

**Annual Report 2023: Strong execution across the company led to 13% organic revenue growth in GN Hearing and -8% organic revenue growth in GN Audio, while generating DKK 1.1 billion in free cash flow excl. M&A**

**2023 highlights**

- GN delivered DKK 18.1 billion revenue with organic revenue growth of -1%, as a result of 13% organic revenue growth in GN Hearing and -8% organic revenue growth in GN Audio
- Adj. EBITA of DKK 1.8 billion
- New capital plan from May 2023 provides solid foundation for strategy execution. Free cash flow excl. M&A of DKK 1,092 million which together with the other pillars of the capital plan drove a DKK 4 billion reduction in net interest-bearing debt. Adj. leverage ended at 4.5x
- Transforming GN's businesses into a one-company setup and simplifying the Group's governance structure allowing for a more streamlined and customer-focused organizational setup

In 2023, GN executed well and delivered strong results in markets that presented a mix of tailwinds and headwinds.

In the hearing aid business, GN executed strongly leading to market share gains as a result of 13% organic revenue growth – in line with financial guidance. The performance was broad-based across channels driven by the successful ReSound OMNIA family with 12% organic revenue growth in the Core business and 33% organic revenue growth in the Emerging business. Revenue reached DKK 6,802 million, compared to DKK 6,227 million in 2022, including M&A impact of -1% while impact from foreign exchange rates was -2%.

In the Enterprise business, GN executed solidly in challenging market conditions and against a high comparison base, while defending its global market leadership positioning GN well for the anticipated enterprise market recovery. SteelSeries continued its strong execution and once again took significant market share in a flat market, while the consumer business took important steps to improve profitability by narrowing the product portfolio and launching one mid-range and two new premium true wireless earbuds, Jabra Elite 8 Active and Elite 10. The execution led to -8% organic revenue growth for GN Audio – in line with financial guidance. Revenue in 2023 reached DKK 11,318 million, compared to DKK 12,460 million in 2022, while impact from foreign exchange rates was -1%.

GN Store Nord delivered a substantial free cash flow excl. M&A of DKK 1,092 million compared to DKK -1,291 million in 2022, mainly driven by the solid earnings level and a positive change in working capital related to inventory reductions as well as a significant improvement in trade payables driven by a new commercial agreement with a major manufacturing and logistics provider. Consequently, GN has reduced its debt significantly by DKK 4 billion through substantial positive free cash flow excl. M&A combined with a successful equity raise, a

competitive debt refinancing, and attractive disposal of selected assets, thus extending the maturity of remaining material debt to Q3 2026.

During 2023, GN announced the next step in transforming its businesses into a one-company setup and simplifying the Group's governance structure. As part of the one-company transformation, GN identified company-wide synergies which will support and accelerate margin improvement across the Group. DKK ~600 million in cost synergies will be realized by 2026 of which approximately two-thirds will be achieved in 2024. This more streamlined and customer-focused organizational set-up will enable GN in years ahead to further expand the competitive positions in attractive markets, returning to growth and increasing margins.

### Financial highlights Q4 2023

- GN Store Nord delivered revenue of DKK 5.1 billion in Q4 2023 and organic revenue growth of 0%. Adj. EBITA was DKK 644 million, equal to an adj. EBITA margin of 12.7%. Driven by the healthy profitability levels and continued strong focus on working capital, free cash flow excl. M&A ended at DKK 769 million allowing for a significant reduction in net interest-bearing debt
- GN Hearing delivered organic revenue growth of 7% in Q4 2023 driven by continued strong performance of ReSound OMNIA and strong early uptake from ReSound Nexia on a very high comparison base. Adj. EBITA was DKK 282 million, equal to an adj. EBITA margin of 15.6%. Free cash flow excl. M&A ended at DKK 155 million, reflecting continued strong cost control
- GN Audio delivered -4% organic revenue growth in Q4 2023 driven by 17% organic revenue growth in SteelSeries, off-set by -9% organic revenue growth in Enterprise and -14% organic revenue growth in Consumer. Adj. EBITA ended at DKK 432 million in Q4 2023, equal to an adj. EBITA margin of 13.2%. Free cash flow excl. M&A ended at DKK 659 million, reflecting continued strong cost control

### Shareholder returns – dividend and share buybacks

Given the current adj. leverage of 4.5x, GN prioritizes reducing the leverage until it is back at the long-term target of 2.0x. As a result, GN will not pay out dividend in respect of the financial year 2023 and share buyback programs have been paused for the time being.

### Financial guidance for 2024

	Organic revenue growth	EBITA margin	Free cash flow excl. M&A (DKK million)
GN Store Nord	2% to 8%	12% to 14%	>700

### Key assumptions for the financial guidance of 2024:

#### *Hearing division*

Following a very strong market growth in 2023, GN expects the markets to return to historical growth rates supported by ongoing favorable demographic trends. As such, GN projects 4-6% market volume growth and -1% to -2% market ASP decline.

Driven by the overwhelmingly positive feedback on ReSound Nexia, GN expects continued strong market share gains on top of a very successful 2023. Consequently, the Hearing division assumes to contribute with organic revenue growth of 8% to 12%. Moreover, the underlying assumptions include an EBITA margin in the core hearing aid business of 18% to 20%.

#### *Enterprise division*

Following some very difficult years in the broader Enterprise equipment market, 2023 saw some general volume stabilization. Supported by early signs of a healthier PC market at the end of 2023 and an expected increase in broader IT equipment spend during 2024, GN projects that the addressable Enterprise market will return to positive value growth sometime during 2024.

GN expects to be able to continue to defend its market leading position in Enterprise headsets driven by the updated and innovation-led product portfolio and to win market share in Enterprise video due to our industry leading offerings, channel access strength, and strong partnerships with leading software vendors. Consequently, the Enterprise division assumes to contribute with organic revenue growth of -3% to 5%.

#### *Gaming & Consumer division*

The broader Consumer market experienced general stabilization during 2023, following a very difficult 2022. Despite the current macroeconomic headwinds and related impact on consumer sentiment, GN projects a slightly growing value market for GN's addressable Gaming & Consumer market in 2024.

GN expects to be able to defend its market share in the true wireless segment driven by continued innovation and continue to gain market share within SteelSeries because of the very strong brand and innovation leadership. Consequently, the Gaming & Consumer division assumes to contribute with organic revenue growth of 2% to 10%.

### **Quotes from Executive Management**

Peter Karlstromer, CEO of GN Store Nord, comments: *"I would like to express my gratitude to all our employees for their great work and commitment. In 2023, we delivered strong double-digit growth in our hearing and gaming businesses, and defended our leadership in the challenged, yet stabilizing enterprise market. In all business areas, we maintained our innovation leadership with new compelling products to benefit and serve our customers and partners around the world. Entering 2024, we will begin capturing the full potential of working as one fully integrated company with a streamlined and even more customer-focused organization. This will enable GN to harvest scale benefits, become a simpler and even better company for employees, customers, partners, and our wider set of stakeholders. We are excited about the opportunities we have ahead of us."*

Søren Jelert, CFO of GN Store Nord, comments: *"I'm pleased to see that our strong focus in 2023 on cash flow generation has paid off delivering DKK 1.1 billion free cash flow excl. M&A. Along with the successful execution of our new capital plan, this has enabled us to significantly reduce our net interest-bearing debt. This allows us in 2024 to focus fully on returning GN to growth and margin expansion, supported by continued strong execution and company-wide synergies."*

## Financial overview Q4 2023

DKK million – Q4 2023	GN Hearing			GN Audio			
	Core business	Emerging business	GN Hearing	Enterprise	Consumer	SteelSeries	GN Audio
<b>Revenue</b>	<b>1,727</b>	<b>81</b>	<b>1,808</b>	<b>1,997</b>	<b>368</b>	<b>896</b>	<b>3,261</b>
Organic growth	6%	28%	7%	-9%	-14%	17%	-4%
<b>Adj. EBITA**</b>	<b>311</b>	<b>-29</b>	<b>282</b>				<b>432</b>
Adj. EBITA margin **	18.0%		15.6%				13.2%

DKK million	GN Store Nord*			GN Hearing			GN Audio		
	Q4 2023	Q4 2022	Growth	Q4 2023	Q4 2022	Growth	Q4 2023	Q4 2022	Growth
<b>Revenue</b>	<b>5,069</b>	<b>5,270</b>	<b>-4%</b>	<b>1,808</b>	<b>1,807</b>	<b>0%</b>	<b>3,261</b>	<b>3,463</b>	<b>-6%</b>
Organic growth	0%	2%		7%	14%		-4%	-3%	
<b>Adj. Gross profit**</b>	<b>2,518</b>	<b>2,581</b>	<b>-2%</b>	<b>1,099</b>	<b>1,205</b>	<b>-9%</b>	<b>1,419</b>	<b>1,376</b>	<b>3%</b>
Adj. Gross profit margin**	49.7%	49.0%	0.7%p	60.8%	66.7%	-5.9%p	43.5%	39.7%	3.8%p
<b>Adj. EBITA**</b>	<b>644</b>	<b>744</b>	<b>-13%</b>	<b>282</b>	<b>472</b>	<b>-40%</b>	<b>432</b>	<b>344</b>	<b>29%</b>
Adj. EBITA margin**	12.7%	14.1%	-1.4%p	15.6%	26.1%	-10.5%p	13.2%	9.6%	3.6%p
Non-recurring items	-378	-188		-139	-36		-79	-152	
<b>Adj. Earnings per share (EPS)***</b>	<b>2.86</b>	<b>3.92</b>	<b>-27%</b>						
Free cash flow excl. M&A	769	-217	986	155	64	91	659	-21	680

\* Including "Other", \*\* Excluding non-recurring items (DKK -79 million in OPEX in GN Audio, DKK -60 million in COGS in GN Hearing, DKK -79 million in OPEX in GN Hearing and DKK -160 million in OPEX in Other) in 2023. Excluding non-recurring items (DKK -152 million in OPEX in GN Audio, DKK -11 million in COGS in GN Hearing and DKK -25 million in OPEX in GN Hearing) in 2022 \*\*\* Excluding non-recurring items (DKK -378 million in 2023 and DKK -188 million in 2022) and amortization of acquired intangible assets

## Financial overview 2023

DKK million – 2023	GN Hearing			GN Audio			
	Core business	Emerging business	GN Hearing	Enterprise	Consumer	SteelSeries	GN Audio
<b>Revenue</b>	<b>6,535</b>	<b>267</b>	<b>6,802</b>	<b>7,463</b>	<b>1,253</b>	<b>2,602</b>	<b>11,318</b>
Organic growth	12%	33%	13%	-13%	-13%	16%	-8%
<b>Adj. EBITA**</b>	<b>960</b>	<b>-152</b>	<b>808</b>				<b>1,197</b>
Adj. EBITA margin **	14.7%		11.9%				10.6%

DKK million	GN Store Nord*			GN Hearing			GN Audio		
	2023	2022	Growth	2023	2022	Growth	2023	2022	Growth
<b>Revenue</b>	<b>18,120</b>	<b>18,687</b>	<b>-3%</b>	<b>6,802</b>	<b>6,227</b>	<b>9%</b>	<b>11,318</b>	<b>12,460</b>	<b>-9%</b>
Organic growth	-1%	-3%		13%	5%		-8%	-7%	
<b>Adj. Gross profit**</b>	<b>9,038</b>	<b>9,384</b>	<b>-4%</b>	<b>4,169</b>	<b>3,963</b>	<b>5%</b>	<b>4,869</b>	<b>5,421</b>	<b>-10%</b>
Adj. Gross profit margin**	49.9%	50.2%	-0.3%p	61.3%	63.6%	-2.3%p	43.0%	43.5%	-0.5%p
<b>Adj. EBITA**</b>	<b>1,794</b>	<b>2,166</b>	<b>-17%</b>	<b>808</b>	<b>599</b>	<b>35%</b>	<b>1,197</b>	<b>1,759</b>	<b>-32%</b>
Adj. EBITA margin**	9.9%	11.6%	-1.7%p	11.9%	9.6%	2.3%p	10.6%	14.1%	-3.5%p
Non-recurring items	-594	-606		-254	-146		-180	-460	
<b>Adj. Earnings per share (EPS)***</b>	<b>6.82</b>	<b>10.54</b>	<b>-35%</b>						
Free cash flow excl. M&A	1,092	-1,291	2,383	269	-377	646	1,034	-91	1,125

\* Including "Other", \*\* Excluding non-recurring items (DKK -180 million in OPEX in GN Audio, DKK -93 million in COGS in GN Hearing, DKK -161 million in OPEX in GN Hearing and DKK -160 million in OPEX in Other) in 2023. Excluding non-recurring items (DKK -196 million in COGS in GN Audio, DKK -264 million in OPEX in GN Audio, DKK -56 million in COGS in GN Hearing and DKK -90 million in OPEX in GN Hearing) in 2022, \*\*\* Excluding non-recurring items (DKK -594 million in 2023 and DKK -624 million in 2022) and amortization of acquired intangible assets

## Teleconference

GN Store Nord will host a teleconference at 11.00 a.m. CET today. Please visit [www.gn.com/investor](http://www.gn.com/investor) to access the teleconference. Presentation material will be available on the website before the teleconference starts.



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**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 expectations 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 as well as foreign exchange rates, 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, please see the "Management's report" and "Risk management" sections in this Annual Report. This Annual Report should not be considered an offer to sell securities in GN.

**About GN**

GN facilitates communication between people through intelligent hearing, audio, video, and gaming technology. Inspired by people and driven by our passion for innovation, we leverage technologies to deliver unique user experiences that bring people closer through the power of sound and vision.

GN was founded more than 150 years ago with a vision to connect the world. Today, we proudly honor that legacy with our world-leading expertise in the human ear, audio, video and speech, wireless technologies, software, miniaturization, and collaboration with leading technology partners. GN's solutions are marketed by the brands ReSound, SteelSeries, Jabra, Beltone, Interton, BlueParrott, Danavox and FalCom in 100 countries. Founded in 1869, the GN Group employs 7,000 people and is listed on Nasdaq Copenhagen (GN.CO).

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