equipment.

Recent developments in the operations and activities of the Company

Cost reduction programme

The Company has on 16 March 2020 initiated a cost reduction programme with a targeted annual saving of DKK 175 million when the programme is fully implemented in FY2021/2022. Part of the cost savings will be realised through a reduction of the workforce with approximately 115 employees, primarily in support functions in Denmark. A large part of the cost reduction is expected to be realised in FY2020/2021, while the programme is not expected to yield any significant cost savings in FY2019/2020 ending 31 May 2020.

The Company had made a provision for restructuring costs amounting to approximately DKK 30 million, of which DKK 3 million is related to the third quarter of FY2019/2020 ending on 29 February 2020. The cost reduction programme is one of several initiatives aimed at improving the Company's financial performance through streamlining of operations and investing in product development, sales and marketing.

Strategic priorities

On 17 December 2019, the Company adjusted its outlook for FY2019/2020 and announced that it would launch a strategy process to uncover symptoms and root causes of poor performance and to design solutions for a turn-around in the short-to-medium term.

Following the strategy process, the Company has identified five main root causes to focus on:

- **Consumers:** Connection lost with core consumer resulting in weaker re-purchase rate over the last 10 years and growing number of consumer friction points.
- **Brand:** The brands' potential luxury position has not been fully realised and the target audience has been weakly defined and product related marketing activation deprioritised.
- **Retail execution:** Oversized stores with legacy concept, declining multibrand sales and sell-in focus has driven products into grey market resulting in poor retail-execution.
- **Products:** The product edge has been challenged, as the Company has launched too few blockbuster products with key technical features thereby missing s-curves.
- **Cost structure:** Compared to peers, the Company's cost base is too high among others due to high complexity in the organisational setup.

The strategy is centred on solving the identified core issues uncovered in the strategy process. Thus, the Company's new strategy initiates a strategic reorientation of the Company while fixing fundamental issues in the current business. Resolving such issues, while redirecting strategic focus and execution across markets, the Company aims to be well-positioned to realise its untapped growth potential and to capitalise on its scalable business model in the coming years.

The Company's strategic reorientation is anchored in the ambition of truly winning the four newly defined target consumer segments (described in section 'Consumers') in selected markets, through competitive and differentiated products and use of cases tailored to needs and preferences of the segments. The Company works with six strategic focus areas to address the issues.

A key enabler for the Company's new strategy will be to fuel the digital ecosystem. The Company's digital capabilities will be decisive in order to penetrate certain of the defined target consumer segments, as they expect digital engagement and interfaces, from inspiration through different points of sale to product setup and upgrades as well as customer service. The Company's digital efforts will focus on building upon the omnichannel infrastructure to enable direct-to-consumer eCommerce, allowing for a 360 degree view of customers to inform marketing and consumer experience.

1. Win in six European markets

The Company intends to increase focus and resource allocation to fully winning six European markets; Denmark, Germany, the United Kingdom, France, Switzerland and Spain. These markets have been selected based on current strong market position (i.e. brand awareness, established partner network and/or current performance), and relative size and concentration of target segments vis-a-vis other countries. The Company has elected to focus on fewer geographies in order to ensure critical mass and proof of concept before scaling to other countries.

1.1. Improvement of the monobrand network for winning in focus markets

The monobrand network remains a key asset to the Company, especially in the European market. The monobrand channel is a key driver of revenue and brand experience, and the Company aims at future proofing the network by having fewer but stronger monobrand POS. The focus on strengthening the monobrand channel is anchored within the six European focus markets and selected cities within these. The monobrand POS of the future showcases and creates unique experiences around the full range of the Company's products and services and remains a hub for instalment service and general aftersales services within the region. Selected POS are planned to relocate to high traffic locations and to spaces of fewer square meters. The Company will continue the cluster strategy of having strong partners operate multiple POS within the same city or region, for critical mass and stronger profitability.

1.2 Improvement of existing multibrand footprint for winning in focus markets

The Company continues to emphasise multibrand channels as strategically important due to the high level of brand exposure. Multibrand channels have traffic and well-run marketing engines, which is perceived critical to build on for a comparatively small company. The Company's focus in the channel is to centralise resources on fewer high-performance doors, with a stronger in-store presence that underlines the exclusivity of the brand. The Company will work with different types of multibrand segments and different types of sales formats within these segments i.e. shop-in-shop formats and branded spaces.

1.3 Continuous eCommerce focus to support true omnichannel experience

The Company supports the physical channels with online experiences and eCommerce. In the Company's online universe, consumers can read about, get inspiration on and buy products directly. The Company will continue to strengthen the online presence and eCommerce platform with an aim to tap into the accelerating preference of online purchase – both in the consumer electronics market and in the luxury industry. Focus in this area is both to expand the Company's own platform and to support selected multibrand partners (eTailers included) in improving the Company's presence on their respective platforms.

2. Build a foundation for accelerated growth in China and South Korea

China is the Company's single biggest market, and the best performing over the last three years in terms of growth. The Company has proven the potential of On-the-go products especially, and the brand generally enjoys recognition and loyalty from Chinese luxury consumers. With China representing approximately a third of global luxury spending, the Chinese market remains an important growth market for the Company and will be highly prioritised in the coming years.

The Company has identified South Korea as a second growth market in Asia. The size of the South Korean market is not attractive per se compared to other geographies. However, strong market growth rates on par with China, combined with the Company's strong brand position and a revenue growth trajectory above 20% over the last three years in this area, results in the South Korean market being strategically relevant to the Company. Similarity in consumer trends and in brand affinity from younger segments such as generation Z and millennials, indicates that the South Korean market shares similar attributes as the Chinese.

The Company has hence initiated a China and South Korea focused development plan in order to effectively tap into this growth potential and capitalise on the platform already established. The initiative includes, among other things, intentions to develop more China and South Korea specific products, limited editions, targeted marketing towards certain customer groups and strategic partnerships. In parallel, the Company will continue its current strategy of opening more POS and strengthening the sales competencies in the monobrand channel. To support this plan, the Company has decided to strengthen the Chinese and South Korean organisations within marketing, product management and finance to bring relevant functions closer to the actual market.

3. Reignite brand, marketing and sales

The Company has defined four consumer segments, Gen Z, Careerist, Well Established and HNWIs which the brand and marketing activities will be re-targeted towards. The Company intends to reignite the current brand position and platform to refresh the brand expression ultimately to increase relevancy to the new target segments. The Company will continue to engage in brand collaborations with e.g. fashion brands and influencers. The marketing efforts will be centralised to reach target segments in European focus markets and China and South Korea, which implies a reallocation of marketing spend from 17 geographies to six (non-focus geographies still have marketing funds allocated but to a lesser extent).

4. Fit for future product portfolio

The consumer segments will also steer product priorities for the Company. The product strategy continues to build on the three current product categories.

4.1 On-the-go

The strategic objective of the On-the-go category is to become one of the preferred luxury earphone, headphone and portable speaker brands in the market through unparalleled and differentiated sound performance and design. The On-the-go category is particularly targeted at the Gen Z and Careerist segments with particular focus on the Chinese and South Korean markets. The use cases in the product portfolio are guided by the lifestyle and preference of the segments and include travel, performance (sport and gaming) and urban (work and in and around the home).

4.2 Flexible living

The strategic objective of the Flexible living category is to capture market share in the high-end multiroom speaker category through unique products perceived as investments with sustainable longevity (the Company offers continuous software feature updates). Flexible Living category targets the Careerist segment with particular focus on European focus markets and China, and the Well Established in European focus market. Use cases are built on connected sound for any room in either an omni-, stereo- or multipoint set-up.

4.3 Staged

The Staged category has the objective of becoming top of mind for immersive music and movie experiences. The immersive propositions create a halo for other categories and build equity for brand licensing opportunities. The Staged category targets the Well Established and HNWIs segments in the European focus markets. Individual use cases include; immersive stereo music listening and cinematic multichannel screen viewing experiences. Going forward, the Company intends to expand the current screen portfolio to accommodate the accessibility, need and preference for target segments, and to tap into product bundles preferences.

While bringing new innovative, competitive products to market across product categories remains a key priority, the Company acknowledges that quality and user experience is an entry ticket to repurchase and loyalty. Capacity and investment have hence been earmarked for improvements in existing product portfolio.

Additionally, the Company intends to leverage unique capabilities and assets, and package these systematically into unique offerings on limited editions, classic editions and bespoke programmes. Essentially to drive up brand awareness and ensure market differentiation.

5. Nurture and develop strategic brand partnerships

In recent years, the Company has entered into brand partnerships with some of the largest and most innovative companies in the world. It has become a key part of the Company's core business, and a platform for exposing potential consumers to the Bang & Olufsen brand. The Company intends to intensify its brand partnering activities to improve and leverage brand value.

6. Create a leaner and simpler organisation, fit for growth

The Company has initiated a cost reduction programme to remove redundancy, and to create a leaner and flatter organisation more fit for purpose. The program has identified savings based on removing duplicate functions, simplifying the organisational design to eliminate complexity and expanding span of control, and through optimisation of product related and non-product related spend. The Company has executed the initial phase of the cost saving initiatives. The second phase is expected to roll-out in FY2020/2021 and into FY2021/2022 (see "*Company Information – Business – Recent developments in the operations of the activities of the Company*"). In addition to the cost reduction programme, the Company has strengthened local market organisations to support growth ambitions in local markets. Effectively, the Company's European sales organisation has been redesigned, and the Company has on-boarded experienced, commercially strong salespeople. See "*Company Information – Trend information*" for a description of the Company's cost reduction programme.

Throughout the fourth quarter of FY2019/2020 the Company has worked on operationalising and preparing for the strategy roll-out.

Discussions with third parties regarding structural options

The Company *has* over the past year been in contact with different parties to explore potential future strategic and structural options for the Company. The Company has engaged in some of these discussions with relevant parties, however, at the Prospectus Date, no such structural or strategic option is presently being discussed or pursued by the Company.

Changes in the Company's regulatory environment

The COVID-19 outbreak has in many of the jurisdictions in which the Company and its retails partners operate resulted in various mandatory or self-imposed lockdown measures and other public and private regulatory and legal restrictions and ramifications affecting the affairs of the Company and its retail partners, strategic partners and suppliers. While these measures are not directed specifically at the Company or the sectors in which it operates, they do significantly impact the Company's business while in effect and they are likely to also affect customer behaviour during and potentially after such measures cease to be in effect. See further *"Company Information – Trend information"*.

In many jurisdictions relief packages and regulatory measures to support distressed companies affected by the pandemic have been introduced. Such measures include inter alia salary compensation schemes, compensation schemes for fixed cost and deferred payments of tax and VAT. The Company has decided to defer its VAT payments in Denmark and is currently assessing whether other regulatory relief packages, in and outside of Denmark, may be used in order to partly mitigate of the financial consequences of the COVID-19 outbreak. In Denmark, the Company anticipates to benefit from fixed cost compensation schemes in FY2019/2020 and potentially in FY2020/2021, however, the Company currently does not expect the potential benefit to materially improve the Company's overall financial position.

Save for the general regulatory reactions to COVID-19, there has since the end of the period covered by the FY2018/2019 Financial Statements, not been any material changes to the regulatory environment to which the Company is subject.

5.2 Investments

For the FY2019/2020, the Company expects total capital expenditure investments of approximately DKK 180 million. For the FY2020/2021, the Company has committed an amount of approximately DKK 160 to 200 million to certain capital expenditure investments. The vast majority of these amounts are committed to capitalisation development costs, tools and IT & digital investments as well as investments in company owned and operated (COCO) retail stores. The investment in tools will consist of production tools for new product launches, which will be mainly located at the Company's suppliers. The digital investments will mainly focus on eCommerce platform enhancements, retail integration in the core markets and local payment options.

6 TREND INFORMATION

Production and sales

In general, the COVID-19 outbreak has resulted in in-store activity being negatively impacted in the last part of the third quarter of FY2019/2020 and into the fourth quarter of FY2019/2020, with an estimated 60% of outlets being affected by closures during March and April 2020. Consumer behaviour and demand in all major markets has also been adversely affected. This has generated more traffic towards the Company's online channel and e-commerce platforms, see "*Company Information – Trend information – Other trends".*

Due to the restrictions on travel following the COVID-19 outbreak, less carriers and supply chain managers have been able to operate freely, increasing global logistic prices. As global freight costs rise, the Company is subject to increased logistic costs.

The Company further estimates that development projects could be impacted by COVID-19, as review of prototypes and testing of products has been delayed, because items required are not easily transported throughout the Company's logistic chains. In some cases, this could impact the timeline for certain development projects as well as the interaction with the Company's designers and production partners.

See "*Company Information – Business*" for a description of the specific market trends, as well as the general trends within the global luxury market

Financial performance

The trends relating to production and sales is expected to continue to have a negative impact on the Company's financial performance and financial position into FY2020/2021. As such, revenue and profits may be adversely affected and the Company's net working capital could increase due to higher inventory levels and trade receivables.

As part of its ordinary business, the Company monitors cash management and net working capital closely. Since the outbreak of COVID-19, the Company has reached out to some of its key partners in order to agree on extended credit terms for e.g. products and rent. These postponements into FY2020/2021 are based on mutual agreements. The Company is also in close dialogue with some of its commercial partners to provide assistance in relation to government support packages and to be kept informed about expected timing of overdue balances. This dialogue is also the basis and support of assessing any impairment losses regarding trade receivables.

For a description of significant changes in the financial performance of the Company since the FY2018/2019 Financial Statements, reference is made to the 3rd Quarter Financial Statements and the company announcement 19.22 of 12 May 2020 regarding the announcement of the Offering. For a description of the Company's guidance for FY2020/2021 see *"Company Information – Consolidated Prospective Financial Information".*

Other trends

COVID-19 spurs shift to online shopping

The current outbreak of COVID-19 and the closing of brick-and-mortar stores is expected to have a positive impact on eCommerce and consumer behaviour which may result in a permanent change on how consumers conduct online shopping. As many consumers may wish or are required to avoid in-store shopping, new buying behaviours and habits may be created or reinforced. Due to the outbreak, it is expected that some consumers will shift their purchases to online shopping instead of in-store shopping, and it can be expected that such shift is likely to persist to varying degrees throughout the pandemic and potentially after. Consumers who prior to the COVID-19 outbreak were not accustomed to shopping online, are further expected to have become familiar with several eCommerce options, and as such, a sizeable new consumer segment may be available for companies in the future. Even with the gradual reopening of societies around the globe, the need for an increased focus on social distancing is expected to encourage some shoppers to stay at home, changing the way companies would market their products prior to the COVID-19 outbreak.

As online shopping increases, consumers may also be expected to be more focused on the individual stores online experience and the click-and-collect option of stores. It may be expected that companies will try to retain their customers by offering further digital activation and loyalty programmes. In addition, consumers are expected to demand fast or same-day-delivery procedures, as well as an easy and accessible return process. As such, companies who have a strong digital presence, are assumed to be better prepared for the economic downturn of in-store closures.

7 CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION

7.1 Statement by Management

The consolidated prospective financial information for the financial year ending 31 May 2020 (the "**Guidance for FY2019/2020**") and the preliminary consolidated prospective financial information for the financial year 1 June 2020 to 31 May 2021 (the "**Preliminary Guidance for FY2020/2021**") is presented below (jointly the "**Consolidated Prospective Financial Information**").

The Consolidated Prospective Financial Information is based on a number of factors, including certain estimates and assumptions, many of which are outside of the Company's control or influence. The principal assumptions on which the Consolidated Prospective Financial Information is based are described in "*Company Information–Consolidated Prospective Financial Information–Consolidated prospective financial information of the Company–Methodology and assumptions*".

The Consolidated Prospective Financial Information represents the best estimates of Management at the Prospectus Date. The Company's actual results are likely to be different from the Consolidated Prospective Financial Information since anticipated events may not occur as expected, or may materially differ from the forecast provided. The Consolidated Prospective Financial Information in this section should be read in conjunction with "*Risk factors*" and "*General Information–Forward-looking statements*" included elsewhere in this Prospectus.

Specifically, it is noted that the Company's Guidance for FY2019/2020 concerns the financial year ending 31 May 2020 and thus prior to the date of this Prospectus. The Company will publish its annual report for FY2019/2020 on 7 July 2020, and the Guidance for FY2019/2020 thus represents estimated figures based on the information available to and considered by the Company as at the Prospectus Date. Actual numbers which will be made available in annual report for FY2019/2020 may differ from below estimates.

The Consolidated Prospective Financial Information has been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the Company's accounting policies.

Copenhagen, 4 June 2020

Board of Directors

Juha Christen Christensen
Chairman

Tuula Rytilä
Board Member

Joan Ng Pi O
Board Member

M. Claire Chung
Board Member

Mads Nipper
Board Member

Jesper Jarlbæk
Board Member

Anders Colding Friis
Board Member

Britt Lorentzen Jepsen
Board Member
Employee Elected

Brian Bjørn Hansen
Board Member
Employee Elected

Dorte Vegeberg
Board Member
Employee Elected

Søren Balling
Board Member
Employee Elected

Executive Management Board

Jaan Kristian Teär
CEO

Nikolaj Wendelboe
Executive VP and CFO

Snorre Kjesbu
Executive VP, Design, Creation & Fulfilment

Christian Ravnås Birk
Executive VP, Marketing, Digital and Customer Experience

7.2 Consolidated Prospective Financial Information of the Company

Introduction

The Consolidated Prospective Financial Information is necessarily based upon a number of assumptions and estimates that, while prepared with numerical specificity and considered reasonable, are inherently subject to significant business, operational, economic, political, legal and competitive uncertainties and contingencies, many of which are beyond the Company's influence, and upon assumptions with respect to future business decisions that are subject to change.

Therefore, the Company's expectations presented in the Consolidated Prospective Financial Information as to future developments may deviate substantially from actual developments, and the Company's actual results of operations are likely to be different from the Consolidated Prospective Financial Information since anticipated events may not occur as expected, or may materially differ from the forecast provided. Accordingly, shareholders and potential investors should treat this information with caution and not place undue reliance on the expectations set forth below.

Methodology and assumptions

The Consolidated Prospective Financial Information has been prepared on the basis of the Company's accounting policies, which are in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and as set out in the notes to the FY2018/2019 Financial Statements incorporated by reference, see *"Information on assets and liabilities, financial position, results and dividends–Financial statements"*. The Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2019 and endorsed by EU.

Of the standards and amendments implemented, only IFRS 16 Leases had a material impact on the Group's Financial Statements. IFRS 16 has been implemented as of 1 June 2019. The Group has transitioned to IFRS 16 in accordance with the modified retrospective approach. Accordingly, prior period comparative figures are not restated. Please refer to the company's 3rd Quarter Financial Statements for further details.

In addition to the above, government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The grant is deducted in reporting the related cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. A grant that is a compensation for costs already incurred, is recognised in profit or loss of the period in which it becomes receivable.

The Group follows the guidelines in IFRIC 23, which clarifies the accounting for uncertain tax positions. The approach that better predicts the resolution of the uncertainty is followed, and uncertain tax positions are measured at the most likely outcome. IFRIC 23 has been implemented as of 1 June 2019, and the provision for uncertainties in relation to tax treatments is now recognised on a gross basis, and not as previously at a net amount.

The Consolidated Prospective Financial Information is prepared in accordance with the Company's normal forecasting and budgeting procedures.

The Consolidated Prospective Financial Information has been prepared on the basis of a large number of assumptions and estimates, which are subject to numerous and significant uncertainties. Certain of the assumptions, estimates, uncertainties and contingencies relating to the Consolidated Prospective Financial Information are wholly or partly within the Company's control, while others are outside of its control, including those related to changes in market, legal, fiscal, political or economic conditions and actions by competitors and customers. While the Company has presented the key assumptions on which the Consolidated Prospective Financial Information is based below, it is likely that one or more of the assumptions that the Company has relied upon in preparing the Consolidated Prospective Financial Information will not materialise in whole or in part as assumed.

The Company's result of operations could deviate materially from its forecasts as a result of other factors, including but not limited to those described in "*General Information–Forward-looking statements*" and "*Risk factors*".

EBIT margin before special items presented within the Consolidated Prospective Financial Information is not defined as or a measure of financial performance under IFRS. The EBIT before special items and the EBIT margin before special items, as calculated by the Company, represent the IFRS measure EBIT adjusted for any items, which in the view of management consist of expenses that the Group does not consider to be a part of its ordinary operations such as redundancies and specific consultancy costs. See "*Company Information – Information on assets and liabilities, financial position, results and dividends – Alternative Performance measures / non-IFRS financial measures*".

For the purpose of preparing the Consolidated Prospective Financial Information, the Company has applied the key assumptions below:

Key assumptions relating to Guidance for FY2019/2020

Revenue – Guidance for FY2019/2020

The Company expects to be significantly impacted by the COVID-19 outbreak, and the Company is facing a higher than normal uncertainty regarding the outlook for the financial year ending 31 May 2020. Thus, the Company's estimates concerning revenue development for the financial year ending 31 May 2020 are principally based upon and assume the following:

- Revenue for the first 11 months of the financial year is estimated to have declined by 26% in local currencies based on reported nine-month figures as well as preliminary and unaudited financial numbers for March (DKK 102 million) and April (DKK 95 million) (within the Company's control).

- Revenue from EMEA and Americas is estimated to be significantly lower than in the same period last year, among others due to COVID-19, which has resulted in many retail partners being interrupted in their business and impacting the Company by loss of revenue (outside the Company's control).

- Revenue from Asia compared to last year is estimated to be significantly lower due to the impact of COVID-19, provided that activity China, which was the first part of the Company's business that was impacted by COVID-19, is assumed to have normalised further in May (outside the Company's control).

- The Company is assumed to have successfully implemented and benefitted from directed sales and marketing activities launched in selected countries and markets (partly within the Company's control).

- The product mix is assumed to be in line with historical composition and with no significant changes to product prices having been necessary given the current market situation (partly within the Company's control).

- Licensing income is assumed to be impacted negatively by COVID-19 (outside the Company's control).

EBIT margin before special items – Guidance for FY2019/2020

In addition to the Company's assumptions as to revenue, the Company's estimates regarding EBIT margin before special items are principally based on the following assumptions:

- EBIT margin before special items for the first 11 months of the financial year is estimated to be -15% (within the Company's control).

- The Company has assumed to be able to benefit by approximately DKK 25 million from Danish government relief packages (partly within the Company's control).

- Manufacturing and logistics costs in the fourth quarter of FY2019/2020 are assumed to not have materially changed compared to previous quarters (partly within the Company's control)

- Strict focus on cost control across all functions in the Company is assumed to have been effective (within the Company's control).

  The Company assumes no material loss or impairment of trade receivables due to, among others, COVID-19 (outside the Company's control).

Free cash flow – Guidance for FY2019/2020

In addition to the Company's assumptions as to revenue and EBIT margin before special items, the Company's estimates regarding free cash flow are principally based on the following assumptions:

- Free cash flow for the first 11 months is estimated to be DKK -182 million (within the Company's control).

- The expected decline in in-store traffic as a consequence of COVID-19 is assumed to continue to have a significant impact on retail partners, and the Company have therefore assumed a further increase in overdue receivables (outside the Company's control).

- Capital expenditures are assumed to reflect that product development has continued as planned (within the Company's control).

Guidance for FY2019/2020

Based principally on the assumptions and methodology as set out above, the Company provides the following estimates for FY2019/2020 ending 31 May 2020:

- A decline in revenue in local currencies in the low end of the range of 20-29% compared to the FY2018/2019 Financial Statements.

- EBIT margin before special items in the low range of negative 10-15%.

- Free cash flow of in the middle of the range of negative DKK 200-350 million.

Key assumptions relating to Preliminary Guidance for FY2020/2021

The Preliminary Guidance for FY2020/2021 is sensitive to a number of assumptions, in particular due to the increased uncertainties and lack of transparency arising from COVID-19.

The COVID-19 related factors that affect the Preliminary Guidance for FY2020/2021 include (but are not limited to) the duration and potential resurgence of the COVID-19 pandemic in relevant markets, the timing and speed of the re-opening of key markets (including normalisation of consumer behaviour), the impact on the economies in key markets and globally, and the financial and operational impact on the Company's business partners.

As a general overriding assumption, Preliminary Guidance for FY2020/2021 assumes completion of the Offering. Other key assumptions in relation to the Preliminary Guidance for FY2020/2021 are the following:

Revenue – Preliminary Guidance for FY2020/2021

- Revenue is assumed to be bolstered by the successful launch without delays, of more than 10 new products and upgrades as well as new colours, materials and finish (CMF) versions of existing products, which further assumes ODMs and JDMs, are not materially impacted by COVID-19 (partly outside the Company's control).

- The Company assumes continued opening of markets in Asia and gradually opening of markets in EMEA from May 2020, including a normalisation of consumer behaviour. The rate, pace and degree of normalisation is subject to a high degree of uncertainty (outside the Company's control).

- Brand partnering revenue is assumed to increase throughout FY2020/2021 including through new opportunities. It is noted, however, that a substantial part of the Company's current brand partnering revenue depends on the market for car sales and consumer electronics both of which are subject to adverse effects of COVID-19 (partly outside the Company's control).

- The Company is assumed to be able to realise and benefit from increased efficiency of its sales and marketing spend due to focusing on more specific sales and marketing activities in selected countries and markets (partly within the Company's control).

- The product mix is assumed to be in line with historical composition and with no significant changes to product prices being necessary due to the current market situation (partly within the Company's control).

- The Company is assumed to be able to continue to work towards a consumer demand driven sales model (partly within the Company's control).

The Company's expectations further assume there will be no other material changes in the markets landscape, competitive situation (and any impact this may have on pricing) or regulatory changes, hereunder trade wars (outside the Company's control). Any negative development of this nature may have a material adverse impact on revenue.

EBIT margin before special items – Preliminary Guidance for FY2020/2021

In addition to the Company's assumptions as to revenue, the Company's expectations regarding EBIT margin before special items are principally based on the following assumptions:

- Manufacturing and logistics costs are assumed to not materially change compared to FY2019/2020 (partly within the Company's control).

- The Company is assumed to be able to successfully continue the planned development of new products, product upgrades and CMF versions to maintain the planned product pipeline (within the Company's control).

- The Company is assumed to be able to successfully continue to implement the cost-reduction program, including continued reduction of non-product related costs, administrative costs and improvement of supply chain through better management of freight, component liability and purchase price control (partly within the Company's control).

- The Company is assumed to not experience any material impairment losses regarding trade receivables due to, among others, COVID-19 (outside the Company's control).

- Currency exchange rates against DKK, including in particular USD, CNY and EUR, are on an overall level assumed to be in line with current currency exchange rate levels (outside the Company's control).

Free cash flow – Preliminary Guidance for FY2020/2021

In addition to the Company's assumptions as to revenue and EBIT margin before special items, the Company's expectations regarding free cash flow are principally based on the following assumptions:

- The Company's management of working capital and use of government relief packages (postponement of VAT and other taxes) in FY2019/2020 will adversely impact cash flow in especially the first quarter of FY2020/2021.

- The development of COVID-19 is assumed to have a significant impact on retail partners and result in a further increase in overdue receivables in the first part of FY2020/2021 with an expected normalisation in the second part of the year (outside the Company's control).

- The Company is assumed to not experience an increase in payables due to the Company choosing not to pay, or not being able to pay, as claims fall due, as a consequence of COVID-19 (within the Company's control).

- Capital expenditures are assumed to reflect product development continuing as planned (within the Company's control).

Preliminary Guidance for FY2020/2021

Based on a balanced view of potential scenarios for the above-mentioned risks and implications of COVID-19, the Company's preliminary guidance for FY2020/2021 is as follows:

- Revenue: Approx. DKK 2.2 billion.

- EBIT before special items: Approx. DKK -100 million.

- Free cash flow: Approx. DKK -200 million.

COVID-19 scenarios

The Company has considered the impact of several adverse scenarios including one where the duration of the COVID-19 pandemic extends further into FY2020/2021 and approximately 50% of POS in Europe and North America being closed or adversely impacted for the majority of the first and second quarter before starting to normalise at a slow pace toward a 30% closure in the fourth quarter. In this scenario, China is assumed to be less impacted with around 30% of POS being closed or adversely impacted for the first half of the year before starting to normalise. In this adverse scenario, the Company's calculation models project revenue could decrease to DKK 1.6 billion with an EBIT margin before special items of -25% and a free cash flow of negative DKK 400 million.

In an alternative positive scenario, where the implications of COVID-19 are less severe than reflected in the Preliminary Guidance for FY2020/2021 above, the Company projects that breakeven based on EBIT before special items could be achievable at a revenue totalling approximately DKK 2.4 billion.

The Preliminary Guidance for FY2020/2021, and the above projections in relation to alternative scenarios, naturally remain subject to a high degree of uncertainty given COVID-19.

Sensitivity to selected currencies in relation Preliminary Guidance for FY2020/2021

For illustrative purposes, the Company has simulated the projected effect on EBIT before special items from a 5% change in USD and CNY currency rates (on an unhedged basis) compared to the exchange rates assumed in relation to the Preliminary Guidance for FY2020/2021. The projected impact can be illustrated as follows:

Projected impact on EBIT before special items (DKK m)	**-5%**	**+5%**
USD	+35	-35
CNY	-31	+31

In the calculation, exchange rates are assumed to depreciate/appreciate by 5% as from 1 June 2020. The exchange rates are further assumed to be at that same level during FY2020/2021. Any further change in exchange rates will further impact EBIT before special items, although the impact may not be proportionate to any such further change.

No hedging are included in the above numbers, which means that the full exposure is subjected to a +/- 5% change in exchange rates effective during the whole year. Any hedging activities by the Company will change the impact on EBIT before special items. Presently, the Company only apply hedging on a 3 months' horizon, but the Company expects to increase its hedge horizon to 6 months after completion of the Offering. Subsequently hedge horizons are expected to remain at 6 months for the remainder of FY2020/2021. The effects of the Company's hedging activity may vary and will in any event be subject to the scope of hedging activities and market conditions in general. The Company will thus remain exposed to currency exchange risks going forward irrespective of any hedging activities.

8 BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD

8.1 Overview

The Company has a two-tier governance structure consisting of the Board of Directors and the Executive Management Board. The two (2) bodies are separate and have no overlapping members.

Board of Directors

At the date of this Prospectus, the Board of Directors is currently comprised of eleven (11) members, whereas seven (7) members have been elected by the general meeting comprising the chairman (the "**Chairman**") and six (6) other board members and the remaining four (4) members have been elected by the Company's employees. The Board of Directors elects a Chairman and, if so decided, a Deputy Chairman of the Board of Directors among its members. See article 7(1) of the Articles of Association.

The members of the Board of Directors elected by the general meeting are elected for a term of one year. Members of the Board of Directors are eligible for re-election.

The following table presents an overview of the current composition of the Board of Directors:

Name	Position	Independent[1]	Year of first appointment	Expiration of term[2]
Juha Christen Christensen	Chairman	Independent	2016	2020
Tuula Rytilä	Member	Independent	2019	2020
Joan Ng Pi O	Member	Independent	2019	2020
M. Claire Chung	Member	Independent	2019	2020
Mads Nipper	Member	Independent	2014	2020
Jesper Jarlbæk	Member	Independent	2011	2020
Anders Colding Friis	Member	Independent	2018	2020
Britt Lorentzen Jepsen	Member	Employee Elected	2019	2023
Brian Bjørn Hansen	Member	Employee Elected	2015	2023
Dorte Vegeberg	Member	Employee Elected	2019	2023
Søren Balling	Member	Employee Elected	2017	2023

(1) The Company has based its assessment of independence on the basis of the criteria set out in the current Corporate Governance Recommendations.
(2) The members of the Board of Directors, who have been elected by the Company's employees, are elected for a four-year term.

All members of the Board of Directors, which have been elected by the general meeting are considered by the Company to be independent under the current Corporate Governance Recommendations. The four (4) members, which have been elected by the Company's employees, are employed by the Company and pursuant to the current Corporate Governance Recommendations not considered to be independent.

Biographies

Other than as presented below, none of the members of the Board of Directors have been a member of the administrative, management or supervisory bodies of a company or a partnership or been a partner in a partnership outside the Company within the past five (5) years.

Juha Christen Christensen (born 1964, Danish nationality) has been a member of the Board of Directors since September 2016 and Deputy Chairman since October 2017 and Chairman since 2 June 2020. Juha Christen Christensen is deputy chairman of the board of directors of Netcompany Group A/S, chairman of the board of directors of Star Global, Inc. and its associated subsidiaries and CloudMade Holdings Limited and its associated subsidiaries. Juha Christen Christensen is also a member of the executive management of Truly ApS and a member of the advisory board of Blazar Capital. In the past five years, Juha Christen Christensen has been chairman of Brandworkz Ltd., Buttonwood Financial, Inc., and The Pad, Inc., and a member of the board of directors of Selskabet af 30. august 2017 A/S under konkurs (previously Lumigon A/S), Selskabet af 7. september 2017 ApS under konkurs (previously Lumigon Sales ApS), NC TopCo A/S and Pelican Imaging Corporation. Juha Christen Christensen has studied Business Management from London Business School (not completed).

Tuula Rytilä (born 1967, Finnish nationality) has been a member of the Board of Directors since August 2019. Tuula Rytilä is corporate vice president of Microsoft Digital Stores. In the past five years, Tuula Rytilä has previously been chief marketing officer and senior vice president of Nokia Oyj. Tuula Rytilä holds a Master of Science in Economics and Business Administration from Helsinki School of Economics.

Joan Ng Pi O (born 1960, British nationality) has been a member of the Board of Directors since August 2019. Joan Ng Pi O is the China Advisor to the executive board of Swarovski. Joan Ng Pi O has previously been the executive vice president of Global Marketing of Swarovski. Joan Ng Pi O holds a Diploma of Business Studies from Hong Kong Polytechnic.

M. Claire Chung (born 1968, Chinese nationality) has been a member of the Board of Directors since August 2019. M. Claire Chung is a member of the board of directors of Delsey. In the past five years, M. Claire Chung has previously been General Manager for Yoox-Net-A-Porter Group in China and Vice President of ShangPin.com. M. Claire Chung holds a B.A. from Barnard College, Columbia University, and has completed the Executive Finance Course from the Chinese European International Business School.

Mads Nipper (born 1966, Danish nationality) has been a member of the Board of Directors since September 2014. Mads Nipper is chairman of the Danish government-founded Climate Partnership for Production, deputy chairman of the Confederation of Danish Industries (Dansk Industri), deputy chairman of the board of directors of Danish Crown A/S, and chairman of the board of directors of DWT Holding spa. Mads Nipper is also the chief executive officer of Grundfos Holding A/S and Grundfos US ApS. In the past five years, Mads Nipper has previously been a member of the board of directors of Danish Crown A/S, Danish Crown Foods A/S, Stokke A/S, Kompan A/S, and Grundfos Operations A/S. Mads Nipper holds a Master in Business Administration from Aarhus Business School.

Jesper Jarlbæk (born 1956, Danish nationality) has been a member of the Board of Directors since March 2011. Jesper Jarlbæk is chairman of the board of directors of A-Solutions A/S, Groupcare Holding A/S, Bookboon ApS, able ApS, Bortforpagtningsselskabet Basico A/S, Materiel Udlejning Holding ApS, CataCap Management A/S, Basico Consulting International ApS, Garant Udlejning A/S, Groupcare A/S, HYR ApS, Garant Finans A/S, Beyond Budgetting Institute P/S, Basico P/S, Bookboon Corporate A/S, Falcon Fondsmæglerselskab A/S, Happy Helper A/S, NetHire A/S, and Active Inspiration Technologies Ltd. Jesper Jarlbæk is also a member of the board of directors of Earlbrook Management A/S, Earlbrook Holdings Ltd. A/S, Polaris III Invest Fonden, Lyngsoe Systems A/S, Smartshare Systems A/S, Lyngsoe Systems Holding A/S, Business Angel Fond – London II A/S and Berlin Invest 2017 ApS. Jesper Jarlbæk is also a member of the executive management of Earlbrook Management A/S, Earlbrook Holdings Ltd. A/S, Business Angel Fond – London I A/S, Business Angel Fond – London II A/S, Business Angel Fond – London III A/S and Earlbrook Investments ApS. In the past five years, Jesper Jarlbæk has previously been chairman of the board of directors of Altius Invest A/S, Earlbrook Management A/S, Økonomiforum ApS, ValueMaker ApS, Fernis A/S, SHOWME ApS, European Composit Recycling Technology A/S, Basico Legal IVS, Fond Talsinki 2015 I A/S, Fond Talsinki 2015 II A/S, Fond Talsinki 2015 III A/S, Fond Talsinki 2015 IV A/S and Motto Group ApS under frivillig likvidation. Jesper Jarlbæk has also been deputy chairman of Happy Helper A/S, a member of the board of directors of A-Solutions A/S, Lyngsoe Systems Holding A/S and Sanderman Pte. Ltd., and a member of the executive management of Timpco ApS. Jesper Jarlbæk holds a Graduate Diploma (HD) in Business Administration (Financial and Management Accounting) from Copenhagen Business School and is a State Authorised Public Accountant.

Anders Colding Friis (born 1963, Danish nationality) has been a member of the Board of Directors since August 2018. Anders Colding Friis is chairman of the board of directors of Officeguru A/S and a member of the board of directors of Chr. Augustinus Fabrikker Aktieselskab, CAF Invest A/S and deputy chairman of Goodwings ApS. In the past five years, Anders Colding Friis has previously been chairman of the board of directors of Rådhuskontorerne ApS, Pandora Eastern Europe A/S and Pandora Jewelry Central Western Europe A/S. Anders Colding Friis has also been deputy chairman of the board of directors of IC Group A/S, and a member of the board of directors of Topdanmark A/S and Topdanmark Forsikring A/S. Anders Colding Friis has also been chief executive officer of Pandora A/S, Pandora Int. ApS and Ejendomsselskabet af 7. maj 2008 ApS. Anders Colding Friis holds a Master in Business Administration from Copenhagen Business School.

Britt Lorentzen Jepsen (born 1991, Danish nationality) has been an employee-elected member of the Board of Directors since August 2019. Britt Lorentzen Jepsen holds a Bachelor in Intercultural Market Communication from Copenhagen Business School and a Master of Science in Social Science, Service Management, from Copenhagen Business School. Britt Lorentzen Jepsen has also studied Business Administration and Management at Southeast Missouri State University (not completed).

Brian Bjørn Hansen (born 1972, Danish nationality) has been an employee-elected member of the Board of Directors since September 2015. Brian Bjørn Hansen holds a Bachelor of Engineering from Engineering College of Aarhus University.

Dorte Vegeberg (born 1972, Danish nationality) has been an employee-elected member of the Board of Directors since August 2019. Dorte Vegeberg has studied Office All-Around at Grenaa Business School.

Søren Balling (born 1971, Danish nationality) has been an employee-elected member of the Board of Directors since July 2017. Søren Balling has previously been a deputy member of the Board of Directors from September 2015 to July 2017. Søren Balling is a member of the board of directors of Øster Hjerm Bygningsartikler. Søren Balling holds a degree as Electronic Technician from the Technical School of Struer.

Executive Management Board

According to article 8(5) of the Articles of Association, the Board of Directors appoints an Executive Management Board consisting of one (1) to five (5) members. The primary task of the Executive Management Board is to carry out the day-to-day management of the Company.

The following table presents an overview of the current members of the Executive Management Board:

Name	Position	Year of first appointment	Year of appointment to current position
Jaan Kristian Teär	Chief Executive Officer	2019	2019
Nikolaj Wendelboe	Executive Vice President and Chief Financial Officer	2019	2019
Snorre Kjesbu	Executive Vice President of Design, Creation & Fulfilment	2019	2019
Christian Ravnås Birk	Executive Vice President of Marketing, Digital and Customer Experience	2017	2019

Biographies

Other than as presented below, none of the members of the Executive Management Board have been members of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Company within the past five (5) years.

Jaan Kristian Teär (born 1963, Swedish nationality) has been chief executive officer and a member of the Executive Management Board since October 2019. Jaan Kristian Teär is a member of the board of International Tennis Hall of Fame & Museum. In the past five years, Jaan Kristian Teär has previously been chairman of the board of directors of mobilityView Inc. and NOTE AB. Jaan Kristian Teär has also been vice president of Logitech Europe SA. Jaan Kristian Teär holds a Master of Science in Mechanical Engineering from KTH Royal Institute of Technology and has completed an Executive Program at Columbia University.

Nikolaj Wendelboe (born 1975, Danish nationality) has been chief financial officer and a member of the Executive Management Board since May 2019. Nikolaj Wendelboe is chairman of the board of directors of Sparkle ApS and member of the board of directors of Strandgaarden Wine & Spirits A/S. Nikolaj Wendelboe is also a member of the executive management of NWE Invest ApS. In the past five years, Nikolaj Wendelboe has previously been chairman of the board of directors of Busdan 32. 1 A/S, UCplus A/S and Arriva Insurance A/S. Nikolaj Wendelboe has also been a member of the board of directors of Arriva Tog A/S, Arriva Letbane ApS, Arriva Service A/S, VENZO Operations A/S and VENZO.nxt A/S. Nikolaj Wendelboe has also been the chief executive officer of Arriva Danmark A/S, Arriva Tog A/S and Arriva Service A/S and a member of the executive management of Busdan 32. 1 A/S, Arriva Letbane ApS, JTL 2004 ApS and JTL 2009 ApS. Nikolaj Wendelboe holds a Master of Science in Economy from University of Copenhagen.

Snorre Kjesbu (born 1969, Norwegian nationality) has been a member of the Executive Management Board since March 2019. Snorre Kjesbu is a member of the board of directors of Q-Free ASA and Strømme Foundation. In the past five years, Snorre Kjesbu has previously been a member of the board of directors of Telio Holding ASA and several board positions at Cisco as part of his employment at Cisco, and vice president and general manager at Cisco Systems. Snorre Kjesbu holds a Master in Mobile Communications and Signal Processing from University of Bristol and a Bachelor of Engineering in Electronics Engineering from University of Bristol.

Christian Ravnås Birk (born 1985, Danish nationality) has been a member of the Executive Management Board since November 2019. In the past five years, Christian Ravnås Birk has previously been a member of the board of directors of Vitera A/S, Icotera A/S, Icotera IPR P/S under frivillig likvidation and Vitera Living A/S. Christian Ravnås Birk has also been EVP North America and managing director for San Francisco & Los Angeles at Digitas, part of Publicis Group, and managing director for Publicis Sapient

Denmark ApS and DigitasLBi Norway. Christian Ravnås Birk holds a Bachelor of Science in International Business from Copenhagen Business School and a PLD from Harvard Business School.

Statement of kinship

There are no family ties among the members of the Board of Directors and the Executive Management Board.

Statement on past records

During the past five (5) years, none of the members of the Board of Directors and the Executive Management Board have been (i) convicted of fraudulent offenses; (ii) directors or officers of companies that have entered into bankruptcy, receivership, liquidation or companies put into administration, except as set out immediately below; or (iii) subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), and have not been disqualified by a court from acting as a member of an issuer's board of directors, executive management or supervisory body or from acting in the management or conduct of the affairs of any issuer.

Juha Christen Christensen was a member of the board of directors of Selskabet af 30. august 2017 A/S under konkurs (previously Lumigon A/S) until 2017, when the company went into bankruptcy (which is currently still ongoing). Juha Christen Christensen was a member of the board of directors of Selskabet af 7. september 2017 ApS under konkurs (previously Lumigon Sales ApS) until 2017, when the company went into bankruptcy (which is currently still ongoing).

Jesper Jarlbæk was a member of the board of directors of Lyngsoe Systems Holding A/S until 2015, when the company was dissolved following merger, and a member of the executive management of Basico Legal IVS until 2018, when the company was dissolved following merger.

Anders Colding Friis was a member of the executive management of Ejendomsselskabet af 7. maj 2008 ApS until 2016, when the company was dissolved following declaration of payments, and chairman of the board of directors of Pandora Eastern Europe A/S until 2016, when the company was dissolved following merger.

Nikolaj Wendelboe was a member of the executive management of JTL 2004 ApS until 2017, when the company was dissolved following merger, and a member of the executive management of JTL 2009 ApS until 2015, when the company was dissolved following merger.

8.2 Conflicts of interest

Statement on conflicts of interest

No actual or potential conflicts of interest exist between any of the duties of the members of the Board of Directors and the Executive Management Board and their private interests or other duties, it being noted that Anders Colding Friis is both a member of the Company's Board of Directors and a member of the board of directors of Chr. Augustinus Fabrikker Aktieselskab, which is both a major shareholder and a Guarantor in the Offering.

It follows from the Rules of Procedure of the Company's Board of Directors and the Danish Companies Act that a member of the Board of Directors or the Executive Management Board shall not participate in the preparation, discussions or the decision-making process concerning an agreement between the Company and the member in question or concerning legal proceedings between the member in question and the Company or an agreement between the Company and any third party or legal proceedings brought against any third party if the member in question has a significant interest therein that may conflict with its interests.

Restrictions on securities trading

Each shareholder-elected member of the Board of Directors is required to invest in the Company's shares for an amount of no less than the annual base fee paid the individual member Board of Directors according to the Company's most recent annual report. A board member is required to keep such shareholding for as long as the board member is a member of the Board of Directors.

Members of the Executive Management Board participating in the Company's matching shares incentive-programme are, subject to certain conditions, required to hold their acquired investment shares until the expiry of a three year performance period in order to satisfy requirements for vesting of matching shares.

9 MAJOR SHAREHOLDERS

Pursuant to section 38 of the Danish Capital Markets Act and section 55 of the Danish Companies Act, the Company has as at the Prospectus Date received notifications of holdings of 5% or more of the share capital or voting rights from the shareholders below:

Shareholder	Ownership interest as per latest notification[2]
Sparke Roll (Denmark) Limited[1]	14.9%
Arbejdsmarkedets Tillægspension	12.4%
Chr. Augustinus Fabrikker Aktieselskab	5.8%
Færchfonden	5.1%

[1] According to Sparkle Roll Group Limited's interim report 2019/2020, it is stated that as at 30 September 2019, they held 5,524,127 shares of the Company, approximately 12.79% of its total issued share capital.

[2] Due to the completion of the cancellation of 2,273,449 treasury shares on 3 June 2020, the ownership interest of the major shareholders has increased proportionally to the resulting reduction of the share capital.

The Company is not authorised to issue company announcements regarding major shareholdings unless the Company has received a prior notice to that effect from a shareholder. Thus, the actual ownership interest of the Major Shareholders stated in the specification above may have changed.

The Major Shareholders do not have different voting rights. All Shares in the Company rank *pari passu*, including with respect to voting rights. All Shares will carry 1 vote per nominal value of DKK 0.1.

The Company is not aware of being owned or controlled, directly or indirectly, by others, and the Company is not aware of any agreements that could later result in others taking over the control of the Company.

10 RELATED PARTY TRANSACTIONS

The Company has not entered into any related party transactions (within the meaning of IFRS) since the FY2018/2019 Financial Statements, except for compensation and benefits received by the Board of Directors and Executive Management Board because of their membership of the Board of Directors, employment with the Company or shareholdings in the Company and except for the advance commitment and guarantee undertakings from the Board of Directors and Executive Management Board described under *"The Offering – Terms and conditions of the offering"*.

11 INFORMATION ON ASSETS AND LIABILITIES, FINANCIAL POSITION, RESULTS AND DIVIDENDS

11.1 Financial statements

The information explicitly listed in the table below has been incorporated by reference into this Prospectus pursuant to Article 19 of the Prospectus Regulation. Non-incorporated parts of the documents incorporated by reference are either not relevant for the investor or covered elsewhere in this Prospectus. Direct and indirect references in the documents included in the table below to other documents or websites are not incorporated by reference and do not form part of this Prospectus. The documents speak only for the period in which they are in effect and have not been updated for purposes of this Prospectus. Potential investors should assume that the information in this Prospectus as well as the information incorporated by reference herein is accurate only in the period in which they are in effect.

The information incorporated by reference into this Prospectus is exclusively set out in the cross reference table below, and is available on the Group's website https://investor.bang-olufsen.com/.

Document/information:
FY2017/2018 Financial Statements Published on 11 July 2018 Management statement, page 122 Independent auditor's report, pages 123-126 Consolidated financial statement including notes, pages 64-121
FY2018/2019 Financial Statements Published on 11 July 2019 Management statement, page 132 Independent auditor's report, pages 133-135 Consolidated financial statement including notes, pages 69-115
Half Year Financial Statements Published on 14 January 2020 Management statement, page 20 Consolidated financial statement including notes, pages 21-34
3rd Quarter Financial Statements Published on 2 April 2020

Alternative Performance measures / non-IFRS financial measures

The non-IFRS financial measures EBIT before special items, EBIT margin before special items, Special Items, EBITDA and EBITDA margin and Net interest-bearing deposit / (debt) used by the Company and presented in this Prospectus are not measures of financial performance under IFRS, as adopted by the European Union, but are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 on alternative performance measures. While the measures are used by management to monitor the underlying performance of the Company, the definition of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytic tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

Reconciliation of non-IFRS measures

The EBIT before special items and the EBIT margin before special items, as calculated by the Company, represent the IFRS measure EBIT adjusted for any items, which in the view of management consist of expenses that the Group does not consider to be a part of its ordinary operations such as redundancies and specific consultancy costs. The non-IFRS measures can be reconciled as shown below:

		1 June – 29 February
Reconciliation of EBIT margin before special items		
(DKK million)		**2019/2020**
Revenue		1,659
EBIT		-207
Special items[1)]		18
EBIT before special items		-189
EBIT margin before special items (EBIT before special items divided by Revenue)		-11.4%
[1)] Special items comprises:		
Severance costs regarding former Executive Management Board	15	
Consultancy costs regarding to the cost reduction programme	3	
Total	18	

EBITDA and EBITDA margin, as calculated by the Company, represent the IFRS measure EBIT adjusted for depreciations, amortisations and impairments including depreciation from leasing. The non-IFRS measures can be reconciled as shown below:

Reconciliation of EBITDA and EBITDA margin

(DKK million)	**9 months ended 29/28 February**		**Financial year ended 31 May**	
	2020	**2019**	**2019**	**2018**
EBIT	-207	125	59	122
Total depreciation, amortisation and impairments	128	143	190	275
Depreciation from leasing	25	0	0	0
EBITDA	-54	268	249	397
Revenue	1,659	2,220	2,838	3,285
EBITDA margin (EBITDA divided by revenue)	-3.2%	12.1%	8.7%	12.1%

The non-IFRS measure Net interest-bearing deposit / (debt), as calculated by the Company, can be reconciled as shown below:

Reconciliation of net interest-bearing deposit / (debt)

(DKK million)	**9 months ended 29/28 February[1)]**		**Financial year ended 31 May**	
	2020	**2019**	**2019**	**2018**
Mortgage loans (non-current borrowings)	-66	-86	-69	-161
Mortgage loans (current borrowings)	-4	-6	-3	-9
Lease liabilities (non-current)	-144	-	-	-
Lease liabilities (current)	-39	-	-	-
Gross financial debt	**-253**	**-92**	**-72**	**-170**
Sublease current asset	10	-	-	-
Financial lease receivables	18	-	-	-
Cash (cash and cash equivalents)	327	609	492	1,155
Net interest-bearing deposit / (debt)	**102**	**517**	**420**	**985**

[1)] The 9 months ended 29 February 2020 is impacted by the implementation of IFRS 16 leasing to leasing liabilities being included without restatement of comparable figures.

11.2 Auditing of financial statement

The audit report for the FY2017/2018 Financial Statements is included in this Prospectus by reference.

The audit report for the FY2018/2019 Financial Statements is included in this Prospectus by reference.

The Half Year Financial Statements and the 3rd Quarter Financial Statements are both unaudited.

See "*Company Information–Information on assets and liabilities, financial position, results and dividends–Financial statement*".

11.3 Legal and arbitration proceedings

As part of its ordinary course of business, the Company is and will from time to time be involved in discussions, disputes and legal proceedings, including claims relating to i.e. commercial counterparties, employees, intellectual property infringement or violations and other business related disputes.

The results of such disputes and legal proceedings may be hard to predict, and the Company's assessment of the relevant disputes and proceedings may change as they unfold. The Company expenses legal fees as incurred and records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavourable outcome to any material legal matter may result in damages being awarded, injunctions and/or termination of product lines, all of which could have financial implications exceeding any provisions made and therefore have an adverse effect on the Company's business, operating results, cash flow and financial position.

The Company is presently engaged in discussions involving claims against the Company regarding alleged infringements of third party rights in relation to specific jurisdictions and specific ranges of the Company's present and past products and features and technologies included therein. Claims such as these are not uncommon in the industry, and the Company addresses and defends itself against these claims as part of the ordinary course of business with the assistance of external advisors where necessary. While by their nature the claims could potentially have a significant adverse effect on the Company in case of an unfavourable outcome, it is the Company's current expectation that none of these claims will have such an effect.

The Company is also party to claims and legal proceedings involving the Company's termination of certain retail partners in some jurisdictions. It is the Company's current expectation that these claims will not have a significant adverse effect on the Company.

Other than as set out above, the Company is not involved in any governmental, legal or arbitration proceedings, and Management is not aware of any such proceedings being threatened that the Company considers could have a significant effect on the Company's or the Group's financial position or profitability, nor has the Company or the Group been involved in any such governmental, legal or arbitration proceedings during the previous 12 months as at the Prospectus Date.

11.4 Significant change to the Group's financial position

As set out in company announcement no. 19.22 of 12 May 2020, the Company's reported (figures are not reviewed and are not audited) estimated revenue for the first 11 months of the financial year declined by 26% in local currencies based on reported 9-month figures as well as preliminary financial numbers for March amounting to DKK 102 million and April amounting to DKK 95 million. Estimated EBIT margin before special items was -15%, while estimated free cash flow was negative by DKK 182 million. At the end of April 2020, the Company had an estimated cash position of DKK 277 million. Apart from the foregoing, as of the Prospectus Date, no significant change to the financial position of the Group has occurred since the end of the period covered by the 3rd Quarter Financial Statements, which is not consistent with the Guidance for FY2019/2020 (see "*Company Information – Consolidated Prospective Financial Information*".

11.5 Pro forma financial information

No pro forma financial information has been included in this Prospectus.

11.6 Dividend policy

The Company has not declared or made any dividend payments for the last financial year. Currently, the Company intends to use all available financial resources as well as revenue, if any, for purposes of the Company's current and future business. As of the date hereof, the Company does not expect to make dividend payments within the foreseeable future.

Any future determination related to the Company's dividend policy and the declaration of any dividends will be made at the discretion of the Board of Directors and will depend on a number of factors, including the Company's results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors the Board of Directors deems relevant. There can be no assurances that the Company's performance will facilitate dividend payments, and, in particular, the Company's ability to pay dividends may be impaired if any of the risks described in this Prospectus were to occur. See "*Risk factors*".

The Board of Directors is not authorised to distribute extraordinary dividends.

See "*The Offering–Key information on persons involved in the offering, capitalisation and use of proceeds – Capitalisation and indebtedness*" for a description of the Commitment Letter with Nordea containing undertakings in relation to dividends.

12 ADDITIONAL INFORMATION

12.1 Share capital before and after the Offering

As at the Prospectus Date, the Company's registered share capital had a nominal value of DKK 409,240,290 divided into 40,924,029 Existing Shares with a nominal value of DKK 10. All Existing Shares are issued and fully paid up.

On 3 June 2020, the Company's extraordinary general meeting resolved to reduce the share capital from DKK 409,240,290 to DKK 204,620,145 by reducing the nominal value of each share from DKK 10 to DKK 5. At the same time extraordinary general meeting resolved to increase the share capital by DKK 409,240,290 by issuance of the New Shares. Upon completion of the Offering, both the share capital reduction and the share capital increase will be registered with the Danish Business Authority and the Company's registered share capital will consequently be DKK 613,860,435 divided into 122,772,087 shares each with a nominal value of DKK 5.

12.2 Treasury shares

As of the Prospectus Date, the Company holds 43,565 treasury shares corresponding to a total of 0.1% (rounded) of the share capital and 0.1% of the voting rights in the Company before the Offering. In connection with the Offering, Pre-emptive Rights will be allocated to the Company in respect of its treasury shares. Pursuant to the Danish Companies Act, the Company is not allowed to exercise such Pre-emptive Rights, for which reason the Company expects to sell the Pre-emptive Rights allocated to it in respect of its treasury shares.

12.3 Compensation for dilution of rights under the Company's share based incentive programme

Under the Company's long term share based incentive programme, the Company has issued rights to participants to receive up to 1,195,787 shares in the company, subject to satisfaction of certain performance requirements. The Company expects to compensate participants for the dilution resulting from for the Offering.

13 REGULATORY DISCLOSURES

During the last 12 months, the Company has announced the following inside information in accordance with Regulation (EU) No 596/2014 on market abuse ("**Market Abuse Regulation**"):

- Bang & Olufsen announces terms of the proposed rights issue (See company announcement no. 20.02, dated 2 June 2020);
- Chairman Ole Andersen has passed away (See company announcement no. 20.01, dated 2 June 2020)
- Extraordinary General Meeting in Bang & Olufsen a/s (See company announcement no. 19.23, dated 12 May 2020);

- Bang & Olufsen to seek shareholder approval for capital increase to safeguard the Company through the COVID-19 Crisis (See company announcement no. 19.22, dated 12 May 2020);

- Its cost reduction programme with a targeted annual saving of DKK 175 million when fully implemented (See company announcement no. 19.20, dated 16 March 2020);

- Preliminary results for Q3 2019/2020 and revised financial outlook for 2019/2020 due to the COVID-19 (See company announcement no. 19.19, dated 13 March 2020);

- Revised financial outlook for 2019/2020 and invitation to capital markets day (See company announcement no. 19.17, dated 17 December 2019);

- Its appointment of Kristian Teär as Chief Executive Officer (See company announcement no. 19.12, dated 8 October 2019);

- Annual report for 2018/2019 (See company announcement no. 19.02, dated 11 July 2019); and

- Revised financial outlook for 2018/2019 (See company announcement no. 19.01, dated 3 June 2019).

In addition, the Company disclosed certain transactions with persons discharging managerial responsibilities in the Company in accordance with Article 19 of Market Abuse Regulation, including (i) vesting of matching shares under the Company's share-based incentive programme, (ii) acquisitions of shares by a closely associated person to a person discharging managerial responsibilities in the Company and (iii) acquisitions of shares by a person discharging managerial responsibility.

14 MATERIAL CONTRACTS

Material agreements

This section contains brief summaries of (i) material agreements, other than agreements entered into in the ordinary course of business, to which the Company or a company of the Group is a party, for the two (2) years immediately preceding publication of this Prospectus and of (ii) other agreements (not being agreements entered into in the ordinary course of business) entered into by a company of the Group which contain provisions under which a company of the Group has an obligation or entitlement which is material to the Group as at the Prospectus Date.

License agreement with Harman Becker Automotive Systems Manufacturing Kft.

As announced in company announcement no. 14.28, dated 29 May 2015, the Company is party to a license agreement with Harman Becker entered into in connection with the divestment of the Company's automotive business to Harman Becker. Under the license agreement, Harman Becker has obtained an exclusive license to the Bang & Olufsen and B&O PLAY brands within the automotive industry. The Company receives a per unit license fee for each system sold to new brand partners and is guaranteed an annual minimum license fee of DKK 12.7 million for a 20-year term period from 31 March 2015. If upon expiration of the 20-year term license payments has exceeded EUR 400 million, the agreement will continue as a royalty free perpetual exclusive license under which Harman Becker will pay a nominal marketing contribution for each system sold. If total payments do not exceed the EUR 400 million threshold, Harman Becker may to choose to either (i) continue to pay the per unit payment until EUR 400 million is reached, enabling the agreement to continue as a royalty free perpetual exclusive license, or (ii) pay the difference between the payments made and EUR 400 million, enabling the agreement to continue as a royalty free perpetual exclusive license, or (iii) cease to make further payments in which case the agreement is terminated with immediate effect and the licensed intellectual property rights shall be returned to the Company.

The LG Agreement

As announced in company announcement no. 15.09, dated 18 March 2016, the Company is party to a strategic technological partnership with LG Electronics. The partnership provides for the exclusive supply of certain TV products from LG to the Company. Certain commercially agreed terms apply with respect to limitations of LG's liability, including a general liability cap and with respect to certain minimum volume requirements applicable to the purchase of TV panels from LG. The agreement expires in March 2021, unless extended by mutual agreement between the parties. S*ee also "Risk Factors – The Company's dependency on its supply chain entails a significant risk to the Company's ability to develop and supply products to its distribution networks"*.

Commercial arrangement with Tymphany Acoustic Technology HK Limited

As announced in company announcement no. 16.16, dated 13 March 2017, the Company is party to a commercial arrangement with its long-term supplier Tymphany. The agreement was entered into in connection with the sale of the Company's Czech subsidiary, Bang & Olufsen s.r.o., to Tymphany. Under the agreement and subject to certain commercially agreed thresholds, Tymphany acts as exclusive supplier to the Company within the field of the Company's branded stand-alone speakers with transducers. As part of the sale of the Company's Czech subsidiary, the Company entered into a sub-lease agreement for the Czech factory with the ultimate parent company of Tymphany. The sub-lease and the underlying lease expire 15 years from the year of 2014, with a possibility for the Company to extend the lease agreement 3 times by periods of 5 years. The annual rental fees amounts to approximately EUR 1 million.

Rights Issue Agreement

The Company and the Joint Global Coordinators and Joint Bookrunners have as of the Prospectus Date entered into the Rights Issue Agreement. Pursuant to the Rights Issue Agreement, the Company has given customary representations and warranties to the Joint Global Coordinators and Joint Bookrunners and has also undertaken to indemnify the Joint Global Coordinators and Joint Bookrunners for certain potential liability obligations related to the Offering.

The Joint Global Coordinators and Joint Bookrunners may, at their own discretion, terminate the Rights Issue Agreement, which may thereby require that the Company to withdraw the Offering, if any of the closing conditions are not met or if certain unexpected circumstances such as a material adverse change or force majeure occur. The Rights Issue Agreement contains closing conditions which the Company believes are customary for offerings such as the Offering and the closing of the Offering is dependent on compliance with all of the conditions set forth in the Rights Issue Agreement.

The Company has undertaken that for a period of 360 days counted from the date of admission to trading and official listing of the New Shares under the existing ISIN code it will not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, or (iii) submit to its shareholders a proposal to effect any of the foregoing. Certain exemptions apply. See "*The Offering – Selling shareholders and lock-up – Lock-up agreements in connection with the Offering – Lock-up agreement with the Company*" for a description of the exemptions to the lock-up agreement with the Company.

Further, the members of the Board of Directors and of the Executive Management Board have each agreed that for a period of 180 days counted from the date of official listing of and trading of the New Shares under the existing ISIN code they will not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly any Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, (iii) announce the intention to make any such act or (iv) propose any general meeting of the Company, or convene or take action to convene any general meeting for the purpose of proposing a resolution to effect any of the foregoing. Certain exemptions apply. See "*The Offering – Selling shareholders and lock-up – Lock-up agreements in connection with the Offering – Lock-up agreements with individual board members and executive management members*" for a description of the exemptions to the lock-up agreements with the members of the Board of Directors and of the Executive Management Board.

Commitment Letter with Nordea

See "*The Offering–Key information on persons involved in the offering, capitalisation and use of proceeds –Capitalisation and indebtedness*" for a description of the Commitment Letter with Nordea.

Subscription Commitments

See "*The Offering–Terms and Conditions of the Offering–Advance undertakings and underwriting*" for a description of the Subscription Commitments.

Other agreements

Save as disclosed above, there are no agreements (other than entered into in the ordinary course of business) to which the Company is a party which (i) are, or may be, material to the Company and which have been entered into in the two (2) years immediately preceding the date of this Prospectus; or (ii) contain any obligations or entitlements which are, or may be, material to the Company as of the date of this Prospectus.

15 DOCUMENTS AVAILABLE

For the term of this Prospectus, the following documents are available for inspection at the Company's registered office:

- The Company's Memorandum of Association and Articles of Association.
- The FY2017/2018 Financial Statements.
- The FY2018/2019 Financial Statements.
- The Half Year Financial Statements.
- The 3rd Quarter Financial Statements.
- The Prospectus related to the Offering.

Any request for copies of the Prospectus may be made to: Martin Raasch Egenhardt, Head of Investor Relations, mare@bang-olufsen.dk.

Subject to certain exceptions, the Memorandum of Association, Articles of Association, the FY2018/2019 Financial Statements, the Half Year Financial Statements, the 3rd Quarter Financial Statements and the Prospectus can also be downloaded from the Company's website: https://investor.bang-olufsen.com/. Except for the information incorporated herein by reference, the contents of the website do not from part of the Prospectus.

THE OFFERING

1 PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

1.1 Persons responsible and approval from competent authority

See "*Responsibility statement*" for more details.

1.2 Experts' reports and third party information

This Prospectus does not contain any expert statements or expert reports.

For details on information sourced from third parties, see "*General information–Third party information*".

2 RISK FACTORS RELATED TO THE OFFERING

See "*Risk factors*" for more details.

3 KEY INFORMATION ON PERSONS INVOLVED IN THE OFFERING, CAPITALISATION AND USE OF PROCEEDS

3.1 Interest of natural and legal persons involved in the Offering

Members of the Board of Directors and the Executive Management Board are shareholders, directly or indirectly, in the Company and the Board of Directors and the Executive Management Board have undertaken to exercise their Pre-emptive Rights in whole or in part and/or have undertaken to guarantee the subscription of a number of Remaining Shares. In addition, completion of the Offering may directly or indirectly be a precondition to the potential satisfaction of performance targets in the Company's long and short term incentive programmes. In addition, the Company has as part of its long term incentive program issued matching share rights to the Executive Management Board and selected employees of the Company, which also require the participants to invest in the Company as a condition for vesting of share entitlements. The above persons therefore have an interest in the Offering.

Subject to the satisfaction of certain conditions in the Subscription Commitments, the Guarantors have undertaken to subscribe for any New Shares that have not been subscribed for by the holders of the Pre-emptive Rights. Some of the Guarantors are shareholders, directly or indirectly, in the Company and therefore have an interest in the Offering. The Joint Global Coordinators and Joint Bookrunners and its respective affiliates have from time to time been engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company or any of the Company's respective related parties. Specifically, the Company has in connection with the Offering entered into a Commitment Letter with Nordea regarding a DKK 100 million committed credit facility. The Commitment Letter and certain fees thereunder is subject *inter alia* to completion of the Offering. With respect to other of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Joint Global Coordinators and Joint Bookrunners have received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with the interests of shareholders, prospective investors and the Company. In particular, the Joint Global Coordinators and Joint Bookrunners are parties to the Rights Issue Agreement pursuant to which the Joint Global Coordinators and Joint Bookrunners are entitled to fees relating to the completion of the Offering. For further information see "*Terms and conditions of the Offering – Rights Issue Agreement*".

In addition, in the ordinary course of business the Joint Global Coordinators and Joint Bookrunners and its respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The Joint Global Coordinators and Joint Bookrunners and its respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Company is not aware of any other potential interests, including conflicting ones, of natural or legal persons involved in the Offering that may have a material interest in the Offering.

3.2 Reasons for the Offering and use of proceeds

The purpose of the Offering is to strengthen the Company's capital resources and to support the implementation of the Company's key strategic priorities announced on 2 April 2020 (see "*Company Information – Business – Strategic priorities*" for further information).

The Offering will raise gross proceeds to the Company of approximately DKK 409 million. The net proceeds to the Company from the issue of the New Shares are expected to be approximately DKK 356 million after deduction of costs and expenses payable by the Company in relation to the Offering.

The gross proceeds are expected to be applied for general corporate purposes, including to finance the Company's committed and planned investments and the activities to be taken towards the Company's key strategic priorities as further described in *"Company-Information – Strategic priorities"*.

The Company has committed an amount of DKK 160 to 200 million to certain capital expenditure investments in the FY2020/2021, the vast majority being committed to capitalisation of development costs, tools and IT & digital investments, as well as investments in company owned and operated (COCO) retail stores. The investment in tools will consist of production tools for new product launches, which will be mainly located at the Company's suppliers. The digital investments will mainly focus on eCommerce platform enhancements, retail integration in the core markets and local payment options.

Further, the proceeds are intended to finance the estimated operating loss and negative cash flow in FY 2020/2021 and to serve as additional financial cushion to help sustain any further losses following COVID-19.

3.3 Working capital statement

The Company is of the opinion that the present working capital, including current cash position and other sources of funds, is not sufficient to meet the Company's present requirements considering a twelve months' period after the Prospectus Date being 4 June 2020.

This opinion is based on an assessment of alternative scenarios for the development of the Company business, taking into account the Company's strategy and operational plans, cost reduction programmes, existing capital resources and customary sensitivities concerning the Company's business. While in certain of these scenarios, the Company's working capital would appear to be sufficient to cover a twelve months' period after the Prospectus Date, this would not be the case in other adverse scenarios. A very high degree of uncertainty persists as to the developments in the markets in which the Company operates, which makes it extraordinarily difficult to predict the future development of the Company's business. In particular, the uncertainties relate to the current, extremely difficult market conditions following the outbreak of COVID-19, which affects multiple aspects of the Company's business, and even greater uncertainty exists as to the future further development and consequences of the current outbreak and any potential subsequent resurgence of the virus.

Based on the above-mentioned assessment and further assumptions, which the Company considers to be reasonable under the circumstances given current knowledge, including the assumptions related to the Company's Consolidated Prospective Financial Information (see "*Company Information – Consolidated Prospective Financial Information*"), the Company expects that if the Offering is completed, the Company's cash position will be sufficient to meet the Company's present and future requirements considering a twelve months' period after the Prospectus Date. This assessment relies on the assumptions applied in the Company's budgets and forecasts as well as customary sensitivities, estimated financing needs and the assumptions concerning developments in the domestic and international markets, all of which under current circumstances remain difficult to predict. Further, the operations of the Company remain subject to the risk factors applicable to the Company. In the event that any of the risk factors relating to the Company materialise, including if the adverse market conditions following the outbreak of COVID-19 worsen or persist longer than expected, the Company's capital resources (including the proceeds from the Offering) may be significantly and adversely affected to an extent where they are insufficient to meet the Company's present capital requirements considering a twelve months' period after the Prospectus Date or periods thereafter. In such case the Company will take mitigating actions to seek to protect or further strengthen its financial position, including potentially by raising further capital, although there can be no assurance any such future efforts will be successful.

3.4 Capitalisation and indebtedness

The following tables sets forth the consolidated capitalisation, indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured) and cash, cash equivalents, and securities of the Company as of 30 April 2020 on an actual basis reflecting the carrying amounts on the internal bookkeeping of the Company. This table should be read in conjunction with the FY2018/2019 Financial Statements, Half Year Financial Statements, 3rd Quarter Financial Statements and company announcement no. 19.22 of 12 May 2020.

Capitalisation

DKK million	**As of 30 April 2020** Not reviewed and not audited
Current debt	
Guaranteed	0
Secured[1]	4
Lease liabilities	38
Unguaranteed / unsecured	0
Total current debt	**42**
Non-current debt	
Guaranteed	0
Secured[1]	65
Lease liabilities	143
Unguaranteed / unsecured[2]	0
Total non-current debt	**208**
Share capital and reserves (excluding profit and loss reserve)	
Share capital[2]	432
Translation reserve	17
Reserve for cash flow hedges	0
Total share capital and reserves (excluding profit and loss reserve)	**449**
Total capitalisation	**699**

1) Secured debt comprise mortgage loans.
2) Reduced to DKK 409,240,290 on 3 June 2020

Indebtedness

DKK million	**As of 30 April 2020** Not reviewed and not audited
Cash	
Cash	277
Cash equivalents	0
Trading securities	0
Liquidity	**277**
Current financial receivables	**28**
Total financial assets	**305**
Current financial liabilities	
Current bank debt	0
Current mortgage loans	4
Current portion of non current debt	0
Other current financial debt	38
Total current financial liabilities	**42**
Non-current financial liabilities	
Non current bank loans	0
Mortgage loans	65
Other non-current loans	143
Total non-current financial liabilities	**208**
Total financial indebtedness	**249**
Total net financial indebtedness	**-56**

It is the Company's assessment that there has not been any material change to its capitalisation (excluding profit and loss reserve) or its total net financial indebtedness since 30 April 2020, other than changes resulting from the ordinary course of business.

As described under "*Risk Factors – Risks related to regulatory environment*" the Company is active in jurisdictions where cash transfers are subject to formal or informal cash transfer restrictions, which may delay or preclude transfers of cash from Group Companies in those jurisdictions to the parent company in the Group.

Changes in capital resources since 29 February 2020

The Company has entered into certain agreements with Nordea Bank Danmark A/S and Nordea Bank Finland Plc, including a credit frame work agreement, a global cash pool agreement and agreements regarding financial instruments. The Company have in this regard undertaken certain restrictions on providing security (negative pledge) subject to customary exemptions. A breach of the undertaking will constitute an event of default of the agreements with Nordea Bank Danmark A/S and Nordea Bank Finland Plc. The undertaking applies until 13 February 2022.

On 3 June 2020, the Company completed the cancellation of 2,273,449 treasury shares reducing the share capital by nominally DKK 22,734,490 to DKK 409,240,290.

Commitment Letter with Nordea

Bang & Olufsen Operations A/S ("**Operations**") has entered into a Commitment Letter with Nordea for a revolving facility of DKK 100 million (the "**Facility**") to be made available to Operations for general corporate purposes. The final terms of the agreement relating to the Facility will be agreed between the parties in due course and entered into prior to completion of the Offering and documented by way of binding customary loan documentation. The final maturity date of the Facility will be two years after date of the final agreement for the Facility (the "**Final Maturity Date**").

Nordea's commitment is subject inter alia to the following requirements, which will be documented further in the agreement for the Facility, to be agreed between the Company and Nordea:

The Company, B&O Play A/S, Bang & Olufsen Danmark A/S and Bang & Olufsen Expansion A/S will guarantee the liabilities of Operations under the Facility. Furthermore, 70% of the Facility shall be guaranteed by EKF Danmarks Eksportkredit under its COVID-19 scheme offered for large corporates (which will be subject to an ongoing obligation to pay guarantee premium and other requirements relating to e.g. the pricing of the Facility). In addition, security shall be provided in the form of (a) security over assets in a warehouse in the Netherlands owned by Operations and (b) in the form of a Danish business mortgage (in Danish "*virksomhedspant*") over (i) stock, (ii) operating machinery, (iii) inventory and tools and (iv) receivables, which business mortgage is granted jointly by Operations, Bang & Olufsen Danmark A/S and Bang & Olufsen Expansion A/S.

The Facility will be subject to certain covenants in respect of the future maintenance and conduct of the business of the Group (subject to agreed exceptions), including, among others, various restrictive covenants such as restrictions on providing security (negative pledge), acquisitions, disposals, incurrence of financial indebtedness, change of business, mergers, granting loans and guarantees, certain requirements to maintain a certain level of minimum assets, stock and receivables on a group level on one hand and comprised by the security package on the other and requirements to provide financial and certain other information to the lenders. The Commitment Letter also require undertakings in relation to dividends, which are to be agreed further in the final loan documentation.

The Facility will include certain financial covenants, which requires the Company to, on a Group level, hold a minimum assets of DKK 1 billion (to be tested on a monthly basis), minimum stocks of DKK 350 million (to be tested on a monthly basis) and minimum receivables (excluding intercompany receivables and overdue receivables of DKK 250 million (to be tested on a monthly basis).

In addition, financial covenants require that minimum stocks of DKK 200 million (to be tested on a monthly basis), minimum inventory cost price of DKK 150 million (to be tested on a monthly basis) and minimum receivables covered by the Danish business mortgage (excluding intercompany receivables and overdue receivables) of DKK 100 million (to be tested on a monthly basis) shall be comprised by the security mentioned above.

The Facility may become wholly or partly payable prior to the Final Maturity Date upon the occurrence of certain agreed prepayment events. Such events include a change of control or delisting in relation to the Company or the occurrence of a breach of sanctions. The terms of the Facility will also contain customary events of default.

4 INFORMATION CONCERNING THE NEW SHARES

4.1 Type of security, amount of New Shares and ISIN codes

The Offering comprises 81,848,058 New Shares each with Pre-emptive Rights for the Existing Shareholders. Further, the Prospectus comprises the admission of the New Shares to trading and official listing on Nasdaq Copenhagen in connection with the completion of the Offering. See "*The Offering–Terms and conditions of the Offering–Completion of the Offering*".

Pre-emptive Rights

The Offering is being made at the ratio of 2:1, which means that each Existing Shareholder will be entitled to and will be allocated two (2) Pre-emptive Rights for each Existing Share held at the Allocation Time, and that one (1) Pre-emptive Right will be required to subscribe for one (1) New Share.

Pre-emptive Rights will be allocated free of charge to the Company's Existing Shareholder on 10 June 2020 at 5:59 p.m. CEST through VP Securities. Shares traded after 8 June 2020 at 5:00 p.m. CEST will be traded without (ex) Pre-emptive Rights, assuming that such Shares are traded during a customary two-day settlement period.

The Pre-emptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the interim ISIN code: DK0061284676. An application has been made for the Pre-emptive Rights to be admitted to trading and official listing on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period of 9 June 2020 at 9:00 a.m. CEST to 22 June 2020 at 5:00 p.m. CEST.

The New Shares

The Subscription Period for the New Shares will commence on 11 June 2020 at 9:00 a.m. CEST and will close on 24 June 2020 at 5:00 p.m. CEST. The New Shares to be issued by the Company upon exercise of the Pre-emptive Rights will be of the same class as the Existing Shares. The New Shares are offered at DKK 5 per New Share.

After payment of the Subscription Price, the New Shares will be issued under the temporary ISIN code DK0061284593. The New Shares under the temporary ISIN code will not be admitted to trading and official listing on Nasdaq Copenhagen. The New Shares under the temporary ISIN code will solely be registered with VP Securities.

As soon as possible after registration of the New Shares with the Danish Business Authority, expectedly no later than on 1 July 2020, the New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0010218429, expectedly no later than on 3 July 2020, and the temporary ISIN code of the New Shares will be merged with the ISIN code of the Existing Shares, expectedly no later than 6 July 2020.

4.2 Currency

The Offering will be carried out and trading in the Pre-emptive Rights will be in DKK. The New Shares are denominated in DKK.

4.3 Resolutions, authorisations and approvals

The New Shares will be issued pursuant to a resolution adopted by the Company’s extraordinary general meeting on 3 June 2020 to issue 81,848,058 New Shares each with a nominal value of DKK 5. The New Shares are issued with pre-emptive subscription rights for the Company's existing shareholders and rank *pari passu* with the Existing Shares.

At the extraordinary general meeting held on 3 June 2020, the Company also adopted a share capital reduction pursuant to which the Company’s share capital is reduced from DKK 409,240,290 to DKK 204,620,145 by reduction of the nominal value of each share from DKK 10 to DKK 5. The share capital reduction and the share capital increase related to the Offering will be registered upon completion of the Offering, following which the Company's registered share capital will amount to DKK 613,860,435 divided into 122,772,087 shares each with a nominal value of DKK 5.

4.4 Negotiability and transferability of Shares

The Shares, including the New Shares are negotiable instruments and the Articles of Association contain no restrictions on the transferability of the Shares.

The acquirer of a Share must not exercise rights belonging to a shareholder unless such acquirer has been registered in the register of shareholders or has notified and provided proof of the acquisition to the Company. However, this does not apply to the right to dividends or other disbursements nor to the right to new shares in the event of capital increases.

4.5 Rights attaching to the Pre-emptive Rights and the New Shares

Pre-emptive Rights

One (1) Pre-emptive Right carries the right to subscribe for one (1) New Share.

If any of the Pre-emptive Rights are not exercised during the Subscription Period, those Pre-emptive Rights will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to any kind of compensation. See "*Risk factors – Risks related to the Offering*". If the holder does not wish to exercise the Pre-emptive Rights to subscribe for New Shares, the holder can sell the Pre-emptive Rights during the above-mentioned Rights Trading Period.

The New Shares

Dividend rights

The New Shares will, when fully paid up and registered with the Danish Business Authority, have the same rights as the Existing Shares, including with respect to eligibility for any dividends after the completion of the Offering. See "*Risk factors – Risks related to the Offering*". Consequently, the New Shares are eligible for dividends as at the date of registration with the Danish Business Authority, which is expected to take place no later than on 1 July 2020 and in any event before listing of the New Shares.

Any dividends will be paid in DKK to the shareholder's account with VP Securities. No restrictions on dividends or special procedures apply to holders of New Shares who are not residing in Denmark. Dividend withholding tax may be withhold by the Company in accordance with applicable Danish law.

Dividends which have not been claimed by shareholders within three (3) years from the time they are payable will in accordance with applicable Danish law be forfeited and will accrue to the Company.

Voting rights

Each New Share will carry 1 vote per nominal value of DKK 0.1, corresponding to 50 votes per share of nominally DKK 5.

Liquidation rights

In case of the dissolution or winding-up of the Company, the New Shares will be entitled to a proportionate part of the Company's assets after payment of the Company's creditors. The Articles of Association do not contain any provisions on redemption or exchange of Shares.

Pre-emptive rights

Under Danish law, the shareholders generally have pre-emptive rights if the general meeting of the Company resolves to increase the share capital by cash payment. However, the pre-emptive rights of the shareholders may be derogated from by a majority comprising at least 2/3 of the votes cast and of the share capital represented at the general meeting if the share capital increase is made at market price.

4.6 Danish legislation concerning tender offers, redemption of shares and disclosure of shareholdings

Mandatory takeover bids

Applicable rules on mandatory takeover bids are set out in part 8 of the Danish Capital Markets Act and the executive order issued pursuant thereto.

If a shareholding is transferred, directly or indirectly, to an acquirer or to persons acting in concert with such acquirer (the concert parties), the acquirer must enable all shareholders of the company to dispose of their shares on identical terms if such transfer involves the acquirer or the concert parties obtaining control.

Control is obtained when the acquirer or the concert parties directly or indirectly holds at least one-third of the voting rights in a company, unless – under special circumstances – it can be demonstrated that such ownership does not constitute control. An acquirer or concert parties who do not hold more than one-third of the voting rights in a company will, nevertheless, have control if the acquirer or the concert parties has at their disposal (in Danish "*besidder*") at least one-third of the voting rights of a company by virtue of an agreement or have the right to appoint or dismiss the majority of the members of a company's board of directors.

If special conditions apply, the Danish Financial Supervisory Authority may grant an exemption from the obligation to make a mandatory offer.

Squeeze-out

Pursuant to Section 70 of the Danish Companies Act, shares in a company may be redeemed in whole or in part by a shareholder holding more than nine-tenths of the shares and the corresponding voting rights in the company.

Further, pursuant to Section 73 of the Danish Companies Act, a minority shareholder may require that a majority shareholder holding more than nine-tenths of the shares and the corresponding voting rights redeem the minority shareholder's shares.

Major shareholdings

Pursuant to Section 38 of the Danish Capital Markets Act, a shareholder of a company whose shares or financial instruments are admitted to trading on a regulated market within the European Union is required to notify the listed company and the Danish Financial Supervisory Authority as soon as possible if the shareholder's shareholding directly or indirectly represents 5% or more of the voting rights or the share capital, and if the shareholders' shareholding directly or indirectly entails that the 5%, 10%, 15%, 20%, 25%, 50% or 90% thresholds and the thresholds of one-third or two-thirds of the voting rights or the share capital are reached or no longer reached.

The notification must comply with the requirements for the contents thereof set out in Sections 15 and 16 of the Danish Executive Order on Major Shareholders, including the identity of the shareholder and the date when the threshold is reached or no longer reached. Failure to comply with the disclosure requirements is punishable by a fine. When the Company has received such notification, it must publish the contents of such notification within three business days.

Further, the general duty of notification under the Danish Capital Markets Act applies as well as special duties of notification in respect of the Company's insider group pursuant to the Market Abuse Regulation.

4.7 Public takeover bids for the Company

No public takeover bids have been made by any third party in respect of the Existing Shares during the past or the current financial years (see "*Company information – Business – Discussions with third parties regarding structural options*").

5 TERMS AND CONDITIONS OF THE OFFERING

5.1 Subscription ratio, Subscription Price and allocation of Pre-emptive Rights

Each holder of shares registered with VP Securities on 10 June 2020 at 5:59 p.m. CEST as shareholders of the Company will as Existing Shareholders be entitled to an allocation of Pre-emptive Rights.

For every one (1) Pre-emptive Right, the Existing Shareholder will be entitled to subscribe for one (1) New Share against payment of the Subscription Price.

Shares traded after 8 June 2020 will be traded as ex Pre-emptive Rights provided that the Shares are traded at a customary two-day value.

The Pre-emptive Rights and the New Shares will be delivered in book-entry form through allocation to the Existing Shareholders' accounts held with VP Securities.

The Pre-emptive Rights have been approved for admission to trading and official listing on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 9 June 2020 at 9:00 a.m. CEST to 22 June 2020 at 5:00 p.m. CEST.

The New Shares will be issued under the temporary ISIN code DK0061284593.

Upon registration of the capital increase relating to the New Shares with the Danish Business Authority, the New Shares will be issued under the temporary ISIN code DK0061284593. The New Shares issued under the temporary ISIN code will not be admitted to trading and official listing on Nasdaq Copenhagen. The New Shares issued under the temporary ISIN code will solely be registered with VP Securities.

As soon as possible after registration of the New Shares with the Danish Business Authority, expectedly no later than on 1 July 2020, the New Shares will, expectedly no later than on 3 July 2020, be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0010218429, and the temporary ISIN code of the New Shares will be merged with the ISIN code of the Existing Shares, expectedly no later than on 6 July.

Upon admission to trading and official listing of the New Shares, the New Shares will be accepted for clearance through Euroclear and Clearstream.

5.2 Subscription period

The Subscription Period of the New Shares will commence on 11 June 2020 at 9:00 a.m. CEST and will close on 24 June 2020 at 5:00 p.m. CEST. For a description of the procedure of exercise and subscription, see "*The Offering–Terms and conditions of the Offering–Procedure for the exercise of and trading in Pre-emptive Rights*".

5.3 Reduction of subscription

Reduction of subscription is not applicable in connection with the Offering.

5.4 Minimum or maximum subscription amounts

In connection with the Offering, the minimum number of New Shares that a holder of Pre-emptive Rights may subscribe for will be one (1) New Share, requiring the exercise of one (1) Pre-emptive Right and the payment of the Subscription Price. The number of New Shares that a holder of Pre-emptive Rights may subscribe for is not capped. However, the number is limited to the number of New Shares that may be subscribed for through the exercise of the Pre-emptive Rights held or acquired.

5.5 Subscription for Remaining Shares

Remaining Shares may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders or Qualified Investors, who have made binding undertakings to subscribe for Remaining Shares before the expiry of the Subscription Period.

In case of oversubscription of Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to apportionment keys determined by the Board of Directors.

If the subscription orders from Existing Shareholders and Qualified Investors do not exceed the number of Remaining Shares, the Company will issue the number of Remaining Shares subscribed for.

Existing Shareholders and Qualified Investors wishing to subscribe for Remaining Shares must submit the application form in Annex A to their own custodian institution or financial intermediary. The application form must be submitted within an appropriate amount of time for the custodian institution or the financial intermediary to process and forward the application form to Nordea Danmark, Filial af Nordea Bank Abp, Finland, so that the application form is received by Nordea Danmark, Filial af Nordea Bank Abp, Finland no later than on 24 June 2020 at 5:00 p.m. CEST.

Payment for any Remaining Shares shall take place in accordance with the provisions set out in Annex A.

5.6 Payments and delivery

Upon exercise of the Pre-emptive Rights related to the New Shares, the holder must pay DKK 5 per New Share subscribed for. Payment for the New Shares will be made in DKK on the date of subscription, but no later than on 24 June 2020 at 5:00 p.m. CEST, against registration of the New Shares in the investor's account with VP Securities under the temporary ISIN code DK0061284593. Holders of Pre-emptive Rights are required to adhere to the account agreement with their own custodian institution or other financial intermediary through which they hold Existing Shares in accordance with the rules of such institution or intermediary. Financial intermediaries through which a holder may hold Pre-emptive Rights may require payment by an earlier date.

5.7 Announcement of the results of the Offering

The results of the Offering will be communicated in a company announcement expected to be published through Nasdaq Copenhagen no later than two (2) Trading Days after the expiry of the Subscription Period (expected to be on 24 June 2020).

5.8 Procedure for the exercise of and trading in Pre-emptive Rights

Holders of Pre-emptive Rights who wish to subscribe for New Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the procedures of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreements with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, such exercise may not be revoked or modified, except as set forth in this Prospectus with respect to any withdrawal rights in connection with the filing of a supplement as a result of a material change that may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares.

Exercise instructions without the necessary documentation which originates from a person located in the United States, or which are postmarked in the United States or such other jurisdiction in which it would be permissible to subscribe for the New Shares, will be deemed to be invalid, and no New Shares will be credited to institutions with addresses in the United States or any other jurisdictions in which it would not be permissible to subscribe for the New Shares without the required documentation. The Company and the Joint Global Coordinators and Joint Bookrunners reserve the right to reject any exercise of the Pre-emptive Rights on behalf of persons who fail to present the required documentation and (i) who for acceptance or delivery of New Shares indicate an address in the United States or any other jurisdiction in which it would not be permissible to subscribe for the New Shares; (ii) who cannot show or prove that they are not in the United States or any other jurisdiction in which it would not be permissible to subscribe for the New Shares; (iii) who act on behalf of persons in the United States or any other jurisdiction in which it would not be permissible to subscribe for the New Shares, unless it is effected on a discretionary basis; or (iv) who, in the opinion of the Company or its agents, have given their exercise instructions or certifications in or sent such instructions or certifications from the United States or any other jurisdiction in which it would not be permissible to offer the New Shares. See "*The Offering–Terms and conditions of the Offering–Transfer restrictions*".

Any holders who exercise their Pre-emptive Rights will be deemed to have represented that they have complied with all applicable legislation. Custodian institutions exercising Pre-emptive Rights on behalf of beneficial owners will be deemed to have represented that they have complied with procedures set out in this Prospectus. Neither the Pre-emptive Rights nor the New Shares have been registered under the U.S. Securities Act of 1933, as amended, (the "**U.S. Securities Act**") or any state securities legislation in the United States. The Subscription Period will close on 24 June 2020 at 5:00 p.m. CEST.

During the Rights Trading Period, holders of Pre-emptive Rights who do not wish to exercise their Pre-emptive Rights to subscribe for New Shares may sell their Pre-emptive Rights on Nasdaq Copenhagen or elsewhere, and a purchaser may use the acquired Pre-emptive Rights to subscribe for New Shares. Holders wishing to sell their Pre-emptive Rights should instruct their custodian institution or other financial intermediary accordingly.

The Joint Global Coordinators and Joint Bookrunners may, from time to time, acquire and sell Pre-emptive Rights, exercise Pre-emptive Rights and acquire and sell New Shares.

Any Pre-emptive Rights which have not been exercised during the Subscription Period will lapse without value, and the holders will not be entitled to any compensation.

5.9 Offering and proceeds

The Offering comprises 81,848,058 New Shares. Upon full subscription of the Offering, the gross proceeds will be approximately DKK 409 million and the net proceeds (gross proceeds less estimated costs to the Company related to the Offering) are expected to amount a total of DKK 356 million.

5.10 Withdrawal or suspension of the Offering and termination of the Rights Issue Agreement

The Offering may be withdrawn by the Company subject to certain conditions before registration of the capital increase relating to the New Shares with the Danish Business Authority.

If the Offering is withdrawn, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the New Shares will be refunded (less any transaction costs) to the last registered owner of the New Shares as at the date of such withdrawal. All Pre-emptive Rights will lapse, and no New Shares will be issued.

Trades of Pre-emptive Rights executed during the Rights Trading Period will, however, not be affected. Consequently, investors who have acquired Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any transaction costs.

Investors who have acquired New Shares will receive a refund of the subscription amount for the New Shares (less any transaction costs). Consequently, investors who have acquired New Shares may incur a loss corresponding to the difference between the purchase price and the Subscription Price of the New Shares and any related transaction costs.

The Joint Global Coordinators and Joint Bookrunners are entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion, which the Company believes to be customary for offerings such as the Offering, and the completion of the Offering pursuant to the Rights Issue Agreement is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Joint Global Coordinators and Joint Bookrunners may, at its discretion, terminate the Rights Issue Agreement which may thereby require that the Company withdraw the Offering.

The Company is not liable for any losses that investors may suffer as a result of withdrawal of the Offering including but not limited to, any transaction costs or lost interest.

A withdrawal of the Offering will be announced as a company announcement through Nasdaq Copenhagen. With respect to risks related to withdrawal of the Offering, see "*Risk factors–Risks related to the Offering*".

5.11 Withdrawal of applications for subscription

Instructions to exercise Pre-emptive Rights related to the New Shares are irrevocable, except that in the event of any material changes in connection with the information in this Prospectus which may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares, which occurs or is ascertained between the time of approval of this Prospectus and the final completion of the Offering or the commencement of trading on Nasdaq Copenhagen, will be published as a supplement pursuant to applicable rules and legislation in Denmark. Investors who have accepted to exercise Pre-emptive Rights prior to publication of the supplement will be entitled to withdraw their acceptance for two (2) business days after the publication of such supplement.

5.12 Plan of distribution

There is no pre-allotment of New Shares. The New Shares may be subscribed for by the Existing Shareholders of the Company according to the Pre-emptive Rights allocated.

New Shares which have not been subscribed for by the Existing Shareholders before the expiry of the Subscription Period (Remaining Shares) may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders or Qualified Investors, who have made binding undertakings to subscribe for the Remaining Shares according to the application form in Annex A before the expiry of the Subscription Period. In case of oversubscription of the Remaining Shares, such Remaining Shares will be allocated according to apportionment keys determined by the Board of Directors.

5.13 Intentions of Major Shareholders and members of the Board of Directors and the Executive Management Board with regard to subscription of New Shares

The Company has entered into agreements with certain Major Shareholders with regard to subscription of New Shares through the exercise of Pre-emptive Rights and guarantee commitments for an aggregate subscription amount of DKK 222 million. Further, the Company has entered into agreements with certain members of the Board of Directors, the Executive Management Board and the Group Leadership Team regarding the subscription of New Shares through the exercise of Pre-emptive Rights and guarantee commitments for an aggregate subscription amount of DKK 13 million (see *"Company Information – Material contracts").*

5.14 Subscription Price

The New Shares are offered at the Subscription Price of DKK 5 per New Share (excluding fees, if any, from the investor's own custodian bank or brokers).

5.15 Completion of the Offering

The Offering will only be completed if and when the New Shares subscribed for are issued by the Company upon registration with the Danish Business Authority, which is expected to take place no later than on 1 July 2020 before listing of the New Shares. A company announcement concerning the results of the Offering is expected to be disclosed no later than on 26 June 2020.

5.16 Expected timetable of principal events

The following table presents the expected timetable of principal events:

Announcement of Prospectus:	4 June 2020
Last day of trading in Existing Shares including Pre-emptive Rights:	8 June 2020
First day of trading in Existing Shares ex Pre-emptive Rights:	9 June 2020
First day of Rights Trading Period:	9 June 2020
Allocation Time of Pre-emptive Rights:	10 June 2020 at 5:59 p.m. CEST
First day of Subscription Period:	11 June 2020
Last day of Rights Trading Period:	22 June 2020
Last day of Subscription Period:	24 June 2020
Allocation of Remaining Shares:	26 June 2020
Expected date of publication of the results of the Offering:	26 June 2020
Expected registration of the New Shares with the Danish Business Authority:	1 July 2020
Expected date of admission of the New Shares to trading and official listing under the ISIN code of the Existing Shares:	3 July 2020
Expected merger of ISIN codes:	6 July 2020

5.17 Placing and underwriting

Joint Global Coordinators and Joint Bookrunners

The Offering is coordinated by Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige, and Nordea Danmark, filial af Nordea Bank Abp, Finland, which act as the Joint Global Coordinators and Joint Bookrunners of the Offering.

Rights Issue Agreement

In connection with the Offering, the Company and the Joint Global Coordinators and Joint Bookrunners have signed the Rights Issue Agreement.

The Joint Global Coordinators and Joint Bookrunners are entitled to terminate the Rights Issue Agreement upon occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains completion conditions, which the Company believes to be customary for the Offering, and the completion of the Offering is subject to compliance with all conditions as set out in the Rights Issue Agreement. If one or more conditions for completion are not met, the Joint Global Coordinators and Joint Bookrunners may, at its discretion, also terminate the Rights Issue Agreement which may require that the Company withdraw the Offering. See "*The Offering – Terms and conditions of the Offering – Withdrawal or suspension of the Offering*".

See "*Company Information – Material Contracts*" for further description of the Rights Issue Agreement.

Subscription and paying agents

Shareholders' instructions to exercise Pre-emptive Rights and subscribe for New Shares must be given to each Shareholder's custodian institution or financial intermediary.

Euroclear and Clearstream act as international payment intermediaries:

Euroclear Bank S.A./N.V.
1 Boulevard du Roi Albert II
1210 Brussels
Belgium

Clearstream Banking S A
42 Avenue JF Kennedy
1855 Luxembourg
Luxembourg

Advance undertakings and underwriting

The Offering is fully underwritten, subject to the satisfaction of certain conditions set out in separate advance subscription commitments and guarantee undertakings dated on or about 12 May 2020 and entered into between the Company and the Guarantors comprising a number of Existing Shareholders, institutional investors, Qualified Investors and certain members of the Company's Board of Directors and Group Leadership Team. On the terms and conditions of the Subscription Commitments, the respective Guarantors have thus undertaken to exercise Pre-emptive Rights and/or to subscribe for any Remaining Shares for aggregate gross proceeds of DKK 409,240,290.

The Guarantors and committed amounts to subscribe for New Shares through the exercise of Pre-emptive Rights or guarantee undertakings are as follows:

Name	Commitment amounts (DKK million)
Arbejdsmarkedets Tillægspension	125
Chr. Augustinus Fabrikker Aktieselskab	75
Maj Invest	45
Arbejdernes Landsbank	50
MP Pension	25
Færchfonden	22.1
Other institutional investors and Qualified Investors (aggregate)	54.9
Members of the Board of Directors and Executive Management Board and individual members of the Group Leadership Team (aggregate)	13

Under the Subscription Commitments, each Guarantor will receive a fee for the subscription of the New Shares of 6% of the amount of their guarantee commitment. If the Offering is not completed, the Guarantors will not receive any fee or other remuneration. Guarantors who are Existing Shareholders will not receive any fee for the undertaking to exercise their Pre-emptive Rights.

The Subscription Commitments with the Company's largest shareholders contain termination rights, which allow those parties individually to terminate their commitments *inter alia* in case of a material adverse change or certain material changes in the management of the Company.

5.18 Transfer restrictions

The Offering consists of a public offering in Denmark and Greenland with Pre-emptive Rights for the Company's Existing Shareholders and private placements in certain other jurisdictions.

General restrictions

The Offering is made pursuant to Danish law, and neither the Company nor the Joint Global Coordinators and Joint Bookrunners have taken any action or will take any action in any jurisdiction, with the exception of Denmark and Greenland, which may result in a public offering of the Pre-emptive Rights and/or the New Shares.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Neither the Company nor the Joint Global Coordinators and Joint Bookrunners accept any legal liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber of the New Shares.

Further, the Pre-emptive Rights and the New Shares are subject to transfer and selling restrictions in certain jurisdictions. Potential purchases of Pre-emptive Rights and/or subscribers of the New Shares must comply with all applicable legislation and regulations in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or New Shares or possess or distribute the Prospectus and must obtain consent, approval or permission, as required, for the acquisition of New Shares. Persons in whose possession this Prospectus may come are required by the Company and the Joint Global Coordinators and Joint Bookrunners to inform themselves about such restrictions and to observe such restrictions.

All investors should examine the tax consequences of an investment in the Pre-emptive Rights and New Shares through their own advisers. This Prospectus does not constitute an offer or an invitation to purchase any Pre-emptive Rights or purchase or subscribe for any New Shares in any jurisdiction in which such offer or invitation would be unlawful.

The Prospectus may not be distributed or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in any jurisdiction other than Denmark and Greenland, unless such distribution, offering, sale, acquisition exercise or subscription is permitted under applicable legislation in the relevant jurisdiction. The Company and the Joint Global Coordinators and Joint Bookrunners may request receipt of satisfactory documentation to that effect.

Due to such restrictions under applicable legislation and regulations, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark and Greenland may not have the Prospectus distributed to them and may not be able to exercise the Pre-emptive Rights or subscribe for the New Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

The Offering is fully underwritten. Subject to the satisfaction of certain conditions in the Subscription Commitments, any New Shares that have not been subscribed for by holders of the Pre-emptive Rights will be subscribed for by the Guarantors. The Guarantors may sell any New Shares that have not been subscribed for by holders of Pre-emptive Rights in offshore transactions in compliance with Regulation S under the U.S. Securities Act and/or in accordance with other applicable exemptions to the registration requirements of United States and other securities laws.

Selling restrictions in the United States

The Pre-emptive Rights and the New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Neither the Pre-emptive Rights nor the New Shares have been, or will be, registered under the U.S. Securities Act or any state securities legislation in the United States. Accordingly, the Pre-emptive Rights may not be offered, sold, acquired or exercised within the United States, and the New Shares may not be subscribed for, offered or sold within the United States, absent an applicable exemption from such laws. The Pre-emptive Rights and the New Shares have not been, and will not be, registered under the U.S. Securities Act and are only offered and sold outside the United States or to, or for the account or benefit of, non-U.S. Persons (as defined in Regulation S) in accordance with Regulation S or in transactions otherwise exempt from, or not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Offering is governed by Danish legislation and requirements and, therefore, any information contained in this Prospectus may not be comparable with information contained in prospectuses of U.S. companies for similar transactions.

Any offering of the Pre-emptive Rights and the New Shares made in the United States will only be made by the Company pursuant to an exemption from, the registration requirements of the U.S. Securities Act to a limited number of investors that (i) are qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act ("**QIBs**") and (ii) have executed and delivered an investor representation letter addressed to the Company. Consequently, in the United States, shareholders and investors who are not QIBs cannot participate in the offer, subscribe for New Shares or exercise Pre-emptive Rights. In connection with the rights issue, neither Carnegie Investment Bank, Filial Af Carnegie Investment Bank Ab (Publ), Sverige nor Nordea Danmark, Filial af Nordea Bank Abp will affect any transactions or induce or attempt to induce the purchase or sale of any security in or into the United States. The offering of the Pre-emptive Rights and the New Shares to eligible shareholders in the United States will be the sole responsibility of the Company. Banks or other nominees that hold for shareholders in the Company whose holdings on the record date are nominee registered must not send this Prospectus or any pre-printed issue statement or application form to shareholders with addresses in, or who are located or resident in, the United States without the prior written approval of the Company. Any person in the United States that obtains a copy of the Prospectus or any pre-printed issue statement or application form and that is not a QIB is required to disregard them.

Each investor in the United States or who is a U.S. person will be deemed to have represented and agreed as follows:

1. The investor (a) is a QIB or a broker-dealer acting for the account of a QIB, (b) is acquiring such Pre-emptive Rights and/or New Shares for its own account or for the account of a QIB, and (c) is aware that the Pre-emptive Rights and New Shares are restricted within the meaning of the U.S. Securities Act and may not be deposited into any unrestricted depositary facility, unless at the time of such deposit the Pre-emptive Rights and New Shares are no longer restricted.

2. The investor is aware that the Pre-emptive Rights and New Shares have not been and will not be registered under the U.S. Securities Act, and are being offered in the United States only to QIBs in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

3. The investor understands and agrees that the Pre-emptive Rights and New Shares may not be offered, sold, pledged or otherwise transferred, except (a) to a person that the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of another QIB or (b) outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933, as amended, or (c) pursuant to an exemption from registration under the U.S. Securities Act, or (d) pursuant to an effective registration statement under the U.S. Securities Act.

Restrictions on sales in the European Economic Area

In relation to each Relevant Member State, no offering of Pre-emptive Rights or New Shares will be made to the public in any Relevant Member State prior to the publication of a prospectus concerning the Pre-emptive Rights and the New Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Regulation, except that an offering of Pre-emptive Rights and New Shares may be made to the public at any time in such Relevant Member State pursuant to the following exemptions from the Prospectus Regulation:

a) to any legal entity which is a Qualified Investor;

b) to fewer than 150 natural or legal persons other than Qualified Investors, subject to obtaining the prior written consent of the Company and the Joint Global Coordinators and Joint Bookrunners; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

In any Relevant Member State other than Denmark, the Prospectus is only addressed to, and is only directed at, investors in such Relevant Member State that fulfil the criteria for exemption from the obligation to publish a prospectus, including Qualified Investors.

For the purposes of the above, the expression an "offer of Pre-emptive Rights and New Shares to the public" in relation to Pre-emptive Rights and New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and the New Shares so as to enable an investor to decide whether to acquire the Pre-emptive Rights and acquire or subscribe for the New Shares.

Notice to Investors in the UK

This Prospectus is only being distributed to, and is only directed at, (i) persons outside the UK or (ii) "investment professionals" falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**") or (iii) "high net worth companies" and other persons to whom it may lawfully be communicated, falling within the meaning of Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons being "Relevant Persons"). Pre-emptive Rights and New Shares are only available to Relevant Persons and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such Pre-emptive Rights or New Shares will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act on or rely upon this Prospectus or any of its contents.

Restrictions on sales in Canada, Australia and Japan and any other jurisdictions outside Denmark and Greenland

The Pre-emptive Rights and the New Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold, acquired or exercised, directly or indirectly, in Canada, Australia or Japan, unless such distribution, offering, sale, acquisition, exercise or subscription is permitted under applicable legislation in the relevant jurisdiction, and the Company and the Joint Global Coordinators and Joint Bookrunners receive satisfactory documentation to that effect.

6 ADMISSION TO TRADING AND OFFICIAL LISTING

6.1 Admission to trading and official listing

The Company's Existing Shares have been admitted to trading and official listing on Nasdaq Copenhagen under the ISIN code DK0010218429.

In connection with the Offering, the Pre-emptive Rights have been approved for admission to trading and official listing on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 9 June 2020 at 9:00 a.m. CEST to 22 June 2020 at 5:00 p.m. CEST.

The New Shares will be issued under a temporary ISIN code and will not be admitted to trading and official listing on Nasdaq Copenhagen under the temporary ISIN code.

The New Shares may be subscribed for during the period from 11 June 2020 at 9:00 a.m. CEST to 24 June 2020 at 5:00 p.m. CEST. As soon as possible after registration of the New Shares with the Danish Business Authority, expectedly no later than on 1 July 2020, the New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0010218429, expectedly no later than on 3 July 2020, and the temporary ISIN code of the New Shares will be merged with the ISIN code of the Existing Shares, expectedly no later than on 6 July 2020.

6.2 Market making

The Company has not entered into any market maker agreement.

6.3 Stabilisation

The Company has not entered into any agreement regarding stabilisation in connection with the Offering.

6.4 Share Issuing Agent

The Company’s share issuing agent is:

Nordea Danmark, Filial af Nordea Bank Abp, Finland
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

7 SELLING SHAREHOLDERS AND LOCK-UP

7.1 Shareholders who have indicated that they expect to sell their Shares or Pre-emptive Rights

There is no selling shareholder as the Offering is structured as an issue of New Shares.

The Company has not received any indications from any Major Shareholder that it intends to sell its Pre-emptive Rights.

7.2 Lock-up agreements in connection with the Offering

Lock-up agreement with the Company

The Company has undertaken that for a period of 360 days counted from the date of admission to trading and official listing of the New Shares that it will not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, (i) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, or (iii) submit to its shareholders a proposal to effect any of the foregoing. The abovementioned obligation shall not apply to a) transfers or issues of Shares or any other securities convertible into or exercisable or exchangeable for Shares in relation to granting, allocation or issue of Shares or securities convertible into or exercisable or exchangeable for Shares as part of or in accordance with the existing or future general or individual incentive programmes, including any matching share programmes, performance share units, restricted share units or similar, (b) the exercise by such persons of their rights in accordance with the existing or future general or individual employee shareholding and/or warrant programmes, (c) cancellation of existing warrants, (d) the transactions contemplated in connection with the Offering, (e) submission to its shareholders of a proposal to adopt, increase and/or extend authorisations of the Board of Directors to increase the share capital of the Company, including warrants and other programmes to the Company's employees and directors, (f) submission to its shareholders of a proposal to authorise the Board of Directors to purchase treasury shares and (g) actions by the Company in connection with any publically announced takeover offer for the Shares in the Company made in accordance with the Danish take-over regulation, subject to certain conditions, and any corporate law merger involving the Company or an entity within the Group.

Lock-up agreements with individual board members and executive management members

Further, the members of the Board of Directors and of the Executive Management Board have each agreed that for a period of 180 days counted from the date of admission to trading and official listing of the New Shares they will not without the prior written consent of the Joint Global Coordinators and Joint Bookrunners, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly any Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, (iii) announce the intention to make any such act or (iv) propose any general meeting of the Company, or convene or take action to convene any general meeting for the purpose of proposing a resolution to effect any of the foregoing. The abovementioned obligations shall not apply to (i) transfer of Shares to a related person and to the direct or indirect shareholders of any person holding Shares through a company, subject to certain conditions, (ii) dispose of Shares in accordance with a court order or as required by law or regulation, (iii) dispose of Shares as a result of the death or permanent disability of such person or an interruption in employment for a continuous period due to disability or illness, (iv) disposal of Shares occurring after termination of employment or appointment, (v) disposal of Shares pursuant to a takeover offer for the Shares in the Company or in connection with any corporate law merger involving the Company or an entity within the Group, (vi) exercise of the Pre-emptive Rights allocated/granted or acquired in the Offering, provided that the shares acquired by way of exercise of such Pre-emptive Rights shall be subject to the lock-up, (vii) propose (and/or vote in favour of) resolutions to the general meeting to adopt, increase and/or extend authorisations of the Board of Directors to increase the share capital of the Company, (viii) propose (and/or vote in favour of) resolutions to the general meeting to adopt, increase and/or extend authorisations of the Board of Directors to issue warrants or restricted stock units, shares for matching share programmes, performance share units or similar, which will entitle the holders to subscribe for or otherwise receive shares in the Company, (ix) propose (and/or vote in favour of) resolutions at the general meeting to authorise the Board of Directors to purchase treasury shares, (x) exercise of warrants, and other securities convertible into Shares in the Company, subject to certain conditions, (xi) accept to cancel existing Shares granted under incentive programmes, subject to certain conditions and (xii) disposal of Shares made with a view to settle, directly or indirectly, any tax liabilities related to incentive programmes.

8 EXPENSES OF THE OFFERING

The estimated costs and expenses payable by the Company related to the Offering, assuming subscription of the maximum number of New Shares (81,848,058 New Shares), are DKK 53 million. The fee to the Joint Global Coordinators and Joint Bookrunners is variable and, therefore, the total expenses are subject to the results of the Offering.

Further, the Company will pay Danish account holding institutions as defined in the Danish Capital Markets Act Section 190 a subscription commission of 0.125% of the market value of the New Shares subscribed for through the relevant account holding institution, in connection with the Offering.

Neither the Company nor the Joint Global Coordinators and Joint Bookrunners will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account keeping financial institution.

9 DILUTION

As a result of the Offering, the Company's share capital will be increased. If an Existing Shareholder exercises its Pre-emptive Rights in full in connection with the Offering, such shareholder's proportionate ownership interest will not be further diluted. If an Existing Shareholder decides not to exercise its Pre-emptive Rights, such shareholder's proportionate ownership interest will be diluted by 66.7%.

10 ADDITIONAL INFORMATION

10.1 Advisers

Joint Global Coordinators and Joint Bookrunners:

Carnegie Investment Bank, filial af Carnegie Investment Bank AB (publ), Sverige
Overgaden neden Vandet 9B
DK-1414 Copenhagen K
Denmark

and

Nordea Danmark, filial af Nordea Bank Abp, Finland
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Legal adviser to the Company in connection with the Offering:

Gorrissen Federspiel Advokatpartnerselskab
Axeltorv 2
DK-1609 Copenhagen V
Denmark

Legal adviser to the Joint Global Coordinators and Joint Bookrunners in connection with the Offering:

Plesner Advokatpartnerselskab
Amerika Plads 37
DK-2100 Copenhagen
Denmark

Auditors to the Company:

Ernst & Young Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg
Denmark

GLOSSARY

In the Prospectus, the following words and expressions have the meanings stated below, unless the context requires otherwise.

3rd Quarter Financial Statements	Consolidated financial statements for the period 1 June 2019 – 29 February 2020.
Allocation Time	On 10 June 2020 at 5:59 p.m. CEST. The time at which any person registered with VP Securities as a shareholder of the Company will be entitled to be allocated two (2) Pre-emptive Rights for each Existing Share held.
Articles of Association	The Company's Articles of Association of 3 June 2020.
Board of Directors	The board of directors of the Company.
Carnegie	Carnegie Investment Bank, filial af Carnegie. Investment Bank AB (publ), Sverige, Overgaden neden Vandet 9B, DK-1414 Copenhagen K, Denmark
CEST	Central European Summer Time.
Chairman	The chairman of the Board of Directors.
Clearstream	Clearstream Banking S.A.
CNY	The official currency of the People's Republic of China.
Commitment Letter	The commitment letter between Operations and Nordea for a revolving facility of DKK 100,000,000 to be made available to Operations for general corporate purposes on the terms and conditions set out therein.
Company	Bang & Olufsen, CVR no. 41 25 79 11, Bang og Olufsen Allé 1, DK-7600 Struer, Denmark.
Company Security	Shares in the Company or other securities exchangeable into Shares in the Company, including warrants, restricted stock units or other options to acquire Shares in the Company.
Consolidated Prospective Financial Information	The prospective consolidated financial information for the financial year ended 31 May 2020.

Corporate Governance Recommendations	The recommendations on corporate governance published by the Committee on Corporate Governance in November 2017 (as updated in August 2019).
COVID-19	When used in this Prospectus, “COVID-19” is used as a general reference to the pandemic involving the pathogen Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2, also referred to as the “Coronavirus”) (as well as any related strings of this virus both current and future), to the various political, legislative and behavioural reactions to the pandemic, and to the resulting wide range of severe consequences many of which are unfolding and therefore still subject to considerable uncertainty as to their scope and impact, including without limitation the impact on the macroeconomic environment, on industries and markets, on individual businesses, on individuals and their behaviour and on society in general.
CVR no.	The Danish Central Business Register number.
Danish Capital Markets Act	The Danish Consolidated Act no. 377 of 2 April 2020 on Capital Markets (in Danish: "*kapitalmarkedsloven*"), as amended.
Danish Companies Act	The Danish Consolidated Act no. 763 of 23 July 2019 on public and private limited companies (in Danish: "*selskabsloven*"), as amended.
Danish Business Authority	The Danish Business Authority (in Danish: "*Erhvervsstyrelsen*").
Delegated Prospectus Regulation	Commission Delegated Regulation (EU) no. 2019/980 of 14 March 2019 as well as Commission Delegated Regulation (EU) 2019/979 of 14 March 2019.
Deputy Chairman	The deputy chairman of the Board of Directors.
DKK	The official currency of the Kingdom of Denmark.
Euroclear	Euroclear Bank S.A./N.V.
Executive Management Board	The executive management of the Company as registered with the Danish Business Authority at the Prospectus Date.
Existing Shares	The 40,924,029 issued shares of the Company, comprising the Company’s entire share capital.
Existing Shareholders	Any person registered with VP Securities as a shareholder of the Company as at the Allocation Time.

Facility	The 100,000,000 DKK credit facility to be made available, subject to the terms and conditions of the Commitment Letter, to Operations by Nordea for general corporate purposes.
Final Maturity Date	Two years after date of the final agreement for the Facility.
Financial Promotion Order	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.
First Quarter Financial Statements	Consolidated financial statements for the period 1 June 2019 to 31 August 2019.
FY2018/2019	The Company's financial year from 1 June 2018 to 31 May 2019.
FY2019/2020	The Company's financial year from 1 June 2019 to 31 May 2020.
FY2020/2021	The Company's financial year from 1 June 2020 to 31 May 2021.
FY2021/2022	The Company's financial year from 1 June 2021 to 31 May 2022.
FY2017/2018 Financial Statements	The consolidated financial statements of the Company for the financial year ended 31 May 2018.
FY2018/2019 Financial Statements	The consolidated financial statements of the Company for the financial year ended 31 May 2019.
FTE	Full time equivalent employee.
Group	The Company and its consolidated subsidiaries.
Group Leadership Team	The Executive Management Board and the following other members of the Group's expanded leadership team: Arnaud De Schuytter, Wendy Wong, Christian Iversen, Christoffer Østergaard Poulsen, Jorge Aguiar, Rick Costanzo and Line Køhler Ljungdahl.
Guarantors	Arbejdsmarkedets Tillægspension, Chr. Augustinus Fabrikker Aktieselskab, Maj Invest, Arbejdernes Landsbank, MP Pension and Færchfonden and a number of other institutional and Qualified Investors as well as certain members of the Company's Board of Directors, Executive Management Board and Group Leadership Team.

Guidance for FY2019/2020	The Company's consolidated prospective financial information for FY2019/2020.
Half Year Financial Statements	The consolidated financial statements of the Company for the period 1 June 2019 – 30 November 2019.
HARMAN	Harman International Industries, Inc.
Harman Becker	Harman Becker Automotive Systems Manufacturing Kft.
HP	HP Inc.
IFRS	International Financial Reporting Standards as adopted by the EU.
ISIN	International Security Identification Number.
JDM	Joint design manufacturer.
Joint Global Coordinators and Joint Bookrunners	Carnegie and Nordea.
LG	LG Electronics.
Major Shareholders	Shareholders who have notified the Company that they hold more than 5% of the Company's registered share capital pursuant to the Danish Companies Act and the Danish Capital Markets Act.
Management	The Board of Directors and the Executive Management Board.
Market Abuse Regulation	Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.

Nasdaq Copenhagen	Nasdaq Copenhagen A/S.
Nasdaq Issuer Rules	Nordic Main Market Rulebook for Issuers of Shares effective from 1 May 2020, including supplements relating to Nasdaq Copenhagen.
New Shares	The Shares issued in connection with the Offering.
Nordea	Nordea Danmark, filial af Nordea Bank Abp, Finland, Grønjordsvej 10, DK-2300 Copenhagen S, Denmark
ODM	Original design manufacturer.
OEM	Original equipment manufacturer.
Offering	The offering of 81,848,058 New Shares at a price of DKK 5 per New Share with Pre-emptive Rights for the Company's Existing Shareholders at the ratio of 2:1 meaning that each Existing Shareholder will be entitled to and will be allocated two (2) Pre-emptive Rights for each Existing Share held at the Allocation Time, and that one (1) Pre-emptive Right will be required to subscribe for one (1) New Share.
Operations	Bang & Olufsen Operations A/S
Pre-emptive Rights	Two (2) Pre-emptive Rights allocated for each Existing Share.
Preliminary Guidance for FY2020/2021	The preliminary consolidated prospective financial information for FY2020/2021.
Prospectus	This Prospectus covering the offer of 81,848,058 New Shares at a price of DKK 5 per New Share with Pre-emptive Rights for Existing Shareholders dated 4 June 2020.
Prospectus Date	4 June 2020.
Prospectus Regulation	Regulation (EU) No. 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/ECText with EEA relevance.
QIBs	Qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act.

Qualified Investors	As defined in the Prospectus Regulation.
Regulation S	Regulation S under the U.S. Securities Act.
Relevant Member State	Each member state of the European Economic Area, where the Prospectus Regulation apply.
Relevant Persons	Persons who: (i) are investment professionals falling within Article 19(5); or (ii) fall within Article 49(2)(a) to (d) ("high net worth companies; unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available.
Remaining Shares	New Shares which have not been subscribed for by the Existing Shareholders before the expiry of the Subscription Period.
Retail partners	When used in this Prospectus, “retail partners” means the retailers, retail stores and chains (mono-brand and multibrand) which acquires products from the Company and sells to consumers. The term “consumers” refers to end-customers of the Company’s products whether through retail partners or directly from the Company.
Rights Trading Period	The period beginning on 9 June 2020 and ending on 22 June 2020.
Shares	Existing Shares and the New Shares.
Subscription Commitments	Certain subscription commitments and guarantee undertakings dated on or about 12 May 2020 entered into between the Company and the respective Guarantors.
Subscription Period	The subscription period for the New Shares from 11 June 2020 to 24 June 2020.
Subscription Price	DKK 5 per New Share.
Target Market Assessment	Product approval process as defined in “*Important information – Information to distributors*”.
Trading Day	A weekday when Nasdaq Copenhagen is open for trading.
VP Securities	VP Securities A/S, CVR. no. 21599336.

U.S.	The United States of America.
U.S. Securities Act	Securities Act of 1933, enacted by the 73rd United States Congress, as amended.

ANNEX A - APPLICATION FORM

Only one subscription form per shareholding in the Company or per Qualified Investor (as defined in the Prospectus).

The defined wording in this application form is used in accordance with the definitions in the Prospectus. The restrictions related to the Offering set out in the Prospectus also applies to this application form.

Subscription of Remaining Shares in the Company

Instructions on the use of Pre-emptive Rights must not be given by using this form, but by contacting the Existing Shareholder's/Qualified Investor's custodian institution or financial intermediary in the usual manner.

This application form is for the sole use of:

1. Existing Shareholders wishing to subscribe for more New Shares than their Pre-emptive Rights entitle them to.

2. Qualified Investors wishing to subscribe for Remaining Shares.

To be submitted to the Existing Shareholder's or the Qualified Investors' own custodian bank for endorsement and processing.

Securities code:	New Shares	DK0061284593	Subscription price: Joint Global Coordinators and Joint Bookrunners:	DKK 5 Carnegie and Nordea
Subscription Period:	11 June 2020 – 24 June 2020		Date of official listing of New Shares:	3 July 2020
Date of payment:	30 June 2020			

Existing Shareholders and Qualified Investors wishing to subscribe for Remaining Shares must submit this application form to their own custodian institution or financial intermediary. The application form must be submitted within an appropriate amount of time for the custodian institution or the financial intermediary to process and forward the application form, so that the application form is received by Nordea Danmark, Filial af Nordea Bank Abp, Finland no later than on 24 June 2020 at 5:00 p.m. CEST.

In case of oversubscription of Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to apportionment keys determined by the Board of Directors.

If the subscription orders from Existing Shareholders and Qualified Investors do not exceed the number of Remaining Shares, the Company will issue the number of Remaining Shares subscribed for.

For Existing Shareholders

I/we hereby confirm that I/we holders of Existing Shares.

I/we hereby submit a binding order to subscribe for ____________ (whole number) Remaining Shares in the Company.

Statement Qualified Investors

I/we hereby confirm that I/we are a Qualified Investor.

I/we submit a binding order for subscription of ____________ (whole number) Remaining Shares in the Company.

Statement by Existing Shareholders and Qualified Investors

This application form is submitted on the terms and conditions set out in this Prospectus dated 4 June 2020.

I/we undertake to pay the countervalue of the shares allocated at the Subscription Price. Payment will be effected on 30 June 2020 pursuant to the contract note submitted to me/us against shares under the temporary ISIN code DK0061284593. If the number of subscription orders exceeds/does not exceed the number of shares offered, the Remaining Shares will be allocated on the terms set out in this Prospectus.

Information and signature

Name:	VP account:
Address:	Account used for settlement:
Post code and city:	Custodian bank:
Date:	I/we wish not to be listed in the Company's register of shareholders, please tick: My custodian bank or financial intermediary is entitled to forward this application form to Nordea Danmark, Filial af Nordea Bank Abp, Finland, please tick:
Telephone:	

The Remaining Shares will be registered in the relevant Existing Shareholder's/Qualified Investor's VP account with VP Securities.

Registration no.:	CD identification:
Stamp and signature:	

GDPR notice

Carnegie handles administrative information in the offer. Carnegie's receipt and handling of acceptance forms does not lead to a customer relationship between the participant in the offer and Carnegie. This means among other things that neither a so called customer categorisation nor a so called suitability assessment will be made regarding the offer.

Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the offer, is processed by Carnegie, as controller of the personal data, for the administration and execution of the offer. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties.

Personal data may for a defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases Carnegie is also under a statutory duty to provide information, e.g. to the Danish or Swedish Financial Supervisory Authority and Danish Tax Agency.

Similarly to the Securities Market Act, the Banking and Financing Business Act contains confidentiality provisions according to which all of Carnegie's employees are bound by a duty of confidentiality with regard to clients of Carnegie and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Carnegie Group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Carnegie's Data Protection Officer. It is also possible to contact the data protection officer to obtain further information about how Carnegie processes personal data. If the investor wishes to make a complaint regarding Carnegie's processing of personal data, the investor is entitled to turn to the Danish Data Protection Authority in its capacity as supervisory authority. Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that Carnegie has no legal obligation to preserve the personal data. The normal storage time for personal data is 7 years.

Address to Carnegie's data protection officer: dpo@carnegie.dk.

Those who participate in the Offering will provide personal data to Nordea. Personal data provided to Nordea will be processed in data systems to the extent required to provide services and administer matters in Nordea. Personal data obtained from a party other than the customer to whom the processing relates may also be processed. Personal data may also be processed in data systems at companies and organizations with which Nordea cooperate. Information regarding the processing of personal data is provided by Nordea's branch offices, which also accept requests for correction of personal data. Personal data may be obtained by Nordea in connection with settlement of the Offering in the systems of VP Securities A/S. For detailed information about Nordea's handling of personal information, see https://www.nordea.dk/privat/politik-om-databehandling.html.