



# Interim report Q1 2024/25

June-August 2024

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# Q1 highlights

Bang & Olufsen reports a Q1 in line with expectations. While revenue declined due to strong comparables last year, the company delivered a record-high gross margin.

“We delivered a first quarter in line with our plans and expectations. We had a decline in revenue. This was mainly due to a strong comparable first quarter last year, which was positively impacted by increased demand ahead of a planned price increase in the following quarter. We continued to improve our gross margin, which landed at a record-high 55.2%. This shows the progress we are making in building a more robust financial foundation for the company.”

“We continued to execute our strategic priorities with a particular focus on increasing global brand awareness, optimising the retail network and creating world-class products. We recently launched our new flagship headphones Beoplay H100 and are delighted to see that they are off to a good start. Simultaneously, we have worked to prepare the acceleration of our strategy execution in order to make the value-creating investments to realise our mid-term growth plan. We were therefore pleased to get strong support for our plan at our Annual General Meeting in August, enabling us to increase the share capital and complete a directed share issue, expectedly before the end of November.”

*Kristian Teär, CEO*

## Q1 2024/25 conference call

10 October 2024, at 10.00 CEST via  
<https://bangolufsen.eventcdn.net/events/interim-report-1st-quarter>

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## Financial highlights (Q1 23/24 in brackets)

- Like-for-like sell-out declined by 2% (+8%).
- Revenue declined by 12.4% (+1.2%) year-on-year, or 12% in local currencies (+5%), to DKK 544m (DKK 619m).
- Revenue from Branded channels declined by 4%, also in local currencies (+11%).
- Gross margin was up by 2.6pp to 55.2% (52.6%).
- EBITDA before special items of DKK 39m (DKK 74m), EBITDA margin before special items of 7.1% (12.0%).
- EBIT before special items of DKK -17m (DKK 16m). EBIT margin before special items of -3.1% (2.6%).
- The free cash flow was DKK -36m (DKK -61m).

## FY 2024/25 financial guidance maintained

- Revenue growth in local currencies: -3% to 3%.
- EBIT margin before special items: -2% to 1%.
- Free cash flow: DKK -100m to 10m.

## Business highlights

- At the AGM on 15 August 2024, a 20% capital increase authorisation was approved. A directed share issue is expected to be conducted before the end of November 2024. The proceeds will be used for investments to realise the announced 3-year growth plan.
- Announcement of global licensing partnership with TCL electronics to bring “Audio by Bang & Olufsen” to TCL’s premium and high-end TV portfolio. The partnership spans six years and has several expansion possibilities over the coming years.
- Launch of a new flagship headphone, Beoplay H100.
- Continued optimisation of the retail network, reducing monobrand partners by 22 (net) year-on-year across regions.
- The customer base grew by 4% and the number of customers owning two or more Bang & Olufsen products increased by 3% quarter-on-quarter.

Revenue growth in LC\*

**-12%**

Gross margin

**55.2%**

EBIT margin bsi\*\*

**-3.1%**

Free cash flow, DKK

**-36m**

\* Local currencies \*\* Before special items

# Key figures

(DKK million)	Q1	
	2024/25	2023/24
<b>Income statement</b>		
Revenue	544	619
EMEA	251	303
Americas	68	67
APAC	165	172
Brand Partnering & other activities	60	77
EBITDA before special items	39	74
EBITDA	36	74
EBIT before special items	-17	16
EBIT	-20	16
Special items, net	-3	-
Financial items, net	-1	-5
Profit/loss before tax (EBT)	-21	11
Profit/loss for the period	-17	7
<b>Financial position</b>		
Total assets	2,183	2,244
Equity	940	969
Cash	131	141
Available liquidity	139	150
Capital resources	299	310
Net interest-bearing deposit/debt	-68	-44
Net working capital	282	311
<b>Cash flows</b>		
Cash flows from operating activities	3	-19
Operational investments	-39	-42
Free cash flow	-36	-61

(DKK million)	Q1	
	2024/25	2023/24
<b>Key figures</b>		
Gross margin, total, %	55.2	52.6
Gross margin, Products, total %	51.0	47.6
Gross margin, Brand Partnering & other activities, %	89.3	87.8
Growth in local currencies, %	-12	5
Like-for- like sell-out growth, %	-2	8
Point of sale - Monobrand, number of doors	383	405
Point of sale - Multibrand, number of doors	2,253	3,942
Point of sale - Custom installers, number of doors	124	42
EBITDA margin before special items, %	7.1	12.0
EBITDA margin, %	6.6	12.0
EBIT margin before special items, %	-3.1	2.6
EBIT margin, %	-3.7	2.6
Marketing cost ratio, %	10.1	11.6
Incurred development costs before capitalisation ratio, %	14.5	10.1
Return on assets, %	-0.8	0.2
Return on invested capital, excl. goodwill, %	-11.4	11.9
Return on equity, %	-1.8	0.6
Full-time employee (FTE) at end of period	990	1,003
<b>Stock-related key figures</b>		
Earnings per share, basic (EPS) and diluted (EPS-D), DKK	-0.1	0.1
Price/Earnings	-62.5	158.7

For definitions, see note 8.7 to the Annual Report 2023/24.

# Business review



## Developments in Q1 2024/25

Our performance for Q1 was in line with our plans and expectations. Last year, seasonality was affected by price increases implemented 1 September 2023 compared to normalised seasonality during Q1 24/25.

Overall, like-for-like sell-out declined by 2%. For the branded channels (company-owned stores, monobrand and e-commerce) like-for-like sell-out grew 4% year-on-year.

Revenue (sell-in) declined 12% year-on-year in local currencies. The decline was mainly due to price increases implemented in September 2023 affecting seasonality, as demand was pulled forward from Q2 into Q1 of last year. These price increases mainly impacted the Staged products and the monobrand channel in EMEA.

In general, our branded channels outperformed multibrand channels. This was a result of the ongoing channel optimisation process of focusing on branded channels and reducing presence in multibranded channels.

In EMEA, we saw soft market demand continue over the summer. In particular, the UK market continues to be challenged although growth was reported by company-owned stores.

In APAC, economic growth in China remains low relative to pre-COVID, which impacted consumer

sentiment. The market situation is mainly affecting demand in the multibranded channels while the monobrand network reported growth year-on-year.

The gross margin rose to a record high of 55.2% compared to 52.6% in Q1 of last year. The gross margin trended upwards throughout 23/24, a testament to the progress we are making and our strategic focus on building a robust financial foundation for the future.

EBIT margin before special items was negative 3.1%. This was expected due to the lower revenue level. In general, Q1 is a quarter with relatively low activity.

Free cash flow improved by DKK 25 m year-on-year to a negative free cash flow of DKK 36m that was supported by increased cash flow from operating activities.

## Strategy execution

We have made good strategic progress strengthening our luxury positioning. Brand awareness is a key focus, and we have entered into partnerships in 2023/2024 that reinforce our luxury positioning. Our dedicated Retail function, established in November 2023, supports our ambition of creating luxury experiences across branded channels and optimising our retail footprint. In addition, we reduced our presence in selected multibrand and eTail stores.

Building on our achievements in 2023/24 and with an aim to drive long-term growth and further improve profitability, we decided to develop a plan to accelerate

our strategic execution by making value-creating investments.

The investments will primarily focus on strengthening our position by building brand awareness, optimising the retail network and continuing to build world-class products.

In July 2024, we presented our mid-term financial ambitions for the period 2025/2026 – 2027/2028 (refer to page 14 for details on ambitions). The ambitions entail a plan for profitable growth and are conditional upon a capital increase of 20% of the total share capital.

At the Annual General Meeting in August, the authorisation to increase the share capital by 20% was approved by shareholders. As communicated in July 2024, the capital increase is expected to be carried out within the first half of 2024/25 (by end November 2024) as a directed issue and private placement without preemptive rights for existing shareholders.

## Brand awareness and pricing

In June, we introduced our new Brand ambassador, the Formula 1 driver for Ferrari, Charles Leclerc. Charles Leclerc will become the face of our brand for 2024 and 2025, and we are proud to have such an outstanding F1 driver representing our brand.

We also partnered with the luxury yacht brand, Riva, to create the ultimate sound for life on board yachts. With a shared legacy of excellence in craftsmanship and an

ambition to deliver beautiful sound experiences, we created two product collaborations on the Beosound A5 and Beosound 2.

The partnership builds on the craftsmanship, performance and design heritage associated with both brands, 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.



We continue to focus on a closer and broader engagement with our customers, and during Q1, we grew our customer base by 4% (quarter-on-quarter). In addition, the number of customers owning two or more B&O products grew 3% during the quarter.

In line with our pricing strategy, we implemented price increases to selected products mainly in the Staged category in September 2023. We will continue to implement price increases in accordance with our pricing strategy and most recently smaller price increases were made to the portfolio in August 2024.

**Product innovations**

In the beginning of September 2024, we launched our new flagship headphones, Beoplay H100, the first headphones built on our proprietary software platform, Amadeus platform. With the best headphones we have created to date this is a significant strengthening of the

On-the-go portfolio. The sales performance of Beoplay H100 was off to a good start.

**Channel development**

Our focus on optimising our retail network and creating unique and luxurious experiences in our branded channels continued.

We have since Q1 of last year reduced our monobrand network in the EMEA region by 23 stores (net) year-on-year to 276 stores at quarter-end. In the beginning of the quarter, we strengthened our presence in Paris, with a shop-in-shop in the prestigious department store Le Printemps.

We collaborate with numerous monobrand partners across all regions. In the APAC region, we opened a third monobrand store in the luxurious SKP mall in Wuhan. We are now present in three SKP malls in China; Xian, Beijing and Wuhan.

In the US, we have increased our presence through our custom installer, Origin Acoustics, which is an important partner in the region.

Out of our 12 defined global Win cities, we are now in execution in four cities. New York, London, Paris and Hong Kong. In terms of performance, the Win cities in total reported a sell-out growth of 11%, which comprise sell-out across channels in the cities. New York and London reported strong growth, while Paris reported modest growth year-on-year due to the Olympics being held in Paris in July 2024. Hong Kong is still in a ramp-up phase.

In total, our monobrand network including company-owned stores constituted 383 stores, which was a net reduction of 22 since end of Q1 of last year. This is in line with our ongoing assessment and plan to ensure that all monobrand stores deliver unique and luxurious experiences.

In terms of multibrand and eTail, we continue to limit our presence and be more selective in both channels. We have changed partner setup in China towards travel retail, and in the US, we have discontinued with partners such as Verizon, BestBuy and T-mobile, resulting in a reduction of multibrand stores of more than 1,400 doors in the region year-on-year.

We will continue to improve our store network in EMEA and further improve and expand in Americas and APAC.

Points of sale, number	Monobrand *		Multibrand		Custom installers	
	31-08-2024	31-08-2023	31-08-2024	31-08-2023	31-08-2024	31-08-2023
EMEA	276	299	1,445	1,526	N/A	N/A
Americas	30	29	20	1,478	124	42
APAC	77	77	788	938	N/A	N/A
<b>Total</b>	<b>383</b>	<b>405</b>	<b>2,253</b>	<b>3,942</b>	<b>124</b>	<b>42</b>

\* Monobrand is including company-owned stores



### License business and Strategic partnerships

In July, we announced our six-year technology licensing partnership with TCL. Through this partnership we bring elevated audio experiences to TCL's premium TV portfolio with our "Audio by Bang & Olufsen" proposition, distributed globally via TCL's channels and customers.

The first TCL TV products featuring 'Audio by Bang & Olufsen' were announced in August. In addition to heightened sound quality and performance, all TVs with "Audio by Bang & Olufsen" feature our proprietary

Beosonic user interface and listening pre-sets, where users can personalise their audio, enabling us to bring authentic Bang & Olufsen technology experiences to millions of consumers.

The partnership has the potential to be one of the most impactful partnerships for Bang & Olufsen, as there is scope for expanding into further categories and additional technology experiences.



### Case study: Introducing Beoplay H100

Our newly launched headphones, Beoplay H100, are intended to deliver exceptional audio performance whether you are listening to your favourite music, having a phone call in a noisy environment, or controlling the effect of the surrounding environment with active noise cancelling or audio transparency.

To achieve this, we have invested in developing a proprietary software platform, the Amadeus platform. The H100 is our first headphone built on this platform and demonstrates our craftsmanship within software as well as design and acoustics.

By building on our own platform, we are in full control of all features and intellectual property (IP) rights are being generated. The software platform will be the foundation for future products of this kind.

We also bring our modular design thinking to our wearables category for the first time, as a step towards our ongoing journey to improve product circularity across our entire portfolio. For Beoplay H100, we have prioritised longevity, maintenance and repairability through modular design. We have also developed our software with the future in mind, so that the headphones can adapt and evolve with new technologies for a truly timeless design. To underpin our promise, the headphones come with a 5-year warranty through our Becocare programme.

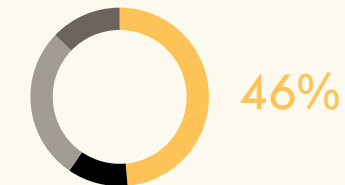


### Review

"Buying a pair of Beoplay H100 is a bit like buying a Rolex. It's an heirloom and an object of beauty. With B&O's commitment to sustainability and product circularity, you can be assured these headphones will provide many happy years of musical enjoyment. The sound is impeccable, and the tone has been tuned to perfection."

Forbes, 3 September 2024.

# EMEA



## Like-for-like sell-out

In terms of demand from our end customers, like-for-like sell-out in EMEA decreased by 2% year on year. Excluding end-of-life deals, like-for-like sell-out growth was low single-digit year-on-year.

Like-for-like sell-out for company-owned stores and monobrand grew over the period. Multibrand and eTail declined significantly in line with our planned reduced presence in both channels.

In terms of product categories, our Staged products delivered double-digit growth compared to Q1 of last year. The Flexible Living category and On-the-go category reported a decline.

## Revenue

Revenue was DKK 251m (Q1 23/24: DKK 303m), equivalent to a decrease of 17.0% (-17% in local currencies).

Revenue from our branded channels declined by single-digit year-on-year. Revenue from company-owned stores increased while revenue from the monobrand channel declined.

The drop in monobrand was primarily related to price increases implemented in Q1 of last year that resulted in demand being pulled forward from Q2 into Q1. The implemented price increases led retail partners to replenish their inventories and execute project sales in Q1 23/24, primarily in the Staged category.

In addition, end-of-life deals were made last year on Beosound A9 4<sup>th</sup> generation in connection with the introduction of the 5<sup>th</sup> generation in April 2023.

Revenue from multibrand as well as eTail decreased by double-digits compared to last year in line with our strategic transformation. The number of multibrand stores was reduced by 81, while a decision was made to reduce the assortment in the eTail channel compared to

last year. The decision to reduce these channels has primarily impacted our On-the-go category.

All product categories declined year-on-year. Revenue from our Staged category and Flexible Living category decreased by 15%, while revenue from the On-the-go category declined by 27%.

## Gross profit

Gross profit amounted to DKK 123m (Q1 23/24: DKK 144m), corresponding to a gross margin of 48.9% (Q1 23/24: 47.3%).

The margin was positively impacted by a change in product mix towards higher margin products.

The Staged and Flexible Living categories reported improved gross margins over the period while the On-the-go category declined.

(DKK million)	Q1	
	2024/25	2023/24
Like-for-like sell-out growth	-2%	-3%
Revenue	251	303
Growth in local currencies	-17%	28%
Gross profit	123	144
Gross margin	48.9%	47.3%



# Americas

## Like-for-like sell-out

Sell-out in the Americas fell by 7%. Branded channels combined grew year-on-year. Company-owned stores growth was single-digit supported by growth in both our company-owned stores in New York. Monobrand reported like-for-like sell-out growth year-on-year.

Multibrand and eTail declined significantly due to our decision to reduce presence in both channels. Point of sales in multibrand were reduced by more than 1,450 year-on-year.

In terms of product categories, our Staged products delivered double-digit growth compared to Q1 of last year. The Flexible Living category and On-the-go category reported a decline.

## Revenue

Revenue was DKK 68m (Q1 23/24: DKK 67m), equivalent to an increase of 2.0% (3% in local currencies).

Revenue growth from branded channels was double-digit, supported by growth in all channels. In a single material geographic market, we are working on a change in the setup.

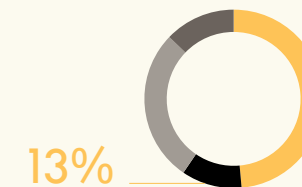
Revenue growth from Custom installations was double-digit year-on-year and enterprise showed good traction supported by our collaboration with the Korean luxury auto maker, Genesis, who has installed Staged products in Genesis showrooms across the US.

The eTail and multibrand channels declined significantly year on year. This was in line with the strategic transformation to reduce our presence in the channels and consequently impacted the On-the-go category.

In terms of product categories, our Staged products revenue increased 30% compared to Q1 of last year. The Flexible Living category and On-the-go category reported a decline of 26% and 9%, respectively.

## Gross profit

Gross profit amounted to DKK 35m (Q1 23/24: DKK 30m). This was equivalent to a gross margin of 51.3% (Q1 23/24: 45.5%). The margin was positively impacted by a change in product mix towards higher margin products. All product categories delivered improved gross margins supported by pricing.



(DKK million)	Q1	
	2024/25	2023/24
Like-for-like sell-out growth	-7%	5%
Revenue	68	67
Growth in local currencies	3%	13%
Gross profit	35	30
Gross margin	51.3%	45.5%



# APAC

## Like-for-like sell-out

Like-for-like sell-out in APAC declined by 2%. Monobrand sell-out growth was double-digit, while declines were reported from multibrand and eTail channel.

China like-for-like sell-out declined 8%. Like-for-like sell-out for monobrand as well as multibrand increased while eTail declined. Inventory levels with our partners are improving. South Korea, Japan and Taiwan reported sell-out growth.

In terms of product categories, our Staged products delivered double-digit growth compared to Q1 of last year. The Flexible Living category and On-the-go category reported a decline.

## Revenue

Revenue was DKK 165m (Q1 23/24: DKK 172m), corresponding to a decline of 4.1% (-3% in local currencies). Branded channels grew year-on-year while multibranded channels declined.

Revenue from China declined 12% (-13% in local currencies) and accounted for approximately 50% of total revenue in APAC. Revenue from other markets such as South Korea, Japan and Taiwan grew year-on-year.

Revenue from our monobrand channel in China increased year-on-year. Inventory levels continue to improve despite lower consumer sentiment, and we saw demand improve in the monobrand channel. This had a positive impact on the Staged category in particular.

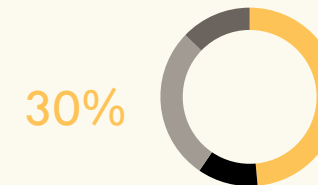
As part of our strategic transformation in China we have implemented a structural change in the multibrand setup and eTail network, switching partners towards travel retail. Revenue from Multibrand increased while eTail declined. Overall, the On-the-go category was negatively impacted by the change year-on-year.

In terms of product categories, revenue from the Staged category increased by 19%. The Flexible Living category and On-the-go category decreased by 3% and 28%, respectively.

## Gross profit

Gross profit amounted to DKK 89m (Q1 23/24: DKK 84m), equivalent to a gross margin of 54.0% (Q1 23/24: 48.9%) and an improvement of 5.1 pp. year on year.

The margin was positively impacted by a change in product mix towards higher margin products. The Staged and Flexible living categories delivered improved gross margins supported by pricing whereas the On-the-go category was on par year-on-year.

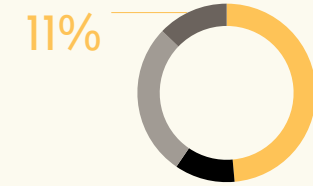


30%



(DKK million)	Q1	
	2024/25	2023/24
Like-for-like sell-out growth	-2%	29%
Revenue	165	172
Growth in local currencies	-3%	-15%
Gross profit	89	84
Gross margin	54.0%	48.9%

# Brand Partnering & other activities



## Revenue

Revenue was DKK 60m (Q1 24/25: DKK 77m), corresponding to a 21.5% decline (-23% in local currencies).

Overall license fees decreased by 20%. License from HP declined year-on-year in line with our expectations due to the expiry of the agreement. Licence revenue from the automotive industry grew year-on-year.

Licensing income accounted for 80% of total revenue in Brand Partnering & other activities (Q1 23/24: 80%).

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

Revenue related to aluminium production for third parties declined slightly compared to Q1 of last year.

## Gross profit

Gross profit amounted to DKK 54m (Q1 23/24: DKK 67m), equivalent to a gross margin of 89.3% (Q1 23/24: 87.8%). Margin was largely on par with Q1 of last year due to the mix between license and product sales.

(DKK million)	Q1	
	2024/25	2023/24
Revenue	60	77
Growth in local currencies	-17%	-13%
Gross profit	54	67
Gross margin	89.3%	87.8%



# Financial review

## Revenue split by region, DKKm

Q1 2024/25



Q1 2024/24



- EMEA
- Americas
- APAC
- Brand Partnering & other activities

## Revenue split by category, DKKm

Q1 2024/25



Q1 2023/24



- Staged
- Flexible Living
- On-the-go
- Brand Partnering & other activities

## Like-for-like sell-out

Sell-out growth declined by 2% compared to the same period of last year. Excluding end-of-life products, like-for-like sell-out grew by low single-digits compared to Q1 of last year.

Like-for-like sell-out for our branded channels combined grew 4% compared to Q1 of last year.

In terms of product categories, our Staged category grew by 19%, while the Flexible Living category and On-the-go category declined both by 19%.

## Revenue in Q1

Revenue in Q1 was DKK 544m compared to DKK 619m in Q1 of last year. This was equivalent to a decline of 12.1% year-on-year (-12% in local currencies).

The drop in reported revenue related to a decline in product sales of 10.7% (-10% in local currencies) and in Brand Partnering and other activities of 21.5% (-23% in local currencies).

## Product revenue, regions

The development in product revenue was driven by reported low single-digit negative growth in branded channels and a double-digit decline in multibrand channels.

The drop was primarily related to the EMEA region, and the price increases implemented in Q1 of last year, that resulted in demand being pulled forward from Q2 into Q1. The implemented price increases led retail partners to replenish their inventories and execute project sales in Q1, primarily in the Staged category.

Modest price increases were implemented in August 2024, which did not result in change in seasonality.

## Brand Partnering & other activities

The 21.5% decline (-23% in local currencies) in Brand Partnering & other activities was mainly due to reduced license income from HP year-on-year in line with our expectations due to the expiry of the agreement as per June 2024.

## Product revenue, categories

### Staged category

Revenue declined by 4% to DKK 280m. This was mainly driven by the effects of price increases implemented in September 2023 on selected products pulling sales from Q2 into Q1 of last year. The decline was partly offset by the strong performance of Beolab 8, and higher average prices relative to last year.

### Flexible Living category

Revenue declined by 12% to DKK 95m. The decline was mainly driven by end-of-life deals of in Q1 of last year.

### On-the-go category

Revenue declined by 24% to DKK 109m. Declines were seen across the category. In general, the reduced presence of the multibrand channel affected this category negatively year-on-year. The decrease was partly offset by the successful launch of Beoplay H100 and improved average selling prices.

## LIKE-FOR-LIKE SELL-OUT GROWTH\*

	Q1 24/25	Q1 24/25
EMEA	-2%	Staged 19%
Americas	-7%	Flexible Living -19%
APAC	-2%	On-the-go -19%
<b>Total</b>	<b>-2%</b>	<b>Total -2%</b>

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

## Gross profit

Gross profit was DKK 301m (Q1 23/24: DKK 325m), corresponding to a gross margin of 55.2% against 52.6% last year.

A strong pricing focus and improved product and channel mix improved the gross margin.

Gross profit from regional product sales was DKK 247m (Q1 23/24: DKK 258m), corresponding to a gross margin of 51.0% (Q1 23/24: 47.6%). This was an increase of 3.4pp compared to Q1 of last year. The gross margin improved across regions and most product categories. The On-the-go category declined year-on-year driven by lower revenue to absorb the fixed costs.

Gross profit from Brand Partnering & other activities was DKK 54m (Q1 23/24: DKK 67m), equivalent to a gross margin of 89.3% (Q1 23/24: 87.8%). The gross margin was largely on a par with last year due to the mix between license and product sales.

Currency movements had an immaterial impact on the gross margin for the quarter.

## Capacity costs

Capacity costs were DKK 321m (Q1 23/24: DKK 309m) corresponding to an increase of 4% mainly due to a COVID-19-related adjustment of relief packages received in Q1 last year.

Development costs increased by DKK 16m to DKK 79m (Q1 23/24: DKK 63m). This was primarily driven by above mentioned relief package in Q1 of last year. The incurred development costs before capitalisation ratio were up 4.4 pp to 14.5% driven by higher overall costs and lower revenue.

Distribution and marketing costs decreased by DKK 9m to DKK 206m (Q1 23/24: DKK 215m). The marketing cost ratio was 10.1% compared to 11.6% in Q1 of last year. The decrease was driven by lower marketing costs, especially within the regions.

Administrative expenses increased by DKK 5m to DKK 36m (Q1 23/24: DKK 31m), primarily driven by higher advisory costs, and the before mentioned relief packages of last year.

## EBITDA

EBITDA was DKK 36m (Q1 23/24: DKK 74m). This was equivalent to a margin of 6.6% (Q1 23/24: 12.0%).

EBITDA before special items was DKK 39m (Q1 23/24: DKK 74m), equivalent to a margin of 7.1% (Q1 23/24: 12.0%).

Special items were DKK 3m (Q1 23/24: DKK 0m) and related to the re-organisation announced in Q4 of last year.

## EBIT

EBIT was a loss of DKK 20m (Q1 23/24: Profit of DKK 16m). This was equivalent to an EBIT margin of -3.7% (Q1 23/24: 2.6%).

EBIT before special items was a loss of DKK 17m (Q1 23/24: Profit of DKK 16m), equivalent to a margin of -3.1% (Q1 23/24: 2.6%).



GROSS MARGIN	Q1	
	2024/25	2023/24
Staged	57.2%	54.0%
Flexible Living	52.7%	48.1%
On-the-go	33.4%	34.9%
<b>Products, total</b>	<b>51.0%</b>	<b>47.6%</b>
Brand Partnering & other activities	89.3%	87.8%
<b>Total</b>	<b>55.2%</b>	<b>52.6%</b>

### Cash flows

Free cash flow was DKK -36m compared to DKK -61m last year. The year-on-year improvement related primarily to increased cash flows from operating activities (DKK 22m) due to a less negative change in net working capital of DKK 19m (Q1 23/24 DKK 89m) offset by lower EBITDA of DKK 36m (Q1 23/24: DKK 74m).

Cash flows from operational investments totalled an outflow of DKK 39m and were slightly lower than last year (Q1 23/24: DKK 42m).

Cash flows from financing activities were an outflow of DKK 12m (Q1 23/24: DKK 14m) relating mainly to the repayment of lease liabilities.

The cash position at the end of the quarter was DKK 131m (31 May 2024: DKK 177m). Total available liquidity was DKK 139m (31 May 2024: DKK 184m), consisting of cash DKK 131m, and securities DKK 388m less DKK 380m in bank loans related to repo transactions.

### Net working capital

Net working capital increased by DKK 19m during the quarter to DKK 282m (31 May 2024: DKK 263m).

Net working capital to the last 12 months' revenue was 11.2% (Q4 23/24: 10.2%).

Trade receivables decreased by DKK 74m to DKK 235m. The decrease was driven by lower sales in Q1 than in Q4 last year. Sales with extended credit accounted for 3% of revenue for the quarter (Q4 23/24: 2%).

Other short-term liabilities decreased by DKK 44m to DKK 126m during the quarter, primarily driven by employee-related liabilities.

### Net interest-bearing deposits/debt

Net interest-bearing debt amounted to DKK 68m, compared to DKK 34m at year-end, 31 May 2024. The increase in debt was mainly due to the negative free cash flow of DKK 36m for the quarter and the repayment of lease liabilities. For further details, please see note 7.



# Outlook for 2024/25

Revenue growth in local currencies (%)

**-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 in the annual report 2023/24.

## 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.

## Forward looking expectations

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.

## Mid-term financial ambitions

Organic growth

**8%**

CAGR\* 25/26-27/28

EBIT margin bsi\*\*

**8%**

in 27/28

Free cash flow, DKK

**DKK 250m**

in 27/28

\* Compound annual growth rate \*\* Before special items

## 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.

# Condensed income statement

(DKK million)	Notes	Q1		Year
		2024/25	2023/24	2023/24
<b>Revenue</b>	4	544	619	2,588
Production costs		-243	-294	-1,209
<b>Gross profit</b>		301	325	1,379
Development costs	5	-79	-63	-286
Distribution and marketing costs		-206	-215	-940
Administrative expenses		-36	-31	-135
<b>Operating profit/loss (EBIT)</b>		-20	16	18
Financial income		21	12	50
Financial expenses		-22	-17	-75
Financial items, net		-1	-5	-25
<b>Profit/loss before tax (EBT)</b>		-21	11	-7
Income tax		4	-4	-10
<b>Profit/loss for the period</b>		-17	7	-17
<b>Earnings per share</b>				
Earnings per share, basic (EPS) and diluted (EPS-D), DKK		-0.1	0.1	-0.1

# Condensed statement of comprehensive income

(DKK million)	Q1		Year
	2024/25	2023/24	2023/24
<b>Profit/loss for the period</b>	-17	7	-17
<b>Items that will be reclassified subsequently to the income statement:</b>			
Exchange adjustments of subsidiaries	-3	-5	-4
Fair value adjustments of hedging instruments	-6	1	-5
Value adjustments of hedging instruments reclassified in			
Revenue	2	1	3
Production costs	0	4	5
Tax on other comprehensive income/loss	1	-1	-1
<b>Items that will not be reclassified subsequently to the income statement:</b>			
Actuarial gains/losses on defined benefit plans	0	-	0
Tax on other comprehensive income	0	-	0
<b>Other comprehensive income/loss for the period, net of tax</b>	-6	-	-2
<b>Total comprehensive income/loss for the period</b>	-23	7	-19



# Condensed statement of financial position

## ASSETS

(DKK million)	Notes	31-08-24	31-08-23	31-05-24
Goodwill		42	42	42
Acquired rights and software		74	77	72
Completed development projects		169	179	150
Development projects in progress	5	113	74	132
<b>Intangible assets</b>		<b>398</b>	<b>372</b>	<b>396</b>
Property, plant and equipment		214	214	220
Right-of-use assets		125	110	136
<b>Tangible assets</b>		<b>339</b>	<b>324</b>	<b>356</b>
Non-current other receivables		20	22	20
Deferred tax assets		102	99	92
<b>Total non-current assets</b>		<b>859</b>	<b>817</b>	<b>864</b>
Inventories		451	478	447
Trade receivables		235	327	309
Tax receivable		31	11	32
Other receivables		51	54	53
Prepayments		37	24	27
Securities	7	388	392	388
Cash	7	131	141	177
<b>Total current assets</b>		<b>1,324</b>	<b>1,427</b>	<b>1,433</b>
<b>Total assets</b>		<b>2,183</b>	<b>2,244</b>	<b>2,297</b>

## EQUITY AND LIABILITIES

(DKK million)	Notes	31-08-24	31-08-23	31-05-24
Share capital		613	613	613
Translation reserve		13	15	16
Cash flow hedge reserve		-5	1	-2
Retained earnings		319	340	329
<b>Total equity</b>		<b>940</b>	<b>969</b>	<b>956</b>
Lease liabilities		106	100	117
Pensions		10	10	10
Deferred tax		8	6	8
Provisions		46	40	46
Mortgage loans		52	55	53
Non-current other liabilities		3	5	2
<b>Total non-current liabilities</b>		<b>225</b>	<b>216</b>	<b>236</b>
Lease liabilities		45	36	45
Mortgage loans		3	3	3
Bank loans	7	380	383	381
Provisions		72	54	84
Trade payables		365	403	401
Tax payable		27	12	20
Other liabilities		126	168	171
<b>Total current liabilities</b>		<b>1,018</b>	<b>1,059</b>	<b>1,105</b>
<b>Total liabilities</b>		<b>1,243</b>	<b>1,275</b>	<b>1,341</b>
<b>Total equity and liabilities</b>		<b>2,183</b>	<b>2,244</b>	<b>2,297</b>

# Condensed statement of cash flows

(DKK million)	Notes	Q1		Year
		2024/25	2023/24	2023/24
Profit/loss before tax (EBT)		-21	11	-7
Financial items, net		1	5	25
Depreciation, amortisation and impairment		56	58	239
<b>Operating profit/loss before depreciation, amortisation and impairment (EBITDA)</b>		<b>36</b>	<b>74</b>	<b>257</b>
Other non-cash items		-11	-3	33
Change in net working capital	6	-19	-89	-41
Interest received		19	12	50
Interest paid		-24	-14	-63
Income tax received/paid		2	1	-10
<b>Cash flows from operating activities</b>		<b>3</b>	<b>-19</b>	<b>226</b>
Purchase of intangible non-current assets		-34	-32	-163
Purchase of tangible non-current assets		-6	-10	-55
Sublease payment		0	1	2
Other cash flows from investing activities		1	-1	1
<b>Operational investments</b>		<b>-39</b>	<b>-42</b>	<b>-215</b>
<b>Free cash flow</b>		<b>-36</b>	<b>-61</b>	<b>11</b>
Purchase of securities		-	-	-
Sale of securities		2	3	6
<b>Financial investments</b>		<b>2</b>	<b>3</b>	<b>6</b>
<b>Cash flows from investing activities</b>		<b>-37</b>	<b>-39</b>	<b>-209</b>

(DKK million)	Notes	Q1		Year
		2024/25	2023/24	2023/24
Repayment of lease liabilities		-11	-10	-45
Repayment of mortgage loans		-1	-1	-3
Proceeds from loans and borrowings		6	-	-6
Repayment of loans and borrowings		-6	-3	-
<b>Cash flows from financing activities</b>		<b>-12</b>	<b>-14</b>	<b>-54</b>
Cash and cash equivalents, opening balance		177	216	216
Foreign exchange gain/loss on cash and cash equivalents		0	-3	-2
<b>Change in cash and cash equivalents</b>		<b>-46</b>	<b>-72</b>	<b>-37</b>
<b>Cash and cash equivalents, closing balance</b>		<b>131</b>	<b>141</b>	<b>177</b>
Available liquidity	7	138	150	184

# Condensed statement of changes in equity

(DKK million)	Share capital*	Translation reserve	Cash flow hedge reserve	Retained earnings	Total
<b>Equity 1 June 2024</b>	<b>613</b>	<b>16</b>	<b>-2</b>	<b>329</b>	<b>956</b>
Profit/loss for the period	-	-	-	-17	-17
Exchange adjustments of subsidiaries	-	-3	-	-	-3
Fair value adjustments of hedging instruments	-	-	-6	-	-6
Value adjustments of hedging instruments reclassified in					
Revenue	-	-	2	-	2
Production costs	-	-	0	-	0
Income tax on items that will be reclassified to the income statement	-	-	1	-	1
<b>Comprehensive income/loss for the period</b>	<b>-</b>	<b>-3</b>	<b>-3</b>	<b>-17</b>	<b>-23</b>
Share-based payments	-	-	-	7	7
<b>Equity 31 August 2024</b>	<b>613</b>	<b>13</b>	<b>-5</b>	<b>319</b>	<b>940</b>
<b>Equity 1 June 2023</b>	<b>613</b>	<b>20</b>	<b>-4</b>	<b>329</b>	<b>958</b>
Profit/loss for the period	-	-	-	7	7
Exchange adjustments of subsidiaries	-	-5	-	-	-5
Fair value adjustments of hedging instruments	-	-	1	-	1
Value adjustments of hedging instruments reclassified in					
Revenue	-	-	1	-	1
Production costs	-	-	4	-	4
Income tax on items that will be reclassified to the income statement	-	-	-1	-	-1
<b>Comprehensive income/loss for the period</b>	<b>-</b>	<b>-5</b>	<b>5</b>	<b>7</b>	<b>7</b>
Share-based payments	-	-	-	4	4
<b>Equity 31 August 2023</b>	<b>613</b>	<b>15</b>	<b>1</b>	<b>340</b>	<b>969</b>

\* The company holds a total of 1,768,231 treasury shares (1,768,231 shares as of 31 May 2024).

# Notes

## 1 Basis of reporting

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

No interim report has been prepared for the parent company.

The accounting policies applied in this interim report are consistent with those applied in the Annual Report for 2023/24.

### **New standards, interpretations and amendments adopted by Bang & Olufsen**

Bang & Olufsen has implemented the International Financial Reporting Standards (IFRS) and amendments effective as of 1 June 2024 and endorsed by the EU. The implementation of new or amended standards and interpretations had no material impact on the interim financial statements.

## 2 Critical accounting estimates and judgements

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

All critical accounting estimates and judgements are consistent with those applied in note 1.2 to the consolidated financial statements in the 2023/24 Annual Report, to which reference is made.

## 3 Seasonality

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

## 4 Segment information – Q1

(DKK million)	EMEA	Americas	APAC	Regions, total	Brand Partnering & other activities	All
<b>Q1 2024/25</b>						
<b>Revenue</b>	<b>251</b>	<b>68</b>	<b>165</b>	<b>484</b>	<b>60</b>	<b>544</b>
Production costs	-128	-33	-76	-237	-6	-243
<b>Gross profit</b>	<b>123</b>	<b>35</b>	<b>89</b>	<b>247</b>	<b>54</b>	<b>301</b>
Gross margin	48.9%	51.3%	54.0%	51.0%	89.3%	55.2%
<b>Q1 2023/24</b>						
<b>Revenue</b>	<b>303</b>	<b>67</b>	<b>172</b>	<b>542</b>	<b>77</b>	<b>619</b>
Production costs	-159	-37	-88	-284	-10	-294
<b>Gross profit</b>	<b>144</b>	<b>30</b>	<b>84</b>	<b>258</b>	<b>67</b>	<b>325</b>
Gross margin	47.3%	45.5%	48.9%	47.6%	87.8%	52.6%

(DKK million)	Staged	Flexible Living	On-the-go	Products, total	Brand Partnering & other activities	All
<b>Q1 2024/25</b>						
<b>Revenue</b>	<b>280</b>	<b>95</b>	<b>109</b>	<b>484</b>	<b>60</b>	<b>544</b>
Production costs	-120	-45	-72	-237	-6	-243
<b>Gross profit</b>	<b>160</b>	<b>50</b>	<b>37</b>	<b>247</b>	<b>54</b>	<b>301</b>
Gross margin	57.2%	52.7%	33.4%	51.0%	89.3%	55.2%
<b>Q1 2023/24</b>						
<b>Revenue</b>	<b>291</b>	<b>107</b>	<b>144</b>	<b>542</b>	<b>77</b>	<b>619</b>
Production costs	-135	-55	-94	-284	-10	-294
<b>Gross profit</b>	<b>156</b>	<b>52</b>	<b>50</b>	<b>258</b>	<b>67</b>	<b>325</b>
Gross margin	54.0%	48.1%	34.9%	47.6%	87.8%	52.6%

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

## 5 Development costs

(DKK million)	Q1		Year
	2024/25	2023/24	2023/24
Incurring development costs before capitalisation	79	63	315
Of which capitalised	-23	-26	-127
Incurring development costs after capitalisation	56	37	188
Capitalisation (%)	29.0%	42.2%	40.2%
Total charges and impairment losses on development projects	23	26	98
<b>Development costs recognised in the consolidated income statement</b>	<b>79</b>	<b>63</b>	<b>286</b>
<b>Incurring development costs before capitalisation ratio (% of revenue)</b>	<b>14.5%</b>	<b>10.1%</b>	<b>12.2%</b>

## 6 Change in net working capital

(DKK million)	31-08-24	31-05-24	Change in Q1 2024/25	Change in Q1 2023/24	Change in 2023/24
Inventories	451	447	-4	21	-52
Trade receivables	235	309	74	14	-32
Other receivables*	50	52	2	13	-14
Prepayments	37	27	-10	-	3
Trade payables	-365	-401	-36	-162	164
Other liabilities	-126	-171	-45	25	-28
<b>Total</b>	<b>282</b>	<b>263</b>	<b>-19</b>	<b>-89</b>	<b>41</b>

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

## 7 Net interest-bearing deposit/debt

Net interest-bearing deposit/debt consists of interest-bearing assets less interest-bearing debt. Interest-bearing assets consist of securities, cash, and finance lease receivables. Interest-bearing debt consists of mortgage loans, bank loans and lease liabilities. We have placed the majority of our cash in Danish mortgage bonds, all with an AAA S&P rating. To maintain short-term financial flexibility, we use repo transactions, whereby we can access liquidity on an intra-day basis if needed by lending our banks bonds in return for cash, while committing to a reverse transaction at a predetermined future date. Bonds are presented as securities on the balance sheet as ownership of the bonds remains with the company during the term of the repo. The obligation to return cash for bonds under such repo transactions is recognised as short-term bank loans. As of 31 August, repo transactions amounted to DKK 411m.

During the quarter, net interest-bearing debt increased by DKK 24m to DKK 68m.

(DKK million)	31-08-24	31-08-23	31-05-24
Mortgage loans (non-current)	-52	-55	-53
Mortgage loans (current)	-3	-3	-3
Bank loans (current)	-380	-383	-381
Lease liabilities (non-current)	-106	-100	-117
Lease liabilities (current)	-45	-36	-45
Other non-current liabilities*	-3	-3	-2
<b>Interest-bearing debt</b>	<b>-589</b>	<b>-580</b>	<b>-601</b>
Finance lease receivables (non-current)	1	2	1
Finance lease receivables (current)	1	1	1
Cash (current)	131	141	177
Securities (current)	388	392	388
<b>Interest-bearing assets</b>	<b>521</b>	<b>536</b>	<b>567</b>
<b>Net interest-bearing deposit/debt</b>	<b>-68</b>	<b>-44</b>	<b>-34</b>

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

During the quarter, net available liquidity decreased by DKK 45 to DKK 139m, consisting of cash and securities offset by repo transactions.

(DKK million)	31-08-24	31-08-23	31-05-24
Cash (current)	131	141	177
Securities (current)	388	392	388
Bank loans (current)	-380	-383	-381
<b>Available liquidity</b>	<b>139</b>	<b>150</b>	<b>184</b>

Including the undrawn part of our ESG-linked credit facility, capital resources were DKK 299m (year-end 2023/24: DKK 344m), consisting of available liquidity of DKK 139m and undrawn committed credit facilities of DKK 160m.

## 8 Financial instruments

### Financial instruments by category

(DKK million)	31-08-24	31-08-23	31-05-24
Non-current other receivables	20	22	20
Trade receivables	235	327	309
Other receivables	51	54	53
Cash	131	141	177
<b>Financial assets at amortised cost</b>	<b>437</b>	<b>544</b>	<b>559</b>
Securities	388	392	388
<b>Fair value through income statement</b>	<b>388</b>	<b>392</b>	<b>388</b>
Derivatives used for hedge accounting	0	2	1
<b>Fair value through other comprehensive income</b>	<b>0</b>	<b>2</b>	<b>1</b>
<b>Financial assets</b>	<b>825</b>	<b>938</b>	<b>948</b>
Mortgage loans	55	58	56
Bank loans	380	383	381
Lease liabilities	151	136	162
Trade payables	365	403	401
<b>Financial liabilities at amortised cost</b>	<b>951</b>	<b>980</b>	<b>1,000</b>
Derivatives used for hedge accounting	9	5	6
<b>Fair value through other comprehensive income</b>	<b>9</b>	<b>5</b>	<b>6</b>
<b>Financial liabilities</b>	<b>960</b>	<b>985</b>	<b>1,006</b>

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

### Securities

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

### Derivative financial instruments

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

See note 7.3 to the 2023/24 Annual Report for an overview of foreign exchange contracts.

## 9 Subsequent events

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



# Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the interim report of Bang & Olufsen A/S for the period 1 June 2024 – 31 August 2024.

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

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31 August 2024, and of the results of the Group's operations and cash flows for the period 1 June 2024 – 31 August 2024. In our opinion, the Management's review includes a fair review of the development in the Group's operations and financial matters, the results for the period, and the financial position in general, as well as a description of the significant risks and uncertainty factors pertaining to the Group.

Struer, 10 October 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 Ryttilä

