



Announcement no. 1

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Annual Report 2020: Navigating safely through rough waters

GN Hearing -24%, GN Audio +42%, GN Store Nord +9% organic revenue growth

GN Store Nord EBITA of DKK 1,866 million and Free Cash Flow of DKK 1,865 million

Financial highlights 2020

- GN delivered DKK 13.4 billion revenue with organic revenue growth of 9%
- EBITA of DKK 1.9 billion and EPS was DKK 9.72
- Free cash flow excl. M&A was DKK 1.9 billion and net interest-bearing debt was 1.8x EBITDA

GN Store Nord managed the unprecedented challenges well in 2020. In a year when the entire world was heavily burdened by the global pandemic, GN adjusted appropriately, never compromising on innovation, launching multiple well-received state-of-the-art products, and managing expenditure diligently.

In 2020, GN Store Nord was affected in three ways by COVID-19: (i) Various impact on production capacity and supply of components from subcontractors in H1 2020, (ii) GN Audio experienced strong demand as enterprises invested in employees working from home, and (iii) GN Hearing was impacted by lockdowns and local restrictions impacting demand. The impact of the pandemic obviously influenced GN Hearing in a completely different way than GN Audio, and we see having the two businesses under one roof as a position of strength for the company.

As for the hearing aid industry overall, COVID-19 and the resulting lockdowns in 2020 had a significant negative impact on GN Hearing. From the low-point in April, GN Hearing saw recovery in revenue. The impact from COVID-19 varied greatly across regions and countries. North America experienced a slower market recovery during 2020 than Europe and Rest of World. Due to markets being severely impacted by COVID-19, GN Hearing's organic revenue growth was -24%, however, with positive EBITA and free cash flow generation. The positive EBITA was achieved by prudent cost management on top of continued investments into R&D. In August 2020, GN Hearing announced the launch of ReSound ONE, an entirely new class of hearing aids that offers a truly individualized hearing experience and the best sound quality for every user. Despite COVID-19 GN Hearing executed well on the global roll-out during H2 2020 and reception and feedback was overwhelmingly positive.

GN Audio has in 2020 taken significant market share and delivered exceptional growth in both revenue and EBITA, driven by its leading product portfolio and continued strong execution across the organization. As enterprises invested in employees working from home due to the ongoing pandemic, demand for GN Audio's enterprise products increased further. Despite a challenged supply chain in the beginning of 2020 following COVID-19, GN Audio demonstrated a strong ability to significantly increase production capacity to meet the strong demand, drive exceptional growth, and gain significant market share, which resulted in an outstanding 42% organic revenue growth.



Financial highlights 2020:

DKK million	GN Hearing			GN Audio			GN Store Nord		
	2020	2019	Growth	2020	2019	Growth	2020	2019	Growth
Revenue	4,725	6,351	-26%	8,724	6,233	40%	13,449	12,574	7%
Organic growth	-24%	7%		42%	26%		9%	15%	
Gross profit	2,905	4,380	-34%	4,393	3,202	37%	7,298	7,582	-4%
Gross margin	61.5%	69.0%	-7.5%p	50.4%	51.5%	-1.1%p	54.3%	60.3%	-6.0%p
EBITA	41	1,284	-97%	2,002*	1,192	68%	1,866*	2,321	-20%
EBITA margin	0.9%	20.2%	-19.3%p	22.9%*	19.2%	+3.7%p	13.9%*	18.5%	-4.6%p
Earnings per share (EPS) - DKK							9.72*	11.12	-13%
Free cash flow excl. M&A	127	672	-545	1,729*	849	+880	1,865*	1,296	+569

* Including gain from legal settlements and litigation of DKK 114 million

Financial highlights Q4 2020

- GN Store Nord delivered 11% revenue growth in Q4 2020. Organic revenue growth was 15%. EBITA was DKK 746 million, equal to an EBITA margin of 18.3%
- GN Hearing delivered -20% revenue growth in Q4 2020. Organic revenue growth was -16%, in a market continuously impacted by COVID-19. EBITA was DKK 153 million, equal to an EBITA margin of 11.1%, reflecting the revenue decline
- GN Audio delivered 38% revenue growth in Q4 2020. Organic revenue growth was 43%, driven by GN Audio's Enterprise business, which delivered continued high double-digit organic revenue growth and market share gains across regions and channels. EBITA increased by 46% to DKK 642 million, equal to an EBITA margin of 23.7%

Financial highlights Q4 2020:

DKK million	GN Hearing			GN Audio			GN Store Nord		
	Q4 2020	Q4 2019	Growth	Q4 2020	Q4 2019	Growth	Q4 2020	Q4 2019	Growth
Revenue	1,378	1,722	-20%	2,706	1,962	38%	4,084	3,684	11%
Organic growth	-16%	4%		43%	24%		15%	13%	
Gross profit	873	1,190	-27%	1,318	975	35%	2,191	2,165	1%
Gross margin	63.4%	69.1%	-5.7%p	48.7%	49.7%	-1.0%p	53.6%	58.8%	-5.2%p
EBITA	153	420	-64%	642	441	46%	746	821	-9%
EBITA margin	11.1%	24.4%	-13.3%p	23.7%	22.5%	+1.2%p	18.3%	22.3%	-4.0%p
Earnings per share (EPS) - DKK							4.09	4.30	-5%
Free cash flow excl. M&A	263	130	+133	625	210	+415	896	274	+622

Shareholder returns – Dividend and share buyback proposal

In 2020, GN distributed in total DKK 356 million back to shareholders through share buybacks and dividends. In order to preserve a strong balance sheet in uncertain times with the development of COVID-19, GN postponed additional share buybacks until better predictability and visibility into the consequences of the COVID-19 is achieved. As part of the current capital structure policy, and when better visibility of the ongoing pandemic materializes, it is GN's ambition to reinstate share buybacks in order to continue to focus on creating shareholder value, subject to the necessary authorization by the Annual General Meeting.



At the Annual General Meeting on March 17, 2021, the Board of Directors will propose to pay out DKK 1.45 per share in dividend for the fiscal year 2020 (equivalent to a total dividend of DKK 206 million), compared to DKK 1.45 per share last year.

Financial guidance for 2021

COVID-19 risks

Due to the ongoing COVID-19 pandemic – which impacts GN in many ways – it must be stressed that the basic assumptions behind the guidance remain significantly more uncertain than normal. The COVID-19 situation has and will not only strongly impact GN's operational performance in 2021, but it will also impact predictability and visibility across GN's markets, channels and supply chain. The financial guidance is contingent on a gradual reopening of society.

GN Hearing

The fundamental assumptions behind the financial guidance for GN Hearing are that the global hearing aid market in H1 2021 will remain heavily impacted by COVID-19 and the consequential volatile regional and local restrictions, resulting in markets being below the H1 2019 level. As hearing care professionals and end-users in our main markets will have access to the vaccine throughout H1 2021, the current expectation is that in H2 2021 the market will reset and normalize. GN Hearing will continuously aim to outgrow the market and invest in maintaining its innovation leadership and improving the IT infrastructure.

For full year 2021, GN Hearing expects an organic revenue growth of more than 25% and an EBITA margin of more than 16%. It is expected that the EBITA margin in a more normalized market in H2 2021 is recovering to our mid-term targets of more than 20%.

GN Audio

The fundamental assumption behind the financial guidance for GN Audio is that the demand for collaboration solutions from enterprises and organizations will continue in 2021 and beyond. It is expected that the GN Audio organic revenue growth will be significantly higher in H1 2021 than in H2 2021, mainly due to difference in comparison base. GN Audio will continuously aim to outgrow the market and invest in future growth opportunities.

For full year 2021, GN Audio expects organic revenue growth to be more than 20% and an EBITA margin of more than 21%.

Other and EPS

For full year 2021, EBITA in "Other" is expected to be around DKK -185 million. GN Store Nord expects a growth in EPS of more than 50% for full year 2021.

Quotes from Executive Management

Gitte Aabo, CEO of GN Hearing, comments: *"COVID-19 had a severe impact on the global hearing aid market in 2020 as elderly, more vulnerable customers were advised to stay home. Despite the severe impact on the industry and GN Hearing, we have maintained our investment into R&D, also thanks to the financial contributions from the Danish government and our own employees. I'm thrilled to see us being able to develop and market revolutionary new and individualized hearing*



technology to the benefit of our customers around the world, which serves as a strong foundation going into 2021.”

René Svendsen-Tune, CEO of GN Audio, comments: *“GN Audio entered the year with a strong track-record of growth in attractive enterprise markets based on our industry leading product portfolio. On top of this we in 2020 experienced extraordinarily high demand due to the new hybrid and work-from-home patterns. Increasing flexibility for office-workers, demands for productivity, focus on cloud-based solutions, and general technology improvements will continue to spur growth in Unified Communications technology, which furthermore has the potential to reduce companies’ travel costs and carbon footprint.”*

Peter la Cour Gormsen, CFO of GN Store Nord, comments: *“The excellent performance in GN Audio as well as the prudent measures taken in GN Hearing were the main reasons behind our ability to generate almost DKK 2 billion in free cash flow despite COVID-19, while we maintained investments into R&D and future growth opportunities. The balance sheet remains very sound with ample sources of liquidity to withstand the continued short-term uncertainties due to COVID-19, further supported by our agile organization and lean business model.”*

Teleconference

GN Store Nord will host a teleconference at 11.00 a.m. CET today. 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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About GN Group

The GN Group enables people to Hear More, Do More and Be More through its intelligent hearing, audio and video collaboration solutions. Inspired by people and driven by our innovation leadership, we leverage technological synergies between our hearing and audio divisions to deliver unique and increasingly individualized user experiences in our products and solutions.

150 years ago, GN was founded with a truly innovative and global mindset. Today, we honor that legacy with world-leading expertise in the human ear, sound and video processing, wireless technology, miniaturization and collaborations with leading technology partners. GN's solutions are marketed by the brands ReSound, Beltone, Interton, Jabra, BlueParrott and FalCom in 100 countries. Founded in 1869, the GN Group employs 6,500 people and is listed on Nasdaq Copenhagen (GN.CO).

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