



Announcement no. 25

August 16, 2023

GN Store Nord delivered strong organic growth in GN Hearing and solid sequential growth in GN Audio generating DKK 622 million positive free cash flow. Financial guidance updated

-- GN Store Nord

- GN executed strongly across the company despite continued challenging market conditions in GN Audio. GN increased revenue by 4% compared to Q1 2023, equal to an organic revenue growth of -8% due to a high comparison base from last year
- Adj. EBITA was DKK 404 million, equal to an adj. EBITA margin improvement of 3.2 percentage points compared to Q1 2023 (decline of 3.4 percentage points compared to Q2 2022)
- Due to a relentless focus on balance sheet items, free cash flow excl. M&A was DKK 622 million
- On May 24, GN announced its new capital plan including a private placing of 17 million shares. Following the successful placing, new debt facilities, the ongoing disposal program and operational measures, GN has effectively pushed all material debt maturities from 2024 and 2025 to 2026
- Reflecting the guidance updates for GN Hearing and GN Audio, GN Store Nord's organic revenue growth guidance is narrowed from "-5% to +7%" to "-4% to +2%"

-- GN Hearing

- GN Hearing delivered strong organic revenue growth of 15%, driven by continued strong performance of ReSound OMNIA and JabraEnhance.com resulting in significant market share gains in a stable growing hearing aid market
- Adj. EBITA margin was 14.1% in the Core business, equal to an increase of 4.2 percentage points compared to Q1 2023, driven by operating leverage and tightly managing OPEX (increase of 7.5 percentage points compared to Q2 2022)
- As a result of the earnings and working capital improvements free cash flow excl. M&A was DKK 131 million
- Following a stronger than expected Q2 2023 and continued strong sales momentum, GN Hearing is upgrading its organic revenue growth guidance from "5% to 10%" to "9% to 13%". The EBITA margin in the core business of "14% to 16%" is confirmed to allow for further investments to drive growth, as well as preserving flexibility to take appropriate actions to ensure continued margin expansion

-- GN Audio

- GN Audio delivered solid execution but as a consequence of a high comparison base and challenged market conditions organic revenue growth was -18%
- The organic revenue decline was driven by Enterprise (-23%) and Consumer (-29%) while SteelSeries gained market share again and delivered strong 16% organic revenue growth. Despite continued challenged market conditions GN Audio increased Enterprise revenue by 5% compared to Q1 2023 and 3% for total GN Audio

- Adj. EBITA margin was 9.5%, equal to an improvement of 2.5 percentage points compared to Q1 2023, primarily driven by lower freight and input costs (decline of 8.5 percentage points compared to Q2 2022)
- Free cash flow excl. M&A was DKK 464 million reflecting the earnings level and a significant improvement in working capital supported by the inventory reduction in the consumer-related businesses driven by successful promotional activities
- Following a slower than expected market recovery in GN Audio's Enterprise business, GN Audio's organic revenue guidance is narrowed from "-10% to +5%" to "-10% to -4%". As a consequence of the expected revenue development, GN Audio's adj. EBITA margin is narrowed from "10% to 15%" to "10% to 12%"

Quotes from executive management

Gitte Aabo, CEO of GN Hearing, comments: *"It is very encouraging that GN Hearing in Q2 continued the strong performance we have seen since late 2022, making it the third consecutive quarter with strong double-digit organic growth. The hearing aid markets have broadly returned to healthy growth rates, and GN Hearing continues to significantly outperform the market due to the success of ReSound OMNIA."*

Peter Karlstromer, CEO of GN Audio, comments: *"We continue to work ourselves through a challenging time in our markets. We focus on execution and we are pleased to deliver sequential growth and margin improvement over Q1, as well as our cash focused initiatives leading to a strong cash flow. We continue to balance cost control with continued strategic investments and are ready to capture opportunities as the market evolves."*

Financial overview Q2 2023

DKK million – Q2 2023	GN Hearing			GN Audio			
	Core	Emerging	GN Hearing	Enterprise	Consumer	SteelSeries	GN Audio
Revenue	1,658	61	1,719	1,861	271	543	2,675
Organic growth	14%	51%	15%	-23%	-29%	16%	-18%
Adj. EBITA**	234	-40	194				253
Adj. EBITA margin **	14.1%		11.3%				9.5%

DKK million	GN Store Nord*			GN Hearing			GN Audio		
	Q2 2023	Q2 2022	Growth	Q2 2023	Q2 2022	Growth	Q2 2023	Q2 2022	Growth
Revenue	4,394	4,857	-10%	1,719	1,529	12%	2,675	3,328	-20%
Organic growth	-8%	8%		15%	4%		-18%	10%	
Adj. Gross profit**	2,232	2,496	-11%	1,049	940	12%	1,183	1,556	-24%
Adj. Gross profit margin**	50.8%	51.4%	-0.6%p	61.0%	61.5%	-0.5%p	44.2%	46.8%	-2.6%p
Adj. EBITA**	404	610	-34%	194	49	296%	253	600	-58%
Adj. EBITA margin**	9.2%	12.6%	-3.4%p	11.3%	3.2%	8.1%p	9.5%	18.0%	-8.5%p
Non-recurring items	-73	-111		-26	-43		-47	-68	
Adj. Earnings per share (EPS)***	1.21	3.17	-62%						
Free cash flow excl. M&A	622	-412	1,034	131	-326	457	464	49	415

* Including "Other", ** Excluding non-recurring items (DKK -47 million in OPEX in GN Audio, DKK -10 million in COGS in GN Hearing and DKK -16 million in OPEX in GN Hearing), *** Excluding non-recurring items (DKK -73 million OPEX and COGS) and amortization of acquired intangible assets



Financial guidance 2023

	Organic revenue growth	Adjusted EBITA margin ²⁾	Non-recurring items (DKK million)
GN Hearing	9% to 13%		
- Core business		14% to 16%	~ -150
- Emerging Business ¹⁾ (DKK million)		~ -150	
GN Audio	-10% to -4%	10% to 12%	~ -150
Other (DKK million)		~ -200	
GN Store Nord	-4% to +2%		~ -300

Note 1) Emerging Business mainly includes the JabraEnhance.com (formerly Lively)

Note 2) Excluding non-recurring items

Based on foreign exchange rates as of August 16, 2023

Primary risk factors in relation to the financial guidance

The basic assumptions behind the guidance remain more uncertain than normal. Primary risk factors include inflationary pressures, consumer sentiment and general economic uncertainty. GN's supply chains, including component sourcing and local and geopolitical instability and deteriorating trade relations may impact key suppliers and GN's operations.

Teleconference

GN Store Nord will host a teleconference at 11.30 a.m. CEST on August 17, 2023. Please visit www.gn.com/investor to access the teleconference. Presentation material will be available on the website prior to the start of the teleconference.

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Forward-looking statements

The forward-looking statements in this report reflect the management's current expectations of certain future events and financial results. Statements regarding the future are, naturally, subject to risks and uncertainties, which may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events, which may prove incorrect. Changes to such expectation and assumptions will not be disclosed on an ongoing basis, unless required pursuant to general disclosure obligations to which GN is subject.

Factors that may cause actual results to deviate materially from expectations include – but are not limited to – general economic developments and developments in the financial markets, technological developments, changes and amendments to legislation and regulations governing GN's markets, changes in the demand for GN's products, competition, fluctuations in sub-contractor supplies and developments in ongoing litigation (including but not limited to class action and patent infringement litigation in the United States).

The securities offered will not be and have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements

For more information, see the "Management's report" and "Risk management" elsewhere in the 2022 Annual Report. This Report should not be considered an offer to sell securities in GN.

About GN

GN brings people closer through our leading intelligent hearing, audio, video, and gaming solutions. Inspired by people and driven by innovation, we deliver technology that enhance the senses of hearing and sight. We help people with hearing loss overcome real-life challenges, improve communication and collaboration for businesses, and provide great experiences for audio and gaming enthusiasts.

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GN was founded more than 150 years ago with a vision to connect the world. Today, inspired by our strong heritage, GN touches more lives than ever with our unique expertise and the broadest portfolio of products and services in our history – bringing people closer to what is important to them.

We market our solutions with the brands Jabra, ReSound, SteelSeries, Beltone, Interton, BlueParrott, Danavox, and FaCom in 100 countries. Founded in 1869, GN Group employs more than 7,500 people and is listed on Nasdaq Copenhagen (GN.CO).

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