

GN Audio +72%, GN Hearing -11%, GN +29% organic growth and EBITA at DKK 795 million

- During Q3 2020, GN was affected in two ways by COVID-19: (i) GN Audio experienced strong demand as enterprises continued to invest in employees working from home, and (ii) GN Hearing experienced emerging recovery with continued impact from local restrictions
- Leverage of 2.2 times net interest-bearing debt to EBITDA
- Operating in both the hearing aid and audio space, and with no forward integration, is beneficial for GN during these challenging times. GN delivered an EPS growth of 84% in Q3 2020 reaching DKK 4.78, including gain from legal settlements and litigation

GN Store Nord

29%

organic growth

- GN delivered strong 29% organic revenue growth in Q3 2020
- Free cash flow excl. M&A was DKK 612 million in Q3, reflecting the strong growth
- The financial guidance for 2020, upgraded on October 9, 2020, is confirmed. Due to the COVID-19 situation, it must be stressed that the basic assumptions behind the guidance remain significantly more uncertain than normal

GN Hearing

-11%

organic growth

- GN Hearing experienced emerging recovery with organic revenue growth of -11%, compared to an organic revenue growth of -54% in Q2 2020
- Encouraging initial reception of ReSound ONE across all key markets with positive launch feedback in a world still impacted by COVID-19
- EBITA was DKK 169 million in Q3 2020 compared to DKK 283 million in Q3 2019 due to the decline in revenue more than offsetting OPEX reductions
- Free cash flow excl. M&A was DKK 47 million in Q3 2020 compared to DKK 289 million in Q3 2019, reflecting the lower revenue level and channel investments

GN Audio

72%

organic growth

- GN Audio experienced outstanding 72% organic revenue growth in Q3 2020, driven by continued very strong demand for enterprise products combined with significant increase in production capacity. Furthermore, the consumer segment returned to strong double-digit growth in the quarter
- EBITA increased by 129% to DKK 664 million (including gain from legal settlements and litigation of DKK 114 million) in Q3 2020 corresponding to an EBITA margin of 27.4%. The EBITA margin development reflects the gain from legal settlements and litigations and continuous leverage in the business offset by increased freight and production costs as a result of COVID-19, and investments in future growth opportunities
- Free cash flow excl. M&A was DKK 592 million in Q3 2020 compared to DKK 329 million in Q3 2019, reflecting the strong earnings growth and gain from legal settlements and litigation

Financial overview Q3 2020

DKK million	GN Hearing			GN Audio			GN Store Nord*		
	Q3 2020	Q3 2019	Growth	Q3 2020	Q3 2019	Growth	Q3 2020	Q3 2019	Growth
Revenue	1,318	1,537	-14%	2,421	1,462	66%	3,739	2,999	25%
Organic growth	-11%	8%		72%	20%		29%	13%	
Gross profit	859	1,053	-18%	1,239	775	60%	2,098	1,828	15%
Gross profit margin	65.2%	68.5%	-3.3%p	51.2%	53.0%	-1.8%p	56.1%	61.0%	-4.9%p
EBITA	169	283	-40%	664**	290	129%	795**	538	48%
EBITA margin	12.8%	18.4%	-5.6%p	27.4%**	19.8%	+7.6%p	21.3%**	17.9%	+3.4%p
Earnings per share (EPS)							4.78**	2.60	84%
Free cash flow excl. M&A	47	289	-242	592**	329	263	612**	563	49

* Including "Other" ** Including gain from legal settlements and litigation of DKK 114 million

Financial highlights

DKK million	Q3 2020 (unaud.)	Q3 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	Full year 2019 (aud.)
GN Hearing					
Revenue	1,318	1,537	3,347	4,629	6,351
Revenue growth	-14%	10%	-28%	11%	9%
Organic growth	-11%	8%	-27%	8%	7%
Gross profit margin	65.2%	68.5%	60.7%	68.9%	69.0%
EBITA*	169	283	-112	864	1,284
EBITA margin*	12.8%	18.4%	-3.3%	18.7%	20.2%
ROIC (EBITA*/Average invested capital)	4%	18%	4%	18%	19%
Free cash flow excl. M&A	47	289	-136	542	672
Cash conversion (Free cash flow excl. M&A/EBITA*)	28%	102%	NA	63%	52%
GN Audio					
Revenue	2,421	1,462	6,018	4,261	6,223
Revenue growth	66%	25%	41%	32%	30%
Organic growth	72%	20%	42%	27%	26%
Gross profit margin	51.2%	53.0%	51.1%	52.3%	51.5%
EBITA*	664	290	1,360	751	1,192
EBITA margin*	27.4%	19.8%	22.6%	17.6%	19.2%
ROIC (EBITA*/Average invested capital)	69%	55%	69%	55%	57%
Free cash flow excl. M&A	592	329	1,104	639	849
Cash conversion (Free cash flow excl. M&A/EBITA*)	89%	113%	81%	85%	71%
GN Store Nord					
Revenue	3,739	2,999	9,365	8,890	12,574
Revenue growth	25%	17%	5%	20%	19%
Organic growth	29%	13%	6%	16%	15%
Gross profit margin	56.1%	61.0%	54.5%	60.9%	60.3%
EBITA*	795	538	1,120	1,500	2,321
EBITA margin*	21.3%	17.9%	12.0%	16.9%	18.5%
Profit (loss) before tax	801	451	955	1,191	1,913
Effective tax rate	22.2%	23.5%	22.3%	23.4%	23.3%
ROIC (EBITA*/Average invested capital)	20%	24%	20%	24%	25%
Earnings per share, basic (EPS)	4.78	2.60	5.63	6.84	11.12
Earnings per share, fully diluted (EPS diluted)	4.74	2.58	5.58	6.75	10.98
Free cash flow excl. M&A	612	563	969	1,022	1,296
Cash conversion (Free cash flow excl. M&A/EBITA*)	77%	105%	87%	68%	56%
Equity ratio	29.5%	31.8%	29.5%	31.8%	29.1%
Net interest-bearing debt	5,105	5,245	5,105	5,245	5,303
Net interest-bearing debt (period-end)/EBITDA	2.2	2.1	2.2	2.1	2.0
Share buybacks**	-	362	453	1,353	1,626
Outstanding shares, end of period (thousand)	128,813	129,805	128,813	129,805	128,952
Average number of outstanding shares (thousand)	128,790	130,406	128,775	131,236	130,762
Average number of outstanding shares, fully diluted (thousand)	130,048	131,536	129,909	132,967	132,367
Treasury shares, end of period (thousand)	13,455	12,463	13,455	12,463	13,316
Share price at the end of the period	480.8	278.1	480.8	278.1	313.3
Market capitalization	61,933	36,099	61,933	36,099	40,401

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

* 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.

** Including buybacks as part of share based incentive programs

GN Hearing

In Q3 2020, GN Hearing delivered organic revenue growth of -11%. Encouraging initial reception of ReSound ONE in a world still impacted by COVID-19

Highlights Q3 2020

- GN Hearing experienced emerging recovery following COVID-19 with organic revenue growth of -11%, compared to organic revenue growth of -54% in Q2 2020
- Encouraging initial reception of ReSound ONE across all key markets with positive launch feedback in a world still impacted by COVID-19
- EBITA was DKK 169 million in Q3 2020 compared to DKK 283 million in Q3 2019 due to the decline in revenue more than offsetting OPEX reductions
- Free cash flow excl. M&A was DKK 47 million in Q3 2020 compared to DKK 289 million in Q3 2019, reflecting the lower revenue level and channel investments

Revenue

GN Hearing experienced emerging recovery following COVID-19 with organic revenue growth of -11%, compared to organic revenue growth of -54% in Q2 2020. Revenue growth was -14% including around -2% impact from the development in foreign exchange rates and around -1% impact from M&A. GN Hearing delivered an organic revenue growth of -27% in the first nine months of 2020.

As for the hearing aid industry overall, COVID-19 continued to have significant negative impact on GN Hearing in Q3 2020. GN Hearing continuously saw emerging recovery in revenue generation compared to the low-point in April 2020. The impact from COVID-19 continued to vary greatly across regions and countries.

In North America, the commercial market improved faster than the Veterans Affairs channel, but with significant differences across states, leading to negative organic revenue growth in the quarter for GN Hearing in North America.

In Europe, organic revenue growth in especially Germany and the Southern European countries showed strong recovery, while the UK remained heavily impacted by continued COVID-19 restrictions throughout the quarter.

In the Rest of World, countries like Australia, China and South Korea generated positive organic revenue growth compared to Q3 2019.

Earnings and other financial highlights

Gross profit reached DKK 859 million in Q3 2020 compared to DKK 1,053 million in Q3 2019, primarily as a result of the revenue decrease. The gross margin was 65.2% in Q3 2020 compared to 68.5% in Q3 2019, which was due to the fixed part of production costs and mix effects. In the first nine months of 2020, gross profit decreased 36% to DKK 2,032 million compared to the same period last year, leading to a gross margin of 60.7%, as a result of the lower revenue, the fixed part of production costs and one-time costs.

GN Hearing's EBITA was DKK 169 million in Q3 2020 compared to DKK 283 million in Q3 2019 due to the revenue decline. OPEX continued to be prudently managed during the quarter, which resulted in a 10% decrease compared to Q3 2019. In the first nine months of 2020, EBITA was DKK -112 million compared to DKK 864 million in the same period last year, primarily as a result of the revenue decline as well as one-time costs related to the consequences of COVID-19.

The return on invested capital (ROIC) was 4% in Q3 2020, compared to 18% in Q3 2019, mainly due to the impact from COVID-19.

Free cash flow excl. M&A was DKK 47 million in Q3 2020 compared to DKK 289 million in Q3 2019, reflecting the lower revenue level, prudent cost control, channel investments and a positive development in working capital. In the first nine months of 2020, free cash flow excl. M&A was DKK -136 million compared to DKK 542 million in the same period last year.

Business highlights

In August 2020, GN Hearing announced the launch of ReSound ONE, a revolutionary new class of hearing aids that solves one of the hearing industry's most enduring obstacles to improving speech intelligibility in noise. In clinical trials, 90% of users identified ReSound ONE with M&RIE as providing superior sound quality to a traditional hearing aid with microphones positioned behind the ear. Through a combination of a radical new receiver design and GN's all-new and most powerful sound-processing chipset ever, we have been able to deliver the world's first All Access Directionality as well as Microphone & Receiver in Ear (M&RIE) solution which incorporates an additional microphone inside the ear canal while preserving the comfort of an open-fit form factor. Unlike regular RIE and BTE hearing aids, by collecting sound right inside the user's own ears, ReSound ONE preserves all

the audio cues needed for the brain to correctly localize and tune in to specific voices or sounds.

Following the announcement on August 18, 2020, ReSound ONE was available in clinics on August 27, 2020. On September 1, 2020, GN Hearing hosted a global launch event, with over 10,000 hearing care professionals enrolled onto the largest ever gathering on hearing aid technology in an interactive, virtual learning environment. In Q3 2020, ReSound ONE was shipped across all major hearing aid markets, with encouraging initial launch feedback.

Market development

The market growth in Q3 2020 continued to be negatively impacted by COVID-19. Compared to the low-point in April 2020, the market saw emerging recovery. The market visibility continues to be very low, and the predictability highly uncertain. We continue to expect the fundamentals of the markets to return when the impact of the pandemic is behind us. In the mid-term, GN Hearing consequently still estimates the annual market growth to be around 4 - 6% in volumes with annual ASP decline of around 1 - 2%.

Management quote

"Although we see short term uncertainty due to the recent development in COVID-19 restrictions, we saw encouraging emerging recovery of the hearing aid market in Q3. I am pleased to see audiologists around the world getting their business back. Bringing Resound ONE, as an entirely new class of hearing aids, to the market during these challenging times and receiving such positive reception and encouraging feedback shows us that innovative hearing technology is needed, now more than ever."

Gitte Aabo, CEO of GN Hearing

GN Audio

In Q3 2020, GN Audio delivered another outstanding quarter with 72% organic revenue growth

Highlights Q3 2020

- GN Audio experienced outstanding 72% organic revenue growth in Q3 2020, driven by continued strong demand for enterprise products combined with significant increase in production capacity. Furthermore, the consumer segment returned to strong double-digit growth in the quarter
- EBITA increased by 129% to DKK 664 million (including gain from legal settlements and litigation of DKK 114 million) in Q3 2020 corresponding to an EBITA margin of 27.4%. The EBITA margin development reflects the gain from legal settlements and litigations and continuous leverage in the business offset by increased freight and production costs and investments in future growth opportunities
- Free cash flow excl. M&A was DKK 592 million in Q3 2020 compared to DKK 329 million in Q3 2019, reflecting the strong earnings growth and gain from legal settlements and litigation

Revenue

GN Audio experienced outstanding 72% organic revenue growth in Q3 2020, driven by continued strong demand for enterprise products combined with significant increase in production capacity. Furthermore, the consumer segment returned to strong double-digit growth in the quarter. Revenue growth was 66%, including around -5% impact from the development in foreign exchange rates. In the first nine months of 2020, GN Audio delivered an organic revenue growth of 42%, on top of the 27% organic revenue growth delivered in the first nine months of 2019.

GN Audio's Enterprise business continued to deliver high double-digit organic revenue growth across Europe, North America and Rest of World, reflecting GN Audio's innovative world leading product portfolio as well as strong execution on its commercial excellence initiatives and significant increase in production capacity. As a result, GN Audio continued to strengthen its leading position across the entire Enterprise market with significant market share gains.

The Consumer business returned to strong double-digit growth in the quarter driven by the strong product portfolio combined with the reopening of offline retailers following the lockdowns in Q2 2020.

Earnings and other financial highlights

GN Audio's gross profit reached DKK 1,239 million in Q3 2020 compared to DKK 775 million in Q3 2019, which was an

increase of 60%. The gross margin was 51.2% in Q3 2020 compared to 53.0% in Q3 2019 largely driven by increased freight and production costs due to COVID-19 and tariffs. In the first nine months of 2020, the gross profit increased 38% to DKK 3,075 million compared to the same period last year, equal to a gross margin of 51.1%, which was slightly lower as a result of increased freight and production costs due to COVID-19 and tariffs.

GN Audio's EBITA was DKK 664 million in Q3 2020 (including gain from legal settlements and litigation of DKK 114 million). Excluding the gain from legal settlements and litigation, EBITA was DKK 550 million compared to DKK 290 million in Q3 2019, which was an increase of 90%. The EBITA margin excluding legal settlements and litigation was 22.7% in Q3 2020 compared to 19.8% in Q3 2019, reflecting continuous leverage in the business offset by increased freight and production costs and investments in future growth opportunities. In the first nine months of 2020, EBITA increased by 66%, excluding gain from legal settlements and litigation of DKK 114 million corresponding to an EBITA margin of 20.7% compared to 17.6% in the same period last year.

The return on invested capital (ROIC) was 69% in Q3 2020 compared to 55% in Q3 2019 driven by continued strong growth in EBITA.

Free cash flow excl. M&A was DKK 592 million in Q3 2020 compared to DKK 329 million in Q3 2019, reflecting the strong growth in earnings, gain from legal settlements and litigation on top of a negative development in working capital. In the first nine months of 2020, free cash flow excl. M&A was DKK 1,104 million compared to DKK 639 million in the same period last year. In the first nine months of 2020, cash conversion was 81% compared to 85% in the same period last year.

Business highlights

In September 2020, GN Audio announced the launch of its newest true wireless earbuds, Jabra Elite 85t, which incorporates Jabra's most advanced and powerful Active Noise Cancellation ("ANC") technology, without compromising on the size or the signature design. The 12mm speakers allow the Jabra Elite 85t to produce a big sound and powerful bass, while still enhancing comfort and relieving ear pressure with its semi-open design. Jabra has also adapted the ear gels to an oval shape providing a better sealing in the ear, giving users a more comfortable earbud, while maintaining a very secure fit.

With the launch of Jabra Elite 85t and the ANC technology in the true wireless segment, GN Audio has also, for the first time ever, enabled a software upgrade introducing ANC in the existing Jabra Elite 75t series.

Market development

In Q3 2020, the demand in GN Audio's core addressable market was very strong, partly driven by the continued need for home office products to keep enterprises running during the COVID-19 pandemic.

We expect that attractive market fundamentals for GN Audio's core addressable market remain when the impact of the pandemic is behind us. In the mid-term, GN Audio still estimates the annual market growth to be around 10% in value when assuming a stable macro environment.

Management quote

"On the foundation of GN Audio's distinctly leading product portfolio and our highly scalable business model, our teams and partners in Q3 delivered extraordinarily high sales growth. The demand was of course helped by the work-from-home agenda, but underneath we see a fundamentally sound development in demand for flexible solutions."

René Svendsen-Tune, CEO of GN Audio

GN Store Nord

Highlights Q3 2020

- During Q3 2020, GN was affected in two ways by COVID-19: (i) GN Audio experienced strong demand as enterprises continued to invest in employees working from home, and (ii) GN Hearing experienced emerging recovery with continued impact from local restrictions
- GN delivered 29% organic revenue growth in Q3 2020. Revenue growth was 25% including around -3% impact from the development in foreign exchange rates and around -1% impact from M&A
- Free cash flow excl. M&A was DKK 612 million in Q3 2020 compared to DKK 563 million in Q3 2019, reflecting the strong earnings growth
- The NIBD/EBITDA decreased from 2.7 times to 2.2 times as the net interest bearing debt decreased by DKK 466 million compared to Q2 2020 driven by strong cash flow generation
- The financial guidance for 2020, upgraded on October 9, 2020, is confirmed, but due to the COVID-19 situation, it must be stressed that the basic assumptions behind the guidance remain significantly more uncertain than normal

We strongly believe that the fundamentals of the company are solid and that the business will “return to normality” when the impact of the pandemic is safely behind us. The impact of the virus obviously influences GN Hearing in a completely different way than GN Audio, and we see having the two businesses under one roof as a position of strength for the company.

Revenue

GN delivered 29% organic revenue growth in Q3 2020. Revenue growth was 25% including around -3% impact from the development in foreign exchange rates and around -1% impact from M&A. In the first nine months of 2020, organic revenue growth was 6%, while revenue growth was 5%.

Earnings and other financial highlights

EBITA in Other amounted to DKK -38 million in Q3 2020, compared to DKK -35 million in Q3 2019. GN Store Nord's EBITA reached DKK 795 million in Q3 2020 (including gain from legal settlements and litigation of DKK 114 million) compared to DKK 538 million in Q3 2019, driven by strong execution across the company. Consequently, the EBITA margin was 21.3% in Q3 2020 compared to 17.9% in Q3 2019. In the first nine months of 2020, group EBITA was DKK 1,120 million compared to DKK 1,500 million in the same period last year.

In Q3 2020, amortization of acquired intangible assets amounted to DKK -82 million compared to DKK -151 million in Q3 2019. Q3 2019 was impacted by impairment loss in the Beltone retail in relation to the ongoing optimization of the portfolio. Gain on divestment of operations etc. was DKK -1 million in Q3 2020 compared to DKK -3 million in Q3 2019.

Financial items was DKK 91 million in Q3 2020 compared to DKK 62 million in Q3 2019, among other, driven by a positive non-cash contribution from foreign exchange revaluation of certain balance sheet items, mainly in USD as well as a fair value adjustment related to an existing ownership interest. In Q3 2020, share of profit (loss) in associates was DKK -2 million compared to DKK 5 million in Q3 2019.

The profit before tax was DKK 801 million in Q3 2020 compared to DKK 451 million in Q3 2019. The effective tax rate was 22.2%, translating into a net profit of DKK 623 million in Q3 2020 compared to DKK 345 million in Q3 2019. In the first nine months of 2020, net profit was DKK 742 million compared to DKK 912 million in the same period last year.

Free cash flow excl. M&A was DKK 612 million in Q3 2020 compared to DKK 563 million in Q3 2019 reflecting the strong growth, gain from legal settlements and litigation, prudent cost control, and a negative development in working capital. In the first nine months of 2020, free cash flow excl. M&A was DKK 969 million compared to DKK 1,022 million in the same period last year.

Earnings per share (EPS) was DKK 4.78 in Q3 2020 compared to DKK 2.60 in Q3 2019, equal to an increase of 84%. In the first nine months of 2020, EPS was DKK 5.63 compared to DKK 6.84 in the same period last year.

By the end of Q3 2020, equity in GN Store Nord amounted to DKK 4,874 million compared to DKK 4,700 million in Q3 2019, which was an increase of 4%. The increase was driven by the net profits generated during the period, on top of the execution of the share buyback program finalized on March 9, 2020, as well as the ordinary annual dividend payment.

Capital structure

During Q3 2020, net interest-bearing debt decreased by DKK 466 million to DKK 5,105 million driven by the strong cash flow generation. Net interest-bearing debt to EBITDA leverage ratio was 2.2 times. The balance sheet remains very sound with ample sources of liquidity. GN had cash and cash equivalents of DKK 1,456 million at the end of Q3 2020.

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

In the first nine months of 2020, GN has in total distributed DKK 356 million back to shareholders through share buybacks and dividends. In March 2020, GN paid out DKK 206 million in dividends (DKK 1.45 per share) in respect of the fiscal year 2019 as approved at the Annual General Meeting in 2020.

To preserve a strong balance sheet, GN postponed share buybacks (program intended to be initiated following the approvals by the annual general meeting on March 11, 2020), until better predictability and visibility into the consequences of the COVID-19 was achieved (see company announcement no. 24 of April 3, 2020).

In the last couple of years, GN has proactively diversified its 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 loans from EIB and NIB, uncommitted bank facilities including overdraft lines as well as immediate access to an undrawn revolving credit facility of DKK 2 billion. 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.

Claim against Plantronics Inc.

In 2012, GN Audio filed suit against Plantronics for attempted monopolization of the distributors' market in the United States. On October 18, 2017, a jury in the Federal District Court of Delaware ruled in favor of Plantronics as the jury did not find that Plantronics' behavior in the market had been unlawful. GN appealed the ruling and won a re-trial in the US Court of Appeals for the Third Circuit on July 10, 2019. On July 13, 2020 GN Audio and Plantronics settled the legal case, and the financial impact from the settlement agreement was booked in Q3 2020.

Changes in financial leadership

On September 30, GN announced that Marcus Desimoni will step down from his dual position as CFO of GN Store Nord and of GN Hearing as of December 31, 2020. Peter la Cour Gormsen, currently CFO of GN Audio, is appointed CFO of GN Store Nord. Peter la Cour Gormsen will also remain CFO of GN Audio. Having joined GN in 2015 as CFO of GN Audio, Peter la Cour Gormsen has deep knowledge of GN and has been a strong contributor to GN Audio's impressive growth journey. Peter la Cour Gormsen brings extensive global finance leadership experience and extensive knowledge within international management, finance, IT, and supply chain. Prior to joining GN, Peter worked for Novo Nordisk, Novozymes and Chr. Hansen. Morten P. Toft, currently Vice President, Investor Relations & Treasury, is appointed CFO of GN Hearing. Henriette Wennicke, currently Vice President, Global Finance of GN Hearing, is appointed Vice President, Investor Relations & Treasury. All these appointments are effective January 1, 2021.

Financial guidance 2020

COVID-19 risks

On October 9, 2020, GN Store Nord upgraded the financial guidance for GN Audio for 2020, all other parameters were unchanged. The guidance is confirmed, but due to the COVID-19 – which impacts the company 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 2020, but it will also impact predictability and visibility across GN's markets, channels and supply chain. The financial guidance is contingent on no further re-tightening of COVID-19 related lockdown restrictions or new supply chain constraints.

GN Hearing

In Q3 2020, the hearing aid market continued to be negatively impacted by COVID-19. Compared to the low-point in April 2020, the hearing aid market saw emerging recovery. However, the uncertainties in the markets are still significant, as the world continues to struggle with the spread of COVID-19 in different markets, including such important hearing aid markets as the US, Japan, Spain, France, UK and Australia.

For full year 2020, GN Hearing expects an organic revenue growth to be better than -30%, and an EBITA margin of better than 0%.

GN Audio

In Q3 2020, the demand in GN Audio's core addressable market was very strong, partly driven by the continued need for home office products to keep enterprises running during the COVID-19 pandemic. As such, GN Audio exited Q3 2020 with a higher than usual order backlog but reduced compared to Q2 2020. Based on dialogs with GN Audio's global markets, channels and supply chain it remains unpredictable how the spending patterns of corporates and consumers will be impacted by the current global uncertainty.

For full year 2020, GN Audio expects an organic revenue growth of more than 35%, and an EBITA margin of more than 21%. The EBITA margin expectation for GN Audio is before any extraordinary items related to legal settlements and litigation.

Other activities and EPS

For full year 2020, EBITA in "Other" is expected to be around DKK -180 million.

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

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 CET on November 11, 2020. 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.

For further information please contact:

Morten P. Toft
VP, Investor Relations & Treasury
GN Store Nord A/S
Email: mtoft@gn.com
Tel: +45 45 75 46 07

Financial calendar 2021

Annual Report 2020:	February 11, 2021
Annual general meeting*:	March 17, 2021
Interim Report Q1 2021:	May 6, 2021
Interim Report Q2 2021:	August 19, 2021
Interim Report Q3 2021:	October 29, 2021

Henriette Wennicke
VP, Investor Relations & Treasury
GN Store Nord A/S
Email: hwennicke@gn.com
Tel: +45 45 75 03 33

* Proposals to the agenda for the GN Store Nord Annual General Meeting must be submitted no later than six weeks before the meeting (i.e. February 2, 2021).

Rune Sandager
Senior Manager, Investor Relations
GN Store Nord A/S
Email: rsandager@gn.com
Tel: +45 45 75 92 57

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.

GN Store Nord A/S
Lautrupbjerg 7
2750 Ballerup
Denmark
Company reg. no. 24257843

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).

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 up, 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	13
Consolidated income statement	14
Consolidated statement of comprehensive income	14
Consolidated balance sheet	15
Consolidated statement of cash flow	16
Consolidated statement of equity	17

Notes

Note 1 – Accounting policies	18
Note 2 – Segment disclosures Q3 2020	19
Note 2 – Segment disclosures YTD 2020	21
Note 3 – Incentive plans	22
Note 4 – Shareholdings	22
Note 5 – Significant events and transactions in the quarter	22

Quarterly reporting by segment

DKK million	Q1 2019 (unaud.)	Q2 2019 (unaud.)	Q3 2019 (unaud.)	Q4 2019 (unaud.)	Q1 2020 (unaud.)	Q2 2020 (unaud.)	Q3 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	Full year 2019 (aud.)
Income statement										
Revenue										
GN Hearing	1,507	1,585	1,537	1,722	1,314	715	1,318	4,629	3,347	6,351
GN Audio	1,333	1,466	1,462	1,962	1,653	1,944	2,421	4,261	6,018	6,223
Total	2,840	3,051	2,999	3,684	2,967	2,659	3,739	8,890	9,365	12,574
Organic growth										
GN Hearing	8%	8%	8%	4%	-14%	-54%	-11%	8%	-27%	7%
GN Audio	36%	26%	20%	24%	22%	32%	72%	27%	42%	26%
Total	19%	16%	13%	13%	3%	-13%	29%	16%	6%	15%
Gross profit										
GN Hearing	1,047	1,090	1,053	1,190	841	332	859	3,190	2,032	4,380
GN Audio	707	745	775	975	827	1,009	1,239	2,227	3,075	3,202
Total	1,754	1,835	1,828	2,165	1,668	1,341	2,098	5,417	5,107	7,582
Gross profit margin										
GN Hearing	69.5%	68.8%	68.5%	69.1%	64.0%	46.4%	65.2%	68.9%	60.7%	69.0%
GN Audio	53.0%	50.8%	53.0%	49.7%	50.0%	51.9%	51.2%	52.3%	51.1%	51.5%
Total	61.8%	60.1%	61.0%	58.8%	56.2%	50.4%	56.1%	60.9%	54.5%	60.3%
Development costs										
GN Hearing	-134	-130	-132	-131	-149	-124	-120	-396	-393	-527
GN Audio	-91	-92	-96	-112	-110	-118	-181	-279	-409	-391
Other *	-16	-19	-14	-14	-22	-20	-19	-49	-61	-63
Total	-241	-241	-242	-257	-281	-262	-320	-724	-863	-981
Selling and distribution costs and administrative expenses etc.										
GN Hearing	-631	-661	-638	-639	-637	-544	-570	-1,930	-1,751	-2,569
GN Audio	-423	-385	-389	-422	-429	-483	-394	-1,197	-1,306	-1,619
Other *	-20	-25	-21	-26	-21	-27	-19	-66	-67	-92
Total	-1,074	-1,071	-1,048	-1,087	-1,087	-1,054	-983	-3,193	-3,124	-4,280
EBITA										
GN Hearing	282	299	283	420	55	-336	169	864	-112	1,284
GN Audio	193	268	290	441	288	408	664	751	1,360	1,192
Other *	-36	-44	-35	-40	-43	-47	-38	-115	-128	-155
Total	439	523	538	821	300	25	795	1,500	1,120	2,321
EBITA margin										
GN Hearing	18.7%	18.9%	18.4%	24.4%	4.2%	-47.0%	12.8%	18.7%	-3.3%	20.2%
GN Audio	14.5%	18.3%	19.8%	22.5%	17.4%	21.0%	27.4%	17.6%	22.6%	19.2%
Total	15.5%	17.1%	17.9%	22.3%	10.1%	0.9%	21.3%	16.9%	12.0%	18.5%
Depreciation and software amortization										
GN Hearing	-46	-47	-48	-48	-47	-45	-54	-141	-146	-189
GN Audio	-23	-24	-26	-30	-28	-29	-31	-73	-88	-103
Other *	-17	-20	-23	-28	-29	-32	-30	-60	-91	-88
Total	-86	-91	-97	-106	-104	-106	-115	-274	-325	-380
EBITDA										
GN Hearing	328	346	331	468	102	-291	223	1,005	34	1,473
GN Audio	216	292	316	471	316	437	695	824	1,448	1,295
Other *	-19	-24	-12	-12	-14	-15	-8	-55	-37	-67
Total	525	614	635	927	404	131	910	1,774	1,445	2,701
EBITA										
Amortization and impairment of acquired intangible assets	-42	-57	-151	-48	-50	-52	-82	-250	-184	-298
Gain (loss) on divestment of operations etc.	-	1	-3	-19	1	-1	-1	-2	-1	-21
Operating profit (loss)	397	467	384	754	251	-28	712	1,248	935	2,002
Share of profit (loss) in associates	-2	-5	5	5	-1	-6	-2	-2	-9	3
Financial items, net	-53	-64	62	-37	-111	49	91	-55	29	-92
Profit (loss) before tax	342	398	451	722	139	15	801	1,191	955	1,913
Tax on profit (loss)	-80	-93	-106	-166	-33	-2	-178	-279	-213	-445
Profit (loss)	262	305	345	556	106	13	623	912	742	1,468
Balance sheet										
Development projects										
GN Hearing	948	967	987	1,029	1,058	1,069	1,080	987	1,080	1,029
GN Audio	319	324	333	361	377	399	369	333	369	361
Other *	-25	-24	-22	-21	-19	-18	-16	-22	-16	-21
Total	1,242	1,267	1,298	1,369	1,416	1,450	1,433	1,298	1,433	1,369
Inventories										
GN Hearing	509	541	562	535	580	603	610	562	610	535
GN Audio	493	539	611	771	585	711	805	611	805	771
Total	1,002	1,080	1,173	1,306	1,165	1,314	1,415	1,173	1,415	1,306
Trade receivables										
GN Hearing	1,294	1,254	1,235	1,282	1,095	835	1,025	1,235	1,025	1,282
GN Audio	1,014	1,174	1,056	1,527	1,477	1,593	1,860	1,056	1,860	1,527
Total	2,308	2,428	2,291	2,809	2,572	2,428	2,885	2,291	2,885	2,809
Net working capital										
GN Hearing	940	886	804	861	927	649	581	804	581	861
GN Audio	592	578	433	488	765	512	764	433	764	488
Other *	-110	-110	-160	-74	-142	-121	-139	-160	-139	-74
Total	1,422	1,354	1,077	1,275	1,550	1,040	1,206	1,077	1,206	1,275
Free cash flow excl. M&A										
GN Hearing	-37	290	289	130	-66	-117	47	542	-136	672
GN Audio	78	232	329	210	-67	579	592	639	1,104	849
Other *	-54	-50	-55	-66	-27	55	-27	-159	1	-225
Total	-13	472	563	274	-160	517	612	1,022	969	1,296
Acquisitions and divestments of companies										
	-653	-37	-12	-	-29	-10	-107	-702	-146	-702
Free cash flow	-666	435	551	274	-189	507	505	320	823	594

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

Consolidated income statement

(DKK million)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	Full Year 2019 (aud.)
Revenue	3,739	2,999	9,365	8,890	12,574
Production costs	-1,641	-1,171	-4,258	-3,473	-4,992
Gross profit	2,098	1,828	5,107	5,417	7,582
Development costs	-320	-242	-863	-724	-981
Selling and distribution costs	-808	-827	-2,427	-2,496	-3,359
Management and administrative expenses	-271	-218	-801	-700	-918
Other operating income and costs, net	96	-3	104	3	-3
EBITA*	795	538	1,120	1,500	2,321
Amortization and impairment of acquired intangible assets	-82	-151	-184	-250	-298
Gain (loss) on divestment of operations etc.	-1	-3	-1	-2	-21
Operating profit (loss)	712	384	935	1,248	2,002
Share of profit (loss) in associates	-2	5	-9	-2	3
Financial income	125	297	229	358	355
Financial expenses	-34	-235	-200	-413	-447
Profit (loss) before tax	801	451	955	1,191	1,913
Tax on profit (loss)	-178	-106	-213	-279	-445
Profit (loss) for the period	623	345	742	912	1,468
Attributable to:					
Non-controlling interests	7	6	17	14	14
Shareholders in GN Store Nord A/S	616	339	725	898	1,454
Earnings per share (EPS):					
Earnings per share (EPS)	4.78	2.60	5.63	6.84	11.12
Earnings per share, fully diluted (EPS diluted)	4.74	2.58	5.58	6.75	10.98

* 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)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	Full Year 2019 (aud.)
Profit (loss) for the period	623	345	742	912	1,468
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains (losses)	-	-	-8	2	17
Tax relating to this item of other comprehensive income	-	-	-	-	-5
Items that may be reclassified subsequently to profit or loss					
Adjustment of cash flow hedges	-	-10	26	-	21
Foreign exchange adjustments, etc.	-296	259	-349	308	161
Tax relating to these items of other comprehensive income	10	-5	1	-10	-11
Other comprehensive income for the period, net of tax	-286	244	-330	300	183
Total comprehensive income for the period	337	589	412	1,212	1,651
Attributable to:					
Non-controlling interests	7	6	17	14	14
Shareholders in GN Store Nord A/S	330	583	395	1,198	1,637

Consolidated balance sheet

(DKK million)	Sep. 30 2020 (unaud.)	Jun. 30 2020 (unaud.)	Mar. 31 2020 (unaud.)	Dec. 31 2019 (aud.)
Assets				
Intangible assets	7,175	7,447	7,485	7,422
Property, plant and equipment	1,107	1,074	1,098	1,076
Investments in associates	522	243	259	257
Deferred tax assets	403	417	423	423
Other non-current assets	1,185	1,271	1,346	1,315
Total non-current assets	10,392	10,452	10,611	10,493
Inventories	1,415	1,314	1,165	1,306
Trade receivables	2,885	2,428	2,572	2,809
Tax receivables	36	161	155	58
Other receivables	340	309	347	289
Cash and cash equivalents	1,456	967	589	1,728
Total current assets	6,132	5,179	4,828	6,190
Total assets	16,524	15,631	15,439	16,683
Equity and liabilities				
Equity	4,874	4,500	4,594	4,849
Bank loans and issued bonds	5,184	4,802	5,357	5,345
Lease liabilities, non-current	356	348	370	357
Pension obligations	33	33	33	26
Provisions, non-current	90	88	90	92
Deferred tax liabilities	550	551	552	552
Other non-current liabilities	477	451	517	507
Total non-current liabilities	6,690	6,273	6,919	6,879
Bank loans	892	1,259	792	1,197
Lease liabilities, current	129	129	133	132
Trade payables	1,076	953	710	1,058
Tax payables	31	66	83	66
Provisions, current	474	393	384	431
Other current liabilities	2,358	2,058	1,824	2,071
Total current liabilities	4,960	4,858	3,926	4,955
Total equity and liabilities	16,524	15,631	15,439	16,683

Consolidated statement of cash flow

(DKK million)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	Full Year 2019 (aud.)
Operating activities					
Operating profit (loss)	712	384	935	1,248	2,002
Depreciation, amortization and impairment	356	347	892	815	1,074
Other non-cash adjustments	140	12	297	75	92
Cash flow from operating activities before changes in working capital	1,208	743	2,124	2,138	3,168
Changes in working capital	-90	182	67	-79	-312
Cash flow from operating activities before financial items and tax	1,118	925	2,191	2,059	2,856
Financial items, net	21	-97	-39	-140	-166
Tax paid, net	-69	-119	-188	-347	-483
Cash flow from operating activities	1,070	709	1,964	1,572	2,207
Investing activities					
Development projects	-143	-126	-447	-363	-544
Investments in other intangible assets, net	-52	-38	-189	-96	-171
Investments in property, plant and equipment, net	-81	-55	-180	-162	-232
Investments in other non-current assets, net	-182	73	-179	71	36
Company acquisitions	-107	-14	-147	-704	-704
Company divestments	-	2	1	2	2
Cash flow from investing activities	-565	-158	-1,141	-1,252	-1,613
Cash flow from operating and investing activities (free cash flow)	505	551	823	320	594
Financing activities					
Paid dividends	-	-	-187	-178	-178
Share-based payment (exercised)	6	4	176	263	271
Purchase/sale of treasury shares and other equity instruments	-	-362	-453	-1,353	-1,626
Net proceeds from issue of bonds (bond-with-warrant units)	-	-	-	2,272	2,272
Net proceeds from issue of warrants (bond-with-warrant units)	-	-	-	204	204
Repurchase of bonds issued in 2017	-	-4	-	-1,632	-1,632
Repurchase of warrants issued in 2017	-	-	-	-604	-604
Net proceeds from issue of Eurobonds	-	-	-	-	1,630
Increase/decrease in bank loans and other adjustments	-16	13	-614	539	157
Cash flow from financing activities	-10	-349	-1,078	-489	494
Net cash flow	495	202	-255	-169	1,088
Cash and cash equivalents beginning of period	967	268	1,728	636	636
Adjustment foreign currency, cash and cash equivalents	-6	5	-17	8	4
Cash and cash equivalents, end of period	1,456	475	1,456	475	1,728

Consolidated statement of equity

Q3 2019 (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, 2018	583	-1,065	-27	-2,585	197	7,993	5,096	-	5,096
Profit (loss) for the period	-	-	-	-	-	898	898	14	912
Actuarial gains (losses)	-	-	-	-	-	2	2	-	2
Adjustment of cash flow hedges	-	-	-	-	-	-	-	-	-
Foreign exchange adjustments, etc.	-	308	-	-	-	-	308	-	308
Tax relating to other comprehensive income	-	-10	-	-	-	-	-10	-	-10
Total comprehensive income for the period	-	298	-	-	-	900	1,198	14	1,212
Reduction of the share capital	-14	-	-	536	-	-522	-	-	-
Fair value of warrants issued with bonds	-	-	-	-	-	204	204	-	204
Repurchase of warrants issued with bonds in 2017	-	-	-	-	-	-604	-604	-	-604
Share-based payment (granted)	-	-	-	-	-	24	24	-	24
Share based payment (exercised)	-	-	-	243	-	20	263	-	263
Tax related to share-based incentive plans	-	-	-	-	-	45	45	-	45
Purchase/sale of treasury shares	-	-	-	-1,353	-	-	-1,353	-	-1,353
Reclassification of non-controlling interests by recognizing a put option liability	-	-	-	-	-	5	5	-14	-9
Paid dividends	-	-	-	-	-178	-	-178	-	-178
Dividends, treasury shares	-	-	-	-	-19	19	-	-	-
Balance at September 30, 2019	569	-767	-27	-3,159	-	8,084	4,700	-	4,700
Q3 2020 (DKK million)									
Balance at December 31, 2019	569	-910	-11	-3,424	206	8,419	4,849	-	4,849
Profit (loss) for the period	-	-	-	-	-	725	725	17	742
Actuarial gains (losses)	-	-	-	-	-	-8	-8	-	-8
Adjustment of cash flow hedges	-	-	26	-	-	-	26	-	26
Foreign exchange adjustments, etc.	-	-349	-	-	-	-	-349	-	-349
Tax relating to other comprehensive income	-	7	-6	-	-	-	1	-	1
Total comprehensive income for the period	-	-342	20	-	-	717	395	17	412
Share-based payment (granted)	-	-	-	-	-	59	59	-	59
Share-based payment (exercised)	-	-	-	204	-	-28	176	-	176
Tax related to share-based incentive plans	-	-	-	-	-	41	41	-	41
Purchase/sale of treasury shares	-	-	-	-453	-	-	-453	-	-453
Reclassification of non-controlling interests by recognizing a put option liability	-	-	-	-	-	-6	-6	-11	-17
Paid dividends	-	-	-	-	-187	-	-187	-6	-193
Dividends, treasury shares	-	-	-	-	-19	19	-	-	-
Balance at September 30, 2020	569	-1,252	9	-3,673	-	9,221	4,874	-	4,874

* 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, 2020, GN Store Nord adopted all relevant new or revised International Financial Reporting Standards and IFRIC Interpretations with effective date January 1, 2020 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 2019.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. A grant relating to an expense item, is recognised on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grants are presented as a deduction from the relevant functional cost line items in the income statement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Note 2 – Segment disclosures Q3 2020

Income statement	GN Hearing		GN Audio		Other**		Consolidated total	
	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)
(DKK million)								
Revenue	1,318	1,537	2,421	1,462	-	-	3,739	2,999
Production costs	-459	-484	-1,182	-687	-	-	-1,641	-1,171
Gross profit	859	1,053	1,239	775	-	-	2,098	1,828
Development costs	-120	-132	-181	-96	-19	-14	-320	-242
Selling and distribution costs	-421	-513	-387	-314	-	-	-808	-827
Management and administrative expenses	-154	-123	-98	-74	-19	-21	-271	-218
Other operating income and costs, net	5	-2	91	-1	-	-	96	-3
EBITA*	169	283	664	290	-38	-35	795	538
Amortization and impairment of acquired intangible assets	-63	-132	-19	-19	-	-	-82	-151
Gain (loss) on divestment of operations etc.	-1	-3	-	-	-	-	-1	-3
Operating profit (loss)	105	148	645	271	-38	-35	712	384
Share of profit (loss) in associates	-2	5	-	-	-	-	-2	5
Financial items	71	92	14	-27	6	-3	91	62
Profit (loss) before tax	174	245	659	244	-32	-38	801	451
Tax on profit (loss)	-39	-55	-149	-57	10	6	-178	-106
Profit (loss) for the period	135	190	510	187	-22	-32	623	345

Cash flow statement	GN Hearing		GN Audio		Other**		Consolidated total	
	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)
(DKK million)								
Operating activities before changes in working capital	324	383	890	373	-6	-13	1,208	743
Cash flow from changes in working capital	63	-20	-169	149	16	53	-90	182
Cash flow from operating activities excluding financial items and tax	387	363	721	522	10	40	1,118	925
Cash flow from investing activities:								
Development projects	-76	-81	-67	-45	-	-	-143	-126
Other	-219	59	-159	-48	-44	-43	-422	-32
Cash flow from operating and investing activities before financial items and tax	92	341	495	429	-34	-3	553	767
Tax and financial items	-45	-50	-10	-114	7	-52	-48	-216
Cash flow from operating and investing activities (free cash flow)	47	291	485	315	-27	-55	505	551
Cash flow from M&A activities	-	2	-107	-14	-	-	-107	-12
Free cash flow excl. M&A	47	289	592	329	-27	-55	612	563

Additional information	GN Hearing		GN Audio		Other**		Consolidated total	
	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)	Q3 2020 (unaud.)	Q3 2019 (unaud.)
(DKK million)								
Revenue distributed geographically								
Denmark	24	34	29	35	-	-	53	69
Europe	363	319	1,096	582	-	-	1,459	901
North America	632	844	830	546	-	-	1,462	1,390
Rest of World	299	340	466	299	-	-	765	639
Revenue	1,318	1,537	2,421	1,462	-	-	3,739	2,999
Incurred development costs	-121	-151	-149	-103	-20	-15	-290	-269
Capitalized development costs	76	81	67	45	-	-	143	126
Amortization, impairment and depreciation of development projects***	-75	-62	-99	-38	1	1	-173	-99
Expensed development costs	-120	-132	-181	-96	-19	-14	-320	-242
EBITDA	223	331	695	316	-8	-12	910	635
Depreciation and software amortization	-54	-48	-31	-26	-30	-23	-115	-97
EBITA*	169	283	664	290	-38	-35	795	538
EBITA margin	12.8%	18.4%	27.4%	19.8%	N/A	N/A	21.3%	17.9%
Number of employees, end of period	~4,275	~4,525	~1,775	~1,600	~225	~175	~6,275	~6,300

* 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 Q3 2020 (Continued)

Balance sheet	GN Hearing		GN Audio		Other*		Consolidated total	
	Sep. 30 2020 (unaud.)	Sep. 30 2019 (unaud.)	Sep. 30 2020 (unaud.)	Sep. 30 2019 (unaud.)	Sep. 30 2020 (unaud.)	Sep. 30 2019 (unaud.)	Sep. 30 2020 (unaud.)	Sep. 30 2019 (unaud.)
(DKK million)								
ASSETS								
Goodwill	3,392	3,634	1,155	1,265	-	-	4,547	4,899
Development projects	1,080	987	369	333	-16	-22	1,433	1,298
Other intangible assets	461	603	399	480	335	256	1,195	1,339
Property, plant and equipment	535	601	326	207	246	242	1,107	1,050
Investments in associates	495	216	-	-	27	30	522	246
Deferred tax assets	304	280	156	127	-57	-22	403	385
Loans to dispensers and ownership interests	801	988	-	-	-	-	801	988
Other financial assets	384	294	-	-	-	-	384	294
Total non-current assets	7,452	7,603	2,405	2,412	535	484	10,392	10,499
Inventories	610	562	805	611	-	-	1,415	1,173
Trade receivables	1,025	1,235	1,860	1,056	-	-	2,885	2,291
Receivables from group companies**	-	-	730	479	-730	-479	-	-
Tax receivables	191	67	50	23	-205	12	36	102
Other receivables	219	153	80	43	41	38	340	234
Cash and cash equivalents	293	121	162	73	1,001	281	1,456	475
Total current assets	2,338	2,138	3,687	2,285	107	-148	6,132	4,275
Total assets	9,790	9,741	6,092	4,697	642	336	16,524	14,774
EQUITY AND LIABILITIES								
Equity	5,014	6,128	3,193	2,793	-3,333	-4,221	4,874	4,700
Bank loans and issued bonds	-	-	-	-	5,184	3,926	5,184	3,926
Lease liabilities, non-current	224	269	94	43	38	43	356	355
Pension obligations	28	55	5	-	-	-	33	55
Provisions, non-current	75	156	15	103	-	-	90	259
Deferred tax liabilities	238	191	184	167	128	43	550	401
Other non-current liabilities	334	326	143	115	-	-	477	441
Total non-current liabilities	899	997	441	428	5,350	4,012	6,690	5,437
Bank loans	-	-	-	11	892	1,295	892	1,306
Lease liabilities, current	83	93	35	31	11	9	129	133
Trade payables	296	216	722	520	58	66	1,076	802
Amounts owed to group companies**	2,243	967	-	-	-2,243	-967	-	-
Tax payables	28	189	218	11	-215	10	31	210
Provisions, current	250	221	224	146	-	-	474	367
Other current liabilities	977	930	1,259	757	122	132	2,358	1,819
Total current liabilities	3,877	2,616	2,458	1,476	-1,375	545	4,960	4,637
Total equity and liabilities	9,790	9,741	6,092	4,697	642	336	16,524	14,774
Invested capital***	6,525	7,240	2,774	2,469	426	316	9,725	10,025
Average invested capital	6,883	6,902	2,622	1,982	371	299	9,876	9,183

* "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 2020

Income statement	GN Hearing		GN Audio		Other**		Consolidated total	
	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)
(DKK million)								
Revenue	3,347	4,629	6,018	4,261	-	-	9,365	8,890
Production costs	-1,315	-1,439	-2,943	-2,034	-	-	-4,258	-3,473
Gross profit	2,032	3,190	3,075	2,227	-	-	5,107	5,417
Development costs	-393	-396	-409	-279	-61	-49	-863	-724
Selling and distribution costs	-1,317	-1,527	-1,110	-969	-	-	-2,427	-2,496
Management and administrative expenses	-441	-408	-293	-226	-67	-66	-801	-700
Other operating income and costs, net	7	5	97	-2	-	-	104	3
EBITA*	-112	864	1,360	751	-128	-115	1,120	1,500
Amortization and impairment of acquired intangible assets	-125	-204	-59	-46	-	-	-184	-250
Gain (loss) on divestment of operations etc.	-2	-2	1	-	-	-	-1	-2
Operating profit (loss)	-239	658	1,302	705	-128	-115	935	1,248
Share of profit (loss) in associates	-9	-2	-	-	-	-	-9	-2
Financial items	25	32	22	-17	-18	-70	29	-55
Profit (loss) before tax	-223	688	1,324	688	-146	-185	955	1,191
Tax on profit (loss)	54	-153	-305	-161	38	35	-213	-279
Profit (loss) for the period	-169	535	1,019	527	-108	-150	742	912

Cash flow statement	GN Hearing		GN Audio		Other**		Consolidated total	
	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)
(DKK million)								
Operating activities before changes in working capital	392	1,207	1,768	994	-36	-63	2,124	2,138
Cash flow from changes in working capital	198	-131	-198	-11	67	63	67	-79
Cash flow from operating activities excluding financial items and tax	590	1,076	1,570	983	31	-	2,191	2,059
Cash flow from investing activities:								
Development projects, investment	-249	-234	-198	-129	-	-	-447	-363
Other investing activities	-361	-80	-206	-716	-127	-93	-694	-889
Cash flow from operating and investing activities before financial items and tax	-20	762	1,166	138	-96	-93	1,050	807
Tax and financial items	-155	-276	-169	-145	97	-66	-227	-487
Cash flow from operating and investing activities (free cash flow)	-175	486	997	-7	1	-159	823	320
Cash flow from M&A activities	-39	-56	-107	-646	-	-	-146	-702
Free cash flow excl. M&A	-136	542	1,104	639	1	-159	969	1,022

Additional information	GN Hearing		GN Audio		Other**		Consolidated total	
	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)	YTD 2020 (unaud.)	YTD 2019 (unaud.)
(DKK million)								
Revenue distributed geographically								
Denmark	71	109	113	119	-	-	184	228
Europe	885	1,022	2,823	1,797	-	-	3,708	2,819
North America	1,636	2,500	1,890	1,547	-	-	3,526	4,047
Rest of World	755	998	1,192	798	-	-	1,947	1,796
Revenue	3,347	4,629	6,018	4,261	-	-	9,365	8,890
Incurred development costs	-429	-441	-413	-293	-65	-56	-907	-790
Capitalized development costs	249	234	198	129	-	-	447	363
Amortization, impairment and depreciation of development projects***	-213	-189	-194	-115	4	7	-403	-297
Expensed development costs	-393	-396	-409	-279	-61	-49	-863	-724
EBITDA	34	1,005	1,448	824	-37	-55	1,445	1,774
Depreciation and software amortization	-146	-141	-88	-73	-91	-60	-325	-274
EBITA*	-112	864	1,360	751	-128	-115	1,120	1,500
EBITA margin	-3.3%	18.7%	22.6%	17.6%	N/A	N/A	12.0%	16.9%
Number of employees, end of period	~4,275	~4,525	~1,775	~1,600	~225	~175	~6,275	~6,300

* 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 September 30, 2020, the total number of outstanding warrants in GN Hearing was 4,476 (0.7% of the shares issued in GN Hearing). The total number of outstanding warrants in GN Audio was 4,456 (1.3% of the shares issued in GN Audio). The total number of outstanding options in GN Store Nord is 1,465,774 (1.0% of the shares issued in GN Store Nord)

Note 4 – Shareholdings

On September 30, 2020, members of the board of directors and the executive management, respectively, own 299,525 and 107,328 shares in GN Store Nord.

On September 30, 2020, GN owns 13,455,207 treasury shares, equivalent to 9.5% of the 142,268,100 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. In addition, GN has been notified that Société Générale S.A. holds financial instruments, cf. section 39(2)(2) of the Danish Capital Markets Act, representing more than 5% of the share capital and voting rights in GN Store Nord A/S. Foreign ownership of GN is estimated to be around 70%.

Note 5 – Significant events and transactions in the quarter

In Q3 2020, GN has realized an impairment loss of DKK 73 million on development projects in progress, in connection with a review of business plans including anticipated market conditions and expectations for products under development to accommodate changed market preferences. The loss impacts both GN Audio and GN Hearing, with the vast majority being in GN Audio, and has been expensed in the line 'Development costs'. The impairment loss has been determined by calculating recoverable value (value in use) of the impacted development projects.

Furthermore, GN Store Nord has in Q3 2020 realized an impairment loss of DKK 32 million in the GN Hearing segment, on acquired intangible assets in connection with a review of expectations and budgets for a number of previously acquired assets. The impairment loss is largely related to customer relationships and has been expensed in the line 'Amortization of acquired intangible assets'. The impairment loss has been calculated using a fair value based on multiples (fair value hierarchy level 3).

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 – September 30, 2020.

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

September 30, 2020 and of the results of the group's operations and cash flows for the period January 1 – September 30, 2020.

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, November 11, 2020

Executive Management

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

Gitte Aabo
CEO, GN Hearing

Marcus Desimoni
CFO, GN Store Nord & GN Hearing

Board of Directors

Per Wold-Olsen
Chairman

Jukka Pekka Pertola
Deputy Chairman

Wolfgang Reim

Hélène Barnekov

Ronica Wang

Montserrat Maresch Pascual

Anette Weber

Leo Larsen

Morten Andersen

Marcus Stuhr Perathoner



GN Store Nord A/S

Lautrupbjerg 7
2750 Ballerup
Denmark

Co.reg. no 24257843

+45 45 75 00 00
info@gn.com
gn.com