

GN Great Nordic – Q1 2002

At a meeting today, the Board of Directors of GN Great Nordic approved the First Quarter Earnings Release 2002 for the Group.

This quarterly earnings release is unaudited and has been prepared in accordance with International Accounting Standards (IAS) and the accounting policies applied in the Annual Report 2001.

Copenhagen, May 22, 2002



Mogens Hugo Jørgensen
Chairman



Jørn Kildegaard
President & CEO

First Quarter Highlights:

- Revenues and earnings for the first quarter 2002 were in line with expectations, both for GN Great Nordic and the individual business areas.
- Revenues were DKK 1,368 million, which was 20% less than in Q4 2001 and substantially below the Q1 2001 figure of DKK 1,983 million.
- EBITA was DKK (50) million against DKK (78) million in Q4 2001.
- Amorization of goodwill and other intangibles was DKK 119 million, which was DKK 37 million less than in Q4 2001 and DKK 125 million less than in the same period of 2001.
- Earnings before tax were DKK (192) million, as compared to DKK (3,066) million in Q4 2001, which was affected by DKK 2,500 million in impairment losses on goodwill and other intangibles and restructuring provisions. Earnings before tax were DKK (127) million in Q1 of 2001.
- Sales of headsets to the call center and office market increased in Q1 while, as expected, sales of JABRA products in the US were lower than in Q4 due to seasonal fluctuations. GN Netcom's revenues and EBITA were as expected.
- The growing trends continue in sales of Canta hearing aids and in US Beltone dispenser revenue, contributing to lifting GN ReSound's EBITA margin relative to Q1 2001. As expected, revenues and earnings were slightly lower than in Q4 2001.
- NetTest continues to adapt the organization to the weak demand that has strongly reduced revenues and earnings relative to 2001.

Outlook for 2002

- GN Great Nordic retains the forecast for GN Netcom's and GN ReSound's performance in 2002 announced on March 13, 2002 and confirmed at the annual general meeting on April 23, 2002.
 - For the full year, GN Great Nordic projects revenues – excluding NetTest – in the range of DKK 5 billion and an EBITA of not less than DKK 350 million.
 - GN Netcom projects revenues for the full year 2002 of DKK 1.9-2.1 billion and an EBITA margin of 9%-11%
 - GN ReSound projects full-year revenues of DKK 2.9-3.1 billion and an EBITA margin of 9%-10%
- Following a period of some stabilization since August 2001, NetTest is again experiencing declining order inflows. The previous Q2 2002 forecast calling for revenues of just over DKK 300 million and an EBITA of almost DKK (70) million has been reduced to revenues in the range of DKK 225–275 million and an EBITA of approximately DKK (100) million, assuming revenues in the middle of the range indicated. NetTest is further adapting the organization. The measures will reduce the full-year 2002 break-even revenues (EBITA) to approximately DKK 1.5 billion compared to DKK 2.5 billion in 2001.
- In the third quarter, NetTest expects to generate revenues in the range of DKK 225–300 million and an EBITA of approximately DKK (75) million, assuming revenues in the middle of the range indicated. No full-year projections are being issued for NetTest, due to the continued strong uncertainty regarding the investment programs of NetTest's customers.

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Forward-looking statements

The forward-looking statements in this interim report reflect management's current expectations for certain future events and financial results. Statements regarding 2002 are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth above. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Factors that may cause the actual results to deviate materially from expectations include but are not limited to general economic developments and developments in the financial markets; technological developments; changes and amendments to legislation and regulations governing the Group's markets; and changes in the demand for the Group's products, competition, fluctuations in sub-contractor supplies, and the integration of company acquisitions.

This interim report should not be considered an offer to sell securities in GN Great Nordic.

Consolidated Financial Highlights

(DKK millions)

| Q1 2002 (unaud.) | Q1 2001 (unaud.) | Full Year 2001 (aud.) |
|---------------------------------|------------------------|-----------------------------|
|---------------------------------|------------------------|-----------------------------|

Earnings – Statement of Income

| | | | |
|---|--------------|-------|---------|
| Net revenue | 1,368 | 1,983 | 7,319 |
| Earnings before results from subsidiaries and associated companies, interest and tax | (226) | (132) | (9,619) |
| Earnings before interest and tax | (227) | (136) | (9,624) |
| Earnings before tax | (192) | (127) | (9,642) |
| Net earnings for the period | (137) | (150) | (9,176) |
| GN Great Nordic's share of net earnings for the period | (137) | (150) | (9,176) |
| GN Great Nordic's share of net earnings for the period excl. amortization and impairment of intangibles | (18) | 94 | 137 |

Earnings – Investor-Specific Financial Highlights

| | | | |
|--|--------------|-------|---------|
| Earnings before interest, tax, depreciation and amortization of intangibles (EBITDA) | 0 | 195 | 420 |
| Earnings before interest, tax and amortization of intangibles (EBITA) | (50) | 139 | 198 |
| Earnings before interest and tax (EBIT) | (227) | (136) | (9,624) |

Balance Sheet

| | | | |
|---------------------------------|---------------|--------|--------|
| Share capital (GN Great Nordic) | 879 | 879 | 879 |
| Shareholders' equity | 10,603 | 20,016 | 10,708 |
| Total assets | 14,761 | 24,367 | 15,023 |

| | | | |
|-----------------------|------------|-----|-----|
| NetTest order backlog | 342 | 847 | 350 |
|-----------------------|------------|-----|-----|

Cash Flows

| | | | |
|-----------------------------|-------------|-------|---------|
| Cash flows from operations | 19 | (231) | (65) |
| Cash flows from investments | (28) | (260) | (1,065) |

Research and Development

| | | | |
|---|------------|-----|-----|
| Research and development costs incurred during the period | 151 | 169 | 696 |
|---|------------|-----|-----|

Investments

| | | | |
|--|------------|-----|-----|
| Plant and machinery | 31 | 89 | 267 |
| Real property including leasehold improvements | 8 | 28 | 137 |
| Long-term intangibles excluding goodwill | 119 | 93 | 535 |
| Total (excluding company acquisitions) | 158 | 210 | 939 |

| | | | |
|-------------------------------------|------------|-----|-------|
| Company acquisitions | - | 72 | 184 |
| Acquisition of associated companies | - | - | 147 |
| Total investments | 158 | 282 | 1,270 |

| | | | |
|--|------------|-----|-------|
| Depreciation and amortization of long-term intangibles and tangibles | 215 | 333 | 1,264 |
| Impairment of long-term intangibles | - | - | 8,509 |

Key Ratios

| | | | |
|------------------|---------------|--------|---------|
| EBITA margin | (3.7)% | 7.0% | 2.7% |
| Return on equity | (1.3)% | (0.8)% | (60.4)% |
| Equity ratio | 71.8% | 82.1% | 71.3% |

Key Ratios

| | | | |
|---|----------------|---------|---------|
| Basic and fully diluted earnings per DKK 4 share (EPS) | (0.62) | (0.68) | (41.75) |
| Basic and fully diluted earnings per DKK 4 share (EPS) excluding amortization and impairment of intangibles (EPS) | 0.18 | 0.49 | 2.92 |
| Cash flow per DKK 4 share (CFPS) | 0.09 | (1.05) | (0.30) |
| Net asset value (per DKK 4 share) | 48 | 91 | 49 |
| Share price at end of period (per DKK 4 share) | 41 | 94 | 50 |
| Average number of DKK 4 shares (in thousands) | 219,775 | 219,775 | 219,775 |

Employees

| | | | |
|-----------------------------|--------------|-------|-------|
| Average number of employees | 5,752 | 6,171 | 6,213 |
|-----------------------------|--------------|-------|-------|

Financial Results

GN Great Nordic's revenues for the first quarter of 2002 of DKK 1,368 million (Q1 2001: DKK 1,983 million) and EBITA of DKK (50) million (Q1 2001: DKK 139 million) were in line with expectations. The decline relative to Q4 was mainly due to seasonal fluctuations, whereas the drop relative to Q1 2001 was due to the general economic downturn that hit NetTest and GN Netcom, in particular, in 2001.

Combined, GN Netcom and GN Resound generated revenues of DKK 1,145 million and an EBITA of DKK 89 million, as compared to DKK 1,207 million in revenues and DKK 89 million in EBITA in Q1 2001. In Q4, revenues were DKK 1,253 million and the EBITA was DKK 108 million. The earnings confirm that the initiatives taken to enhance profitability have been effective.

GN Netcom's revenues of DKK 406 million and its EBITA of DKK 29 million was in line with expectations. Sales of JABRA products for the cellular segment were lower than in Q4 2001 due to seasonal fluctuations. Sales of wireless headsets are improving.

The integration of the five companies in GN ReSound continues according to plan. The revenues of DKK 739 million and the EBITA of DKK 60 million were in line with expectations. The EBITA margin fell to 8.1% from 8.9% in Q4 2001, mainly due to slightly lower seasonal sales and a drop in sales of high-margin digital products caused by a shift to lower priced digital hearing instruments. After launching the Canta2 in May 2002, GN ReSound now offers a competitive product in the rapidly growing segment for low-priced digital hearing instruments.

NetTest's revenues of DKK 217 million and EBITA of DKK (127) million were in line with expectations. NetTest continues to suffer from the abrupt downturn in telecommunications and network industry investments in new capacity and technology and the company plans to further adapt its cost structure to market conditions.

Amortization of goodwill and other intangibles was DKK 119 million in the first quarter, as expected, while planned restructuring costs were DKK 57 million. The restructurings pertain to GN ReSound and NetTest and involve measures planned and announced during the first quarter.

Financial income, expenses and capital gains on shares totaled DKK (12) million, and the sale of an investment property in London in January provided a DKK 47 million accounting gain.

As a result, GN Great Nordic recorded overall earnings before tax and extraordinary items of DKK (192) million for the first quarter, and earnings after tax of DKK (137) million.

Balance Sheet

Total assets amounted to DKK 14,761 million at March 31, 2002, against DKK 15,023 million at December 31, 2001.

Combined, inventories and trade receivables fell relative to December 31, 2001, but remain at a high level. By focusing on cash flows during 2002, the Group aims to reduce the working capital both in absolute figures and relative to revenues.

Shareholders' equity was DKK 10,603 million at March 31, 2002, which was DKK 105 million less than at December 31, 2001. The decline was due to the financial results for the period and exchange differences of DKK 32 million resulting from the slight appreciation of USD against DKK at March 31 relative to the end of 2001.

Cash Flows

The Group generated cash flows from operations of DKK 19 million in the first quarter, as compared to DKK (231) million in Q1 2001 and DKK 374 million in Q4 2001.

Cash flows from investments were DKK (28) million against DKK (126) million in Q4 2001. Investments during the quarter were made mainly in development projects in all of the Group's companies, and in noncurrent assets.

The DKK (102) million cash flow of the period from operations and investments was funded through a drop in cash and cash equivalents.

Stock Option Plans

The Group maintains two stock option plans, which included a total of 5,293,404 outstanding stock options at March 31, 2002 at an average strike price of 108. A total of 16,800 stock options were awarded at an average strike price of 45 in the first quarter, while no stock options were exer-

cised during the period. The 92,453 reduction in the number of outstanding options during the quarter was due to employees leaving the company. Stock options outstanding at March 31, 2002 were: 171,250 held by the executive management, 2,286,145 held by senior employees and 2,836,009 held by other employees.

Outlook for 2002

Projections for the Group continue to be based on unchanged exchange rates and a slight recovery in economic conditions, especially in the United States.

For the full year, GN Great Nordic confirms the previous projection of revenues – excluding NetTest – in the range of DKK 5 billion and an EBITA of not less than DKK 350 million.

Given the continued uncertainty dominating NetTest's markets, it is still not possible to provide a qualified earnings estimate extending beyond the first nine months of the year. For the second quarter, NetTest projects revenues of DKK 225–275 million and an EBITA of approximately DKK (100) million, assuming revenues in the middle of the range indicated, and, for the third quarter, revenues of DKK 225–300 million and an EBITA of approximately DKK (75) million, assuming revenues in the middle of the range indicated. Additional rationalization initiatives are expected to reduce the full-year 2002 breakeven revenues (EBITA) by a further DKK 100 million to approximately DKK 1.5 billion compared to DKK 2.5 billion in 2001.

The consolidated amortization of goodwill and other intangibles is still expected to be approximately DKK 500 million, while financial expenses are still projected to reach just over DKK 100 million.

Restructuring costs are expected to rise from DKK 125 million to approximately DKK 150 million due to additional restructuring steps in NetTest. As already explained, the figure is favorably impacted by DKK 47 million from the sale of a property in London.

The Group expects that the consolidated cash flows will continue to improve although movements will not be evenly distributed.

GN NETCOM

Q1 revenues were DKK 406 million, which is DKK 91 million less than in Q4 2001 and DKK 100 million less than in Q1 2001. The seasonally induced drop relative to Q4 2001 was as expected and was due to the elimination of added sales of JABRA headsets in the US during Thanksgiving and Christmas and stocks held by a number of JABRA customers. There are signs of some sales growth on the European market, and the Netherlands and Spain recently passed legislation to ban the use of hand-held cellphones while driving.

In the US, the call center and office market is showing signs of improvement, as sales of wireless products continue to rise on that market. Even with the slowdown, GN Netcom is not experiencing added price pressure on its call center or office user products. The company is still believed to have a substantially greater market share in the fast-growing segment of wireless headsets than in traditional headsets.

In October 2001, GN Netcom began shipping Bluetooth™ headsets under its OEM agreement with Motorola, and its sales performance is satisfactory. In April, GN Netcom also began shipping a number of new Bluetooth products to be marketed under the JABRA brand during 2002. The products launched were well received by the market.

Hello Direct's sales and the efforts to enhance that company's profitability are showing satisfactory progression. The project to launch mail order sales via e-mail is ongoing and expected to lead to substantial cost savings in the long term.

GN Netcom's overall EBITA was DKK 29 million in the first quarter versus DKK 41 million in Q4 2001 and DKK 46 million in Q1 2001. Earnings were in line with expectations. The drop in revenues was not fully reflected in earnings, thanks to substantial cost cuts implemented in 2001. The EBITA margin was 7.1%.

GN RESOUND

Q1 revenues were DKK 739 million against DKK 756 million in Q4 2001 and DKK 701 million in Q1 2001. Revenues improved, as expected, although the markets in both the

US and Europe continue to show low volume growth. However, there are substantial differences between the different market segments. For example, the market for digital hearing aids rose by more than 50% in the US during the quarter in terms of unit sales.

Sales of Canta, the digital product line, have picked up again after the weak fall season in the US. Since the launch in May 2001, sales of Canta products have picked up strongly and Canta contributed 35% of GN ReSound's total Q1 revenue generated from hearing instruments.

Low-priced digital hearing instruments represented the fastest growing market segment in both Q4 2001 and Q1 2002. After launching the Canta2 this month, GN ReSound is ready to compete in this crucial market segment. The market launch was satisfactory. Dispensers are already well acquainted with the Canta4 and the Canta7, and the use of identical fitting systems for the entire Canta series helps facilitate the launch of the Canta2.

In the US, the number of dispensers in the Beltone chain continues to rise, although Beltone USA revenues are still somewhat lower than at the end of 2000. In May, Beltone also launched a new digital product line based on the same digital platform as the Canta product line.

GN ReSound generated an EBITA of DKK 60 million in Q1, as compared to DKK 67 million in Q4 2001 and DKK 43 million in Q1 2001, which was in line with expectations. The drop from Q4 2001 was due to the lower revenues. The EBITA margin was 8.1% versus 6.1% in Q1 2001.

The integration of the five original companies and the subsequent, smaller acquisitions is progressing according to plan. As part of the rationalization of GN ReSound's production facilities, production in Vienna will be shut down and relocated to China in the second quarter. The closure of the production facility in Redwood City, California, has commenced and is scheduled for final completion in September.

The Cork, Ireland, distribution center handles more and more of GN ReSound's logistics. Eventually, this will translate into better management and smaller inventories.

Restructuring costs of DKK 38 million were

incurred in the first quarter, which was as expected.

GN Otometrics generated Q1 revenues of DKK 44 million, which was 14% higher than the Q1 2001 figure. As with the rest of its operations, GN ReSound has rationalized its production and development activities, and 80% of its products are now based on the same technology platform.

NETTEST

Q1 revenues were DKK 217 million against DKK 437 million in Q4 2001 and DKK 714 million in Q1 2001. Revenues were in line with expectations.

The much lower revenues relative to the year-earlier period were due to a sharp drop in the order inflow that began in the second quarter of 2001. The Q1 2002 order inflow was DKK 248 million against DKK 321 million in Q4 2001. NetTest's order inflow reflects the general market situation. Orders on hand at March 31, 2002, amounted to DKK 342 million.

With the exception of equipment for the centralized management and monitoring of network traffic, NetTest has experienced declining order inflows in all its market segments and geographical markets during the past 12 months. The downturn appears to have intensified during the past month. In spite of the continued strong traffic growth in telecommunications networks, it remains highly uncertain when the level of telecom operators' investments in new networks and new equipment will again begin to grow. NetTest customers continue to take a very long time in processing their investment projects, but the market for optimizing network traffic is still expected to show some growth during 2002 and 2003. If demand remains weak, the turnover rate for some component inventories may fall to a level where items could become obsolete, possibly necessitating inventory write-downs.

Having restructured the organization into three units effective January 1, 2002, NetTest now enjoys a closer customer focus and more efficient administrative functions. The Optical business area comprises sales of test equipment to R&D laboratories and manufacturers of optical fiber and components; the Networks business area sells test instruments for the

installation and maintenance of fixed and cellular networks. System solutions for communications network management form a part of the Systems business unit. The Q1 order inflow for the three units was DKK 52 million, DKK 130 million and DKK 66 million, respectively.

The segment is being driven by customers focusing on optimizing short-term returns while giving strategic and long-term projects low priority. For quite some time, NetTest has adapted its development activities to such market developments: in June, NetTest will launch a completely new product line, the CMA5000, which uniquely combines optical layer and network layer testing in one and the same product. Capitalizing on the added customer focus on All Optical Network testing, the CMA5000 is expected to gain a substantial market share.

Market developments have triggered additional price pressure, causing the company's contribution margins to decline.

Q1 EBITA was DKK (127) million versus DKK (180) million in Q4 2001 and DKK 63 million in Q1 2001.

Q1 restructuring costs were DKK 20 million, as planned.

In order to offset the weaker market expectations, NetTest has launched additional cost saving initiatives. While expected to involve a full-year 2002 restructuring cost increase from DKK 75 million to DKK 100 million, these initiatives will further reduce the full-year 2002 break-even revenues (EBITA) from DKK 1.6 billion to DKK 1.5 billion. The measures will extend to all parts of the company, reducing staff from almost 1,400 at March 31 to less than 1,100.

OTHER GROUP OPERATIONS

The GN Great Nordic Telegraph Company reported Q1 revenues of DKK 10 million and an EBITA of DKK 3 million. Development of the company's business operations is progressing as planned.

Statement of Income for the Group

| Statement of Income (DKK millions) | Q1 2002 (unaud.) | Q1 2001 (unaud.) | Full Year 2001 (aud.) |
|---|------------------------|------------------------|-----------------------------|
| Net revenue | 1,368 | 1,983 | 7,319 |
| Production costs | (702) | (1,015) | (3,851) |
| Gross profit | 666 | 968 | 3,468 |
| Research and development costs | (87) | (105) | (356) |
| Sales and distribution costs | (409) | (441) | (1,890) |
| Management and administrative costs | (223) | (285) | (1,144) |
| Other operating income | 3 | 2 | 9 |
| Amortization and impairment of goodwill and other acquired long-term intangible assets | (119) | (244) | (9,313) |
| Restructuring | (57) | (27) | (393) |
| Earnings before results from subsidiaries and associated companies, interest and tax | (226) | (132) | (9,619) |
| Share of earnings from associated companies | (1) | (4) | (5) |
| Earnings before interest and tax | (227) | (136) | (9,624) |
| Gains/losses from divestment of discontinued activities | 47 | 7 | (19) |
| Earnings before financial items | (180) | (129) | (9,643) |
| Financial income | 13 | 32 | 171 |
| Financial expenses | (25) | (30) | (170) |
| Earnings before tax | (192) | (127) | (9,642) |
| Tax | 55 | (23) | 466 |
| Net earnings for the period | (137) | (150) | (9,176) |
| Minority interests' share of net earnings for the period | - | - | - |
| GN Great Nordic's share of net earnings for the period | (137) | (150) | (9,176) |

Balance Sheet for the Group

| Assets (DKK millions) | March 31 2002 (unaud.) | March 31 2001 (unaud.) | Dec. 31 2001 (aud.) |
|--|---------------------------------------|------------------------------|---------------------------|
| Noncurrent assets | | | |
| Goodwill | 6,999 | 14,817 | 7,051 |
| Development projects, acquired | 19 | 953 | 20 |
| Development projects, developed in-house | 817 | 518 | 750 |
| Software, acquired | 23 | 10 | 24 |
| Software, developed in-house | 91 | 95 | 80 |
| Patents and rights | 164 | 446 | 171 |
| Telecommunications systems | 82 | 97 | 85 |
| Other long-term intangible assets | 487 | 583 | 492 |
| Total long-term intangible assets | 8,682 | 17,519 | 8,673 |
| Investment property | - | 31 | 21 |
| Factory and office buildings | 126 | 122 | 125 |
| Leasehold improvements | 167 | 98 | 170 |
| Plant and machinery | 168 | 184 | 169 |
| Operating assets and equipment | 181 | 203 | 198 |
| Leased plant and equipment | 11 | 5 | 12 |
| Telecommunications systems | 6 | 22 | 8 |
| Plant under construction | 5 | 40 | 7 |
| Total long-term tangible assets | 664 | 705 | 710 |
| Investments in associated companies | 182 | 64 | 186 |
| Other securities | 12 | 51 | 12 |
| Other receivables and bank deposits | 479 | 540 | 515 |
| Deferred tax assets | 329 | 125 | 324 |
| Total long-term financial assets | 1,002 | 780 | 1,037 |
| Total noncurrent assets | 10,348 | 19,004 | 10,420 |
| Current assets | | | |
| Inventories | 1,722 | 1,596 | 1,719 |
| Trade receivables | 1,384 | 2,030 | 1,497 |
| Receivables from associated companies | 11 | 11 | 6 |
| Tax receivables | 291 | 305 | 278 |
| Other receivables | 237 | 311 | 250 |
| Prepayments | 109 | 152 | 103 |
| Total receivables | 2,032 | 2,809 | 2,134 |
| Listed stocks | 14 | 29 | 10 |
| Cash and cash equivalents | 645 | 929 | 740 |
| Total current assets | 4,413 | 5,363 | 4,603 |
| Total assets | 14,761 | 24,367 | 15,023 |

Balance Sheet for the Group

| Liabilities (DKK millions) | March 31 2002 (unaud.) | March 31 2001 (unaud.) | Dec. 31 2001 (aud.) |
|--|---------------------------------------|------------------------------|---------------------------|
| Shareholders' equity | | | |
| Share capital | 879 | 879 | 879 |
| Additional paid-in capital | 4,170 | 4,170 | 4,170 |
| Revaluation reserves | 1 | 1 | 1 |
| Exchange differences | 439 | 567 | 407 |
| Other reserves | 5,114 | 14,399 | 5,251 |
| Total shareholders' equity | 10,603 | 20,016 | 10,708 |
| Minority interests | - | - | - |
| Provisions | | | |
| Provisions for pension commitments and similar commitments | 17 | 36 | 17 |
| Deferred tax | 256 | 687 | 331 |
| Other provisions | 559 | 484 | 563 |
| Total provisions | 832 | 1,207 | 911 |
| Debt | | | |
| Mortgage debt | 4 | 7 | 5 |
| Bank debt | 1,101 | 555 | 1,145 |
| Capitalized lease commitments | - | 7 | 4 |
| Other debt | 476 | 568 | 478 |
| Total long-term debt | 1,581 | 1,137 | 1,632 |
| Repayment of long-term debt | 27 | 5 | 13 |
| Bank debt | 375 | 305 | 394 |
| Trade payables | 458 | 765 | 500 |
| Tax payable | 119 | 103 | 80 |
| Other debt | 678 | 720 | 708 |
| Accruals and deferred income | 88 | 109 | 77 |
| Total current liabilities | 1,745 | 2,007 | 1,772 |
| Total debt | 3,326 | 3,144 | 3,404 |
| Total liabilities | 14,761 | 24,367 | 15,023 |

Statement of Cash Flows

| Statement of Cash Flows (DKK millions) | Q1 2002 (unaud.) | Q1 2001 (unaud.) | Full Year 2001 (aud.) |
|---|---------------------------------|---------------------------------|--------------------------------------|
| Operating activities | | | |
| Earnings before interest and tax | (227) | (136) | (9,624) |
| Depreciation, amortization and write-downs | 215 | 332 | 9,813 |
| Other adjustments | (9) | 68 | 196 |
| Cash flow from operating activities before change in working capital | (21) | 264 | 385 |
| Change in inventories | 32 | (266) | (454) |
| Change in receivables | 115 | (175) | 337 |
| Change in trade payables and other debt | (68) | (24) | (247) |
| Total change in working capital | 79 | (465) | (364) |
| Cash flow from operations before financial items and tax | 58 | (201) | 21 |
| Interest and dividends, etc. received | 5 | 19 | 74 |
| Interest paid | (23) | (17) | (117) |
| Tax paid, net | (21) | (32) | (43) |
| Cash flows from operations | 19 | (231) | (65) |
| Investing activities | | | |
| Acquisition of long-term intangible assets excluding development projects | (15) | (8) | (92) |
| Development projects, acquired and developed in-house | (104) | (101) | (443) |
| Purchase of long-term tangible assets | (39) | (123) | (404) |
| Purchase of long-term financial assets | - | (8) | (191) |
| Disposals of long-term intangible assets | - | - | 14 |
| Disposals of long-term tangible assets | 18 | 7 | 51 |
| Disposals of long-term financial assets | 44 | 23 | 79 |
| Purchase/sale of listed securities | - | - | 23 |
| Acquisition of companies | - | (55) | (167) |
| Sale of investment property | 68 | 5 | 88 |
| Disposal of discontinuing activities | - | - | (23) |
| Cash flows from investments | (28) | (260) | (1,065) |
| Cash flows from operations and investments | (9) | (491) | (1,130) |
| Financing activities | | | |
| Increase of long-term debt | - | - | 750 |
| Repayment of short-term bank debt | (19) | 106 | 168 |
| Treasury stock | - | 30 | 39 |
| Stock options settled | - | - | (7) |
| Repayment and reduction of long-term debt | (41) | 9 | (142) |
| Dividends paid to shareholders | - | - | (127) |
| Exchange differences | (33) | 58 | (28) |
| Cash flows from financing activities | (93) | 203 | 653 |
| Net cash flows | (102) | (288) | (477) |
| Cash funds at January 1 | 740 | 1,220 | 1,220 |
| Exchange differences, cash funds at January 1 | 7 | (3) | (3) |
| Cash funds at January 1 | 747 | 1,217 | 1,217 |
| Cash funds at March 31 | 645 | 929 | 740 |

The statement of cash flows cannot be derived using only the other accounting data provided in this report.

Shareholders' Equity for the Group

| Shareholders' Equity (DKK millions) | Capital stock (in shares of DKK 4 each) | Additional paid-in capital | Revaluation reserves | Exchange differences | Other reserves | Total shareholders' equity |
|---|---|----------------------------------|-------------------------|-------------------------|-------------------|----------------------------------|
| Balance at December 31, 2000 | 879 | 4,170 | 1 | 128 | 14,520 | 19,698 |
| Effect of change in accounting policies | - | - | - | - | (1) | (1) |
| Net income for the year | - | - | - | - | (9,176) | (9,176) |
| Paid dividend | - | - | - | - | (127) | (127) |
| Treasury stock | - | - | - | - | 39 | 39 |
| Stock options settled | - | - | - | - | (7) | (7) |
| Tax on changes in shareholders' equity | - | - | - | - | 3 | 3 |
| Exchange differences, etc. | - | - | - | 279 | - | 279 |
| Balance at December 31, 2001 | 879 | 4,170 | 1 | 407 | 5,251 | 10,708 |
| Balance at December 31, 2001 | 879 | 4,170 | 1 | 407 | 5,251 | 10,708 |
| Net income for the period | - | - | - | - | (137) | (137) |
| Exchange differences, etc. | - | - | - | 32 | - | 32 |
| Balance at March 31, 2001 | 879 | 4,170 | 1 | 439 | 5,114 | 10,603 |

Investor-Specific Statement of Income per Quarterly Period

| (DKK millions) | Q1 2001 (unaud.) | Q2 2001 (unaud.) | Q3 2001 (unaud.) | Q4 2001 (unaud.) | Q1 2002 (unaud.) | Full Year 2001 (aud.) |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------|
| Net revenue | 1,983 | 1,944 | 1,682 | 1,710 | 1,368 | 7,319 |
| Production costs | (999) | (977) | (842) | (957) | (686) | (3,775) |
| Gross profit | 984 | 967 | 840 | 753 | 682 | 3,544 |
| Research and development costs including amortization and depreciation | (105) | (82) | (88) | (81) | (87) | (356) |
| Sales and distribution costs | (435) | (489) | (446) | (482) | (401) | (1,852) |
| Management and administrative costs | (251) | (251) | (197) | (226) | (197) | (925) |
| Other operating income | 2 | 1 | (1) | 7 | 3 | 9 |
| Earnings before interest, tax, depreciation and amortization of intangibles (EBITDA) | 195 | 146 | 108 | (29) | 0 | 420 |
| Ordinary depreciation and write-downs relating to: | | | | | | |
| Production | (16) | (15) | (22) | (9) | (16) | (62) |
| Sales and distribution | (6) | (8) | (7) | (17) | (8) | (38) |
| Administration | (34) | (33) | (32) | (23) | (26) | (122) |
| Earnings before interest, tax and amortization and impairment of intangibles (EBITA) | 139 | 90 | 47 | (78) | (50) | 198 |
| Share of earnings from associated companies | (4) | (4) | 3 | - | (1) | (5) |
| Amortization of goodwill | (193) | (195) | (139) | (135) | (103) | (662) |
| Amortization of other intangibles acquired | (51) | (54) | (16) | (21) | (16) | (142) |
| Restructuring | (27) | (31) | (29) | (306) | (57) | (393) |
| Impairments | - | (6,019) | 3 | (2,547) | - | (8,563) |
| Costs related to NetTest IPO | - | (51) | (5) | (1) | - | (57) |
| Earnings before interest and tax | (136) | (6,264) | (136) | (3,088) | (227) | (9,624) |
| Gain on the sale of property | 7 | 1 | 68 | - | 47 | 76 |
| Gains/losses on companies divested | - | - | (95) | - | - | (95) |
| Capital gains on stocks | - | - | 17 | 12 | 4 | 29 |
| Financial income | 32 | 27 | (12) | 95 | 9 | 142 |
| Financial expenses | (30) | (33) | (22) | (85) | (25) | (170) |
| Earnings before tax | (127) | (6,269) | (180) | (3,066) | (192) | (9,642) |
| Tax | (23) | 277 | 28 | 184 | 55 | 466 |
| Net earnings for the period | (150) | (5,992) | (152) | (2,882) | (137) | (9,176) |
| Minority interests' share of net earnings for the period | - | - | - | - | - | - |
| GN Great Nordic's share of net earnings for the period | (150) | (5,992) | (152) | (2,882) | (137) | (9,176) |
| Amortization and write-off of development projects included in „Research and development costs“ amount to: | (33) | (39) | (40) | (44) | (46) | (156) |

Quarterly Statement of Cash Flows

| (DKK millions) | Q1 2001 (unaud.) | Q2 2001 (unaud.) | Q3 2001 (unaud.) | Q4 2001 (unaud.) | Q1 2002 (unaud.) | Full Year 2001 (aud.) |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------|
| Operating activities | | | | | | |
| EBIT | (136) | (6,264) | (136) | (3,088) | (227) | (9,624) |
| Depreciation, amortization and write-downs | 332 | 6,317 | 299 | 2,865 | 215 | 9,813 |
| Other adjustments | 68 | (38) | (5) | 171 | (9) | 196 |
| Cash flow from operations before change in working capital | 264 | 15 | 158 | (52) | (21) | 385 |
| Change in inventories | (266) | (266) | 26 | 52 | 32 | (454) |
| Change in receivables | (175) | 40 | 145 | 327 | 115 | 337 |
| Change in trade payables and other debt | (24) | (72) | (114) | (37) | (68) | (247) |
| Total change in working capital | (465) | (298) | 57 | 342 | 79 | (364) |
| Cash flow from operations before financial items and tax | (201) | (283) | 215 | 290 | 58 | 21 |
| Interest and dividends, etc. received | 19 | 21 | (3) | 37 | 5 | 74 |
| Interest paid | (17) | (27) | (14) | (59) | (23) | (117) |
| Tax paid, net | (32) | (113) | (4) | 106 | (21) | (43) |
| Cash flows from operations | (231) | (402) | 194 | 374 | 19 | (65) |
| Investing activities | | | | | | |
| Development projects, acquired and developed in-house | (101) | (120) | (72) | (150) | (104) | (443) |
| Net acquisition of other long-term intangible and tangible assets | (124) | (198) | (41) | (68) | (36) | (431) |
| Purchase/sale of long-term financial assets | 15 | (44) | (90) | 7 | 44 | (112) |
| Purchase/sale of listed securities | - | - | 4 | 19 | - | 23 |
| Acquisition of companies | (55) | (69) | (41) | (2) | - | (167) |
| Sale of investment property | 5 | 5 | 1 | 77 | 68 | 88 |
| Divestment of discontinuing activities | - | - | (14) | (9) | - | (23) |
| Cash flows from investments | (260) | (426) | (253) | (126) | (28) | (1,065) |
| Cash flows from operations and investments | (491) | (828) | (59) | 248 | (9) | (1,130) |
| Financing activities | | | | | | |
| Increase of long-term debt | - | 450 | 300 | - | - | 750 |
| Repayment of short-term bank debt | 106 | 34 | 80 | (52) | (19) | 168 |
| Treasury stock | 30 | 9 | - | - | - | 39 |
| Stock options settled | - | (5) | (2) | - | - | (7) |
| Repayment and reduction of long-term debt | 9 | (59) | (46) | (46) | (41) | (142) |
| Dividends paid to shareholders | - | (127) | - | - | - | (127) |
| Exchange differences | 58 | 136 | (267) | 45 | (33) | (28) |
| Cash flows from financing activities | 203 | 438 | 65 | (53) | (93) | 653 |
| Net cash flows | (288) | (390) | 6 | 195 | (102) | (477) |
| Cash funds at start of period | 1,220 | 929 | 539 | 545 | 740 | 1,220 |
| Exchange differences, cash funds at start of period | (3) | - | - | - | 7 | (3) |
| Cash funds at start of period | 1,217 | 929 | 539 | 545 | 747 | 1,217 |
| Cash funds at end of period | 929 | 539 | 545 | 740 | 645 | 740 |
| Cash Flows by Business Area | | | | | | |
| Cash flows from operations | | | | | | |
| GN Netcom | (9) | (91) | 106 | 95 | 49 | 101 |
| GN ReSound | (190) | (84) | 63 | 57 | (11) | (154) |
| NetTest | (205) | (255) | 100 | (55) | (66) | (415) |
| Total | (404) | (430) | 269 | 97 | (28) | (468) |
| Cash flows from investments | | | | | | |
| GN Netcom | (41) | (47) | (67) | (39) | (21) | (194) |
| GN ReSound | (133) | (64) | (165) | (71) | (38) | (433) |
| NetTest | (185) | (218) | (56) | (102) | (78) | (561) |
| Total | (359) | (329) | (288) | (212) | (137) | (1,188) |
| Cash flows from operations and investments | | | | | | |
| GN Netcom | (50) | (138) | 39 | 56 | 28 | (93) |
| GN ReSound | (323) | (148) | (102) | (14) | (49) | (587) |
| NetTest | (390) | (473) | 44 | (157) | (144) | (976) |
| Total | (763) | (759) | (19) | (115) | (165) | (1,656) |

Quarterly Operations by Business Area

| (DKK millions) | Q1 2001 (unaud.) | Q2 2001 (unaud.) | Q3 2001 (unaud.) | Q4 2001 (unaud.) | Q1 2002 (unaud.) | Full Year 2001 (aud.) | Q1 2002 vs. Q1 2001 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------|---------------------------|
| Revenue | | | | | | | |
| GN Netcom | 506 | 456 | 471 | 497 | 406 | 1,930 | (19.8)% |
| GN ReSound | 701 | 725 | 724 | 756 | 739 | 2,906 | 5.4% |
| NetTest | 714 | 701 | 475 | 437 | 217 | 2,327 | (69.6)% |
| Total | 1,921 | 1,882 | 1,670 | 1,690 | 1,362 | 7,163 | (29.1)% |
| Other | 64 | 62 | 14 | 20 | 10 | 160 | (84.4)% |
| Production Costs | | | | | | | |
| GN Netcom | 241 | 225 | 224 | 248 | 196 | 938 | (18.7)% |
| GN ReSound | 346 | 364 | 378 | 385 | 352 | 1,473 | 1.7% |
| NetTest | 385 | 366 | 243 | 329 | 142 | 1,323 | (63.1)% |
| Total | 972 | 955 | 845 | 962 | 690 | 3,734 | (29.0)% |
| Other | 29 | 24 | - | - | - | 53 | - |
| Gross Profit | | | | | | | |
| GN Netcom | 265 | 231 | 247 | 249 | 210 | 992 | (20.8)% |
| GN ReSound | 355 | 361 | 346 | 371 | 387 | 1,433 | 9.0% |
| NetTest | 329 | 335 | 232 | 108 | 75 | 1,004 | (77.2)% |
| Total | 949 | 927 | 825 | 728 | 672 | 3,429 | (29.2)% |
| Other | 35 | 38 | 14 | 20 | 10 | 107 | (71.4)% |
| Gross Margin | | | | | | | |
| GN Netcom | 52.4% | 50.7% | 52.4% | 50.1% | 51.7% | 51.4% | |
| GN ReSound | 50.6% | 49.8% | 47.8% | 49.1% | 52.4% | 49.3% | |
| NetTest | 46.1% | 47.8% | 48.8% | 24.7% | 34.6% | 43.1% | |
| Total | 49.4% | 49.3% | 49.4% | 43.1% | 49.3% | 47.9% | |
| Other | 54.7% | 61.3% | 100.0% | 100.0% | 100.0% | 66.9% | |
| Overheads excl. depreciation and write-downs on long-term tangible assets | | | | | | | |
| GN Netcom | 204 | 219 | 188 | 194 | 169 | 805 | (17.2)% |
| GN ReSound | 292 | 302 | 271 | 298 | 308 | 1,163 | 5.5% |
| NetTest | 250 | 258 | 259 | 266 | 186 | 1,033 | (25.6)% |
| Total | 746 | 779 | 718 | 758 | 663 | 3,001 | (11.1)% |
| Other | 23 | 20 | 5 | 4 | 4 | 52 | (82.6)% |
| EBITDA | | | | | | | |
| GN Netcom | 61 | 12 | 59 | 55 | 41 | 187 | (32.8)% |
| GN ReSound | 63 | 59 | 75 | 73 | 79 | 270 | 25.4% |
| NetTest | 79 | 77 | (27) | (158) | (111) | (29) | - |
| Total | 203 | 148 | 107 | (30) | 9 | 428 | (95.6)% |
| Other | 12 | 18 | 9 | 16 | 6 | 55 | (50.0)% |
| Ordinary depreciation and write-downs | | | | | | | |
| GN Netcom | 15 | 16 | 13 | 14 | 12 | 58 | (20.0)% |
| GN ReSound | 20 | 21 | 20 | 6 | 19 | 67 | (5.0)% |
| NetTest | 16 | 15 | 22 | 22 | 16 | 75 | 0.0% |
| Total | 51 | 52 | 55 | 42 | 47 | 200 | (7.8)% |
| Other | 4 | 4 | 4 | 7 | 3 | 19 | (25.0)% |
| EBITA | | | | | | | |
| GN Netcom | 46 | (4) | 46 | 41 | 29 | 129 | (37.0)% |
| GN ReSound | 43 | 38 | 55 | 67 | 60 | 203 | 39.5% |
| NetTest | 63 | 62 | (49) | (180) | (127) | (104) | - |
| Total | 152 | 96 | 52 | (72) | (38) | 228 | - |
| Other | 8 | 14 | 5 | 9 | 3 | 36 | (62.5)% |
| EBITA-margin | | | | | | | |
| GN Netcom | 9.1% | (0.9)% | 9.8% | 8.2% | 7.1% | 6.7% | |
| GN ReSound | 6.1% | 5.2% | 7.6% | 8.9% | 8.1% | 7.0% | |
| NetTest | 8.8% | 8.8% | (10.3)% | (41.2)% | (58.5)% | (4.5)% | |
| Total | 7.9% | 5.1% | 3.1% | (4.3)% | (2.8)% | 3.2% | |
| Other | 12.5% | 22.6% | 35.7% | 45.0% | 30.0% | 22.5% | |