



Annual report 2020 – Conference call presentation

February 11, 2021

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



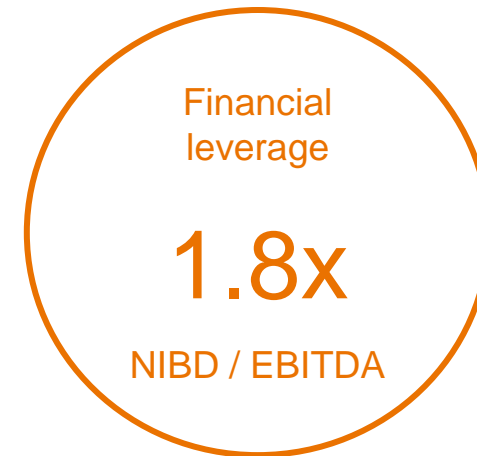
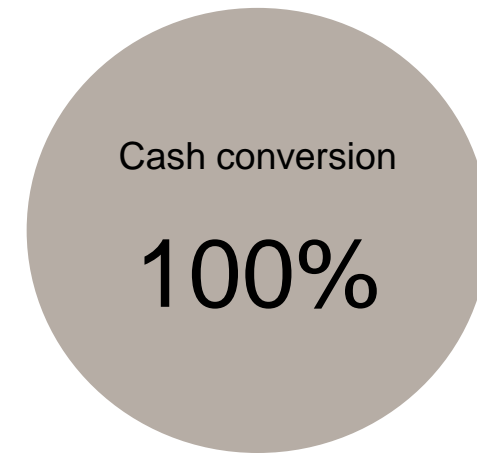
Group highlights

GN Hearing update

GN Audio update

Financial update and guidance

Group highlights 2020



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GN Hearing financial highlights 2020

In 2020, GN Hearing delivered positive EBITA and free cash flow in a market severely impacted by COVID-19

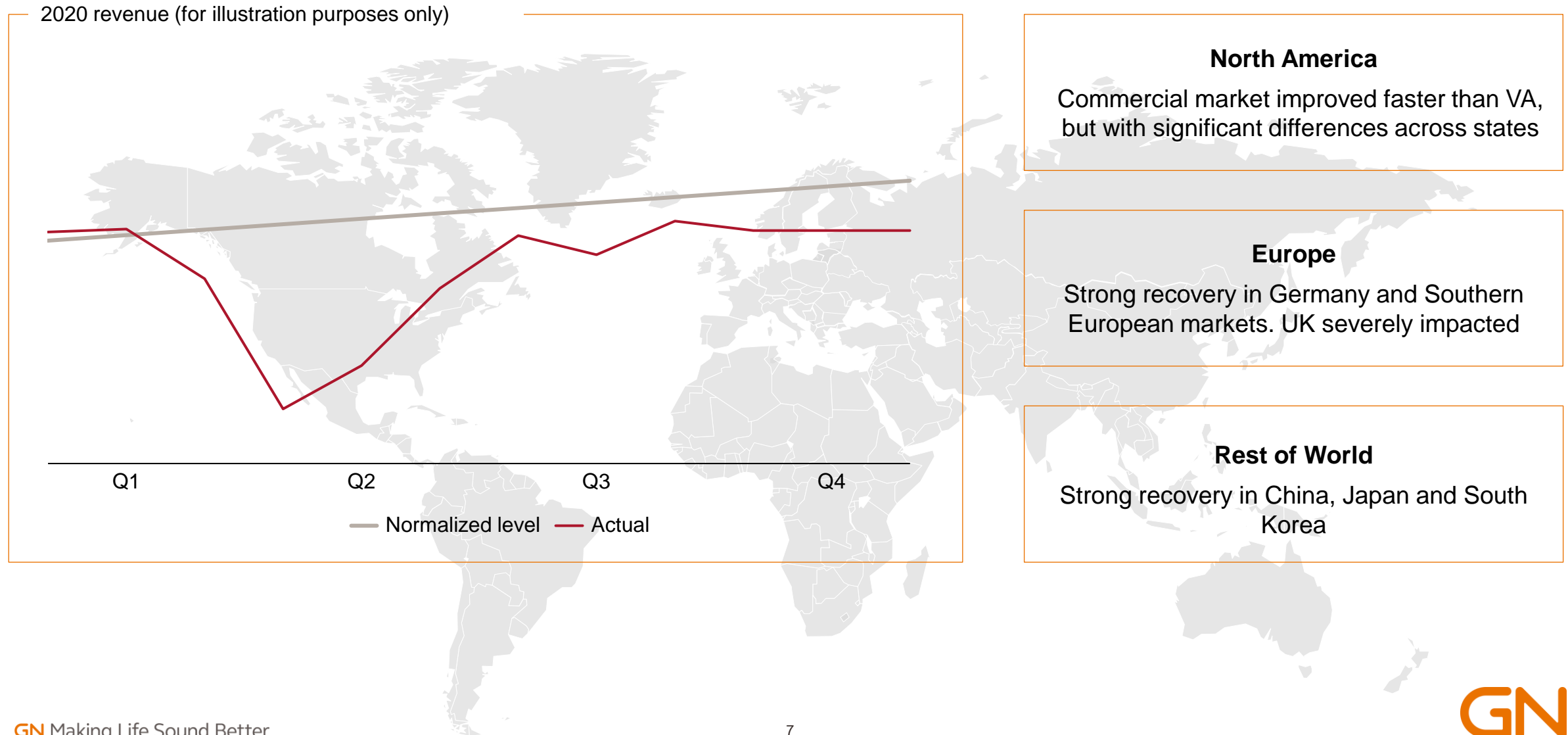
- As for the hearing industry overall, GN Hearing was severely impacted by COVID-19 and delivered organic revenue growth of -24% in 2020 (-16% in Q4 2020). Revenue growth was -26%, including impact from FX of -1% and M&A of -1%
- Solid recovery in market from low-point in April 2020, but with great variation across regions, countries and channels. A slowing recovery trend towards year-end 2020
- Gross margin lower than in 2019 as a result of the lower revenue, fixed part of production costs and mix effects
- Positive EBITA of DKK 41 million (DKK 153 million in Q4 2020) achieved by prudent cost management on top of one-time costs and continued investments into R&D and IT
- Positive free cash flow excl. M&A of DKK 127 million, despite challenging market conditions

DKK million	Q4 2020	FY 2020	FY 2019	Growth Growth 2020 vs. 2019
Revenue	1,378	4,725	6,351	-26%
<i>Organic growth</i>	-16%	-24%	7%	
Gross profit	873	2,905	4,380	-34%
<i>Gross margin</i>	63.4%	61.5%	69.0%	-7.5%p
EBITA	153	41	1,284	-97%
<i>EBITA margin</i>	11.1%	0.9%	20.2%	-19.3%p
ROIC*	1%	1%	19%	-18%p
Free cash flow excl. M&A	263	127	672	-81%
<i>Cash conversion</i>	172%	310%	52%	+258%p
Number of employees**	~4,400	~4,400	~4,425	-1%

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

** Number of employees, end of period

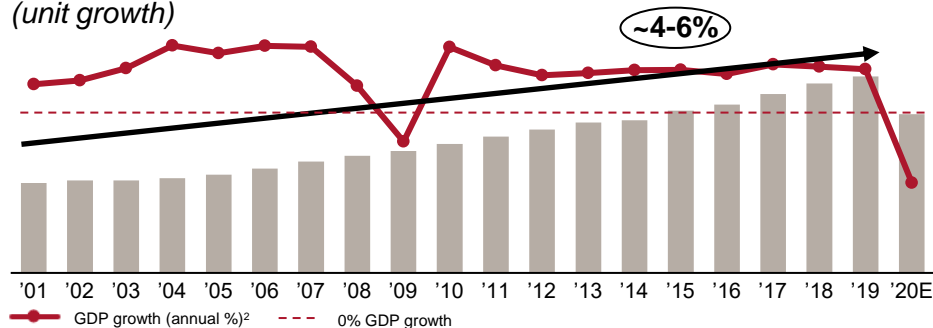
Solid recovery in a volatile year severely impacted by COVID-19, but uncertainty remains and likely a bumpy road ahead



Global hearing aid market remains very attractive and robust in the mid to long term

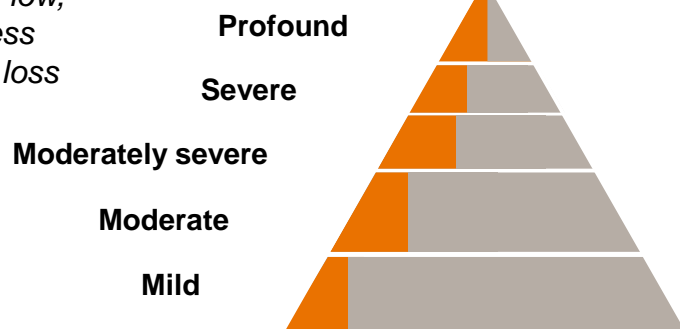
01 ~4-6% expected unit CAGR in coming years¹

Global hearing aids market growth¹
(unit growth)



02 Room for penetration growth

Penetration still low, especially for less severe hearing loss



Source: MarkeTrak, EuroTrak, GN estimates

03 Multiple attractive megatrends driving market growth

- 65+ population **expected to grow significantly** in the years to come
- **Baby boomers generation reaching retirement age**
- Increasing noise pollution **drives prevalence of hearing loss**
- **Increasing wealth** among larger middle class

04 Increasing entry barriers to the market



Regulations

- FDA regulations (Medical Class II devices)
- Increasing requirements from the EU Medical Device Regulation
- Extensive investments needed into quality management systems



Technology

- 75+ years of knowhow in the hearing aid space
- Significant investments required into R&D
- Extensive intellectual property rights in the hearing aid space



Distribution

- Users of hearing aids tend to choose hearing aids based on inputs from their hearing care professional
- Sticky distribution as hearing care professionals tend to partner with same manufactures

1) ASP decline of 1-2%. Based on company estimates, industry association EHIMA 2) World bank

Market leading product portfolio with the addition of ReSound Key, offering individualized hearing solutions based on Organic Hearing

Premium

3 models



ReSound ONE
Announced August 2020

Advanced

10 models



ReSound LiNX Quattro
Announced August 2018

2 models



ReSound ENZO Q
Announced February 2020

Essential

10 models

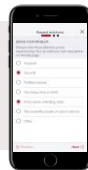


ReSound Key
Announced February 2021

Organic Hearing



ReSound Smart Fit



ReSound Assist



ReSound Assist Live



ReSound Smart 3D
iOS and Android™



Wireless Accessories

Update on strategy execution for 2020 and beyond: Sustaining innovation leadership during a global pandemic



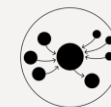
Individualized customer experience

- Launched ReSound ONE - Hear like no other with Organic Hearing, individualized first fit and stronger user control for noisy environments
- Launched ReSound Assist Live - Cutting-edge telehealth allows for the broadest range of at-home hearing care services
- Introduction of face mask program allowing for a more individualized customer experience in difficult situations



Innovation leadership

- ReSound ONE - The 1st hearing aid to introduce M&RIE, All Access Directionality and Ultra Focus
- Completing the ReSound LiNX Quattro portfolio and launching new groundbreaking technology for the Superpower segment
- Prepared the launch of ReSound Key – providing more people access to great hearing care



Commercial & ecosystem excellence

- Commercialization of ReSound ONE across all major hearing aid markets including global virtual launch event with over 10,000 hearing care professionals enrolled
- Working closely with hearing care professionals to navigate the COVID-19 environment
- Re-shaped the sales organization with separation of Europe and RoW, as well as restructuring and process alignment of global footprint and supply chain

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GN Audio financial highlights 2020

In 2020, GN Audio continued the exceptional growth in revenue, EBITA and cash flow generation

- Outstanding organic revenue growth of 42% in 2020 (43% in Q4 2020) on top of 26% organic revenue growth in 2019. Revenue growth of 40%, including impact of around -2% from FX
- Gross margin decreased compared to 2019 driven by increased freight and production costs due to COVID-19 and tariffs
- EBITA* increased 68%, equaling an EBITA margin of 22.9% (23.7% in Q4 2020), reflecting continuous leverage in the business on top of investments in future growth opportunities
- Free cash flow excl. M&A* of DKK 1,729 million, reflecting the strong growth in earnings

















DKK million	Q4 2020	FY 2020	FY 2019	Growth Growth 2020 vs. 2019
Revenue	2,706	8,724	6,223	+40%
<i>Organic growth</i>	43%	42%	26%	
Gross profit	1,318	4,393	3,202	+37%
<i>Gross margin</i>	48.7%	50.4%	51.5%	-1.1%p
EBITA*	642	2,002	1,192	+68%
<i>EBITA margin *</i>	23.7%	22.9%	19.2%	+3.7%p
ROIC**	81%	81%	57%	+24%p
Free cash flow excl. M&A*	625	1,729	849	+104%
<i>Cash conversion *</i>	97%	86%	71%	+15%p
Number of employees***	~1,875	~1,875	~1,650	+14%

* Full year includes gain from legal settlements and litigation of DKK 114 million

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

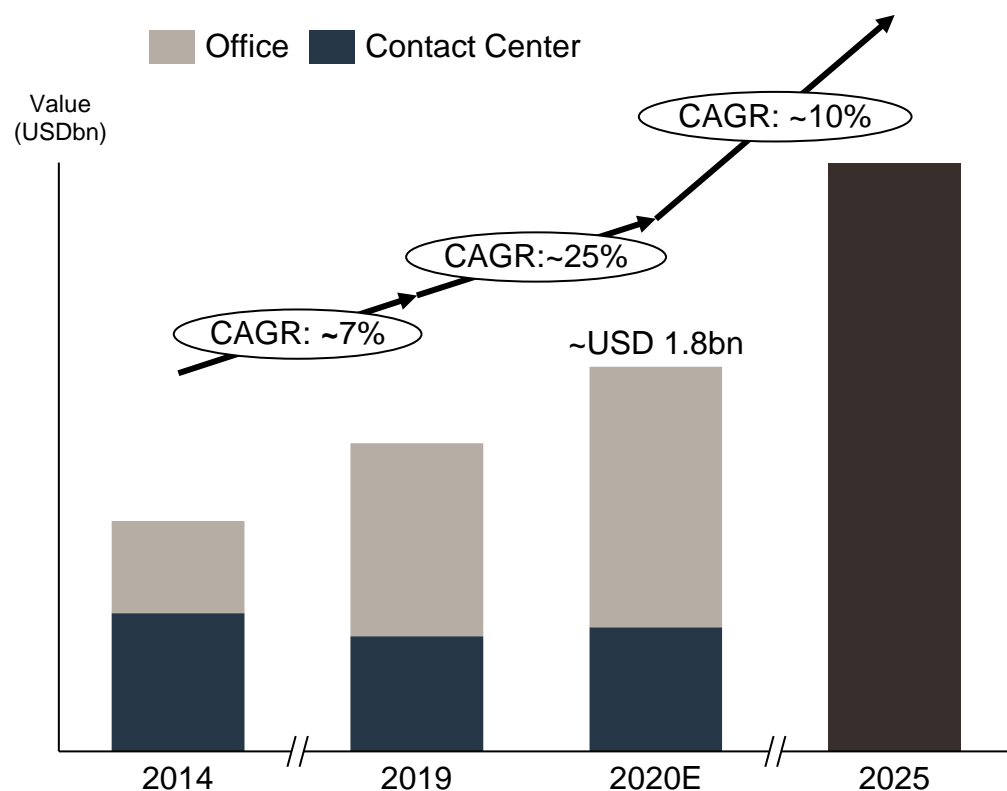
*** Number of employees, end of period

GN Audio is strongly positioned in an attractive portfolio of markets

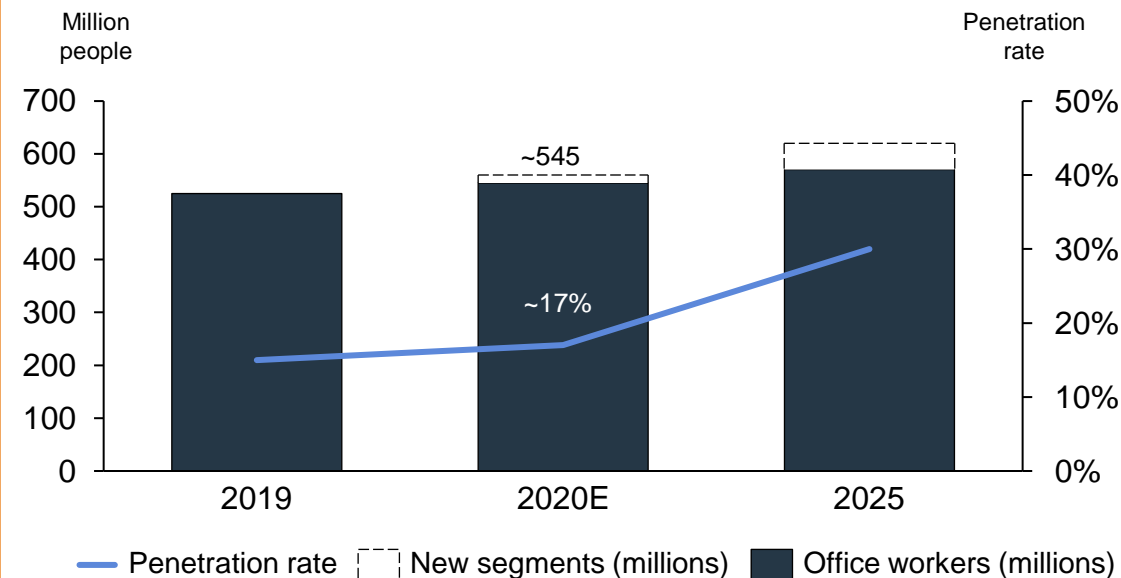
	Enterprise			
	Office	Contact Center	Collaboration	Consumer
Characteristics	 <p>Office-based knowledge workers</p>	 <p>“Calls for a living”</p>	 <p>Plug-and-play collaboration</p>	 <p>Preference for great calls, music and an active lifestyle</p>
Market trend				
Market driver	From desk-phone telephony in private offices to UC&C in open offices	From desk-phones using on-premise infrastructure to laptop-based cloud calling	From built-in legacy equipment to UC&C-enabled plug-and-play solutions	From corded headbands to True Wireless as the preferred form factor
Market share*				
Market position	#1	#2	#3	Differs by segments
Gross margins*				
Market size (USD)*	~1.8bn, ~10% growth		~1bn, double-digit growth	~20bn, double-digit growth

Professional headset market accelerated in 2020 and is set to continue to grow

Professional headset market accelerated in 2020...



... driven by new segments and increased penetration



- Management estimates current penetration rates of professional headsets at **~17%**
- New segments have emerged during COVID-19 e.g., in public sector, telehealth and education
- Penetration rate expected to increase to around 30% by 2025

Note: Company estimates, Frost & Sullivan

Adoption of UC platforms accelerated in 2020 by COVID-19



Microsoft Teams

Up ~6x in daily active users



Up ~30x in daily active participants



Google Meet

Up ~3x in daily active participants



Webex Meetings

Up ~4x in monthly active participants

New ways of working calls for superior technology

In the office

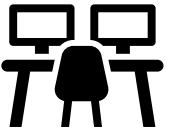
Use case:



- Background noise
- Different UC platforms
- Interruptions
- Need for collaboration
- Busy environment

Working from home

Use case:



- Plug into a new set-up
- Background noise from kids, dog, etc.
- Limited privacy
- Concentration issues
- More than one device

“On the go”

Use case:



- No charging options
- Background noise
- Changing environments
- Move from office to “on the go”
- Preference for music listening and smarter design

Jabra Evolve2 85



Superior battery: Up to 37 hours battery life - 8 hours of battery life charged in 15 minutes



Soft memory headband: New ergonomic headband designed from hundred of head scans, for comfortable all-day wear



Bigger speakers: Powerful leak-tolerant 40mm. Factor in advanced digital chipset and the latest AAC codec driving superior sound quality for both calls and music



Noise isolating design and ANC: Enhanced noise isolating design and powerful digital hybrid ANC



Intelligent 10-microphone technology and new improved signal processing algorithms delivering outstanding call performance, everywhere



Busylight visible from any direction. Red light automatically activated when in call or in a meeting



Discrete hidden boom arm: Retractable boom arm allows for a more casual look without compromising on call quality

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



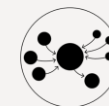
Individualized customer experience

- Sustained investments into innovation at a high pace with the aim of keeping up cadence of launching world leading products and experiences
- Launched Jabra Evolve2 – designed specifically for setting new standards for professional workers
- Expanded Jabra Elite product family with Jabra Elite 75t Active and Jabra Elite 85t - offering great experiences for consumers
- Launched MySound – individualizing the audio experience for consumers



Ecosystem-led innovation

- The Jabra Evolve2 launch was GN Audio's first range of headsets certified for Microsoft Teams
- Launch of Jabra Elite 85t and an upgrade to Jabra Elite 75t introduces Active Noise Cancellation to the award-winning true wireless portfolio
- Jabra PanaCast awarded CUSTOMER's 2020 Product of the Year in recognition of the product's ability to advance the call center industry
- Jabra introduced "the Soundbar", a podcast made in collaboration with leading productivity expert



Sustainable commercial & operational excellence

- Multiple sustainability initiatives including a rapid shift towards more sustainable packaging with reduced usage of plastic and paint
- Flexibility in commercial execution as evidenced by growing demand for home-office equipment
- Restructured supply chain set up to drive increased scalability and flexibility
- Continuous commercial and operational excellence focus

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Group financial highlights 2020

Solid performance in an extraordinary year

- Organic revenue growth of 9% in 2020 (15% in Q4 2020) driven by outstanding performance in GN Audio and market recovery in GN Hearing
- EBITA margin of 14%* (18% in Q4 2020) and EPS of DKK 9.72 in a challenging year driven by solid performance and prudent cost management

Sound balance sheet

- Cash conversion of 100% driving DKK 1.1 billion decrease in net interest-bearing debt
- Net interest-bearing debt of 1.8x to EBITDA within our target of 1.0-2.0x

DKK million	Q4 2020	FY 2020	FY 2019	Growth Growth 2020 vs. 2019
Revenue	4,084	13,449	12,574	+7%
<i>Organic growth</i>	15%	9%	15%	
Gross profit	2,191	7,298	7,582	-4%
<i>Gross margin</i>	53.6%	54.3%	60.3%	-6.0%p
EBITA*	746	1,866	2,321	-20%
<i>EBITA margin *</i>	18.3%	13.9%	18.5%	-4.6%p
Profit before tax	657	1,612	1,913	-16%
Net profit	527	1,269	1,468	-14%
EPS	4.09	9.72	11.12	-13%
ROIC**	19%	19%	25%	-6%p
Free cash flow excl. M&A*	896	1,865	1,296	+44%
<i>Cash conversion *</i>	120%	100%	56%	+44%p
NIBD/EBITDA	1.8x	1.8x	2.0x	
Number of employees***	~6,525	~6,525	~6,275	+4%

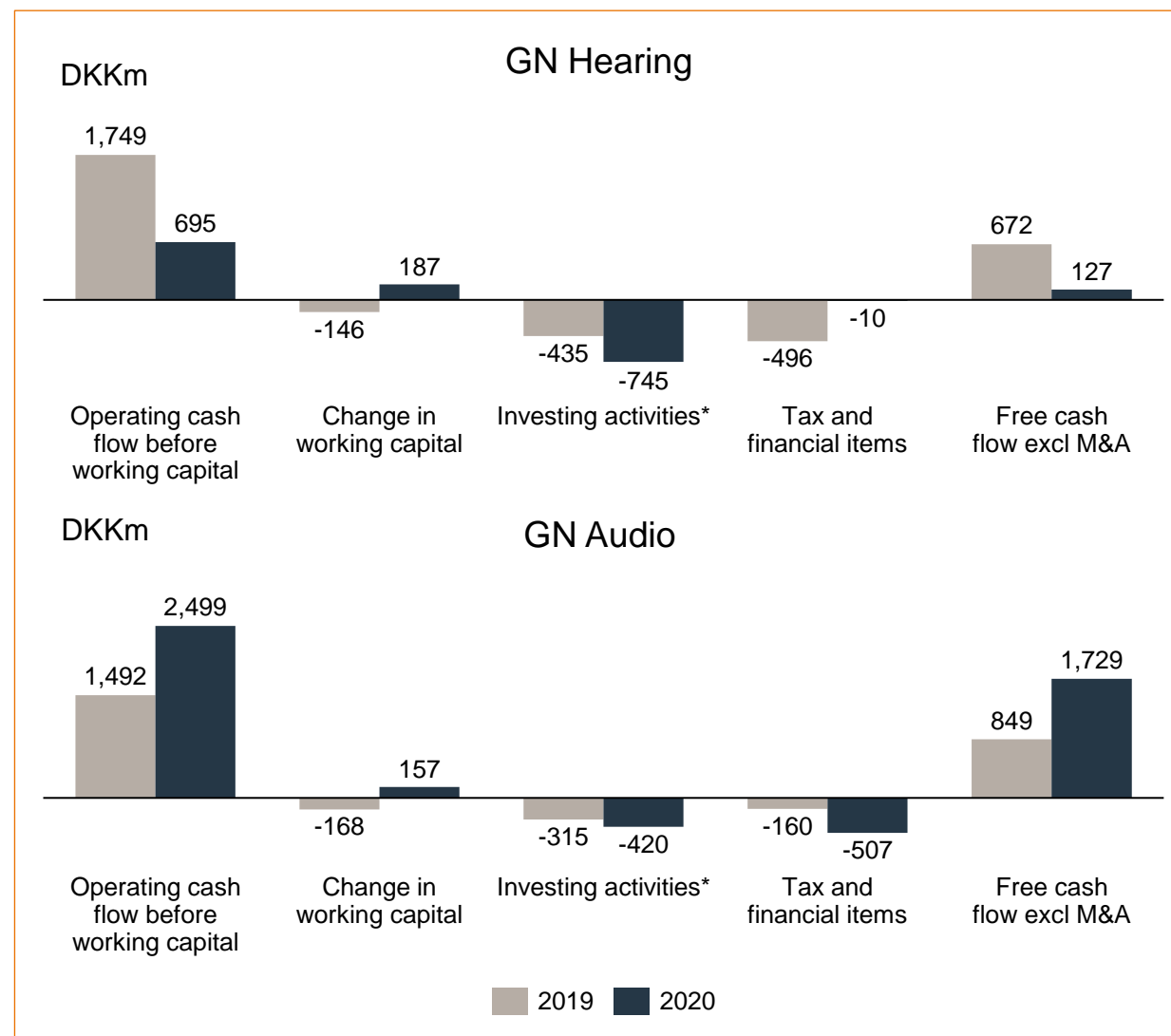
* Full year includes gain from legal settlements and litigation of DKK 114 million

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

*** Number of employees, end of period

Continued focus on cash flow

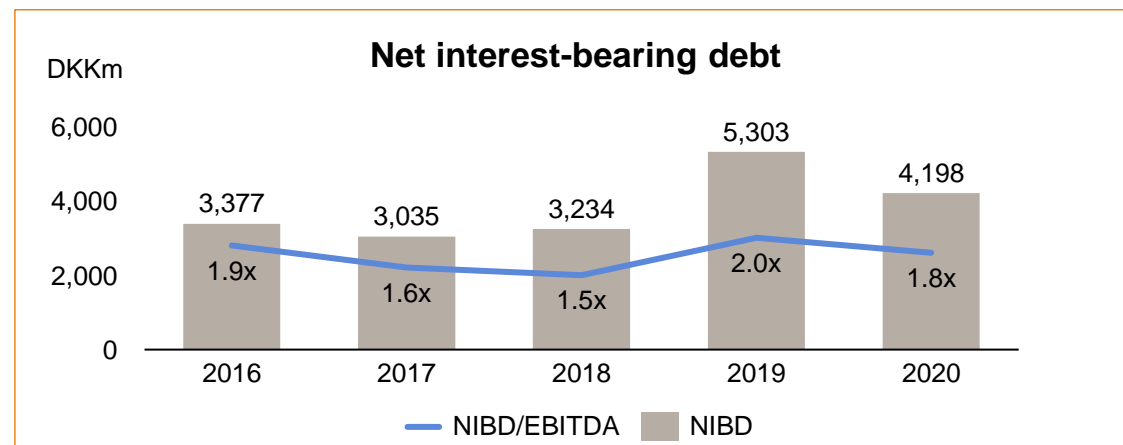
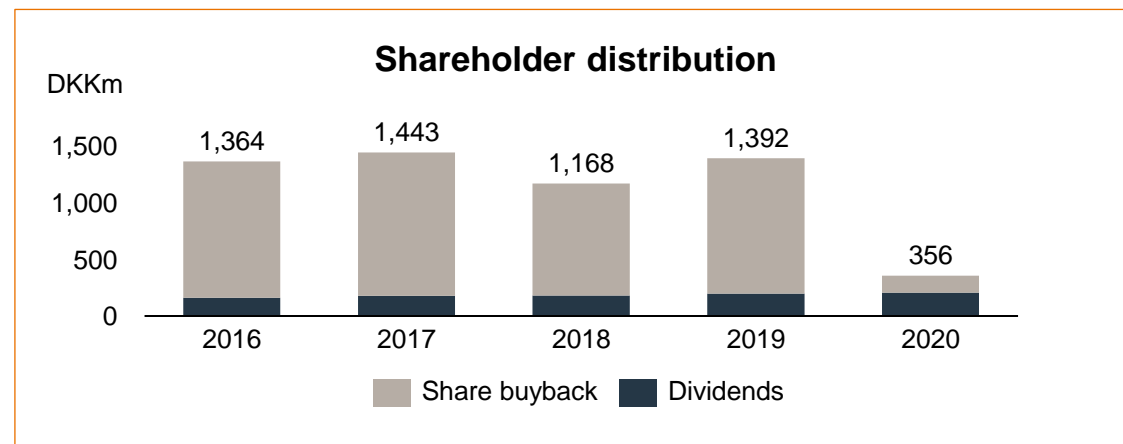
- GN Hearing's free cash flow excl. M&A was positive in 2020 despite the severe impact from COVID-19
 - Prudent cost control
 - Positive development in working capital
 - Channel investments
 - Positive impact from tax
- GN Audio's free cash flow excl. M&A in 2020 reflects the strong revenue and earnings growth
 - Continuous leverage
 - Positive development in working capital
 - Investment activities ongoing
- Focused and prudent management of cash flow continues



*Excluding M&A activities

Creating shareholder value through efficient capital structure

- **GN distributed DKK 356 million to shareholders in 2020.** Due to COVID-19 GN postponed a new share buyback program in March 2020
- By the end of 2020, **net interest-bearing debt was within 1.0-2.0x EBITDA**, driven by strong cash generation in GN Audio, prudent cost management and strong cash flow focus
- Annual General Meeting on March 17, 2021:
 - GN will **propose a dividend of DKK 1.45 per share** in respect of the fiscal year 2020, total DKK 206 million
 - Proposal to cancel 4,092,118 treasury shares
 - **Ambition to reinitiate to buy back shares**, subject to AGM approval



Ambitious mid-term targets are intact

	Organic revenue growth	EBITA margin	Growth in EPS
GN Hearing	>market growth ¹	>20%	
GN Audio	>market growth ²	>20%	
GN Store Nord	>10%		>10%

- Moreover, GN Store Nord expects to maintain a conservative capital structure policy of net interest-bearing debt to EBITDA of 1.0 - 2.0x, where excess liquidity will be distributed to shareholders through share buybacks and dividends

1) In the mid-term, GN Hearing expects the global hearing aid market to continue to grow at around 4 - 6% in units with an ASP decline of around 1 - 2% annually

2) In the mid-term, GN Audio expects its markets to continue to grow at around 10% annually

Financial guidance 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



Q&A

www.gn.com

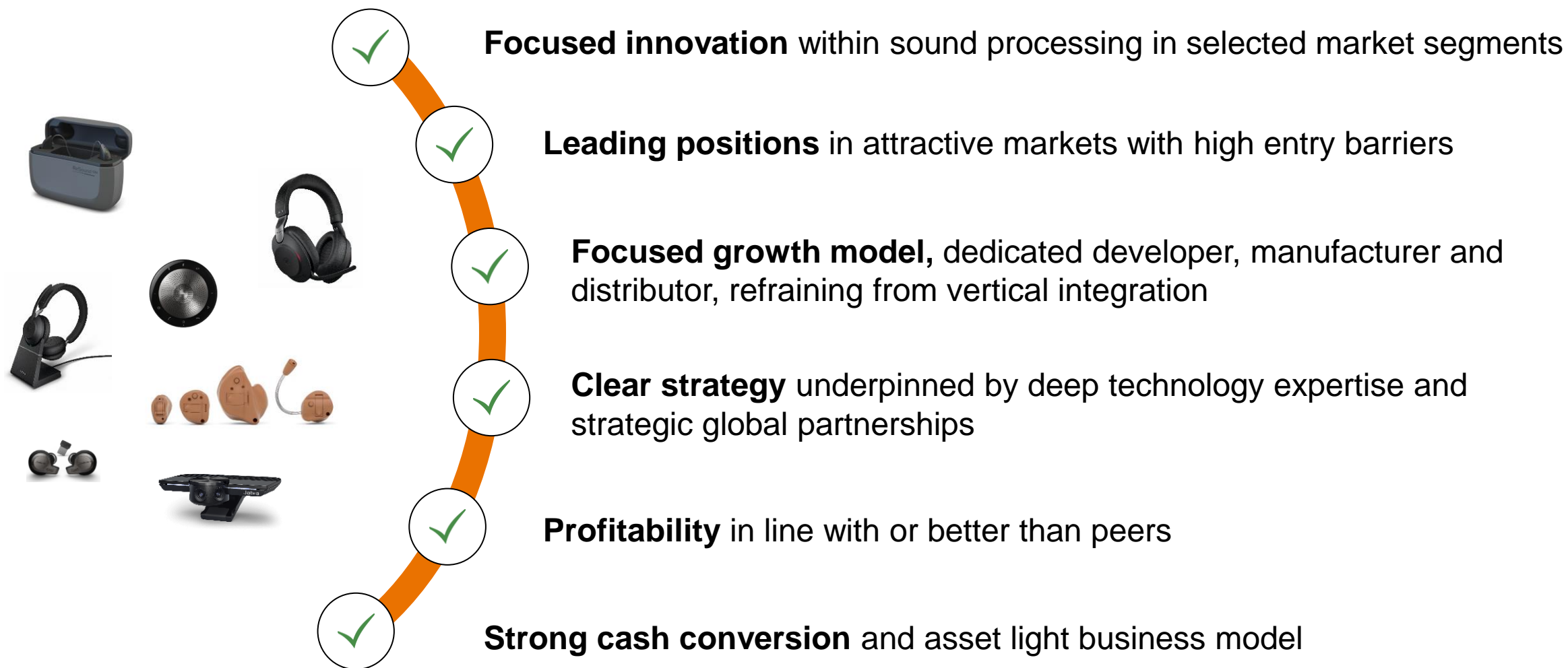
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Appendix

GN's investment case is intact



2020 Reports available for download at www.gn.com



[Annual Report](#)



[Sustainability Report](#)



[Remuneration Report](#)



[Corporate Governance Report](#)



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Our purpose

Make life sound better Hear more, do more and be more

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



Protecting our planet



Truly sustainable products and packaging



Improving health and wellbeing through our products



GN Store Nord – five-year performance

DKK million	2016	2017	2018	2019	2020
GN Store Nord					
Revenue	8,651	9,585	10,607	12,574	13,449
Organic growth	6%	8%	13%	15%	9%
Gross margin	62.4%	62.7%	62.0%	60.3%	54.3%
EBITA	1,583	1,744	1,956	2,321	1,866
EBITA margin	18.3%	18.2%	18.4%	18.5%	13.9%
Operating profit	1,445	1,558	1,796	2,002	1,627
Financial items	-52	-60	-203	-92	-6
Profit before tax	1,395	1,504	1,606	1,913	1,612
Effective tax rate	22%	25%	22%	23%	21%
Net profit	1,086	1,122	1,247	1,468	1,269
ROIC (EBITA/Invested capital)	20%	21%	24%	25%	19%
Free cash flow excl. M&A	1,179	1,134	1,110	1,296	1,865
Cash conversion*	74%	65%	57%	56%	100%
EPS	7.34	8.07	9.25	11.12	9.72

* Free cash flow excl. M&A / EBITA

GN Hearing – five-year performance

DKK million	2016	2017	2018	2019	2020
GN Hearing					
Revenue	5,156	5,615	5,833	6,351	4,725
Organic growth	6%	6%	7%	7%	-24%
Gross margin	69.0%	69.4%	69.2%	69.0%	61.5%
EBITA	1,062	1,153	1,194	1,284	41
EBITA margin	20.6%	20.5%	20.5%	20.2%	0.9%
ROIC (EBITA/Invested capital)	17%	18%	19%	19%	1%
Free cash flow excl. M&A	704	866	574	672	127
Cash conversion*	66%	75%	48%	52%	310%

* Free cash flow excl. M&A / EBITA

GN Audio – five-year performance

DKK million	2016	2017	2018	2019	2020
GN Audio					
Revenue	3,495	3,970	4,774	6,223	8,724
Organic growth	7%	10%	21%	26%	42%
Gross margin	52.7%	53.2%	53.2%	51.5%	50.4%
EBITA	597	721	905	1,192	2,002
EBITA margin	17.1%	18.2%	19.0%	19.2%	22.9%
ROIC (EBITA/Invested capital)	41%	46%	59%	57%	81%
Free cash flow excl. M&A	523	481	798	849	1,729
Cash conversion*	88%	67%	88%	71%	86%

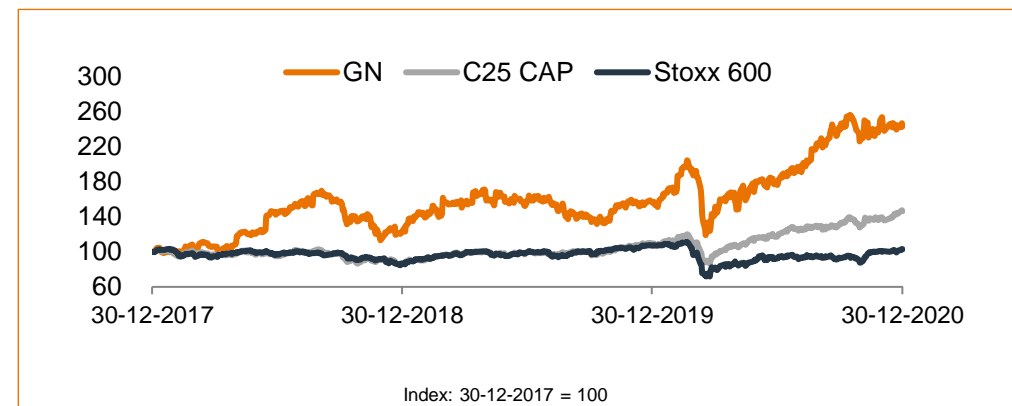
* Free cash flow excl. M&A / EBITA

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 other indices, included in the C25 index and Large Cap index on Nasdaq Copenhagen, as well as the Stoxx Europe 600 index, the Stoxx Europe Sustainability index and the MSCI Europe mid cap index
- Ticker symbols: GN:DC (Bloomberg) and GN.CO (Reuters)
- Number of registered shareholders: Around 30,000 (End Q4 2020)
- Treasury shares: 13,293,255. 9.3% of share capital (End Q4 2020)
- Market cap: DKK 63 billion (End Q4 2020)
- Largest shareholders:
 - APG Asset Management N.V. (>5%)
 - Société Générale S.A. (France) (>5%)

Share price development (3 years)



Financial calendar

Date	Event
March 17, 2021	Annual general meeting
May 6, 2021	Q1 2021
August 19, 2021	Q2 2021
October 29, 2021	Q3 2021