

GN Store Nord delivers 49% organic revenue growth driven by strong growth in both GN Hearing and GN Audio

GN Store Nord

49%

organic growth

- GN delivered 49% organic revenue growth in Q2 2021
- EBITA reached DKK 635 million corresponding to an EBITA margin of 16.8% compared to 0.9% in Q2 2020, reflecting strong execution across the company
- Free cash flow excl. M&A was DKK 510 million in Q2 2021, primarily reflecting the growth in earnings
- Leverage of 1.3x net interest-bearing debt to EBITDA, compared to 1.6x by the end of Q1 2021
- GN to launch new innovative lifestyle product extending the Jabra Enhance line of hearing enhancement solutions
- The financial guidance is confirmed

GN Hearing

95%

organic growth

- GN Hearing delivered organic revenue growth of 95% in Q2 2021 in a market continuously impacted by the ongoing COVID-19 pandemic. The market recovery continues to vary significantly across regions and countries
- EBITA improved to DKK 153 million in Q2 2021 compared to DKK -336 million in Q2 2020 driven by the revenue growth and supported by prudent cost management, while continuing to invest in R&D and IT infrastructure
- Free cash flow excl. M&A was DKK 123 million in Q2 2021 compared to DKK -117 million in Q2 2020, mainly driven by the recovery in revenue and earnings

GN Audio

32%

organic growth

- GN Audio continued the strong performance and delivered 32% organic revenue growth in Q2 2021, driven by double-digit growth in both the enterprise and the consumer segment
- EBITA increased by 30% to DKK 532 million in Q2 2021 corresponding to an EBITA margin of 21.7%. The EBITA margin development primarily reflects the strong topline development on top of continued investments in future growth opportunities
- Free cash flow excl. M&A was DKK 371 million in Q2 2021 compared to DKK 579 million in Q2 2020 driven by the growth in earnings, but offset by a strong development in net working capital in Q2 2020
- GN Audio continues to work closely with suppliers of components to address demand

Financial overview Q2 2021

DKK million	GN Hearing			GN Audio			Group total*		
	Q2 2021	Q2 2020	Growth	Q2 2021	Q2 2020	Growth	Q2 2021	Q2 2020	Growth
Revenue	1,322	715	85%	2,456	1,944	26%	3,778	2,659	42%
Organic growth	95%	-54%		32%	32%		49%	-13%	
Gross profit	832	332	151%	1,264	1,009	25%	2,096	1,341	56%
Gross profit margin	62.9%	46.4%	+16.5%p	51.5%	51.9%	-0.4%p	55.5%	50.4%	+5.1%p
EBITA	153	-336	NA	532	408	30%	635	25	
EBITA margin	11.6%	-47.0%	+58.6%p	21.7%	21.0%	+0.7%p	16.8%	0.9%	+15.9%p
Earnings per share (EPS)							3.29	0.06	
Free cash flow excl. M&A	123	-117	+240	371	579	-208	510	517	-7
Cash conversion	80%	NA	NA	70%	142%	-72%p	80%	2,068%	

* Including "Other"

Financial highlights

DKK million	Q2 2021 (unaud.)	Q2 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	Full year 2020 (aud.)
GN Hearing					
Revenue	1,322	715	2,556	2,029	4,725
Revenue growth	85%	-55%	26%	-34%	-26%
Organic growth	95%	-54%	34%	-35%	-24%
Gross profit margin	62.9%	46.4%	62.6%	57.8%	61.5%
EBITA*	153	-336	251	-281	41
EBITA margin*	11.6%	-47.0%	9.8%	-13.8%	0.9%
ROIC (EBITA*/Average invested capital)	9%	6%	9%	6%	1%
Free cash flow excl. M&A	123	-117	-81	-183	127
Cash conversion (Free cash flow excl. M&A/EBITA*)	80%	NA	-32%	NA	310%
GN Audio					
Revenue	2,456	1,944	5,332	3,597	8,724
Revenue growth	26%	33%	48%	29%	40%
Organic growth	32%	32%	55%	27%	42%
Gross profit margin	51.5%	51.9%	51.5%	51.0%	50.4%
EBITA*	532	408	1,246	696	2,002
EBITA margin*	21.7%	21.0%	23.4%	19.3%	22.9%
ROIC (EBITA*/Average invested capital)	94%	54%	94%	54%	81%
Free cash flow excl. M&A	371	579	809	512	1,729
Cash conversion (Free cash flow excl. M&A/EBITA*)	70%	142%	65%	74%	86%
GN Store Nord					
Revenue	3,778	2,659	7,888	5,626	13,449
Revenue growth	42%	-13%	40%	-4%	7%
Organic growth	49%	-13%	47%	-5%	9%
Gross profit margin	55.5%	50.4%	55.1%	53.5%	54.3%
EBITA*	635	25	1,388	325	1,866
EBITA margin*	16.8%	0.9%	17.6%	5.8%	13.9%
Profit (loss) before tax	552	15	1,164	154	1,612
Effective tax rate	21.4%	13.3%	21.3%	22.7%	21.3%
ROIC (EBITA*/Average invested capital)	29%	17%	29%	17%	19%
Earnings per share, basic (EPS)	3.29	0.06	6.96	0.85	9.72
Earnings per share, fully diluted (EPS diluted)	3.25	0.06	6.87	0.84	9.63
Free cash flow excl. M&A	510	517	488	357	1,865
Cash conversion (Free cash flow excl. M&A/EBITA*)	80%	2,068%	35%	110%	100%
Equity ratio	33.9%	28.8%	33.9%	28.8%	31.0%
Net interest-bearing debt	4,408	5,571	4,408	5,571	4,198
Net interest-bearing debt (period-end)/EBITDA	1.3	2.7	1.3	2.7	1.8
Share buybacks**	408	-	408	453	453
Outstanding shares, end of period (thousand)	129,113	128,768	129,113	128,768	128,975
Average number of outstanding shares (thousand)	129,612	128,754	129,519	128,767	128,805
Average number of outstanding shares, fully diluted (thousand)	131,255	129,584	131,233	129,840	130,032
Treasury shares, end of period (thousand)	9,063	13,500	9,063	13,500	13,293
Share price at the end of the period	547.8	353.4	547.8	353.4	487.2
Market capitalization	70,728	45,507	70,728	45,507	62,837

ROIC and NIBD/EBITDA are calculated based on EBITA and EBITDA for the latest four quarters

* Excluding gain (loss) on investments of operations etc. and amortization of acquired intangible assets but including amortization of development projects and software developed in-house.

** Incl. buybacks as part of share based incentive programs

GN Hearing

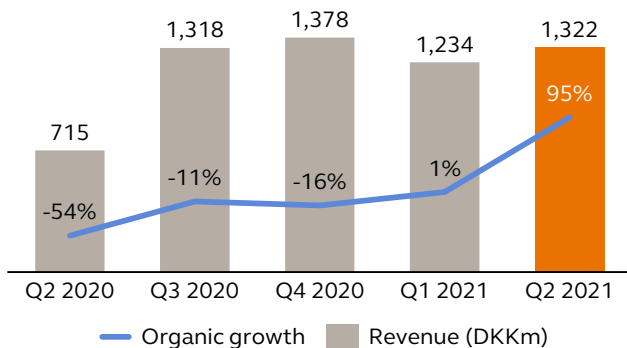
GN Hearing delivered 95% organic revenue growth in Q2 2021, with a strong improvement in EBITA and EBITA margin compared to Q1 2021

Highlights Q2 2021

- GN Hearing delivered organic revenue growth of 95% in Q2 2021 in a market continuously impacted by the ongoing COVID-19 pandemic. The market recovery continues to vary significantly across regions and countries
- EBITA improved to DKK 153 million in Q2 2021 compared to DKK -336 million in Q2 2020 driven by the revenue growth and supported by prudent cost management, while continuing to invest in R&D and IT infrastructure
- Free cash flow excl. M&A was DKK 123 million in Q2 2021 compared to DKK -117 million in Q2 2020, mainly driven by the recovery in revenue and earnings

Revenue

GN Hearing delivered organic revenue growth of 95% in Q2 2021. Revenue growth was 85% including around -10% impact from the development in foreign exchange rates. In H1 2021, GN Hearing delivered an organic revenue growth of 34%.



As for the hearing aid industry overall, COVID-19 continued to have significant impact on GN Hearing in Q2 2021 due to the impact from mutations of the virus and related tightening of local restrictions. The hearing aid markets continued to recover during the quarter but with significant variations across countries.

North America

In North America, the hearing aid market in Q2 2021 continued the strong recovery seen at the end of Q1 2021, with hearing aid volumes being above 2019 levels, but with significant differences across states and channels. GN Hearing's organic revenue growth in North America was 121% driven by solid performance in the independent market due to the full and updated ReSound portfolio. The revenue growth was 102% including around -19% impact from the development in foreign exchange rates. In H1

2021, GN Hearing delivered an organic revenue growth of 35% in North America.

Europe

In Europe, the recovery of the hearing aid market varied greatly with some markets severely impacted by the pandemic and others performing in line with or above pre-COVID-19 levels. GN Hearing experienced recovery across countries leading to an organic revenue growth of 84% especially driven by the Southern European countries with an insignificant impact from the development in foreign exchange rates. In H1 2021, GN Hearing delivered an organic revenue growth of 24% in Europe.

Rest of World

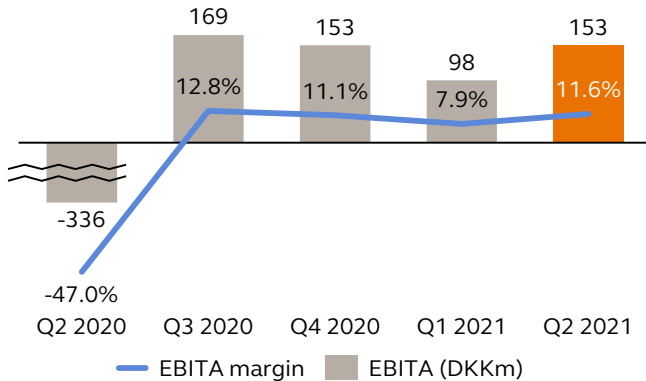
The Rest of World region continued to be impacted by COVID-19 in different ways across countries, dependent on the level of local restrictions. GN Hearing saw strong performance in among other ANZ and China while Japan continued to struggle with local restrictions. In the Rest of World region organic revenue growth was 61%. Revenue growth was 58% including around -3% impact from the development in foreign exchange rates. In H1 2021, GN Hearing delivered an organic revenue growth of 42% in Rest of World.

Earnings and other financial highlights

Gross profit reached DKK 832 million in Q2 2021 corresponding to a gross margin of 62.9% compared to 46.4% in Q2 2020 (62.3% in Q1 2021), mainly related to the ongoing revenue recovery. The gross margin continued to be impacted by the fixed production costs, with volumes still being below normalized levels as well as mix effects. In H1 2021, the gross profit increased by 36% to DKK 1,601 million compared to H1 2020, equal to a gross margin of 62.6%.

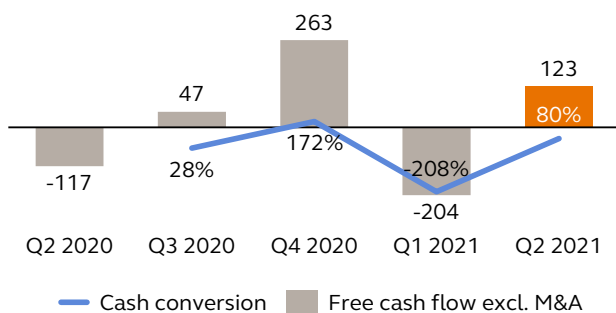
GN Hearing's OPEX continued to be prudently managed during Q2 2021, with OPEX in line with Q1 2021 and Q2 2020 levels. Sales, distribution, and administrative expenses decreased by 4% in Q2 2021 compared to Q2 2020, mainly driven by tight OPEX control while continuing to invest in an expected market normalization and IT infrastructure. GN Hearing continued to invest significantly in R&D, in line with the strategy. In H1 2021, OPEX has decreased by 7% driven by tight OPEX control.

GN Hearing's EBITA improved significantly to DKK 153 million in Q2 2021 compared to DKK -336 million in Q2 2020. As a result, the EBITA margin was 11.6% in Q2 2021. In H1 2021, EBITA increased to DKK 251 million equal to an EBITA margin of 9.8%.



The return on invested capital (ROIC) was 9% in Q2 2021, compared to 6% in Q2 2020, due to the strong revenue growth. ROIC is still below historical levels due to the impact from COVID-19 as ROIC is calculated based on a 12-months rolling EBITA.

Free cash flow excl. M&A was DKK 123 million in Q2 2021 compared to DKK -117 million in Q2 2020, mainly driven by the recovery in revenue and earnings. In H1 2021, free cash flow excl. M&A was DKK -81 million compared to DKK -183 million in H1 2020.



Business highlights

ReSound ONE

During Q2 2021, GN Hearing continued to execute on the global roll-out of the revolutionary new class of hearing aids, ReSound ONE. GN Hearing experiences a continued strong uptake in the independent market, while the uptake in VA channel has been impacted by challenging conditions following the ongoing pandemic. As of July 2021, physical visits were temporarily allowed in VA after more than a year of tight restrictions. However, mid-August 2021 the restrictions were again reinforced, which means that the sales reps are not expected to be allowed to visit the VA clinics for the remainder of the year.

Merging the power of GN Audio and GN Hearing

The development of the Jabra Enhance line-up is the culmination of years of GN Group research into consumer behavior, hearing challenges and preferences. In launching the Jabra Enhance line-up, GN Audio's brand Jabra couples its expertise in consumer electronics and its brand recognition with the hearing aid heritage and competencies of GN Hearing to bring new solutions to users.

Jabra Enhance Pro

In June 2021, GN launched Jabra Enhance Pro, a new premium hearing aid line-up, in more than 700 Costco Hearing Aid Centers around the world. With Jabra Enhance Pro, consumers can now choose high-quality, FDA-approved hearing solutions from a widely known audio brand trusted by consumers. Users benefit from GN's latest hearing innovation, the unique Microphone and Receiver in Ear (M&RIE), to hear the world around them in the most intuitive and natural way. Initial feedback and sales from the first weeks are very encouraging and bodes well for GN Hearing's competitive position.

Jabra Enhance Plus

Building on years of research, innovation and engineering in sound and hearing, GN extends its Jabra Enhance line of hearing enhancement solutions with Jabra Enhance Plus. In a first-of-its-kind innovation, GN brings together the convenience of true wireless earbuds with advanced hearing technology to alleviate unaddressed user needs and enable millions to take a first step on their hearing health journey. This innovation combines a discreet, comfortable design and Jabra's legacy of industry-leading earbud capability with GN Hearing's expertise and advanced hearing-enhancing technology. The Jabra Enhance Plus will provide users with a medical device, which, once approved, is expected to be available through licensed Hearing Care Professionals. The Jabra Enhance Plus brings great true wireless call and music quality in a miniaturized true wireless form factor, 50% smaller than Jabra Elite 75t.

Market development

The global hearing aid market in H1 2021 was heavily impacted by COVID-19 and the consequential volatile regional and local restrictions. As hearing care professionals and end-users in our main markets had access to the vaccine throughout H1 2021, the expectation earlier in the year was that the market would reset and normalize in H2 2021. Due to the Delta variant and consequential reinforced local restrictions the normalization has not yet materialized in all markets.

We continue to believe that the fundamentals of the hearing aid market are intact and in the mid-term, GN Hearing still estimates the annual market growth to be around 4 - 6% in volumes with annual ASP decline of around 1 - 2%. GN Hearing's mid-term target of growing faster than the market is fully intact.

Management quote

"I'm pleased to see the strong execution across GN Hearing delivering 95% organic growth in an all-in-all recovering global hearing aid market. We have during the quarter and throughout the pandemic invested relentlessly in R&D, and with the launch of our new Jabra Enhance line of products being the latest landmark in reaching entirely new types of customers with discreet hearing enhancement, we are positioned strongly to capture growth."

Gitte Aabo, CEO of GN Hearing

GN Audio

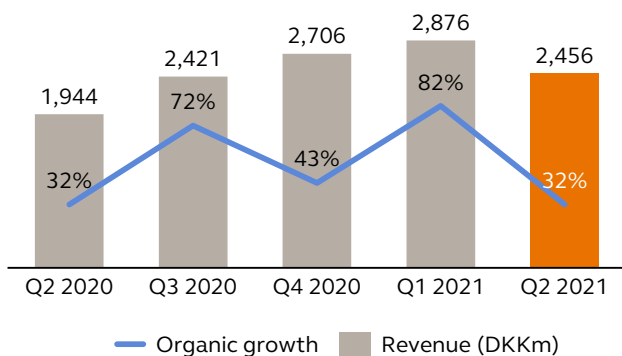
GN Audio delivered 32% organic revenue growth and 30% growth in EBITA in Q2 2021, reflecting another strong quarter

Highlights Q2 2021

- GN Audio continued the strong performance and delivered 32% organic revenue growth in Q2 2021, driven by double-digit growth in both the enterprise and the consumer segment
- EBITA increased by 30% to DKK 532 million in Q2 2021 corresponding to an EBITA margin of 21.7%. The EBITA margin development primarily reflects the strong topline development on top of continued investments in future growth opportunities
- Free cash flow excl. M&A was DKK 371 million in Q2 2021 compared to DKK 579 million in Q2 2020 driven by the growth in earnings, but offset by a strong development in net working capital in Q2 2020
- GN Audio continues to work closely with suppliers of components to address demand

Revenue

GN Audio continued the strong performance and delivered 32% organic revenue growth in Q2 2021. The enterprise segment delivered double-digit organic revenue growth in the quarter, driven by investments across organizations in hybrid and flexible working solutions. The consumer segment experienced continued strong demand and delivered high double-digit organic revenue growth in Q2 2021. Revenue growth was 26%, including around -6% impact from the development in foreign exchange rates. In H1 2021, GN Audio delivered an organic revenue growth of 55% on top of the 27% delivered in H1 2020.



North America

GN Audio saw strong performance in Q2 2021 in North America, with both the consumer and enterprise segment delivering strong growth leading to 55% organic revenue growth for the region. Revenue growth was 40% including around -15% impact from the development in foreign exchange rates. In H1 2021, GN Audio delivered an organic revenue growth of 57% in North America.

Europe

In Europe, GN Audio continued to execute strongly on its commercial initiatives across the enterprise and consumer segment leading to an organic revenue growth of 20% with particularly strong performance in France and Italy. Revenue growth was 19% including around -1% impact from the development in foreign exchange rates. In H1 2021, GN Audio delivered an organic revenue growth of 61% in Europe.

Rest of World

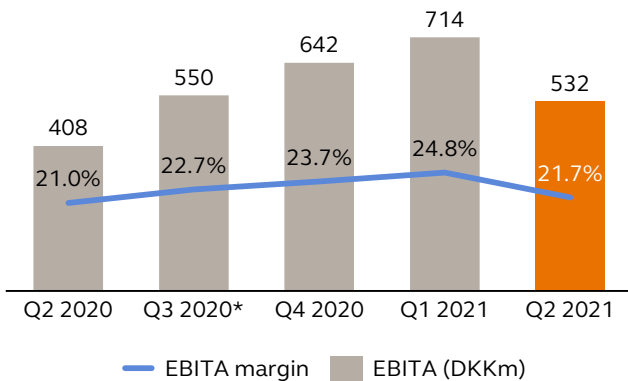
In the Rest of World region, GN Audio saw strong performance across the region with particularly strong organic revenue growth in among other ANZ and Brazil across the enterprise and consumer segment. Organic revenue growth for the Rest of World region was 32%. Revenue growth was 27% including around -5% impact from the development in foreign exchange rates. In H1 2021, GN Audio delivered organic revenue growth of 36% in Rest of World.

Earnings and other financial highlights

GN Audio's gross profit reached DKK 1,264 million in Q2 2021 compared to DKK 1,009 million in Q2 2020, corresponding to an increase of 25%. The gross margin was 51.5% in Q2 2021 compared to 51.9% in Q2 2020 driven by a positive contribution from the development in foreign exchange rates, but also reflecting a significant negative impact from increased freight and production costs due to COVID-19 and mix effects. GN Audio continues to be impacted by tariffs. In H1 2021, the gross profit increased by 49% to DKK 2,744 million compared to H1 2020, equal to a gross margin of 51.5%, slightly higher than H1 2020 of 51.0%.

GN Audio's OPEX was DKK 732 million in Q2 2021, an increase of 22% compared to Q2 2020. Investments in R&D increased by 42% driven by focused product development across audio and video, while selling, distribution and administrative costs increased by 18%, mainly driven by continued investments in future growth opportunities. In H1 2021, GN Audio has significantly increased OPEX investments leading to a growth of 31% compared to H1 2020.

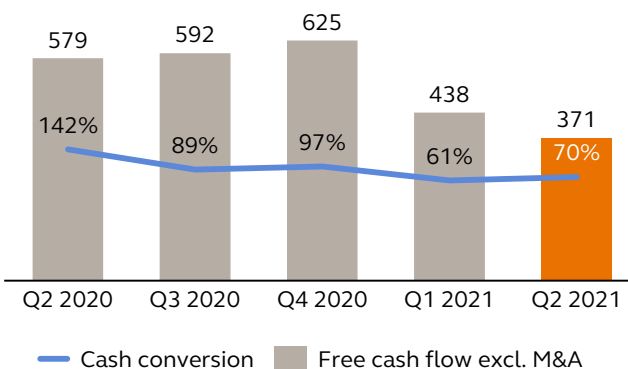
GN Audio's EBITA increased by 30% to DKK 532 million in Q2 2021 reflecting the revenue growth on top of continued investments. Going forward, GN Audio will continue to invest significantly across OPEX lines to drive future growth opportunities in line with the strategy and financial guidance. The EBITA margin was 21.7% in Q2 2021 compared to 21.0% in Q2 2020. In H1 2021, EBITA increased by impressive 79% and the EBITA margin increased to 23.4% compared to 19.3% in H1 2020.



* Excluding gain of DKK 114m from legal settlements and litigation

The return on invested capital (ROIC) was 94% in Q2 2021 compared to 54% in Q2 2020 driven by growth in EBITA.

Free cash flow excl. M&A was DKK 371 million in Q2 2021 compared to DKK 579 million in Q2 2020. The decrease in cash flow was mainly driven by a strong development in net working capital in Q2 2020. Cash conversion was 70% compared to 142% in the same period last year. In H1 2021, free cash flow excl. M&A was DKK 809 million compared to DKK 512 million in H1 2020. In H1 2021, cash conversion was 65% compared to 74% in H1 2020.



Business highlights

New Jabra PanaCast camera line-up

On April 27, 2021, GN Audio announced the new Jabra PanaCast camera line-up that has been engineered to help businesses navigate the flexible hybrid way of working. The line-up combines immersive vision and video, world-leading

audio technologies and cutting-edge Artificial Intelligence to completely reinvent meetings and collaboration.

Jabra PanaCast 50 is engineered to be the world's first new-normal intelligent video bar. The new solution utilizes a multi-camera array creating a 180° field of view covering the full room. Coming with several intelligent processors, the system enables real-time integration of audio, video and data. The video bar also incorporates Safety Capacity and Room Usage enabling timely decisions. On top of the immersive vision and video, it includes Jabra's well-known sound and microphone capabilities using precise voice detection and intelligent algorithms that remove disruptive noise. GN Audio started shipment of PanaCast 50 in June, and the initial feedback is very encouraging.

Jabra PanaCast 20 is an intelligent personal camera allowing high-quality, secure video collaboration, no matter where you are. All the experiences are powered on the device itself, significantly minimizing the risk of security breaches and maximizing speed, accuracy, and the overall quality of the experience. The PanaCast 20 delivers 4K Ultra HD Video as well as personalized Intelligent Zoom. GN Audio began shipment of PanaCast 20 in August.

Market development

In Q2 2021, the demand in GN Audio's core addressable market continued to be strong, partly driven by the continued need for flexible working solutions. GN Audio expects to deliver growth in the remaining quarters of the year, on top of the significant growth rates delivered in Q3-Q4 2020. For the coming years, GN Audio expects that the favorable global enterprise market trend will continue and that the market will grow at around 10% in value when assuming a stable macro environment. GN Audio's mid-term target of growing faster than the market is fully intact.

Management quote

"GN Audio continued to take significant market share in Q2 2021 in the enterprise segment with our innovative world leading office products. Our new Jabra PanaCast camera line-up, announced in April, started shipment during the summer and will support GN Audio's continued growth as companies reinvent meetings and collaboration. We expect high demand for our products to continue as organizations invest in hybrid and flexible working solutions to prepare for the new normal following the pandemic."

René Svendsen-Tune, CEO of GN Audio

GN Store Nord

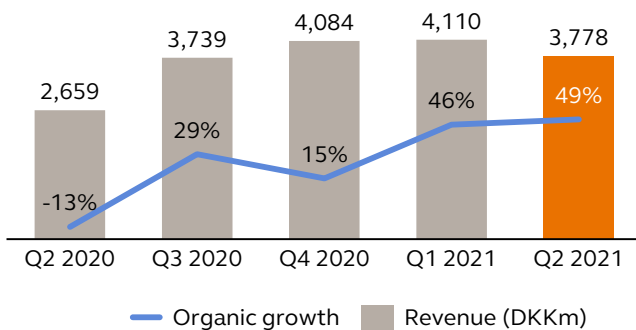
Highlights Q2 2021

- GN delivered 49% organic revenue growth in Q2 2021
- EBITA reached DKK 635 million corresponding to an EBITA margin of 16.8% compared to 0.9% in Q2 2020, reflecting strong execution across the company
- Free cash flow excl. M&A was DKK 510 million in Q2 2021
- Leverage of 1.3x net interest-bearing debt to EBITDA, compared to 1.6x by the end of Q1 2021
- GN to launch new innovative lifestyle products extending the Jabra Enhance line of hearing enhancement solutions
- The financial guidance is confirmed

We believe that the fundamentals of the company are strong and that the business will “return to normality” when the impact of the pandemic is safely behind us. The impact of COVID-19 obviously influences GN Hearing in a completely different way than GN Audio. We see having the two businesses under one roof as a position of strength for the company, as reflected in the launch of Jabra Enhance line-up.

Revenue

GN delivered 49% organic revenue growth in Q2 2021. Revenue growth was 42% including around -7% impact from the development in foreign exchange rates. In H1 2021, GN delivered an organic revenue growth of 47%.



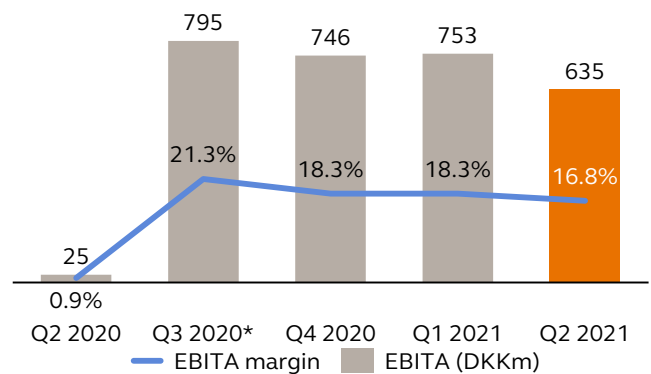
Earnings and other financial highlights

EBITA in Other amounted to DKK -50 million in Q2 2021, compared to DKK -47 million in Q2 2020. GN Store Nord's EBITA reached DKK 635 million in Q2 2021 compared to DKK 25 million in Q2 2020, driven by strong execution across the company and consequently, the EBITA margin was 16.8% in Q2 2021 compared to 0.9% in Q2 2020. In H1 2021, EBITA grew from DKK 325 million to DKK 1,388 million equal to an EBITA margin of 17.6% compared to 5.8% in H1 2020.

In Q2 2021, amortization of acquired intangible assets amounted to DKK -42 million compared to DKK -52 million in Q2 2020, while gain (loss) on divestments of operations was DKK -9 million in Q2 2021 compared to DKK -1 million in Q2 2020, both explained by a reduction of the asset base due to

the ongoing optimization of the Beltone Corporate Retail portfolio.

Financial items were DKK -12 million in Q2 2021 compared to DKK 49 million in Q2 2020, driven by a positive non-cash contribution from foreign exchange revaluation of certain balance sheet items from the depreciating USD in Q2 2020. In Q2 2021, share of profit (loss) in associates was DKK -20 million compared to DKK -6 million in Q2 2020.

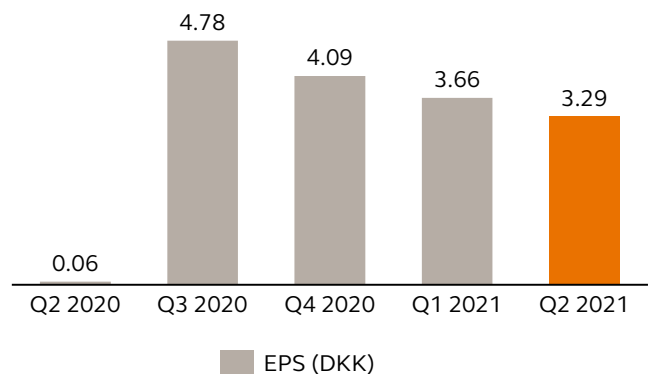


* Excluding gain of DKK 114m from legal settlements and litigation

The profit before tax was DKK 552 million in Q2 2021 compared to DKK 15 million in Q2 2020. The effective tax rate was 21.4%, translating into a net profit of DKK 434 million in Q2 2021 compared to DKK 13 million in Q2 2020. In H1 2021, net profit has increased by 670% compared to H1 2020.

Free cash flow excl. M&A was DKK 510 million in Q2 2021 compared to DKK 517 million in Q2 2020, driven by strong growth in earnings but offset by strong net working capital development in Q2 2020 following the outbreak of the COVID-19 pandemic. This equals a cash conversion of 80% in Q2 2021. In H1 2021, free cash flow excl. M&A was DKK 488 million compared to DKK 357 million in H1 2020. In H1 2021, cash conversion was 35% compared to 110% in H1 2020.

Earnings per share (EPS) was DKK 3.29 in Q2 2021 compared to DKK 0.06 in Q2 2020, while in H1 2021, EPS was DKK 6.96 compared to DKK 0.85 in H1 2020.



By the end of Q2 2021, equity in GN Store Nord amounted to DKK 5,874 million compared to DKK 4,500 million in Q2 2020, corresponding to an increase of 31%. The increase was driven by the net profits generated during the period, on top of the execution of the ordinary annual dividend payment and the ongoing share buyback program.

Capital structure

Net interest-bearing debt was DKK 4,408 million in Q2 2021 compared to DKK 4,334 million in Q1 2021, which was driven by the strong cash flow generation but offset by the ongoing share buyback program. Net interest-bearing debt to EBITDA leverage ratio decreased to 1.3x compared to 1.6x by the end of Q1 2021. The balance sheet remains very sound with ample sources of liquidity. GN had cash and cash equivalents of DKK 1,715 million at the end of Q2 2021.

As previously communicated, GN has a long-term capital structure target of a net interest-bearing debt between one- and two-times EBITDA.

In H1 2021, GN has in total distributed DKK 614 million to shareholders through share buybacks and dividend. In March 2021, GN paid out DKK 206 million in dividend (DKK 1.45 per share) in respect of the fiscal year 2020 as approved at the Annual General Meeting in 2021.

In line with the last couple of years, GN continues to proactively secure a diversified funding profile. The different sources of financing now available to GN include the convertible bond market (via the listed convertible bond), traditional bonds (via the Euro Medium-Term Note program), the Euro Commercial Paper Program, bilateral loan facilities provided by EIB as well as uncommitted bank facilities including overdraft lines. GN has immediate access to a new, undrawn revolving credit facility of EUR 350 million with a tenor of five years, available by a group of GN's relationship banks, which concludes the refinancing of the former revolving credit facilities. GN considers this debt funding flexibility, in addition to the equity market access as a listed company, important for navigating the current uncertain capital markets.

Foreign exchange exposure

GN has hedged a substantial part of the expected net cash-flow in foreign currencies to secure the EBITA contribution of the material trading currencies for the next 12 months across both GN Hearing and GN Audio.

Financial guidance 2021

The financial guidance for 2021 is confirmed

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 is also impacting predictability and visibility across GN's markets, channels and supply chain. Certain components remain in global shortage impacting many different industries. GN has commitment from component suppliers to deliver on the guidance. This is based on an assumption that the GN suppliers will not face unexpected reductions in access to raw materials. The financial guidance is contingent on a gradual reopening of society and no major disruptions in the supply chain.

GN Hearing

The fundamental assumptions behind the financial guidance for GN Hearing are that the global hearing aid market in H1 2021 was heavily impacted by COVID-19 and the consequential volatile regional and local restrictions. As hearing care professionals and end-users in our main markets had access to the vaccine throughout H1 2021, the expectation earlier in the year was that the market would reset and normalize in H2 2021. Due to the Delta variant and consequential reinforced local restrictions the normalization has not yet materialized in all markets. 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 25% and an EBITA margin of more than 21%. GN Audio expects to deliver growth in the remaining quarters of 2021, on top of the significant growth rates delivered in Q3-Q4 2020.

Other activities 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 60% for full year 2021.

Forward-looking statements

The forward-looking statements in this interim 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).

Due to the COVID-19 situation – which impacts the company in many different ways – it must be stressed that the basic assumptions behind the guidance remain significantly more uncertain than normal.

Additional information

Teleconference

GN will host a teleconference at 11.00 am CEST on August 19, 2021. Please visit www.gn.com to access the teleconference. Presentation material will be available on the website approximately one hour prior to the start of the teleconference.

Financial calendar 2021

Interim Report Q3 2021: October 29, 2021

Forward-looking statements

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GN strategy 2020 and beyond

GN will continue enabling people to Hear More, Do More and Be More, driven by innovation leadership and commercial & eco-system excellence. Specifically, in the years ahead, GN will increasingly leverage synergies between both divisions and drive growth by delivering unique and increasingly individualized customer experiences in products and solutions

Utilizing the synergies derived from GN's hearing and audio technologies and expertise, the Group is now able to significantly improve and personalize customers' hearing and listening experiences. Enabling a whole new level of individualization, GN will continue to deliver industry-leading innovation that addresses real life challenges for people with hearing loss, for businesses seeking productivity gains and for audio consumers looking for experiences beyond what can be delivered today.

GN's strategy for 2020 and beyond is to take individualized customer experience to a whole new level, and:

- further broaden the reach and appeal of GN's hearing and audio product portfolios, where management sees ample opportunities for continued growth
- as new market segments open, leverage GN's technological expertise and commercial platform, where these provide a particular competitive advantage.

Our focus going forward

GN's core technology capabilities have successfully taken the company to where it is today. Going forward, the company will stay true to our technology foundation and pursue to take our innovation and technology excellence to the next level.

We will do this via a much deeper understanding of our customers' true needs. We will aspire to develop much improved individualized products that will serve individual customers even better. Furthermore, we aim to take our commercial and operational execution to the next level.

We see great opportunities to leverage the skill-sets in our two operating companies to drive further synergies and to become even more relevant to our customers.

And we will add adjacent acquisitions where we see opportunities and synergies.

GN Store Nord

In the mid-term, GN will continue to invest in growth through innovation to deliver double-digit organic growth rates. We expect to continue delivering a strong EBITA margin in line with existing levels and competition, and to deliver double-digit growth in earnings per share.

GN 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.



INDIVIDUALIZED
CUSTOMER EXPERIENCE



INNOVATION LEADERSHIP



COMMERCIAL &
ECOSYSTEM EXCELLENCE



Engagement
& focus



Lean
& efficient



Sustainability

Mid-term guidance

DKK million	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%

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

Content

Financial statements

Financial statements

Quarterly reporting by segment	14
Regional growth composition	15
Consolidated income statement	16
Consolidated statement of comprehensive income	16
Consolidated balance sheet	17
Consolidated statement of cash flow	18
Consolidated statement of equity	19

Notes

Note 1 – Accounting policies	20
Note 2 – Segment disclosures Q2 2021	21
Note 3 – Incentive plans	24
Note 4 – Shareholdings	24

Quarterly reporting by segment

DKK million	Q1 2020 (unaud.)	Q2 2020 (unaud.)	Q3 2020 (unaud.)	Q4 2020 (unaud.)	Q1 2021 (unaud.)	Q2 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	Full year 2020 (aud.)
Income statement									
Revenue									
GN Hearing	1,314	715	1,318	1,378	1,234	1,322	2,029	2,556	4,725
GN Audio	1,653	1,944	2,421	2,706	2,876	2,456	3,597	5,332	8,724
Total	2,967	2,659	3,739	4,084	4,110	3,778	5,626	7,888	13,449
Organic growth									
GN Hearing	-14%	-54%	-11%	-16%	1%	95%	-35%	34%	-24%
GN Audio	22%	32%	72%	43%	82%	32%	27%	55%	42%
Total	3%	-13%	29%	15%	46%	49%	-5%	47%	9%
Gross profit									
GN Hearing	841	332	859	873	769	832	1,173	1,601	2,905
GN Audio	827	1,009	1,239	1,318	1,480	1,264	1,836	2,744	4,393
Total	1,668	1,341	2,098	2,191	2,249	2,096	3,009	4,345	7,298
Gross profit margin									
GN Hearing	64.0%	46.4%	65.2%	63.4%	62.3%	62.9%	57.8%	62.6%	61.5%
GN Audio	50.0%	51.9%	51.2%	48.7%	51.5%	51.5%	51.0%	51.5%	50.4%
Total	56.2%	50.4%	56.1%	53.6%	54.7%	55.5%	53.5%	55.1%	54.3%
Development costs									
GN Hearing	-149	-124	-120	-118	-139	-154	-273	-293	-511
GN Audio	-110	-118	-181	-145	-199	-168	-228	-367	-554
Other *	-22	-20	-19	-23	-34	-27	-42	-61	-84
Total	-281	-262	-320	-286	-372	-349	-543	-721	-1,149
Selling and distribution costs and administrative expenses etc.									
GN Hearing	-637	-544	-570	-602	-532	-525	-1,181	-1,057	-2,353
GN Audio	-429	-483	-394	-531	-567	-564	-912	-1,131	-1,837
Other *	-21	-27	-19	-26	-25	-23	-48	-48	-93
Total	-1,087	-1,054	-983	-1,159	-1,124	-1,112	-2,141	-2,236	-4,283
EBITA									
GN Hearing	55	-336	169	153	98	153	-281	251	41
GN Audio	288	408	664	642	714	532	696	1,246	2,002
Other *	-43	-47	-38	-49	-59	-50	-90	-109	-177
Total	300	25	795	746	753	635	325	1,388	1,866
EBITA margin									
GN Hearing	4.2%	-47.0%	12.8%	11.1%	7.9%	11.6%	-13.8%	9.8%	0.9%
GN Audio	17.4%	21.0%	27.4%	23.7%	24.8%	21.7%	19.3%	23.4%	22.9%
Total	10.1%	0.9%	21.3%	18.3%	18.3%	16.8%	5.8%	17.6%	13.9%
Depreciation and software amortization									
GN Hearing	-47	-45	-54	-35	-42	-41	-92	-83	-181
GN Audio	-28	-29	-31	-34	-33	-31	-57	-64	-122
Other *	-29	-32	-30	-24	-30	-33	-61	-63	-115
Total	-104	-106	-115	-93	-105	-105	-210	-210	-418
EBITDA									
GN Hearing	102	-291	223	188	140	194	-189	334	222
GN Audio	316	437	695	676	747	563	753	1,310	2,124
Other *	-14	-15	-8	-25	-29	-17	-29	-46	-62
Total	404	131	910	839	858	740	535	1,598	2,284
EBITA									
Amortization and impairment of acquired intangible assets	-50	-52	-82	-51	-41	-42	-102	-83	-235
Gain (loss) on divestment of operations etc.	1	-1	-1	-3	-	-9	-	-9	-4
Operating profit (loss)	251	-28	712	692	712	584	223	1,296	1,627
Share of profit (loss) in associates	-1	-6	-2	-	-1	-20	-7	-21	-9
Financial items	-111	49	91	-35	-99	-12	-62	-111	-6
Profit (loss) before tax	139	15	801	657	612	552	154	1,164	1,612
Tax on profit (loss)	-33	-2	-178	-130	-130	-118	-35	-248	-343
Profit (loss)	106	13	623	527	482	434	119	916	1,269
Balance sheet									
Development projects									
GN Hearing	1,058	1,069	1,080	1,084	1,019	1,001	1,069	1,001	1,084
GN Audio	377	399	369	426	508	585	399	585	426
Other *	-19	-18	-16	-15	-13	-12	-18	-12	-15
Total	1,416	1,450	1,433	1,495	1,514	1,574	1,450	1,574	1,495
Inventories									
GN Hearing	580	603	610	650	677	675	603	675	650
GN Audio	585	711	805	1,072	939	1,049	711	1,049	1,072
Total	1,165	1,314	1,415	1,722	1,616	1,724	1,314	1,724	1,722
Trade receivables									
GN Hearing	1,095	835	1,025	972	987	1,020	835	1,020	972
GN Audio	1,477	1,593	1,860	1,704	1,670	1,721	1,593	1,721	1,704
Other *	-	-	-	-	-	2	-	2	-
Total	2,572	2,428	2,885	2,676	2,657	2,743	2,428	2,743	2,676
Net working capital									
GN Hearing	927	649	581	552	785	862	649	862	552
GN Audio	765	512	764	357	652	662	512	662	357
Other *	-142	-121	-139	-93	-189	-136	-121	-136	-93
Total	1,550	1,040	1,206	816	1,248	1,388	1,040	1,388	816
Free cash flow excl. M&A									
GN Hearing	-66	-117	47	263	-204	123	-183	-81	127
GN Audio	-67	579	592	625	438	371	512	809	1,729
Other *	-27	55	-27	8	-256	16	28	-240	9
Total	-160	517	612	896	-22	510	357	488	1,865
Acquisitions and divestments of companies									
	-29	-10	-107	-	-38	-1	-39	-39	-146
Free cash flow	-189	507	505	896	-60	509	318	449	1,719

* "Other" comprises Group Functions, GN Ejendomme and eliminations.

Regional growth composition Q2 2021

(DKK million)	GN Hearing		GN Audio		Consolidated total	
	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)
Europe - revenue	346	188	1,201	1,010	1,547	1,198
Organic growth	84%		20%		30%	
FX growth	0%		-1%		-1%	
M&A growth	0%		0%		0%	
Revenue growth	84%	-53%	19%	60%	29%	16%
North America - revenue	658	326	761	545	1,419	871
Organic growth	121%		55%		80%	
FX growth	-19%		-15%		-17%	
M&A growth	0%		0%		0%	
Revenue growth	102%	-62%	40%	-8%	63%	-40%
Rest of World - revenue	318	201	494	389	812	590
Organic growth	61%		32%		42%	
FX growth	-3%		-5%		-4%	
M&A growth	0%		0%		0%	
Revenue growth	58%	-40%	27%	60%	38%	2%
Total revenue	1,322	715	2,456	1,944	3,778	2,659
Organic growth	95%	-54%	32%	32%	49%	-13%
FX growth	-10%	1%	-6%	1%	-7%	1%
M&A growth	0%	-2%	0%	0%	0%	-1%
Revenue growth	85%	-55%	26%	33%	42%	-13%

Regional growth composition YTD 2021

(DKK million)	GN Hearing		GN Audio		Consolidated total	
	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)
Europe - revenue	700	569	2,895	1,811	3,595	2,380
Organic growth	24%		61%		52%	
FX growth	-1%		-1%		-1%	
M&A growth	0%		0%		0%	
Revenue growth	23%	-27%	60%	39%	51%	15%
North America - revenue	1,229	1,004	1,496	1,060	2,725	2,064
Organic growth	35%		57%		46%	
FX growth	-12%		-16%		-14%	
M&A growth	-1%		0%		-0%	
Revenue growth	22%	-39%	41%	6%	32%	-22%
Rest of World - revenue	627	456	941	726	1,568	1,182
Organic growth	42%		36%		38%	
FX growth	-4%		-6%		-5%	
M&A growth	0%		0%		0%	
Revenue growth	38%	-31%	30%	45%	33%	2%
Total revenue	2,556	2,029	5,332	3,597	7,888	5,626
Organic growth	34%		55%		47%	
FX growth	-7%		-7%		-7%	
M&A growth	-1%		0%		-0%	
Revenue growth	26%	-34%	48%	29%	40%	-4%

Consolidated income statement

(DKK million)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	Full Year 2020 (aud.)
Revenue	3,778	2,659	7,888	5,626	13,449
Production costs	-1,682	-1,318	-3,543	-2,617	-6,151
Gross profit	2,096	1,341	4,345	3,009	7,298
Development costs	-349	-262	-721	-543	-1,149
Selling and distribution costs	-815	-782	-1,663	-1,619	-3,349
Management and administrative expenses	-298	-271	-581	-530	-1,037
Other operating income and costs, net	1	-1	8	8	103
EBITA*	635	25	1,388	325	1,866
Amortization and impairment of acquired intangible assets	-42	-52	-83	-102	-235
Gain (loss) on divestment of operations etc.	-9	-1	-9	-	-4
Operating profit (loss)	584	-28	1,296	223	1,627
Share of profit (loss) in associates	-20	-6	-21	-7	-9
Financial items	-12	49	-111	-62	-6
Profit (loss) before tax	552	15	1,164	154	1,612
Tax on profit (loss)	-118	-2	-248	-35	-343
Profit (loss) for the period	434	13	916	119	1,269
Attributable to:					
Non-controlling interests	7	5	15	10	17
Shareholders in GN Store Nord A/S	427	8	901	109	1,252
Earnings per share (EPS):					
Earnings per share (EPS)	3.29	0.06	6.96	0.85	9.72
Earnings per share, fully diluted (EPS diluted)	3.25	0.06	6.87	0.84	9.63

* Excluding gain (loss) on divestments of operations etc. and amortization of acquired intangible assets but including amortization of development projects and software developed in-house.

Consolidated statement of comprehensive income

(DKK million)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	Full Year 2020 (aud.)
Profit (loss) for the period	434	13	916	119	1,269
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains (losses)	-	-	-	-8	-1
Items that may be reclassified subsequently to profit or loss					
Adjustment of cash flow hedges	8	-15	18	26	-13
Foreign exchange adjustments, etc.	-71	-131	167	-53	-601
Tax relating to other comprehensive income	-2	-9	-4	-9	14
Other comprehensive income for the period	-65	-155	181	-44	-601
Total comprehensive income for the period	369	-142	1,097	75	668
Attributable to:					
Non-controlling interests	7	5	15	10	17
Shareholders in GN Store Nord A/S	362	-147	1,082	65	651

Consolidated balance sheet

(DKK million)	Jun. 30 2021 (unaud.)	Mar. 31 2021 (unaud.)	Dec. 31 2020 (aud.)	Sep. 30 2020 (unaud.)
Assets				
Intangible assets	7,210	7,214	7,007	7,175
Property, plant and equipment	1,224	1,243	1,057	1,107
Investments in associates	506	537	523	522
Deferred tax assets	402	405	392	403
Other non-current assets	1,333	1,289	1,187	1,185
Total non-current assets	10,675	10,688	10,166	10,392
Inventories	1,724	1,616	1,722	1,415
Trade receivables	2,743	2,657	2,676	2,885
Tax receivables	21	27	63	36
Other receivables	462	429	398	340
Cash and cash equivalents	1,715	1,898	1,657	1,456
Total current assets	6,665	6,627	6,516	6,132
Total assets	17,340	17,315	16,682	16,524
Equity and liabilities				
Equity	5,874	5,905	5,178	4,874
Bank loans and issued bonds	5,460	5,445	5,069	5,184
Lease liabilities, non-current	287	320	324	356
Pension obligations	34	35	36	33
Provisions, non-current	227	237	203	90
Deferred tax liabilities	364	364	362	550
Other non-current liabilities	519	498	482	477
Total non-current liabilities	6,891	6,899	6,476	6,690
Bank loans	257	352	341	892
Lease liabilities, current	119	115	121	129
Trade payables	1,148	1,018	1,238	1,076
Tax payables	284	199	253	31
Provisions, current	374	391	333	474
Other current liabilities	2,393	2,436	2,742	2,358
Total current liabilities	4,575	4,511	5,028	4,960
Total equity and liabilities	17,340	17,315	16,682	16,524

Consolidated statement of cash flow

(DKK million)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	Full Year 2020 (aud.)
Operating activities					
Operating profit (loss)	584	-28	1,296	223	1,627
Depreciation, amortization and impairment	282	263	556	536	1,167
Other non-cash adjustments	-48	164	67	157	346
Cash flow from operating activities before changes in working capital	818	399	1,919	916	3,140
Changes in working capital	61	398	-370	157	368
Cash flow from operating activities before financial items and tax	879	797	1,549	1,073	3,508
Financial items, net	26	18	-104	-60	-13
Tax paid, net	-29	-7	-131	-119	-289
Cash flow from operating activities	876	808	1,314	894	3,206
Investing activities					
Development projects	-196	-140	-343	-304	-638
Investments in other intangible assets, net	-74	-112	-132	-137	-234
Investments in property, plant and equipment, net	-58	-46	-300	-99	-219
Investments in other non-current assets, net	-38	7	-51	3	-250
Company acquisitions	-1	-10	-39	-40	-147
Company divestments	-	-	-	1	1
Cash flow from investing activities	-367	-301	-865	-576	-1,487
Cash flow from operating and investing activities (free cash flow)	509	507	449	318	1,719
Financing activities					
Paid dividends	-41	-	-188	-187	-187
Share-based payment (exercised)	4	2	133	170	194
Purchase/sale of treasury shares and other equity instruments	-408	-	-408	-453	-453
Net proceeds from issue of Eurobonds	-	-	363	-	-
Increase/decrease in bank loans and other adjustments	-245	-127	-299	-598	-1,325
Cash flow from financing activities	-690	-125	-399	-1,068	-1,771
Net cash flow	-181	382	50	-750	-52
Cash and cash equivalents beginning of period	1,898	589	1,657	1,728	1,728
Adjustment foreign currency, cash and cash equivalents	-2	-4	8	-11	-19
Cash and cash equivalents, end of period	1,715	967	1,715	967	1,657

Consolidated statement of equity

Q2 2020 (DKK million)	Other reserves				Proposed dividends for the year	Retained earnings	Equity, shareholders in GN Store Nord A/S	Non-controlling interests	Total equity
	Share capital*	Foreign exchange adjustments	Hedging reserve	Treasury shares					
Balance at December 31, 2019	569	-910	-11	-3,424	206	8,419	4,849	-	4,849
Profit (loss) for the period	-	-	-	-	-	109	109	10	119
Actuarial gains (losses)	-	-	-	-	-	-8	-8	-	-8
Adjustment of cash flow hedges	-	-	26	-	-	-	26	-	26
Foreign exchange adjustments, etc.	-	-53	-	-	-	-	-53	-	-53
Tax relating to other comprehensive income	-	-3	-6	-	-	-	-9	-	-9
Other comprehensive income for the period	-	-56	20	-	-	-8	-44	-	-44
Total comprehensive income for the period	-	-56	20	-	-	101	65	10	75
Share-based payment (granted)	-	-	-	-	-	34	34	-	34
Share based payment (exercised)	-	-	-	195	-	-25	170	-	170
Tax related to share-based incentive plans	-	-	-	-	-	29	29	-	29
Purchase/sale of treasury shares	-	-	-	-453	-	-	-453	-	-453
Reclassification of non-controlling interests by recognizing a put option liability	-	-	-	-	-	-7	-7	-4	-11
Paid dividends	-	-	-	-	-187	-	-187	-6	-193
Dividends, treasury shares	-	-	-	-	-19	19	-	-	-
Balance at June 30, 2020	569	-966	9	-3,682	-	8,570	4,500	-	4,500
Q2 2021 (DKK million)									
Balance at December 31, 2020	569	-1,500	-21	-3,640	206	9,564	5,178	-	5,178
Profit (loss) for the period	-	-	-	-	-	901	901	15	916
Adjustment of cash flow hedges	-	-	18	-	-	-	18	-	18
Foreign exchange adjustments, etc.	-	167	-	-	-	-	167	-	167
Tax relating to other comprehensive income	-	-	-4	-	-	-	-4	-	-4
Other comprehensive income for the period	-	167	14	-	-	-	181	-	181
Total comprehensive income for the period	-	167	14	-	-	901	1,082	15	1,097
Reduction of the share capital	-16	-	-	873	-	-857	-	-	-
Share-based payment (granted)	-	-	-	-	-	25	25	-	25
Share-based payment (exercised)	-	-	-	186	-	-53	133	-	133
Tax related to share-based incentive plans	-	-	-	-	-	46	46	-	46
Purchase/sale of treasury shares	-	-	-	-408	-	-	-408	-	-408
Reclassification of non-controlling interests by recognizing a put option liability	-	-	-	-	-	6	6	-15	-9
Paid dividends	-	-	-	-	-188	-	-188	-	-188
Dividends, treasury shares	-	-	-	-	-18	18	-	-	-
Balance at June 30, 2021	553	-1,333	-7	-2,989	-	9,650	5,874	-	5,874

* shares of DKK 4 each

Note 1 – Accounting policies

This interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish interim financial reporting requirements for listed companies.

New standards, interpretations and amendments adopted by GN Store Nord

As of January 1, 2021, GN Store Nord adopted all relevant new or revised International Financial Reporting Standards and IFRIC Interpretations with effective date January 1, 2021, or earlier. The new or revised Standards and Interpretations did not affect recognition and measurement or result in any material changes to disclosures. Apart from this, the accounting policies applied are unchanged from those applied in the Annual Report 2020.

Note 2 – Segment disclosures Q2 2021

Income statement	GN Hearing		GN Audio		Other**		Consolidated total	
	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)
(DKK million)								
Revenue	1,322	715	2,456	1,944	-	-	3,778	2,659
Production costs	-490	-383	-1,192	-935	-	-	-1,682	-1,318
Gross profit	832	332	1,264	1,009	-	-	2,096	1,341
Development costs	-154	-124	-168	-118	-27	-20	-349	-262
Selling and distribution costs	-356	-406	-459	-376	-	-	-815	-782
Management and administrative expenses	-167	-141	-107	-103	-24	-27	-298	-271
Other operating income and costs, net	-2	3	2	-4	1	-	1	-1
EBITA*	153	-336	532	408	-50	-47	635	25
Amortization and impairment of acquired intangible assets	-24	-32	-18	-20	-	-	-42	-52
Gain (loss) on divestment of operations etc.	-9	-1	-	-	-	-	-9	-1
Operating profit (loss)	120	-369	514	388	-50	-47	584	-28
Share of profit (loss) in associates	-20	-6	-	-	-	-	-20	-6
Financial items	-22	43	8	21	2	-15	-12	49
Profit (loss) before tax	78	-332	522	409	-48	-62	552	15
Tax on profit (loss)	-17	78	-111	-96	10	16	-118	-2
Profit (loss) for the period	61	-254	411	313	-38	-46	434	13

Cash flow statement	GN Hearing		GN Audio		Other**		Consolidated total	
	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)
(DKK million)								
Operating activities before changes in working capital	258	-108	578	522	-18	-15	818	399
Cash flow from changes in working capital	16	162	36	253	9	-17	61	398
Cash flow from operating activities excluding financial items and tax	274	54	614	775	-9	-32	879	797
Cash flow from investing activities:								
Development projects	-76	-71	-120	-69	-	-	-196	-140
Other	-51	-89	-44	-31	-76	-41	-171	-161
Cash flow from operating and investing activities before financial items and tax	147	-106	450	675	-85	-73	512	496
Tax and financial items	-24	-21	-80	-96	101	128	-3	11
Cash flow from operating and investing activities (free cash flow)	123	-127	370	579	16	55	509	507
Cash flow from M&A activities	-	-10	-1	-	-	-	-1	-10
Free cash flow excl. M&A	123	-117	371	579	16	55	510	517

Additional information	GN Hearing		GN Audio		Other**		Consolidated total	
	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)	Q2 2021 (unaud.)	Q2 2020 (unaud.)
(DKK million)								
Revenue distributed geographically								
Denmark	18	15	62	31	-	-	80	46
Europe	328	173	1,139	979	-	-	1,467	1,152
North America	658	326	761	545	-	-	1,419	871
Rest of World	318	201	494	389	-	-	812	590
Revenue	1,322	715	2,456	1,944	-	-	3,778	2,659
Incurred development costs	-133	-132	-243	-140	-29	-22	-405	-294
Capitalized development costs	76	71	120	69	-	-	196	140
Amortization, impairment and depreciation of development projects***	-97	-63	-45	-47	2	2	-140	-108
Expensed development costs	-154	-124	-168	-118	-27	-20	-349	-262
EBITDA	194	-291	563	437	-17	-15	740	131
Depreciation and software amortization	-41	-45	-31	-29	-33	-32	-105	-106
EBITA*	153	-336	532	408	-50	-47	635	25
EBITA margin	11.6%	-47.0%	21.7%	21.0%	N/A	N/A	16.8%	0.9%
Number of employees, end of period	4,483	4,255	2,163	1,726	290	224	6,936	6,205

* Excluding gain (loss) on divestments of operations etc. and amortization of acquired intangible assets but including amortization of development projects and software developed in-house.

** "Other" comprises Group Shared Services, GN Ejendomme and eliminations

*** Does not include amortization of acquired intangible assets, cf. definition of EBITA

Note 2 – Segment disclosures Q2 2021 (Continued)

Balance sheet	GN Hearing		GN Audio		Other*		Consolidated total	
	Jun. 30 2021 (unaud.)	Jun. 30 2020 (unaud.)	Jun. 30 2021 (unaud.)	Jun. 30 2020 (unaud.)	Jun. 30 2021 (unaud.)	Jun. 30 2020 (unaud.)	Jun. 30 2021 (unaud.)	Jun. 30 2020 (unaud.)
(DKK million)								
ASSETS								
Goodwill	3,348	3,520	1,138	1,200	-	-	4,486	4,720
Development projects	1,001	1,069	585	399	-12	-18	1,574	1,450
Other intangible assets	346	541	357	422	447	314	1,150	1,277
Property, plant and equipment	483	524	333	296	408	254	1,224	1,074
Investments in associates	482	216	-	-	24	27	506	243
Deferred tax assets	358	313	146	161	-102	-57	402	417
Loans to dispensers and ownership interests	794	886	-	-	-	-	794	886
Other financial assets	539	385	-	-	-	-	539	385
Total non-current assets	7,351	7,454	2,559	2,478	765	520	10,675	10,452
Inventories	675	603	1,049	711	-	-	1,724	1,314
Trade receivables	1,020	835	1,721	1,593	2	-	2,743	2,428
Receivables from group companies**	-	-	2,028	299	-2,028	-299	-	-
Tax receivables	37	188	74	45	-90	-72	21	161
Other receivables	257	163	124	81	81	65	462	309
Cash and cash equivalents	207	192	159	135	1,349	640	1,715	967
Total current assets	2,196	1,981	5,155	2,864	-686	334	6,665	5,179
Total assets	9,547	9,435	7,714	5,342	79	854	17,340	15,631
EQUITY AND LIABILITIES								
Equity	5,254	5,050	4,623	2,767	-4,003	-3,317	5,874	4,500
Bank loans and issued bonds	-	-	-	-	5,460	4,802	5,460	4,802
Lease liabilities, non-current	196	212	73	96	18	40	287	348
Pension obligations	28	28	6	5	-	-	34	33
Provisions, non-current	117	74	110	14	-	-	227	88
Deferred tax liabilities	260	239	156	184	-52	128	364	551
Other non-current liabilities	357	314	160	137	2	-	519	451
Total non-current liabilities	958	867	505	436	5,428	4,970	6,891	6,273
Bank loans	23	-	9	-	225	1,259	257	1,259
Lease liabilities, current	79	84	32	34	8	11	119	129
Trade payables	226	144	847	774	75	35	1,148	953
Amounts owed to group companies**	1,945	2,210	-	-	-1,945	-2,210	-	-
Tax payables	20	30	117	81	147	-45	284	66
Provisions, current	178	242	196	151	-	-	374	393
Other current liabilities	864	808	1,385	1,099	144	151	2,393	2,058
Total current liabilities	3,335	3,518	2,586	2,139	-1,346	-799	4,575	4,858
Total equity and liabilities	9,547	9,435	7,714	5,342	79	854	17,340	15,631
Invested capital***	6,539	6,873	2,769	2,664	707	429	10,015	9,966
Average invested capital	6,706	7,030	2,717	2,622	568	383	9,991	10,035

* "Other" comprises Group Shared Services, GN Ejendomme and eliminations

** Net amount

*** Includes Net working capital (Inventories, Trade receivables, Other receivables, Trade payables and Other current liabilities), Goodwill, Development projects, Other intangible assets, Property, plant and equipment, Loans to dispensers and ownership interests and Provisions

Note 2 – Segment disclosures YTD 2021

Income statement	GN Hearing		GN Audio		Other**		Consolidated total	
	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)
(DKK million)								
Revenue	2,556	2,029	5,332	3,597	-	-	7,888	5,626
Production costs	-955	-856	-2,588	-1,761	-	-	-3,543	-2,617
Gross profit	1,601	1,173	2,744	1,836	-	-	4,345	3,009
Development costs	-293	-273	-367	-228	-61	-42	-721	-543
Selling and distribution costs	-736	-896	-927	-723	-	-	-1,663	-1,619
Management and administrative expenses	-325	-287	-207	-195	-49	-48	-581	-530
Other operating income and costs, net	4	2	3	6	1	-	8	8
EBITA*	251	-281	1,246	696	-109	-90	1,388	325
Amortization and impairment of acquired intangible assets	-48	-62	-35	-40	-	-	-83	-102
Gain (loss) on divestment of operations etc.	-9	-1	-	1	-	-	-9	-
Operating profit (loss)	194	-344	1,211	657	-109	-90	1,296	223
Share of profit (loss) in associates	-21	-7	-	-	-	-	-21	-7
Financial items	-90	-46	-37	8	16	-24	-111	-62
Profit (loss) before tax	83	-397	1,174	665	-93	-114	1,164	154
Tax on profit (loss)	-18	93	-250	-156	20	28	-248	-35
Profit (loss) for the period	65	-304	924	509	-73	-86	916	119

Cash flow statement	GN Hearing		GN Audio		Other**		Consolidated total	
	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)
(DKK million)								
Operating activities before changes in working capital	490	68	1,475	878	-46	-30	1,919	916
Cash flow from changes in working capital	-214	135	-215	-29	59	51	-370	157
Cash flow from operating activities excluding financial items and tax	276	203	1,260	849	13	21	1,549	1,073
Cash flow from investing activities:								
Development projects, investment	-137	-173	-206	-131	-	-	-343	-304
Other investing activities	-109	-142	-86	-47	-327	-83	-522	-272
Cash flow from operating and investing activities before financial items and tax	30	-112	968	671	-314	-62	684	497
Tax and financial items	-146	-110	-163	-159	74	90	-235	-179
Cash flow from operating and investing activities (free cash flow)	-116	-222	805	512	-240	28	449	318
Cash flow from M&A activities	-35	-39	-4	-	-	-	-39	-39
Free cash flow excl. M&A	-81	-183	809	512	-240	28	488	357

Additional information	GN Hearing		GN Audio		Other**		Consolidated total	
	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)	YTD 2021 (unaud.)	YTD 2020 (unaud.)
(DKK million)								
Revenue distributed geographically								
Denmark	40	47	143	84	-	-	183	131
Europe	660	522	2,752	1,727	-	-	3,412	2,249
North America	1,229	1,004	1,496	1,060	-	-	2,725	2,064
Rest of World	627	456	941	726	-	-	1,568	1,182
Revenue	2,556	2,029	5,332	3,597	-	-	7,888	5,626
Incurred development costs	-243	-308	-484	-264	-64	-45	-791	-617
Capitalized development costs	137	173	206	131	-	-	343	304
Amortization, impairment and depreciation of development projects***	-187	-138	-89	-95	3	3	-273	-230
Expensed development costs	-293	-273	-367	-228	-61	-42	-721	-543
EBITDA	334	-189	1,310	753	-46	-29	1,598	535
Depreciation and software amortization	-83	-92	-64	-57	-63	-61	-210	-210
EBITA*	251	-281	1,246	696	-109	-90	1,388	325
EBITA margin	9.8%	-13.8%	23.4%	19.3%	N/A	N/A	17.6%	5.8%
Number of employees, end of period	4,483	4,255	2,163	1,726	290	224	6,936	6,205

* Excluding gain (loss) on divestments of operations etc. and amortization of acquired intangible assets but including amortization of development projects and software developed in-house.

** "Other" comprises Group Shared Services, GN Ejendomme and eliminations

*** Does not include amortization of acquired intangible assets, cf. definition of EBITA

Note 3 – Incentive plans

As of June 30, 2021, the total number of outstanding warrants in GN Hearing was 1,671 (0.3% of the shares issued in GN Hearing). The total number of outstanding warrants in GN Audio was 1,681 (0.5% of the shares issued in GN Audio). The total number of outstanding options in GN Store Nord is 1,923,559 (1.4% of the shares issued in GN Store Nord)

Note 4 – Shareholdings

On June 30, 2021, members of the board of directors and the executive management, respectively, own 49,155 and 131,739 shares in GN Store Nord.

On June 30, 2021, GN owns 9,062,988 treasury shares, equivalent to 6.6% of the 138,175,982 shares issued.

The GN stock is 100% free float, and the company has no dominant shareholders. APG Asset Management N.V. has reported an ownership interest in excess of 5% of GN's share capital. Foreign ownership of GN is estimated to be around 70%.

Statement by the Executive Management and the Board of Directors

Today, the board of directors and the executive management have reviewed and approved the interim report for GN Store Nord A/S for the period January 1 – June 30, 2021.

The interim report, which has not been audited or reviewed by the company's auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the group's assets, liabilities and financial position at

June 30, 2021, and of the results of the group's operations and cash flows for the period January 1 – June 30, 2021.

Further, in our opinion the executive management's review gives a true and fair view of the development in the group's operations and financial matters, the results of the group for the period and the group's financial position as a whole, and describes the significant risks and uncertainties pertaining to the group.

Ballerup, August 19, 2021

Executive Management

René Svendsen-Tune
CEO, GN Store Nord & GN Audio

Gitte Aabo
CEO, GN Hearing

Peter la Cour Gormsen
CFO, GN Store Nord & GN Audio

Board of Directors

Per Wold-Olsen
Chairman

Jukka Pekka Pertola
Deputy Chairman

Wolfgang Reim

Hélène Barnekow

Ronica Wang

Montserrat Maresch Pascual

Anette Weber

Leo Larsen

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Marcus Stuhr Perathoner



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