



Announcement no. 24

April 3, 2020

GN Store Nord announces preliminary Q1 2020 revenue and updates 2020 financial guidance due to COVID-19

GN Store Nord issued its mid-term financial guidance and financial guidance for 2020 with its annual report on February 5, 2020. As stated in the annual report in regard to the guidance for 2020:

“The financial guidance does not include any impact from the Coronavirus outbreak. Based on our current knowledge we expect to see an impact on Q1 financials. Provided that the situation resolves during February, we assume to follow guidance for the rest of the year.”

At the Annual General Meeting on March 11, 2020, GN’s Chairman of the Board outlined that we were seeing an accelerating impact on our businesses from COVID-19:

“Now we are approaching the middle of March, and nothing has been resolved yet concerning this virus. Rather, it is clear that the impact on global economic activity will be far greater than previously assumed, and GN as a company is affected at three levels: (i) our production in China; (ii) supply of components from our subcontractors in the same way as the entire technology sector; and (iii) now also a negative impact on demand as consumers grow concerned and stay at home.

As a result – as we view the situation today – GN overall will experience minimal or no organic revenue growth in the first quarter. And if the coronavirus situation continues as now, we will see an impact in the second quarter as well.”

Our preliminary revenue numbers for Q1 2020 indicate total GN revenue of DKK ~2,950 million compared to DKK 2,840 million in Q1 2019, with GN Hearing showing organic growth of ~(15)% and GN Audio showing organic growth of ~22%.

In GN Hearing, we have seen accelerating impact from COVID-19 on the sale of hearing aids, particularly towards the end of the quarter, and in Q2 2020 we expect continued severe business impact on revenue as the virus spread in Europe and, especially, in the U.S.

GN Audio, on the other hand, is uniquely positioned to support the world in getting through this crisis, and thereby to continue delivering strong performance. In Q1 2020, we have seen very strong demand for home office products as enterprises of all sizes, and across various industries, prepare their employees for working from home.

The fundamentals of GN Store Nord’s operating model continue to be very much intact, and we expect the fundamentals of the markets to return when the virus is behind us.

The COVID-19 situation has and will not only strongly impact our operational performance this year, but it will also impact predictability and visibility across markets, partners and channels as we continue the year. Therefore, we find it appropriate that we withdraw our financial guidance for 2020.



Appropriate operational and expense related actions have been taken. We are continuously assessing the developments, and additional prudent and diligent actions will be taken as needed going forward.

To preserve a strong balance sheet, GN Store Nord will postpone share buybacks (program intended to be initiated following the approvals by the Annual General Meeting on March 11, 2020), until we have better visibility to the consequences of the COVID-19.

The interim reporting for Q1 2020 will be announced on April 29, 2020, as planned, where we will give further updates on the impact of COVID-19 on our businesses.

Quotes from executive management

Gitte Aabo, CEO of GN Hearing, comments: *“The year initially was off to a good start, but recent developments related to the COVID-19 pose challenges on demand as people are restricted to stay at home, which significantly impacted our Q1 performance, and we now expect Q2 to be even more severely impacted by COVID-19. On this background, we have accelerated the launch of ReSound Assist Live, which yesterday was made available in key markets. This technology enables a new, groundbreaking way to access hearing care by reducing the need for in-office visits at a time when older, more vulnerable populations are advised to stay at home.”*

René Svendsen-Tune, CEO of GN Audio, comments: *“GN Audio has experienced strong demand in the second half of Q1 2020 as companies prepare for employees working from home. At the same time, the production output has gradually recovered. GN Audio expects the current high demand to continue into Q2 2020, as companies establish new ways of working. Beyond this current exceptional demand, the global uncertainties allow GN Audio very limited visibility beyond Q2 on both the supply and demand side.”*

Marcus Desimoni, CFO of GN Store Nord, comments: *“We face the current adverse market conditions with a very sound balance sheet and ample sources of liquidity. As such, we have a solid foundation to face the financial challenges ahead of us.”*

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About GN Group

The GN Group is a global leader in intelligent audio solutions that let you hear more, do more and be more than you ever thought possible. Our ambitious 150-year journey has taken us from telegraph cables to radio waves and intelligent audio engineering. To celebrate our anniversary, we look to our unique competences within medical, professional and consumer audio solutions to help us continue to transform lives through the power of sound.

GN was founded with a truly innovative and global mindset. Today, we honor that legacy with world-leading expertise in the human ear, sound, wireless technology, miniaturization and collaborations with leading technology partners. GN's solutions are marketed by the brands ReSound, Beltone, Interton, Jabra and BlueParrott in 100 countries. Founded in 1869, the GN Group employs 6,000 people and is listed on Nasdaq Copenhagen (GN.CO).

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