Annual Report 2023/24

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This report includes the environmental, social, and governance performance of Bang & Olufsen A/S. It has been prepared with reference to the GRI Standards. Certain ESG data points presented, denoted with an *, have received limited assurance by an independent third-party. The report addresses the reporting requirements under sections 99a, 99b, 107d (see pages 55 to 77) and 99d (see page 42) of the Danish Financial Statements Act and under the EU Taxonomy Regulation. The accompanying Global Reporting Initiative (GRI) Index is available on our website.

Management Review

Financial statements

Bang & Olufsen

At a glance

1,000

Employees

70

Markets

DKK 2.6BN

Revenue

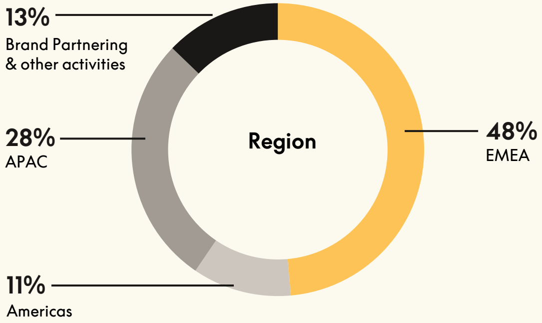
Listed on

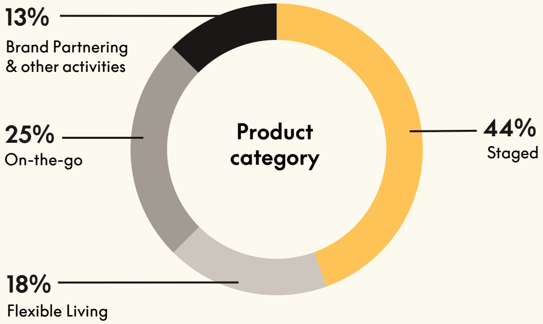
NASDAQ

Copenhagen

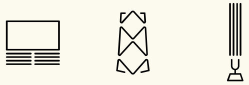
Bang & Olufsen is a luxury audio brand founded in 1925 in Struer, Denmark, by Peter Bang and Svend Olufsen whose devotion and vision remain the foundation for the company. For nearly a century, Bang & Olufsen has been pushing the boundaries of audio technology and design, and the company continues to be at the forefront of innovation and beautiful sound.

Revenue split





Product Categories

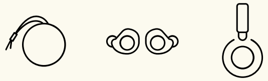


Staged

Immersive stereo music listening and cinematic viewing experiences.

Flexible Living

Connected sound for any room in an omni, stereo or multipoint set-up.



On-the-go

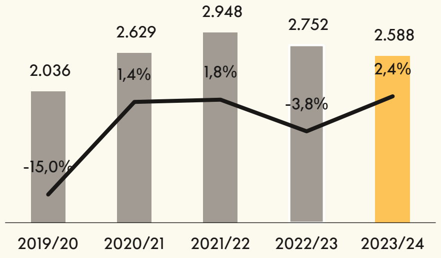
Products designed for travel, work and urban life.

Highlights 2023/24

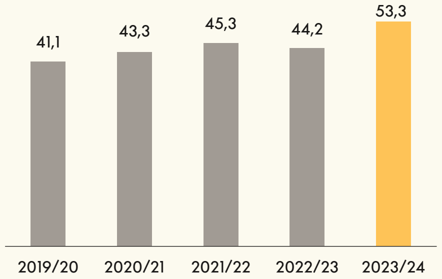
Financials

GROUP

Revenue and EBIT bsi margin



Gross margin



Segments

EMEA

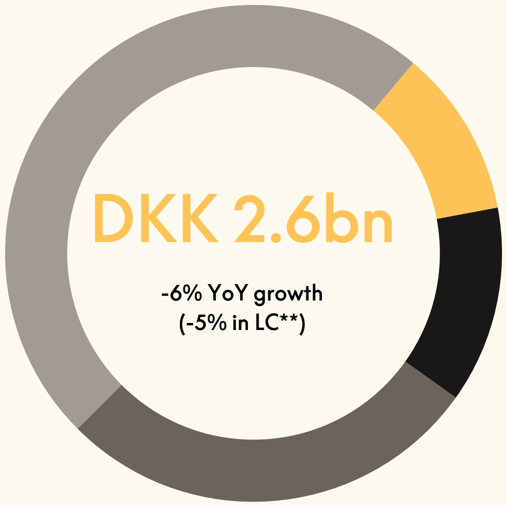
-2%
YoY growth
(-3% in LC**)

Gross margin
48.6%
↑ 10.3pp YoY

APAC

-9%
YoY growth
(-5% in LC**)

Gross margin
50.7%
↑ 10.4pp YoY



Americas

-8%
YoY growth
(-6% in LC**)

Gross margin
46.1%
↑ 13.6pp YoY

Brand partnering

-10%
YoY growth
(-9% in LC**)

Gross margin
83.3%
↑ 0.2pp YoY

EBIT AND CASH FLOW

EBIT margin bsi*
2.4%
↑ 6.2pp YoY

Free cash flow, DKK
11M
↑ 31mYoY

Available liquidity, DKK
184
↓40mYoY

* Before special items ** Local currencies

Highlights 2023/24

Sustainability

Life Cycle Assessment (LCA) completed on the Beosound Theatre soundbar

3

Cradle to cradle certified consumer electronics devices*

NET-ZERO TARGETS

validated in 2023/24**

56

nationalities working at B&O, up from 55 last year

~25,000

repairs and refurbishments completed at our repair centre in Struer, in 2023/24 (about 20,000 in 2022/23)

100%

of our operational electricity consumption from renewable sources in 2023/24

* Beosound A5 submitted for approval within the financial year and certification received in June 2024
**We commit to reach net-zero greenhouse gas emissions across the value chain by FY2039.
Please refer to the Science-Based Targets Initiative's dashboard for a complete list of our science-based validated climate targets..

LETTER FROM THE CHAIR AND THE CEO

Building a robust foundation for the future

Juha Christensen
Chair

Kristian Teär
CEO

The 2023/24 financial year was characterised by our continued efforts to implement our Luxury Timeless Technology strategy and lay the foundation for long-term profitable and sustainable growth.

Our strategy is underpinned by our unique position as the only player in the market offering a complete luxury audio product portfolio. In a world of short-lived products, we create iconic products fit for generations. We want to leverage our key differentiators as a pure luxury brand to become the unparalleled leader in the growing luxury audio market.

2023/24 performance

At the start of the financial year, we had expected macroeconomic improvements in our key markets in Europe and China, which did not materialise. As a result, in March 2024, we adjusted our full-year revenue outlook from positive growth to negative growth in the range of -9% to -5%. We ended the year with revenue of DKK 2.6bn, at the upper end of the range at 5% negative growth thanks to 1% growth in local currencies in the fourth quarter.

While sales of DKK 2.6 bn were lower than we had originally expected, we are pleased that our focus on building a robust financial foundation for the future has paid off. Our gross margin rose to a record high 53.3%. The gross margin increased throughout the year and ended at 54.3% in Q4. This led to an increase in EBITDA before special items of DKK 183m to a total of DKK 300m, corresponding to a margin of 11.6%. The EBIT margin before special items improved by 6.2 pp to 2.4%. In terms of profitability, this is our best full-year performance in six years.

The improved profitability enabled us to continue implementing our strategy by improving brand awareness, optimising our channel network while also maintaining a strong focus on price and a lean cost base.

Focus on brand awareness and leveraging partnerships within luxury

After a successful 2023 season, we renewed our partnership with Scuderia Ferrari for the 2024 and 2025 seasons. The partnership is expected to continue driving up awareness and the equity of our brand and to bring us closer to current and future customers within our target audience.

Our product offering entails bespoke and customisation capabilities that meet the demand for individualisation among our customers. Our Atelier capabilities also enable us to co-create exclusive products and this year, we launched product collaborations with partners such as Ferrari and Riva. These partnerships expand our reach and increase brand awareness, while reinforcing our positioning as a world leading luxury audio brand.

Retail excellence

This year, we established a dedicated global retail function to support our ambition to create luxury experiences across branded channels and optimising our retail footprint. During 2023/24, we reduced our presence in selected multibrand and eTail stores, which do not support our luxury positioning. We are not exiting the multibrand channel; however, we want to be selective in our choice of channel and assortment. Our branded channels are key to our growth ambitions now and in the future. This is where we can provide customers with the full B&O experience, sell high-margin products, and improve price consistency.

We continued to execute on our Win City Concept in New York, London, Paris, and recently, also in Hong Kong. We also relocated our company-owned store on Madison Avenue in New York. This will help us improve the customer experience significantly at a better location. In London, we opened a new flagship store based on our new store design concept, adding to our three existing company-owned stores in the city. In Paris, we expanded our presence with a new store while we have started to implement the concept in Hong Kong.

A strong product portfolio

This year, we added new iconic products, showcasing the unique combination of beautiful sound, timeless design and unrivalled craftsmanship that characterise our products. We launched a focal piece, Beolab 8, which complements our portfolio by meeting demand for a compact size speaker in a home cinema set-up and being just as suitable as a powerful stand-alone speaker. We also added our first outdoor offering, Beosound Bollard, to the portfolio, and our iconic CD player, Beosystem 9000c came to life as a recreated classic.

We continued to develop our proprietary software platforms and app to improve the customer experience. This is key to our luxury aspirations. Our new app is more intuitive and user-friendly. The improved functionality ensures consistent experiences across our products, regardless of age.

Every addition supports our longevity purpose in creating timeless pieces. Our recently launched streaming device Beoconnect Core is the essence of connecting our past, present and future, enabling yesteryear's turntables to link up to the newest speakers.

We now have a third speaker, Beosound A5, Cradle to Cradle Certified, which is one of the most ambitious product certification standards in the world. This is a testament to our ambition to move away from mainstream consumer electronics with short-lived products and instead build long-lasting luxury technology icons that can delight our customers for decades. Extending the lifetime of products is also important for reducing our environmental impact and it is key to our sustainability efforts. This year, our climate reduction targets were approved by the Science Based Targets initiative, which ensures that they are aligned with the 1.5-degree pathway of the Paris Agreement. Already now, our own operations are running on 100% renewable electricity.

Organisational changes to support the strategy

In 2023/24, we continued our focus to streamline our organisation and add new capabilities needed for our strategic transition. In May, we decided to implement a reorganisation. This unfortunately also meant that we had to say goodbye to colleagues. That is never an easy decision, but it was necessary to reallocate resources to other areas, reduce organisational complexity and improve execution. Our people engagement score remained at a high level this year, though we did see a slight decrease of two points compared to last year. That only inspires us to continue our work to ensure that B&O is an attractive and inclusive workplace.

Accelerating strategic execution and setting mid-term ambitions

Building on the achievements in 2023/24, including the improved profitability, we have therefore decided to accelerate the strategic execution to secure long-term growth and further improve profitability. As a part of this plan, we have set an ambition of achieving organic revenue growth of 8% (CAGR) during the three-year period covering the financial years 2025/26 to 2027/28, an EBIT margin before special items of 8% and a free cash flow of minimum DKK 250m in 2027/28.

The plan constitutes the execution of an ambitious road map to optimise our retail network, increase brand awareness and brand equity and work on pricing to reflect the luxury position of Bang & Olufsen. In addition, we continue to build world class products and to grow our license revenue from strategic partnerships.

Accelerating the strategic execution and achieving these ambitions require value-creating investments in the short-term, and the plan is therefore conditional upon a capital increase of up to 20% of our company's share capital.

The near-term economic outlook remains uncertain, which is also reflected in our 2024/25 outlook for organic revenue growth of -3% to +3% and an EBIT margin before special items of -2% to 1%. Free cash flow is expected from DKK -100m to DKK 0m. In addition, the outlook for 2024/25 is based on the assumption of a capital increase enabling increased investments in connection with the accelerated strategic execution.

Thank you

As a world leading luxury audio brand, we firmly believe that our business holds an exciting long-term potential. This is not least due to the hard work and unwavering dedication of all our employees, whom we thank most sincerely. We would also like to take this opportunity to thank our customers, partners and shareholders for their continued trust and support.

Juha Christensen	Kristian Teär
Chair of the Board	CEO

Bang & Olufsen

Reorienting towards a new future

WHY WE EXIST	WHAT WE STRIVE TO DO	HOW WE WORK
Magical Moments, Designed for Life.	Luxury Timeless Technology	Be Entrepreneurial. Show Love. Create Magic.

Strategy & outlook

Luxury Timeless Technology

At Bang & Olufsen, we create **Magical Moments, Designed for Life**. This is our purpose and our driving force. It echoes the best of our past while pointing us towards an exciting future.

Creating Magical Moments, Designed for life is our purpose and from which we strive to delight our target audience of Affluent Design and Music Lovers.

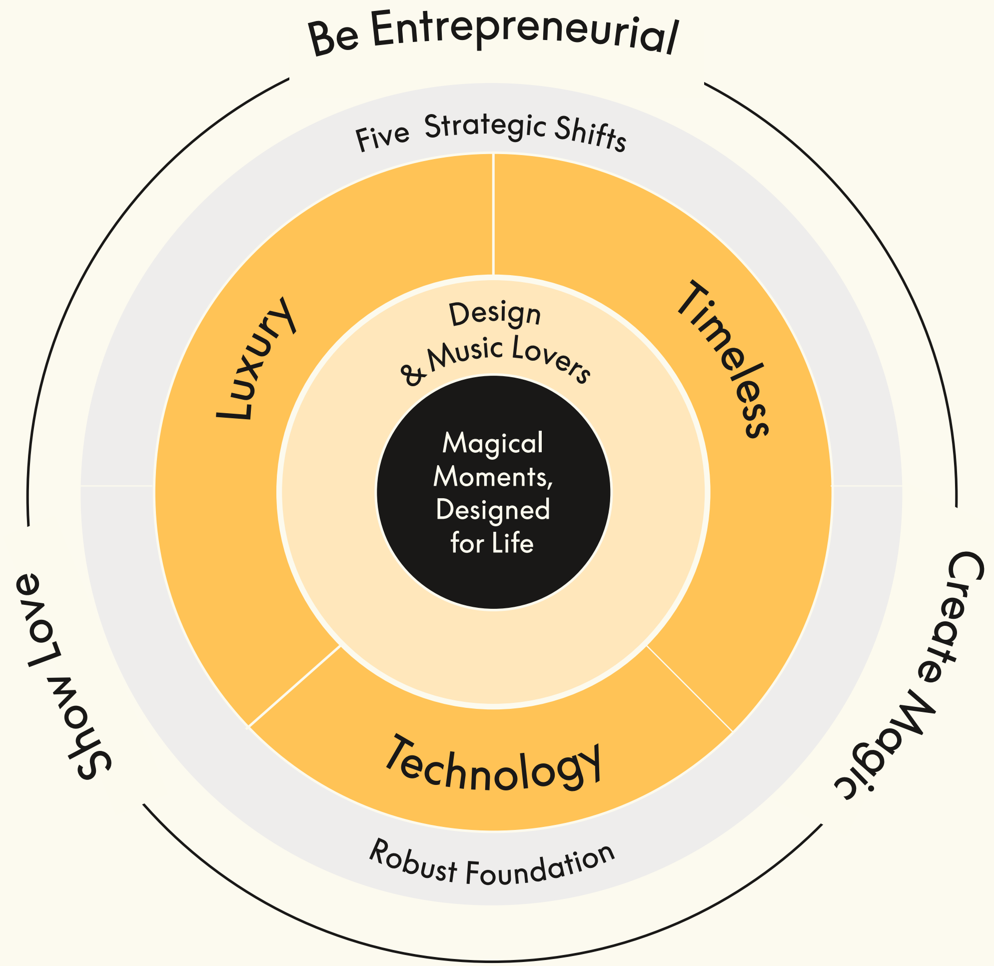
Our audience desire beautiful luxurious sound quality with the highest clarity and performance: three-dimensional, immersive, adaptive and interactive. They want the freedom to experience music alone and together, anytime and anywhere. They demand expressive designs that reflect values, individuality and progressiveness. They want a better future for our planet, and they act responsibly. They see a Bang & Olufsen product as a collectible that is passed on to the next generation.

Our unique proposition of **Luxury Timeless Technology** positions us at the forefront of the market, continuing our century-long trajectory of redefining what audio can sound, look and feel like.

We continue our heritage of building long-lasting products, and we explore and leverage technology. We also challenge industry conventions of short product lifecycles and frequent product replacements. We are moving towards a differentiated and unparalleled position in the attractive and growing luxury audio market.

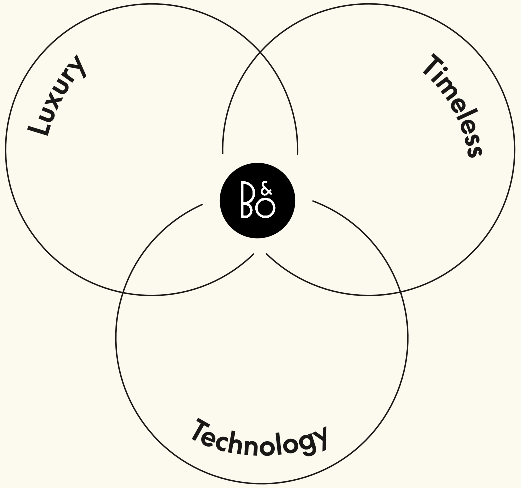
Our routes to market are critical for cementing the B&O brand as a luxury brand. We are taken measures to ensure retail excellence by implementing high quality experiences and consistency across our channel network. In this respect, the B&O branded channels are particularly important, and we continue to work to improve customer experience in the monobrand network to create this consistent luxury retail experience.

We are continuing our focus on building a robust foundation, ensuring a lean and resilient business, as well as an operating model fit for the future. This is supported by our commitment to foster an inclusive workplace where curious and compassionate people thrive and where our three core values of Being Entrepreneurial, Showing Love and Creating Magic guides our culture.



Strategic highlights FY 2023/24

Our strategy outlines five strategic shifts to attract our audience of Design & Music Lovers with our proposition of **Luxury Timeless Technology**



Our Audience

We aim to win two specific segments of our target audience: the younger customer generations (Gen Z and young millennials) and the Very High Net Worth Individuals (VHNWIs). The next generation of customers are affluent young Millennials and Gen Zs, and they require us to adapt to their values and expectations. The VHNWIs are a perfect fit to our propositions. We believe that these two segments - being trend setters and taste makers - will help elevate the visibility, attractiveness, and exclusivity of our brand and help drive demand among our other two segments of Careerists and Well-Established.

In our core markets, we have identified more than 200 million design and music lovers, spanning our four customer segments.

Additionally, and in parallel to our execution, we have worked to size our market, mapped our competitive environment, and validated the attractiveness and viability of our strategic direction. The result of this work confirmed that we have an attractive market opportunity in a growing luxury audio and TV market, and the fact that we are uniquely positioned to capture it, provides an attractive growth opportunity for our company (Source: Boston Consulting Group analysis, July 2023)

Strengthening our position in the luxury audio and TV market

With an ambition to capture parts of the growing market of luxury audio and TV, we have made strategic choices that, while impacting our revenue growth, has supported profitability and earnings and solidified our luxury brand position. We are mindful of striking a balance between strategic decisions made for the longer term and their commercial consequences in the short term.

The strategy outlines five strategic shifts leveraging our strong assets and core capabilities to reorient the company towards a global luxury clientele. In 2023/24, we made significant progress across our shifts.

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

In January, we extended our successful partnership with Ferrari for an additional two seasons and throughout the financial year our brand activations related to our Scuderia Ferrari sponsorship continued with the focus on 360-degree execution.

Connected to selected Grand Prix, we perform events such as a 360 -degree marketing execution included Paddock club events, Gala Dinners with key opinion leaders and VIP clients, a Ferrari x Bang & Olufsen pop-up as well as in-store activations in our monobrand stores across the cities where the Grand Prix races are held. Our efforts resulted in significant media value as well as sell-out uptake and a hike in CRM sign-ups. The Grand Prix are an example of the powerful platform Formula 1 and Scuderia Ferrari brand enjoys, both of which have significant positive spill-over effects to our brand awareness, equity and desirability.

In Q4, we renewed our sponsorship of AS Monaco for two additional seasons until 2026, and at the end of the financial year we signed Formula 1 driver Charles Leclerc as our brand ambassador. Charles Leclerc will become the face of our brand for 2024 and 2025, and we are proud to have such a talented athlete representing our brand.

During Q4, we grew our customer base by 4% (quarter-on-quarter) bringing us to a full-year customer base growth of 19% which was in line with our target for the year. In addition, the number of customers owning two or more B&O products grew 4% in the quarter bringing us to a full-year growth rate of 14%.

Customer base grew by

19%

year-on-year

2. Building a seamlessly connected product portfolio

We made important additions to the portfolio, underpinning our ambition to connect past present and future in a complete luxury product portfolio covering the most important use cases of our customers' sound and tv ecosystems.

Our new Beolab 8 speaker offers flexibility, performance and innovation that meets our customers' demands. The Beolab 8 can be used as a system speaker to create an immersive home cinema set-up with the compact size of a rear speaker, front speaker, and it can be used as a stand-alone speaker.

Another product proposition launched was the Beosound Bollard, our first outdoor speaker developed in collaboration with Origin Acoustics. With Beosound Bollard, we deliver a seamless outdoor experience without comprising on quality.

Our strategy is to build timeless products, and to ensure icons of the past become compatible to icons of the present and the future. Through easy upgradeability on hardware and software combined with long-term serviceability, our products are built to stand the test of time and to last for generations.

In Q4, we manifested our strong commitment to timeless technology with the launch of Beoconnect Core, a streaming module that turns legacy Bang & Olufsen products into wireless systems. Our Beoconnect Core brings our icons of the past into a wireless future allowing for music to stream seamlessly from apps to legacy speakers, connecting legacy speakers to any TV for immersive cinematic experiences, and connecting our iconic turntable or music systems to speakers of the past, the present and the future. Beoconnect Core ensures our products – no matter their age – remain relevant, useful and valuable. It also validates that a second-life Bang & Olufsen product can be as attractive as a new one.

The timelessness of our products was further demonstrated through the second launch in our Recreated Classics series. A product programme where we source back original units of a product icon, inspect and upgrade their interior and exterior, test and finetune them to meet our exact specifications before selling a predefined limited quantity.

Following the success of our first launch in the Recreated Classics series, which was the Beogram 4000c recreated turntable in 2020, our second product launched in Q4. This was the original Beosound 9000 CD player from the 1990s paired with our Beolab 28 speakers for a powerful listening experience.

In the beginning of the financial year, we also announced the Cradle to Cradle certification of our Beosound Emerge Wi-Fi speaker and in June 2024 Beosound A5 became certified as the third certification. 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.

To enhance the full home experience, we also introduced a new, more intuitive, and user-friendly app interface. This improves our overall control functionality, and our multiroom app features. The improved control functionality ensures consistent experiences across all Bang & Olufsen products. The improved features make functionality more interactive, easily accessible, and innovative to use.

At the end of the financial year, we announced our partnership with TIDAL to bring high-resolution music experiences exclusively to our clients. Through the Bang & Olufsen app, our clients can now directly access, high-resolution, lossless and immersive spatial audio.

In addition, we continued our focus on brand collaborations, expanding the reach of our brand and unique products to an even larger audience across the world.

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. The four products launched were the Beosound 2 home speaker, Beoplay H95 headphones, Beoplay EX earphones and the portable speaker Beosound Explore. The products come in special edition and are available online on our and Ferrari e-com, selected B&O and Ferrari stores.

In Q4, we launched a limited edition A1 speaker and speaker bag with South Korean fashion brand Ader Error who promotes art and culture through fashion and enjoys great followership from a younger luxury audience.

We also announced our new collaboration with Riva, an icon of fine Italian yachting artistry. With a history dating back to 1842, and renowned for their capabilities in craftmanship, performance and design, Riva is a likeminded partner with whom we will launch a selection of audio products in the autumn of 2024.

We continued our limited-edition Atelier colour drops throughout the year to showcase our atelier capabilities and offer uniquely crafted editions of select products.

New product innovations in 2023/24

6

3. Creating magical moments in connected touch points

Our focus and dedication to create unique and luxurious experiences in our branded channels continued throughout the year.

This year, we established a global retail function to support our ambition of creating luxury experiences across branded channels and optimising our retail footprint. We have during the year reduced our monobrand network in the EMEA region by 18 stores (net) year-on-year to 282 stores at year-end. In total, our monobrand network including company-owned stores constituted 387 stores. In addition, we introduced our new store concept, which will be rolled-out across our existing network, both with partners and in our company-owned stores.

We collaborated with numerous monobrand partners across all regions to bolster brand visibility and customer engagement. In addition, we opened two pop-up stores, one in Xian, China and one in Paris, France.

Lastly, we opened our relocated company-owned store at Copenhagen Airport featuring a small-scale version of our new Culture Store concept. We will continue to improve our store network in EMEA, and further improve and expand in AMR and APAC.

4. Winning in key, global cities

In 2023/24, we continued the execution of our Win City Concept in our three cities, London, Paris and New York.

We have during the year strengthened our presence in our Win cities by the opening of our relocated store in New York, our new Flagship store in London and at year-end we opened a new company-owned store in Paris. In addition, we initiated the Win City Concept in Hong Kong.

In December we opened our first brand flagship store in London located on New Bond Street. Our new flagship store was the first of its kind with our new store concept.

For the full year, our London sell-out was flat. This was relative to a double-digit sell-out decline for rest of UK. Throughout the year, we continued our in-store marketing activations in Mayfair to drive up brand awareness, equity and to stimulate our pipeline. Our sell-out in London was down for the quarter reaching index 80. Various issues impacted our ability to operate our Bicester Village outlet store at full capacity, in addition to a generally toughened retail environment in London.

For Paris we had a negative sell-out growth of 17% for the full year, which was adversely impacted by our monobrand partner not being able to operate the store at full capacity during the year. Our company-owned store delivered double-digit growth while our eCommerce delivered year-on-year growth. We are working diligently to restore our Parisian monobrand business. In Q4, our sell-out in Paris grew 3%, driven by our company-owned store growing double-digit for the quarter.

In New York, sell-out grew 4% for the full year, and 12% in Q4. Our Soho store continues its strong commercial traction and in-store activations, and our Madison store has gradually improved sell-out after its relocation and refitting.

In November, we relocated the Madison store. With its new presence in the city's premier shopping district, our new store gives customers a welcoming space to experience and shop our full portfolio as well as our bespoke offering. With its short proximity to Lexington Avenue's New York Design Center, we aim to position our brand and new store experiences towards architects and interior designers as well as to our target audience of Design & Music Lovers.

In Q4, Hong Kong went into execution. With three company-owned stores and a strong presence of our target audience, we are excited to gain traction in our Key City initiative in the APAC region.

5. Exploring existing and new adjacent opportunities

As part of our strategy to strengthen our Luxury Timeless Technology proposition, we engage in strategic partnerships and brand collaborations.

During the year, we extended our Cisco partnership through the unveiling of new truly wireless earphones built with enterprise-grade features, customised for professionals on the go. The new Cisco enterprise proposition addresses increased customer expectations for multifunctional devices that fit their lifestyle in and out of work.

With the expiry of the HP partnership in June 2024, we are pursuing new partnership opportunities, which reinforce one or more of our Luxury Timeless Technology pillars, and further expand the proposition of our current brand partnering and licensing model. This will be realised through proprietary software-enabled audio experiences and by leveraging our design and craftsmanship offering.

We expanded our automotive 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 the coming years. Commercialising our sound capabilities is not only a strong revenue driver but also a way of ensuring that we grow our 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 gain access to the millions of people listening to Bang & Olufsen sound systems during their daily commute.

Finally, we continued our focus and execution in luxury hospitality of hotels featuring Bang & Olufsen in-room products. With this year's hospitality execution our products are now installed in world leading hotels such as Dorchester, London, Plaza Athene, Paris, St. Regis in the Maldives and Marina Bay Sands Hotel, Singapore.

Business model

How we deliver value to society and our key stakeholders.

Key resources

Our brand

Innovation with leadership in design, sound and craftsmanship

Intellectual property

High quality raw materials

Financial resources

Diverse talents

Our Business

Magical Moments, Designed for Life

Design and creation
Development is based on our unique combination of capabilities in sound, design, technology and craftsmanship and targeted affluent design and music lovers.

Distribution and sales points
Our footprint extends to 70 markets and a growing digital presence. Our exclusive network of around 390 B&O branded stores provides the full brand experience.

Manufacturing
We maintain and develop key capabilities internally, including our world-leading aluminium facility and Atelier Studio to deliver bespoke solutions. We have a high degree of outsourcing to leverage the scale and capabilities of our partners.

Value creation

Customer experience
Becoming a culturally relevant brand. Creating a connected portfolio of circular products that customers can use for decades. In 2023/24, we grew our customer base by 19%.

People focus
Continuing to create a diverse and inclusive workplace. Since 2020, our people engagement score has increased by 3 index points.

Financials
Creating robust foundation to support future growth. In 2023/24, our gross margin reached the 53% mark and EBIT bsi was DKK 61m, the highest level in six years.

Community engagement
Continuing to support the communities where we operate. Reached 2 million people on the value of circularity and long-lasting products.

Climate action
Setting climate targets aligned with the Paris Agreement. Own operations now running entirely on zero-emission electricity.

Introducing medium-term ambitions

We have made good progress with our strategy. Brand awareness is a key focus, and during the year we entered into partnerships reinforcing our luxury positioning. In 2023/24, we established a dedicated global retail function to support our ambition to create luxury experiences across branded channels and optimising our retail footprint. In addition, we reduced our presence in selected multibrand and eTail stores.

We are starting to see the positive effects of our pricing initiatives and changes in the distribution network towards high-margin revenue. This year we delivered an all-time high gross margin and the best EBIT margin in six years.

Building on the achievements in 2023/24 and with an aim to drive long-term growth and further improve profitability, we have decided to adopt a plan to accelerate our strategic execution with the necessary investments.

We are in a pole position to capture the luxury audio market and we want to build on that momentum. The investments will primarily focus on strengthening our position by building brand awareness, optimising the retail network and continuing to build world-class products.

As part of this plan, we have set the following financial ambitions for the three-year period covering the financial years 2025/26 to 2027/28:

- Organic revenue growth of 8% (CAGR) during the period.
- An EBIT margin before special items of 8% in 2027/28.
- Free cash flow of DKK 250m in 2027/28.

In order to accelerate the strategic execution and achieve these financial ambitions for the medium term, value-creating investments will be required for the short term, and these are conditional upon a capital increase of up to 20% of the company's share capital. Once the authorisation is approved by the shareholders, the capital increase is expected to be carried out within the first half of 2024/25 (end of November 2024) as a directed issue and private placement without pre-emptive rights for existing shareholders.

Key elements of strategic acceleration

Key elements of the strategic acceleration and plan to meet the mid-term financial ambitions are:

- To further enhance brand awareness and brand equity as a luxury audio brand.
- To optimise the monobrand store network and store experience. This includes closing underperforming stores, relocating and upgrading existing stores and opening new monobrand and company-owned stores in key global cities and regions where Bang & Olufsen does not have a sufficient presence today.
- To continue investing in the product portfolio and IP (Intellectual property) rights.
- To continue assessing pricing to reflect the luxury position of Bang & Olufsen.
- To grow license revenue from strategic partnerships.

CAPEX and capacity costs

The above initiatives are expected to increase CAPEX and capacity costs (OPEX) during the period to and including 2027/28. Annual CAPEX is expected to be around 30-40% higher than the expected level in 2024/25. Capacity costs are expected to increase by DKK 100-200m per year during the period.

Assumptions

The financial ambitions are based on constant currencies and on the current political and economic environment and projections. Any change to these factors may impact the ambitions. The sensitivities relating to the outlook for 2024/25 apply equally to the period for the medium-term ambitions.

Organic growth

8%

CAGR 2025/26 – 27/28

EBIT margin before special items

8%

in 2027/28

Free cash flow (DKK)

250m

in 2027/28

Outlook for 2024/25

Organic growth

-3 to 3%

EBIT margin before special items

-2% to 1%

Free cash flow (DKK)

-100m to 0m

The outlook for 2024/25 is based on the planned accelerated strategic execution, including a capital increase enabling increased investments as described in relation to the medium-term ambitions.

Revenue growth

Revenue growth in local currencies is expected to be from -3% to 3%.

EBIT margin before special items

EBIT margin before special items is expected to be from -2% to 1%.

Free cash flow

Free cash flow is expected to be from DKK -100m to DKK 0m.

Assumptions

The expectations are subject to the following assumptions:

- Launch of four or more product innovations
- No deterioration of macroeconomic conditions in our main markets
- No major changes to events impacting our monobrand distribution setup in China.
- Exchange rates against DKK, including in particular USD, CNY and EUR, in line with current exchange rate levels overall.
- CAPEX is expected to be around DKK 250-275m.
- Capacity costs are expected to increase by around DKK 100m from 2023/24.

Sensitivities

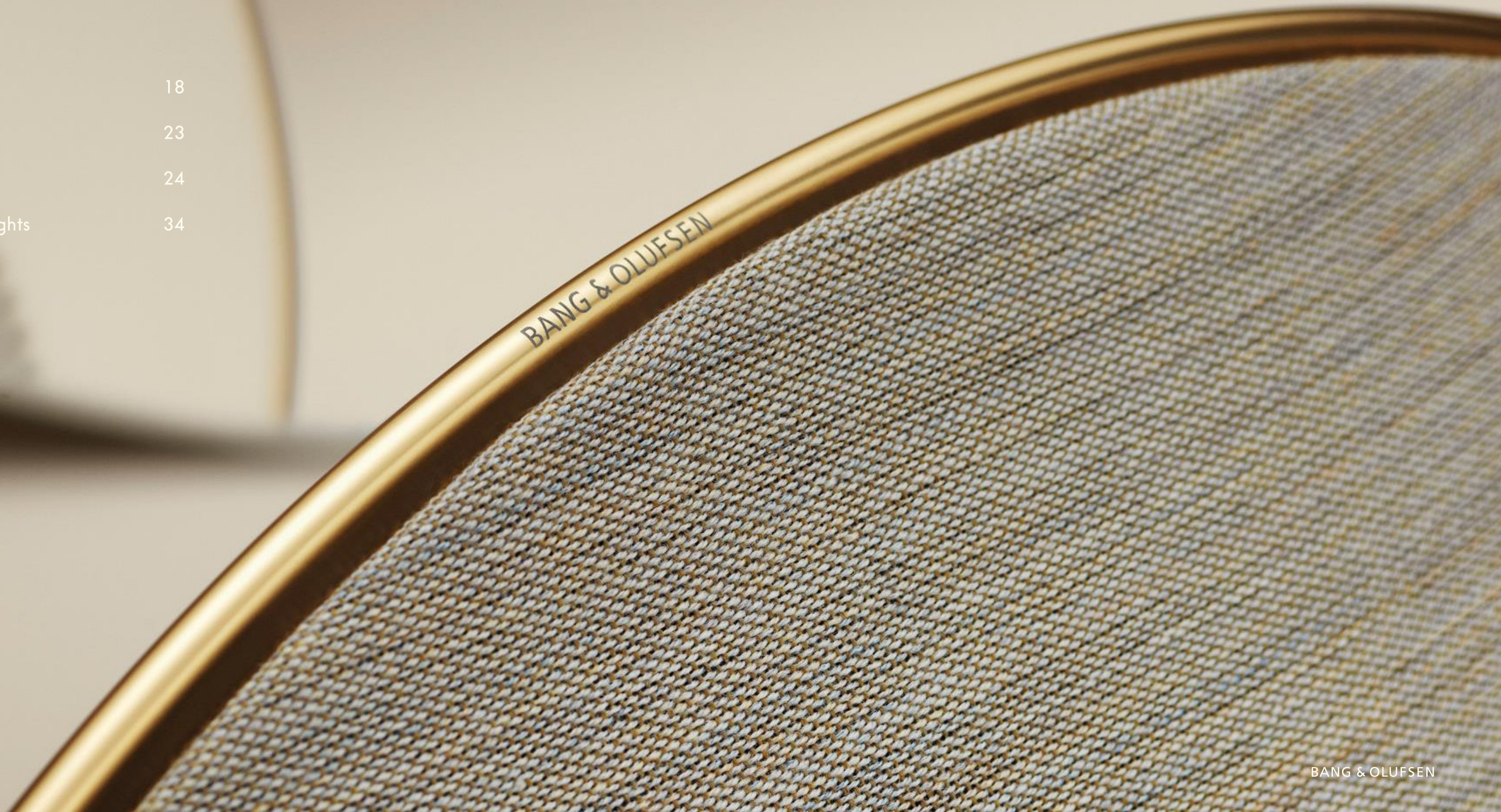
The outlook for 2024/25 is subject to uncertainty related to consumer sentiment. In addition, there continues to be geopolitical and economic uncertainty.

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, including without limitation those relating to the outlook and the medium term ambitions, 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 2024/25	Actual 2023/24	Outlook 2024/25
Revenue growth in local currencies (%)	-5	-3 to 3
EBIT margin before special items (%)	2.4	-2 to 1
Free cash flow (DKKm)	11	-100 to 0

Results



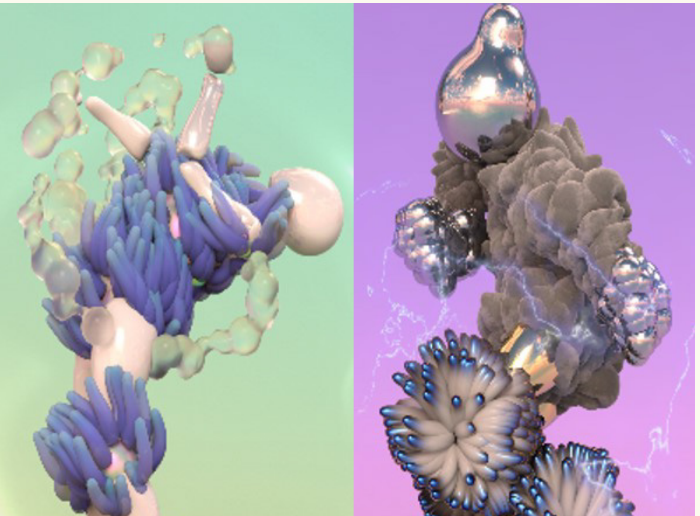
Bang & Olufsen

Key events

Q1

See yourself in sound

We launched the global marketing campaign "See yourself in sound". The campaign aimed 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. More than 75,000 avatars were created.



MS Teams certification of Beocom EX

Beocom EX became available with Microsoft Teams Certification, following the MS Teams certification of our Beocom Portal. This marked the completion of our enterprise headset lineup as Beocom Portal and Beocom EX are now both available in Zoom/UC and MS Teams versions.

Cradle-to-cradle certification of Beosound Emerge

We were the first consumer electronics company to get a product Cradle to Cradle certified (our speaker Beosound Level), and in Q1, we reached another milestone with the certification of Beosound Emerge.

Atelier Editions colour drops

We continued the launch of our atelier colour drops of the Beoplay EX. In addition to 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

We launched a new collection with Ferrari.

The four products launched were the Beosound 2 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 the Ferrari e-com as well as selected B&O and Ferrari stores.

Q2

Beosound Bollard

In September, we announced the first custom installed outdoor speaker, the Beosound Bollard, in collaboration with Origin Acoustics in the US, which became available for sale in January.

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

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

Beosound A5 in Spaced Alu

We launched Beosound A5 in Spaced Aluminium. A testament to our heritage in aluminium excellence, design and craftmanship.

The grille features a pattern of more than 3,500 aluminium discs. Having worked with different circular patterns across our speakers for many years, we have made grille designs a signature feature. In this new style, the Beosound A5 Spaced Aluminium is crafted and finished by hand at Factory 5 in Struer, Denmark.

Beosound A5 was launched in April 2023 and is designed to be carried from room to room with ease, whether placed on the floor, shelf or table. Thanks to an IP65 water and dustproof rating, Beosound A5 can also be taken outside or on any adventure, effortlessly.

Spaced Aluminium joined the existing portfolio of Beosound A5. Finishes –Dark Oak and Nordic Weave.

Beosound 2 and Beoplay EX colour drops

We continued our Atelier edition colour drops of Beoplay EX as limited editions. In Q2, the 7th colour dropped. Dawn purple became available exclusively on our own website. In addition, a limited edition of Beosound 2 was made available in Daybreak blossom. All colour drops were sold out.

Launch of Beolab 8

In September, we announced our new compact system speaker Beolab 8 built on our proprietary software platform. Created for an immersive home cinema setup or as a stand-alone speaker delivering depth with an intense bass given its size.

Beolab 8 is a beauty designed to stand the test of time, consisting of quality materials that age gracefully, continuous customisation options and easy upgradability over time, long-term serviceability as well as the replaceable streaming module to ensure that Beolab 8 can adapt to the latest technology standards.

The one-piece aluminium body is a fusion of a sphere and a cylinder merged into a solid shape. Designed with Danish manufactured wooden lamellas or a fabric front, Beolab 8 follows the characteristic design of our Beolab and Beosound products, thereby inherently fitted for a full integrated home cinema setup. The versatile speaker comes with several mounting options and can be customised to specific wishes.

Launch of Cisco Beocom 950

In October, we expanded our partnership with Cisco, announcing the new wireless earphones. They are built with enterprise-grade features customised for professionals on-the-go.

As hybrid work continues to enable flexibility in how and where people work, the Bang & Olufsen Cisco 950 enables crystal-clear audio for seamless collaboration from any setting. The earphones are fully manageable in Cisco's Control Hub platform, giving IT greater visibility and control over their entire fleet of collaboration devices and peripherals.

Beocom 950 is an addition to the existing 980 headset collaboration.

Flagship store openings in New York and London

In November, we opened our relocated store on Madison Avenue, New York. The new store is a significant upgrade and provides better location and showroom capabilities.

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

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

Q3

Pop-up store in Paris

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

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

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

Partnership with Waldorf Astoria Residences New York

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

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

Art of A9

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

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

Renewed partnership with Ferrari

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

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

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

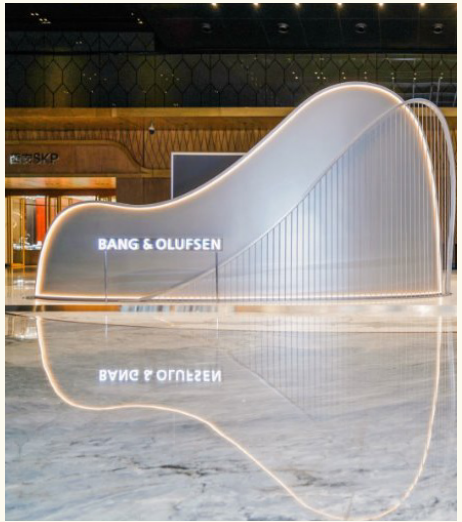
Q4

China Xi’an Pop-up store

In March, we opened our pop-up store in Xi’an, China.

The pop-up store was located in the SKP shopping mall in Xi’an, which is one of China’s largest luxury shopping malls.

The pop-up was made to increase brand awareness and showcase our uncompromising craftsmanship.



Launch of Beoconnect Core

In March, we announced Beoconnect Core, a new streaming box that turns legacy Bang & Olufsen speakers into a wireless speaker system.

With Beoconnect Core, music can be streamed seamlessly from the app to Bang & Olufsen speakers dating back more than 30 years. Owners can thereby connect their B&O turntable or music system to B&O speakers or connect B&O speakers to any TV.

Our aim is to build product icons that can last a lifetime, and Beoconnect Core is an important addition to our product offering that enables us to deliver on this longevity promise. Beoconnect Core connects our past with our future and comes with our replaceable Mozart streaming module that can easily be upgraded to the latest technology.

Launch of Beosystem 9000c

With the launch of the Beosystem 9000c music system in April, we revived another of our product icons. The new system features a fully restored and reimagined Beosound 9000 CD player from the 1990's paired with Bang & Olufsen's modern Beolab 28 speakers for a powerful listening experience.

Following the success of the Beogram 4000c recreated turntable in 2020, Beosystem 9000c is the second project in the recreated classics series that demonstrates our commitment to the longevity promise.

The Beosound 9000 was first introduced in 1996 as a differentiated music system featuring a six-CD changer with built-in AM/FM radio which offered visual playback at the height of that music format's popularity.

The Beosound 9000 was originally designed by the revered Industrial Designer David Lewis, who believed in slow evolution. Lewis' ideology was that any product should have a long life, both in desirability and endurance, only producing new products when the customer really needed them. His long and successful collaboration with Bang & Olufsen was due to our joint philosophy towards longevity by simplifying technology to champion original ideas and designs.

Collaboration with ADER ERROR on portable sound

In April, together with ADER ERROR, we announced a limited-edition collaboration featuring a simple and sleek portable speaker with accessories that beautifully fuse fashion and music.

For the collaboration, the Seoul based fashion brand layers its own vision over Bang & Olufsen's powerful and timeless Beosound A1 portable speaker. ADER ERROR's signature Z-blue colour shines throughout, while a bespoke speaker bag and speaker stand designed by ADER ERROR empowers a borderless lifestyle.

To celebrate the partnership, the Beosound A1 ADER ERROR Edition with speaker stand as well as the circular ADER ERROR speaker bag were unveiled during the Bang & Olufsen x ADER ERROR pop-up in Seoul starting April 10 and followed by a global launch.

Atelier colour drops

Our Atelier limited editions continued, and Northern Sky Turquoise was made available for Beoplay EX and Besosound 2.

Targets validated by Science Based Targets initiative

In April, our greenhouse gas emissions reduction targets were validated by the Science Based Targets initiative (SBTi) to align with the 1.5-degree pathway from the Paris Agreement.

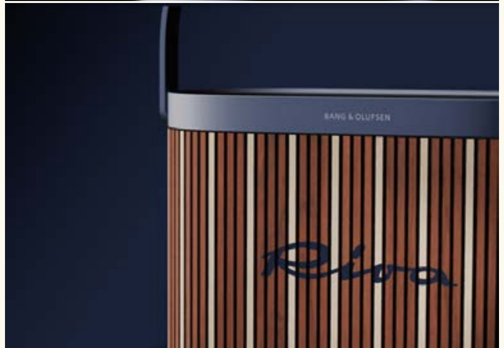
The validation confirms that our climate ambitions are in line with science and the goals of the Paris Agreement. We want to take action and help address the climate challenges, and we will work closely with customers, suppliers, industry peers, and regulators to achieve our targets.

Collaboration with RIVA

With a shared legacy of excellence in craftsmanship and an ambition to deliver beautiful sound experiences, we have in June partnered with the luxury yacht brand, Riva, to create the ultimate sound for life on board the yachts.

The partnership builds on the craftsmanship, performance, and design heritage associated with both houses, combining our iconic products with Riva's beauty and style. An icon of fine Italian yachting artistry, Riva's history dates back to 1842 and the company is recognised as the vanguard of world boating.

Together with Riva, we will reveal the exclusive products in September 2024 during the boat show season.



TIDAL Collaboration

In June, we were pleased to announce the collaboration with the music streaming platform TIDAL.

The high-quality platform is now fully integrated in the Bang & Olufsen app, offering an exclusive music experience, without having to switch between different apps.

Users will have easy access to hi-res and lossless quality content, and immersive spatial audio formats, where the B&O app serves as a comprehensive audio experience platform.

Key figures

(DKK million)	**2023/24**	2022/23	2021/22	2020/21	2019/20
Income statement					
Revenue	2,588	2,752	2,948	2,629	2,036
Gross margin, %	53.3	44.2	45.3	43.3	41.1
Special items, net	-43	-19	-8	-19	-43
EBITDA before special items*	300	117	265	222	-103
EBITDA	257	98	257	203	-146
EBIT before special items*	61	-105	54	38	-304
EBIT	18	-124	46	19	-347
Financial items, net	-25	-28	-54	-52	-20
Profit/loss before tax (EBT)	-7	-152	-8	-33	-367
Profit/loss for the year	-17	-141	-30	-23	-576
Financial position					
Total assets	2,297	2,385	2,518	2,276	1,776
Share capital	613	613	613	613	432
Equity	956	958	1,100	1,133	832
Cash	177	216	162	178	215
Available liquidity	184	224	301	593	215
Capital resources	344	384	421	663	215
Net interest-bearing deposit/debt	-34	19	111	361	-7
Net working capital	263	222	335	189	313

* The adjusted EBIT and EBITDA figures are used for year-on-year comparability, eliminating special items as defined in note 2.4.

(DKK million)	**2023/24**	2022/23	2021/22	2020/21	2019/20
Cash flows					
Cash flows from operating activities	226	198	76	297	-80
Operational investments	-215	-218	-248	-178	-154
Free cash flow	11	-20	-172	119	-234
Cash flows from investing activities	-209	-204	-239	-623	-154
Cash flows from financing activities	-54	64	145	293	-43
Cash flows for the period	-37	58	-18	-33	-277
Key figures					
Growth in local currencies, %	-5	-8	10	31	-29
EBITDA margin before special items, %	11.6	4.3	9.0	8.4	-5.1
EBITDA margin, %	9.9	3.6	8.7	7.7	-7.2
EBIT margin before special items, %	2.4	-3.8	1.8	1.4	-15.0
EBIT margin, %	0.7	-4.5	1.6	0.7	-17.1
Return on assets, %	-0.7	-5.9	-1.2	-1.0	-15.2
Return on invested capital, excl. goodwill, %	16.7	0.4	19.3	14.3	-26.1
Return on equity, %	-1.8	-14.7	-2.7	-2.1	-28.4
Full-time equivalents (FTE) at end of period	998	996	1,073	947	899
Stock related key figures					
Earnings per share (EPS), DKK	-0.1	-1.2	-0.2	-0.2	-14.1
Earnings per share, diluted (EPS-D), DKK	-0.1	-1.2	-0.2	-0.2	-14.1
Price/Earnings	-75.7	-9.8	-67.6	-168.6	-1.7
Revenue per share, DKK	21.1	22.4	24.0	21.8	49.8
Revenue per share, diluted, DKK	21.1	22.4	24.0	21.8	49.8

For definitions, see note 8.7.

Financial review

Like-for-like sell-out increased by 3%, driven by APAC. EMEA and AMR declined 5% and 4%, respectively.

Revenue was DKK 2,588m, a decline of 5% in local currencies mainly due to deliberate efforts to reduce presence in the multibranded channels.

Gross margin improved by 9.1pp to a record-high 53.3% compared to 44.2% last year. The gross margin increased throughout the year and ended at 54.3% in Q4, up from 52.6% in Q1.

EBIT margin bsi* increased by 6.2pp to 2.4% compared to a negative 3.8% last year.

Free cash flow was DKK 11m, up DKK 31m compared to last year. Inventory levels decreased during the year.

*Before special items

Developments in 2023/24

In 2023/24, we continued the execution of our Luxury Timeless Technology strategy and laying the foundation for longer-term profitable and sustainable growth. An enhanced focus on the customer experience in branded channels, luxury positioning, and product excellence were key elements.

In terms of demand, we reported sell-out growth of 3%. APAC reported strong growth although coming from low comparables due to restrictions and regional lockdowns in China during 2022/23. Continued market challenges characterised 2023/24 and in March 2024, we adjusted our revenue outlook due to the macroeconomic conditions in our key markets in Europe and China, where we had expected improvements that did not materialise. Consequently, we expected negative growth (-8% to -5%) from previously having expected positive growth (0% to 9%). For 2023/24, we reported negative growth of 5%, which was at the upper end of the adjusted outlook range, reflecting a good performance in Q4 relative to our guidance.

Revenue in our Branded channels (company-owned stores, monobrand and e-commerce) was on par year-on-year and outperformed the multibranded channels.

Across regions, we are more selective in terms of how and where consumers can experience our brand and products, aiming to ensure they get the full luxury experience. Discontinuing multibrand stores and limiting the assortment in both the multibrand and eTail channels resulted in reduced volumes, and revenue declined by about 27% in the multibranded channels year-on-year, representing about 92% of the decline in Group revenue year-on-year. Going forward, our focus will be on having a selective presence in the multibranded channels.

The channel optimisation executed in 2023/24 resulted in higher margin revenue although at a lower revenue level.

As part of our strategic execution, price increases were implemented during the year. which also supported the gross margin improvement. This was in addition to normalised component and logistics costs. In 2022/23, these extraordinary costs had a negative impact of approx. 6pp.

Supply chain has in 2023/24 been impacted by challenges in the Red Sea. Although we have not experienced significant cost pressure, the situation has resulted in longer lead times and share of air freight has been higher than planned.

The improved average selling prices, the channel optimisation and change in product mix towards higher margin products have supported the higher level of gross margin maintained throughout the year and which ended at a record-high 54.3% in Q4.

The record-high gross margin drove the increased EBIT level before special items to DKK 61m, corresponding to an EBIT margin before special items of 2.4%, which was in the upper end of guidance range and up 6.2pp year-on-year. The significant gross margin improvement enables us to continue executing on our strategy despite market challenges.

Capacity costs increased by 2% to DKK 1.4bn. We continue to focus on maintaining a lean cost base. This includes reducing the complexity of our organisation as necessary. In May, we made a reorganisation in order to reduce costs and organisational layers and reinvest in resources that will drive the next phase of our profitable growth strategy. Our key focus is to drive marketing, improve the retail experience across channels and product excellence.

We ended the year with a positive cash flow of DKK 11m, an improvement of DKK 31m compared to last year and in the upper range of our outlook of DKK -50 to 10m. The improvement was driven by EBITDA before special items, which at DKK 300m improved by DKK 183m over last year. Our reported EBITDA was the highest reported EBITDA in six years.

Like-for-like sell-out

Like-for-like sell-out increased by 3% compared to last year. Excluding end-of-life products, like-for-like sell-out grew in the low double-digits compared to last year.

Across regions, our company-owned stores were on par compared to last year and monobrand channels experienced a modest decline. As expected, the multibrand channel declined double-digit, in line with our reduced presence in this channel.

EMEA

Sell-out declined by 4%. Declines were reported across most channels, except for company-owned stores, which grew during the year.

Lower consumer confidence across the regions impacted overall demand. In addition, comparables were impacted by end-of-life deals made last year and focus on higher-margin revenue.

Like-for-like sell-out was negative across product categories, although Staged and Flexible living only experienced minor declines. On-the-go was impacted by reduced presence in the multibranded channels and the end-of-life deals made last year.

Americas

Sell-out declined by 7%. Our company-owned stores reported growth driven by strong double-digit growth from our SoHo store. Monobrand declined due to poor performance in a single material geographic market, and a change of the setup has been initiated. Excluding this single geographic market, Monobrand reported growth. Multibrand had double-digit negative growth due to the discontinuation of partners in line with our strategic transformation.

Sell out for Flexible Living increased compared to last year whereas the Staged and On-the-go categories declined.

APAC

Like-for-like sell-out grew 22%, mainly driven by China with sell-out growth of 34%. Sell-out in China grew across both product categories and channels against last year's low comparables. In general, our partners inventory levels are improving.

Japan and South Korea both reported positive sell-out growth year-on-year.

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

Product category like-for-like sell-out

Our Staged category reported sell-out growth of 9%, reflecting a focus towards branded channels.

The Flexible Living Category declined by 3% and Our On-the-go category declined by 19%. We generally saw lower volumes in the On-The-Go category, reflecting the strategic shift of reducing our presence in the multibranded channels.

Revenue

Group revenue was DKK 2,588m, corresponding to a decline of 6.0% compared to last year (-5% in local currencies.)

The decrease in reported revenue was related to both total product sales, which declined by 5.3% (-4% in local currencies) and Brand Partnering & other activities, which declined by 10.1% (-9% in local currencies).

Product revenue, regions

EMEA

Revenue in EMEA declined by 2.5% (-3% in local currencies) to DKK 1,249m. Revenue declined across most countries. This was mainly due to the planned reduced presence in the multibranded channels. In addition, markets were challenges, in particular Germany and United Kingdom experienced generally lower demand during 2023/24.

Revenue from our branded channels (company-owned, monobrand and ecommerce) grew by 2% in the period driven by growth from both the monobrand channel and company-owned stores.

In addition, the enterprise channel reported growth, which also drove the product mix towards higher-margin products.

Revenue from multibrand as well as eTail decreased double-digit compared to last year. This was in line with our strategic transformation, and the number of multibrand stores was reduced by 58. Further, it was decided to reduce the eTail channel assortment compared to last year. In addition, last year's revenue was supported by end-of-life deals in our efforts to reduce inventory levels.

Americas

Revenue in the Americas was DKK 287m, a decline of 8.4% (-6% in local currencies) year-on-year.

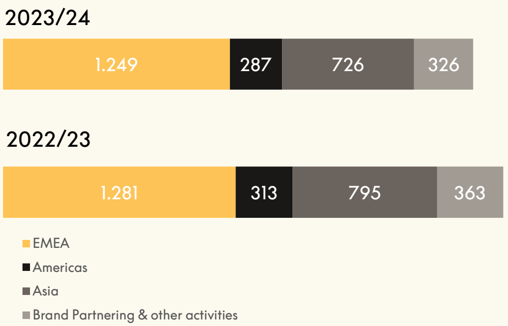
Revenue from company-owned stores was largely on par compared with last year while revenue from monobrand dropped slightly. Monobrand declined due

LIKE-FOR-LIKE SELL-OUT*

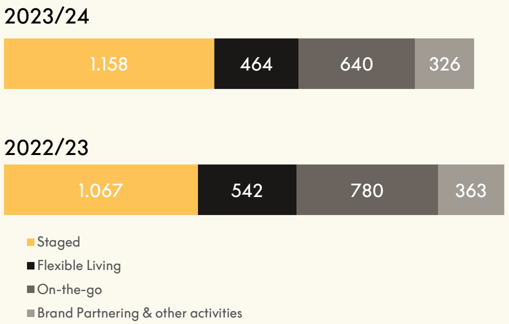
	FY 2023/24		FY 2023/24
EMEA	-4%	Staged	-1%
Americas	-7%	Flexible Living	15%
APAC	22%	On-the-go	1%
Total	**3%**	**Total**	**3%**

* Like-for-like is defined as sell-out from the same stores, provided they were open and active in both periods

Revenue by segment, DKKm



Revenue by category, DKKm



to poor performance in a single material geographic market, and a change of the setup has been initiated.

The ramp up of our collaboration with Genesis showed good traction and revenue grew double-digit year-on-year. In addition, the custom installer channel (CI) grew during the period.

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

APAC

Revenue in APAC was DKK 726m (2022/23: DKK 795m), corresponding to a decline of 8.7% (-5% in local currencies).

Revenue from our Chinese market decreased by 13% (-7% in local currencies) and accounted for approximately 51% of total revenue in APAC. Revenue from South Korea increased by 17% and showed strong performance. In addition, Japan and Taiwan reported growth.

As part of our strategic transformation in China we made a structural change in the eTail network and multibrand setup during 2023/24, changing partners and reducing the number of stores. In addition, we saw reduced traffic in the eTail platforms. Revenue from both the eTail and multibrand channels were down double-digit.

Revenue from our monobrand channel declined single digit. Excluding one particular partner with a large inventory, revenue from the monobrand channel grew during the period and we continue to see good traction within this channel.

Revenue, Brand Partnering & other activities

The 10.1% decline (-9% in local currencies) in Brand Partnering & other activities was mainly due to reduced license income. License income from HP decreased as expected due to the expiry of the agreement, which was partly offset by growth in license income from automotive. Revenue from product-collabs increased year-on-year.

Product revenue, categories

Staged category

Revenue increased by 9%, mainly driven by growth in speakers. Growth was reported across most products and particularly in the Beolab 8 launched in October 2023.

Flexible Living category

Revenue declined by 15%. The development was mainly impacted by end-of-life sales made last year, partly offset by a strong performance by the Beosound A5, launched in April 2023.

On-the-go category

Revenue declined by 18%. Declines were seen across Bluetooth speakers, headphones and earphones and reflected end-of-life deals made last year as well as the planned reduced presence in the multibranded channels.

	Monobrand		Multibrand		Custom installations	
Points of sale	End Q4 23/24	End Q4 22/23	End Q4 23/24	End Q4 22/23	End Q4 23/24	End Q4 22/23
EMEA	282	300	1.492	1.550	N/A	N/A
Americas	30	28	37	2.251	101	84
APAC	75	75	788	948	N/A	N/A
Total	**387**	**403**	**2.317**	**4.749**	**101**	**84**

Monobrand is including company-owned stores

Gross profit

Gross profit amounted to DKK 1,379m, equivalent to a gross margin of 53.3% (2022/23: 44.2%).

In addition to normalised component and logistics costs, a strong pricing focus and improved product and channel mix improved the gross margin. Extraordinary costs in 2022/23 amounted to around DKK 160m, corresponding to a negative margin impact of approx. 6pp.

Gross profit from regional product sales was DKK 1,108m (2022/23: DKK 913m), corresponding to a gross margin of 49.0% (2022/23: 38.2%). This was an increase of 10.8pp compared to last year. The gross margin improved across regions and product categories. In addition to normalised component and logistics costs, the gross margin improvement was supported by a strong price focus.

Gross margin from Brand Partnering & other activities was 83.3% (2022/23: 83.1%). The gross margin was on par year-on-year as the share of the license and product mix was largely unchanged.

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

Capacity costs

Capacity costs were DKK 1,361m compared to DKK 1,339m last year. This represented an increase of 2%.

Development costs decreased by DKK 16m to DKK 286m. Incurred development costs were in line with last year, while capitalisation increased reflecting more focused product development. The incurred development cost ratio increased by 3.8pp to 15.4% due to the decline in revenue.

Distribution and marketing costs increased by DKK 30m to DKK 940m. The increase was primarily driven by costs relating to the reorganisation and increased depreciation. The increase was offset by lower warranty costs and a reduction in our total marketing spend. The ratio of marketing to revenue for the year increased by 0.2pp to 10.2% mainly driven by the lower revenue level.

Administrative costs increased by DKK 7m to DKK 135m.This was primarily driven by higher costs of employee bonuses related to our improved earnings and costs related to the reorganisation.

EBITDA

EBITDA was DKK 257m (2022/23: DKK 98m), corresponding to an EBITDA margin of 9.9% (2022/23: 3.6% last year). The EBITDA margin improvement was related to the improved gross margin.

EBITDA before special items was DKK 300m (2022/23: DKK 117m), corresponding to an EBITDA margin before special items of 11.6%, up from 4.3% last year.

Special items amounted to DKK 43m (2022/23: DKK 17m) and related primarily to the reorganisation announced in Q4 (DKK 36m).

EBIT

EBIT was a profit of DKK 18m (2022/23: loss of DKK 124m), corresponding to an EBIT margin of 0.7% (2022/23: -4.5% last year).

EBIT before special items was a profit of DKK 61m (2022/23: loss of DKK 105), corresponding to an EBIT margin before special items of 2.4% and up from -3.8% last year.

Net financial items

Net financial items were an expense of DKK 25m (2022/23: DKK 28m expense). The decrease primarily related to increased interest income from banks that was partly offset by an increase in interest expenses and exchange rate adjustments.

Profit /loss

Profit/loss before tax (EBT) was a loss of DKK 7m (2022/23: DKK 152m loss).

Income tax was an expense of DKK 10m (2022/23: income of DKK 11m). The income tax expense was primarily related to a revised assessment of deferred tax asset and prior-year adjustments. A full description can be found under the recovery of deferred tax assets section in note 2.5.

Profit/loss for the year was a loss of DKK 17m (2022/23: DKK 141m loss).

Cash flow

Free cash flow was DKK 11m (2022/23: outflow of DKK 20m). This was an improvement of DKK 31m compared to last year. It was primarily a result of the improved EBITDA; but partially offset by an increase in net working capital.

Cash flows from operating activities were DKK 226m (2022/23: DKK 198m). The increase was driven by the improved EBITDA and less net negative financial items offset by a negative change in net working capital of DKK 41m (2022/23: positive of DKK 113m).

Cash flows from operational investments were an outflow of DKK 215m (2022/23: DKK 218m outflow). Investments were primarily related to the capitalisation of development projects along with acquired rights and software. The level of investment was in line with last year.

The net inflow from financial investments was DKK 6m (2022/23: DKK 14m) and related to drawn securities.

Cash flows from financing activities were an outflow of DKK 54m (2022/23: inflow of DKK 64m) relating to the repayment of lease liabilities. Last year’s inflow related to an increase in bank loans via repo transactions.

The cash position at the end of the year was DKK 177m (31 May 2023: DKK 216m). Total available liquidity was DKK 184m (31 May 2023: DKK 224m), consisting of DKK 177m in cash, DKK 388m in securities less DKK 381m in bank loans related to repo transactions.

Net working capital

Net working capital increased during the year by DKK 41m to DKK 263m (31 May 2023: DKK 222m).

Net working capital relative to the last 12 months' revenue increased by 2.1pp to 10.2% (2022/23: 8.1%). The ratio increased due to the lower revenue and higher net working capital.

Inventories fell by DKK 52m to DKK 447m. The decrease was due to a continued focus on inventory management.

Trade receivables decreased by DKK 32m to DKK 309m as a result of collection efforts. Extended credit decreased to 2% of revenue at year end (2022/23: 6%). The ratio last year was impacted by product launches in Q4 2022/23.

Trade payables decreased by DKK 164m to DKK 401m, driven by the timing of payments and the above-mentioned product launches in Q4 of last year.

Other liabilities increased by DKK 28m, primarily due to accruals for employee bonus.

Net interest-bearing deposit/debt

Net interest-bearing deposits decreased by DKK 53m during the year to a debt of DKK 34m (31 May 2023: deposit of DKK 19m).

The decrease was mainly due to the repayment of lease liabilities of DKK 45m offset by the positive free cash flow of DKK 11m.

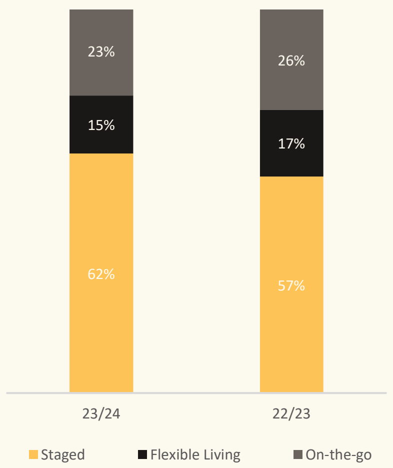
Capital resources amounted to DKK 344m (31 May 2023: DKK 384m), consisting of available liquidity of DKK 184m (31 May 2023: DKK 224m) and undrawn committed credit facilities of DKK 160m (31 May 2023: DKK 160m).

For further details, see note 6.1.

EMEA

Revenue	Growth in local currencies
DKK 1,249m (DKK 1,281m)	-3% (-6%)
Share of Group revenue	**Gross margin**
48% (47%)	48.6% (38.3%)

Revenue by product category, %



Like-for-like sell-out

Sell-out declined by 4%. Declines were reported across most channels, except for company-owned stores, which grew during the year.

Reduced consumer confidence across the region impacted overall demand during the year. In addition, comparables were impacted by end-of-life deals made last year.

Like-for-like sell-out was negative across product categories, although Staged and Flexible living only experienced minor declines. On-the-go was impacted by the reduced presence in the multibranded channels and end-of-life deals made last year.

Revenue

Revenue was DKK 1,249m (2022/23: DKK 1,281m), which was 2.5% lower than last year (-3% in local currencies). Revenue declined across most countries. This was mainly due to the planned reduced presence in the multibranded channels. In addition, markets were challenges, in particular Germany and United Kingdom experienced generally lower demand during 2023/24.

Revenue from our branded channels (company-owned, monobrand and ecommerce) grew by 2% during the period driven by growth from both the monobrand channel and company-owned stores.

In addition, the enterprise channel reported growth, which also drove the product mix towards higher margin products.

Revenue from multibrand as well as eTail decreased double-digit compared to last year. This was in line with our strategic transformation, and the number of multibrand stores were reduced by 58. Further, it was decided to reduce the assortment in the eTail channel compared to last year. In addition, last year's revenue was supported by end-of-life deals in our efforts to reduce inventory levels.

Revenue from the Staged category increased by 8%. The increase was related to speakers, where Beolab 50 and Beolab 90 in particular performed strongly. TVs and soundbars declined and was impacted by a strong performance of Beosound Theatre last year as well as end-of-life deals made last year. The increase in the product category was generally supported by higher average selling prices.

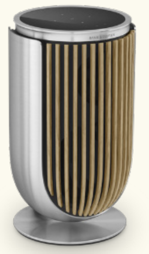
Revenue from Flexible Living declined by 13% compared to last year across products and in particular due to last year's sale of end-of-life products. The decline was partly offset by a strong performance of Beosound A5, launched in April 2023, as well as higher average selling prices.

Revenue from On-the-go declined by 17%. Both headphones and earphones declined during the year and was impacted by the planned reduced presence in the Multibrand and eTail channels during the year. In addition, last year was impacted by end-of-life deals. The decline was partly offset by higher average selling prices.

Gross profit

Gross profit amounted to DKK 608m, equivalent to a gross margin of 48.6%. This represented a 10.3pp increase year-on-year.

In addition to normalised component and logistics costs, the underlying margin level was positively impacted by a change in product mix towards higher margin products as well as price increases. All product categories reported improved gross margins compared to last year, in particular the Staged category. In addition, the gross margin in the On-the-go category was negatively impacted by last year's end-of-life deals.



Americas

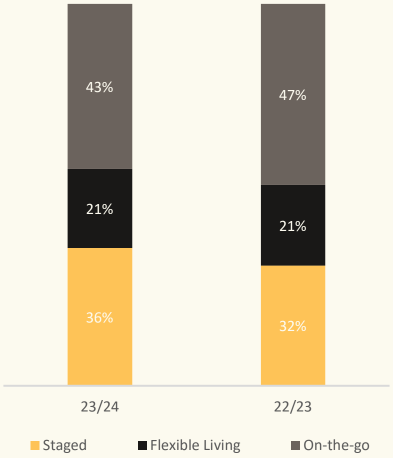
Revenue
DKK 287m
(DKK 313m)

Growth in local currencies
-6%
(-6%)

Share of Group revenue
11%
(11%)

Gross margin
46.1%
(32.5%)

Revenue by product category, %



Like-for-like sell-out

Sell-out was negative at 7%. Our company-owned stores reported growth driven by strong double-digit growth from our SoHo store. Monobrand declined due to poor performance in a single material geographic market, and a change of the setup has been initiated. Multibrand had double-digit negative growth due to the discontinuation of partners in line with our strategic transformation.

Sell-out for Flexible Living increased compared to last year whereas the Staged and On-the-go categories declined.

Revenue

Revenue was DKK 287m (2021/23: DKK 313m), corresponding to an 8.4% decrease (-6% in local currencies).

Revenue from company-owned stores was largely on par compared with last year .Revenue from monobrand dropped slightly while Monobrand declined..

The ramp up of our collaboration with Genesis - Korean luxury auto maker - showed good traction and revenue grew double-digit year-on-year. Also, the custom installer channel (CI) grew during the period.

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

Revenue from the Staged category increased by 15%. The increase was driven by Beolab speakers across several products. Beolab 8 has shown good traction since launch. The revenue improvement was also supported by higher average selling prices.

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

Revenue from the On-the-go category declined by 26%. The decline was mainly related to headphones and earphones and reflected the ongoing focus to reduce our presence in the channels. In addition, the development was impacted by end-of-life deals made last year.

Gross profit

Gross profit amounted to DKK 132m, equivalent to a gross margin of 46.1%. This represented an increase of 13.6pp compared to last year.

In addition to normalised component and logistics costs, the underlying margin level was positively impacted by a change in product mix towards higher margin products as well as year-on-year price increases. All product categories delivered improved gross margins.

In addition, the On-the-go margin was impacted by end-of-life deals made last year.

APAC

Revenue

DKK 726m

(DKK 795m)

Growth in local currencies

-5%

(-21%)

Share of Group revenue

28%

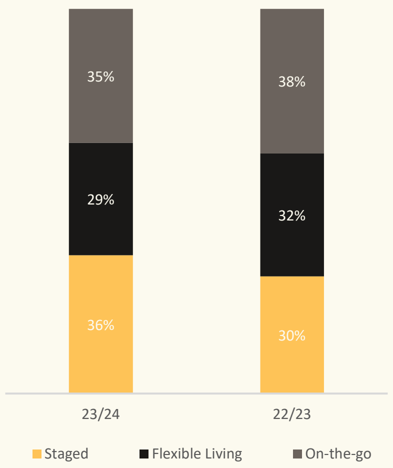
(29%)

Gross margin

50.7%

(40.3%)

Revenue by product category, %



Like-for-like sell-out

Like-for-like sell-out grew 22%, mainly driven by China with sell-out growth of 34%. Sell-out growth in China was across both product categories and channels coming against last year's low comparables. In general, inventory levels with our partners are improving.

Japan and South Korea both had positive sell-out growth year-on-year.

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

Revenue

Revenue was DKK 726m (2022/23): DKK 795m), corresponding to a decline of 8.7% year-on-year (-5% in local currencies).

Revenue from our Chinese market decreased by 13% (-7% in local currencies) and accounted for approximately 51% of total revenue in APAC. Revenue from South Korea increased by 17% and showed strong performance. In addition, Japan and Taiwan reported growth.

As part of our strategic transformation in China we made a structural change in the eTail network and multibrand setup during 2023/24, replacing partners and reducing the number of stores. In addition, we saw reduced traffic in the eTail platforms. Revenue from both the eTail and multibrand channels were down double-digit.

Revenue from our monobrand channel declined single digit. Excluding one particular partner with a large inventory, revenue from the monobrand channel grew during the period and we continue to see good traction in this channel.

Revenue from the Staged category increased by 9% driven by growth within Beolab speakers across most products. In particular Beolab 8 reported a strong performance.

Revenue from the Flexible Living category declined by 19% year-on-year, mainly driven by a high comparable as some partners replenished their inventories during the regional lockdowns in China. We saw positive contributions from Beosound 2 and the launch of Beosound A5 in April 2023.

Revenue from the On-the-go category decreased by 14% compared to last year. Headphones delivered growth for the year offset by declines in both Bluetooth speakers and earphones. Beoplay EX performed well for the year, but still decreased compared to last year's strong performance following the launch at the beginning of the financial year.

Gross profit

Gross profit amounted to DKK 368m, equivalent to a gross margin of 50.7%. This represented a 10.4pp increase compared to last year.

In addition to normalised component and logistics costs, the underlying margin level was supported by a change in product mix towards higher margin products as well as year-on-year price increases. All product categories delivered improved gross margins.

Brand Partnering & other activities

Revenue	Growth in local currencies
DKK 326m	-9%
(DKK 363m)	(17%)

Share of Group revenue	Gross margin
12%	83.3%
(13%)	(83.1%)

Revenue

Revenue amounted to DKK 326m (2022/23: DKK 363m). This represented a 10.1% decline (-9% in local currencies).

Licensing income declined by 10%. Revenue related to the automotive industry grew year-on-year despite the impact from factory strikes in the US during the year. License income from HP declined year-on-year in line with our expectations due to the expiry of the agreement. Licensing income accounted for approx. 73% of total revenue in Brand Partnering & other activities.

Product-related revenue from brand partnerships grew significantly. In Q2 2023/24, we expanded the partnership with Cisco and introduced the Bang & Olufsen Cisco 950 earphones. The offering now includes both headphones and earphones for hybrid work.

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

Gross profit

Gross profit amounted to DKK 271m (2022/23: DKK 302m). This was equivalent to a gross margin of 83.3%, compared to 83.1% last year. Gross margin was on par with last year, as the share of product sales overall was on par.

BANG & OLUFSEN

Q4 results

Q4 key financial highlights

(DKK million)	Q4 2023/24	Q4 2022/23	YTD 2023/24	YTD 2022/23
Income statement				
Revenue	655	646	2,588	2,752
EMEA	311	309	1,249	1,281
Americas	78	71	287	313
APAC	163	184	726	795
Brand Partnering & other activities	103	82	326	363
EBITDA before special items	72	66	300	117
EBITDA	36	63	257	98
EBIT before special items	12	9	61	-105
EBIT	-24	6	18	-124
Special items, net	-36	-3	-43	-19
Financial items, net	-6	-2	-25	-28
Profit/loss before tax (EBT)	-30	4	-7	-152
Profit/loss for the period	-36	11	-17	-141
Financial position				
Total assets	2,297	2,385	2,297	2,385
Equity	956	958	956	958
Cash	177	216	177	216
Available liquidity	184	224	184	224
Capital resources	344	384	344	384
Net interest-bearing deposit/debt	-34	19	-34	19
Net working capital	263	222	263	222

(DKK million)	Q4 2023/24	Q4 2022/23	YTD 2023/24	YTD 2022/23
Cash flows				
Cash flows from operating activities	113	98	226	198
Operational investments	-70	-71	-215	-218
Free cash flow	43	27	11	-20
Key figures				
Gross margin, total, %	54.3	51.4	53.3	44.2
EMEA *)	49.6	47.1	48.6	38.3
Americas *)	50.0	43.8	46.1	32.5
APAC *)	51.6	46.2	50.7	40.3
Brand Partnering & other activities *)	76.0	85.8	83.3	83.1
Growth in local currencies, %	3	-10	-5	-8
EBITDA margin before special items, %	11.0	10.2	11.6	4.3
EBITDA margin, %	5.5	9.8	9.9	3.6
EBIT margin before special items, %	1.8	1.4	2.4	-3.8
EBIT margin, %	-3.7	0.9	0.7	-4.5
Return on assets, %	-0.7	-5.9	-0.7	-5.9
Return on invested capital, excl. goodwill, %	16.7	0.4	16.7	0.4
Return on equity, %	-1.8	-14.7	-1.8	-14.7
Full-time employee (FTE) at end of period	998	996	998	996
Stock-related key figures				
Earnings per share (EPS), DKK	-0.3	0.1	-0.1	-1.2
Earnings per share, diluted (EPS-D), DKK	-0.3	0.1	-0.1	-1.2
Price/Earnings	-35.5	125.5	-75.7	-9.8

For definitions, see note 8.7.

Q4 financial review

Sell-out declined by 2%, although with increased demand in China compared to last year.

Revenue in Q4 increased by 1.4% (3% in local currencies). All segments, except for APAC reported growth.

Gross margin was 54.3%, an improvement of 3.0pp against 51.3% in Q4 of last year. The gross margin increased throughout the year, ending at a record high level.

EBIT margin bsi was 1.8% compared to 1.4% last year, an increase of 0.4pp year-on-year.

Free cash flow was DKK 43m, up DKK 16m compared to last year mainly driven by an improved EBITDA.

Like-for-like sell-out

Sell-out declined by 2% compared to the same period last year. Excluding end-of-life products, like-for-like sell-out grew in the low single-digits compared to Q4 of last year.

Across regions, our Staged category grew by 9%, whereas the Flexible Living category declined by 3% and the On-the-go category declined by 19% due to end-of-life deals made last year.

Revenue

Group revenue was DKK 655m (Q4 2022/23: DKK 646m) and increased by 1.4% (3% in local currencies). EMEA and the Americas reported growth, whereas revenue declined in APAC. In addition, Brand Partnering & other activities reported growth.

Revenue from product sales decreased by 2.2% (on par in local currencies). The development in product revenue was driven by reported low single-digit growth in branded channels offset by a decline in multibranded channels.

Brand Partnering & other activities increased by 26.1% (24% in local currencies) mainly driven by the product collaboration with Cisco with the addition of Bang & Olufsen Cisco 950 earphones. License income increased compared to last year driven by license income from automotive. License income from HP declined year-on-year as expected due to the expiry of the agreement.

Staged

Revenue grew by 27% to DKK 304m, driven by growth related to speakers. Growth was reported across products, and Beolab 8 in particular showed a strong performance. Beoconnect Core, launched in Q4 23/24 reported good performance. Growth was also supported by higher average selling prices.

Flexible Living

Revenue declined by 30% to DKK 117m and was impacted by the launch of Beosound 2 and Beosound A5 in Q4 of last year, in particular. Both products performed well although at a lower level. In addition, end-of-life sales were made on Beosound A9 4th gen. in Q4 of last year. The decline was partly offset by higher average selling prices.

On-the-go

Revenue declined by 17% to DKK 131m. The decline was related to Bluetooth speakers and headphones whereas earphones increased driven by Beoplay EX. The decline was partly offset by higher average selling prices.

Gross profit

Gross profit was DKK 356m against DKK 332m in Q4 of last year. This was equivalent to a gross margin of 54.3%, which was a 2.9pp improvement from last year, mainly driven by an improvement in product gross margins.

The gross margin on products increased by 3.7pp to 50.2%. The gross margin increased across regions and was positively impacted by an improved product mix. Gross margins on the Staged category and Flexible Living increased, supported by higher average selling prices. Currency movements had an immaterial impact on the gross margin compared to last year.

Capacity costs

Capacity costs were DKK 380m (Q4 22/23: DKK 326m), corresponding to an increase of 16.6% mainly driven by costs relating to the reorganisation in Q4.

Development costs increased by DKK 15m to DKK 80m (Q4 22/23: DKK 65m). Incurred development costs

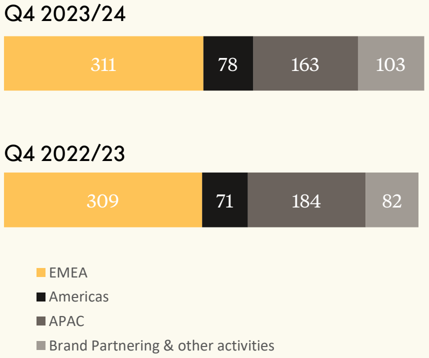
LIKE-FOR-LIKE SELL-OUT*

	Q4 2023/24
EMEA	-5%
Americas	-7%
APAC	6%
Total	**-2%**

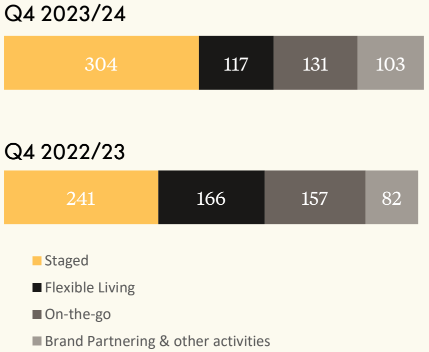
	Q4 2023/24
Staged	9%
Flexible Living	-3%
On-the-go	-19%
Total	**-2%**

* Like-for-like is defined as sell-out from the same stores, provided they were open and active in both periods

Revenue by segment, DKKm



Revenue by category, DKKm



increased by DKK 25m to DKK 115m (Q4 22/23: DKK 90m), offset by increased capitalisations driven by our product and software road map.

Distribution and marketing costs were DKK 263m, corresponding to an increase of 12.4% compared to Q4 of last year. The increase was primarily driven by cost related to the reorganisation.

Administrative costs increased by 37% to DKK 37m driven by bonus, advisory costs and costs related to the reorganisation (Q4 22/23: DKK 27m).

EBITDA

EBITDA was DKK 36m (Q4 22/23: DKK 63m). This was equivalent to an EBITDA margin of 5.5% (Q4 22/23: 9.8%).

EBITDA before special items was DKK 72m (Q4 22/23: 66m), equivalent to a margin of 11.0% (Q4 22/23: 10.2%).

Special items were DKK 36m (Q4 22/23: DKK 3m) related to a re-organisation to accelerate strategy implementation and improve performance.

EBIT

EBIT was a loss of DKK -24m (Q4 22/23: DKK 6m). This was equivalent to an EBIT margin of -3.7% (Q4 22/23: 0.9%).

EBIT before special items was DKK 12m (Q4 22/23: 9m), equivalent to a margin of 1.8% (Q4 22/23: 1.4%).

Cash flow

Free cash flow was DKK 43m (Q4 22/23: DKK 27m).

The positive free cash flow was primarily related to a positive operating cash flow of DKK 113m (Q4 22/23: DKK 98m), offset by an outflow from operational investments of DKK 70m (Q4 2022/23: outflow of DKK 71m).

Networking capital decreased during the quarter with a positive cash flow effect of DKK 34m (Q4 22/23: DKK 47m) due to a decrease in inventories and an increase in other liabilities offset by a drop in trade payables.

Financing activities generated a negative cash flow of DKK 15m (Q4 22/23: negative DKK 24m) primarily related to the repayment of lease liabilities.

EMEA

Like-for-like sell-out

Sell-out declined by 5%. Monobrand increased slightly, while remaining channels declined. The Staged category grew 6%, while Flexible Living declined by 20%. The On-the-go category declined by 29% compared to Q4 of last year due to end-of-life deals made last year.

Revenue

Revenue in EMEA was DKK 311m (Q4 2022/23: DKK 309 m). This represented a 0.6% increase compared to last year (1% in local currencies).

	Q4		YTD	
GROSS MARGIN	**2023/24**	2022/23	**2023/24**	2022/23
Staged	57.6%	53.2%	56.8%	46.7%
Flexible Living	51.4%	50.0%	51.5%	48.2%
On-the-go	32.1%	32.9%	33.0%	19.8%
Products, total	**50.2%**	**46.4%**	**49.0%**	**38.2%**
Brand Partnering & other activities	76.0%	85.8%	83.3%	83.1%
Total	**54.3%**	**51.4%**	**53.3%**	**44.2%**

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

Revenue from the Staged category increased by 16% compared to Q4 of last year driven by growth from speakers across products. Both our Beolab 8 and the newly launched Beoconnect Core showed good traction.

Revenue from Flexible Living declined by 34% compared to Q4 of last year, impacted by the launch of Beosound 2 3rd Gen and Beosound A5 in Q4 of last year.

Revenue from On-the-go declined by 3%. The decline was from both headphones and earphones, partly offset by growth within Bluetooth speakers.

Gross profit

Gross profit amounted to DKK 155m. This was equivalent to a gross margin of 49.6%, which was 2.5pp higher than last year. The increase was mainly due to a change in the product mix towards higher-margin products and effects from price adjustments in the Staged category.

Americas

Like-for-like sell-out

Sell-out declined by 7% across the channels except for Company-owned stores, which grew double-digit. Monobrand declined due to poor performance in a single material geographic market.

The Staged category grew 12% and Flexible Living grew by 3%. The On-the-go category declined by 27% compared to Q4 of last year.

Revenue

Revenue in Americas was DKK 78m (Q4 2022/23: DKK 71m), corresponding to a 9.2% increase (12% in local currencies).

The ramp up of our collaboration with Genesis showed good traction and revenue grew significantly year-on-year. Also, the custom installer channel (CI) reported growth year-on-year.

Revenue in the monobrand channels was impacted by poor performance in a single material geographic market.

The eTail channel declined significantly while multibrand was reduced slightly from a low level in Q4 of last year. The development was in line with the strategic transformation to reduce our presence in these channels. We decided to end the partnership with Verizon and T-mobile. As a result, the multibrand channel was reduced by more than 2,200 stores.

Revenue from the Staged category increased by 74% driven by growth from both TV's and soundbars and Beolab speakers. In particular the collaboration with Genesis had a positive impact on the Staged category.

Revenue from Flexible Living was down by 20%. The development was mainly impacted by the launch of Beosound A5 in April 2023 as well as end-of-life sales of Beosound A9 as the 5th generation was introduced in Q4 of last year.

Revenue from On-the-go declined by 24%. The decline was due to declines in headphones and earphones due to end-of-life deals made last year, which was partly offset by growth in Bluetooth speakers.

Gross profit

Gross profit amounted to DKK 39m (Q4 2022/23: DKK 31m). This was equivalent to a gross margin of 50.0%, up from 43.8% in the same quarter of last year. The increase was mainly due to a change in channel mix and product mix towards higher margin products as well as an improved gross margin in the Staged category, supported by price adjustments.

APAC

Like-for-like sell-out

Sell-out grew by 6% across most channels.

The Staged category increased by 17%, Flexible Living by 17%, while On-the-go declined by 9%.

Sell-out in China grew 4% with positive traction in the Monobrand channel and the Staged and Flexible Living categories. Japan, South Korea and Taiwan reported double-digit sell-out growth.

Revenue

Revenue in APAC was DKK 163m (Q4 2022/23: DKK 184m) and declined 11.3% compared to Q4 of last year (-6% in local currencies).

Revenue from our Chinese market decreased by 9% (-2% in local currencies) and accounted for approximately 49% of total revenue in APAC.

Revenue from our monobrand channel increased double-digit despite one specific partner continuing to have a high inventory. While the Chinese economy remains challenged, we are seeing demand improving in the monobrand channels.

The Etail channels decreased double-digit. We continue to limit presence as the channel is price sensitive.

Revenue from South Korea increased by 35% and inventory levels were normalised.

The Staged category increased by 35% mainly driven by Beolab speakers. Growth was reported across speakers as Beolab 50 and Beolab 8 in particular produced strong performances.

Flexible Living declined by 30%, mainly impacted by the launch of Beosound A5 in April 2023 as well as end-of-life sales of Beosound A9 as the 5th generation was introduced in Q4 of last year.

On-the-go category declined by 22%. The decline was mainly related to lower revenue from Bluetooth speakers partly offset by modest growth from headphones and earphones.

Gross profit

Gross profit amounted to DKK 84m (Q4 2022/23: DKK 85m). This was equivalent to a gross margin of 51.6, up 5.4pp from Q4 last year. The development in the underlying margin was positively impacted by a focus on price increases and a low comparable last year due to discounted deals.

Brand Partnering & other activities

Revenue amounted to DKK 103m (Q4 2022/23: DKK 82m). This represented a 26.1% increase compared to Q4 of last year (24% in local currencies).

The development was mainly driven by revenue from co-branded products due to the ramp-up of the recently launched Bang & Olufsen Cisco 950 earphones.

Revenue from the automotive industry increased over last year as the industry recovered from factory strikes in the US. License income from HP declined as expected.

Overall, licensing income increased by 2% and accounted for approx. 62% of revenue in Brand Partnering & other activities.

Gross profit amounted to DKK 78m (Q4 2022/23: DKK 69m). This was equivalent to a gross margin of 76.0%, which was 9.8pp lower than last year. The decrease was expected and related to a higher share of product-related income as Q4 23/24 revenue included the above-mentioned ramp-up order for Cisco.

Governance

Corporate governance

Bang & Olufsen has a two-tiered management structure. In accordance with current practice in Denmark, responsibility is divided between the non-executive Board of Directors and the Executive Management Board, which are independent of each other. The Board of Directors determines the overall strategy and supervises Bang & Olufsen's activities, management and organisation, while the Executive Management Board is in charge of the day-to-day management. Members of the Executive Management Board do not serve on the Board of Directors.

The company's Board of Directors and Executive Management Board constantly strive to ensure transparency and accountability by building trusting relationships with shareholders, customers, suppliers and employees as well as the local communities in which the company operates.

Compliance with the Recommendations on Corporate Governance

Bang & Olufsen is subject to the Recommendations on Corporate Governance as updated in December 2020 (the Recommendations), prepared by the Danish Committee on Corporate Governance. The Board of Directors regularly reviews Bang & Olufsen's corporate governance framework and policies in relation to the Recommendations and any relevant statutory requirements, and continuously assesses the need for adjustments. At 31 May 2024, Bang & Olufsen was following all Recommendations.

Bang & Olufsen has prepared a detailed Corporate Governance Report in accordance with Section 107b of the Danish Financial Statements Act. The report includes a description of the composition of the Board of Directors and its work over the past year as well as a description of the main elements of the company's internal control and risk management system. The Corporate Governance Report can be found at https://on.beo.com/corporate-governance-2024.

Board of Directors

The Board of Directors currently has nine members, six of whom are elected by the shareholders. Three Board members are elected by the employees in accordance with the Danish Companies Act. The shareholder-elected members are elected for terms of one year, while employee representatives are elected for terms of four years in accordance with current legislation. Five of the six shareholder-elected members are independent.

Normally, between eight and ten Board meetings are held each year, with ad hoc meetings being held if necessary. In 2023/24, 12 meetings were held.

The Board of Directors believes that members should be chosen on the basis of their overall competencies, and also recognises the benefits of Board diversity in respect of experience, cultural background and gender. Each year, the Board of Directors considers the skills and competencies that should be represented on the Board of Directors on the basis of a recommendation from the Nomination Committee. These skills are described in detail in the company's Corporate Governance Report.

For more information about individual Board members, including skills and competencies possessed by each Board member, see the section 'Board of Directors' on pages 40.

Board committees and Advisory Board

The Board of Directors has established five committees: a Remuneration Committee, a Nomination Committee, an Audit Committee, a Technology Committee and a Strategy Committee. The committees are tasked with preparing decisions and recommendations for assessment and approval by the Board of Directors.

Board meeting and committee attendance

	Board meetings attended	Remuneration Committee	Audit Committee	Nomination Committee	Technology Committee	Strategy Committee
Juha Christensen (Chair)	12 of 12	3 of 3		2 of 2	3 of 3	2 of 2
Albert Bensoussan (Vice Chair)	12 of 12		5 of 5			2 of2
Anders Colding Friis	12 of 12	3 of 3		2 of 2		2 of 2
Jesper Jarlbæk	12 of 12		5 of5	2 of 2		2 of 2
M. Claire Chung	11 of 12	2 of 3				
Tuula Rytilä	12 of 12				3 of 3	
Andra Gavrilescu[A]	1 of 1					
Brian Bjørn Hansen[A]	11 of 11					
Dorte Vegeberg[A]	12 of 12					
Søren Balling[A]	12 of 12					

A: Employee-elected

The committees report to the Board of Directors. Each committee has detailed terms of reference setting out its most important tasks and responsibilities. The tasks and work of the committees are described in more detail in the Corporate Governance Report.

Furthermore, the Board of Directors has established a China Advisory Board with external members to (i) ensure that trends and learnings from China are captured and (ii) provide guidance and support to the Chinese part of the business in order to support the growth trajectory in China.

Board evaluation process

The Chair of the Board of Directors conducts an annual Board self-assessment and review of the Board's performance, addressing the effectiveness of the Board, the processes supporting its work, individual Board members' contributions, the Chair's performance, and the cooperation with the Executive Management Board.

The assessment is conducted by way of each individual Board member and member of the Executive Management Board anonymously completing a comprehensive online questionnaire, which is then summarised by an external consultant. Ratings and comments are consolidated and shared with the Board of Directors followed by a Board discussion on potential improvements.

The external consultant presented the results of the evaluation to the Board of Directors in May 2024. The evaluation also identified certain minor areas for improvement within the following areas:

- Increase focus on structured succession planning. This has also been an observation in previous years. However, as the organisation has been significantly changed and many managers in leadership positions have been replaced during the past years, the succession planning process has not been materially improved yet.
- More frequent interaction between Board meetings between the Board and the Executive Management Board on a strategic level to ensure that the Board's competencies are used effectively on an ongoing basis.
- More detailed follow up on strategy execution and impact at Board meetings.

Steps are being taken to achieve improvements within these areas. The Chair has discussed and reviewed performance with and provided individual feedback to each member of the Board of Directors.

Risk management

The purpose of Bang & Olufsen's risk management programme is to protect the business and the brand. This is achieved by identifying key risks and mitigating these to an acceptable level. The company regularly assesses the extent to which individual risks are acceptable, and the extent to which these risks can be reduced to ensure an acceptable balance between risk and return.

The risk management process sets out a systematic approach to identify, evaluate and monitor key risks. A number of risk management tools and templates have been developed to lay the foundation for risk management and ensure a structured approach to managing risks across the company. These include:

- risk management guidelines
- risk governance structure
- annual wheel

The risk management guidelines set out the company's approach to risk management, the risk management process, the governance structure, and roles and responsibilities. A full description of risk governance is available on the company's website at https://investor.bang-olufsen.com/risk-management.

To contain risks within acceptable limits, the company continuously assesses, mitigates, monitors and reports on risks. This includes discussions with the Executive Management Board and relevant stakeholders to evaluate identified risks on the basis of potential impact and probability. These discussions during the year enable a proactive approach to adapting business processes and controls to meet, manage or mitigate such risks, or to prevent potential increases in the current level of exposure.

Risk identification and assessment are conducted annually to identify and assess key risks based on the following:

- analysis of internal and external information and data
- interviews with the Executive Management Board and other key stakeholders, focusing on their fields of expertise and the company in general
- analysis and consolidation of identified risks based on potential impact and probability
- process for validation of identified risks by the Executive Management Board, including analyses and prioritisation to establish the company's risk profile
- bi-monthly update to the Board of Directors as part of management reporting
- biannual discussions with the Audit Committee

The assessment takes into account the potential impact and probability of each key risk. The impact relates to three dimensions: financial exposure, reputational damage, and licence to operate.

The purpose of the risk management process is to protect the company, meaning its reputation, people, business potential and assets. The risk management process is thus designed to identify and assess material risks associated with the business and its strategic direction. The focus is on monitoring, managing and mitigating risks while leveraging on related opportunities.

Tax Policy

The company’s Tax Policy is available on the company’s website at https://investor.bang-olufsen.com/policies-and-charters.

Data Ethics Policy and report

The company’s Data Ethics Policy pursuant to section 99d of the Danish Financial Statements Act is embedded in the company’s Business Conduct and Ethics policy. The policy and the data ethics report are available on the company’s website https://on.beo.com/business-conduct-and-ethics-policy.

Remuneration

The remuneration of the Board of Directors and the Executive Management Board is designed to support the company’s strategic goals and promote value creation for the benefit of the company's shareholders and other stakeholders. Remuneration levels must ensure that the company is able to attract, motivate and retain highly qualified members to both the Board of Directors and the Executive Management Board.

The company's Remuneration Policy is reviewed annually by the Remuneration Committee and the Board of Directors. The remuneration policy and the full remuneration report for the financial year 2023/24 can be found at https://on.beo.com/remuneration-2024.

Board of Directors

The remuneration of members of the Board of Directors comprises a fixed annual base fee and fixed annual supplementary fees for the Chair, the Vice Chair, and members and chair’s of permanent committees.

Members of the Board of Directors do not receive incentive-based remuneration. To align the interests of the Board of Directors with the company's shareholders, each member of the Board elected by the general meeting is obliged to invest in shares issued by the company not later than 12 months after the date of the member's election to the Board, for an amount at

Remuneration of the Board of Directors 2023/24

(DKK thousand)	Annual fee	Remuneration Committee	Nomination Committee	Audit Committee	Technology Committee	Strategy Committee	China Advisory Board	**Total 2023/24**	**Total 2022/23**
Juha Christensen	1,050	100	100		75	75		1,400	1,405
Albert Bensoussan	525			100		75		700	700
Jesper Jarlbæk	350		75	300		75		800	800
Anders Colding Friis	350	75	75			75		575	575
M. Claire Chung	350	75					50	475	475
Tuula Rytilä	350				100			450	445
Andra Gavrilescu[AB]	-							-	-
Brian Bjørn Hansen[AB]	350							350	350
Britt Lorentzen Jepsen[A C]	-							-	350
Dorte Vegeberg[A]	350							350	350
Søren Balling[A]	350							350	350
Total	**4,025**	**250**	**250**	**400**	**175**	**300**	**50**	**5,450**	**5,800**

A Employee-elected B Brian Bjørn Hansen was succeeded by Andra Gavrilescu as per 22 May 2024. C Britt Lorentzen Jepsen stepped down in May 2023. Board structure reduced the number of employee-elected in connection with employee representative election.

least corresponding to the annual base fee paid to an ordinary member of the Board according to the most recent annual report, and to keep such shareholding for as long as the individual is a member of the Board.

Executive Management Board
Members of the Executive Management Board are entitled to annual remuneration in accordance with the remuneration policy. The remuneration may consist of the following fixed and variable components:

- Fixed base salary, including pension contribution
- Variable remuneration consisting of (i) non-share-based cash bonus and/or (ii) share-based remuneration
- Termination and severance payments
- Customary non-monetary employment benefits
- Extraordinary incentive grants, including an extraordinary short-term cash-based retention programme

The individual composition of remuneration is determined with a view to contributing to the company's ability to attract and retain competent key employees while ensuring that the Executive Management Board has an incentive through variable remuneration to create added value for the benefit of the company's shareholders. For detailed information on remuneration, see notes 3.2 and 3.3 and the remuneration report for 2023/24, which is available at https://on.beo.com/remuneration-2024.

Board of Directors

JUHA CHRISTENSEN

Danish, born 1964
He/him

Chair since 2020
Joined (until): 2016 (2024)
Independent

Committee memberships
Remuneration Committee
Technology Committee
Nomination Committee
Strategy Committee

Bang & Olufsen shares held, year-end:
200,864 (2022/23: 200,864)

Competencies
- ■ Luxury, omnichannel, retailing and marketing
- ■ Brand management
- ■ Consumer electronics knowledge
- ■ Key market insights
- ■ Partnership management
- ■ Innovation, digitalisation & technology
- ■ Stakeholder relations & ESG
- □ Consumer product supply chain
- ■ New product introduction
- ■ International management & strategy development
- □ Risk management
- □ Finance & accounting
- ■ Corporate governance of listed companies

Directorships and other offices
CM Star Global, Inc. and associated subsidiaries
VC Netcompany A/S

CM = Chair VC = Vice Chair BM = Board member O = Other offices
■ Competencies possessed by Board member

ALBERT BENSOUSSAN

French, born 1959
He/him

Vice Chair since: 2020
Joined (until): 2020 (2024)
Independent

Committee memberships
Audit Committee
Strategy Committee

Bang & Olufsen shares held, year-end:
18,000 (2022/23: 18,000)

Competencies
- ■ Luxury, omnichannel, retailing and marketing
- ■ Brand management
- □ Consumer electronics knowledge
- ■ Key market insights
- ■ Partnership management
- □ Innovation, digitalisation & technology
- ■ Stakeholder relations & ESG
- ■ Consumer product supply chain
- ■ New product introduction
- ■ International management & strategy development
- ■ Risk management
- ■ Finance & accounting
- □ Corporate governance of listed companies

Directorships and other offices
O CEO and founder of AB Consultants Paris

ANDERS COLDING FRIIS

Danish, born 1963
He/him

Joined (until): 2018 (2024)
Independent

Committee memberships
Nomination Committee
Remuneration Committee
Strategy Committee

Bang & Olufsen shares held, year-end:
23,400 (2022/23: 23,400)

Competencies
- ■ Luxury, omnichannel, retailing and marketing
- ■ Brand management
- □ Consumer electronics knowledge
- ■ Key market insights
- ■ Partnership management
- □ Innovation, digitalisation & technology
- ■ Stakeholder relations & ESG
- ■ Consumer product supply chain
- ■ New product introduction
- ■ International management & strategy development
- □ Risk management
- □ Finance & accounting
- ■ Corporate governance of listed companies

Directorships and other offices
CM Officeguru A/S, Logisnap ApS, Phoenix Film Productions ApS
VC Chr. Augustinus Fabrikker Aktieselskab, Goodwings ApS
BM Augustinus Fonden, Caf Invest a/s

M. CLAIRE CHUNG

Chinese, born 1968
She/her

Joined (until): 2019 (2024)
Independent

Committee memberships
Remuneration Committee

Bang & Olufsen shares held, year-end:
26,000 (2022/23: 26,000)

Competencies
- ■ Luxury, omnichannel, retailing and marketing
- ■ Brand management
- □ Consumer electronics knowledge
- ■ Key market insights
- ■ Partnership management
- ■ Innovation, digitalisation & technology
- ■ Stakeholder relations & ESG
- □ Consumer product supply chain
- ■ New product introduction
- ■ International management & strategy development
- □ Risk management
- □ Finance & accounting
- □ Corporate governance of listed companies

Directorships and other offices
BM Delsey
O CEO of Ignae
Advisory Board Member, Shilling Founders Fund

JESPER JARLBÆK

Danish, born 1956
He/him

Joined (until): 2011 (2024)
Not Independent*

Committee memberships
Audit Committee
Nomination Committee
Strategy Committee

Bang & Olufsen shares held, year-end:
26,372 (2022/23: 26,372)

Competencies
□ Luxury, omnichannel, retailing and marketing
□ Brand management
□ Consumer electronics knowledge
□ Key market insights
□ Partnership management
□ Innovation, digitalisation & technology
□ Stakeholder relations & ESG
□ Consumer product supply chain
□ New product introduction
■ International management & strategy development
■ Risk management
■ Finance & accounting
■ Corporate governance of listed companies

Directorships and other offices
CM Able ApS, A-Solutions A/S, Basico Consulting Group, Catacap Management ApS, DanBAN FAIF ApS and related entities, Falcon Fondsmæglerselskab A/S, HR-ON ApS, Materiel Udlejning Holding Group ApS,
BM Berlin Invest 2017 ApS, Business Angels Fond II A/S, Earlbrook Holdings Group A/S, Polaris III Invest Fonden, SCANVENTURE A/S, Smartshare Systems A/S, 1900 Sørnes Privathospital ApS,
O JJ 2021 Holding ApS

TUULA RYTILÄ

Finnish, born 1967
She/her

Joined (until): 2019 (2024)
Independent

Committee memberships
Technology Committee

Bang & Olufsen shares held, year-end:
24,300 (2022/23: 24,300)

Competencies
■ Luxury, omnichannel, retailing and marketing
■ Brand management
■ Consumer electronics knowledge
■ Key market insights
■ Partnership management
■ Innovation, digitalisation & technology
□ Stakeholder relations & ESG
□ Consumer product supply chain
■ New product introduction
■ International management & strategy development
□ Risk management
□ Finance & accounting
□ Corporate governance of listed companies

Directorships and other offices
BM Breville Group, Australia, Kempower Oyj, eBrands Global Ltd., Tuxera

CM = Chair VC = Vice Chair BM = Board member O = Other offices
■ Competencies possessed by Board member
* Having served on the Board for more than 12 years.

ANDRA GAVRILESCU

Romanian, Danish, born 1985
She/her

Employee-elected
Joined (until): May 2024 (2027)
Not independent

Committee memberships
-

Bang & Olufsen shares held, year-end:
0 (2022/23: 0)

Competencies
Not mapped for employee representatives.

Directorships and other offices
-

Positions and other management duties
Senior Manager, Head of Global Brand Collaboration

DORTE VEGEBERG

Danish, born 1972
She/her

Employee-elected
Joined (until): 2019 (2027)
Not independent

Committee memberships
-

Bang & Olufsen shares held, year-end:
0 (2022/23: 0)

Competencies
Not mapped for employee representatives.

Directorships and other offices
-

Positions and other management duties
Radio and electronics worker, Production

SØREN BALLING

Danish, born 1971
He/him

Employee-elected
Joined (until): 2017 (2027)
Not independent

Committee memberships
-

Bang & Olufsen shares held, year-end:
8,622 (2022/23: 8,622)

Competencies
Not mapped for employee representatives.

Directorships and other offices
BM Øster Hjerm Bygningsartikler

Positions and other management duties
Production Manager, Mechanics

CM = Chair VC = Vice Chair BM = Board member O = Other offices
■ Competencies possessed by Board member

Executive Management Board

KRISTIAN TEÄR

Swedish, born 1963
He/him

Chief Executive Officer

Employed since
8 October 2019

Bang & Olufsen shares, year-end:
649,935 (2022/23: 343,931)

Competencies
- ■ MSc from The Royal Institute of Technology in Stockholm
- ■ Executive programme at Columbia University, USA

Directorships and other offices
BM International Tennis Hall of Fame & Museum
BM Oh My Greens AB

NIKOLAJ WENDELBOE

Danish, born 1975
He/him

Executive Vice President
& Chief Financial Officer

Employed since
1 May 2019

Bang & Olufsen shares, year-end:
247,506 (2022/23: 127,975)

Competencies
- ■ MSc Econ (cand.polit.) from University of Copenhagen

Directorships and other offices
BM GomSpace Group AB
BM Strandgaarden Wine & Spirits A/S
O Director NWE Invest ApS

LINE KØHLER LJUNGDAHL

Danish, born 1978
She/her

Executive Vice President
& Chief Corporate Commercial
Officer

Employed since
1 January 2015

Bang & Olufsen shares, year-end:
112,566 (2022/23: 35,669)

Competencies
- ■ Executive MBA from Copenhagen Business School
- ■ Master in law (LL.M) from Copenhagen University

Directorships and other offices
BM Statens Ejendomssalg A/S
BM Impero A/S

CM = Chair VC = Vice Chair BM = Board member O = Other offices
■ Competencies possessed by Board member

Shareholder information

Bang & Olufsen strives to provide all stakeholders with timely and relevant information, through open, transparent and active dialogue.

On 31 May 2024, the market capitalisation of Bang & Olufsen was DKK 1.3 billion, excluding treasury shares. During the financial year 2023/24, the share price declined by 7% to DKK 10.4 on 31 May 2024. By comparison, the Nasdaq OMX MidCap index, which Bang & Olufsen is a part of, increased by 20% in the period. The S&P global luxury index increased by 1% during the period.

The macroeconomic conditions in key markets in Europe and China as well as a delayed product launch impacted the expected growth level for the 2023/24 financial year. Consequently, we adjusted the revenue outlook for the full year in March 2024. The outlook range for the EBIT margin and the free cash flow was narrowed within the initial range, which reflected improved profitability.

Despite challenges, Bang & Olufsen continued the strategic execution and transition towards a full luxury positioning.

Shareholder composition

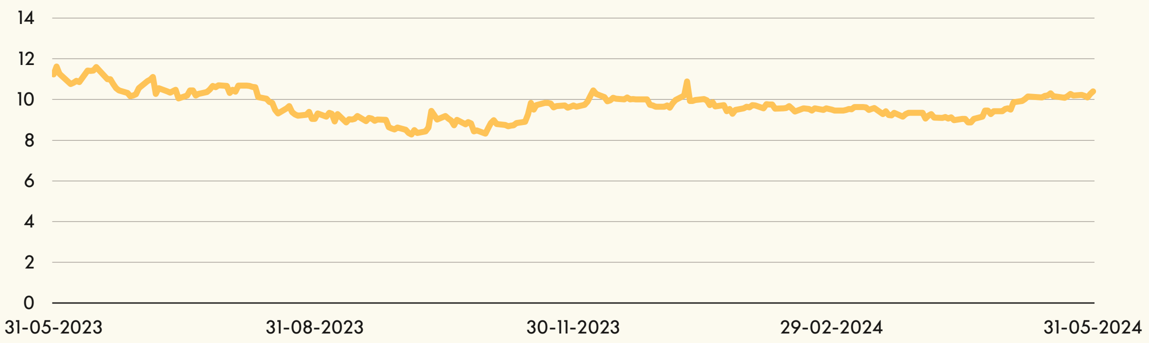
At the end of the financial year 2023/24, the company had around 29,000 shareholders. This was a reduction compared to around 31,000 a year earlier.

The shareholder base is predominantly Danish, as this nationality accounted for 66% of the total share capital at 31 May 2024 against 67% at beginning of the financial year. The share of foreign investors in the Shareholder base increased during the year.

At the end of the financial year, Bang & Olufsen had received notification from one shareholder holding more than 10% and from two shareholders holding more than 5% of the share capital.

On 31 May 2024, the company held treasury shares equivalent to 1.4% of the share capital for the purpose of hedging the AGM-approved long-term combined performance and restricted share programmes.

Share price development 1 June 2023 to 31 May 2024

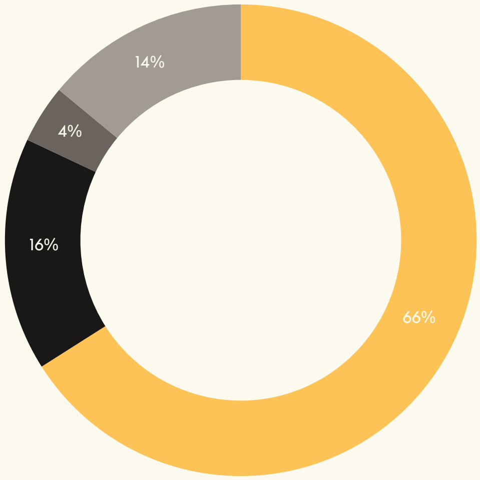


The Bang & Olufsen share

Stock exchange	NASDAQ Copenhagen
Identification code (ISIN)	DK 0010218429

	31 May 2024	31 May 2023	31 May 2022
Closing price (DKK)	10.40	11.24	16.64
Market value (DKKm)	1,277	1,380	2,055
Average daily turnover (DKKm)	1.3	2.0	11.8
Shares issued	122,772,087	122,772,087	122,772,087
Treasury shares	1,768,231	2,983,739	3,244,692
Earnings per share (DKK)	-0.1	-1.2	-0.2
Price/Earnings	-75.7	-9.8	-67.6

Shareholder composition, 31 May 2024



Major shareholders, 31 May 2024

Three shareholders have notified Bang & Olufsen that they hold more than 5% of the company's share capital.

More than 10%:
- Arbejdsmarkedets Tillægspension

More than 5%:
- Chr. Augustinus Fabrikker Aktieselskab
- Sparkle Roll (Denmark) Limited

Capital structure

The capital structure is reviewed continuously with due consideration for Bang & Olufsen's financial performance and strategic developments, including investment requirements and shareholder interests.

On 31 May 2024, the company's combined capital resources, consisting of available liquidity DKK 184m and the undrawn part of the ESG-linked credit facility DKK 160m, amounted to DKK 344m. (year-end 2022/23: DKK 384m).

The Board of Directors proposes that no dividends be paid for the financial year 2023/24 as the company continues to invest in its execution of the luxury timeless technology strategy. Furthermore, uncertainties remain relating to consumer demand, as also reflected in the company's outlook for 2024/25.

Investor Relations activities

Bang & Olufsen aims to maintain an open and constructive engagement with the market and to be perceived as reliable and transparent by ensuring that relevant and accurate information concerning the Group is made available to the market in a timely manner. In addition to publishing financial results and other company announcements, Bang & Olufsen's Executive Management Board and Investor Relations use webcasts, roadshows, conferences and conference calls as their primary channels of communicating with stakeholders.

The Investor Relations department is responsible for maintaining the day-to-day engagement with current and potential shareholders as well as with sell and buy-side analysts. Information about analyst coverage and access to investor-related materials and conference calls can be found at https://investor.bang-olufsen.com.

Financial calendar

2024

15 August	Annual General Meeting Bang og Olufsen Allé 1 Denmark Deadline for subjects and proposals to the agenda 4 July 2024
10 October	Interim report Q1 2024/25

2025

10 January	Interim report Q2 2024/25
9 April	Interim report Q3 2024/25
3 July	Annual report 2024/25

Risk management

The purpose of Bang & Olufsen's risk management framework is to protect and support the business and the brand, and to identify and mitigate key risks to an acceptable extent. Bang & Olufsen regularly assesses the extent to which individual risks are acceptable or can be tolerated, as well as the extent to which such risks can be reduced in order to ensure balance between risk and return.

Bang & Olufsen takes a systematic approach to risk management, in which risk management tools and templates have been developed to ensure a structured approach to managing risk across the company, including:

- risk management procedure;
- risk governance structure; and
- annual wheel.

The risk management procedure sets out Bang & Olufsen's approach to risk management, the process for risk management, as well as the governance structure including roles and responsibilities. A full description of the risk governance structure is available on the company's website: https://investor.bang-olufsen.com/risk-management.

To contain risks within acceptable limits, Bang & Olufsen continuously monitors risks and assesses whether mitigating actions have the sufficient impact. This involves discussions with the Executive Management Board and relevant stakeholders to evaluate risks and mitigating actions based on possible impact and probability. These discussions throughout the year enable a proactive approach to adapting business processes and controls to meet, manage or mitigate such risks, or prevent potential increases in the current level of exposure.

The annual risk identification and assessment identifies and assesses key risks based on the following:

- analysis of internal status and external impacts and data;
- interviews with the Executive Management Board and other key stakeholders with a focus on their field of expertise and the company in general;
- analysis and consolidation of identified risks based on their potential impact and probability;
- validation process by the Executive Management Board of the identified risks, including analyses and prioritisation to establish the company's risk profile; and
- regular interactions with the Audit Committee in the form of bi-monthly updates and bi-annual discussions.

The assessment takes into account the potential impact and probability of each key risk. The impact contains three dimensions; financial exposure, reputational damage, and license to operate.

The purpose of the risk management process is to protect the company, meaning the reputation, the people, the business potential and the assets. Thus, the risk management process is designed to identify and assess material risks associated with the ongoing business and strategic direction.

ESG & Sustainability as a theme, as well as more specific risks such as climate-related impacts, are part of the risk management process and are currently assessed as being within the risks monitored and mitigated.

Key risks and additional risks

The company has identified the following key risks, which could potentially threaten Bang & Olufsen's ability to meet its financial targets, execute on the strategy, or maintain licence to operate. These do however not represent all the risks associated with the business. Additional risks which are not presented here may also have an adverse effect on the business. This includes external risks such as climate-related and geopolitical risks. These are monitored on a regular basis and, if deemed necessary, risk assessments are made locally to determine adequate mitigating actions. There are also internal operational risks and financial risks which will impact the company if they materialise. The company has, however, assessed that these have a low probability of materialising and so has not identified these as key risks.

Key Risks 2024/25

PRODUCTS FOR THE FUTURE

Description
Bang & Olufsen's success depends on its ability to continuously strengthen its product portfolio to ensure that it fits the Luxury Timeless Technology strategy, caters for consumer trends and includes innovative designs and technological solutions for the future.

Risk
There is a risk that Bang & Olufsen is not able in a timely manner, to develop a product portfolio which fully reflects the Luxury Timeless Technology strategy, enabling future relevance and growth. This includes a risk of insufficient understanding of customer needs and expectations in the luxury segment. The potential consequences can be failure to meet consumer expectations and demand, missed market opportunities, impact inability to create a sustainable business in the future and to meet growth targets.

Mitigating actions 2024/25
The company is in the process of updating the portfolio strategy to establish a portfolio direction suited for supporting the strategic direction. The company is also assessing and implementing improvements to the roadmap governance to ensure alignment with the new strategic direction.

SECURING GROWTH THROUGH FOCUS ON STRATEGY EXECUTION

Description
Bang & Olufsen's ability to execute its Luxury Timeless Technology strategy is key with a particular focus on ensuring long-term retail partners, driving luxury experience in branded channels and securing sustainable growth in strategic markets.

Risk
Bang & Olufsen needs to focus on customer needs, adapt to market changes and develop our products and services to ensure that our value proposition is clear. In dynamic markets and customer focus there will always be a risk of failing to adapt to market changes and customer behavioural patterns. If we fail to adapt and meet customer expectations of our Luxury Timeless Technology proposition our strategy will be impaired and this could influence our long-term financial results.

Mitigating actions 2024/25
Focus is to execute on the revised strategic orientation, reinforcing luxury positioning whilst securing growth. This entails ensuring consistency in customer experience, working on a pipeline of new retail partners and increasing brand awareness in key markets.

SECURING FUTURE TALENTS

Description
2024/2025 is likely to continue to see an increased demand for skilled employees, maintaining the risk of not being able to find and retain the talent needed to compete and navigate through the economic and geopolitical uncertainty.

Risk
There is a risk that Bang & Olufsen is not able to attract, develop and retain key employees with capabilities needed to execute on the Luxury Timeless Technology strategy. If the company cannot fill and maintain key positions, the potential consequences can be a negative impact on strategy execution and operations. The financial targets will be difficult to meet and a solid talent base for future growth will be difficult to build.

Mitigating actions 2024/25
Mitigation is based on long-term actions that are prioritised according to impact, the most important being mapping of critical competences needed to support the strategy, further strengthening communication on the company career page and LinkedIn®, continuing focus on the leadership principles and execution of diversity, equity and inclusion targets.

IT SECURITY

Description
Bang & Olufsen's business depends to a large and increasing degree on reliable and secure IT systems.

Risk
There is a risk that Bang & Olufsen fails to adequately protect the IT infrastructure, key systems and Bang & Olufsen products against security incidents. The potential consequences can be unavailability of services, unintended disclosure of confidential data or sensitive personal data or loss of business-critical data, which may negatively affect Bang & Olufsen's competitive position, damage its reputation and/or result in fines.

Mitigating actions 2024/25
The company has conducted a detailed risk assessment and initiated further strengthening of our already well-established IT security foundation.

The plan will move us to be on-par with our industry according to our internationally recognized CIS18/NIST standard. Furthermore, IT Security procedures will be updated to reflect new response processes to handle cyberthreats.

DELIVERING ON ESG AND SUSTAINABILITY PROMISE (PLEASE REFER TO PAGE 55)

Description
The company faces increasing demands from multiple stakeholder groups to demonstrate progress and transparency on the company's ESG and sustainability efforts. 24/25 will be the first year of reporting under the EU Corporate Sustainability Reporting Directive (CSRD).

Risk
There is a risk that Bang & Olufsen cannot deliver the desired progress on its sustainability & ESG strategy. The potential consequences can be failing to live up to stakeholder expectations or being associated with greenwashing. Thereby, consumer willingness to buy our products or partnership opportunities could be reduced.

Mitigating actions 2024/25
The focus is on delivering both on the product longevity and on the Cradle 2 Cradle (C2C) part of the strategy, including provision of a credible foundation. Ensure continuous improvement of the process for ESG data collection to ensure the first year of CSRD reporting will live up to stakeholders' expectation.

GLOBAL MACRO-ECONOMIC AND GEOPOLITICAL UNCERTAINTY

Description
The high uncertainty related to consumer sentiment, interest rates, geopolitical tensions, the unrest in Ukraine and the recovery in China are impacting predictability and thereby the overall operations.

Risk
There is a risk that Bang & Olufsen cannot sustain revenue due to the macroeconomic headwinds and geopolitical uncertainty in certain parts of the world where Bang & Olufsen is operating. The potential consequences can be an inability to meet growth targets.

Mitigating actions 2024/25
The company has worked diligently to secure a robust foundation with a lean cost base to navigate in times of turbulence. There will be a stronger governance to monitor macro-economic developments as well as projects to assess supply chain dependencies and diversification. Finally, we believe the continued focus on VHNWI will reduce sensitivity towards recession.

CLIMATE ACTION

Description

Bang & Olufsen is committed to minimising the adverse impact on the environment from its operations. This includes working to reduce greenhouse gas emissions and products by setting emission reduction targets, establishing governance to drive and monitor the achievement, as well as managing energy consumption, efficiency, and sourcing. These commitments are captured in the multiple corporate policies, as well as international commitments that we have made, incl. the Science Based Targets initiative (SBTi) and through the World Economic Forum's First Movers Coalition.

Risk

There is a risk that Bang & Olufsen fails to reduce its environmental and climate impact. The potential consequences can be contributing to the occurrence of negative environmental and climate events.

Mitigating actions 2024/25

The establishment of a Scope 3 decarbonisation working group to deliver on the SBTi validated targets for value chain emissions reductions will be a key focus area for the coming year. In addition, the continued development of our product life-cycle assessment will support our overall understanding of product environmental impact, so these can be reduced during product design.

CORRUPTION IN ALL ITS FORMS

Description

Corruption erodes trust in institutions, weakens democracy, hampers economic development and further exacerbates inequality, poverty, social division and the environmental crisis. As a member of the UN Global Compact and a signatory to the 10 principles, Bang & Olufsen is committed to conducting business in a responsible and transparent manner. These commitments are captured in multiple policies including the global Business Conduct and Ethics Policy and the Supplier Code of Conduct

Risk

There is a risk that Bang & Olufsen inadequately address corruption in its business and supply chain, including failure to address bribery, fraud, and conflict of interest. The potential consequences can be damage to business relationships and communities and impact on Bang & Olufsen's reputation and possibly fines and loss of license to operate.

Mitigating actions 2024/25

Overall, continuing execution of the global compliance programme with a particular focus on ensuring the programme is fit for purpose to address risks associated with macro-economic developments. For more detail, on training, due diligence activities, and whistleblower activities please see the governance and integrity section of this report (pages 64-66).

THE PROTECTION OF HUMAN RIGHTS

Description

Human rights are the foundation upon which free and fair societies are built, allowing individuals to live with respect, equality, and dignity. As a signatory to the UN Global Compact 10 principles, Bang & Olufsen is committed to respecting the universally recognized standards for the protection of human rights and labour conditions. These commitments apply both to our organisation and our supply chain and are captured in multiple corporate polices.

Risk

There is a risk that Bang & Olufsen fails to ensure the protection of people and their human rights in the organisation and in the supply chain. The potential consequences are a range of negative impacts including harmful working conditions, fines and reputational damage.

Mitigating actions 2024/25

We have developed a robust approach to managing human rights risk in the supply chain and organisation. In 2024/25, the focus will be on extending the C2C programme to include more key suppliers and follow up on the recommendations of our human rights' due diligencee assessment. For more information, please see the Social responsibility section of this report (pages 62- 63).

ESG & Sustainability

Building a circular business

Bang & Olufsen's logo has been a mark of quality since the company was established in 1925. This applies not only to our products, but also to the way we run our business.

Our sustainability ambition is to lead and inspire a movement towards a circular, regenerative future by creating long-lasting luxury technology products and experiences—from the first customer to the last. With this ambition, we aim to take responsibility and address our most significant impacts by minimising harm from our business and from our products to society and the environment.

At Bang & Olufsen, we have been consciously moving away from the mainstream business model of consumer electronics. Instead of the traditional take-make-waste model, we want to provide an alternative for our industry and customers by designing high-quality and long-lasting products. Our commitment to the Cradle to Cradle Certified® product principles is an example of that. This is one of the world's most ambitious product circularity standards, and we were the first consumer electronics company to get a product certified.

Being a champion of long-lived products is the centre of our ESG & Sustainability Programme. Making products last longer means less material consumption, fewer unnecessary product replacements, lower emissions, and environmental impacts from the upstream supply chain. It also means less transport of and better value extraction from the materials deployed.

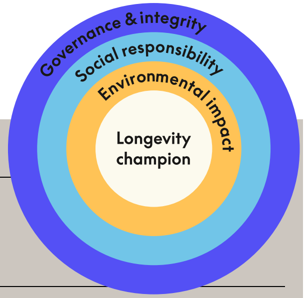
According to the World Economic Forum maintaining the world's current consumption levels would 'require the resources of 2.3 planets by 2050'[2]. The consumer electronics industry is part of the problem, especially due to the speed of development and consumers conditioned to embrace newer products.

We believe that our approach to sustainability will enable us to meet our customers' evolving needs, support our growth ambitions, and support a more circular, resource-conscious, and equitable future within planetary boundaries.

"Our work has not gone unnoticed. In October 2023, B&O was awarded the annual German Sustainability Award for particularly effective, exemplary contributions to transformation in sustainability, thereby setting an example and sending the right signals to its industry and beyond".[3]

Our sustainability programme is rooted in the 10 principles of the UN Global Compact, of which we are a signatory, and consists of four interlinked focus areas: Longevity Champion, Environment Impact, Social Responsibility, and Governance & Integrity. The programme and the 10 Global Compact principles guide us in addressing our negative impacts and seeking to positively impact society and the natural environment through our work.

To guide our efforts, be transparent on progress towards achieving our ambitions, and fulfilling our commitments, we have identified several long-term ESG and sustainability targets. These are mapped to the United Nations Sustainable Development Goals (UN SDGs 12, 13, 4 and 5) to align with the UN's 2030 goal of achieving a better and more sustainable future for all. They are also linked to third party verified frameworks, standards, and certifications to ensure alignment with global best practices.



ESG & SUSTAINABILITY TARGETS

Longevity champion
All products beginning development from 2022/23 onwards are to be Cradle to Cradle certified^
At least 10 Cradle to Cradle certified products by 2024/25^^
Demonstrate industry leading repairability on headphones and speakers by 2024/25^^^

Environmental impact
Achieve 100% renewable electricity in operations by 2024/25 (Scope 2)
Achieve Net-Zero greenhouse gas emissions across the value chain by 2039/40 (Scope 1, 2 and 3)^^^^
Reduce value chain greenhouse gas emissions by 37.8% by 2029/30 (Scope 3)^^^^
Reduce operational greenhouse gas emissions by 90% by 2028/29 and maintain it through 2039/40 (Scope 1 & 2)^^^^

Social responsibility
Four times a year, the Global Leadership Team will report on local DEI targets as part of their business review^^^^^
Each year, ensure training for DEI council members to enable them to support the organisation with DEI targets and initiatives
Target 1 million people with information on the value of circular and long-lived consumer electronics by 2024/25

Governance & integrity
Each year, 100% of the Global Leadership Team to receive face to face ethics and business conduct training
100% of our high-risk suppliers to undergo on-site audits every 2 years^^^^^^

^Excludes collaborations and partner products and does not include products already in the company's product roadmap prior to 2022/23, ^^Includes existing portfolio of certified products, ^^^Industry-leading will be defined using repairability index benchmarking performance among competitors, ^^^^ Targets updated compared to last year to reflect the validated targets by the Science-Based Targets Institute. The baseline year for all climate targets is 2021/22. Refer to the Environmental Impact section and the SBTi website for more information ^^^^^Global Leadership Team is the wider leadership team consisting of all the functional leads reporting to the CEO, DEI stands for Diversity, Equity and Inclusion ^^^^^^ Supplier risk is evaluated through a matrix that looks at potential business impact as measured by commercial relevance of the supplier and the proximity to our brand, against the risk of non-compliance with our Code of Conduct requirements.

[1] The Circle Economy Foundation Circularity Gap Report 2024 https://drive.google.com/file/d/15droT_mBFK6Kkd1aO5kPzYFUqLdul2qM/view
[2] WEF (2021) https://www.weforum.org/agenda/2022/05/why-the-circular-economy-is-the-business-opportunity-of-our-time/
[3] Consumer Electronics | German Sustainability Award (nachhaltigkeitspreis.de)

Governance that drives progress and transparency

Our ESG & Sustainability Programme is embedded in our corporate strategy and approved by our Board of Directors. Our Executive Management Board (EMB) and the broader Global Leadership Team (GLT) monitor progress against our targets

Underpinning this governance structure are our policies and procedures. These include our Stakeholder & Sustainability policy, our Business Conduct & Ethics policy, our People & Diversity policy, our Environmental Guideline, our Responsible materials sourcing principles for our Atelier products, our ISO9001 quality process, and the Cradle to Cradle Certified Product Standard® (C2C). Our policies have well-defined lines of responsibility to the GLT and Board of Directors. They are reviewed annually to ensure they are fit for purpose and address the relevant issues for the organisation and business.

Over the following pages, we unfold our work with our ESG & Sustainability Programme.

The Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive (CSRD) standardises how companies operating in the EU should report on their social and environmental risks and impacts. Bang & Olufsen is in scope for CSRD, and the reporting requirements under this Directive will take effect for the Annual Report in 2024/25.

During 2023/24, we worked towards ensuring compliance with the new reporting requirements. CSRD mandates that materiality is assessed through a double materiality assessment (DMA), which considers both our impact on environmental, social and governance topics (known as impact materiality) and how environmental, social and governance topics impact our business (known as financial materiality). Topics identified as material must be reported according to the European Sustainability Reporting Standards (ESRS).

Double Materiality

Our double materiality process was designed to ensure compliance with legislation and relevance for our business. Key steps in this process included:

- setting the boundaries for our business operations and value chain.
- defining and agreeing on the evaluation criteria for the assessment.
- identifying the relevant stakeholders to be involved in the assessment process.
- creating a gross list of impacts, risks, and opportunities (IROs) based on the ESRS standards, desk research into ESG trends and impacts, insights from our industry and our internal Lifecycle Assessment work, as well as our most recent Materiality Assessment (from 2021/22).
- gathering data and insights from our business, partners, and value chain to enable evaluations.
- performing evaluations of the IROs according to the impact and financial criteria defined.

The determination of materiality for reporting was based on a combination of the impact and financial evaluation of the IROs and an agreed materiality threshold for both impact and financial materiality. In this preliminary assessment, impacts, risks, or opportunities that score 3.0 or above on impact on a scale of 1 - 5 or 3.5 or above on financial on a scale of 1 – 6 are deemed to be material.

Results

The DMA process generated a gross list of 230 potential IROs. Of these, 141 were relevant for evaluation, with 71 rated as material. These 71 covered 22 ESRS sub-categories within 9 ESRS categories. The table above groups the material topics into broader themes.

Next Steps

In 2024/25, we will focus on the implementation of reporting processes and assurance for the relevant ESRS disclosures according to our material topics.

Preliminary aggregated list of material topics

Environmental impact	Social responsibility	Governance & integrity
Energy, GHG emissions, and the effects of climate change on the environment	Working conditions	Cybercrime and cybersecurity
Environmental impacts of pollution	Health & Safety	Ethical business practices
Substances of very high concern	Diversity, inclusion, & gender equality	
Resource use, waste, and related impacts	Training and skills development	
	Handling of end-user information	
	Workers in the value chain	

Championing Longevity

Championing longevity means creating long-lasting luxury technology products and experiences that are true to our heritage. They help us to ensure we live up to our responsibilities as a good corporate citizen by reducing our negative environmental and social impacts while promoting new skills and job development in local markets for circular systems[4,5]. To drive this important work in our organisation and in partnership with our key suppliers, we work across several themes, including: Designing circular products, taking responsibility for the past, and driving research and best practice forward to create a more circular future.

Designing circular products

We aim to design our products to have the longest possible lifetime. We achieve this through our design choices and by utilising the highest quality materials, components, and craftsmanship. A modular approach and multi-functional use cases support us in considering how a product can evolve and change over time, to also avoid emotional obsolescence – when a customer no longer feels a product meets their needs although still functional and technologically relevant.

We design and develop our products to be repairable and serviceable through modular thinking, utilising our in-house repairability index. The Repairability Index is a standardised framework for continuous improvement in design, repair, and service.

We also use the Cradle to Cradle Certified Product Standard® (C2C) to future-proof our products in terms of material health requirements and to support us in driving social fairness in our supply chain.

Our long-lasting hardware proposition is underpinned by software platforms that connect products across generations. These platforms receive ongoing support and updates to maintain and improve connectivity and service for our customers.

The Cradle to Cradle Certified framework

The C2C process measures the environmental and social sustainability of the product in the design and manufacturing phase. It classifies the product on a scale from bronze (lowest) to platinum (highest), based on five categories: material health, product circularity, clean air and climate protection, water and soil stewardship, and social fairness. Our goal is to have at least ten C2C bronze certified products by the end of 2024/25.

We have made good progress integrating C2C principles in our product development process although there have also been challenges. We aimed to deliver three certified products this year, however we did not achieve this on account of project delays for one certification and due to a lack of transparency around one material ingredient in another product certification. We expect to achieve the certification of both of these products in the coming year.

Cradle-to-Cradle certifications last four years. In 2024/25, we intend to certify more products and to recertify Beosound Level, our first ever certified product from 2021. We remain on track to deliver on our long-term C2C targets.

Taking responsibility for the past

We have several programmes that ensure we are taking responsibility for our existing products in the market, depending on their commercial potential.

Recreated Classics

Our "Recreated Classics" programme is a testament to the timeliness of our products and our ability to connect our classic products with our current portfolio. We see considerable interest in both the products and related services, such as our upgrade kits which are available to customers with old B&O turntables.

In 2023/24, we launched our latest Recreated Classic product, the Beosystem 9000c. The centrepiece of the system, the Beosound 9000 CD player, originally launched in 1996, was relaunched to celebrate the CD music format. Just 200 units of these classic icons will be hand-made in Denmark by our skilled technicians and aluminium craftspeople, to showcase how old can be desirable, and even more attractive than new.

B&O refurbished products

Not all products can be sold as icons, nor do they need the kind of technology upgrades our older products benefit most from. Many products are returned in working order or for repair. They can be refurbished and sold through select company stores and partners. This way, we ensure that products will live on after their first lifecycle.

[4] WEF (2021) https://www.weforum.org/agenda/2022/05/why-the-circular-economy-is-the-business-opportunity-of-our-time/
[5] Open University (2021) The benefits of a longer product life https://www.open.edu/openlearn/science-maths-technology/design-innovation/the-benefits-longer-product-life

Building a spare part inventory

For products that cannot be refurbished, we disassemble them and harvest spare parts. These are added to our spare parts inventory for repairs or are sold for others to use. This year, we have harvested spare parts worth DKK 1.5m. This supports the more than 25,000 repairs performed at our repair centre in Struer. The remainder of the material is recycled in line with the requirements of the Waste Electronic and Electrical Equipment Directive (WEEE) and local waste regulations. This approach has meant that we produce very little electronic waste at our repair and refurbishment sites.

On occasion, we offer trade-in take-back schemes to our customers. This also targets certain spare parts that we need for the repair of certain products. Even though we keep spare parts for a minimum of eight years after the last sale of a Flexible Living or Staged product, some of our customers are so satisfied with their older products that they want to continue to repair and maintain them instead of swapping them for newer products at the end of their expected lifetime.

Service and support for a long lifetime

Our industry-leading repair and maintenance service ensures that products meet their expected first lifetime and beyond. Together with our in-house Field Technical Service (FTS) and a partner network of 320 repair and service technicians, we also service Staged and Flexible Living products either in the customer's home or at a local service location. On top of this, we have partners globally working with our experts at Bang & Olufsen's HQs in Struer, Denmark and together they form our Classic Service Alliance. The alliance combines research, knowledge, investment, and experience of our most advanced partners to bring products back to life, upgrade, or refurbish our much-loved classic products.

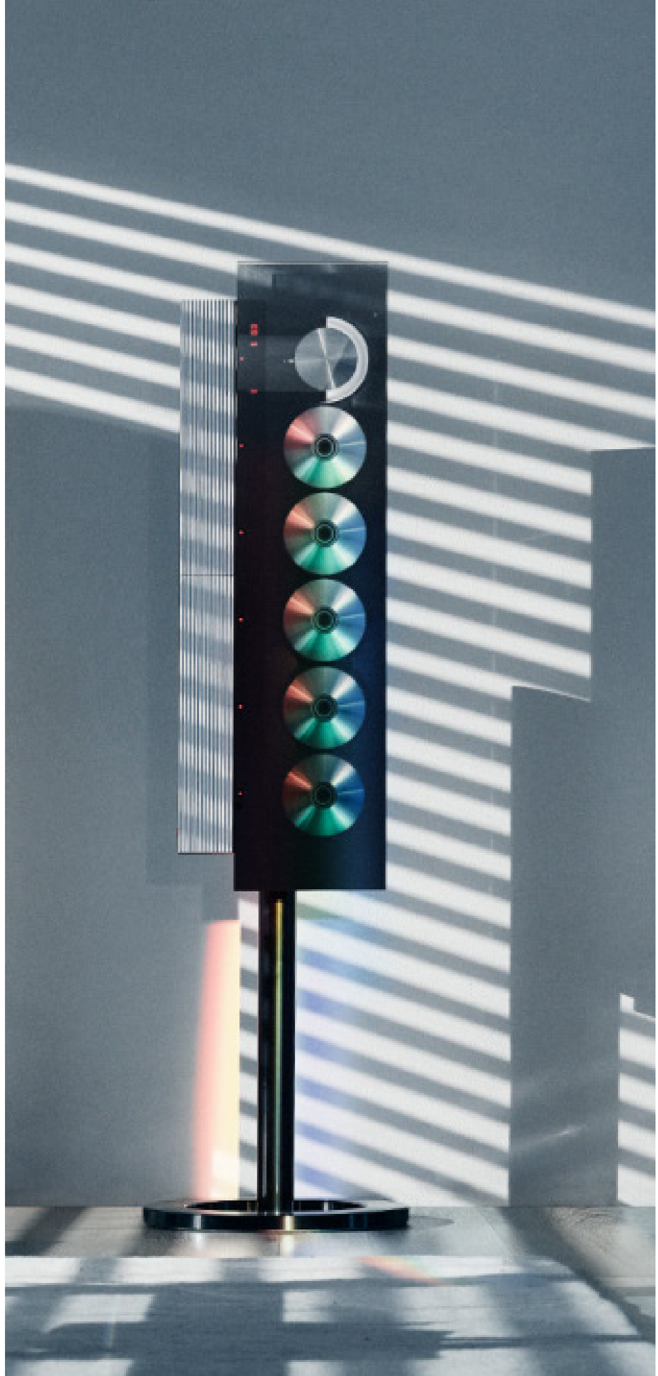
Research and best practice to support a circular future

Due to the complex nature of consumer electronics products and the use of certain chemical substances on various components, recyclability at end-of-life is a considerable challenge for the industry. In addition, customer behaviour and wide differences between national recycling and waste handling infrastructure make end-of-life planning difficult to manage.

In 2022/23, we joined the "CirkEL" project with ten other companies from the consumer electronics value chain in Denmark. CirkEL is a two-year industry-wide demonstration and research study into improving refurbishment and recycling rates of electronics funded by the Danish Environmental Protection Agency. Since 2023/24, as part of this project, we have been experimenting with the recycling of critical resources. The project and its final conclusions will be presented at a symposium in 2025.

As part of another research consortium led by TU Delft, the world-renowned engineering and technology university based in the Netherlands, we will kick off international research into consumer behaviour and pricing mechanisms to support repair. Entitled' Fixophobia', the project will employ PhD students and use the knowledge and challenges of various global consumer electronics companies to understand why consumers do not engage with repair services and what can be done to change this.

Finally, we are a member of the Circular Design Forum. This is a Dutch-based initiative of companies, research institutions, and non-governmental organisations, all of which are leading in the development and implementation of circular products and systems design. Together, we share best practices and solutions from our various experiences to advance and scale the positive solutions across more products and industries.



Environmental Impact

Following international frameworks and best practices, we are proactive in managing and mitigating our environmental impacts through circularity and science-based climate action. As detailed in our Stakeholder & Sustainability Policy, environmental considerations are integrated into our operations through strategic targets and realised through cross-functional collaboration.

Energy & Climate

We are working to address the impacts and emissions of our products and value chain in support of the transition to a low carbon future. We strive to reduce our operational emissions every year in order to become more energy efficient. To drive this work, we monitor our energy and greenhouse gas (GHG) emissions and report on them annually.

Reporting progress

In 2023/24, our operational energy consumption increased by 7% compared to the previous year due to higher consumption of district heating at our Struer campus compared to the previous year. On the other hand, we reduced our consumption of other energy sources: for example, natural gas decreased by 92% compared to previous year while petrol and diesel consumption in our fleet was down 8% thanks to a concerted focus on the electrification of our processes and vehicles.

For GHG emissions, we continued to make significant progress this year. Despite consuming more energy in 2023/24 than in the previous year, our Scope 1 and 2 emissions declined to 748 tCO2e (market-based)*, for an 84% reduction of emissions compared to our base year (2021/22) and a 21% drop YoY. This was the result of a shift from natural gas to a renewable-electricity-powered infrastructure in our manufacturing facility and because we purchased renewable electricity for 100% of our operationally controlled sites globally.

In 2023/24, we sourced

100%

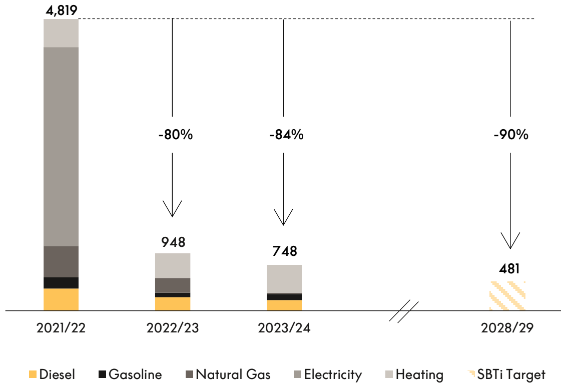
of our operational electricity consumption from renewable sources

In 2023/24, 26% of the vehicles in our fleet were electric. These numbers reflect the successful roll-out of our electric vehicle (EV) fleet policy, which has resulted in an 8% reduction in total fuel consumption compared to the previous year. At the same time, EV charging station infrastructure has been added to our offices in Struer (in 2022/23) and Lyngby (in 2023/24) to support this policy.

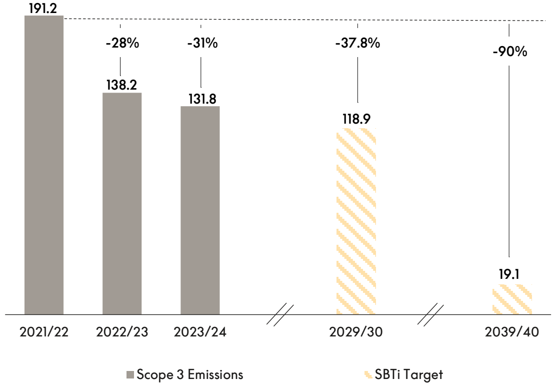
Our Scope 3 emissions represent more than 99% of our total emissions. Our total Scope 3 emissions were 4.6% lower than in the previous year and 31% lower than in our base year (2021/22). As in previous years, only two categories are responsible for most of the scope 3 GHG emissions. In 2023/24, 61% of our emissions came from Category 1 - Purchased goods and services and 28% from Category 11 - Use of sold products. The emission reductions for products were primarily driven by a drop in total units sold, reduced shipment volumes and increased use of sea freight in our transport needs. Additionally, this year 17% of our total aluminium consumption was low-carbon (2.7 kgCO2/kg) enabling us to avoid 1,000 tCO2e.

In 2023/24, we formed a dedicated scopes 1 and 2 emissions working group to oversee the implementation of our initiatives to decarbonise our global operations. This proactive approach ensures that we are on track to achieve our operational decarbonisation target.

Scope 1 & 2 Emissions: Progress to targets (market-based, tCO_2e)[6]



Scope 3 Emissions: Progress to targets (1,000 tCO_2e)



* The data marked with an * has received limited assurance in 2023/24.
[6] Fugitive emissions from refrigeration gases are excluded from our target boundary and are, hence, not included in this visual.

SCIENCE BASED TARGETS

Our validated Net-Zero climate action targets[7]:

Near-term targets:

- To reduce our operational emissions by 90% by 2028/29 (Scope 1 and 2)
- To reduce our value chain emissions by at least 37.8% by 2029/30 (Scope 3)

Long-term targets:

- To maintain at least 90% absolute operational emissions reductions from 2028/29 through 2039/40
- To reach Net-Zero in 2039/40 across our whole value chain (Scope 1, 2, and 3)

Climate commitments

We have set three climate action targets for the short and long term, in line with the Science Based Targets initiative (SBTi) framework for corporate climate action.

After a rigorous review process, we received validation of our targets in 2023/24 from the Science-Based Targets initiative (SBTi). Our ambitions are aligned with keeping global temperature rise to 1.5°C compared to pre-industrial levels, as required by the latest climate science. This means that we will cut our total emissions by 90% compared to the baseline 2021/22 and neutralise the remaining emissions by utilising high-quality carbon removals.

In 2024/25, we will focus on building a governance structure to secure the rollout of our value-chain decarbonisation programme.

Materials & Circularity

The adoption of the circular economy principles is crucial to reducing 45% of global emissions[8]. Similarly, our GHG emissions inventory results reveal how our ambitions for circularity and longevity will be key levers in mitigating our own climate impacts.

Aluminium

We are committed to responsible sourcing of materials for our products. We balance the need to deliver high-quality and durable materials ready for long lifetimes with the need to integrate increasing levels of recycled and renewable materials.

Aluminium is one of our signature materials, and in 2023/24 we purchased 393 tonnes of material. The production of virgin aluminium can be energy-intensive and negatively impactful on the environment and, therefore, contributes to our GHG emissions. In 2022/23, we joined the World Economic Forum's First Movers Coalition (FMC) to drive the decarbonisation of the aluminium industry by supporting the scaling of both low-carbon and recycled aluminium.

As part of this, in 2023/24, we mapped out our global aluminium supply to understand the baseline impact of our products. In addition, we began work to integrate more post-industrial recycled content (PIR) and post-consumer recycled content (PCR) into products, in line with our Cradle to Cradle Certified® commitments.

Packaging

We continuously work to reduce the use of packaging materials and increase recyclability in our packaging designs to minimise environmental impact.

In 2023/24, our design team had a focus on standardising our packaging design across our entire portfolio. The outcome includes integrating sustainability considerations further into our packaging solutions, where focus has been placed on either sourcing alternative renewable materials to plastic but with the same structural integrity and protection levels or eliminating certain packaging elements altogether. This will result in almost plastic-free packaging, with up to a 97% reduction in the plastic content of some of our products' packaging. We plan to introduce this new packaging format later in 2024. In the coming years, the solution will be scaled across our entire portfolio.

Operational circularity

Our headquarters in Struer, Denmark, generates more than 95% of our waste. During 2023/24, 57% of this was recycled, down from 73% the previous year. This was due to lower sorting rates resulting in more waste going for incineration with energy recovery. In 2024/25, we will focus on reversing this trend and increasing the amount of waste that is recycled.

Biodiversity

We recognise the importance of biodiversity and ecosystem services to society at large and to our business in particular. Through our longevity ambition, we are committed to the conservation and promotion of

[7] Target years are fiscal years starting on 1 June and ending on 31 May. Targets updated compared to last year to reflect the validated targets by the SBTi.For more information about our science-based targets, refer to the Science-Based Targets initiative's dashboard
[8] Ellen MacArthur Foundation (2021) Completing the picture: How the circular economy tackles climate change https://www.ellenmacarthurfoundation.org/completing-the-picture

biodiversity in all its forms and to contributing to a regenerative future that supports a thriving environment for generations to come. As we utilise materials and services from nature to craft our products, our aim is to proactively seek ways to avoid or minimise any potential negative effects of our business or value chain on biodiversity.

In 2023/24, we inventoried biodiversity-sensitive areas and species in the vicinity of our operations and our most important suppliers' locations. Using this, we created a heat map of high-risk biodiversity areas in our value chain. For example, we learned that, at our headquarters, local pollinators are under threat. So, building on existing biodiversity-supporting initiatives, in 2023/24, we supported local pollinators by extending our wildflower areas, placing different feeding and nesting options around the campus, as well as, stopping the use of pesticides in our land management. Next year, we will plant fruit trees to further support local pollinator diversity.

In 2024/25, we will also use the output of our Double Materiality process and our LCA work to create a strategy and targets for addressing biodiversity in our organisation and value chain.

Understanding our product impacts

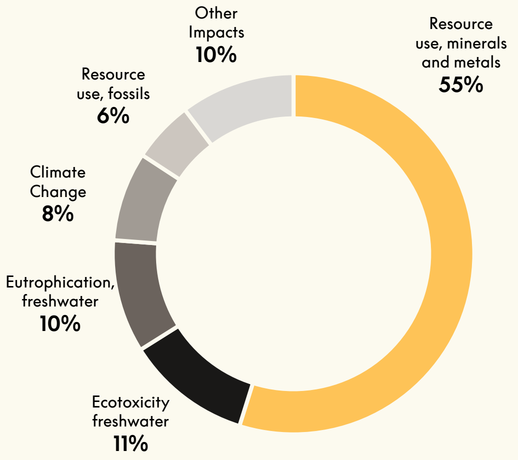
Product-related emissions accounted for 85% of our emissions. Consequently, reducing the carbon footprint of our products is critical to achieving our science-based targets. Research has shown that decisions made during the early design phases define at least 80% of a product footprint[9]. So, understanding the materials, processes, and stages of a product lifecycle and product system through data is necessary for choosing correctly from the beginning of the design process, when change can more easily be affected. This is where Lifecycle Assessments (LCA) become relevant.

An LCA is a standard environmental tool that identifies and quantifies the impacts of a product across 16 different impact categories through the entire product lifetime: from the extraction and processing of raw materials through the manufacturing and its transportation to end-customers, up to the use phase and end-of-life. Leveraging the insights from LCAs supports the development of lower impact products.

Although we have worked with LCAs in the past, in 2023/24, we completed our first LCA for our current product portfolio on the Beosound Theatre soundbar*.

The results revealed that the manufacturing stage (i.e. the materials, components, and processes utilised to create our product) and specifically, the electronics and audio equipment are the largest source of impact on the environment. While the use of aluminium was expected to be high, the use of recycled and low carbon aluminium meant it had a relatively smaller impact from an emissions point of view. These are important findings, as they validate our assumption that when products are designed to be repairable, serviceable, and last for the longest possible lifetime to minimise waste of resources, it will reduce the environmental impact of the service provided by that product compared to similar shorter-lived products.

Over the coming years, we will scale up the LCA programme and extend these insights to the rest of our top-selling products and packaging. The results of these assessments will be used to validate and shape our climate, circularity, and biodiversity strategies with data-based insights on impact minimisation and avoidance.



Environmental impacts of the Beosound Theatre according to a lifecycle assessment conducted in 2023/24. It found that impacts on freshwater and metals resource use have shown to be of increased relevance for this product, together with the contribution to global warming.

[9] EU Science Hub (checked 2024) https://joint-research-centre.ec.europa.eu/scientific-activities-z/sustainable-product-policy_en
* The data marked with an * has received limited assurance in 2023/24

Social Responsibility

Through various initiatives and programmes, we take responsibility for our employees, employees in our supply chain, and our local communities.

Diversity, Equity, & Inclusion

As outlined in our People & Diversity policy, we want to be representative of the societies in which we operate, the markets in which we sell, and the pool of talents from which we hire. Diversity is valuable only in an equitable and inclusive environment, and therefore, it is important for us to ensure that such an environment exists.

Gender diversity in management

It is important to underline that we acknowledge and respect the existence of diverse gender identities. In accordance with legislative requirements, we are focusing on the male and female categories for the specific purpose of reporting gender equality in leadership.

This does not diminish our commitment to inclusivity and diversity in all its forms, as our Board and our management believe that members should be chosen for their overall competencies and recognise the benefits of a diverse management in respect of experience, culture, and gender.

To support our work to achieve gender equality in management, we have set a target for the share of the underrepresented gender in senior leadership and targeted initiatives, which have been added to our People & Diversity Policy. Our ambition is to reach a 40% share of the underrepresented gender in our Senior Leadership by 2026/27. In 2023/24, the percentage of females in senior leadership was 26%.

Our female leadership network continues to prosper and support the development of female leaders. This year, the group hosted panel discussions and several sharing sessions, which brought valuable knowledge and improved inclusiveness. The female mentor programme, initiated in 2021, continued to benefit employees across the company, with more than fifty employees participating this year.

DEI council and targets

Our DE&I ambition is anchored with the Global Leadership Team (GLT). The past year, GLT members have been reporting progress on their individual DE&I targets relevant to them and their organisation. The outcome has been positive, reinforcing our commitment to DE&I and fostering dialogues and initiatives throughout the company.

Our DE&I council has 15 members representing the global organisation. The purpose of the council is to create a more diverse and inclusive working environment. In 2023/24, the council had three focus areas: Recruitment, Development, and Communication. During the year, the council were upskilled on neurodiversity in the workplace. They also carried out training and awareness activities on various DEI topics throughout the year.

This year, we met our target of training all DE&I council members to enable them to support the organisation on DE&I topics. The council will continue its efforts in 2024/25 and the work to enable B&O to sign the Confederation for Danish Industry's Diversity Pledge and support the Hidden Disabilities Sunflower Scheme.

Board of Directors (shareholder elected)	**2023/24**
Total number of members	6
Underrepresented gender (%)	33%
Target figure (%)	see footnote
Target year	
Upper management	
Total number of members	19
Underrepresented gender (%)	21%
Target figure (%)	40%
Target year	2026/27

Footnote: We adhere to the rules of target-setting for the underrepresented gender defined in the revised section 99b of the Danish Financial Statements Act. According to the definition of the Danish Business Authority for equal share in management bodies, we have reached gender parity in our Board of Directors, and therefore no targets were set. Upper management is defined those in the Executive Management Board (EMB) and as senior leaders of people or teams reporting directly to the EMB.

People development

We focus on encouraging people development and a strong culture through the advancement of our leadership principles and core values. Our aim is to create a culture where people realise their full potential and feel empowered to nurture their development.

To support this, we introduced a new onboarding programme this year to ensure a good start for all employees. We have also created leadership support for employees to grow in their roles and responsibilities. We have done this through cross-functional groups such as the DE&I Council, our Works Council, the Female Leadership Network, Mentoring Programmes, Well-Being Guides, and Social Committees.

We measure employee engagement on an ongoing basis. Through our BeoPulse employee survey, we gain insights into people satisfaction across the company. We work proactively and in a structured manner with the feedback received across the entire organisation. In 2023/24, we completed two surveys. This year, our average engagement score was 75.

Occupational Health & Safety

Health, safety, and employee wellbeing are of the utmost importance to us. We are committed to creating a workplace where employees can perform, develop, and grow while at work. To achieve this, we focus on both physical and psychological safety. We work proactively to prevent work-related injuries and ensure good physical work conditions. We have an equally strong focus on creating a constructive and positive workplace with a strong "speak up" culture to support psychological safety and mental health. For more information, read our Governance section on page 63.

In 2023/24, we had a strong focus on mental wellbeing and stress prevention. We continued to invest in our Wellbeing Guides initiative, an informal network of wellbeing champions in the organisation who support colleagues in need. We also launched a new annual schedule focused on stress prevention. Some of the activities included in the annual schedule are stress management training for leaders, monthly awareness and engagement campaigns, and dialogue dilemma cards for preventing stress.

Through our policies, we also deepened our commitment to and the roll out of Health & Safety in 2023/24 by:

1. Updating our substance use and abuse policies.
2. Creating a mandatory Health & Safety induction for new employees during onboarding.
3. Expanding and improving our Health & Safety online portal.
4. Publishing a monthly Health & Safety dashboard.

In 2024/25, we will conduct a global workplace assessment and increase the focus on accident prevention at our local manufacturing facilities.

Social Responsibility in the community

We take our responsibility to be a good corporate citizen seriously. We embrace our role in our local communities and recognise that when they thrive, we thrive. We are one of the largest employers in Struer. As such we support our local community through different initiatives including academic partnerships and programmes, student placements, and support for cultural events. For example, we are a founding member of business accelerator Sound Hub Denmark, which this year was recognised by the Financial Times as one of Europe's leading start-up hubs[10].

We have supported the promotion of STEM education in the past 50 years through collaboration with leading technical universities in the field. We have extended that to cover topics like sustainability, circularity, and longevity as these are important for education and employee development. We support the annual Innovation Summer School, which targets students at the bachelor's and master's levels across several different academic disciplines to learn more about acoustics, signal processing, and circular design principles. As in previous years, this year's event was hosted in partnership with Sound Hub Denmark, Struer Municipality, local companies, and Danish universities.

We also helped raise awareness of STEM education to young people in high school in 2023/24. Building on our participation in recent years in the 'Girls Day in Science' event, we hosted local high school groups as part of the renamed 'Science Day' in October. This event gives young people the chance to see what science careers look like inside industrial and manufacturing companies. The goal is to encourage more young people to choose to study science, technology, engineering, and mathematics.

Raising awareness among partners and consumers

As part of our ambition to inspire a movement towards a circular economy, we have a target of reaching 1 million people with information on the benefits of longevity and circularity by 31 May 2025. Campaigns that raise awareness of the benefits of circular and long-lived electronics consumers are critical to supporting consumers in changing their behaviour.

This year, we launched a number of initiatives across markets with the emphasis on the need to transition toward a circular economy. Through digital media, podcasts, in-person workshops, and conferences, we have championed the value of products designed for a long life, easy repair, servicing, and upgrades. Installations featuring exploded views of our modularly designed speakers were also used to convey the importance of circular design in branded stores. By doing so, we underscored the importance of longevity when it comes to reducing material consumption and minimising the environmental footprint. We estimate that our message and campaigns have reached over two million people, achieving our target a full year ahead of schedule.

[10] Financial Times (2024) https://rankings.ft.com/incubator-accelerator-programmes-europe/c/ranking

Governance and integrity

We are unwavering in our commitment to the highest level of business ethics and integrity. While our business continuously evolves, we always strive to operate in a responsible and transparent manner.

Ethical business

We understand our responsibility to operate within the boundaries of the law and we aspire to even higher standards in our policies and procedures, which are shaped by our core values and international commitments. We are committed to the Fundamental Conventions of the International Labour Organization (ILO). As a signatory to the UN Global Compact, we have worked with its 10 principles for the protection and advancement of human rights, fair labour conditions, environmental protection, and anti-corruption over many years. We take our responsibility to uphold these principles seriously and work to integrate social fairness into our supply chain.

Global Compliance Programme

Our Compliance Officer is mandated by the Board of Directors to ensure that we live up to these commitments, laws, and ethical standards through our Global Compliance Programme. Our Compliance Officer is responsible for developing the compliance programme, supported by our Compliance Committee. The Committee meets on a quarterly basis, acting as an advisory body to the Global Compliance Officer. They perform an annual compliance risk assessment that forms the foundation of the annual activities of the compliance programme. The programme's progress is reported quarterly to the Board of Directors' Audit Committee.

Our ethical and corporate governance standards are expressed in our five global policies (Business Conduct & Ethics Policy, Stakeholder & Sustainability Policy, People & Diversity Policy, Tax Policy, and Remuneration Policy). Our policies are reviewed annually by the Board of Directors and are the responsibility of a member of the Global Leadership Team. To underline our commitment to these principles and practices, as well as to increase transparency for our stakeholders, these policies are all available on our corporate website.

THE GLOBAL COMPACT
WE SUPPORT

Quality management system and training

BeoMap, our quality management system, is the foundation of our focus on continuously improving and strengthening the quality of our processes. All employees can find the processes relevant to their role and responsibilities in BeoMap, ensuring a high level of compliance with processes. In 2023/24, our ISO9001 certification, which is underpinned by BeoMap, was audited successfully.

In some areas, employees are required to undergo mandatory training to maintain or increase knowledge on important topics. This includes data privacy, confidentiality, ethics, and compliance. In 2023/24, 93% of all assigned employees completed the annual e-learning in the Business Conduct & Ethics Policy, and as part of the recruitment process, new employees are to complete the e-learning. An additional 21% of employees received focused in-class training on various compliance topics. The global leadership team also receives annual face-to-face training in the topics of ethics and business conduct.

Awareness activities – top down and bottom up

To ensure awareness of our commitment to business ethics and integrity, several initiatives were undertaken this year including messages from the Global Leadership Team, setting the Tone from the Top. Our CEO frequently brings our values in focus in his weekly letters, which are shared with the entire organisation.

We have a target of 12 awareness activities a year. This year included various content, such as videos, articles and signage focusing on anti-corruption, privacy, and data ethical considerations, including the use of artificial intelligence for work-related tasks.

Third Party Due Diligence

Ensuring a responsible supply chain and commercial relations are key considerations when operating a global company with the highest level of integrity. We actively engage with partners in our value chain to ensure that we are working with organisations and companies that share our values. Before engaging with new partners, we undertake a due diligence assessment. 2023/24 was the fourth year of operating under the current due diligence process where we target high-risk commercial partners, and this year ten new partners underwent due diligence screening. Through this screening, ten red flags were identified, and all were resolved satisfactorily.

Creating a sound speak-up culture
Under the headline BeoShare, we encourage employees to share concerns about everything from process improvements to unacceptable workplace behaviour.

We have an online reporting tool hosted externally, which offers a range of safeguards to protect whistleblowers, including the possibility of full anonymity. This is also available to external stakeholders. We regularly communicate about this tool through different channels to create awareness, and we adhere to a strict no-retaliation policy. To assess the efficiency of our speak-up culture, we operate with the ambition of having one BeoShare case per 100 employees per annum. Working with reporting and investigation data allows us to see patterns, which can help us improve. This year, we had 12 cases reported. The cases represented a wide range of topics such as minor policy violations, conflicts of interest, HR-related matters, and fraud. However, none of the cases were confirmed cases of bribery. This year, seven cases were reported anonymously, which was an increase from last year largely caused by a greater number of HR-related cases, where anonymous reporting is more common.

Seeking continuous improvements
The sanctions and export control compliance programme will continue to be a focus in 2024/25 as geopolitical unrest impacts many countries where we have business activities. We will also continue to improve BeoMap to ensure a high level of compliance with our policies and procedures.

Sustainable supply chain

Our business is partner-based, and we have developed deep collaborative relationships over many years with our skilled and innovative suppliers. Maintaining and developing these important supply chain relationships responsibly are a key enabler for our success.

We only work with suppliers who share our commitment to quality and ethical behaviour. As of 31 May 2024, we have worked with 99 product-related suppliers, more than half of whom are located in Denmark, to produce and deliver our products. The top eight suppliers account for 96% of product-related spend. As part of our Cradle to Cradle Certified® (C2C) commitments, we have a comprehensive list of our top suppliers visible on our website.

Supplier engagement & oversight
We actively engage with our supply chain and partners to ensure that certain minimum standards for labour conditions, freedom of association, human rights and the protection of the environment are met. Through our active supplier auditing programme and our C2C work, we hold our partners accountable for driving continuous improvements in performance in all of these areas. Our Supplier Code of Conduct (available here) captures these requirements and ambitions and is governed by our Compliance Committee. The committee is also responsible for engaging with our suppliers in a structured and constructive way to reduce risk and improve standards in the supply chain.

We take a risk-based approach to managing our product-related supply chain partners. Through proactive up- and downstream monitoring of our supply chain, we manage and mitigate risks in our supplier network related to geo-, country-, company- and sustainability-related risks, such as health and safety, corruption, new regulation, environmental impact, and occupational health and safety.

Our supplier risk management programme takes a three-phased approach. In phase 1, we assess the relative risk of the supplier through a matrix that compares potential business impact, as measured by the supplier's commercial relevance and proximity to our brand, against the risk of non-compliance with the Code of Conduct requirements.

In phase 2, we take mitigating actions to reduce the evaluated risk. As part of this, suppliers are required to sign our Supplier Code of Conduct. Some suppliers also complete a supplier self-assessment. This year, the self-assessment was updated to reflect the evolving sustainability topics, which have growing relevance for

Product-related suppliers; production site locations

98
in total

50
in Denmark

29
Europe

18
Asia

1
US

luxury and consumer electronics companies. Suppliers deemed to be high-risk are required to undergo periodic on-site audits by 3rd party auditors at the plant where they manufacture components or products for us. These audits are conducted by UL according to their Responsible Sourcing Workplace Assessment, RSWA, standard.

Lastly, in phase 3, we work with our partners towards continuously improving and resolving any corrective actions which may have been identified. In the event of non-compliances being identified, a corrective action plan is devised in collaboration with the supplier, and the actions agreed upon are to be addressed sufficiently by the supplier and closed within three months. We monitor this on a quarterly basis at our business review meetings and any deviations are recorded. Our Compliance Committee monitors and oversees these activities.

In 2023/24, approximately 60% of our product-related spending was classified as high-risk. Therefore, our third-party partner should audit 100% of these suppliers every two years. In 2023/24, we achieved 99% coverage. Of the suppliers audited, no critical non-compliances were found. The main non-conformity found was working conditions related to overtime hours. We are working with suppliers on an action plan to remedy all issues in a timely manner.

Training & improvement
We continued to roll out training for new and existing employees on procurement processes. The training focuses on ensuring that the company's money is spent in line with our policies and priorities. This ensures clear oversight and approvals that support our work to further good governance and anti-corruption.

In 2023/24, we continued to offer our C2C training to employees and partners. We integrated more sustainability and C2C-related communications into our quarterly business reviews with our key suppliers. We also worked closely with project teams from individual partners to upskill them on the C2C principles. Turning to 2024/25, we will seek to roll out the updated Supplier Self-Assessment Questionnaire to a larger group of our suppliers to increase transparency in our supply chain beyond high-risk partners. Finally, we will continue to implement the mitigating actions recommended in our human rights due diligence report both in our operations and within our supply chain.

Modern Slavery
We take a zero-tolerance approach to the issues of slavery and human trafficking, and we expect the same from all our suppliers. Our statement for Slavery and Human Trafficking in accordance with the Modern Slavery Act 2015 can be read here.

The EU Taxonomy

The EU Taxonomy regulation classifies economic activities based on their environmental impact and thereby establishes a common language for sustainable finance.

In 2023/24, the Taxonomy framework is applied to our disclosure of information on alignment and eligibility thresholds covering six environmental objectives defined by the EU. We describe the alignment of our economic activities with: “climate change mitigation” and “climate change adaptation”. We describe the eligibility of our activities with the remaining four criteria: “sustainable use and protection of water and marine resources”, “pollution prevention and control”, “transition to a circular economy” and “protection and restoration of biodiversity and ecosystems”.

An economic activity is considered eligible if described in the delegated acts, irrespective of whether the activity meets any of the technical screening criteria. An economic activity is considered aligned if it substantially contributes to one or more of the environmental objectives, does no significant harm to any of the other objectives, and is carried out in compliance with minimum social safeguards based on the screening criteria.

According to the requirements of article 8 of Regulation EU 2020/852, we are obliged to report the percentage alignment and eligibility with the EU’s Taxonomy list of sustainable activities as a share of turnover, capital expenditure (Capex), and operating expenses (Opex), based on the activities and definitions listed in Regulation (EU) 2020/852. We report findings in a table, which is based on disclosure reporting template Annex II to Reg. EU 2020/852.

Accounting approach and calculation methods: From eligibility to alignment

We performed a screening of activities within our operational boundaries for 2023/24 according to each of the six environmental criteria.

When there was insufficient guidance, we took a conservative approach to identifying potentially eligible activities and concluded that six are eligible. As our revenue is mostly generated from the sale of audio products, we have not been able to report any revenue generated by sustainable activities in previous years. However, with the inclusion of the criteria ‘transition to a circular economy’, we can now include revenues related to repair, refurbishment and the sale of spare parts and second-hand goods. As in previous years, we have identified Opex, and Capex activities as eligible.

To determine whether the eligible activities identified from 2023/24 were aligned with the two relevant criteria, we did a second screening to assess the activities against the three performance criteria outlined in the reduction and quantified the value of the activity financially within the fiscal year according to the revenue, Opex, and capex definitions below.

For the activities identified, the second assessment revealed that while all were eligible, none were aligned. B&O reports on the revenue, Opex, and Capex related to the following activities:

Climate change mitigation:

1. Renovation of existing buildings.
2. Construction and real estate activities involving installation, maintenance, or repair of charging stations for EVs.
3. Installation, maintenance and repair of energy efficiency equipment.

Transition to a circular economy:

5. Repair, refurbishment and remanufacturing.
6. Sale of spare parts.
7. Sale of second-hand goods.

KPI Definitions

Revenue: Revenue is defined as taxonomy eligible revenue divided by the total revenue. Total revenue is defined as revenue from contracts with customers, sale of goods, licence fees and royalty income as defined under IFRS.

Opex: Opex is defined as taxonomy eligible opex divided by total opex. Total opex is defined as non-capitalised costs relating to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of items of property, plant, and equipment that are necessary to ensure the continued and effective functioning of such assets. Leases relating to Opex show only leases not covered by capex.

Capex: Capex is defined as the taxonomy-eligible capex divided by total capex. Total capex is defined as capital expenditure related to tangible and intangible assets during the financial year before any remeasurements (including revaluations and impairments), depreciation and amortisation charges for the year and excluding fair value changes. Additions of tangible and intangible assets are presented in notes 5.1 and 5.2 of our Consolidated Financial Statements.

Assessment of compliance

In our view, as confirmed by our external assurance partner Deloitte, we comply with the requirements of the regulation through the information provided on our screening and assessment, as well as the outcome of this assessment.

The EU taxonomy data tables

				Substantial contribution criteria						Do no significant harm										
Economic activities	Activity code	Absolute Revenue / CAPEX / OPEX DKKm	Proportion of Revenue / CAPEX / OPEX %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion 2023/24 %	Taxonomy-aligned proportion 2022/23 %	Category (enabling activity)	Category (transitional activity)
Revenue																				
Taxonomy aligned activities																				
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxonomy eligible but not aligned activities																				
Repair, refurbishment and remanufacturing	5.1	13.7	0.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of spare parts	5.2	2.9	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of second-hand goods	5.4	31.6	1.2%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxonomy non-eligible activities																				
Non-eligible activities	-	2,540.2	98.2%																	
Total		**2,588.4**	100%																	
OPEX																				
Taxonomy aligned activities																				
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxonomy eligible but not aligned activities																				
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0.1	0.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair, refurbishment and remanufacturing	5.1	0.8	0.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxonomy non-eligible activities																				
Non-eligible activities		217.3	99.5%																	
Total		**218.2**	100%																	

				Substantial contribution criteria						Do no significant harm										
Economic activities	Activity code	Absolute Revenue / CAPEX / OPEX DKKm	Proportion of Revenue / CAPEX / OPEX %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion 2023/24 %	Taxonomy-aligned proportion 2022/23 %	Category (enabling activity)	Category (transitional activity)
CAPEX																				
Taxonomy aligned activities																				
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxonomy eligible but not aligned activities																				
Renovation of existing buildings	7.2	1.9	0.8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Installation, maintenance and repair of energy efficiency equipment	7.3	0.1	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repair, refurbishment and remanufacturing	5.1	6.9	2.8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxonomy non-eligible activities																				
Non-eligible activities		234.1	96.4%																	
Total		**243.0**	100%																	

ESG Data Tables

Environmental data

	Unit	2023/24	2022/23	2021/22
Energy consumption*				
Electricity*	MWh*	8,932*	8,033	8,659
Natural Gas*	MWh*	89*	1,177	3,548
District heating*	MWh*	7,300*	5,926	6,396
Vehicle Fuel (Petrol)*	MWh*	410*	312^	756
Vehicle Fuel (Diesel)*	MWh*	701*	890	1,483
Total*	**MWh***	**17,432***	**16,338^**	**20,843**
Greenhouse Gas (GHG) Emissions				
Scope 1*	tCO_2e*	293*	539^	1,068
Scope 2 (location-based)*	tCO_2e*	1,544*	1,644	2,038
Scope 2 (market-based)*	tCO_2e*	455*	409	3,751
Scope 3*	tCO_2e*	131,804*	138,226^	186,441^
Total (Scopes 1, 2 & 3 market-based)*	**tCO_2e***	**132,552***	**139,174^**	**191,260^**
Electricity sourced from zero-emissions sources	%	100	100	2
Emissions per million revenue DKK *	tCO2e/mDKK*	51*	51^	65
Emissions per employee*	tCO2e/headcount*	129*	132^	172

	Unit	2023/24	2022/23	2021/22
Scope 3 GHG emissions by category*				
Category 1 Purchased goods and services*	tCO2e*	81,198*	85,110^	109,641
Category 2 Capital goods*	tCO2e*	1,131*	1,395	6,181
Category 3 Fuels and energy-related activities*	tCO2e*	885*	805^	1,010
Category 4 Upstream transportation and distribution*	tCO2e*	2,291*	4,348^	11,164
Category 5 Waste generated in operations*	tCO2e*	135*	127	113
Category 6 Business travel*	tCO2e*	973*	824^	1,182^
Category 7 Employee commuting*	tCO2e*	882*	894^	1,002^
Category 8 Upstream leased assets*	tCO2e*	85*	74^	88
Category 9 Downstream transportation and distribution*	tCO2e*	5,889*	6,300^	6,789
Category 10 Processing of sold products*	tCO2e*	124*	128^	213
Category 11 Use of sold products*	tCO2e*	37,427*	37,384^	48,120
Category 12 End-of-life of sold products*	tCO2e*	784*	836^	938
Category 13 Downstream leased assets*	tCO2e*	-*	-	-
Category 14 Franchises*	tCO2e*	-*	-	-
Category 15 Investments*	tCO2e*	-*	-	-
Total Scope 3 emissions*	**tCO2e***	**131,804***	**138,226^**	**186,441^**

Notes: Energy and emissions data for scopes 1 and 2 refer to our operational boundaries. Data marked with a ^ has been restated due to (i) improved data quality as a result of the outcomes of LCA assessments, and (ii) alignment with SBTi requirements which meant the removal of optional emissions sources from our Scope 3 inventory. This includes excluding optional emissions sources categories as defined by the GHG Protocol Corporate Value Chain Standard. This resulted in a 0.2% reduction of our total 2021/22 emissions baseline, and a 7.1% reduction in total emissions 2022/23 compared to previously reported results. Please refer to our ESG & Sustainability Data Accounting Principles on page 75 for more information on B&O's approach to emissions restatements.
The data marked with an * has received limited assurance in 2023/24. Please refer to our assurance statement on page 163 of this report. For detailed information on the calculation methodologies, restatement methodology, and operational boundaries of the data shown, please refer to our ESG & Sustainability Data Accounting Principles on page 73 of this report. The accompanying GRI Index is available on our website.

Environmental data

Material usage	Unit	2023/24	2022/23	2021/22
Operational waste generation				
Waste generated (Struer)	tonnes	562	560	820
Hazardous waste	%	9%	7%	
Recycling rate	%	57%	73%	
Percentage of group sites with recycling and waste management programmes implemented	%	100	100	58
Operational water usage				
Water use (Struer)	m3	23,921	24,308	31,325
Product circularity				
No. of additional products obtaining Cradle to Cradle certification*	Number*	1*	0	1

Social data

	Unit	2023/24	2022/23	2021/22
Employees				
Female	Number	353	355	399
Male	Number	675	696	714
Total	Number	**1,028**	**1,051**	1,113
Female	%	34	34	36
Male	%	66	66	64

Notes: The water and waste generation data covers our headquarters, office and manufacturing sites in Denmark only. Employee-related data is shown as Headcount as of 31 May 2024. The data marked with an * has received limited assurance in 2023/24. For detailed information on the calculation methodologies and operational boundaries of the data shown, please refer to our ESG & Sustainability Data Accounting Principles on page 75 of this report. The accompanying GRI Index is available on our website.

Social data

	Unit	2023/24	2022/23	2021/22
Employee category				
Manager (Female)	%	12	9	7
Manager (Male)	%	17	17	16
Non-manager (Female)	%	88	91	93
Non-manager (Male)	%	83	83	84
Women in Management				
Women in Director+ group	Number	18	17	15
Women in Director+ group	%	24	22	20
Employment types				
Full-time contracts (Female)	%	90	91	89
Full-time contract (Male)	%	95	95	97
Part-time contract (Female)	%	10	9	11
Part-time contract (Male)	%	5	5	4
Permanent contracts (Female)	%	82	83	75
Permanent contracts (Male)	%	90	90	83
Temporary contracts (Female)	%	18	17	25
Temporary contracts (Male)	%	10	10	17
Employees that have had a performance review				
Manager / Supervisors appraised (Female)	%	98	94	97
Manager / Supervisors appraised (Male)	%	97	100	91
Non-management appraised (Female)	%	98	79	69
Non-management appraised (Male)	%	98	80	59

Social data

	Unit	2023/24	2022/23	2021/22
Employee age group				
Under 30 years old	%	15	16	20
Between 30 - 50 years old	%	52	53	51
Above 50 years old	%	33	31	29
Overview				
Employees covered by a collective agreement	%	53	45	42
Number of different nationalities at B&O	Number	56	55	49
Age of oldest employee	Years	75	74	73
Age of youngest employee	Years	18	19	18
Tenure of longest-serving employee	Years	55	54	53
Employees with more than 10 years at B&O	%	32	32	30
Employees with more than 20 years at B&O	%	20	19	18
Employees with more than 30 years at B&O	%	10	10	10
Training of employees & partners				
Employees trained on ESG topics	%	93	96	96
Partner employees trained on ESG topics	%	72	70	74
Board of Directors, Gender Representation				
Members	Number	9	10	10
Employee-elected members	Number	3	4	4
Female members (shareholder-elected)	%	33	33	33
Male members (shareholder-elected)	%	67	67	67

Occupational health & safety data

	Unit	2023/24	2022/23	2021/22
Occupational health & safety				
Fatalities	Number	0	0	0
Days of absence	Number	41	10	7
Injuries without lost time	Number	14	7	12
Injuries with lost time	Number	7	2	2
Total Injuries	Number	21	9	14
Rate of work-related injuries (per 200,000 hours)	%	1.04	0.29	0.28

Governance data

	Unit	2023/24	2022/23	2021/22
'High risk' supplier spend audited	%	99	99	99
Critical non-conformities with Supplier Code of Conduct	Number	0	0	0
BeoShare (whistle-blower) cases	Number	12	13	12

ESG and Sustainability data accounting principles 2023/24

Scope

The non-financial accounting principles set out the scope, criteria, assumptions, and principles for how Bang & Olufsen A/S calculate our non-financial environmental, social, and governance data. This includes our energy consumption, greenhouse gas emissions, waste, and employee data. The principles apply to the data in our 2023/24 annual report.

The principles apply to data that covers the global operational footprint of Bang & Olufsen A/S, unless otherwise stated. The reporting period runs from June 1st, 2023 to May 31st, 2024.

Data accuracy, completeness, use of estimations, & conversion factors

While Bang & Olufsen A/S work to ensure that data is complete, from reliable sources, and based on actual data (e.g., smart meters, invoices, and payroll), this is not always possible. In cases where this information is not available, we rely on estimations. Typically, if we have consumption data for a period (e.g., 11 months of consumption), we use an average of this data to estimate the remainder of the year. If there is a discrepancy between consumption recorded on invoices and meters, we apply a conservative approach and take the higher figure.

Boundaries

We work to ensure consistent operational boundaries when reporting data. Where there are significant material changes in the company, organisation, or business structure, for example, through acquisitions and disposals, we rebase historical figures to ensure performance reporting remains reflective of the adjusted baseline and for comparative purposes. In 2023/24, there were no significant or material changes to the company or organisation structure.

1. Environmental data

Bang & Olufsen A/S consumes energy from vehicle fuel, natural gas, electricity, and district heating for the operation of its business. This consumption is global in nature and comes from manufacturing sites, offices, retail locations, and in company-owned or operated vehicles. This consumption generates greenhouse gas emissions, and our business operations consume water and generate waste. As a result, we have methodologies for the following data:

1.1. Energy consumption calculation methodology

- **Electricity, district heating, and natural gas:** This data is taken directly from supplier invoices as volume or cost, or from smart meters. Every year, we integrate more EVs and hybrid vehicles into our fleet; however, collecting the electricity consumption for these vehicles is not an easy task. We strive to use actuals, but when these are not available, we estimate power consumption based on each car model's efficiency. In the case of hybrid vehicles, we only account for the actual fuel consumption since power consumption data is unavailable, and estimations would be highly uncertain.
- **Petrol and Diesel:** Data from all company-owned and leased vehicles' fuel consumption (rental cars' fuel consumption is included in Scope 3 Category 6 Business Travel). The data used for energy calculation varies per market. Actual fuel consumption data is collected in our major markets (e.g., Denmark, most of EMEA, and APAC). When fuel data is not available, we use km driven based on odometer readings or agreed kilometres in the lease contracts and convert this to litres of fuel based on average vehicle fuel efficiencies. When using kilometres driven, fuel conversion factors from DEFRA (Department for Environment, Food & Rural Affairs, UK, 2021) are used to convert our fuel use into kWh for both petrol and diesel.

We are committed to high data quality. In 2023/24, more than 96% of the total energy consumption in kWh came from actual consumption data.

1.2. The percentage of electricity sourced from zero-emission sources

To calculate the percentage of electricity that is from zero-emission sources, we use data collected as part of the energy activity data collection and the relevant attributable emission factor from the supplier, as shown on the invoices. This zero-emission electricity is sourced from either renewable (e.g., solar, wind, hydro, a mix of various renewable sources, etc.) or non-renewable sources (e.g., nuclear). For electricity consumption that is not covered by a supplier electricity emission factor of 0 gCO2/kWh, we have purchased renewable energy certificates. These are geographically bound by region and are from renewable generation only.

1.3. Greenhouse gas emissions calculation methodology

We measure our greenhouse gas emissions (GHG) because it is a material issue for our business. We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol Corporate Standard and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) methodology, which classes emissions into three groups: Scope 1, 2, and 3. The data and the calculation methodology vary across the emissions scopes and categories, and its explained in detail in the following lines.

Scope 1 & 2:
To calculate our Scope 1 & 2 greenhouse gas emissions, we use the data collected as energy activity data, for example, the kWh of electricity consumed in our Factory 5 aluminium production facilities, litres of fuel consumed by our company vehicles and MWh of district heating purchased across our operations on an annual basis. Using this energy consumption data, we convert it to greenhouse gas emissions (tCO2e) using applicable and updated emission factors.

We use emission factors from our suppliers when available, and IEA (2022) and DEFRA databases (Department for Environment, Food & Rural Affairs, 2023), to translate this activity data into CO2e or greenhouse gas emissions.

As defined by the GHG Protocol Scope 2 Guidance, "the location-based method reflects the average emissions intensity of grids on which energy consumption occurs. The market-based method reflects emissions from electricity that we have purchased" [11]. We utilise a zero GHG emission factor for the portion of our electricity sourced from clean electricity sources, as described in the accounting principle 1.2.

Fugitive emissions from refrigerant gases are also part of Scope 1 as per the GHG Protocol Standard. However, these emissions were excluded from our Scope 1 and 2 SBTi-validated targets due to their very low relevance (0.16% of Scope 1 and 2 market-based baseline), and therefore are also not included in our reported figures to ensure consistency and enable more transparent progress tracking.

[11] GHG Protocol Scope 2 Guidance

Scope 3:
Value chain emissions are classified into fifteen emissions categories and are calculated individually, using different sources of data. We use internationally recognised databases for our emission factors, such as IEA and DEFRA, unless otherwise stated. When our suppliers provide us with GHG emissions reports, we ensure that calculations are aligned with the GHG Protocol requirements.

- **Category 1 – Purchased goods and services:** The cradle-to-gate emissions from the manufacturing of our products are included in this category. For this, we group our products into different categories and use carbon footprints of representative products as the basis for the calculation. We continually improve this assessment with new LCAs. Emissions from services and non-product-related purchases are estimated based on spend.
- **Category 2 – Capital spend:** Emissions from new building acquisitions and improvements, and machinery are calculated using spend conversion factors from a database developed by the Sustainability Consortium at the University of Arkansas.
- **Category 3 – Fuel and energy-related activities:** In this category, we account for the upstream emissions of all energy consumption in Scope 1 and 2.
- **Category 4 – Upstream transportation and distribution:** Bang & Olufsen accounts for the well-to-tank emissions of all transportation paid by the company. Unless emissions calculations are provided by our suppliers, we estimate them based on weight, distance and transport mode.
- **Category 5 – Waste:** Our largest waste production facility is our HQ, where we have implemented a waste management system tracking the volume generated by stream and its treatment. For the rest of our offices and stores, we estimate the total waste produced based on the number of employees.
- **Category 6—Business travel:** Bang & Olufsen accounts for all business travel emissions in this category, including air travel, rental cars. Emissions are calculated using spend data and supplier-provided emissions reports.
- **Category 7 – Employee commuting:** Emissions from all employees commuting to the office and back to their reported home addresses. We use country-level proxies to assume the utilisation share of each transportation mode.
- **Category 8 – Upstream leased assets:** Comprises stores, offices and other sites' emissions that fall outside our operational boundaries and were not included in Scope 1 & 2. Emissions are calculated based on the average energy consumption per sqm for our operationally controlled sites. Transportation, when not paid by the company, is also accounted for in this category.
- **Category 9 – Downstream transportation and distribution:** Emissions from warehousing and retail of our products are estimated based on estimated energy consumption per sqm and applicable emission factors to the source of energy use (e.g. local grid or fuel-specific emission factors, etc.).
- **Category 10 – Processing of sold products:** As part of our business, we also sell products to other companies that undergo further processing before being integrated into a larger product, e.g. cars. Emissions from these activities are calculated based on the allocated energy consumption provided by our suppliers on a unit-basis.
- **Category 11 – Use of sold products:** Lifecycle emissions from the expected electricity consumption of our products throughout their lifetime are accounted for in this category. Based on typical use patterns, the power consumption and the country where the product was sold, we estimate the lifetime emissions of each product sold during the reporting year.
- **Category 12 – End-of-life emissions:** After many years of service, our customers may decide to let their beloved product go. Although, in many cases, products are repaired and kept in the loop even for longer than estimated in our GHG inventory (e.g.

Beogram 4000s are still being repaired after many decades of use), at Bang & Olufsen, we estimate these emissions in a conservative fashion, assuming that when the expected lifetime of the product is reached, all products are disposed and treated according to local regulations.

Categories 13 (Downstream leased assets), 14 (Franchises), and 15 (Investments) were excluded as they do not apply to our business.

Emissions restatement policy
Every year we strive to improve our reporting. This includes improving the data we use to calculate our greenhouse gas emissions and the estimations around them and selecting the most accurate emission factors. Consequently, we may restate our historical emissions to ensure that results are always comparable and reflect real tendencies.

In alignment with the GHG Protocol and the Science-based Targets Initiative, we have set a 5% threshold for recalculating our baseline or previous years emissions. This means that if the cumulated impact of improvements in data quality, emission calculations, errors or even changes in the company structure surpass this threshold when compared against our SBTi-validated baseline year, our emissions baseline will be recalculated. Every time an update on our historical data is reported, this will be indicated alongside with its reasons.

As noted in the Data Tables, we have restated our baseline emissions (21/22) published last year. Despite the change being well below the threshold of our recalculation policy (0.2% decrease compared to previously reported Scope 1, 2 and 3 market-based emissions for 21/22), we have made implemented these adjustments to enhance transparency and alignment with our recently validated SBTi baseline, which will serve as the foundation for our performance tracking. The decrease is due to the exclusion of optional emissions categories, as required by the SBTi (e.g. hotel stays in Category 6 and working-from-home in Category 7).

Previously reported Scope 1, 2 and 3 emissions for 22/23 were also revised downwards by 7.1%. However, in this case, the primary reason for the decrease is not the alignment with SBTi criteria, but rather the improvement in the calculation methodology used to assess Beosound Theatre cradle-to-grave emissions. This improvement was a result of the LCA described in the Environmental Impact section.

1.4. Greenhouse gas emissions per 1mDKK revenue
This intensity metric is included to give the reader a view of the efficiency of our operations. This metric is based on Scopes 1, 2 (market-based), and 3 greenhouse gas emissions divided by our revenue in mDKK.

1.5. Greenhouse gas emissions per employee
This intensity metric is included to give the reader a view of the efficiency of our operations. This metric is based upon Scope 1, 2 (market-based), and 3 greenhouse gas emissions divided by the total number of employees (headcount) as of the end of the reporting period.

1.6. Waste and water data
We measure our waste and water data because resource efficiency through circularity is a material issue for our company. The data is sourced from our suppliers' websites and invoices.

The data for waste generated and water consumed outside of our Struer locations is not included due to a lack of available data.

1.7. The percentage of company manufacturing and office locations that have recycling in place
The ratio of manufacturing and office locations within Bang & Olufsen A/S operations that have recycling in place by the end of the fiscal year. The eligible sites for this metric are: Struer (whole campus), Lyngby (office), USA (office), Singapore (office), China (office), Hong Kong (office), Austria (office), Germany (office), Switzerland (office), Spain (office).

1.8. The number of products that are Cradle to Cradle certified
A count of the additional number of Cradle to Cradle product certifications obtained by Bang & Olufsen A/S products certified to any level (bronze or above) by the internationally renowned *Cradle to Cradle Products Innovation Institute* in the fiscal year. The Cradle to Cradle certification validates B&O's products' modular and circular design.

1.9. The number of life cycle assessments completed
A count of the number of life cycle assessments (LCA) completed by Bang & Olufsen A/S in the fiscal year. The aim of this study is to assess the environmental impacts of a product or process throughout its entire life cycle. In order to carry out an LCA assessment, we collect relevant data from internal databases, the value chain and/or sectoral databases. We then process and analyse this data to quantify the environmental impact of the product system across the different impact indicators (e.g., climate change, resource use). An LCA study is deemed completed when its results have been weighted to determine the relative impact of each indicator.

2. Social data
Our social data is reported as of 31st May 2023, is based on headcount and is extracted from SuccessFactors, our Human Resources system.

2.1. Total employees
Accounts for the total number of headcounts employed at Bang & Olufsen during the reporting period at period end, divided by gender (female / male).

2.2. Employee category
Accounts for the number of employees with managerial / non-managerial responsibilities employed at Bang & Olufsen during the reporting period at period end, divided by gender (female / male).

2.3. Women in Management
Accounts for the number of women employed in the employee category "Director+" compared to the number of men employed at Bang & Olufsen during the reporting period at period end.

The Director+ category includes GLT (global leadership team) and EMB members.

2.4. Employment types
Accounts for the total number of employees who were either employed in a full-time, part-time, permanent or temporary contract divided by gender (female / male) during the reporting period at period end.

2.5. Employees that have had a performance review
Accounts for the total number of employees employed at Bang & Olufsen at period end, who have received a performance review during the reporting year, who have managerial or non-managerial responsibilities, divided by gender (female / male)

2.6. Employee age group
Accounts for the total number of employees working at Bang & Olufsen during the reporting period at period end, divided by age group.

2.7. Employees covered by a collective agreement
The number of salaried employees, not including retail employees, that are covered by collective bargaining agreement in Denmark compared to the total number of salaried employees in Denmark at period end.

2.8. Number of different nationalities at B&O
Accounts for the total number of nationalities globally employed at Bang & Olufsen during the reporting period at period end.

2.9. Age of the oldest employee
Refers to the age of the oldest employee working at Bang & Olufsen during the reporting period at period end.

2.10. Age of the youngest employee
Refers to the age of the youngest employee working at Bang & Olufsen during the reporting period at period end.

2.11. Tenure of longest-serving employee
Accounts for the highest number of continued years that an employee working during the reporting period, has been part of Bang & Olufsen.

2.12. Employees with more than 10 years at B&O
Accounts for the number of employees that have worked for more than 10 years at Bang & Olufsen compared to the total number of employees working at Bang & Olufsen during the reporting period at period end.

2.13. Employees with more than 20 years at B&O
Accounts for the number of employees that have worked for more than 20 years at Bang & Olufsen compared to the total number of employees working at Bang & Olufsen during the reporting period at period end.

2.14. Employees with more than 30 years at B&O
Accounts for the number of employees that have worked for more than 30 years at Bang & Olufsen compared to the total number of employees working at Bang & Olufsen during the reporting period at period end.

2.15. Employees trained on ESG topics
Accounts for the total number of employees that were trained on B&O's Business Conduct and Ethics policy compared to the total number of employees working at Bang & Olufsen during the reporting period at period end.

2.16. Partners employees trained on ESG topics
Accounts for the total number of partner employees trained in the Cradle to Cradle principles compared to the total number of employees working at Bang & Olufsen during the reporting period at period end.

Partner employees include all employees that are not directly employed by Bang & Olufsen A/S but are working at an external partner selling, installing, or repairing B&O products and have an active account on Beocampus, our online training tool.

2.17. Board of Directors members
Accounts for the total number of members to the Board of Directors, both employee and shareholder elected, during the reporting period at period end.

2.18. Board of Directors – Employee Elected members
Accounts for the total number of members to the Board of Directors elected by Bang & Olufsen employees during the reporting period at period end.

2.19. Board of Directors – Percentage of Female members (shareholder elected)
Accounts for the total number of female shareholder elected members to the Board of Directors compared to the total number of shareholder elected members to the Board of Directors during the reporting period at period end.

2.20. Board of Directors – Percentage of Male members (shareholder elected)
Accounts for the total number of male shareholder elected members to the Board of Directors compared to

the total number of shareholder elected members to the Board of Directors during the reporting period at period end.

3. Occupational health and safety data
Our occupational health and safety data is also calculated based on headcount. The relevant KPI definitions are:

- **Fatalities:** This is the count of the fatalities reported during the reporting period.
- Accidents without lost time: This is the count of the number of accidents without lost time during the reporting period.
- **Accidents with lost time:** This is the count of the number of accidents with lost time where employees did not come to work the following day due to the accident or incident during the reporting period.
- **Lost days:** This is the total number of days of absence where employees were absent from work due to work-related incidents during the reporting period.

4. Governance Data
4.1. 'High risk' supplier spend audited
Accounts for the total spend on high risk suppliers audited during the reporting period compared to the total spend on high risk suppliers.

High risk suppliers are defined according to the known risk for non-conformities based on the country each supplier operates in.

4.2. Critical non-conformities with Supplier Code of Conduct
Accounts for the total number of findings that fall under the definition of critical non-conformities.

A critical non-conformity entails, among others, findings that pose an immediate threat to worker's life, fall under International Labor Organization (ILO) four fundamental principles, and the recruitment and hiring associated with trafficking persons.

4.3. BeoShare (whistle-blower) cases
Accounts for the total number of cases reported both by employees and external stakeholder as of the end of the reporting period

Consolidated financial statements

Income statement

1 June – 31 May

(DKK million)	Notes	2023/24	2022/23
Revenue	2.1	**2,588**	**2,752**
Production costs	2.2, 2.3, 2.4	-1,209	-1,537
Gross profit		**1,379**	**1,215**
Development costs	2.2, 2.3, 2.4	-286	-301
Distribution and marketing costs	2.2, 2.3, 2.4	-940	-910
Administrative costs	2.2, 2.3, 2.4	-135	-128
Operating profit/(loss) (EBIT)		**18**	**-124**
Financial income	6.5	50	28
Financial expenses	6.5	-75	-56
Financial items, net		-25	**-28**
Profit/loss before tax (EBT)		**-7**	**-152**
Income tax	2.5	-10	11
Profit/loss for the year		**-17**	**-141**
Earnings per share			
Earnings per share (EPS), DKK	8.2	-0.1	-1.2
Diluted earnings per share (EPS-D), DKK	8.2	-0.1	-1.2

Statement of comprehensive income

1 June – 31 May

(DKK million)	Notes	2023/24	2022/23
Profit/loss for the year		**-17**	**-141**
Items that will be reclassified subsequently to the income statement:			
Exchange adjustments of subsidiaries		-4	-12
Fair value adjustments of hedging instruments		-5	-5
Value adjustments of hedging instruments reclassified in			
Revenue		3	22
Production costs		5	-16
Tax on other comprehensive income	2.5	-1	0
Items that will not be reclassified subsequently to the income statement:			
Actuarial gains/losses on defined benefit plans		0	1
Tax on other comprehensive income	2.5	0	0
Other comprehensive income/loss for the year, net of tax		-2	-10
Total comprehensive income/loss for the year		**-19**	**-151**

Statement of financial position

Assets

(DKK million)	Notes	31-05-24	31-05-23
Goodwill		42	42
Acquired rights and software		72	80
Completed development projects		150	129
Development projects in progress		132	124
Intangible assets	5.1	**396**	**375**
Property, plant and equipment	5.1	220	215
Right-of-use assets	5.2	136	120
Tangible assets		**356**	**335**
Non-current other receivables		20	23
Deferred tax assets	2.5	92	99
Total non-current assets		**864**	**832**
Inventories	4.1	447	499
Trade receivables	4.2	309	341
Tax receivable	2.5	32	11
Other receivables		53	68
Prepayments		27	24
Securities	6.1, 6.2	388	394
Cash	6.1, 6.2	177	216
Total current assets		**1,433**	**1,553**
Total assets		**2,297**	**2,385**

Equity and liabilities

(DKK million)	Notes	31-05-24	31-05-23
Share capital	6.4	613	613
Translation reserve		16	20
Reserve for cash flow hedges		-2	-4
Retained earnings		329	329
Total equity		**956**	**958**
Lease liabilities	6.2, 6.3	117	109
Pensions	3.4	10	11
Deferred tax	2.5	8	6
Provisions	6.6	46	40
Mortgage loans	6.3	53	56
Non-current other liabilities	4.3	2	3
Total non-current liabilities		**236**	**225**
Lease liabilities	6.2, 6.3	45	37
Mortgage loans	6.3	3	3
Bank loans	6.1, 6.2	381	386
Provisions	6.6	84	60
Trade payables	6.2	401	565
Tax payable	2.5	20	8
Other liabilities	4.3, 4.4	171	143
Total current liabilities		**1,105**	**1,202**
Total liabilities		**1,341**	**1,427**
Total equity and liabilities		**2,297**	**2,385**

Statement of cash flows

1 June – 31 May

(DKK million)	Notes	2023/24	2022/23
Profit/loss before tax (EBT)		-7	-152
Financial items, net		25	28
Depreciation, amortisation and impairment		239	222
Operating profit/loss before depreciation, amortisation and impairment (EBITDA)		**257**	**98**
Other non-cash items		33	-4
Change in net working capital	4.4	-41	113
Interest received		50	28
Interest paid		-63	-44
Income tax paid		-10	7
Cash flows from operating activities		**226**	**198**
Purchase of intangible non-current assets		-163	-169
Purchase of tangible non-current assets		-55	-54
Sublease payment		2	2
Other cash flows from investing activities		1	3
Operational investments		**-215**	**-218**
Free cash flow		**11**	**-20**
Purchase of securities	6.1	-	-110
Sale of securities	6.1	6	124
Financial investments		**6**	**14**
Cash flows from investing activities		**-209**	**-204**

(DKK million)	Notes	2023/24	2022/23
Repayment of lease liabilities	6.1, 6.3	-45	-40
Repayment of mortgage loans	6.1, 6.3	-3	-3
Proceeds from loans and borrowings	6.1, 6.3	-6	110
Settlement of matching share programme	6.4	-	-3
Cash flows from financing activities		**-54**	**64**
Cash and cash equivalents, opening balance		**216**	**162**
Foreign exchange gain/loss on cash and cash equivalents		-2	-4
Change in cash and cash equivalents		**-37**	**58**
Cash and cash equivalents, closing balance		**177**	**216**
Available liquidity	6.1	184	224

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Accounting policies

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as profit/loss before tax adjusted for non-cash operating items, changes in working capital, payments of financial items and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment, acquisitions and disposals of securities with respect to repo, and other non-current assets.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, the raising of loans including repo, as well as repayment of interest-bearing debt including lease liabilities.

Cash and cash equivalents comprise cash at bank and in hand.

Statement of changes in equity

1 June – 31 May

(DKK million)	Share capital	Translation reserve	Reserve for cash flow hedges	Retained earnings	Total
Equity at 1 June 2023	**613**	**20**	**-4**	**329**	**958**
Profit/loss for the year	-	-	-	-17	-17
Other comprehensive income/loss:					
Foreign exchange adjustments of foreign entities	-	-4	-	-	-4
Fair value adjustments of derivatives	-	-	-5	-	-5
Value adjustments of derivatives reclassified in					
Revenue	-	-	3	-	3
Production costs	-	-	5	-	5
Income tax on items that will be reclassified to the income statement	-	-	-1	-	-1
Actuarial gains/(losses) on defined benefit plans	-	-	-	0	0
Income tax on items that will not be reclassified to the income statement	-	-	-	0	0
Total other comprehensive income/loss	**-**	**-4**	**2**	**0**	**-2**
Comprehensive income/loss for the year	**-**	**-4**	**2**	**-17**	**-19**
Share-based payments	-	-	-	17	17
Equity at 31 May 2024	**613**	**16**	**-2**	**329**	**956**
Equity at 1 June 2022	**613**	**32**	**-5**	**460**	**1,100**
Profit/loss for the year	-	-	-	-141	-141
Other comprehensive income/loss:					
Foreign exchange adjustments of foreign entities	-	-12	-	-	-12
Fair value adjustments of derivatives	-	-	-5	-	-5
Value adjustments of derivatives reclassified in					
Revenue	-	-	22	-	22
Production costs	-	-	-16	-	-16
Income tax on items that will be reclassified to the income statement	-	-	0	-	0
Actuarial gains/(losses) on defined benefit plans	-	-	-	1	1
Income tax on items that will not be reclassified to the income statement	-	-	-	0	0
Total other comprehensive income/loss	**-**	**-12**	**1**	**1**	**-10**
Comprehensive income/loss for the year	**-**	**-12**	**1**	**-140**	**-151**
Share-based payments	-	-	-	9	9
Equity at 31 May 2023	**613**	**20**	**-4**	**329**	**958**

Notes

Section 1
Basis of reporting

1.1 Basis of reporting

Basis of preparation
Bang & Olufsen is a Danish company listed on Nasdaq Copenhagen. The Group reports in accordance with the rules and principles for accounting class D. The Annual Report is published on 3 July 2024 and will be presented to the shareholders for approval at the Annual General Meeting.

The Group's consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The accounting policies set out below have been consistently applied with respect to the financial year and comparative figures, except as described in note 1.3 regarding changes in accounting policies.

Applying materiality
Significant items are presented individually in the financial statements as required by IAS 1.

Items that are not individually significant but which support the understanding of Bang & Olufsen's business model and performance in the reporting period are also presented in the financial statements.

Currency
The Group's consolidated financial statements are presented in Danish kroner (DKK). Figures are rounded to the nearest DKK million, unless otherwise stated.

Basis of consolidation
The consolidated financial statements are prepared as a consolidation of the financial statements of the Parent Company, Bang & Olufsen A/S, and its subsidiaries in accordance with the Group's accounting policies.

All intra-group income, expenses, balances and dividends are eliminated in full when consolidated.

The accounting items of subsidiaries are included in full in the consolidated financial statements.

Translation of foreign currency
A functional currency is determined for each of the Group's reporting entities. The functional currency of the Parent Company is Danish kroner (DKK). Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Differences arising between the exchange rates at the transaction date and at the date of payment are recognised as financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date at which the receivable or payable arose or the exchange rate applied in the latest consolidated financial statements is recognised as financial income or financial expenses.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency (DKK), the income statement and statement of cash flows are translated at the exchange rates prevailing at the transaction date, and the statement of financial position is translated at the exchange rates prevailing at the reporting date.

Differences arising from the foreign currency translation of the opening balance of equity of foreign entities at the exchange rates prevailing at the reporting date, and on translation of the income statement from the transaction date to the reporting date, are recognised in other comprehensive income and attributed to a separate translation reserve in equity.

iXBRL reporting
Bang & Olufsen A/S has filed the Annual Report in the new European Single Electronic Format (ESEF), an XHTML format that can be displayed in a standard browser. eXtensible Business Reporting Language (iXBRL) complies with the ESEF taxonomy included in the ESEF regulation and has been used to tag the primary statements, notes and other financial information within the Annual Report. The file has been uploaded to the website together with the Annual Report.

1.2 Critical accounting estimates and judgements

When applying the Group's accounting policies, management is required to make a number of accounting judgements and estimates and to make assumptions about the carrying amounts of certain assets and liabilities and recognised revenue and costs which cannot be derived directly from other sources. Significant estimates and judgements are made when assessing development projects, right-of-use assets, deferred tax assets, inventories, trade receivables and provisions. Management bases its estimates and judgements on historical experience and other relevant factors that are believed to be reasonable under the given circumstances. The actual outcome may differ from these estimates.

Estimates and the underlying assumptions are reviewed on a continuous basis. Changes made to accounting estimates are recognised in the financial period in which the change takes place and future financial periods if the change affects both the period in which the change takes place and future financial periods.

Due to the current macroeconomic and geopolitical uncertainty, and risks related to climate change, we have considered the recoverability of trade receivables, deferred tax assets, intangible assets and the value of inventories.

In addition, Management has assessed both the supply situation and consumer demand in relation to the current geopolitical events and concluded that the financial impacts consequently do not require significant judgements. Furthermore, 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.

Estimates, which include all of the above, were updated at 31 May 2024 to assess the recoverability of the asset base, including development projects and deferred tax assets. Recoverability of trade receivables and inventory value was also assessed, and the expected consequences of the above-mentioned risks are reflected in these assessments. There is an inherent risk that the estimates and judgements made could change due to a potential escalation of current geopolitical events. Future changes in estimates and judgements may have an impact on our results and financial position.

Critical accounting estimates and judgements are described under the sections to which they relate.

Note	Critical accounting estimates and judgements	Estimate/judgement	Extent of subjectivity
2.5	Deferred tax assets, value	Estimate	
4.1	Inventories, value of expected write-down	Estimate	
4.2	Trade receivables, value of expected credit losses	Estimate	
5.1	Development projects, fair value	Estimate	
5.2	Right-of-use assets, lease period and discount rate of prolongation or early termination of underlying contracts	Estimate	
6.6	Provisions, value	Estimate	

Extent to which accounting estimates and judgements are based on subjectivity and business practice:

Very objective/market conforming

Partly subjective/partly distinctive

Subjective/distinctive for Bang & Olufsen

1.3 Changes in accounting policies

The Group has adopted all new or amended standards (IFRS) and interpretations as adopted by the EU and effective for the financial year starting on 1 June 2023 or earlier.

The new or revised standards and interpretations did not affect recognition and measurement materially nor did they result in any material changes to disclosures in the notes. Apart from this, the annual report is presented in accordance with the accounting policies applied in previous years' annual reports.

New and amended IFRS standards and interpretations not yet applicable within the EU

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2023/24 consolidated financial statements.

In April 2024, it was decided that in 2027 IAS 1 will be replaced by IFRS 18, Presentation and disclosures in financial statements, which is expected to have an impact on the presentation of the financial statements, mainly the income statement, and information on alternative performance measures in a note to the consolidated financial statements.

The Group expects to implement these standards when they take effect, and at the moment Bang & Olufsen is analysing the impact of implementing the new standard.

Section 2 Operations

2.1 Revenue and operating segments

	2023/24						2022/23					
(DKK million)	EMEA	Americas	APAC	Regions, total	Brand Partnering & other activities	All	EMEA	Americas	APAC	Regions, total	Brand Partnering & other activities	All
Revenue by strategic market												
Revenue	**1,249**	**287**	**726**	**2,262**	**326**	**2,588**	**1,281**	**313**	**795**	**2,389**	**363**	**2,752**
*Production costs	-641	-155	-358	-1,154	-55	-1,209	-790	-211	-475	-1,476	-61	-1,537
***Gross profit**	**608**	**132**	**368**	**1,108**	**271**	**1,379**	**491**	**102**	**320**	**913**	**302**	**1,215**
*Gross margin	48.6%	46.1%	50.7%	49.0%	83.3%	53.3%	38.3%	32.5%	40.3%	38.2%	83.1%	44.2%
Capacity costs excl. depreciation, amortisation and impairment						-1,122						-1,117
Depreciation and amortisation						-239						-222
Financial items, net						-25						-28
Profit/loss before tax (EBT)						**-7**						**-152**

(DKK million)	Staged	Flexible Living	On-the-go	Products, total	Brand Partnering & other activities	All	Staged	Flexible Living	On-the-go	Products, total	Brand Partnering & other activities	All
Revenue by product category												
Revenue	**1,158**	**464**	**640**	**2,262**	**326**	**2,588**	**1,067**	**542**	**780**	**2,389**	**363**	**2,752**
*Production costs	-500	-225	-429	-1,154	-55	-1,209	-569	-281	-626	-1,476	-61	-1,537
***Gross profit**	**658**	**239**	**211**	**1,108**	**271**	**1,379**	**498**	**261**	**154**	**913**	**302**	**1,215**
*Gross margin	56.8%	51.5%	33.0%	49.0%	83.3%	53.3%	46.7%	48.2%	19.8%	38.2%	83.1%	44.2%

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

Our activities are presented in two reportable segments. One includes our strategic markets, while the other reflects our product categories. Both segments include all channels relating to the distribution and sale of our products.

Management monitors the performance and profitability of the operating segments for the purpose of decision making about performance management and resource allocation. Segment results are measured at gross profit level.

License income is recognized at a point in time and encompassed 9% of revenue (2022/23: 10%).

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Accounting policies

Operating segments

Segment information has been prepared in accordance with the Group's accounting principles and follows the Group's management structure and the internal management reporting used by the Executive Management Board to evaluate results and resource allocation.

The geographical allocation of revenue is based on the strategic markets and non-current assets are based on Bang & Olufsen's locations.

2.1 Revenue and operating segments (continued)

(DKK million)	2023/24 Revenue	2023/24 Share of revenue, %	2022/23 Revenue	2022/23 Share of revenue, %
China	372	14%	430	16%
USA & Canada	280	11%	305	11%
UK & Ireland	202	8%	234	8%
Denmark	189	7%	201	7%
Germany	156	6%	182	7%
Eastern Europe	151	6%	107	4%
South Korea	131	5%	112	4%
Switzerland	99	4%	91	3%
Netherlands	86	3%	89	3%
France	81	3%	89	3%
Japan	55	2%	53	2%
Spain	54	2%	54	2%
Taiwan	52	2%	42	2%
Italy	49	2%	52	2%
Hong Kong	41	2%	43	2%
Brand Partnering & other activities	326	12%	363	13%
Rest of world	264	11%	305	11%
Total	**2,588**	**100%**	**2,752**	**100%**

(DKK million)	Non-current assets* 2023/24	Non-current assets* 2022/23
EMEA**	677	633
Americas	73	69
Asia	22	31
Total	**772**	**733**

*Non-current assets less deferred tax assets.
**Of which DKK 577m in Denmark (31 May 2023: DKK 573m).

Accounting policies

Revenue recognition
Revenue from contracts with customers comprises the sale of goods, licence fees and royalty income. Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which generally takes place on delivery. For contracts providing the customer with a right of return within a specified period, the Group considers the timing of recognition.

Licence fees and royalty income are recognised when earned according to the terms of the licence agreements. Depending on the type of contract, licence fee revenue is recognised over time or at a point in time.

In general, all revenue is recognised at a point in time – for both product sales and licensing income.

A refund liability is recognised for products expected to be returned. The estimate for returned products is based on historical experience and expectations. Based on knowledge of the nature of returns, it is not considered highly probable that a material reversal of cumulative revenue recognised will occur. Provisions for rebates and discounts granted to customers are recognised as a reduction in revenue.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Amounts disclosed as net revenue exclude discounts, VAT and other duties.

The Group considers whether contracts include other promises that constitute separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effects of variable consideration. No element of financing is deemed present.

Variable consideration
The Group grants or pays various discounts and fees depending on the nature of the customer and business. Customer discounts comprise invoice discounts, volume and activity-related discounts, including specific campaign prices, and other discounts.

Discounts arise from sales transactions where the customer receives an immediate reduction of the selling price. This includes cash discounts and incentives for early payments. Volume and activity-related discounts is a broad term covering incentives for customers to sustain business with the Group over a longer period of time and may be related to a current campaign or a sales target measured by volume or total value.

2.2 Costs

(DKK million)	**2023/24**	2022/23
Breakdown by function:		
Production costs	1,209	1,538
Development costs	286	300
Distribution and marketing costs	940	910
Administrative costs	135	128
Total	**2,570**	**2,876**
Specification:		
Materials and consumables	1,102	1,424
Staff costs	795	764
Other costs	243	264
Depreciation, amortisation and impairment	239	222
Marketing costs	191	202
Total	**2,570**	**2,876**
Depreciation, amortisation and impairment		
Intangible assets, amortisation	138	128
Property, plant and equipment, depreciation	50	54
Right-of-use assets, depreciation	46	40
Loss on disposals	5	-
Total	**239**	**222**
Depreciation, amortisation and impairment relate to:		
Production costs	29	32
Development costs	112	110
Distribution and marketing costs	86	72
Administrative costs	12	8
Total	**239**	**222**

In 2023/24, total operating expenses recognised in the income statement decreased by DKK 306m to DKK 2,570m, corresponding to a decrease of 11%. The overall decrease was driven by reduced production costs which has helped improve the overall gross margin.

Production costs decreased during the year in line with the overall trend in the activity. We saw a decrease in activity but an improved gross margin during the year.

The development costs are commented on the following page.

Distribution and marketing costs increased by DKK 30m to DKK 940m. The increase was primarily related to increased reorganisation costs and increased depreciation offset by lower warranty costs.

Administrative costs increased by DKK 7m to DKK 135m. The increase was primarily related to higher accruals for employee bonuses and cost for reorganisation.

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Accounting policies

Production costs
Production costs comprise wages, consumption of inventory and indirect costs (including salaries, depreciation, amortisation and impairment losses) incurred for the purpose of generating revenue for the year.

Development costs
Development costs that do not meet the criteria for capitalisation as defined in note 5.1 are recognised in the income statement as development costs along with amortisation and impairment losses on capitalised development projects.

Distribution and marketing costs
Distribution and marketing costs comprise costs relating to the sale and distribution of the Group's products. These include salaries for sales personnel, advertising and exhibition costs, and depreciation, amortisation and impairment losses. Costs in subsidiaries that are responsible exclusively for the sale of the Group's products are also allocated to distribution and marketing costs.

Administrative costs
Administrative costs comprise costs related to administrative personnel, management, office costs, and depreciation, amortisation and impairment losses.

2.2 Costs (continued)

(DKK million)	2023/24	2022/23
Development costs		
Incurred development costs before capitalisation	315	319
Of which capitalised	-127	-117
Incurred development costs after capitalisation	188	202
Capitalisation (%)	40.2%	36.7%
Total amortisation and impairment losses on development projects	98	99
Development costs recognised in the consolidated income statement	**286**	**301**
Incurred development costs before capitalisation ratio (% of revenue)	12.2%	11.6%

Development costs decreased by DKK 15m to DKK 286m as a result of higher capitalisation of development cost. Incurred development costs after capitalisations were DKK 14m lower than last year, reflecting the timing of projects related to platform upgrades and investments in the product roadmap.

Capacity costs

A breakdown of capacity costs as presented in the income statement is provided below. It comprises development costs, distribution and marketing costs and administrative costs. Capacity costs primarily consist of staff cost, premises, depreciation, amortisation and impairment as well as other operating income and expenses.

(DKK million)	2023/24	2022/23
Development costs	286	301
Distribution and marketing costs	940	910
Administrative costs	135	128
Total	**1,361**	**1,339**

2.3 Government grants

(DKK million)	2023/24	2022/23
Government grants	**16**	**8**
Breakdown by function:		
Production costs	2	3
Development costs	9	-
Distribution and marketing costs	2	5
Administrative costs	1	-
Financial expenses	2	-
Total	**16**	**8**

Government grants in 2023/24 related primarily to an adjustment of Danish COVID-19 packages of DKK 16m.

In 2022/23, government grants consisted of grants received in China, Hong Kong and Singapore.

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Accounting policies

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

2.4 Special items

(DKK million)	**2023/24**	2022/23
Restructuring costs and severance	43	19
Total	**43**	**19**
Production costs	4	2
Development costs	11	10
Distribution and marketing costs	26	7
Administrative costs	2	0
Total	**43**	**19**

A reorganisation to support our strategy execution was announced in Q4 of 2023/24. Special items in 2023/24 amounted to DKK 43m (2022/23: DKK 19m) and related to reorganisation and severance costs including garden leave and other employee expenses.

Special items in 2022/23 related primarily to restructuring and severance costs in respect of the reorganisation including garden leave for a key employee.

Accounting policies

Special items consist of expenses related to restructuring or structural changes that the Group does not consider to be a part of its ordinary operations such as redundancies, specific consultancy costs and transitioning costs in connection with the offshoring of back-office functions.

2.5 Tax

Tax for the year

Tax on profit was DKK 10m in 2023/24 against DKK -11m in 2022/23. The effective tax rate was -138.7% in 2023/24 against 7.6% in 2022/23. The effective tax rate was primarily affected by the impairment of deferred tax assets of DKK 11.6m. A detailed overview can be found on the next page.

Tax recognised in other comprehensive income relates to changes in the fair value of derivative financial instruments used as cash flow hedges and is recognised in retained earnings.

	2023/24			2022/23		
(DKK million)	Income statement	Other comprehensive income	Total tax	Income statement	Other comprehensive income	Total tax
Tax for the year						
Current tax	1	-1	-	9	-	9
Change in deferred tax during the year	-	-	-	-14	-	-14
Change in deferred tax as a result of change in tax rate	2	-	2	2	-	2
Current tax adjustments to prior years	-1	-	-1	5		5
Deferred tax adjustments to prior years	8	-	8	-13	-	-13
Total	**10**	**-1**	**9**	**-11**	**-**	**-11**

Country by country

The Group acknowledges the important role that taxes play for public finances and in developing effective, accountable and transparent societal institutions as expressed in UN Sustainable Development Goal 16.6. As a part of being more transparent on corporate taxes, the Group discloses specific country-by-country data for focus markets.

Legal entities in	Total revenue (DKK million)	FTE at end of period	Profit/loss before tax (DKK million)	Income tax accrued (DKK million)	Income tax paid (DKK million)
Denmark	1,216	713	-63.3	-8.5	-4.6
Norway	15	-	0.5	-	-
Sweden	20	2	0.5	-0.1	0.1
Germany	125	16	8.1	2.1	5.0
Switzerland	94	7	4.8	1.1	0.6
Austria	17	7	0.3	0.1	0.2
UK	156	39	6.6	1.7	1.6
Netherlands	72	4	1.6	0.3	0.2
Belgium	32	3	0.6	0.2	0.2
France	58	18	1.6	0.4	-
Spain	44	10	2.3	0.6	1.5
Italy	39	5	1.1	0.3	0.6
USA	279	36	10.2	0.2	0.3
Japan	20	5	0.3	-	-0.1
China	345	45	22.4	2.7	2.0
Hong Kong	56	30	-5.0	-	1.5
Singapore	-	45	0.3	-	0.6
Bulgaria	-	13	-	-	-
Total	**2,588**	**998**	**-7.1**	**1.1**	**9.7**

2.5 Tax (continued)

EFFECTIVE TAX RATE FOR THE YEAR

	%									Amount								
Country	Tax calculated on result for the year before tax	Deviating tax rates in foreign subsidiaries	Non-deductible costs and non-taxable income	Changes in tax rates	Adjust-ments to prior periods	Foreign withholdin g tax	Impairment of deferred tax assets	Other	Total	Tax calculated on result for the year before tax	Deviating tax rates in foreign subsidiaries	Non-deductible costs and non-taxable income	Changes in tax rates	Adjust-ments to prior periods	Foreign withholdin g tax	Impairment of deferred tax assets	Other	Total
Denmark	22.0%	-	-2.9%	-	0.2%	-1.5%	-18.4%	4.8%	4.2%	-13.9	-	1.8	-	-0.2	0.9	11.6	-3.0	-2.8
Norway	22.0%	-	-	-	-16.9%	-	-	-0.7%	4.4%	0.1	-	-	-	-0.1	-	-	-	-
Sweden	22.0%	-1.4%	-	-	7.7%	-	-	-16.6%	11.7%	0.1	-	-	-	-	-	-	-	0.1
Germany	22.0%	3.4%	-	-	-0.5%	-	-	0.1%	25.0%	1.8	0.3	-	-	-	-	-	-	2.1
Switzerland	22.0%	3.8%	-	-	-8.0%	-	-	-3.0%	14.8%	1.1	0.2	-	-	-0.3	-	-	-0.1	0.9
Austria	22.0%	2.0%	-	-	-5.7%	-	-	-0.9%	17.4%	0.1	-	-	-	-	-	-	-	0.1
UK	22.0%	2.9%	-	-	10.2%	-	-	0.9%	36.0%	1.5	0.2	-	-	0.7	-	-	0.1	2.5
Netherlands	22.0%	-3.0%	-	-	-6.3%	-	-	0.1%	12.8%	0.3	-	-	-	-0.1	-	-	-	0.2
Belgium	22.0%	3.0%	-	-	7.7%	-	-	0.2%	32.9%	0.1	-	-	-	-	-	-	-	0.1
France	22.0%	3.0%	-	-	-39.3%	-	-	0.2%	-14.1%	0.3	-	-	-	-0.6	-	-	-	-0.3
Spain	22.0%	3.0%	-	-	40.4%	-	-	0.0%	65.4%	0.5	0.1	-	-	0.9	-	-	-	1.5
Italy	22.0%	5.9%	-	-	14.5%	-	-	0.1%	42.5%	0.2	0.1	-	-	0.2	-	-	-	0.5
USA	22.0%	4.9%	-	-	13.2%	-	-	-94.2%	-54.1%	2.2	0.5	-	-	1.4	-	-	-9.7	-5.6
Japan	22.0%	6.0%	-	-	86.1%	-	-	18.1%	132.2%	0.1	-	-	-	0.5	-	-	0.1	0.7
China	22.0%	3.0%	0.3%	-	25.6%	-	-	0.2%	51.1%	4.9	0.7	0.1	-	5.8	-	-	-	11.5
Hong Kong	22.0%	-5.5%	-	-	2.7%	-	-	-0.1%	19.1%	-1.1	0.3	-	-	-0.1	-	-	-	-0.9
Singapore	22.0%	-5.0%	-	-	-232.7%	-	-	-0.1%	-215.8%	0.1	-	-	-	-0.6	-	-	-	-0.5
Bulgaria	22.0%	-11.7%	-	-	34.6%	-	-	0.2%	45.1%	-	-	-	-	-	-	-	-	-
2023/24	**22.0%**	**-32.0%**	**-26.7%**	**-**	**-104.4%**	**-13.2%**	**-164.7%**	**180.3%**	**-138.7%**	**-1.6**	**2.4**	**1.9**	**-**	**7.5**	**0.9**	**11.6**	**-12.6**	**10.1**
2022/23	**22.0%**	**-0.5%**	**-4.6%**	**-1.1%**	**6.4%**	**-1.3%**	**-10.1%**	**-3.2%**	**7.6%**	**-33.4**	**0.8**	**6.9**	**1.7**	**-9.7**	**1.9**	**15.3**	**4.9**	**-11.5**

2.5 Tax (continued)

Deferred tax

At 31 May 2024, net deferred tax assets amounted to DKK 84m (31 May 2023: DKK 93m). The decrease is reflected in non-current assets.

Deferred tax assets have been recognised based on expected earnings in the foreseeable future. The assessment takes into account the possibility of utilising losses in each relevant jurisdiction. Deferred tax assets totalled DKK 92m (31 May 2023: DKK 99m), of which DKK 74m related to the Group's jointly-taxed companies in Denmark, DKK 2m related to China, and DKK 9m to the US, whereas the remaining DKK 7m related to other of the Group's foreign legal entities.

Tax loss carryforwards at 31 May 2024 amounted to DKK 36m (31 May 2023: DKK 45m).

The Group's tax policy is available on the Group's website.

	Assets		Liabilities		Net assets	
(DKK million)	**31-05-24**	31-05-23	**31-05-24**	31-05-23	**31-05-24**	31-05-23
Deferred tax						
Non-current assets	-	39	7	6	-7	33
Inventories	5	5	0	-	5	5
Receivables	2	2	0	-0	2	2
Provisions	30	6	0	-0	30	6
Tax loss carryforwards	36	45	0	0	36	45
Other	19	2	1	-	18	2
Total	**92**	**99**	**8**	**6**	**84**	**93**

(DKK million)	**2023/24**	2022/23
Change in deferred tax, net during the year		
Non-current assets	-40	7
Inventories	0	-12
Receivables	0	2
Provisions	24	2
Tax loss carryforwards	-9	35
Other	16	-12
Total	**-9**	**22**

At 31 May 2024, the value of unrecognised deferred tax assets amounted to DKK 323m. Of this amount, DKK 292m related to Denmark, DKK 23m to the US, and DKK 8m to other legal entities abroad. A total of DKK 245m related to tax loss carryforwards, DKK 218m of which can be carried forward indefinitely. The unrecognised deferred tax assets will be recognised as income as they are utilised or when there is convincing evidence that they will be utilised in the foreseeable future.

Critical accounting estimates and judgements

Deferred tax assets

On an ongoing basis management performs an impairment test of the deferred tax asset. Based on the Group's performance and its continued strategy work, management revisited the carrying amount of the tax asset based on expected positive earnings and concluded that the amount was appropriate as of 31 May 2024.

The Group recognises deferred tax assets, including the tax base of tax loss carryforwards, if it is assessed that the respective tax assets can be offset against positive taxable income in the foreseeable future (3-5 years). This assessment is based on budgets and business plans for the following years, including planned business initiatives. Deferred tax assets are tested annually and are only recognised if they are likely to be utilised.

Accounting policies

Deferred tax

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method.

No recognition is made of deferred tax on temporary differences relating to amortisation or depreciation of goodwill, properties and other items if disallowed for tax purposes. Such temporary differences arose on the date of acquisition without affecting the results or taxable income. In cases where it is possible to calculate the tax value according to different taxation rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the entity has a legally enforceable right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and liabilities simultaneously.

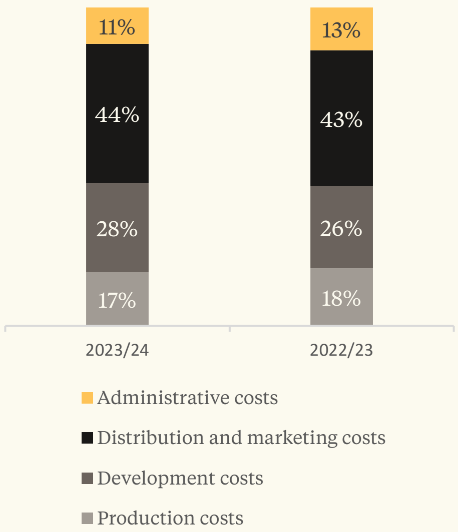
Deferred tax is measured according to the tax rules and at the tax rates applicable in the relevant countries at the reporting date and when the deferred tax is expected to materialise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Section 3
Staff costs, share-based payments and pensions

3.1 Staff costs

(DKK million)	**2023/24**	2022/23
Wages and other remuneration	703	674
Share-based payments	17	12
Pensions	46	46
Other social security costs	29	32
Total staff costs	**795**	**764**
Average number of employees	999	1.038
Staff costs relate to:		
Production costs	134	138
Development costs	223	198
Distribution and marketing costs	347	325
Administrative costs	91	103
Total staff costs	**795**	**764**

Allocation of staff costs, %



Accounting policies

Wages and salaries, social security contributions, leave and sick leave, bonuses and non-monetary benefits are recognised in the financial year in which services are rendered.

The cost of share-based payments, which are expensed over the vesting period of the programme according to the service conditions, is recognised in staff costs and equity.

Termination benefits are recognised at the time an agreement between the Group and the employee is made, and no future service is rendered by the employee in exchange for the benefits.

3.2 Remuneration of management

Total remuneration to the Executive Management Board (EMB) amounted to DKK 38m. This represented an increase of DKK 5m compared to 2022/23, which was primarily driven by our improved earnings and the resulting achievement of certain KPIs leading to pay-outs under the short-term cash bonus plan for the Executive Management Board. In total, four out of five KPIs were met in the financial year 2023/24.

The Board of Directors decided to extend the special short-term cash-based retention programme for the members of the Executive Management Board (EMB) to the financial year 2023/24. The programme is subject to requirements of continued service and satisfactory performance review ratings and was established for the purpose of stabilising the EMB during the turnaround of the Company and until the long-term incentive programmes (LTIP) reach a desired and necessary retention level.

The costs of the share-based payments (LTIP) were higher than last year, driven primarily by the improved EBIT performance.

Termination and severance payments for the year amounted to DKK 4m and related to two key employees who left the Company (2022/23: DKK 3m).

The terms of notice of the members of the Executive Management Board are consistent with normal market conditions (up to 24 months).

	2023/24			2022/23		
(DKK million)	Board of Directors	Executive Management Board	Other key employees	Board of Directors	Executive Management Board	Other key employees
Wages, salaries and fees	6	14	24	6	16	27
Pensions	-	1	2	-	1	3
Bonus	-	18	20	-	12	17
Termination and severance payments	-	-	4	-	-	3
Total	**6**	**33**	**50**	**6**	**29**	**50**
Share-based payments	-	5	4	-	4	3
Total remuneration	**6**	**38**	**54**	**6**	**33**	**53**

Board of Directors

In 2023/24, the Board of Directors received total remuneration of DKK 6m (2022/23: DKK 6m).

The full remuneration report for the financial year 2023/24 can be found at https://investor.bang-olufsen.com.

3.3 Share-based programmes

Long-term incentive programmes (LTIP)

Pursuant to Bang & Olufsen A/S's Remuneration Policy, the Board of Directors has resolved to allocate restricted shares under Bang & Olufsen A/S's Combined Performance and Retention Share Programmes to the Executive Management Board, other key employees and select employees.

Two-thirds of the restricted shares are performance shares that are eligible for vesting in equal tranches over three financial years, depending on the level of achievement of certain KPIs defined by the Board of Directors for each performance year. The remaining shares are retention shares, which are subject to the participants' continued employment and satisfactory people review ratings. The retention shares also vest in three equal tranches over the period. Each financial year has a maximum payout of index 200 depending on the level of achievement.

Any vested restricted shares will be released after the adoption of the Annual Report at an annual general meeting following the end of the third financial year for each programme, with the provision that vesting and release may be accelerated in the case of certain extraordinary events.

TABLE – LONG-TERM INCENTIVE PROGRAMMES (LTIP)

	Performance period	Average share price at grant date	Shares 31 May	Maximum market value at launch (DKK million)	Accumu-lated cost recognised (DKK million)	Estimated remaining maximum value to be expensed (DKK million)	Award date	Vesting date
Programme start date								
12.07.2021	01.06.2021-31.05.2024	33.11	482,926	74	16	-	12.07.2021	31.05.2024
11.07.2022	01.06.2022-31.05.2025	14.28	1,941,243	76	13	17	11.07.2022	31.05.2025
13.07.2023	01.06.2023-31.05.2026	10.36	3,921,233	80	8	35	13.07.2023	31.05.2026
Total			**6,345,402**	**230**	**37**	**52**		

The programmes are accounted for on an accrual basis over the three-year vesting period. The value of each programme is adjusted on a timely basis until vesting based on the likelihood that certain KPIs will be met.

We now have three ongoing incentive programmes as per the below table.

During 2023/24, a total of 1,215,508 shares were exercised under the programme initiated in 2020. This programme ended with a weighted index of 82 over the three-year period at the grant share price of 12.93.

The programme initiated in 2021 ended at 31 May 2024 and approximately 482,926 shares will be exercised after the annual general meeting. The programme ended with a weighted index of 56 over the three year period, at the grant share price of 33.11.

The costs of the share programmes for the year were DKK 17m (2022/23: DKK 12m). The increase was driven by the improved earnings for the year.

The accumulated costs recognized for the three ongoing programmes totalled DKK 37m (2022/23: DKK 37m) with an estimated remaining maximum value to be expensed of DKK 52m (2022/23: DKK 50m).

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Accounting policies

Share-based programmes in which the Executive Management Board and selected other key employees are given the right to receive shares in the Parent Company (equity-settled programmes) are measured at the fair value of the equity instruments at the grant date and recognised in the income statement as part of staff costs during the period when the employees become entitled to buy the shares.

The existing share-based programmes give Bang & Olufsen A/S an option to settle in cash. However, as it is expected that the programmes will be settled in shares, they will be accounted for as equity-settled programmes.

Long-term incentive programmes (LTIP) - continued

The table below summarises the maximum outstanding shares within the programmes.

Bang & Olufsen A/S has purchased a limited number of treasury shares to cover the obligation for the outstanding shares. The holding of treasury shares totalled 1,786,231 shares at 31 May 2024 (31 May 2023: 2,983,739 shares).

TABLE - SHARES OUTSTANDING

Shares outstanding	Executive Management Board	Other employees	Total
2023/24			
Shares outstanding at 1 June	1,626,112	3,818,548	5,444,660
Shares granted during the year	1,672,368	4,215,286	5,887,654
Shares exercised during the year	-520,773	-694,735	- 1,215,508
Shares lapsed during the year	-736,006	-3,035,398	- 3,771,404
Total number of shares outstanding	2,041,701	4,303,701	6,345,402
2022/23			
Shares outstanding at 1 June	1,646,534	2,176,414	3,822,948
Shares granted during the year	1,185,752	3,208,570	4,394,322
Shares exercised during the year	-	-	-
Shares lapsed during the year	- 1,206,174	- 1,566,436	- 2,772,610
Total number of shares outstanding	1,626,112	3,818,548	5,444,660

3.4 Pension and similar retirement obligations

(DKK million)	2023/24	2022/23
Amount recognised in the income statement		
Defined contribution plans	46	46
Defined benefit plans	0	0
Total pension amount charged to the income statement	**46**	**46**
Amount recognised in the balance sheet		
Wholly unfunded defined benefit plans	2	3
Wholly or partly funded defined benefit plans	16	16
Present value of defined benefit obligation at 31 May	**18**	**19**
Fair value of plan assets	-8	-8
Defined benefit plan obligation at 31 May	**10**	**11**

(DKK million)	2023/24	2022/23
Present value of future payments	16	16
Fair value of plan assets	-8	-8
Actuarially calculated net obligation	8	8
Wholly unfunded defined benefit plans	2	3
Defined benefit plans at 31 May, net	**10**	**11**
Actuarial assumptions		
Discount rate p.a.	4.0%	4.0%
Expected salary increase p.a.	2.4%	2.4%
Expected rate of return p.a.	2.4%	2.4%

The majority of the pension plans operated by the Group are defined contribution plans.

The Group's defined benefit plans are managed by independent pension funds. None of the plan assets are connected to any of the Group companies.

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Accounting policies

As an employer, the Bang & Olufsen Group participates in pension plans according to normal practice in the countries in which the Group operates. The majority of the pension plans operated by the Group are defined contribution plans. The only exceptions are defined benefit plans operated in Germany.

Under defined contribution plans, the Group recognises in the income statement pension contributions, which can either be a fixed amount or a fixed percentage of the monthly salary costs, as they are paid to separate independent companies. Any unpaid contributions are recognised in the financial position as other liabilities. Once the contributions have been paid, the Group has no further obligations and the risk related to the value of the pension insurance at retirement lies with the individual employee.

Under defined benefit plans the Group has an obligation to pay a fixed amount or a fixed percentage of the salary at retirement. This means that the Bang & Olufsen Group carries the risk of any changes in the actuarially calculated capital value of the pension plans.

The present value of the future benefits that employees are entitled to is calculated annually. The present value is calculated based on a number of assumptions relating to the future development in salary levels as well as interest, inflation and mortality rates. The present value of the defined benefit obligation net of the fair value of the plan assets is recognised in the balance sheet as a pension liability.

The costs of defined benefit plans are recognised in the income statement and include service costs as well as net interest based on actuarial estimates and the financial outlook at the beginning of the year.

Changes in assumptions as well as differences between the expected and the realised return on plan assets are classified as actuarial gains or losses. Such gains or losses are recognised in other comprehensive income in the period in which they arise.

If a defined benefit plan constitutes a net asset, the asset is recognised only if it offsets future refunds from the plan or will lead to reduced future payments to the plan.

Section 4
Net working capital

4.1 Inventories

(DKK million)	**2023/24**	2022/23
Inventories before write-downs	485	542
Write-downs	-38	-43
Total	**447**	**499**
Raw materials	35	31
Work in progress	14	17
Spare parts	71	71
Finished goods	327	380
Total	**447**	**499**
Cost of sales recognised in production costs	1,102	1,424

Critical accounting estimates and judgements

A specific assessment of the need for write-downs for obsolescence of inventories is made based on an assessment of the future sales potential. The assessment takes into account expected technological developments and expected service periods. The provision is primarily related to finished goods and spare parts. The applied principles are unchanged from the previous year.

Accounting policies

Inventories are measured at the lower of cost according to the FIFO principle and net realisable value. The cost of raw materials, consumables and purchased goods consists of the acquisition price including delivery costs. The cost of finished goods and work in progress consists of costs of materials and direct labour plus indirect production costs.

Indirect production costs include indirect materials and wages, maintenance and depreciation of plant and machinery, factory buildings and other equipment used in the production process as well as costs of factory administration and management.

The net realisable value of inventories is calculated as the expected selling price less costs of completion and costs necessary to make the sale.

4.2 Trade receivables

(DKK million)	2023/24	2022/23
Trade receivables at 31 May, before impairment	318	356
Impairment at 1 June	-15	-59
Impairment losses recognised	2	4
Realised impairment losses	6	42
Reversed impairment losses	-2	-2
Impairment at 31 May	-9	-15
Trade receivables at 31 May	**309**	**341**

Receivables are recognised when control has been transferred and the consideration to be paid is reasonably assured. Receivables are generally due within 30-60 days and all receivables are consequently classified as current. The price specified in the contract is not adjusted for any financing element as payment terms never exceed 12 months.

Realised losses are immaterial and remain within the expected range.

	31-05-24		31-05-23	
(DKK million)	Amount	Impairment	Amount	Impairment
Maturity analysis:				
Amounts not due	312	-3	332	-1
Past due up to 30 days	0	0	0	0
Past due between 31 and 60 days	0	0	0	0
Past due between 61 and 90 days	0	0	0	0
Past due between 91 and 120 days	0	0	2	-1
Past due more than 120 days	6	-6	22	-13
Trade receivables	**318**	**-9**	**356**	**-15**

See note 7.1 for details about credit risk associated with trade receivables.

Critical accounting estimates and judgements

The allowance for expected credit losses for trade receivables is based on historical credit loss experience combined with forward-looking information on macro-economic factors affecting credit risk.

Management continues to assess credit risks in order to ensure that credit risk never exceeds the recognised write-down on trade receivables. For a further description of credit risk, see note 7.1. Changes in impairment are presented in the table above.

Accounting policies

On initial recognition, trade receivables are measured at fair value and subsequently at amortised cost less loss allowance for expected credit losses. Trade receivables comprise the sale of goods and services and income from licences. Other receivables comprise VAT receivables, loans to partners, interest receivables and derivatives.

The Group applies the simplified approach to measuring expected credit losses. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on a grouping of trade receivables sharing the same characteristics.

Impairment of trade receivables is recognised in distribution and marketing costs in the income statement.

4.3 Contract assets and liabilities

(DKK million)	**2023/24**	2022/23
Trade receivables	309	341
Right-of-return assets*	2	3
Total contract assets	**311**	**344**
Deferred income - non-current**	0	0
Deferred income - current**	3	6
Refund liabilities**	3	6
Total contract liabilities	**6**	**12**

* Right-of-return assets have been recognised in current other receivables.
** Deferred income and refund liabilities have been recognised in other liabilities.

Generally, trade receivables are recognised at the same point in time as revenue and invoicing. Payment terms vary within different customer segments due to local and specific agreements. In some cases, the Group receives upfront payments which are deducted in the actual invoicing. The income from the associated contract is recognised over time, resulting in contract liabilities.

Right-of-return assets and the associated refunds refer mainly to a few multibrand customers.

Deferred income consists of prepayments from customers. Deferred income mainly constitutes revenue related to the licence agreement with Harman (brand licensing income from car audio products). This includes deferred revenue from future licensing income.

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Accounting policies

Contract assets and liabilities
The refund liability for estimated sales returns is recognised when there is historical experience or when a reasonably accurate estimate of expected future returns can otherwise be made. The income effect recognised is the gross margin of the expected returns. Changes to right-of-return assets and refund liabilities are recognised gross in the income statement, i.e. as both revenue and cost of sales.

Deferred income comprises payments received related to revenue in subsequent financial years. Deferred income is measured at cost. Licensing income is recognised at a point in time based on products produced.

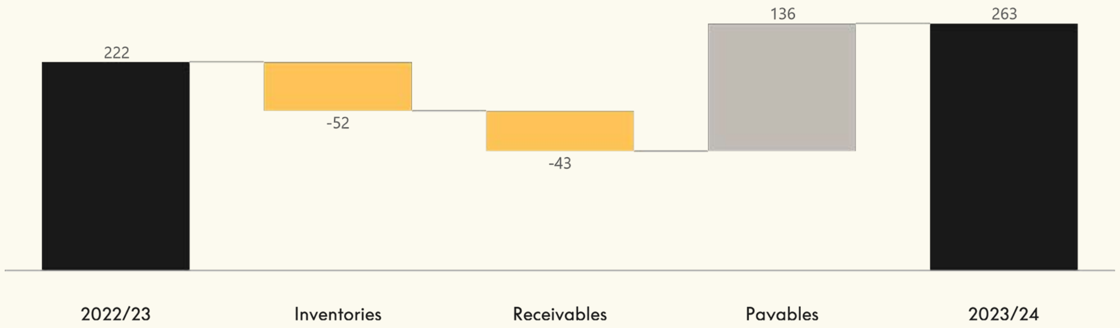
No costs to obtain contracts with customers were capitalised as part of contracts with customers in 2023/24 or in previous years. This is common practice in the Group.

4.4 Net working capital

(DKK million)	**31-05-24**	31-05-23	Change
Inventories	447	499	-52
Trade receivables	309	341	-32
Other receivables*	52	66	-14
Prepayments	27	24	3
Trade payables	-401	-565	164
Other liabilities	-171	-143	-28
Total	**263**	**222**	**41**

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

Change in net working capital, DKKm



Net working capital increased by DKK 41m during the year to DKK 263m (31 May 2023: DKK 222m).

Inventories decreased by DKK 52m as a result of a continued focus on inventory management. Trade receivables decreased year over year due to lower revenue in Q4 2023/24 compared to last year. Payables decreased by DKK 136m, driven by the timing of payments and offset by an increase in bonus accruals.

Accounting policies

Prepayments

Prepayments comprise incurred costs related to subsequent financial years. Prepayments are measured at cost.

Other liabilities

Other liabilities mainly comprise provisions for employee-related costs, VAT and deferred income. Other liabilities are measured at cost.

Section 5
Invested capital

5.1 Intangible assets and property, plant and equipment

(DKK million)	Goodwill	Acquired rights and software	Completed development projects	Development projects in progress	**Intangible assets**	Land and buildings	Plant and machinery	Other equipment	Leasehold improvements	Property, plant and equipment under construction	**Property, plant and equipment**
Cost											
At 1 June 2022	64	214	610	138	1,026	352	771	131	45	39	1,338
Additions	-	52	20	97	169	4	10	12	5	23	54
Disposals	-	-52	-139	-	-191	-39	-324	-12	-5	-	-380
Reclassification from asset held for sale to land and buildings	-	-	-	-	-	-	-	-	-	-	-
Completed development projects and assets	-	-	111	-111	-	4	20	2	13	-39	-
Exchange rate adjustments	-	-	-	-	-	-	-	-	-	-	-
At 31 May 2023	64	214	602	124	1,004	321	477	133	58	23	1,012
Additions	-	36	24	103	163	2	9	4	28	12	55
Disposals	-	-5	-162	-	-167	-	0	0	-4	-	-4
Completed development projects and assets	-	-	95	-95	-	9	6	-	-	-15	-
At 31 May 2024	**64**	**245**	**559**	**132**	**1,000**	**332**	**492**	**137**	**82**	**20**	**1,063**
Depreciation, amortisation and impairment											
At 1 June 2022	-22	-157	-513	-	-692	-255	-730	-115	-23	-	-1,123
Amortisation and depreciation	-	-29	-99	-	-128	-12	-23	-9	-10	-	-54
Disposals	-	52	139	-	191	39	324	12	5	-	380
At 31 May 2023	-22	-134	-473	-	-629	-228	-429	-112	-28	-	-797
Amortisation and depreciation	-	-40	-98	-	-138	-11	-18	-8	-13	-	-50
Disposals	-	1	162	-	163	-	0	0	4	-	4
At 31 May 2024	**-22**	**-173**	**-409**	**-**	**-604**	**-239**	**-447**	**-120**	**-37**	**-**	**-843**
Carrying amount											
At 31 May 2024	**42**	**72**	**150**	**132**	**396**	**93**	**45**	**17**	**45**	**20**	**220**
At 31 May 2023	42	80	129	124	375	93	48	21	30	23	215

5.1 Intangible assets and property, plant and equipment (continued)

Impairment

Recognised impairment

No impairment was recognised in 2023/24.

Impairment test of goodwill

The carrying amount of goodwill amounted to DKK 42m (31 May 2023: DKK 42m) and related to the distribution network in the Netherlands.

The impairment test was carried out with the activities in the Netherlands considered as the cash generating unit. The recoverable amount was based on value in use and estimated using input from local and Group management.

The test included a five-year budget period followed by a terminal period.

Key assumptions applied in the impairment test were expected revenue, gross margin, capacity cost, discount rate and growth rate in the terminal period. Sensitivity tests of key assumptions were carried out. These showed gross margin, WACC and the growth rate to be the assumptions with the largest impact on value in use. In the test, a growth assumption of 1.5% (2022/23: 1.5%) and a discount rate of 9.25% were applied (2022/23: 8.75%).

The impairment test showed significant headroom from value in use to the carrying amount. Management is of the opinion that the applied assumptions are sustainable.

5.1 Intangible assets and property, plant and equipment (continued)

Critical accounting estimates and judgements

Development projects

Development costs are capitalised only after the technical and commercial feasibility of the project has been established. In connection with the capitalisation of development costs, the expected useful life of the product is determined. Management has assessed that the amortisation period is usually 2 to 6 years. Management also makes assumptions when assessing the possible impairment of development projects.

The applied principles are unchanged from the previous year. Development projects amounted to DKK 282m at 31 May 2024 (31 May 2023: DKK 253m). The main additions in the 2023/24 financial year were development projects relating to product development.

Accounting policies

Cost

Intangible assets and property, plant and equipment are initially recognised at cost and subsequently measured at cost less accumulated amortisation or depreciation and impairment losses.

Cost comprises the purchase price and costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries, and capitalised borrowing costs on specific or general borrowings attributable to the construction of the asset.

Research and development costs are recognised in the income statement as incurred. Development costs are recognised under development projects in progress if the costs are expected to generate future economic benefits.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Subsequent costs, for example in connection with the replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits to the Group. The replaced components are derecognised from the statement of financial position and recognised as an expense in the income statement. Costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Useful life, amortisation, depreciation and impairment losses

Useful life and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Amortisation and depreciation are recognised on a straight-line basis over the expected useful lives of the assets, taking into account any residual value. The expected useful life and residual value are determined based on past experience and expectations of the future use of assets. Goodwill with an indefinite life is not amortised but instead tested for impairment on an annual basis.

Development projects, acquired rights and software, land and buildings, plant and machinery, other equipment and leasehold improvements are tested for impairment whenever there is any indication that the recoverable amount may be lower than the carrying amount.

Depreciation is calculated on the basis of cost less the residual value and impairment losses.

Amortisation and depreciation are recognised under cost of sales, distribution and marketing expenses, and administrative expenses.

Expected useful lives are as follows:

Asset class	Useful life
Goodwill	No amortisation. Tested for impairment on an annual basis
Development projects (under construction)	Amortised from time of completion - Projects under construction are tested for impairment annually
Development projects (completed)	2-6 years, or remaining term of intellectual property right if shorter
Acquired rights and software	2-6 years, or remaining term of intellectual property right if shorter
Land and buildings	Land: None Buildings: 40 years Installations: 10 years
Plant and machinery	Single-purpose production tools: 3-6 years Other plant and machinery: 8-10 years
Other equipment	Other equipment: 3-10 years
Leasehold improvements	Leasehold improvements: Over lease term, max. 10 years
Property, plant and equipment under construction	None

5.2 Right-of-use assets

(DKK million)	Land and buildings	Other equipment	Total
Costs			
At 1 June 2022	201	6	207
Additions	36	5	41
Remeasurements	12	-	12
Terminations	-14	-3	-17
At 31 May 2023	235	8	243
Additions	21	1	22
Remeasurements	40	-	40
Terminations	-24	-2	-26
At 31 May 2024	**272**	**7**	**279**
Depreciation, amortisation and impairment			
At 1 June 2022	-95	-4	-99
Depreciation	-37	-3	-40
Terminations	13	3	16
At 31 May 2023	-119	-4	-123
Depreciation	-43	-3	-46
Terminations	24	2	26
At 31 May 2024	**-138**	**-5**	**-143**
Carrying amount			
At 31 May 2024	**134**	**2**	**136**
At 31 May 2023	116	4	120

Repayment of lease liability amounted to DKK 45m in 2023/24 (2022/23: DKK 40m). Expenses relating to low-value leases were insignificant.

(DKK million)	**2023/24**	2022/23
Amounts recognised in the income statement:		
Interest expenses	-7	-6
Short-term leases	-	-1
Expenses relating to variable payments	-7	-4
Income from subleases	2	2
Lease liabilities		
Non-current	117	109
Current	45	37
Total lease liabilities	**162**	**146**

Critical accounting estimates and judgements

Individual right-of-use assets and the corresponding liabilities are highly impacted by the estimated lease term and the discount rate, where the underlying contracts can be prolonged or terminated early. Leases mainly comprise stores, office buildings, cars and other equipment.

The average incremental borrowing rate applied to lease liabilities in 2023/24 was around 5.7% (2022/23: 5.2%).

5.2 Right-of-use assets (continued)

Estimated useful life at 31 May 2024 can be summarised as follows:

Asset class	Useful life
Stores	The lease term for stores is assessed to be up to 10 years depending on an internal store rating based on location, revenue and earnings.
Office buildings	1-10 years
Other equipment	The life is equal to the non-cancellable lease term and extensions are not considered for these.

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Accounting policies

Leases are recognised as right-of-use assets with the corresponding liability at the time the asset becomes available for use by the Group. Assets and liabilities arising from a lease are measured on a present value basis. Right-of-use assets are recognised at the commencement date of the lease when the asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. When a sublease is classified as a finance lease, the right-of-use asset is derecognised as a right-of-use asset and recognised as a lease receivable under other receivables. An assessment is made at each reporting date of whether there is any indication that a right-of-use asset may be impaired. If any such indication exists, an impairment test for the relevant CGU is carried out.

Lease liabilities comprise expected fixed payments throughout the expected lease term (including options to extend the lease when exercise is reasonably certain), less any lease incentives. Payments relating to services are not included in lease liabilities. Some property leases contain variable payment terms linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs and are not included in the lease liability.

In calculating the present value of lease payments, the incremental borrowing rate at the lease commencement date is used, given that the interest rate implied in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in lease payments.

Lease costs for low value assets and short-term leases are recognised as operating expenses on a straight-line basis over the lease term.

Section 6 Capital structure and provisions

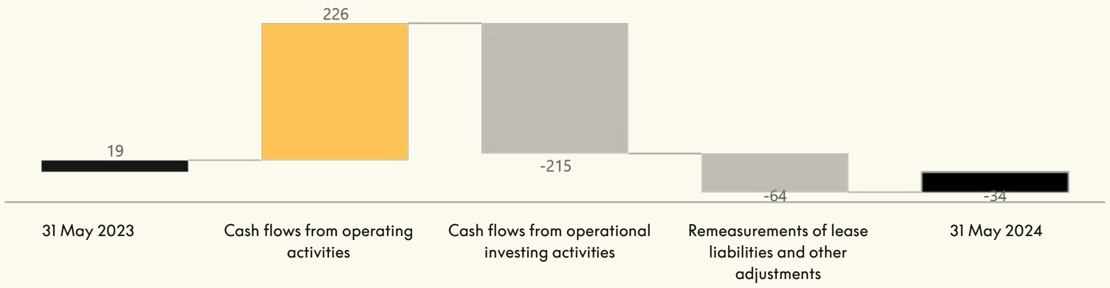
6.1 Net interest-bearing deposit/debt

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 bonds to our banks in return for cash, while committing to a reverse transaction at a predetermined date in the future. Bonds are presented as securities on the balance sheet as the risk and return 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. At 31 May 2024, repo transactions amounted to DKK 381m (31 May 2023: DKK 386m).

Net interest-bearing debt amounted to DKK 34m (31 May 2023: a deposit of DKK 19m). The decrease was mainly due to additions and remeasurement of lease liabilities DKK 62m (2022/23: DKK 53m) and the free cash flow of DKK 11m (2022/23: negative DKK 20m).

Change in net interest bearing deposit/debt, DKKm



(DKK million)	31-05-24	31-05-23
Mortgage loans (non-current)	-53	-56
Mortgage loans (current)	-3	-3
Bank loans (current)	-381	-386
Lease liabilities (non-current)	-117	-109
Lease liabilities (current)	-45	-37
Other non-current liabilities	-2	-3
Interest-bearing debt	**-601**	**-594**
Finance lease receivables (non-current)	1	1
Finance lease receivables (current)	1	2
Cash (current)	177	216
Securities (current)	388	394
Interest-bearing assets	**567**	**613**
Net interest-bearing deposit/(debt)	**-34**	**19**

Net available liquidity was DKK 184m (31 May 2023: DKK 224m), consisting of cash and securities offset by repo transactions.

(DKK million)	31-05-24	31-05-23
Cash (current)	177	216
Securities (current)	388	394
Offset by repo transactions presented as bank loans (current)	-381	-386
Available liquidity	**184**	**224**

Including the undrawn part of the credit facility, capital resources were DKK 344m (31 May 2023: DKK 384m), consisting of available liquidity of DKK 184m (31 May 2023: DKK 224m) and undrawn committed credit facilities of DKK 160m (31 May 2023: DKK 160m).

6.2 Financial instruments by category

(DKK million)	**31-05-24**	31-05-23
Non-current other receivables	20	23
Trade receivables	309	341
Other receivables	53	68
Cash	177	216
Financial assets at amortised cost	**559**	**648**
Securities	388	394
Fair value through income statement	**388**	**394**
Derivatives used for hedge accounting	1	0
Fair value through other comprehensive income	1	**0**
Financial assets	**948**	**1,042**
Mortgage loans	56	59
Bank loans	381	386
Lease liabilities	162	146
Trade payables	401	565
Financial liabilities at amortised cost	**1,000**	**1,156**
Derivatives used for hedge accounting	6	8
Fair value through other comprehensive income	6	**8**
Financial liabilities	**1,006**	**1,164**

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

Hedge accounting was only related to the management of foreign exchange risk.

(DKK million)	Less than one year	Between one and five years	More than five years	**Total**	**Carrying amount**
Contractual maturity analysis for financial liabilities					
31-05-24					
Mortgage loans	3	12	41	56	56
Lease liabilities	53	114	16	183	162
Bank loans	381	-	-	381	381
Trade payables	401	-	-	401	401
31-05-23					
Mortgage loans	3	12	44	59	59
Lease liabilities	44	104	18	166	146
Bank loans	386	-	-	386	386
Trade payables	565	-	-	565	565

Accounting policies

Financial assets include loans, receivables, securities and cash. Loans and receivables are initially recognised at fair value, including direct transaction costs, and subsequently measured at amortised cost using the effective interest method. For trade receivables, the loss allowance is measured in accordance with IFRS 9 applying a provision matrix to calculate the minimum impairment, which includes impairment for not-due receivables. For other receivables and loans, a write-down is made for expected losses based on specific individual or Group assessments.

Financial liabilities are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discount are recognised as financial expenses over the term of the liabilities.

Securities comprise bonds that are measured at market value on an ongoing basis in conformity with the Group's investment policy. Changes in market value are recognised in profit/(loss) for the year as financial income or expenses. The purchase or sale of securities is recognised at the settlement date.

For listed securities, market value equals the market price, while - for unlisted securities - the market value is estimated based on generally accepted valuation methods and market data.

Divested securities where repurchase agreements have been made at the time of sale are recognised in the balance sheet at the settlement date as if the securities were still held (Level 1). The amount received is recognised as a liability, and the difference between the selling price and the purchase price is recognised in profit/(loss) for the year over the term as interest. The return on the securities is recognised in profit/(loss) for the year.

6.3 Liabilities from financing activities

(DKK million)	Nominal interest value	Year of maturity	**31-05-24** Carrying amount	31-05-23 Carrying amount
Interest profile of mortgage loan				
Fixed rate loans, DKK	3.3%	2040	56	59
Total loans			**56**	**59**

(DKK million)	31-05-22	Financing cash flow	Additions and remeasurements	Reclassifi-cations	31-05-23	Financing cash flow	Additions and remeasurements	Reclassifi-cations	**31-05-24**
Change in interest bearing debts									
Lease liabilities	134	-40	52	-	146	-45	61	-	162
Long-term mortgage loans	58	-	-	-2	56	-	-	-3	53
Short-term mortgage loans	4	-3	-	2	3	-3	-	3	3
Bank loans	276	110	-	-	386	-6	1	-	381
Other non-current liabilities	6	-3	-	-	3	-	-1	-	2
Total	**478**	**64**	**52**	**-**	**594**	**-54**	**61**	**-**	**601**

We have a mortgage loan with a three-year interest refinancing period. No extraordinary repayments were made on the mortgage loan during 2023/24. The mortgage loan was most recently refinanced in 2022/23 at 3.3% plus contribution margin, providing an annual percentage rate of 4.7%.

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Accounting policies

Financial liabilities, including mortgage loans, are initially recognised at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discounts are recognised as financial expenses over the term of the loans.

6.4 Capital structure and share capital

	Number		Nominal value (DKK million)		% of share capital	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
Treasury shares						
1 June	2,983,739	3,244,692	15	17	2.4	2.7
Share capital reduction, cancellation of treasury shares	-	-	-	-	-	-
Acquired in connection with long-term incentive programme	-	-	-	-	-	-
Share-based programmes	-1,215,508	-260,953	-6	-2	-1.0	-0.3
31 May	**1,768,231**	**2,983,739**	**9**	**15**	**1.4**	**2.4**

All treasury shares are held by Bang & Olufsen A/S.

(DKK million)	**2023/24**	2022/23
Share repurchases for the year	**-**	**-**

It is the objective of Bang & Olufsen's capital management to ensure shareholders the best possible return on their investment in Bang & Olufsen, while ensuring that Bang & Olufsen will be able to meet all existing and future commitments.

The capital structure consists mainly of equity, working capital and lease liabilities. The Group capital structure also includes minor mortgage financing of the HQ buildings in Struer. In addition to the Group´s capital structure, the Group holds a committed revolving credit facility of DKK 200m (31 May 2023: DKK 200m) with its primary bank. On 31 May 2024, the revolving credit facility was unutilized.

At 31 May 2024, Bang & Olufsen held a total of 1,768,231 treasury shares (31 May 2023: 2,983,739) for the purpose of hedging the value of its share-based programmes. No purchases of treasury shares were made during 2023/24.

For details of monetary transactions, see the statement of changes in equity.

Accounting policies

Dividend
Dividend is recognised as a liability at the time it is approved at an annual general meeting.

Treasury shares
Acquisition and selling prices for treasury shares and the dividend received on such shares are recognised directly in equity under retained earnings.

Translation reserve
The translation reserve in the consolidated financial statements comprises exchange rate differences that occur when translating foreign subsidiaries' financial statements from their functional currency into the Group's presentation currency.

On disposal of net investments, the exchange rate differences on the individual investment are recognised in the income statement. The reserve is a distributable reserve.

Reserve for cash flow hedges
Reserve for cash flow hedges comprises accumulated changes in the fair value of derivative financial instruments that qualify for hedging of future cash flows, where the hedged position has not yet been realised. The changes in fair value are transferred to the income statement when the hedged positions are realised.

6.5 Financial items

(DKK million)	**2023/24**	2022/23
Interest income from banks	41	22
Other financial income	9	6
Financial income	**50**	**28**
Interest expenses to banks	-50	-30
Other financial expenses	-7	-8
Fair value adjustments of securities	0	-6
Interest expenses on lease liabilities	-7	-6
Exchange rate loss, net	-11	-6
Financial expenses	**-75**	**-56**
Financial items, net	**-25**	**-28**

Financial income and expenses related to securities were measured at fair value. Financial income and expenses related to the remaining financial assets and liabilities were not measured at fair value.

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Accounting policies

Financial income and expenses include interest, fair value adjustment of securities, foreign currency gains and losses and impairment of securities, payables and foreign currency transactions as well as amortisation of financial assets and liabilities, including lease liabilities. Furthermore, realised and unrealised gains and losses on derivative financial instruments that cannot be classified as hedging contracts are included.

6.6 Provisions

(DKK million)	Warranty	Restructuring	Other provisions	**Total**
At 31 May 2022	83	6	8	97
Provisions in the year	52	10	1	63
Provisions used during the year	-50	-6	-	-56
Provisions reversed during the year	-	-	-4	-4
At 31 May 2023	85	10	5	100
Provisions in the year	49	33	-	82
Provisions used during the year	-39	-10	-2	-51
Provisions reversed in the year	-	-	-1	-1
At 31 May 2024	**95**	**33**	**2**	130
Maturity analysis for provisions				
Due between 1-5 years	44	-	2	46
Due after 5 years	-	-	-	-
Non-current provisions	44	-	2	46
Due within one year	51	33	-	84
At 31 May 2024	**95**	**33**	**2**	130

Provisions for warranty of DKK 95m were recognised at 31 May 2024 (31 May 2023: DKK 85m) to cover expected warranty claims. The size and timing of the provisions are based on previous experience of the level and timing of repairs and returns.

Provision for restructuring of DKK 33m was recognised at 31 May 2024 (31 May 2023: DKK 10m) to cover severance costs in respect of the reorganisation announced in Q4 23/24.

Other provisions of DKK 2m (31 May 2023: DKK 5m) related primarily to employee anniversary benefit and legal provisions.

Critical accounting estimates and judgements

Bang & Olufsen repairs or replaces products that do not function satisfactorily both within the warranty period or in certain situations after the warranty period. Consequently, provisions made are for future repairs and returns. Provisions are made based on historical data for repairs and returns and based on management's judgements.

Future repairs and returns may differ from the historical pattern, but management has assessed that the estimate of provisions is reasonable and appropriate.

The Group provides 2-5 years of warranty on certain products and is therefore committed to repairing or replacing products that do not function satisfactorily. Some products are repaired after the end of the warranty period, and a provision is made regarding such potential fairness claims.

Accounting policies

Provisions comprise provisions for warranty, provisions for fairness and other provisions. Provisions for warranty are obligations to repair products within the warranty period, whereas provisions for fairness are obligations to repair products after the end of the warranty period.

Provisions are recognised when there is a legal or constructive obligation as a result of events occurring in the financial year or in previous years, and it is probable that an outflow of financial resources will be required to settle the obligation. Provisions are measured at the present value of the expected expenditure required to settle the obligation.

Section 7 Financial risk management

7.1 Financial risks

We have global activities that expose us to a range of financial risks.

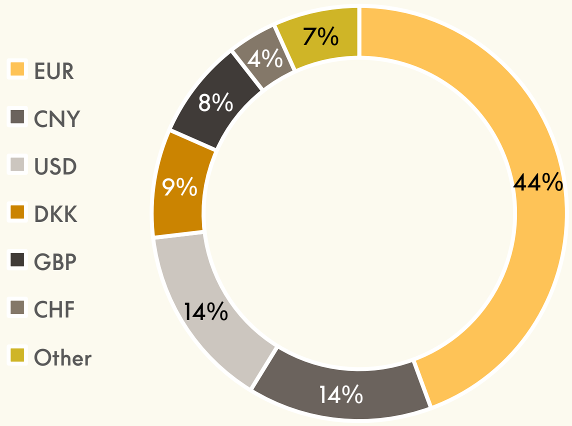
The management of financial risks is centralised. The overall objectives and policies for the Group's financial risk management are outlined in our Treasury guideline. Financial risk management is conducted by the Group Treasury department.

Foreign exchange rate risk

The Group's presentation currency is DKK, but the majority of our activities and investments are denominated in currencies other than DKK. Consequently, there is a substantial risk of exchange rate fluctuations having an impact on the Group's reported results.

We are subject to transaction risk related to sales and purchases in foreign currencies, and translation risk when translating foreign entities into the Group's presentation currency.

Currency flow of revenue in 2023/24:



In 2023/24, 91% of the Group's revenue (2022/23: 92%) was in foreign currencies.

Entities in	Functional currency	Change during 2023/24 (in %)
Eurozone	EUR	0.25%
China	CNY	-7.47%
US	USD	-3.21%
UK	GBP	1.88%
Switzerland	CHF	0.53%

Changes in exchange rates reduced revenue by 1% in 2023/24 (2022/23: increased by 1%).

We are primarily exposed to currency risks related to the net inflow of mainly CNY, CHF and GBP and the net outflow of USD. Due to DKK being pegged to EUR, the risk from EUR is considered to be low. According to our Treasury guideline, the net exposure is hedged on up to a 12-months horizon using FX forward contracts. Short-term exposure is hedged up to 75% of the expected net exposure, while hedge ratios gradually decrease on longer time horizons.

We only hedge commercial exposures and do not enter into derivative positions or transactions for trading or speculative purposes. We do not hedge balance sheet items or ownership interest in foreign subsidiaries.

Our subsidiaries' income and costs are mainly denominated in local currencies and each subsidiary is thereby not significantly impacted by exchange rate fluctuations.

7.1 Financial risks (continued)

Interest rate risk

Our exposure to interest rate risk is considered to be limited and is subject to ongoing evaluation and monitoring in accordance with the Treasury guideline. We do not hold material levels of long-term interest-bearing debt. Increasing macroeconomic uncertainty and high inflationary pressure have a negative impact on the market value of the Group's holdings of Danish mortgage bonds, and when interest rates increase, the market value of the Group's bond portfolio will decrease.

Our interest-bearing assets mainly consisted of bank deposits and securities. Bank deposits, which totalled DKK 177m (2022/23: DKK 216m), yield interest in the short-term money market. Securities, which totalled DKK 388m (2022/23: DKK 394m), consisted of a portfolio of bonds primarily held for maturity. The bond portfolio is recognised at fair value; hence we are exposed to an interest rate risk during the maturity of the bonds. During 2023/24, the value of the bond portfolio decreased by DKK 6m primarily driven by drawing of bonds.

Interest-bearing debt consisted of bank loans of DKK 381m (2022/23: DKK 386m); mortgage debt of DKK 56m (2022/23: DKK 59m), at a floating rate that is fixed until March 2026; and lease liabilities of DKK 162m (2022/23: DKK 146m). At the end of the financial year, the Group's net interest-bearing debt totalled DKK 34m (2022/23: net interest-bearing deposit of DKK 19m), corresponding to 2% of the total financial position (2022/23: 1%).

See note 6.1 for further details on the net interest-bearing deposit/(debt).

Credit risk

We are exposed to risks associated with commercial and financial counterparties. Financial instruments are entered into with counterparties with investment grade ratings. Similarly, we use reputable insurance companies with investment grade ratings for insuring receivables.

Credit risk associated with trade receivables is managed centrally based on fixed procedures and guidelines. Credit limits are set as deemed appropriate for the individual customer, considering current local market conditions and individual risk profiles. To reduce credit risk, all commercial counterparts are subject to ongoing financial evaluation. We mainly use credit insurance to mitigate our credit risk, and 48% of total trade receivables were insured via credit insurance at 31 May 2024 (31 May 2023: 54%).

We have a limited number of large key partners, which constitutes a concentration risk on receivables. Top 5 debtors accounted for 39% of total trade receivables (2022/23: 34%). The nature of our business involves a few major key partners and several smaller, but important partners. Concentration risk is monitored closely and mitigated via credit insurance. The top 5 debtors are all long-standing partners with a solid payment history and low credit risk.

For trade receivables, we apply the expected credit loss prescribed by IFRS 9. In order to measure the expected credit loss, trade receivables are assessed individually for credit risk characteristics and ageing of the receivable. In accordance with IFRS 9, not-due trade receivables are also tested for impairment. See note 4.2 for further details on trade receivables.

During 2023/24, we did not experience any significant bad debt losses.

7.1 Financial risks (continued)

Liquidity risk

Liquidity is centrally managed by Group Treasury and is continually assessed. The objective is to ensure that sufficient financial resources are available as and when needed.

At 31 May 2024, cash and cash equivalents amounted to DKK 177m (2022/23: DKK 216m). Including securities and repo, available liquidity amounted to DKK 184m (2022/23: DKK 224m).

We have a committed revolving credit facility with our main bank as part of its capital and liquidity readiness. The facility was only partially drawn and only utilised for extending bank guarantees etc. to third parties. The credit facility was most recently refinanced in May 2024, and the commitment was maintained at DKK 200m (31 May 2023: DKK 200m) with a duration to cover the entire 2024/25 financial year.

Commodity risk

We are mainly exposed to commodity risk through our energy consumption and purchase of raw materials.

The largest exposure to changes in the market price of raw materials is from the purchase of aluminium. The total purchase of aluminium raw material corresponded to approximately 4% of our production costs (2022/23: 3%). We are mitigating the price and supply risk by purchasing aluminium in large volumes to provide better price stability and ensure a sufficient supply of aluminium to meet production requirements.

We had a continuing focus on energy risk and have in recent years taken several precautionary measures to manage energy risk, e.g., in 2022/23 by switching from natural gas to green electricity to mitigate both price and supply risk.

We do not mitigate commodity risk by using financial derivatives or contracts, but we mitigate commodity risk through pricing and ordering agreements with key suppliers.

7.2 Sensitivity analysis

Interest rate sensitivity

A one percentage point increase in the interest rate is estimated to have a negative effect of DKK 5.7m on financial items (2022/23: negative DKK 6.4m). The effect is mainly driven by securities, which consist of a portfolio of fixed and floating-rate bonds. Increased interest from floating rate bonds would drive a DKK 2.8m increase (2022/23: DKK 2.8m), offset by a negative fair value adjustment of DKK 4.2m (2022/23: negative DKK 5.1m). The effect from other interest-bearing debt and deposits would be negative at DKK 4.3m (2022/23: negative DKK 4.1m), mainly driven by repo loans offset by bank deposits.

The estimate was calculated on an all-else-equal basis and assumes a parallel change in all relevant yield curves.

Exchange rate sensitivity

The effects on revenue and earnings are derived from changes in selected currencies compared to average annual rates. The effect on equity is derived from changes to the 31 May 2023 closing rates for selected currencies and includes the equity of all subsidiaries. The estimates are presented below on an unhedged basis.

		2023/24			2022/23		
(DKK million)	Increase	Revenue	Profit/loss before tax	Equity before tax	Revenue	Profit/loss before tax	Equity before tax
USD	5.0%	25	-14	7	21	-21	4
GBP	5.0%	10	7	3	12	9	8
CNY	5.0%	19	13	7	22	15	9
CHF	5.0%	5	4	1	5	4	1
Other	5.0%	9	6	2	10	7	0
Total		**68**	**16**	**20**	**70**	**14**	**22**

7.3 Derivative financial instruments

Derivative financial instruments comprise primarily foreign exchange contracts used to hedge foreign exchange risk related to unrecognised future transactions. The value adjustments from forward contracts affect the income statement on a monthly basis throughout the hedging period.

For information on financial risks and management of those risks, see note 7.1.

Derivatives contracted by the Group to hedge foreign exchange risk related to future transactions are specified below:

	31-05-24					31-05-23				
(DKK million)	Net exposure	Hedging period	Average hedging rate	Fair value	Contract value	Net exposure	Hedging period	Average hedging rate	Fair value	Contract value
Foreign exchange forward contracts										
USD	Negative	12 months	6,82	0	177	Negative	12 months	7,11	-4	149
GBP	Positive	12 months	8,52	-2	89	Positive	12 months	8,40	-2	72
CHF	Positive	12 months	7,73	0	48	Positive	12 months	7,63	0	27
CNY	Positive	12 months	0,93	-3	165	Positive	12 months	0,96	-2	71
SGD	Negative	12 months	5,17	0	12	Negative	12 months	5,23	0	19
Total				**-5**	**491**				**-8**	**338**
Foreign exchange swaps										
CHF/DKK				0	4				0	4
SGD/DKK				0	1				0	72
CNY/DKK				0	12				0	2
Total				**0**	**17**				**0**	**78**
Derivatives for hedging				-5	508				**-8**	**416**

7.3 Derivative financial instruments (continued)

The fair value of derivative financial instruments is recognised in the statement of financial position as follows:

(DKK million)	**31-05-24**	31-05-23
Other receivables, current	1	0
Other liabilities, current	-6	-8
Total	**-5**	**-8**

The fair value was based on observable market data and is part of level 2 in the fair value hierarchy.

Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Input, other than listed prices on level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)

Level 3: Input for the asset or liability is unobservable and not based on market data input

The derivatives are not traded in an active market based on quoted prices but are individual contracts. The fair value of these assets is determined using valuation techniques that apply market data such as exchange rates, credit risk and volatilities.

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Accounting policies

Derivative financial instruments are recognised at the trading date at fair value and subsequently measured at fair value at the reporting date. The fair value of derivative financial instruments is recognised under other receivables or other financial liabilities, respectively, in the statement of financial position. The effective portion of changes in the value of derivative financial instruments designated to hedge highly probable future transactions is recognised in other comprehensive income until the hedged transactions are realised.

When realised, the accumulated gains/losses are transferred to the items under which the hedged transactions are recognised.

The ineffective portion of hedge transactions and changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as financial income or expenses.

Section 8 Other disclosure requirements

8.1 Fees to auditors

(DKK million)	**2023/24**	2022/24
Statutory audit	1.8	1.5
Other assurance services	1.8	1.6
Tax services	0.3	-
Other services	0.3	0.1
Total	**4.2**	**3.2**

Fees for services other than statutory audit of the financial statements provided by Deloitte to the Bang & Olufsen Group mainly consist of fees related to ad hoc projects.

8.2 Earnings per share

(1,000 shares)	**2023/24**	2022/23
Profit/loss for the year, DKKm	-17	-141
Average number of shares outstanding	122,772	122,772
Dilutive effect of average outstanding shares	-	-
Average number of shares outstanding, including dilutive effect	122,772	122,772
Earnings per share (EPS), DKK	**-0.1**	**-1.2**
Earnings per share, diluted (EPS-D), DKK	**-0.1**	**-1.2**

8.3 Contingent liabilities, collateral and other financial commitments

Bang & Olufsen Group has issued guarantees in an amount of DKK 84m (31 May 2023: DKK 85m). The guarantees mainly relate to a rent obligation related to the previously owned Czech production facility and bank guarantees.

Mortgage and security

Land and buildings were mortgaged for an amount of DKK 56m (31 May 2023: DKK 59m) as security for DKK 56m of the Group's mortgage loan (31 May 2023: DKK 59m).

Other tangible assets relating to land and buildings are included in the mortgage loans. The carrying amount of the Group's mortgaged land and buildings was DKK 93m (31 May 2023: DKK 93m).

When entering into repo transactions with its bank, Bang & Olufsen uses a proportional part of its securities as collateral in the repo transaction with the bank. At 31 May 2024, repo transactions amounted to DKK 381m (31 May 2023: 386m).

The Group has pledged inventories, debtors, plant, machinery and other equipment as security for its committed credit facility with its bank via a Danish first priority floating charge (in Danish: virksomhedspant) amounting to DKK 100m (31 May 2023: DKK 100m), and a Dutch floating charge on its finished goods inventory located in the Netherlands.

Legal and arbitration proceedings

In the ordinary course of its business, the Group is and will from time to time become involved in discussions, disputes and legal proceedings, including claims relating to e.g. commercial counterparties, employees, intellectual property infringement or violations and other business-related disputes.

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

The Group is currently engaged in discussions involving claims against the Group regarding alleged infringements of third-party rights in relation to specific jurisdictions and specific ranges of the Group's present and past products and features and technologies included therein. The Group is also a party to claims involving the termination of certain retail partners in some jurisdictions. Such claims are not uncommon in the industry, and the Group addresses and defends itself against such claims in its ordinary course of business, assisted by external advisers where necessary. While by their nature such claims could potentially have a significant adverse effect on the Group in case of an unfavourable outcome, it is the Group's current expectation that none of these claims will have such an effect.

8.4 Related parties

The Bang & Olufsen Group has no related parties with a controlling interest in the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors, the Executive Management Board and other key management personnel.

Board of Directors, Executive Management Board and other key management personnel

No significant transactions were made with members of the Board of Directors, Executive Management Board or other key management personnel in 2023/24 other than ordinary remuneration, as described in notes 3.2 and 3.3, and sales of products on employee terms and conditions. Professional fees in connection with assistance on tax-related matters incurred by the Executive Management Board are reimbursed when they are incurred.

Other transactions

There were no other transactions with related parties in 2023/24.

8.5 Events after the reporting period

No events have occurred in the period from the balance sheet date until the presentation of the financial statements that required adjustment to or disclosure in the consolidated financial statements.

8.6 Companies in the Bang & Olufsen Group

Company name	Domicile	Currency	Share capital in local currency	Bang & Olufsen Group's share	Number of undisclosed subsidiaries
Denmark (domicile country)					
Bang & Olufsen A/S	Struer, DK	DKK	613,860,435		
Bang & Olufsen Operations A/S	Struer, DK	DKK	156,000,000	100.0%	
Bang & Olufsen Danmark A/S	Struer, DK	DKK	3,000,000	100.0%	
B&O PLAY A/S	Struer, DK	DKK	7,500,000	100.0%	
EMEA					
Bang & Olufsen AS	Oslo, NO	NOK	3,000,000	100.0%	
Bang & Olufsen Svenska AB	Stockholm, SE	SEK	4,150,000	100.0%	
Bang & Olufsen Deutschland G.m.b.H.	Unterhaching, DE	EUR	1,022,584	100.0%	
Bang & Olufsen AG	Urdorf, CH	CHF	200,000	100.0%	
Bang & Olufsen Ges. m.b.H	Vienna, AT	EUR	1,744,148	100.0%	
Bang & Olufsen UK Ltd.*	London, GB	GBP	2,600,000	100.0%	2
Bang & Olufsen France SAS	Paris, FR	EUR	3,585,000	100.0%	1
Bang & Olufsen España S.A.	Madrid, ES	EUR	1,803,036	100.0%	
Bang & Olufsen Italia S.r.l.	Milan, IT	EUR	10,000	100.0%	
Bang & Olufsen Belgium N.V.	Brussels, BE	EUR	942,000	100.0%	
Bang & Olufsen B.V.	Amsterdam, NL	EUR	18,000	100.0%	
Bang & Olufsen Bulgaria EOOD	Sofia, BG	BGN	2	100.0%	
Americas					
Bang & Olufsen America Inc.	Delaware, US	USD	34,000,000	100.0%	6
APAC					
Bang & Olufsen Asia Pte Ltd.	Singapore, SG	SGD	2	100.0%	
Bang & Olufsen Limited	Hong Kong, HK	HKD	1,000,000	100.0%	3
Bang & Olufsen Japan KK	Tokyo, JP	JPY	10,000,000	100.0%	

* Not audited by group auditors

8.7 Key figure definitions

Key figures and ratios	Definition
Available liquidity	Cash and securities, offset by repo transactions
Capacity costs	Development costs, distribution and marketing costs and administrative costs
Capacity cost ratio	Capacity costs as a percentage of revenue
Capital resources	Available liquidity and undrawn committed credit facilities
Earnings per share (EPS)	Result attributable to shareholders of Bang & Olufsen A/S relative to average number of outstanding shares
Earnings per share, diluted	Result attributable to shareholders of Bang & Olufsen A/S as a percentage of diluted average number of outstanding shares
EBIT	Earnings (profit) before interest and income tax
EBIT before special items	Earnings (profit) before interest, income tax and special items
EBIT margin	EBIT as a percentage of revenue
EBIT margin before special items	EBIT before special items as a percentage of revenue
EBITDA	Earnings (profit) before interest, tax, depreciation, amortisation and impairment
EBITDA before special items	Earnings (profit) before interest, tax, depreciation, amortisation, impairment and special items
EBITDA margin	EBITDA as a percentage of revenue
EBITDA margin before special items	EBITDA before special items as a percentage of revenue
Free cash flow	Cash flow from operating activities less cash flow from operational investments
Gross margin	Gross profit as a percentage of revenue
Growth in local currencies	Organic growth in local currency excluding acquisitions and divestments and foreign exchange rates
Incurred development costs ratio	Incurred development costs before capitalisation as a percentage of revenue
Invested capital	Net working capital, tangible assets and intangible assets excl. goodwill
Like-for-like	Like-for-like is defined as sell-out from the same stores, provided they were open and active in both periods
Net interest-bearing deposit/debt	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash
Operating expenses	Production costs, development costs, distribution and marketing costs and administrative costs
Price/earnings	Share price/Earnings per share (nom. DKK 5)
Return on assets, %	Earnings for the year x 100/Assets
Return on equity, %	Earnings for the year x 100/Equity
Revenue per share	Revenue per average number of outstanding shares
Revenue per share, diluted	Revenue per diluted average number of outstanding shares
ROIC excl. goodwill, %	Net operating profit after tax x 100/Invested capital, excl. goodwill
Working capital	Current assets less current liabilities (excluding interest-bearing items and provisions)
Working capital ratio	Average working capital LTM (latest twelve months) as a percentage of revenue

8.7 Key figure definitions (continued)

Alternative performance measures

The Group assesses its performance using a variety of alternative performance measures that are not defined under IFRS. A reconciliation of these alternative performance measures to the nearest IFRS measure is presented below.

Growth in local currencies

Growth in local currencies reflects the underlying performance of the Group. As such, this excludes the impact of acquisitions or divestments and foreign exchange movements. Below is a reconciliation from the movement in reported revenue according to IFRS.

(Percentage)	**2023/24**	2022/23
Revenue growth (according to P&L)	-6	-7
Foreign exchange	1	-1
Growth in local currencies	**-5**	**-8**

Operating performance

In addition to measuring the Group's financial performance based on its operating result, EBIT and EBITDA before special items are also used.

EBITDA is considered to be a useful measure because it approximates the underlying performance by eliminating depreciation and amortisation.

(DKK million)	**2023/24**	2022/23
EBIT	18	-124
Depreciation, amortisation and impairment	239	222
EBITDA	**257**	**98**
Special items, net	43	19
EBITDA before special items	**300**	**117**
EBIT	18	-124
Special items, net	43	19
EBIT before special items	**61**	**-105**

Parent company financial statements

BANG & OLUFSEN

Income statement and statement of comprehensive income

1 June – 31 May

(DKK million)	Notes	**2023/24**	2022/23
Revenue	3	**459**	**363**
Production costs	4, 5, 6	-61	-58
Gross profit		**398**	**305**
Development costs	4, 5, 6	-285	-294
Distribution and marketing costs	4, 5, 6	-211	-213
Administrative costs	4, 5, 6	-134	-126
Operating profit/loss (EBIT)		**-232**	**-328**
Income from investment in subsidiaries		430	-
Financial income	9	47	29
Financial expenses	9	-77	-69
Financial items, net		**-30**	**-40**
Profit/loss before tax (EBT)		**168**	-368
Income tax	10	38	86
Profit/loss for the year		**206**	**-282**
Total comprehensive income for the year		**206**	**-282**
Distribution of profit/loss for the year:			
Reserve for development costs		21	-6
Retained earnings		185	-276
Total		**206**	**-282**

Statement of financial position

Assets

(DKK million)	Notes	31-05-24	31-05-23
Acquired rights		65	71
Completed development projects		150	129
Development projects in progress		132	124
Intangible assets	11	**347**	**324**
Property, plant and equipment	11	67	79
Right-of-use assets	12	19	9
Tangible assets		**86**	**88**
Investment properties	13	**42**	**37**
Investment in subsidiaries	15	607	607
Deferred tax assets	10	47	60
Total non-current assets		**1.129**	**1.116**
Trade receivables		32	28
Tax receivable		58	53
Interest-bearing receivables from subsidiaries		195	100
Other receivables		16	7
Prepayments		14	10
Securities		388	394
Cash		0	0
Total current assets		**703**	**592**
Total assets		**1.832**	**1.708**

Equity and liabilities

(DKK million)	Notes	31-05-24	31-05-23
Share capital	16	613	613
Reserve for development costs		223	202
Retained earnings		-9	-211
Total equity		**827**	**604**
Lease liabilities	12, 17	15	3
Provisions		1	1
Mortgage loans	17	53	55
Non-current other liabilities		-	0
Total non-current liabilities		**69**	**59**
Lease liabilities	12, 17	5	7
Mortgage loans	17	3	4
Bank loans	19	731	842
Interest-bearing debt to subsidiaries	19	0	0
Trade payables	19	107	125
Provisions		16	8
Other liabilities		74	59
Total current liabilities		**936**	**1.045**
Total liabilities		**1.005**	**1.104**
Total equity and liabilities		**1.832**	**1.708**

Statement of cash flows

1 June – 31 May

(DKK million)	Notes	2023/24	2022/23
Profit/loss before tax (EBT)		168	-368
Financial items, net		30	40
Income from investment in subsidiaries		-430	-
Depreciation, amortisation and impairment		157	141
Operating profit/loss before depreciation, amortisation and impairment (EBITDA)		**-75**	**-187**
Other non-cash items		1	-19
Change in net working capital		-12	27
Interest received		47	29
Interest paid		-60	-31
Income tax received		46	173
Cash flows from operating activities		**-53**	**-8**
Purchase of intangible non-current assets		-160	-160
Purchase of tangible non-current assets		-7	-15
Income from investment in subsidiaries		430	-
Operational investments		**263**	**-175**
Free cash flow		**210**	**-183**
Change in interest-bearing receivables from subsidiaries		-95	145
Change in interest-bearing debt from subsidiaries		-0	-47
Purchase of securities		-	-110
Sale of securities		6	124
Financial investments		**-89**	**112**
Cash flows from investing activities		**174**	**-63**

(DKK million)	Notes	2023/24	2022/23
Repayment of lease liabilities	17	-7	-7
Repayment of mortgage loans	17	-3	-3
Proceeds of loans and borrowings	17	-	84
Repayment of loans and borrowings	17	-111	-
Settlement of matching share programme		-	-3
Cash flows from financing activities		**-121**	**71**
Cash and cash equivalents, opening balance		0	0
Exchange rate adjustment, cash and cash equivalents		**-**	**-**
Change in cash and cash equivalents		**0**	**-**
Cash and cash equivalents, closing balance		**0**	**0**

Statement of changes in equity

1 June – 31 May

(DKK million)	Share capital	Reserve for development costs	Retained earnings	**Total**
Equity at 1 June 2023	613	202	-211	604
Profit/loss for the year	-	21	185	206
Comprehensive income for the year	-	21	185	206
Share-based payments	-	-	17	17
Equity at 31 May 2024	613	223	-9	827
Equity at 1 June 2022	613	208	56	877
Profit/loss for the year	-	-6	-276	-282
Comprehensive income for the year	-	-6	-276	-282
Share-based payments	-	-	9	9
Equity at 31 May 2023	613	202	-211	604

Notes

1 Accounting policies

Bang & Olufsen A/S is a Danish company. The company reports in accordance with the rules and principles for accounting class D. The Annual Report is published on 3 July 2024 and will be presented to the shareholders for approval at the Annual General Meeting.

The financial statements of Bang & Olufsen A/S for 2023/24 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies.

Accounting policies are unchanged from last year and identical to the accounting policies for the Group, with the following exceptions:

Accounting policies different from the Group

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, the carrying amount is reduced to such lower amount. Gains or losses on the sale of investments in subsidiaries are calculated as the difference between the carrying amount of the investment sold and the fair value of the proceeds from the sale.

Dividends

Dividends from investments in subsidiaries are recognised when the final right to receive the dividends is established. This is typically at the time when the distribution of dividend is approved at the annual general meeting of the company in question. Dividends are recognised as a liability from the date they are approved at the annual general meeting.

Investment properties

Investment properties are held to earn rental income or capital appreciation. Investment properties consist of a number of properties that are owned for the purpose of renting them out mainly to other Group companies. Investment properties are measured at cost less accumulated depreciation and impairment losses. Investment properties are depreciated on a straight-line basis over 40 years.

Changes in accounting policies

The description in note 1.3 to the consolidated financial statements regarding new standards issued effective for the 2023/24 Annual Report covers the Parent Company as well.

2 Critical accounting estimates and judgements

When applying the Parent Company's accounting policies, management is required to make a number of accounting assessments and estimates and to make assumptions about the carrying amounts of certain assets and liabilities and recognised revenue and costs, which cannot be derived directly from other sources. Significant judgements are made when assessing development projects and deferred tax assets.

Management bases its estimates and assumptions on historical experience and other relevant factors that are believed to be reasonable under the given circumstances. The actual outcome may differ from these estimates.

Estimates made and the underlying assumptions are reviewed on a continuous basis. Changes made to accounting estimates are recognised in the financial period in which the change takes place and future financial periods, if the change affects both the period in which the change takes place and future financial periods.

For further accounting estimates and judgements regarding geopolitical uncertainty, changes in the macro-economic environment and pandemic outbreaks and lockdowns, please see note 1.2 to the consolidated financial statements.

The following accounting estimates and judgements are assessed to be material for the parent company financial statements.

Development projects

Development costs are capitalised only after the technical and commercial feasibility of the projects has been established. The expected useful life of the products is determined in connection with the capitalisation of development costs. Management has assessed that the amortisation period is usually 2-6 years.

Deferred tax assets

Deferred tax assets are recognised in the balance sheet at the value the asset is expected to be realised at, either by set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income. At each balance sheet date, an assessment is made of whether it is probable that sufficient taxable income will be generated in future so that the deferred tax asset can be utilised.

3 Revenue

(DKK million)	**2023/24**	2022/23
Geographical breakdown:		
Denmark	298	203
Rest of world	161	160
Total	**459**	**363**
Breakdown by nature:		
Royalty	384	289
Rental income	75	74
Total	**459**	**363**

4 Staff costs

(DKK million)	**2023/24**	2022/23
Wages and other remuneration	327	314
Share-based payments	17	12
Pensions	24	25
Other social security costs	4	4
Total staff costs	**372**	**355**
Staff costs relate to:		
Production costs	24	23
Development costs	183	169
Distribution and marketing costs	86	80
Administrative costs	79	83
Total staff costs	**372**	**355**
Average number of employees	376	395

All pension costs relate to defined contribution plans. Pension contributions, which can either be a fixed amount or a fixed percentage of the monthly salary, are recognised in the income statement as they are paid to independent pension insurance companies. Any unpaid contribution is recognised in the balance sheet as a liability. Once the contributions have been paid, the company has no further obligations, and the individual employee carries the risk for the value of the pension insurance at retirement.

See note 3.2 to the consolidated financial statements for further information about the remuneration of the Board of Directors, the Executive Management Board and other key employees.

5 Development costs

(DKK million)	**2023/24**	2022/23
Incurred development costs before capitalisation	314	312
Of which capitalised	-127	-117
Incurred development costs after capitalisation	187	195
Capitalisation (%)	40.4%	37.5%
Total amortisation and impairment losses on development projects	98	99
Development costs recognised in the income statement	**285**	**294**

6 Depreciation, amortisation and impairment

(DKK million)	**2023/24**	2022/23
Depreciation, amortisation and impairment		
Intangible assets, amortisation	132	121
Property, plant and equipment, depreciation	10	10
Investment properties, depreciation	3	3
Right-of-use assets, depreciation	7	7
Loss on disposals	5	-
Total	**157**	**141**
Depreciation, amortisation and impairment relate to:		
Production costs	14	9
Development costs	110	108
Distribution and marketing costs	24	17
Administrative costs	9	7
Total	**157**	**141**

7 Government grants

(DKK million)	**2023/24**	2022/23
Government grants	**16**	**-**
Breakdown by function:		
Production costs	2	-
Development costs	9	-
Distribution and marketing costs	2	-
Administrative costs	1	-
Financial expenses	2	-
Total	**16**	**-**

Government grants in 2023/24 related to an adjustment of COVID-19 packages of DKK 16m.

No government grants were received in 2022/23.

8 Special items

(DKK million)	**2023/24**	2022/23
Severance, Executive Management Board	-	-1
Restructuring costs and severance	20	13
Total	**20**	**12**

(DKK million)	**2023/24**	2022/23
Production costs	0	2
Development costs	11	9
Distribution and marketing costs	7	1
Administrative costs	2	0
Total	**20**	**12**

Special items consist of expenses related to restructuring or structural changes that Bang & Olufsen does not consider to be a part of its ordinary operations such as redundancies and specific consultancy costs.

9 Financial items

(DKK million)	**2023/24**	2022/23
Interest income from banks	36	20
Interest income from subsidiaries	2	4
Other financial income	9	5
Financial income	**47**	**29**
Interest expenses	-46	-35
Interest expense to subsidiaries	-14	-2
Interest expenses on lease liabilities	-1	-1
Exchange rate losses, net	-16	-31
Financial expense	**-77**	**-69**
Financial items, net	**-30**	**-40**

Financial income and expenses related to securities are measured at fair value. Financial income and expenses related to the remaining financial assets and liabilities are not measured at fair value.

10 Tax

(DKK million)	2023/24	2022/23
Tax for the year		
Current tax	-52	-46
Change in deferred tax during the year	13	-24
Current tax adjustments to prior years	-	-16
Deferred tax adjustments to prior years	1	-
Total	**-38**	**-86**

	2023/24		2022/23	
	%	DKKm	%	DKKm
Effective tax rate for the year				
Calculated tax on result for the year before tax	22.0%	37	22.0%	-81
Non-deductible costs and non-taxable income	-55.4%	-93	1.4%	-5
Adjustments to prior periods	-1.8%	-3	4.6%	-17
Impairment of deferred tax assets	9.5%	16	-4.1%	15
Other	3.1%	5	-0.5%	2
Effective tax rate for the year	**-22.6%**	**-38**	**23.4%**	**-86**

	Assets		Liabilities		Net assets	
(DKK million)	31-05-24	31-05-23	31-05-24	31-05-23	31-05-24	31-05-23
Deferred tax						
Non-current assets	-	-	18	14	-18	-14
Tax loss carryforwards	31	45	-	-	31	45
Other	34	29	-	-	34	29
Total	**65**	**74**	**18**	**14**	**47**	**60**

For the assessment of the future utilisation of deferred tax assets, see note 2.5 to the consolidated financial statements.

(DKK million)	2023/24	2022/23
Change in deferred tax, net during the year		
Non-current assets	-4	-1
Tax loss carryforwards	-14	39
Other	5	3
Total	**-13**	**41**

At 31 May 2024, the net deferred tax asset totalled DKK 47m (31 May 2023: DKK 60m). The decrease of DKK 13m was mainly due to a decrease in tax loss carryforwards.

11 Intangible assets and property, plant and equipment

(DKK million)	Acquired rights	Completed development projects	Development projects in progress	**Intangible assets**	Land and buildings	Other tangible assets	**Property, plant and equipment**
Cost							
At 1 June 2022	171	610	138	919	194	108	302
Additions	43	20	97	160	3	8	11
Disposals	-52	-139	-	-191	-9	-15	-24
Completed development projects and assets	-	111	-111	-	-	-3	-3
At 31 May 2023*	162	602	124	888	188	98	286
Additions	33	24	103	160	-	5	5
Disposals	-6	-162	-	-168	-	-	-
Completed development projects and assets		95	-95	-	2	-9	-7
At 31 May 2024*	**189**	**559**	**132**	**880**	**190**	**94**	**284**
Depreciation, amortisation and impairment							
At 1 June 2022	-121	-513	-	-634	-133	-88	-221
Amortisation and depreciation	-22	-99	-	-121	-8	-2	-10
Disposals	52	139	-	191	9	15	24
At 31 May 2023	-91	-473	-	-564	-132	-75	-207
Reclassification of assets from assets held for sale to land and buildings				-			-
Amortisation and depreciation	-34	-98	-	-132	-8	-2	-10
Disposals	1	162	-	163	-	-	-
At 31 May 2024	**-124**	**-409**	**-**	-533	**-140**	**-77**	-217
Carrying amount							
At 31 May 2024	**65**	**150**	**132**	**347**	**50**	**17**	**67**
At 31 May 2023	71	129	124	324	56	23	79

*There are no contractual obligations regarding the purchase of property, plant and equipment.

12 Right-of-use assets

(DKK million)	Land and buildings	Other equipment	Total
Costs			
At 1 June 2022	23	6	29
Additions	-	3	3
Terminations	-	-2	-2
At 31 May 2023	**23**	**7**	**30**
Remeasurements	17	-	17
Terminations	-	-2	-2
At 31 May 2024	**40**	**5**	**45**
Depreciation, amortisation and impairment			
At 1 June 2022	-13	-3	-16
Depreciation	-5	-2	-7
Terminations	-	2	2
At 31 May 2023	**-18**	**-3**	**-21**
Depreciation	-5	-2	-7
Terminations	-	2	2
At 31 May 2024	**-23**	**-3**	**-26**
Carrying amount			
At 31 May 2024	**17**	**2**	19
At 31 May 2023	5	4	9

See note 17 for a maturity analysis for lease liabilities.

(DKK million)	2023/24	2022/23
Amounts recognised in the income statement:		
Interest expenses	-1	-1
Lease liabilities		
Non-current	15	3
Current	5	7
Total lease liabilities	**20**	**10**

Repayments of lease liabilities amounted to DKK 7m in 2023/24 (2022/23: DKK 7m). Expenses relating to short-term and low-value leases were insignificant.

13 Investment properties

(DKK million)	
Cost	
At 1 June 2022	177
Additions	1
Disposals	-30
Completed assets	3
At 31 May 2023	151
Additions	2
Disposals	-
Completed assets	6
At 31 May 2024	**159**
Depreciation and impairment	
At 1 June 2022	-141
Depreciation during the year	-3
Disposals	30
At 31 May 2023	-114
Depreciation during the year	-3
Disposals	-
At 31 May 2024	**-117**
Net book value	
At 31 May 2024	**42**
At 31 May 2023	37

Investment properties consist of a number of properties that are owned for the purpose of renting them to other Group companies and, to some extent, external parties.

All investment properties are located in Struer, Denmark, and are used for production, warehousing and offices. Due to the size and type of the buildings and the location of the investment properties, there is no active market for these, and it is consequently not possible to estimate their fair value, since the fair value is completely dependent on the Group companies' continued use of the properties. Independent valuers have not been used.

There are no contractual obligations to purchase, construct or develop investment properties.

Rental income of DKK 75m was received from investment properties in 2023/24 (2022/23: DKK 74m). Directly attributed operating expenses were DKK 47m (2022/23: DKK 47m).

Investment properties are leased to the subsidiaries. The lease term is 3 months. According to the existing leases, rental income of DKK 19m will be received in the three months making up the lease term.

14 Impairment of non-current assets

Intangible and tangible assets – impairment losses during the year
No impairment losses were recognised in 2023/24 or 2022/23.

The assessment of the recoverable amount of intangible assets is based on calculations of the value in use of the assets. The value is calculated based on the expected future cash flows from the assets based on the budgets approved by management over the expected lifetime of the assets and a discount rate before tax of 9.25% (2022/23: 8.75%).

Financial assets – impairment losses during the year
No impairment losses were recognised on non-current financial assets in 2023/24 or 2022/23.

15 Investments in subsidiaries

(DKK million)	31-05-24	31-05-23
Bang & Olufsen Operations A/S	600	600
B&O Play A/S	7	7
Total	**607**	**607**

At 31 May 2024, investments in subsidiaries amounted to DKK 607m (31 May 2023: DKK 607m). There were no acquisitions or disposals in 2023/24 (2022/23: none).

See note 8.6 to the consolidated financial statements for an overview of Group companies.

16 Share capital

At 31 May 2024, the share capital consisted of 122,772,087 shares (31 May 2023: same) with a nominal value of DKK 5 each. Each share entitles the holder to one vote. No shares carry special rights. There are no limitations to transferability and no voting restrictions. All shares are listed on Nasdaq Copenhagen.

	Number		Nominal value (DKK million)		% of share capital	
	2023/24	2022/23	**2023/24**	2022/23	**2023/24**	2022/23
Treasury shares						
1 June	2.983.739	3.244.692	15	17	2,4	2,7
Share-based programmes	-1.215.508	-260.953	-6	-2	-1,0	-0,3
31 May	**1.768.231**	**2.983.739**	**9**	**15**	**1,4**	**2,4**

All treasury shares are held by Bang & Olufsen A/S.

At 31 May 2024, the following investors had reported holdings of more than 5% of Bang & Olufsen A/S's share capital:

Major shareholders, 31 May 2024
Three shareholders have notified Bang & Olufsen that they hold more than 5% of the company's share capital.

More than 10%:
- Arbejdsmarkedets Tillægspension

More than 5%
- Chr. Augustinus Fabrikker Aktieselskab
- Sparkle Roll (Denmark) Limited

17 Mortgage loans and lease liabilities

(DKK million)	Nominal interest value	Year of maturity	31-05-24 Carrying amount	31-05-23 Carrying amount
Terms and repayment schedule				
Fixed-rate loans, DKK	-3.3%	2040	56	59
Total loans			**56**	**59**

The company had a mortgage loan with a three-year interest refinancing period. No extraordinary repayments were made on the mortgage loan in 2023/24. In 2022/23, the interest on mortgage loans was refinanced at 3.3% plus a contribution margin, providing an annual percentage rate of 4.7%.

(DKK million)	31-05-22	Financing cash flow	Additions and remeasurements	Reclassifi-cations	31-05-23	Financing cash flow	Additions and remeasurements	Reclassifi-cations	**31-05-24**
Terms and repayment schedule									
Repayment of lease liabilities	14	-7	3	-	10	-7	17	-	20
Long-term borrowings	58	-	-	-2	56	-	-	-3	53
Short-term borrowings	4	-3	-	2	3	-3	-	3	3
Bank loans	761	84	-3	-	842	-111		-	731
Total	**837**	**74**	**-**	**-**	**911**	**-121**	**17**	**-**	**807**

18 Share-based payments

The share-based programmes described in note 3.3 to the consolidated financial statements are set up by Bang & Olufsen A/S.

The majority of the shares are granted to employees of Bang & Olufsen A/S. An amount of DKK 17m (2022/23: DKK 12m) was recognised in the year as part of staff costs.

19 Financial instruments by category

(DKK million)	**31-05-24**	31-05-23
Trade receivables	32	28
Interest-bearing receivables from subsidiaries	195	100
Cash	0	0
Financial assets at amortised cost	**227**	**128**
Securities	388	394
Fair value through income statement	**388**	**394**
Financial assets	**615**	**522**
Mortgage loans	56	59
Bank loans	731	842
Lease liabilities	20	10
Interest-bearing debt from subsidiaries	0	0
Trade payables	107	125
Financial liabilities at amortised cost	**914**	**1,036**

(DKK million)	Less than one year	Between one and five years	More than five years	**Total**	**Carrying amount**
Contractual maturity analysis for financial liabilities					
31 May 2024					
Mortgage loans	3	12	41	56	56
Bank loans	731	-	-	731	731
Lease liabilities	7	16	-	23	20
Interest-bearing debt to subsidiaries	0	-	-	0	0
Trade payables	107	-	-	107	107
31 May 2023					
Mortgage loans	3	12	44	59	59
Bank loans	842	-	-	842	842
Lease liabilities	8	3	-	11	10
Interest-bearing debt to subsidiaries	0	-	-	0	0
Trade payables	125	-	-	125	125

See note 7.1 to the consolidated financial statements for a description of the Group's management of financial risks.

20 Fees to auditors appointed by the General Meeting

(DKK million)	**2023/24**	2022/23
Statutory audit	0.3	0.1
Other assurance services	0.3	0.2
Tax services	0.3	-
Other services	0.2	0.1
Total	**1.1**	**0.4**

Fees for services other than statutory audit of the financial statements provided by Deloitte to the Bang & Olufsen Group mainly consist of fees related to ad hoc projects.

21 Contingent liabilities, collateral and other financial commitments

The Bang & Olufsen Group has issued guarantees totalling DKK 84m (2022/23: DKK 85m). The guarantees mainly relate to a rent obligation related to the previously owned Czech production facilities and bank guarantees. Bang & Olufsen A/S has provided guarantees concerning the continuous operation and payment of liabilities in 2023/24 for some of its subsidiaries.

Bang & Olufsen A/S is taxed jointly with the Danish companies of the Bang & Olufsen Group. As the management company, Bang & Olufsen A/S, has unlimited as well as joint and several liability together with the other jointly taxed companies for Danish taxes and VAT related to the jointly taxed companies.

Legal and arbitration proceedings

See note 8.3 to the consolidated financial statements.

Mortgages and securities

See note 8.3 to the consolidated financial statements.

22 Related parties

Bang & Olufsen A/S has no related parties with a controlling interest in the Group and no related parties with significant influence other than key management personnel – mainly in the form of the Board of Directors, the Executive Management Board and other key management personnel.

Board of Directors, Executive Management Board and other key management personnel

No significant transactions were made with members of the Board of Directors, Executive Management Board and other key management personnel completed in 2023/24 other than ordinary remuneration, as described in notes 3.2 and 3.3 to the consolidated financial statements - and sales of products on employee terms and conditions. Professional fees in connection with assistance on tax-related matters incurred by the Executive Management Board are reimbursed when they are incurred.

Associates and subsidiaries

Transactions with subsidiaries included the following:

(DKK million)	**2023/24**	2022/23
Purchase of services - subsidiaries	50	45
Rental income - subsidiaries	74	74
Income from investment in subsidiaries	430	-
Royalty income - subsidiaries	223	129

Bang & Olufsen A/S had receivables from subsidiaries of DKK 195m (2022/23: DKK 100m) and payables of DKK 0m (2022/23: DKK 0m). All receivables and payables with subsidiaries fall due within one year.

The carrying amount is expected to be a reasonable approximation of the fair value.

No impairment was identified in subsidiaries in 2023/24 or in 2022/23.

Other transactions

Bang & Olufsen A/S has issued guarantees for its related parties, see note 21. None of the guarantees are expected to result in a loss.

There were no other transactions with related parties in 2023/24.

23 Events after the reporting period

No events have occurred in the period from the balance sheet date until the presentation of the financial statements that required adjustment to or disclosure in the financial statements of Bang & Olufsen A/S.

Reports

Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Annual Report of the Bang & Olufsen Group and the Parent Company for 2023/24.

The Annual Report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for listed entities in Denmark.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 May 2024, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 June 2023 – 31 May 2024.

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial matters, of the result for the year, and of the Group's and the Parent Company's financial position in general, as well as a description of the significant risks and uncertainty factors pertaining to the Group and the Parent Company.

In our opinion, the Annual Report of Bang & Olufsen A/S for the financial year 1 June 2023 to 31 May 2024 with the file name 52990018KGR3ILFDNJ20-2024-05-31-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual General Meeting approves the Annual Report.

Struer, 3 July 2024

Executive Management Board:

Kristian Teär
CEO

Nikolaj Wendelboe
EVP, CFO

Line Køhler Ljungdahl
EVP, CCCO

Board of Directors:

Juha Christensen
Chair

Albert Bensoussan
Vice Chair

Anders Colding Friis

Andra Gavrilescu

Dorte Vegeberg

Jesper Jarlbæk

M. Claire Chung

Søren Balling

Tuula Rytilä

Independent auditor's report

To the shareholders of Bang & Olufsen A/S

Report on the consolidated financial statements and parent company financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Bang & Olufsen A/S for the financial year 1 June 2023 – 31 May 2024, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for listed entities in Denmark.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 May 2024, and of the results of their operations and cash flows for the financial year 1 June 2023 – 31 May 2024 in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for listed entities in Denmark.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Bang & Olufsen A/S for the first time on 18 August 2022 for the financial year 2022/23. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 1 year up to and including the financial year 2023/24.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 June 2023 – 31 May 2024. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Group recognises revenue from sale of products at the point in time when control of the products is transferred to the customer, which generally takes place upon delivery.

Revenue from sale of products around the time of the balance sheet date has been considered a key audit matter due to the complexity from the volume of transactions and the considerations over timing for transferring of risk to the customer as this involves manual procedures. These factors may potentially result in inaccurate timing in revenue recognition from sale of products.

Reference is made to note 2.1 Revenue and operating segments in the consolidated financial statements and the accounting policies.

How the matter was addressed in our audit

Our audit procedures, which take into account the risk of material misstatement in revenue recognition, included among others:

•We assessed the compliance with the Group's accounting policies over revenue recognition and comparison with applicable accounting standards,

•We assessed and tested relevant internal control over cut-off of revenue from sale of products for a specific period before the balance sheet date,

•We have performed substantive testing of revenue from sale of products for a specific period before the balance sheet date including obtaining and agreeing to supporting documentation and validated the proper timing of revenue recognition to ensure that revenue from sale of products is recognised in the correct financial year, and

•We have analysed credit invoices issued after the balance sheet date.

Valuation of deferred tax assets

The Group has recognised deferred tax assets of DKK 92m as at 31 May 2024 (31 May 2023: DKK 99m) of which DKK 36m relate to tax loss carry forwards and DKK 56m relate to temporary differences. The Group has recognised the deferred tax assets to the extent that the realisation of the related tax benefits through future taxable profits are probable within a foreseeable future.

We refer to Note 2.5 – Tax of the consolidated financial statements. This area was significant to our audit due to the amount of the recognised deferred tax assets as well as the inherent uncertainty related to Management’s estimates in forecasting future taxable profits, including expectations for future revenue and margin developments.

How the matter was addressed in our audit

Our audit procedures included evaluating Management’s assumptions for forecasting future taxable profits by assessing Management’s underlying business plans, comparing previous forecasts to actual results and testing consistency between the forecasts used in the measurement of deferred tax assets against the long-term forecast and business plans of the Group. Further, we evaluated the sensitivity of the impairment model for deferred tax assets. Furthermore, we assessed the adequacy of the disclosures in Note 2.5 - Tax of the consolidated financial statements against applicable financial reporting standards.

Statement on the Management's review

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements by relevant law and regulations. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional disclosure requirements for listed entities in Denmark, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and the Parent’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of Bang & Olufsen A/S we performed procedures to express an opinion on whether the annual report for the financial year 01.06.2023-31.05.2024, with the file name 52990018KGR3ILFDNJ20-2024-05-31-en.zip, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;

- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;

- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;

- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Bang & Olufsen A/S for the financial year 1 June 2023 – 31 May 2024, with the file name 52990018KGR3ILFDNJ20-2024-05-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 3 July 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Independent auditor's assurance report on the ESG statement

To Management and broader stakeholders of Bang & Olufsen A/S

Bang & Olufsen A/S ("Bang & Olufsen") engaged us to provide limited assurance on the 2023/24 Environmental data points marked by * in the Data Tables presented on pages 70 to 73 ("the ESG statement") as well as the qualitative disclosures marked by * and presented on page 59 to 63 in the Annual Report 2023/24 of Bang & Olufsen, for the year ended 31 May 2024.

Management's responsibility

Management of Bang & Olufsen is responsible for designing, implementing, and maintaining internal controls over information relevant to the preparation of the ESG data and in-formation in the ESG statement, ensuring they are free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting policies for the preparation of ESG data, for the overall content of the ESG statement, and for measuring and reporting ESG data in accordance with the accounting principles included on pages 73 to 77 ESG and Sustainability data accounting principles 2023/24 in the Annual Report.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse Gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the ESG statement is free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the accounting policies;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the Management and broader stakeholders of Bang & Olufsen.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement in the ESG statement. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the ESG data;
- performed limited substantive testing on a selective basis to check that data has been appropriately measured, recorded, collated and reported;
- performed analysis of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;
- considered the presentation and disclosure of the ESG statement;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015)

and The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and

- evaluated the evidence obtained.

Our conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the 2023/24 Environmental data points marked by * in the Data Tables presented on pages 70 to 73 (“the ESG statement”) as well as the qualitative disclosures marked by * and presented on page 59 to 63 in the Annual Report 2023/24 of Bang & Olufsen, for the year ended 31 May 2024, have not been prepared, in all material respects, in accordance with the accounting principles on pages 73 to 77.

Copenhagen, 3 July 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Søren Marquart Alsen
State Authorised Public Accountant
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