

January 2023

Q2 2022/23

Webcast presentation



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Agenda

- 1 Key Highlights and Strategy Update
- 2 Financial Performance in Q2
- 3 Outlook
- 4 Q&A

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Key Highlights and Strategy Update



6% growth and a positive EBIT despite macroeconomic headwinds

- Revenue grew 6.3% (2% in local currencies)
 - Product sales declined by 2% in local currencies (-1% excluding Russia and Belarus), mainly impacted by lockdowns in China
 - Brand Partnering & Other activities grew 47% in local currencies, driven by new partnerships
- Like-for-like sell-out declined by 3%, impacted by development in Europe and lockdowns in China
- Positive EBIT margin bsi* and free cash flow supported by revenue growth
- Solid progress on strategic initiatives with growing customer base and higher average product ownership
- Outlook maintained. However, we expect to be in the lower end of the range



	Q2 2022/23	H1 2022/23	Outlook FY 2022/23
Revenue	2% in LC** DKK 859m	-4% in LC** DKK 1,471m	-4% to 5% growth in LC**
EBIT margin bsi*	1.6% (EBIT bsi* DKK 14m)	-4.8% (EBIT bsi* DKK -71m)	-2% to 3%
Free cash flow	DKK 1m	DKK -80m	DKK -50m to 100m

Sell-out impacted by macroeconomics in Europe and lockdowns in China

Good performance from Company-owned stores

-3%

Sell-out growth

- **EMEA:** Decline mainly related to monobrand. Company owned stores, multibrand, and etail grew
- **Americas:** Growth in company owned stores, monobrand channel and etail
- **Asia:** Sell-out impacted by regional lockdowns in China



Regions

-6%
EMEA

9%
Americas

-1%
Asia

Product Categories

-8%
Staged

-9%
Flexible Living

9%
On-the-go

Continued focus on core markets and key cities



Core markets, Europe

- Sell-out was flat in the six core markets
- Same or better sell-out in 4 of 6 core markets
- Biggest decline was in Denmark, due to broader customer base



Core markets, Asia

- Sell-out declined 5% in the two core markets
- Sell-out adversely impacted by lockdowns in China and lower in-store footfall
- South Korea better sell-out than Q2 of last year



The US

- Solid sell-out performance
- New partner-owned store opened in San Francisco
- Expanded partnership with Origin Acoustics focusing on customer installations



City strategy

- Customer segmentation completed in Paris and New York
- BeoHome built in SoHo New York
- New Flagship store to be opened in Mayfair, London

Continued customer base growth and increasing average ownership

13%

Customer Growth*

Higher average product ownership

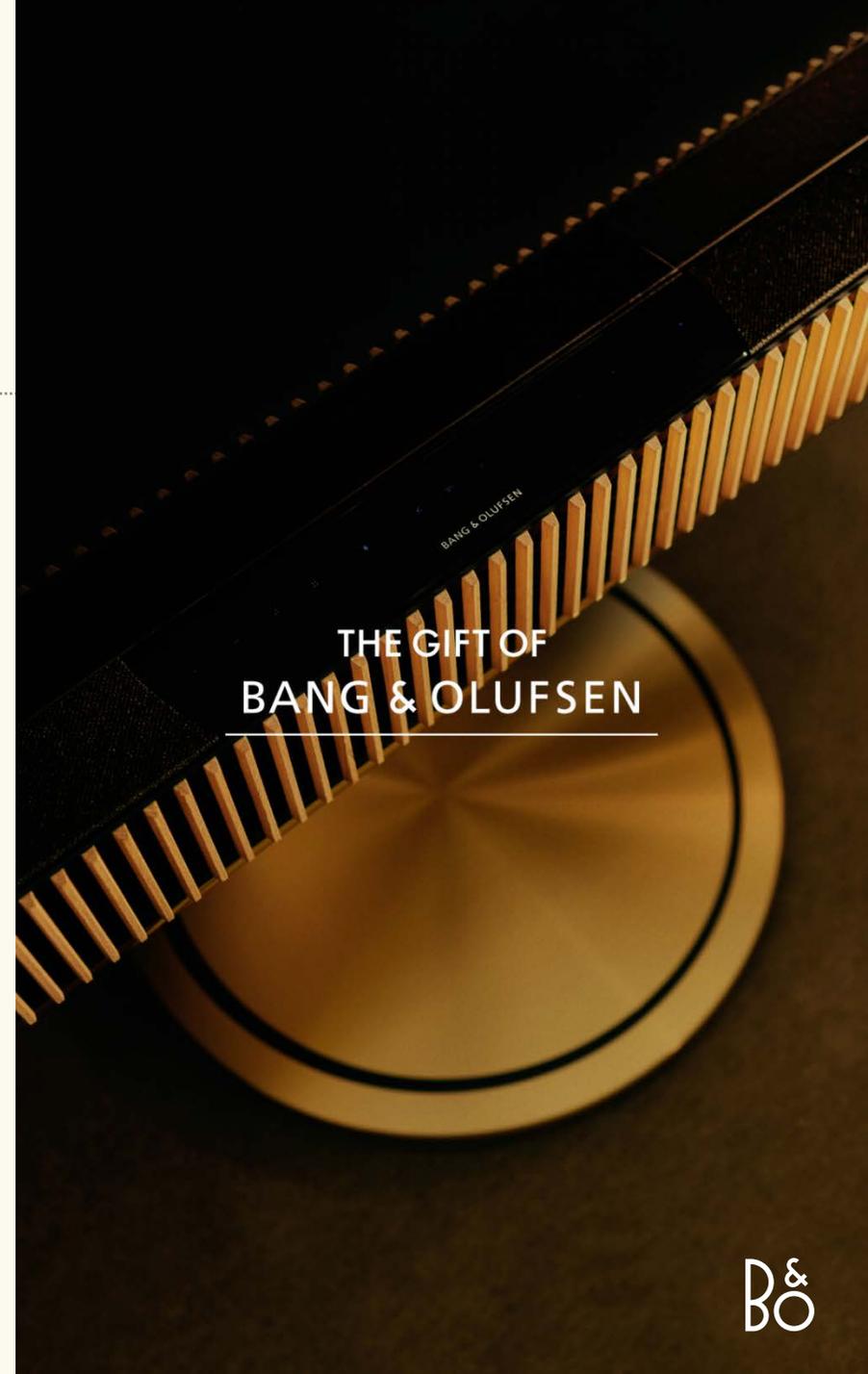
More newsletter subscribers

Increased duration of visits at our website

12%

Growth in Customers with 2+ Products Owned

Launch of Beosound Theatre drove traffic to our website



THE GIFT OF
BANG & OLUFSEN

Showcasing our capabilities to create special editions and bespoke solutions



Art of A9

- Celebrated Beoplay A9's tenth anniversary with the 'Art of A9'
- We commissioned a series of designs by leading artists to customise the cover
- In China, 60 million viewed it on Weibow in the first few days



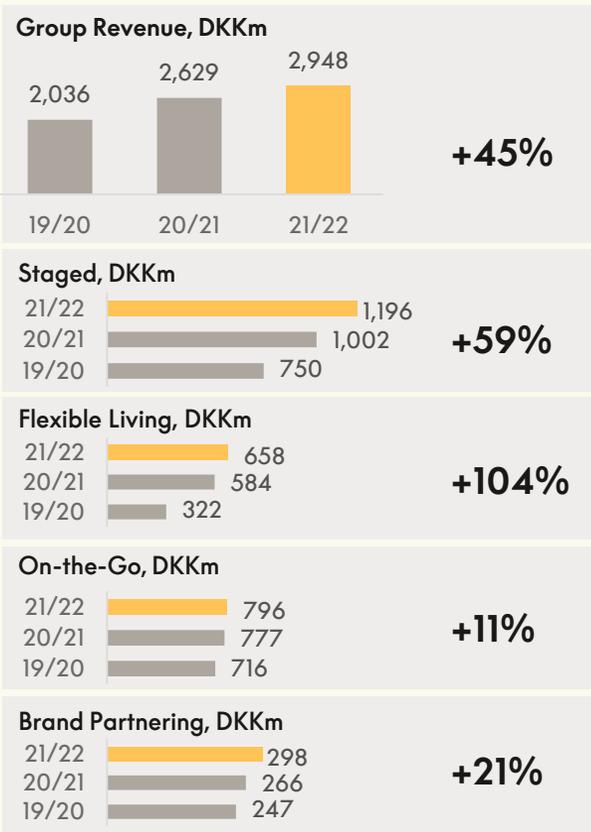
Photos courtesy of Lensology

Art Basel fair

- Revealed bespoke products created for very high net worth individuals
- A selection of products were gold plated
- More than 200 special guests attended the event

Since we launched our turnaround strategy in April 2020, we have delivered positive results despite a challenging macroeconomic environment

IMPROVED REVENUE & GROWTH ACROSS ALL CATEGORIES



IMPROVED GROSS MARGIN AND EBIT MARGIN BSI*

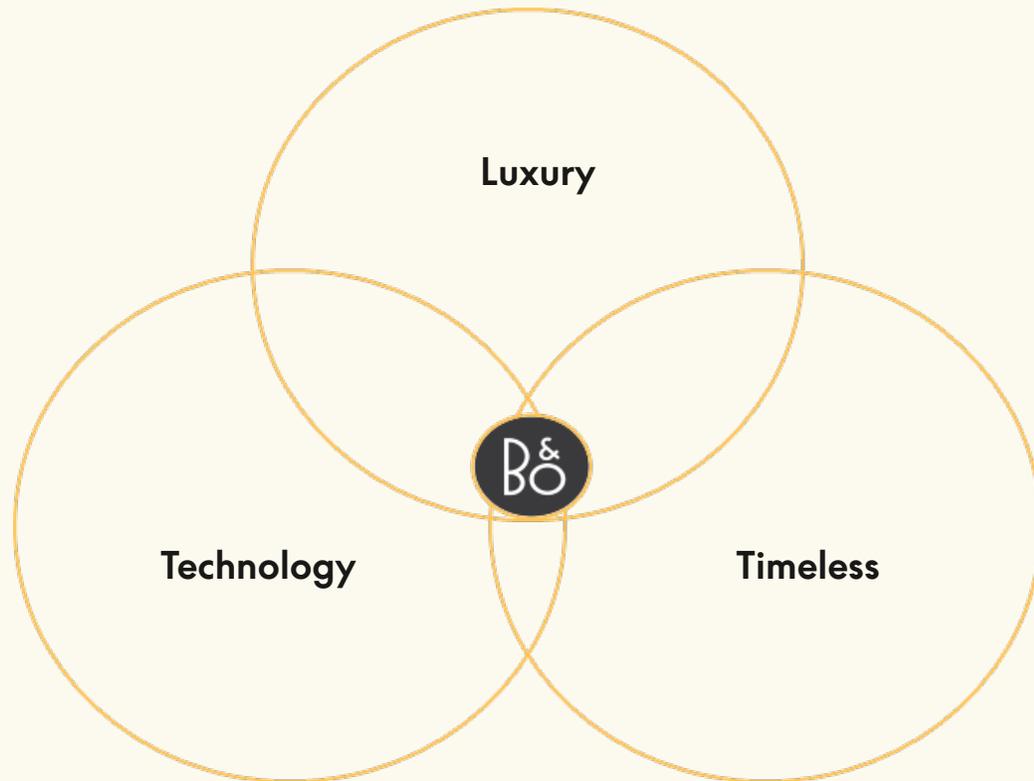


GROWTH IN CUSTOMER BASE & IN AVERAGE PRODUCT OWNERSHIP



We are sharpening our direction

A proposition of Luxury Timeless Technology will enable us to differentiate further, prioritise investments, and drive growth



Targeting +200 million Affluent Design & Music Lovers

- Focus on Gen Z & Young Millennials and VHNWI's
- Those segments are the trendsetters and defining cultural and luxury agendas and purchases
- Becoming their choice, we will also increase our share among well-established and careerist

*Cultural
agenda
setters*



*Cultural
agenda
followers*



Domestic

Nomadic

We have already started making five directional shifts



Culturally relevant luxury love brand

Improve unaided awareness

Work with likeminded brands, ambassadors and influencers to gain scale and target key audiences



Seamlessly connected product portfolio

All our products to run on one of two software platforms already launched

Build product platforms to build scale and simplify portfolio

Connecting past, present and future products



Magical moments in key touch points

Build superior and consistent experiences on par with luxury peers

Already working with channels to improve off- and online experiences



Winning in key cities

Go-to market approach developed and validated

Already working on London, New York and Paris

Roadmap of upcoming cities established



Exploring and commercialising new and existing business adjacencies

Drive commercial value and awareness with existing brand partnerships

Hybrid work in progress with tailored products

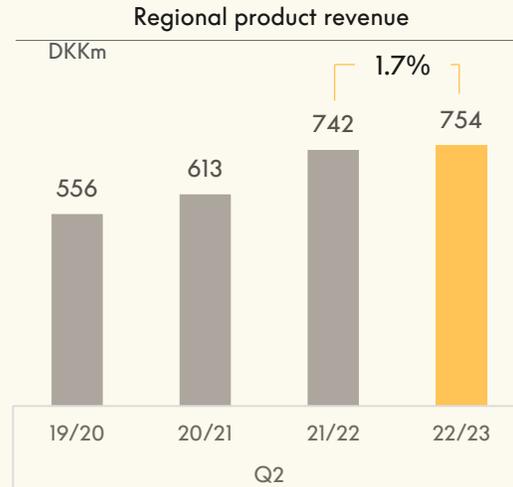
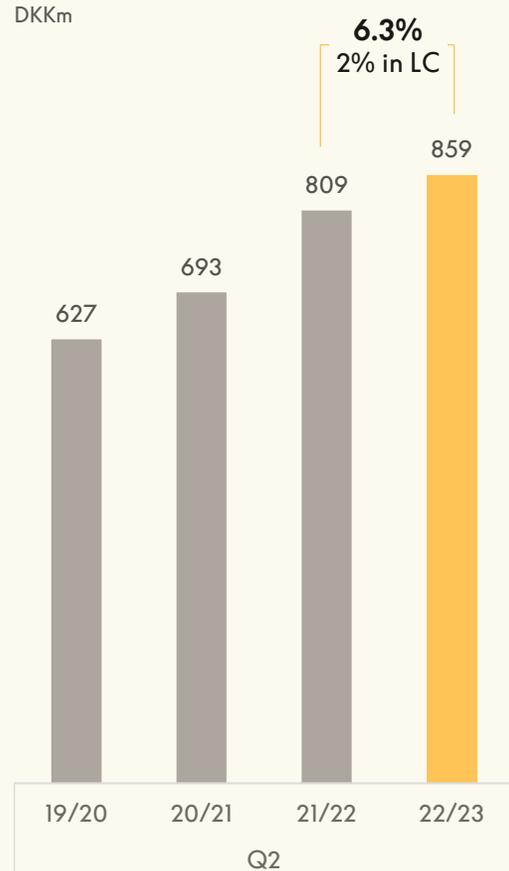
Exposure to target customers through hospitality



Financial Performance in Q2

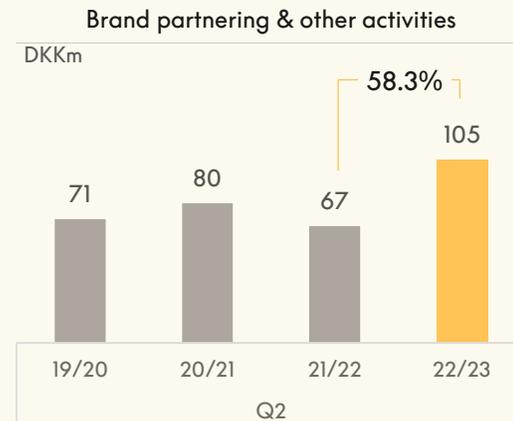
B&O

6% higher revenue despite macroeconomic headwinds



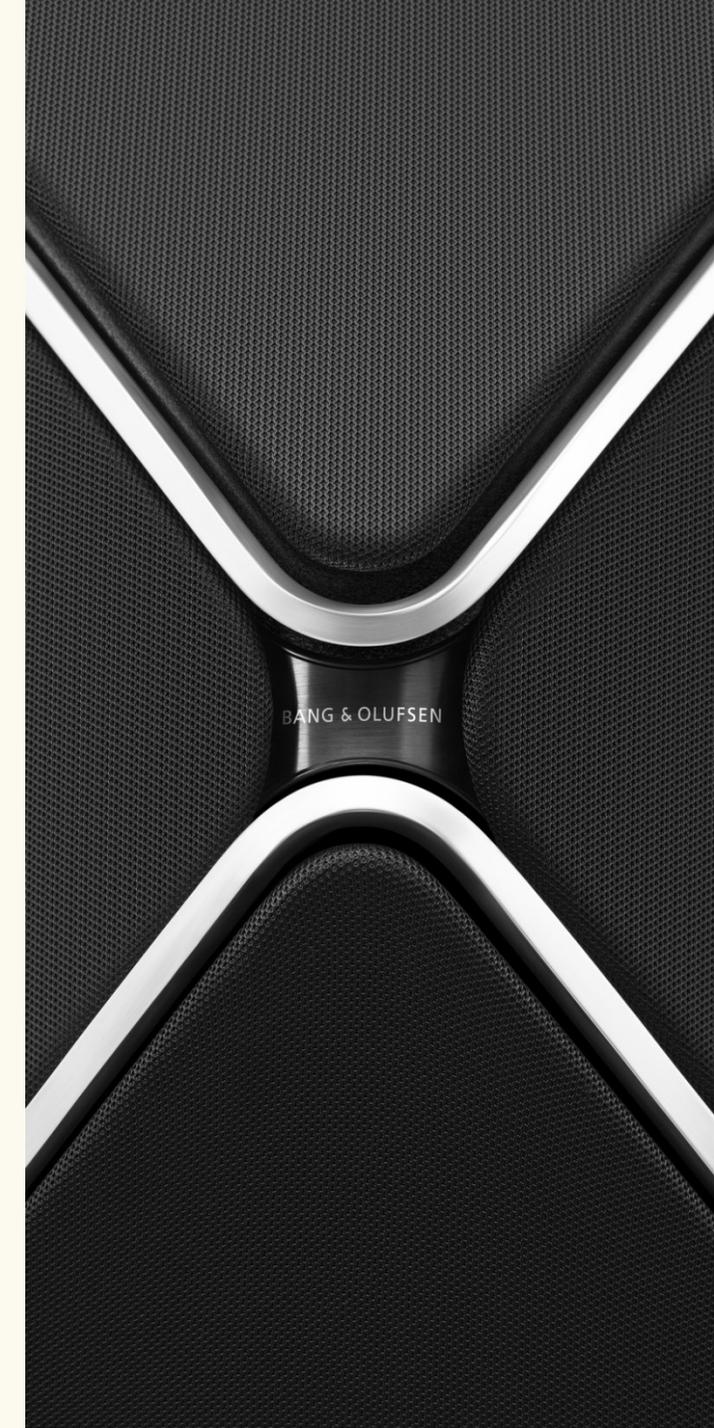
Regional product sales increased 1.7%, driven by EMEA and the US

- In local currencies, revenue declined 2%
- Leaving Russia and Belarus had a 1pp negative impact on growth
- Lockdowns in China impacted sales negatively
- Positive impact from launch of Beosound Theatre
- Retail partners remained cautious about inventory replenishment
- Sales of large quantity of headphones



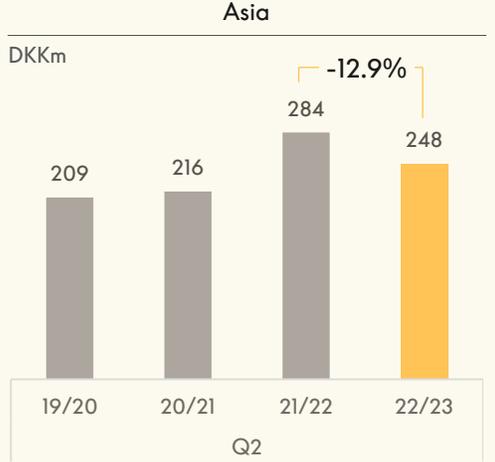
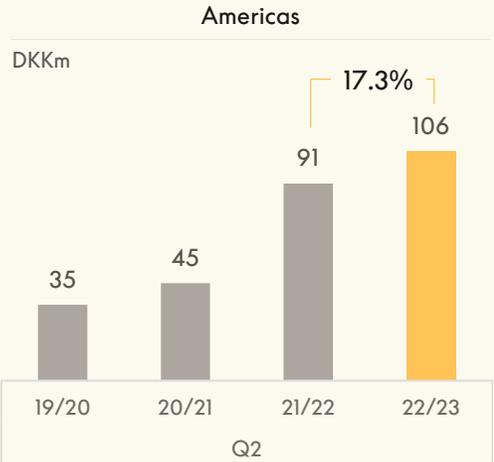
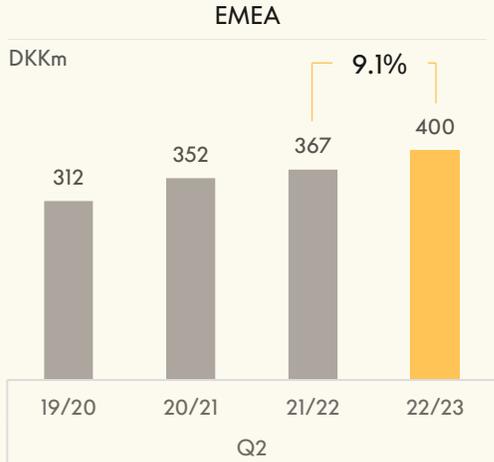
Brand Partnering & other activities grew 58.3%

- In local currencies, revenue grew 47%
- Growth mainly driven by co-branded products, with the Cisco partnership delivering the biggest increase
- License income grew by 29%, mainly driven by the automotive industry

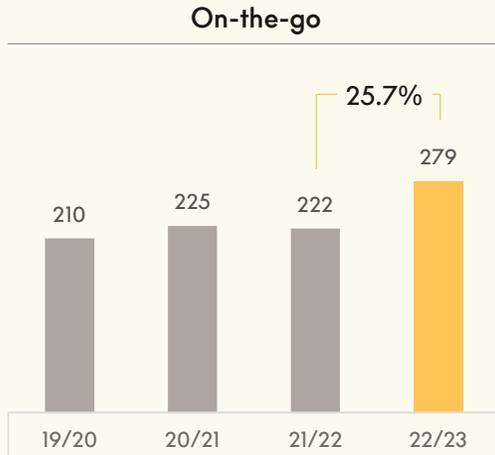
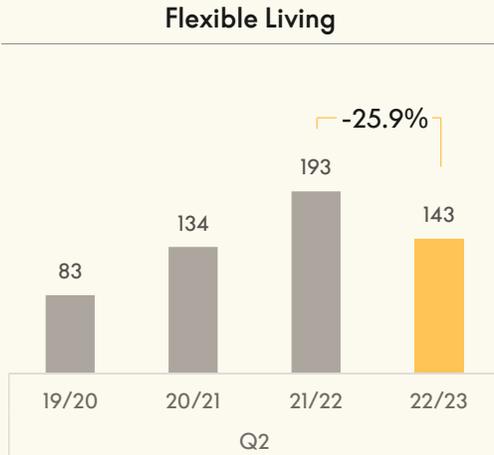
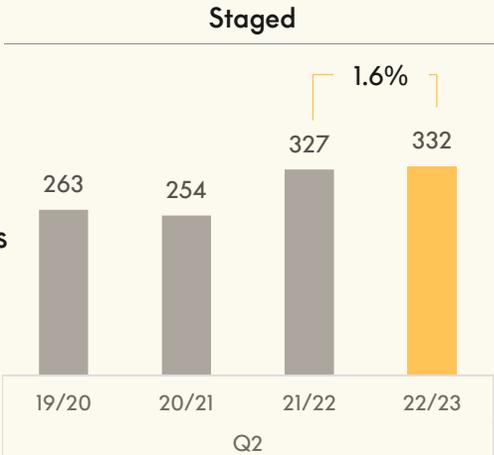


Regional product sales impacted by lockdowns

Regions



Product categories



EMEA: Up 8% in local currencies

- Solid growth from company owned stores
- Solid performance in multibrand partly driven by low comparables and sale of larger quantity of headphones
- Monobrand and etail declined partly driven by continued caution with inventory replenishment

Americas: 0% growth in local currencies

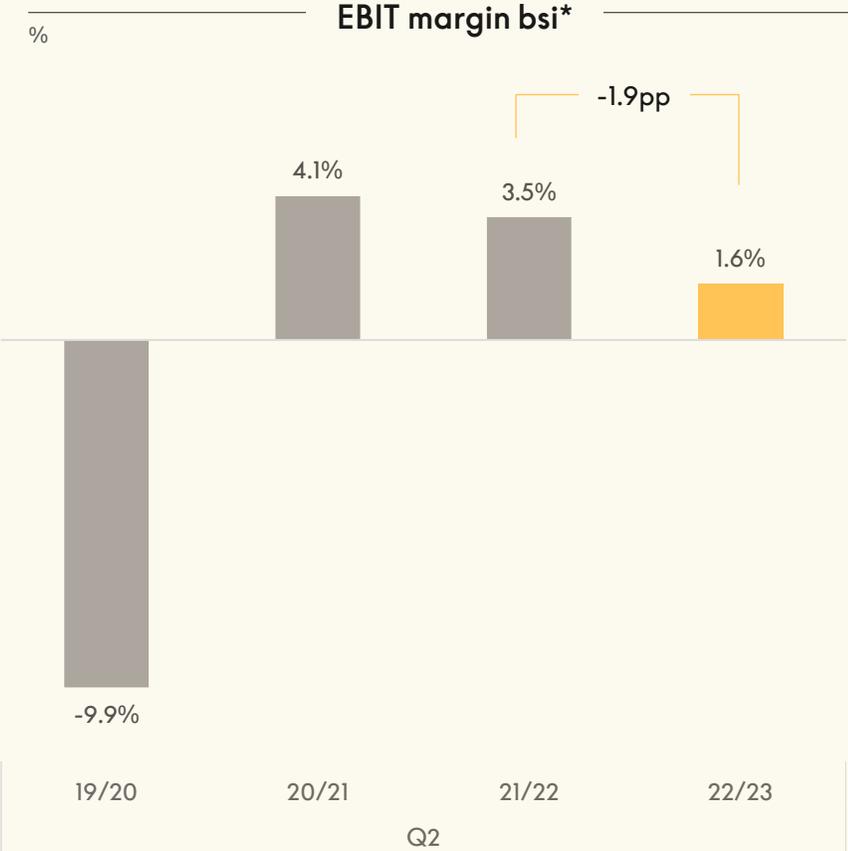
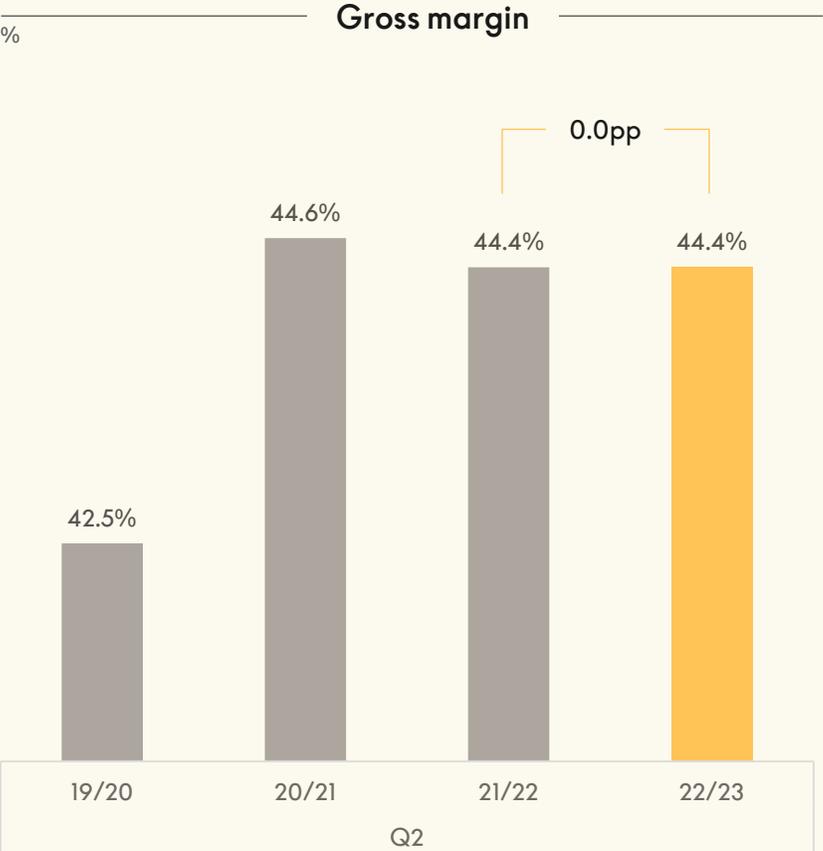
- Positive impact from ramp-up of the expanded partnership with custom installers
- Solid performance from monobrand and etail
- Staged and Flexible Living was the main growth drivers

Asia: Down 16% in local currencies

- Negatively impacted by lockdowns in China
- The decline related to Flexible Living and the Stage category
- Solid performance from On-the-go



Positive EBIT margin despite headwind



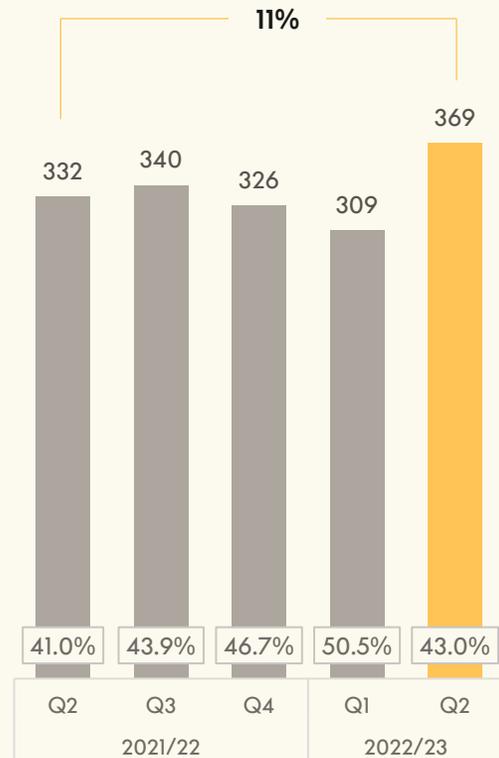
*Before special items



Capacity costs increase driven by marketing activities and development costs

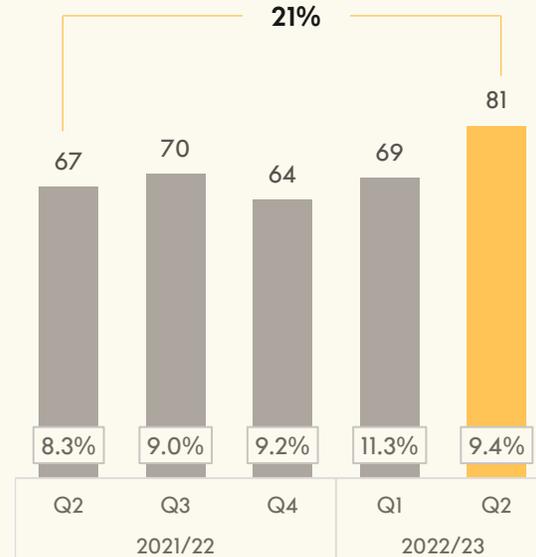
Capacity costs

DKKm



Development costs

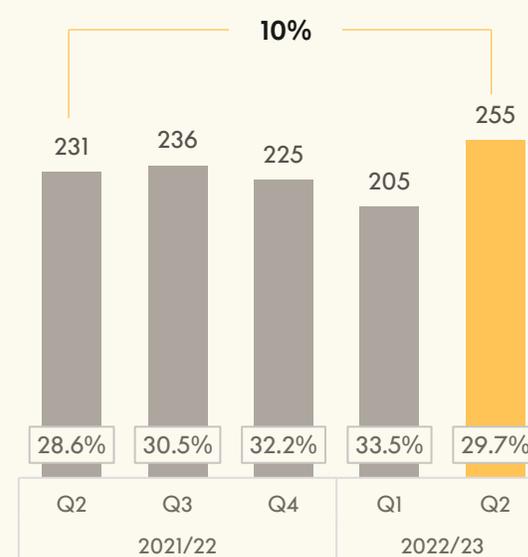
DKKm



- Increase driven by higher incurred development costs and lower capitalisations
- Growth in incurred costs partly driven by addition of more competencies especially within software

Distribution & marketing costs

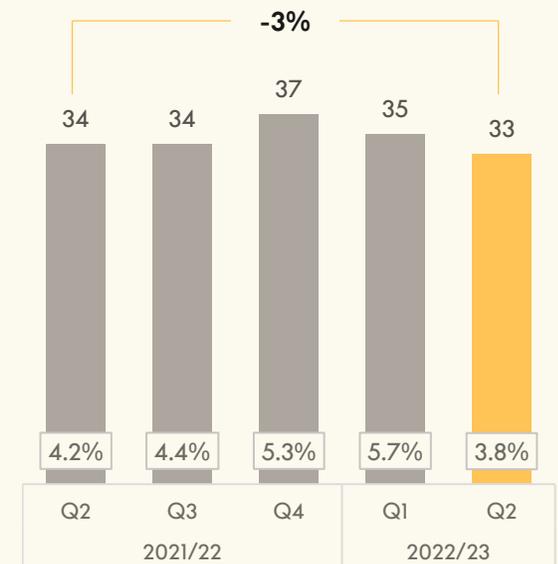
DKKm



- The increase was mainly due to local marketing activities in the three regions
- The marketing cost to revenue ratio was 9.6%, which was 0.6pp higher than Q2 of last year

Administrative expenses

DKKm



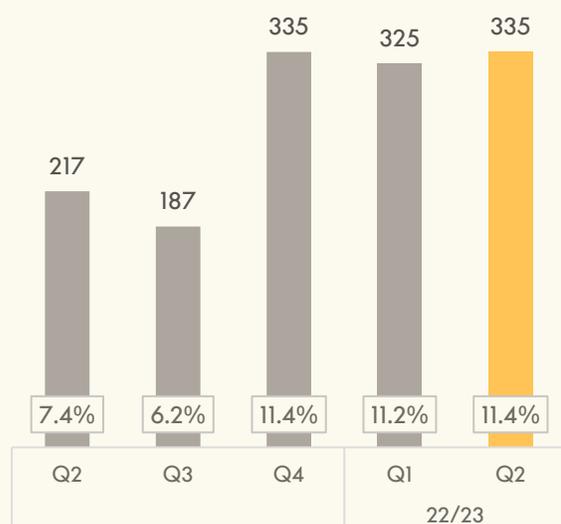
- Stable administrative expenses

Focus on working capital | Inventory reduced and composition has improved



Net working capital

DKKm

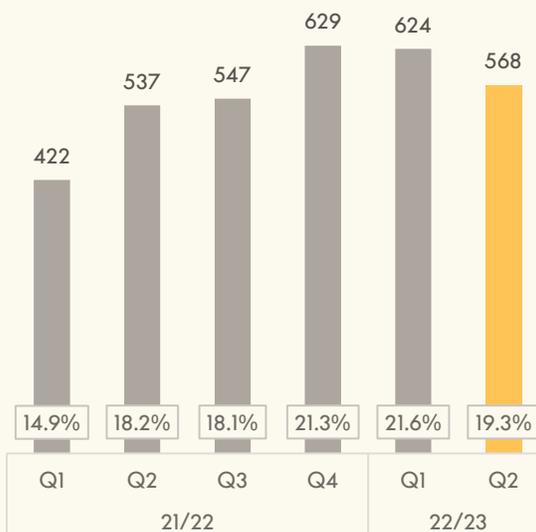


Net working capital increased by DKK 10m to DKK 335m (NWC ratio of 11.4%)

- Inventory down by DKK 56m
- Trade receivables up by DKK 49m
- Trade payables up DKK 16m
- Other liabilities down by DKK 18m

Inventory

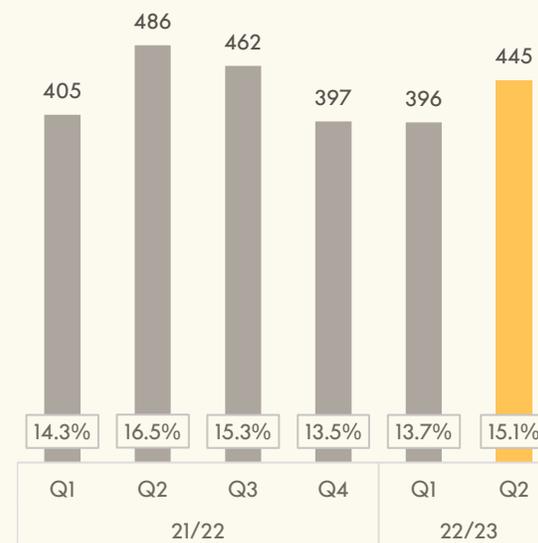
DKKm



- Reduced by DKK 56m
- Reduction mainly related to On-the-go
- Healthier composition of inventory going into H2

Trade receivables

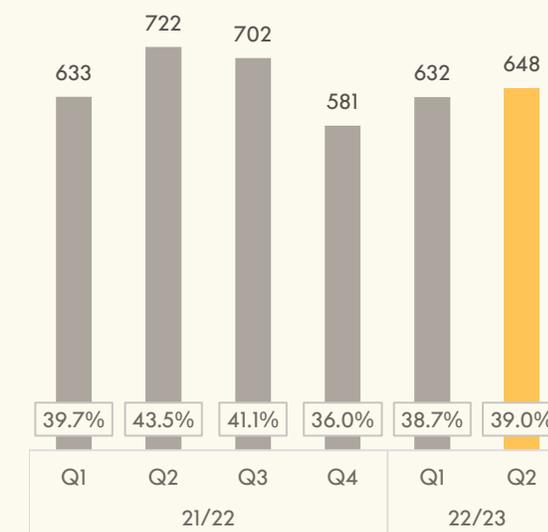
DKKm



- Receivables increased by DKK 49m
- Driven by higher sales in Q2 compared to Q1
- Lower receivables compared to Q2 of last year

Trade payables

DKKm



- Increase of DKK 16m, mainly driven by timing of incoming supply
- Lower trade payables compared to Q2 of last year



Free cash flow was positive, despite headwinds

Free cash Flow

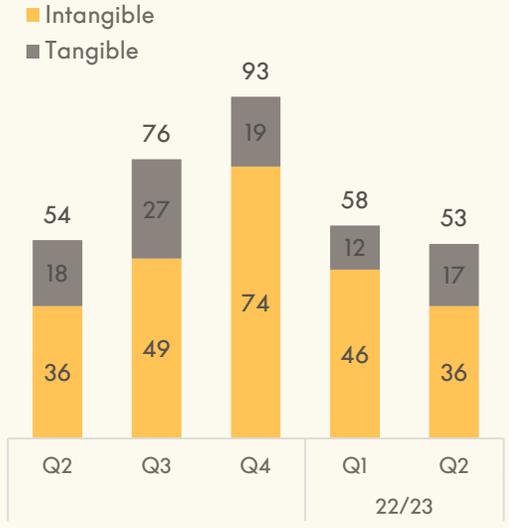
DKKm



- Year-on-year decline driven by lower cash flow from operating activities

CAPEX

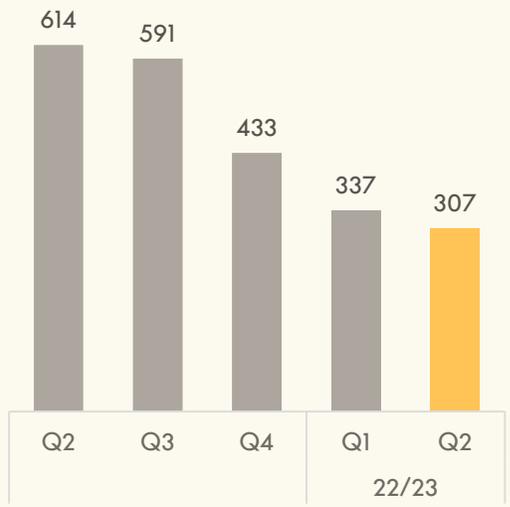
DKKm



- Same level as Q2 of last year
- Investments primarily within intangible assets and related to new products and platforms

Capital resources

DKKm



- Capital resources of DKK 307m
- Available liquidity was DKK 187m
- The decline was mainly related to repayments on lease liabilities and FX losses on cash and cash equivalents



Outlook

Outlook 2022/23 maintained

Expected to be in the lower end of the range

Outlook		Main assumptions
Revenue growth in local currencies	-4% to 5%	<ul style="list-style-type: none"> ▪ Improved market conditions in China during Q4 ▪ Launching three or more product innovations in the remainder of the year ▪ Product availability not impacted by geopolitical or COVID-19 related lockdowns ▪ No major COVID-19 related lockdowns in the second half of the year
EBIT margin BSI*	-2% to 3%	<ul style="list-style-type: none"> ▪ Cost of goods sold is expected to be impacted by the inflationary pressure currently experienced in the market ▪ Continued investments into marketing and product development
Free cash flow	DKK -50m to DKK 100m	<ul style="list-style-type: none"> ▪ Reduced inventories ▪ CAPEX related to product development and retail development as well as IT



Summary, higher revenue and positive EBIT margin despite challenging macroeconomics

- 6% growth in revenue, despite lockdowns in China
- Strong growth in Brand Partnering
- Solid sell-out in Americas. EMEA was adversely impacted by macroeconomic headwind and China by Covid related lockdowns
- We continue to see growth in our customer base and in repeat purchases
- We have sharpened the strategic direction
- Outlook maintained. However, we expect to be at the lower end of the range



Q&A

B&O