



Announcement no. 18

April 26, 2023

## **GN Store Nord delivered 7% organic revenue growth driven by strong market share gains. Full year guidance upgraded**

### **-- GN Store Nord**

- GN delivered 9% revenue growth, of which 7% was organic revenue growth, leading to revenue of DKK 4,214 million reflecting strong execution in challenging market conditions
- Adj. EBITA was DKK 251 million and free cash flow excl. M&A was DKK -578 million driven by non-recurring items as well as seasonality in cash flow due to, among other, payment of corporate tax
- New financing plan will be announced in the short-term with the aim to clear the 2024 and 2025 debt maturities
- The financial guidance on organic revenue growth is upgraded from “-6% to +6%” to “-5% to +7%” following a stronger than expected start to the year in GN Hearing

### **-- GN Hearing**

- GN Hearing delivered strong revenue growth of 21%, of which organic revenue growth was 15%, driven by the launch of the ReSound OMNIA family resulting in significant market share gains
- Adj. EBITA margin was 9.9% in the Core business driven by traditional seasonality with lower absolute revenue as well as investments in launch activities to fuel the strong momentum of ReSound OMNIA.
- The Emerging business delivered strong organic revenue growth of 46% and EBITA of DKK -41 million, driven by continued investments in growth
- Free cash flow excl. M&A was DKK -132 million due to traditional seasonality including payment of corporate tax
- Following a stronger than expected start to the year, GN Hearing is upgrading its organic revenue growth guidance from “2% to 8%” to “5% to 10%”. At the same time, the adj. EBITA margin in the core business is upgraded from “13% to 16%” to “14% to 16%”

### **-- GN Audio**

- GN Audio delivered revenue growth of 3%, of which organic revenue growth was 2%, driven by continued strong market share gains despite challenging market conditions. Organic revenue growth was driven by 22% growth in SteelSeries and 9% growth in Consumer, partly offset by a 3% decline in Enterprise
- Adj. EBITA margin was 7.0%, negatively impacted by FX, business mix and promotional activities in the consumer-oriented businesses to reduce inventories in line with the rest of the industry
- Free cash flow excl. M&A was DKK -304 million reflecting the earnings level and traditional seasonality including payment of corporate tax, but partly offset by reduction in inventories
- Full year guidance confirmed



## Quotes from executive management

Gitte Aabo, CEO of GN Hearing, comments: “We are very pleased to see the great momentum from Q4 2022 continue into 2023 with 15% organic revenue growth delivered in Q1. Our strong performance is broad based across regions, and with our new full product line-up of popular styles in the very successful ReSound OMNIA family, our growth platform is in place, boding well for the remainder of the year, why we are also confident in upgrading the guidance for our full-year.”

Peter Karlstromer, CEO of GN Audio, comments: “As expected, we continued to face challenging market conditions in Q1. In this environment our teams have executed strongly resulting in market share gains, and consequently all three business lines delivered organic revenue growth above our expectations. I’m especially pleased to see SteelSeries continuing to outperform the market growing 22%, showcasing the strength of our premium gaming portfolio. To further strengthen the resilience of GN Audio and weather the challenging market conditions, we executed a series of cost reduction initiatives during Q1 to protect our margins and improve future cash flow.”

## Financial overview Q1 2023

DKK million – Q1 2023	GN Hearing			GN Audio			
	Core	Emerging	GN Hearing	Enterprise	Consumer	SteelSeries	GN Audio
<b>Revenue</b>	<b>1,560</b>	<b>62</b>	<b>1,622</b>	<b>1,767</b>	<b>285</b>	<b>540</b>	<b>2,592</b>
Organic growth	14%	46%	15%	-3%	9%	22%	2%
<b>Adj. EBITA**</b>	<b>154</b>	<b>-41</b>	<b>113</b>				<b>181</b>
Adj. EBITA margin **	9.9%		<b>7.0%</b>				<b>7.0%</b>

DKK million	GN Store Nord*			GN Hearing			GN Audio		
	Q1 2023	Q1 2022	Growth	Q1 2023	Q1 2022	Growth	Q1 2023	Q1 2022	Growth
<b>Revenue</b>	<b>4,214</b>	<b>3,859</b>	<b>9%</b>	<b>1,622</b>	<b>1,337</b>	<b>21%</b>	<b>2,592</b>	<b>2,522</b>	<b>3%</b>
Organic growth	7%	-21%		15%	2%		2%	-30%	
<b>Adj. Gross profit**</b>	<b>2,058</b>	<b>1,952</b>	<b>5%</b>	<b>996</b>	<b>804</b>	<b>24%</b>	<b>1,062</b>	<b>1,148</b>	<b>-7%</b>
Adj. Gross profit margin**	48.8%	50.6%	-1.8%p	61.4%	60.1%	1.3%p	41.0%	45.5%	-4.5%p
<b>Adj. EBITA**</b>	<b>251</b>	<b>264</b>	<b>-5%</b>	<b>113</b>	<b>-41</b>	<b>NA</b>	<b>181</b>	<b>364</b>	<b>NA</b>
Adj. EBITA margin**	6.0%	6.8%	-0.8%p	7.0%	-3.1%	10.1%p	7.0%	14.4%	-7.4%p
Non-recurring items	-78	-266		-60	-29		-18	-219	
<b>Adj. Earnings per share (EPS)***</b>	<b>0.66</b>	<b>0.77</b>	<b>-15%</b>						
Free cash flow excl. M&A	-578	-557	-21	-132	-175	43	-304	-140	-164

\* Including "Other", \*\* Excluding non-recurring items (DKK -18 million in OPEX in GN Audio, DKK -17 million in COGS in GN Hearing and DKK -43 million in OPEX in GN Hearing), \*\*\* Excluding non-recurring items (DKK -78 million OPEX and COGS) and amortization of acquired intangible assets

## Financial guidance 2023 is upgraded

	Organic revenue growth	Adjusted EBITA margin <sup>2)</sup>	Non-recurring items (DKK million)
<b>GN Hearing</b>	<b>5% to 10%</b>		
- Core business		14% to 16%	~ -150
- Emerging Business <sup>1)</sup> (DKK million)		~ -150	
<b>GN Audio</b>	<b>-10% to +5%</b>	<b>10% to 15%</b>	<b>~ -150</b>
Other (DKK million)		~ -200	
<b>GN Store Nord</b>	<b>-5% to +10%</b>		<b>~ -300</b>



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

Note 2) Excluding non-recurring items

Based on foreign exchange rates as of April 26, 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 11.00 a.m. CEST on April 27, 2023. Please visit [www.gn.com/investor](http://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 this Annual Report. This Annual Report should not be considered an offer to sell securities in GN.

The information on the upgraded guidance constitutes inside information.

### **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.

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 FalCom 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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