



Interim Report Q2 2020 – Conference call presentation

August 19, 2020

Safe harbor statement

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.

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).

This presentation should not be considered an offer to sell or buy securities in GN Store Nord.

Agenda



Group highlights

GN Hearing update

GN Audio update

Financial update

Group financial highlights Q2 2020

Continued impact from COVID-19

- GN was affected in two ways by COVID-19 during Q2 2020: (i) ripple effects of production shutdown in Q1 2020, and (ii) various impacts on demand

-13% organic growth and prudent cost control

- Organic growth of -13% delivered in a challenging quarter with very volatile end-markets
- Prudent focus on cost, while continuing to invest into R&D, led to positive EPS for the quarter

Sound balance sheet

- Significant cash flow generation driving DKK 0.5 billion decrease in net interest-bearing debt during Q2 2020
- Balance sheet remains sound with ample sources of liquidity

DKK million	Q2 2020	Q2 2019	Growth
Revenue	2,659	3,051	-13%
<i>Organic growth</i>	-13%	16%	
Gross profit	1,341	1,835	-27%
<i>Gross margin</i>	50.4%	60.1%	-9.7%p
EBITA	25	523	-95%
<i>EBITA margin</i>	0.9%	17.1%	-16.2%p
Profit before tax	15	398	-96%
Net profit	13	305	-96%
EPS	0.06	2.29	-97%
ROIC*	17%	23%	-6%p
Free cash flow excl. M&A	517	472	45
<i>Cash conversion</i>	2,068%	90%	+1,978%p
NIBD/EBITDA	2.7x	2.3x	
Number of employees**	6,200	6,250	-1%

* EBITA (rolling four quarters) / avg. invested capital

** Number of employees, end of period

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GN Hearing financial highlights Q2 2020

In Q2 2020, GN Hearing delivered -54% organic growth due to a severe impact from COVID-19

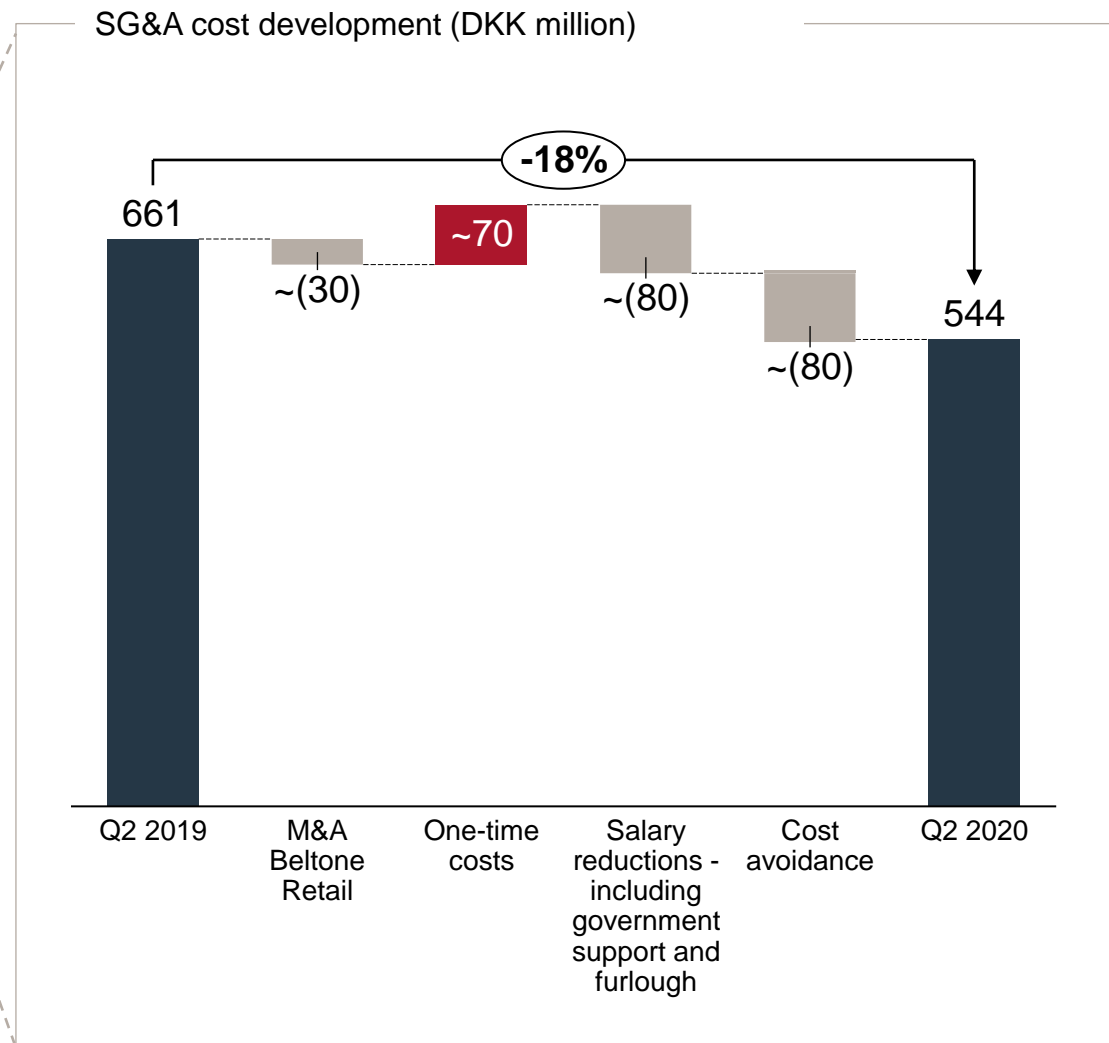
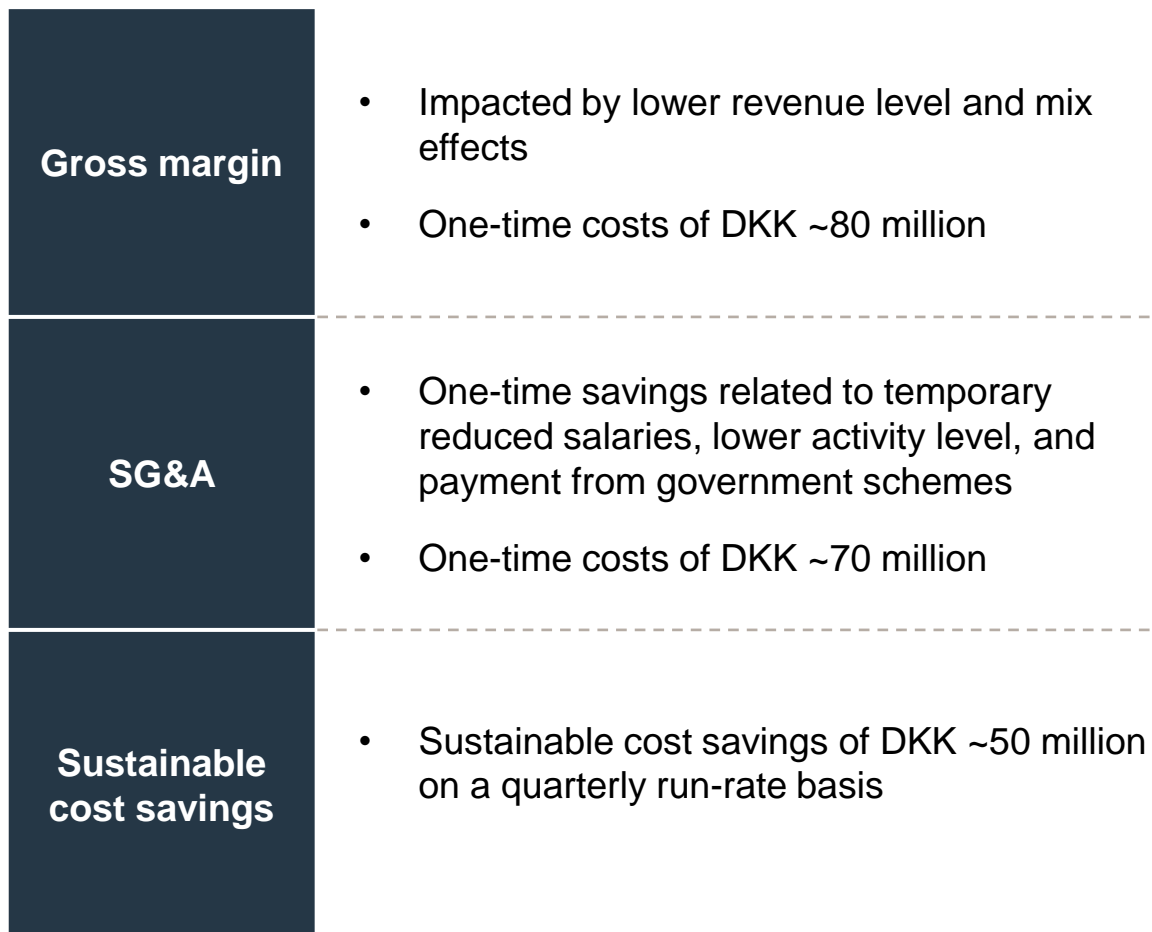
- Organic growth of -54% in Q2 2020. Revenue growth of -55%, including impact of around 1% from FX and around -2% impact from M&A
- Sequential improvements in revenue generation from the low-point in April to the quarter high-point in June
- Gross margin lower as a result of the fixed part of production cost, mix effects and one-time costs
- EBITA was DKK -336 million due to the significant revenue decrease. OPEX was prudently managed during the quarter
- Free cash flow excl. M&A of DKK -117 million, reflecting a positive working capital development and prudent cost control

DKK million	Q2 2020	Q2 2019	Growth
Revenue	715	1,585	-55%
<i>Organic growth</i>	-54%	8%	
Gross profit	332	1,090	-70%
<i>Gross margin</i>	46.4%	68.8%	-22.4%p
EBITA	-336	299	-212%
<i>EBITA margin</i>	-47.0%	18.9%	-65.9%p
ROIC*	6%	18%	-12%p
Free cash flow excl. M&A	-117	290	-407
<i>Cash conversion</i>	NA	97%	NA
Number of employees**	4,250	4,575	-7%

* EBITA (rolling four quarters) / avg. invested capital

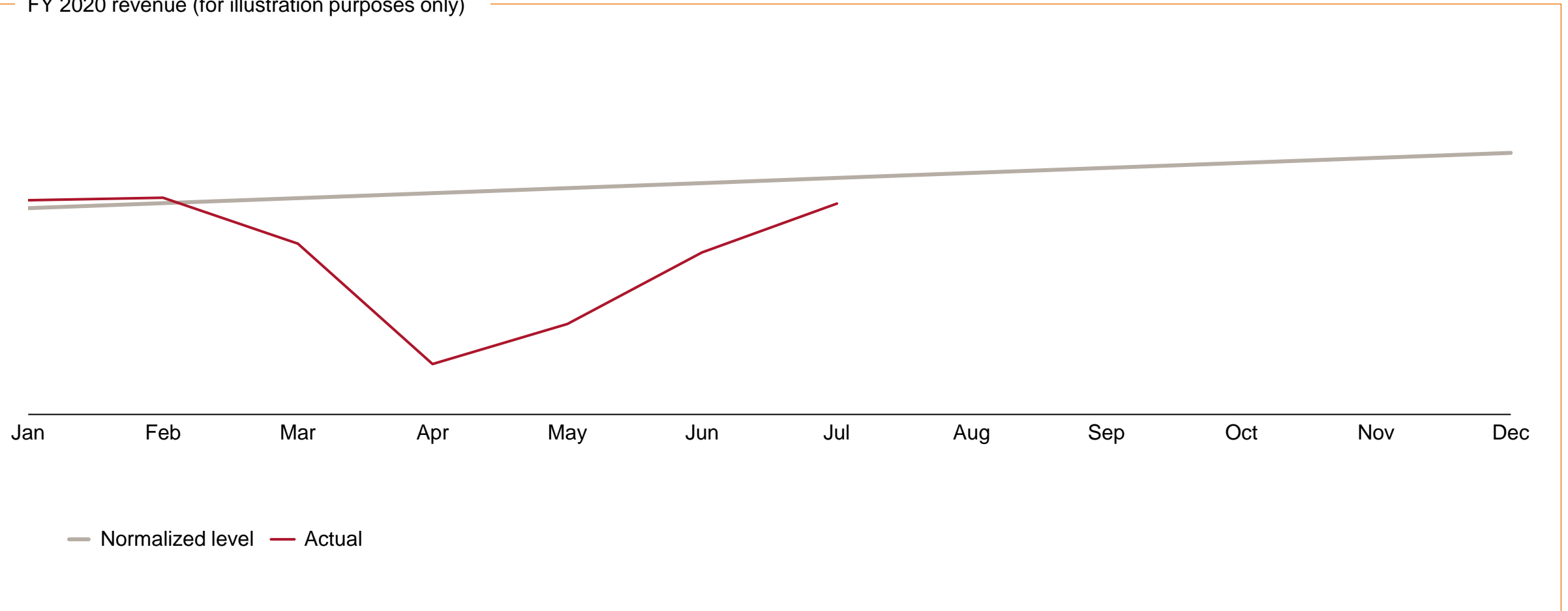
** Number of employees, end of period

Prudent cost management in GN Hearing in Q2 2020

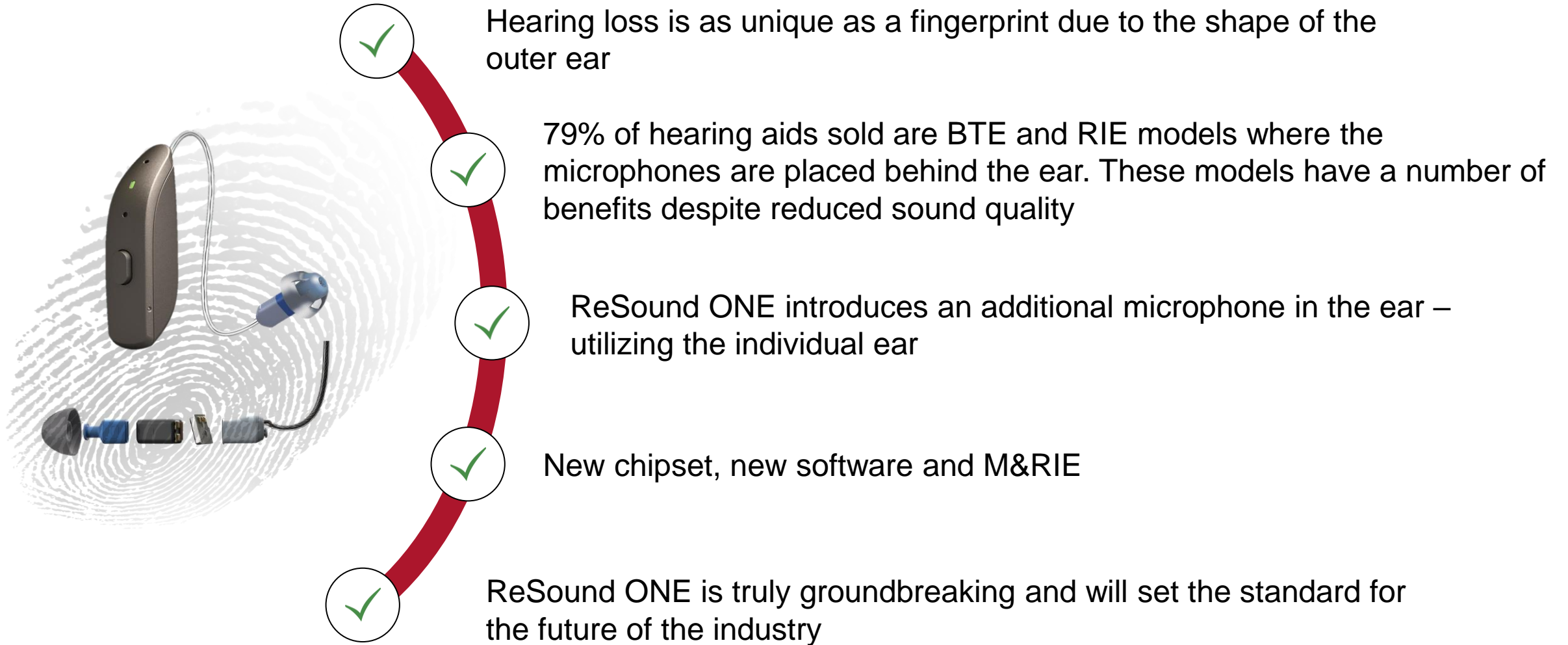


Strong market recovery paves the way for launch despite continued uncertainty

FY 2020 revenue (for illustration purposes only)

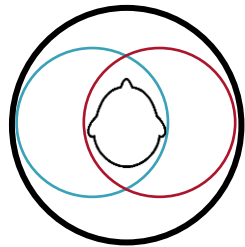


Introducing ReSound ONE



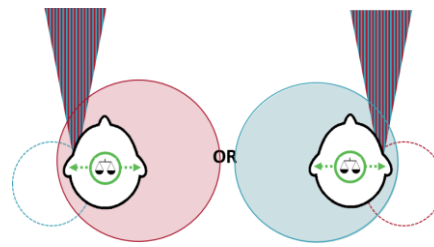
ReSound ONE brings a truly individualized customer experience for all listening situations

Spatial cue preservation strategy



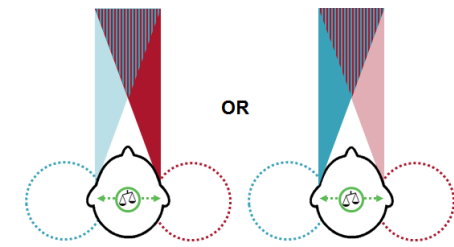
M&RIE¹

Binaural listening strategy



All Access Directionality

Speech intelligibility strategy



Ultra Focus

Note 1: From hearings aids currently in the market, we know that users on average will be in an sound environment utilizing M&RIE for around 70% of the time

Groundbreaking hardware and software improvements paved the way for **ReSound ONE**

New chipset

- New 28nm Digital Signal Processing driving:
 - 220% more memory¹
 - 50% more processing power¹
 - 66% less battery consumption¹
- New PMAD² allowing for three microphones
- New magnetic induction radio chip allowing for audio e2e communication

New software

- New software package with enhanced artificial intelligence solutions
- New DFS Ultra III

M&RIE

- Our new chipset and software allow for placing a third microphone in the ear – you will be listening “with your own ears”

Note 1: Compared to ReSound LiNX Quattro

Note 2: PMAD: Power Management and Analog to Digital converter chip



*Virtual meeting for
investors and
analysts on
Aug. 27 at 13.00
CEST*

More info on gn.com



Update on strategy execution for 2020 and beyond: ReSound ONE takes the limelight



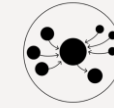
Individualized customer experience

- Launched ReSound ONE – hear like no other – with Organic Hearing, individualized first fit and stronger user control for noisy environments
- ReSound Assist Live proved very well received for at-home hearing care services



Innovation leadership

- ReSound ONE the 1st hearing aid to introduce M&RIE and All Access Directionality



Commercial & ecosystem excellence

- Restructuring and process alignment of global footprint and supply chain
- Working with hearing care professionals to navigate the COVID-19 environment

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GN Hearing update

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GN Audio financial highlights Q2 2020

In Q2 2020, GN Audio delivered outstanding **32% organic growth**, partly driven by a continued **strong demand for home office products**

- Organic growth of 32% in Q2 2020 on top of 26% organic growth in Q2 2019. Revenue growth of 33%, including impact of around 1% from FX
- Strong double-digit organic growth in Enterprise segment across regions
- Gross margin increased compared to Q2 2019 driven by positive product mix more than offsetting increased freight and production costs due to COVID-19, tariffs and FX
- EBITA increased 52%, equaling an EBITA margin of 21.0%, reflecting continuous leverage in the business
- Free cash flow excl. M&A of DKK 579 million, reflecting the strong growth in earnings and positive development in working capital

DKK million	Q2 2020	Q2 2019	Growth
Revenue	1,944	1,466	+33%
<i>Organic growth</i>	32%	26%	
Gross profit	1,009	745	+35%
<i>Gross margin</i>	51.9%	50.8%	+1.1%p
EBITA	408	268*	+52%
<i>EBITA margin</i>	21.0%	18.3%*	+2.7%p
ROIC**	54%	51%	+3.0%p
Free cash flow excl. M&A	579	232	347
<i>Cash conversion</i>	142%	87%	+55%p
Number of employees***	1,725	1,500	+15%

* Including transaction related costs associated with Altia acquisition

** EBITA (rolling four quarters) / avg. invested capital

*** Number of employees, end of period

Jabra Evolve2: Strong initial launch

- Evolve2 85, Evolve2 65, and Evolve2 40 combine concentration, collaboration and flexibility features for the ultimate productivity boost in the office
- Market leading features including industry-leading battery life, improved Digital Hybrid Active Noise Cancellation (ANC), stronger Bluetooth wireless range, Microsoft Teams certification as well as appealing consumerized design
- Very encouraging initial launch leading to sales exceeding expectations across markets



Key accelerating working trends creating opportunities for GN Audio

- 1 Significant uptake in the number of people using UC in their daily work and life
- 2 Virtual meetings with video have become the new normal
- 3 Professional equipment for working from home reduces local noise
- 4 Increased tendency to work-from-home – also in post COVID-19 environment

Update on strategy execution for 2020 and beyond: Strong execution across



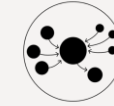
Individualized customer experience

- Sustained investments into innovation at a high pace with the aim of keeping up cadence of launching world leading products and experiences



Ecosystem-led innovation

- The Jabra Evolve2 launch is GN Audio's first range of headsets certified for Microsoft Teams and the product range has been very well received in the market



Sustainable commercial & operational excellence

- Restructured supply chain set up to drive increased scalability and flexibility. A key benefit of the new set up is that product packaging takes place later in the process, which drives flexibility and reduces the carbon footprint of logistics

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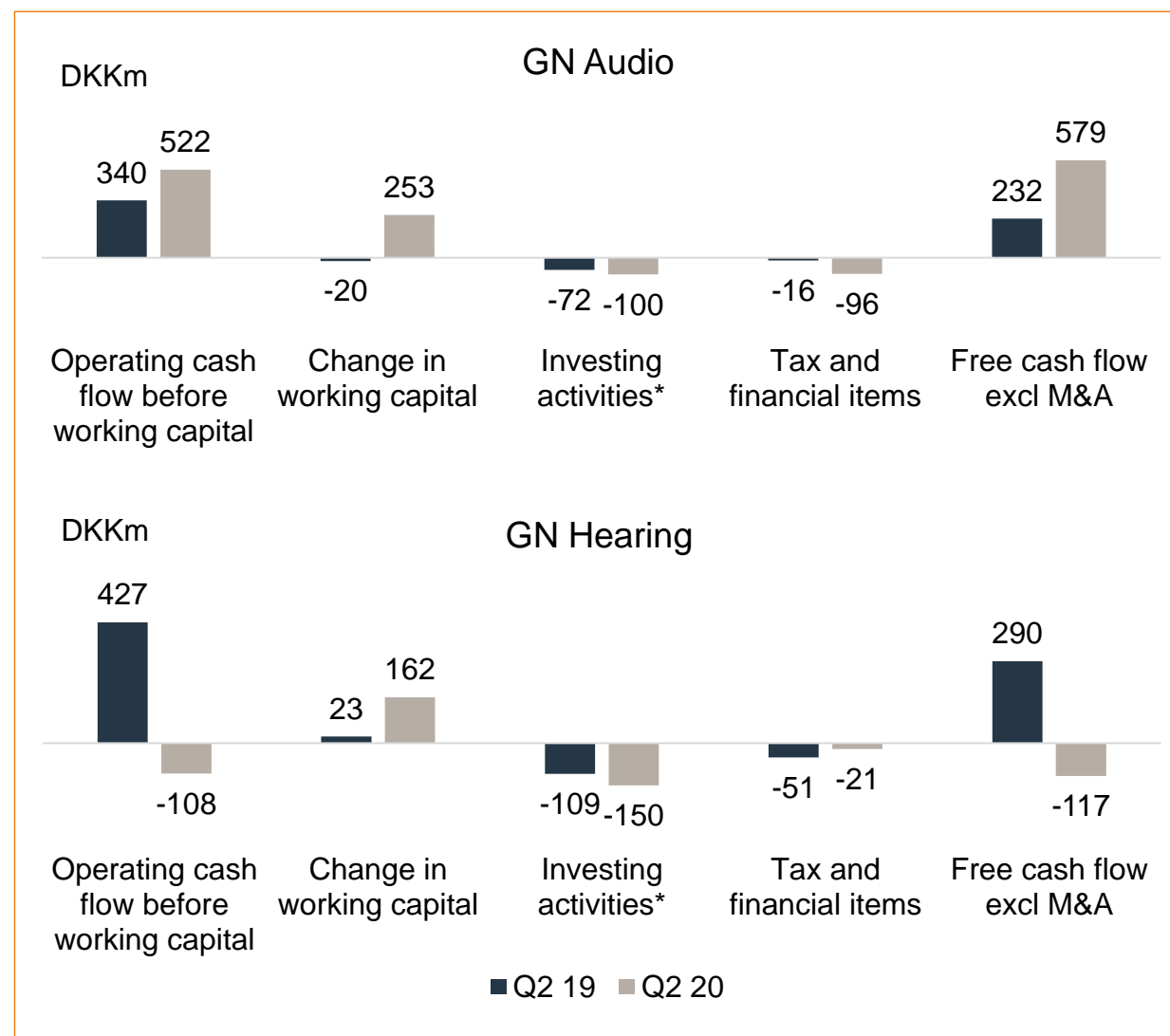
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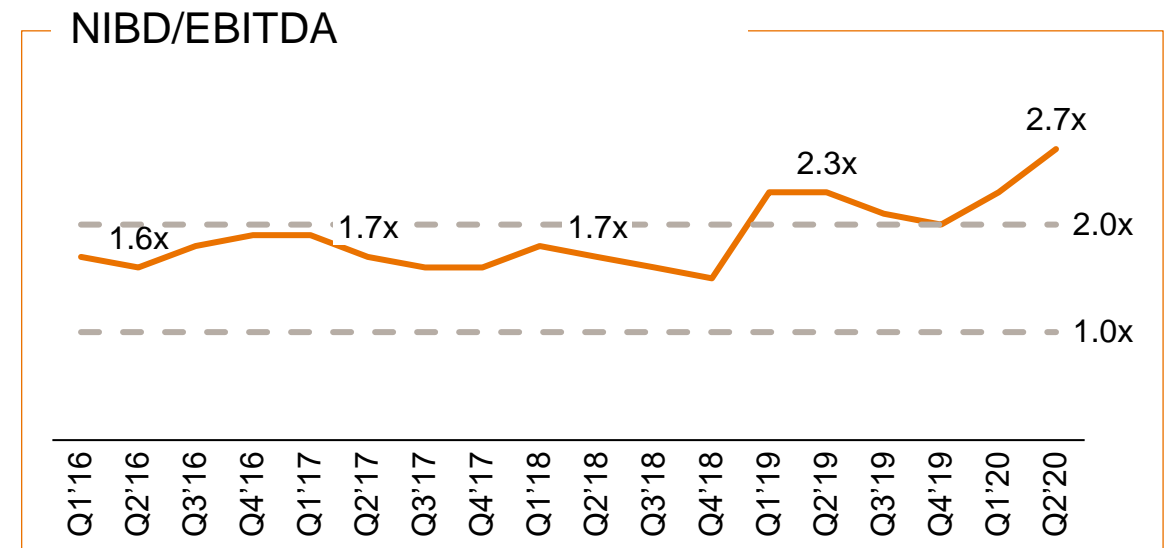
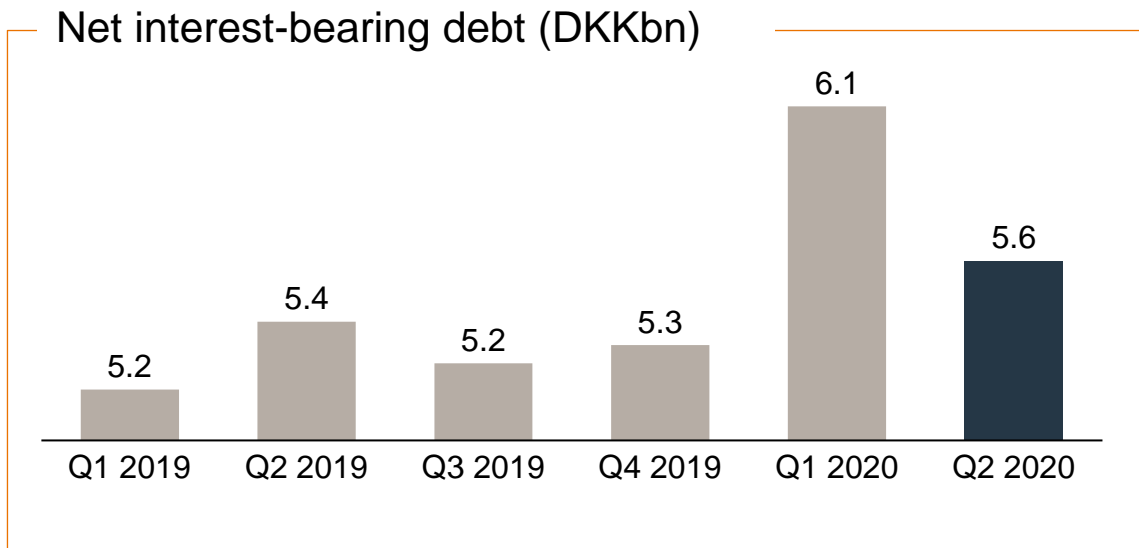
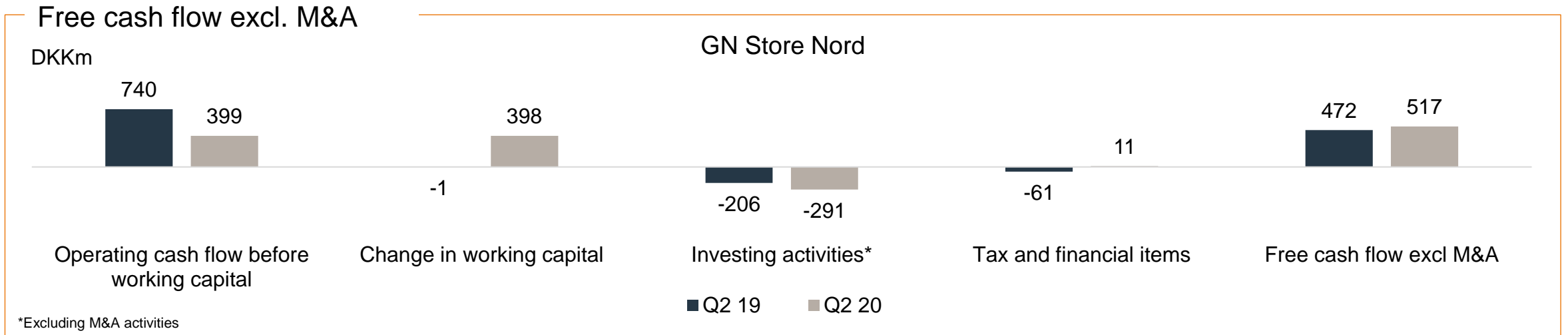
Continued focus on cash flow

- GN Audio's free cash flow excl. M&A in Q2 2020 reflects strong revenue generation
 - Positive development in working capital
 - Investment activities ongoing
- GN Hearing's free cash flow excl. M&A in Q2 2020 reflects lower revenue
 - Prudent cost control
 - Positive development in working capital
 - Investment activities not impacted in the quarter
- Focused and prudent management of cash flow continues



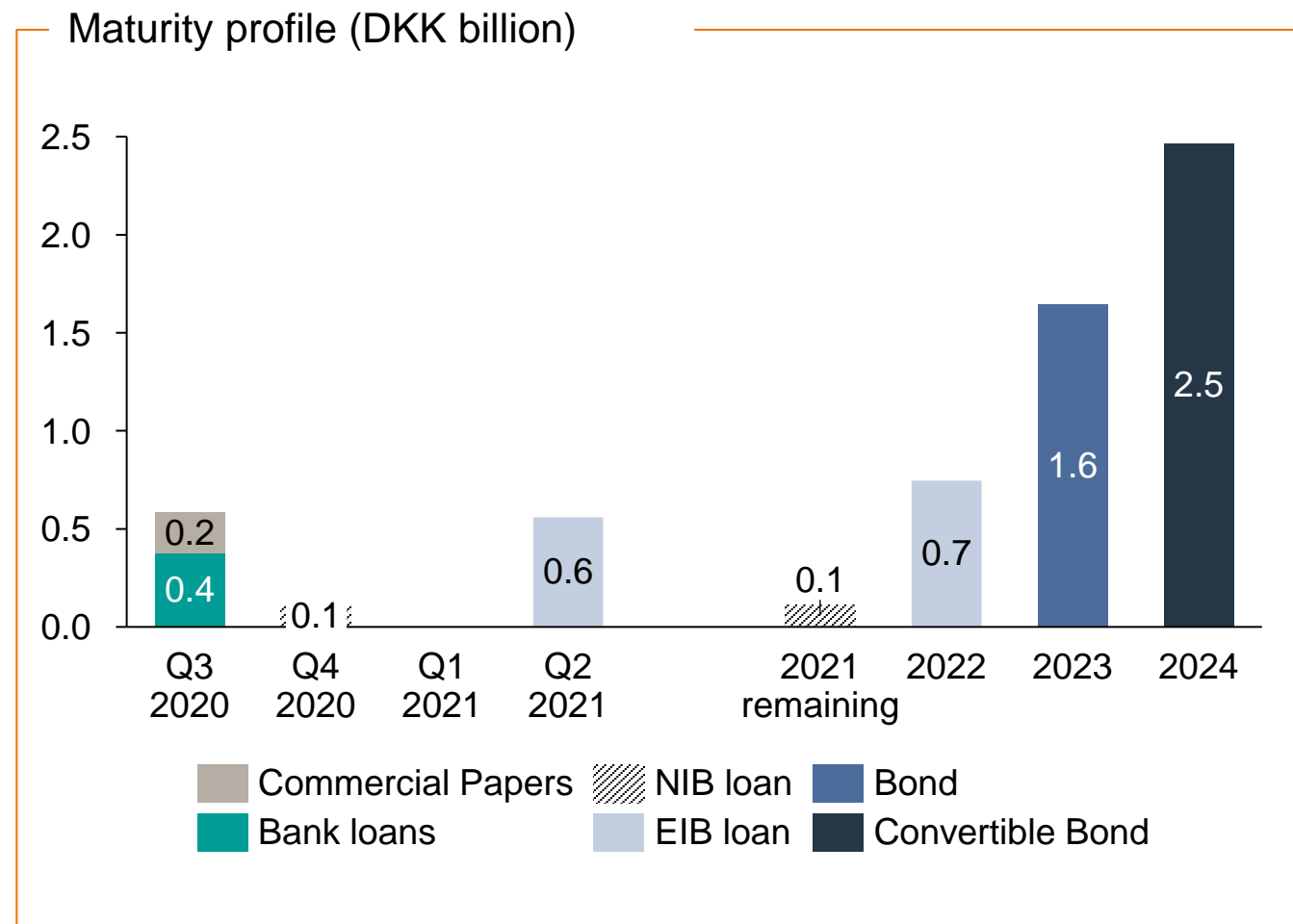
*Excluding M&A activities

Healthy balance sheet preserved



Strong balance sheet with ample sources of liquidity

- Diversified funding profile with the current mid-term maturity profile means that GN has flexibility with access to multiple sources of financing
 - Convertible bond market
 - Traditional bonds (EMTN program)
 - Euro Commercial Paper program
 - Bilateral loans from EIB and NIB
 - Uncommitted bank facilities
 - Undrawn revolving credit facility (DKK 2 billion)
- In August 2020, a new 5-year loan of EUR 50 million has been established with EIB
- To preserve the strong balance sheet, GN has postponed new share buybacks and will sustain further flexibility by not cancelling shares



Update on financial guidance H2 2020

COVID-19 risks

On April 3, 2020, GN withdrew its financial guidance for 2020 due to COVID-19 impacting predictability and visibility of the business. Today, GN gives an update on financial guidance for H2 2020, which comes with much greater uncertainty than usual due to the continued COVID-19 pandemic

The COVID-19 situation has and will not only strongly impact GN's operational performance in 2020, but it will also impact predictability and visibility across GN's markets, channels and supply chain

Guidance is contingent on no further re-tightening of COVID-19 related lockdown restrictions or new supply chain constrains

Updated guidance

For H2 2020, GN Hearing expects organic revenue growth to be better than -20% and the EBITA margin of at least 10%. For full year 2020, this translates into an organic revenue growth better than -30% for 2020, and an EBITA margin of better than 0%

For H2 2020, GN Audio expects organic revenue growth of more than 25%, and an EBITA margin of at least 20%. For full year 2020, this translates into an organic revenue growth of more than 25%, and an EBITA margin of at least 20%. The EBITA margin expectation for GN Audio is before any extraordinary items related to legal settlements and litigation

In H2 2020, EBITA in "Other" is expected to be around DKK -90 million. For full year 2020, this translates into an EBITA in "Other" of around DKK -180 million

Based on the updated expectation for GN Hearing and GN Audio, and the current recovery trends, GN Store Nord expects to deliver a positive EPS in H2 2020, and a positive EPS for full year 2020. This EPS expectation is before any extraordinary items related to legal settlements and litigation

Due to the COVID-19 situation, it must be stressed that the basic assumptions behind the guidance are more uncertain than normal



Q&A

www.gn.com

E-mail: investor@gn.com

Morten P. Toft, VP - IR & Treasury, Tel.: +45 4575 4607

Rune Sandager, Senior Manager – IR, Tel.: +45 4575 9257

Appendix

GN Store Nord – five-year performance

DKK million	2015	2016	2017	2018	2019
GN Store Nord					
Revenue	7,755	8,651	9,585	10,607	12,574
Organic growth	6%	6%	8%	13%	15%
Gross margin	61.2%	62.4%	62.7%	62.0%	60.3%
EBITA	1,383	1,583	1,744	1,956	2,321
EBITA margin	17.8%	18.3%	18.2%	18.4%	18.5%
Operating profit	1,149	1,445	1,558	1,796	2,002
Financial items	-138	-52	-60	-203	-92
Profit before tax	1,016	1,395	1,504	1,606	1,913
Effective tax rate	26%	22%	25%	22%	23%
Net profit	747	1,086	1,122	1,247	1,468
ROIC (EBITA/Invested capital)	20%	20%	21%	24%	25%
Free cash flow excl. M&A	607	1,179	1,134	1,110	1,296
Cash conversion*	44%	74%	65%	57%	56%
EPS	4.79	7.34	8.07	9.25	11.12

* Free cash flow excl. M&A / EBITA

GN Hearing – five-year performance

DKK million	2015	2016	2017	2018	2019
GN Hearing					
Revenue	4,526	5,156	5,615	5,833	6,351
Organic growth	9%	6%	6%	7%	7%
Gross margin	67.4%	69.0%	69.4%	69.2%	69.0%
EBITA	921	1,062	1,153	1,194	1,284
EBITA margin	20.3%	20.6%	20.5%	20.5%	20.2%
ROIC (EBITA/Invested capital)	16%	17%	18%	19%	19%
Free cash flow excl. M&A	456	704	866	574	672
Cash conversion*	50%	66%	75%	48%	52%

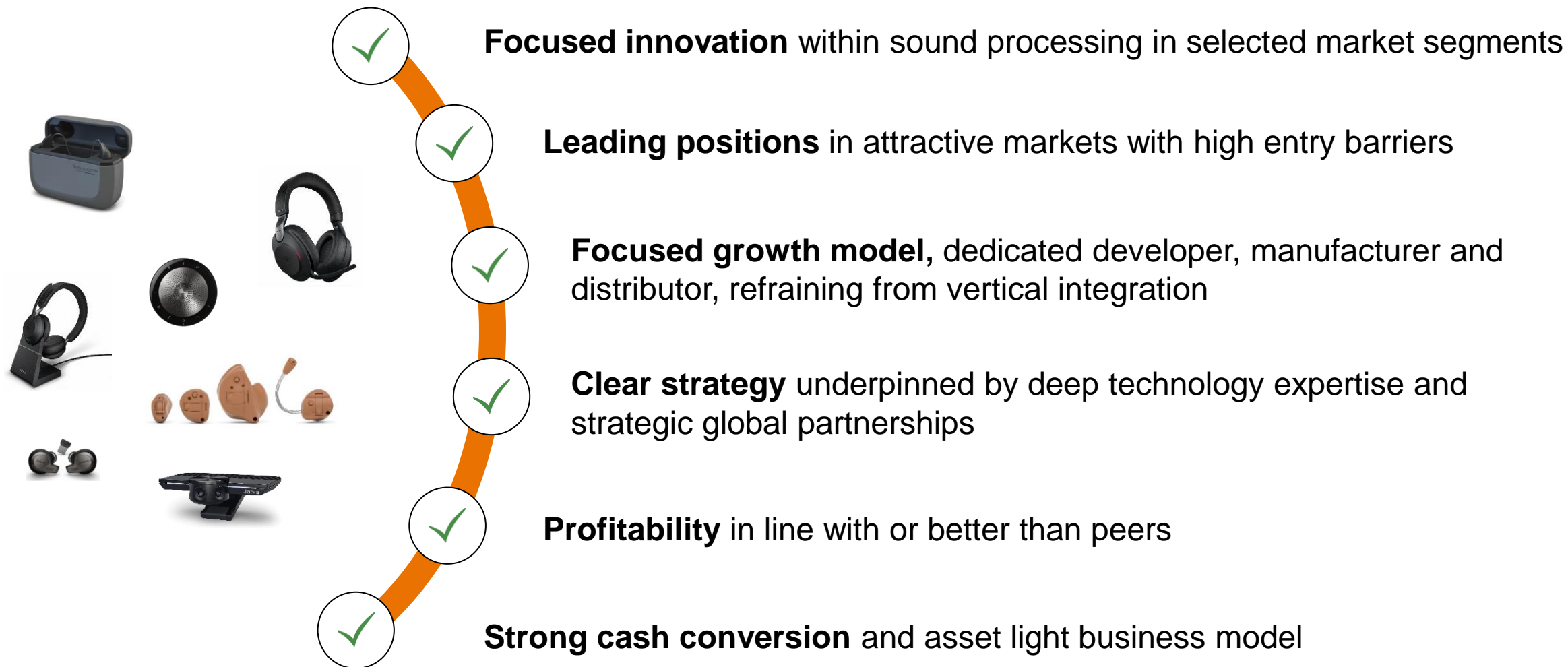
* Free cash flow excl. M&A / EBITA

GN Audio – five-year performance

DKK million	2015	2016	2017	2018	2019
GN Audio					
Revenue	3,229	3,495	3,970	4,774	6,223
Organic growth	2%	7%	10%	21%	26%
Gross margin	52.6%	52.7%	53.2%	53.2%	51.5%
EBITA	540	597	721	905	1,192
EBITA margin	16.7%	17.1%	18.2%	19.0%	19.2%
ROIC (EBITA/Invested capital)	47%	41%	46%	59%	57%
Free cash flow excl. M&A	271	523	481	798	849
Cash conversion*	50%	88%	67%	88%	71%

* Free cash flow excl. M&A / EBITA

GN's investment case is intact

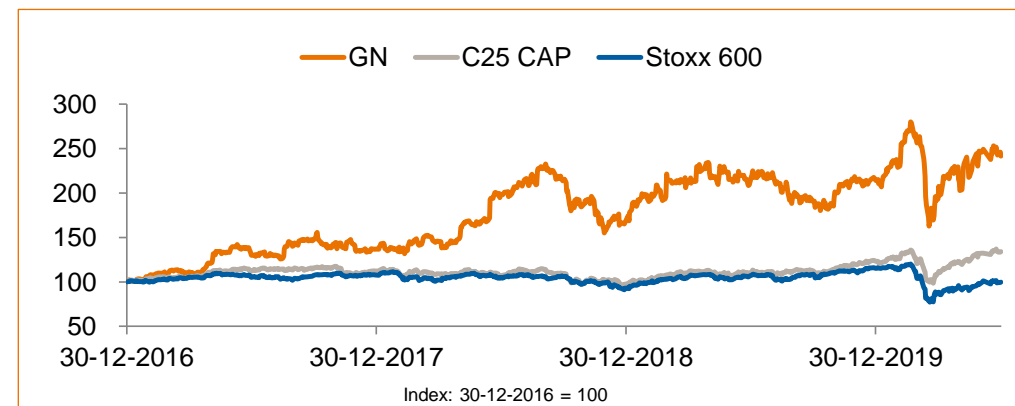


GN Store Nord share overview

Share information

- GN has a share capital of DKK 569,072,400, which is consisting of 142,268,100 shares, each carrying four votes. GN has one share class, and there are no restrictions on ownership or voting rights
- GN is, among others, included in the C25 and Large Cap indexes on Nasdaq Copenhagen as well as the Stoxx Europe 600 index and MSCI Europe mid cap
- Ticker symbols: GN:DC (Bloomberg) and GN.CO (Reuters)
- Number of registered shareholders: Around 25,000 (End Q2 2020)
- Treasury shares: 13,500,210. 9.5% of share capital (End Q2 2020)
- Market cap: DKK 46 billion (End Q2 2020)
- Largest shareholders:
 - APG Asset Management N.V. (>5%)
 - NN Group N.V. (>5%)

Share price development (3 years)



Financial calendar

Date	Event
November 11, 2020	Q3 2020