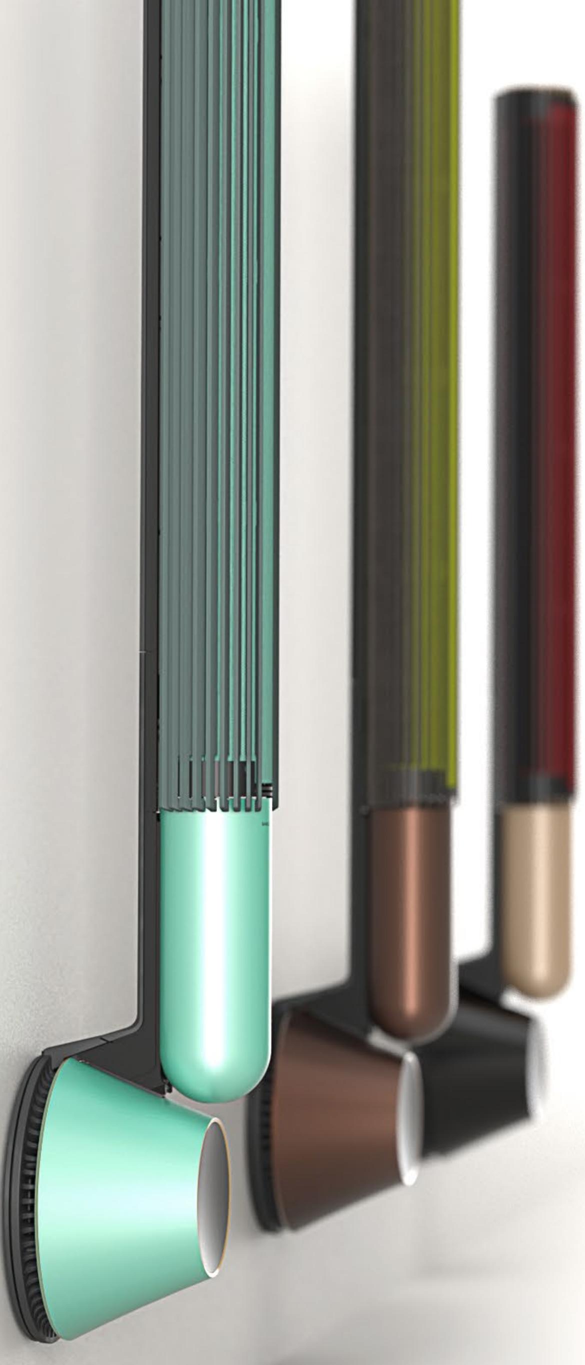
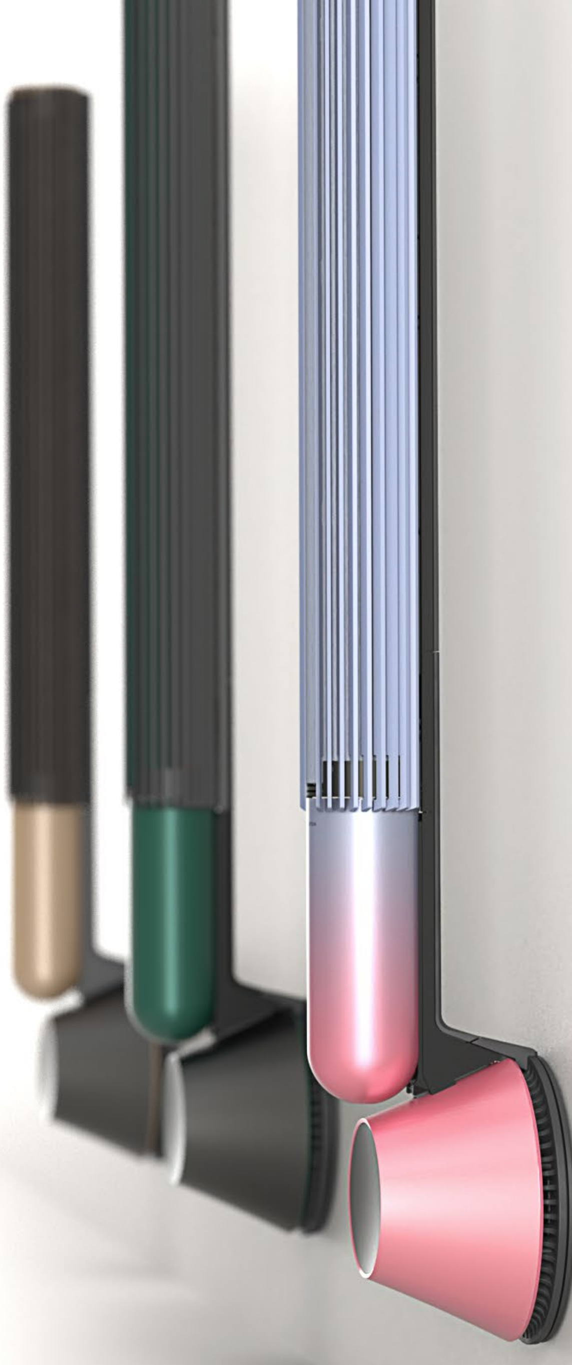


Interim report Q1 2023/24



Q1 highlights

Despite continued macroeconomic headwinds, we achieved revenue growth of 5% in local currencies. EBIT margin was 2.6% driven by an improved gross margin of 52.6%, up 16 percentage points year-on-year.

Financial highlights

We saw robust demand for our products in most markets despite the ongoing macroeconomic headwinds. Overall, sell-out grew by 8%. Like-for-like sell-out in APAC grew by 29%, albeit against low comparables due to restrictions and regional lockdowns last year. Consumers focusing on travel during the summer affected demand in EMEA and sell-out growth declined by 3%. Demand picked up end of quarter. Sell-out in Americas grew by 5%.

Revenue grew by 1.2% (5% in local currencies) in the quarter. EMEA grew by 26.7% (28% in local currencies) supported by inventory replenishment from retail partners and execution of project sales. Americas grew by 6.2% (13% in local currencies).

APAC revenue declined by 20.9% (16% in local currencies) compared to Q1 of last year. China as a single market declined by 26% (16% in local currencies) year-on-year. Performance was impacted by a slow Chinese economic recovery in addition to changes made to distribution and high inventory levels among some retail partners in China.

Brand Partnering & other activities declined by 16.1% (13% in local currencies). This was mainly related to high comparables due to the ramp-up of the B&O Cisco 980 headset last year. Revenue from the automotive industry grew during the quarter.

Gross margin was 52.6%, up 16.0pp from last year. The margin benefitted from normalisation of component and logistics costs. In addition, the quarter saw improved margins across product categories, supported by price increases made since last year, as well as a change in product mix towards higher margin products.

EBIT before special items was DKK 16m (Q1 22/23: DKK -85m), corresponding to an EBIT margin of 2.6% (Q1 22/23: -14.1%). There were no special items in the period. The result for the period was DKK 7m (Q1 22/23: DKK -100m).

Free cash flow improved by DKK 20m and was negative by DKK 61m (Q1 22/23: DKK -81m), driven by an improved operating profit offset by a higher net working capital since Q4 22/23. Available liquidity was DKK 150m (Q1 22/23: DKK 207m).

Strategic highlights

To build brand awareness and target younger consumers, we launched our campaign, 'See Yourself in Sound.' The campaign included customer interaction through Spotify to generate automated personalised avatars and it gained strong traction with a global reach.

We launched a collaboration with Ferrari with four products in limited quantities. The products are sold in B&O branded stores, own eCommerce, and Ferrari channels.

We continued the optimisation of our channel network to ensure a more consistent luxury experience. Consequently, selected multibrand partners across regions were discontinued during the quarter.

Our customer base grew by 4% and the number of customers owning two or more B&O products increased by 3% year-on-year.

Outlook 2023/24

We maintain our outlook for 2023/24, announced on 6 July 2023:

- Revenue growth in local currencies: 0% to 9%
- EBIT margin before special items: 0% to 6%
- Free cash flow: DKK -50m to 100m

The outlook for 2023/24 is subject to uncertainty due to effects from a high inflationary environment, rising interest rates, the war in Ukraine, and the recovery of the Chinese economy.

Revenue
DKK million
619
Q1 22/23: 612

Growth in local currencies
5%
Q1 22/23: -10%

EBIT before special items
DKK million
16
Q1 22/23: -85

Free cash flow
DKK million
-61
Q1 22/23: -81

Key financial highlights

(DKK million)	Q1 2023/24	Q1 2022/23
Income statement		
Revenue	619	612
EMEA	303	239
America	67	63
APAC	172	218
Brand Partnering & other activities	77	92
EBIT before special items	16	-85
EBIT	16	-85
Special items, net	-	-
Financial items, net	-5	-18
Profit/loss before tax (EBT)	11	-103
Profit/loss for the period	7	-100
Financial position		
Total assets	2,244	2,476
Equity	969	1,012
Cash	141	125
Available liquidity	150	207
Capital resources	310	337
Net interest-bearing deposit/debt	-44	27
Net working capital	311	325

(DKK million)	Q1 2023/24	Q1 2022/23
Cash flows		
Cash flows from operating activities	-19	-28
Operational investments	-42	-53
Free cash flow	-61	-81
Key figures		
Gross margin, total, %	52.6	36.6
EMEA *)	47.3	31.0
Americas *)	45.5	19.8
APAC *)	48.9	28.8
Brand Partnering & other activities *)	87.8	82.1
Growth in local currencies, %	5	-10
EBIT margin before special items, %	2.6	-14.1
EBIT margin, %	2.6	-14.1
Return on invested capital, excl. goodwill, %	11.9	-7.8
Return on equity, %	0.6	-9.9
Full-time employee (FTE) at end of period	1,003	1,059
Stock-related key figures		
Earnings per share (EPS), DKK	0.1	-0.8
Earnings per share, diluted (EPS-D), DKK	0.1	-0.8
Price/Earnings	158.7	-15.3

*) 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 Q1

Like-for-like sell-out grew by 8%, primarily driven by APAC. Americas continued to grow whereas EMEA declined slightly.

Revenue grew by 1.2% (5% in local currencies) mainly driven by EMEA. Market challenges continued to impact APAC.

Gross margin was 52.6%, up from 36.6% from last year, driven by an absence of extraordinary component costs, change in product mix and price increases.

EBIT margin before special items improved 16.7pp to 2.6% compared to Q1 of last year.

Free cash flow improved DKK 20m and was negative DKK 61m (Q1 22/23 DKK -81m), driven by improved EBIT.

Development in Q1 2023/24

The quarter was characterised by consumers focusing on travel during the summer. This was the first year with no travel restrictions post-covid, travel activity increased compared to Q1 of last year. EMEA had negative sell-out growth of 3% while Americas had sell-out growth of 5%. APAC had solid sell-out growth of 29%, albeit generated from very low comparables.

Despite continued macroeconomic headwinds, we delivered revenue growth of 5% in local currencies. At the end of the quarter, we implemented price increases on selected products in the portfolio, and saw retail partners replenishing inventory and executing project sales. This was particular within the Stage category. The price increases are expected to have pulled some demand forward from Q2.

The ongoing war in Ukraine and rising interest rates continued to impact sales and demand. On the positive side, we benefitted from lower pressure on global supply chains and the normalisation of component and logistic costs since Q4 22/23. Consequently, we generated a gross margin of 52.6%, which was 16.0pp above last year's level and an improvement of 1.2 pp from Q4 22/23.

The economic recovery in China has been slow, and we do not expect to see improvements before second half of the fiscal year. Moreover, we see a fragmentation in the market where monobrand customers are less sensitive to economic downturn than customers in the online channels. This also reflects our strategic decision to move towards the luxury position.

As part of our work to improve the luxury experience, we are more selective when it comes to where consumers experience our products and brand. In Q1, this meant discontinuing more multibrand stores and less volume in the multibrand channel overall, which affected all regions.

We continued our focus on ensuring a lean cost base, and in Q1 we improved our free cash flow for the quarter. This was driven by the improved EBIT offset by an expected higher net working capital level compared to Q4 22/23.

We have a strong product portfolio, and we continued to see good demand for several of our recently launched products such as Beosound A5 and our soundbar Beosound Theatre. In early September, we announced the launch of our new outdoor proposition Beosound Bollard and the speaker Beolab 8. We expect the latter to generate good demand in the second half of 23/24.

Like-for-like sell-out

Sell-out grew by 8% compared to the same period last year. Sell-out for our company-owned stores grew 1% and our online channels, eTail and eCommerce grew with 5% and 53%, respectively. Monobrand declined 5% and multibrand declined 3%.

Like-for-like sell-out in EMEA declined by 3% in the quarter. The decline was primarily driven by the northern European markets. The company owned stores delivered sell-out growth of 1% and the online channels had growth of 10%. In EMEA, we grew the Flexible Living category, whereas Staged and On-the-go category declined in the period.

Sell-out in Americas grew 5%, mainly driven by our eTail channel and company-owned stores. In terms of product categories, our Flexible Living category had strong growth in the quarter, the Staged category was on par whereas On-the-go declined in the period.

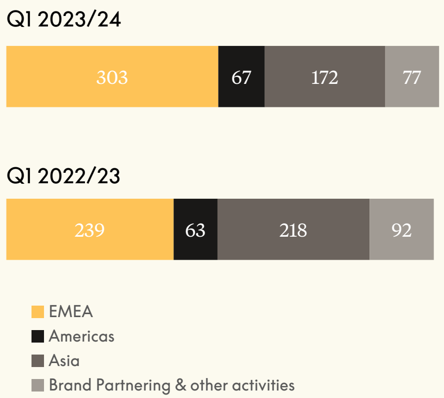
Like-for-like sell-out in APAC increased by 29%, primarily driven by a very low comparables in China last year due to restrictions and regional lockdowns.

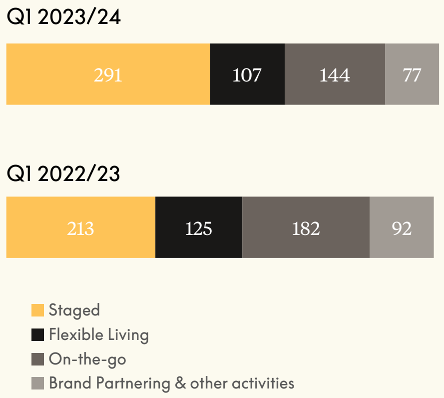
LIKE-FOR-LIKE SELL-OUT*

	Q1 23/24		Q1 23/24
EMEA	-3%	Staged	-4%
Americas	5%	Flexible Living	38%
APAC	29%	On-the-go	7%
Total	**8%**	**Total**	**8%**

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

Revenue split





Sell-out growth was mainly driven by our online channels and multibrand. Flexible Living and On-the-go had high growth rates, while the Staged category declined during the period.

Across regions, our Flexible Living category grew by 38%, On-the-go category grew by 7%, while the Staged category declined by 4%.

Revenue in Q1

Revenue in Q1 grew by 1.2% year-on-year (5% in local currencies) to DKK 619m in line with expectations.

The increase in reported revenue was related to total product sales, which increased by 4.3% (8% in local currencies), while Brand Partnering & other activities declined by 16.1% (-13% in local currencies).

Product revenue, regions

The growth in product revenue was mainly driven by EMEA and across channels except for the multibrand channel. Monobrand reported good growth.

Overall, revenue grew across channels, except the multibrand channel which declined 37%. This was mainly due to the above-mentioned strategic focus to be more selective in this channel.

EMEA

EMEA grew by 26.7% (28% in local currencies) to DKK 303m, and had double digit growth in all channels, except for multibrand. Revenue was positively impacted by the above-mentioned replenishment by retail partners and our monobrand channel grew 36%.

As part of our strategic transformation, the number of multibrand stores in EMEA have been reduced by 204 stores since Q1 of last year. In addition, monobrand stores were reduced by 23 year-on-year. This was mainly due to a quality assessment of the monobrand network and partners, where 40 stores were identified to be closed in 22/23.

Total online sales in EMEA (eCommerce and eTail) grew by 13% year-on-year.

Americas

Revenue in Americas grew 6.4% (13% in local currencies) to 67m, mainly driven by growth in our company-owned stores and our Custom Installations (CI) channel driven by our partnership with Origin Acoustics. Revenue from the multibrand channel grew despite ending the partnership with T-Mobile, consequently reducing the channel by more than 700 stores during Q1 23/24.

APAC

Revenue in APAC was DKK 172m (Q1 22/23: DKK 218m), corresponding to a 20.9% decline (-16% in local currencies). Revenue from our Chinese market declined by 26% (-16% in local currencies) and accounted for approximately 54% of total revenue in APAC.

In APAC, we continued our effort to change the eTail network and multibrand setup. Both channels declined in the period, where multibrand last year had high comparables. Excluding partners with high inventory levels, our monobrand channel saw growth in the period, reflecting less sensitivity in consumer behaviour in that customer segment.

Brand Partnering & other activities

The 16.1% decline in Brand Partnering & other activities was mainly due to high comparables last year related to the ramp-up of the Bang & Olufsen Cisco 980 headset. Revenue driven by the automotive industry had solid growth in the period.

	Monobrand		Multibrand	
Points of sale	End Q1 23/24	End Q1 22/23	End Q1 23/24	End Q1 22/23
EMEA	299	340	1,526	1.730
Americas	29	27	1,478	2,446
APAC	77	79	938	799
Total	**405**	**446**	**3,942**	**4.975**

Product revenue, categories

Staged category

Revenue grew by 37% to DKK 291m. The Staged category saw solid performance from TV's and soundbars, whereas volumes from speakers declined. Beosound Theatre, in particular, performed well following the launch in Q2 last year and was the biggest contributor to group revenue for the quarter.

The growth was supported by higher average prices since last year and the announced price increases implemented 1 September 2023.

Flexible Living category

Revenue declined by 14% to DKK 107m. In general, we had lower sales volumes compared to Q1 of last year, reflecting high comparables in China.

The decline was partly offset by the launch of Beosound A5 in Q4 as well as higher average prices.

On-the-go category

Revenue declined by 21% to DKK 144m. The decline came from bluetooth speakers and earphones whereas headphones were overall flat year-on-year. Beoplay EX performed well in the quarter, yet declined year-on-year as the product was newly launched last year. In general, the optimisation of the multibrand channel affected this category.

The decline was partly offset by improved average prices.

Gross profit

Gross profit was DKK 325m (Q1 22/23: DKK 224m). This was equivalent to a gross margin of 52.6% against 36.6% last year, equivalent to an improvement of 16.0pp year-on-year.

Gross profit from regional product sales was DKK 258m (Q1 22/23: DKK 150m), equivalent to a gross margin of 47.6% (Q1 22/23: 28.8%), up 18.8pp against same quarter last year.

The gross margin benefited from absence of extraordinary component and logistic costs. In addition, the gross margin was favourably impacted by a change in the product mix towards higher margin products as well as price increases. All product categories delivered improved gross margins in the period.

The extraordinary components and logistic costs in Q1 of last year amounted to around DKK 65m. This is equivalent to a negative gross margin impact of approx. 11pp. In addition, the On-the-go category last year was impacted by the sale of a large quantity of earphones to a partner in the US, which reduced the On-the-go margin.

Gross profit from Brand Partnering & other activities was DKK 67m (Q1 22/23: DKK 74m), equivalent to a gross margin of 87.8% (Q1 22/23: 82.1%). The increase in gross margin was mainly driven by a lower share of product sales compared to last year. In Q1 of last year, we ramped up of the collaboration with Cisco to sell the Bang & Olufsen Cisco 980 headset for hybrid work.

Currency movements had an adverse impact on gross margin of approximately 0.2pp compared to Q1 of last year.

As per 1 June 2023, internal cost allocations have been updated, which has resulted in an updated split between segments. Due to a higher cost allocation to aluminium production, the gross margin in Brand Partnering & other activities decreases by approximately 5 pp and product sales increases by 1 pp, depending on the mix and seasonality. Comparable figures have been updated.

Capacity costs

Capacity costs were DKK 309m and on par with last year (Q1 22/23: DKK 309m). In Q1, we received DKK 16m as a final adjustment of the COVID-19 related relief packages, of which DKK 12m reduced the capacity costs for the quarter.

Development costs decreased by DKK 6m to DKK 63m (Q1 22/23: DKK 69m). This was driven by lower incurred costs due to COVID-19 related relief packages offset by a lower capitalisation compared to Q1 of last year.

Distribution and marketing costs increased by DKK 10m to DKK 215m (Q1 22/23: DKK 205m). The increase reflected our investments into more sales and marketing activities and the full-year effect of the resources we have added since Q1 of last year. The marketing cost ratio was 11.6% in Q1 compared to 9.8% in Q1 of last year. The increase was driven by higher marketing costs in all three regions.

Administrative expenses decreased by DKK 4m to DKK 31m (Q1 22/23: DKK 35m) driven by COVID-19 related relief packages and general cost savings.

EBIT

EBIT was DKK 16m (Q1 22/23: DKK -85m). This was equivalent to an EBIT margin of 2.6% (Q1 22/23: -14.1%).

	Q1	
GROSS MARGIN	**2023/24**	**2022/23**
Staged	54.0%	38.1%
Flexible Living	48.1%	41.6%
On-the-go	34.9%	11.1%
Products, total	**47.6%**	**28.8%**
Brand Partnering & other activities	87.8%	82.1%
Total	**52.6%**	**36.6%**

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

There were no special items in Q1 23/24 and Q1 22/23.

The margin improvement was related to the improved gross profit.

Financial items

Net financial items amounted to an expense of DKK 5m versus an expense of DKK 18m last year. The decrease in expenses was primarily driven by less negative exchange rate adjustments and higher interest income.

Profit/loss

The profit before tax was DKK 11m (Q1 22/23: loss of DKK 103m) and income tax was DKK 4m (Q1 22/23: income of DKK 3m).

The profit for the period was DKK 7m (Q1 22/23: loss of DKK 100m). The overall improvement was driven by the higher gross margin.

Cash flow

Free cash flow for the quarter was DKK -61m compared to DKK -81m last year. The year-on-year improvement was related to lower cash outflows from operating activities (DKK 19m) and lower operational investments, which were DKK 42m compared to DKK 53m in Q1 of last year.

The improvement in cash flows from operating activities was mainly related to a positive EBITDA of DKK 74m (Q1 22/23: DKK -32m). This was offset by negative changes in net working capital of DKK 89m (Q1 22/23: positive change of DKK 10m) driven by a decrease in trade payables.

Cash flows from operational investments totalled an outflow of DKK 42m (Q1 22/23: DKK 53m). The decline related mainly to lower capitalisation of development projects due to timing.

Cash flows from financing activities were an outflow of DKK 3m in line with last year (Q1 22/23: DKK 3m).

The cash position at the end of the quarter was DKK 141m (31 May 2023: DKK 216m). Total available liquidity was DKK 150m (31 May 2023: DKK 224m), made up of cash DKK 141m, securities DKK 392m less DKK 383m 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 310m (31 May 2023: DKK 384m).

Net working capital

Net working capital increased by DKK 89m during the quarter to DKK 311m (31 May 2023: DKK 222m).

Net working capital to the last 12 months' revenue was 11.3% in line with last year (Q1 22/23: 11.2%) but up 3.2pp since 31 May 2023.

Inventories declined by DKK 21m during the quarter, driven by high activity and focus on inventory management. The inventory reduction was mainly related to Stage products.

Trade receivables ended at the same level (DKK 327m) as last quarter (31 May 2023: DKK 341m). Sales with extended credit accounted for 1% of revenue in the quarter (Q1 22/23: DKK 6%).

Trade payables decreased by DKK 162m to DKK 403m, mainly related to lower production activities in the quarter and inventory management.

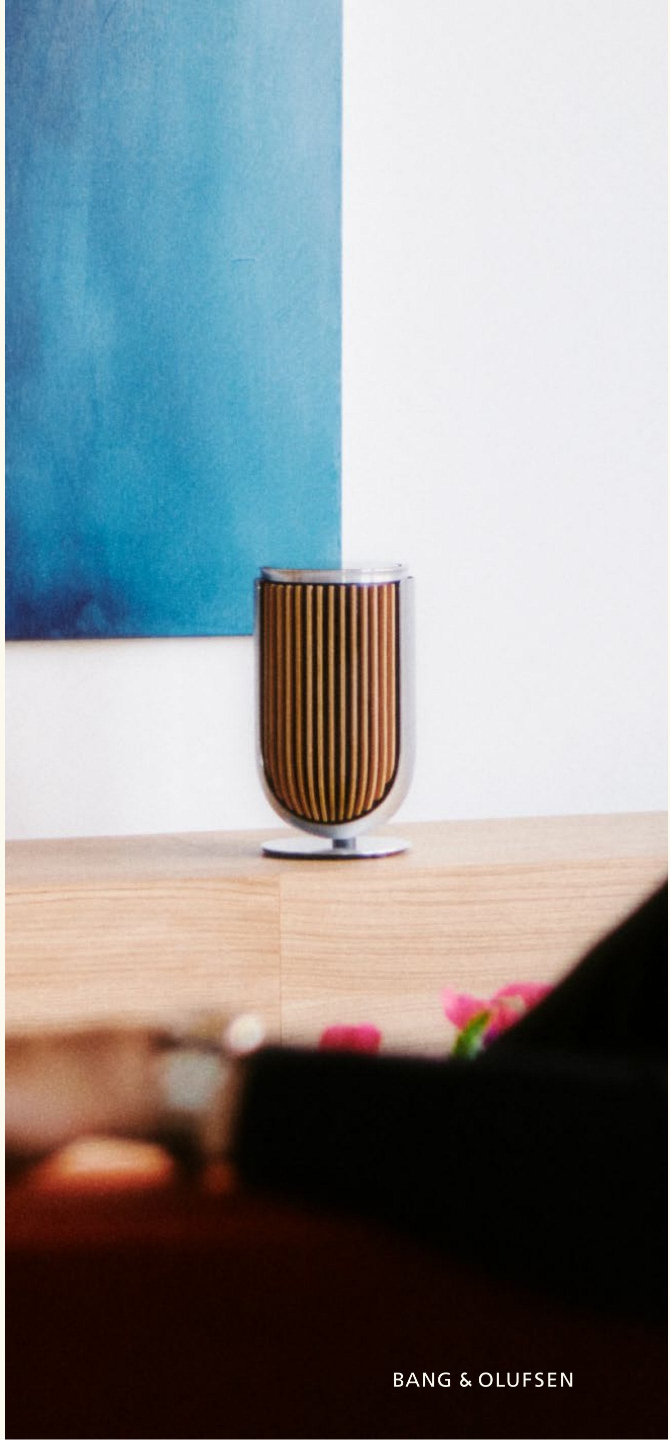
Other liabilities increased by DKK 25m to DKK 168m during the quarter, primarily related to employee related liabilities.

Other receivables decreased by DKK 13m to DKK 53m, mainly related to VAT and other short-term loans.

Net interest-bearing deposit/debt

Net interest-bearing debt, including net lease liabilities of DKK 136m, amounted to DKK 44m, compared to net interest-bearing deposit of DKK 19m at year-end, 31 May 2023. The decrease was mainly due to the negative free cash flow of DKK 61m for the quarter.

For further details, see note 7.



Progress on key strategic priorities for Q1 2023/24

A clear direction with Luxury Timeless Technology
Since the launch in January 2023, we have worked to bring our proposition of Luxury Timeless Technology to the +200 million design and music lovers worldwide whom we target to win. Five strategic shifts guide our execution, and the investments we make to reach our ambition.

Due to the continued uncertainty in our macro-environment, we are balancing our strategic investments, and the pace of execution. We want to remain prudent with our capital and resource deployment.

In parallel to our execution, we have worked to size our market, map our competitive environment, and validate the attractiveness and viability of our sharpened strategic direction. The result of this work confirmed that we have an attractive market opportunity, and that we are uniquely positioned to capture it.

Leveraging on a differentiated and unparalleled position in the growing luxury audio market
A fundamental choice in our strategy is to strengthen our position as a luxury brand in the audio and TV market. Our market, the luxury audio and tv market, had an estimated market value of EUR 19bn in 2022 in retail value. We currently hold just a 4% market share in this segment but are uniquely positioned to expand this for the future. Furthermore, this market segment has a promising 16% projected CAGR towards 2028, which provides an attractive growth opportunity for our company (Source: Boston Consulting Group analysis, July 2023).

The mass and premium segments of the global audio and TV market combined are larger in size, with a total market value of EUR 173 bn in 2022 in retail value and a projected stagnant CAGR of 1%. Yet, the luxury audio market is expected to have a more accelerated growth trajectory than the mass and premium market. This will result in a doubling of the luxury segment's penetration of the total market, moving from 10% in 2022 to 20% in 2028 (by retail value), thereby taking up a larger share of the total market over time.

The positive outlook of the luxury audio and TV market is further strengthened by the expected growth in the luxury sector, in general. Personal luxury, such as watches, jewellery, and bags among others, is expected to grow by 6-8% in the period 2023-2026. Experiential luxury, focusing on the full memorable luxury experience, is projected to grow by 8-10% in the period.

Based on the comprehensive competitor analysis, we firmly believe that Bang & Olufsen is poised to further penetrate this growing market. We categorise our competitive market space into four segments: Technology and personal electronics conglomerates, Mass and premium audio market providers, Audio specialists, and luxury audio. It is clear from our competitor analysis that no other brand in the market is better positioned to lead in luxury audio than Bang & Olufsen. It is our intent to lead and expand this, and the ultimate goal of our sharpened strategic direction with the Luxury Timeless Technology proposition. Nobody can match our broad product portfolio, iconic status and heritage of our brand, and design and engineering excellence of our products.

Q1 strategy execution
We continued to execute across our five strategic shifts.

1.Reigniting our brand to become a culturally relevant luxury love brand

In early Q1, we launched our brand awareness campaign, 'See Yourself in Sound.' The campaign included user interaction through Spotify to generate automated personalized avatars. It gained strong traction right from the beginning, and more than 72,000 musical avatars have so far been created across 193 markets. We leveraged the reach of our brand ambassadors, Lay Zhang and Fernando Alonso, who posted stories about their avatars. In addition, we engaged influencers across our regions to maximise our reach. The campaign was designed to introduce the Bang & Olufsen brand and associate it with music amongst our important target segment, the Gen Z population and young millennials.

In Q1, we grew our customer base by 4% and successfully increased the number of customers owning two or more Bang & Olufsen products by 3%. Both metrics remain critical priorities to us.

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

In Q1, we announced our new partnership with LG Electronics on their groundbreaking large size LG Magnit Micro LED screen intended for taking our home cinema offering to new heights. With this partnership, we are offering a 136-inch screen with our iconic Beolab 90 speakers for a complete, exclusive, and powerful home cinema system to luxury customers seeking a large-scale gold standard display and groundbreaking sound, to elevate the experience of watching movies, TV shows, sporting events and enjoying digital artwork in luxury residencies.

We also announced the Cradle to Cradle certification of our Beosound Emerge Wi-Fi speaker. The Cradle to Cradle Certified® Product Standard is one of the world's most trusted science-based frameworks for designing and manufacturing responsible and circular products. This is a validation of our work to build products that last and are made in a responsible way.

Today's consumer electronics industry is characterised by continuously decreasing product lifespans and premature obsolescence. We are taking a different approach by aligning with our strategic ambition of designing and building for product longevity.

We believe our products outperform other consumer electronic brands regarding longevity. Our customers value that, and it allows them to build an emotional connection with our products. Easy repairability and upgradeability are ways to extend our customer's memories with our products. Our approach also means a higher resale value for our products, which is important to many customers when assessing the total cost of product ownership.

3. Creating magical moments in connected touch points

Our routes to market are critical for cementing the B&O brand as a luxury brand. We are currently implementing programmatic measures for the purposes of ensuring high quality experiences and consistency in our brand communication across our channel network. In this respect, the B&O branded channels are particularly important, and we continue to work to improve customer experience in the monobrand network.

We also intend to continue our improvement initiatives within the multibrand and eTail channels, with a strategic focus on channel partners that align with our brand's positioning and values. This led to a restructuring of our multibrand network in the US in Q1, involving the discontinuation of our partnership with T-Mobile, as well as a reduction in the number of doors we occupy with Verizon, along with reducing the product assortment available through both Verizon and BestBuy.

The multibrand channel holds short-term significance in terms of building brand awareness and expanding our product exposure. Nevertheless, we remain committed to ensuring that our multibrand presence is consistently of high quality, and strategically positioned to prevent any potential brand dilution. Elevating our brand to a luxury level is a transformation that will require both time and decisive choices particularly within the multibrand channel.

4. Winning in key, global cities

Our execution for winning in the cities of London, Paris and New York continued.

Q1 sell-out growth in London landed at 1% which was impacted negatively by our company-owned store in Bicester Village. Throughout the quarter, our Bicester Village store was challenged by staff shortage and limited stock availability. Several marketing activations in London drew attention to our brand. These included a presence at London Fashion Week, a collaborative pop up with brand ambassador Tom Sellers at the Wimbledon Tennis tournament, brand presence at Live Nation summer festivals across London and the rest of the UK, and multiple Ferrari activations and event activities related to race weekends throughout the quarter.

While our Win London execution continues to secure positive results, our Q1 performance in Paris was more differentiated. With a sell-out index of 68, Paris monobrand had relative low activity, mainly due to high comparables. Our CoCo and eCommerce channels, however, showed positive, double digit sell-out growth, and we had several marketing executions. These included an immersive listening session at the Salle Pleyel for a small VIP audience, and a cocktail evening with a Ferrari simulator to launch the Ferrari x B&O Collection.

In New York, sell-out grew 13%. We hosted various events in our company-owned stores to bring magical musical experiences to specially invited guests and to activate our Scuderia Ferrari sponsorship with an exclusive race watching event.

We continue our sales and marketing executing in the three key cities and work diligently with our partners to consistently improve and grow our business.

5. Exploring existing and new adjacent opportunities

In Q1, we were pleased to announce our strategic product collaboration with Ferrari, a brand with whom we share a common commitment to design and performance excellence. This partnership is expected to not only enhance awareness and equity for our brand but also to bring joy and excitement to the extensive global communities of both Ferrari and Bang & Olufsen fans.

This collaborative effort stands as a testament to the enduring strength of the Bang & Olufsen heritage and brand perception. It also reflects our deliberate and focused efforts to strengthen our relationships with existing partners and explore opportunities to expand our business within their ecosystems and for them to reach new customers as well.

In addition, we expanded our business with Harman, by providing a luxury sound system to all future Acura car models with the ambition of elevating the in-car audio experience across the entire Acura line-up in coming years. Commercialising our sound capabilities is not only a strong revenue driver but also a way of ensuring we increase presence with our existing and future customers throughout their daily lives. We want to leverage our presence in the automotive space to drive awareness and equity to our brand but also to get access to the millions of people listening to Bang & Olufsen sound systems while commuting every day.

EMEA

Like-for-like sell-out

Like-for-like sell-out declined by 3%. Company owned stores delivered growth of 1%. The online channels grew by 10%, while monobrand and multibrand declined in the period. Monobrand stores in Paris were adversely impacted by high comparables last year.

The like-for-like sellout in monobrand varied significantly across countries. In general, the northern European countries experienced lower demand, whereas the southern European countries had a positive sell-out trend.

The overall sell-out decline was mainly related to the Staged category but also On-the-go products, while our Flexible Living category delivered sell-out growth.

Revenue

Revenue was DKK 303m (Q1 22/23: DKK 239m). This was equivalent to an increase of 26.7% (28% in local currencies).

EMEA delivered double digit growth across channels, except for multibrand, that declined. As part of the strategic transformation, the number of multibrand stores has been reduced by 204 stores since end of Q1 last year.

Our monobrand channel grew by 36%. We saw retail partners replenishing inventory and executing on project sales at the end of the quarter due to the announced price increases from 1 September 2023. Last year's inventory levels were at a low level as retail partners were hesitant to replenish due to the uncertain macroeconomics.

Total online sales in EMEA (eCommerce and eTail) grew by 13% year-on-year.

Total revenue from our Staged category grew by 49%. TV's and soundbars reported a strong performance, mainly driven by Beosound Theatre, launched in Q2 last year, while Beolab speakers were largely on par with Q1 of last year.

Revenue from the Flexible Living category grew by 18%. The growth was supported by the launch of Beosound A5 in April 2023.

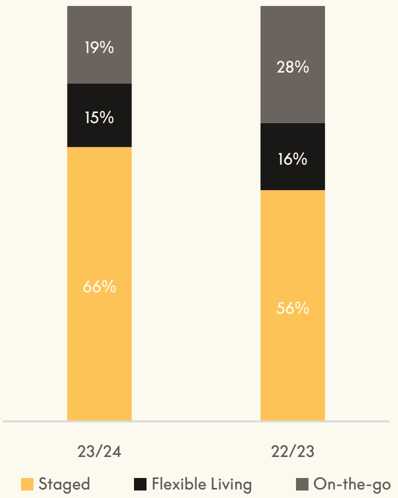
Revenue from the On-the-go category declined by 16%. Bluetooth speakers declined in the period, while headphones increased. Beoplay EX reported solid performance last year in connection with the launch. We continued to see good performance from Beoplay EX being the best single performing product in the category.

Gross profit

Gross profit amounted to DKK 144m (Q1 22/23: DKK 74m), corresponding to a gross margin of 47.3% (Q1 22/23: 31.0%). The margin was positively impacted by a change in product mix towards higher margin products as well as price increases year-on-year. All product categories reported improved gross margins in the period.

	Q1		
(DKK million)	2023/24	2022/23	Change
Revenue	303	239	64
Growth in local currencies	28%	-20%	
Gross profit	144	74	70
Gross margin	47.3%	31.0%	16.3pp

Q1 revenue split (%)



Americas

Like-for-like sell-out

Like-for like sell-out growth was 5%. The growth was mainly driven by Company-owned stores, which grew 19% and eTail, showing solid growth of 35% during the quarter.

The main contribution to the sell-out growth came from the Flexible Living category, while the Staged category was on par with the same period last year. The On-the-go category declined in the period.

Revenue

Revenue was DKK 67m (Q1 22/23: DKK 63m), equivalent to an increase of 6.4% (13% in local currencies).

Our expanded partnership with Origin Acoustics on custom installations (CI) continued to show good progress in the period. In addition, our company owned stores delivered solid growth as well as the eTail channel, whereas monobrand declined.

The multibrand channel delivered growth in the period, despite undergoing change due to the strategic transformation. The partnership with T-Mobile ended and consequently the multibrand channel was reduced by more than 700 stores during Q1 23/24.

Revenue from the Staged category grew by 38%. Both TV's and soundbars and Beolab speakers grew in the period. Growth was mainly driven by good performance from Beosound Theatre, and Beolab 90. Higher average selling prices also supported growth.

Revenue from the Flexible Living category grew by 53% compared to last year. We saw good revenue growth across the portfolio, and from the launch of Beosound A5, in particular. Higher average selling prices also supported growth.

Revenue from On-the-go declined by 29% compared to last year. The decline was driven by earphones due to the sale of a large quantity of earphones to a B2B partner last year. Revenue from headphones grew in the period, whereas bluetooth speakers had a modest decline.

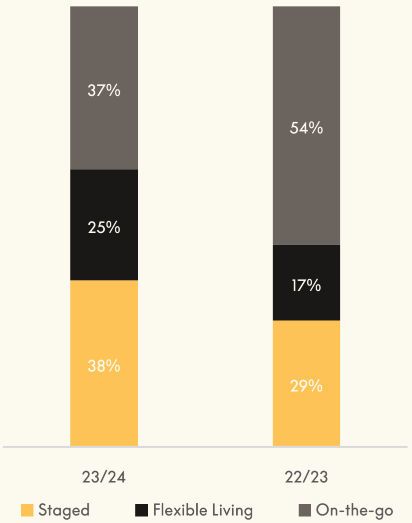
Gross profit

Gross profit amounted to DKK 30m (Q1 22/23: DKK 13m). This was equivalent to a gross margin of 45.5% (Q1 22/23: 19.8%). The improvement was positively impacted by change in product mix towards higher margin products as well as price increases year-on-year. All product categories saw improved gross margins in the period.

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

	Q1		
(DKK million)	2023/24	2022/23	Change
Revenue	67	63	4
Growth in local currencies	13%	-6%	
Gross profit	30	13	17
Gross margin	45.5%	19.8%	25.7pp

Q1 revenue split (%)



APAC

Like-for-like sell-out

Like-for-like sell-out grew 29%, mainly driven by China with a strong sell-out growth of 60%. Sell-out growth in China was across product categories and mainly driven by e-tail, albeit generated from a very low comparables due to restriction and regional lockdowns last year.

Due to the prolonged lockdown conditions and the current market situation in China, some companies are cash-strapped, and a number of retail partners have built up excessive inventory, which continue to impact the sell-in and sell-out balance.

Japan had sell-out growth of 17% while South Korea grew 12%. South Korea was impacted by excess inventory related to the restrictions and regional lockdowns last year.

Revenue

Revenue was DKK 172m (Q1 22/23: DKK 218m), corresponding to a 20.9% decline (-16% in local currencies).

Revenue from our Chinese market declined by 26% (-16% in local currencies) and accounted for approximately 54% of total revenue in APAC. Revenue from South Korea was on par with last year.

We continued our strategic transformation in APAC and have initiated a structural change in the e-tail network and multibrand setup, changing partners and reducing the number of stores. Both channels declined in the period.

Our monobrand channel was affected by a number of our retail partners in China who have built up inventory last year. In general, the monobrand channel saw growth in the period.

The economic recovery in China has been slow, and we see fragmentation in the market where monobrand customers are showing less sensitivity towards economic downturn than customers in the online channels. This is also reflected in the performance in our product categories.

	Q1		
(DKK million)	2023/24	2022/23	Change
Revenue	172	218	-45
Growth in local currencies	-15%	-12%	
Gross profit	84	63	21
Gross margin	48.9%	28.8%	20.1pp

Revenue from the Staged category grew by 4%. The growth was within TV's and soundbars mainly driven by a positive impact from Beosound Theatre.

The Flexible Living category declined by 41%, mainly driven by high comparables as some partners replenished inventory during the regional lockdowns in China. We saw positive contributions from the relaunch of Beosound Emerge and the launch of Beosound A5 in April 2023.

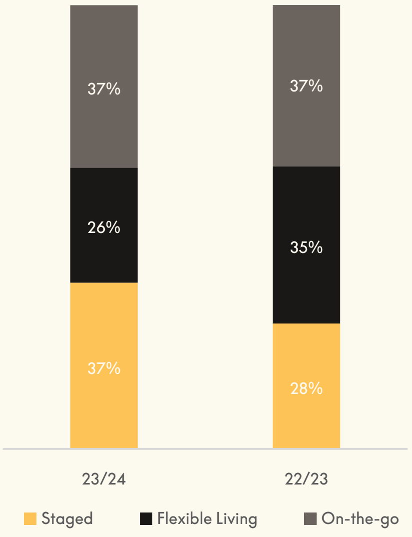
The On-the-go category declined by 23%. Headphones had growth, whereas Bluetooth speakers and Earphones declined in the period. Beoplay EX saw a strong quarter last year following the launch.

Gross profit

Gross profit amounted to DKK 84m (Q1 22/23: DKK 63m), equivalent to a gross margin of 48.9% (Q1 22/23: 28.8%).

The increase was driven by improved margins within all categories as well as change in the product mix towards higher margin products. The margins were also supported by price increases implemented since last year.

Q1 revenue split (%)



Brand Partnering & other activities

Revenue

Revenue was DKK 77m (Q1 22/23: DKK 92m), corresponding to a 16.1% decrease (13% in local currencies).

Licence fee revenue declined by 3%. This was mainly due to declining income from HP. Revenue driven by the automotive industry had solid growth in the period, supported by a good order backlog and easing of supply chains for car components. Licensing income accounted for 80% of total revenue in Brand Partnering & other activities.

Revenue from co-branded products declined year-on-year; this was mainly related to high comparables last year due the ramp-up of the Bang & Olufsen Cisco 980 headset.

Revenue related to aluminium production for third parties was largely on same level as last year.

Gross profit

Gross profit amounted to DKK 67m (Q1 22/23: DKK 74m), equivalent to a gross margin of 87.8% (Q1 22/23: 82.1%).

The increase in gross margin was mainly related to the change in mix, as the category included a lower proportion of product revenue from our brand collaboration with Cisco.

As per 1 June 2023, internal cost allocations have been updated, which has resulted in an updated split between segments. Due to a higher cost allocation to aluminium production, the gross margin in Brand Partnering & other activities decreases by approximately 5 pp and product sales increases by 1 pp, depending on the mix and seasonality. Comparable figures have been updated.

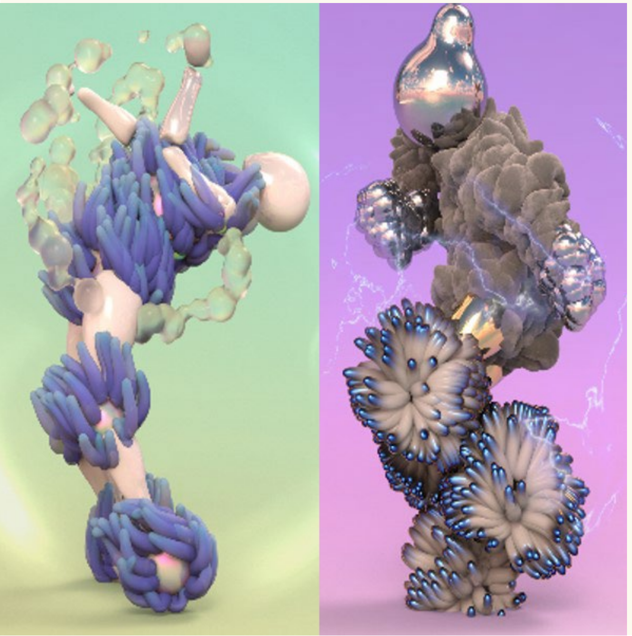
	Q1		
(DKK million)	**2023/24**	2022/23	Change
Revenue	77	92	-15
Growth in local currencies	-13%	44%	
Gross profit	67	74	-7
Gross margin	87.8%	82.1%	5.7pp

Key events in Q1

See yourself in sound

In June, we launched the global marketing campaign "See yourself in sound".
The campaign aims to increase brand awareness and attract Gen Z customers to our brand. The campaign was digitally focused and personalised, inviting people to create avatars based on their musical taste and share them on social media.

The brand campaign was activated on our social media channels, in our stores, and through a global influencer marketing campaign and PR. The campaign had a global reach, and 72,000 avatars have so far been created across regions.



Summer innovation camp in Struer

For the second year in a row, and alongside other industry peers and important academic institutions, we supported the Summer Innovation Camp at Sound Hub Denmark, Struer. This camp is made to support the education of young talents with interest in science. The Innovation Camp has hosted more than 400 students since 2008.

Our continuous support to the Innovation Camp is aligned with our ambitions and contributes to the achieving of the UN Sustainable Development goals mapped in our strategy.

The B&O DNA Collection goes physical

In June, we launched our first token-gated product – the Beosound A9 DNA Edition. The Besound A9 DNA collection is exclusively available for customers who have bought one or more DNA Collection NFTs (non-fungible tokens).

Cradle-to-cradle certification of Beosound Emerge

We were the first consumer electronics company to get a product Cradle to Cradle Certified with our speaker Beosound Level, and in Q1, we reached another milestone with the certification of the Beosound Emerge. In contrast to an industry that is characterised by short product lifespans, we are going in the opposite direction with the ambition to design and build for longevity and engage with consumers to promote the value of long-lasting products and circularity.

To be Cradle to Cradle Certified, Beosound Emerge was assessed across five categories of sustainability performance for the product's design itself and for the supply chain it is part of in accordance with the Cradle to Cradle Certified® Product Standard.

Bang & Olufsen has committed to get at least 10 products Cradle to Cradle Certified® by June 2025 and certify all future product innovations.
Beosound Emerge becomes the company's second product to get certified.

Partnership with football team AS Monaco

In August, we announced our partnership for coming season with the football team AS Monaco, which includes our logo featuring on the upper back of the shirt worn by the AS Monaco football team. Through the partnership, we want to connect with new audiences by raising our awareness globally in a perfect fit, with a team representing a country synonymous with timeless glamour and entertainment.

AS Monaco is a historic club of French Championship, founded in 1924. With eight Ligue 1 titles, ten national cups and two European Cup Finals, AS Monaco has one of the most impressive records in French football and a strong heritage.

MS Teams certification of Beocom EX

In August, Beocom EX became available with Microsoft Teams Certification, following the MS Teams certification of our Beocom Portal in February, thereby, marking the completion of our enterprise headset lineup as Beocom Portal and Beocom EX are both available in Zoom/UC and MS Teams versions.

Available with both Microsoft Teams and Zoom certification, Beocom Portal and EX are fit for best-in-class hybrid work experience and made specifically to cater to the needs of professionals who want premium audio and design that is equally suitable for work as for leisure and sports.

Atelier Editions colour drops

In Q1, we continued the launch of our atelier colour drops of the Beoplay EX. In addition to the Beoplay EX, we launched a Beosound 2 in gradient green and a Beosound Level in Lilac purple, both in limited editions, displaying our capabilities in aluminium colours. All colour drops were sold out.

Launch of the Ferrari-collection

In August, we launched a new collection with Ferrari. The collection champions our excellence in aluminium and celebrates the two brands' shared passion for perfection and power by reimagining a series of headphones and speakers. In addition, the collection is a departure from our traditional approach of creating classic speakers that are meant to naturally blend in with people's homes while standing out for their beautiful design. As statement pieces, this collection is different. Much like supercars, they make themselves seen and heard.

The four products launched are the Beosound 2 home speaker, Beoplay H95 headphones, Beoplay EX earphones and the portable speaker Beosound Explore. All tied together with a distinctive shade of red, creating an unmistakable connection to the Ferrari brand signature.

The products come in limited edition and are available online on our and Ferrari e-com, selected B&O and Ferrari stores.

BANG & OLUFSEN / FERRARI OFFICIAL PARTNER

Outlook for 2023/24 maintained

We confirm the outlook for 2023/24, announced on 6 July 2023. The outlook is subject to uncertainty as market challenges persist.

We will continue investments related to product and retail development, as well as marketing and product development.

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

Revenue growth

Revenue growth in local currencies is expected to be between 0% to 9%.

EBIT margin before special items

EBIT margin before special items is expected to be between 0% to 6%.

Free cash flow

Free cash flow is expected to be DKK -50m to DKK 100m.

Assumptions

The expectations are subject to the following assumptions:

- Improved market conditions in China in H2 23/24.
- Macroeconomic conditions in Europe and US will improve during the fiscal year.
- Launch of six or more product innovations. (including the launch of MS Teams for Beoplay EX, Belolab 8, and Beosound Bollard).
- No impact on product availability due to geopolitical changes or COVID-19 related lockdowns.
- No major COVID-19 related lockdowns.
- Exchange rates against DKK, including in particular USD, CNY and EUR, in line with current exchange rate levels, overall.
- No pressure on sourcing components through spot buys.
- Improved inventories.

Sensitivities

The outlook for 2023/24 is subject to uncertainty related to consumer sentiment from the effects of a high inflationary environment, rising interest rates and the war in Ukraine. In addition, there is higher geopolitical uncertainty. The economic recovery and pace hereof in China are also subject to uncertainty.

Safe harbour statement

The report contains statements relating to the 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	Q1 23/24 actuals	Outlook 2023/24
Revenue growth in local currencies (%)	5%	0% to 9%
EBIT margin before special items (%)	2.6%	0% to 6%
Free cash flow (DKKm)	-61	-50 to 100

Condensed income statement

		Q1		Year
(DKK million)	Notes	**2023/24**	2022/23	2022/23
Revenue	4	**619**	**612**	**2,752**
Production costs		-294	-388	-1,537
Gross profit		**325**	**224**	**1,215**
Development costs	5	-63	-69	-301
Distribution and marketing costs		-215	-205	-910
Administrative expenses		-31	-35	-128
Operating profit/loss (EBIT)		**16**	**-85**	**-124**
Financial income		12	4	28
Financial expenses		-17	-22	-56
Financial items, net		**-5**	**-18**	**-28**
Profit/loss before tax (EBT)		**11**	**-103**	**-152**
Income tax		-4	3	11
Profit/loss for the period		**7**	**-100**	**-141**
Earnings per share				
Earnings per share (EPS), DKK		0.1	-0.8	-1.5
Diluted earnings per share (EPS-D), DKK		0.1	-0.8	-1.5

Condensed statement of comprehensive income

(DKK million)	Q1 2023/24	Q1 2022/23	Year 2022/23
Profit/loss for the period	**7**	**-100**	**-141**
Items that will be reclassified subsequently to the income statement:			
Exchange adjustments of subsidiaries	-5	5	-12
Fair value adjustments of hedging instruments	1	-2	-5
Value adjustments of hedging instruments reclassified in			
Revenue	1	7	22
Production costs	4	-5	-16
Tax on other comprehensive income/loss	-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	**-**	**5**	**-10**
Total comprehensive income/loss for the period	**7**	**-95**	**-151**

Condensed statement of financial position

ASSETS

(DKK million)	Notes	31-08-23	31-08-22	31-05-23
Goodwill		42	42	42
Acquired rights and software		77	64	80
Completed development projects		179	106	129
Development projects in progress	5	74	137	124
Intangible assets		**372**	**349**	**375**
Property, plant and equipment		214	213	215
Right-of-use assets		110	98	120
Tangible assets		**324**	**311**	**335**
Investments in associates		-	0	-
Other receivables				
Non-current other receivables		22	24	23
Deferred tax assets		99	85	99
Total non-current assets		**817**	**769**	**832**
Inventories		478	624	499
Trade receivables		327	396	341
Tax receivable		11	32	11
Other receivables		54	87	68
Prepayments		24	36	24
Securities	7	392	407	394
Cash	7	141	125	216
Total current assets		**1,427**	**1,707**	**1,553**
Total assets		**2,244**	**2,476**	**2,385**

EQUITY AND LIABILITIES

(DKK million)	Notes	31-08-23	31-08-22	31-05-23
Share capital		613	613	613
Translation reserve		15	37	20
Cash flow hedge reserve		1	-5	-4
Retained earnings		340	367	329
Total equity		**969**	**1,012**	**958**
Lease liabilities		100	85	109
Pensions		10	12	11
Deferred tax		6	6	6
Provisions		40	38	40
Mortgage loans		55	57	56
Non-current other liabilities		5	21	3
Total non-current liabilities		**216**	**219**	**225**
Lease liabilities		36	39	37
Mortgage loans		3	4	3
Bank loans	7	383	325	386
Provisions		54	54	60
Trade payables		403	632	565
Tax payable		12	21	8
Other liabilities		168	170	143
Total current liabilities		**1,059**	**1,245**	**1,202**
Total liabilities		**1,275**	**1,464**	**1,427**
Total equity and liabilities		**2,244**	**2,476**	**2,385**

Condensed statement of cash flows

(DKK million)	Notes	Q1 2023/24	Q1 2022/23	Year 2022/23
Profit/loss before tax (EBT)		11	-103	-152
Financial items, net		5	18	28
Depreciation, amortisation and impairment		58	53	222
Operating profit/loss before depreciation, amortisation and impairment (EBITDA)		**74**	**-32**	**98**
Other non-cash items		-3	-6	-4
Change in net working capital	6	-89	10	113
Interest received		12	4	28
Interest paid		-14	-8	-44
Income tax received/paid		1	4	7
Cash flows from operating activities		**-19**	**-28**	**198**
Purchase of intangible non-current assets		-32	-46	-169
Purchase of tangible non-current assets		-10	-12	-54
Sublease payment		1	1	2
Other cash flows from investing activities		-1	4	3
Operational investments		**-42**	**-53**	**-218**
Free cash flow		**-61**	**-81**	**-20**
Purchase of securities		-	-	-110
Sale of securities		3	3	124
Financial investments		**3**	**3**	**14**
Cash flows from investing activities		**-39**	**-50**	**-204**

(DKK million)	Notes	Q1 2023/24	Q1 2022/23	Year 2022/23
Repayment of lease liabilities		-10	-10	-40
Repayment of mortgage loans		-1	-1	-3
Proceeds from loans and borrowings		-	49	110
Repayment of loans and borrowings		-3	-	-
Settlement of matching share programme		-	-	-3
Cash flows from financing activities		**-14**	**38**	**64**
Cash and cash equivalents, opening balance		216	162	162
Foreign exchange gain/loss on cash and cash equivalents		-3	3	-4
Change in cash and cash equivalents		**-72**	**-40**	**58**
Cash and cash equivalents, closing balance		**141**	**125**	**216**
Available liquidity	7	150	207	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	-	-	-	7	7
Exchange adjustments of subsidiaries	-	-5	-	-	-5
Fair value adjustments of hedging instruments	-	-	1	-	1
Value adjustments of hedging instruments reclassified in					
Revenue	-	-	1	-	1
Production costs	-	-	4	-	4
Income tax on items that will be reclassified to the income statement	-	-	-1	-	-1
Comprehensive income/loss for the period	**-**	**-5**	**5**	**7**	**7**
Share-based payments	-	-	-	4	4
Equity 31 August 2023	**613**	**15**	**1**	**340**	**969**
Equity 1 June 2022	**613**	**32**	**-5**	**460**	**1,100**
Profit/loss for the period	-	-	-	-100	-100
Exchange adjustments of subsidiaries	-	5	-	-	5
Fair value adjustments of hedging instruments	-	-	-2	-	-2
Value adjustments of hedging instruments reclassified in					
Revenue	-	-	7	-	7
Production costs	-	-	-5	-	-5
Income tax on items that will be reclassified to the income statement	-	-	-	-	-
Comprehensive income/loss for the period	**-**	**5**	**-**	**-100**	**-95**
Share-based payments	-	-	-	7	7
Equity 31 August 2022	**613**	**37**	**-5**	**367**	**1,012**

* The company holds a total of 2,983,739 treasury shares (3,244,692 shares as of 31 August 2022)

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 interim report follows the same accounting policies as 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 regularly reassessed.

Due to the current uncertainty, risk of recession, high inflation, rising interest rates, the war in Ukraine, geopolitical uncertainty and risks related to potential regional COVID-19 related lockdowns, we have considered the recoverability of trade receivables, deferred tax assets, intangible assets and the value of inventories. In addition, Management have assessed both the supply situation and consumer demand in relation to the war in Ukraine and concluded that the financial impacts consequently do not require significant judgements. 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 this, 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.

3 Seasonality

Due to the composition of the Bang & Olufsen business, some degree of seasonality of revenue must be expected. Historically, the highest revenue has been realised in Q2 due to the seasonal nature of the business.

In the current situation, seasonality may be impacted by regional COVID-19 related lockdowns and effects related to the current high macroeconomic uncertainty described above.

4 Segment information – Q1

(DKK million)	EMEA	Americas	Asia	**Regions, total**	Brand Partnering & other activities	**All**
Q1 2023/24						
Revenue	**303**	**67**	**172**	542	**77**	619
Production costs	-159	-37	-88	-284	-10	-294
Gross profit	**144**	**30**	**84**	258	**67**	325
Gross margin	47.3%	45.5%	48.9%	47.6%	87.8%	52.6%
Q1 2022/23						
Revenue	**239**	**63**	**218**	520	**92**	612
Production costs	-165	-50	-155	-370	-18	-388
Gross profit*	**74**	**13**	**63**	150	**74**	224
Gross margin*	31.0%	19.8%	28.8%	28.8%	82.1%	36.6%

(DKK million)	Staged	Flexible Living	On-the-go	**Products, total**	Brand Partnering & other activities	**All**
Q1 2023/24						
Revenue	**291**	**107**	**144**	542	**77**	619
Production costs	-135	-55	-94	-284	-10	-294
Gross profit	**156**	**52**	**50**	258	**67**	325
Gross margin	54.0%	48.1%	34.9%	47.6%	87.8%	52.6%
Q1 2022/23						
Revenue	**213**	**125**	**182**	520	**92**	612
Production costs	-133	-74	-163	-370	-18	-388
Gross profit*	**80**	**51**	**19**	150	**74**	224
Gross margin*	38.1%	41.6%	11.1%	28.8%	82.1%	36.6%

* 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.

5 Development costs

(DKK million)	Q1 2023/24	Q1 2022/23	Year 2022/23
Incurred development costs before capitalisation	63	78	319
Of which capitalised	-26	-33	-117
Incurred development costs after capitalisation	37	45	202
Capitalisation (%)	42.2%	42.5%	36.7%
Total charges and impairment losses on development projects	26	24	99
Development costs recognised in the consolidated income statement	**63**	**69**	**301**
Incurred development costs before capitalisation ratio (% of revenue)	10.1%	12.8%	11.6%

6 Change in net working capital

(DKK million)	31-08-23	31-05-23	Change in Q1 2023/24	Change in Q1 2022/23	Change in 2022/23
Inventories	478	499	21	5	130
Trade receivables	327	341	14	1	56
Other receivables*	53	66	13	3	22
Prepayments	24	24	-	-8	4
Trade payables	-403	-565	-162	51	-16
Other liabilities	-168	-143	25	-42	-69
Deferred income - non-current	-0	-0	-	-	-14
Total	**311**	**222**	**-89**	**10**	**113**

* Other receivables were adjusted for financial receivables related to leases of DKK 1m not included as net working capital at 31 August 2023 (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 31 August 2023, repo transactions amounted to DKK 383m.

During the quarter, the net interest-bearing deposit decreased by DKK 63m to a debt of DKK 44m compared to a deposit of DKK 19m at year-end 2022/23. Available liquidity amounted to DKK 150m (year-end 2022/23: DKK 224m).

(DKK million)	**31-08-23**	31-08-22	31-05-23
Mortgage loans (non-current)	-55	-57	-56
Mortgage loans (current)	-3	-4	-3
Bank loans (current)	-383	-325	-386
Lease liabilities (non-current)	-100	-85	-109
Lease liabilities (current)	-36	-39	-37
Other non-current liabilities*	-3	0	-3
Interest-bearing debt	**-580**	**-510**	**-594**
Finance lease receivables (non-current)	2	3	1
Finance lease receivables (current)	1	2	2
Cash (current)	141	125	216
Securities (current)	392	407	394
Interest-bearing assets	**536**	**537**	**613**
Net interest-bearing deposit/(debt)	**-44**	**27**	**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 74m to DKK 150m (year-end 2022/23: DKK 224m), consisting of cash and securities offset by repo transactions.

(DKK million)	**31-08-23**	31-08-22	31-05-23
Cash (current)	141	125	216
Securities (current)	392	407	394
Bank loans (current)	-383	-325	-386
Available liquidity	**150**	**207**	**224**

Including the undrawn part of our ESG-linked credit facility, capital resources were DKK 310m (year-end 2022/23: DKK 384m), consisting of available liquidity of DKK 150m and undrawn committed credit facilities of DKK 160m.

8 Financial instruments

Financial instruments by category

(DKK million)	31-08-23	31-08-22	31-05-23
Non-current other receivables	22	24	23
Trade receivables	327	396	341
Other receivables	54	87	68
Cash	141	125	216
Financial assets at amortised cost	**544**	**632**	**648**
Securities	392	407	394
Fair value through income statement	**392**	**407**	**394**
Derivatives used for hedge accounting	2	14	0
Fair value through other comprehensive income	**2**	**14**	**0**
Financial assets	**938**	**1,053**	**1,042**
Mortgage loans	58	61	59
Bank loans	383	325	386
Lease liabilities	136	124	146
Trade payables	403	632	565
Financial liabilities at amortised cost	**980**	**1,142**	**1,156**
Derivatives used for hedge accounting	5	23	8
Fair value through other comprehensive income	**5**	**23**	**8**
Financial liabilities	**985**	**1,165**	**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 on the balance sheet.

Derivative financial instruments

Derivative financial instruments comprise primarily foreign exchange contracts used to hedge the 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 – 31 August 2023.

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 31 August 2023, and of the results of the Group's operations and cash flows for the period 1 June 2023 – 31 August 2023. 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, 11 October 2023

Executive Management Board:

Kristian Teär
CEO

Nikolaj Wendelboe
EVP, CFO

Line Køhler Ljungdahl
EVP, CLO

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

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