

GN Store Nord A/S

Interim Report Q1 2014

INNOVATORS IN SOUND



Solid organic growth of 6% – gross margin was the strongest ever in a first quarter

- During the first quarter of 2014, GN Store Nord focused on the execution of the strategy for 2014 – 2016 announced in late 2013. Significant efforts have been dedicated toward fully exploiting the superior technological position in GN ReSound and toward capturing the significant growth opportunities on the markets in GN Netcom
- In Q1 2014, GN Store Nord continued to generate solid organic revenue growth of 6% (10% adjusted for non-recurring sales in China in Q1 2013). The gross margin of 60.9% was the strongest ever achieved in a first quarter, and EBITA amounted to DKK 253 million
- GN ReSound continued to deliver strong revenue growth with 7% organic growth. GN ReSound thereby gained market shares for the 15th consecutive quarter. EBITA increased 8% compared to Q1 2013 and amounted to DKK 170 million
- The first indications following the launch of the world's first Made for iPhone hearing aids, ReSound LiNX™ and Beltone First™, in late Q1 2014 are very encouraging. The launch has triggered unprecedented interest in the media and among hearing aid users and dispensers
- GN Netcom generated 15% organic growth when adjusting for the non-recurring sales in China in Q1 2013 and 4% organic growth in reported figures. EBITA amounted to DKK 104 million (DKK 119 million in Q1 2013). As previously communicated, numerous initiatives have been taken to further strengthen the market position and fully exploit the growth opportunities in the market place
- During the quarter, GN Netcom closed an agreement with a large airplane manufacturer to deliver 17,000 - 20,000 Jabra headsets for their global Unified Communications roll-out
- GN confirms the financial guidance for 2014 provided in the Annual Report 2013

Financial overview Q1 2014

DKK million	GN ReSound*		GN Netcom		Group total**	
	Q1 2014	Q1 2013	Q1 2014	Q1 2013	Q1 2014	Q1 2013
Revenue	1,027	980	652	647	1,679	1,627
Organic growth	7%	7%	4%	20%	6%	12%
Gross margin	66.2%	63.7%	52.6%	53.2%	60.9%	59.6%
EBITA	170	158	104	119	253	258
EBITA margin	16.5%	16.1%	15.9%	18.4%	15.1%	15.9%
Free cash flow excl. acquisitions and divestments	(50)	(117)	(4)	(23)	(81)	(172)

*) Excluding SMART restructuring costs of DKK 53 million in Q1 2013

***) Including "Other" and excluding SMART restructuring costs in Q1 2013

Guidance 2014 (unchanged)

DKK million	Organic revenue growth	EBITA	Profit before tax	Effective tax rate
GN ReSound	More than 6%	More than 875		
GN Netcom	More than 11%	More than 515		
Other		Around (60)		
GN Store Nord	More than 8%	More than 1,330	More than 1,200	27 - 28%

Financial highlights

(DKK million)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Total 2013 (aud.)	2014 Guidance	2016 Target
GN ReSound					
Revenue	1,027	980	4,179		
- Hearing Instruments	895	840	3,636		
- Otometrics	132	140	543		
Organic growth	7%	7%	10%	More than 6%	>3%-p above market growth (annual average 2014 - 2016)
- Hearing Instruments	9%	5%	10%		
- Otometrics	(7)%	22%	10%		
Gross profit margin*	66.2%	63.7%	65.5%		
EBITA*	170	158	842	More than 875	
EBITA margin*	16.5%	16.1%	20.1%		In line with top-tier competitors
EBITA reported	170	105	738	More than 875	
ROIC (EBITA/Average invested capital)	15.1%	6.9%	14.6%		More than 18.6%
Free cash flow excl. company acquisitions and divestments	(50)	(117)	47		
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	(29)%	(111)%	6%		
GN Netcom					
Revenue	652	647	2,612		
- CC&O	430	389	1,591		
- Mobile	222	258	1,021		
Organic growth	4%	20 %	18%	More than 11%	More than 10% (annual average 2014 - 2016)
- CC&O	13%	9 %	12%		
- Mobile	(11)%	39 %	27%		
Gross profit margin	52.6%	53.2%	52.7%		
EBITA	104	119	472	More than 515	
EBITA margin	15.9%	18.4%	18.1%		18 - 19%
ROIC (EBITA/Average invested capital)	55.2%	57.7%	64.7%		More than 55%
Free cash flow excl. company acquisitions and divestments	(4)	(23)	178		
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	(4)%	(19)%	38%		
GN Store Nord					
Revenue	1,679	1,627	6,791		More than 8,791
Organic growth	6%	12%	13%	More than 8%	
Gross profit margin*	60.9%	59.6%	60.6%		
EBITA*	253	258	1,284	More than 1,330	
EBITA margin*	15.1%	15.9%	18.9%		
EBITA reported	253	205	1,180	More than 1,330	
Profit (loss) before tax reported	236	183	1,023	More than 1,200	
Effective tax rate	27.5%	28.4%	28.2%	27 - 28%	26 - 27%
ROIC (EBITA/Average invested capital)	19.4%	11.4%	19.6%		
Earnings per share, basic (EPS)	1.04	0.77	4.40		
Earnings per share, fully diluted (EPS diluted)	1.03	0.77	4.35		
Free cash flow excl. company acquisitions and divestments	(81)	(172)	93		
Cash conversion (free cash flow excl. company acquisitions and divestments/EBITA)	(32)%	(84)%	8%		
Equity ratio	57.0%	63.9%	59.5%		
Net interest-bearing debt	1,614	777	1,113		
Net interest-bearing debt (period-end)/EBITDA	1.2	1.0	0.9	1 time EBITDA	1 - 2 times EBITDA
Dividend payout ratio	-	-	18%	15 - 25%	15 - 25%
Share buybacks**	320	314	787		
Outstanding shares, end of period (thousand)	163,580	168,443	164,740		
Average number of outstanding shares, fully diluted (thousand)	165,653	171,126	168,891		
Share price at the end of the period	135	104	133		
Market capitalization	22,083	17,518	21,910		

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

* Excluding SMART restructuring costs

** Including buybacks as part of share-based incentive programs

GN ReSound

HIGHLIGHTS Q1 2014

- Continued strong growth momentum delivering organic growth of 7% in GN ReSound and 9% in Hearing Instruments – making Q1 2014 the 15th consecutive quarter with market share gains
- Early indications following the launch of the world's first Made for iPhone hearing aids, ReSound LiNX™ and Beltone First™, are very encouraging
- The gross margin improved by more than 2 percentage points reflecting the continued improvements in the business effectiveness and a positive product mix development

REVENUE

In Q1 2014, GN ReSound sustained the strong growth momentum based on the differentiated 2.4 GHz wireless technology and improved commercialization skills. Organic growth ended at 7% in Q1 2014, and it was the 15th consecutive quarter with market share gains. M&A-activities added approximately 1% to revenue, and the foreign exchange development impacted revenue by around (3)%.

GN ReSound's growth continues to be broad-based delivering solid positive organic growth in all regions. The organic growth for Hearing Instruments was 9% leading to revenue of DKK 895 million compared to DKK 840 million in Q1 2013. The strong performance is founded on the innovative and distinct product portfolio, which has been further enhanced by the launch of Made for iPhone hearing aids. Additionally, Hearing Instruments is increasing its marketing and sales efforts. GN Otometrics' organic growth was (7)% reflecting the extraordinary strong organic growth of 22% in Q1 2013, which was impacted by large tender deals. GN Otometrics' revenue amounted to DKK 132 million in the quarter compared to DKK 140 million in Q1 2013.

EARNINGS AND OTHER FINANCIAL HIGHLIGHTS

GN ReSound's gross margin increased from 63.7% in Q1 2013 to 66.2% in Q1 2014 – the highest gross margin ever in a first quarter. The increase is a result of the continued improvement of the effectiveness of the business model driven by the completed SMART restructuring program. Another contributing factor was the positive development in the product mix where Top and Plus products, as a result of the launch of Made for iPhone products, continue to comprise an even larger share of the revenue.

The early phase of the launch of the world's first Made for iPhone hearing aids, ReSound LiNX™ and Beltone First™, has progressed very well confirming the significant potential of the products and GN ReSound's technological advantage. As previously communicated, GN ReSound has put considerable efforts into capturing the unique opportunity that the technology and launch represent. This has been done through, among others, PR activities and increased focus on marketing to dispensers and hearing aid users. Operating expenses increased by 9% to DKK 510 million in Q1 2014.

EBITA increased from DKK 158 million in Q1 2013 to DKK 170 million in Q1 2014 corresponding to an EBITA margin of 16.5% – the highest EBITA margin for a first quarter in nine years. As previously communicated, the earnings profile of 2014 is skewed toward the second half of the year primarily reflecting the timing of product launches and the investments in growth.

The free cash flow excluding acquisitions and divestments was DKK (50) million in Q1 2014 corresponding to an improvement of DKK 67 million compared to Q1 2013. In line with prior years, the free cash flow in

the first quarter of the year is relatively weak due to among others the settlement of annual bonuses to customers and employees. The cash conversion was thus (29)% and 1% when excluding financial support arrangements for dispensers. While the quarterly cash conversion is inherently volatile – and depending on among others the level of financial support arrangements – GN ReSound's underlying cash conversion level is as previously communicated expected to be in line with the main peers.

BUSINESS HIGHLIGHTS

With the launch of ReSound LiNX™ and the corresponding Beltone First™ – the world's first Made for iPhone hearing aids – GN ReSound further strengthened its technological lead during the quarter. GN ReSound's Made for iPhone hearing aids are built on the superior 2.4 GHz technology platform allowing direct streaming of sound without the need of any intermediary device. The hearing aids deliver the most natural sound quality with Surround Sound by ReSound™ and ear-to-ear communication based on 2.4 GHz technology, exclusively offered by GN ReSound. Reflecting the unique innovation that the products represent, they are launched at a price premium compared to ReSound Verso™ and Beltone Promise™ and have only been made available in the Top and Plus price segments.

The commercial launch was initiated on February 24, 2014 in North America at a launch event in New York. The launch event was followed by a number of major training events in cities across the US. The initial sales momentum is promising, and the launch has triggered unprecedented interest in the media and among hearing aid users and dispensers. Prior to the commercial launch, ReSound LiNX™ was showcased at the International CES (the consumer electronics show) in Las Vegas, and the product was selected as a 2014 CES Innovations Design and Engineering Awards Honoree in the Accessible and Universal Design product category.

At the hearing aid conference AudiologyNOW! 2014, GN ReSound also highlighted the new super power product ReSound Magna™ and the corresponding Beltone Bold™. The products were launched in Q1 2014 to modernize the product offering in the segment and support market share gains in the super power category. They are launched in the Basic and Budget price segments. The product is suitable for all markets but especially for the emerging markets.

MARKET DEVELOPMENT

In Q1 2014, the market growth was higher than the historical average primarily due to extraordinary strong growth in Germany. The market growth for the quarter is estimated to 4 - 5% in value. The global unit growth is estimated to around 7% with market ASP-erosion of 2 - 3%. The market development in North America was impacted by severe weather conditions leading to unit growth of only 1% – lower than the historical average. The European markets developed strongly in the first quarter of 2014 where markets with depressed growth in 2013 showed signs of rebound. In the quarter, the German market – where GN ReSound does not have a strong presence – increased by almost 50%.

OUTLOOK 2014

GN ReSound's organic growth guidance of “more than 6%” and EBITA guidance of “more than DKK 875 million” are confirmed.

“The focus in the first quarter of 2014 has been all about the launch of our new Made for iPhone hearing aids. I am proud of the significant innovations that we have been able to bring to the market. Our launch has created unprecedented interest from media, hearing aid users and dispensers. This leaves me very confident about our growth potential”

Lars Viksmoen, CEO of GN ReSound

GN Netcom

HIGHLIGHTS Q1 2014

- Revenue from Unified Communications (UC) headsets increased by 40% organically
- New UC-based exclusive distribution agreement with a leading global IT system integrator
- Enhanced the UC product portfolio with the launch of the Jabra Pro™ 900 and the innovative Jabra MOTION™ Office

REVENUE

In Q1 2014, GN Netcom outgrew its primary competitor by delivering 4% organic growth in reported figures and 15% organic growth when adjusting for the non-recurring sales in China in Q1 2013. The growth was driven by 40% organic growth in UC-headsets. GN Netcom's revenue increased to DKK 652 million from DKK 647 million in Q1 2013. The development in foreign exchange rates impacted revenue by approximately (3)% while M&A activities had negligible effect.

The growth was to a large extent driven by China and North America, which are deemed important regions and were strategically selected focus areas in the Strategy 2014 – 2016 communicated in 2013. In China, GN Netcom delivered double-digit organic growth adjusted for the non-recurring sales in Q1 2013 while the growth in North America was at an even stronger rate of above 20%.

The total organic growth in CC&O ended at 13% driving revenue to DKK 430 million. The growth is based on double-digit growth in all of GN Netcom's three regions driven by UC. The organic UC growth of 40% was achieved through the state-of-the-art product portfolio and the continued increase in the number of UC-users globally. The UC headset revenue amounted to DKK 246 million in the quarter and now comprises 57% of the total CC&O business.

The Mobile business delivered organic growth of (11)% in Q1 2014 and organic growth of 19% when excluding the non-recurring sales in China in Q1 2013. The music-focused headsets delivered strong organic growth of 24% driven by a continuous string of product launches during 2013 and the beginning of 2014, including the launch of Jabra Solemate™ Mini, Jabra Solemate™ Max, Jabra Rox™ and finally Jabra Sport™ Wireless+ in the Active segment.

EARNINGS AND OTHER FINANCIAL HIGHLIGHTS

In Q1 2014, the gross margin declined slightly from 53.2% to 52.6%. The development is driven by a lower gross margin in the Mobile division as well the expected product mix effect in CC&O with UC comprising a larger share of the revenue.

The operating expenses increased by 6% to DKK 239 million in Q1 2014. In accordance with the new three-year strategy, a number of sales and marketing initiatives and investments in innovation are being conducted.

EBITA ended at DKK 104 million compared to DKK 119 million in Q1 2013. Adjusting for the profit generated from the non-recurring sales in China in Q1 2013, EBITA was roughly flat. As a natural consequence of the growth investments and the non-recurring revenue, the earnings profile will, as previously communicated, be skewed toward the second half of the year.

The free cash flow excluding acquisitions and divestments amounted to DKK (4) million in Q1 2014 – an improvement of DKK 19 million. The cash conversion was (4)%. In Q1 2014, GN Netcom paid account tax in Denmark for the first time, which impacted the timing of the cash flow generation.

BUSINESS HIGHLIGHTS

GN Netcom was able to improve its position in the attractive UC-segment in the first quarter of 2014. GN Netcom entered into a new UC-based exclusive distribution agreement with a global leading IT system integrator. The agreement entails that the system integrator will offer co-branded Jabra headsets as part of their IT solution offering. A number of significant deals were also closed during the quarter, including a contract with a large airplane manufacturer to deliver 17,000 - 20,000 headsets for their UC roll-out.

GN Netcom's strong innovation capability drives continued product enhancements, which strengthen the leading position on the UC-market. In Q1 2014, GN Netcom launched the new Jabra Pro™ 900 headset series that offer all the essential features of a wireless headset in an intuitive design at an attractive price point. The headset series include two versions: one for desk phones and one for UC- and PC-based telephony. The Jabra Pro™ 900 series is the reliable and affordable way to go wireless and supports fast user adoption to improve employee productivity. Additionally, the Jabra Motion™ Office wireless headset for UC was launched in April 2014. Using the latest motion sensor technology, the headset adapts volume to fit the changing sound environment and allows the user to move from the office to the open road in one smooth transition; connecting and transferring calls from all phones to the headset.

In Q1 2014, the Mobile business launched Jabra Rox™ in the segment where music and voice integrate. Jabra Rox™ is an innovative wireless stereo headset in a discreet in-the-ear design with monitors used by professional musicians for the ultimate sound experience. In Q1 2014, GN Netcom was awarded as the “best headset provider in China” by China Electronics News Agency (CENA). The newly launched contact center product Jabra Biz™ 2300 was also acknowledged with the prestigious Red Dot Design Award. Winning a design award with a business headset is very rare and proves GN Netcom's ability to combine cutting edge design with outstanding headset performance.

MARKET DEVELOPMENT

The growth in the UC-segment continues to be attractive. During Q1 2014, the market conditions for headsets appeared to slightly improve on the European markets, which have been depressed for a longer period. The UC-market is estimated to have grown around 30% as evidenced by the UC-headset growth for the two larger players on the market.

Compared to Q1 2013, the total Mobile market is impacted negatively by the non-recurring sales in China. In the segment where music and voice integrate, the underlying market growth continues to be very strong with the largest driver for this growth being the Bluetooth speaker segment.

OUTLOOK 2014

GN Netcom confirms its guidance of organic growth of “more than 11%” in 2014 and EBITA of “more than DKK 515 million”.

“My first three months as CEO of GN Netcom have been both exciting and hectic. I have focused my time on strengthening the organization to capture the many significant opportunities that we have. Our Q1 2014 performance of 40% organic growth in the UC-segment once again underlines our great potential”

Niels Svenningsen, CEO of GN Netcom

GN Store Nord

In Q1 2014, GN Store Nord generated organic growth of 6% and revenue increased to DKK 1,679 million compared to DKK 1,627 million in Q1 2013. EBITA in Other ended at DKK (21) million compared to DKK (19) million in Q1 2013. The costs in Other include continued activities related to certain exploratory research projects, including the innovative 3D ear-scanner, which has been transferred to GN ReSound as of April 2014. Group EBITA was DKK 253 million.

Amortizations of acquired intangible assets amounted to DKK (10) million. Financial items ended at DKK (7) million, and profit before tax was DKK 236 million. The effective tax rate was 27.5%, realizing a net profit of DKK 171 million – up 31% compared to Q1 2013.

CAPITAL STRUCTURE

At the annual general meeting held on March 21, 2014, the shareholders voted to reduce the company's share capital from DKK 693,316,148 to DKK 672,083,012 by cancelling shares with a nominal value of DKK 21,233,136 (5,308,284 treasury shares of DKK 4 each). The cancellation of the shares, which corresponded to 3.1% of the share capital, was implemented on April 22, 2014. The shareholders also approved a dividend of 18% of the net result, excluding SMART restructuring costs, equivalent to DKK 146 million or DKK 0.84 per share. The pay-out date for the dividend was March 27, 2014.

In the interim report for Q2 2010, GN announced the long-term capital structure policy of having net interest-bearing debt of up to a maximum of two times EBITDA. As previously communicated, and based on the somewhat uncertain macroeconomic environment, GN currently intends to take the net interest-bearing debt toward a level of around one time EBITDA by the end of 2014 and to a level between one and two times EBITDA by the end of 2016.

On February 14, 2014, GN initiated a DKK 500 million Safe Harbor share buyback program of which DKK 173 million has been executed as of May 2, 2014. During 2014, GN has in total repurchased 2,032,648 shares at a total price of DKK 268 million through two different Safe Harbor programs. As of May 2, 2014, GN owns 4,944,479 treasury shares equivalent to 2.9% of the shares issued.

As of March 31, 2014, the net interest-bearing debt was DKK 1,614 million corresponding to 1.2 times EBITDA where EBITDA is based on a four quarter rolling reported EBITDA. The increase in net interest-bearing debt is mainly based on the ongoing share buyback program and the dividend payment in late March 2014.

CLAIM AGAINST PLANTRONICS INC.

In 2012, GN Netcom 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 Netcom's allegations were sufficiently substantiated to allow the case to proceed into discovery. The discovery phase commenced in mid-November 2013, and the first part of the discovery phase is expected to be completed during 2014.

CLAIM AGAINST THE GERMAN FEDERAL CARTEL OFFICE

On December 22, 2010, GN Store Nord filed a claim of EUR 1.1 billion (approximately DKK 8.2 billion) as compensation for the significant loss imposed on GN and its shareholders in relation to the German Federal Cartel Office's unlawful prohibition of the sale of GN ReSound to Sonova on April 11, 2007.

On March 26, 2014, the Düsseldorf Court of Appeal, Germany, dismissed GN's claim although the German Federal Supreme Court has acknowledged that the prohibition of the sale was unlawful. Düsseldorf Court of Appeal dismissed the case on the grounds that the German Federal Cartel Office had not acted negligent when they prohibited the sale.

Following thorough evaluation of the written ruling from the Düsseldorf Court of Appeal, GN and its advisors disagree with the decision by the court. On May 2, 2014, GN has consequently decided to file for permission to appeal the decision to the German Federal Supreme Court.

FOREIGN EXCHANGE EXPOSURE

Based on the 2014 revenue and cost composition, the table below outlines the primary foreign exchange exposure for GN in 2014, excluding any hedging impact:

Annual EBITA impact from a 5% increase in currency

(DKK million)

Currency	GN ReSound	GN Netcom	GN Store Nord
USD	40	29	69
CNY	(5)	(43)	(48)
GBP	4	5	9
JPY	7	(1)	6
CAD	4	-	4

For 2014, GN has hedged the majority of the expected cash flow denominated in the above-mentioned currencies in both GN ReSound and GN Netcom.

As a result of the hedging practice and assuming that the current exchange rates prevail for the remainder of 2014, it is expected that the development in foreign exchange rates will impact GN ReSound's EBITA by around DKK (60) - (70) million compared to 2013 whereas the effect on GN Netcom's EBITA is expected to be relative modest.

2014 PRODUCT LAUNCHES

GN ReSound

Q1 2014 ReSound LiNX™/ Beltone First™
 Q1 2014 ReSound Magna™/ Beltone Bold™

GN Netcom

Q1 2014 Jabra Rox™
 Q1 2014 Jabra Pro™ 900
 Q2 2014 Jabra Motion™ Office

ADDITIONAL INFORMATION

Teleconference

GN will host a teleconference at 2.00 p.m. CET 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 2014

Interim Report Q2 2014: August 14, 2014
 Interim Report Q3 2014: November 14, 2014

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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About GN Store Nord

GN Store Nord has been helping people communicate since 1869 – initially as a telegraph company and today as a global leader within hearing aids and hands free communication. GN is the innovation leader in the field of sound processing through its two businesses GN ReSound and GN Netcom.

GN's products are marketed in more than 90 countries and as of December 31, 2013 GN had approximately 5,000 employees in 34 countries. GN is listed on NASDAQ OMX Copenhagen and is a member of the Large Cap Index and the OMXC20 CAP Index.

For more information please visit www.gn.com

Strategy 2014 - 2016 – INNOVATION & GROWTH (announced on November 15, 2013)

GN RESOUND'S STRATEGIC GROWTH INITIATIVES

GN ReSound has identified a number of specific initiatives to drive profitable growth and market share gains. The initiatives are extensions of the current development path and enabled by the unique technological position as well as the released organizational capacity following the completion of the SMART restructuring program.

Strategic initiatives	GN ReSound Strategy 2014 - 2016 – INNOVATION & GROWTH		
Strategic initiatives	<ul style="list-style-type: none"> Increase marketing and sales efforts Gain preferred supplier status Grow GN Otometrics into new channels and offerings Accelerate innovative R&D 		
Enablers	Enhance organizational capabilities	Maintaining leading edge product portfolio	Productivity increase
Markets	<ul style="list-style-type: none"> Structural growth and supporting megatrends High margin industries and high barriers to entry in the core businesses 		

GN NETCOM'S STRATEGIC GROWTH INITIATIVES

GN Netcom's strategic initiatives are focused on fully exploiting the very healthy growth rates expected on the CC&O and Mobile markets. With an outset in the strategy which has driven strong revenue growth in 2013, GN Netcom has identified five new strategic growth initiatives.

Strategic initiatives	GN Netcom Strategy 2014 - 2016 – INNOVATION & GROWTH		
Strategic initiatives	<ul style="list-style-type: none"> Increase marketing and sales efforts Key markets initiatives (North America and China) Deeper and broader customer focus Stronger online presence, including digital marketing Broaden music product portfolio 		
Enablers	Enhance organizational capabilities	Maintaining leading edge product portfolio	Productivity increase
Markets	<ul style="list-style-type: none"> Structural growth and supporting megatrends High margin industries and high barriers to entry in the core businesses 		

Statement by the board of directors and the executive management

Today, the board of directors and the executive management have discussed and approved the interim report for GN Store Nord A/S for the period January 1 - March 31, 2014.

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

In our opinion, the interim report gives a true and fair view of the group's assets, liabilities and financial position on March 31, 2014 and of the results of the group's operations and cash flows for the period January 1 - March 31, 2014.

Further, in our opinion the executive management's review contains a fair presentation of developments in the group's operations and financial matters, the results of the group's operations and the group's financial position in general and describes the significant risks and uncertainties pertaining to the group.

Ballerup, May 2, 2014

BOARD OF DIRECTORS

Per Wold-Olsen
Chairman

William E. Hoover, Jr.
Deputy Chairman

Carsten Krogsgaard Thomsen

Hélène Barnekow

René Svendsen-Tune

Wolfgang Reim

Leo Larsen

Nikolai Bisgaard

Morten Andersen

EXECUTIVE MANAGEMENT

Lars Viksmoen
CEO, GN ReSound

Niels Svenningsen
CEO, GN Netcom

Anders Boyer
CFO, GN Store Nord

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Quarterly reporting by segment

(DKK million)	Q1 2013 (unaud.)	Q2 2013 (unaud.)	Q3 2013 (unaud.)	Q4 2013 (unaud.)	Q1 2014 (unaud.)	2013 Total (aud.)
Income statement						
Revenue						
GN ReSound	980	1,049	1,019	1,131	1,027	4,179
GN Netcom	647	646	590	729	652	2,612
Total	1,627	1,695	1,609	1,860	1,679	6,791
Organic growth						
GN ReSound	7%	13%	13%	6%	7%	10%
GN Netcom	20%	20%	17%	15%	4%	18%
Total	12%	15%	14%	9%	6%	13%
Gross profit margin						
GN ReSound	60.4%	64.7%	65.3%	66.9%	66.2%	64.4%
GN Netcom	53.2%	53.1%	52.9%	51.7%	52.6%	52.7%
Total	57.5%	60.3%	60.7%	61.0%	60.9%	59.9%
Expensed development costs**						
GN ReSound	(90)	(90)	(93)	(85)	(98)	(358)
GN Netcom	(40)	(40)	(39)	(40)	(43)	(159)
Other *	(1)	(5)	(5)	(11)	(3)	(22)
Total	(131)	(135)	(137)	(136)	(144)	(539)
Selling and distribution costs and administrative expenses etc.**						
GN ReSound	(397)	(439)	(364)	(397)	(412)	(1,597)
GN Netcom	(185)	(192)	(172)	(196)	(196)	(745)
Other *	(18)	35	(10)	(15)	(18)	(8)
Total	(600)	(596)	(546)	(608)	(626)	(2,350)
EBITA						
GN ReSound	105	150	208	275	170	738
GN Netcom	119	111	101	141	104	472
Other *	(19)	30	(15)	(26)	(21)	(30)
Total	205	291	294	390	253	1,180
EBITA margin						
GN ReSound	10.7%	14.3%	20.4%	24.2%	16.5%	17.7%
GN Netcom	18.4%	17.2%	17.1%	19.3%	15.9%	18.1%
Total	12.6%	17.2%	18.3%	21.0%	15.1%	17.4%
Depreciation						
GN ReSound	(23)	(22)	(24)	(25)	(23)	(94)
GN Netcom	(6)	(6)	(7)	(7)	(7)	(26)
Other *	(3)	45	(7)	(8)	(9)	27
Total	(32)	17	(38)	(40)	(39)	(93)
EBITDA						
GN ReSound	128	172	232	300	193	832
GN Netcom	125	117	108	148	111	498
Other *	(16)	(15)	(8)	(18)	(12)	(57)
Total	237	274	332	430	292	1,273
EBITA	205	291	294	390	253	1,180
Amortization of acquired intangible assets	(9)	(9)	(10)	(15)	(10)	(43)
Gain (loss) on divestment of operations etc.	(2)	(11)	(4)	(2)	-	(19)
Operating profit (loss)	194	271	280	373	243	1,118
Share of profit (loss) in associates	-	-	-	(4)	-	(4)
Financial items, net	(11)	(39)	(12)	(29)	(7)	(91)
Profit (loss) before tax	183	232	268	340	236	1,023
Tax on profit (loss)	(52)	(58)	(77)	(101)	(65)	(288)
Profit (loss)	131	174	191	239	171	735
Balance sheet						
Development projects						
GN ReSound	792	804	812	827	839	827
GN Netcom	93	100	112	127	139	127
Other *	-	2	4	5	8	5
Total	885	906	928	959	986	959
Inventories						
GN ReSound	348	363	387	378	389	378
GN Netcom	112	172	208	214	158	214
Total	460	535	595	592	547	592
Trade receivables						
GN ReSound	972	973	978	1,031	974	1,031
GN Netcom	470	487	480	487	511	487
Other *	1	2	1	2	1	2
Total	1,443	1,462	1,459	1,520	1,486	1,520
Net working capital						
GN ReSound	947	856	882	895	966	895
GN Netcom	154	166	248	218	283	218
Other *	(28)	(19)	(26)	(25)	(50)	(25)
Total	1,073	1,003	1,104	1,088	1,199	1,088
Cash flow						
Free cash flow excl. company acquisitions and divestments						
GN ReSound	(117)	35	90	39	(50)	47
GN Netcom	(23)	118	14	69	(4)	178
Other *	(32)	(34)	(16)	(50)	(27)	(132)
Total	(172)	119	88	58	(81)	93
Acquisitions and divestments of companies	(12)	(8)	(119)	(7)	(14)	(146)
Free cash flow	(184)	111	(31)	51	(95)	(53)

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

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

Income statement (DKK million)	Consolidated		
	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Full year 2013 (aud.)
Revenue	1,679	1,627	6,791
Production costs	(656)	(691)	(2,722)
Gross profit	1,023	936	4,069
Development costs	(146)	(133)	(545)
Selling and distribution costs	(502)	(456)	(1,895)
Management and administrative expenses	(132)	(151)	(499)
Other operating income and costs, net	-	-	7
Gain (loss) on divestment of operations etc.	-	(2)	(19)
Operating profit (loss)	243	194	1,118
Share of profit (loss) in associates	-	-	(4)
Financial income	28	21	73
Financial expenses	(35)	(32)	(164)
Profit (loss) before tax	236	183	1,023
Tax on profit (loss)	(65)	(52)	(288)
Profit (loss) for the period	171	131	735
Earnings per share (EPS)			
Earnings per share (EPS)	1.04	0.77	4.40
Earnings per share, fully diluted (EPS diluted)	1.03	0.77	4.35
EBITA	253	205	1,180
Amortization of acquired intangible assets	(10)	(9)	(43)
Gain (loss) on divestment of operations etc.	-	(2)	(19)
Operating profit (loss)	243	194	1,118

Statement of comprehensive income (DKK million)	Consolidated		
	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Full year 2013 (aud.)
Profit (loss) for the period	171	131	735
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gains (losses)	-	-	50
Tax relating to this item of other comprehensive income	-	-	(18)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Adjustment of cash flow hedges	(30)	(7)	23
Foreign exchange adjustments, etc.	-	119	(225)
Tax relating to these items of other comprehensive income	7	-	4
Other comprehensive income for the period, net of tax	(23)	112	(166)
Total comprehensive income for the period	148	243	569

Balance sheet

Consolidated

(DKK million)	March 31 2014 (unaud.)	Dec. 31 2013 (aud.)	Sep. 30 2013 (unaud.)	June 30 2013 (unaud.)
Assets				
Intangible assets	4,518	4,486	4,275	4,305
Property, plant and equipment	460	465	451	451
Deferred tax assets	510	502	556	570
Other non-current assets	992	843	966	862
Total non-current assets	6,480	6,296	6,248	6,188
Inventories	547	592	595	535
Trade receivables	1,486	1,520	1,459	1,462
Tax receivable	100	90	17	36
Other receivables	250	302	295	258
Cash and cash equivalents	104	163	100	136
Total current assets	2,487	2,667	2,466	2,427
Assets classified as held for sale	-	-	-	25
Total assets	8,967	8,963	8,714	8,640
Equity and liabilities				
Equity	5,110	5,330	5,252	5,299
Bank loans	1,568	1,216	1,007	880
Pension obligations	47	44	95	98
Provisions	166	167	140	130
Deferred tax liabilities	401	403	372	372
Other non-current liabilities	207	209	187	192
Total non-current liabilities	2,389	2,039	1,801	1,672
Bank loans	150	60	105	114
Trade payables	377	493	426	498
Tax payable	17	34	137	92
Provisions	217	214	215	214
Other payables	707	793	778	751
Total current liabilities	1,468	1,594	1,661	1,669
Total equity and liabilities	8,967	8,963	8,714	8,640

Consolidated equity

(DKK million)	Share capital (shares of DKK 4 each)	Additional paid-in capital	Foreign exchange adjustments	Hedging reserve	Treasury shares	Proposed dividends for the year	Retained earnings	Total equity
Balance at December 31, 2012	775	2,483	(1,523)	8	(1,616)	94	5,321	5,542
Profit (loss) for the period	-	-	-	-	-	-	131	131
Adjustment of cash flow hedges	-	-	-	(7)	-	-	-	(7)
Foreign exchange adjustments, etc.	-	-	119	-	-	-	-	119
Total comprehensive income for the period	-	-	119	(7)	-	-	131	243
Share-based payment (granted)	-	-	-	-	-	-	2	2
Share based payment (exercised)	-	(40)	-	-	85	-	-	45
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(314)	-	-	(314)
Paid dividends	-	-	-	-	-	(83)	-	(83)
Dividends, treasury shares	-	-	-	-	-	(11)	11	-
Balance at March 31, 2013	775	2,443	(1,404)	1	(1,845)	-	5,465	5,435
Profit (loss) for the period	-	-	-	-	-	-	604	604
Actuarial gains (losses)	-	-	-	-	-	-	50	50
Adjustment of cash flow hedges	-	-	-	30	-	-	-	30
Foreign exchange adjustments, etc.	-	-	(344)	-	-	-	-	(344)
Tax relating to other comprehensive income	-	-	10	(6)	-	-	(18)	(14)
Total comprehensive income for the period	-	-	(334)	24	-	-	636	326
Reduction of the share capital	(82)	(1,318)	-	-	1,400	-	-	-
Proposed dividends for the year	-	-	-	-	-	146	(146)	-
Share-based payment (granted)	-	-	-	-	-	-	8	8
Share based payment (exercised)	-	(16)	-	-	25	-	-	9
Tax related to share-based incentive plans	-	-	-	-	-	-	25	25
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(473)	-	-	(473)
Balance at December 31, 2013	693	1,109	(1,738)	25	(893)	146	5,988	5,330
Profit (loss) for the period	-	-	-	-	-	-	171	171
Adjustment of cash flow hedges	-	-	-	(30)	-	-	-	(30)
Foreign exchange adjustments, etc.	-	-	-	-	-	-	-	-
Tax relating to other comprehensive income	-	-	-	7	-	-	-	7
Total comprehensive income for the period	-	-	-	(23)	-	-	171	148
Share-based payment (granted)	-	-	-	-	-	-	3	3
Share-based payment (exercised)	-	(46)	-	-	110	-	-	64
Tax related to share-based incentive plans	-	-	-	-	-	-	23	23
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(320)	-	-	(320)
Paid dividends	-	-	-	-	-	(138)	-	(138)
Dividends, treasury shares	-	-	-	-	-	(8)	8	-
Balance at March 31, 2014	693	1,063	(1,738)	2	(1,103)	-	6,193	5,110

Cash flow statement (DKK million)	Consolidated		
	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Full year 2013 (aud.)
Operating activities			
Operating profit (loss)	243	194	1,118
Depreciation, amortization and impairment	118	106	398
Other adjustments	(1)	43	124
Cash flow from operating activities before changes in working capital	360	343	1,640
Changes in working capital and restructuring/non-recurring costs, paid	(170)	(277)	(436)
Cash flow from operating activities before financial items and tax	190	66	1,204
Financial items, net	(10)	(8)	(37)
Tax paid, net	(71)	(13)	(249)
Cash flow from operating activities	109	45	918
Investing activities			
Development projects	(97)	(77)	(349)
Investments in other intangible assets, net	(22)	(34)	(137)
Investments in property, plant and equipment, net	(20)	(15)	(118)
Investments in other non-current assets, net	(51)	(91)	(221)
Company acquisitions	(14)	(12)	(136)
Company divestments	-	-	(10)
Cash flow from investing activities	(204)	(229)	(971)
Cash flow from operating and investing activities (free cash flow)	(95)	(184)	(53)
Financing activities			
Paid dividends	(138)	(83)	(83)
Share-based payment (exercised)	64	45	54
Purchase/sale of treasury shares and other equity instruments	(320)	(314)	(787)
Increase/decrease in bank loans and other adjustments	430	504	871
Cash flow from financing activities	36	152	55
Net cash flow	(59)	(32)	2
Cash and cash equivalents beginning of period	163	169	169
Adjustment foreign currency, cash and cash equivalents	-	2	(8)
Cash and cash equivalents, end of period	104	139	163

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.

Changes to accounting policies

As of January 1, 2014 GN Store Nord adopted all relevant new or revised International Financial Reporting Standards and IFRIC Interpretations with effective date January 1, 2014 or earlier, including those specified in note 31 in the Annual Report 2013. 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.

Apart from the minor changes, as described in note 31 in the Annual Report 2013, the accounting policies applied are unchanged from those applied in the Annual Report 2013.

Note 2 – Segment disclosures

Income statement (DKK million)	GN ReSound		GN Netcom		Other*		Consolidated total	
	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)
Revenue	1,027	980	652	647	-	-	1,679	1,627
Production costs	(344)	(388)	(309)	(303)	-	-	(653)	(691)
Gross profit	683	592	343	344	-	-	1,026	936
Expensed development costs**	(92)	(90)	(43)	(40)	(3)	(1)	(138)	(131)
Selling and distribution costs**	(330)	(296)	(162)	(153)	-	-	(492)	(449)
Management and administrative expenses	(91)	(101)	(34)	(33)	(18)	(17)	(143)	(151)
Other operating income	-	-	-	1	-	(1)	-	-
EBITA	170	105	104	119	(21)	(19)	253	205
Amortization of acquired intangible assets	(8)	(6)	(2)	(3)	-	-	(10)	(9)
Gain (loss) on divestment of operations etc.	-	(2)	-	-	-	-	-	(2)
Operating profit (loss)	162	97	102	116	(21)	(19)	243	194
Financial items	(11)	(14)	7	5	(3)	(2)	(7)	(11)
Profit (loss) before tax	151	83	109	121	(24)	(21)	236	183
Tax on profit (loss)	(41)	(24)	(29)	(32)	5	4	(65)	(52)
Profit (loss)	110	59	80	89	(19)	(17)	171	131

Cash flow statement (DKK million)	GN ReSound		GN Netcom		Other*		Consolidated total	
	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)
Operating activities before changes in working capital	245	227	129	134	(14)	(18)	360	343
Cash flow from changes in working capital and restructuring/non-recurring costs paid	(117)	(138)	(77)	(134)	24	(5)	(170)	(277)
Cash flow from operating activities excluding financial items and tax	128	89	52	-	10	(23)	190	66
Cash flow from investing activities:								
Development projects	(65)	(59)	(27)	(18)	(3)	-	(95)	(77)
Other	(91)	(138)	(8)	(7)	(10)	(7)	(109)	(152)
Cash flow from operating and investing activities before financial items and tax	(28)	(108)	17	(25)	(3)	(30)	(14)	(163)
Tax and financial items	(36)	(21)	(21)	2	(24)	(2)	(81)	(21)
Cash flow from operating and investing activities (free cash flow)	(64)	(129)	(4)	(23)	(27)	(32)	(95)	(184)
Free cash flow excl. company acquisitions and divestments	(50)	(117)	(4)	(23)	(27)	(32)	(81)	(172)

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

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

Note 2 – Segment disclosures (continued)

Balance sheet	GN ReSound		GN Netcom		Other*		Consolidated total	
	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)
(DKK million)								
ASSETS								
Goodwill	2,540	2,564	439	472	-	-	2,979	3,036
Development projects	839	792	139	93	8	-	986	885
Other intangible assets	355	259	52	72	146	106	553	437
Property, plant and equipment	228	209	40	36	192	3	460	248
Loans to dispensers and ownership interests	740	676	-	-	-	-	740	676
Other non-current assets	615	598	147	132	-	2	762	732
Total non-current assets	5,317	5,098	817	805	346	111	6,480	6,014
Inventories	389	348	158	112	-	-	547	460
Trade receivables	974	972	511	461	1	1	1,486	1,434
Receivables from subsidiaries***	-	-	1,356	1,172	(1,356)	(1,172)	-	-
Tax receivables	51	28	24	9	25	1	100	38
Other receivables	214	226	29	-	7	12	250	238
Cash and cash equivalents	75	104	29	35	-	-	104	139
Total current assets	1,703	1,678	2,107	1,789	(1,323)	(1,158)	2,487	2,309
Assets classified as held for sale	-	29	-	-	-	153	-	182
Total assets	7,020	6,805	2,924	2,594	(977)	(894)	8,967	8,505
EQUITY AND LIABILITIES								
Equity	4,207	3,932	2,395	2,018	(1,492)	(515)	5,110	5,435
Bank loans	-	-	-	-	1,568	783	1,568	783
Pension obligations and deferred tax	252	298	34	20	162	156	448	474
Provisions	123	75	22	9	21	51	166	135
Other non-current liabilities	207	191	-	-	-	-	207	191
Total non-current liabilities	582	564	56	29	1,751	990	2,389	1,583
Bank loans	37	39	24	38	89	56	150	133
Trade payables	194	183	174	187	9	1	377	371
Amounts owed to subsidiaries***	1,401	1,462	-	-	(1,401)	(1,462)	-	-
Tax payables	15	29	2	31	-	(7)	17	53
Provisions	167	182	32	60	18	3	217	245
Other current liabilities	417	414	241	231	49	40	707	685
Total current liabilities	2,231	2,309	473	547	(1,236)	(1,369)	1,468	1,487
Total equity and liabilities	7,020	6,805	2,924	2,594	(977)	(894)	8,967	8,505
Invested capital****	5,378	5,217	899	757	257	169	6,534	6,143
Average invested capital	5,298	5,082	828	685	213	123	6,339	5,890

Additional information	GN ReSound		GN Netcom		Other*		Consolidated total	
	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)	Q1 2014 (unaud.)	Q1 2013 (unaud.)
(DKK million)								
Revenue distributed geographically								
Europe	35%	31%	54%	47%	0%	0%	42%	37%
North America	44%	46%	31%	27%	0%	0%	39%	39%
Rest of world	21%	23%	15%	26%	0%	0%	19%	24%
Incurred development costs								
Capitalized development costs	(110)	(92)	(53)	(46)	(6)	(1)	(169)	(139)
Amortization and depreciation of development costs**	67	59	27	18	3	-	97	77
Expensed development costs	(98)	(90)	(43)	(40)	(3)	(1)	(144)	(131)
EBITDA								
EBITDA	193	128	111	125	(12)	(16)	292	237
Depreciation and software amortization	(23)	(23)	(7)	(6)	(9)	(3)	(39)	(32)
EBITA	170	105	104	119	(21)	(19)	253	205
EBITA margin								
EBITA margin	16.5 %	10.7 %	15.9 %	18.4 %	NA	NA	15.1 %	12.6 %
Number of employees, end of period								
Number of employees, end of period	~4,050	~3,850	~950	~850	~50	~50	~5,050	~4,750

* "Other" comprises Group Shared Services, GN Ejendomme, Scanning Technology 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 - Incentive plans

As of March 31, 2014, the total number of outstanding warrants in GN ReSound was 14,194 (2.3% of the shares issued in GN ReSound). The total number of outstanding warrants in GN Netcom was 7,577 (2.3% of the shares issued in GN Netcom).

Note 4 - Shareholdings

On May 2, 2014, members of the board of directors and the executive management, respectively, own 530,010 and 49,500 shares in GN Store Nord.

On May 2, 2014, GN owns 4,944,479 treasury shares, equivalent to 2.9% of the 168,020,753 shares issued. At the annual general meeting on March 21, 2014, it was decided to reduce the company's nominal share capital from DKK 693,316,148 to nominally DKK 672,083,012 by cancelling part of the company's treasury shares at a nominal value of DKK 21,233,136 divided into 5,308,284 shares of DKK 4 each. The reduction was conducted on April 22, 2014.

The GN stock is 100% free float, and the company has no dominant shareholders. Marathon Asset Management LLP, BlackRock Inc. and T. Rowe Price Associates, Inc. have all reported an ownership interest in excess of 5% of GN's share capital. Foreign ownership of GN is estimated to be around 75%.