

# Continued strong double digit organic revenue growth. 20% organic revenue growth in GN Audio

## GN Store Nord

# 12%

organic growth

- GN delivered 12% organic revenue growth in Q3 2018. Revenue growth was 12% including around (1)% impact from the development in foreign exchange rates and 1% impact from M&A
- EBITA margin increased to 18.0% in Q3 2018 as a function of strong operational execution
- EPS increased 10% compared to Q3 2017
- Continued strong cash conversion at 76% in Q3 2018
- The financial guidance for 2018 is confirmed

## GN Hearing

# 6%

organic growth

- GN Hearing delivered 6% organic revenue growth in Q3 2018 driven by continued strong growth in the independent market. Revenue growth was 5% including around (2)% impact from the development in foreign exchange rates and 1% impact from M&A
- Encouraging initial launch feedback regarding ReSound LiNX Quattro™, the world's first Premium-Plus hearing aid
- EBITA increased 5% to DKK 269 million. The EBITA margin reached 19.3%, in line with Q3 2017, reflecting a strong gross margin increase, but off-set by the development in foreign exchange rates as well as some launch costs
- Free cash flow excl. M&A was DKK 182 million in Q3 2018, translating into a cash conversion of 68%

## GN Audio

# 20%

organic growth

- GN Audio delivered an exceptionally strong 20% organic revenue growth in Q3 2018 reflecting strong, broad based performance across businesses, geographies and channels. Revenue growth was 22% including around 1% impact from the development in foreign exchange rates and 1% impact from M&A
- New product launches support GN Audio's strong current momentum and fortifies its position as innovation leader
- EBITA increased 25% to DKK 224 million. The EBITA margin increased 0.5 percentage points vs Q3 2017 and reached 19.2%
- Free cash flow excl. M&A was DKK 226 million in Q3 2018 compared to DKK 164 million in Q3 2017. Cash conversion was 101%

## Financial overview Q3 2018

DKK million	GN Hearing			GN Audio			GN Store Nord*		
	Q3 2018	Q3 2017	Growth	Q3 2018	Q3 2017	Growth	Q3 2018	Q3 2017	Growth
<b>Revenue</b>	<b>1,391</b>	<b>1,327</b>	<b>5%</b>	<b>1,169</b>	<b>955</b>	<b>22%</b>	<b>2,560</b>	<b>2,282</b>	<b>12%</b>
Organic growth	6%	6%	+0%p	20%	9%	+11%p	12%	7%	+5%p
<b>Gross profit</b>	<b>968</b>	<b>908</b>	<b>7%</b>	<b>619</b>	<b>513</b>	<b>21%</b>	<b>1,587</b>	<b>1,421</b>	<b>12%</b>
Gross profit margin	69.6%	68.4%	+1.2%p	53.0%	53.7%	(0.7)%p	62.0%	62.3%	(0.3)%p
<b>EBITA</b>	<b>269</b>	<b>257</b>	<b>5%</b>	<b>224</b>	<b>179</b>	<b>25%</b>	<b>462</b>	<b>406</b>	<b>14%</b>
EBITA margin	19.3%	19.4%	(0.1)%p	19.2%	18.7%	+0.5%p	18.0%	17.8%	+0.2%p
<b>Earnings per share (EPS)</b>							<b>2.25</b>	<b>2.05</b>	<b>10%</b>
Free cash flow excl. M&A	182	253	(71)	226	164	+62	349	356	(7)

\*Including "Other"

# Financial highlights

DKK million	Q3 2018 (unaud.)	Q3 2017 (unaud.)	YTD 2018 (unaud.)	YTD 2017 (unaud.)	Full year 2017 (aud.)
<b>GN Hearing</b>					
Revenue	1,391	1,327	4,189	4,118	5,615
Revenue growth	5%	3%	2%	9%	9%
Organic growth	6%	6%	5%	5%	6%
Gross profit margin	69.6%	68.4%	68.9%	68.5%	69.4%
EBITA*	269	257	809	757	1,153
EBITA margin	19.3%	19.4%	19.3%	18.4%	20.5%
ROIC (EBITA/Average invested capital)	19%	18%	19%	18%	17%
Free cash flow excl. M&A	182	253	391	606	866
Cash conversion (Free cash flow excl. M&A/EBITA)	68%	98%	48%	80%	75%
<b>GN Audio</b>					
Revenue	1,169	955	3,231	2,790	3,970
Revenue growth	22%	15%	16%	17%	14%
Organic growth	20%	9%	19%	10%	10%
Gross profit margin	53.0%	53.7%	53.4%	52.8%	53.2%
EBITA*	224	179	557	450	721
EBITA margin	19.2%	18.7%	17.2%	16.1%	18.2%
ROIC (EBITA/Average invested capital)	55%	50%	55%	50%	46%
Free cash flow excl. M&A	226	164	614	373	481
Cash conversion (Free cash flow excl. M&A/EBITA)	101%	92%	110%	83%	67%
<b>GN Store Nord</b>					
Revenue	2,560	2,282	7,420	6,908	9,585
Revenue growth	12%	8%	7%	12%	11%
Organic growth	12%	7%	11%	7%	8%
Gross profit margin	62.0%	62.3%	62.1%	62.2%	62.7%
EBITA*	462	406	1,268	1,112	1,744
EBITA margin	18.0%	17.8%	17.1%	16.1%	18.2%
Profit (loss) before tax	386	364	1,026	965	1,504
Effective tax rate	22.0%	22.3%	22.2%	22.3%	25.4%
ROIC (EBITA/Average invested capital)	23%	21%	23%	21%	20%
Earnings per share (EPS) from continuing operations	2.25	2.05	5.93	5.37	8.07
Earnings per share from continuing operations, fully diluted (EPS diluted)	2.20	2.03	5.85	5.33	8.02
Free cash flow excl. M&A	349	356	864	843	1,134
Cash conversion (Free cash flow excl. M&A/EBITA)	76%	88%	68%	76%	65%
Equity ratio	38.1%	41.6%	38.1%	41.6%	40.8%
Net interest-bearing debt	3,321	3,053	3,321	3,053	3,035
Net interest-bearing debt (period-end)/EBITDA	1.6	1.6	1.6	1.6	1.6
Share buybacks**	269	256	888	1,118	1,372
Outstanding shares, end of period (thousand)	133,215	137,651	133,215	137,651	136,443
Average number of outstanding shares (thousand)	133,532	138,205	134,523	139,632	138,980
Average number of outstanding shares, fully diluted (thousand)	136,610	139,505	136,316	140,644	139,968
Share price at the end of the period	313	216	313	216	201
Market capitalization	41,683	29,705	41,683	29,705	27,357

ROIC and NIBD/EBITDA are calculated based on reported 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

In Q3 2018, GN Hearing delivered 6% organic revenue growth driven by continued strong growth in the independent market. Encouraging initial launch feedback regarding ReSound LiNX Quattro

## Highlights Q3 2018

- GN Hearing delivered 6% organic revenue growth in Q3 2018
- Encouraging initial launch feedback regarding ReSound LiNX Quattro, the world's first Premium-Plus hearing aid
- EBITA increased 5% to DKK 269 million. The EBITA margin reached 19.3%, in line with Q3 2017, reflecting a strong gross margin increase, but off-set by the development in foreign exchange rates as well as some launch costs
- Free cash flow excl. M&A was DKK 182 million in Q3 2018, translating into a cash conversion of 68%
- The financial guidance for 2018 is confirmed

## Revenue

GN Hearing delivered 6% organic revenue growth in Q3 2018. Revenue growth was 5% including around (2)% impact from the development in foreign exchange rates and 1% impact from M&A.

In Q3 2018, GN Hearing continued to perform strongly in the independent market, in line with the target set out in the 2017 – 2019 strategy to address the relative under-penetration among independent customers. In North America, GN Hearing continued to take market share in the independent market with double digit organic revenue growth, driven by the combination of ReSound LiNX 3D and to a limited extent ReSound LiNX Quattro, which was first shipped on August 31. On November 1, with the introduction of ReSound LiNX Quattro, GN Hearing entered the rechargeable category in VA. In the first nine months of 2018, GN Hearing's performance in the VA has been negatively impacted by not being present in the rechargeable category. In APAC and Emerging Markets, GN Hearing continued to deliver double digit organic revenue growth, with strong growth in among other China, where ReSound LiNX 3D was launched during October. In Europe, GN Hearing continued to gain market share in several important markets, including France.

Organic revenue growth in the first nine month of 2018 was 5%. Revenue growth was 2% including around (4)% impact from the development in foreign exchange rates and 1% impact from M&A.

## Earnings and other financial highlights

Gross profit reached DKK 968 million in Q3 2018, which is an increase of 7% compared to Q3 2017. The gross margin was 69.6%, which is an increase of 1.2 percentage points compared to Q3 2017. The increase in gross margin reflects

among other mix effects in the quarter. In the first nine months of 2018, the gross margin was 68.9% compared to 68.5% in the same period in 2017.

GN Hearing's EBITA reached DKK 269 million in Q3 2018, an increase of 5%. The EBITA margin was 19.3%, compared to 19.4% in Q3 2017, reflecting the strong gross margin increase, but off-set by the development in foreign exchange rates as well as some launch costs. In the first nine months of 2018, EBITA has increased 7%, translating into an EBITA margin improvement of 0.9 percentage points.

Free cash flow excl. M&A was DKK 182 million in Q3 2018, compared to DKK 253 million in Q3 2017. Cash conversion was 68%, with the launch of ReSound LiNX Quattro impacting trade receivables and the inventories.

## Business highlights

On August 13, GN Hearing announced the world's first Premium-Plus hearing aid: ReSound LiNX Quattro. ReSound LiNX Quattro is designed for people who want the very best that technology has to offer. ReSound LiNX Quattro offers a new category of hearing solutions and enlarges GN Hearing's product portfolio, which already includes the premium ReSound LiNX 3D product family.

Following the announcement on August 13, ReSound LiNX Quattro was first shipped on August 31, starting with the US, and was by the end of Q3 2018 shipped in more than 35 countries, including UK, Germany, France, Spain, Italy, Japan and Australia.

ReSound LiNX Quattro offers a combination of brilliant sound quality with unprecedented Layers of Sound™ and the world's most advanced rechargeable solution:

- *Sound quality:* Powered by a new chip platform, ReSound LiNX Quattro offers a brilliant sound experience with unprecedented Layers of Sound™. Compared to ReSound LiNX 3D, the new chip enables 100% faster processing, 100% additional memory, 35% increase in frequency bandwidth and the highest input dynamic range in the industry. Sounds are processed in increased detail at all input levels, leading to superior sound quality where softer sounds are clearer and louder sounds are fuller and distortion-free.
- *Rechargeability:* Longest rechargeable battery life available in the market. With 25% less power consumption when streaming, ReSound LiNX Quattro is the only

hearing aid that offers 24 hours of use even when streaming 50% of the time and 30 hours of use on a fully charged battery without streaming.

In addition to the improvements within sound quality and rechargeability, ReSound LiNX Quattro further expands GN Hearing's leadership within remote fine-tuning and wireless connectivity – with GN Hearing's 6<sup>th</sup> generation 2.4 GHz technology.

On August 16, GN Hearing and Google announced a new technology partnership that will enable a full spectrum of direct audio streaming from Android devices to hearing aids. Based on the partnership, GN Hearing is expected to be the first manufacturer to take advantage of the new Android connection, which will be fully compatible with ReSound LiNX Quattro and Beltone Amaze.

By the end of August, GN Hearing introduced Interton Ready, the first Interton hearing aid leveraging GN Hearing's industry leading Made for Apple expertise. Interton is GN Hearing's value range, offering advanced, tested and proven GN sound technology in discreet, lightweight and individualized hearing aids at an affordable price.

*Subsequent event:*

After the end of Q3 2018, on October 31, Anders Hedegaard resigned as CEO of GN Hearing to join a company located outside of Denmark, not competing with GN's businesses. Marcus Desimoni will act as Interim CEO of GN Hearing, in parallel with his role as CFO, until a new CEO of GN Hearing is appointed. Marcus Desimoni will together with René Svendsen-Tune, CEO of GN Audio, constitute GN Store Nord's Executive Management team.

#### **Market development**

The market growth expectation is unchanged. For 2018, GN Hearing expects a global unit growth of 4-6%, with an ASP development of (1)-(2)%. The market growth specifically observed in Q3 2018 was in line herewith.

#### **Outlook 2018**

GN Hearing confirms its financial guidance for 2018 of organic revenue growth of "more than 6%" and EBITA margin of "more than 20%".

*"In Q3, we launched our new Premium-Plus hearing aid ReSound LiNX Quattro, which was very positively received by audiologists and users. Also, in the quarter we continued our strong performance in the important independent market. With this, together with strong demand for our ReSound LiNX 3D product family, we are well on track to deliver on our objectives for 2018."*

Marcus Desimoni, Interim CEO of GN Hearing

# GN Audio

In Q3 2018, GN Audio's organic revenue growth reached 20%, driven by exceptionally strong performance in both the CC&O and the consumer business. EBITA increased 25% to DKK 224 million driven by strong operational leverage

## Highlights Q3 2018

- GN Audio delivered 20% organic revenue growth in Q3 2018, driven by exceptionally strong performance in both the CC&O business and the consumer business
- New product launches support GN Audio's strong current momentum and fortifies its position as innovation leader
- EBITA increased 25% to DKK 224 million, compared to DKK 179 million in Q3 2017. The EBITA margin increased 0.5 percentage points vs Q3 2017 and reached 19.2%
- Free cash flow excl. M&A was DKK 226 million in Q3 2018, translating into a cash conversion of 101%
- The financial guidance for 2018 is confirmed

## Revenue

GN Audio delivered 20% organic revenue growth in Q3 2018. Revenue growth was 22% including an impact from the development in foreign exchange rates of around 1%, while M&A had a positive contribution of around 1%.

The growth in Q3 2018 was driven by strong performance in the CC&O business, across regions and channels. The continued strong growth reflects GN Audio's innovative world leading product portfolio – including the Jabra Engage franchise launched in April 2018 – as well as strong execution on its commercial excellence initiatives. As a result of the strong performance, GN Audio continues to strengthen its leading position in the attractive Office market.

GN Audio's ongoing repositioning of the consumer business resulted in strong organic revenue growth in the quarter, driven among other by the very successful Jabra Elite family, which continues to receive outstanding reviews and feedback.

In the first nine months of 2018, GN Audio has delivered an organic revenue growth of 19%, while revenue growth was 16%.

## Earnings and other financial highlights

GN Audio's gross profit reached DKK 619 million in Q3 2018, an increase of 21% compared to Q3 2017. The gross margin decreased 0.7 percentage points compared to Q3 2017, primarily driven by product mix. In the first nine months of 2018, the gross margin has increased 0.6 percentage points compared to the same period in 2017.

GN Audio's EBITA continued to grow strongly in Q3 2018 and reached DKK 224 million, an increase of 25% compared to Q3

2017. The EBITA margin was 19.2% in Q3 2018, compared to 18.7% in Q3 2017. The margin expansion reflects the strong operational leverage, partly off-set by product mix in the quarter. In the first nine months of 2018, EBITA increased 24% compared to the same period in 2017, while the EBITA margin increased 1.1 percentage points.

In Q3 2018, the free cash flow excl. M&A was DKK 226 million, compared to DKK 164 million in Q3 2017. Cash conversion ended at 101% compared to 92% in Q3 2017. In the first nine months of 2018, cash conversion was 110% compared to 83% in the same period in 2017.

## Business highlights

In Q3 2018, GN Audio continued the commercial roll-out of Jabra Engage, which was first shipped in April. Jabra Engage is a new franchise of wireless professional headsets that set new standards for call quality, security, and the number of staff who can simultaneously use wireless headsets in a given office space. Jabra Engage is an entirely new class of DECT wireless headset, that has been designed following extensive research into the challenges facing call-centric businesses. Providing industry-leading wireless performance, Jabra Engage provides excellent call quality, improves customer satisfaction and employee productivity, while providing the highest level of security of any wireless headset on the market.

To further support the collaborative working experience, GN Audio in August announced a new edition to its market-leading Jabra Evolve range of headsets with the introduction of Jabra Evolve 65t. Jabra Evolve 65t, which was launched start of October, is the first UC-certified true wireless earbuds and marks yet another important milestone for GN Audio. The true wireless earbud form factor is one of the fastest growing form factors in the consumer headset market and with relentless focus on R&D and our understanding of customer needs, GN Audio has now introduced this form factor in the professional market. The Jabra Evolve 65t earbuds are designed for the flexible worker who spends less than 50% of their time physically at their desk, the tech enthusiast who wants superior sound quality without compromising on flexibility and the modern knowledge worker, who exists as an "executive nomad", switching between multiple devices at any given time.

In October, GN Audio launched Jabra Engage 50. With live on-screen microphone guidance for agents, and rich call analytics for the business, Jabra Engage 50 helps deliver better-sounding calls as well as a unique, 3-microphone system with intelligent noise-cancellation that filters out background noise and breathing sounds, giving callers a superior experience. With the introduction, GN Audio is taking yet another important step into value added software solutions that – combined with leading hardware expertise – are fortifying GN Audio’s position as the innovation leader in the field of professional headset solutions.

### **Market development**

In Q3 2018, the global CC&O market continued to develop favorably, particularly in Europe. GN Audio expects that the market trend will continue, creating a solid foundation for continued strong performance.

In the consumer electronics market, the challenges faced in the Bluetooth mono market during 2017 continued in the first nine months of 2018 and are expected to continue during the rest of 2018. However, with the strong growth in other parts of GN Audio’s consumer business, including the Jabra Elite family, GN Audio’s relative exposure to the Bluetooth mono market has decreased significantly quarter over quarter in 2018.

### **Outlook 2018**

GN Audio confirms its financial guidance for 2018 of organic revenue growth of “16-19%” and EBITA margin of “more than 18%”.

*“Q3 2018 was yet another very strong quarter for GN Audio with strong, broad-based organic revenue growth. I’m very pleased with the strong execution and performance across the entire organization. Our CC&O business continued to deliver market leading double digit organic revenue growth, and our consumer business continued its recent momentum and delivered strong organic revenue growth.”*

René Svendsen-Tune, CEO of GN Audio

# GN Store Nord

In Q3 2018, GN Store Nord revenue ended at DKK 2,560 million compared to DKK 2,282 million in Q3 2017. Organic revenue growth in Q3 2018 was 12%, while the development in foreign exchange rates impacted revenue by around (1)%. M&A had an impact of around 1% in the quarter. In the first nine months of 2018, GN Store Nord has delivered an organic revenue growth of 11%, while revenue growth was 7%.

EBITA in Other amounted to DKK (31) million in Q3 2018, compared to DKK (30) million in Q3 2017. GN Store Nord's EBITA reached DKK 462 million in Q3 2018, an increase of 14% compared to Q3 2017, driven by strong execution across GN Hearing and GN Audio, which translated into an EBITA margin of 18.0% – an increase of 0.2 percentage points compared to Q3 2017. In the first nine months of 2018, EBITA has increased 14%, while the EBITA margin has increased 1.0 percentage points.

In Q3 2018, amortization of acquired intangible assets amounted to DKK (40) million, compared to DKK (34) million in Q3 2017. Financial items ended at DKK (31) million compared to DKK (13) million in Q3 2017, while Gain (loss) on divestments of operations etc. ended at DKK (5) million in Q3 2018 compared to DKK (1) million in Q3 2017. The profit before tax was DKK 386 million in Q3 2018, and the effective tax rate was 22%, translating into a net profit of DKK 301 million compared to DKK 283 million in Q3 2017. In the first nine months of 2018, net profit was DKK 798 million – an increase of 6% compared to the same period in 2017.

The free cash flow excl. M&A reached DKK 349 million, equal to a cash conversion of 76% compared to 88% in Q3 2017. In the first nine months of 2018, the cash conversion was 68% compared to 76% in the same period in 2017.

Earnings per share (EPS) was DKK 2.25, translating into an increase of 10% compared to Q3 2017. In the first nine months of 2018, EPS was DKK 5.93 compared to DKK 5.87 in the same period in 2017 – an increase of 10%.

By the end of Q3 2018, equity in GN Store Nord amounted to DKK 4,761 million compared to DKK 4,731 million in Q3 2017. The increase is primarily driven by strong net profits during the period, but to some extent off-set by the share buyback programs as well as the ordinary dividend payment.

## Capital structure

In the first nine months of 2018, GN has in total distributed DKK 999 million back to shareholders through share buybacks and dividend. In March 2018, GN paid out DKK 182 million in dividends (DKK 1.25 per share) in respect of the fiscal year 2017 as approved at the Annual General Meeting in 2018.

As previously communicated, GN's long-term capital structure policy is to have net interest-bearing debt of up to a maximum of two times EBITDA. As highlighted on the Capital Markets Day 2016, GN targets a net interest-bearing debt between one and two times EBITDA for the coming years, based on the solid financial development in GN, the favorable capital markets as well as the relentless focus on maximizing shareholder value. By the end of Q3 2018, the net interest-bearing debt was DKK 3,321 million corresponding to 1.6 times EBITDA where EBITDA is based on last four rolling quarters.

## 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 has decided to appeal the ruling. It is expected that an oral hearing on the matter will be held in December 2018.

## Foreign exchange exposure

Based on the current revenue and cost composition, the anticipated primary foreign exchange exposures for GN in 2018 are mainly arising from USD and JPY, where a 5% decrease of the respective currency before any impact from hedging would lead to an EBITA reduction of DKK 60 million (USD) or DKK 10 million (JPY), whereas other currencies on a stand-alone basis would not have a material impact. GN is hedging the vast majority of the expected EBITA exposure for the next 12 months in the above-mentioned currencies in both GN Hearing and GN Audio. The hedging practice entails that the EBITA effect from foreign exchange development is postponed one year while the majority of the impact on revenue is having immediate effect.

## Financial guidance 2018

DKK million	Organic revenue growth	EBITA	Effective tax rate
GN Hearing	> 6%	> 20%	
GN Audio	16-19%	> 18%	
Other		~ (135)	
GN Store Nord			~ 22%

# Additional information

## Teleconference

GN will host a teleconference at 11.00 am CET today. Please visit [www.gn.com](http://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:

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## Financial calendar for 2019

Annual Report 2018:	February 27, 2019
Annual general meeting*:	March 21, 2019
Interim Report Q1 2019:	May 1, 2019
Interim Report Q2 2019:	August 22, 2019
Interim Report Q3 2019:	November 7, 2019

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\* 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 6, 2018).

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## 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.





# Strategy 2017 – 2019

GN Store Nord's 2017 – 2019 strategy is organized around three fundamental building blocks: Innovation, Commercial and People Excellence

In September 2016, GN launched its 2017 – 2019 strategy Hear More, Do More, Be More. The Group's declared purpose is Making Life Sound Better with a vision to become the leader in intelligent audio solutions that transform people's lives through the power of sound.

Building on the group's highly specialized sound processing know-how, GN offers an exceptional portfolio of medical, professional and consumer audio solutions. This combination of expertise – all under the same roof and taking advantage of hearing aid and headset technologies – is unique.

## GN Hearing's strategic focus

GN Hearing has been an industry pioneer in Sound Quality and connectivity since the 2010 launch of the 1<sup>st</sup> generation hearing aids based on 2.4 GHz wireless technology. Innovation has constantly improved user benefits over the years, and today GN's hearing aids offer a hearing impaired person – almost – more opportunities than a person with fully intact hearing. GN Hearing's focus for 2017 - 2019 will be to reinforce the strategic fundamentals Innovation, Commercial, and People Excellence.

### Leadership in innovation

The Innovation Excellence approach will focus on three areas:

1. Bringing the user even more in focus in product innovation
2. Focusing even more on the core hearing aid technologies and the actual sound experience for the user – getting closer to natural hearing
3. Consistently delivering new and improved products to the market with true user benefits and features

### Lead in Commercial Excellence

It is a core strategic objective to further improve commercial execution, partner with – and not acquire – retail, and share best practices. Expanding footprint in the open market is key to capture further market share along with the continuation of GN Hearing's successful partnership with leading channels across the globe, which will be further strengthened.

## GN Audio's strategic focus

GN Audio is a market leader in different headset segments. An important driver is a strong ability to deliver innovative products to the market segments with a particular focus on the importance of high-quality conversations.

During 2017 - 2019, GN Audio will further build on Jabra's market-leading Unified Communications (UC) headset platform and on its market-leading UC/smartphone speaker. In both segments, the platforms will be expanded with new features to capture an increasing share of this growing market.

In the contact center and office market, GN Audio is a world leader. The increasing digitalization of user interaction makes calls more complex, which increases the need for a good call quality. Also, wireless solutions that enable hands-free productivity is in increasing demand as is also the case for high-quality audio solutions as noise and distractions in open offices impacts conversation quality.

In the consumer segment, focus is to grow in a profitable and disciplined manner as an add on business to the professional headset business, particularly within multi-function devices using wireless technology.

## People Excellence across the Group

It is an integral element of GN's 2017 – 2019 strategy to ensure that all managers and employees across the group thoroughly understand what the company's strategic focus and leadership principles mean for their teams and daily work. Within the 2017 – 2019 strategy a series of programs are initiated to strengthen execution, leadership and people development.

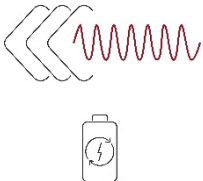


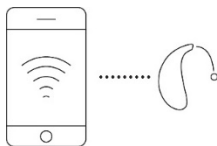


## Financial target 2017-2019

DKK million	Organic revenue growth (CAGR)	EBITA	Effective tax rate
GN Hearing	6-8%*	20-22%	
GN Audio	6-9%	17-19%	
GN Store Nord**			~ 22%

\* Market assumptions: 4-6% volume growth and (1-2)% ASP development per year \*\* Including "other"

# GN Hearing's journey towards more natural hearing

Mastering the game changing 2.4 GHz technology and connectivity through six generations of hearing aid families has given GN Hearing the innovative lead in the hearing aid industry offering users convenience and a brilliant sound experience

<p>2018</p> <p>6<sup>th</sup> generation ReSound LiNX Quattro</p>		<p>GN Hearing's 6<sup>th</sup> generation 2.4 GHz hearing aids define a new category, Premium-Plus, with a combination of benefits that no other hearing aids offer. ReSound LiNX Quattro, powered by new technology, offers a brilliant sound experience, with unprecedented Layers of Sound™ and the world's most advanced rechargeable solution.</p>
<p>2017</p> <p>5<sup>th</sup> generation ReSound LiNX 3D</p>		<p>The 5<sup>th</sup> generation 2.4 GHz wireless technology from GN Hearing offers unprecedented benefits to hearing aid users and to hearing care professionals across three key dimensions – Sound Quality, efficient and convenient fitting and groundbreaking remote fine-tuning - all leading to better restoration of natural hearing.</p>
<p>2015</p> <p>4<sup>th</sup> generation ReSound LiNX<sup>2</sup></p>		<p>Surround Sound by ReSound is upgraded with Spatial Sense, which helps the user hear what and where sounds are coming from. It allows users to focus on the sounds they are most interested in – even when noise levels are high. Offering four times faster connection with Apple devices and now also connects with Apple Watch.</p>
<p>2014</p> <p>3<sup>rd</sup> generation ReSound LiNX</p>		<p>The world's first Made for iPhone hearing aid (Bluetooth Smart device) makes hearing aids work like wireless stereo headphones with iPhone, iPad or iPod touch. The ReSound Smart app enables people to control and personalize their hearing aids where ever they are.</p>
<p>2012</p> <p>2<sup>nd</sup> generation ReSound Verso</p>		<p>The first 2.4 GHz based ear-to-ear data exchange, Binaural Directionality, enables users to decide which sound to focus on in any environment.</p>
<p>2010</p> <p>1<sup>st</sup> generation ReSound Alera</p>		<p>The world's first 2.4 GHz wireless system for high quality sound streaming does away with the stigmatizing necklace. New feedback reduction system removes feedback without reducing amplification.</p>

# Content

## Financial statements

### Financial statements

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## Quarterly reporting by segment

DKK million	Q1 2017 (unaud.)	Q2 2017 (unaud.)	Q3 2017 (unaud.)	Q4 2017 (unaud.)	Q1 2018 (unaud.)	Q2 2018 (unaud.)	Q3 2018 (unaud.)	YTD 2017 (unaud.)	YTD 2018 (unaud.)	2017 Total (aud.)
<b>Income statement</b>										
<b>Revenue</b>										
GN Hearing	1,376	1,415	1,327	1,497	1,365	1,433	1,391	4,118	4,189	5,615
GN Audio	857	978	955	1,180	931	1,131	1,169	2,790	3,231	3,970
<b>Total</b>	<b>2,233</b>	<b>2,393</b>	<b>2,282</b>	<b>2,677</b>	<b>2,296</b>	<b>2,564</b>	<b>2,560</b>	<b>6,908</b>	<b>7,420</b>	<b>9,585</b>
<b>Organic growth</b>										
GN Hearing	4%	5%	6%	11%	5%	6%	6%	5%	5%	6%
GN Audio	8%	12%	9%	12%	17%	19%	20%	10%	19%	10%
<b>Total</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>11%</b>	<b>10%</b>	<b>11%</b>	<b>12%</b>	<b>7%</b>	<b>11%</b>	<b>8%</b>
<b>Gross profit</b>										
GN Hearing	938	975	908	1,074	929	988	968	2,821	2,885	3,895
GN Audio	441	519	513	640	496	609	619	1,473	1,724	2,113
<b>Total</b>	<b>1,379</b>	<b>1,494</b>	<b>1,421</b>	<b>1,714</b>	<b>1,425</b>	<b>1,597</b>	<b>1,587</b>	<b>4,294</b>	<b>4,609</b>	<b>6,008</b>
<b>Gross profit margin</b>										
GN Hearing	68.2%	68.9%	68.4%	71.7%	68.1%	68.9%	69.6%	68.5%	68.9%	69.4%
GN Audio	51.5%	53.1%	53.7%	54.2%	53.3%	53.8%	53.0%	52.8%	53.4%	53.2%
<b>Total</b>	<b>61.8%</b>	<b>62.4%</b>	<b>62.3%</b>	<b>64.0%</b>	<b>62.1%</b>	<b>62.3%</b>	<b>62.0%</b>	<b>62.2%</b>	<b>62.1%</b>	<b>62.7%</b>
<b>Development costs</b>										
GN Hearing	(103)	(107)	(104)	(99)	(97)	(108)	(122)	(314)	(327)	(413)
GN Audio	(64)	(59)	(61)	(57)	(61)	(79)	(90)	(184)	(230)	(241)
Other *	(8)	(17)	(14)	(17)	(13)	(15)	(11)	(39)	(39)	(56)
<b>Total</b>	<b>(175)</b>	<b>(183)</b>	<b>(179)</b>	<b>(173)</b>	<b>(171)</b>	<b>(202)</b>	<b>(223)</b>	<b>(537)</b>	<b>(596)</b>	<b>(710)</b>
<b>Selling and distribution costs and administrative expenses etc.</b>										
GN Hearing	(590)	(613)	(547)	(579)	(570)	(602)	(577)	(1,750)	(1,749)	(2,329)
GN Audio	(274)	(292)	(273)	(312)	(309)	(323)	(305)	(839)	(937)	(1,151)
Other *	(20)	(20)	(16)	(18)	(21)	(18)	(20)	(56)	(59)	(74)
<b>Total</b>	<b>(884)</b>	<b>(925)</b>	<b>(836)</b>	<b>(909)</b>	<b>(900)</b>	<b>(943)</b>	<b>(902)</b>	<b>(2,645)</b>	<b>(2,745)</b>	<b>(3,554)</b>
<b>EBITA</b>										
GN Hearing	245	255	257	396	262	278	269	757	809	1,153
GN Audio	103	168	179	271	126	207	224	450	557	721
Other *	(28)	(37)	(30)	(35)	(34)	(33)	(31)	(95)	(98)	(130)
<b>Total</b>	<b>320</b>	<b>386</b>	<b>406</b>	<b>632</b>	<b>354</b>	<b>452</b>	<b>462</b>	<b>1,112</b>	<b>1,268</b>	<b>1,744</b>
<b>EBITA margin</b>										
GN Hearing	17.8%	18.0%	19.4%	26.5%	19.2%	19.4%	19.3%	18.4%	19.3%	20.5%
GN Audio	12.0%	17.2%	18.7%	23.0%	13.5%	18.3%	19.2%	16.1%	17.2%	18.2%
<b>Total</b>	<b>14.3%</b>	<b>16.1%</b>	<b>17.8%</b>	<b>23.6%</b>	<b>15.4%</b>	<b>17.6%</b>	<b>18.0%</b>	<b>16.1%</b>	<b>17.1%</b>	<b>18.2%</b>
<b>Depreciation and software amortization</b>										
GN Hearing	(28)	(28)	(28)	(28)	(25)	(24)	(24)	(84)	(73)	(112)
GN Audio	(9)	(9)	(9)	(8)	(7)	(13)	(11)	(27)	(31)	(35)
Other *	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(24)	(36)	(34)
<b>Total</b>	<b>(44)</b>	<b>(45)</b>	<b>(46)</b>	<b>(46)</b>	<b>(43)</b>	<b>(49)</b>	<b>(48)</b>	<b>(135)</b>	<b>(140)</b>	<b>(181)</b>
<b>EBITDA</b>										
GN Hearing	273	283	285	424	287	302	293	841	882	1,265
GN Audio	112	177	188	279	133	220	235	477	588	756
Other *	(21)	(29)	(21)	(25)	(23)	(21)	(18)	(71)	(62)	(96)
<b>Total</b>	<b>364</b>	<b>431</b>	<b>452</b>	<b>678</b>	<b>397</b>	<b>501</b>	<b>510</b>	<b>1,247</b>	<b>1,408</b>	<b>1,925</b>
<b>EBITA</b>	<b>320</b>	<b>386</b>	<b>406</b>	<b>632</b>	<b>354</b>	<b>452</b>	<b>462</b>	<b>1,112</b>	<b>1,268</b>	<b>1,744</b>
Amortization of acquired intangible assets	(35)	(40)	(34)	(39)	(37)	(37)	(40)	(109)	(114)	(148)
Gain (loss) on divestment of operations etc.	1	-	(1)	(38)	(1)	-	(5)	-	(6)	(38)
<b>Operating profit (loss)</b>	<b>286</b>	<b>346</b>	<b>371</b>	<b>555</b>	<b>316</b>	<b>415</b>	<b>417</b>	<b>1,003</b>	<b>1,148</b>	<b>1,558</b>
Share of profit (loss) in associates	-	-	6	-	-	-	-	6	-	6
Financial items, net	(31)	-	(13)	(16)	(42)	(49)	(31)	(44)	(122)	(60)
<b>Profit (loss) before tax</b>	<b>255</b>	<b>346</b>	<b>364</b>	<b>539</b>	<b>274</b>	<b>366</b>	<b>386</b>	<b>965</b>	<b>1,026</b>	<b>1,504</b>
Tax on profit (loss)	(56)	(78)	(81)	(167)	(61)	(82)	(85)	(215)	(228)	(382)
<b>Profit (loss)</b>	<b>199</b>	<b>268</b>	<b>283</b>	<b>372</b>	<b>213</b>	<b>284</b>	<b>301</b>	<b>750</b>	<b>798</b>	<b>1,122</b>
<b>Balance sheet Development projects</b>										
GN Hearing	816	833	834	859	868	925	931	834	931	859
GN Audio	273	274	279	300	309	322	322	279	322	300
Other *	-	-	-	-	-	(30)	(30)	-	(30)	-
<b>Total</b>	<b>1,089</b>	<b>1,107</b>	<b>1,113</b>	<b>1,159</b>	<b>1,177</b>	<b>1,217</b>	<b>1,223</b>	<b>1,113</b>	<b>1,223</b>	<b>1,159</b>
<b>Inventories</b>										
GN Hearing	412	394	392	382	376	411	457	392	457	382
GN Audio	291	314	384	329	274	308	400	384	400	329
<b>Total</b>	<b>703</b>	<b>708</b>	<b>776</b>	<b>711</b>	<b>650</b>	<b>719</b>	<b>857</b>	<b>776</b>	<b>857</b>	<b>711</b>
<b>Trade receivables</b>										
GN Hearing	1,176	1,138	1,063	1,121	1,119	1,096	1,144	1,063	1,144	1,121
GN Audio	781	906	881	990	816	1,020	1,022	881	1,022	990
Other *	-	-	1	-	-	-	1	-	-	-
<b>Total</b>	<b>1,957</b>	<b>2,044</b>	<b>1,945</b>	<b>2,111</b>	<b>1,935</b>	<b>2,116</b>	<b>2,166</b>	<b>1,945</b>	<b>2,166</b>	<b>2,111</b>
<b>Net working capital</b>										
GN Hearing	841	793	704	671	742	704	742	704	742	671
GN Audio	465	496	514	469	431	396	377	514	377	469
Other *	(113)	(117)	(78)	(55)	(75)	(84)	(77)	(78)	(77)	(55)
<b>Total</b>	<b>1,193</b>	<b>1,172</b>	<b>1,140</b>	<b>1,085</b>	<b>1,098</b>	<b>1,016</b>	<b>1,042</b>	<b>1,140</b>	<b>1,042</b>	<b>1,085</b>
<b>Free cash flow excl. M&amp;A</b>										
GN Hearing	86	267	253	260	103	106	182	606	391	866
GN Audio	78	131	164	108	99	289	226	373	614	481
Other *	(22)	(53)	(61)	(77)	(25)	(57)	(59)	(136)	(141)	(213)
<b>Total</b>	<b>142</b>	<b>345</b>	<b>356</b>	<b>291</b>	<b>177</b>	<b>338</b>	<b>349</b>	<b>843</b>	<b>864</b>	<b>1,134</b>
<b>Acquisitions and divestments of companies</b>	<b>683</b>	<b>(11)</b>	<b>(5)</b>	<b>(9)</b>	<b>(28)</b>	<b>(69)</b>	<b>-</b>	<b>667</b>	<b>(97)</b>	<b>658</b>
<b>Free cash flow</b>	<b>825</b>	<b>334</b>	<b>351</b>	<b>282</b>	<b>149</b>	<b>269</b>	<b>349</b>	<b>1,510</b>	<b>767</b>	<b>1,792</b>

\* "Other" comprises Group Functions, GN Ejendomme and eliminations. All numbers excluding Otometrics

## Consolidated income statement

(DKK million)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	YTD 2018 (unaud.)	YTD 2017 (unaud.)	Full year 2017 (aud.)
Revenue	2,560	2,282	7,420	6,908	9,585
Production costs	(973)	(861)	(2,811)	(2,614)	(3,577)
<b>Gross profit</b>	<b>1,587</b>	<b>1,421</b>	<b>4,609</b>	<b>4,294</b>	<b>6,008</b>
Development costs	(223)	(179)	(596)	(537)	(710)
Selling and distribution costs	(754)	(672)	(2,239)	(2,161)	(2,913)
Management and administrative expenses	(147)	(163)	(508)	(482)	(635)
Other operating income and costs, net	(1)	(1)	2	(2)	(6)
<b>EBITA*</b>	<b>462</b>	<b>406</b>	<b>1,268</b>	<b>1,112</b>	<b>1,744</b>
Amortization of acquired intangible assets	(40)	(34)	(114)	(109)	(148)
Gain (loss) on divestment of operations etc.	(5)	(1)	(6)	-	(38)
<b>Operating profit (loss)</b>	<b>417</b>	<b>371</b>	<b>1,148</b>	<b>1,003</b>	<b>1,558</b>
Share of profit (loss) in associates	-	6	-	6	6
Financial income	12	33	62	116	159
Financial expenses	(43)	(46)	(184)	(160)	(219)
<b>Profit (loss) before tax</b>	<b>386</b>	<b>364</b>	<b>1,026</b>	<b>965</b>	<b>1,504</b>
Tax on profit (loss)	(85)	(81)	(228)	(215)	(382)
<b>Profit (loss) for the period from continuing operations</b>	<b>301</b>	<b>283</b>	<b>798</b>	<b>750</b>	<b>1,122</b>
<b>Discontinued operations</b>					
Profit (loss) for the period from discontinued operations	-	-	-	69	61
<b>Profit (loss) for the period</b>	<b>301</b>	<b>283</b>	<b>798</b>	<b>819</b>	<b>1,183</b>
<b>Earnings per share (EPS)</b>					
Earnings per share (EPS)	2.25	2.05	5.93	5.87	8.51
Earnings per share, fully diluted (EPS diluted)	2.20	2.03	5.85	5.82	8.45
<b>Earnings per share (EPS) from continuing operations</b>					
Earnings per share (EPS) from continuing operations	2.25	2.05	5.93	5.37	8.07
Earnings per share from continuing operations, fully diluted (EPS diluted)	2.20	2.03	5.85	5.33	8.02
<b>Earnings per share (EPS) from discontinued operations</b>					
Earnings per share (EPS) from discontinued operations	-	-	-	0.50	0.44
Earnings per share from discontinued operations, fully diluted (EPS diluted)	-	-	-	0.49	0.43

\* Excluding Gain (loss) on divestment 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 2018 (unaud.)	Q3 2017 (unaud.)	YTD 2018 (unaud.)	YTD 2017 (unaud.)	Full year 2017 (aud.)
<b>Profit (loss) for the period</b>	<b>301</b>	<b>283</b>	<b>798</b>	<b>819</b>	<b>1,183</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial gains (losses)	-	-	-	-	15
Tax relating to this item of other comprehensive income	-	-	-	-	(4)
<b>Items that may be reclassified subsequently to profit or loss</b>					
Adjustment of cash flow hedges	(4)	14	(66)	113	110
Foreign exchange adjustments, etc.	20	(199)	190	(709)	(802)
Tax relating to these items of other comprehensive income	(1)	(3)	7	(2)	7
<b>Other comprehensive income for the period, net of tax</b>	<b>15</b>	<b>(188)</b>	<b>131</b>	<b>(598)</b>	<b>(674)</b>
<b>Total comprehensive income for the period</b>	<b>316</b>	<b>95</b>	<b>929</b>	<b>221</b>	<b>509</b>

## Consolidated balance sheet

(DKK million)	Sep. 30 2018 (unaud.)	Jun. 30 2018 (unaud.)	Mar. 31 2018 (unaud.)	Dec. 31 2017 (aud.)
<b>Assets</b>				
Intangible assets	6,543	6,499	6,096	6,244
Property, plant and equipment	504	503	493	486
Deferred tax assets	352	352	337	344
Other non-current assets	1,208	1,197	1,033	1,001
<b>Total non-current assets</b>	<b>8,607</b>	<b>8,551</b>	<b>7,959</b>	<b>8,075</b>
Inventories	857	719	650	711
Trade receivables	2,166	2,116	1,935	2,111
Tax receivable	22	87	104	57
Other receivables	218	225	220	257
Cash and cash equivalents	639	395	417	526
<b>Total current assets</b>	<b>3,902</b>	<b>3,542</b>	<b>3,326</b>	<b>3,662</b>
<b>Total assets</b>	<b>12,509</b>	<b>12,093</b>	<b>11,285</b>	<b>11,737</b>
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>4,761</b>	<b>4,695</b>	<b>4,337</b>	<b>4,783</b>
Bank loans and issued bonds	3,952	3,747	3,841	3,508
Pension obligations	41	48	46	45
Provisions, non-current	192	197	177	183
Deferred tax liabilities	454	441	442	440
Other non-current liabilities	307	292	273	315
<b>Total non-current liabilities</b>	<b>4,946</b>	<b>4,725</b>	<b>4,779</b>	<b>4,491</b>
Bank loans	8	40	5	53
Trade payables	773	691	438	605
Tax payable	175	161	133	84
Provisions, current	420	428	324	332
Other payables	1,426	1,353	1,269	1,389
<b>Total current liabilities</b>	<b>2,802</b>	<b>2,673</b>	<b>2,169</b>	<b>2,463</b>
<b>Total equity and liabilities</b>	<b>12,509</b>	<b>12,093</b>	<b>11,285</b>	<b>11,737</b>

## Consolidated equity

Q3 2017 (DKK million)	Share capital (shares of DKK 4 each)	Foreign exchange adjustments	Hedging reserve	Treasury shares	Proposed dividends for the year	Retained earnings	Total equity
<b>Balance at December 31, 2016</b>	<b>619</b>	<b>(540)</b>	<b>(60)</b>	<b>(1,497)</b>	<b>178</b>	<b>6,920</b>	<b>5,620</b>
Profit (loss) for the period	-	-	-	-	-	819	819
Adjustment of cash flow hedges	-	-	113	-	-	-	113
Foreign exchange adjustments, etc.	-	(709)	-	-	-	-	(709)
Tax relating to other comprehensive income	-	23	(25)	-	-	-	(2)
Total comprehensive income for the period	-	(686)	88	-	-	819	221
Reduction of the share capital	(36)	-	-	1,193	-	(1,157)	-
Value of warrants issued with bonds	-	-	-	-	-	76	76
Share-based payment (granted)	-	-	-	-	-	18	18
Share based payment (exercised)	-	-	-	88	-	(20)	68
Tax related to share-based incentive plans	-	-	-	-	-	7	7
Purchase/sale of treasury shares	-	-	-	(1,118)	-	-	(1,118)
Paid dividends	-	-	-	-	(161)	-	(161)
Dividends, treasury shares	-	-	-	-	(17)	17	-
<b>Balance at September 30, 2017</b>	<b>583</b>	<b>(1,226)</b>	<b>28</b>	<b>(1,334)</b>	<b>-</b>	<b>6,680</b>	<b>4,731</b>
Q3 2018 (DKK million)							
<b>Balance at December 31, 2017</b>	<b>583</b>	<b>(1,311)</b>	<b>26</b>	<b>(1,586)</b>	<b>182</b>	<b>6,889</b>	<b>4,783</b>
Effect of implementing IFRS 9	-	-	-	-	-	12	12
<b>Balance at January 1, 2018</b>	<b>583</b>	<b>(1,311)</b>	<b>26</b>	<b>(1,586)</b>	<b>182</b>	<b>6,901</b>	<b>4,795</b>
Profit (loss) for the period	-	-	-	-	-	798	798
Adjustment of cash flow hedges	-	-	(66)	-	-	-	(66)
Foreign exchange adjustments, etc.	-	190	-	-	-	-	190
Tax relating to other comprehensive income	-	(7)	14	-	-	-	7
Total comprehensive income for the period	-	183	(52)	-	-	798	929
Share-based payment (granted)	-	-	-	-	-	25	25
Share-based payment (exercised)	-	-	-	59	-	3	62
Tax related to share-based incentive plans	-	-	-	-	-	7	7
Purchase/sale of treasury shares	-	-	-	(888)	-	-	(888)
Paid dividends	-	-	-	-	(169)	-	(169)
Dividends, treasury shares	-	-	-	-	(13)	13	-
<b>Balance at September 30, 2018</b>	<b>583</b>	<b>(1,128)</b>	<b>(26)</b>	<b>(2,415)</b>	<b>-</b>	<b>7,747</b>	<b>4,761</b>

## Consolidated cash flow statement

(DKK million)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	YTD 2018 (unaud.)	YTD 2017 (unaud.)	Full year 2017 (aud.)
<b>Operating activities</b>					
Operating profit (loss) from continuing operations	417	371	1,148	1,003	1,558
Depreciation, amortization and impairment	168	167	496	472	632
Other non-cash adjustments	(9)	4	90	86	106
<b>Cash flow from operating activities before changes in working capital</b>	<b>576</b>	<b>542</b>	<b>1,734</b>	<b>1,561</b>	<b>2,296</b>
Changes in working capital	(29)	32	(33)	13	26
<b>Cash flow from operating activities before financial items and tax</b>	<b>547</b>	<b>574</b>	<b>1,701</b>	<b>1,574</b>	<b>2,322</b>
Financial items, net	(19)	(29)	(70)	(82)	(87)
Tax paid, net	(5)	(19)	(86)	(150)	(350)
<b>Cash flow from operating activities</b>	<b>523</b>	<b>526</b>	<b>1,545</b>	<b>1,342</b>	<b>1,885</b>
<b>Investing activities</b>					
Development projects	(80)	(89)	(301)	(276)	(396)
Investments in other intangible assets, net	(55)	(40)	(105)	(120)	(180)
Investments in property, plant and equipment, net	(37)	(22)	(113)	(74)	(103)
Investments in other non-current assets, net	(2)	(19)	(162)	(29)	(72)
Company acquisitions	-	(5)	(97)	(84)	(94)
Company divestments	-	-	-	751	752
<b>Cash flow from investing activities</b>	<b>(174)</b>	<b>(175)</b>	<b>(778)</b>	<b>168</b>	<b>(93)</b>
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>349</b>	<b>351</b>	<b>767</b>	<b>1,510</b>	<b>1,792</b>
<b>Financing activities</b>					
Paid dividends	-	-	(169)	(161)	(161)
Share-based payment (exercised)	9	11	62	68	70
Purchase/sale of treasury shares and other equity instruments	(269)	(256)	(888)	(1,118)	(1,372)
Net proceeds from issue of bond with warrant units (convertible bonds)	-	-	-	1,636	1,636
Increase/decrease in bank loans and other adjustments	161	(16)	347	(1,826)	(1,631)
<b>Cash flow from financing activities</b>	<b>(99)</b>	<b>(261)</b>	<b>(648)</b>	<b>(1,401)</b>	<b>(1,458)</b>
<b>Net cash flow</b>	<b>250</b>	<b>90</b>	<b>119</b>	<b>109</b>	<b>334</b>
Cash and cash equivalents beginning of period	395	218	526	178	178
Adjustment to beginning cash related to sale of Otometrics	-	-	-	29	29
Adjustment foreign currency, cash and cash equivalents	(6)	(4)	(6)	(12)	(15)
<b>Cash and cash equivalents, end of period</b>	<b>639</b>	<b>304</b>	<b>639</b>	<b>304</b>	<b>526</b>



## 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, 2018, GN Store Nord adopted all relevant new or revised International Financial Reporting Standards and IFRIC Interpretations with effective date January 1, 2018 or earlier, including IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers. Apart from this, the accounting policies applied are unchanged from those applied in the Annual Report 2017.

### Effect from implementing IFRS 9 Financial instruments

IFRS 9 addresses the classification and measurement of financial assets and liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. GN Store Nord has reviewed the group’s financial assets and liabilities which resulted in a minor impact on recognition and measurement from implementing IFRS 9. As described below, the total effect as of January 1, 2018 was that Loans to dispensers and ownership interests has increased DKK 16 million and, due to a related effect on deferred tax, equity has increased DKK 12 million. GN Store Nord’s use of hedge accounting has not been affected by implementing IFRS 9 and neither has the accounting for financial liabilities. The disclosures regarding classification of certain financial assets will change as financial assets will be classified as measured at either cost or fair value.

Ownership interests in unlisted enterprises in which GN Store Nord does not exercise significant influence, and derivative financial instruments related to such, were previously measured at cost. After the implementation of IFRS 9, ownership interests are measured at fair value. It will be decided upon initial recognition on an instrument-by-instrument basis whether the ownership interests will be measured at fair value through profit or loss or at fair value through other comprehensive income. Derivative financial instruments on ownership interests is measured at fair value through profit or loss. Going forward the income statement will be affected by changes in the fair value of the derivative financial instruments and by changes in the fair value of selected ownership interests. As of January 1, 2018 the value of ownership interests and derivative financial instruments related to such has increased DKK 28 million. Dispenser loans and trade receivables will continue to be measured at amortized cost.

When measuring loss allowances, GN Store Nord applies the simplified approach on trade receivables and record lifetime expected credit losses on all trade receivables. GN Store Nord measures loss allowances on dispenser loans equal to 12-month expected credit losses, if the credit risk has not increased significantly since initial recognition. If the credit risk has increased significantly, the loss allowance is measured at an amount equal to lifetime expected credit losses. As of January 1, 2018 the loss allowances on Loans to dispensers has increased DKK 12 million. IFRS 7 will require additional disclosures in the Annual Report 2018.

The accumulated effect of the changes have been recognized in opening retained earnings at January 1, 2018 and no comparative information has been restated. The impact from the adoption of IFRS 9 can be illustrated as follows:

### Impact on the consolidated balance sheet as at January 1, 2018

DKK million	Previous accounting policy	Effect of policy changes (IFRS 9)	New accounting policy
<b>Assets</b>			
Loans to dispensers and ownership interests*	755	16	771
<b>Total assets</b>	<b>11,737</b>	<b>16</b>	<b>11,753</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>	<b>4,783</b>	<b>12</b>	<b>4,795</b>
Deferred tax liabilities	440	4	444
<b>Total equity and liabilities</b>	<b>11,737</b>	<b>16</b>	<b>11,753</b>

\* Effect of fair value measurement of ownership interests and derivative financial instruments related to such (+28) and effect of increase in loss allowances on Loans to dispensers (-12)

**Effect from implementing IFRS 15 Revenue from Contracts with Customers**

IFRS 15 introduces a five-step model for recognizing revenue from contracts with customers. During 2017 GN Store Nord performed an analysis of contracts with customers and concluded, that revenue recognition will not be impacted significantly from implementing IFRS 15. GN Store Nord previously recognized revenue when the risk and rewards of ownership of the products are transferred to the customer. After the implementation of IFRS 15 revenue is recognized when control of the products has been transferred to the customer. Based on the analysis of contracts with customers this has not changed the timing of revenue recognition, which is primarily recognized at a point in time, generally at delivery.

According to the previous practice the value of extended warranties were recognized over the extended warranty period. After the implementation of IFRS 15 the transaction price in a sales transaction is allocated to the promised goods and services based on stand-alone selling prices and revenue is recognized when (or as) GN Store Nord satisfies the performance obligations. This has not affected the revenue recognition of extended warranties. When goods are sold with a right of return, a refund liability (contract liability) and a right to the returned products (contract asset) is recognized as a provision and a current asset, respectively. As this is in line with the previous practice, it did not result in any changes to the balance sheet.

The new standard will require additional disclosures regarding revenue recognition in the Annual Report such as opening and closing balances of contract liabilities, as well as revenue recognized during the year from changes in contract liabilities. The additional disclosures are expected to be disclosed in a new note. GN Store Nord's current disaggregation of revenue in segments and geography will not change due to the implementation of IFRS 15.

No comparative information has been restated.

**Standards issued but not yet effective**

IFRS 16 Leases applies to periods beginning on or after January 1, 2019. The internal project for IFRS 16 continued during the third quarter of 2018 and is proceeding according to plan. GN continues to assess the impact of the new standard on the consolidated financial statements. As of the date of approval of the interim report Q3 2018, there are no changes to the expectations set out in the Annual Report 2017.

## Note 2 – Segment disclosures Q3 2018

**Income statements**

	GN Hearing		GN Audio		Other**		Consolidated total	
	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)
(DKK million)								
Revenue	1,391	1,327	1,169	955	-	-	2,560	2,282
Production costs	(423)	(419)	(550)	(442)	-	-	(973)	(861)
<b>Gross profit</b>	<b>968</b>	<b>908</b>	<b>619</b>	<b>513</b>	<b>-</b>	<b>-</b>	<b>1,587</b>	<b>1,421</b>
Development costs	(122)	(104)	(90)	(61)	(11)	(14)	(223)	(179)
Selling and distribution costs	(485)	(459)	(269)	(213)	-	-	(754)	(672)
Management and administrative expenses	(91)	(87)	(36)	(60)	(20)	(16)	(147)	(163)
Other operating income and costs, net	(1)	(1)	-	-	-	-	(1)	(1)
<b>EBITA*</b>	<b>269</b>	<b>257</b>	<b>224</b>	<b>179</b>	<b>(31)</b>	<b>(30)</b>	<b>462</b>	<b>406</b>
Amortization of acquired intangible assets**	(35)	(33)	(5)	(1)	-	-	(40)	(34)
Gain (loss) on divestment of operations etc.	-	(1)	(5)	-	-	-	(5)	(1)
<b>Operating profit (loss)</b>	<b>234</b>	<b>223</b>	<b>214</b>	<b>178</b>	<b>(31)</b>	<b>(30)</b>	<b>417</b>	<b>371</b>
Share of profit (loss) in associates	-	6	-	-	-	-	-	6
Financial items	(13)	(11)	5	(2)	(23)	-	(31)	(13)
<b>Profit (loss) before tax</b>	<b>221</b>	<b>218</b>	<b>219</b>	<b>176</b>	<b>(54)</b>	<b>(30)</b>	<b>386</b>	<b>364</b>
Tax on profit (loss)	(52)	(54)	(43)	(33)	10	6	(85)	(81)
<b>Profit (loss) for the period from continuing operations</b>	<b>169</b>	<b>164</b>	<b>176</b>	<b>143</b>	<b>(44)</b>	<b>(24)</b>	<b>301</b>	<b>283</b>
<b>Discontinued operations</b>								
Profit (loss) for the period from discontinued operations	-	-	-	-	-	-	-	-
<b>Profit (loss) for the period</b>	<b>169</b>	<b>164</b>	<b>176</b>	<b>143</b>	<b>(44)</b>	<b>(24)</b>	<b>301</b>	<b>283</b>

**Cash flow statement**

	GN Hearing		GN Audio		Other**		Consolidated total	
	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)
(DKK million)								
<b>Operating activities before changes in working capital</b>	<b>325</b>	<b>326</b>	<b>269</b>	<b>237</b>	<b>(18)</b>	<b>(21)</b>	<b>576</b>	<b>542</b>
Cash flow from changes in working capital	(27)	67	10	(26)	(12)	(9)	(29)	32
<b>Cash flow from operating activities excluding financial items and tax</b>	<b>298</b>	<b>393</b>	<b>279</b>	<b>211</b>	<b>(30)</b>	<b>(30)</b>	<b>547</b>	<b>574</b>
Cash flow from investing activities:								
Development projects	(44)	(58)	(36)	(31)	-	-	(80)	(89)
Other	(48)	(60)	(20)	(9)	(26)	(17)	(94)	(86)
<b>Cash flow from operating and investing activities before financial items and tax</b>	<b>206</b>	<b>275</b>	<b>223</b>	<b>171</b>	<b>(56)</b>	<b>(47)</b>	<b>373</b>	<b>399</b>
Tax and financial items	(24)	(27)	3	(7)	(3)	(14)	(24)	(48)
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>182</b>	<b>248</b>	<b>226</b>	<b>164</b>	<b>(59)</b>	<b>(61)</b>	<b>349</b>	<b>351</b>
Cash flow from M&A activities	-	(5)	-	-	-	-	-	(5)
<b>Free cash flow excl. M&amp;A</b>	<b>182</b>	<b>253</b>	<b>226</b>	<b>164</b>	<b>(59)</b>	<b>(61)</b>	<b>349</b>	<b>356</b>

**Additional information**

	GN Hearing		GN Audio		Other**		Consolidated total	
	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)	Q3 2018 (unaud.)	Q3 2017 (unaud.)
(DKK million)								
Revenue distributed geographically								
Europe	327	312	482	386	-	-	809	698
North America	763	730	455	395	-	-	1,218	1,125
Asia and rest of world	301	285	232	174	-	-	533	459
<b>Revenue</b>	<b>1,391</b>	<b>1,327</b>	<b>1,169</b>	<b>955</b>	<b>-</b>	<b>-</b>	<b>2,560</b>	<b>2,282</b>
Incurred development costs	(121)	(103)	(89)	(64)	(11)	(14)	(221)	(181)
Capitalized development costs	44	58	36	31	-	-	80	89
Amortization, impairment and depreciation of development projects	(45)	(59)	(37)	(28)	-	-	(82)	(87)
<b>Expensed development costs</b>	<b>(122)</b>	<b>(104)</b>	<b>(90)</b>	<b>(61)</b>	<b>(11)</b>	<b>(14)</b>	<b>(223)</b>	<b>(179)</b>
EBITDA	293	285	235	188	(18)	(21)	510	452
Depreciation and software amortization	(24)	(28)	(11)	(9)	(13)	(9)	(48)	(46)
<b>EBITA*</b>	<b>269</b>	<b>257</b>	<b>224</b>	<b>179</b>	<b>(31)</b>	<b>(30)</b>	<b>462</b>	<b>406</b>
EBITA margin	19.3%	19.4%	19.2%	18.7%	N/A	N/A	18.0%	17.8%
Number of employees, end of period	-4,500	-4,375	-1,300	-1,050	-175	-150	-5,975	-5,575

\* 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.

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

## Note 2.1 – Segment disclosures Q3 2018 (Continued)

Balance sheet	GN Hearing		GN Audio		Other**		Consolidated total	
	Sep. 30 2018 (unaud.)	Sep. 30 2017 (unaud.)	Sep. 30 2018 (unaud.)	Sep. 30 2017 (unaud.)	Sep. 30 2018 (unaud.)	Sep. 30 2017 (unaud.)	Sep. 30 2018 (unaud.)	Sep. 30 2017 (unaud.)
(DKK million)								
<b>ASSETS</b>								
Goodwill	3,442	3,368	750	649	-	-	4,192	4,017
Development projects	931	834	322	279	(30)	-	1,223	1,113
Other intangible assets	782	815	139	124	207	170	1,128	1,109
Property, plant and equipment	230	242	93	73	181	173	504	488
Loans to dispensers and ownership interests	861	743	-	3	-	-	861	746
Other non-current assets	566	514	103	182	30	(77)	699	619
<b>Total non-current assets</b>	<b>6,812</b>	<b>6,516</b>	<b>1,407</b>	<b>1,310</b>	<b>388</b>	<b>266</b>	<b>8,607</b>	<b>8,092</b>
Inventories	457	392	400	384	-	-	857	776
Trade receivables	1,144	1,063	1,022	881	-	1	2,166	1,945
Receivables from subsidiaries***	-	-	1,214	525	(1,214)	(525)	-	-
Tax receivables	11	27	11	13	-	(40)	22	-
Other receivables	152	182	43	49	23	14	218	245
Cash and cash equivalents	272	140	94	67	273	97	639	304
<b>Total current assets</b>	<b>2,036</b>	<b>1,804</b>	<b>2,784</b>	<b>1,919</b>	<b>(918)</b>	<b>(453)</b>	<b>3,902</b>	<b>3,270</b>
<b>Total assets</b>	<b>8,848</b>	<b>8,320</b>	<b>4,191</b>	<b>3,229</b>	<b>(530)</b>	<b>(187)</b>	<b>12,509</b>	<b>11,362</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Equity</b>	<b>5,902</b>	<b>5,020</b>	<b>2,775</b>	<b>2,137</b>	<b>(3,916)</b>	<b>(2,426)</b>	<b>4,761</b>	<b>4,731</b>
Bank loans and issued bonds	-	-	-	-	3,952	3,349	3,952	3,349
Pension obligations and deferred tax	229	265	89	97	177	102	495	464
Provisions, non-current	170	243	22	12	-	-	192	255
Other non-current liabilities	307	289	-	-	-	-	307	289
<b>Total non-current liabilities</b>	<b>706</b>	<b>797</b>	<b>111</b>	<b>109</b>	<b>4,129</b>	<b>3,451</b>	<b>4,946</b>	<b>4,357</b>
Bank loans	1	(7)	1	6	6	9	8	8
Trade payables	246	210	492	351	35	31	773	592
Amounts owed to subsidiaries***	861	1,282	-	-	(861)	(1,282)	-	-
Tax payables	112	64	51	87	12	(33)	175	118
Provisions, current	255	231	165	90	-	1	420	322
Other current liabilities	765	723	596	449	65	62	1,426	1,234
<b>Total current liabilities</b>	<b>2,240</b>	<b>2,503</b>	<b>1,305</b>	<b>983</b>	<b>(743)</b>	<b>(1,212)</b>	<b>2,802</b>	<b>2,274</b>
<b>Total equity and liabilities</b>	<b>8,848</b>	<b>8,320</b>	<b>4,191</b>	<b>3,229</b>	<b>(530)</b>	<b>(187)</b>	<b>12,509</b>	<b>11,362</b>
<b>Invested capital****</b>	<b>6,563</b>	<b>6,232</b>	<b>1,494</b>	<b>1,540</b>	<b>281</b>	<b>264</b>	<b>8,338</b>	<b>8,036</b>
<b>Average invested capital</b>	<b>6,398</b>	<b>6,324</b>	<b>1,517</b>	<b>1,400</b>	<b>273</b>	<b>226</b>	<b>8,188</b>	<b>7,950</b>

\* 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

\*\*\*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 2018

Income statement	GN Hearing		GN Audio		Other**		Consolidated total	
	YTD 2018 (unaud.)	YTD 2017 (unaud.)	YTD 2018 (unaud.)	YTD 2017 (unaud.)	YTD 2018 (unaud.)	YTD 2017 (unaud.)	YTD 2018 (unaud.)	YTD 2017 (unaud.)
(DKK million)								
Revenue	4,189	4,118	3,231	2,790	-	-	7,420	6,908
Production costs	(1,304)	(1,297)	(1,507)	(1,317)	-	-	(2,811)	(2,614)
<b>Gross profit</b>	<b>2,885</b>	<b>2,821</b>	<b>1,724</b>	<b>1,473</b>	<b>-</b>	<b>-</b>	<b>4,609</b>	<b>4,294</b>
Development costs	(327)	(314)	(230)	(184)	(39)	(39)	(596)	(537)
Selling and distribution costs	(1,447)	(1,474)	(792)	(687)	-	-	(2,239)	(2,161)
Management and administrative expenses	(304)	(275)	(145)	(151)	(59)	(56)	(508)	(482)
Other operating income and costs, net	2	(1)	-	(1)	-	-	2	(2)
<b>EBITA*</b>	<b>809</b>	<b>757</b>	<b>557</b>	<b>450</b>	<b>(98)</b>	<b>(95)</b>	<b>1,268</b>	<b>1,112</b>
Amortization of acquired intangible assets	(100)	(97)	(14)	(12)	-	-	(114)	(109)
Gain (loss) on divestment of operations etc.	(1)	-	(5)	-	-	-	(6)	-
<b>Operating profit (loss)</b>	<b>708</b>	<b>660</b>	<b>538</b>	<b>438</b>	<b>(98)</b>	<b>(95)</b>	<b>1,148</b>	<b>1,003</b>
Share of profit (loss) in associates	-	6	-	-	-	-	-	6
Financial items	(22)	(23)	12	(3)	(112)	(18)	(122)	(44)
<b>Profit (loss) before tax</b>	<b>686</b>	<b>643</b>	<b>550</b>	<b>435</b>	<b>(210)</b>	<b>(113)</b>	<b>1,026</b>	<b>965</b>
Tax on profit (loss)	(162)	(158)	(108)	(82)	42	25	(228)	(215)
<b>Profit (loss) for the period from continuing operations</b>	<b>524</b>	<b>485</b>	<b>442</b>	<b>353</b>	<b>(168)</b>	<b>(88)</b>	<b>798</b>	<b>750</b>
<b>Discontinued operations</b>								
Profit (loss) for the period from discontinued operations	-	69	-	-	-	-	-	69
<b>Profit (loss) for the period</b>	<b>524</b>	<b>554</b>	<b>442</b>	<b>353</b>	<b>(168)</b>	<b>(88)</b>	<b>798</b>	<b>819</b>
<b>Cash flow statement</b>								
(DKK million)								
<b>Operating activities before changes in working capital</b>	<b>1,070</b>	<b>1,034</b>	<b>727</b>	<b>598</b>	<b>(63)</b>	<b>(71)</b>	<b>1,734</b>	<b>1,561</b>
Cash flow from changes in working capital	(156)	46	98	(51)	25	18	(33)	13
<b>Cash flow from operating activities excluding financial items and tax</b>	<b>914</b>	<b>1,080</b>	<b>825</b>	<b>547</b>	<b>(38)</b>	<b>(53)</b>	<b>1,701</b>	<b>1,574</b>
Cash flow from investing activities:								
Development projects	(174)	(189)	(127)	(87)	-	-	(301)	(276)
Other	(285)	522	(102)	(29)	(90)	(49)	(477)	444
<b>Cash flow from operating and investing activities before financial items and tax</b>	<b>455</b>	<b>1,413</b>	<b>596</b>	<b>431</b>	<b>(128)</b>	<b>(102)</b>	<b>923</b>	<b>1,742</b>
Tax and financial items	(103)	(140)	(40)	(58)	(13)	(34)	(156)	(232)
<b>Cash flow from operating and investing activities (free cash flow)</b>	<b>352</b>	<b>1,273</b>	<b>556</b>	<b>373</b>	<b>(141)</b>	<b>(136)</b>	<b>767</b>	<b>1,510</b>
Cash flow from M&A activities	(39)	667	(58)	-	-	-	(97)	667
<b>Free cash flow excl. M&amp;A</b>	<b>391</b>	<b>606</b>	<b>614</b>	<b>373</b>	<b>(141)</b>	<b>(136)</b>	<b>864</b>	<b>843</b>
<b>Additional information</b>								
(DKK million)								
Revenue distributed geographically								
Europe	1,034	1,020	1,428	1,174	-	-	2,462	2,194
North America	2,262	2,244	1,183	1,091	-	-	3,445	3,335
Asia and rest of world	893	854	620	525	-	-	1,513	1,379
<b>Revenue</b>	<b>4,189</b>	<b>4,118</b>	<b>3,231</b>	<b>2,790</b>	<b>-</b>	<b>-</b>	<b>7,420</b>	<b>6,908</b>
Incurred development costs	(360)	(346)	(249)	(193)	(39)	(39)	(648)	(578)
Capitalized development costs	174	189	127	87	-	-	301	276
Amortization, impairment and depreciation of development projects	(141)	(157)	(108)	(78)	-	-	(249)	(235)
<b>Expensed development costs</b>	<b>(327)</b>	<b>(314)</b>	<b>(230)</b>	<b>(184)</b>	<b>(39)</b>	<b>(39)</b>	<b>(596)</b>	<b>(537)</b>
EBITDA	882	841	588	477	(62)	(71)	1,408	1,247
Depreciation and software amortization	(73)	(84)	(31)	(27)	(36)	(24)	(140)	(135)
<b>EBITA*</b>	<b>809</b>	<b>757</b>	<b>557</b>	<b>450</b>	<b>(98)</b>	<b>(95)</b>	<b>1,268</b>	<b>1,112</b>
EBITA margin	19.3%	18.4%	17.2%	16.1%	N/A	N/A	17.1%	16.1%
Number of employees, end of period	-4,500	-4,375	-1,300	-1,050	-175	-150	-5,975	-5,575

\* 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.

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

**Note 3 – Incentive plans**

As of September 30, 2018, the total number of outstanding warrants in GN Hearing was 18,846 (2.9% of the shares issued in GN Hearing). The total number of outstanding warrants in GN Audio was 10,587 (3.1% of the shares issued in GN Audio).

**Note 4 – Shareholdings**

On September 30, 2018, members of the board of directors and the executive management, respectively, own 448,501 and 70,000 shares in GN Store Nord.

On September 30, 2018, GN owns 12,469,598 treasury shares, equivalent to 8.6% of the 145,684,214 shares issued.

The GN stock is 100% free float, and the company has no dominant shareholders. APG Asset Management N.V., NN Group N.V. and Marathon Asset Management LLP have 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 - September 30, 2018.

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, 2018 and of the results of the group's operations and cash flows for the period January 1 – September 30, 2018.

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 15, 2018

## Executive Management

### René Svendsen-Tune

CEO, GN Store Nord & GN Audio

### Marcus Desimoni

CFO, GN Store Nord & GN Hearing,  
Interim CEO, GN Hearing

## Board of Directors

### Per Wold-Olsen

Chairman

### William E. Hoover Jr.

Deputy chairman

### Wolfgang Reim

### Ronica Wang

### Hélène Barnekow

### Gitte Pugholm Aabo

### Leo Larsen

### Marcus Stuhr Perathoner

### Morten Andersen



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