

Pre-close brief Q3 2022

Ahead of the upcoming Q3 2022 Interim Report, we would like to highlight the following items, which we have discussed with the market during the last months:

GN Store Nord

- The COVID-19 pandemic, the highly uncertain macroeconomic environment with increased inflation and recession risk as well as the global supply situation are continuously impacting GN's operational performance, predictability and visibility across markets, channels, and supply chain
- GN has suspended all sales to Russia and Belarus as a response to the war between Russia and Ukraine. The direct impact on the business is limited with around 1% of group sales related to Russia, Belarus, and Ukraine
- Following the acquisition of Lively and SteelSeries, GN's financial leverage is currently above the long-term capital structure policy of NIBD to EBITDA of 1-2x. GN expects to de-leverage by the end of 2024
- In August, GN signed mandate documents with its commercial banking group for a three-year EUR 520 million loan to cover its short-term funding requirements

GN Audio

- GN Audio has continued to experience solid underlying demand in the Enterprise business, while the demand in the consumer orientated businesses is significantly negatively impacted by the continued reduced consumer sentiment and related reduction in channel inventories across retail
- The world is adapting to hybrid work and enterprises globally are continuously deploying productivity enhancing tools. This will be an underlying growth driver for GN Audio's Enterprise business in the long-term, but short-term uncertainty remains high due to the ever-changing macroeconomic environment
- Certain components remain in global shortage impacting many different industries, but as expected the overall supply situation has been gradually improving during Q3. We continue to expect the component situation to improve in the coming quarters
- Due to the COVID-19 related lockdown in China in Q1 2022 and the negative impact on the manufacturing and logistics capacity, approximately one week of revenue was pushed into Q2 2022
- Due to the continued appreciating USD, the negative impact from FX on the gross margin has become even bigger. The impact of higher freight and production costs, due to the global supply and logistics situation, is elevated in Q3 2022, although early signs of improved freight rates are observed. Moreover, the gross margin is impacted by the consolidation of SteelSeries
- Price increases were initiated by February 1, 2022, across the Enterprise portfolio in order to mitigate the impact of increasing input costs. The effect of the increase has had the expected impact in Q3 2022 as earlier communicated
- The SteelSeries acquisition closed in the beginning of January and the integration is on track. The new high-end speaker series "Arena" was successfully launched in August 2022 – a USD ~1bn gaming speaker market, where SteelSeries has not been present before. The strategic rationale behind the acquisition is fully intact, including 1) access to attractive gaming gear

market; 2) access to strong brand, innovation, design and superior quality and 3) significant scale opportunities across the value chain

- Several new products have been launched in the quarter across Enterprise and Consumer. On September 15, GN launched Jabra Engage AI - a new Software-as-a-Service (SaaS) solution. Engineered to transform contact centre call experiences, the solution employs Artificial Intelligence (AI) technology that provides real-time insights to improve customer calls and support employee wellbeing

GN Hearing

- The hearing aid markets have in general recovered, but still with differences across regions and countries due to the impact and related restrictions from COVID-19
- In the US, the hearing aid market was soft in July, but saw a rebound already in August with year-over-year growth. The growth is mainly driven by managed care
- VA: GN Hearing market share development (value):

	Jul-21	Aug-21	...	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
GN Hearing	8.5%	8.5%	...	8.5%	8.5%	8.6%	8.7%	8.5%	8.2%	8.7%	8.5%

- On August 16, 2022, GN Hearing announced the introduction of ReSound OMNIA, a new technology platform to address the No.1 hearing aid challenge: hearing speech in a noisy environment. Shipment started in the US on August 25, 2022 with strong initial feedback. Due to the Medical Directive Regulation, the product will be launched in Europe in the latter part of September, and by the end of September 2022, the product will be available across most European countries. Japan will launch by mid-October, and it will be available in VA by November 1 together with the new rechargeable customs that was launched end of June in the US
- The OTC market is expected to open up by mid-October and GN Hearing is ready to launch Jabra Enhance Plus into retail channels such as BestBuy
- Compared to prior years, the gross margin is negatively impacted by the divestment of Beltone retail shops (as retail in general includes higher gross margins than wholesale), as well as the continued penetration of rechargeable hearing aids in our product portfolio and increased input costs
- Certain components remain in global shortage impacting many different industries. Relevant components are secured with our suppliers to deliver on the growth ambition
- GN Hearing continues to take prudent measures to manage costs while investing in launch activities. Benefits from the supply chain initiatives are beginning to have a positive impact on OPEX
- In H1 2022, GN Hearing was negatively impacted by the development in FX due to the timing of hedging contracts. As a result, the development in FX impacted the EBITA margin negatively by around 2 percentage points in H1 2022. Due to the continued USD appreciation in Q3 2022, it is currently expected that FX will have a slightly positive impact on the EBITA margin in Q3 2022 (compared to Q3 2021) due to hedging activities, while we currently expect FX to be a significant tailwind in Q4 2022 (assuming constant FX)

Financial guidance 2022 (as communicated on August 17, 2022)

	Organic revenue growth	Adjusted EBITA margin ³⁾	Non-recurring items (DKK million) ⁴⁾	Growth in adjusted EPS ⁵⁾
GN Hearing				
- Core business organic	5-8%	~14%	~ -150	
- Emerging Business ^{1) 8)} (DKK million)		~ -200		
GN Audio^{2) 8)}		17-18%	~ -400	
- GN Audio organic ⁶⁾	0-5%			
- SteelSeries ⁷⁾	>-25%			
Other (DKK million)		~ -190		
GN Store Nord				-10% to 0%

Note 1) Emerging Business mainly includes the Lively acquisition

Note 2) The SteelSeries organic revenue growth will be reported as M&A growth for GN Audio

Note 3) Excluding non-recurring items

Note 4) Non-recurring items in GN Hearing primarily related to supply chain investments (DKK ~ -150m) and in GN Audio related to transaction and integration costs (DKK ~ -200m) as well as non-cash PPAs (DKK ~ -200m), associated with SteelSeries

Note 5) Compared to 2021 adjusted EPS (excluding non-recurring items and amortization and impairment of acquired intangible assets) of DKK 15.29

Note 6) The growth assumption for the Enterprise business, which accounts for more than 80% of the GN Audio organic business, is unchanged and the Enterprise business is still expected to grow double-digit in H2 2022. The market in which the Consumer business operates is now expected to decline ~25% in 2022 due to lower consumer sentiment resulting in a significant negative growth assumption for the GN Audio Consumer business in 2022

Note 7) Addressable gaming gear market is now estimated to decline ~25% in 2022 to reflect consumer sentiment

Note 8) Reflecting updated FX assumptions for 2022 following the significant appreciation of the USD

Financial guidance based on foreign exchange rates as of August 17, 2022

Primary risk factors in relation to the financial guidance

Due to the COVID-19 pandemic, the global supply situation and consumer sentiment – which impacts GN in many ways – it must be stressed that the basic assumptions behind the guidance remain more uncertain than normal. The situation is impacting GN's operational performance, predictability and visibility across markets, channels and supply chain.

Foreign exchange rates

- **Impact on revenue** – In Q3 2022, the USD trades at a higher level compared to the average of Q3 2021 (Average Q3 2021 USD/DKK was 631)
- **Impact on EBITA** – the following table shows the sensitivity on EBITA (from 5% increase in currency) excluding any impact from hedging (Annual Report 2021 page 47):

DKKm	GN Hearing	GN Audio	GN Store Nord
USD/DKK	38	-92	-54
GBP/DKK	5	31	36
JPY/DKK	6	13	19
AUD/DKK	1	22	23

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).

For more information, see the "Management's report" and "Risk management" elsewhere in the Annual Report. This brief should not be considered an offer to sell securities in GN.