



Q&A for agenda item 9.a. – Rights issue authorization:

Agenda item 9.a.: Proposal from the Board of Directors to authorize the Board of Directors to increase the share capital with pre-emptive rights for existing shareholders and to insert a new article 5.1 in the Articles of Association in accordance herewith.

See the full proposal in the convening notice for the general meeting.

Below the Company has set out certain key questions and answers in relation to the proposal.

What is the background and overall purpose of the authorization?

As communicated in company announcement no. 6 of February 8, 2023, GN Store Nord A/S (the “Company”) intends to raise up to DKK 7 billion through the issuance of new shares with preemptive rights for the Company’s shareholders (the “**Rights Issue**”).

As reflected in the convening notice for the annual general meeting, all net proceeds will be applied solely for repayment of the existing debt (of which around DKK 7 billion are maturing in 2024).

The Company took on a large part of this debt as a result of two acquisitions in 2021 (SteelSeries and JabraEnhance.com, previously Lively) with a high leverage strategy, taking advantage of the low financing costs that were available at the time of the acquisitions.

Given unexpected market and macroeconomic development outside management’s control, the Company has seen temporary operating challenges, much like its peers and the sector as a whole. While the underlying business remains strong, the macroeconomic environment impacted the Company’s ability to generate cash in 2022 and the Company has therefore not been able to reduce leverage in line with the original plan.

The Company has managed and will continue to manage these headwinds by executing cost reduction measures. The contemplated capital raise, will enable the Company to reduce leverage and position the Company in the best possible way to support the execution of its strategy and unlocking future growth.

How has the DKK 7 billion been determined?

The amount has been determined together with the Company’s financial advisors based on a careful analysis and review of the Company’s financing options and financial forecasts (review was announced in conjunction with the Q3 report on 11 November 2022). The amount represents what the Company considers is needed, combined with operational initiatives, for the Company’s leverage ratio (7.1x at FY’22) to come back down to the Company’s target range of 1-2x NIBD/EBITDA in the short term. The Company’s target range has remained consistent for +10 years and through the extensive capital review, confirmed to be the appropriate target for the Company enabling it to invest in the future while maintaining adequate financial robustness to protect the Company in challenging market conditions.

What are the key elements of the proposed authorization?

The Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to increase the Company’s share capital with preemptive rights for the existing



shareholders by issuing new shares. The maximum nominal capital increase is DKK 2,000,000,000.

Why is there a need for the authorization to include a total nominal value of up to DKK 2,000,000,000?

In line with standard market practice the size of the authorization includes extra buffer to ensure that the Board of Directors has the ability to complete the Rights Issue even in a situation where the share price declines significantly between now and the fixing of terms just ahead of the launch of the Rights Issue. Based on present market conditions, the Company expects to only utilize a fraction of the authorization for the Rights Issue.

What will be the subscription price in the Rights Issue?

Consistent with Danish market practice, the subscription price will be set by the Board of Directors only once the Rights Issue is launched. It is the Company's intention to structure the terms of the Rights Issue in line with Danish market precedents. When setting the terms for the Rights Issue (subscription ratio and the subscription price) the Company will thus take into account customary discount to the theoretical ex-rights price of the Company's shares (referred to as the "TERP" - the theoretical share price after subscription rights have been allocated to shareholders).

Is there a time limit on the authorization?

Yes, the authorization is only valid until 15 March 2024. The Company currently expects to launch the rights issue in the first half of 2023.

It follows from the authorization that issuance of shares can be made in one or more rounds – will the Company do more than one rights issue?

Consistent with past authorizations, the authorization does formally permit the Company to increase the share capital in one or more rounds. In practice, however, the Company plans to complete the Rights Issue in a single transaction.

Will existing shareholders be diluted in the contemplated rights issue?

Existing shareholders' ownership will only be diluted to the extent they decide to not participate in the contemplated rights issue, by not exercising their pre-emptive rights. Non-participating shareholders will be able to sell their subscription rights in the market and thereby receive economic compensation for their ownership dilution (the exact size of the compensation will depend on the market price of the subscription rights).

Will dividend be reinstated once leverage ratio is back within the target range?

The Company intends to resume dividend payments in due course once the leverage ratio is comfortably back within the target range, but it will not necessarily be in immediate conjunction with the Company reaching the target range.

Will any of the proceeds from the Rights Issue be used to finance large scale acquisitions?

No, the purpose of the Rights Issue is to bring the Company's leverage ratio back to the target ratio of 1-2x NIBD/EBITDA in the short term and, as per the convening notice for the general meeting, the net proceeds from the Rights Issue will be used solely to repay existing debt (of which around DKK 7 billion are maturing in 2024) to achieve this. This will allow the Company



to focus on the execution of its strategy while maintaining adequate financial robustness to protect the Company in challenging market conditions. By extension there are no current plans for large scale acquisitions.

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