

SPEAKING NOTES – ANNUAL GENERAL MEETING, 23 AUGUST 2018 – OLE ANDERSEN
(Translation)

(In the event of any discrepancy between the oral and written version, the oral version prevails)

Good afternoon and welcome to Bang & Olufsen's annual general meeting. I am delighted to see that so many shareholders have made their way here again this year.

As in previous years, I will give an account of the company's activities and results for the past financial year and then take a look at our strategic direction for the coming years.

The 2017/18 financial year was a very positive one for Bang & Olufsen, and a year in which satisfactory progress was made within the company's strategic focus areas.

Based on the company's core competencies within sound, design and craftsmanship, the year saw the launch of a number of innovative and progressive products, which were positively received by the market. At the same time, our efforts to improve the quality of our products and our customer experience also contributed to strengthening Bang & Olufsen's position as a global luxury and lifestyle brand.

In support of the company's growth ambitions, we worked to strengthen our distribution setup, and made good progress in the course of the year, across channels and markets. Focused efforts resulted in particularly strong progress in China. At the same time, we kept up our efforts to create a more agile and less capital-intensive company, and this was key to realising a significant improvement in profitability last year.

The positive development of the business meant that Bang & Olufsen again this year met the announced financial targets. Targets which were raised during the financial year.

The company thus realised satisfactory growth of 11 per cent, or 14 per cent in local currencies, concurrently with significantly improved profitability. The EBIT and EBITDAC margins were 3 per cent and 9 per cent, respectively, while a positive free cash flow of DKK 85 million was generated.

All in all, these are satisfactory results which reflect the positive development that the company is undergoing.

At the same time, the financial year marks an important milestone in the transformation of Bang & Olufsen that has been initiated.

Over the past five years, the company has realised average growth rates of 11 per cent. These growth rates have been achieved against the backdrop of radical changes to our business model

which mean that today we are focusing on the company's core competencies within sound, design and craftsmanship – and working with partners in areas where we are not experts.

The change of business model has been necessary to ensure that the company will again become profitable and make money. But with a positive EBIT margin and positive free cash flows for the second consecutive year, the accounting figures underline the fact that our new business model has created a healthy foundation for the future.

Based on the positive development of our business and the company's solid capital base in the amount of DKK 985 million, the Board of Directors decided to conduct an in-depth analysis of the company's capital structure.

The conclusion of this analysis is that the company should have cash resources of DKK 500 million. The Board of Directors therefore proposes that the excess capital be distributed to the company's shareholders through a share buyback programme totalling DKK 485 million.

Today, the shareholders must vote on this proposal under item 4.2 on the agenda, where I will be explaining the proposal in further detail.

Bang & Olufsen is working with four strategic themes which are setting the direction for the company's work. The four headlines are our brand, products and innovation, distribution and channels, and finally competencies and processes.

Before looking at the accounting figures in depth, I would like to present the results and describe the progress which we made within these areas in the financial year.

Our brand, Bang & Olufsen, constitutes the company's foundation, which is based on the company's core competencies within sound, design and craftsmanship.

In 2017/18, we continued our efforts to strengthen our position as a luxury and lifestyle brand, and at the same time we also started to execute more as one brand across the two business units, Bang & Olufsen and B&O PLAY, which, among other things, contributed to creating a better and more consistent customer experience.

In the past financial year, we set out to create a coherent brand direction for the company. This work has been concluded, and from 1 June this year, the company has been operating under one brand – Bang & Olufsen. I will elaborate further on this when presenting the company's strategy a bit later. What is crucial is that by focusing on one brand, we ensure a better and more consistent customer experience and thereby a better foundation for future growth.

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In the financial year, Bang & Olufsen also entered into new brand partnerships and collaborations. This contributed licensing income, but also helped to boost global knowledge of our brand and our core competencies.

Through Harman, we entered into collaboration with Bentley and Lamborghini, companies which – like Bang & Olufsen – are known for their strong design traditions, luxury and innovation. The new Continental GT from the British car manufacturer Bentley is thus available with an exclusive Bang & Olufsen sound system. As is the new Urus from Italian Lamborghini, which produces some of the most prestigious sports cars in the world. Finally, we entered into collaboration with the luxury brand Saint Laurent and US artist and filmmaker David Lynch.

In 2017/18, we launched a number of innovative and progressive products which were positively received by the market. As always, our focus has been on developing products in three categories targeted at different use cases.

The ‘Staged’ category comprises products used in stationary settings for immersive listening and viewing experiences, and in this category we launched the BeoLab 50 speaker and BeoVision Eclipse. While BeoLab 50 is the first speaker to be modelled on BeoLab 90, which set completely new standards for high-end speakers, BeoVision Eclipse results from our strategic cooperation with LG on the development of televisions.

BeoVision Eclipse marks an important milestone for our company and for our decision to focus on our core competencies and work with partners in areas where we are not the experts or do not have the required scale. The positive welcome given to Eclipse emphasises that the new business model is right and is appreciated by our customers.

In the ‘Flexible living’ category of flexible audio products for the home, we launched our M3 speaker as well as, among other things, our Harmonies collection. The collection is a limited edition and consists of the wireless speakers BeoSound 1 and 2, Beoplay A9, Beoplay M5 and BeoSound 35 in a special green colour.

In the ‘On-the-go’ category of portable products for use on the go and in the home, we launched Beoplay E8 – our first completely wireless earphones, the flagship headphones H8i and H9i as well as the new Earset. In addition, we presented Beoplay P6, a portable Bluetooth speaker designed in collaboration with Cecilie Manz.

We also continued our work to integrate relevant technological ecosystems into the company’s products, and in the course of the financial year we thus announced new partnerships with both Google and Apple.

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In the autumn, we announced that Apple's new multi-room technology, AirPlay 2, will be available in a number of our products. This means, for example, that all Apple users will have access to playing music in full multi-room setups with Bang & Olufsen products. In January, we announced that Google's voice control programme, Google Assistant, will be integrated into several of our products, so that in the future it will be possible to control the music in Bang & Olufsen speakers, simply by talking to them. With Beoplay P6, you can already enable Google Assistant via your mobile phone.

In the past year, Bang & Olufsen has worked to increase the company's innovative power, which is essential if we are to remain competitive in the future.

On the company's 92nd birthday on 17 November, we opened the doors to our new 'Innovation Lab' in the former Factory 4. Here we have invested in new testing facilities and brought together all functional areas and product teams in Struer, Denmark, to enable even closer collaboration across the organisation.

All shareholders were today invited for a guided tour of our Innovation Lab, and I am pleased that so many seized this opportunity. With our Innovation Lab, we have taken a big step towards creating the development environment of the future here in Struer and have created a setup which also reflects the company's increased use of collaboration partners.

In the spring, we entered into a partnership with Soundhub Denmark, a new cluster of acoustics companies in Struer. The ambition of Soundhub Denmark is to bring together entrepreneurs, researchers and businesses and create the world's best development environment within sound technology and acoustics. Apart from Bang & Olufsen, other partners are the Færch Foundation, the Municipality of Struer, Harman, Aalborg University and Accelerace.

The financial year also saw significant progress in the development of our distribution and channels, and in China we realised particularly strong revenue growth of 55 per cent in the local currency. This can be ascribed, in particular, to the establishment of a strong local organisation and to positive developments in online sales over the year. After the end of the financial year, we have entered into agreements with four new partners regarding our stores.

Revenue in North America was up 17 per cent in local currencies, despite our main focus for 2017/18 on establishing a new organisation and creating a platform for future growth. This entailed organisational changes as well as the relocation of all our activities to New York and the appointment of a new country manager. We also initiated a reorganisation of our distribution setup,

the purpose being to direct greater focus on large cities like New York and cities along the West Coast. We believe that we have succeeded in creating a solid foundation for further growth.

In Europe, the development in revenue was flat, which was in line with expectations. In the course of the financial year, we embarked on a process aimed at refocusing our distribution and aligning it with our position as a luxury and lifestyle brand, and these efforts will continue this year. This has, among other things, involved closing down a number of sales outlets which did not deliver the desired customer experience.

During the year, we integrated the two business units Bang & Olufsen and B&O PLAY, and instead we established a functional organisation consisting of five units. The new structure has resulted in much simpler, more agile and more efficient ways of working than has hitherto been possible, through greater coherence across the organisation as well as strengthened processes and strengthened execution.

During the year, we have also strengthened the company's competencies, especially within IT and in the digital area. Among other things, Christian Birk has been appointed Chief Digital Officer, and he will be responsible for a new digital unit, which will, among other things, contribute to improving our customer experience on the digital channels and increasing online sales. At the same time, we have significantly strengthened our IT competencies as part of our efforts to modernise the company's IT infrastructure.

I will now take a closer look at the accounting figures.

Like last year, we have decided to supplement the IFRS-reported results with our so-called 'underlying' results for selected key items in the income statement. The purpose is to provide greater insights into how the Board of Directors and the company management see the company's actual development in the financial year. The underlying figures have been adjusted for costs relating to divested activities and other expenses of a non-recurring nature. I will therefore also refer to these underlying figures in my presentation.

In the financial year, the company generated total revenue of DKK 3,285 million against DKK 2,954 million last year, which represents an 11 per cent increase. 14 per cent in local currencies. Thus, the company kept up the growth momentum seen in recent years.

Growth was again driven by the B&O PLAY business unit, which realised a 25 per cent increase in revenue, while the Bang & Olufsen business unit grew 1 per cent, or 4 per cent in local currencies.

The Bang & Olufsen business unit generated revenue of DKK 1,737 million in the financial year against DKK 1,718 million the year before. We saw a positive development in sales of TV products, which can, among other things, be attributed to the launch of BeoVision Eclipse, and in sales of audio products. BeoSound Shape, BeoSound 1 and BeoSound 2 were among the products which sold well.

The B&O PLAY business unit realised revenue of DKK 1,549 million for the financial year compared to DKK 1,236 million the year before. This growth was driven by both new and existing products, such as the Beoplay E8 earphones, the H9i headphones, the portable speaker Beoplay A1, the wireless multi-room speaker Beoplay A9 and the Beoplay H5 earphones.

The licensing business also developed positively and grew from DKK 140 million in 2016/17 to DKK 166 million in 2017/18, which was in line with expectations for the year.

The gross margin in the underlying business was 40.9 per cent in the financial year against an underlying gross margin for the previous year of 39.7 per cent. The increase was mainly due to improved product margins as well as a positive impact from increased income in the licensing business.

The gross margins for both Bang & Olufsen and B&O PLAY improved compared to last year. In the Bang & Olufsen business unit, growth was due, among other things, to increased product margins, especially for TV products, as well as an improved product mix.

In B&O PLAY, higher volumes, among other things, contributed to the improved results, while the restructuring of distribution in Europe had a negative impact on margins in the second half.

The company's underlying capacity costs totalled DKK 1,234 million compared to DKK 1,208 million last year – representing a 2 per cent increase. Against the background of the 11 per cent growth in revenue realised by the company, this is a satisfactory development which can be ascribed to the company's transformation in recent years and the effect of the new business model.

The increase in the underlying capacity costs was primarily due to increased distribution and marketing costs incurred in connection with campaign activities in B&O PLAY as well as increased investments in digital activities. Distribution and marketing costs in the Bang & Olufsen business unit were lower due to divestments and the closure of stores operated by the company.

Development costs increased as a result of significantly lower capitalisation, while amortisation remained high the first nine months of the financial year. The actual development costs – before

capitalisation and amortisation – decreased by DKK 50 million compared to last year due to the changed business model, which involves the increasing use of partners for product development.

The company's reported capacity costs declined from DKK 1,295 million to DKK 1,240 million.

Earnings before interest, tax, depreciation, amortisation and capitalisation of development costs – also called EBITDAC – of DKK 281 million were posted in the underlying business against DKK 81 million last year, representing a DKK 200 million improvement. EBIT was DKK 110 million against minus DKK 32 million last year.

This represented a significant improvement of profitability in the financial year.

The company posted a profit after tax of DKK 81 million for the year, against a loss of DKK 117 million after tax last year.

At year-end, the company's working capital totalled DKK 100 million, equating to 3 per cent of revenue, against DKK 27 million the year before.

The increase in working capital was driven by increased receivables – primarily as a consequence of an increase in sales volumes – but this is still a relatively low level.

Investments fell by DKK 75 million in 2017/18 to DKK 167 million. This development was mainly due to a decrease in investments in intangible assets, which declined from DKK 178 million in 2016/17 to DKK 106 million in 2017/18. The decline is ascribable to the new business model, according to which product development is increasingly undertaken in cooperation with partners. As mentioned earlier, however, significant investments were, in fact, made in product development during the year.

The company delivered positive free cash flows of DKK 85 million. This was mainly due to increased earnings which compensated for the increase in working capital. Free cash flow was on par with last year, when adjusting for the release of the final escrow payment from the divestment of the Automotive business to Harman and the divestment of the factory in the Czech Republic to Tymphany.

As shown by the financial statements, the company is moving forward, and we have created a solid foundation for the future.

The company's strategy is based on the four themes which I presented previously, and will contribute to realising the company's significant growth potential and increasing profitability over the coming three years.

The company's vision is clear. Bang & Olufsen wants to be the most desired audio brand in the world. We will achieve this by strengthening our position as a global luxury and lifestyle brand and by continuing to create innovative and progressive products based on our core competencies within sound, design and craftsmanship.

A key prerequisite for realising our ambitions is that we continue to boost the company's position as a luxury and lifestyle brand.

Among other things, this means ensuring that our product and technology development activities revolve to an even greater extent around the customer experience than is the case at present. Having already made great strides in this direction, this is a journey that we must continue. At the same time, we must maintain a strong focus on the quality of our products and services, and on detail. We must become even better at delivering a consistent customer experience across channels and products.

As mentioned earlier, in the future we will be working as one brand.

Over the past six years, B&O PLAY has become a huge success, and has grown considerably. B&O PLAY was launched in 2012 as a separate business unit, and B&O PLAY and Bang & Olufsen have operated as two business units, each with its own operational focus, while in effect supporting the same brand.

From surveys, we know that the business units have been perceived by consumers as one brand – Bang & Olufsen.

In the past financial year, the company has created a closer link between the two business units. Increasingly aligned execution has resulted in more effective marketing efforts and created a more consistent customer experience, particularly in markets like China and the United States, where we have worked for some time as one organisation.

The new brand direction has also resulted in a more precise definition of our target group, which is defined as being made up of 'creative curators'. The creative curators are characterised by being extremely affluent, and by the fact that they live around large cities, and appreciate good sound – preferably delivered by a lifestyle brand. The target group is also consistent with the target groups for the former business units Bang & Olufsen and B&O PLAY.

Following this change, we can now focus our marketing resources on one brand and on creating a more consistent customer experience. Having at the same time upped our marketing budget, we

are highly geared to raising awareness of the Bang & Olufsen brand and thus to growing the business further in the coming years.

The new brand direction will be implemented gradually over the next year.

As you know, the company has in recent years entered into brand partnerships with some of the world's largest and most innovative companies such as HP, Harman and LG.

These partnerships earn licensing income for the company, but also constitute a platform for increasing the exposure of our brand and our core competencies, while providing the company with access to new technology. Our strategic TV partnership with LG is one example of the latter.

Moreover, the company has entered into a number of brand collaborations with other luxury and lifestyle brands and artists such as Supreme, Saint Laurent and David Lynch. These collaborations are a chance for Bang & Olufsen to increase its exposure and strengthen the brand value.

Furthermore, they provide access to new distribution channels.

Going forward, these partnerships and collaborations will become an even more integral part of our business.

Product development will still focus on creating innovative and progressive products based on Bang & Olufsen's unique combination of sound, design and craftsmanship. We will work with our partners – such as Google and Apple – when it comes to integrating technological ecosystems, or with, for example, Tymphany in our production. This is a reflection of the company's changed business model.

Product development will continue to be targeted at three different situations of use:

- **On-the-go:** Portable products that can be used while on the move or at home, and for immersive as well as social experiences. The wireless E8 earphones and the P6 Bluetooth speaker are examples of products in this category.
- **Flexible living:** Products for the home, developed for customers who value flexibility in terms of both positioning and usage. Beoplay A9 and BeoSound 1 and 2 are examples of products in this category.

- **Staged:** Stationary products for customers who want to immerse themselves in listening and viewing experiences in domestic settings. BeoSound Shape and BeoVision Eclipse are examples of products in this category.

Going forward, we will be launching new products less frequently. Instead, we will launch more models of existing products and offer greater variation in terms of colours and materials.

The company has delivered high growth rates in recent years, but considerable untapped potential still exists for boosting brand awareness and increasing market share in most markets.

In order to exploit this potential and ensure the most efficient return on marketing investments, the company will focus its sales and marketing efforts on 20 core markets and key metropolitan areas across regions. At the same time, we will be opening flagship stores in five trend cities: New York, Tokyo, Paris, Shanghai and London. The flagship stores will play a special role in contributing to strengthening our brand position and providing the full brand experience.

Since 1 June, the company's geographical focus has been on three main areas: EMEA, Asia and the Americas.

In Europe, the Middle East and Africa (EMEA), our focus will be on creating strong clusters of stores in key locations and on ensuring greater consistency between mono and multi-branded stores as well as online. In the short term, our main focus is on creating stable growth, while transforming the distribution setup.

In Asia, which includes Asia and the Pacific region, the ambition is to accelerate growth over the next three years. Here we want to generate growth in core markets like China and Japan through strong partnerships and based on the strong local organisation that has been established over the past two years. At the same time, we must keep up the positive development seen in online sales.

In the Americas, which include both North and South America, the organisation is now in place, and the refocusing of the distribution has been initiated. This means that the right platform is in place for us to be able to grow our business significantly. Over the next few years, the company is going to strengthen its presence in cities on the West Coast and in New York, increase brand awareness through relevant brand partnerships and drive online sales via its own online channel as well as through retailers such as Amazon.

Mono-brand stores, which were previously referred to as our B1 stores, will continue to play a significant role in our future distribution setup. Both for our sales and when it comes to strengthening the brand experience. However, a significant transformation is in store. In order to

succeed, in the future the mono-brand stores must be located in urban environments along main streets and near other luxury and lifestyle brands. Also, in order for the stores to be run as profitable businesses, it is crucial that they are managed by fewer, but larger partners.

Over the past six years, the company has increased the number of multi-brand stores significantly. In the future, focus will not only be on increasing the number of stores, but rather on quality. We can see that multi-brand stores in department stores, airports and selected e-commerce stores generate significantly higher sales and deliver a better and more consistent customer experience than points of sale selling only electronics. Therefore, our multi-brand distribution will be transformed in that direction over the next few years.

Finally, we are going to strengthen our online channel significantly in the future. This will help to ensure that we meet our customers in their own space and time, that we deliver a consistent customer experience across all our channels, and not least that we increase online sales of our products. We expect to launch our new e-commerce platform in spring 2019.

For the growth and earnings potential to be realised, it is important that we continue to strengthen the company's competencies and processes.

Among other things, this means investing further in the digital transformation and in the company's IT infrastructure. At the same time, we must continuously develop our global supply chain. It is a question of optimising processes and of strengthening the logistical setup to reflect the company's growth markets.

Finally, it is important that we continue to invest in the right competencies and in competencies which are aligned with the company's strategy. For example, within the areas of branding and retail, product development and design etc.

In the annual report for 2016/17, the company announced a number of three-year financial targets. These targets remain unchanged, but one more year has been added to the strategy period, taking it to 2020/21.

The company's ambition is to deliver average growth rates in excess of 10 per cent over the next three years. As B&O PLAY and Bang & Olufsen are no longer separate business units, they will no longer be reported on separately. Going forward, we will report on developments in revenue in the three areas: EMEA, Asia and the Americas.

EMEA is expected to grow by an average of more than 5 per cent over the next three years.

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Asia is expected to grow by an average of 15-20 per cent over the next three years.

The Americas are expected to grow by an average of more than 20 per cent over the next three years.

The EBIT margin for the group is expected to exceed 15 per cent in 2020/21, while the positive free cash flows are expected to exceed 10 per cent of revenue.

For the current financial year, consolidated growth of more than 10 per cent is forecast. For the three areas, we expect to see growth rates of more than 5 per cent for EMEA, of more than 10 per cent in Asia, and in excess of 20 per cent in the Americas.

However, the refocusing of distribution in Europe in particular will mean lower growth rates in the first half of 2018/19.

We expect capacity costs to equate to approx. 38 per cent of revenue, which is the same level as in 2017/18, while the EBIT margin is expected to be between 7 and 9 per cent. The positive free cash flows are expected to exceed DKK 100 million.

There have also been changes in the company's management. Following the consolidation of the two business units on 1 June, we have established a new functional organisation.

President & CEO Henrik Clausen has assumed responsibility for Product Creation & Fulfillment until the right candidate for the role is found. This process is ongoing.

John Mollanger, who was formerly responsible for B&O PLAY, has been given broader responsibilities which now cover the entire Brand & Markets area.

In autumn 2017, we took on Christian Birk as new Chief Digital Officer. Christian has worked for a number of years as CEO of the consulting company Digitas LBI in the USA as well as for Vodafone.

Christian Iversen is carrying on as head of Group Functions, which comprise IT, HR and Communication, among other things.

Anders Aakær Jensen is responsible for the CFO area. However, Anders has, for personal reasons, decided to leave Bang & Olufsen at the end of November. The company is currently looking for his replacement.

Earlier this year, Stefan K. Persson resigned from his position as head of the Bang & Olufsen business unit and stepped down from the Executive Management Board on 1 August.

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I would like to take this opportunity to thank both Stefan and Anders for all their hard work for Bang & Olufsen. They have both made considerable contributions to the positive development undergone by the company in recent years.

Bang & Olufsen has adopted a policy that establishes a framework for ensuring diversity on the company's Board of Directors. At Bang & Olufsen, we regard diversity on the Board of Directors as being crucial to the Board's activities.

The members elected by the annual general meeting today include two members from international backgrounds and one woman. Three years ago, we set a target for female representation according to which the company's goal was to have two female members of the Board of Directors by 2018. Unfortunately, we did not reach the target and it is now postponed by one year. The Board of Directors aims to have at least two women on the Board of Directors after next year's annual general meeting.

In its endeavours to promote diversity, the company also focuses on promoting women at management levels in Bang & Olufsen.

In order to ensure that the Board of Directors possesses the necessary competencies and engages in efficient cooperation internally and with the Executive Management Board, a comprehensive evaluation is carried out each year of the Board of Directors, the Chairman, and the individual board members. The evaluation takes the form of an electronic questionnaire which is filled in by the board members anonymously. The results of the evaluation are then presented to the Board of Directors.

Last year's results showed that our Board of Directors is generally efficient, well-organised and hard-working. In the few areas where the evaluation identified a need for special attention, we have initiated improvements. I hold meetings with all board members individually to review their performance.

Here at our general meeting, we must also touch on what is known as corporate governance. Bang & Olufsen considers its corporate governance work to be an important and ongoing process, and we maintain a continuous focus on the principles of good corporate governance.

As a company listed on NASDAQ Copenhagen A/S and under the Danish Financial Statements Act, Bang & Olufsen is subject to the Recommendations on Corporate Governance and complies with these recommendations.

The company's Board of Directors has prepared a corporate governance report for 2017/18. The report is available on the company website. From the same site, it is also possible to download the annual report and additional information about products, company announcements, corporate social responsibility etc.

The remuneration of the Executive Management Board has been approved by the Board of Directors and is aligned with the general guidelines for incentive pay adopted by the general meeting.

As can be seen, the financial year saw an increase in remuneration costs for the Executive Management Board. The increase was primarily due to the appointment of John Mollanger in April 2017, which meant that the statement for the 2016/17 financial year did not include his compensation for a full year. In addition, Henrik Clausen's earned bonus for 2016/17 was paid out in the first quarter of the 2017/18 financial year and was thus not included in the statement for the 2016/17 financial year.

The remuneration level for the Executive Management Board reflects our wish to be competitive and be able to attract and retain talented employees – also on our Executive Management Board.

CSR is part and parcel of the Bang & Olufsen business, and in 2017/18, we launched a number of new activities and made further progress in relation to strengthening our positive contributions to society.

Through targeted initiatives, we reduced the company's carbon emissions significantly, and we strengthened the dialogue with our supply chain. During the year, we also launched a new product called Beocreate, which makes it possible for customers to upgrade their old speakers to today's wireless standards and thus extend the useful lives of their products.

Based on the company's core competencies within sound, Bang & Olufsen contributed to several projects focusing on how sound can help to increase the quality of life for dementia patients and their relatives.

We have worked with, among others, the American dementia organisation Caring Kind on a major campaign, and also participated in a groundbreaking research project with a number of other companies and the Danish Broadcasting Corporation (DR). The research project showed, for example, that sound technology can help people with dementia who are losing their language to communicate more coherently. In the future, Bang & Olufsen will focus more on how we can use our core competencies for the benefit of society.

In 2017/18, the company unfortunately registered an increase in work-related injuries as well as stress-related absence among employees. The increase in work-related injuries was mainly due to special weather conditions producing black ice in the car park in Struer, causing a number of falls. New procedures have now been implemented in order to prevent similar accidents in the future.

We have also taken steps to reverse the development in stress-related absences. Based, among other things, on a newly introduced employee survey, the company will be more targeted and structured in its efforts to reduce the number of employees going down with stress.

Bang & Olufsen also launched a revised CSR strategy in the financial year. The strategic ambition is to strengthen our CSR activities further and ensure that we live up to the expectations of customers, employees and society. The strategy is based on input from the company's stakeholders and the UN's 17 Sustainable Development Goals and focuses on four areas:

1. Climate impact – we want to minimise the negative environmental impacts of our operations and products.
2. Responsible employer – we want to strengthen diversity and ensure a safe and motivating working environment.
3. Role in society – we want to use our core competencies to strengthen the company's contribution to society. For example in the fields of education and health.
4. Responsible partner – we want to strengthen our dialogue with our supply chain and retail partners to ensure high accountability standards and a strong compliance culture.

You can read more about the strategy and our CSR efforts in 2017/18 in the CSR report, which can be found on our website.

The 2017/18 financial year showed an improvement of the company's financial results. Combined with the company's solid capital base and reserves, the Board of Directors recommends that the company initiate a share buyback programme to ensure that the excess capital is distributed to the shareholders.

The Board of Directors therefore recommends to the general meeting that no dividend be paid for the financial year. The Board of Directors expects to propose an actual dividend policy by no later than next year's annual general meeting.