

Another strong quarter with strong launch of ReSound LiNX 3D

GN Store Nord

15%

revenue growth

- GN delivered 15% revenue growth in Q2 2017 driven by strong performance across GN Hearing and GN Audio. Organic growth was 7%
- EBITA increased 15% in Q2 2017. The EBITA margin was stable reflecting product launch costs in both businesses and investments in growth as part of the 2017 – 2019 strategy
- EPS increased 25% and reached DKK 1.92
- Continued strong cash conversion at 89% in Q2 2017
- The financial guidance for 2017 is confirmed

GN Hearing

12%

revenue growth

- GN Hearing's revenue increased 12% in Q2 2017. Organic growth was 5%, on a tough comparison base
- The newly launched ReSound LiNX 3D generating strong momentum. Double digit organic growth since launch
- EBITA increased 7% to DKK 255 million. EBITA margin decreased in the quarter reflecting product launch costs and investments in growth as part of the 2017 – 2019 strategy
- Free cash flow excl. M&A was DKK 267 million in Q2 2017 – an increase of DKK 27 million in H1 2017 compared to H1 2016

GN Audio

19%

revenue growth

- GN Audio delivered 19% revenue growth in Q2 2017. Organic growth was 12%
- The continued strong growth was also in Q2 2017 driven by the Jabra Evolve and Jabra Speak series as well as the Jabra Elite Sport true wireless earbuds. The recently launched products have been received exceptionally well by the market
- EBITA increased 46% and reached DKK 168 million in Q2 2017. EBITA margin increased to 17.2%, driven by favorable product mix and operational leverage
- Free cash flow excl. M&A was DKK 131 million in Q2 2017 – an increase of DKK 20 million in H1 2017 compared to H1 2016

Financial overview Q2 2017

	GN Hearing			GN Audio			GN Store Nord*		
	Q2 2017	Q2 2016	Growth	Q2 2017	Q2 2016	Growth	Q2 2017	Q2 2016	Growth
DKK million									
Revenue	1,415	1,265	+12%	978	824	+19%	2,393	2,089	+15%
Organic growth	5%	10%		12%	9%		7%	9%	
Gross profit	975	840	+16%	519	435	+19%	1,494	1,275	+17%
Gross margin	68.9%	66.4%	+2.5%p	53.1%	52.8%	+0.3%p	62.4%	61.0%	+1.4%p
EBITA	255	239	+7%	168	115	+46%	386	336	+15%
EBITA margin	18.0%	18.9%	(0.9)%p	17.2%	14.0%	+3.2%p	16.1%	16.1%	+0.0%p
Earnings per share (EPS)							1.92	1.53	+25%
Free cash flow excl. M&A	267	279	(12)	131	160	(29)	345	414	(69)

* Including "Other"

Financial highlights

DKK million	Q2 2017 (unaud.)	Q2 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	Full year 2016 (aud.)
GN Hearing (excl. GN Otometrics)					
Continuing operations					
Revenue	1,415	1,265	2,791	2,483	5,156
Organic growth	5%	10%	4%	10%	6%
Gross profit margin	68.9%	66.4%	68.5%	66.8%	69.0%
EBITA	255	239	500	464	1,062
EBITA margin	18.0%	18.9%	17.9%	18.7%	20.6%
ROIC (EBITA/Average invested capital)	19%	17%	19%	17%	17%
Free cash flow excl. company acquisitions and divestments	267	279	353	326	704
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	105%	117%	71%	70%	66%
GN Audio					
Revenue	978	824	1,835	1,544	3,495
Organic growth	12%	9%	10%	6%	7%
Gross profit margin	53.1%	52.8%	52.3%	52.2%	52.7%
EBITA	168	115	271	205	597
EBITA margin	17.2%	14.0%	14.8%	13.3%	17.1%
ROIC (EBITA/Average invested capital)	44%	44%	44%	44%	41%
Free cash flow excl. company acquisitions and divestments	131	160	209	189	523
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	78%	139%	77%	92%	88%
GN Store Nord					
Continuing operations					
Revenue	2,393	2,089	4,626	4,027	8,651
Organic growth	7%	9%	6%	9%	6%
Gross profit margin	62.4%	61.0%	62.1%	61.2%	62.4%
EBITA	386	336	706	633	1,583
EBITA margin	16.1%	16.1%	15.3%	15.7%	18.3%
Profit (loss) before tax	346	303	601	572	1,395
Effective tax rate	22.5%	24.8%	22.3%	24.7%	22.2%
ROIC (EBITA/Average invested capital)	21%	20%	21%	20%	20%
Earnings per share, basic (EPS) from continuing operations	1.92	1.53	3.33	2.88	7.34
Earnings per share, fully diluted (EPS diluted) from continuing operations	1.91	1.53	3.31	2.87	7.32
Free cash flow excl. company acquisitions and divestments	345	414	487	441	1,179
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	89%	123%	69%	70%	74%
Equity ratio	42.6%	48.6%	42.6%	48.6%	43.8%
Net interest-bearing debt	3,149	2,615	3,149	2,615	3,377
Net interest-bearing debt (period-end)/EBITDA	1.7	1.6	1.7	1.6	1.9
Dividend payout ratio	0%	0%	0%	0%	17%
Share buybacks*	216	223	862	619	1,272
Outstanding shares, end of period (thousand)	138,837	147,996	138,837	147,996	143,471
Average number of outstanding shares, fully diluted (thousand)	140,224	149,118	141,070	150,185	148,361
Share price at the end of the period	190	131	190	131	146
Market capitalization	26,393	19,424	26,393	19,424	20,990

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

* Incl. buybacks as part of share based incentive programs

GN Hearing

In Q2 2017, GN Hearing delivered 12% revenue growth. The newly launched ReSound LiNX 3D generating strong momentum

Highlights Q2 2017

- GN Hearing's revenue increased 12% in Q2 2017. Organic growth was 5%, on a tough comparison base
- The newly launched ReSound LiNX 3D generating strong momentum
- EBITA increased 7% to DKK 255 million, compared to DKK 239 million in Q2 2016. EBITA margin decreased 0.9 percentage points reflecting product launch costs as well as investments in growth initiatives as part of the 2017 – 2019 strategy
- Free cash flow excl. M&A was DKK 267 million

Revenue

GN Hearing delivered 12% revenue growth in Q2 2017. Organic growth was 5%, on a tough comparison base with Q2 2016 organic growth of 10%. The newly launched ReSound LiNX 3D generated strong momentum and organic growth has been double digit since the launch late April. In Q2 2017, M&A contributed with around 7%, while the development in foreign exchange rates had a negligible impact.

In H1 2017, revenue increased 12% compared to H1 2016, with an organic growth of 4%.

Performance in Q2 2017 in the US commercial market benefitted towards the end of the quarter by ReSound LiNX 3D as well as the corresponding Beltone Trust™. In Europe, GN Hearing continued to gain market share in several important markets, including Spain and Italy. In Rest of World, GN Hearing continued to deliver strong double digit organic growth in China as well as a strong performance in Distributor Sales.

Earnings and other financial highlights

Gross profit reached DKK 975 million in Q2 2017, which is an increase of 16% compared to Q2 2016. The gross margin was 68.9%, compared to 66.4% in Q2 2016, positively impacted among other by Audigy and product mix. H1 2017 gross margin was 68.5% compared to 66.8% in H1 2016.

GN Hearing's EBITA reached DKK 255 million in Q2 2017, an increase of 7% compared to Q2 2016. The EBITA margin was 18.0%, which is lower than Q2 2016, reflecting product launch costs as well as investments in growth initiatives as communicated as part of the 2017 – 2019 strategy. In H1 2017, EBITA increased 8% compared to H1 2016.

The free cash flow excl. M&A in Q2 2017 decreased DKK 12 million compared to Q2 2016 and ended at DKK 267 million. Cash conversion was 105% (compared to 117% in Q2 2016). Free cash flow excl. M&A was DKK 353 million in H1 2017 – an increase of DKK 27 million compared to H1 2016.

Business highlights

Launch of ReSound LiNX 3D

Staying true to the vision to become the leader in intelligent audio solutions, on April 29, GN Hearing began shipping the ground-breaking ReSound LiNX 3D, starting with the world's largest hearing aid market, the US. With the introduction of ReSound LiNX 3D and the ReSound Smart Fit™ software, an entirely new hearing care experience is made possible. These breakthroughs are developed with audiological insights and the latest advancements in technology to provide more convenience and efficiency than ever before.

ReSound LiNX 3D, and the corresponding Beltone Trust, offers unprecedented benefits to hearing aid users and to hearing care professionals across three key dimensions – *Sound Quality, efficient and convenient fitting and ground-breaking remote fine-tuning:*

Sound Quality – hear more than you ever thought possible
With ReSound LiNX 3D – GN Hearing's 5th generation 2.4 GHz wireless technology and 3rd generation Binaural Directionality – hearing aid users experience excellent Sound Quality and will hear more than they ever thought possible.

ReSound LiNX 3D delivers clear, natural sound, exceptional speech understanding and the best sense of where sounds are coming from. Users will experience 360-degree audibility and awareness in quiet and speech-only situations, improved hearing in noise when speech is in the front and optimized audibility of surrounding sounds.

Studies show that compared to premium hearing aids from competing brands, ReSound LiNX 3D:

- is up to 50% better at identifying speech across various environments,
- enables users to hear up to 80% more of the sounds around them, and
- enables users to understand up to 40% more speech in noise

An enhanced fitting experience

Together with audiologists, GN Hearing has developed a more efficient and intuitive fitting software, which simplifies the process where the hearing care professional fits and adjusts the hearing aid to the user. This faster and more convenient wireless fitting will save time for both the user and the hearing care professional. This gives hearing care professionals more time for valuable user counselling. Also, a new app allows users to easily personalize and control their sound at any time on-the-go directly from a smartphone (iPhone, Apple Watch and selected Android models). The app empowers users to take even more control of their hearing experience through a built-in guidance and coaching feature, and gives users direct access to their hearing care professional for efficient optimization without the need for an appointment in a clinic.

Hearing care wherever you are

ReSound LiNX 3D is the only device with complete remote fine-tuning capabilities that allows users to stay in touch with their hearing care professional wherever they are, receiving hearing care and getting new settings via the cloud without having to schedule and travel for a clinic appointment. The unique cloud integration enables hearing care professionals to stay connected with users no matter where they are. Users will be able to share feedback about any hearing difficulty as the situation occurs, rather than trying to remember how to describe it during an adjustment visit to the clinic. Hearing care professionals will have the freedom to offer follow-up services remotely – saving time for both hearing care professionals and users, and creating opportunities for even higher user satisfaction.

Since the launch on April 29, GN Hearing has been executing on the global rollout of ReSound LiNX 3D and by the end of the quarter ReSound LiNX 3D was available in all major countries, including the US, Austria, Canada, Denmark, France, Germany, Italy, Korea, Netherlands, Norway, Spain, Sweden, Switzerland and UK. The first 9 weeks following the launch have been very encouraging, exceeding the launch of ReSound LiNX² in terms of both number of units sold as well as average selling price (ASP). Also, dispensers' and end-users' reception of ReSound's unique remote fine-tuning solution, with the ReSound Smart 3D app, has been very encouraging, with a strong increase of end-user registrations.

Market development

The market growth expectation is unchanged. For 2017, GN Hearing expects a global unit growth of 4-6%, with an ASP development of (1)-(2)%. The market growth observed in Q2 2017 was in line with this full year expectation.

Outlook 2017

GN Hearing confirms its financial guidance for 2017 of organic growth “more than 6%” and EBITA margin of “more than 20%”.

“End of April, we launched our 5th generation 2.4 GHz hearing aid family, ReSound LiNX 3D. The strong momentum generated by our new products, as well as the excellent user feedback, sets the stage for a strong second half of 2017. I am very pleased that our continuous focus on innovation is paying off for our users, so that they are now able to hear more, do more and be more than what they ever thought possible.”

Anders Hedegaard, CEO of GN Hearing

GN Audio

In Q2 2017, GN Audio delivered an impressive 19% revenue growth, with EBITA growth of 46%, based on strong performance across regions and channels

Highlights Q2 2017

- GN Audio delivered 19% revenue growth in Q2 2017, with organic growth of 12%
- The recently launched products, Jabra Evolve 75 and Jabra Speak 710 as well as the Elite Sport true wireless earbuds, have been received exceptionally well by the market
- EBITA increased 46% and reached DKK 168 million in Q2 2017, compared to DKK 115 million in Q2 2016. EBITA margin increased 3.2 percentage points reflecting favorable product mix and operational leverage
- Free cash flow excl. M&A was DKK 131 million in Q2 2017 – an increase of DKK 20 million in H1 2017 compared to H1 2016

Revenue

GN Audio delivered 19% revenue growth in Q2 2017 with organic growth of 12%. In Q2 2017, the development in foreign exchange rates had a negligible impact and M&A contributed positively with around 7% in the quarter.

In H1 2017, revenue increased 19% compared to H1 2016, with an organic growth of 10%.

The strong growth in Q2 2017 was again driven by strong performance in the CC&O business across regions and channels. The growth reflects GN Audio's innovative world leading product portfolio as well as execution on its commercial excellence initiatives. As a result of the strong performance, GN Audio has continued to strengthen its leading position in the attractive CC&O market.

Also, in the quarter, GN Audio continued to take important steps in the repositioning of the consumer business.

Earnings and other financial highlights

GN Audio's gross profit increased to DKK 519 million in Q2 2017, an increase of 19% compared to Q2 2016, which translates into a slightly positive development in the gross margin compared to Q2 2016. H1 2017 gross profit increased 19% compared to H1 2016.

GN Audio's EBITA grew strongly in Q2 2017 and reached DKK 168 million, an increase of 46% compared to Q2 2016. The EBITA in H1 2017 has increased 32% compared to H1 2016. The EBITA margin was 17.2% in Q2 2017, compared to 14.0% in Q2 2016. The margin expansion was achieved while GN

Audio has continued investments in growth initiatives as communicated as part of the 2017 – 2019 strategy.

The free cash flow excl. M&A was DKK 131 million and cash conversion ended at 78%. The free cash flow excl. M&A increased DKK 20 million in H1 2017 compared to H1 2016.

Business highlights

The integration of the US based company VXi Corporation, which was acquired in October 2016, has progressed as planned, and the company is now fully integrated under GN Audio. The acquisition has strengthened GN Audio's presence in the important North American market, where VXi enables access to new attractive segments, among other leveraging VXi's best-in-class expertise within communication in high noise environments.

During 2017, in line with the vision to become the leader in intelligent audio solutions, GN Audio has made a number of important product launches:

Launch of Jabra Speak 710 and Jabra Evolve 75

Late March, GN Audio launched Jabra Speak 710, the newest member of the Speak Series, which has been a highly successful product family for GN Audio. Jabra Speak 710 is a premium, portable speakerphone with amazing sound for conference calls and music, and is designed for both professional and personal use. Users can now integrate their Apple Siri and Google Now smartphone digital assistants with the push of a button. Jabra Speak 710 can connect wirelessly with another Speak 710 device for an immersive sound for stereo music and multimedia presentations, or simply to expand the room coverage for conference calls.

Jabra Evolve 75, launched early May, further strengthened GN Audio's CC&O product portfolio in its most successful product family, Evolve. Jabra Evolve 75 combines all the most popular features of the series: Wireless, ANC, Busylight, design and sound quality, and has been extremely successful both in terms of sales and user feedback.

With the addition of the two products to the Speak and Evolve franchises, Jabra has fortified its leadership in the Unified Communications (UC) and personal speaker space and has been able to deliver market leading growth rates. Focusing on key pain-points with UC decision-makers, the

Evolve and Speak series are designed and positioned to meet a demand for higher office productivity and UC adoption.

Launch of upgraded Jabra Elite Sport

Since the launch in the fall of 2016, Jabra Elite Sport – GN Audio’s first true wireless sports earbuds – has received very positive reviews and has delivered impressive revenue growth. According to leading market research, Jabra Elite Sport is by now one of the most successful true wireless products in the key markets across Europe and North America and has established itself as the premium choice for runners and audiophiles, who are looking for a technically superior solution. On July 12, to further strengthen its strong position in this evolving new segment, GN Audio launched an upgraded version of Jabra Elite Sport. Upgraded features include all-day power, including up to 50% more battery life and more colors.

Market development

The market growth expectation is unchanged.

In Q2 2017, the global CC&O market continued to develop favorably. GN Audio expects that the market trend will continue for the remaining part of 2017 creating a solid foundation for continued growth.

In the consumer electronics market, the challenges faced in the Bluetooth mono market during 2016 and in the beginning of 2017 continued in Q2 2017 and is expected to continue in rest of 2017.

Outlook 2017

GN Audio confirms its financial guidance for 2017 of an organic growth of “more than 6%” and an EBITA margin of “more than 17%”.

“In Q2 2017, we continued to deliver strong results across regions and channels, in line with our 2017 – 2019 strategy. Our strong momentum is the result of our tireless efforts to stay on top of competition through focus on innovation, commercialization and people excellence. I am very pleased to see that our focus has led to both strong topline and bottom line growth.”

René Svendsen-Tune, CEO of GN Audio

GN Store Nord

In Q2 2017, GN Store Nord increased revenue with 15% to DKK 2,393 million from DKK 2,089 million, and H1 2017 is up DKK 599 million compared to H1 2016. Organic growth in Q2 2017 was 7%. The development in foreign exchange rates impacted revenue positively by around 1%, while M&A contributed with a positive impact of around 7% in the quarter.

EBITA in Other amounted to DKK (37) million in Q2 2017, compared to DKK (18) million in Q2 2016. The increase is primarily related to the earlier communicated research activities on a corporate level. GN Store Nord's EBITA reached DKK 386 million in Q2 2017, an increase of 15% compared to Q2 2016, driven by strong execution across GN Hearing and GN Audio. EBITA for the first six month in 2017 increased 12% compared to the same period in 2016.

In Q2 2017, amortization of acquired intangible assets amounted to DKK (40) million compared to DKK (25) million in Q2 2016. The increase is primarily due to the acquisitions of Audigy and VXi. No net impact on financial items in the quarter, primarily explained by a positive contribution from foreign exchange adjustments of certain balance sheet items, and the profit before tax was DKK 346 million. The effective tax rate was 22.5%, translating into a net profit of DKK 268 million. The free cash flow excl. M&A reached DKK 345 million, equal to a cash conversion of 89% compared to 123% in Q2 2016.

Earnings per share (EPS) was DKK 1.92 an increase of 25% compared to Q2 2016. For H1 2017, EPS has increased 16% compared to H1 2016.

GN Store Nord confirms the financial guidance for 2017 on all parameters.

Capital structure

Until today, GN has in total distributed DKK 1,083 million back to shareholders through share buybacks and dividend in 2017. In March 2017, GN paid out DKK 178 million in dividends (DKK 1.15 per share) in respect of the fiscal year 2016 as approved at the Annual General Meeting.

On April 12, 2017, GN cancelled 9,103,715 shares as approved on the Annual General Meeting in 2017. Following

the cancellation of shares, GN's nominal capital is DKK 582,736,856 equal to 145,684,214 shares. As of August 17, 2017, GN owns 7,520,759 treasury shares equivalent to 5.2% of the shares issued.

On May 23, 2017 GN successfully placed a EUR 225 million zero coupon convertible bond offering consisting of Bond with Warrant Units. The Bond with Warrant Units consist of senior unsecured zero coupon bonds due 2022 with detachable unsecured warrants expiring 2022. Each Warrant allows the holder at any time to acquire a treasury share from GN at the strike price. The initial strike price of the Warrant is DKK 269.46, representing a premium of 40% above the volume-weighted average price of the share at the time of the offering. The market demand for the convertible bond was exceptionally strong with the book being oversubscribed 6 times. The proceeds from the offering will be used for general corporate purposes including refinancing of existing debt facilities, repurchase of shares and for the financing of growth opportunities.

As a result of the convertible bond offering, 6,215,744 treasury shares (currently held), will be kept to hedge the future obligations under the Warrants, and will not – as initially communicated – be used to reduce the company's share capital.

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 Q2 2017, the net interest-bearing debt was DKK 3,149 million corresponding to 1.7 times EBITDA where EBITDA is based on last four rolling quarters.

Financial guidance 2017

DKK million	Organic revenue growth	EBITA	Effective tax rate
GN Hearing	> 6%	> 20%	
GN Audio	> 6%	> 17%	
GN Store Nord*		~ (125)	~ 22%

* Including "Other"

Claim against Plantronics Inc.

In 2012, GN Audio filed suit against Plantronics for attempted monopolization of the distributors' market in the US. On September 23, 2013, the federal district court in Wilmington, Delaware, dismissed Plantronics' "motion to dismiss" the case in its entirety. The court also stated that GN Audio's allegations were sufficiently substantiated to allow the case to proceed into discovery. During the discovery phase, GN learned of alleged intentional document destruction. A hearing on the matter was held on May 18, 2016, and on July 6, 2016, the Court issued a sanctions motion ordering Plantronics to pay USD 3 million to GN Audio in punitive damages as well as reasonable fees and costs incurred in connection with the discovery dispute. The USD 3 million do not have any impact on the income statement. Further, the Court reserved the right to issue additional evidentiary sanctions and it will instruct the jury that it may draw an adverse inference that emails destroyed by Plantronics would have been favorable to GN Audio's case and/or unfavorable to Plantronics' defense. The Court has set the jury trial for October 10, 2017.

Foreign exchange exposure

Based on the expected 2017 revenue and cost composition, the table below outlines the currencies which constitute the primary exposure for GN in 2017, excluding any hedging impact.

Annual EBITA impact from a 5% increase in currency excluding hedging (DKK million):

Currency	GN Hearing	GN Audio	GN Store Nord
USD	60	1	61
GBP	2	7	9
JPY	9	3	12
CNY	(8)	(1)	(9)
CAD	4	0	4

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.

Additional information

Teleconference

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

Financial calendar for 2017

Interim Report Q3 2017: November 2, 2017

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.

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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 and 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 1st 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.

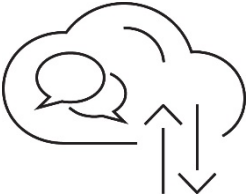

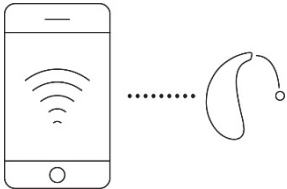


Financial target 2017-2019

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

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

GN Hearing's journey towards more natural hearing

Mastering the game changing 2.4 GHz technology and connectivity through five generations of hearing aid families has given GN Hearing the innovative lead in the hearing aid industry

<p>2017 5th generation</p>		<p>The 5th 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 ground-breaking remote fine-tuning - all leading to better restoration of natural hearing.</p>
<p>2015 4th generation ReSound LiNX²</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.</p> <p>Offering four times faster connection with Apple devices and now also connects with Apple Watch.</p>
<p>2014 3rd 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.</p> <p>The ReSound Smart app enables people to control and personalize their hearing aids where ever they are.</p>
<p>2012 2nd 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 1st 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

Quarterly reporting by segment	13
Consolidated income statement	14
Consolidated statement of comprehensive income	14
Consolidated balance sheet	15
Consolidated equity	16
Consolidated cash flow statement	17

Notes

Note 1 – Accounting policies	18
Note 2.1 – Segment disclosures Q2 2017	18
Note 2.2 – Segment disclosures YTD 2017	20
Note 3 – Discontinued operations	21
Note 4 – Incentive plans	22
Note 5 – Shareholdings	22

Quarterly reporting by segment (excluding Otometrics)

DKK million	Q1 2016 (unaud.)	Q2 2016 (unaud.)	Q3 2016 (unaud.)	Q4 2016 (unaud.)	Q1 2017 (unaud.)	Q2 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	2016 Total (aud.)
Income statement									
Revenue									
GN Hearing	1,218	1,265	1,284	1,389	1,376	1,415	2,483	2,791	5,156
GN Audio	720	824	833	1,118	857	978	1,544	1,835	3,495
Total	1,938	2,089	2,117	2,507	2,233	2,393	4,027	4,626	8,651
Organic growth									
GN Hearing	11%	10%	5%	1%	4%	5%	10%	4%	6%
GN Audio	4%	9%	9%	6%	8%	12%	6%	10%	7%
Total	8%	9%	6%	3%	5%	7%	9%	6%	6%
Gross profit									
GN Hearing	818	840	906	994	938	975	1,658	1,913	3,558
GN Audio	371	435	441	596	441	519	806	960	1,843
Total	1,189	1,275	1,347	1,590	1,379	1,494	2,464	2,873	5,401
Gross profit margin									
GN Hearing	67.2%	66.4%	70.6%	71.6%	68.2%	68.9%	66.8%	68.5%	69.0%
GN Audio	51.5%	52.8%	52.9%	53.3%	51.5%	53.1%	52.2%	52.3%	52.7%
Total	61.4%	61.0%	63.6%	63.4%	61.8%	62.4%	61.2%	62.1%	62.4%
Expensed development costs									
GN Hearing	(116)	(118)	(117)	(103)	(103)	(107)	(234)	(210)	(454)
GN Audio	(50)	(68)	(55)	(44)	(64)	(59)	(118)	(123)	(217)
Other*	(3)	(1)	(1)	(2)	(8)	(17)	(3)	(25)	(6)
Total	(169)	(186)	(173)	(149)	(175)	(183)	(355)	(358)	(677)
Selling and distribution costs and administrative expenses etc.									
GN Hearing	(477)	(483)	(552)	(530)	(590)	(613)	(960)	(1,203)	(2,042)
GN Audio	(231)	(252)	(247)	(299)	(274)	(292)	(483)	(566)	(1,029)
Other*	(15)	(18)	(18)	(19)	(20)	(20)	(33)	(40)	(70)
Total	(723)	(753)	(817)	(848)	(884)	(925)	(1,476)	(1,809)	(3,141)
EBITA									
GN Hearing	225	239	237	361	245	255	464	500	1,062
GN Audio	90	115	139	253	103	168	205	271	597
Other*	(18)	(18)	(19)	(21)	(28)	(37)	(36)	(65)	(76)
Total	297	336	357	593	320	386	633	706	1,583
EBITA margin									
GN Hearing	18.5%	18.9%	18.5%	26.0%	17.8%	18.0%	18.7%	17.9%	20.6%
GN Audio	12.5%	14.0%	16.7%	22.6%	12.0%	17.2%	13.3%	14.8%	17.1%
Total	15.3%	16.1%	16.9%	23.7%	14.3%	16.1%	15.7%	15.3%	18.3%
Depreciation and software amortization									
GN Hearing	(25)	(26)	(29)	(29)	(28)	(28)	(51)	(56)	(109)
GN Audio	(9)	(9)	(10)	(9)	(9)	(9)	(18)	(18)	(37)
Other*	(8)	(8)	(7)	(8)	(7)	(8)	(16)	(15)	(31)
Total	(42)	(43)	(46)	(46)	(44)	(45)	(85)	(89)	(177)
EBITDA									
GN Hearing	250	265	266	390	273	283	515	556	1,171
GN Audio	99	124	149	262	112	177	223	289	634
Other*	(10)	(10)	(12)	(13)	(21)	(29)	(20)	(50)	(45)
Total	339	379	403	639	364	431	718	795	1,760
EBITA									
Amortization of acquired intangible assets	(22)	(25)	(30)	(32)	(35)	(40)	(47)	(75)	(109)
Gain (loss) on divestment of operations etc.	(1)	(1)	-	(27)	1	-	(2)	1	(29)
Operating profit (loss)	274	310	327	534	286	346	584	632	1,445
Share of profit (loss) in associates	-	-	-	2	-	-	-	-	2
Financial items, net	(5)	(7)	(49)	9	(31)	-	(12)	(31)	(52)
Profit (loss) before tax	269	303	278	545	255	346	572	601	1,395
Tax on profit (loss)	(66)	(75)	(56)	(112)	(56)	(78)	(141)	(134)	(309)
Profit (loss)	203	228	222	433	199	268	431	467	1,086
Balance sheet Development projects									
GN Hearing	754	759	769	798	816	833	759	833	798
GN Audio	233	238	251	267	273	274	238	274	267
Total	987	997	1,020	1,065	1,089	1,107	997	1,107	1,065
Inventories									
GN Hearing	378	396	435	425	412	394	396	394	425
GN Audio	224	237	260	290	291	314	237	314	290
Total	602	633	695	715	703	708	633	708	715
Trade receivables									
GN Hearing	1,219	1,207	1,142	1,177	1,176	1,138	1,207	1,138	1,177
GN Audio	690	758	814	1,005	781	906	758	906	1,005
Other*	1	-	-	1	-	-	-	-	1
Total	1,910	1,965	1,956	2,183	1,957	2,044	1,965	2,044	2,183
Net working capital									
GN Hearing	943	834	739	726	841	793	834	793	726
GN Audio	485	463	454	500	465	496	463	496	500
Other*	(93)	(68)	(84)	(88)	(113)	(117)	(68)	(117)	(88)
Total	1,335	1,229	1,109	1,138	1,193	1,172	1,229	1,172	1,138
Free cash flow excl. company acquisitions and divestments									
GN Hearing	47	279	271	107	86	267	326	353	704
GN Audio	29	160	128	206	78	131	189	209	523
Other*	(49)	(25)	(24)	50	(22)	(53)	(74)	(75)	(48)
Total	27	414	375	363	142	345	441	487	1,179
Acquisitions and divestments of companies									
	(33)	(54)	(606)	(187)	683	(11)	(87)	672	(880)
Free cash flow	(6)	360	(231)	176	825	334	354	1,159	299

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

Consolidated income statement

(DKK million)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	Full year 2016 (aud.)
Continuing operations					
Revenue	2,393	2,089	4,626	4,027	8,651
Production costs	(899)	(814)	(1,753)	(1,563)	(3,250)
Gross profit	1,494	1,275	2,873	2,464	5,401
Development costs	(183)	(186)	(358)	(355)	(677)
Selling and distribution costs	(769)	(604)	(1,489)	(1,187)	(2,564)
Management and administrative expenses	(155)	(153)	(319)	(296)	(579)
Other operating income and costs, net	(1)	4	(1)	7	2
EBITA*	386	336	706	633	1,583
Amortization of acquired intangible assets	(40)	(25)	(75)	(47)	(109)
Gain (loss) on divestment of operations etc.	-	(1)	1	(2)	(29)
Operating profit (loss)	346	310	632	584	1,445
Share of profit (loss) in associates	-	-	-	-	2
Financial income	67	59	83	98	184
Financial expenses	(67)	(66)	(114)	(110)	(236)
Profit (loss) before tax	346	303	601	572	1,395
Tax on profit (loss)	(78)	(75)	(134)	(141)	(309)
Profit (loss) for the period from continuing operations	268	228	467	431	1,086
Discontinued operations					
Profit (loss) for the period from discontinued operations	(3)	6	69	11	(53)
Profit (loss) for the period	265	234	536	442	1,033
Earnings per share (EPS)					
Earnings per share (EPS)	1.90	1.57	3.82	2.95	6.98
Earnings per share, fully diluted (EPS diluted)	1.89	1.57	3.80	2.94	6.96
Earnings per share (EPS) from continuing operations					
Earnings per share (EPS) from continuing operations	1.92	1.53	3.33	2.88	7.34
Earnings per share from continuing operations, fully diluted (EPS diluted)	1.91	1.53	3.31	2.87	7.32

*) Excluding Gain (loss) on divestment of operations etc. and Amortization of acquired intangible assets but including amortization of development projects and software.

Consolidated statement of comprehensive income

(DKK million)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	Full year 2016 (aud.)
Profit (loss) for the period	265	234	536	442	1,033
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains (losses)	-	-	-	-	(5)
Tax relating to this item of other comprehensive income	-	-	-	-	1
Items that may be reclassified subsequently to profit or loss					
Adjustment of cash flow hedges	81	(48)	99	(9)	(42)
Foreign exchange adjustments, etc.	(424)	115	(510)	(110)	198
Tax relating to these items of other comprehensive income	-	8	1	2	(3)
Other comprehensive income for the period, net of tax	(343)	75	(410)	(117)	149
Total comprehensive income for the period	(78)	309	126	325	1,182

Consolidated balance sheet

(DKK million)	June 30 2017 (unaud.)	March 31 2017 (unaud.)	Dec. 31 2016 (aud.)	Sep. 30 2016 (unaud.)
Assets				
Intangible assets	6,345	6,569	6,521	6,024
Property, plant and equipment	496	503	508	504
Deferred tax assets	406	424	443	506
Other non-current assets	988	1,075	1,121	991
Total non-current assets	8,235	8,571	8,593	8,025
Inventories	708	703	715	695
Trade receivables	2,044	1,957	2,183	1,956
Tax receivable	-	65	14	46
Other receivables	240	236	231	187
Cash and cash equivalents	218	175	178	163
Total current assets	3,210	3,136	3,321	3,047
Assets held for sale	-	-	921	862
Total assets	11,445	11,707	12,835	11,934
Equity and liabilities				
Equity	4,875	5,063	5,620	5,444
Bank loans and issued bonds	3,341	3,433	3,527	3,145
Pension obligations	64	67	66	61
Provisions	272	275	248	251
Deferred tax liabilities	407	419	430	448
Other non-current liabilities	293	295	325	289
Total non-current liabilities	4,377	4,489	4,596	4,194
Bank loans	26	85	55	45
Trade payables	598	551	642	510
Tax payable	28	56	72	69
Provisions	319	315	289	275
Other payables	1,222	1,148	1,350	1,220
Total current liabilities	2,193	2,155	2,408	2,119
Liabilities directly associated with assets held for sale	-	-	211	177
Total equity and liabilities	11,445	11,707	12,835	11,934

Consolidated equity

(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
Balance at December 31, 2015	649	(726)	(27)	(1,360)	161	7,067	5,764
Profit (loss) for the period	-	-	-	-	-	442	442
Adjustment of cash flow hedges	-	-	(9)	-	-	-	(9)
Foreign exchange adjustments, etc.	-	(110)	-	-	-	-	(110)
Tax relating to other comprehensive income	-	-	2	-	-	-	2
Total comprehensive income for the period	-	(110)	(7)	-	-	442	325
Reduction of the share capital	(30)	-	-	1,036	-	(1,006)	-
Share-based payment (granted)	-	-	-	-	-	11	11
Share based payment (exercised)	-	-	-	71	-	(24)	47
Tax related to share-based incentive plans	-	-	-	-	-	4	4
Purchase/sale of treasury shares	-	-	-	(619)	-	-	(619)
Paid dividends	-	-	-	-	(149)	-	(149)
Dividends, treasury shares	-	-	-	-	(12)	12	-
Balance at June 30, 2016	619	(836)	(34)	(872)	-	6,506	5,383
Profit (loss) for the period	-	-	-	-	-	591	591
Actuarial gains (losses)	-	-	-	-	-	(5)	(5)
Adjustment of cash flow hedges	-	-	(33)	-	-	-	(33)
Foreign exchange adjustments, etc.	-	308	-	-	-	-	308
Tax relating to other comprehensive income	-	(12)	7	-	-	1	(4)
Total comprehensive income for the period	-	296	(26)	-	-	587	857
Share-based payment (granted)	-	-	-	-	-	11	11
Share based payment (exercised)	-	-	-	28	-	(8)	20
Tax related to share-based incentive plans	-	-	-	-	-	2	2
Purchase/sale of treasury shares	-	-	-	(653)	-	-	(653)
Proposed dividends for the year	-	-	-	-	178	(178)	-
Balance at December 31, 2016	619	(540)	(60)	(1,497)	178	6,920	5,620
Profit (loss) for the period	-	-	-	-	-	536	536
Adjustment of cash flow hedges	-	-	99	-	-	-	99
Foreign exchange adjustments, etc.	-	(510)	-	-	-	-	(510)
Tax relating to other comprehensive income	-	22	(21)	-	-	-	1
Total comprehensive income for the period	-	(488)	78	-	-	536	126
Reduction of the share capital	(36)	-	-	1,193	-	(1,157)	-
Value of warrants issued with bonds	-	-	-	-	-	76	76
Share-based payment (granted)	-	-	-	-	-	12	12
Share-based payment (exercised)	-	-	-	72	-	(15)	57
Tax related to share-based incentive plans	-	-	-	-	-	7	7
Purchase/sale of treasury shares	-	-	-	(862)	-	-	(862)
Paid dividends	-	-	-	-	(161)	-	(161)
Dividends, treasury shares	-	-	-	-	(17)	17	-
Balance at June 30, 2017	583	(1,028)	18	(1,094)	-	6,396	4,875

Consolidated cash flow statement

Consolidated statement of cash flow

(DKK million)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	Full year 2016 (aud.)
Operating activities					
Operating profit (loss) from continuing operations	346	310	632	584	1,445
Operating profit from discontinued operations	-	9	-	17	(55)
Operating profit (loss)	346	319	632	601	1,390
Depreciation, amortization and impairment	160	158	305	313	666
Other non-cash adjustments	41	16	82	7	1
Cash flow from operating activities before changes in working capital	547	493	1,019	921	2,057
Changes in working capital	54	120	(19)	(81)	14
Cash flow from operating activities before financial items and tax	601	613	1,000	840	2,071
Financial items, net	(37)	(23)	(53)	(39)	(83)
Tax paid, net	(26)	(17)	(131)	(106)	(185)
Cash flow from operating activities	538	573	816	695	1,803
Investing activities					
Development projects	(96)	(113)	(187)	(226)	(481)
Investments in other intangible assets, net	(44)	(17)	(80)	(47)	(113)
Investments in property, plant and equipment, net	(30)	(25)	(52)	(41)	(104)
Investments in other non-current assets, net	(23)	1	(10)	30	13
Company acquisitions	-	(54)	(79)	(87)	(880)
Company divestments	(11)	-	751	-	-
Cash flow from investing activities	(204)	(208)	343	(371)	(1,565)
Cash flow from operating and investing activities (free cash flow)	334	365	1,159	324	238
Financing activities					
Paid dividends	(34)	(29)	(161)	(149)	(149)
Share-based payment (exercised)	20	7	57	47	67
Purchase/sale of treasury shares and other equity instruments	(216)	(223)	(862)	(619)	(1,272)
Net proceeds from issue of bond with warrant units (convertible bonds)	1,636	-	1,636	-	-
Increase/decrease in bank loans and other adjustments	(1,690)	(106)	(1,810)	417	1,189
Cash flow from financing activities	(284)	(351)	(1,140)	(304)	(165)
Net cash flow	50	14	19	20	73
Cash and cash equivalents beginning of period	175	134	207	132	132
Adjustment foreign currency, cash and cash equivalents	(7)	3	(8)	(1)	2
Cash and cash equivalents, end of period	218	151	218	151	207

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, 2017, GN Store Nord adopted all relevant new or revised International Financial Reporting Standards and IFRIC Interpretations with effective date January 1, 2017 or earlier, including those specified in note 1.1 in the Annual Report 2016. The new or revised Standards and Interpretations did not affect recognition and measurement materially or result in any material changes to disclosures in the notes. The accounting policies applied are unchanged from those applied in the Annual Report 2016.

Financial liabilities

Issued bond with warrant units are initially recognized at fair value less related transaction costs. The fair value of the bonds is estimated by calculating the present value of all contractual future cash flows using an interest rate for a bond with similar credit risk and duration as the issued bonds, but without the attached warrants. The difference between the fair value and the proceeds is considered to be the fair value of the warrants and is recognized in equity. The equity component is not remeasured subsequently. After initial recognition the bonds are measured at amortized cost using the effective interest method. In case the bonds are redeemed before maturity the difference between the carrying amount at amortized cost and the principal amount will be recognized as a loss in financial expenses.

Note 2.1 – Segment disclosures Q2 2017

Income statements	GN Hearing		GN Audio		Other*		Consolidated total	
	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)
(DKK million)								
Continuing operations								
Revenue	1,415	1,265	978	824	-	-	2,393	2,089
Production costs	(440)	(425)	(459)	(389)	-	-	(899)	(814)
Gross profit	975	840	519	435	-	-	1,494	1,275
Expensed development costs	(107)	(118)	(59)	(68)	(17)	-	(183)	(186)
Selling and distribution costs	(527)	(396)	(242)	(208)	-	-	(769)	(604)
Management and administrative expenses	(86)	(90)	(49)	(45)	(20)	(18)	(155)	(153)
Other operating income and costs, net	3	1	(1)	1	-	-	(1)	4
EBITA	255	239	168	115	(37)	(18)	386	336
Amortization of acquired intangible assets	(33)	(24)	(7)	(1)	-	-	(40)	(25)
Gain (loss) on divestment of operations etc.	-	(1)	-	-	-	-	-	(1)
Operating profit (loss)	222	214	161	114	(37)	(18)	346	310
Financial items	5	4	(3)	3	(2)	(14)	-	(7)
Profit (loss) before tax	227	218	158	117	(39)	(32)	346	303
Tax on profit (loss)	(56)	(57)	(30)	(23)	8	5	(78)	(75)
Profit (loss) for the period from continuing operations	171	161	128	94	(31)	(27)	268	228
Discontinued operations								
Profit (loss) for the period from discontinued operations	(3)	6	-	-	-	-	(3)	6
Profit (loss) for the period	168	167	128	94	(31)	(27)	265	234

Cash flow statement (2016 figures incl. GN Otometrics)

Cash flow statement (2016 figures incl. GN Otometrics)	GN Hearing		GN Audio		Other*		Consolidated total	
	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)
(DKK million)								
Operating activities before changes in working capital	357	336	219	167	(29)	(10)	547	493
Cash flow from changes in working capital	80	98	(50)	21	24	1	54	120
Cash flow from operating activities excluding financial items and tax	437	434	169	188	(5)	(9)	601	613
Cash flow from investing activities:								
Development projects	(68)	(86)	(28)	(27)	-	-	(96)	(113)
Other	(78)	(90)	(10)	(5)	(20)	-	(108)	(95)
Cash flow from operating and investing activities before financial items and tax	291	258	131	156	(25)	(9)	397	405
Tax and financial items	(35)	(28)	-	4	(28)	(16)	(63)	(40)
Cash flow from operating and investing activities (free cash flow)	256	230	131	160	(53)	(25)	334	365
Free cash flow excl. company acquisitions and divestments	267	284	131	160	(53)	(25)	345	419

* “Other” comprises Group Shared Services, GN Ejendomme and eliminations

Note 2.1 – Segment disclosures Q2 2017 (Continued)

Balance sheet (2016 figures incl. GN Otometrics)

(DKK million)	GN Hearing		GN Audio		Other*		Consolidated total	
	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)
ASSETS								
Goodwill	3,462	3,057	666	528	-	-	4,128	3,585
Development projects	833	993	274	238	-	-	1,107	1,231
Other intangible assets	814	754	132	37	164	103	1,110	894
Property, plant and equipment	249	288	75	63	172	175	496	526
Loans to dispensers and ownership interests	757	818	-	-	-	-	757	818
Other non-current assets	523	615	191	155	(77)	3	637	773
Total non-current assets	6,638	6,525	1,338	1,021	259	281	8,235	7,827
Inventories	394	524	314	237	-	-	708	761
Trade receivables	1,138	1,324	906	758	-	-	2,044	2,082
Receivables from subsidiaries***	-	-	392	2,150	(392)	(2,150)	-	-
Tax receivables	19	2	11	9	(30)	1	-	12
Other receivables	179	172	41	59	20	7	240	238
Cash and cash equivalents	126	113	58	38	34	-	218	151
Total current assets	1,856	2,135	1,722	3,251	(368)	(2,142)	3,210	3,244
Assets classified as held for sale	-	-	-	-	-	-	-	-
Total assets	8,494	8,660	3,060	4,272	(109)	(1,861)	11,445	11,071
EQUITY AND LIABILITIES								
Equity	4,967	6,290	2,051	3,542	(2,143)	(4,449)	4,875	5,383
Bank loans and issued bonds	-	-	-	-	3,341	2,687	3,341	2,687
Pension obligations and deferred tax	271	355	98	49	102	172	471	576
Provisions	260	114	12	11	-	1	272	126
Other non-current liabilities	293	279	-	-	-	-	293	279
Total non-current liabilities	824	748	110	60	3,443	2,860	4,377	3,668
Bank loans	8	9	3	12	15	58	26	79
Trade payables	209	260	358	279	31	9	598	548
Amounts owed to subsidiaries***	1,518	399	-	-	(1,518)	(399)	-	-
Tax payables	17	8	55	5	(44)	(12)	28	1
Provisions	242	196	76	62	1	6	319	264
Other current liabilities	709	750	407	312	106	66	1,222	1,128
Total current liabilities	2,703	1,622	899	670	(1,409)	(272)	2,193	2,020
Liabilities directly associated with assets held for sale	-	-	-	-	-	-	-	-
Total equity and liabilities	8,494	8,660	3,060	4,272	(109)	(1,861)	11,445	11,071
Invested capital***	6,406	6,610	1,555	1,256	218	203	8,179	8,069
Average invested capital	6,508	6,529	1,406	1,201	211	221	8,125	7,951

* "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.

Additional information (2016 figures excluding GN Otometrics)

(DKK million)	GN Hearing		GN Audio		Other*		Consolidated total	
	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)	Q2 2017 (unaud.)	Q2 2016 (unaud.)
Revenue distributed geographically								
Europe	24%	27%	44%	45%	0%	0%	33%	35%
North America	55%	54%	40%	38%	0%	0%	49%	47%
Rest of world	21%	19%	16%	17%	0%	0%	18%	18%
Incurring development costs	(123)	(124)	(60)	(72)	(17)	-	(200)	(196)
Capitalized development costs	68	64	28	27	-	-	96	91
Amortization and depreciation of development costs**	(52)	(58)	(27)	(23)	-	-	(79)	(81)
Expensed development costs	(107)	(118)	(59)	(68)	(17)	-	(183)	(186)
EBITDA	283	265	177	124	(29)	(10)	431	379
Depreciation and software amortization	(28)	(26)	(9)	(9)	(8)	(8)	(45)	(43)
EBITA	255	239	168	115	(37)	(18)	386	336
EBITA margin	18.0%	18.9%	17.2%	14.0%	N/A	N/A	16.1%	16.1%
Number of employees, end of period	-4,300	-4,125	-1,025	-1,000	-125	-75	-5,450	-5,200

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

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

Note 2.2 – Segment disclosures YTD 2017

Income statement	GN Hearing		GN Audio		Other*		Consolidated total	
	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)
(DKK million)								
Continuing operations								
Revenue	2,791	2,483	1,835	1,544	-	-	4,626	4,027
Production costs	(878)	(825)	(875)	(738)	-	-	(1,753)	(1,563)
Gross profit	1,913	1,658	960	806	-	-	2,873	2,464
Expensed development costs	(210)	(234)	(123)	(118)	(25)	(3)	(358)	(355)
Selling and distribution costs	(1,015)	(783)	(474)	(404)	-	-	(1,489)	(1,187)
Management and administrative expenses	(188)	(183)	(91)	(80)	(40)	(33)	(319)	(296)
Other operating income and costs, net	-	6	(1)	1	-	-	(1)	7
EBITA	500	464	271	205	(65)	(36)	706	633
Amortization of acquired intangible assets	(64)	(45)	(11)	(2)	-	-	(75)	(47)
Gain (loss) on divestment of operations etc.	1	(2)	-	-	-	-	1	(2)
Operating profit (loss)	437	417	260	203	(65)	(36)	632	584
Financial items	(12)	(2)	(1)	13	(18)	(23)	(31)	(12)
Profit (loss) before tax	425	415	259	216	(83)	(59)	601	572
Tax on profit (loss)	(104)	(108)	(49)	(43)	19	10	(134)	(141)
Profit (loss) for the period from continuing operations	321	307	210	173	(64)	(49)	467	431
Discontinued operations								
Profit (loss) for the period from discontinued operations	69	11	-	-	-	-	69	11
Profit (loss) for the period	390	318	210	173	(64)	(49)	536	442

Cash flow statement (2016 figures incl. GN Otometrics)

Cash flow statement	GN Hearing		GN Audio		Other*		Consolidated total	
	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)
(DKK million)								
Operating activities before changes in working capital	708	673	361	270	(50)	(22)	1,019	921
Cash flow from changes in working capital	(21)	(81)	(25)	20	27	(20)	(19)	(81)
Cash flow from operating activities excluding financial items and tax	687	592	336	290	(23)	(42)	1,000	840
Cash flow from investing activities:								
Development projects	(131)	(166)	(56)	(60)	-	-	(187)	(226)
Other	582	(128)	(20)	(12)	(32)	(5)	530	(145)
Cash flow from operating and investing activities before financial items and tax	1,138	298	260	218	(55)	(47)	1,343	469
Tax and financial items	(113)	(89)	(51)	(29)	(20)	(27)	(184)	(145)
Cash flow from operating and investing activities (free cash flow)	1,025	209	209	189	(75)	(74)	1,159	324
Free cash flow excl. company acquisitions and divestments	353	296	209	189	(75)	(74)	487	411

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

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

Additional information

Additional information	GN Hearing		GN Audio		Other*		Consolidated total	
	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)	YTD 2017 (unaud.)	YTD 2016 (unaud.)
(DKK million)								
Revenue distributed geographically								
Europe	24%	27%	46%	48%	0%	0%	33%	36%
North America	54%	54%	38%	34%	0%	0%	48%	46%
Rest of world	22%	19%	16%	18%	0%	0%	19%	18%
Incurring development costs	(243)	(242)	(129)	(131)	(25)	(3)	(397)	(376)
Capitalized development costs	131	122	56	60	-	-	187	182
Amortization and depreciation of development costs**	(98)	(114)	(50)	(47)	-	-	(148)	(161)
Expensed development costs	(210)	(234)	(123)	(118)	(25)	(3)	(358)	(355)
EBITDA	556	515	289	223	(50)	(20)	795	718
Depreciation and software amortization	(56)	(51)	(18)	(18)	(15)	(16)	(89)	(85)
EBITA	500	464	271	205	(65)	(36)	706	633
EBITA margin	17.9%	18.7%	14.8%	13.3%	N/A	N/A	15.3%	15.7%
Number of employees, end of period	-4,300	-4,125	-1,025	-1,000	-125	-75	-5,450	-5,200

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

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

*** 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 3 – Discontinued operations

On September 25, 2016 GN Hearing and Natus Medical Incorporated (hereafter “Natus”) entered into an agreement whereby ownership of GN Otometrics is transferred from GN Hearing to Natus. The divestment will further strengthen GN Hearing’s focus and strategic direction as a dedicated hearing instrument company, with GN Hearing being in a unique position to continue to deliver industry leading growth and profitability. The total consideration payable by Natus was USD 145 million which has been settled in cash on a debt and cash free basis. Closing of the transaction took place on January 3, 2017.

Since September 30, 2016 GN Otometrics has been classified as a disposal group held for sale and as discontinued operations.

GN Otometrics develops, manufactures and markets computer-based audiological, otoneurologic, vestibular instrumentation and sound rooms under the Madsen, Aurical, Hortmann and ICS brand names. GN Otometrics was part of the reportable segment GN Hearing.

As of January 1, 2017 GN Otometrics is no longer included in the consolidated financial statements of the GN Store Nord. During the first six months of 2017 a gain related to the divestment of DKK 69 million has been recognized in the income statement as discontinued operations. The net cash flow from the divestment in the first six months of 2017 was DKK 751 million. This includes the cash consideration received less capital injection and repayment of debt, transaction related costs and cash disposed of. Ongoing support for the divestment with carve out related activities will continue on a selective basis.

	YTD 2017	YTD 2016
Earnings per share (EPS) from discontinued operations		
Earnings per share (EPS) from discontinued operations	0.49	0.07
Earnings per share from discontinued operations, fully diluted (EPS diluted)	0.49	0.07

Note 4 – Incentive plans

As of June 30, 2017, the total number of outstanding warrants in GN Hearing was 15,869 (2.5% of the shares issued in GN Hearing). The total number of outstanding warrants in GN Audio was 9,556 (2.8% of the shares issued in GN Audio).

Note 5 – Shareholdings

On August 17, 2017, members of the board of directors and the executive management, respectively, own 482,896 and 90,190 shares in GN Store Nord.

On August 17, 2017, GN owns 7,520,759 treasury shares, equivalent to 5.2% of the 145,684,214 shares issued. At the annual general meeting on March 14, 2017, it was decided to reduce the company's nominal share capital from DKK 619,151,716 to nominally DKK 582,736,856 by cancelling part of the company's treasury shares at a nominal value of DKK 36,414,860 divided into 9,103,715 shares of DKK 4 each. The reduction was conducted on April 12, 2017.

The GN stock is 100% free float, and the company has no dominant shareholders. T. Rowe Price Associates Inc., Marathon Asset Management LLP, APG Asset Management N.V. and NN Group N.V. have reported an ownership interest in excess of 5% of GN's share capital. Foreign ownership of GN is estimated to be around 65%.

Statement by the Executive Management and the Board of Directors

Today, the board of directors and the executive management have reviewed and approved the interim report for GN Store Nord A/S for the period January 1 - June 30, 2017.

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

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

June 30, 2017 and of the results of the group's operations and cash flows for the period January 1 - June 30, 2017.

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

Ballerup, August 17, 2017

Executive Management

Anders Hedegaard

CEO, GN Store Nord & GN Hearing

René Svendsen-Tune

CEO, GN Store Nord & GN Audio

Marcus Desimoni

CFO, GN Store Nord & GN Hearing

Board of Directors

Per Wold-Olsen

Chairman

William E. Hoover Jr.

Deputy chairman

Wolfgang Reim

Ronica Wang

Hélène Barnekow

Carsten Krogsgaard Thomsen

Leo Larsen

Nikolai Bisgaard

Morten Andersen



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