Interim report 9M 2023/24

Q3 highlights

Despite a lower-than-expected revenue performance, we generated positive earnings for the quarter. Gross margin was a record-high 53.2%, above 50% for the fourth consecutive quarter. The EBIT margin before special items was 1.8%.

Q3 was characterised by our continued efforts to implement our Luxury Timeless Technology strategy. Through our focus on branded channels, we have improved our gross margin to a record high level making us more resilient as a business. However, the macroeconomic conditions in Europe and in China had a negative impact on revenue.

Like-for-like sell-out was down by 2% year-on-year. APAC reported strong growth of 23% mainly driven by China coming from low comparables last year. Consumer confidence in Europe remained challenged and sell-out declined by 13% in the region year-on-year. Sell-out in the Americas declined by 7%.

Group revenue declined by 3.4% year-on-year (-3% in local currencies). Product sales declined by 1.6%, on par in local currencies, supported by good performance in the branded channels. Revenue from the multibrand channels declined compared to Q3 of last year, as a result of planned changes to the channel network.

EMEA revenue decreased by 12.2% (-12% in local currencies). The Americas declined by 4.0% (positive by 1% in local currencies). APAC revenue increased by 24.1% (27% in local currencies).

Brand Partnering and other activities declined by 16.3% (-17% in local currencies). This was mainly driven by reduced license income from the automotive industry as the industry slowly recovered from factory strikes in the US and a decline in license income from HP.

Overall, our capacity costs were DKK 17m lower at DKK 318m reflecting our focus on maintaining a lean cost base.

Gross margin increased by 9.6 pp from 43.6% to 53.2% year-on-year. Normalised component and logistics costs, a strong pricing focus, and a change in product mix towards higher-margin products drove the increase.

We achieved positive earnings despite the lower revenue level driven by the improved gross margin and cost management. EBIT before special items was DKK 11m (Q3 22/23: DKK -43m), corresponding to an EBIT margin of 1.8% (Q3 22/23: -6.8%).

Free cash flow was DKK 5m (Q3 22/23: DKK 33m), driven by an improved EBITDA and offset by a less favourable change in net working capital. Available liquidity was DKK 158m (Q3 22/23: DKK 208m).

During Q3, our customer base grew by 5% and the number of customers owning two or more Bang & Olufsen products increased by 5% quarter-on-quarter.

For the first nine months of 2023/24, group revenue declined by 7% year-on-year in local currencies. EBITDA before special items was DKK 228m corresponding to a margin of 11.8% and an increase of DKK 177m from DKK 51m in the first nine months of 2022/23. The EBIT margin before special items improved by 7.9 pp to 2.5%.

Outlook 2023/24

On 17 March 2024, we adjusted our revenue outlook due to the macroeconomic conditions in our key markets in Europe and China. In addition, ranges were narrowed for EBIT before special items and the free cash flow.

- Revenue growth in local currencies: -8% to -5% (previously lower end of 0% to 9%)
- EBIT margin before special items: 0% to 2% (previously 0% to 6%)
- Free cash flow: DKK -50m to 10m (previously lower end of DKK -50m to 100m)

For uncertainties and assumptions underlying the outlook please refer to page 17.

Revenue
DKK million
614
Q3 22/23: 635

Growth in local currencies
-3%
Q3 22/23: -20%

EBIT before special items
DKK million
11
Q3 22/23: -43

Free cash flow
DKK million
5
Q3 22/23: 33

Key financial highlights

(DKK million)	Q3 2023/24	Q3 2022/23	YTD 2023/24	YTD 2022/23	Year 2022/23
Income statement					
Revenue	614	635	1,933	2,106	2,752
EMEA	293	333	938	972	1,281
Americas	70	73	210	242	313
APAC	180	145	563	611	795
Brand Partnering & other activities	71	84	223	281	363
Gross margin, %	53.2	43.6	52.9	41.9	44.2
EMEA	48.7	36.8	48.3	35.5	37.2
Americas	45.9	31.0	44.7	29.3	31.6
APAC	50.8	42.5	50.4	38.5	40.3
Regions, total	49.1	37.7	48.5	35.7	37.5
Brand Partnering & other activities	84.5	84.8	86.7	83.1	87.9
EBITDA before special items	72	15	228	51	117
EBITDA	69	0	221	35	98
EBIT before special items	11	-43	48	-114	-105
EBIT	8	-58	41	-130	-124
Special items, net	-3	-15	-7	-16	-19
Financial items, net	-2	3	-19	-26	-28
Profit/loss before tax (EBT)	6	-55	22	-156	-152
Profit/loss for the period	3	-55	18	-152	-141
Financial position					
Total assets	2,220	2,325	2,220	2,325	2,385
Equity	989	955	989	955	958
Cash	149	212	149	212	216
Available liquidity	158	208	158	208	224
Capital resources	318	328	318	328	384
Net interest-bearing deposit/debt	-24	36	-24	36	19
Net working capital	297	269	297	269	222

(DKK million)	Q3 2023/24	Q3 2022/23	YTD 2023/24	YTD 2022/23	Year 2022/23
Cash flows					
Cash flows from operating activities	52	74	113	100	198
Operational investments	-47	-41	-145	-147	-218
Free cash flow	5	33	-32	-47	-20
Key figures					
Gross margin, total, %	53.2	43.6	52.9	41.9	44.2
EMEA *)	48.7	36.8	48.3	35.5	37.2
Americas *)	45.9	31.0	44.7	29.3	31.6
APAC *)	50.8	42.5	50.4	38.5	40.3
Brand Partnering & other activities *)	84.5	84.8	86.7	83.1	87.9
Growth in local currencies, %	-3	-20	-7	-9	-8
EBITDA margin before special items, %	11.7	2.4	11.8	2.4	4.3
EBITDA margin, %	11.2	0.0	11.4	1.7	3.6
EBIT margin before special items, %	1.8	-6.8	2.5	-5.4	-3.8
EBIT margin, %	1.3	-9.1	2.1	-6.2	-4.5
Return on assets, %	0.8	-6.6	0.8	-6.6	-5.9
Return on invested capital, excl. goodwill, %	12.6	-7.1	12.6	-7.1	0.4
Return on equity, %	1.8	-15.9	1.8	-15.9	-14.7
Full-time employee (FTE) at end of period	993	1,037	993	1,037	996
Stock-related key figures					
Earnings per share (EPS), DKK	0.0	-0.5	0.1	-1.2	-1.5
Earnings per share, diluted (EPS-D), DKK	0.0	-0.5	0.1	-1.2	-1.5
Price/Earnings	389.2	-27.8	66.2	-10.3	-9.8

*) Comparative figures for gross margin on segment level have been restated. No change in margin on group level.

For definitions, see note 8.7 to the Annual Report 2022/23.

Management's review for Q3

Like-for-like sell-out was down by 2%. APAC reported solid growth, whereas EMEA and Americas had negative growth.

Revenue decreased by 3.4% (-3% in local currencies). APAC reported solid growth in the period while EMEA declined. The Americas grew year-on-year in local currencies.

Gross margin increased to a record 53.2%. Normalised component and logistics costs, a strong focus on pricing and improved margins across regions and categories drove the improvement.

EBIT margin before special items was 1.8%, up from -6.8% last year driven by the improved gross margin level.

Cash flow was DKK 5m compared to DKK 33m last year.

Developments in Q3 2023/24

In Q3, we continued to implement our Luxury Timeless Technology strategy and laying the foundation for longer term profitable and sustainable growth. An enhanced focus on the customer experience in branded channels, luxury positioning, and product excellence were key elements.

The market activity in China increased but from a very low level in Q3 of last year. In December 2022, China's COVID-19 policy changed drastically creating a nation-wide outbreak in the country. The economic recovery has since been slower than expected and has not fully materialised yet. In addition, consumer confidence in our European markets was low during the quarter.

Product revenue was flat year-on-year, and our branded channels (company-owned stores, monobrand and e-commerce) outperformed the multibrand channels.

Across regions, we are more selective in terms of how and where consumers can experience our brand and products, aiming to ensure they get the full luxury experience. Discontinuing multibrand stores and limiting assortment in both the multibrand and eTail channel, resulted in less overall volume in the multibrand channels in Q3.

The significant gross margin improvement enables us to continue to execute on our strategy despite market challenges. We continue to optimise our channel network, refining our product portfolio and increasing brand awareness while maintaining a strong price focus.

The record-high gross margin drove the increased EBIT level before special items of DKK 11m.

At the end of October, we launched the Beolab 8. The speaker gained strong traction in Q3 and received positive reviews and the sales performance was in line with expectations. In December, we opened our new company-owned flagship store in London on New Bond Street. This is the first store built using our new design concept, and it complements our three existing company-owned stores in London.

In January, we renewed our partnership with Scuderia Ferrari for the 2024 and 2025 seasons. Our partnership for the 2023 season was successful and the extension is expected to continue driving up awareness and equity of our brand and bringing us closer to current and future customers.

Like-for-like sell-out

Sell-out declined by 2% compared to the same period of last year. Excluding end-of-life products, like-for-like sell-out grew in the low single-digits compared to Q3 of last year.

Across regions, our Flexible Living category grew by 12%, the On-the-go category grew by 2%, while the Staged category declined by 10%.

EMEA

Like-for-like sell-out in EMEA decreased by 13% year on year. Except for e-commerce, declines were reported across channels and categories and mainly driven by negative sell-out growth reported from the Monobrand stores reflecting the weak consumer sentiment in Europe.

Americas

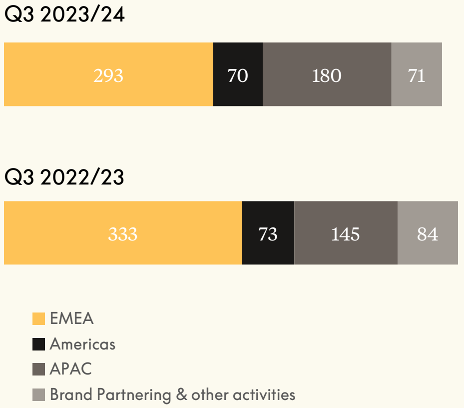
Sell-out in the Americas fell by 7%. Company-owned stores grew during the period with monobrand and ecommerce declining. Monobrand declined due to poor performance in a single material geographic market, and a change of the setup has been initiated. Excluding

LIKE-FOR-LIKE SELL-OUT*

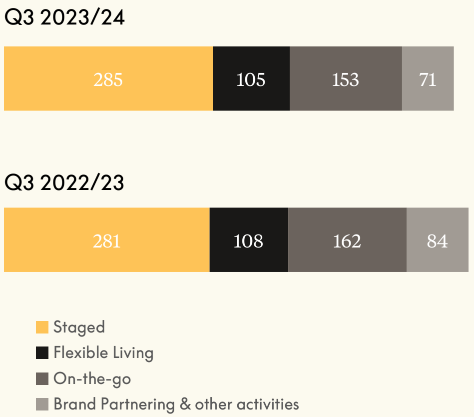
	Q3 23/24		Q3 23/24
EMEA	-13%	Staged	-10%
Americas	-7%	Flexible Living	12%
APAC	23%	On-the-go	2%
Total	**-2%**	**Total**	**-2%**

* Defined as sell-out from the same stores, provided they were open and active in both periods.

Revenue split by segment, DKKm



Revenue split by category, DKKm



this single geographic market, Monobrand reported growth compared to Q3 of last year. Multibrand declined significantly due to our decision to discontinue a number of stores.

In terms of product categories, our Staged products delivered growth compared to Q3 of last year. The On-the-go category experienced a decline while the Flexible Living category was on par.

APAC
Like-for-like sell-out in APAC increased by 23% driven by sell-out growth in China of 36% coming from low comparables last year due to the change in the country's COVID-19 policy in December 2022. Sell-out growth in the region was reported across all product categories.

Revenue in Q3

Revenue in Q3 was DKK 614m, an 3.4% year-on-year decline (-3% in local currencies), which was below our expectations.

The drop in reported revenue was related to a decline in product sales of 1.6% (on par in local currencies) and in Brand Partnering and other activities of 16.3% (-17% in local currencies).

Product revenue, regions

The development in product revenue was driven by reported low single-digit growth in branded channels offset by decline in multibrand channels.

EMEA
Revenue in EMEA declined by 12.2% (-12% in local currencies) to DKK 293m.

Company-owned stores and our e-commerce delivered growth, while monobrand declined year-on-year. Price increases implemented on 1 September pulled some demand forward into Q1. Looking at the first nine months of 23/24, revenue from branded channels increased 4% year-on-year. We continued to optimise the channel network and the number of Monobrand stores were reduced by 18 year-on-year.

Revenue from multibrand and eTail decreased significantly. As part of the strategic transformation, the number of multibrand stores in EMEA has been reduced by 131 since Q3 of last year and we have limited the assortment available on eTail platforms and in the multibrand channel.

Americas
Revenue in Americas was DKK 70m, a decline of 4.0% (increase of 1% in local currencies) year-on-year.

The ramp up of our collaboration with Genesis reported strong performance and revenue in the enterprise channel increased double-digit year-on-year.

Performance by the company-owned stores was largely on par while monobrand incurred a small decline.

Revenue from the eTail channel was reduced significantly while multibrand was on par at a low-level year on year. As part of the strategic transformation, we decided to end the partnerships with T-Mobile and Verizon and consequently reduced the channel by 2,214 stores.

APAC
Revenue in APAC was DKK 180m (Q3 22/23: DKK 145m), corresponding to an increase of 24.1% (27% in local

	Monobrand		Multibrand		Custom installations	
Points of sale	End Q3 23/24	End Q3 22/23	End Q3 23/24	End Q3 22/23	End Q3 23/24	End Q3 22/23
EMEA	290	308	1.417	1.548	N/A	N/A
Americas	30	29	37	2.251	101	42
APAC	75	75	956	942	N/A	N/A
Total	**395**	**412**	**2.408**	**4.741**	**101**	**42**

currencies). Revenue from China increased by 33% (45% in local currencies) and accounted for approximately 47% of total APAC revenue.

Revenue from our monobrand channel increased by double-digits despite one specific partner having continued high inventory.

As part of our strategic transformation in China we have made a structural change to the eTail network and multibrand setup, changing partners and reducing the number of stores. The eTail channel increased significantly compared to low comparables in Q3 of last year while multibrand reported modest growth.

Brand Partnering & other activities

The 16.3% decline (-17% in local currencies) in Brand Partnering & other activities was mainly due to reduced license income. This was mainly driven by reduced income from the automotive industry as the industry slowly recovered from factory strikes in the US and a decline in license income from HP. Revenue from co-branded products was largely on par year on year.

Product revenue, categories

Staged category

Revenue increased by 2% to DKK 285m. Beolab speakers reported strong performance driven by the launch of Beolab 8 at the end of October and overall, the category increased despite a strong performance by Beosound Theatre in Q3 of last year.

The developments were supported by higher average prices relative to last year.

Flexible Living category

Revenue declined by 2% to DKK 105m. The decline was partly offset by strong performance from Beosound A5, launched in April of last year as well as higher average selling prices.

On-the-go category

Revenue declined by 5% to DKK 153m. The development was mainly driven by a few end-of-life deals made on headphones and earphones in Q3 of last year as part of our efforts to reduce end-of-life inventory.

Also, the optimisation of the multibrand channel affected this category negatively for the quarter. The decrease was partly offset by improved average selling prices.

Gross profit

Gross profit was DKK 326m (Q3 22/23: DKK 277m), corresponding to a gross margin of 53.2% against 43.6% last year. This was equivalent to a year-on-year strong improvement of 9.6pp.

In addition to normalised component and logistics costs, a strong pricing focus and improved product and channel mix improved the gross margin.

In Q3 of last year, extraordinary costs impacted the gross margin by approx. 5pp. In addition, end-of-life deals made as part of our efforts to reduce inventories negatively impacted the gross margin by 2.2pp.

Gross profit from regional product sales was DKK 266m (Q3 22/23: DKK 206m), corresponding to a gross margin of 49.1% (Q3 22/23: 37.7%). This was an increase of 11.4pp compared to Q3 of last year. The gross margin improved across regions and product categories.

Gross profit from Brand Partnering & other activities was DKK 60m (Q3 22/23: DKK 71m), equivalent to a gross margin of 84.5% (Q3 22/23: 84.8%). The gross margin was on par year on year as the share of the license and product mix was largely unchanged.

Currency movements had an immaterial impact on the gross margin compared to last year.

GROSS MARGIN	Q3		YTD	
	2023/24	2022/23	2023/24	2022/23
Staged	57.2%	45.6%	56.5%	45.0%
Flexible Living	52.6%	47.9%	51.5%	47.4%
On-the-go	31.6%	18.0%	33.3%	16.6%
Products, total	**49.1%**	**37.7%**	**48.5%**	**35.7%**
Brand Partnering & other activities	84.5%	84.8%	86.7%	83.1%
Total	**53.2%**	**43.6%**	**52.9%**	**41.9%**

Comparative figures for gross margin on segment level have been restated. No change in margin on group level.

Capacity costs

Capacity costs were DKK 318m (Q3 22/23: DKK 335m) corresponding to a decrease of 5.1%.

Development costs decreased by DKK 14m to DKK 72m (Q3 22/23: DKK 86m). This was driven by reduction in incurred costs mainly due to a severance pay relating to a reorganisation last year and a higher capitalisation ratio this year compared to Q3 of last year.

Distribution and marketing costs of DKK 217m were in line with last year (Q3 22/23: DKK 216m). The marketing cost ratio was 8.6% in Q3 compared to 10.8% in Q3 of last year. The decrease was driven by lower marketing cost in the regions.

Administrative expenses decreased by DKK 4m to DKK 29m (Q2 22/23: DKK 33m) primarily driven by lower advisory costs.

EBITDA

EBITDA before special items was DKK 72m (Q3 22/23: DKK 15m) equivalent to a margin of 11.7% compared to 2.4% in Q3 of last year.

EBIT

EBIT was DKK 8m (Q3 22/23: DKK -58m). This was equivalent to an EBIT margin of 1.3% (Q3 22/23: -9.1%).

The EBIT margin improvement was related to the improved gross margin and lower capacity costs.

The EBIT margin before special items was 1.8% (Q3 22/23: -6.8%). Special items were DKK 3m (Q3 22/23: DKK 15m) related to a re-organisation, primarily in marketing.

Profit/loss

Profit before tax was DKK 6m (Q3 22/23: loss of DKK 55) followed by a tax expense of DKK 3m (Q3 22/23: DKK 0m).

Profit for the period was DKK 3m (Q3 22/23: loss of DKK 55m).

Cash flows

Free cash flow for the quarter was DKK 5m compared to DKK 33m last year. The year-on-year decrease was related primarily to reduced cash flows from operating activities (DKK 22m).

The decrease in cash flows from operating activities was mainly related to a negative change in net working capital of DKK 11m (Q3 22/23 positive of DKK 66m) and reduced adjustments for non-cash items of DKK 1m (Q3 22/23 positive DKK 15m) offset by higher EBITDA of DKK 69m (Q3 22/23: DKK 0m).

Cash flows from operational investments totalled an outflow of DKK 47m and were slightly higher than last year (Q3 22/23: DKK 41m).

Cash flows from financing activities were an outflow of DKK 13m (Q3 22/23: DKK 15m) relating to the repayment of lease liabilities.

The cash position at the end of the quarter was DKK 149m (30 November 2023: DKK 154m). Total available liquidity was DKK 158m (30 November 2023: DKK 163m), consisting of cash DKK 149m, securities DKK 390m less DKK 381m in bank loans related to repo transactions.

Our combined capital resources (our available liquidity and the undrawn part of our ESG-linked credit facility) amounted to DKK 318m (30 November 2023: DKK 323m).

Net working capital

Net working capital increased by DKK 11m during the quarter to DKK 297m (30 November 2023: DKK 286m).

Net working capital to the last 12 months' revenue was 11.5% and higher than last year (Q3 22/23: 9.6%) driven by the lower revenue.

Inventories increased by DKK 9m during the quarter, driven by less activity than expected.

Trade receivables decreased by DKK 45m to DKK 320m. The decrease was driven by lower sales in Q3 than in Q2. Sales with extended credit accounted for 1% of revenue for the quarter (Q2 23/24: 2%).

Trade payables decreased by DKK 27m to DKK 424m, mainly related to the timing of payments.

Other short-term liabilities decreased by DKK 24m to DKK 136m during the quarter, primarily related to VAT and employee-related liabilities. Other receivables decreased by DKK 4m to DKK 42m.

Net interest-bearing deposit/debt

Net interest-bearing debt amounted to DKK 24m, compared to net interest-bearing deposits of DKK 19m at year-end, 31 May 2023. The decrease was mainly due to the negative free cash flow of DKK 32m for the 9M period and the repayment of lease liabilities. For further details, see note 7.

Financial performance 9M 2023/24

Revenue amounted to DKK 1,933m (9M 22/23: DKK 2,106m). Revenue declined by 7% in local currencies.

EMEA revenue declined by 3.6% compared to 9M 22/23. The decline in multibrand channels was partly offset by increased revenue in branded channels (company-owned stores, monobrand and e-commerce) of 4%.

The Americas reported negative growth of 13.6% mainly driven by high comparables due to the launch of Beosound Theatre in Q2 of last year. In addition, eTail declined as a result of the strategic transformation.

APAC revenue declined by 7.9%. As part of our strategic transformation in China, we have implemented a structural change in the eTail network and multibrand setup, changing partners and reducing the number of stores. This affected performance in both channels.

Revenue in the Staged category grew by 3.5%, supported by a good performance of our Beolab speakers at a 19% increase. We saw good traction with double-digit growth for both Beolab 50 and Beolab 90. The category was also fuelled by the launch of Beolab 8 at the end of Q2 23/24. The growth within the category was partly offset by a decline within TV's in general.

The Flexible Living category decreased by 7.6%. This was mainly due to certain retail partners in APAC replenishing inventories in H1 of last year. The decline was partly offset by the launch of Beosound A5 whereas we also saw good traction for Beosound 2 supported by the Ferrari edition.

The On-the-go category declined by 18.2% due to a few larger deals made in H1 of last year to reduce end-of-life inventories. As part of our strategic shift and focus, the optimisation of the multibrand channel had a negative impact on this category.

The revenue from Brand Partnering & other activities decreased year-on-year due to declining income from HP and reduced income from the Cisco collaboration due to the ramp up in H1 of last year.

Gross margin was 52.9% (9M 22/23: 41.9%), equivalent to a year-on-year increase of 11.0pp.

In general, extraordinary component and logistics costs no longer impacted the gross margin for the year. Extraordinary costs in 9M 22/23 amounted to around DKK 154m, corresponding to a negative margin impact of approx. 7pp.

In addition, the gross margin was favourably impacted by a change in product mix towards higher margin products as well as price increases implemented since last year. An improved channel mix combined with a strong price focus supported higher margin levels.

Currency movements had an immaterial effect on the gross margin compared to last year.

Capacity costs amounted to DKK 982m (9M 22/23: DKK 1,013m). The decrease was driven by lower development costs, while distribution and marketing costs along with administrative costs were in line with last year.

EBITDA for the year was DKK 221m (9M 22/23: DKK 35m). A significant improvement over last year driven by the improved profitability described above. This was equivalent to a margin of 11.4% vs. 1.7% last year.

EBITDA before special items was DKK 228m (9M 22/23: DKK 51m) equivalent to a margin of 11.8% compared to 2.4% last year.

EBIT was DKK 41m (9M 22/23: DKK -130m), equivalent to a margin of 2.1% (9M 22/23: -6.2%). The increase was driven by the higher gross profit and lower capacity costs.

EBIT before special items was DKK 48m (9M 22/23: DKK -114m) with a margin of 2.5% (9M 22/23: -5.4%).

Special items were DKK 7m (9M 22/23: DKK 16m) and primarily related to a re-organisation of marketing and EMEA.

Free cash flow was DKK -32m (9M 22/23: DKK -47m), primarily driven by the higher EBITDA of DKK 221m (9M 22/23: DKK 35m) and offset by a negative change in net working capital of DKK 75m (9M 22/23: positive at DKK 66m).

Our combined capital resources (available liquidity and the undrawn part of our ESG-linked credit facility) amounted to DKK 318m (31 May 2023: DKK 384m). The difference being due to the change in free cash flow and the repayment of lease liabilities.

Strategic highlights Q3 2023/24

Q3 strategy execution

Throughout the quarter we continued the execution of key priorities across our five strategic shifts.

Reigniting our brand to become a culturally relevant luxury love brand

During the quarter, we grew our customer base by 5% and the number of customers owning two or more products by 5% compared to previous quarter.

Our global brand and marketing efforts during the quarter were centred around the holiday season and promoting gifting to drive sell-out.

In Q3, we renewed our partnership with Scuderia Ferrari for the 2024 and 2025 seasons. Our partnership for the 2023 season yielded satisfactory results generating the highest brand awareness uplift versus all other tested B&O campaigns and strengthened our brand image by fostering stronger customer connection and increasing the likelihood of customers buying and recommending our brand.

The partnership extension is expected to continue to drive brand awareness and equity of our brand and it provides a unique opportunity to bring us even closer to important current and future customers.

Building a seamlessly connected product portfolio, bridging our past, present and future

Our Q3 development efforts were dedicated to enhancing our software and app experiences, and on our new propositions launching in the near-term future. With a new Atelier drop and a new product introduction in early Q4, we aim to build desirability for our products and to enhance ecosystem experiences connecting our products from the past with products of today and tomorrow.

Creating magical moments in connected touch points

During Q3, significant efforts were made to enhance the in-store experience, provide retail staff training, undertake network planning, and implement various other initiatives aimed at boosting sell-out and improving the quality of experiences.

We collaborated with numerous monobrand partners across all regions. Additionally, we opened two pop-up stores, one in Xian, China and another one in Paris, France. We also supported a partner in launching a pop-up store in Basel to bolster brand visibility and customer engagement for the festive season.

Additionally, we opened our relocated company-owned store at Copenhagen Airport featuring a small-scale version of our new Culture Store concept. With this store refit and relocation, we anticipate increased traffic and conversion. We will continue to improve our store network in EMEA, and further improve and expand in AMR and APAC, in the quarters ahead.

Winning in key, global cities

Our Win City execution continued in Q3.

In London, Q3 sell-out was negative by 11%. Sell-out was negatively impacted by our company-owned store at Bicester Village due to limited end-of-life inventory.

Our two other stores in Harrods and Selfridges respectively reported continued good performance considering a reduced footfall in the quarter and strong performance from Beosound Theatre in Q3 of last year.

In London, the opening of our store on New Bond Street in Mayfair has raised awareness of our brand and product offerings. The store has experienced steady traffic and conversion momentum since its opening, and it serves as an effective venue for events and brand activations.

In Q3, we introduced an in-store event concept called the 'Late Series'. This concept involves inviting some of London's most promising emerging artists in music, art and film to perform live in the store in front of an audience. The first six events had more than 320 attendees and generated sales and pipeline on the night of the events. Moreover, the live events have generated 28 pieces of media coverage with an estimated readership of 240,000 and a total audience reach of 7 million. Through social media only, the six events have reached 120,000 users and had 62,000 views.

In Paris, we expectedly had a challenging quarter with a sell-out decline of 31%.

We have taken active measures to turn around our performance in Paris, executing a management change locally and working more jointly with our local retail partner to improve store experience and activation.

To enhance our visibility in Paris, we opened a pop-up store on the ground floor of the men's department of Le Printemps in Q3. The pop-up is a creative expression of our longevity proposition using the tactile materials of our products to elevate the brand and customer experience. It is intended to generate qualified traffic to our new shop in shop in Le Printemps, opening end of Q4.

Our efforts in New York yielded sell-out growth of 2% for the quarter primarily driven by our Soho store.

We continued to drive activations out of our Soho store catering to local design and music lovers. Our vinyl night events continued to drive traffic and interest, and in Q3 we partnered with Grammy Award-winning bassist, MonoNeon for a special event celebrating art and music. Leading up to the event, we announced a limited-edition A9 cover in collaboration with MonoNeon reflecting and celebrating his unique approach to music and art, while drawing parallel to his signature outfits. The actual event yielding both press coverage, social media reach and attention as well as sales at the night of the event.

We also continued our activities to drive up brand visibility through partnerships outside our stores. In Q3, we partnered with Studio Zung placing our products at the renowned design studio to build relationships with prominent luxury interior design firms, to drive awareness and longevity storytelling and to drive direct sales out of the studio on select product propositions. Additionally, we partnered with musical and cultural icons Swizz Beatz and Alicia Keys to deliver sound experiences for their art collection exhibiting at the Brooklyn Museum of Arts. The partnership is expected to drive awareness and equity to our brand from a highly relevant audience.

In Q3, we also announced our exclusive partnership with Waldorf Astoria Residences New York, which offers a new collection of 375 contemporary residences atop the iconic hotel, opening by the end of 2024. Future residents have the opportunity to purchase their home fully furnished as part of an existing turnkey furniture program, which includes a full suite of audio-visual Bang & Olufsen products. The partnership is a unique opportunity for engaging with our target audience of VHNWIs, in a way that provides for a seamless and luxurious experience, and it is a testament to the quality and position of our brand as a leader in luxury audio and tv.

In Q3 we initiated our Win City efforts in Hong Kong and expect a city strategy to be in place for roll-out by the end of Q4.

Exploring existing and new adjacent opportunities
In Q3 we expanded our presence through product installations at iconic luxury hotels such as Hotel Plaza Athénée in Paris, and we now have presence in renowned Dorchester Collection Hotels in both London and Paris, in d'Angleterre, Copenhagen, in Marina Bay Sands, Singapore and in Royal Atlantis, Dubai among other locations. To tap into an attractive hospitality sector including luxury hotels, yachts and private jets, we work more programmatically with the area, and have, in Q3, established a global business-to-business hospitality unit focusing exclusively on establishing brand presence and driving sales in luxury hospitality.

Our strategy executions throughout the quarter are gradually transitioning us to our desired proposition of Luxury Timeless Technology and strengthening our business.

EMEA

Like-for-like sell-out

Like-for-like sell-out declined by 13%. The decline was felt across most channels and mainly driven by the monobrand channel. By contrast, the e-commerce channel reported growth compared to Q3 of last year.

Lower consumer confidence across the region impacted overall demand during the quarter. Like for like sell-out was negative across product categories.

For the first nine months of 2023/24 like-for-like sell-out increased in the company-owned stores and ecommerce compared to last year.

Revenue

Revenue was DKK 293m (Q3 22/23: DKK 333m), equivalent to a decrease of 12.2% (-12% in local currencies).

Revenue from our branded channels (company-owned, monobrand and ecommerce) declined during the quarter driven by a decline in the monobrand channel. Some demand was pulled forward to Q1 as price increases were implemented in September 2023. For the first nine months of 23/24, reported revenue in branded channels grew by 4%.

Revenue from multibrand as well as eTail decreased double-digit for the period. In line with the strategic transformation, the number of multibrand stores were reduced by 131 and the assortment in the eTail channel was reduced compared to Q3 of last year. In addition, end-of-life deals were made last year in our efforts to reduce inventory levels.

Revenue from our Staged category decreased by 6%. TV's and Soundbars declined, driven by the strong performance of Beosound Theatre last year following the launch in Q2 22/23. A strong launch of Beolab 8 supported growth in the Beolab speaker category.

Revenue from the Flexible Living category declined by 28%. Strong performance from Beosound A5 launched in April 2023 was offset by end-of-life sale of Beosound A9 4th generation in connection with the introduction of A9 5th generation last year.

Revenue from the On-the-go category declined by 15% mainly due to end-of-life deals in Q3 of last year.

Gross profit

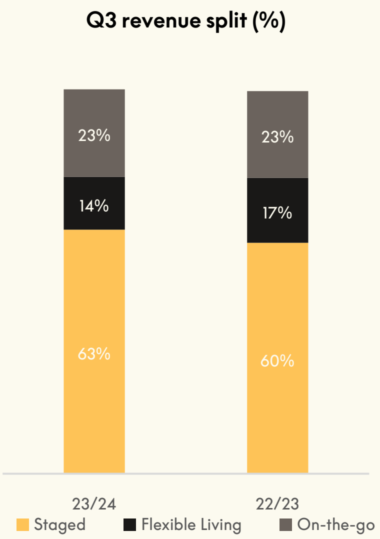
Gross profit amounted to DKK 143m (Q3 22/23: DKK 122m), corresponding to a gross margin of 48.7% (Q3 22/23: 36.8%). The underlying margin level was positively impacted by a change in product mix towards higher margin products as well as price increases. All product categories reported improved gross margins during the period, in particular the Staged category. In addition, the gross margin in the On-the-go category was negatively impacted by end-of-life deals last year.

9M 2023/24

Revenue was DKK 938m (9M 22/23: DKK 972m). This represented a decrease of 3.6% (-4% in local currencies). The Staged category grew 5% compared to last year while the flexible category declined slightly. The On-the-go category declined mainly due to end-of-life deals made last year.

Overall, gross margin increased by 12.8pp to 48.3%, driven by a change in product mix towards higher margin products as well as increased gross margins in all product categories. Last year was also impacted by extraordinary costs for components.

	Q3			YTD		
(DKK million)	2023/24	2022/23	Change	2023/24	2022/23	Change
Revenue	293	333	-40	938	972	-34
Growth in local currencies	-12%	-7%		-4%	-6%	
Gross profit	143	122	21	453	344	109
Gross margin	48.7%	36.8%	11.9pp	48.3%	35.5%	12.8pp



Americas

Like-for-like sell-out
Like-for like sell-out growth was negative at 7%. Our company-owned stores reported growth driven by strong double-digit growth from our SoHo store. Monobrand declined due to poor performance in a single material geographic market, and a change of the setup has been initiated. Excluding this single geographic market, Monobrand reported growth.

Multibrand had double digit negative growth due to the discontinuation of partners. The Staged and On-the-go category was on par compared to last year while the Flexible Living category reported negative sell-out development.

Revenue
Revenue was DKK 70m (Q3 22/23: DKK 73m), equivalent to a decrease of 4.0% (positive growth of 1% in local currencies).

Revenue from company-owned stores was largely on par compared with last year while revenue from monobrand dropped slightly. Monobrand declined due to poor performance in a single material geographic market, and a change of the setup has been initiated.

The ramp up of our collaboration with Genesis showed good traction and revenue grew double-digit year on year. Also, custom installations (CI) continued the good performance.

The eTail channel declined significantly while multibrand was on par at a low-level year on year. The development was in line with the strategic transformation to reduce our presence in the channels. We decided to end the partnership with Verizon and T-mobile and as a result the multibrand channel was reduced by more than 2,200 stores.

Revenue from the Staged category increased by 33%. The increase was driven by Beolab speakers across several products. Beolab 8 had shown good traction since launch.

(DKK million)	Q3 2023/24	Q3 2022/23	Q3 Change	YTD 2023/24	YTD 2022/23	YTD Change
Revenue	70	73	-3	209	242	-33
Growth in local currencies	1%	-8%		-10%	-3%	
Gross profit	31	23	8	93	71	22
Gross margin	45.9%	31.0%	14.9pp	44.7%	29.3%	15.4pp

The revenue improvement was supported by higher average selling prices.

Revenue from the Flexible Living category decreased by 18% compared to Q3 of last year. This was mainly driven by end-of-life sales of Beosound A9 4th generation in connection with the introduction of A9 5th generation last year.

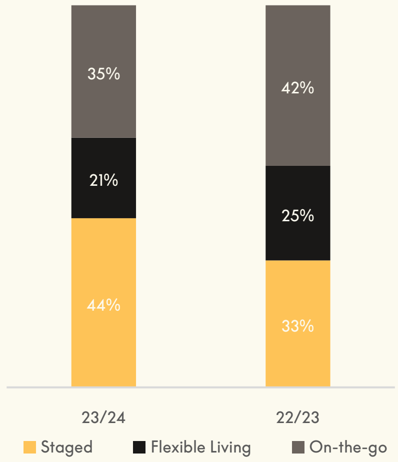
Revenue from the On-the-go category declined by 20%. The decline was seen across Bluetooth speakers and earphones and reflected the ongoing focus to reduce our presence in the channels, as well as an end-of-life deal made in Q3 of last year.

Gross profit
Gross profit amounted to DKK 31m (Q3 22/23: DKK 23m). This was equivalent to a gross margin of 45.9% (Q3 22/23: 31.0%). The underlying margin level was positively impacted by a change in product mix towards higher margin products as well as year-on-year price increases. All product categories delivered improved gross margins.

In addition, the sale of a large quantity of earphones to a partner in the US reduced the On-the go margin in Q3 of last year.

9M 2023/24
Revenue was DKK 209m (9M 22/23: DKK 242m), equivalent to a year-on-year decrease of 13.6% (-10% in local currencies). The decline was primarily driven by Flexible Living and On-the-go categories, partly offset by growth in the Staged category. Gross margin increased by 15.4pp to 44.7%, driven by improved margins across categories as well as positive change in product mix and no extraordinary components costs.

Q3 revenue split (%)



APAC

Like-for-like sell-out

Like-for-like sell-out grew 23%, mainly driven by China with sell-out growth of 36%. Sell-out growth in China was across product categories and channels coming against last year's low comparables. In general, inventory levels with our partners are improving.

Japan had positive sell-out growth whereas South Korea reported a small decline.

Sell-out growth in the region was reported across most product categories.

Revenue

Revenue was DKK 180m (Q3 22/23: DKK 145m), corresponding to an increase of 24.1% (27% in local currencies).

Revenue from our Chinese market increased by 33% (45% in local currencies) and accounted for approximately 47% of total revenue in APAC. Revenue from South Korea increased by 25%.

As part of our strategic transformation in China we have implemented a structural change in the eTail network and multibrand setup, changing partners and reducing the number of stores. Coming from a low level, the eTail channel increased significantly compared to Q3 of last year while multibrand reported modest growth.

Revenue from our monobrand channel increased double-digit despite one specific partner continuing to have high inventory. While the Chinese economy remains challenged and consumer demand has not recovered to pre-COVID levels, we are seeing demand improving in the monobrand channels.

Revenue from the Staged category increased by 19% driven by growth in Beolab speakers and Beolab 8 in particular.

The Flexible Living category increased by 49%, mainly driven by good performance in A9 5th generation and Beosound A5.

The On-the-go category increased by 13%. Headphones delivered growth in the quarter as well as Bluetooth speakers. The development reflected generally higher activity in the eTail channel after low activity levels last year.

Gross profit

Gross profit amounted to DKK 92m (Q3 22/23: DKK 61m), equivalent to a gross margin of 50.8% (Q3 22/23: 42.5%).

The increase was driven by improved margins across categories and last year was also impacted by extraordinary component costs. The margins were also supported by price increases implemented since last year and focus on pricing.

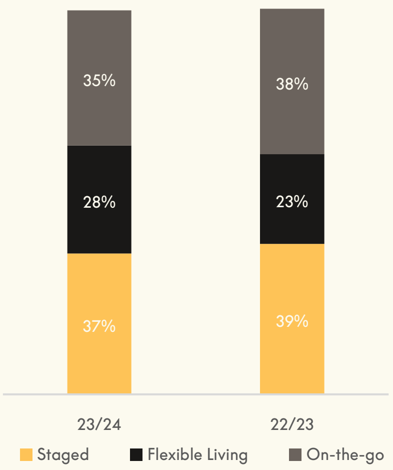
9M 2023/24

Revenue was DKK 563m (9M 22/23: DKK 611m), equivalent to a year-on-year decrease of 7.9% (-4% in local currencies). The Staged category reported growth while Flexible Living and On-the-go declined.

Gross margin increased by 11.9pp to 50.4%, driven by margin improvements across product categories and no extraordinary component costs.

	Q3			YTD		
(DKK million)	**2023/24**	2022/23	Change	**2023/24**	2022/23	Change
Revenue	180	145	35	563	611	-48
Growth in local currencies	27%	-50%		-4%	-26%	
Gross profit	92	61	31	284	235	49
Gross margin	50.8%	42.5%	8.3pp	50.4%	38.5%	11.9pp

Q3 revenue split (%)



Brand Partnering & other activities

Revenue

Revenue was DKK 71m (Q3 22/23: DKK 84m), corresponding to a 16.3% decline (-17% in local currencies).

Licence fee revenue decreased by 10.9%. Revenue from the automotive industry declined as the industry slowly recovered from factory strikes in the US. In addition, income from HP was reduced compared to Q3 of last year. Licensing income accounted for 75% of total revenue in Brand Partnering & other activities (Q3 22/23: 72%).

Revenue from co-branded products was on par year-on-year.

In Q2, we expanded the partnership with Cisco and introduced the Bang & Olufsen Cisco 950 earphones. The offering now includes both headphones and earphones for hybrid work.

Revenue related to aluminium production for third parties declined compared to Q3 of last year.

Gross profit

Gross profit amounted to DKK 60m (Q3 22/23: DKK 71m), equivalent to a gross margin of 84.5% (Q3 22/23: 84.8%). Margin was on par due to composition between license and product mix.

9M 2023/24

Revenue was DKK 223m (9M 22/23: DKK 281m), equivalent to a year-on-year decrease of 20.9% (-20% in local currencies). The decline came mainly from our Cisco co-branded products due to the ramp-up last year and reduced license fee income from HP.

Gross margin increased by 3.6pp to 86.7%, mainly driven by the reduced share of product revenue from our brand collaboration with Cisco.

	Q3			YTD		
(DKK million)	**2023/24**	2022/23	Change	**2023/24**	2022/23	Change
Revenue	71	84	-13	223	281	-58
Growth in local currencies	-17%	47%		-20%	44%	
Gross profit	60	71	-11	193	233	-40
Gross margin	84.5%	84.8%	-0.3pp	86.7%	83.1%	3.6pp

Key events in Q3

New flagship store in London

In December, we opened our new flagship store on New Bond Street in London. The store is an addition to our current company-owned London stores at Harrods, Selfridges and Bicester Village.

The new flagship store in London is our first location to feature our new store concept that redefines our signature shopping experience. The concept builds on cultural relevance and applies principles of modern luxury, catering to four awareness levels: Culture, Sustainability, Human Centricity and Design. Designed for iconic spaces and ultimate experiences, it includes decompression zones to take the speed out of customers for immersive and tailored interactions. In addition, it offers a designated Bespoke and private event area for private, personalised customer events.

Beosound Bollard available for sale

In January, the Beosound Bollard became available for sale.

Tuned by Bang & Olufsen's expert tonmeisters at the headquarters in Struer, Denmark, Beosound Bollard marks the first time ever that 98 years of audio innovation can be enjoyed outdoors through a custom-installed solution.

With three powerful drivers and a 360-degree silicone lens, Beosound Bollard fills any garden or patio with rich, powerful audio. The innovative design means that the integrated subwoofer that provides the power, synonymous with Bang & Olufsen, is hidden underground. This in turn means that the visible part of each speaker is sleek, minimalist, and space efficient.

Art of A9

In January, we announced the limited-edition Beosound A9 in collaboration with Grammy Award-winning bassist, MonoNeon.

To commemorate the launch of this limited-edition Art of the A9, our Madison store in New York hosted a VIP event in January, where MonoNeon performed.

Partnership with Waldorf Astoria Residences New York on luxury residential experience

In January, we announced an exclusive partnership with Waldorf Astoria Residences, New York, the new collection of contemporary residences opening by the end of 2024. The new residences are part of Waldorf Astoria's expansive restoration, offering unprecedented luxury first-class amenities within the historic framework of the hotel.

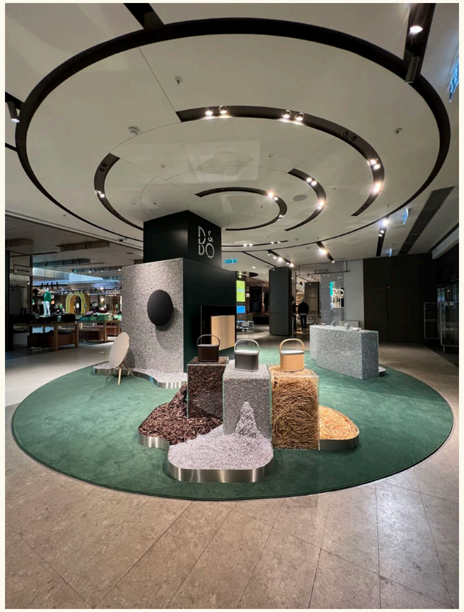
Future residents of the new 375 luxury condominiums can purchase their home fully furnished as part of an existing turnkey furniture program, which will also include a full suite of audio-visual products from Bang & Olufsen.

Renewed partnership with Ferrari for 2024 and 2025 seasons

After a succesful partnership for the 2023 Formula 1 season, we announced a renewal of our partnership with Scuderia Ferrari for the 2024 and 2025 seasons.

Bang & Olufsen will be a featured brand on Ferrari's SF-24 Formula 1 car and we will continue to work closely with the Maranello-based Team to build immersive sound experiences trackside and in Bang & Olufsen stores worldwide.

Our partnership with Scuderia Ferrari goes beyond the collaboration with the racing division. Following a succesfull product collab, we will continue to expand the partnership with the launch of more special edition products in 2024.



Pop-up store in Paris

In January, we opened our pop-up store in Le Printemps in Paris, France.

The pop-up is a creative expression of our longevity proposition using the tactile materials of our products to elevate the brand and customer experience.

It is intended to drive awareness and interest to our brand, and to generate qualified traffic to our new shop in shop in Le Printemps, opening end of Q4.

New store at Copenhagen Airport

In February, we opened the new airport store at Copenhagen Airport. The store is a relocation to a new and improved location with better reach to the more than 30 million people that visit Copenhagen Airport each year.

In addtion, this is the second store opening featuring Bang & Olufsen's new store design.

Showcasing our high-end cinematic range at ISE

At Integrated Systems Europe (ISE) 2024, we showcased our latest high-end product and home integration portfolio that provide integrators with products and solutions that create unique experiences for their clients.

With a focus on our new high-end cinematic range, including the soundbar Beosound Theatre, the wireless stereo loudspeaker Beolab 28 and the powerful and compact speaker Beolab 8, ISE presents an opportunity for Bang & Olufsen to demonstrate how the brand's latest acoustic innovations seamlessly integrate into smart home solutions. Beoliving Intelligence seamlessly integrates our catalogue of speakers, televisions, and soundbars and ensures control of all smart home solutions directly in the Beoliving app - from climate and security to lighting and shades - all from one simple user interface.

Revenue outlook for 2023/24 revised

On 17 March 2024, we adjusted our revenue outlook. In addition, we narrowed the outlook ranges for EBIT before special items and free cash flow. Positive earnings expected for the full year despite the lower revenue level.

The outlook is subject to uncertainty as market challenges persist.

We will continue investing in retail as well as in marketing and product development.

In addition, we plan to continue our investments in strategy execution, but will adjust the timing and size of these investments based on market developments.

Revenue growth

Revenue growth in local currencies is expected to be between -8% to -5% (previously lower end of 0% to 9%.)

The revenue outlook was adjusted due sales being impacted by slower-than-expected improvement of macroeconomic conditions in our key markets in Europe. Further, we do not foresee a significant recovery of the Chinese economy to materialise in 2023/24 as previously anticipated.

EBIT margin before special items

EBIT margin before special items is expected to be in the 0% to 2% range (previously 0% to 6%).

Free cash flow

Free cash flow is expected to be DKK -50m to DKK 10m (previously lower end of DKK -50m to 100m).

Assumptions

Our expectations are subject to the following assumptions:

- No worsening of market situation in China for the remainder of the financial year (previously improved market conditions in China in H2 23/24.)
- No worsening of macroeconomic conditions in Europa and US during the remainder of the fiscal year (previously macroeconomic conditions in Europe and US will improve during the financial year.)
- Timely launch of two product innovations in Q4.
- No impact on product availability due to geopolitical changes.
- Exchange rates against DKK, including in particular. USD, CNY and EUR, in line with current exchange rate levels, overall.
- No upward pressure on component and logistics costs.

Sensitivities

The outlook is subject to uncertainty related to consumer sentiment. In addition, geopolitical uncertainty has increased. The pace of the economic recovery in China is also subject to uncertainty.

Safe harbour statement

The report contains statements relating to expectations for future developments, including future revenues and operating results, as well as expected business-related events. Such statements are subject to uncertainty and carry an element of risk since many factors, some of which are beyond Bang & Olufsen's control, may cause actual developments to deviate significantly from the expectations expressed in this report. Without being exhaustive, such factors include general economic and commercial factors, such as market and competitive matters, supplier issues and financial issues in the form of foreign exchange, interest rates, credit, and liquidity risk.

OUTLOOK 2023/24	9M 2023/24 actuals	Outlook 2023/24 as of 17 March	Outlook 2023/24 as of 6 July 2023
Revenue growth in local currencies (%)	-7%	-8% to -5%	0% to 9%
EBIT margin before special items (%)	2.5%	0% to 2%	0% to 6%
Free cash flow (DKK million)	-32	-50 to 10	-50 to 100

Condensed income statement

(DKK million)	Notes	Q3 2023/24	Q3 2022/23	YTD 2023/24	YTD 2022/23	Year 2022/23
Revenue	4	**614**	**635**	**1,933**	**2,106**	**2,752**
Production costs		-288	-358	-910	-1,223	-1,537
Gross profit		**326**	**277**	**1,023**	**883**	**1,215**
Development costs	5	-72	-86	-206	-236	-301
Distribution and marketing costs		-217	-216	-678	-676	-910
Administrative expenses		-29	-33	-98	-101	-128
Operating profit/loss (EBIT)		**8**	**-58**	**41**	**-130**	**-124**
Financial income		12	8	35	16	28
Financial expenses		-14	-5	-54	-42	-56
Financial items, net		**-2**	**3**	**-19**	**-26**	**-28**
Profit/loss before tax (EBT)		**6**	**-55**	**22**	**-156**	**-152**
Income tax		-3	-	-4	4	11
Profit/loss for the period		**3**	**-55**	**18**	**-152**	**-141**
Earnings per share						
Earnings per share (EPS), DKK		0.0	-0.5	0.1	-1.2	-1.5
Diluted earnings per share (EPS-D), DKK		0.0	-0.5	0.1	-1.2	-1.5

Condensed statement of comprehensive income

	Q3		YTD		Year
(DKK million)	**2023/24**	2022/23	**2023/24**	**2022/23**	2022/23
Profit/loss for the period	**3**	**-55**	**18**	**-152**	**-141**
Items that will be reclassified subsequently to the income statement:					
Exchange adjustments of subsidiaries	2	-1	-	-8	-12
Fair value adjustments of hedging instruments	1	-7	-3	-2	-5
Value adjustments of hedging instruments reclassified in					
Revenue	-	6	2	20	22
Production costs	-	-3	5	-14	-16
Tax on other comprehensive income/loss	-	1	-1	-1	0
Items that will not be reclassified subsequently to the income statement:					
Actuarial gains/losses on defined benefit plans	-	-	-	-	1
Tax on other comprehensive income	-	-	-	-	0
Other comprehensive income/loss for the period, net of tax	**3**	**-4**	**3**	**-5**	**-10**
Total comprehensive income/loss for the period	**6**	**-59**	**21**	**-157**	**-151**

Condensed statement of financial position

ASSETS

(DKK million)	Notes	29-02-24	28-02-23	31-05-23
Goodwill		42	42	42
Acquired rights and software		67	75	80
Completed development projects		152	152	129
Development projects in progress	5	108	86	124
Intangible assets		**369**	**355**	**375**
Property, plant and equipment		221	214	215
Right-of-use assets		99	90	120
Tangible assets		**320**	**304**	**335**
Non-current other receivables		22	22	23
Deferred tax assets		101	89	99
Total non-current assets		**812**	**770**	**832**
Inventories		469	499	499
Trade receivables		320	327	341
Tax receivable		11	27	11
Other receivables		43	70	68
Prepayments		26	24	24
Securities	7	390	396	394
Cash	7	149	212	216
Total current assets		**1,408**	**1,555**	**1,553**
Total assets		**2,220**	**2,325**	**2,385**

EQUITY AND LIABILITIES

(DKK million)	Notes	29-02-24	28-02-23	31-05-23
Share capital		613	613	613
Translation reserve		20	24	20
Cash flow hedge reserve		-1	-2	-4
Retained earnings		357	320	329
Total equity		**989**	**955**	**958**
Lease liabilities		89	83	109
Pensions		10	12	11
Deferred tax		6	6	6
Provisions		38	36	40
Mortgage loans		54	56	56
Non-current other liabilities		2	7	3
Total non-current liabilities		**199**	**200**	**225**
Lease liabilities		37	31	37
Mortgage loans		3	4	3
Bank loans	7	381	400	386
Provisions		49	64	60
Trade payables		424	506	565
Tax payable		2	25	8
Other liabilities		136	140	143
Total current liabilities		**1,032**	**1,170**	**1,202**
Total liabilities		**1,231**	**1,370**	**1,427**
Total equity and liabilities		**2,220**	**2,325**	**2,385**

Condensed statement of cash flows

		Q3		YTD		Year
(DKK million)	Notes	**2023/24**	2022/23	**2023/24**	2022/23	2022/23
Profit/loss before tax (EBT)		6	-55	22	-156	-152
Financial items, net		2	-3	19	26	28
Depreciation, amortisation and impairment		61	58	180	165	222
Operating profit/loss before depreciation, amortisation and impairment (EBITDA)		**69**	**0**	**221**	**35**	**98**
Other non-cash items		1	15	-11	2	-4
Change in net working capital	6	-11	66	-75	66	113
Interest received		12	8	35	16	28
Interest paid		-16	-12	-45	-29	-44
Income tax received/paid		-3	-3	-12	10	7
Cash flows from operating activities		**52**	**74**	**113**	**100**	**198**
Purchase of intangible non-current assets		-33	-32	-103	-114	-169
Purchase of tangible non-current assets		-15	-11	-44	-40	-54
Sublease payment		-	1	1	2	2
Other cash flows from investing activities		1	1	1	5	3
Operational investments		**-47**	**-41**	**-145**	**-147**	**-218**
Free cash flow		**5**	**33**	**-32**	**-47**	**-20**
Purchase of securities		-	-	-	-	-110
Sale of securities		3	4	6	11	124
Financial investments		**3**	**4**	**6**	**11**	**14**
Cash flows from investing activities		**-44**	**-37**	**-139**	**-136**	**-204**

		Q3		YTD		Year
(DKK million)	Notes	**2023/24**	2022/23	**2023/24**	2022/23	2022/23
Repayment of lease liabilities		-11	-9	-32	-30	-40
Repayment of mortgage loans		-1	-1	-2	-3	-3
Proceeds from loans and borrowings		-	-3	-	124	110
Repayment of loans and borrowings		-1	-	-5	-	-
Settlement of matching share programme		-	-2	-	-3	-3
Cash flows from financing activities		**-13**	**-15**	**-39**	**88**	**64**
Cash and cash equivalents, opening balance		154	189	216	162	162
Foreign exchange gain/loss on cash and cash equivalents		-	1	-2	-2	-4
Change in cash and cash equivalents		**-5**	**22**	**-65**	**52**	**58**
Cash and cash equivalents, closing balance		**149**	**212**	**149**	**212**	**216**
Available liquidity	7	158	208	158	208	224

Condensed statement of changes in equity

(DKK million)	Share capital*	Translation reserve	Cash flow hedge reserve	Retained earnings	**Total**
Equity 1 June 2023	**613**	**20**	**-4**	**329**	**958**
Profit/loss for the period	-	-	-	18	18
Exchange adjustments of subsidiaries	-	-	-	-	-
Fair value adjustments of hedging instruments	-	-	-3	-	-3
Value adjustments of hedging instruments reclassified in					
Revenue	-	-	2	-	2
Production costs	-	-	5	-	5
Income tax on items that will be reclassified to the income statement	-	-	-1	-	-1
Comprehensive income/loss for the period	**-**	**-**	**3**	**18**	**21**
Share-based payments	-	-	-	10	10
Equity 29 February 2024	**613**	**20**	**-1**	**357**	**989**
Equity 1 June 2022	**613**	**32**	**-5**	**460**	**1,100**
Profit/loss for the period	-	-	-	-152	-152
Exchange adjustments of subsidiaries	-	-8	-	-	-8
Fair value adjustments of hedging instruments	-	-	-2	-	-2
Value adjustments of hedging instruments reclassified in					
Revenue	-	-	20	-	20
Production costs	-	-	-14	-	-14
Income tax on items that will be reclassified to the income statement	-	-	-1	-	-1
Comprehensive income/loss for the period	**-**	**-8**	**3**	**-152**	**-157**
Share-based payments	-	-	-	12	12
Equity 28 February 2023	**613**	**24**	**-2**	**320**	**955**

* The company holds a total of 1,768,231 treasury shares (2,983,739 shares as of 28 February 2023). The decrease was related to exercise of shares related to the ongoing long term incentive programmes.

Notes

1 Basis of reporting

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim financial reports of listed companies.

No interim report has been prepared for the parent company.

The accounting policies applied in this interim report are consistent with those applied in the Annual Report for 2022/23.

New standards, interpretations and amendments adopted by Bang & Olufsen
Bang & Olufsen has implemented the International Financial Reporting Standards (IFRS) and amendments effective as of 1 June 2023 and endorsed by the EU. The implementation of new or amended standards and interpretations had no material impact on the interim financial statements.

2 Critical accounting estimates and judgements

When preparing the interim financial report, Management makes various accounting estimates and assumptions, which form the basis of the presentation, recognition and measurement of Bang & Olufsen's assets and liabilities. Estimates and judgements are reassessed on a regular basis.

Due to the current macroeconomic environment, geopolitical uncertainty and pandemic related lockdowns, we have considered the recoverability of trade receivables, deferred tax assets, intangible assets and the value of inventories. In addition, Management has assessed the impact of climate change, particularly in the context of the Group's sustainability targets, and concluded that these are not expected to have a significant impact on our future cash flows or going concern assessment.

Apart from the above, critical accounting estimates and judgements are consistent with those applied in note 1.2 to the consolidated financial statements in the 2022/23 Annual Report, to which reference is made.

Internal cost allocations were updated 1 June 2023, resulting in an updated split between segments. Due to a higher cost allocation to aluminium production, the gross margin in Brand Partnering & other activities decreased by approximately 5 pp and product sales increased by 1 pp, depending on the mix and seasonality. Comparable figures have been restated accordingly. Change in cost allocations had no margin effect on group level.

3 Seasonality

Due to the composition of the Bang & Olufsen business, some degree of seasonality of revenue must be expected. Historically, reported revenue has been the highest in the second quarter due to the seasonal nature of the business.

In the current situation, seasonality may be impacted by regional pandemic-related lockdowns and effects related to the current high macroeconomic uncertainty described above.

4 Segment information – Q3

(DKK million)	EMEA	Americas	APAC	**Regions, total**	Brand Partnering & other activities	**All**
Q3 2023/24						
Revenue	**293**	**70**	**180**	543	**71**	614
Production costs	-150	-39	-88	-277	-11	-288
Gross profit	**143**	**31**	**92**	266	**60**	326
Gross margin	48.7%	45.9%	50.8%	49.1%	84.5%	53.2%
Q3 2022/23						
Revenue	**333**	**73**	**145**	551	**84**	635
Production costs	-211	-50	-84	-345	-13	-358
***Gross profit**	**122**	**23**	**61**	206	**71**	277
*Gross margin	36.8%	31.0%	42.5%	37.7%	84.8%	43.6%

(DKK million)	Staged	Flexible Living	On-the-go	**Products, total**	Brand Partnering & other activities	**All**
Q3 2023/24						
Revenue	**285**	**105**	**153**	543	**71**	614
Production costs	-122	-50	-105	-277	-11	-288
Gross profit	**163**	**55**	**48**	266	**60**	326
Gross margin	57.2%	52.6%	31.6%	49.1%	84.5%	53.2%
Q3 2022/23						
Revenue	**281**	**108**	**162**	551	**84**	635
Production costs	-155	-56	-134	-345	-13	-358
***Gross profit**	**126**	**52**	**28**	206	**71**	277
*Gross margin	45.6%	47.9%	18.0%	37.7%	84.8%	43.6%

* Comparative figures for gross margin and gross profit on segment level has been restated. No change in total gross margin and gross profit.

Gross profit is a segment KPI. There are no unallocated elements, and total gross profit reconciles to the income statement.

Segment information – YTD

(DKK million)	EMEA	Americas	APAC	**Regions, total**	Brand Partnering & other activities	**All**
2023/24						
Revenue	**938**	**209**	**563**	1,710	**223**	1,933
Production costs	-485	-116	-279	-880	-30	-910
Gross profit	**453**	**93**	**284**	830	**193**	1,023
Gross margin	48.3%	44.7%	50.4%	48.5%	86.7%	52.9%
2022/23						
Revenue	**972**	**242**	**611**	1,825	**281**	2,106
Production costs	-628	-171	-376	-1,175	-48	-1,223
***Gross profit**	**344**	**71**	**235**	650	**233**	883
*Gross margin	35.5%	29.3%	38.5%	35.7%	83.1%	41.9%

(DKK million)	Staged	Flexible Living	On-the-go	**Products, total**	Brand Partnering & other activities	**All**
2023/24						
Revenue	**854**	**347**	**509**	1,710	**223**	1,933
Production costs	-372	-168	-340	-880	-30	-910
Gross profit	**482**	**179**	**169**	830	**193**	1,023
Gross margin	56.5%	51.5%	33.3%	48.5%	86.7%	52.9%
2022/23						
Revenue	**826**	**376**	**623**	1,825	**281**	2,106
Production costs	-456	-198	-521	-1,175	-48	-1,223
***Gross profit**	**370**	**178**	**102**	650	**233**	883
*Gross margin	45.0%	47.4%	16.6%	35.7%	83.1%	41.9%

* Comparative figures for gross margin and gross profit on segment level has been restated. No change in total gross margin and gross profit.

Gross profit is a segment KPI. There are no unallocated elements, and total gross profit reconciles to the income statement.

5 Development costs

	Q3		YTD		Year
(DKK million)	**2023/24**	2022/23	**2023/24**	2022/23	2022/23
Incurred development costs before capitalisation	73	78	213	239	319
Of which capitalised	-25	-19	-81	-79	-117
Incurred development costs after capitalisation	48	59	132	160	202
Capitalisation (%)	34.1%	24.6%	38.3%	33.0%	36.7%
Total charges and impairment losses on development projects	24	27	74	76	99
Development costs recognised in the consolidated income statement	**72**	**86**	**206**	**236**	**301**
Incurred development costs before capitalisation ratio (% of revenue)	12.0%	12.3%	11.0%	11.3%	11.6%

6 Change in net working capital

(DKK million)	**29-02-24**	31-05-23	Change in Q3 2023/24 YTD	Change in Q3 2022/23 YTD	Change in 2022/23
Inventories	469	499	30	130	130
Trade receivables	320	341	21	70	56
Other receivables*	42	66	24	20	22
Prepayments	26	24	-2	4	4
Trade payables	-424	-565	-141	-75	-16
Other liabilities	-136	-143	-7	-72	-69
Deferred income - non-current	-0	-0	-	-11	-14
Total	**297**	**222**	**-75**	**66**	**113**

*Other receivables were adjusted for financial receivables related to leases of DKK 1m not included as net working capital at 29 February 2024 (31 May 2023: DKK 2m).

7 Net interest-bearing deposit/debt

Net interest-bearing deposit/debt consists of interest-bearing assets less interest-bearing debt. Interest-bearing assets consist of securities, cash, and finance lease receivables. Interest-bearing debt consists of mortgage loans, bank loans and lease liabilities. We have placed the majority of our cash in Danish mortgage bonds, all with an AAA S&P rating. To maintain short-term financial flexibility, we use repo transactions, whereby we can access liquidity on an intra-day basis if needed by lending our banks bonds in return for cash, while committing to a reverse transaction at a predetermined future date. Bonds are presented as securities on the balance sheet as ownership of the bonds remains with the company during the term of the repo. The obligation to return cash for bonds under such repo transactions is recognised as short-term bank loans. As of 29 February, repo transactions amounted to DKK 381m.

During the quarter, net interest-bearing debt decreased by DKK 9m to a debt of DKK 24m compared to a deposit of DKK 19m at year-end 2022/23.

(DKK million)	**29-02-24**	28-02-23	31-05-23
Mortgage loans (non-current)	-54	-56	-56
Mortgage loans (current)	-3	-4	-3
Bank loans (current)	-381	-400	-386
Lease liabilities (non-current)	-89	-83	-109
Lease liabilities (current)	-37	-30	-37
Other non-current liabilities*	-2	-3	-3
Interest-bearing debt	**-566**	**-577**	**-594**
Finance lease receivables (non-current)	2	3	1
Finance lease receivables (current)	1	2	2
Cash (current)	149	212	216
Securities (current)	390	396	394
Interest-bearing assets	**542**	**613**	**613**
Net interest-bearing deposit/debt	**-24**	**36**	**19**

* Only the interest-bearing part of Other non-current liabilities has been included in net interest-bearing deposit/debt.

During the quarter, net available liquidity decreased by DKK 6m to DKK 158m (year-end 2022/23: DKK 224m), consisting of cash and securities offset by repo transactions.

(DKK million)	**29-02-24**	28-02-23	31-05-23
Cash (current)	149	212	216
Securities (current)	390	396	394
Bank loans (current)	-381	-400	-386
Available liquidity	**158**	**208**	**224**

Including the undrawn part of our ESG-linked credit facility, capital resources were DKK 318m (year-end 2022/23: DKK 384m), consisting of available liquidity of DKK 158m and undrawn committed credit facilities of DKK 160m.

8 Financial instruments

Financial instruments by category

(DKK million)	29-02-24	28-02-23	31-05-23
Non-current other receivables	22	22	23
Trade receivables	320	327	341
Other receivables	43	70	68
Cash	149	212	216
Financial assets at amortised cost	**534**	**631**	**648**
Securities	390	396	394
Fair value through income statement	**390**	**396**	**394**
Derivatives used for hedge accounting	-	3	0
Fair value through other comprehensive income	**-**	**3**	**0**
Financial assets	**924**	**1,030**	**1,042**
Mortgage loans	57	60	59
Bank loans	381	400	386
Lease liabilities	126	114	146
Trade payables	424	506	565
Financial liabilities at amortised cost	**988**	**1,080**	**1,156**
Derivatives used for hedge accounting	4	8	8
Fair value through other comprehensive income	**4**	**8**	**8**
Financial liabilities	**992**	**1,088**	**1,164**

The fair value is approximately equal to the carrying amount for all financial assets and liabilities.

Securities

Securities comprise listed Danish mortgage bonds and are measured at fair value with all changes in fair value recorded in the income statement. Bonds are measured using observable market values (level 1 in the fair value hierarchy). We use repo transactions and as ownership of the bonds remains with us during the term of the repo, the bonds remain recognized the balance sheet.

Derivative financial instruments

Derivative financial instruments comprise primarily foreign exchange contracts used to hedge foreign exchange risk related to unrecognised future transactions. Derivatives are measured at fair value in accordance with level 2 in the fair value hierarchy using valuation techniques that apply market data such as exchange rates, credit risk and volatility.

See note 7.3 to the 2022/23 Annual Report for an overview of foreign exchange contracts.

9 Subsequent events

No events have occurred in the period from the balance sheet date until the presentation of the financial statements that materially affect the assessment of the consolidated financial statements.

Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the interim report of Bang & Olufsen A/S for the period 1 June 2023 – 29 February 2024.

The interim report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim financial reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 29 February 2024, and of the results of the Group's operations and cash flows for the period 1 June 2023 – 29 February 2024. In our opinion, the Management's review includes a fair review of the development in the Group's operations and financial matters, the results for the period, and the financial position in general, as well as a description of the significant risks and uncertainty factors pertaining to the Group.

Struer, 10 April 2024

Executive Management Board:

Kristian Teär
CEO

Nikolaj Wendelboe
EVP, CFO

Line Køhler Ljungdahl
EVP, CCO

Board of Directors:

Juha Christensen
Chair

Albert Bensoussan
Vice Chair

Anders Colding Friis

Brian Bjørn Hansen

Dorte Vegeberg

Jesper Jarlbæk

M. Claire Chung

Søren Balling

Tuula Rytilä

Bang & Olufsen A/S, Bang & Olufsen Allé 1, DK-7600 Struer, Tel. +45 9684 1122, www.bang-olufsen.com, Reg. number: 41257911