Demant

Annual Report 2024

Peter, hearing aid user, pensioner, and ironman

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Denmark
CVR no. 71186911

1 January – 31 December 2024

About this report

We are pleased to present Demant's Annual Report 2024 prepared as an integrated report in accordance with the reporting framework of the Financial Reporting Standards (IFRS) and the 'EU Corporate Sustainability Reporting Directive' (CSRD) and its European Sustainability Reporting Standards (ESRS). It encompasses both financial and sustainability performance for the full calendar year 2024 presented in our Management Statement, Sustainability Statement and Financial Statements.

This report addresses how we create value for all our stakeholders as a leading hearing healthcare company with an impact on the environment and society. It provides a comprehensive overview of our strategy and business model, the risks and opportunities we face as well as our financial, environmental, social and governance performance.

Our sustainability reporting choices are guided by our double materiality assessment, detailed on page 57, where we outline the topics that have been identified as material. Information related to the impacts, risks and opportunities, policies, actions and progress towards our targets are included thereafter.

All information related to the ESRS disclosure requirements is provided with the corresponding ESRS reference throughout the report. You can find an overview of all the disclosure requirements included and their location in the report on pages 110-115.

You can find the auditor's reports in the "Signatures section" on page 199.

In the "Document library" of our "News and media section" on Demant.com, we provide access to all our reports. This also includes our Remuneration Report, which offers an overview of the remuneration of the Executive Board and the Board of Directors in 2024, and the Corporate Governance Report, which includes information on the company's management structure and a review on how we address the corporate governance pursuant to section 107b of the Danish Financial Statements Act and the Nordic Main Market Rulebook for Issuers of Shares prepared by Nasdaq.

Thank you for your interest in our report. We hope it provides valuable insights and that you enjoy reading it.

"Despite living with a disease that causes both visual and hearing impairment that worsens over time, my motto is: Disability is not inability."

Peter is an Oticon hearing aids user, pensioner, and a passionate marathon runner and iron man

Remuneration Report
2024

Demant

www.demant.com/reports-2024/remuneration-report-2024

Statutory Report on
Corporate Governance
2024

Demant

www.demant.com/reports-2024/corporate-governance-report-2024

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Management statement

“Another thing I love about my hearing aids is the fact that I'm able to hear all the small details. For example, the sound of the waves when I'm at the beach playing catch with my dog.”

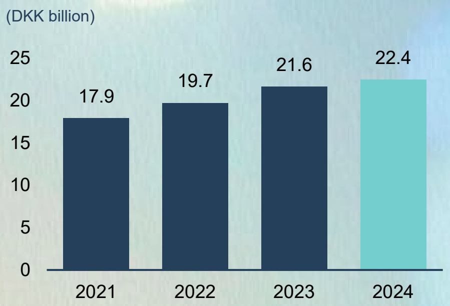
Louise, clinical specialist and hearing aid user

Overview

Performance highlights

We are guided by our purpose and strategic ambition to create life-changing differences through hearing health. In 2024, we reached millions of people living with a hearing loss, while continuing to deliver industry-leading financial performance and improve our sustainability metrics.

Revenue[1]

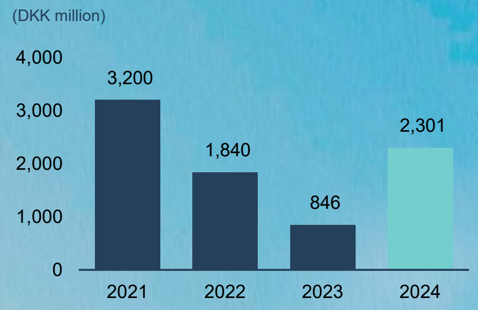


Medium- to long-term target: Growth of 8-10% p.a. in local currencies

EBIT before special items[1]

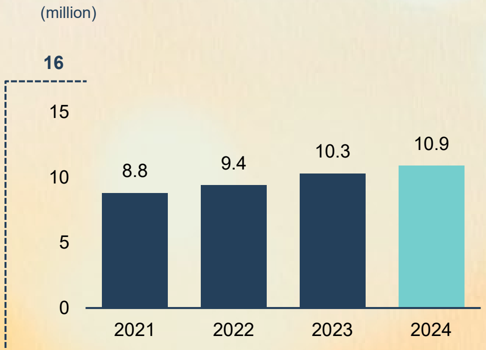
Medium- to long-term target: Incremental EBIT margin expansion in constant currencies

Share buy-backs



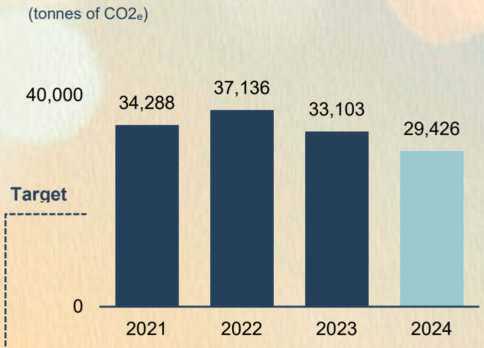
Medium- to long-term target: Excess free cash flow after acquisitions to be used for share buy-backs

Number of lives improved



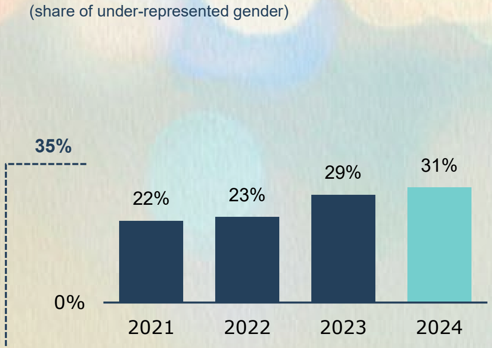
2030 target: More than 16 million lives improved[2]

Scope 1 and 2 GHG emissions



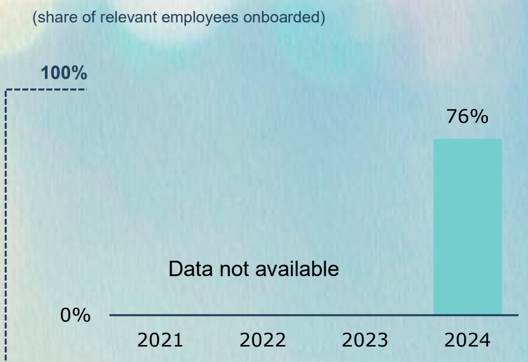
2030 target: 46% reduction in scope 1 and 2 greenhouse gas (GHG) emissions vs. 2019[3]

Gender diversity in leadership



2030 target: Increase gender balance in top-level management to 35/65% (women/men)

Business integrity



2030 target: Code of conduct training to reach 100% of highly exposed employees

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[1] Comparative figures for 2021-2022 have been restated to exclude Hearing Implants but include Communications
[2] This represents the number of people who benefit from hearing aids from Demant
[3] The target for reduction in scope 1 and 2 GHG emissions is calculated vs. the 2019 baseline of 31,980 tonnes of $CO2_e$

CEO letter

In 2024, where we marked Demant's 120th anniversary, we also took important steps to become a more focused hearing healthcare company. Based on our strategy, Leading hearing healthcare, I am proud to present in this Annual Report our key achievements of the year as well as the commercial and sustainable aspects of operating and growing a global company for the benefit of our customers, users, employees and shareholders.

On 8 June 1904, the Demant family sold their first hearing aid from their mechanics spare parts store in a small Danish town. We can only guess whether the family celebrated this first order, but had they known what they started, they would have had ample reasons for excitement.

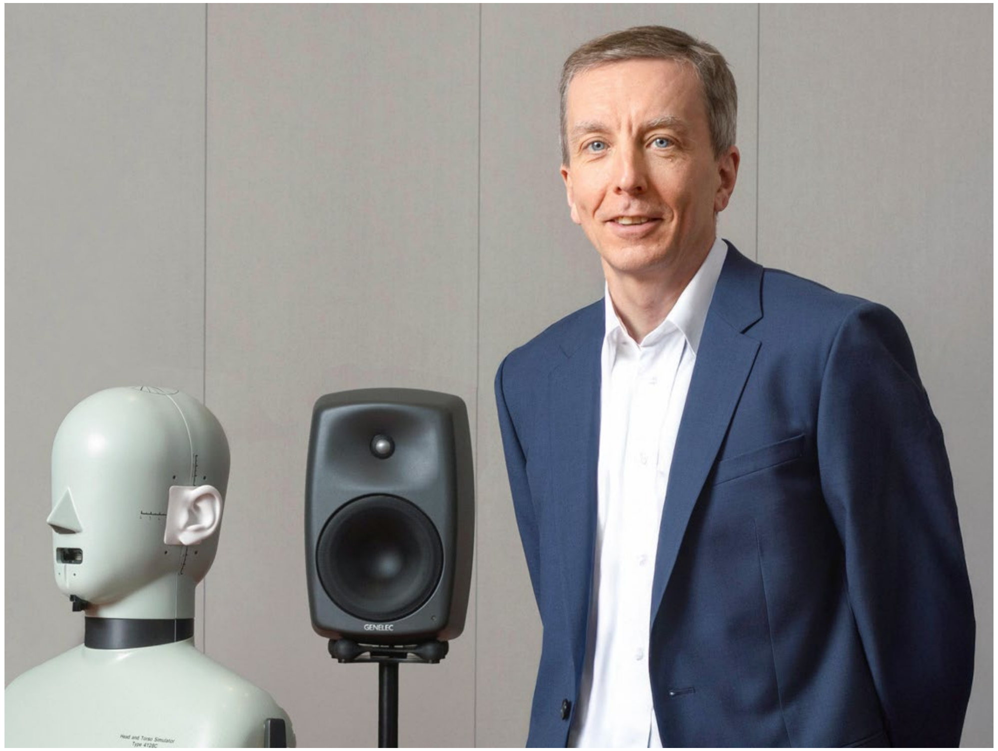
This year, we certainly celebrated the 120th anniversary of our cherished company, which has now evolved into a world-leading hearing healthcare company that offers solutions, benefitting millions of people either living with hearing loss or working on alleviating hearing loss. The innovative development of hearing aids, diagnostic equipment and hearing treatment for the past 120 years has taken place on the back of our commitment to always exceed expectations and deliver on our core purpose: To help people overcome hearing loss and improve their quality of life through innovative solutions and personalised hearing care.

Improved lives

Our purpose is to change the lives of people who would otherwise be significantly limited in their social and interpersonal interactions. In 2024, we improved the lives of 11 million people; they all benefitted from using hearing aids from Demant. This life-changing aspect and our ambition to help as many people as possible mean that we are committed to providing quality solutions, raising awareness about hearing loss and ensuring access to treatment. One way to do this is to test hearing loss, and in 2024, 1.5 million people were tested in one of our clinics worldwide. Thanks to the activities in our business areas, Hearing Aids, Hearing Care and Diagnostics, Demant has a positive impact on people's health and well-being every day.

Before I celebrate the achievements of our business areas in 2024, let me start by saying that everything has not been all rosy in our anniversary year. Halfway through the year, we had to revise our financial outlook and implement cost-saving initiatives to safeguard profitability and deliver on our commitment to drive attractive financial returns for investors.

That being said, I want to emphasise that Demant is in a very strong position. This can be attributed to our ability to deliver growth and earnings across geographies and channels based on innovation, development of core technology and strong global distribution. In 2024, the Group delivered results – in line with our updated expectations – of 2% organic revenue growth and an operating profit before special items of DKK 4.4 billion. Especially our Hearing Care business area drove solid growth and generated 7% organic growth in second half year.



A more focused company

The Group's solid performance in a highly competitive environment is the result of our important strategic decision to become a more focused hearing healthcare company. This was communicated in 2024, where we also harvested the first fruits of this strategy by finalising the divestment of our cochlear implants business and by creating a turnaround in our headset business EPOS from loss-making to profitable.

Another upside of our focused hearing healthcare strategy is our ability to further concentrate our efforts on the core business. For our Hearing Aids business area, performance in 2024 did not live up to our original expectations. On the back of a very strong 2023, we were not able to sustain momentum in 2024, which impacted our growth in a generally intense competitive market.

> The innovative development of hearing aids, diagnostic equipment and hearing treatment for the past 120 years has taken place on the back of our commitment to always exceed expectations and deliver on our core purpose.

Powerful artificial intelligence

In 2024, all our hearing aid brands launched new products, Oticon Intent, Bernafon Encanta and Philips HearLink, and we were reassured that they hold their ground. Introduced at the beginning of the year, Oticon Intent offers powerful artificial intelligence (AI) and provides superior audiology in terms of speech clarity and noise cancellation.

The benefits of using AI in our solutions are significant, and Demant is, and has been, investing significantly in AI-based signal processing for many years. At this time of exponential technological changes, the possibilities of helping users even more seem limitless, and I believe it is essential that our R&D efforts focus on key technology drivers, while considering important factors, such as power consumption, audiological performance, connectivity and size of the device. In Q1 2025, we will deliver on these priorities and launch new AI-powered in-the-ear devices featuring our first and second-generation deep neural networks in all our hearing aids brands.

Our flagship product, Oticon Intent, was also a strong sales driver for our Hearing Care business area, boasting a strong global organisation, which at the end of 2024 counted more than 4,000 clinics worldwide, leaving us well positioned to drive strong growth in the future. This growth will be obtained by our continuous focus on expanding our clinic network, both organically and through acquisitions, on further improving best practices and on purposely developing our people and our brands. I cannot emphasise enough the importance of our specialists, the hearing care experts, as we base our customer promise on their ability to deliver personalised care.

The Diagnostics business area welcomed a new President in 2024, who will be leading the business area into the future in collaboration with the many talented people in Diagnostics and across Demant. As the general market for diagnostic equipment was soft in 2024, there is a lot to attend to, but the structural growth drivers remain intact, so we expect to see better growth rates, and in that market, our Diagnostics business area should perform very well, backed by Demant's historically strong market position and technological stronghold.

Refined sustainability strategy

When we operate a more focused business, we can leverage scale and increase business resilience as well as drive responsible and sustainable business practices.

In 2024, we refined our sustainability strategy, based, among other elements, on our double materiality assessment. Material sustainability risks and opportunities in our own operations and in Demant's value chain guide our priorities in terms of reducing our negative impact and increasing our positive impact. Overall, both measures should enhance our sustainability performance. Let me highlight a few topics.

Engaging hearts and minds

Caring for people's health and well-being goes hand in hand with caring for the planet, and a way of marking Demant's 120th anniversary was to engage our locations worldwide in planting trees and contributing to our "anniversary grove". We set out to plant 120 native species trees globally. In terms of positive impact on the environment, the event was more symbolic than tangible. But we need to engage both hearts and minds to take part in solving the challenges the planet is facing, and our climate ambitions are very concrete.

In 2024, we have worked with decoupling our own emissions from company growth, and due to our focus on renewable electricity, 35% of our total electricity consumption is now from renewable sources. We also launched a Group-wide electrical vehicle ambition. Our targets are ambitious, not least the targets for our scope 3 emissions that relate to our value chain, so we depend on close collaboration with our suppliers to reach our goals.

Care and respect

The 120 trees event was also about unity and community in a Group with activities in many countries, with employees of many different backgrounds and with care for people at the core of what we do. Generally, when I look at the diversity traits of our Group and our efforts to create a work environment built on care and respect for others, I believe we are in a good place. In 2024, we reached our 2025 target for increased gender balance in our global top management ahead of time, and our new target for this group is now 35% women and 65% men. Furthermore, our inclusion score reached 4.27 on a scale of 1-5, and in the coming years, we will keep focusing on diversity, equity and inclusion, the target being to take the employee experience of inclusion to be among the top-third of "best in class" by 2030.

Optimism for 2025

As 2024 came to an end, I was reassured that our hearing healthcare strategy with focus on the core business will secure our long-term growth and future success.

We enter 2025 with optimism and energy to continue to drive sustainable growth in all business areas. So, a big thank you to our customers, hearing aid users and shareholders for standing with us all the way and to our employees for their continued engagement and commitment to creating life-changing hearing health.

Søren Nielsen

This is Demant

Our purpose

Life-changing hearing health

Founded in 1904
by the Demant family

Employs more than
22,000 people globally

11 million lives
improved in 2024

Research and development

Innovation is an integral part of Demant's strategy, and we constantly strive for technological advancements in our R&D activities. Our main R&D sites are located in Denmark, Poland and Malaysia and we have smaller R&D sites in other countries.

Manufacturing and service

Demant has a strong manufacturing set-up with two main locations in Poland where we manufacture hearing aids and diagnostic equipment for global markets. We also have a site in Mexico, primarily for custom devices and servicing.

Sales and distribution

Demant serves customers in more than 130 countries globally. In over 30 countries, we sell our products directly through our own local sales organisations and hearing care clinics. The remaining markets are serviced by distributors.

Business areas

The Demant Group develops, manufactures and sells products and equipment that help people with hearing loss connect and communicate with the world around them.

We operate a focused hearing healthcare company, consisting of three business areas: Hearing Aids, Hearing Care and Diagnostics.

The business areas operate through separate organisations and offer multiple brands to best serve their individual markets and channels. However, the business areas also collaborate extensively across the entire value chain – from purchasing and manufacturing to technological development, distribution and global infrastructure.

Our approach to hearing healthcare and innovation, combined with the synergies obtained between our business areas, thus enables us to create life-changing differences through hearing health, thereby helping millions of people experience the joy of hearing now and in the future.

For more details on our strategy and operating model, please refer to Our strategy on page 17.

Hearing Aids

The Hearing Aids business area engages in the development, manufacturing and wholesale of hearing aids, developing innovative and leading technological solutions that create life-changing hearing health.

- Serves customers in 130+ countries
- 900+ employees in Hearing Aids R&D

EXTERNAL REVENUE IN 2024

10,022

DKK MILLION

Supplier engagement

We launched a new supplier engagement programme in 2024 to collect primary data and set targets for our suppliers to enhance their environmental performance.

oticon
PHILIPS
Bernafon
SONIC Everyday Sounds Better

Hearing Care

The Hearing Care business area comprises the Audika Group, which is a global retail company that provides personalised hearing care to customers worldwide through several strong local brands.

- 4,000+ clinics worldwide
- Hearing care clinics in 25+ countries

REVENUE IN 2024

9,932

DKK MILLION

Awareness of hearing health

We offer people free yearly hearing tests to promote early detection of hearing loss and timely intervention. In 2024, we tested 1.5 million people.

Audika
HearingLife
Hidden Hearing
SW 声望听力 sheng wang hearing

Diagnostics

The Diagnostics business area consists of a group of international companies and is the global market leader in hearing and balance assessment solutions used by audiologists, ENT doctors and balance clinics worldwide.

- Facilitated screening of 200+ million people
- Holds a market leading position in relevant categories

REVENUE IN 2024

2,465

DKK MILLION

Scope 3 emissions reduction

Demant aims to use less climate-intense transport modes to mitigate climate change. This target resulted in a 16% emissions reduction from transportation for Diagnostics in 2024.

MAICO
Interacoustics
amplivox
gsi Grason-Stadler
MedRx
audioscan Professional Verification
inventis Audiology & Balance

ESRS 2 SBM-1 Strategy, business model and value chain.
This page is part of limited assurance.

Event highlights in 2024

Read more at demant.com/about/latest-news

8 February
Oticon introduces Oticon Intent™, the world's first hearing aid with user-intent sensors

12 March
Under the theme "Sharpened focus on Hearing Healthcare", Demant hosts Capital Markets Day

20 March
The new Bernafon brand launches Encanta hearing aids with focus on the individual user

8 June
Demant turns 120 years and kick-starts the anniversary with a global tree-planting event

20 August
Demant acquires Danish chain of hearing care clinics, Dansk HøreCenter

18 September
The platform for supplier engagement for Demant's Hearing Aids business area is launched

3 October
Interacoustics introduces the Aided Cortical test to help infants with hearing loss hear better

1 November
Anne-Karen Hunt joins Demant as President of the Diagnostics business area and part of the Executive Leadership Team

Key figures and financial ratios – year

(DKK million)	2024	2023	2022	2021	2020
Income statement					
Revenue	22,419	21,601	19,705	17,905	14,469
Organic growth	2%	14%	4%	27%	-13%
Gross profit	17,090	16,320	14,669	13,458	10,193
EBITDA	5,963	5,799	4,383	4,730	2,578
Operating profit before special items	4,404	4,506	3,207	3,663	1,530
Special items	124	-	-	-	-
Operating profit (EBIT)	4,528	4,506	3,207	3,663	1,530
Net financial items	-812	-761	-280	-202	-194
Profit after tax - continuing operations	2,892	2,823	2,276	2,711	1,134
Profit after tax - discontinued operations	-504	-1,025	-192	-183	-
Profit for the year	2,388	1,798	2,084	2,528	1,134
Cash flow statement					
Cash flow from operating activities (CFFO)	4,080	4,458	2,622	3,593	2,621
Acquisition of enterprises, participating interests and activities	-1,234	-935	-2,323	-708	-394
Investment in property, plant and equipment, net	545	621	630	547	493
Free cash flow (FCF)	3,486	3,622	1,617	2,838	2,023
Share buy-backs	2,301	846	1,840	3,200	197
Balance sheet					
Equity	9,644	9,338	8,562	7,981	8,279
Total assets	32,450	30,546	29,857	24,860	21,927
Net interest-bearing debt (NIBD)	13,545	12,280	12,711	9,150	7,135
Net working capital (NWC)	3,289	3,630	3,648	3,025	2,452
Financial ratios					
Gross margin	76.2%	75.6%	74.4%	75.2%	70.4%
EBIT before special items margin	19.6%	20.9%	16.3%	20.5%	10.6%
Effective tax rate	22.2%	24.6%	22.2%	21.7%	15.1%
Gearing multiple	2.3	2.1	2.9	1.9	2.8

	2024	2023	2022	2021	2020
Sustainability impacts					
Number of lives improved (million)	10.9	10.3	9.4	8.8	8.5
Environment					
Scope 1 and 2 market-based GHG emissions (tonnes of CO2e)[1]	29,426	33,103	37,136	34,288	28,454
Scope 1 and 2 location-based GHG emissions (tonnes of CO2e)[1]	33,686	33,323	31,224	29,258	26,376
Scope 3 GHG emissions (tonnes of CO2e)[1)]	464,103	492,026	436,831	404,872	316,055
Share of renewable electricity	35%	21%	n.a	n.a	n.a
Social					
Gender diversity, top level management (women/men)	31/69%	29/71%	23/77%	22/78%	-
Gender diversity, all managers (women/men)	50/50%	48/52%	44/56%	43/57%	42/58%
Inclusion score (1 - 5)	4.27	4.26	n.a	n.a	n.a
Engagement score (1 - 5)	4.13	4.11	4.08	4.02	3.93
Average number of full-time employees	21,381	20,690	19,239	16,866	16,155
All employees (headcounts)	22,639	22,240	n.a	n.a	n.a
Governance					
Code of Conduct training to highly exposed employees	76%	n.a	n.a	n.a	n.a
Whistleblower reports	87	90	47	48	-
Share ratios					
Earnings per share (EPS), - continuing operations, DKK	13.31	12.64	10.06	11.48	4.68
Earnings per share (EPS), DKK	10.99	8.04	9.21	10.70	4.68
Share price, end of period, DKK	264.20	296.00	192.55	335.10	240.60

As a consequence of the review of the strategic options for Communications, comparative figures for 2023 in the income statement and cash flow statement as well as related key figures, sustainability impacts and financial ratios excluding organic growth have been restated. The Hearing Implant business has been reported as discontinued operations since 2022, and comparative figures for 2021 in the income statement and cash flow statement as well as related key figures and financial ratios excluding organic growth were restated.

We refer to section 9.1 for a description of the accounting policies for key figures and financial ratios.

[1] 2023-2020 numbers are restated due to methodological improvement.

Key figures and financial ratios – half-year

(DKK million)	H2 2024	H1 2024	H2 2023	H1 2023	H2 2022
Income statement					
Revenue	11,332	11,087	10,907	10,694	10,208
Organic growth	2%	3%	13%	15%	3%
Gross profit	8,580	8,510	8,303	8,017	7,586
EBITDA	3,066	2,897	3,010	2,789	2,255
Operating profit before special items	2,336	2,068	2,344	2,162	1,619
Special items	-	124	-	-	-
Operating profit (EBIT)	2,336	2,192	2,344	2,162	1,619
Net financial items	-402	-410	-399	-362	-185
Profit after tax - continuing operations	1,538	1,354	1,452	1,371	1,118
Profit after tax - discontinued operations	-350	-154	-236	-789	-84
Profit for the year	1,188	1,200	1,216	582	1,035
Cash flow statement					
Cash flow from operating activities (CFFO)	2,589	1,491	2,540	1,918	1,707
Acquisition of enterprises, participating interests and activities	-471	-763	-622	-313	-1,810
Investment in property, plant and equipment, net	259	286	320	301	329
Free cash flow (FCF)	2,329	1,157	2,071	1,551	1,219
Share buy-backs	1,164	1,137	829	17	533
Balance sheet					
Equity	9,644	9,522	9,338	8,990	8,562
Total assets	32,450	32,390	30,546	29,833	29,857
Net interest-bearing debt (NIBD)	13,545	13,853	12,280	12,197	12,711
Net working capital (NWC)	3,289	3,546	3,630	3,831	3,648
Financial ratios					
Gross margin	75.7%	76.8%	76.1%	75.0%	74.3%
EBIT before special items margin	20.6%	18.7%	21.5%	20.2%	15.9%
Effective tax rate	20.5%	24.0%	25.3%	23.8%	22.0%
Gearing multiple	2.3	2.3	2.1	2.4	2.9

	H2 2024	H1 2024	H2 2023	H1 2023	H2 2022
Sustainability impacts					
Number of lives improved (million)	10.9	10.6	10.3	9.9	9.4
Environment					
Scope 1 and 2 market-based GHG emissions (tonnes of CO2e)[1]	15,559	13,867	16,322	16,781	18,844
Scope 1 and 2 location-based GHG emissions (tonnes of CO2e)[1]	17,350	16,336	16,451	16,872	15,843
Social					
Gender diversity, top level management (women/men)	31/69%	30/70%	29/71%	27/73%	23/77%
Gender diversity, all managers (women/men)	50/50%	49/51%	48/52%	47/53%	44/56%
Average number of employees	21,389	21,373	21,413	20,922	20,349
Share ratios					
Earnings per share (EPS), - continuing operations, DKK	7.08	6.18	6.50	6.14	4.99
Earnings per share (EPS), DKK	5.47	5.47	5.44	2.60	4.61
Share price, end of period, DKK	264.20	301.40	296.00	288.50	192.55

As a consequence of the review of the strategic options for Communications, comparative figures for 2023 in the income statement and cash flow statement as well as related key figures and financial ratios excluding organic growth have been restated.

We refer to section 9.1 for a description of the accounting policies for key figures and financial ratios.

[1] 2023-2020 numbers are restated due to methodological improvement.

Market and strategy

The societal implications of hearing loss

The World Health Organization (WHO) estimates that one in five people live with some degree of hearing loss and that, due to increasing life expectancy, this number is growing. Out of the total number of people living with hearing loss, over 400 million people have a moderate to severe hearing loss and would benefit from treatment.

However, less than 20% of people who would benefit from using a hearing aid receive treatment. Furthermore, there are material barriers to the wider adoption of hearing aids, such as lack of awareness, stigmatisation and lack of hearing health infrastructure in some regions.

If left untreated, hearing loss impacts many aspects of life for the individual, from preventing active participation in education and employment to reducing interaction with family and friends, which can potentially impact the individual's physical and mental health.

Hearing loss has a considerable economic impact on society, beyond the financial challenges it can present for the individual. The WHO estimates that the global annual cost for society is USD 980 billion, consisting of healthcare costs incurred, if hearing loss is not treated, as well as the costs of educational support and loss of productivity due to unemployment and premature retirement.

At Demant, we believe that alleviating hearing loss starts with the hearing care professional, who delivers personalised care by diagnosing and fitting hearing aids based on a person's needs.

Through best-in-class customer experience and innovative solutions, we can help more people live life to the fullest and thus contribute to creating a better society.

ESTIMATED ANNUAL GLOBAL COST
980
USD BILLION

OVER
400
MILLION LIVING WITH A MODERATE TO SEVERE HEARING LOSS

INCLUDING
34
MILLION CHILDREN

Source: World report on hearing, World Health Organization, 2021

Market trends and developments

Hearing aid market

The global hearing aid market is characterised by stable and resilient growth drivers, as people living with hearing loss have a healthcare need, which at a certain point in time must be addressed.

The long-term structural growth rate of the hearing aid market in units is 4-6% p.a. Roughly half of this market growth is driven by demographic developments, including an increasing life expectancy, while the other half is driven by an increasing adoption of hearing aids by the hearing impaired due to improved awareness.

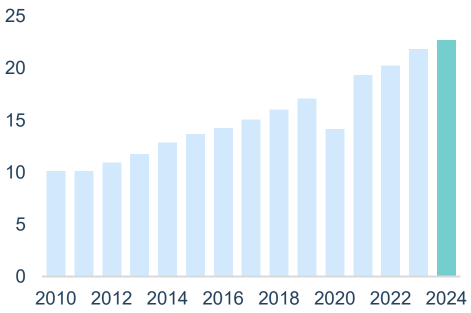
Besides unit growth, the industry has historically seen flattish development in the average selling price (ASP), a trend that we expect to continue. Continuously improving technology supports increasing prices over time. However, this is offset by the general competitive environment and negative developments in terms of geography and channel mix. When combining unit growth and ASP developments, we expect the hearing aid market to show a long-term structural growth rate of 4-6% p.a. in value terms.

Market size and structure

We estimate that approximately 13 million people were fitted with around 23 million hearing aids worldwide in 2024. The value of the wholesale hearing aid market is estimated to be roughly USD 7 billion p.a., while the retail value, excluding government channels, is estimated at roughly USD 20 billion p.a.

Global hearing aid unit sales[1]

(million)



[1]Source: EHIMA statistics and Demant's own estimates.

The wholesale market consists of highly specialised players competing in very product-driven markets where significant R&D initiatives underpin market positions. In the highly fragmented retail market, the majority of hearing aid clinics globally are independently owned and operated, leading to highly competitive markets, where strong market positions are important for customer awareness.

Distribution channels

Distribution channels of hearing aids are broadly categorised as either offering full reimbursement or some level of reimbursement, supplemented by out-of-pocket expenditures by the user.

Channels offering full reimbursement include government programmes, such as the National Health Service (NHS) in the UK and Veterans Affairs (VA) in the US. However, some countries also offer free-to-client hearing aids through privately owned hearing clinics.

Private-pay channels involve direct purchases by consumers in private clinics with some or no reimbursement. These purchases are made either through independent audiologists or larger chains, and in some cases, through online retailers. In these channels, individuals pay some or all of the expenses for their hearing aids out-of-pocket, often opting for more personalised services, advanced technology and a wider range of product choices. This category allows for greater flexibility and customisation based on the user's specific needs and preferences.

Current trends

Increasingly sophisticated products

Hearing aids are increasingly expanding in features, which increases the complexity of their development and requires increasing investments in research and development. The most advanced hearing aids feature deep neural networks (DNNs) and use artificial intelligence (AI) to understand the sound scene, providing users with a clearer sound picture. Despite significant progress in this area, these features still have considerable untapped potential for improving the users' audiological experience.

Counselling is crucial

Effective counselling and information are crucial. Different people have different types of hearing loss, and as technology advances, the service of a hearing healthcare professional is essential not only for determining what the best treatment is and fitting a hearing aid, but also for ensuring that the user gets the most out of the increasingly powerful features offered by the devices. Continuous support and counselling are of paramount importance in supporting users in their treatment.

Consolidating distribution

In retail, larger chains benefit from economies of scale, giving them greater purchasing power and operating leverage. For many years, distribution has been consolidating through larger players' acquisitions of smaller chains and independent clinics. Acquisitions by manufacturers offer the further benefit of increasing the manufacturer's share of wallet.

Diagnostic market

The diagnostic markets where Demant operates cover a range of product categories related to hearing. Major product areas are audiometers and hearing instrument fitting solutions, but other product areas, such as auditory brainstem response testing (ABR), otoacoustic emission (OAE) testing and impedance equipment, are also important. Balance testing has in recent years increased in relevance. In addition to diagnostic instruments, consumables and instrument servicing, including calibration, also contribute to market value. Distribution channels are diverse and are both government-funded and private and include not only hearing care professionals but also schools, large hospitals and specialised clinics.

Like the hearing aid market, the market for diagnostic instruments is generally characterised by stability and long-term structural growth trends. An increasing global installed base of instruments also supports long-term growth in services and consumables. In value terms, the long-term structural growth rate in the market for diagnostic instruments and services is 4-6% p.a., with the global market estimated to be roughly USD 0.7 billion p.a.

ESRS 2 SBM-1 Strategy, business model and value chain.
This page is part of limited assurance.

Our strategy

Our **PURPOSE** is to create life-changing differences through hearing health

Our **AMBITION** is as the leading hearing healthcare company to improve as many lives as possible

Our **PRIORITISATION** is to support the entire journey to better hearing by focusing on personalised care and innovative solutions

Our **COMMITMENT**

Customers Deliver a world-class customer and **user experience that exceeds expectations**	**Employees** Pursue an engaging, inclusive and innovative work culture, enabling **employees to develop and grow**	**Investors** Drive **attractive financial returns** and growth based on a resilient business model

Our **CHOICES** and **ENABLERS** support sustainable growth

CHOICES

Fuel **innovation and core technology development** to ensure strong customer value generation	Participate in **consolidation of distribution** and leverage commercial position	Grow **across geographies and channels** and in **adjacent business activities**

ENABLERS

Leverage **scalability** and increase **business resilience**	Continuously drive a **culture of inclusion and engagement**	Drive **responsible and sustainable** business practices

Our strategy and medium- to long-term outlook

Leading hearing healthcare

In 2024, we communicated our Group strategy – leading hearing healthcare – reflecting our ambition as the leading hearing healthcare company to improve as many lives as possible. In doing so, we contribute to building a more sustainable world and enable more people the opportunity to enjoy life in full.

With our strategy, we are focused on creating value by growing our business at a rate exceeding the market growth rate, while improving our profitability through economies of scale and efficiency. Our strategy comprises three choices and three enablers, all of which are considered key for Demant in order to create value:

Fuel innovation and core technology development

An important organic growth driver is to bring superior technological solutions to the market timely and in high quality. We are therefore firmly focused on investing in R&D in both Hearing Aids and Diagnostics, aiming to advance technology further in our R&D programme.

Participate in consolidation of distribution and leverage commercial position

Another key growth driver is the acquisition and integration of hearing care clinics worldwide into our existing network as well as potential acquisitions within Diagnostics. We believe in the benefits of specialised care and premium equipment. By continuously expanding our network, we can reach more people with our products, including diagnostic equipment, and services, thus delivering premium hearing care. In addition, our growing presence allows us to further raise awareness about hearing loss and to treat even more users in our clinics in the future.

Grow across geographies and channels and in adjacent business activities

To enable future growth, we focus strongly on growing sales in our existing markets and channels. We aim to gain market share among independents and drive profitable growth with strategic accounts and in export markets. In Diagnostics, we continuously explore adjacent activities that can leverage our existing business model and create further expansion and scalability.

Leverage scalability and increase business resilience

We need to leverage our size and ensure efficiency in everything we do to increase profitability across the Group. A continuing effort in our leading hearing healthcare strategy is to streamline our operations and supply chain to drive up the EBIT margin. Other important elements include ensuring that the Group benefits from economies of scale through our Group Services functions and investing in and implementing global standard business processes and applications to support further scalability.

Continuously drive a culture of inclusion and engagement to a higher level

Demant is a global employer with more than 22,000 employees worldwide, all dedicated to creating life-changing differences through hearing health. Our employees are our most valuable resource, as they are critical to Demant's future success. Therefore, it is essential that we are a great company to work for. In driving this agenda, we firmly believe in a strong culture of inclusion and engagement. We want to ensure that everyone can contribute their strengths, regardless of their background. Our key focus is thus to further develop our employees and leaders.

Drive responsible and sustainable business practices

We are committed to adding value responsibly and sustainably, not only to meet requirements and comply with increasing regulations in this area, but also to align with the purpose and ambition of the company we aspire to be. As part of our strategy, we have refined our sustainability strategy and set ambitious 2030 targets for our core impact and ESG focus areas to ensure that we continuously apply responsible and sustainable business practices. Please refer to our sustainability strategy model on page 55.

Medium- to long-term outlook

Our ambition and strategy are also reflected in our medium- to long-term financial outlook. Please note that the outlook contains forward-looking statements that reflect Demant's expectations for future events and financial performance. Please refer to Outlook for 2025 on page 35.

Outlook assumptions

- Our medium- to long-term revenue outlook comprises 6-8% p.a. organic growth based on an assumption of market growth of around 5% p.a. and approximately 2% p.a. acquisitive growth.
- Our outlook for incremental EBIT margin expansion assumes constant foreign exchange rates.
- Our capital allocation outlook is subject to a long-term gearing multiple target of 2.0-2.5.

Medium- to long-term outlook

REVENUE

8-10%

GROWTH P.A. IN LOCAL CURRENCIES

EBIT MARGIN

INCREMENTAL EBIT MARGIN EXPANSION

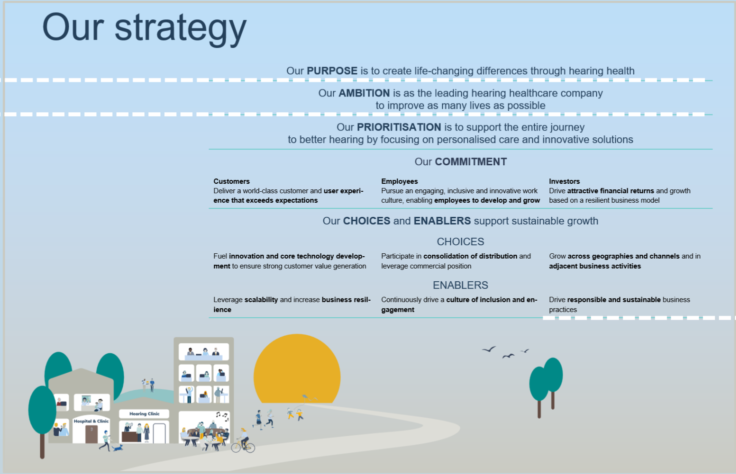
CAPITAL ALLOCATION

EXCESS FREE CASH FLOW AFTER ACQUISITIONS IS USED FOR SHARE BUY-BACKS

Sustainability intrinsic to strategy

Our **PURPOSE** is to create life-changing differences through hearing health

Core impact: Improved lives
Our core sustainability contribution is to improve lives, thereby contributing to building a more sustainable world. Caring for people's health goes hand in hand with caring for our employees, society and the planet. Please refer to page 55.



Our strategy

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Our **CHOICES** and **ENABLERS** support sustainable growth

CHOICES

Fuel **innovation and core technology development** to ensure strong customer value generation	Participate in **consolidation of distribution** and leverage commercial position	Grow **across geographies and channels** and in **adjacent business activities**

ENABLERS

Leverage **scalability** and increase **business resilience**	Continuously drive a **culture of inclusion and engagement**	Drive **responsible and sustainable** business practices

Our **AMBITION** is as the leading hearing healthcare company to improve as many lives as possible

Social ambition
Our core commitment to society is to help people overcome hearing loss and to improve their quality of life through innovative solutions and personalised hearing care.

2030 target
More than 16 million lives improved.
More details and targets,
please refer to page 95.

3 GOOD HEALTH AND WELL-BEING

Drive **responsible and sustainable** business practices

ESG ambitions
Our ESG ambitions are to decouple our emissions and environmental impact from company growth, promote an organisational culture characterised by care and respect for others and perform business with integrity and honesty.

E: Respect for the planet
2030 target: Reduce scope 1 and 2 GHG emissions by 46% compared to 2019.
More details and targets,
please refer to page 66.

13 CLIMATE ACTION

S: Caring for people
2030 target: Increase gender balance in top-level management to 35/65% (women/men).
More details and targets,
please refer to page 90.

5 GENDER EQUALITY

G: Performing with integrity
2030 target: Code of conduct training to reach 100% of highly exposed employees.
More details, please refer to page 103.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

How we create value

Operating model

Our operating model is designed to steer us in operating our three business areas – Hearing Aids, Hearing Care and Diagnostics – in a setup that is ensuring that we remain focused on excelling in each business area, while leveraging synergies across the Group through strong collaboration. This approach enables each business area to adopt a customer-centric approach and execute their specific strategic initiatives to deliver on the strategy, enabling the Group to create life-changing solutions that complement each other.

With our business areas' common understanding of technology, innovation is at the core of our operating model. We will continue to focus on value-adding collaboration between the R&D functions of our individual business areas. Furthermore, our resilient manufacturing set-up across the value chain within R&D, production and distribution ensures supply chain agility and resilience.

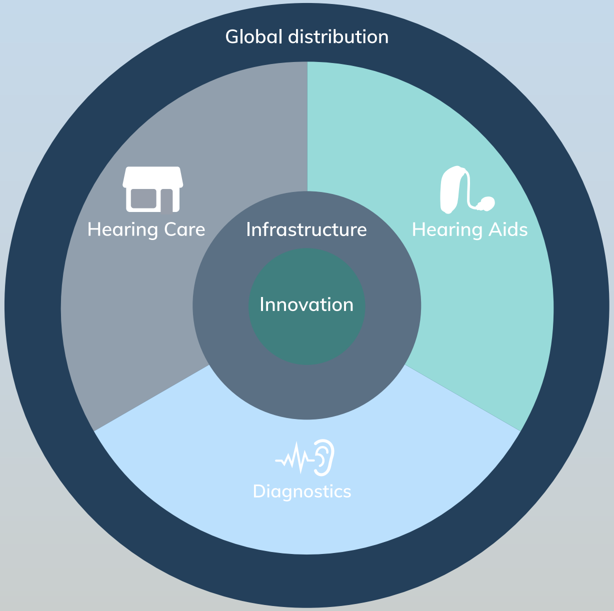
Our operating model is founded on a robust internal infrastructure, encompassing IT, HR, finance, sustainability as well as legal systems and processes. This strong backbone, which we call Group Services, supports business growth, ensures efficiency and enables economies of scale in a sustainable and responsible way.

With sales companies and hearing care clinics all over the world, the Group benefits from a strong global distribution set-up, which enables us to continuously increase our reach to a variety of countries, markets and customer segments, thereby expanding our business. This global network ensures that we can raise awareness and make our diagnostic equipment, hearing aids and personalised hearing care and treatments accessible to those in need, thereby enhancing patient care and improving lives.

Input

- Employing 22,000+ people.
- More than DKK 1.4 billion invested annually in R&D.
- Growing portfolio of 3,500+ patents and designs as well as a portfolio of 1,400+ registered trademarks.
- Global distribution network, comprising over 4,000 hearing care clinics, distribution of hearing aids to more than 130 markets and a comprehensive distribution set-up of diagnostic products, spanning around 100 countries.
- Core expertise within audiology with a strong understanding of the difficulties faced by people living with a hearing loss.
- Strong brand value across our multi-brand set-up, enabling the Group to strategically position itself across many markets and channels, thereby effectively addressing various customer needs.
- Strong relationships with component suppliers.

Demant's operating model



Output

- Diagnostic equipment that increases the quality of patient care.
- High-quality hearing aid solutions.
- Personal and individualised treatment offering the highest level of expertise in audiology.

Outcome

We create life-changing differences through hearing health by helping people overcome hearing loss and improving their lives supported by innovative solutions and hearing care.

- Customers: We deliver a user experience that exceeds expectations by providing life-changing hearing health through innovative, state-of-the-art products. This benefits both individuals and society, improving the lives of 11 million people in 2024.
- Employees: We are a great place to work with engaged employees who feel included and empowered to develop, grow and do what they do best. In 2024, our engagement score increased to 4.13 from 4.11 the year before.
- Investors: We deliver attractive financial returns and growth based on a resilient business model and a strategy that focuses on value-creating growth.

ESRS 2 SBM-1 Strategy, business model and value chain.
This page is part of limited assurance.

Financial performance

Group performance

Income statement

	H1			H2			FY		
(DKK million)	**2024**	**2023**	**Growth**	**2024**	**2023**	**Growth**	**2024**	**2023**	**Growth**
Revenue	11,087	10,694	4%	11,332	10,907	4%	22,419	21,601	4%
Production costs	-2,577	-2,677	-4%	-2,752	-2,604	6%	-5,329	-5,281	1%
Gross profit	**8,510**	**8,017**	**6%**	**8,580**	**8,303**	**3%**	**17,090**	**16,320**	**5%**
Gross margin	76.8%	75.0%		75.7%	76.1%		76.2%	75.6%	
R&D costs	-733	-607	21%	-661	-619	7%	-1,394	-1,226	14%
Distribution costs	-5,154	-4,726	9%	-5,092	-4,828	5%	-10,246	-9,554	7%
Administrative expenses	-586	-562	4%	-559	-540	4%	-1,145	-1,102	4%
Share of profit after tax, associates and joint ventures	31	40	-23%	68	28	>100%	99	68	46%
Operating profit (EBIT) before special items	**2,068**	**2,162**	**-4%**	**2,336**	**2,344**	**0%**	**4,404**	**4,506**	**-2%**
Operating profit (EBIT) margin before special items	18.7%	20.2%		20.6%	21.5%		19.6%	20.9%	
Special items	124	-	n.a.	-	-	n.a.	124	-	n.a.
Operating profit (EBIT)	**2,192**	**2,162**	**1%**	**2,336**	**2,344**	**0%**	**4,528**	**4,506**	**0%**

Introduction

As a result of the decision to discontinue the Communications business, this former business area is recognised as a discontinued operation, together with Hearing Implants. Comparative figures for 2023 in the income statement and cash flow statement have been restated to reflect this. Comparative figures for 2021-2022 have only been restated to exclude Hearing Implants and therefore include Communications.

Revenue

For the full year, Group revenue amounted to DKK 22,419 million, corresponding to a growth rate of 5% in local currencies. Organic growth was 2%, which is in line with our revised expectations for 2024. Acquisitive growth was 2%, and exchange rates had an impact on revenue of -1%, which includes the effect of exchange rate hedging. Total reported growth for 2024 was 4%.

Revenue for H2 amounted to DKK 11,332 million, corresponding to a growth rate of 5% in local currencies. Organic growth was 2%, and growth from acquisitions was 3%. Exchange rates impacted revenue by -1%, and total reported growth for H2 was 4%.

Growth in H2 was driven by Hearing Care, which saw very good momentum and delivered above-market organic growth, which was further supported meaningfully by acquisitions. Hearing Aids growth was below our original expectations, even considering the very strong comparative figures. In H2, growth was negatively impacted by a generally intense competitive environment across channels, and the significant loss of market share with managed care in the US in Q2 also continued to weigh on growth. In Diagnostics, growth was negative in H2, impacted by a very soft global market for diagnostic instruments, headwinds experienced by our portfolio of balance equipment and adverse developments in China due to limited access to public markets.

In terms of geography, Europe saw solid organic growth in H2, particularly driven by good growth in Hearing Care across many of our medium-sized markets. In the UK, growth was slightly positive, whereas France saw slightly negative growth. We saw a continuous contribution from acquisitions, primarily from Germany.

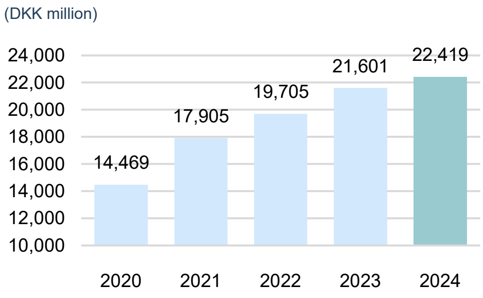
In North America, organic growth in H2 was slightly negative due to strong comparative figures in Hearing Aids which was not offset by the solid development in Hearing Care.

Revenue by business area

			Growth				
(DKK million)	**H2 2024**	**H2 2023**	**Org.**	**Acq.**	**LCY**	**FX**	**Rep.**
Hearing Aids, total revenue	6,183	6,024	2%	2%	4%	-1%	3%
Hearing Aids, internal revenue	-1,183	-976	18%	3%	21%	0%	21%
Hearing Aids, external revenue	5,000	5,048	-1%	2%	1%	-2%	-1%
Hearing Care	5,098	4,575	7%	4%	11%	0%	11%
Diagnostics	1,234	1,284	-4%	0%	-4%	0%	-4%
Group	**11,332**	**10,907**	**2%**	**3%**	**5%**	**-1%**	**4%**

			Growth				
(DKK million)	**FY 2024**	**FY 2023**	**Org.**	**Acq.**	**LCY**	**FX**	**Rep.**
Hearing Aids, total revenue	12,413	12,112	3%	1%	4%	-1%	2%
Hearing Aids, internal revenue	-2,391	-2,076	12%	3%	15%	0%	15%
Hearing Aids, external revenue	10,022	10,036	1%	1%	2%	-2%	0%
Hearing Care	9,932	9,083	5%	4%	9%	0%	9%
Diagnostics	2,465	2,482	0%	0%	0%	0%	0%
Group	**22,419**	**21,601**	**2%**	**2%**	**5%**	**-1%**	**4%**

Five-year revenue



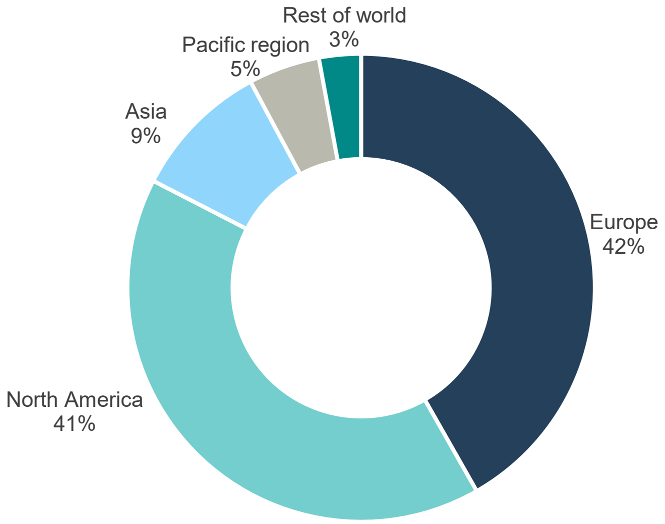
Revenue by geographic region

			Growth		
(DKK million)	H2 2024	H2 2023	Org.	Acq.	Rep.
Europe	4,733	4,405	4%	3%	7%
North America	4,622	4,571	-1%	3%	1%
Asia	1,088	1,078	3%	0%	1%
Pacific region	560	532	5%	1%	5%
Rest of world	329	321	10%	0%	3%
Total	**11,332**	**10,907**	**2%**	**3%**	**4%**

In Asia, organic growth in H2 was driven by very good performance in several of our medium-sized markets. In Japan, we saw good organic growth, whereas growth in China was negative, reflecting weak market dynamics, affecting the retail market, as well as headwinds in Diagnostics. Revenue growth in the region was negatively impacted by exchange rate effects.

In the Pacific region, good organic growth was driven by Australia, particularly by our Hearing Care business. In our Rest of world region, we saw strong organic growth, particularly in several markets in South America, although this was largely offset by exchange rate headwinds.

Revenue by geographic region H2 2024



Gross profit

The Group's gross profit increased by 5% to DKK 17,090 million in 2024, corresponding to a gross margin of 76.2%. This is an increase of 0.6 percentage points compared to 2023, primarily driven by a better-than-expected gross margin in H1 due to business mix effects and strong development in the ASP in Hearing Aids supported by the launch of Oticon Intent.

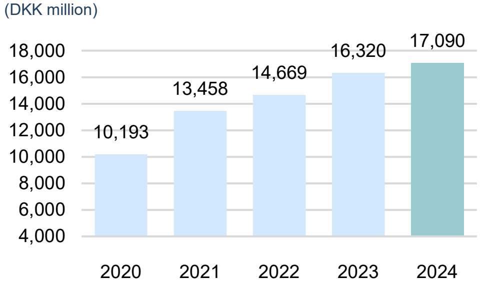
For H2, the Group's gross profit amounted to DKK 8,580 million leading to a gross margin of 75.7%, which is a decline of 0.4 percentage points compared to H2 2023. Developments in exchange rates and an increasing share of rechargeable units had a negative impact on the gross margin. These drivers more than offset the positive effect of a continuously good ASP in Hearing Aids.

Operating expenses (OPEX)

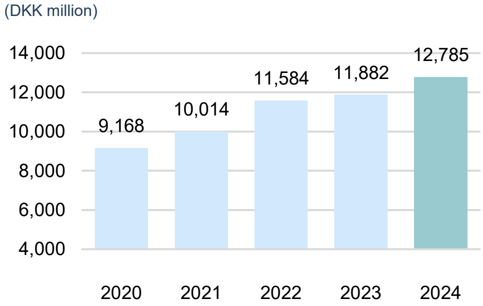
For the full year, OPEX increased by 8% in local currencies of which 4 percentage points relate to organic growth and 3 percentage points to acquisitive growth.

In H2, OPEX growth was 5% in local currencies. In organic terms, OPEX increased by 2%. This is a result of cost-saving measures taken across the Group in H1, which took effect in H2, leading to lower OPEX and a better balance between revenue and OPEX growth. Acquisitions added an additional 4 percentage points of growth, while exchange rate effects were flat.

Five-year gross profit



Five-year OPEX



OPEX by function

			Growth		
(DKK million)	H2 2024	H2 2023	Org.	Acq.	Rep.
R&D costs	661	619	7%	0%	7%
Distribution costs	5,092	4,828	1%	5%	5%
Administrative expenses	559	540	4%	0%	4%
Total	**6,312**	**5,987**	**2%**	**4%**	**5%**

Share of profit after tax from associates

For the full year, the share of profit after tax from associates amounted to DKK 99 million. In H2, the share of profit after tax from associates amounted to DKK 68 million (DKK 28 million in H2 2023). Of this amount, DKK 57 million relates to a gain following the disposal of an ownership stake in an associate.

Operating profit (EBIT) before special items

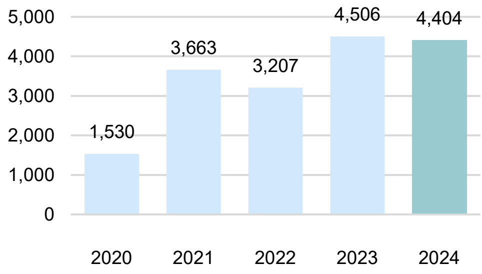
The Group's EBIT before special items amounted to DKK 4,404 million in 2024, which corresponds to an EBIT margin before special items of 19.6%.

In H2, EBIT before special items was DKK 2,336 million, reflecting flat year-over-year development. The EBIT margin before special items was 20.6%, a contraction of 0.9 percentage points. The EBIT margin before special items was negatively impacted by exchange rates, and by lower operating leverage, particularly in Hearing Aids.

In line with our acquisition strategy, we recognised fair value adjustments of non-controlling interests in step acquisitions, contingent considerations etc., totalling a net positive fair value adjustment on EBIT before special items of DKK 13 million for the full year (DKK 27 million in 2023). Please refer to Financial statements, note 6.1 for more details.

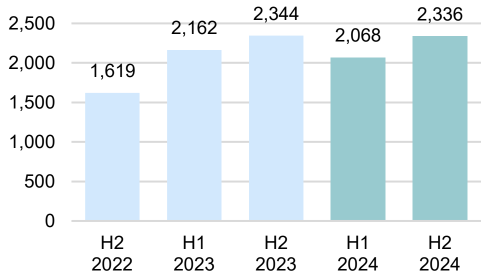
Five-year EBIT before special items

(DKK million)



Half-year EBIT before special items

(DKK million)



Special items

In 2024, we recognised two significant non-operational and non-cash items, resulting in a net income of DKK 124 million, entirely related to H1. This relates to a positive impact of a step-up gain from a large acquisition, which was partly offset by updated accounting treatments of certain earn-out payments related to acquisitions. Please refer to Financial statements, note 1.9, for further details.

Operating profit (EBIT)

For the full year, reported EBIT amounted to DKK 4,528 million, corresponding to an EBIT margin of 20.2%. In H2, the Group did not incur any special items, leading to a reported EBIT of DKK 2,336 million, corresponding to an EBIT margin of 20.6%.

Financial items

For the full year, net financial items amounted to DKK -812 million, an increase of DKK 51 million compared to 2023. The increase primarily relates to higher interest expenses due to a higher level of debt as well as a slightly higher average interest rate. In H2, net financial items totalled DKK -402 million, an increase of DKK 3 million versus H2 2023.

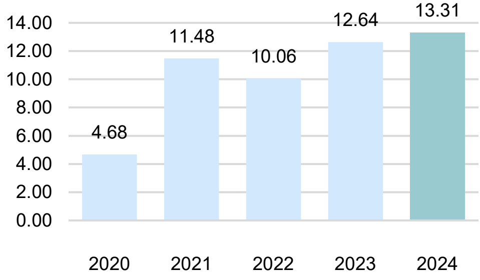
Profit for the year – continuing operations

Reported profit before tax from continuing operations amounted to DKK 3,716 million in 2024, which is a slight decrease of 1% compared to 2023, due to the increase in net financial items. Tax amounted to DKK 824 million. The resulting effective tax rate was 22.2%, which is lower than our guidance of around 24%. The development in the effective tax rate relative to expectations was primarily driven by a positive impact of certain one-offs related to acquisitions. For H2, profit before tax from continuing operations was DKK 1,934 million and tax amounted to DKK 396 million.

For the full year, reported net profit for continuing operations was DKK 2,892 million, or an increase of 2%, resulting in earnings per share (EPS) from continuing operations of DKK 13.31. In H2, reported net profit for continuing operations was DKK 1,538 million, which corresponds to an EPS from continuing operations of DKK 7.08.

Earnings per share (EPS) for continuing operations

(DKK per share)



Profit for the year – discontinued operations

Profit after tax from discontinued operations, which comprise Communications and Hearing Implants, amounted to DKK -504 million for the full year, in line with our expectations. In H2, profit after tax from discontinued operations amounted to DKK -350 million. The loss relates entirely to Communications, which incurred DKK 430 million in one-off costs related to the restructuring of EPOS and adjusted for this, the operating activities of our discontinued operations delivered a profit. Following the successful divestment of the Cochlear Implants business in Q2 and the restructuring of EPOS in Q3, we saw a profit after tax from both businesses in Q4.

Profit for the year

For the Group as a whole, profit after tax in 2024 amounted to DKK 2,388 million, which is in line with our expectations. This corresponds to an EPS of DKK 10.99. In H2, net profit after tax was DKK 1,188 million, with an EPS of DKK 5.47.

At the annual general meeting, the Board of Directors will propose that the entire profit for the year be retained and transferred to the company's reserves.

Cash flow statement

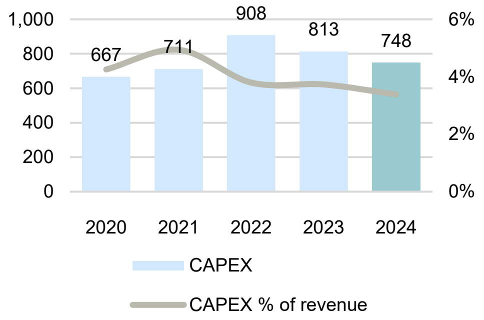
The Group continued to generate strong cash flow in 2024, with cash flow from operating activities (CFFO) amounting to DKK 4,080 million. Compared to 2023, CFFO decreased by 8%, which is largely due to higher net financial expenses and higher tax. Despite continuously high net financial expenses, CFFO was very strong in H2 and amounted to DKK 2,589 million, up by 2% driven by a significant improvement in the net working capital (NWC).

In 2024, our net investments in property, plant and equipment and intangible assets (CAPEX) amounted to DKK 748 million. CAPEX relative to revenue was 3%, which is slightly below our medium- to long-term ambition of 4%. In H2, CAPEX was DKK 373 million, down by 8% on the same period in 2023, primarily due to slightly lower investments in property, plant and equipment than in the comparative period.

Net investments in other non-current assets, which comprise customer loans and loans to associates, amounted to a positive cash flow of DKK 154 million. The total net investments in 2024 were therefore DKK -594 million in 2024.

CAPEX

(DKK million)

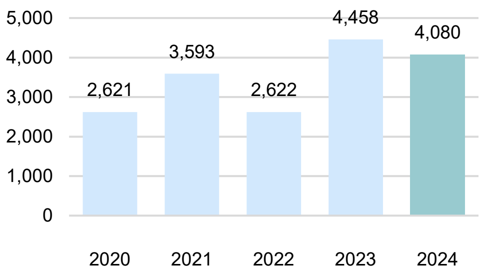


For H2, net investments in other non-current assets amounted to a positive cash flow of DKK 113 million. This is primarily driven by the disposal of an ownership stake in an associate but net repayments of loans from customers were also a contributing factor. This led to total net investments of DKK -260 million.

Following strong cash flow generation and lower investments, the free cash flow before acquisitions and divestments decreased by 4% to DKK 3,486 million for the full year. These dynamics were significant in H2 where free cash flow increased by 12% to DKK 2,329 million.

CFFO

(DKK million)



Net cash flow relating to acquisitions and divestments totalled DKK -1,234 million for the year, an increase of 32%. The higher-than-normal level was driven by the acquisition of a value-added distributor in Hearing Aids. During the year, we also continued to acquire hearing care clinics in line with our strategy. In H2, the cash flow from acquisitions and divestments continued to be high and amounted to DKK -471 million, related entirely to acquisitions in Hearing Care.

In 2024, the Group bought back a total of 7,598,403 shares worth DKK 2,301 million under the share buy-back programme. The shares were bought at an average price of DKK 302.78. In H2, share buy-backs amounted to DKK 1,164 million, as 4,298,401 shares were bought back at an average price of DKK 270.74.

Mainly related to the refinancing of loans throughout the year, other financing activities amounted to DKK 62 million in 2024, and the net cash flow from continuing operations totalled DKK 13 million. For H2, other financing activities amounted to DKK -884 million, primarily due to a change in long-term bank facilities, and the net cash flow from continuing operations was DKK -190 million.

Driven by positive cash flows in both Communications and Hearing Implants, the net cash flow from discontinued operations was DKK -16 million for the full year and DKK 276 million in H2. Please refer to Financial statements, note 6.2, for more details.

Cash flow by main items

	H1			H2			FY		
(DKK million)	2024	2023	Change	2024	2023	Change	2024	2023	Change
CFFO	**1,491**	**1,918**	**-22%**	**2,589**	**2,540**	**2%**	**4,080**	**4,458**	**-8%**
Net investments	-334	-367	-9%	-260	-469	-45%	-594	-836	-29%
Free cash flow before acquisitions and divestments	**1,157**	**1,551**	**-25%**	**2,329**	**2,071**	**12%**	**3,486**	**3,622**	**-4%**
Acquisitions and divestments etc.	-763	-313	>100%	-471	-622	-24%	-1,234	-935	32%
Share buy–backs	-1,137	-17	>100%	-1,164	-829	40%	-2,301	-846	>100%
Other financing activities	946	-1,069	n.a.	-884	-498	78%	62	-1,567	n.a.
Cash flow for the period	**203**	**152**	**34%**	**-190**	**122**	**>100%**	**13**	**274**	**-95%**

Balance sheet

As at 31 December 2024, the Group's total assets amounted to DKK 32,450 million, an increase of 6% compared to 31 December 2023. This increase was entirely driven by additions from acquisitions of 8%, and the total balance sheet amount includes DKK 1,393 million relating to Communications and Hearing Implants, which are recognised as assets held for sale.

The increase in total assets is primarily due to an increase in goodwill, mostly related to acquisitions. This is also the case if we look at the development from 30 June 2024.

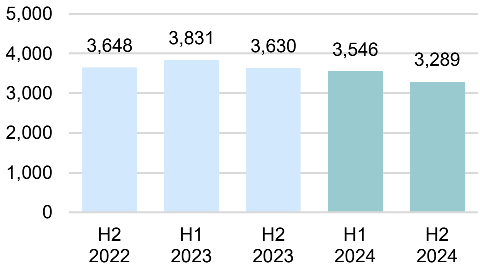
Relative to the end of 2023, our NWC decreased by 9% and ended at DKK 3,289 million. This change is primarily a reflection of the reclassification of Communications to assets held for sale. Adjusted for this, net working capital increased slightly. When looking at the development since 30 June 2024, NWC declined by 7% driven by lower inventories and trade receivables. As a consequence of our strong focus on cash flow, our NWC-to-revenue ratio declined slightly to 15%. Please refer to Financial statements, note 9.1, for our definition of NWC.

Although our net interest-bearing debt (NIBD) decreased by 2% in H2, it increased by 10% in 2024 as a whole and thus amounted to DKK 13,545 million as at 31 December 2024. The full-year increase is primarily due to a high level of acquisitions during the year as well as to share buy-backs. As a result of the increase in our NIBD, but somewhat offset by the higher EBITDA, our gearing multiple increased slightly from 2.1 at the end of 2023 to 2.3 at the end of 2024, which is within our medium- to long-term gearing target of 2.0-2.5.

Positively impacted by profit, but somewhat offset by currency translation and share buy-backs, total equity for the full year increased by 3% to DKK 9,644 million of which DKK 80 million is attributable to non-controlling interests and DKK 9,564 million to the shareholders of Demant A/S. In H2, total equity increased by 1%, mainly because of profit generated by the Group.

Half-year NWC

(DKK million)



Balance sheet by main items

(DKK million)	FY 2024	H1 2024	FY 2023	Change H1 2024	Change FY 2023
Lease assets	2,665	2,630	2,596	1%	3%
Other non-current assets	19,864	19,108	18,566	4%	7%
Inventories	2,500	2,674	2,845	-7%	-12%
Trade receivables	3,563	3,705	3,650	-4%	-2%
Cash	1,112	1,048	1,138	6%	-2%
Other current assets	1,353	1,429	1,468	-5%	-8%
Assets held for sale	1,393	1,796	283	-22%	>100%
Total assets	**32,450**	**32,390**	**30,546**	**0%**	**6%**
Equity	9,644	9,522	9,338	1%	3%
Lease liabilities	2,771	2,732	2,686	1%	3%
Other non-current liabilities	14,607	13,292	12,301	10%	19%
Trade payables	658	858	799	-23%	-18%
Other current liabilities	4,426	5,634	5,333	-21%	-17%
Liabilities related to assets held for sale	344	352	89	-2%	>100%
Total equity and liabilities	**32,450**	**32,390**	**30,546**	**0%**	**6%**

Employees

As at 31 December 2024, the Group had 21,349 full-time employees compared to 21,501 as at 30 June 2024, a decrease of 1%. Growth was slightly negative due to natural attrition, primarily in our production, and focused rehiring despite seeing an increase in employees from acquisitions.

The total number of full-time employees at the end of 2024 was up by 1% compared to the 21,081 employees at the end of 2023.

Hedging activities

The material forward exchange contracts in place as at 31 December 2024 to hedge against the Group's exposure to movements in exchange rates are shown in the table below.

Hedging activities

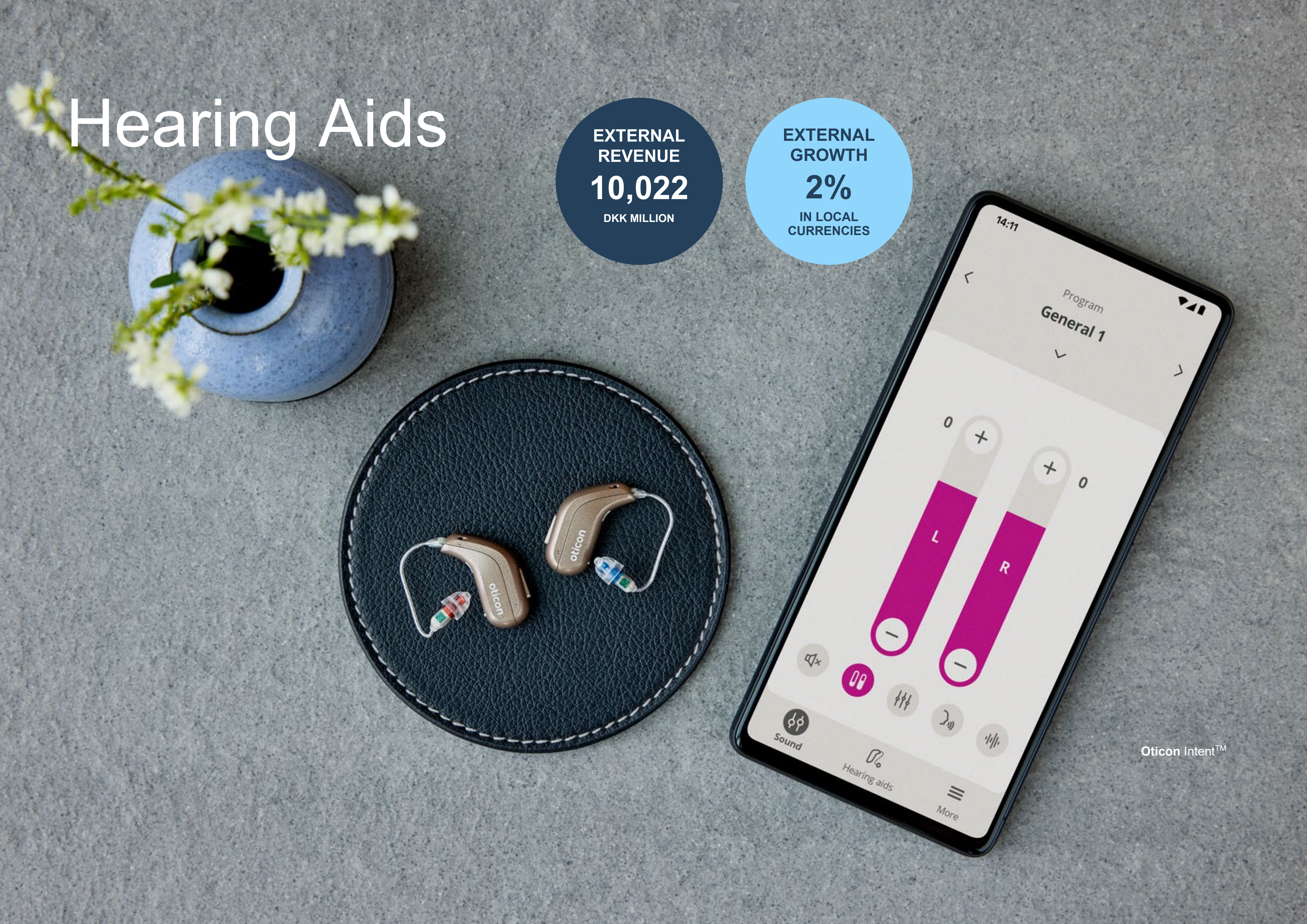
Currency	Hedging period	Average hedging rate
USD	11 months	675
JPY	10 months	4.64
AUD	10 months	452
GBP	11 months	865
CAD	10 months	498
PLN	10 months	169

Events after the balance sheet date

On 31 January 2025, the Group acquired 100% of the shares in Ohrwerk Group, which operates 77 hearing clinics across Germany.

Apart from the above, no events have occurred after the reporting date of importance to the consolidated financial statements.

Hearing Aids



EXTERNAL REVENUE
10,022
DKK MILLION

EXTERNAL GROWTH
2%
IN LOCAL CURRENCIES

Oticon Intent™

Market developments

Based on available market statistics, covering around two-thirds of the market, and on our own assumptions, we estimate that the global hearing aid market saw unit growth of 4% in 2024, which is in line with our expectations and within the structural growth range of 4-6%. Growth in 2024 was primarily driven by the US commercial market, with growth in Europe and our Rest of world region being slightly lower. We estimate that geography and channel mix changes resulted in a slightly positive ASP development.

Q4 update

We estimate that global market unit growth was 5% in Q4. Growth was broad-based across regions, with the acceleration in growth relative to Q3 largely driven by easier comparative figures. Driven by geography and channel mix developments, we estimate that the global hearing aid market saw slightly positive ASP development in Q4.

In terms of geography and compared to the same period last year, we estimate that growth in Europe was 3% in Q4. Growth was slightly below the structural trend due to slightly negative growth in the NHS. Growth was strong in Germany despite relatively strong comparative figures. In France, growth accelerated and was solid, and the market growth rate for the full year was slightly positive. Several medium-sized markets saw good growth, and the UK private market also grew in Q4.

Growth in North America was 6% in Q4. Supported by a slightly easier comparative base, the US commercial market continued to show good momentum, accelerating to 7%. Growth was strong in both managed care and the private-pay market. Growth in Veterans Affairs (VA) remained subdued and was flat, whereas growth was strong in Canada.

Looking beyond North America and Europe, we estimate that unit growth in Rest of world was 6% in Q4. Growth in Japan and China was modest, despite the latter continuing to be impacted by challenging market dynamics. In Australia, growth was flat in Q4. We estimate that several emerging markets saw strong growth in Q4.

Business update

In 2024, total revenue in Hearing Aids amounted to DKK 12,413 million, corresponding to an organic growth rate of 3% (Q4: 2%). Acquisitive growth of 1% (Q4: 2%) relates to the acquisition of a value-added distributor that was closed in Q2. Internal revenue from sales to our Hearing Care business accounted for 19% of total revenue. Unless otherwise specified, our commentary below focuses on total revenue, including revenue from sales through our own retail clinics, and thus covers our total wholesale activities. However, internal revenue is eliminated from reported revenue for the Group.

In 2024, Hearing Aids delivered growth below our original expectations, even if we take the very strong comparative figures into account. Early in the year, we launched Oticon Intent, which was well received by customers. However, growth during the year was negatively impacted by a generally intense competitive environment across channels and by a significant loss of market share with managed care in the US.

In 2024, unit growth was -3%, with ASP developments contributing 8 percentage points to total growth. Similar to H1, growth in H2 was entirely driven by positive ASP developments due to product and channel mix changes. Throughout H2, our unit growth improved, reflecting stable market share developments and soft comparative figures.

Growth in units and ASP

(LCY)	H1 2024	H2 2024	FY 2024
Units	-6%	-1%	-3%
ASP	11%	5%	8%
Total	**4%**	**4%**	**4%**

Estimated hearing aid market unit growth in 2024 by region

(vs. 2023)	Q1	Q2	Q3	Q4	FY
Europe	1%	8%	1%	3%	3%
North America	10%	6%	4%	6%	6%
US (commercial)	13%	6%	5%	7%	7%
US (VA)	-1%	1%	-1%	0%	-1%
Rest of world	1%	2%	4%	6%	3%
Global	**3%**	**5%**	**3%**	**5%**	**4%**

Hearing Aids

(DKK million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue	3,107	3,123	3,004	3,179	12,413
Growth					
Organic	3%	3%	2%	2%	3%
Acquisitions	0%	1%	2%	2%	1%
Local currencies	**3%**	**4%**	**5%**	**4%**	**4%**
FX	-1%	-2%	-2%	-1%	-1%
Total	**2%**	**3%**	**3%**	**3%**	**2%**

Revenue and growth

(DKK million)	Q4 2024	Q4 2023	Growth Org.	Acq.	LCY	FX	Rep.
Hearing Aids, total revenue	3,179	3,100	2%	2%	4%	-1%	3%
Hearing Aids, internal revenue[1]	-583	-482	18%	3%	21%	0%	21%
Hearing Aids, external revenue	2,596	2,618	-1%	2%	0%	-1%	-1%

(DKK million)	FY 2024	FY 2023	Growth Org.	Acq.	LCY	FX	Rep.
Hearing Aids, total revenue	12,413	12,112	3%	1%	4%	-1%	2%
Hearing Aids, internal revenue[1]	-2,391	-2,076	12%	3%	15%	0%	15%
Hearing Aids, external revenue	10,022	10,036	1%	1%	2%	-2%	0%

[1] Revenue from internal sales to Hearing Care is eliminated from the reported revenue for the Group, i.e. we only include revenue from external customers. The pricing used in internal transactions is determined on an arm's length basis and thus reflects normal commercial terms.

Q4 update

When we look at Q4, growth to external customers was 0% in local currencies of which organic growth accounted for -1% and acquisitive growth for 2%. Intense competition and strong comparative figures weighed on growth, but we estimate that in value terms, we saw stable market share developments, when comparing sequentially to Q3.

In Europe, external growth was slightly negative driven by Germany, even though we saw generally good performance in our medium-sized markets. In France, growth was negative, in part due to very strong comparative figures, as our growth rate was well above the market growth rate in the same period last year. In the UK, growth was negative, although we saw growth in the private channel.

In North America, growth continued to be impacted by the loss of market share with managed care in Q2, although our market share development in this channel remained stable in Q4 compared to Q3. Outside of managed care in the US, we continue to see an intense competitive environment, but we have nonetheless seen our growth improve and turn positive in Q4. In the important VA channel, our market share in units ended at 20.3%, reflecting sustained market share gains realised in 2023. In Canada, growth was negative due to very strong comparative figures.

Sales growth in Asia was strong in Q4, with Japan delivering strong growth and China delivering lower, but still positive, growth. We thus estimate that we have gained market share in China despite continuously weak market dynamics. Driven by Australia, growth in the Pacific region was solid. In our Rest of world region, mostly comprising emerging markets, we saw good growth, particularly in South America.

Product update

In Q1 2025, we will continue to expand access to our unique BrainHearing™ technology and our powerful second-generation deep neural network (DNN) by making these technologies available in even more form factors. This is a continuation of our commitment to further integrate artificial intelligence into small and discrete form factors to allow all users to benefit from our products.

This February, we will start the roll-out of our new premium in-the-ear hearing aids, Oticon Own SI, which will feature our second-generation DNN in our smallest form factors. In addition, all our brands will upgrade their in-the-ear instruments at lower price points. We will also expand our miniRITE and miniBTE form factors across our brands to lower price points and offer these devices with both rechargeable and disposable batteries. These will be the first devices in low price points to also offer DNN sound processing technology.

Bernafon brand relaunch

Hearing Care

REVENUE
9,932
DKK MILLION

GROWTH
9%
IN LOCAL CURRENCIES

Audika
Fitting in a clinic

Market developments

Please refer to the Hearing Aids section above for details on developments in the hearing aid market in 2024, but note that our Hearing Care business is not present in many emerging markets or in government channels. Overall, we estimate that the growth rate in the part of the market where Hearing Care is active was roughly in line with the global unit market growth rate of around 4% in 2024.

Business update

In 2024, revenue in Hearing Care amounted to DKK 9,932 million. We delivered above-market organic growth of 5% (Q4: 7%), driven by strong growth in most of our medium-sized markets. Acquisitions added 4% (Q4: 4%), with Germany being the largest contributor. Apart from acquisitions in Germany, we have made acquisitions in several other markets, which will help elevate our business to a stronger commercial position in the future and to improve profitability faster in the respective countries, e.g. Italy, Belgium and Denmark.

Our Hearing Care business demonstrated very good momentum in 2024, despite headwinds from the continued normalisation of the French hearing aid market and an overall weak Chinese market.

Following a slow start to the year, the US saw accelerating growth during the year, despite being impacted by lower traffic generated by managed care customers which saw a very significant reduction in 2024. We have, however, been able to more than offset the lower traffic from these activities and further increase our focus on the private-pay market, which has led to solid growth and – more importantly – improved profitability in the US.

Despite a slow start to the year, growth in France was flattish, which is in line with our recent expectations. We saw continued normalisation of the French market during 2024, and towards the end of the year, we saw good initial traffic, leading to an increase in the number of test appointments ahead of the four-year anniversary of the French hearing healthcare reform implemented in 2021.

For our total Hearing Care business, growth was predominantly driven by units, but we also experienced tailwind from positive ASP development, driven by favourable product mix changes, which was supported by the launch of Oticon Intent in February 2024, and by positive geography mix changes.

Hearing Care

(DKK million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue	2,318	2,516	2,400	2,698	9,932
Growth					
Organic	0%	5%	7%	7%	5%
Acquisitions	5%	4%	5%	4%	4%
Local currencies	**5%**	**9%**	**11%**	**11%**	**9%**
FX	0%	0%	0%	0%	0%
Total	**5%**	**10%**	**12%**	**11%**	**9%**

Q4 update

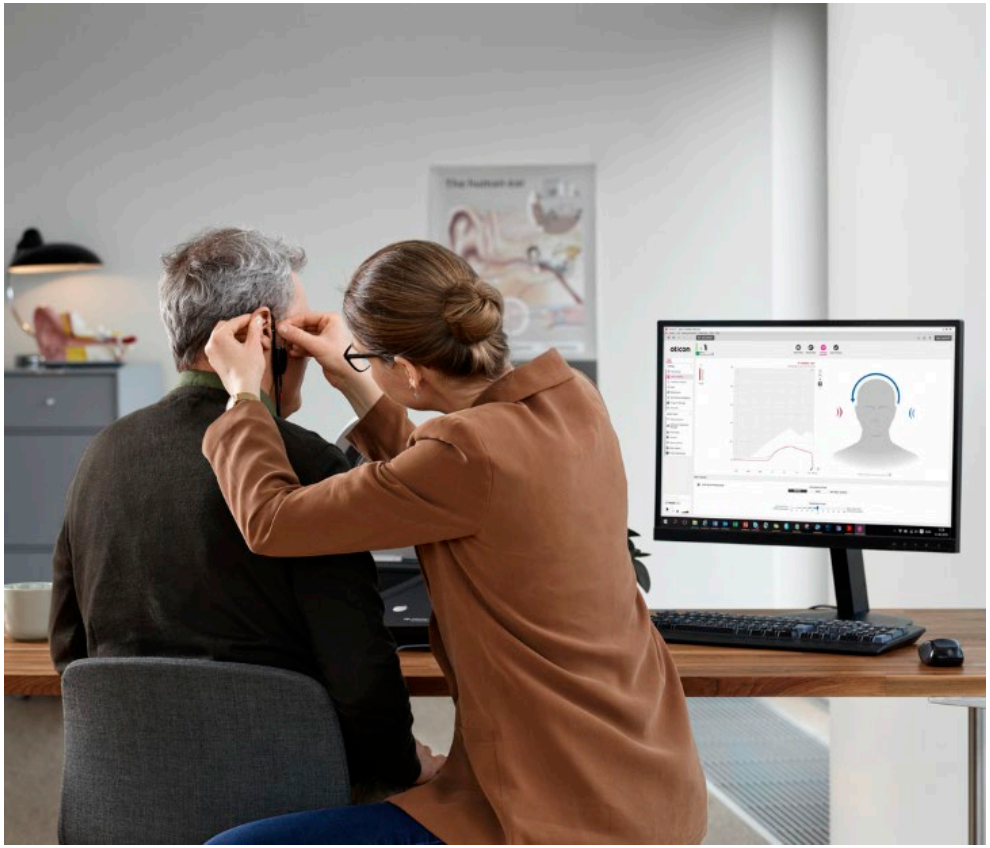
In Q4, organic growth was 7%, reflecting continuously solid business momentum in most medium-sized markets. We also saw the strong growth in North America in Q3 continue into Q4, whereas growth in France was slightly positive ahead of the four-year anniversary of the French hearing healthcare reform.

Europe was the largest absolute growth driver in Q4, with particularly strong performances in Poland and the UK, but other medium-sized markets also performed well.

In North America, we saw good organic growth in the US in Q4, despite lower traffic generated by customers covered by managed care, and very strong organic growth in Canada.

Australia saw strong growth in Q4, continuing the momentum from the first nine months of the year. In China, Sheng Wang improved relative to previous quarters, although it still delivered negative growth in Q4, as the business continues to be impacted by weak consumer sentiment.

Fitting in a clinic



Diagnostics

REVENUE
2,465
DKK MILLION

GROWTH
0%
IN LOCAL CURRENCIES

Interacoustics
Audible Contrast Threshold - ACT

Market developments

We estimate that the market for diagnostic instruments and services saw slightly negative growth in 2024. This is due to generally soft demand for diagnostic instruments combined with headwinds in the Chinese market. The service market saw growth, but this was not enough to offset the negative instrument market growth, leaving the growth rate in the total diagnostic market well below the structural market growth rate of 4-6% per year.

Business update

Diagnostics generated revenue of DKK 2,465 million in 2024 with organic growth of 0% (Q4: -3%), which is lower than our original expectations for the year. There was no impact on revenue from acquisitions during the year.

After a strong start to the year, the market for diagnostic instruments softened during 2024. In light of the very soft market developments – especially in H2 – we estimate that our organic growth rate was above the estimated market growth rate in 2024. Our market-leading position and strong product portfolios across all our brands have been instrumental in maintaining and strengthening our market position despite the weaker-than-expected markets.

Overall, growth in 2024 was driven by strong growth in the Pacific region whereas North America and Europe saw flattish growth. Conversely, adverse market developments in China continued to be a drag on growth throughout the year, as our access to public markets in China continued to be limited. We have throughout 2024 worked on obtaining further regulatory approvals through local initiatives to gain increased access to public markets in China and expect this work to continue in the coming year.

Q4 update

Organic growth was -3% in Q4, a slight acceleration compared to the level in Q3, despite slightly higher comparative figures. The development in Q4 was driven by continued weakness in our largest region, North America, while our service and consumables business continued to deliver growth.

In North America, the US saw continued slowdown due to negative growth in our portfolio of balance products and generally lower-than-expected CAPEX investments, whereas Canada saw strong organic growth.

In Q4, we saw good growth in Europe, particularly in Poland and the UK. However, this growth was somewhat offset by negative growth in a number of other European markets.

Momentum in China in Q4 continued to be negatively impacted by general market weakness and our limited access to public markets. Thus, growth remained negative, although we saw a sequential improvement from a low level.

Diagnostics

(DKK million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue	597	634	597	637	2,465
Growth					
Organic	7%	0%	-4%	-3%	0%
Acquisitions	0%	0%	0%	0%	0%
Local currencies	**7%**	**0%**	**-4%**	**-3%**	**0%**
FX	-1%	0%	-1%	0%	0%
Total	**5%**	**0%**	**-4%**	**-3%**	**0%**

Diagnostics Aided Cortical test

Financial outlook

Outlook for 2025

Our outlook for 2025 for continuing operations is summarised in the table below:

Organic growth	3-7%
EBIT	DKK 4,500-4,900 million
Share buy-backs	More than DKK 1,500 million

The outlook is based on a number of key assumptions as described below:

- We expect the unit growth rate in the global hearing aid market in 2025 to be in line with the structural growth rate of 4-6% and the hearing aid market to see flattish ASP development for the year.
- We expect the French market to grow in the high-single digits in units in 2025.
- We expect the organic growth rate in Q1 to be below our full-year outlook, caused by the phasing of growth in Hearing Aids, due to managed care dynamics. However, we expect to see significant improvement in growth rate in the subsequent quarters.
- We expect the cash allocated to bolt-on acquisitions in 2025 to be at a higher-than-normal level due to a continuously good pipeline of attractive opportunities.
- We have not included any significant financial impacts of the potential introduction of tariffs in our 2025 outlook.
- Our Communications business area and our business for bone anchored hearing systems are recognised as part of discontinued operations, and for the full year 2025, the combined net profit after tax related to these businesses is expected to be DKK 0-50 million. This relates entirely to an expected operating profit for the businesses and does not include any financial impact related to our intention to divest the businesses.

For modelling purposes, we provide further assumptions for 2025 below:

Acquisitive growth	2% based on revenue from acquisitions completed as at 4 February 2025
FX growth	1% based on exchange rates as at 4 February 2025 and including the impact of hedging
Tax rate	Around 23%
Profit from discontinued operations	DKK 0-50 million

Forward-looking statements

This report contains forward-looking statements that reflect Demant's current expectations regarding future events and financial performance.

Forward-looking statements are statements other than historical facts and include, without limitation, statements that may predict, forecast, indicate or imply future events, results, performance or achievements and may include words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “estimate”, “project”, “will”, “may”, “could” or similar expressions. These statements are based on assumptions, estimates and predictions that may prove incorrect and are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied.

Factors that may affect future results include, but are not limited to, risks associated with the hearing healthcare industry and Demant's operations as described in this Annual Report and other publicly available materials. Accordingly, undue reliance should not be placed on these forward-looking statements.

Except as required by applicable law or regulation, Demant undertakes no obligation to update any forward-looking statements to reflect changes in actual results, expectations or events.

Corporate governance

Risks and risk management

Organisation and governance

Risk management activities in the Demant Group include a variety of risk areas, many of which may impact the performance and reputation of the Group. The overall responsibility for risk management lies with the Executive Leadership Team, but risk management activities are carried out throughout the organisation on a day-to-day basis.

Risk management is an integral part of the management of the Demant Group. Risks to which business areas, markets and operations are exposed are identified, monitored and mitigated at all management levels. Through frequent and transparent reporting, these measures ensure that key risks are escalated to the business area leadership, to functional boards, to the Executive Leadership Team, and if relevant, to the audit committee and ultimately the Board of Directors.

We have established a number of functional boards to ensure focus on governance, development and risk management in key areas globally, i.e. IT, Finance, HR, Sustainability and Legal & Compliance. The functional boards are responsible for risk management in their respective areas and for ensuring that policies, guidelines and processes are established to monitor risks and new legislation.

The audit committee oversees the risk management processes related to financial risks, including sufficient and efficient internal controls. The audit committee has assessed the Group's existing control environment and concluded that it is adequate.

Business ethics are an integral part of conducting business in a global world with many stakeholders. We continuously expand and improve the Group's business ethics programme to reflect our all-important commitment to a high level of business ethics, including our Code of Conduct, a global whistleblower scheme as well as global policies and guidelines on business ethics. For more information, please refer to Sustainability statement on page 102.

- Risk management is an integral part of the management of the Demant Group.
- Risks are identified, monitored and mitigated at all management levels.
- Functional boards exist to ensure focus on governance, development and risk management.
- The audit committee oversees financial risks and internal controls, and the Board of Directors approves and follows up on strategies and business plans.
- We are committed to a high level of business ethics.

Innovation and operations

Innovation risks

We operate in highly product-driven markets where significant R&D initiatives help underpin our market position. It is vital for us to maintain our innovative edge.

We protect and maintain patents for our own groundbreaking technology, while ensuring that we do not infringe the rights of others.

We must continue to attract the most competent employees in key areas. An important means to this end is to maintain our strong company culture and high employee engagement. Our investments in people development, leadership training and information-sharing platforms are key to achieving this objective.

We track the latest technology and make sure we take advantage of this in our products and services.

Product requirement risks

As a major player in the hearing healthcare market, Demant is exposed to certain regulatory risks in terms of changes to product requirements. We adhere to external regulatory requirements applying to our products and services to ensure that our products are safe and effective to use and meet the requirements and needs of our users.

We continuously engage with customers, healthcare practitioners and other stakeholders to ensure that we meet their needs when developing groundbreaking products. We incorporate the requirements of international standards and regulations into the design and development of our products to ensure compliance with regulations and product safety.

All processes in our quality management system (QMS) contribute to ensuring that our products are effective and safe for our users. Notified bodies and different local national health authorities inspect our QMS on a yearly basis. Demant works continuously to improve these systems. As a general principle, our products are designed and marketed under risk management guidelines complying with ISO 14971 to ensure the safety of our users. In case of an unexpected incident, we act fast and decisively, following our processes and maintaining a transparent dialogue with relevant stakeholders. For more information on how we manage product quality and safety, please refer to page 99.

Supply chain risks

Stability in sourcing and delivering high-quality manufactured goods on time is crucial for us to be able to fulfil the commitments we have made to our customers.

Innovation and operations – continued

Supply disruptions may result in delayed deliveries or inefficient production set-ups. Lockdowns and other restrictions may also affect the global supply chain and thus increase the risk of sudden changes.

We have business and contingency plans in place to secure service to our customers in the best possible way in any given situation.

We closely monitor our supply situation and seek to keep adequate safety stocks to counter potential interruptions in our production. Our main production facilities in Poland and Mexico are in close proximity to our largest markets, which is important for us to be able to quickly and efficiently serve our customers in case of dynamic changes in the supply chain.

We continuously evaluate our production footprint and dependency on key suppliers to strike a sound balance between flexibility, exposure and costs. We collaborate closely with our highly specialised suppliers.

In our supply chain and throughout our organisation, we actively work to ensure a safe and engaging working environment.

For more information on how we manage potentially negative impacts on our employees and people in our supply chain and potential risks linked to these, please refer to pages 85-94.

Sustainability risks
For information about sustainability-related risks, please refer to Sustainability statement on pages 60-61.

- We operate in highly product-driven markets.
- We protect and maintain our technology through patents.
- We track the latest technology and make sure we take advantage of this in our products and services.
- We continuously engage with customers, healthcare practitioners and other stakeholders to ensure that we meet their needs when developing groundbreaking products.
- We have business and contingency plans in place to secure service to our customers in the best possible way in any given situation.
- We continuously evaluate our production footprint and dependency on key suppliers to strike a sound balance between.

Market and customer risks

The hearing healthcare market consists of highly specialised players that operate in an extremely competitive market. While navigating in the current market conditions, we monitor potential changes to the competitive situation to ensure that we respond swiftly and effectively to changes in the market.

Macroeconomic impacts on markets
Historically, the hearing healthcare market has seen stable growth driven by demographic changes.

The current macroeconomic uncertainties, which are still to some extent impacting some regions, may have an adverse effect on the demand for hearing healthcare solutions in those regions. Some countries are also seeing high inflation rates, impacting the economies in some markets. In case of macroeconomic or geopolitical headwinds, we seek to adapt our organisation, activities and costs accordingly to mitigate the financial impacts in the affected markets.

After the coronavirus pandemic, we have seen a general stabilisation of the hearing healthcare market. While the pandemic has largely passed, a new pandemic could limit contact with hearing aid users. Although the demand for our hearing healthcare products is not considered cyclical, the demand for hearing aids may suffer if client contact is limited, as a significant part of our sales is based on in-person counselling of individuals with hearing difficulties.

Regulatory risks in the markets
The Group is exposed to certain regulatory risks related to reimbursement schemes and public tenders in the markets where we operate. In most markets, the current regulatory landscape is considered stable, so for the time being, we do not expect significant changes in the regulatory environment. There might be an overlap with commercial risks, if the level of reimbursement changes, or if the method of distribution in a market changes.

While regulatory changes are an intrinsic part of the hearing healthcare market, we feel well positioned to respond to such changes in the commercial environment. We continue to monitor any changes in the regulatory landscape and engage in dialogues with regulators as part of our business planning.

Regulations regarding import and export
The Group is subject to regulations regarding the export of products manufactured at our production sites and the import of these products to the markets where they are sold.

In case of changes to import regulations or applied tariffs, the Group may incur additional costs. We monitor regulatory changes and apply methods to mitigate the impact of these changes, including considering alternative production locations and supply chain set-ups, if possible.

Market and customer risks – continued

Go-to-market risks

The market development over the last few years has confirmed our belief in the importance of providing a combination of personal counselling, individual fitting, life-long service and highly advanced technology.

In the US, the new over-the-counter category of hearing aids has now been available since 2022, and while this may increase general access to hearing aids, we have only seen a limited impact on the hearing aid market in the US. In addition, the US market in general continues to see a large part of hearing aid purchases being covered by insurance companies. The emergence of large managed care organisations continues to pose a risk to average selling prices in the hearing aid market, as volumes may to an increasing extent be consolidated among fewer players. This consolidation may also result in lower fitting fees and lost customer loyalty.

Sanction-related risks

The Group sells its products in countries that may be subject to EU or US sanctions. These sanctions include financial sanctions, trade/export controls and sanctions against entities and individuals. To ensure compliance, distributors and other business partners engaging in business in these countries are subject to sanction checks. Where needed, firm and swift actions are taken to ensure that the Group is compliant. Sanctions may increase due to geopolitical risks and result in an overall stop to trade in certain cases, as it has been the case for Russia and Belarus. The Group continues to closely monitor the changing legislation in this area and to further develop systems and processes to ensure that proper controls and documentation are in place to secure compliance.

- We monitor potential changes to the competitive situation to ensure that we respond swiftly.
- We seek to adapt our organisation, activities and costs to mitigate the financial impacts of macroeconomic uncertainties.
- We adapt our operating model when we see changes to reimbursement schemes in markets where we operate.
- We continue to monitor changes in the regulatory landscape and engage in dialogues with regulators.
- We are committed to complying with legislation related to financial sanctions, export controls and other types of sanctions.

Data and IT security

As our Group becomes increasingly digitalised, more devices and control systems are connected online, resulting in a broader interface across our IT infrastructure that could potentially be compromised.

As a large, global organisation, we are dependent on numerous IT systems and the general IT infrastructure to operate efficiently across our value chain. This carries an inherent risk of system errors, human errors, data breaches or other interruptions that may impact the Group financially. In addition, we may be exposed to attempts to access or steal information, computer viruses, denial of service and other digital security breaches.

Our IT security committee has continuously followed up on and monitored our IT security set-up to ensure that the Group remains focused on ensuring proper IT security. From 2025, the audit committee will carry this responsibility.

Once a year, the committee reviews a maturity assessment based on the Cybersecurity Framework of the National Institute of Standards and Technology (NIST), the purpose of which is to ensure that also in future, we continue to focus on relevant parameters. The assessment was done internally in 2024.

Confirming our commitment to protect client data and continuously improve cybersecurity, we have obtained ISO 27001 certification.

We train and educate our employees in IT-related topics on an ongoing basis to limit any IT-related incidents caused by human errors. We regularly update policies to ensure that they are up-to-date and reflect the current environment.

Demant is entrusted with personal data on employees, customers, users and business partners, which are collected and processed in accordance with applicable laws and regulations. As our business continues to grow, the complexity of managing customers' data increases. We remain committed to protecting personal data, and failure to do so could have serious consequences for the people whose data we possess as well as for the Group. We have a global data ethics policy, and it is mandatory for all employees to comply with the policy. The policy covers all processing of data, including personal and non-personal, and goes beyond compliance as we already work diligently to ensure the processing of personal data is done in accordance with regulatory frameworks. For more information on how we manage personal data to protect our users' right to privacy, please refer to page 101 and our Data Ethics Policy.

- We continuously assess our IT maturity and remain focused on ensuring proper IT security.
- We train and educate our employees in IT-related topics.
- We ensure an adequate response and timely reporting in case of an IT security incident.
- We remain committed to protecting personal data.

Financial risks

Financial risk management focuses on identifying risks related to changes in the financial markets and to customers' propensity to pay for products and services.

The Executive Leadership Team monitors the financial risks of the company to ensure that these remain well-balanced. Financial risks are managed centrally by Group Treasury, which is responsible for securing attractive funding under the prevailing market conditions and for monitoring and mitigating risks related to liquidity, interest rates and exchange rates. Risks related to counterparties are managed in the individual markets.

Capital structure, funding and liquidity

Demant remains a highly cash-generating Group with a strong balance sheet. The Group continuously adapts its capital structure to the prevailing market conditions to secure attractive financing. We secure funding based on a strong commitment by our banks to provide longer-term bank facilities. To mitigate potential liquidity and refinancing risks, the Group has secured considerable undrawn committed credit facilities.

To minimise financing risks, we aim for more than 50% of our credit facilities to be committed with long-term maturity. Our financial gearing multiple is currently within our desired target range of 2.0-2.5.

Interest rate risks

Due to an increasing debt level as well as marginally increasing interest rates during the year, our financial expenses increased in 2024. Furthermore, credit spreads and debt margins increased in the financial markets due to higher capital requirements imposed on the banks.

Currently, around 60% of the Group's debt is funded through facilities with fixed rates or hedged through financial instruments that limit the interest rate risk.

The Group seeks to maintain a balanced mix between fixed and floating rate debt.

Exchange rate risks

The Group is exposed to exchange rate risks, as it trades with counterparties in a number of countries, and as it has cash flows in different currencies. It is therefore important to adequately balance foreign exchange rate risks to avoid unexpected adverse impacts on the Group's financial performance.

The majority of Group companies transact mainly in local currencies and are therefore exposed to limited exchange rate risks.

The Group does not hedge translation risks resulting from the consolidation of Group accounts into Danish kroner. Most Group companies are invoiced from the Danish production entities. Around two-thirds of the invoices out of Denmark are issued in other currencies than Danish kroner or euros. To reduce our exchange rate exposure, we continuously seek to balance incoming and outgoing cash flows in our main trading currencies as much as possible. To ensure predictability in terms of net profit, we hedge expected future net cash flows, mainly through forward exchange contracts with a horizon of up to 18 months.

In addition, we seek to balance our on-balance net exposure in our main trading currencies and to hedge our exposure, if relevant. It is the Group's policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Counterpart risks

From a commercial point of view, the Group is exposed to credit risks if our customers fail to pay for products and services provided. Such risks mainly relate to trade receivables and loans to customers or business partners, and failure to adequately manage credit risks may adversely impact the Group.

To minimise the risk of suffering losses on customers, the Group monitors the credit risks on an ongoing basis. The Group generally has a diversified customer base, and in 2024 the accumulated revenue from our ten largest customers accounted for approximately 13% of total consolidated revenue. We regularly adjust our financial accounts to reflect the current credit risks.

When granting loans to business partners, we require that our counterparties provide security in their business. In general, we estimate that the risk relative to our total credit exposure is well-balanced at Group level, and historically, we have only suffered limited credit-related losses.

The credit risk on cash is managed in accordance with the Group's policy by selecting core banking partners, all with strong credit ratings. Due to its global presence and operations, the Group holds some cash balances; however, these are distributed across multiple banks and locations, minimizing the associated credit risk.

Please refer to Financial statements, note 4.1.

- To mitigate potential liquidity and refinancing risks, the Group has secured access to considerable undrawn committed credit facilities.
- We limit interest rate risks by hedging part of our exposure.
- We continuously seek to balance and, if relevant, to hedge our foreign exchange rate exposures.
- We monitor the credit risks related to business partners on an ongoing basis.

Governance framework

Maintaining appropriate corporate governance is an ongoing focus area for the Board of Directors and Executive Board in Demant.

Once a year, the Board of Directors and Executive Board review the company's corporate governance principles, including principles that derive from legislation, recommendations and good practices. We are committed to developing and maintaining a transparent corporate governance structure that promotes responsible business behaviour and long-term value creation.

Recommendations issued by the Danish Committee on Corporate Governance and adopted by Nasdaq Copenhagen are best-practice guidelines for the governance of companies admitted to trading on a regulated market in Denmark.

When reporting on corporate governance, we follow the "comply or explain" principle. Demant complies with 38 of the 40 recommendations. In the two cases where we have chosen to deviate from a recommendation, we provide well-founded explanations and explain what we do instead. To further increase transparency, we provide supplementary and relevant information, even when we comply with the recommendations.

Corporate Governance Report 2024 provides a complete presentation of the recommendations and how we comply with them. The report as well as the financial reporting process and internal control described in *Risk management activities* in this Annual Report 2024 constitute Demant's statement on corporate governance, cf. section 107b of the Danish Financial Statements Act.

Governance structure[1]

In accordance with Danish legislation, Demant has a two-tier management system, comprising the Board of Directors and the Executive Board. No individual is a member of both. The division of responsibilities between the Board of Directors and the Executive Board is clearly outlined and described in the Rules of Procedure for the Board of Directors and in the Instructions for the Executive Board.

The Board of Directors is responsible for the overall strategic management and the financial and managerial supervision of the company, the ultimate goal being to ensure long-term value creation. The Board of Directors supervises the work of the Executive Board. The Executive Board is responsible for the daily operations and development of the business in accordance with the strategic direction. The members of the Executive Board are the CEO, CFO and the President of Hearing Care, who are registered with the Danish Business Authority.

The Executive Board has formed a wider Executive Leadership Team. On 1 November, we welcomed Anne-Karen Hunt as new President of Diagnostics. With this addition, the Executive Leadership Team is complete with Presidents representing the three business areas (Hearing Aids, Hearing Care and Diagnostics) and the President of Group Services. The CEO is also President of Hearing Aids, and the CFO is President of Group Services.

Composition of the Board of Directors

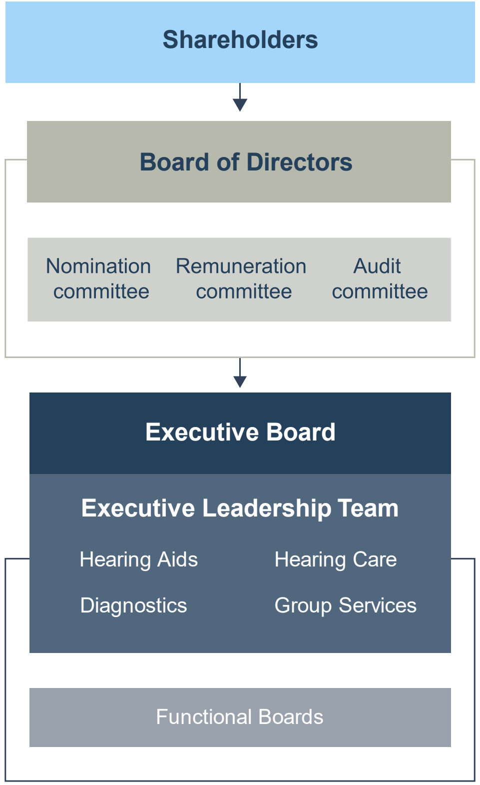
Since the annual general meeting in March 2024, the Board of Directors has consisted of seven members: four members elected by the shareholders at the annual general meeting and three members elected by staff in Denmark. Shareholders elect Board members for a term of one year, and staff elect Board members for a term of four years. Staff-elected members are elected in accordance with the provisions of the Danish Companies Act. On 1 November 2024, Charlotte Hedegaard resigned and was replaced by staff-elected alternate, Anders Højsgaard Thomsen.

Although the Board members elected by the shareholders at the annual general meeting are up for election every year, the individual Board members are traditionally re-elected and sit on the Board for an extended number of years. This ensures consistency and maximum insight into the conditions prevailing in the company and the industry. Such consistency and insight are considered important in order for the Board members to bring value to the company.

Two of the four Board members presently elected by the shareholders at the annual general meeting are considered independent. The four Board members stand for re-election at the annual general meeting in March 2025. Additionally, the Board proposes that Katrin Pucknat is elected as a new member of the Board. She will be considered independent. She brings significant experience from the MedTech Industry as well as strong competence within marketing, sale, product innovation and digital business transformation.

The Board is composed to ensure the right combination of competencies and experience, with extensive international managerial experience, board experience from major listed companies and diversity traits carrying particular weight.

On our website, www.demant.com/about/management-and-governance, we describe the competencies and qualifications that the Board of Directors deems necessary to have at its overall disposal in order to perform its tasks for the company.



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[1] ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies.
All sections below this header are part of limited assurance.

Diversity

The Board of Directors aims to have at least 40% of the underrepresented gender among the Board members elected by the shareholders, as this constitutes an even distribution in terms of gender. In 2024, the Parent, Demant A/S, maintained an even distribution of gender both in the Board of Directors and at other management levels, cf. section 139c of the Danish Companies Act.

As part of our ambitions to ensure diversity and inclusion in the Group, we have a Policy on Diversity, Equity and Inclusion, which includes targets to increase diversity and inclusion in the Demant Group.

Demant is present in all parts of the world and employs people with different ethnic background, personality, nationality, age, sexual orientation, gender and education. We encourage respect for diversity and strive to treat all employees fairly.

Board of Directors

	2024	2023
Total number of shareholder-elected members	4*	5
Women	25%	40%
Men	75%	60%

*Equal to an even (40/60%) distribution, cf. the Danish Business Authority's Guidelines on target figures and policies for the gender composition of management.

Evaluation of the performance of the Board of Directors

Once a year, the Board of Directors performs an evaluation of the Board's work. The evaluation is performed either through personal, individual interviews with the Chair and each of the Board members or by means of a questionnaire to be filled out by the individual Board members. In both instances, the findings of the evaluation are presented and discussed at the subsequent Board meeting. At least every third year, the evaluation is performed with external assistance.

In 2024, the evaluation was performed through individual interviews with the Board members. Overall, the evaluation confirmed that the Board is satisfied with its governance structures and furthermore confirmed that the interaction between the Board members works well. The Board of Directors is keen to keep focus on and allocate time to the long-term strategic development of the company to continuously ensure that the company's potential is fully exploited. The Board confirmed that the separation of the audit committee meetings from the ordinary Board meetings, which was implemented in 2023, works well. This has led not only to more in-depth discussions on audit and financial topics, but also allowed the Board members to focus more on the strategic development of the company.

Furthermore, the Board of Directors has decided to dissolve the IT security committee as a separate committee by the end of 2024. In the future, the audit committee will follow up on IT security matters. The IT security committee was established shortly after the IT incident in 2019, and for the past five years, it has served the Board and the company well by emphasising the importance of IT security and reporting on the progress made by the company in this area. The audit committee will continue the work of the IT security committee.

The collaboration between the Board of Directors and the Executive Board works well, and there is an open and trustful working atmosphere. The work performed by the Board of Directors takes its starting point in the annual wheel, which is regularly refined and updated and ensures the Board's commitment and immersion into relevant areas.

Board meeting, Smørum, Denmark

Board committees

In 2024, the company had four Board committees: an audit, a nomination, a remuneration and an IT security committee.

The audit committee has, on an ongoing basis, been engaged in performing its work as a committee separate from the ordinary Board meetings. This has allowed the members of the committee to focus more on audit and financial topics. In 2024, one major focus area for the audit committee has been to ensure that the Group meets the provisions of the Corporate Sustainability Reporting Directive in its financial and sustainability reporting.

The **nomination committee** has been engaged in activities in relation to its normal tasks pursuant to the committee charter. The committee has also been engaged in the search for a new candidate for the Board of Directors, who will be proposed for election at the upcoming annual general meeting.

The **remuneration committee** has been engaged in supervising the remuneration structure and preparing the Remuneration Policy, which was adopted in March 2022. The committee is satisfied with the Policy, which aims to align the Executive Board's focus with value creation on important parameters.

The **IT security committee** has focused on following up on and ensuring progress in the plans made. Once a year, the committee performs a maturity assessment based on the Cybersecurity Framework of the National Institute of Standards and Technology (NIST), the purpose of which is to ensure that also in future, we continue to focus on relevant parameters.

Board of Directors' and Executive Board's remuneration

Demant has a Remuneration Policy and publishes a Remuneration Report. The current Policy was approved at the annual general meeting in March 2022.

Please refer to Remuneration Report 2024 on our website for further details.

The Report will be submitted for advisory vote at the annual general meeting in March 2025.

Independence and meeting attendance overview

			Meeting attendance				
Name	**Role**	**Independence**	**Board of Directors**	**Audit committee**	**Nomination committee**	**Remuneration committee**	**IT security committee**
Niels B. Christiansen	Chair, chair of the remuneration, nomination and IT security committees	Not independent	7/7		3/3	4/4	3/3
Niels Jacobsen	Vice Chair	Not independent	7/7	3/3	3/3	4/4	3/3
Thomas Duer	Staff-elected member	N/A	7/7				
Heidir Hørby	Staff-elected member	N/A	7/7				
Sisse Fjelsted Rasmussen	Member, chair of audit committee	Independent	7/7	3/3			3/3
Anders Højsgaard Thomsen[1]	Staff-elected member	N/A	1/1				
Kristian Villumsen	Member	Independent	7/7	3/3			
Lars Nørby Johansen	Chair of the Board of Directors of William Demant Foundation	N/A			3/3		
Søren Nielsen	President & CEO	N/A			3/3		
Board members who stepped down in 2024							
Charlotte Hedegaard[1]	Staff-elected member	N/A	6/6				
Anja Madsen[2]	Member	Independent	2/2				

[1] Anders Højsgaard Thomsen replaced Charlotte Hedegaard as staff-elected member on 1 November 2024.

[2] Anja Madsen decided not to stand for re-election in 2024 and stepped down at the annual general meeting on 6 March 2024.

Shareholder information

Share information

(DKK 1,000)	**2024**	**2023**	**2022**	**2021**	**2020**
Share capital at 1 January	44,788	46,076	48,025	48,138	49,057
Capital reduction	-570	-1,288	-1,950	-113	-919
Share capital at 31 December	**44,218**	**44,788**	**46,076**	**48,025**	**48,138**
Nominal value per share, DKK	0.2	0.2	0.2	0.2	0.2
Total number of shares, thousand	221,090	223,939	230,378	240,127	240,691
Highest share price, DKK	371.0	312.3	339.3	394.7	244.4
Lowest share price, DKK	249.4	190.0	173.1	219.6	132.2
Share price, year-end, DKK	264.2	296.0	192.6	335.1	240.6
Market capitalisation at 31 December, DKK million[1]	56,278	65,284	42,977	77,117	57,718
Average daily trading turnover, DKK million1)2)	93.6	85.6	76.2	111.0	99.8
Average number of shares, million[1]	217.2	223.1	226.0	234.8	239.8
Number of shares at 31 December, million[1]	213.0	220.5	223.2	230.1	239.9
Number of treasury shares at 31 December, million	8.1	3.4	7.2	10.0	0.8

[1] Excluding treasury shares

[2] Average daily trading turnover on Nasdaq

Share price development

The price of Demant shares decreased by 10.7% in 2024, and on 31 December 2024, the share price was DKK 264.2 This corresponds to a market capitalisation of DKK 56.3 billion (excluding treasury shares). The average daily trading turnover in 2024 was DKK 94 million. The company is a constituent of the OMX Copenhagen 25 Index (C25), which covers the 25 largest and most frequently traded shares on Nasdaq Copenhagen. The C25 Index decreased by 2.4% during the year.

Ownership

William Demant Foundation is the majority shareholder in Demant through its investment company William Demant Invest and has previously communicated its intention to maintain an ownership interest of 55-60% of Demant's share capital. As at 31 December 2024, William Demant Foundation held – either directly or indirectly – approximately 56% of the share capital, excluding treasury shares.

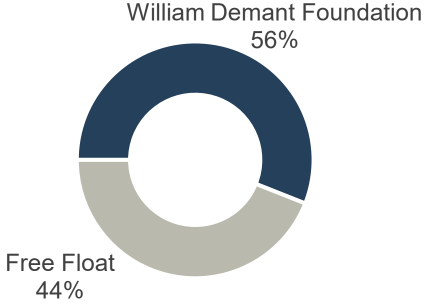
No other shareholders had flagged an ownership interest of 5% or more as at 31 December 2024.

Demant had 33,847 individual investors as at 31 December 2024. Excluding shares held by the William Demant Foundation, approximately 40% of the share capital is registered in Denmark and 25% is registered in North America. The remaining 35% of the share capital is split between the remaining geographies but is predominantly registered in Europe.

As at 31 December 2024, the company held 8,075,473 treasury shares, corresponding to 3.6% of the share capital.

Shareholder structure as at 31 December 2024

(excluding treasury shares)



Share capital

As at 31 December 2024, Demant's nominal share capital was DKK 44,217,958.40 divided into 221,089,792 shares of DKK 0.20 each.

All shares are the same class and carry one vote each. The change compared to the year before is due to the cancellation of treasury shares amounting to DKK 569,929.60, which was approved at the annual general meeting on 6 March 2024.

The Board of Directors is authorised to increase the company's share capital by a total nominal value of up to DKK 4,800,000. This increase may consist of no more than DKK 4,800,000 of the share capital with pre-emptive rights for existing shareholders and of no more than DKK 4,800,000 of the share capital without pre-emptive rights for existing shareholders. The company's share capital can also be increased through a combination of share capital with and without pre-emptive rights, but it cannot exceed a total nominal value of DKK 4,800,000. Furthermore, the Board of Directors is authorised to increase the share capital by an additional nominal value of up to DKK 2,500,000 for shares offered to employees. All authorisations have been decided by the annual general meeting and are valid until 1 March 2026.

Capital allocation

The company follows the principles of its capital allocation policy and uses its cash flow from operating activities for value-adding investments and acquisitions. Subject to Demant's targeted gearing multiple of 2.0-2.5 measured as net interest-bearing debt relative to EBITDA, any excess liquidity is distributed back to shareholders through share buy-backs.

Until the next annual general meeting in March 2025, the Board of Directors has been authorised to let the company buy back shares at a nominal value of up to 10% of the share capital. The purchase price may not deviate by more than 10% from the price quoted on Nasdaq Copenhagen.

Investor Relations

Demant strives to ensure a steady and consistent flow of information to Investor Relations (IR) stakeholders in order to promote the basis for a fair pricing of the company's shares – pricing that will at any time reflect the company's strategies, financial capabilities and outlook for the future. The flow of information will contribute to a reduction of the company-specific risk associated with investing in Demant shares, thereby leading to a reduction of the company's cost of capital.

We aim to reach this goal by continuously providing relevant, correct, adequate and timely information in our company announcements. In the course of the year, we publish an annual report, an interim report as well as interim management statements pertaining to Q1 and Q3, all of which contain updates on the Group and its financial position as well as results in relation to the full-year outlook, including updates on important events and transactions in the period under review.

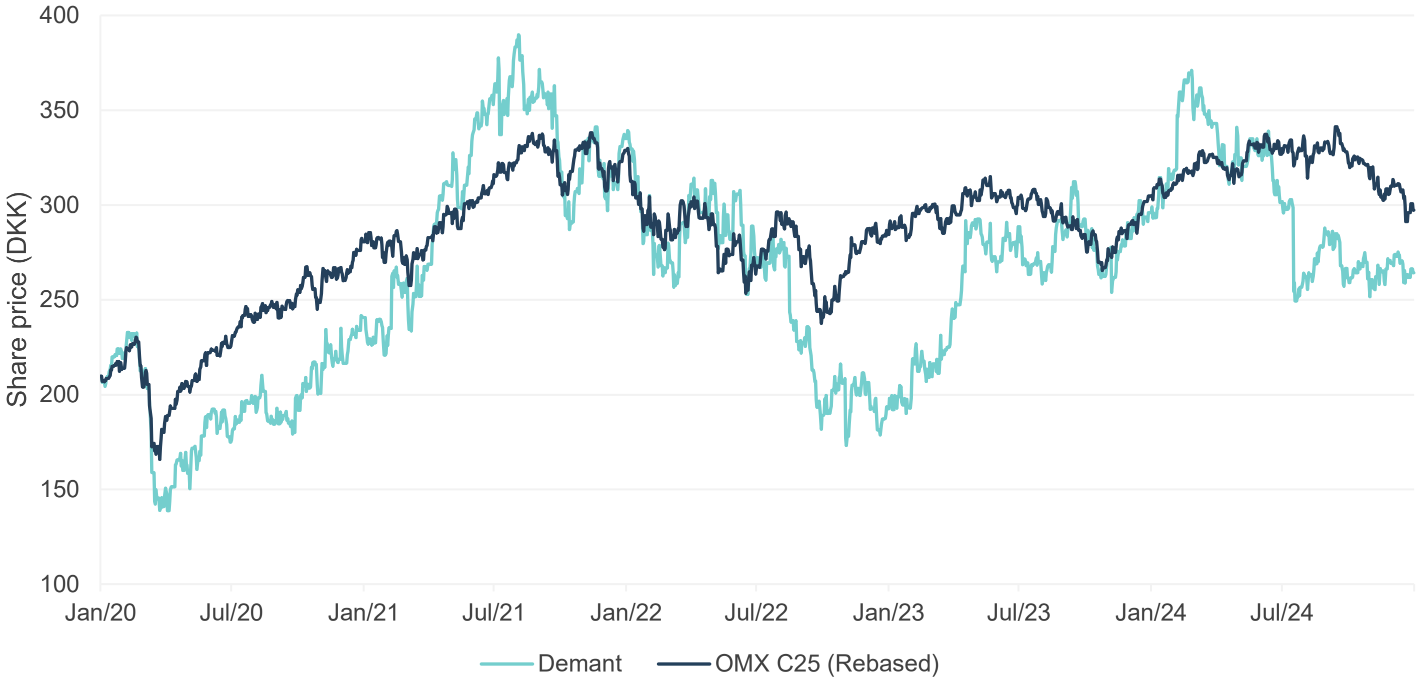
We strive to maintain an active and open dialogue with analysts and with current and potential investors, which helps the company stay updated on the views, interests and opinions of the company's various stakeholders. At our annual general meeting and through presentations, individual meetings, participation in investor conferences, webcasts, capital markets days etc., we aim to maintain an ongoing dialogue with a broad spectrum of stakeholders. In 2024, we held nearly 400 investor meetings and presentations.

We also use our website, www.demant.com, as a means of communication with our stakeholders.

At the end of 2024, 25 equity analysts were covering Demant. We refer to our website for a full list of analyst coverage.

Demant has a three-week quiet period prior to publication of annual reports, interim reports and interim management statements during which time communication with IR stakeholders on the current market development is restricted.

Five-year development in share price



Annual general meeting 2025

The annual general meeting will be held on Thursday, 6 March 2025, at 3:00 p.m. Shareholders can attend the meeting physically at the company's headquarters. The meeting will also be webcast live on our website.

Contact information for investors and analysts

Phone: +45 3917 7300
E-mail: info@demant.com

Peter Pudselykke
Head of Investor Relations

Gustav Høegh
Investor Relations Officer

Company announcements and investor news in 2024

3 Jan	New Head of Investor Relations
10 Jan	Transactions with Demant shares by managers and closely related parties
5 Feb	Review of strategic options for Communications
5 Feb	Results for 2023 and outlook for 2024
6 Feb	Annual Report 2023
7 Feb	Notice of annual general meeting
28 Feb	Transactions with Demant shares by managers and closely related parties
6 Mar	Decisions of annual general meeting
12 Mar	Capital Markets Day 2024
6 May	Interim Management Statement covering Q1 2024
21 May	Closing of divestment of cochlear implants business
6 Jun	Updated timeline for the strategic review of Communications
16 July	Revised financial outlook for 2024 and preliminary H1 financial key figures
1 Aug	Restated comparative figures for 2023
14 Aug	Initiation of restructuring plan for EPOS
14 Aug	Interim Report 2024
19 Aug	Transactions with Demant shares by managers and closely related parties
9 Sep	New staff-elected member of the Board of Directors
16 Sep	New President of Diagnostics
11 Nov	Interim Management Statement covering Q3 2024
12 Dec	Financial calendar 2025

Financial calendar 2025

22 Jan	Deadline for submission of items for the agenda of annual general meeting
5 Feb	Annual Report 2024
6 Mar	Annual general meeting
6 May	Interim Management Statement covering Q1 2025
12 Aug	Interim Report 2025
4 Nov	Interim Management Statement covering Q3 2025

Board of Directors

Niels B. Christiansen
(man)
Chair
Born 1966
Nationality: Danish
8,060 shares
(unchanged)

Joined the Board in 2008
Chair since 2017

Chair of the nomination, remuneration and IT security committees

Considered independent: No

Positions: CEO & President, LEGO A/S and CEO, LEGO Holding, William Demant Foundation (VC), William Demant Invest A/S (M), Tetra Laval S.A. (M) and Committee on Business Policy under the Confederation of Danish Industry (C)

Education: Holds an MSc in Engineering from the Technical University of Denmark and an MBA from INSEAD

Competences: International leadership experience from major, global, industrial, consumer goods and high-tech companies, business management and board experience as well as strong insights into industrial policy and sustainability/ESG[1]

Niels Jacobsen
(man)
Vice Chair
Born 1957
Nationality: Danish
801,340 shares
(-100,000)

Joined the Board in 2017
Vice Chair since 2017

Member of the audit, nomination, remuneration and IT security committees

Considered independent: No

Positions: CEO, William Demant Invest A/S, Thomas B. Thrige Foundation (C), ABOUT YOU Holding GmbH (VC), ATP Long Term Danish Capital (member of advisory board) and Central Board of the Confederation of Danish Industry (M). Related to William Demant Invest: Jeudan A/S (C), Embla Medical hf. (C) and Vision RT Ltd. (C)

Education: Holds an MSc in Economics from Aarhus University

Competences: International leadership experience from major, global companies in the global healthcare and MedTech industry, business management and board experience as well as in-depth insights into financial matters, accounting, tax, risk management and M&A[1]

Sisse Fjelsted Rasmussen
(woman)
Born 1967
Nationality: Danish
1,475 shares
(+1,475)

Joined the Board in 2021

Chair of the audit committee and member of the IT security committee

Considered independent: Yes

Positions: Hempel Foundation (M), Schouw & Co (M), Dades A/S (M) and Conscia A/S (M)

Education: Holds an MSc in Business Economics and Auditing from Copenhagen Business School (CBS) and is a state-authorised public accountant

Competences: International leadership experience within the areas of finance and accounting, including board and CFO experience from listed companies as well as in-depth insights into value creation, change management, M&A and sustainability/ESG[1]

Kristian Villumsen
(man)
Born 1970
Nationality: Danish
4,130 shares
(unchanged)

Joined the Board in 2021

Member of the audit committee

Considered independent: Yes

Positions: President & CEO, Coloplast and Committee on Life Science under the Confederation of Danish Industry (M)

Education: Holds an MSc in Political Science from Aarhus University and a Master in Public Policy from Harvard University

Competences: International leadership experience from the global MedTech industry, management experience from such areas as innovation, sales, strategy deployment and commercial excellence[1]

Abbreviations
C = Chair, VC = Vice Chair, M = Member

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[1] ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies. Competences are part of the limited assurance.

Thomas Duer
(man)
Born 1973
Nationality: Danish
1,335 shares
(unchanged)

Staff-elected Board member since 2015. Re-joined the Board of Directors as alternate in 2023

Considered independent: N/A

Positions: Director, Audiological Solutions, R&D, Demant

Has been with the Demant Group since 2002

Education: Holds an MSc in Electrical Engineering from the Technical University of Denmark

Heidir Hørby
(woman)
Born 1974
Nationality: Danish
591 shares
(unchanged)

Staff-elected Board member in 2023

Considered independent: N/A

Positions: Quality Systems Engineer, Demant facility in Ballerup, Denmark

Has been with the Demant Group since 1994

Education: N/A

Anders Højsgaard Thomsen
(man)
Born 1977
Nationality: Danish
1,709 shares
(+58)

Staff-elected Board member. Joined the Board of Directors as alternate in 2024

Considered independent: N/A

Positions: Director, Audiological Solutions, R&D, Demant

Has been with the Demant Group since 2002

Education: Holds an MSc in Engineering from the Technical University of Denmark

Abbreviations
C = Chair, VC = Vice Chair, M = Member

Executive Leadership Team

Søren Nielsen[1]
(man)
President & CEO
Born 1970
Nationality: Danish
41,368 shares
(+4,331)

Joined the company in 1995

Education: Holds an MSc in Engineering from the Technical University of Denmark

Competences: Broad business and leadership experience from various management positions in the Group, including the commercial area, product innovation, quality and strategic development. International board experience, strong insights into the MedTech industry as well as a wide network in the global hearing healthcare community

Other positions: HIMPP A/S (M), HIMSA A/S (C), HIMSA II A/S (C), EHIMA (M), Vision RT Ltd. (M), Committee on Life Science under the Confederation of Danish Industry (M), Committee on Business Policy under the Confederation of Danish Industry (M), DOVISTA A/S (M), Central Board of the Confederation of Danish Industry (M) and Board of the Confederation of Danish Industry Life Science (C)

Area of responsibility: President of the Hearing Aids business area

René Schneider[1]
(man)
CFO
Born 1973
Nationality: Danish
22,498 shares
(+1,176)

Joined the company in 2015

Education: Holds an MSc in Economics from Aarhus University

Competences: Broad business and financial leadership experience from various management positions with major listed companies, leading to international experience in such areas as streamlining and re-establishing companies, completing M&A and driving value creation

Areas of responsibility: President of Group Services, i.e. Finance, HR, IT and Corporate Functions

Niels Wagner[1]
(man)
President
Born 1971
Nationality: Danish
29,940 shares
(+2,572)

Joined the company in 2007
(also employed with the company 1996-2003)

Education: Holds an MSc in Economics from Aarhus University

Competences: Broad business and leadership experience from various management positions in the Group, including M&A, and heading the Group's many hearing aid clinics operating under various brands

Area of responsibility: President of the Hearing Care business area

Anne-Karen Hunt
(woman)
President
Born 1977
Nationality: German
No Shares

Joined the company in 2024

Education: Holds a BSc in Marketing and Economics from the University of Bayreuth and an MSc in Business Administration (MBA) from the University of Düsseldorf

Competences: In-depth business and leadership experience from major, global healthcare companies, leading to strong international experience in such areas as marketing and sales with focus on driving value creation

Area of responsibility: President of the Diagnostics business area

Abbreviations
C = Chair, VC = Vice Chair, M = Member

[1] Registered with the Danish Business Authority as member of the Executive Board

Sustainability statement

"I often hear that people don't even realise that I can't hear 'cause my hearing aids help me so much."

Louise, hearing aid user and adventurer

Reporting scope and disclosure requirements

ESRS 2 General basis for preparation of sustainability statement

Framework and scope

The Sustainability statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD), including the European Sustainability Reporting Standards (ESRS).

Since 2021, Demant has reported in accordance with the sustainability standards of the Global Reporting Initiative (GRI). Following the agreement between ERFRAG and GRI on ESRS-GRI interoperability, reporting under ESRS is deemed reporting 'with reference' to the GRI standards.

The Sustainability statement has been prepared on a consolidated basis and include all entities under Demant's control as defined by the scope of consolidation used in our financial reporting including acquired entities in the reporting period. Any exclusions are clearly indicated and justified in the specific disclosure requirement sections.

The Sustainability statement covers Demant's own operation as well as upstream and downstream value chains, where applicable, depending on the impacts, risks and opportunities identified in the double materiality assessment.

Independent auditors are engaged to provide limited assurance on our sustainability data. The scope and conclusions of the limited assurance process are disclosed in the assurance statement on 206.

The comparative figures are covered by limited assurance. We have not chosen the options to omit or exclude information due to confidentiality or sensitivity.

Time horizons

Time horizons used in this report are as defined in the ESRS: Short term represents one year. Medium term spans from one year and up to five years. Long term is more than five years.

Application of estimates and judgements

The reporting of certain data points requires assessment, which includes estimates and/or judgements. The general assumptions are based on Demant's assumption that the Demant group averages can be applied across the different areas as a leverage to estimate other metrics.

These assumptions relate to:

- Scope 3 emissions under E1-6
- Resource inflow under E5-4
- Resource outflow under E5-5

We regularly review and update these estimates and judgements based on our experience, advancements in ESG reporting and various other factors. Any changes in estimates are recognised in the period they are revised. Additionally, we apply judgements when implementing accounting policies.

For more details on the key estimates, judgements and assumptions used, please refer to the pages with quantitative ESG data tables.

Incorporation by reference

Certain disclosure requirements are disclosed in other publicly available documents. When incorporation by reference is used, it is clearly indicated. Disclosures placed outside the sustainability statement are clearly identified with a reference, referring to the applicable disclosure requirement of the ESRS regulation.

The tables on pages 110-112 summarise the disclosures required by ESRS that are referenced outside the sustainability statement.

Comparative figures for prior years

Comparative figures for prior years are not covered by limited assurance. This is clearly marked with "•".

Sustainability in Demant

Through life-changing hearing health, we contribute to building a more sustainable world where all people have the opportunity to enjoy an active life.

One in five people lives with hearing loss and, due to an ageing population, this number is increasing. Testing your hearing is the first step towards better hearing, but many hearing losses go undetected.

If we can enable more people to hear better, we can give them a voice and thus the opportunity to be part of society without constraints. We empower them to tune in to life and take an active part in their community for the good of everyone.

Sustainability strategy and governance

With our purpose to create life-changing hearing health and our ambition, as the leading hearing healthcare company, to improve as many lives as possible, sustainability is at the core of our corporate strategy.

Based on our corporate strategy and information obtained through a double materiality assessment (see page 57), we refined our Sustainability Strategy in 2024, including our sustainability ambition as well as our ESG ambitions and targets (see page 55). We are also basing our ambitions and priorities on the Sustainable Development Goals (SDGs) that are relevant to us.

Where our sustainability ambition is intrinsic to Demant's purpose and ambition, our ESG ambitions and priorities enable us to deliver on our overall ESG ambition, which is to drive responsible and sustainable business practices. To achieve results based on these priorities, we have set the following three ESG ambitions.

Respect for the planet (E)

Caring for people goes hand in hand with caring for the environment, and, although our impact is relatively low compared to other industries, we take a proactive approach to lowering our footprint and any negative impact on the environment. As a Group in constant growth, decoupling our emissions and environmental impact from that growth is key to meeting our targets. To that end, we work on the environmental optimisation of our operations and our products, and we strive to achieve ambitious goals for emissions reductions.

Caring for people (S)

Being a leader in hearing health means we have an obligation to inspire the industry to continue innovating and applying new ways of thinking. We want to stay ahead of the game and to be at the forefront in our core impact ambition – creating life-changing differences through hearing health. Our core commitment to society is to help people become aware of and overcome hearing loss and improve their quality of life through innovative solutions and access to personalised hearing care.

To be a leader in creating a positive social impact on society requires us to be a leading employer capable of attracting the brightest minds for the benefit of people with hearing loss. Our over 22,000 employees are the most valuable part of our business, and their well-being, safety, engagement and development are fundamental to our success. We want to promote an organisational culture characterised by care and respect for others, with diversity, equity and inclusion as important drivers.

Performing with integrity (G)

We take a proactive approach to business ethics to ensure we behave as a company we can be proud of. We strive for high ethical standards and conduct business with integrity and honesty. Our Code of Conduct and Third Party Compliance Code set the minimum standards and ethical principles applicable to all employees and third parties with whom Demant conducts business.

Please refer to the chapters dedicated to our material topics under Environment, Social and Governance for further details on our targets and actions and the progress of our sustainability work.

Our contribution to the Sustainable Development Goals

Core impact

Our core business positively changes the lives of people with hearing loss. From screening newborns to testing in our clinics, we stay in people's lives to continue to improve their hearing abilities. We share knowledge and awareness of hearing healthcare and seek to increase access to proper hearing rehabilitation (target 3.8).

We invest in the education of hearing care professionals (target 4.4), particularly in areas where education is scarce. Furthermore, good hearing capabilities are essential for inclusive and equal access to education (target 4.5).

Through decades of development, testing and growing insights in paradigm-setting technology, we make a substantial impact on innovation within hearing health (target 9.5).

Our solutions reduce inequalities, thereby furthering the inclusion of people with hearing loss when it comes to employment and other important aspects of life (target 10.2).

Environment

We work actively to transition to renewable energy across our operations (target 7.2).

We challenge the concept of "business as usual" to reduce, reuse and recycle as much as possible (target 12.5).

Our transition plan guides us towards fulfilment of our climate targets (SDG 13).

Social

We positively impact gender equality through focused initiatives and targets to obtain a gender-balanced top management (target 5.5).

We contribute to decent work conditions and economic growth (targets 8.5 and 8.8).

Our diversity, equity and inclusion agenda takes a broad approach to ensure a workplace where all employees, irrespective of their differences, can contribute and belong (target 10.2).

Governance

As a global company with high focus on ethics, we work diligently with anti-bribery and anti-corruption (target 16.5).

Please refer to demant.com for more information.

Sustainability strategy

Sustainability ambition

Core impact: Improving lives through life-changing hearing health

Our roots are in hearing health, and our purpose is to create life-changing differences through hearing health, whereby we contribute to building a more sustainable world where people have the opportunity to enjoy life. Caring for people's health and well-being goes hand in hand with caring for our employees, society and the planet

ESG ambition

We will drive responsible and sustainable business practices

	Environment	Social		Governance
ESG ambition	- Decouple emissions from growth - Work with environmental optimisation - Strive for ambitious emissions reductions	- Help people overcome hearing loss through awareness - Improve their quality of life through innovative solutions and personal care - Have a positive impact on health	- Ensure our people's well-being, safety, engagement and development - Promote an organisational culture characterised by care and respect with diversity, equity and inclusion as important drivers	- Strive for high ethical standards - Perform business with integrity and honesty - Set the minimum standards and ethical principles through our code of conduct
ESG priorities	Respect for the planet **Climate impact**	Caring for people **Diversity, equity and inclusion**		Performing with integrity **Business integrity**
Material topics	- Climate change adaptation - Climate change mitigation - Product circularity	- Providing life-changing hearing health - Hearing health awareness - Product quality and safety - Right to privacy	- Working conditions - Diversity, equity and inclusion - Talent attraction and retention - Responsible supply chain	- Corruption and bribery - Advocacy for hearing health
Targets	E **2025:** 50% renewable electricity **2030:** 100% renewable electricity **2030:** 46% reduction in scope 1 and 2 GHG emissions **2030:** 46% reduction in scope 3 GHG emissions **2050:** Net-zero emissions	Impact targets **2030:** More than 16 million lives improved **2030:** Increase awareness by hearing-testing more than 2 million people	S **2030:** Increase gender balance in top-level management to 35/65% (women/men) **2030:** Take employees' experience of inclusion to the top-third level of Gallup index **2030**: Take employee engagement to the top-third level of Gallup index	G **2030:** Increase excellence in business conduct through code of conduct training to reach 100% highly exposed employees
	13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability governance

ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies

ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Our governance model for sustainability ensures centralised oversight and accountability as well as deployment of our ESG priorities across our business areas.

The Board of Directors evaluates progress on our sustainability ambition and ESG priorities twice a year and has final oversight. The audit committee oversees sustainability reporting.

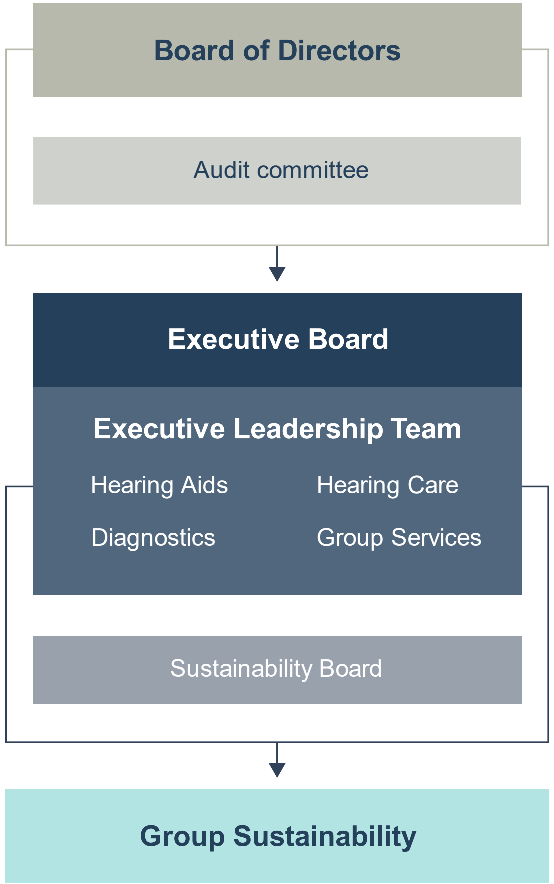
The Executive Board reports to the Board of Directors. The Executive Board has formed a wider Executive Leadership Team, whose members represent the three business areas (Hearing Aids, Hearing Care and Diagnostics) as well as Group Services. The Executive Leadership Team endorses sustainability and ESG ambitions and gives strategic direction on priorities.

In 2024, the Sustainability Board comprised the Executive Leadership Team as well as selected senior leaders from our business areas and functions. The Sustainability Board met every other month to review progress and risks, give strategic guidance on ESG priorities and ensure alignment and traction in the business areas.

Group Sustainability drives the Group's overall sustainability ambition, selected ESG priorities and, in collaboration with the ESG reporting team in Finance, the sustainability reporting. Other key functions drive specific sustainability areas, such as privacy, business ethics as well as diversity, equity and inclusion. Business areas implement the Group's ESG priorities, drive supply chain- and product-related projects and monitor product-related and country-specific legislation.

Information on the composition, diversity and expertise of our Board of Directors and Executive Leadership Team can be found on pages 47-49.

Information on the sustainability-related performance in incentive schemes can be found in the Remuneration Report.



Double materiality assessment

Understanding our impacts on society – both positive and negative – ensures that we focus on the right things when managing ESG in our business.

Assessing materiality of sustainability topics on an annual basis helps us take the right strategic decisions and guides our external disclosures. We assess sustainability topics from a double materiality perspective: How can Demant actually and potentially impact people and the environment (impact materiality), and can such impacts and/or dependencies on resources affect Demant's financial position (financial materiality)?

In 2024, we further qualified the extensive double materiality assessment (DMA) we conducted in 2023 to identify our material topics.

Through a comprehensive process, which is detailed on page 62, we identified and assessed our current and potential positive and negative impacts, risks and opportunities (IROs).

Material topics

The material impacts, risks and opportunities identified during the materiality assessment process are presented and described on the following pages.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

We organised all material impacts, risks and opportunities (IROs) in 13 material topics for clarity. The material topics inform both our strategy and our reporting. In the models on page 55 we illustrate the interaction between the material topics and our strategy.

The identified material topics determine the European Sustainability Reporting Standards (ESRS) on which we report as referenced in the matrix presented here. All material topics are described briefly on the following pages and for further details please refer the respective chapters from page 65.

The methodology and process used to identify the material topics are described on pages 62-63.

European Sustainability Reporting Standards

🟩 E1: Climate change
E5: Resource use and circular economy

🟦 S1: Own workforce
S2: Workers in the value chain
S4: Customers and end-users

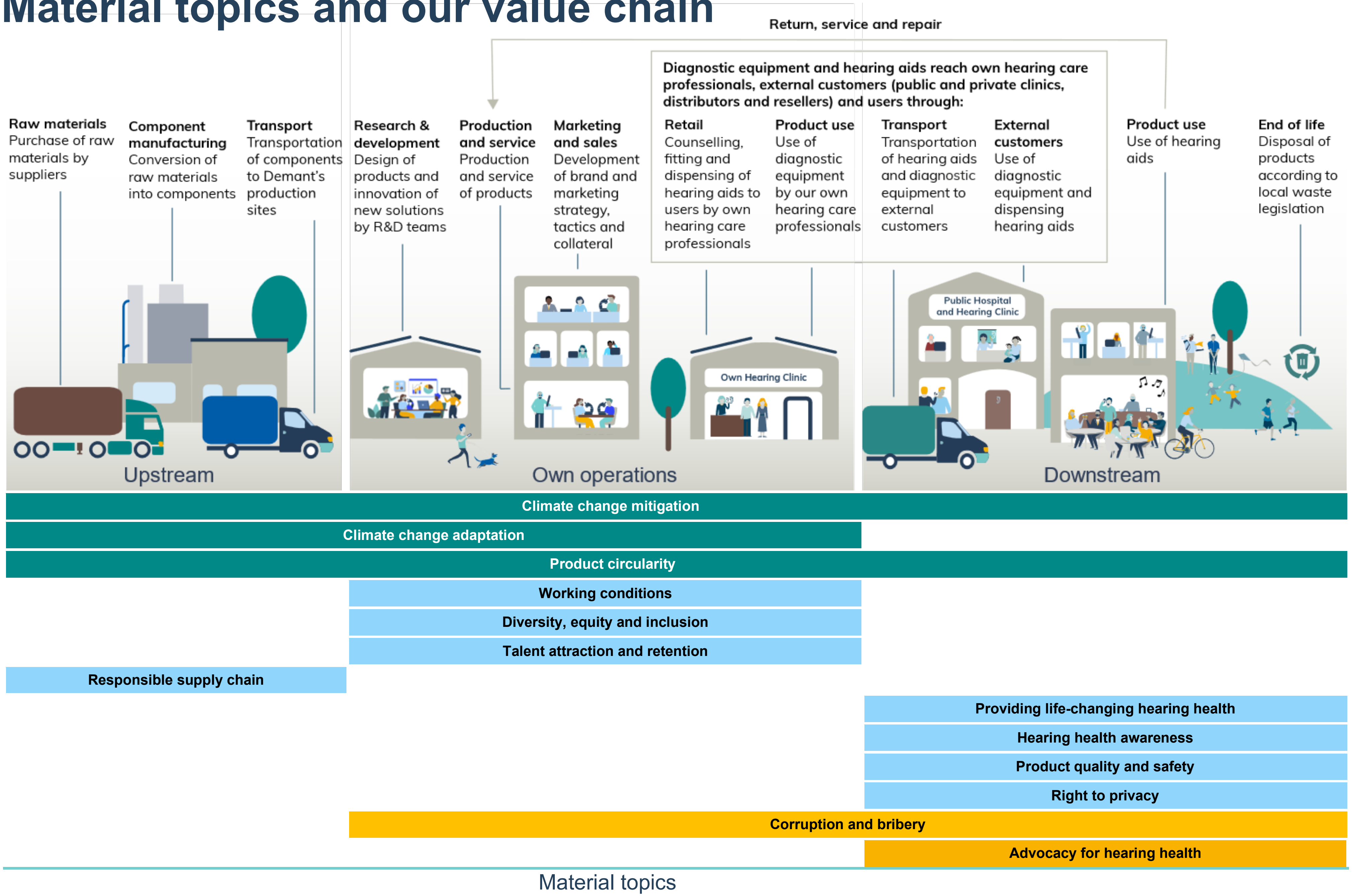
🟨 G1: Business conduct

Financially material 🟩 Climate change adaptation (E1) 🟦 Talent attraction and retention (S1) 🟦 Product quality and safety (S4) 🟨 Corruption and bribery (G1) 🟨 Advocacy for hearing health (G1)	Double material (financially and impact material) 🟩 Climate change mitigation (E1) 🟩 Product circularity (E5) 🟦 Diversity, equity and inclusion (S1) 🟦 Providing life-changing hearing health (S4) 🟦 Hearing health awareness (S4)
Not material Various ESG topics, including pollution (E2), biodiversity (E3), water (E4) and affected communities (S3).	Impact material 🟦 Working conditions (S1) 🟦 Responsible supply chain (S2) 🟦 Right to privacy (S4)

Financially material

Impact material

Material topics and our value chain



Return, service and repair

Diagnostic equipment and hearing aids reach own hearing care professionals, external customers (public and private clinics, distributors and resellers) and users through:

Raw materials
Purchase of raw materials by suppliers

Component manufacturing
Conversion of raw materials into components

Transport
Transportation of components to Demant's production sites

Research & development
Design of products and innovation of new solutions by R&D teams

Production and service
Production and service of products

Marketing and sales
Development of brand and marketing strategy, tactics and collateral

Retail
Counselling, fitting and dispensing of hearing aids to users by own hearing care professionals

Product use
Use of diagnostic equipment by our own hearing care professionals

Transport
Transportation of hearing aids and diagnostic equipment to external customers

External customers
Use of diagnostic equipment and dispensing hearing aids

Product use
Use of hearing aids

End of life
Disposal of products according to local waste legislation

Upstream

Own operations

Downstream

Climate change mitigation

Climate change adaptation

Product circularity

Working conditions

Diversity, equity and inclusion

Talent attraction and retention

Responsible supply chain

Providing life-changing hearing health

Hearing health awareness

Product quality and safety

Right to privacy

Corruption and bribery

Advocacy for hearing health

Material topics

Description of material topics

	Value chain location: Where does the impact occur?			Time horizon: When does the impact occur?		
	Upstream	Own operations	Downstream	Short term	Medium term	Long term
Climate change (E1)						
Climate change mitigation Demant's greenhouse gas emissions have a *negative impact* on the environment. Most greenhouse gas emissions are scope 3 greenhouse gas emissions stemming from suppliers' operations and from materials and components that cannot be replaced.	■	■	■	■	■	■
Climate change adaptation There is a *risk* that some of Demant's facilities and suppliers may be exposed to natural disasters or extreme weather events, which could lead to operational disruption.	■	■			■	
Circular economy (E5)						
Product circularity Demant has an *opportunity* to further increase our use of recycled components and packaging materials to limit *negative impact* on the environment and reduce costs. In the long term, there is also a potential *risk* related to less availability of essential raw materials required for electronic components.	■	■	■	■	■	■
Own workforce (S1)						
Working conditions Demant may have a *negative impact* on employees' mental health and well-being, especially in busy periods. Negative impacts on employees' also present a *risk* to their efficiency levels, employee turnover rates and the company's reputation.		■		■		
Diversity, equity and inclusion If Demant fails to ensure diverse representation of gender, nationalities and other diversity traits in our employee group it carries a *risk* that we cannot build a work environment characterised by care and respect. This could have *negative impacts* on certain groups of employees and affect our ability to meet our strategic goals.		■		■	■	
Talent attraction and retention There is a potential *risk* related to the ability to attract the right talent and to high turnover rates in some employment areas, which could mean high expenses for the recruitment, onboarding and training of new staff.		■		■	■	
Workers in the value chain (S2)						
Responsible supply chain Demant operates a long and complex value chain, engaging with suppliers that operate in countries and industries with potentially *negative impacts* on workers' rights.	■			■		

Description of material topics

	Value chain location: Where does the impact occur?			Time horizon: When does the impact occur?		
	Upstream	Own operations	Downstream	Short term	Medium term	Long term
Consumers and end-users (S4)						
Providing life-changing hearing health Through its products, Demant *positively impacts* users living with hearing loss, enhancing their engagement in life and creating a positive ripple effect on their surroundings, including their families, colleagues and friends. We also work to upskill and reskill audiologists and other healthcare professionals to further address talent gaps and educate the market which present *opportunities* for Demant in markets where hearing healthcare education is scarce.			🟦	🟦	🟦	🟦
Hearing health awareness (entity-specific topic) Demant has an *opportunity* to raise awareness about the importance of treating hearing loss among potential users and to test as many people as possible. Working towards reducing the stigma associated with hearing loss and empowering people to seek help in due time can potentially have a significant *positive impact* on the individuals treated, their social network and public health in general.			🟦	🟦	🟦	🟦
Product quality and safety If a lack of quality or compliance with all medical device regulations occurs, it represents a *risk* to the company's licence to operate and its ability to bring products to market.			🟦	🟦	🟦	
Right to privacy Due to the nature of our business, we have access to patients' and users' sensitive personal data and therefore also potentially *negative impacts* if said data is compromised.			🟦	🟦		
Business conduct (G1)						
Corruption and bribery Demant operates in countries with *risks* of corruption and bribery, exposing our commercial departments to these risks. Corruption incidents may lead to fines and reputational damage. We also work with distributors who operate in countries where these risks are higher than in the countries where Demant operates directly.		🟧	🟧	🟧	🟧	
Advocacy for hearing health Engaging with governments and local authorities to raise awareness about the importance of hearing health by testing more people and ultimately treating their hearing loss represents an *opportunity* for Demant, since the level of reimbursement in individual countries affects the penetration rate and thus impacts markets.			🟧		🟧	🟧

Double materiality assessment process

In 2023, we executed a comprehensive double materiality assessment process as shown below. The results were further qualified in 2024.

ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

Point of departure and benchmarks

Consideration of company strategy and corporate governance model.

Desktop review of ESG rating methodologies and sustainability reporting standards.

Review of peers' reporting performance and sustainability strategies.

Definition of scope to include all entities where Demant has operational control as well as key locations in the value chain.

Review and detailed mapping of value chain.

Assessment methodology

Development of DMA tool for description and scoring of IROs, including setting thresholds for impact and financial materiality (please refer to page 63).

Identification and engagement of stakeholders

Desktop analysis and interviews with approximately 40 internal stakeholders selected based on their ability to represent affected internal and external stakeholders and their insight into the business.

Identification of impacts, risks and opportunities

More than 50 IROs were identified.

The documentation and descriptions of the IROs include specifications of their nature (impact, risk or opportunity) and where in the value chain an IRO occurs. It also indicates the time horizons and the affected stakeholders and if the IRO is the result of our own operations or our business relationships.

Assessment of impact and financial materiality

Further analysis of IROs, including consideration of geographies with elevated potential impacts or risks, and assessment of impact and financial materiality of all IROs through scoring workshops with relevant stakeholders.

To specifically understand impacts related to pollution, water and biodiversity, an environmental analysis considering main locations was conducted. No material IROs were identified deeming the standards E2, E3 and E4 immaterial.

Shortlist of material impacts, risks and opportunities

A shortlist of material IROs was further qualified with relevant internal stakeholders.

Consultation of stakeholders

Process and material IROs were presented to the following stakeholders:

- Industry peers (experience exchange sessions)
- Executive Leadership Team (approval of material IROs)
- Audit committee and Board of Directors (approval of material IROs)

Integration of results into reporting plan

Grouping of material IROs into larger material topics for external reporting based on the ESRS.

Assessment of material standards and existing gaps to meet reporting requirements.

Development of plan for ESRS compliance and 2024 reporting.

Continuous documentation of process and results

Reassess

Double materiality assessment methodology

The scoring methodology and criteria of the materiality assessment included the following parameters scored on a scale from 0 (lowest) to 5 (highest):

- Impact materiality: Scale, scope, irremediability of negative impacts and likelihood of impacts. For *actual* positive and negative impacts, materiality is based on the impact severity, whereas for *potential* positive and negative impacts, materiality is based on the severity and likelihood of the impact. For scoring of potential negative human rights impacts, severity took precedence over likelihood.
- Financial materiality: Size of financial effect, likelihood and impact on reputation.

The materiality of IROs was ranked using predominantly qualitative scales. However, the basis for the ranking included quantitative input, such as quantitative scales on financial effect and information obtained from internal sources assessed to be sufficiently reliable. All impacts, risks and opportunities ranked over the materiality threshold of 1.8 on either impact, financial impact or both have been grouped into the 13 material topics included in this report (please refer to pages 58-61).

Demant's project group for implementation of the Corporate Sustainability Reporting Directive (CSRD) consists of members of the sustainability and ESG reporting teams. The project group is responsible for the double materiality process and conducted the assessment, including the development of all documentation.

Review of process and results in 2024

In 2024, the double materiality assessment was reviewed and further qualified through deeper impact and risk analyses, such as a human rights impact assessment and a detailed transition risk analysis. Based on new materiality guidance from the European Financial Reporting Advisory Group, EFRAG, that set the ESRS, and feedback from external auditors, the list, descriptions, scoring and grouping of IROs were reviewed. This review did not result in any change in the list of material sustainability IROs.

In 2025, we will update the DMA process, considering new learnings and experiences. The update will include further maturing of underlying impact analyses and information from Demant's due diligence practices.

The Sustainability Board is accountable for the assessment and management of material sustainability impacts, risks and opportunities. This ensures that sustainability-related risks are considered appropriately alongside other types of risks and are integrated into the continuous risk management processes of the Group's business areas and functions.

Stakeholder views and interests

Stakeholder engagement on sustainability topics is crucial to Demant's ability to increase its positive impact on hearing health and create value for our stakeholders.

ESRS 2 SBM-2 Interests and views of stakeholders

We engage with our stakeholders on a continuous basis to meet their expectations, report on our product innovation process and ensure mitigation of potential negative impacts. The interests and views of key stakeholders are shared with the Executive Leadership Team through our functional boards as well as our functional and business area leadership teams. Please refer to our sustainability governance model on page 56.

Key stakeholders	Engagement	Outcome of engagement
Employees	Please refer to S1-2 disclosures on pages 86-87, 89 and 92.	
Users	Please refer to S4-2 disclosures on pages 96 and 99.	
Customers	We engage with our customers, which include national health organisations, hospitals and hearing care clinics (retail), especially through the daily operations of our commercial teams. Please refer to S4-2 disclosures on pages 96 and 96 for more details on engagement with customers of our hearing care clinics.	Providing optimal hearing health technology, service and treatment Building trust with customers Aligning on customer requirements
Suppliers	Please refer to S2-2 disclosures on page 94.	
Shareholders	Please refer to pages 44-46.	
Regulators and authorities	We closely follow updates from regulators and other public authorities, continuously aligning practices, and engage in advocacy through industry organisations and interest groups or in collaboration with peers.	Ensuring compliance with all relevant legislation in the markets where we operate Mitigating business and impact risks Advancing positive impacts for people living with hearing loss
Industry organisations and interest groups	We are an active player in selected industry organisations and collaborate with relevant patient associations and interest groups on a continuous basis.	Advancing the hearing healthcare industry and positive impacts for people living with hearing loss Including the views of interest groups into our business processes
Academia	We keep up with the high pace of primary scientific and technology research and base our solutions on significant research enabled through close collaboration with academic experts.	Assisting our users better through technological innovation Significantly enhancing user benefits in future hearing care through continuous audiological discoveries

Environment

E1 Climate change

Caring for people's health and well-being goes hand in hand with caring for the environment and, though we are not in the heaviest of industries, we take a proactive approach to lowering our environmental footprint. As a Group in constant growth, decoupling our greenhouse gas emissions and environmental impact from that growth is key to meeting our targets.

We are committed to delivering on our climate targets approved by the Science Based Targets initiative (SBTi) in 2023. These targets set not only the final goal of reaching net-zero emissions across the value chain by 2050 but also include mid-term targets.

Transition to renewable electricity is also crucial for Demant's progress towards achieving our climate targets. For this reason, we aim to cover 50% of our electricity consumption with renewable electricity by 2025 and 100% by 2030.

Our targets

We aim to reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions by 46% by 2030 and scope 3 GHG emissions by 46% by 2030, in both cases from a 2019 baseline.

Scope 1 and 2 greenhouse gas emissions

REDUCTION
8%
Scope 1 and 2 in 2024 against baseline year 2019

REDUCTION
46%
2030 target against baseline year 2019

Scope 3 greenhouse gas emissions

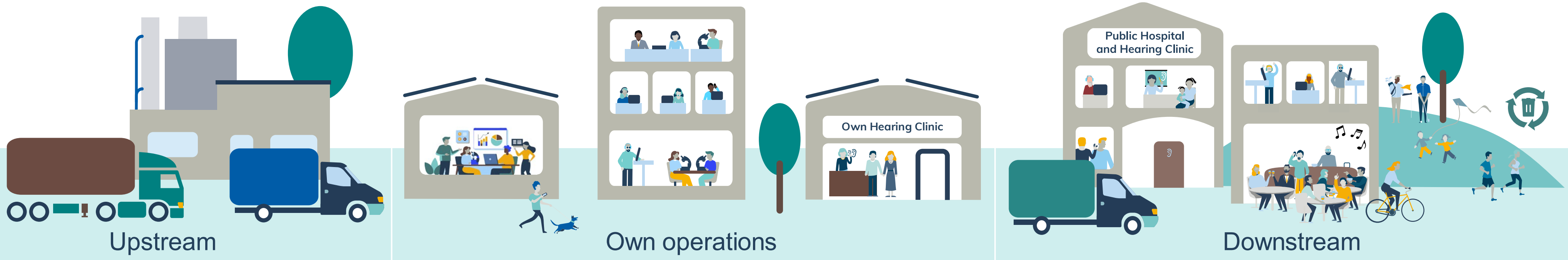
INCREASE
31%
Scope 3 in 2024 against baseline year 2019

REDUCTION
46%
2030 target against baseline year 2019

Material topics

Climate change mitigation

Climate change adaptation



Climate change mitigation and adaptation

We take action to reduce our climate-related impact and risks and work towards climate change mitigation across our value chain.

Impacts, risks and opportunities

ESRS 2 SBM-3 E1 Material impacts, risks and opportunities and their interaction with strategy and business model

Demant is committed to climate change mitigation and actively works to reduce our negative impact on the environment stemming from the Group's GHG emissions, which occurs in the short, medium and long term. While the impact of scope 1 and 2 GHG emissions is relatively low and manageable, most of the Group's GHG emissions are scope 3 GHG emissions stemming from suppliers' operations and from materials and components that cannot be replaced. Therefore, supplier engagement and collaboration to reduce GHG emissions are crucial for Demant's ability to reach our targets and lower our footprint.

When it comes to Demant's climate change adaptation, the occurrence of natural disasters and extreme weather events pose a potential risk to our own and our suppliers' operations in the medium term. Depending on the location and magnitude of the event, this physical material risk may generate different levels of business disruption.

In 2023, as part of the DMA process, Demant performed a climate-scenario analysis to understand the climate-related physical and transition risks and their materiality to the Group.

In 2024, Demant's business strategy and business model were assessed for resilience against the risk of climate-related natural disasters. Demant is considered resilient to the current risk level. The Group ensures the resilience of our business model by integrating considerations of climate-related natural disaster risks into our own operations and supply chain management to minimise business disruption, should such an event occur. Through the Group's already established continuous risk management, both current and future risks will be considered. Specific actions to reduce potential business disruptions due to future climate scenarios have been analysed, as explained in the following sections, and will be taken if and when deemed necessary.

In the resilience assessment the timeframe for the scenario analysis is 2065 and it does not align with the timeframe of Demant's climate targets, which have been set to 2030 and 2050. The latter aligns with science-defined key years for climate change mitigation and the former aligns with the secondary information used by Demant in the assessment. Nevertheless, as these two elements refer to climate change mitigation and climate change adaptation respectively, the timeframe misalignment neither influences the risk assessment nor the climate target alignment with the limited 1.5°C scenario increase at the end of the century.

There are some uncertainties in the resilience analysis, which mostly relate to the input used for our DMA. The climate-related risks considered in the assessment are based on secondary information and internal experts' knowledge and are focused on specific business locations. As Demant continuously improves the sustainability due diligence and DMA processes, the uncertainties about the resilience analysis should be reduced.

Impact, risk and opportunity management

ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Regarding climate change mitigation, Demant reports on our full GHG emissions on an annual basis and compared to our baseline year 2019, the Group's GHG emissions have increased. In the double materiality assessment process, the Group's climate performance was considered and assessed as a material negative impact.

To identify the physical risks associated with climate change adaptation, Demant performed an assessment to determine which climate-related threats represent a risk for the Group, considering relevant locations, such as our headquarters, own production sites and those of our main suppliers.

Demant evaluated different climate scenarios from the Intergovernmental Panel on Climate Change (IPCC) namely RCP2.6; RCP4.5; RCP8.5 with a timeframe extending to 2065 to understand potential future global warming and its implications for the Group. The scenarios considered multiple temperature increases, starting with the IPCC RCP2.6 scenario with the lowest rise in the global average temperature. It also included the highest emissions climate scenario, IPCC RCP8.5, which represents a scenario where GHG emissions continue to rise and no significant efforts to mitigate climate change in the 21st century are made. Using available secondary information, Demant analysed data at the most specific geographical level available (i.e. city, region or country), and relevant threats, such as wildfire, droughts, floods, changes in precipitation patterns and sea level rise, were also analysed for each location.

Also associated with climate change adaptation and specific for the transition risks (which are risks associated with the shift towards a low-carbon economy) originating from different types of transition events (i.e. technological, market and legal), Demant considered scenarios where global warming was limited to 1.5°C with no or only limited overshoot scenarios. The Group considered different types of transition events in our own operations and those of the supply chain. The results from the above-mentioned risk assessments were used as input for Demant's DMA. Climate-related natural disasters are considered a material physical risk for Demant, while no transition risks are considered material.

E1-2 Policies related to climate change mitigation and adaptation

Policy

Our Sustainability Policy sets the direction within climate change mitigation and adaptation for all Demant entities and is publicly available on Demant's website. To steer the organisation towards the achievement of our climate targets, the Policy describes roles, responsibilities and actions to tackle GHG emissions in our own operations and value chain:

- Avoiding the use of unnecessary energy and increasing energy efficiency in our operations
- Substituting internal combustion vehicles by electric vehicles
- Using renewable electricity in own operations
- Focusing on the scope 3 categories where the impact is biggest.

The Policy also lays down the Group's expectations for relevant business-critical locations regarding the adaptation to climate change-related natural disasters.

The Sustainability Board approved the Policy in early H2 and is accountable for its implementation. Progress on the Policy will be presented and discussed in meetings with the Sustainability Board, our Environmental Sustainability Community and relevant in-house experts.

E1-1 Transition plan for climate change mitigation

Transition plan

Demant's Transition Plan consolidates the existing climate change mitigation plans and initiatives and details the different mitigation actions set by the Group to reduce the GHG emissions and reach our climate targets aligned with the Paris Agreement (please refer to page 66). The Transition Plan, which is a dynamic document updated yearly, was approved by the Sustainability Board in H2 2024. The Plan currently focuses on Demant's near-term climate target for 2030.

To reduce scope 1 and 2 GHG emissions, the Plan focusses on the GHG emissions from electricity and fossil fuels from Demant's fleet (petrol and diesel), as these energy sources represent most of the GHG emissions within these two scopes. For scope 3 GHG emissions, the decarbonisation levers range from adopting less climate-polluting transport methods to reducing the carbon intensity of the products and materials that the Group purchases. Read more under E1-3.

In H2 2024, we further improved our scope 3 accounting methodology and restated our baseline and historical GHG emissions. Based on this improvement, we are working to set additional decarbonisation levers and to quantify the financing of the Transition Plan.

Demant is in a position – and actively works – to reduce the carbon footprint in line with the goals of the Paris Agreement and contribute to global efforts to mitigate climate change. Therefore, the Group is not excluded from the 'Paris-aligned benchmarks' established by the European Commission. The benchmarks provide a roadmap to ensure that company activities are consistent with the Paris Agreement's objectives, particularly the goal of limiting the global temperature rise to 1.5°C above pre-industrial levels.

E1-3 Actions and resources in relation to climate change policies

Demant's Transition Plan currently focuses on five decarbonisation levers, each including one or more mitigation actions:

Lever 1: Energy consumption reduction and efficiency in own operations

This lever focuses on avoiding or reducing the consumption of all energy sources in our operations and on increasing energy efficiency. The actions to do so continued in 2024.

Energy consumption reduction and efficiency actions are managed locally, allowing us to tailor our approach to the specific characteristics of each location. This ensures that we can effectively address specific needs and opportunities for improvement.

This lever is mostly applied at Demant's production sites and in other entities with high energy consumption. Each location is free to implement its own actions regarding energy efficiency based on local needs and context. Examples of actions that may be made in this lever are adjustments of the ventilation and heating systems in our facilities and the assessment of appropriate light levels.

As a Group with both organic and acquisitive growth, we do not track the energy consumption performance of individual locations and companies at Group level, but we consider their absolute energy consumption. As a result, there are no Group targets associated with this lever.

Lever 2: Renewable electricity for own operations

In 2024, GHG emissions from electricity represented 88% of scope 2 GHG emissions and 44% of scope 1 and 2 GHG emissions combined. Demant consumed 1,245 MWh on-site renewable electricity and therefore avoided the generation of 611 tonnes market-based CO_{2e} emissions in Mexico, Denmark, Poland, South Africa, Australia and Italy. Demant consumed 17,116 MWh off-site renewable electricity of which 60% was directly acquired through electricity vendors in France, Italy and Poland and the remaining 40% was covered by Energy Attribute Certificates in Poland, Germany and Denmark. The use of offsite renewable electricity enabled Demant to avoid 10,145 tonnes market-based carbon dioxide equivalent (CO_{2e}) emissions.

Decarbonisation lever		Scope of influence	Mitigation actions	Time horizon	Geographical scope
1	Energy consumption reduction and efficiency in own operations	Scope 1 and 2	• Decrease in energy consumption • Increase in energy efficiency	From short to long term	Global
2	Renewable electricity for own operations	Scope 2	• Use of on-site renewable electricity • Use of off-site renewable electricity	From short to medium term	Global
3	Vehicle fleet electrification	Scope 1 and 2	• Transition to electric vehicles for already existing fleet in six prioritised European countries • Transition to electric vehicles for fleet in remaining countries	From short to long term	Global
4	Supplier engagement programme	Scope 3	• Setting a supplier target for improvement of the environmental performance of purchased goods and services	From short to medium term	Global (determined by the location of the suppliers onboarded to the programme)
5	Use of less climate-intensive transport modes	Scope 3	Shift from air freight transport to less climate intensive transport modes	From short to long term	To be determined

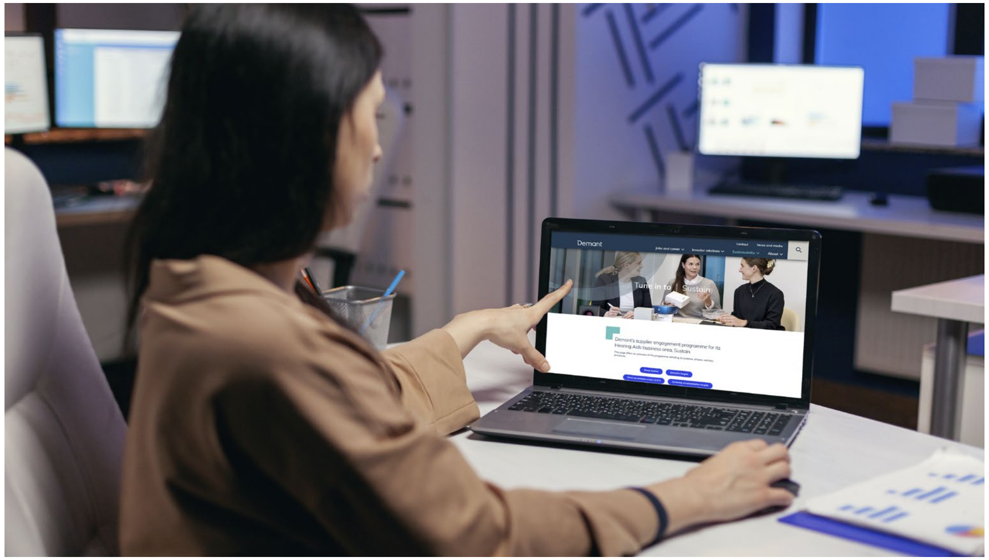
The transition to renewable electricity is expected to remove all scope 2 GHG emissions associated with electricity consumption by 2030. Demant aims to have 100% renewable electricity in our own operations by 2030 and will continue using current renewable electricity sources while exploring the incorporation of new sources.

Lever 3: Vehicle fleet electrification

In H2 2024, the Sustainability Board approved a new plan to speed up electrification of Demant's vehicle fleet, replacing internal combustion engine vehicles with electrical vehicles. Through this plan, Demant promotes the use of electric vehicles across the Group's fleet. Phase one of the plan focuses on six specific countries where the legal entities must reach a defined electric vehicle share in their fleet by 2030. Considering fleet size and behaviour, phase one is expected to avoid the emission of 2,675 tonnes of CO_{2e} in 2030.

Lever 4: Supplier engagement programme

In 2024, the Hearing Aids business area launched a new supplier engagement programme, called Sustain, to collect primary data from the category of purchased goods and services (phase one) and to set a supplier target for improvement of the environmental performance of this category (phase two). While phase one started in 2024, phase two is expected to start in 2025, and once decarbonisation targets have been agreed with our suppliers, the expected avoided GHG emissions will be quantified.



Lever 5: Use of less climate-intensive transport modes

The use of less climate-intensive transport modes requires continuous work to identify the business needs, type of freight, routes and locations compatible with the transition from air travel to alternative transport modes. Last year, our Diagnostics business area started this lever and set a target for 5% GHG emissions reduction in 2024 compared to 2023. We exceeded the target by 11% and reduced our transportation emissions intensity from 0.14 kg CO_{2e}/DKK spent in 2023 to 0.11 kg CO_{2e}/DKK spent in 2024.The medium- and long-term targets associated with this lever are yet to be determined.

Looking ahead

Demant's Transition Plan is under constant development, and new levers will be added over time, especially with a view to reducing our scope 3 GHG emissions, as new information becomes available.

The financial resources required for the implementation of the decarbonisation levers and their relation to the financial statements are yet to be determined, as this depends on further defining the decarbonisation levers and their mitigation actions.

Metrics and targets

E1-4 Targets related to climate change mitigation and adaptation

As part of Demant's climate commitment, we have set targets for reducing our GHG emissions, which align with the Paris Agreement's goal of limiting the global temperature increase to 1.5°C by the end of the century. The targets were validated by the SBTi in July 2023 and are described below:

Near-term targets

Demant commits to reducing absolute scope 1 and 2 GHG emissions by 46% by 2030 from a 2019 baseline year. Demant also commits to reducing absolute scope 3 GHG emissions by 46% within the same timeframe.

Long-term targets

Demant commits to reducing absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2019 baseline year. Demant also commits to reducing absolute scope 3 GHG emissions by 90% within the same timeframe.

Overall net-zero targets

As an additional step in the efforts towards climate change mitigation, Demant commits to reaching net-zero GHG emissions across the value chain by 2050 from a 2019 baseline year.

Target setting methodology

The targets follow the operational control approach for setting Demant's organisational boundary. As it is allowed in the target-setting methodology under the SBTi net-zero criteria V5.0, our target-setting uses a cross-sector pathway and market-based accounting approach.

Demant submitted its climate targets for validation to the SBTi in 2021, using 2019 as the baseline year, since it provided the latest available data before coronavirus disrupted business operations. Demant does not consider GHG emissions removals, carbon credits and avoided GHG emissions as means of achieving the required GHG emissions levels in the near or long term. Aligned with the Greenhouse Gas Protocol, the GHGs considered in the targets are:

Carbon dioxide – CO_2
Methane – CH_4
Nitrous oxide – N_2O
Hydrofluorocarbons – HFCs
Perfluorocarbons – PFCs
Sulphur hexafluoride – SF_6
Nitrogen trifluoride – NF_3

Regarding the link between the climate targets and the decarbonisation levers, for the near-term target in scope 1 and 2, the energy consumption reduction and efficiency in own operations (lever 1), along with the phase-in of renewable electricity for own operations (lever 2), will enable the required reduction by 2030.

It is important to highlight that fleet electrification (lever 3) is a complementary effort to ensure that the GHG emissions reduction takes place as soon as possible and that the fossil fuel emissions from the fleet are controlled and do not jeopardise the near-term target. For the near-term target in scope 3, the relevance of each lever still needs to be assessed.

E1-5 Energy consumption and mix

Energy

Compared to 2023, Demant's total energy consumption increased by 7%, from 113,404 MWh in 2023 to 121,209 MWh in 2024. The main part of the increase is attributable to higher usage of fuel by our vehicle fleet, corresponding to 2,141 MWh, and to acquisitions, resulting in increased usage of heating sources by 4,226 MWh and electricity by 2,099 MWh.

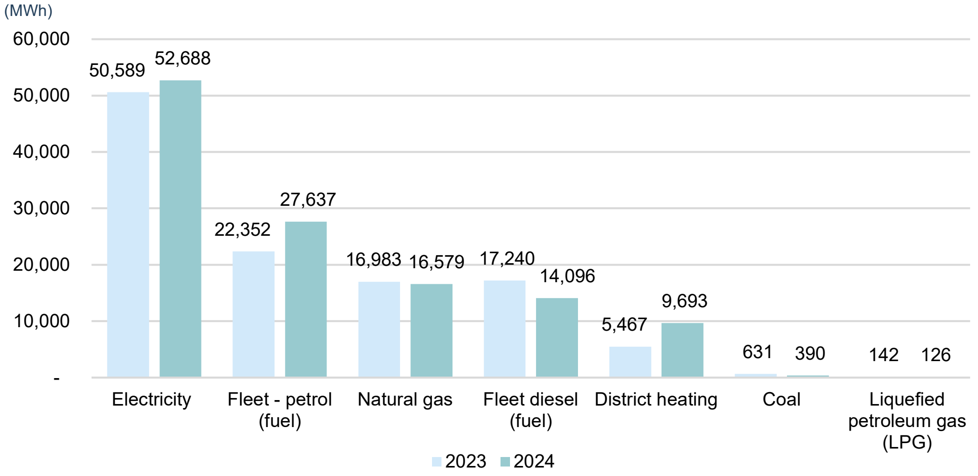
Demant's total use of energy from fossil fuels was 102,721MWh in 2024 compared to 102,425 MWh in 2023.

Despite the overall increase in energy consumption, many of our energy-intensive entities successfully reduced their non-renewable electricity consumption and increased their use of renewable sources, resulting in an increase in the Group's renewable energy share from 10% in 2023 to 15% in 2024.

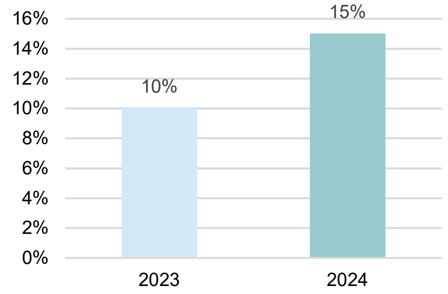
Renewable electricity

Transitioning to renewable electricity is crucial for Demant's progress towards achieving its climate targets. In 2024, we increased our investments in on-site solar generation at several sites. 35% of the Group's electricity consumption is now covered by renewable sources, mainly from electricity vendors (directly sourced) and Energy Attribute Certificates.

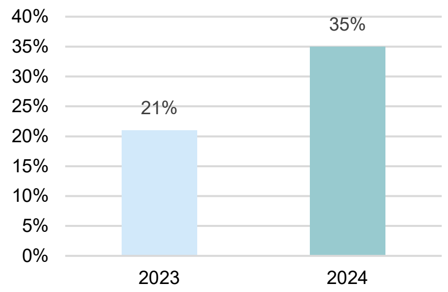
Energy consumption mix



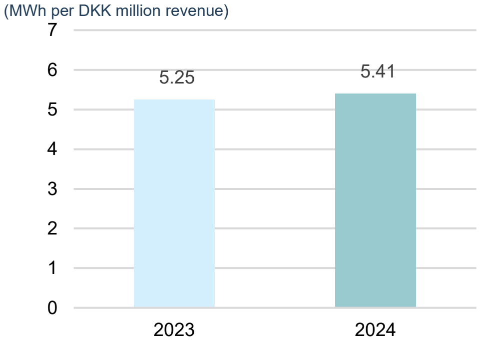
Renewable energy of total energy consumption



Renewable electricity of total electricity consumption



Energy intensity



E1-6 Gross scopes 1, 2, 3 and total GHG emissions

Scope 1 and 2

Driven by our transition to renewable electricity, the Group managed to reduce its market-based scope 1 and 2 GHG emissions by 11% in 2024 compared to 2023. We have reduced our scope 1 and 2 GHG emissions by 8% compared to our 2019 baseline year, thus making steady progress towards our goal to reduce our scope 1 and 2 GHG emissions by 46% by 2030.

Electricity remains a key factor in our transition and our progress towards achieving our scope 1 and 2 GHG emissions targets. Additionally, GHG emissions from our fleet are a significant focus area for the Group. In 2024, we developed a plan for fleet electrification, aiming to further reduce our scope 1 GHG emissions.

Scope 3

Most of our scope 3 GHG emissions (more than 96%) are distributed between five categories: purchased goods and services (category 1), capital goods (category 2), fuel- and energy-related activities not included in scope 1 or 2 (category 3) and upstream and downstream transportation and distribution (category 4 and 9).

In 2024, our scope 3 GHG emissions decreased by 6% compared to 2023 and increased by 31% compared to our 2019 baseline. 86% of the reduction can be attributed to reductions in category 1 and 2. The GHG emissions from these categories are dependent on the type and quantity of goods and services acquired for our products and operations.

While we have made clear progress in reducing our scope 1 and 2 GHG emissions, it takes time for the scope 3 numbers to reflect our efforts towards achieving our targets.

The insights that our 2024 scope 3 accounting methodology provides will enable us to better define actions towards GHG emissions reductions in accordance with our climate targets.

Included scope 3 categories

Out of the 15 scope 3 categories, ten are included in Demant's inventory:

Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel- and energy-related activities not included in scope 1 or 2
Category 4: Upstream transportation and distribution
Category 5: Waste in operations
Category 6: Business travel
Category 7: Employee commuting
Category 9: Downstream transportation and distribution (calculated together under category 4)
Category 11: Use of sold products
Category 12: End-of-life treatment

Excluded scope 3 categories

The remaining five categories and the reasons for their exclusion are shown in the table below.

Exclusion of Communications

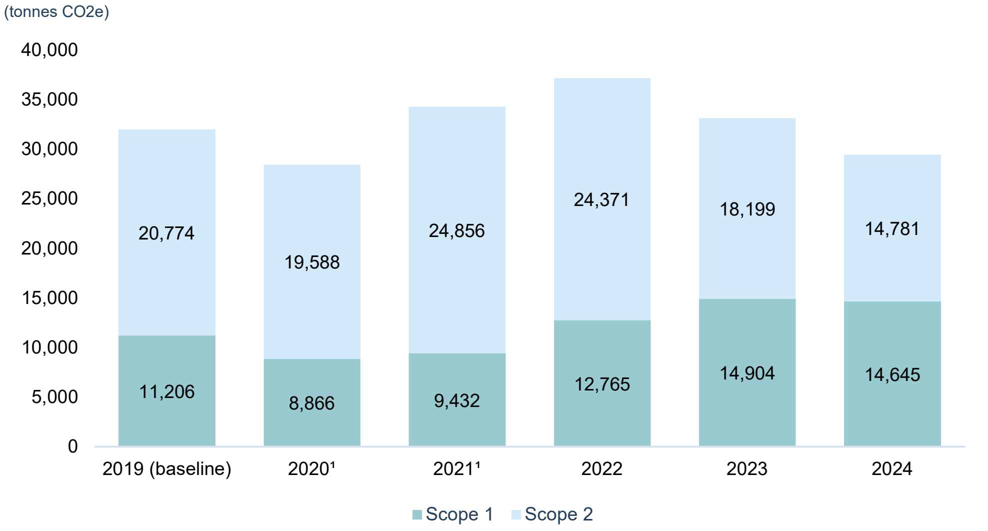
We estimate the scope 3 greenhouse gas emissions for Communications account for 12% of the Group's total scope 3 greenhouse gas emissions in 2024 based on our 2019 baseline and using the previous accounting principles.

Based on a high-level recalculation using the revenue from EPOS, note 6.2 in the financial statements, the Groups total scope 3 GHG emissions would be:
2024: 519,795 tonnes CO2
2023: 551.069 tonnes CO2
2019 (baseline): 397,837 tonnes CO2

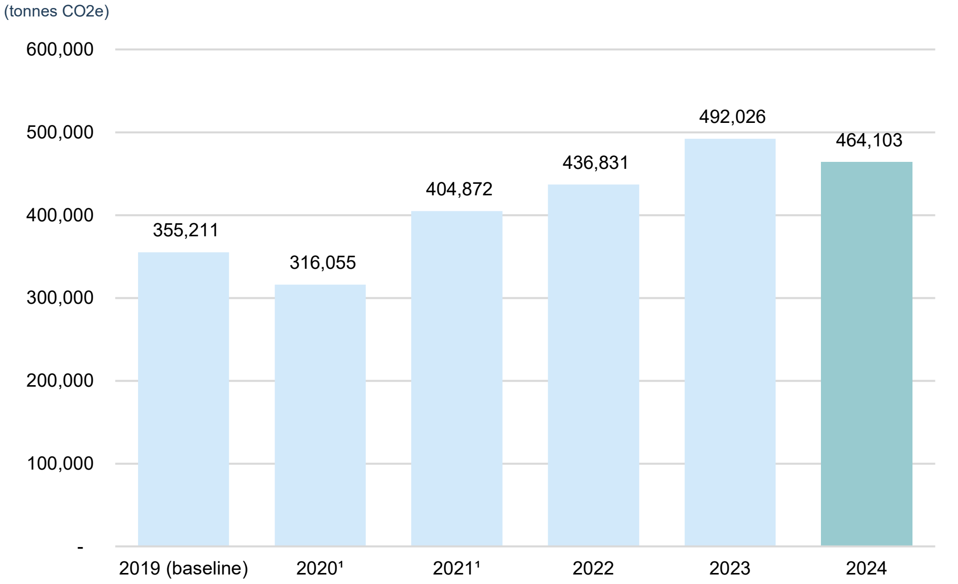
Total GHG intensity based on net revenue for 2024 including Communications is estimated to be 25. The metrics including scope 3 data do not include Communications.

Scope 3 category ID	Scope 3 category	Justification
8	Upstream leased assets	Demant's leased assets are under its operational control and therefore included in scope 1 and 2 accounting.
10	Processing of sold products	Demant focuses on providing final products, accessories and consumables.
13	Downstream leased assets	Demant does not own or lease assets to external parties.
14	Franchises	Demant does not own or operate franchises.
15	Investments	After screening the GHG emissions associated with this category, it was determined that the share of GHG emissions from investments is less than 0.1% of the total scope 3 GHG emissions. Aligned with the relevance and completeness principles of the GHG Protocol standard and in consideration of data quality and availability, this category was excluded.

Scope 1 and 2 market-based GHG emissions ●



Scope 3 GHG emissions ●



[1] 2020 and 2021 were impacted by lower activity due to coronavirus.

Total GHG emissions

(tonnes CO2)

		Year					Target	
		Baseline 2019	2024	2023	% vs. LY	% vs. Baseline	2030	Annual % target/ Baseline[1]
Scope 1 GHG emissions								
Gross scope 1 GHG emissions		11,206	14,645	14,904	-2%	31%	6,051	4%
Scope 2 GHG emissions								
Gross scope 2 location-based GHG emissions[2]		17,996	19,041	18,419	3%			
Gross scope 2 market-based GHG emissions[2]		20,774	14,781	18,199	-19%	-29%	11,218	4%
Total scope 1 and scope 2 market based GHG emissions		31,980	29,426	33,103	-11%	-8%	17,269	4%
Category	**Significant scope 3 GHG emissions**							
Total Gross indirect (scope 3) GHG emissions		355,212	464,103	492,026	-6%	31%	191,814	4%
1 and 2:	Purchased goods and services and capital goods	322,094	421,480	444,999	-5%			
3:	Fuel and energy related services	4,798	7,253	6,767	7%			
4 and 9:	Transportation	18,870	26,491	26,067	2%			
5:	Waste in operations	701	1,971	1,008	96%			
6:	Business travel	4,261	2,741	5,897	-54%			
7:	Employee commuting	21	28	26	8%			
11:	Use of sold products	3,830	3,972	6,363	-38%			
12:	End of life treatment	636	167	899	-81%			
Total GHG emissions								
Total location-based GHG emissions		384,414	497,789	525,349	-5%	29%		
Total market-based GHG emissions		387,192	493,529	525,129	-6%	27%		
GHG Intensity based on net revenue								
Total GHG emissions (location-based) per net revenue		26	22	23		-15%		
Total GHG emissions (market-based) per net revenue		26	22	23		-15%		

[1] Annual reduction in percentages from the baseline year 2019 required to reach the 2030 target.

[2] GHG accounting for electricity applies two methodologies based on the type of emissions factors to use: location and market-based emissions. Location-based emissions consider the average emission intensity of the power grid where the consumption takes place but disregard the use of off-site renewable electricity. Market-based emissions consider the specific type of electricity consumed and the associated specific emission intensity in the emissions calculations. Please refer to the Greenhouse Gas Protocol scope 2 guidance for additional information.

Accounting policy

Energy consumption

Energy consumption includes both primary and estimated usage of electricity, district heating, natural gas, diesel, petrol, coal and liquefied petroleum gas. Energy consumption is recorded using different units (e.g. liters, kWh, kg) and is later converted to megawatt hours (MWh) for consolidation purposes.

Energy data is recorded and compiled in our energy management system, with each legal entity providing its monthly consumption figures on a bi-annual basis.

The share of renewable energy represents the amount of renewable energy used by Demant in our operations. It is calculated by dividing the energy consumed from renewable sources by the total energy consumed by the Group.

Refrigerants are not included in the energy consumption, as they account for less than 0.1% of the total energy consumption.

Energy intensity

Energy intensity is reported as the total energy consumption divided by the total revenue. According to ESRS definitions, all of Demant's business is classified as belonging to a high-climate impact sector. The revenue used as the denominator is the total revenue generated by the Group. Please refer to the Financial statements, Note 1.1, on page 127.

Greenhouse gas accounting

Demant's carbon accounting adheres to the Greenhouse Gas Protocol (GHG Protocol) defined by the World Resources Institute and World Business Council for Sustainable Development in line with the recommendation of the ESRS. Our consolidated GHG emissions data encompasses all entities under Demant's operational control, including leased facilities, with emissions quantified in carbon dioxide equivalent (CO_{2e}).

Demant's Inventory Management Plan (IMP) sets the framework for defining, compiling and reporting Group GHG emissions across all scopes of GHG emissions based on the Greenhouse Gas Protocol. The IMP specifies that baseline recalculations may occur under the conditions defined in the publicly available Baseline Recalculation Policy.

Scope 1 and 2 GHG emissions

Scope 1 emissions consist of direct GHG emissions that arise from the actual and estimated consumption of natural gas, liquefied petroleum gas, coal, petrol, diesel and refrigerants.

Scope 2 emissions consist of indirect GHG emissions that arise from the actual and estimated consumption of electricity and district heating.

The calculation of scope 1 and scope 2 GHG emissions is fully automated within our energy management system, utilising GHG emissions factors provided by the UK Department for Environment, Food & Rural Affairs (DEFRA), the US Environmental Protection Agency and the International Energy Agency.

Location- and market-based GHG emissions

For scope 2, we calculate location- and market-based GHG emissions and use the latter to benchmark Demant's performance against our climate targets in accordance with our SBTi accounting approach.

Scope 3 GHG emissions

Demant's business areas have different needs for data in the accounting of scope 3 GHG emissions. Therefore, we have decided to use different methodologies according to the data availability and needs of each business area.

Demant employs two different methodologies for scope 3 accounting: one tailored for the Diagnostics business area and another for the Hearing Aids and Hearing Care business areas. Both methodologies align with the scope 3 GHG Protocol standard and follow a combined approach, using hybrid- and spend-based methods for the GHG emissions calculations.

Category 1 is calculated using spend data multiplied by the relevant GHG emissions factors for various types of purchases. Instead of using spend data, the elements of certain goods are classified per material and weighed to determine the quantity purchased.

Category 2 includes goods purchased during the year, which have an expected lifetime that exceeds the reporting period. It is calculated using spend data or the amount of capital goods purchased and is later multiplied by relevant emission factors.

Category 1 and 2 are reported combined, as detailed data are not available, and estimating the categories is not possible. We expect to enhance the data quality and provide more detailed data for the reporting year 2025.

Category 3 is calculated using actual fuel and energy consumption, not included in scope 1 and 2, multiplied by relevant emission factors.

Category 4 and 9 are calculated using primary data obtained directly from our logistics suppliers and are reported combined, as detailed data are not available, and estimating the categories is not possible. We expect to enhance the data quality and provide more detailed data for the reporting year 2025.

Category 5 is calculated using actual waste data multiplied by relevant GHG emissions factors.

Category 6 is calculated using primary air travel data available multiplied by relevant GHG emissions factors.

Category 7 is calculated using secondary information from the passenger mobility statistics of the EU and the number of employees in Demant.

Category 11 is calculated by multiplying the relevant GHG emissions factors, the number of sold products and the internal data collected by in-house experts on product design, functionality and typical usage patterns. This enables us to determine the energy consumption data associated with each product.

Category 12 is calculated using sales numbers, categorised by product type, material composition and the geographical location of the sold products. The numbers are then multiplied by relevant GHG emissions factors.

The GHG emissions factors used for the calculations are from renowned sources, such as DEFRA, the Danish Environmental Protection Agency database and the Ecoinvent database. Where needed, consumption and GHG emissions have been extrapolated to account for the whole Group.

GHG intensity based on revenue

GHG intensity is reported as the total GHG emissions of the Group divided by the Group's total revenue for the period.

Change in accounting policy

In 2024, we changed our scope 3 accounting policy by applying a new, more accurate method. The comparative and baseline figures have been adjusted accordingly. For 2024, the total effect of the change in accounting policy is estimated to be approximately 250,000 tonnes lower CO_{2e} compared to the previous method.

Use of estimates and judgements

Scope 3 calculation involves judgement and estimates to provide the necessary information that Demant does not have access to. This includes the use of generic emissions factors. The majority of the scope 3 emissions are calculated using spend-based method. We map our suppliers according to the type of goods or services we primarily purchase from them.

E5 Resource use and circular economy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We recognise the critical importance of the transition towards a circular economy to minimise the environmental impact, resource consumption and waste generation and to maximise resource efficiency.

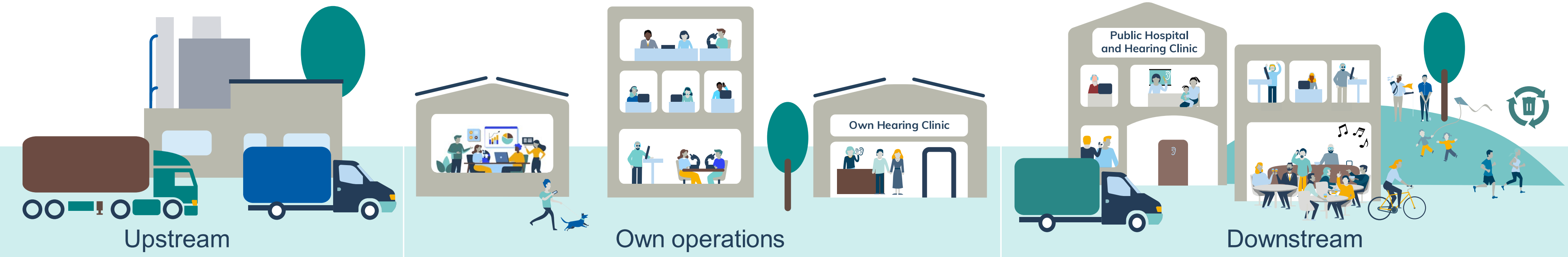
Product circularity is a material topic that impacts many processes and requires forward-thinking, innovative solutions and proactive collaboration between Demant and our suppliers.

In 2024, we made progress in this area by launching several initiatives and seeding others that will start showing results in 2025.

Though there are regulatory limitations to the changes we can make in our products, we are committed to continuous progress in this area.

Material topics

Product circularity



Product circularity

We are continuously enhancing product circularity through various initiatives led by our Hearing Aids and Diagnostics business areas. We focus on design, packaging, use of secondary materials and maintenance of our products.

Impacts, risks and opportunities

ESRS 2 SBM-3 E5 Material impacts, risks and opportunities and their interaction with strategy and business model

With increasing regulations and general customer pressure regarding the products' environmental footprint, product circularity is becoming ever more important for Demant. Though there are regulatory limitations to what we can change, we have the opportunity to further increase the rate of recycled components to limit our environmental footprint, reduce costs and use recycled materials. This is especially the case for product packaging, which also represents a negative impact on the environment in the short to medium term. In the long term, there is also a risk of having less availability of essential raw materials required for electronic components.

Impact, risk and opportunity management

ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

To identify material IROs related to circular economy, we conducted a qualitative assessment of the materials used in production considering our supply chain. This assessment considered criteria related to resource use and circular economy, such as the percentage of materials not recycled at the end of a product's life and was based on secondary information from the electronics industry. The findings of the assessment were later presented as input for the general double materiality process that considers both our own operations and our supply chain by assessing the relevance of the identified impacts, risks and opportunities.

E5-1 Policies related to resource use and circular economy

Under the umbrella of the Code of Conduct that instructs all employees to ensure efficient use of natural resources, our Sustainability Policy sets the specific direction for circular economy for the Group. Within resource use and circular economy, the Sustainability Policy addresses actions to tackle Demant's impacts and risks regarding resource inflows and outflows including:

- Integrating circular economy principles and targets to reduce resource use and lower the environmental impact of Demant's products.
- Packaging optimisation to reduce packaging materials and quantities and to transition away from virgin materials, where possible.
- Sustainable resource consumption and conscious waste generation, including appropriate disposal, in daily business activities.
- Responsible use of other materials, like the ones used for shipping and marketing of products, and responsible acquisition of other elements (i.e. interior design and furniture of facilities).
- Encouraging business partners to constantly reduce the use of natural resources in their own operations as communicated in our Third-Party Compliance Code.

E5-2 Actions and resources related to resource use and circular economy

Our circular economy actions include a wide range of topics from resource efficiency and use of secondary raw materials to value retention maximisation and end of life.

The following circular economy-related actions are taken in 2024:

Design of hearing aids for reuse as testing hearing aids for users' trial period

Designing a hearing aid intended for use by multiple individuals requires efforts to ensure compliance with the medical regulation and device sanitation requirements. We have designed and manufactured a testing hearing aid, known as the Demoflex, to be used by up to 50 users during a short trial period.

In 2024, the Demoflex resembled one specific hearing aid model from our portfolio and was available in one country. In 2025, it will resemble new hearing aid models and be available in several countries worldwide.

Resource use in hearing aids packaging

In 2024, we launched a redesigned charger packaging alternative across all our hearing aids brands globally, with the exception of charger packaging for one private-label customer. The project aimed to eliminate plastic content and reduce the packaging size to minimise material consumption. While we still use plastic bags to protect our products inside the package, both the inside and outside of the packaging itself is now plastic-free. With this modification, we have reduced the packaging size, removed a virgin oil-based pouch and eliminated the external plastic lamination. We continue using pulp inlays and FSC-certified paper, as we have done before. This new design reduces the GHG emissions associated with each charger packaging unit by 80%.

Resource efficiency in hearing aids accessories

We are constantly striving to improve our hearing aids and accessories. Each of our hearing aids comes with a plastic container for storing small, replaceable filters that prevent earwax from entering the instrument. These filters need frequent replacement, as they accumulate wax. By enhancing the moulding process and redesigning the container, we have reduced plastic consumption per unit produced for the new version of the container by 53%. The new version was introduced in 2024 and will be used for all of the earwax filter containers from 2025 and forward.

Use of secondary raw materials in diagnostic devices

In collaboration with our largest supplier of plastic for our diagnostic equipment, some of the plastic we receive and use in our devices is from recycled sources. The recycled content in the plastic we use comes from waste generated during our supplier's internal plastic production. We started using recycled plastic in 2014 and in 2024, we used 1.5 tonnes of recycled plastic. We plan to continue with this initiative in the future.

Use of secondary raw materials in packaging for diagnostic devices

To reduce the pressure on the extraction of virgin materials and waste generation, our Diagnostics business area has incorporated recycled materials into its packaging. In 2022, we started using recycled polyethylene plastic in the plastic bags we use in our global packaging. In 2024, the recycled content of our bags was on average 55.6%, and we used a total of 446 kg of recycled plastic. Moreover, the cardboard used in our packaging contains up to 98% recycled materials, representing more than 50 tons of recycled material.

Maintenance and repair of hearing aids

In 2024, we continued to provide maintenance and repair services for our hearing aids, both at our hearing clinics and at our service facilities. By ensuring the proper maintenance of our hearing aids or by repairing those that need it, we aim to prolong our users' use of our hearing aids.

Maintenance and repair services are available worldwide for all hearing aid models of all brands for up to five years after the model has been discontinued. In 2024, we provided over 1,500,000 repair services in our service facilities.

Maintenance and repair of diagnostic devices

To maximise the lifetime of our products, we offer maintenance services to our customers to ensure that normal wear and tear does not affect the usability or quality of our devices. This service, which also includes the recalibration of our devices, is usually carried out at the customer's location or at local in-house workshops. If required, we also offer repair service, which we provide worldwide. We guarantee to have spare parts available for up to seven years from the purchase date of our instruments to ensure that whatever issue the device is experiencing, it can be fixed. Unlike maintenance, the repair is carried out exclusively at one of our sales companies or at a central repair facility in Poland or USA. In 2024, we provided 167,104 maintenance and repair services and will continue to do so in the future.

Recyclability enhancement of hearing aid elements

In 2025, we will introduce a new material for the inlets (elements inside the hearing aids) for our entire hearing aids portfolio, eliminating the use of per- and polyfluoroalkyl substances (PFAS) in this component. This change enhances the recyclability of our inlets, as they are now PFAS-free. We continuously work towards eliminating these chemicals without compromising the quality and safety of our devices.

Metrics and targets

E5-3 Targets related to resource use and circular economy

As products, consumables and packaging characteristics differ greatly between our business areas, our circular economy efforts are led by the business areas and aim to enhance our circular economy performance in specific topics that may not be applicable to the entire Group. Therefore, we have not yet established targets at Group level.

As we recognise the importance of integrating circular economy principles across our operations, we plan to assess our data and actions, and to explore potential Group targets in 2025.

E5-4 Resource inflows

Total weight of products and materials inflow

(tonnes)	2024	2023
Plastic	604	1,709
Metals	181	346
Cardboard/paper	327	563
Electronic components	1,789	1,930
Wood	50	42
Other[1)]	170	103
Total resource inflow	**3,121**	**4,693**

The table above outlines the materials used for manufacturing hearing aids and diagnostic equipment in Demant's own operations and upstream value chain.

In 2024, the resource inflow decreased by 1,572 tonnes compared to 2023, mainly due to reduced purchases of plastic by our Diagnostics business area in 2024.

Biological materials and reused or recycled materials used for manufacturing products

	2024	2023
Percentage of biological materials used in manufacturing (%)	12.1%	12.9%
Reused or recycled materials used in manufacturing and packaging (tonnes)	50	51
Reused or recycled materials used in manufacturing and packaging (%)	1.62%	1.09%

E5-5 Resource outflows

Total weight of products and materials outflow

(tonnes)	2024	2023
Plastic	1,463	1,566
Metals	258	277
Cardboard/paper	1,026	1,080
Electronic components	218	233
Wood	22	25
Other[1]	51	69
Total resource outflow	**3,038**	**3,250**

[1] Other consists of smaller categories such as glass, flux and other non-categorised materials

The table above shows the total weight of materials that comes out of the manufacturing processes.

Accounting policy

Resource inflow

Resource inflow includes materials directly related to the manufacturing of our products as well as core components of purchased goods and capital goods, including packaging and extra parts. The reported numbers are based on estimates. The resource inflows are categorised according to the origin of the materials. Cardboard in resource inflow consists mainly of brochures.

Biological materials and reused or recycled materials used in the production

Biological materials cover biodegradable materials, such as wood, paper and cardboard derived from natural polymers found in plants.

Reused or recycled materials cover the amount of confirmed recycled materials used in manufacturing.

Resource outflow

Resource outflow includes materials found in products and extra parts, including packaging. The outflow materials are categorised according to the origin of the materials. The reported numbers are based on estimates. Resource outflow also includes purchased goods that are not used in the manufacturing process.

Use of estimates and judgements

The resource inflow and outflow are based on estimates, using internal and external data combined with assumptions, and is then extrapolated to the total population based on sales volumes and inventory movements.

Key assumptions are for resource inflow including actual weight of the materials found in two hearing aids and then multiplied with the total sales.

In-house subject matter experts are consulted to reduce the risk of over- or understating. However, as the reported numbers are based on generic assumptions, numbers are subject to change when we gain access to more accurate data.

EU taxonomy

The Demant Group's reporting on EU taxonomy follows Regulation (EU) 2020/852 of the European Parliament and of the Council. This requires non-financial listed companies to report their environmentally sustainable economic activities that are eligible under the Taxonomy Regulation and aligned with the screening criteria for the six environmental objectives to be included in the reporting for 2024. This requires Demant to assess whether there are economic activities that qualify as eligible.

To determine Demant's eligible activities, we have screened our turnover, OPEX (the cost of R&D, short-term leases, maintenance and repair) and CAPEX (net investments in property, plant and equipment, intangible assets and addition of right-of-use assets) against the activities of the Taxonomy Compass.

The three eligible economic activities that are subject to alignment under the EU taxonomy are:

- Manufacture of electrical and electronic equipment, which relates to our manufacturing of hearing aids and diagnostic instruments.
- Data processing, hosting and related activities, which relates to our IT servers.
- Acquisition and ownership of buildings, which relate to our offices, manufacturing facilities and retail.

Changes since 2023

In 2024, it became mandatory to disclose alignment with the identified eligible activities. Demant has considered the alignment criteria for each eligible activity applicable for Demant and included the result in the EU taxonomy tables of the 2024 report.

Alignment

For Demant to be able to claim alignment in any of the three eligible activities, the company needs to fulfil all the requirements of the technical criteria, the 'do no significant harm' requirement and the minimum safeguards requirements defined by the EU Commission.

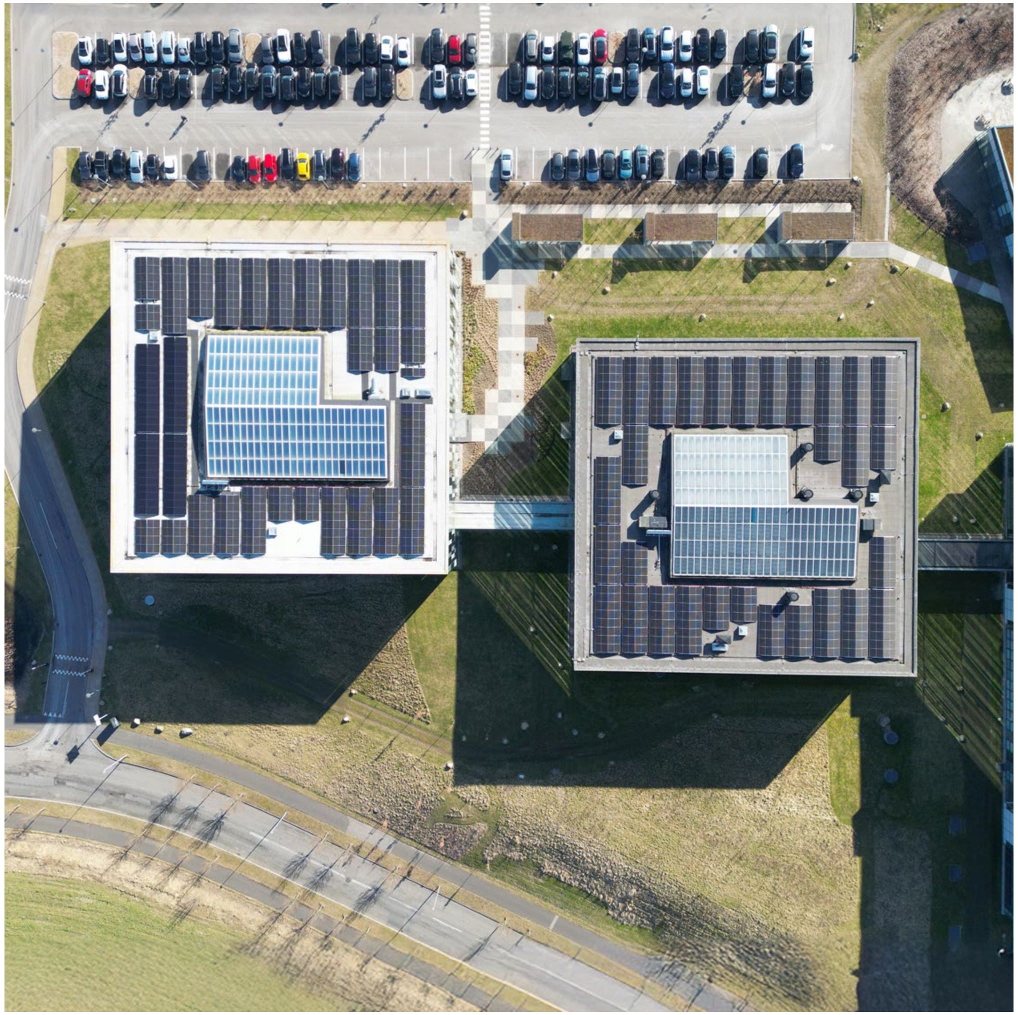
Demant has assessed the alignment requirements defined for each of Demant's eligible activities to determine the alignment percentage for each of them.

To ensure compliance with the minimum safeguards, we have assessed the compliance of our policies and guidelines with UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

During the assessment, we ascertained that Demant aligns with the minimum safeguards requirements. Nevertheless, for each eligible economic activity, there is at least one technical criteria or 'do no significant harm' requirement that we do not fulfil. An example of this is the eligible activity under the circular economy objective where our misalignment with the criteria is caused by the technical specifications of our products associated to quality and safety.

Looking ahead

We continue to monitor the development and guidance of the Taxonomy Regulation.



Turnover

				Substantial contributions to objectives 1-6 (%)						Do no significant harm to objectives 1-6 (y/n)								
Economic activity	Code	**Absolute turnover**	**Proportion of turnover in 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Minimum social safeguards**	**Proportion of turnover in 2023**	**Categopry enbling/transitional**
		DKK million	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E/T**
A.1 Taxonomy aligned activities																		
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Turnover of taxonomy aligned activities (A.1)		**0**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**0**	**n/a**
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																		
Manufacturing of electrical and electronic equipment	CE 1.2	18,806	84	0	0	0	100	0	0								96	
Turnover of taxonomy eligible but not aligned activities (A.2)		**18,806**	**84**	0	0	0	**100**	**0**	**0**								**96**	
Turnover of taxonomy eligible activities (A1 + A2)		**18,806**	**84**	0	0	0	**100**	**0**	**0**								**96**	
B. Taxonomy non-eligible activities																		
Turnover of Taxonomy-non-eligible activities		3,613	16														4	
Total[1]		**22,419**	**100**														**100**	

[1] Total revenue, Financial statements 2024, note 1.1

CAPEX

				Substantial contributions to objectives 1-6 (%)						Do no significant harm to objectives 1-6 (y/n)								
Economic activity	**Code**	**Absolute CAPEX**	**Proportion of CAPEX in 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Minimum social safeguards**	**Proportion of CAPEX in 2023**	**Categopry enabling/transitional**
		DKK million	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E/T**
A.1 Taxonomy aligned activities																		
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Turnover of taxonomy aligned activities (A.1)		**0**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**0**	**n/a**
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																		
Acquisition and ownership of buildings	CCM 7.7	876	57	100	0	0	0	0	0								56	
Manufacturing of electrical and electronic equipment	CE 1.2	134	8	0	0	0	100	0	0								0	
Data processing and hosting	CCM 8.1	28	2	100	0	0	0	0	0								0	
CAPEX of taxonomy eligible but not activities (A.2)		**1,038**	**67**	100	0	0	**100**	**0**	**0**								**56**	
CAPEX of taxonomy eligible activities (A1 + A2)		**1,038**	**67**	**100**	**0**	**0**	**100**	**0**	**0**								**56**	
B. Taxonomy non-eligible activities																		
CAPEX of Taxonomy-non-eligible activities		**490**	**33**														**44**	
Total[1]		**1,528**	**100**														**100**	

[1] Property, plant and equipment, Financial statements, note 3.2 and 3.3

OPEX

Economic activity	Code	Absolute OPEX	Proportion of OPEX in 2024	Substantial contributions to objectives 1-6 (%)						Do no significant harm to objectives 1-6 (%)								
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Protection of biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Protection of biodiversity	Minimum social safeguards	Proportion of OPEX in 2023	Categopry enabling/transitional
		DKK million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E/T
A.1 Taxonomy aligned activities																		
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
OPEX of taxonomy aligned activities (A.1)		**0**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**0**	**n/a**
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																		
Data processing and hosting	CCM 8.1	49	3	100	0	0	0	0	0								0	
OPEX of taxonomy eligible but not activities (A.2)		**49**	**3**	0	0	0	**0**	**0**	**0**								**0**	
OPEX of taxonomy eligible activities (A1 + A2)		**49**	**3**	0	0	0	**0**	**0**	**0**								**0**	
B. Taxonomy non-eligible activities																		
OPEX of Taxonomy-non-eligible activities		1,413	97														0	
Total[1]		**1,462**	**100**														**100**	

[1] Employee cost by function, Financial statements, note 1.2

Nuclear energy and fossil gas related activities

The questionnaire below is related to the mandatory EU taxonomy disclosure regarding nuclear energy and fossil gas related activities and covers the Turnover, OPEX and CAPEX KPI as the answer is the same.

Row	Nuclear energy related activities	Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Accounting policy

Turnover

Turnover is reported and defined as taxonomy-eligible turnover (numerator) divided by the total turnover (denominator).

OPEX

Total OPEX covers direct non-capitalised costs pertaining to R&D, renovation of buildings, short-term leases, maintenance and other direct costs relating to the day-to-day servicing of property, plant and equipment. The KPI is defined as taxonomy-eligible OPEX (numerator) divided by total OPEX (denominator).

CAPEX

CAPEX consists of additions to property, plant and equipment, intangible assets, excluding goodwill and addition of right-of-use assets. The KPI is defined as taxonomy-eligible CAPEX (numerator) divided by total CAPEX (denominator).

Social

S1 Own workforce

Our people are the most valuable part of our business, and their well-being, safety, engagement and development are fundamental to our success. We want to foster an organisational culture of care and respect with diversity, equity and inclusion as important drivers.

Guided by our values, we work to create a culture where our over 22,000 employees can belong, grow and contribute. We constantly welcome new colleagues and this growth trend requires a continuous focus on integrating them into the Demant culture and investing in the development of our people, processes and systems.

We believe in the strong link between high employee engagement and experience of inclusion and a successful and responsible business.

As an employer, we view this as one of our core responsibilities, which is reflected in our targets.

Our targets

We aim to increase the gender balance in our top-level management to 35/65% (women/men) by 2030. We also strive to reach the top-third level (67th percentile) in employees' experience of inclusion and engagement (Gallup indexes) by 2030.

Reach top-third level in employee engagement

52nd PERCENTILE

Reached top-half of engaged companies in 2024

67th PERCENTILE

2030 target

Reach top-third level in employees' experience of inclusion

56th PERCENTILE

Reached top-half of inclusive companies in 2024

67th PERCENTILE

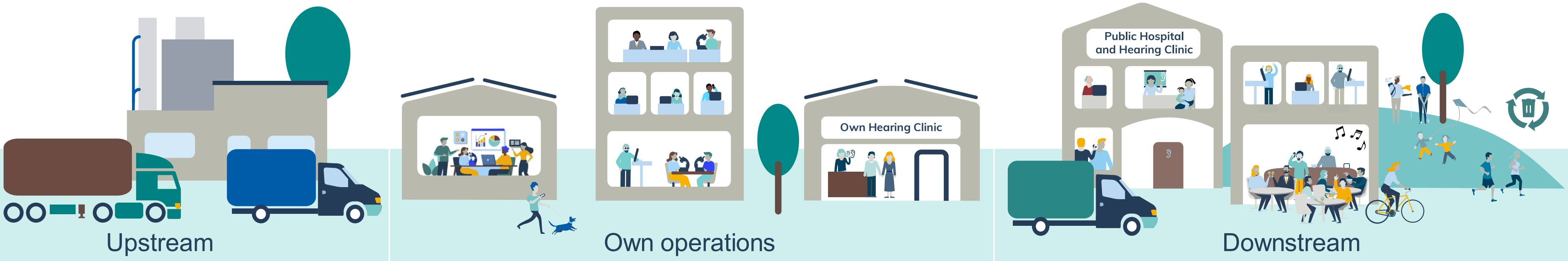
2030 target

Material topics

Working conditions

Diversity, equity and inclusion

Talent attraction and retention



Working conditions

Working at Demant should not only be an enjoyable experience, both professionally and personally, but also physically and psychologically safe. This is the basis of the working environment we want to promote for all our employees.

Impacts, risks and opportunities

ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model

For all our employees, we strive to ensure a good work-life balance. However, for some of them, there is a potentially negative impact on their mental health in relation to work, especially from stress, which can occur in the short term. This is especially seen in busy periods, where managing expectations and priorities between employee and manager becomes increasingly important.

Impact, risk and opportunity management

S1-1 Policies related to own workforce

Our commitment to a good working environment is framed in our Code of Conduct, which outlines the minimum standards and ethical principles applicable to all employees regardless of their location and the nature of their work.

To specify what we mean by a good workplace environment, we launched a Global Policy on Human Resources in 2024. The purpose of this Policy is to establish a clear framework for the governance of employment practices and workplace conditions that align with Demant's strategy and values. The Policy applies to all employees, including full-time, part-time, and temporary staff across all departments and locations. The leader of Group HR is responsible for the implementation of this Policy and all policies related to our own workforce, unless otherwise stated.

All policies relevant for our own workforce are available through our intranet. In all countries this includes personnel handbooks. In 2024, we began to roll out a global HR portal that we aim to implement progressively during 2025 in the biggest countries (by number of employees).

The day-to-day business of HR at Demant is predominantly driven locally. Group HR is accountable for all policies and responsible for implementing, monitoring and reviewing them. Cross-Group HR initiatives are prioritised, managed and coordinated via dedicated global forums, including the Global HR Board, which sets the direction and approves strategies and budgets. All such global forums are chaired by the leader of Group HR.

Respecting human rights

We commit to respecting all universally recognised human rights as outlined in the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. This commitment is founded in our Sustainability Policy and covers the human rights of any persons who may be adversely impacted by Demant's activities and business relationships, including customers, employees, people who work in our value chains, community members and any other potentially affected rightsholders. The Sustainability Board is accountable for implementation of the Policy.

We endorse the principles of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Our commitments are implemented through our Code of Conduct and other internal policies and procedures such as our Policy on Diversity, Equity and Inclusion and our Anti-Harassment and Discrimination Guideline (please refer to page 89). Our Code of Conduct explicitly addresses Demant's zero tolerance of any form of slavery or human trafficking, use of compulsory labour or the employment of children, as well as discrimination and harassment, including sexual harassment.

The sustainability team and other relevant functional teams implement Demant's human rights commitments. The Executive Leadership Team is ultimately accountable for ensuring that human rights are respected in our own operations and throughout our value chain.

Providing a healthy and safe workplace

For managing health and safety, we have site-specific prevention policies and management systems across our operational sites. The management systems include risk assessment processes, health and safety instructions, safety walks and talks, training, accident investigation management and continuous review of processes. Site management is responsible for occupational health and safety.

We acknowledge the potentially negative impact on mental health related to work and aim at preventing a stressful working context. Our Stress Policy covers all sites in Denmark and explains how to prevent and manage stress. Considering that certain aspects of stress management vary, depending on the location, cultural considerations and local legislation, stress management is handled locally by HR departments across the Group. The overall responsibility lies with the local HR Management in close collaboration with local business leadership.

Demant strives to provide a good work-life balance culture and to be a flexible workplace where the tasks and local conditions allow. Our position on workplace flexibility guides the entire Group on how to implement concrete measures to ensure the flexibility of our employees and of the workplace.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Demant collaborates with employee representatives in many areas, and we comply with all legal requirements when it comes to employee representation. Demant manages, measures and works with employee engagement through the global engagement programme, Pulse. It includes an annual survey that covers a range of relevant areas, such as well-being and working environment, development and inclusion. The survey enables identification of attention areas and calls to action, which are then discussed directly by managers and employees throughout the year. The survey is conducted by Gallup and covers the entire Group, except for those countries where local data privacy legislation prevents it.

Through quarterly info meetings, where Demant's CEO gives a business update to employees, we provide a direct platform for employees to ask questions about the business performance and any actual or potential impacts that are likely to affect them. These info meetings are available online to the majority of the Group's employees, except for those few countries or sites, such as newly acquired entities, that do not have access to our intranet. General Managers of local Demant entities also share and cascade information, for example in info meetings or through other communication channels.

In 2024, we strengthened our internal communication about human rights in Demant towards our most important rightsholders – our employees. The main objective is to increase awareness of human rights in a business context and to further empower our employees to speak up, if they experience an impact on their rights.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Where Demant may cause or contribute to a material negative impact on employees, we are committed to take appropriate remedial action. For cases raised directly with Group HR, we collaborate with the affected individuals. For any issues that the results of the anonymous engagement survey point out, Demant is committed to plan and execute actions that address such issues.

Demant's whistleblower hotline enables employees to report any concerns about adverse human rights impacts in a confidential and anonymous manner, which enables remedy for human rights impacts. Please refer to page 104.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workers, and effectiveness of those actions

How we are progressing

We track the development in employee engagement through our Pulse survey. The Pulse survey results provide twofold information: Firstly, it is a way of assessing whether, and to what extent, the current initiatives on well-being, flexibility, inclusion and engagement are working. Secondly, they serve as the starting point for the further development of specific actions related to those areas that need special attention.

During 2024, we have strengthened the follow-up activities, following the presentation of the survey results, on specific action planning for all teams around the world.

We also laid the foundation for what we call the Leadership Compass, which serves as a framework that emphasises five essential pillars of leadership: purpose, development, performance, belonging and personal awareness. These pillars highlight the key areas that leaders need to focus on and accelerate. In 2025, we will introduce the Leadership Compass for all leaders at Demant, which will be implemented through a leadership development programme, focusing on learning journeys within each of the five pillars. The five pillars are also reflected in the Pulse survey, which enables our leaders to measure progress.

Furthermore, we have been working on establishing a global standard and a new platform for how we capture and report on HR data, driven by a global effort to standardise key HR processes, such as recruitment, promotion and performance. In 2025, the new platform will be rolled out in our biggest countries (by number of employees) Poland, USA, Denmark, France, Canada, Germany, Australia and United Kingdom and the rest of the world will follow consecutively. In 2025, we will develop and implement a Global Policy on Remuneration and Rewards. Through this Policy, we aim to establish a salary philosophy and ensure that we provide guidance for the organisation.

We identify and assess our impacts on human rights on an ongoing basis. In the second half of 2024, we carried out a corporate wide human rights assessment, covering the full value chain of activities. The assessment included a review of our own operations, with consideration of the geographies where we operate and the industries we work in. We also mapped actual and potential impacts in our value chain.

Having mapped actual and potential impacts, we assessed their salience based on the severity of impact on people and the likelihood of occurrence to prioritise actions to be taken. Following this prioritisation, we have initiated a more granular assessment of some of the salient issues to determine whether our current impact management is adequate and to make improvements, if and where necessary. For all identified issues, we have management systems in place that help us bring to an end and mitigate actual and potential impacts.

Metrics and targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In 2024, Demant set a target to take employee engagement to the top-third level by 2030, which corresponds to the 67th percentile or above in the Gallup engagement index.

We will measure progress from our 2024 baseline where Demant's engagement rate reached 4.13, a slight increase of 0.02 compared to 2023. This result places Demant in the 52nd percentile for the second consecutive year. The survey had a participation rate of 84%, with more than 17,000 employees taking part.

Engaged at work

	2024	2023	2022	2021	2020
Engagement score	4.13	4.11	4.08	4.02	3.93
Participation rate	84%	87%	86%	88%	85%
Percentile	52nd	52nd	50th	46th	40th

Gallup conducts the engagement survey, and we collect data in February each year. Our level of engagement is rated on a scale from 1-5. Percentile rank is used as a benchmark to determinate how a team's result compares to those in Gallup's extensive database. The 52nd percentile indicates that 50% of teams scores lower than Demant on the engagement rate.

The target-setting process involved internal and external experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors.

S1-17 Incidents, complaints and severe human rights impacts

In 2024, Demant received 11 submissions to its whistleblower hotline related to discrimination and/or harassment. These cases were handled internally according to the Whistleblower Policy and Investigation Guideline. Having been addressed by the relevant internal organisation in collaboration with the affected individuals, 8 out of 11 claims have been closed.

There were no severe human rights incidents in the period, and therefore no fines, penalties or compensation were paid.

S1-6 Characteristics of the undertaking's employees

Number of employees by gender (headcount) ●

	2024	2023
Male	8,045	8,016
Female	14,594	14,224
Total employees	**22,639**	**22,240**

Number of employees by country (headcount) ●

(Country)	2024	2023
Poland	5,087	5,116
USA	3,404	3,317
Denmark	2,111	2,019
France	1,650	1,730
China	1,625	1,654
Canada	1,284	1,216
Germany	1,020	945
Australia	941	874
UK	857	833
Other countries	4,660	4,536
Total employees	**22,639**	**22,240**

As of 31 December 2024, the Group had 22,639 employees globally. Compared to 2023, the total headcount has increased slightly by 2%. Among all employees, the gender ratio between female and male is 64/36%. This is due to the majority of our employees in hearing care clinics and production sites being female.

Our headquarters in Denmark, along with our sites in Poland and the US, are the sites with the largest number of employees.

Number of employees by contract type, broken down by gender (headcount) ●

	2024			2023		
	Female	Male	Total	Female	Male	Total
Number of employees	14,594	8,045	**22,639**	14,224	8,016	**22,240**
Number of permanent employees	13,772	7,839	**21,611**	13,418	7,810	**21,228**
Number of temporary employees	822	206	**1,028**	806	206	**1,012**
Number of full-time employees	12,338	7,579	**19,917**	12,095	7,560	**19,655**
Number of part-time employees	2,256	466	**2,722**	2,129	456	**2,585**

Accounting policy

General

The employee data consists of two parts. In 2024, 88% of our employees were registered in our global HR management system. Data on registered employees is extracted directly from the system. For the remaining employees, an estimation method based on geographical location was applied.

Engagement score

The employees score their engagement using a scale from 1 to 5 based on the yearly engagement survey conducted by Gallup.

Number of employees

The number of employees is determined by headcount and as the number of persons employed by the Demant Group as of 31 December 2024. The number includes the total number of employees extracted from the global HR management system plus an estimate covering the entities not using the system.

Characteristics of employees

Data on the characteristics of employees is disclosed by headcount.

The characteristics of employees are aggregated and include both the analysis of data extracted from our global HR management system and estimates covering entities not using the system as stated below.

Estimation method

For entities not using the global HR management system, the characteristics of employees are estimated based on the characteristics of employees in the region where the entity is located. Using our global HR management system, we calculate the characteristics of employees in one region based on an overview of all entities in that particular region.

Diversity, equity and inclusion

We want to foster a culture built on care and respect for others, characterised by diversity, equity and inclusion.

Impacts, risks and opportunities

ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model

Some minority groups in Demant may at times feel that they cannot be their true selves or have their voices heard, which may have a negative impact in the short to medium term. To harvest the true strength of Demant's diverse culture, we aim to address potential unconscious biases and sameness thinking, and we seek to actively support the engagement of employees, who may otherwise refrain from sharing their opinions, ideas and solutions.

We believe that working with diversity, equity and inclusion (DE&I) boosts our performance, improves our leadership and innovation skills, maintains high customer satisfaction and supports our efforts to attract and retain talented minds.

Impact, risk and opportunity management

S1-1 Policies related to own workforce

In Demant, the concepts of DE&I are an indisputable priority. We work to foster respect for diversity, and we strive to treat all employees fairly. Demant has a global presence and employs people with different ethnic backgrounds, personalities, nationalities, religions, ages, genders, abilities, sexual orientation and level of education. Our approach is focused on and guided by our Policy on Diversity, Equity and Inclusion, which applies to all employees globally. This Policy outlines our ambitions and commitments to advance diversity and inclusion and further defines key short-term activities planned to ensure that we deliver on these ambitions and commitments. It also outlines targets for the entire Demant Group with a specific focus on gender balance.

We also launched the Anti-Harassment and Discrimination Guideline. The key objective is to articulate Demant's approach to preventing, mitigating and acting on cases of discrimination, harassment, bullying and unethical behaviour. In Demant, there is zero tolerance for any form of discrimination, harassment or bullying related to our workplace. The Guideline applies to all employees and contractors working for Demant globally, and it guides behaviour at work, at work assignments outside the office and at office-sponsored social functions as well as private behaviour that can be related to Demant (e.g. on social media).

The Executive Leadership Team is ultimately accountable for adherence to the Policy and to reaching our targets and commitments. We will fully implement the new Guideline through e-learning in 2025.

S1-2 Processes for engaging with own workforce and worker's representatives about impacts

Employee resource groups

The formation of Employee Resource Groups (ERGs) is a way for our workplaces to become more inclusive. All ERGs are employee-led and formed based on specific traits that group members possess, want to support or work to enhance. Further, they are sponsored by a member of senior management, i.e. a Vice President or a Senior Vice President. ERGs provide an avenue for employees to have a sense of community, to raise concerns within specific DE&I-related issues in a safe space and provide input on actual and potential impacts on employees. ERGs are consulted on a regular basis and invited to provide input, which is invaluable for developing strategies to mitigate potential impacts on inclusion and equal opportunities, e.g. discrimination.

Our ERGs attract more members and cultivate a focused agenda for their work on relevant DE&I topics, such as (in)visible (dis)abilities, women in Demant, LGBTQIA+, generational intelligence, international colleagues, Asian American employee network, mental health advocacy etc. Currently, ERGs are present at our Danish and US locations. We will continue to strengthen the structure and format of as well as the collaboration with ERGs in Demant globally.

Our ERGs are supported by Global HR and local HR in Denmark and US, who ensure that engagement informs Demant's approach to diversity and inclusion.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Remediation

Our Anti-Harassment and Discrimination Guideline provides specific information on how to raise grievances regarding harassment and discrimination and the consequential complaints and remedy procedure.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workers, and effectiveness of those actions

While diversity across Demant allows us to draw on a wide range of experience for the benefit of us all and our business, inclusion unlocks the strength of this diversity. Through the concept of belonging, we continue to focus on DE&I in our recruitment, performance and development processes and also in the DE&I leadership awareness training.

Our global recruitment platform contains embedded materials designed to prompt inclusive recruitment behaviour. Furthermore, we have expanded training in unconscious bias, inclusive leadership and psychological safety, and we have developed the capabilities of our HR leaders to drive DE&I-related topics and training locally.

To support this, DE&I-specific themes of relevance for our employee performance dialogue have been part of the global process for performance dialogue since the beginning of 2023. This provides input to assess the effectiveness of our actions on DE&I, which is also evaluated through our Pulse survey, as it has specific questions regarding inclusion and fair treatment.

How we are progressing

DE&I actions are anchored in the HR function, which has dedicated roles to develop and implement specific actions and initiatives to foster diversity and inclusion across Demant. Further, global HR leaders and partners are trained and equipped to drive this agenda.

In 2024, we continued supporting the Danish ERGs. Each of the ERGs arranged several talks and hybrid awareness sessions for all employees, focusing on different topics. In 2025, we will further strengthen our work involving ERGs – also globally.

To understand gaps in engagement across gender, we conducted a global inclusion survey among female top leaders (from Vice Presidents and above), which provided a better understanding of how we can ensure higher engagement among women in the global top-level management across the Group.

We celebrated diversity and inclusion in Denmark through our participation in Copenhagen Pride. In the US, we celebrated DE&I Week. We strive to expand such activities, as we mature our DE&I efforts globally.

In 2024, we focused our efforts on training our leaders in Poland in DE&I awareness and bias, while delivering on-demand training to focused business areas on psychological safety, bias and DE&I awareness. In 2025, we plan to implement a global leadership programme with core elements of DE&I, while also offering on-demand, virtual classes on the subject.

Metrics and targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To drive the implementation and impact of our DE&I commitments, we have set targets for the underrepresented gender in global top-level management (Vice President level and above) and targets for experience of inclusion among all Demant employees, in scope of our annual Pulse survey.

S1-9 Diversity metrics

Gender diversity in Management

	2024		2023	
	%	**Headcount**	**%**	**Headcount**
Board of directors (Women/Men)	25/75	1/3	40/60	2/3
Top-level management (Women/Men)	31/69	30/66	29/71	27/67
All managers (Women/Men)	50/50	980/975	48/52	832/913

Inclusion at work

	2024	**2023**
Inclusivity score	4.27	4.26
Participation rate	84%	87%
Percentile	56th	53rd

In 2024, Demant reached its target of 30% women in top-management positions – one year ahead of 2025, which was the goal year. We have set a new target to increase gender balance to 35/65% (women/men) by 2030.

We will measure progress from the new 2024 baseline year.

In 2024, our inclusivity score reached 4.27 (+0.01) placing us in the 56th percentile recorded in the annual Pulse survey. Overall, employees feel respected, valued for their strengths and trust Demant to act with integrity and responsibility.

In 2024, Demant set a target to take employees' experience of inclusion to the top-third level by 2030, which corresponds to the 67th percentile or above in the Gallup inclusion index. Progress will be measured from a 2024 baseline year. External experts from Gallup have been consulted in defining the target level for Demant.

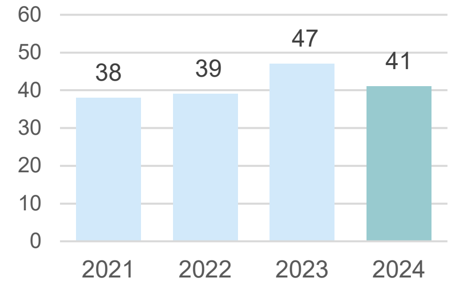
The target-setting process involved internal and external experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors.

Please refer to page 42 for diversity targets for the Board of Directors.

S1-16 Remuneration metrics

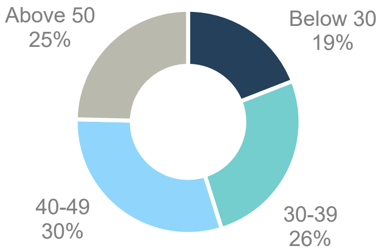
Demant is committed to provide transparent information on the gender pay gap within our organisation. However, for the 2024 reporting period, the specific data required is not available. A project to develop the required information in our HR data management system is launched and is expected to be completed during 2025.

CEO remuneration ratio



In 2024, the CEO remuneration ratio decreased by 6 points to 41 compared to 2023. For more details on remuneration, please refer to our Remuneration Report.

Age distribution of employees



In 2024, the age distribution among Demant's employees was relatively even. This age distribution reflects a balanced and diverse workforce, ensuring not only an extensive exchange of knowledge and perspective but also fostering a collaborative and innovative work environment.

Accounting policy

Inclusivity score

Employees score inclusivity using a scale from 1 (lowest) to 5 (highest) based on the yearly engagement survey conducted by Gallup.

Gender diversity in Management

Board of Directors

The gender distribution is based on the shareholder-elected members of the Board of Directors.

Global top-level management

The gender distribution is shown at management levels from Vice Presidents and above.

All managers

The gender distribution is shown among all people managers with one or more direct reports. The number is calculated based on data from our global HR management system, covering 88% of Demant's employees.

CEO remuneration ratio

The CEO remuneration ratio is calculated as the CEO's total remuneration (numerator) divided by the average remuneration of all Group employees (denominator) instead of the median Group employee. Demant is committed to enhancing data quality on this topic in future reporting periods.

Age distribution of employees

The chart shows the age distribution of employees in the Group, covering 100% of Demant's employees.

Talent attraction and retention

With the high focus on innovation and technological development in the field of hearing healthcare, it is important for Demant to attract and retain the brightest minds. We are determined to provide an attractive workplace with ample opportunities to develop and grow professionally.

Impacts, risks and opportunities

ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model

Shortages of, for example, engineers and audiologists and high turnover of production employees and front desk staff in clinics poses a potential risk to Demant in the short to medium term. To ensure we retain knowledge and know-how and to keep costs of recruitment at an acceptable level, we work actively to mitigate high turnover rates.

Impact, risk and opportunity management

S1-1 Policies related to own workforce

We support both managers and employees in pursuing relevant career opportunities that exist in the Group through different frameworks. Our Global Policy on Human Resources defines the minimum requirements that our employees are subject to regarding personal and professional development and growth and the company's expectations of employees. The Policy applies to all employees at Demant, including full-time and part-time employees, across all functions, business areas and locations.

S1-2 Processes for engaging with own workforce and worker´s representatives about impacts

We believe that attracting and retaining talented employees is closely related to their development. At Demant, this is addressed in an ongoing development process between manager and employee. Through performance review meetings, managers and their employees meet on a regular basis to review the employee's development.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workers, and effectiveness of those actions

We provide our employees with development opportunities through different global and local learning platforms, focusing on leadership, project management, people development and much more.

Development initiatives strengthen and develop leadership competencies to cultivate great leadership. A key focus area in the global leadership learning journeys that will be launched in 2025 is employee development and how to facilitate this as a leader.

In 2024, 23 graduates were part of our Global Graduate Programme, which offers young professionals opportunities to develop their personal and professional skills over a two-year journey across our entire global organisation.

Talent retention efforts are focused on the business areas with the highest turnover rates. For those areas impacted by higher turnover rates, we have developed strategic initiatives to address specific challenges. At certain production and logistics sites in Poland and Mexico, we have experienced undesired turnover rates and subsequently developed a specific project to run in these countries. This project aims to reduce voluntary turnover rates in those areas and to improve recruitment and onboarding processes.

In our Hearing Care business area, part of the retail industry that traditionally has high employee turnover, we have focused specifically on leadership development. Career paths and growth opportunities have been clarified through career frameworks and focus on internal recruitment. In addition, both recruitment and onboarding practices have been improved, and we have strengthened our overall focus on culture and engagement.

Employee turnover ●

	2024	2023	2022	2021
Employee turnover (%)	20	25	26	17
Employee turnover (headcount)	4,080	4,795	4,698	2,893

Metrics and targets

S1-6 Characteristics of the undertaking's employees

We measure employee engagement annually, among other factors, to guide our efforts on talent retention. Please refer to page 87 for more information.

Accounting policy

Employee turnover rate

The employee turnover rate is calculated by dividing the total number of terminations (numerator), excluding external employees, by the average number of employees during the reporting period (denominator) and then multiplying by 100. This rate is based on the 88% of Demant Group employees included in our global HR management system.

S2 Workers in the value chain

Our commitment to caring for people extends not only to our own employees, but also to workers that we impact indirectly in our value chain. We work to ensure that we have the appropriate processes in place to support the protection of rights throughout it.

As a global business with a complex value chain spanning the world, we are very aware of how we deal and interact with business partners, including our suppliers.

Demant depends on our direct suppliers, who mainly manufacture products within electromechanics, electronics and plastics as well as consumables and packaging materials.

Responsible supply chain

We recognise that our value chain workers are essential stakeholders whose well-being and rights must always be respected.

Impacts, risks and opportunities

ESRS 2 SBM-3 S2 Material impacts, risks and opportunities and their interaction with strategy and business model

Demant engages with suppliers that operate in countries and industries where there is a risk of negatively impacting workers' rights. This is especially the case in the electronic components manufacturing sector where impacts can be severe, e.g. poor health and safety standards, suboptimal working conditions and unfair labour practices. These negative conditions impact the individual workers and their families and take place in the short term. These impacts may be linked to our operations, products or services through our business relationships.

Impact, risk and opportunity management

S2-1 Policies related to value chain workers

We have several policies in place that are designed to identify, document and manage potential impacts on workers in our value chain and to mitigate associated risks.

Our Third Party Compliance Code outlines our expectations toward suppliers and business partners regarding working conditions for workers in the value chain. This includes the core International Labour Organization (ILO) standards on working conditions, workplace health and safety, freedom of association, forced/child labour and non-discrimination. We expect all new direct suppliers to comply with this Code, which is included as an appendix in all new contracts with suppliers.

Leadership of Group Legal and Compliance is accountable for the Code, while the implementation of the Code lies with Demant's supply chain departments. Through our Supply Chain Sustainability Policy, we summarise our commitment to advancing sustainability across our supply chain. The Policy covers all direct upstream buying practices across the Demant Group as well as supplier risk assessment and risk-based due diligence steps. The implementation of this Policy is a shared responsibility between the leadership of the two main supply chain departments in Demant, Hearing Aids and Diagnostics, respectively. Our commitment to respecting human rights, including the rights of value chain workers is outlined in our Sustainability Policy. Please refer to the section S1 on page 86.

S2-2 Processes for engaging with value chain workers about impacts

Supplier engagement

Our strong collaboration with suppliers enables us to consistently deliver quality products in scale and thus ensure timely delivery throughout our value chain. In our Hearing Aids business area, we have deepened this collaboration by integrating sustainability into our partnerships through our supplier engagement programme. The programme's objective is to collaborate more closely with suppliers on decarbonisation and addressing human rights impacts in our supply chain.

We continuously take steps to gain insight into the perspectives of the impacts of our operations on workers in our value chain. Currently, supplier engagement does not involve direct engagement with workers in the value chain.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Our whistleblower hotline is available to all external stakeholders, including value chain workers. Please refer to page 104. Currently, Demant does not require its suppliers to establish reporting channels for their own employees to raise concerns. This will be considered the next time we update our Third Party Compliance Code. Where Demant may contribute to negatively impacting value chain workers, we are committed to contributing to remediate such impacts. We expect suppliers to ensure they have effective remedies in place, as they are responsible for any adverse impacts on their own workers.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Supplier assessments

We have many suppliers in our Hearing Aids and Diagnostics business areas. We therefore take a risk-based approach to identifying and managing the interests, views and rights of value chain workers. The large number of suppliers calls for prioritisation of resources to identify and mitigate the most significant negative impacts first. If a negative impact is reported to or identified by Demant, we engage directly with the supplier in question to urge them to prevent and mitigate the impact, while clearly communicating our expectation that the supplier provides remedies towards the affected value chain workers.

In 2024, we established an updated and more extensive sustainability supplier risk assessment process to identify and document the potential impacts that workers in our supply chain are exposed to, based on the countries and sectors in which the workers of our suppliers operate. The risk assessment process is based on a quantitative and qualitative analysis, using recognised databases, indices and reports. Continuous risk assessment of existing and new suppliers helps us gain an overview of how the interests, views and rights of value chain workers could be materially impacted by Demant, including respect for their human rights. These efforts are embedded in the supplier management process, and dedicated sustainability specialists lead this work in our procurement functions.

In 2024, selected suppliers, based on spend, were screened as part of the risk assessment process. In the supply chain in our Diagnostics business area, all direct upstream suppliers and approximately 80% of all indirect upstream suppliers to our Danish and Polish production sites were screened, based on the 2023 supplier base. In the supply chain in our Hearing Aids business area, 31% of direct upstream suppliers were screened, based on the 2023 supplier base, covering 99% of total direct spend. During 2025, we will implement the risk assessment process globally and align our due diligence efforts according to risk categories.

No severe human rights impacts or incidents connected to our upstream or downstream value chain were reported to Demant in 2024.

Metrics and targets

S2-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

In Demant, we continuously evaluate our actions through our current practices, including direct supplier engagement, which is a part of the routine responsibilities of the procurement functions in Demant. We are currently implementing updated supplier risk assessment and due diligence processes. Therefore, we have not yet set targets to manage impact on workers in the value chain. In 2025, we will explore options to do so.

S4 Consumers and end-users

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our core commitment to society is to help people become aware of and overcome hearing loss and improve their quality of life through innovative solutions and access to personalised hearing care.

Demant offers innovative technologies, solutions and know-how to help improve people's health and hearing. Our prioritisation is to support the entire journey towards better hearing. We believe that the best treatment of hearing loss starts with the hearing care professional, who delivers personalised care by diagnosing the hearing loss, fitting the hearing aid and rendering support based on the individual's needs.

In 2024, we improved 10.9 million lives, and we carried out 1.5 million hearing tests in our own clinics.

Our targets

Our target is to improve more than 16 million lives by 2030. Creating awareness is crucial to fulfilling our purpose, and we also aim to raise awareness of hearing treatment by sequentially increasing test activities to more than 2 million hearing tests performed by 2030.

Increasing awareness through hearing tests

1.5 MILLION

People tested in 2024

MORE THAN 2 MILLION

2030 target

Improving lives through hearing health

10.9 MILLION

Lives improved in 2024

MORE THAN 16 MILLION

2030 target

Material topics

Providing life-changing hearing health

Hearing health awareness

Product quality and safety

Right to privacy

Providing life-changing hearing health and advancing hearing health awareness

According to the World Health Organization, one in five people today lives with hearing loss. If untreated, it impacts their ability to interact, contribute and feel a sense of belonging.

Impacts, risks and opportunities

ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model

Demant's purpose, strategy and business model is built upon driving a positive impact, ultimately improving quality of life for our users. This, in turn, poses positive impacts for their families, colleagues and society at large in the short, medium and long term. Scaling of Demant's business and innovation is driven by the strategic purpose and ambition of delivering life-changing hearing health globally to as many people as possible. With a stable and growing consumer base, dependencies on consumers do not pose material risks for Demant. On the contrary, increased life expectancy and underserved markets provide material opportunities to continue to deliver life-changing hearing health to users to drive social impact and solid financial performance.

Raising awareness of the importance of hearing loss among potential hearing aids users in society is important for Demant to drive business growth. Removing the stigma around hearing loss and empowering people to get help in due time, will have a positive impact on the individuals treated, their social network and public health at large in the short, medium and long term. As a leader within diagnostics technology and with a global infrastructure of hearing clinics, Demant is committed to enabling early detection of hearing loss and thereby increase awareness of the problem.

Impact, risk and opportunity management

S4-2 Processes for engaging with consumers and end-users about impacts

Engaging with users and consumers is integral to Demant's purpose of providing life-changing hearing health. Continuous feedback from users and customers allows focused innovation and enables us to provide a high level of service in our hearing care clinics. We have established user communication procedures for all our business areas.

User engagement is at the heart of Demant's product innovation activities. At Eriksholm Research Centre, which is part of our Hearing Aids brand Oticon, researchers make audiological discoveries with the potential to significantly enhance user benefits. Such discoveries are based on continuous dialogue with many people living with hearing loss and dedicated hearing care professionals, as well as strong academic partnerships.

The Interacoustics Research Unit (IRU), which is a part of our Diagnostics business area, works to change the lives of hearing care professionals and hearing aid users alike by facilitating several projects that engage users to advance diagnostics equipment and methods.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Since 2018, Demant's Hearing Care business area has been championing global efforts to put hearing health on the map. Through the International Campaign for Better Hearing, many Hearing Care clinics, for example in Canada, actively engage with their local communities, providing free hearing aids to individuals through our locally managed give-back programmes. Clinics in other countries, such as Australia, Ireland and Greece carry out other types of awareness-raising activities.

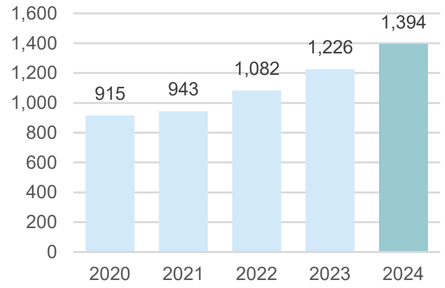
The Campaign's mission is to increase awareness of the critical importance of hearing health, highlighting both the benefits of treating hearing loss and the consequences of leaving it untreated. To make hearing care more accessible, we offer free screenings to everyone over the age of 60, promoting early detection and timely intervention.

Our Diagnostics business area offers global access to the most current and relevant clinical knowledge about hearing and balance. According to the WHO (World Report on Hearing, 2021), early intervention is crucial to minimise the adverse impact of hearing loss on language and cognitive development. Building capacity among ear-nose-throat doctors, audiologists and healthcare professionals is therefore crucial to ensure early intervention.

As part of our strategy, we are committed to continuing to invest in R&D and further expanding the distribution of our products in both existing and new markets going forward. We continuously engage with customers, healthcare practitioners and other stakeholders to ensure that we develop innovative products. In 2024, Demant invested DKK 1,394 million in R&D to drive innovation and ensure continuous technological leadership.

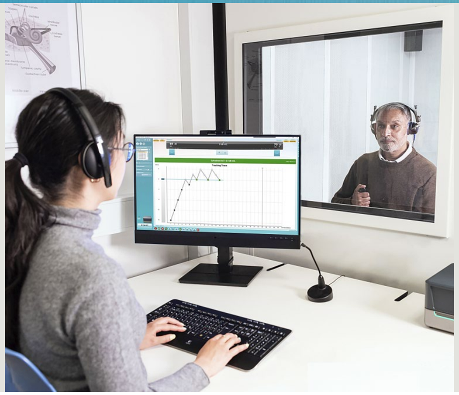
R&D costs ●

(DKK million)



How we are progressing

S4-4 Continued



ACT™ - one step closer to precise hearing aid fitting

The IRU works to change the lives of people with hearing loss by inventing new or improving existing tools to help hearing care professionals in hearing screening, diagnostic evaluation of hearing and fitting of hearing aids. In 2024, IRU supported the commercial roll-out of the Audible Contrast Threshold (ACT™) test.

With the introduction of the ACT test, hearing care professionals can predict the quality of a person's aided hearing in everyday speech-in-noise scenarios. This enables more precise fitting of the hearing aids, which then reduces the need for subsequent fitting and adjustments.

Read more here.

easyli

Detecting listening fatigue in occupational settings

The EU-funded project EASYLI is a five-year doctoral network in collaboration with several European universities and industrial partners. The goal of EASYLI is to examine and optimise the ratio between costs and benefits of effortful listening in occupational settings.

In demanding or noisy work situations, or for people with hearing loss, high listening effort may be necessary to maintain satisfactory job performance.

Learnings from project EASYLI can help detect fatigue early on and prevent the negative effects of high listening effort.

Read more here.

AI: A strong focus area at Eriksholm Research Centre

At Eriksholm Research Centre, we have made AI a dedicated scientific focus area where we explore how AI can be harnessed and utilised to help people with hearing impairment benefit from scientific discoveries at a faster pace than ever. With this focus area, we aim to take advantage of the deep insight we have in cognitive hearing science, intent decoding and personalised audiology.

We use AI to spearhead research initiatives aimed at creating hearing aid systems that can provide precisely tailored sound experiences for individuals who are using hearing devices. In 2024, Demant launched next gen AI-enabled hearing aids.

Read more here.

Metrics and targets

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In 2024, Demant established new targets for advancing positive impacts on people with hearing loss:

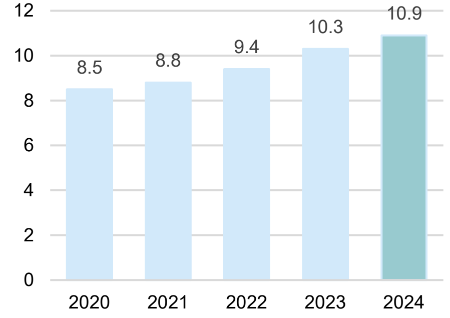
- Improve more than 16 million lives by 2030
- Increase awareness by performing hearing tests on more than 2 million people by 2030

The targets are set in relation to the overall ambition and purpose of Demant. The targets cover all markets where Demant is present.

The target-setting process involved internal experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors. Consumers and end-users were not directly involved in the process.

Lives improved

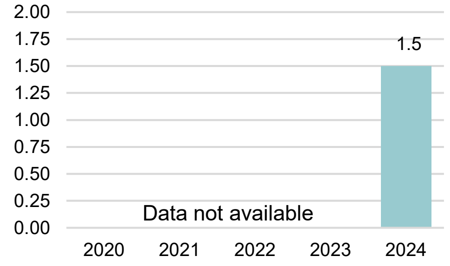
(million lives)



Based on the estimated lifetime of hearing aids, the number of hearings aids sold, and fittings made by the Group in 2024, we improved 10.9 million lives in 2024.

People tested

(million people)



In 2024, Demant tested 1.5 million people with suspected hearing loss.

Accounting policy

Lives improved

The number of lives improved is determined by the number of hearings aids sold and a binaural rate. The number is accumulated based on a five-year product lifecycle.

Hearing tests performed

Hearing tests performed is the number of tested people in the reporting period.

Product quality and safety

Ensuring the highest standards of quality and safety in our products, while meeting the regulatory requirements, is crucial to our purpose of providing life-changing differences through hearing health.

Impacts, risks and opportunities

ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model

In the hearing healthcare industry, a lack of product quality and safety could be troublesome, as hearing aid devices and diagnostics equipment are in contact with a person's skin over extended periods. Thus, the devices need to comply with relevant medical device regulations to obtain the required certifications. If Demant fails to deliver on its product brand strategy of providing excellent innovation and high-quality products, it could present a risk. If this risk materialises, it could affect Demant's licence to operate and ability to bring products to market and hence have financial consequences for Demant in the short and medium term. Demant invests many resources in maintaining high product quality and mitigating risks, which include accurate and accessible product information on the use of our products.

Impact, risk and opportunity management

S4-1 Policies related to consumers and end-users

Working with quality is vital for us to sustain the high standards and reliability of our products and to ensure the safety of our customers and users. We ensure that the Group complies with relevant regulations related to specific substances and defines quality management in quality policies for the Hearing Aids and Diagnostics business areas. The policies cover activities that support product development, manufacturing, marketing and servicing. Each function within the company is accountable for the quality of their deliveries. The leadership of the quality functions are accountable for ensuring that quality and compliance are delivered by the organisation.

S4-2 Processes for engaging with consumers and end-users about impacts

Customer service

We have established customer support service platforms for both our Hearing Aids and Hearing Care business areas, providing multiple channels for feedback. These channels are actively shared with users and consumers through the sales and service process and can easily be found on the websites of companies in the Demant Group.

In our Hearing Aids business area, the first point of contact for users is the hearing care professional, who in case of complaints or escalations will contact the respective Demant wholesale organisations. Users can also contact Demant's brands directly. Several of the brands within our Hearing Aids business area have created applications for users to access relevant information as well as support services. We communicate directly with the user in writing through our Instructions for Use.

In our Diagnostics business area, our sales and service entities located in 15 different countries have user communication toward the health care professional who uses the diagnostics equipment. This communication is guided by a feedback and complaint procedure and a customer relations management system that documents this dialogue. Further, many of the brands within our Diagnostics business area provide technical assistance via remote access as well as live online support. These channels allow our stakeholders to raise concerns and communicate cases of negative impact. All complaints are handled by a dedicated customer service team, ensuring documentation and follow-up with the complainant. This includes any remediation, such as fitting support, repair and replacement, where relevant.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Quality management

Our Quality Management Systems for Hearing Aids and Diagnostics business areas demonstrate our ability to offer medical devices that consistently meet customer needs and comply with regulatory requirements. Working with product quality and safety is our licence to operate, and our systems and processes always align with the high standards expected of us.

In our Hearing Aids business area, products are tested against reliability requirements, which are defined during the product development. These requirements are based on standards, regulations and our extensive experience in manufacturing hearing aids. At the end of the development process, final verification tests are conducted to ensure safety and effectiveness. Extensive reliability testing ensures that a product is safe and effective throughout its lifetime, and the product is tested at component, assembly and product level. Internally, the system is audited by our quality team and maintained to reflect developments and changes in our organisation.

For our diagnostic equipment, we gather information about customer needs, product requirements and procedures and apply risk management throughout the entire product life cycle, when designing new products. We work with suppliers that can deliver parts and services of the required quality, we monitor supplier performance, and we give appropriate supplier feedback. When developing new instruments and accessories, we collaborate with external researchers and medical professionals. Before we release products, they are tested extensively by accredited test houses and verified according to established performance standards. We perform a 100% test and final inspection of our products to ensure that they comply with and fulfil all specifications.

We furthermore mitigate risks associated with quality and safety by biological safety evaluation, using ISO10993 as a guiding standard. We evaluate materials in skin contact in accordance with the standard and, when necessary, we perform animal testing according to ISO10993-10, while evaluating whether chemical extraction and characterisation is deemed sufficient instead. These tests are conducted by external partners who are required to meet the expectations of our Third Party Compliance Code.

Metrics and targets

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Demant monitors the quality of its products and uses both external audits and complaints mechanisms to assess the effectiveness of our actions. All development and manufacturing sites are audited on an on-going basis in accordance with certification requirements. When audited, Demant targets zero major findings.

In 2024, in our Hearing Aids business area, the TÜV SÜD audit for ISO13485, MDR and MDSAP resulted in four minor non-conformances. All corrective actions and action plans have been approved by TÜV SÜD. We were also audited by the Danish Medicines Agency that found one minor non-conformance. Our response to the non-conformance finding was reviewed by the authorities, and they have accepted the root cause and actions and have thus closed the inspection.

In our Diagnostics business area, all external audits made by the certifying body, TÜV SÜD, in 2024 were completed, and no major findings were reported.

We have set business area-specific targets for our quality management that support the mitigation of potential impacts on consumers in relation to product safety and use.

Product recalls

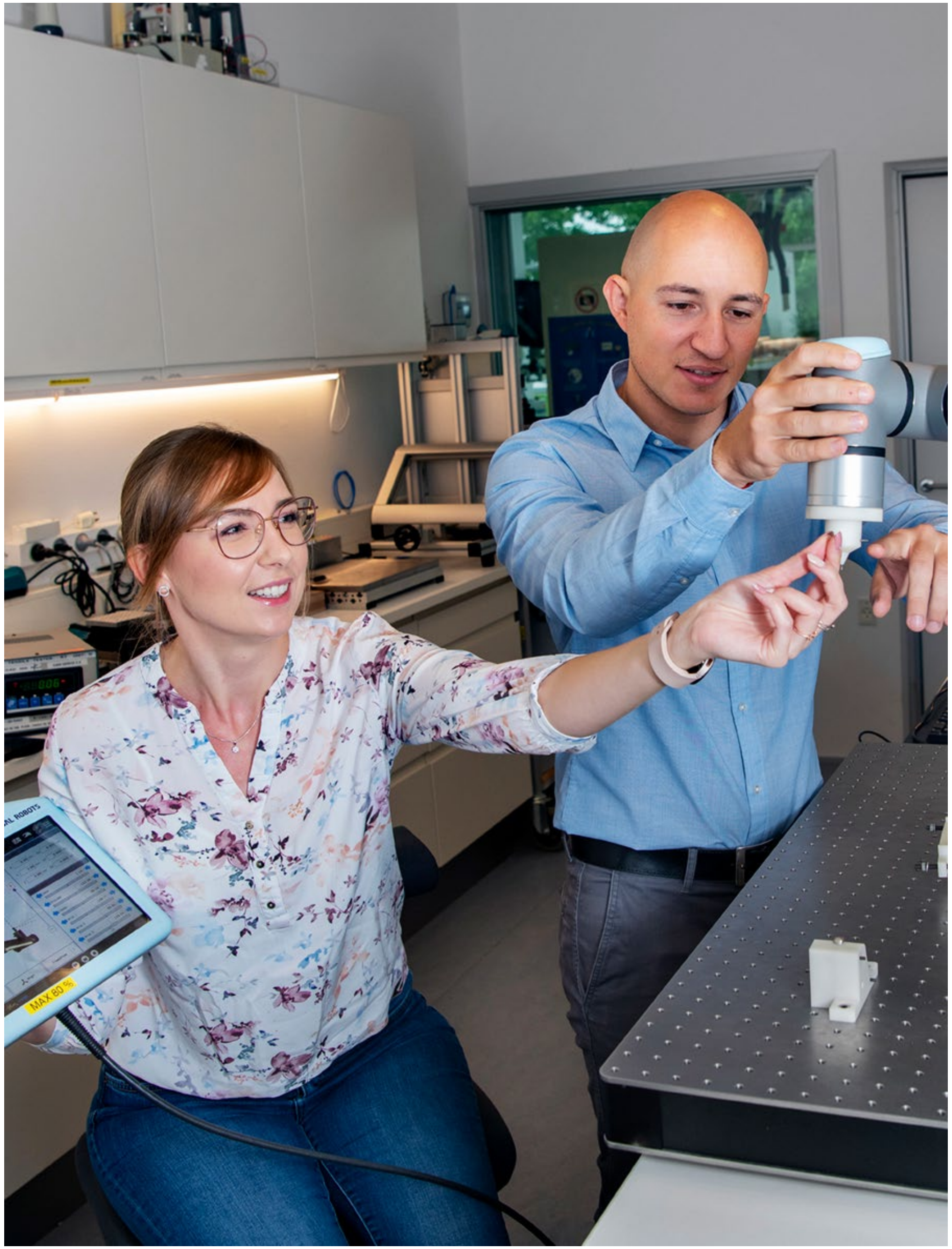
	2024	2023	2022	2021	2020
Hearing Aids	0	0	0	0	0
Diagnostics	0	0	0	0	0

We had zero product recalls in 2024.

Accounting policy

Product recalls

Product recalls cover both voluntary and mandatory recalls.



Right to privacy

Demant is entrusted with personal data on customers, users and business partners, which must be collected and processed in accordance with applicable laws and regulations.

Impacts, risks and opportunities

ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model

As our business continues to grow, the complexity of managing customers' data increases. When it comes to data privacy, Demant has a material potentially negative impact on users and consumers on the short term to which no certain groups are particularly exposed. Further, the potentially negative impact is not widespread or systemic. We remain committed to protecting personal data, and failure to do so could have serious consequences for the people whose data we possess as well as for the Group.

Impact, risk and opportunity management

S4-1 Policies related to consumers and end-users

Demant has a defined Data Privacy Strategy and programme to manage potentially negative impacts on the privacy of consumers and users. This includes policies and defined processes for handling personal data as well as processes for engaging with affected stakeholders and remediating any such impacts.

Data privacy is also covered by Demant's Code of Conduct, which outlines clear expectations of employees' conduct in this regard. Demant has implemented a global Data Ethics Policy, and it is mandatory for all employees in Demant to comply with the Policy.

The Policy covers all processing of data, including personal and non-personal data, and goes beyond compliance, as we already work diligently to ensure that the processing of personal data is done in accordance with regulatory frameworks. The Policy provides additional protection for the benefit of our customers, users and employees.

Data privacy and ethics is governed by our Global Legal & Compliance Board. Group Legal & Compliance reports regularly on material issues to the Global Legal & Compliance Board, that includes the Executive Leadership Team, and to the audit committee.

Demant's commitment to human rights, embedded in our Sustainability Policy, also covers the rights of users and consumers. Please refer to Demant's approach to due diligence in relation to human rights on page 86. Neither cases of non-respect of the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines, nor severe human rights impacts involving consumers or users, have been reported in Demant's value chain in 2024.

S4-2 Processes for engaging with consumers and end-users about impacts

Involvement

Information about users' and consumers' data privacy is provided in privacy notices when required by local legislation. Consumers and users are informed of the use of their personal data and are also guided on how to exercise their legal rights regarding their personal data.

We continue to experience increasing interest in privacy matters from our customers and users, and we spend significant resources on ensuring that all privacy queries are addressed.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Demant's whistleblower hotline is available to all external stakeholders, including users and consumers. Please refer to page 104.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

All collection and processing of personal data are done in accordance with applicable laws and regulations, including GDPR in the EU/EEA and CCPA and HIPAA in the US. Failure to comply with the rules may not only have serious consequences for the persons whose data we possess but may also result in large fines for Demant, if the rules are violated.

Ways of working

We have a dedicated Data Privacy team, which is part of Demant's Group Legal & Compliance, and in 2024, we welcomed additional privacy professionals to the team. The team is mainly based in Europe and the US, where privacy legislation was first passed and where internal demand for support has been most prevalent. However, the team also supports legal colleagues and the business in other regions, as more countries pass comprehensive data protection laws and impose local restrictions on data handling.

The team maintains a privacy portal for employees, containing relevant national and international legislation and guidelines that Demant brands must comply with, training materials and access to relevant policies and processes.

To ensure local implementation and awareness of data privacy policies and procedures, we have furthermore appointed 111 data privacy champions spread across our European sites. They receive ongoing training on privacy matters, and once a year, they participate in the annual internal Data Privacy Summit, which has been held since 2019. The champions reach out to the Data Privacy team if they experience any concerns or complaints about data privacy.

The data landscape available to Demant supports our internal identification of efficiencies, development of new products, gaining customer insights, optimising operations and tailoring our business strategies. Collecting personal data is therefore not only necessary for the delivery of our products and services but also presents opportunities. However, any collection and use of data also present the inherent risk of misuse or access by threat actors, such as hackers and cybercriminals. Protecting data privacy is therefore dependent on a strong IT security system.

The Data Privacy team collaborates closely with Demant's IT Security team. In addition to established IT security measures, we have a well-functioning data breach response procedure. The Data Privacy team monitors any alerts of a potential data breach every day of the year and ensures that appropriate action is taken.

Working with data privacy remains a permanent focus area for Demant, and we strive to continuously optimise our internal processes in alignment with best practices and standards.

Governance

G1 Business conduct

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We take a proactive approach to business ethics to ensure we behave as a company we can be proud of. We strive for high ethical standards and operate our business with integrity and honesty.

Conducting business with integrity is important to us and is reflected in the way we connect with employees, users, customers, third parties and other stakeholders. We strive to act responsibly and are committed to operating our business in accordance with the law and the minimum standards set in our Code of Conduct.

Our target

We aim to enhance our business conduct excellence by providing code of conduct training to all employees. To ensure we focus our efforts where we have the highest risk in terms of corruption and bribery, we have set a target to increase code of conduct training of our highly exposed employees year over year, aiming to reach 100% by 2030.

Increase excellence in business conduct by providing code of conduct training

76%

Highly exposed employees trained in 2024

100%

2030 target

Material topics

Corruption and bribery

We believe that strong and ethical business processes are undeniable aspects of operating a sustainable business.

Impacts, risks and opportunities

Certain areas of our organisation are exposed to higher risk of corruption and bribery. This includes working with distributors in countries where there is a risk of bribery and corrupt practices. A bribery or corruption incident could lead to fines and penalties for Demant as well as reputational damage that could affect our business relationships with customers and suppliers. The risk of corruption exists in our own operations and in our downstream value chain and is considered systemic in some of the countries where we have distributor relationships. It occurs in the short and medium term.

Impact, risk and opportunity management

G1-1 Business conduct policies and corporate culture

Our Code of Conduct reflects our commitment to a prominent level of business ethics and is the overarching compliance document for our Group. The Code of Conduct outlines the behaviour we expect of our employees. It sets the minimum standards and ethical principles applicable to all employees, regardless of location and the nature of their work, and provides everyone with a common understanding of how we conduct our business.

Our business ethics programme lays a solid foundation for ensuring that Demant can identify, report and investigate any concerns about unlawful behaviour or behaviour that contradicts our Code of Conduct. Beyond the Code of Conduct, the business ethics programme covers the global whistleblower hotline as well as a portfolio of global programmes with relevant policies and guidelines, processes, tools, risk assessments, training and advice.

Business ethics compliance is governed by the Legal & Compliance Board. The leader of Group Legal & Compliance is accountable for the implementation of all the policies described in this section. Group Legal & Compliance is supported by a network of 62 business ethics champions appointed in each subsidiary globally and in Group business functions. Group Legal & Compliance reports regularly on material reports received through the whistleblower hotline to the audit committee and the Legal & Compliance Board.

In H1 2024, we hosted Business Ethics Days at our headquarters in Denmark for all our global business ethics champions and for centralised business functions. The purpose of the days was to further educate our champions on business ethics compliance and ensure engagement throughout the champions' network.

Whistleblower hotline

Demant has established a whistleblower hotline, which enables employees, business partners and all other internal and external stakeholders to report any concerns about serious and sensitive matters confidentially and anonymously. We encourage employees and external stakeholders to raise their concerns about serious and sensitive actions that (1) fail to comply with our Code of Conduct, (2) fail to comply with applicable laws and regulations and/or (3) jeopardise the health and safety of our employees.

Anti-retaliation is a part of our Whistleblower Policy. We are committed to ensuring that there will be no discriminatory or retaliatory action against any employee or third party who in good faith raises a concern through the whistleblower hotline. Our anti-retaliation efforts comply with Directive (EU) 2019/1937.

Group Legal & Compliance manages the whistleblower hotline and has developed an Investigation Guideline, which is a tool that describes step-by-step how an investigation into a concern raised by an employee is conducted.

Group Legal & Compliance works closely with Global HR and has, in collaboration with them, developed an HR investigation process, which HR use when conducting HR-related investigations. Employee concerns can also be reported to HR or managers directly and do not have to be reported through the whistleblower hotline.

Training and awareness

We strive to ensure that all employees are aware that they can safely report concerns through our whistleblower hotline. We have had several global campaigns promoting awareness about the hotline and, most recently, awareness was created through our global Code of Conduct and Whistleblower e-learning launched in H1 2024 in 11 languages.

Among other things, e-learning informs the employees about the whistleblower hotline, how to report and what they can report and provides information about our anti-retaliation principles. In 2024, all employees globally were asked to complete the e-learning, and we plan to relaunch the e-learning every three years. In addition, the business ethics champions appointed in each subsidiary globally help raise awareness about the whistleblower hotline. In 2025, we will update our code of conduct training to ensure a better fit to the different types of employees across Demant. All white-collar employees will be invited to complete the e-learning, while we plan to conduct physical training of production and warehouse staff.

Anti-corruption and bribery

G1-3 Prevention and detection of corruption and bribery

It is a fundamental principle for Demant to compete for business on fair terms and solely on the merits of our services. Demant is committed to avoiding the use of corruption, wherever we do business. Through an anti-corruption risk assessment, we have identified the functions that are exposed to the highest risk in respect of corruption and bribery. These, among others, include employees that are in direct contact with public officials, for instance by participating in negotiations for public tenders on Demant's behalf.

We have implemented policies and guidelines to mitigate corruption risks throughout our organisation. This includes an Anti-Corruption Policy, Gifts & Hospitality Guidelines, containing country-specific appendices with local monetary limits and a Third Party Compliance Code, which contains a section on anti-corruption, and which is included as an appendix in contracts with third parties.

For third parties, we have a due diligence process where we assess the anti-corruption risk associated with dealing with the third parties in scope of due diligence. Based on our findings, we implement appropriate mitigating measures, such as specific anti-corruption wording in the contract with the third party.

The global Code of Conduct and whistleblower e-learning contains a deep dive into anti-corruption. Since all employees have been asked to complete the e-learning, it covers those employees that are exposed to the highest risk in respect of corruption and bribery as well as the Executive Leadership Team. In addition to e-learning, we also conduct in-person training for selected high-risk employee groups on an ad hoc basis.

Our business ethics champions have received extensive training on anti-corruption. As they are appointed in each subsidiary globally, they help us detect issues locally that could be problematic from an anti-corruption perspective and ensure that Group Legal & Compliance is involved to the extent necessary. In addition, our business ethics champions help us raise awareness locally about the Code of Conduct as well as on our Anti-Corruption Policy and guidelines, which apply to all employees globally, thereby assisting in the prevention of corruption and bribery through training. In 2024, we collaborated with our business ethics champions to create country-specific appendices with local monetary limits to our Gifts & Hospitality Guidelines in all subsidiaries globally.

The whistleblower hotline enables employees, business partners and other stakeholders to report their concerns relating to corruption and bribery confidentially and anonymously. Group Legal & Compliance manages all reports received through the whistleblower hotline and our Whistleblower Policy and Investigation Guideline ensure that the investigator involved in a specific whistleblower case is independent from the chain of management involved in the matter.

Metrics and targets

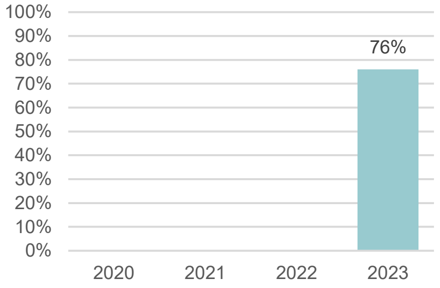
In 2024, we committed to increasing our business conduct excellence through code of conduct training to reach 100% of highly exposed employees, such as top-level management, senior leaders of commercial functions, procurement and finance managers, by 2030. The target relates to the objectives laid out in our Code of Conduct.

The target-setting process involved internal experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors.

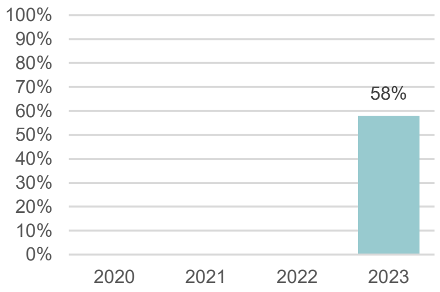
In 2024, 58% of all Demant employees completed the e-learning. 76% of highly exposed employees, who are the target group for our 2030 target, completed the training.

Data on code of conduct training in our e-learning module for the period from 2020-2023 is not available as e-learning was introduced in 2024. Employees received training through other channels prior to 2024.

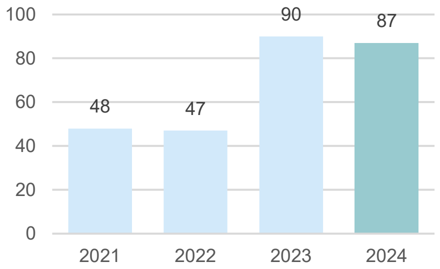
Code of conduct training – Highly exposed employees



Code of conduct training – All employees

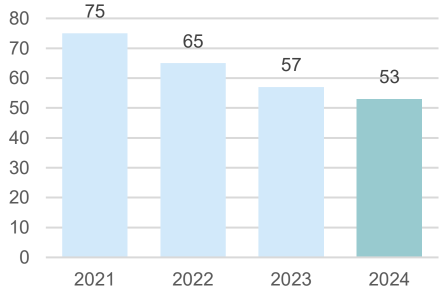


Whistleblower reports



In 2024, Demant received 87 reports through the whistleblower hotline.

Distributor due diligence



In 2024, Demant conducted 53 due diligence screenings. The decrease in number of distributor due diligence is due to backlogs in 2021 and 2022.

G1-4 Incidents of corruption or bribery

We have had no confirmed incidents of corruption or bribery in Demant in 2024. Therefore, there have been no convictions or fines for violation of anti-corruption and anti-bribery laws in 2024.

Accounting policy
Whistleblower reports
The number of whistleblower reports received through the hotline during the year cover the substantiated reports.

Distributor due diligence
The number of distributor due diligence conducted as part of our due diligence process for our distributors.

Advocacy for hearing health

Our advocacy efforts are closely intertwined with our objective of raising awareness about hearing healthcare and driven by our main purpose.

Impacts, risks and opportunities

G1-5 Political influence and lobbying activities

To support Demant's purpose of creating life-changing difference to people with hearing loss, we engage with international organisations, governments and local authorities to raise awareness about the importance of hearing health. Ensuring that more people test and treat their hearing loss can have a positive financial impact on Demant in the medium and long term.

Impact, risk and opportunity management

When exerting political influence, we carry with us our principles of conducting business with integrity and high ethical standards. We engage in political activities through industry organisations, lobbying for a more advanced and better hearing healthcare infrastructure to ultimately ensure the best possible treatment for people with hearing loss.

We take active part in relevant industry organisations including, but not limited to, the following:

European Hearing Instrument Manufacturers Association (EHIMA)
Demant is represented in the General Assembly and the Technical, Regulatory, Public Affairs and Sustainability Committees.

Hearing Industries Association (HIA)
Demant is represented in the board of directors and the Technical and Regulatory, Market Insights, Market Analytics and Claims Committees.

We are transparent about our stance and advocate for topics directly linked to our company purpose and strategy. How we engage politically varies, depending on local conditions, as activities to promote hearing health depend entirely on country-specific legislation and hearing health infrastructure.

Our Anti-Corruption Policy (please refer to page 104) does not allow for political contributions which are defined as contributions to politicians, political campaigns and political parties. Any deviations from this Policy must be approved by our Group CEO. In 2024, we did not make any political contributions.

Additional information

Sustainability reporting risks and internal controls

Demant is committed to ensuring adequate reporting data quality and mitigating significant risks related to sustainability reporting.

Scoping of material topics

A double materiality assessment is conducted on a yearly basis, please refer to page 62.

ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting

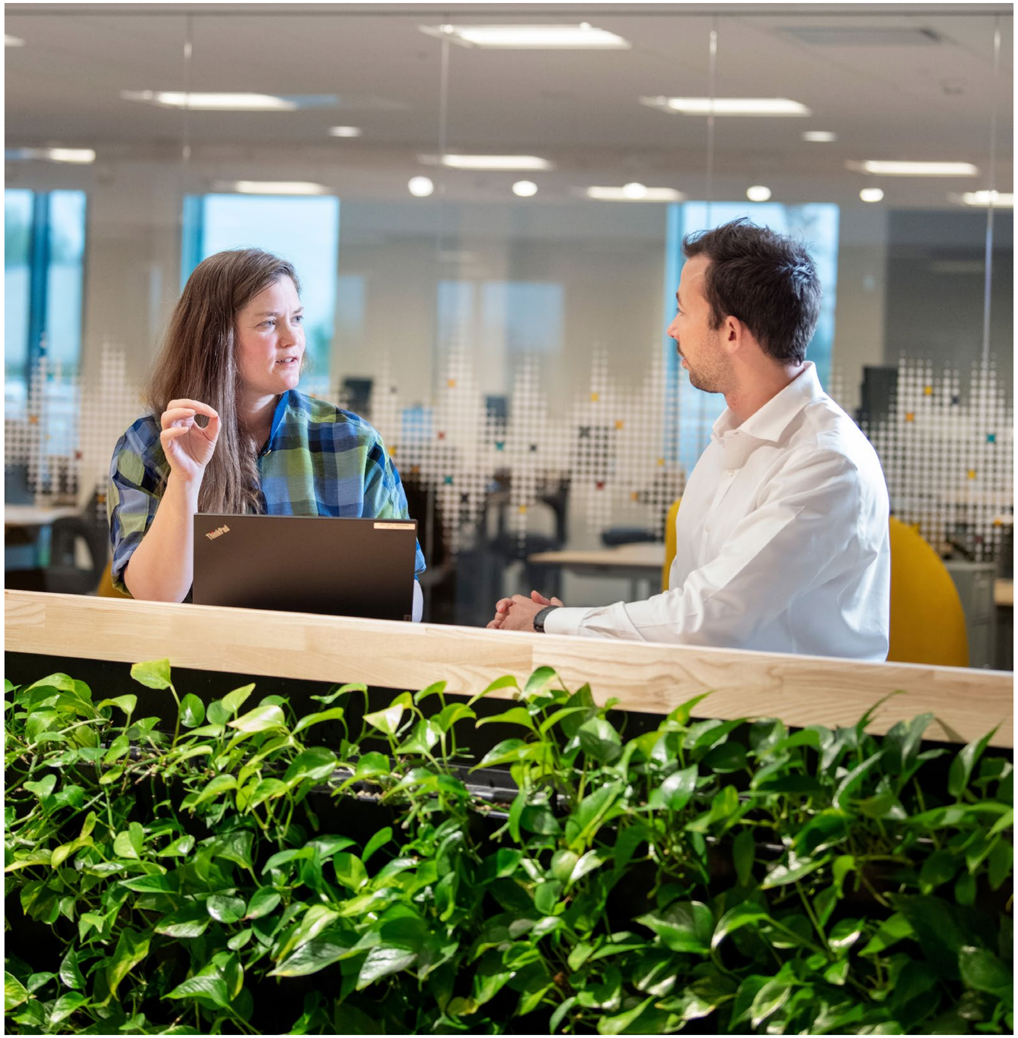
Risk management in relation to sustainability reporting

Demant's sustainability reporting risk management framework is designed to identify, assess and manage risks related to sustainability reporting. Key risk factors include regulatory compliance, data accuracy and stakeholder expectations. We employ a comprehensive risk assessment process, involving regular reviews and updates. Through this process, we ensure that all identified potential risks are adequately addressed based on the scoping of material sustainability topics identified in the double materiality assessment.

The identified risks are assessed as either high, medium or low. The sustainability reporting risk categorisation is based on inherent reporting risks, such as completeness and accuracy of the data. High risks have a higher prioritisation than medium and low risks.

The main reporting risks are related to completeness and accuracy of the data submitted.

The Sustainability Board receives updates on a quarterly basis and includes any findings in the internal control framework related to sustainability reporting and how to mitigate risks.



Disclosure requirements and incorporation by reference

ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement.

The following tables outline all ESRS disclosure requirements in ESRS 2 and five topical standards, which are relevant to Demant and have guided us in the preparation of this Sustainability statement. We have excluded disclosure requirements in E2, E3, E4 and S3, as they are below our materiality thresholds.

These tables serve as a guide for locating information on specific disclosure requirements in the Sustainability statement. They also indicate where information on a specific disclosure requirement not included in the Sustainability statement can be found. This information is "incorporated by reference" either in the Management statement and Financial statements of this Annual Report or in the separately published Remuneration Report.

Cross-cutting standards

ESRS 2 General disclosures

Disclosure requirements		Statement	Page
BP-1	General basis for preparation	Sustainability	51
BP-2	Datapoints that derive from other EU legislation	Sustainability	113
GOV-1	The role of the administrative, management and supervisory bodies	Management/ Sustainability	41, 47, 56
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Management/ Sustainability	56
GOV-3	Integration of sustainability-related performance in incentive schemes	Remuneration report	8
GOV-4	Statement on sustainability due diligence	Sustainability	116
GOV-5	Risk management and internal controls over sustainability reporting	Sustainability	108
SBM-1	Strategy, business model and value chain (products, markets and customers)	Management/ Sustainability	10, 16, 20, 59
SBM-1	Strategy, business model and value chain (headcount by country)	Sustainability	88
SBM-1	Strategy, business model and value chain (breakdown of revenue)	Financial	127
SBM-2	Interest and views of stakeholders	Sustainability	64
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability	58, 60-62
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Sustainability	62-63
IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	Sustainability	109

Environmental standards

ESRS E1 Climate change

Disclosure requirements		Statement	Page
E1-1	Transition plan for climate change mitigation	Sustainability	68
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	Sustainability	67
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Sustainability	67
E1-2	Policies related to climate change mitigation and adaptation	Sustainability	67
E1-3	Actions and resources in relation to climate change policies	Sustainability	68
E1-4	Targets related to climate change mitigation and adaptation	Sustainability	69
E1-5	Energy consumption and mix	Sustainability	70
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	Sustainability	70-72

ESRS E5 Resource use and circular economy

Disclosure requirements		Statement	Page
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability	76
ESRS 2, IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Sustainability	76
E5-1	Policies related to resource use and circular economy	Sustainability	76
E5-2	Actions and resources related to resource use and circular economy	Sustainability	76
E5-3	Targets related to resource use and circular economy	Sustainability	77
E5-4	Resource inflows	Sustainability	78
E5-5	Resource outflows	Sustainability	78

Social standards
ESRS S1 Own workforce

Disclosure requirements		Statement	Page
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability	86, 89, 92
S1-1	Policies related to own workforce	Sustainability	86, 89, 92
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Sustainability	86, 89, 92
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Sustainability	87, 89
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Sustainability	87, 89, 92
S1-5	Targets related to managing mate-rial negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability	87, 90
S1-6	Characteristics of the undertaking's employees	Sustainability	88, 92
S1-9	Diversity metrics	Sustainability	90
S1-16	Remunerations metrics (pay gap and total remunerations)	Sustainability	90
S1-17	Incidents, complaints and severe human rights impacts	Sustainability	87

Social standards
ESRS S2 Workers in the value chain

Disclosure requirements		Statement	Page
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	Sustainability	94
S2-1	Policies related to value chain workers	Sustainability	94
S2-2	Processes for engaging with value chain workers about impacts	Sustainability	94
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Sustainability	94
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Sustainability	94
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability	94

Social standards
ESRS S4 Consumers and end-users

Disclosure requirements		Statement	Page
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	Sustainability	96, 99, 101
S4-1	Policies related to consumers and end-users	Sustainability	99, 101
S4-2	Processes for engaging with consumers and end-users about impacts	Sustainability	96, 99, 101
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Sustainability	101
S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions	Sustainability	96-97, 99, 101
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability	98-100

Governance standards

ESRS G1 Business conduct

Disclosure requirements		Statement	Page
ESRS 2, GOV-1	The role of the administrative, supervisory and management bodies	Management	41, 47, 56
G1-1	Business conduct policies and corporate culture	Sustainability	104
G1-3	Prevention and detection of corruption and bribery	Sustainability	104
G1-4	Incidents of corruption or bribery	Sustainability	105
G1-5	Political influence and lobbying activities	Sustainability	106

Datapoints in cross-cutting and topical standards

The table below outlines the list of datapoints in cross-cutting standards that derive from other EU legislation.

Disclosure requirements	Datapoints		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Report/section	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x		Management's review	42
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent paragraph			x		Management's review	47-48
ESRS 2 GOV-4	30	Statement on due diligence	x				Statement on due diligence	116-117
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities paragraph	x	x	x		Not material	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not material	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not material	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not material	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	Climate change	68-69
ESRS E1-1	16 (g)	Undertakings excluded from the EU Paris-Aligned Benchmark		x	x		Not material	
ESRS E1-4	34	GHG emissions reduction targets	x	x	x		Climate change	72
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate-impact sectors)	x				Climate change	70
ESRS E1-5	37	Energy consumption and mix	x				Climate change	70
ESRS E1-5	40-43	Energy intensity associated with activities in high climate-impact sectors	x				Climate change	70
ESRS E1-6	44	Gross scope 1, 2 and 3 and total GHG emissions	x	x	x		Climate change	72
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x		Climate change	72
ESRS E1-7	56	GHG removals and carbon credits				x	Not material	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Not material	
ESRS E1-9	66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk		x			Not material	
ESRS E1-9	66 (c)	Location of significant assets at material physical risk		x			Not material	
ESRS E1-9	67 (c)	Breakdown of the carrying value of real estate assets by energy-efficiency classes		x			Not material	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Not material	

Disclosure requirements	Datapoints		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Report/section	Page
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material	
ESRS E3-1	9	Water and marine resources	x				Not material	
ESRS E3-1	13	Dedicated policy	x				Not material	
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	
ESRS E3-4	28 (c)	Total water recycled and reused	x				Not material	
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				Not material	
ESRS 2 - SBM 3 - E4	16 (a) i		x				Not material	
ESRS 2 - SBM 3 - E4	16 (b)		x				Not material	
ESRS 2 - SBM 3 - E4	16 (c)		x				Not material	
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	x				Not material	
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	x				Not material	
ESRS E4-2	24 (d)	Policies to address deforestation	x				Not material	
ESRS E5-5	37 (d)	Non-recycled waste	x				Not material	
ESRS E5-5	39	Hazardous waste and radioactive waste	x				Not material	
ESRS 2 - SBM3 - S1	14 (f)	Risk of incidents of forced labour	x				Own workforce	86
ESRS 2 - SBM3 - S1	14 (g)	Risk of incidents of child labour	x				Own workforce	86
ESRS S1-1	20	Human rights policy commitments	x				Own workforce	86
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Own workforce	86
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Own workforce	86
ESRS S1-1	23	Workplace accident prevention policy or management system	x				Own workforce	86-87
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				Own workforce	87
ESRS S1-14	88 (b), (c)	Number of fatalities and number and rate of work-related accidents	x		x		Not material	
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				Not material	
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		x		Not material	
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x				Own workforce	90

Disclosure requirements	Datapoints		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU climate law reference	Report/section	Page
ESRS S1-17	103 (a)	Incidents of discrimination	x				Own workforce	87
ESRS S1-17	104 (a)	Non-compliance with UNGPs on Business and Human Rights and OECD Guidelines	x		x		Own workforce	87
ESRS 2 - SBM3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				Workers in the value chain	94
ESRS S2-1	17	Human rights policy commitments	x				Workers in the value chain	94
ESRS S2-1	18	Policies related to value chain workers	x				Workers in the value chain	94
ESRS S2-1	19	Non-compliance with UNGPs on Business and Human Rights principles and OECD guidelines	x		x		Workers in the value chain	94
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Workers in the value chain	94
ESRS S2-4	36	Human rights issues and incidents connected to upstream and downstream value chain	x				Workers in the value chain	94
ESRS S3-1	16	Human rights policy commitments	x				Not material	
ESRS S3-1	17	Non-compliance with UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x		x		Not material	
ESRS S3-4	36	Human rights issues and incidents	x				Not material	
ESRS S4-1	16	Policies related to consumers and end-users	x				Consumers and end-users	95
ESRS S4-1	17	Non-compliance with UNGPs on Business and Human Rights and OECD guidelines	x		x		Consumers and end-users	95
ESRS S4-4	35	Human rights issues and incidents	x				Consumers and end-users	95
ESRS G1-1	10 (b)	United Nations Convention against Corruption paragraph	x				Business conduct	104-105
ESRS G1-1	10 (d)	Protection of whistleblowers paragraph	x				Business conduct	104-105
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws paragraph	x		x		Business conduct	105
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x				Business conduct	104-105

Statement on sustainability due diligence

ESRS 2 GOV-4 Statement on due diligence

The following table provides a mapping of how Demant applies the core elements of due diligence in relation to people and the environment and where they are presented in this Sustainability statement.

Core elements of due diligence	Paragraphs or pages in the Sustainability Statement	Disclosure relating to people and/or environment
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, page 56	People and environment
	ESRS 2 GOV-3, page 8 in Remuneration Report 2024	People and environment
	ESRS 2 SBM-3, pages 58-63	People and environment
b) Engaging with affected stakeholders in all key steps of due diligence	ESRS 2 GOV-2, page 56 ESRS 2 SBM-2, page 64 ESRS 2 IRO-1, page 62	People and environment
	S1-2, pages 86-87, 89, 92 S2-2, page 94 S4-2, pages 96, 99, 101	People
	G1-1, page 104	People and environment

Core elements of due diligence	Paragraphs or pages in the Sustainability Statement	Disclosure relating to people and/or environment
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, page 62 ESRS 2 SBM-3, page 58	People and environment
d) Taking actions to address those adverse impacts	E1-1, page 68 E1-3, page 68 E5-2, pages 76-77	Environment
	S1-4, page 87, 89, 92 S2-4, page 94 S4-4, pages 96-97, 99, 101	People
	G1-1, page 104 G1-3, page 104	People and environment
e) Tracking the effectiveness of these efforts and communicating	E1-4, page 69 E1-5, page 70 E1-6 pages 70-72 E5-3, page 77 E5-4, page 78 E5-5, page 78	Environment
	S1-5, pages 87, 90 S1-6, pages 88, 92 S1-9, page 90 S1-17, page 87 S4-5, pages 98-100	People
	G1-4, page 105 G1-5, page 106	People and environment

Financial statements

"When I got fitted with the hearing aids, I realised at that moment that this is the moment where I will be able to move on and move forward to become a firefighter, and I couldn't wait to do it."

Clare, hearing aid user and firefighter

Consolidated financial statements

Consolidated income statement

(DKK million)	Note	2024	2023
Revenue	1.1	22,419	21,601
Production costs	1.2 / 1.3 / 1.5	-5,329	-5,281
Gross profit		**17,090**	**16,320**
R&D costs	1.2 / 1.3 / 8.3	-1,394	-1,226
Distribution costs	1.2 / 1.3 / 8.3	-10,246	-9,554
Administrative expenses	1.2 / 1.3 / 8.2 / 8.3	-1,145	-1,102
Share of profit after tax, associates	3.4 / 6.1	99	68
Operating profit (EBIT) before special items		**4,404**	**4,506**
Special items	1.9	124	-
Operating profit (EBIT)		**4,528**	**4,506**
Financial income	4.2	113	95
Financial expenses	4.2	-925	-856
Profit before tax		**3,716**	**3,745**
Tax on profit for the year	5.1	-824	-922
Profit after tax - continuing operations		**2,892**	**2,823**
Profit after tax - discontinued operations	6.2	-504	-1,025
Profit for the year		**2,388**	**1,798**
Profit for the year attributable to:			
Demant A/S' shareholders		2,387	1,795
Non-controlling interests		1	3
		2,388	**1,798**
Earnings per share (EPS), DKK - continuing operations	1.4	13.31	12.64
Diluted earnings per share (DEPS), DKK - continuing operations	1.4	13.31	12.64
Earnings per share (EPS), DKK	1.4	10.99	8.04
Diluted earnings per share (DEPS), DKK	1.4	10.99	8.04

Consolidated statement of comprehensive income

(DKK million)	2024	2023
Profit for the year	**2,388**	**1,798**
Foreign currency translation adjustment, subsidiaries	265	-177
Value adjustments of hedging instruments:		
Value adjustment for the year	-91	41
Value adjustment transferred to revenue	-5	-106
Tax on currency translation and value adjustments	22	17
Items that have been or may subsequently be reclassified to the income statement	**191**	**-225**
Actuarial gains/losses on defined benefit plans	-17	-19
Tax on actuarial gains/losses on defined benefit plans	4	4
Items that will not subsequently be reclassified to the income statement	**-13**	**-15**
Other comprehensive income	**178**	**-240**
Comprehensive income	**2,566**	**1,558**
Comprehensive income attributable to:		
Demant A/S’ shareholders	2,565	1,555
Non-controlling interests	1	3
	2,566	**1,558**

Consolidated balance sheet 31 December

(DKK million)	Note	2024	2023
Assets			
Intangible assets	3.1	**15,066**	**13,540**
Property, plant and equipment	3.2	**2,909**	**2,813**
Lease assets	3.3	2,665	2,596
Investments in associates	3.4	363	728
Receivables from associates	3.4 / 4.3 / 4.4	193	277
Other investments	4.3 / 4.5	9	19
Customer loans	1.7 / 3.4 / 4.3 / 4.4	519	477
Other receivables	3.4 / 4.3 / 4.4	217	170
Deferred tax assets	5.2	588	542
Other non-current assets		**4,554**	**4,809**
Non-current assets	3.5	**22,529**	**21,162**
Inventories	1.5	2,500	2,845
Trade receivables	1.6 / 4.3	3,563	3,650
Receivables from associates	4.3	200	188
Income tax		78	236
Customer loans	1.7 / 4.3 / 4.4	155	191
Other receivables	4.3 / 4.4	454	378
Unrealised gains on financial contracts	2.3 / 4.3 / 4.5	31	60
Prepaid expenses		435	415
Cash	4.3 / 4.4	1,112	1,138
Assets held for sale	6.2	1,393	283
Current assets		**9,921**	**9,384**
Assets		**32,450**	**30,546**

(DKK million)	Note	2024	2023
Equity and liabilities			
Share capital		44	45
Other reserves		9,520	9,211
Equity attributable to Demant A/S' shareholders		**9,564**	**9,256**
Equity attributable to non-controlling interests		80	82
Equity		**9,644**	**9,338**
Borrowings	4.3 / 4.4	12,487	10,171
Lease liabilities	3.3 / 4.3 / 4.4	2,104	2,045
Deferred tax liabilities	5.2	634	633
Provisions	7.1	213	201
Other liabilities	4.3 / 7.3	461	661
Deferred income	7.4	812	635
Non-current liabilities		**16,711**	**14,346**
Borrowings	4.3 / 4.4	423	1,597
Lease liabilities	3.3 / 4.3 / 4.4	667	641
Trade payables	4.3	658	799
Payables to associates		-	1
Income tax		603	578
Provisions	7.1	93	77
Other liabilities	4.3 / 7.3	2,617	2,497
Unrealised losses on financial contracts	2.3 / 4.3 / 4.5	102	35
Deferred income	7.4	588	548
Liabilities related to assets held for sale	6.2	344	89
Current liabilities		**6,095**	**6,862**
Liabilities		**22,806**	**21,208**
Equity and liabilities		**32,450**	**30,546**

Consolidated cash flow statement

(DKK million)	Note	2024	2023
Operating profit (EBIT)		4,528	4,506
Non-cash items etc.	1.8	1,233	1,280
Change in receivables etc.		-119	-158
Change in inventories		-7	-120
Change in trade payables and other liabilities etc.		16	103
Change in provisions		-46	51
Dividends received		43	85
Cash flow from operating profit		**5,648**	**5,747**
Financial income etc. received		95	80
Financial expenses etc. paid		-884	-707
Income tax paid		-779	-662
Cash flow from operating activities (CFFO)		**4,080**	**4,458**
Acquisition of enterprises, participating interests and activities		-1,234	-935
Investments in intangible assets		-203	-192
Investments in property, plant and equipment		-576	-643
Disposal of property, plant and equipment		31	22
Investments in other non-current assets		-251	-269
Disposal of other non-current assets		405	246
Cash flow from investing activities (CFFI)		**-1,828**	**-1,771**

(DKK million)	Note	2024	2023
Repayments of borrowings	4.4	-5,023	-6,743
Proceeds from borrowings	4.4	6,424	6,034
Change in short-term bank facilities	4.4	-586	-168
Repayments of lease liabilities	3.3 / 4.4	-750	-687
Transactions with non-controlling interests		-3	-3
Share buy-backs		-2,301	-846
Cash flow from financing activities (CFFF)		**-2,239**	**-2,413**
Cash flow for the period, net – continuing operations		**13**	**274**
Cash flow for the period, net – discontinued operations	6.2	-16	-232
Cash flow for the year, net		**-3**	**42**
Cash and cash equivalents at the beginning of the year		1,138	1,130
Foreign currency translation adjustment of cash and cash equivalents		-23	-34
Cash and cash equivalents at the end of the year		**1,112**	**1,138**
Breakdown of cash and cash equivalents at the end of the year:			
Cash	4.3 / 4.4	1,112	1,138
Cash and cash equivalents at the end of the year		**1,112**	**1,138**

Consolidated statement of changes in equity

(DKK million)		Other reserves					
	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Demant A/S' shareholders' share	Non-controlling interests' share	Equity
Equity at 1.1.2024	**45**	**-103**	**22**	**9,292**	**9,256**	**82**	**9,338**
Comprehensive income:							
Profit for the year	-	-	-	2,387	2,387	1	2,388
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	265	-	-	265	-	265
Value adjustments of hedging instruments:							
Value adjustment for the year	-	-	-91	-	-91	-	-91
Value adjustment transferred to revenue	-	-	-5	-	-5	-	-5
Actuarial gains/losses on defined benefit plans	-	-	-	-17	-17	-	-17
Tax on other comprehensive income	-	1	21	4	26	-	26
Other comprehensive income	**-**	**266**	**-75**	**-13**	**178**	**-**	**178**
Comprehensive income for the year	**-**	**266**	**-75**	**2,374**	**2,565**	**1**	**2,566**
Share buy-backs	-	-	-	-2,301	-2,301	-	-2,301
Share-based compensation	-	-	-	44	44	-	44
Capital reduction through cancellation of treasury shares	-1	-	-	1	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-3	-3
Equity at 31.12.2024	**44**	**163**	**-53**	**9,410**	**9,564**	**80**	**9,644**

Consolidated statement of changes in equity (continued)

(DKK million)	Share capital	Other reserves Foreign currency translation reserve	Other reserves Hedging reserve	Retained earnings	Demant A/S' shareholders' share	Non-controlling interests' share	Equity
Equity at 1.1.2023	**46**	**71**	**73**	**8,371**	**8,561**	**1**	**8,562**
Comprehensive income:							
Profit for the year	-	-	-	1,795	1,795	3	1,798
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	-177	-	-	-177	-	-177
Value adjustments of hedging instruments:							
Value adjustment for the year	-	-	41	-	41	-	41
Value adjustment transferred to revenue	-	-	-106	-	-106	-	-106
Actuarial gains/losses on defined benefit plans	-	-	-	-19	-19	-	-19
Tax on other comprehensive income	-	3	14	4	21	-	21
Other comprehensive income	**-**	**-174**	**-51**	**-15**	**-240**	**-**	**-240**
Comprehensive income for the year	**-**	**-174**	**-51**	**1,780**	**1,555**	**3**	**1,558**
Share buy-backs	-	-	-	-846	-846	-	-846
Share-based compensation	-	-	-	63	63	-	63
Capital reduction through cancellation of treasury shares	-1	-	-	1	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-3	-3
Non-controlling interests on acquisition	-	-	-	-76	-76	80	4
Other changes in equity	-	-	-	-1	-1	1	-
Equity at 31.12.2023	**45**	**-103**	**22**	**9,292**	**9,256**	**82**	**9,338**

Notes to consolidated financial statements

Section 1

Operating activities and cash flow

REVENUE

22,419

DKK MILLION

FREE CASH FLOW

3,486

DKK MILLION

1.1 Revenue and segment disclosures

(DKK million)	2024	2023
Revenue by geographic region:		
Europe	9,301	8,678
North America	9,231	9,031
Asia	2,145	2,199
Pacific region	1,097	1,064
Rest of world	645	629
Revenue	**22,419**	**21,601**
Revenue by country:		
Denmark	290	244
USA	7,668	7,468
Other countries	14,461	13,889
Revenue	**22,419**	**21,601**

Consolidated revenue mainly derives from the sale of goods and is broken down by the customers' geographic region.

The ten largest single customers together account for around 13% (15% in 2023) of total consolidated revenue.

For disclosures of non-current assets by geographies, please refer to Note 3.5.

Value adjustments transferred from equity relating to derivatives made for hedging foreign exchange risks on revenue amount to DKK 5 million (DKK 106 million in 2023).

(DKK million)	2024	2023
Revenue by business area:		
Hearing Aids	10,022	10,036
Hearing Care	9,932	9,083
Diagnostics	2,465	2,482
Revenue	**22,419**	**21,601**

(DKK million)	2024	2023
Liabilities related to contracts with customers:		
Customer prepayments[1]	52	62
Future performance obligations[1]	1,347	1,121
Expected volume discounts and other customer-related items[2]	368	389
Expected product returns[3]	196	197
Contract liabilities with customers	**1,963**	**1,769**

[1] Included in deferred income.

[2] Included in other cost payables under other liabilities.

[3] Included in product-related liabilities under other liabilities.

(DKK million)	2024	2023
Changes in contract liabilities with customers:		
Contract liabilities at 1.1.	1,769	1,525
Foreign currency translation adjustment	19	-15
Revenue recognised and included in the contract liability balance at 1.1.	-536	-576
Increases due to cash received, excluding amounts recognised as revenue during the year	702	614
Changes from expected volume discounts and other customer-related items	-29	51
Changes from product returns	-7	28
Additions from acquisitions	45	142
Contract liabilities at 31.12.	**1,963**	**1,769**

1.1 Revenue and segment disclosures (continued)

Nature of goods and services

Control is normally transferred to the customer when the goods are shipped to the customer, though delivery terms can vary and control may be transferred at a later point in time.

When selling hearing aids and diagnostic equipment to customers, control is transferred and revenue recognised, when the hearing aid and diagnostic equipment is delivered to the customer at a given point in time, and when a hearing aid is initially fitted to the user's specific hearing loss. In some countries, the users are granted a trial period. In such cases, the transfer of control occurs when the trial period expires.

In some countries, customers are given the right to return the hearing aid within a certain period. In such cases, the number of expected returns is estimated based on an analysis of historical return rates adjusted for any known factors impacting expectations of future return rates. Revenue and cost of goods sold are adjusted accordingly, and contract liabilities (refund liabilities) and rights to the returned goods (included in prepaid expenses) are recognised for the expected returns.

The Group's activities also involve delivery of various services, such as extended warranties, warranty-related coverages (loss and damage) and after-sales services (e.g. fine-tuning of the hearing aid, additional hearing tests and cleaning). Revenue from these services is recognised on a straight-line basis over the warranty or service period, as the user makes use of the service continuously. Some users purchase a battery package or are given batteries free of charge as part of the purchase of the hearing aid, entitling them to free batteries for a certain period. Revenue is recognised when the user receives the batteries or is given batteries free of charge as part of the purchase of the hearing aid. When available, an observable price to determine the stand-alone selling price for the separate performance obligations related to these services is used, and in countries where observable prices are not available, a cost-plus-margin method is used.

The standard warranty period for hearing aids and diagnostic equipment varies between countries but is typically 12-24 months and for certain products or countries up to 48 months. The extended warranty covers periods beyond the standard warranty period or standard warranty terms. Payment terms vary significantly between countries and depend on whether the customer is a private or public customer.

The majority of hearing aids sold to users are invoiced and paid for after the initial fitting, but some customers choose to have the hearing aid financed by us. The transaction price of such arrangements is adjusted for any significant financing benefit, and the financing component is recognised as financial income.

Accounting policies

Segment information

In 2024, Demant announced the decision to undertake a review of strategic options for its Communications business and came to the conclusion to divest the business. As Communications is presented as discontinued operation and held for sale, it is no longer considered an operating segment in the continuing business.

Management has identified one operating segment, Hearing Healthcare, as this reflects Management's approach to the organisation and to management activities, including the assessment of results and the use of resources. Hearing Healthcare comprises the Hearing Aids, Hearing Care and Diagnostics business areas, which provide hearing healthcare solutions, involving manufacturing, servicing and sale of hearing aids, diagnostic products and services. Even though revenue from this operating segment can be split by business area and geographic market, the main part of the activities within production, research and development and administration is shared by the Group as a whole.

Revenue recognition

Revenue is recognised when obligations under the terms of the contract with the customer are satisfied, which usually occurs with the transfer of control of the products and services. Revenue is measured as the consideration expected to be received in exchange for transferring goods and providing services net of the estimated discounts or other customer-related reductions.

Accounting estimates and judgements

Discounts, returns etc. (estimate)

Discounts, loyalty programmes and other revenue reductions are estimated and accrued when the related revenue is recognised. To make such estimates is a matter of judgement, as all conditions are not known at the time of sale, e.g. the number of units sold to a given customer or the expected utilisation of loyalty programmes. Sales discounts, rebates and loyalty programmes are adjusted, as better information on the likelihood that they will be realised and the value at which they are expected to be realised is obtained. Sales discounts and rebates are recognised under other cost payables as part of other liabilities, and loyalty programmes are recognised under deferred income.

Depending on local legislation and the conditions to which a sale is subject, some customers have the option to return purchased goods and obtain a refund. Based on historical return rates, an estimate is made of the number of expected returns, and a provision is recognised. This provision is updated, as returns are recognised, or when more accurate data on return rates is collected.

After-sales services (estimate)

After-sales services are provided to users of the hearing aids and are based on estimates, as not all users make use of these services. The estimate is a matter of judgement and is based on the number of visits, the duration of an average user's visits and the expected number of users that make use of the after-sales services.

1.2 Employees

(DKK million)	Note	2024	2023
Employee costs:			
Wages and salaries		8,367	7,732
Share-based remuneration		16	38
Defined contribution plans		108	96
Defined benefit plans	7.2	-	12
Social security costs etc.		1,064	911
Employee costs		**9,555**	**8,789**
Employee costs by function:			
Production costs		1,236	1,161
R&D costs		920	917
Distribution costs		6,298	5,745
Administrative expenses		1,101	966
Employee costs		**9,555**	**8,789**
Average number of full-time employees		21,381	20,690

Remuneration to Executive Board and Board of Directors (included in employee costs)

(DKK million)	2024	2023
Executive Board:		
Wages and salaries	25.1	25.6
Cash bonus	0.6	4.4
Share-based remuneration	10.5	11.6
Remuneration in the notice period[1)]	-	22.1
Total	**36.2**	**63.7**
Board of Directors:		
Fee	5.1	5.4
Total	**5.1**	**5.4**

[1] As announced on 27 April 2023, Arne Boye Nielsen, former President of Diagnostics and Communications and member of the Executive Board, left his position in Demant.

Remuneration of the Executive Board

The total remuneration of the Executive Board comprises:

- Wages and salaries, which include a base salary and certain other benefits
- A short-term incentive programme (cash bonus) – STIP
- A long-term incentive programme (share-based remuneration) – LTIP

The remuneration of the Executive Board and the Board of Directors is described in detail in the Remuneration Report 2024.

Remuneration of the Board of Directors

The remuneration of the Board of Directors comprises a fixed fee and is not incentive-based.

In 2024, the basic remuneration was DKK 450,000 (DKK 450,000 in 2023). The Chair receives three times the base fee and the Vice Chair twice the base fee.

The members of the audit committee receive a base fee of DKK 100,000 (DKK 100,000 in 2023), and the chair of the audit committee receives twice the base fee.

The individual Board members' fees and their shareholdings can be found in the Remuneration Report 2024.

Accounting policies

Employee costs comprise wages, salaries, social security contributions, annual and sick leave, bonuses and non-monetary benefits and are recognised in the year in which the associated services are rendered by the employees. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of service by the employee in question.

1.2 Employees (continued)

Share-based remuneration

The Group has two types of share-based remuneration programmes, which consist of the “shadow share” programme and the RSU (restricted stock units) programme. The “shadow share” programme introduced in 2016 is cash-settled, whereas the RSU programme introduced in 2019 is equity-settled. Remuneration under both programmes is granted on a yearly basis and is contingent on the employee still being employed and not under termination when three years have passed from the time of the grant. The fair value of the shares at the time of the grant under both programmes is based on the average share price of the first five trading days after publication of the annual report.

“Shadow share” programme

In 2024, the Group granted 9,999 “shadow shares” (zero in 2023). The fair value of “shadow shares” granted was DKK 3 million (DKK 0 million in 2023) at the time of the grant. The liability is recognised on a straight-line basis, as the service is rendered, and the liability is remeasured at each reporting date and at the settlement date based on the fair value of the “shadow shares”. Fair value adjustments are recognised as financial income or financial expenses. If relevant, the liability is adjusted to reflect the expected risk of non-vesting as a result of resignations.

Any changes to the liability are recognised in the income statement. In 2024, the Group bought back shares to cover the financial risk of share price fluctuations related to the programmes. At 31 December 2024, the remaining average contractual life of cash-settled remuneration programmes was 15 months (three months in 2023).

RSU programme

In 2024, RSU shares were granted to 153 employees (151 employees in 2023). The Group recognised costs of DKK 40 million (DKK 34 million in 2023) in the income statement related to the RSU programme. There has been no subsequent remeasurement of the fair value. The costs are recognised on a straight-line basis, as the service is rendered. At 31 December 2024, the remaining average contractual life of equity-settled share programmes was 21 months (21 months in 2023).

Restricted share units (RSU programme)

	Total number of shares No.	Total fair value (DKK million)
Outstanding 1.1.2023	**249,298**	
Granted	235,254	52
Exercised	-19,001	
Forfeited	-1,753	
Outstanding 31.12.2023	**463,798**	
Granted	147,697	52
Exercised	-55,375	
Forfeited	-3,558	
Outstanding 31.12.2024	**552,562**	

Share-based remuneration ("shadow share" programme)

(DKK million)	2024		2023	
	Executive Board	Other senior members of Management	Executive Board	Other senior members of Management
Liabilities at 1.1.	**9.3**	**2.3**	**11.0**	**1.8**
Transfer due to termination of Executive Board member[1]	-	-	-2.1	2.1
Expensed during the year in wages and salaries	0.8	0.7	4.5	0.2
Fair value adjustments	1.9	0.4	3.9	0.4
Settled during the year	-12.0	-2.9	-8.0	-2.2
Liabilities at 31.12.	**-**	**0.5**	**9.3**	**2.3**
Granted during the year	-	3.0	-	-
Unrecognised commitment at 31.12.[2]	-	2.1	0.8	0.3

[1] As announced on 27 April 2023, Arne Boye Nielsen left his position in Demant. The liability at the end of the year has therefore been transferred to the Other senior members of Management.

[2] Unrecognised commitment is the part of granted ”shadow shares” not expensed at 31 December.

Accounting estimates and judgements

Vesting conditions and fair value (estimate)

For the share-based programmes, Management estimates the likelihood of vesting conditions being satisfied. Vesting is entirely dependent on the persons enrolled in the share-based programmes remaining employed until expiry of the vesting period.

Based on such likelihood, the estimate made is used to calculate the fair value of the share-based programmes. Furthermore, the shares must be valued. For this purpose, Management uses the share price quoted on Nasdaq Copenhagen.

1.3 Amortisation, depreciation and impairment losses

(DKK million)	Note	2024	2023
Amortisation of intangible assets	3.1	194	165
Depreciation of property, plant and equipment	3.2	490	432
Depreciation of lease assets	3.3	751	696
Amortisation, depreciation and impairment losses		**1,435**	**1,293**
Amortisation, depreciation and impairment losses by function:			
Production costs		133	116
R&D costs		47	50
Distribution costs		1,028	912
Administrative expenses		227	215
Amortisation, depreciation and impairment losses		**1,435**	**1,293**

For accounting policies on amortisation and depreciation, please refer to Note 3.1, Note 3.2 and Note 3.3.

There were no impairment losses in 2024 and 2023, except for the impairment losses related to discontinued operations. Please refer to Note 6.2.

1.4 Earnings per share

	2024	2023
Demant A/S' shareholders' share of profit for the year, DKK million – continuing operations	2,891	2,820
Demant A/S' shareholders' share of profit for the year, DKK million – discontinued operations	-504	-1,025
Demant A/S' shareholders' share of profit for the year, DKK million	**2,387**	**1,795**
Average number of shares, million	221.86	225.77
Average number of treasury shares, million	-4.64	-2.64
Average number of shares outstanding, million	**217.22**	**223.13**
Earnings per share (EPS), DKK – continuing operations	13.31	12.64
Diluted earnings per share (DEPS), DKK – continuing operations	13.31	12.64
Earnings per share (EPS), DKK – discontinued operations	-2.32	-4.60
Diluted earnings per share (DEPS), DKK – discontinued operations	-2.32	-4.60
Earnings per share (EPS), DKK	10.99	8.04
Diluted earnings per share (DEPS), DKK	10.99	8.04

1.5 Inventories

(DKK million)	2024	2023
Raw materials and purchased components	1,289	1,244
Work in progress	35	71
Finished goods and goods for resale	1,176	1,530
Inventories	**2,500**	**2,845**
Write-downs, provisions for obsolescence etc. included in the above	187	149
Included in the income statement under production costs:		
Write-downs of inventories for the year, net	82	41
Cost of goods sold for the year	3,880	3,976

Write-downs for the year are shown net, as breakdown into reversed write-downs and new write-downs is not possible. Inventories are generally expected to be sold within one year.

Accounting policies

Raw materials, components and goods for resale are measured at cost according to the FIFO principle (according to which the most recently purchased items are considered to be in stock) or at their net realisable value, whichever is lower.

Group-manufactured finished goods and work in progress are measured at the value of direct costs, direct payroll costs, consumables and a proportionate share of indirect production costs, which are allocated based on the normal capacity of the production facility. Indirect production costs include the proportionate share of capacity costs directly relating to Group-manufactured finished goods and work in progress.

The net realisable value of inventories is determined as the estimated selling price less costs of completion and costs to sell.

Accounting estimates and judgements

Indirect production costs (significant judgement)

Indirect production cost allocations to inventories are based on relevant judgements of capacity utilisation at the production facility, of production time and of other product-related factors. The judgements are reviewed regularly to ensure that inventories are measured at their actual production cost. Changes in judgements may affect gross profit margins as well as the valuation of work in progress, finished goods and goods for resale.

Obsolescence provision (estimate)

The obsolescence provision for inventories is based on the expected sales forecasts for the individual types of hearing devices and diagnostic equipment. Headsets and other gaming/enterprise devices are only included in the comparative figures. Sales forecasts are based on Management's expectations of market conditions and trends, and the obsolescence provision is subject to changes in these assumptions.

1.6 Trade receivables

Credit risk

(DKK million)	Balance not due	0-3 months overdue	3-6 months overdue	6-12 months overdue	More than 12 months overdue	Total carry-ing amount
2024						
Gross carrying amount	2,618	625	199	156	303	3,901
Specific loss allowance	-27	-45	-30	-29	-171	-302
General loss allowance	-12	-7	-3	-5	-9	-36
Total	**2,579**	**573**	**166**	**122**	**123**	**3,563**
Expected loss rate	1.5%	8.3%	16.6%	21.8%	59.4%	8.7%
2023						
Gross carrying amount	2,583	759	221	140	332	4,035
Specific loss allowance	-19	-62	-41	-28	-180	-330
General loss allowance	-12	-9	-4	-5	-25	-55
Total	**2,552**	**688**	**176**	**107**	**127**	**3,650**
Expected loss rate	1.2%	9.4%	20.4%	23.6%	61.7%	9.5%

The opening balance of trade receivables in 2023 amounted to DKK 3,626 million.

Of the total amount of trade receivables, DKK 284 million (DKK 267 million in 2023) is expected to be collected after 12 months. For information on security and collateral, please refer to Credit risks in Note 4.1.

(DKK million)	2024	2023
Allowance for impairment:		
Allowance for impairment at 1.1.	-385	-324
Foreign currency translation adjustments	-3	3
Realised during the year	97	67
Additions during the year	-123	-147
Reversals during the year	68	16
Transfer to assets held for sale	8	-
Allowance for impairment at 31.12.	**-338**	**-385**

Accounting policies

Trade receivables assets are measured at amortised costs less expected lifetime credit losses.

For trade receivables, the Group has a simplified approach to determining the expected credit loss. The allowance for credit loss is measured through a provision matrix. To measure the expected credit loss, trade receivables are grouped based on shared credit risk and the number of days that have passed after the due date. Allowances are also made for trade receivables not due. For trade receivables that are considered credit-impaired, the expected credit loss is determined on an individual basis.

Accounting estimates and judgements

Impairment of receivables (estimate)

The Group has historically incurred insignificant losses on trade receivables.

Allowance for impairment is calculated for trade receivables. The allowance is determined as expected credit losses based on assessments of the debtors' ability to pay. These assessments are made for uniform groups of debtors based on maturity analyses. When indicated by special circumstances, impairments are made for individual trade receivables.

1.7 Customer loans

(DKK million)	2024	2023
Non-current customer loans	519	477
Current customer loans	155	191
Total customer loans	**674**	**668**
Allowance for impairment:		
Allowance for impairment at 1.1.	-62	-33
Foreign currency translation adjustment	-3	-
Realised during the year	14	-
Additions during the year	-49	-32
Reversals during the year	16	3
Allowance for impairment at 31.12.	**-84**	**-62**

Group internal credit rating

(DKK million)

2024		**Expected credit loss rate**	**Gross carrying amount**	**Carrying amount**
Performing	12-month expected credit loss	0.3%	588	586
Underperforming	Expected lifetime credit loss	48.2%	170	88
Total customer loans			**758**	**674**
2023				
Performing	12-month expected credit loss	0.4%	551	549
Underperforming	Expected lifetime credit loss	33.5%	179	119
Total customer loans			**730**	**668**

Accounting policies

Customer loans are initially recognised at fair value less transaction costs and are subsequently measured at amortised costs less loss allowance or impairment losses. Any difference between the nominal value and the fair value of the loans at initial recognition is treated as a prepaid discount on future sales to the customer and is recognised in the income statement as a reduction of revenue when the customer purchases goods from the Group.

The fair value of customer loans at initial recognition is measured as the present value of future repayments on the loan discounted at a market interest rate. The effective interest on customer loans is recognised as financial income in the income statement over the term of the loans.

A loss allowance is recognised on initial recognition and is subsequently based on a 12-month expected credit loss model. If a significant increase in the credit risk has arisen since the initial recognition of the loan, a loss allowance based on the expected lifetime credit loss is provided.

Accounting estimates and judgements

Accounting treatment (judgement) and impairment (estimate) of loans

The Group provides sales-related financing in the form of loans to some of its customers and business partners. These customer loan arrangements are complex, cover several aspects of the customer relationship and may vary from agreement to agreement.

Management assesses the recognition and classification of income and expenses for each of these agreements, including whether the agreement represents a discount on future sales (judgement). Management also assesses whether there is an indication of impairment based on current economic market conditions and changes in the customer’s payment behaviour (estimate).

1.8 Specification of non-cash items

(DKK million)	2024	2023
Amortisation and depreciation	1,435	1,293
Share of profit after tax, associates	-99	-68
Gain on sale of intangible assets and property, plant and equipment	-1	10
Provisions	23	95
Exchange rate adjustments	-33	-50
Employee share salary arrangement	44	64
Step-up gains[1]	-13	-27
Non-cash on special items	-124	-
Other non-cash items	1	-37
Non-cash items etc.	**1,233**	**1,280**

[1] Excluding the step-up gain presented in special items in the income statement.

1.9 Specification of special items

(DKK million)	2024	2023
Step-up gain on acquisition	324	-
Adjustment of management judgement related to deferred payments	-200	-
Special items, net	**124**	**-**

In 2024, the Group recognised as special items two significant, non-operational and non-cash items of DKK 124 million net. The positive impact of DKK 324 million relates to a step-up gain from the acquisition of Fuel Medical Group. This was partly offset by the adjustment of a judgement related to the accounting treatment of deferred payments of DKK 200 million in respect of a prior-year acquisition.

Impact of special items on consolidated income statement

(DKK million)	2024			2023		
	Reported	Special items	Adjusted[1]	Reported	Special items	Adjusted[1]
Revenue	22,419	-	22,419	21,601	-	21,601
Production costs	-5,329	-	-5,329	-5,281	-	-5,281
Gross profit	**17,090**	**-**	**17,090**	**16,320**	**-**	**16,320**
R&D costs	-1,394	-	-1,394	-1,226	-	-1,226
Distribution costs	-10,246	124	-10,122	-9,554	-	-9,554
Administrative expenses	-1,145	-	-1,145	-1,102	-	-1,102
Share of profit after tax, associates	99	-	99	68	-	68
Operating profit (EBIT) before special items	**4,404**	**124**	**4,528**	**4,506**	**-**	**4,506**
Special items	124	-124	-	-	-	-
Operating profit (EBIT)	**4,528**	**-**	**4,528**	**4,506**	**-**	**4,506**
Financial income	113	-	113	95	-	95
Financial expenses	-925	-	-925	-856	-	-856
Profit before tax	**3,716**	**-**	**3,716**	**3,745**	**-**	**3,745**

[1] 'Reported' is the figures reported in the income statement, while 'Adjusted' illustrates what the figures would have been, if the special items had not been presented as such in the income statement.

Accounting policies

Special items are used in the presentation of consolidated income statement for the year to distinguish consolidated operating profit from significant non-recurring income and expenses from extraordinary items of a non-operational nature. Special items are shown separately from the Group's operating activities to facilitate a better understanding of the Group's performance and are presented on a net basis.

Accounting estimates and judgements

Presentation of items as special (judgement)

Management exercises judgement to ensure that only significant non-recurring income and expenses from items of a non-operational nature are included.

Adjustment to deferred payments (estimate)

Adjustments of judgements related to deferred payments include accounting estimates.

Section 2

Exchange rates

2.1 Exchange rate risk policy

The Group has cash flow in foreign currencies due to its international operations, which exposes the Group to fluctuations in exchange rates. Hedging against exchange rate exposures ensures greater predictability in profit. The Group manufactures most of its products at the production facilities in Poland and also distributes them from these facilities.

The general principle is to consolidate exchange rate risks at Group level, with the local entities being invoiced in their functional currencies.

The currencies that mainly contribute to the Group's exchange rate risks are US dollars, Polish zloty, British pound, Canadian dollars and Australian dollars. The aim of the Group's hedging policy is to reduce the Group's exposure to exchange rate fluctuations, mainly by entering into forward exchange contracts to mitigate the Group's risks related to the impact that exchange rate fluctuations have on consolidated earnings for up to 18 months rolling forward.

Exchange rate risks are managed by Group Treasury. Hedging is done in accordance with the Group's policy to maintain adequate hedging of the Group's material exposure to exchange rate fluctuations. It is the Group's policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature. Cash flow hedging is undertaken to the extent possible to mitigate any negative effects of adverse developments in exchange rates on the consolidated operating results. Furthermore, the Group seeks to balance the on-balance net exposure in its main trading currencies.

Due to the fixed exchange rate policy towards the euro in Denmark, the risk associated with exposure to fluctuations in this currency is considered to be limited and is not hedged.

The Group does not hedge translation risks associated with the consolidation of Group accounts.

2.2 Sensitivity analysis in respect of exchange rates

Effect on EBIT, 5% positive change in exchange rates[1)]

(DKK million)	2024	2023
USD	+61	+81
GBP	+34	+35
CAD	+20	+29
AUD	+12	+10
PLN	-36	-33

Effect on equity, 5% positive change in exchange rates

(DKK million)	2024	2023
USD	+49	+66
GBP	+35	+34
CAD	+18	+26
AUD	+10	+9
PLN	-38	-35

[1] Estimated on a non-hedged basis, i.e. the total annual exchange rate effect, excluding forward exchange contracts.

The tables show the impact on the year's operating profit (EBIT) and consolidated equity, given a change of 5% in the exchange rates with the highest exposures.

The exchange rate impact on EBIT is calculated based on the Group's EBIT for each currency and does not include the possible exchange rate impact on balance sheet values in those currencies.

2.3 Hedging and forward exchange contracts

Cash flow hedging

Open forward exchange contracts at the balance sheet date, which are entered to hedge future cash flows, are specified as shown in the table, with contracts for the sale of currency being shown at negative contract values. The expiry dates reflect the periods during which the hedged cash flows are expected to be realised.

Realised forward exchange contracts, which are entered to hedge future cash flows, are recognised in the income statement together with revenue in foreign currencies that such contracts are designed to hedge. In 2024, the Group realised a gain of DKK 5 million (DKK 106 million in 2023) on forward exchange contracts, which increased the reported revenue for the year. The Group's forward exchange contracts were effective in 2024 and 2023.

Accounting policies

On initial recognition, derivatives are measured at fair value at the settlement date. After initial recognition, derivatives are measured at fair value at the balance sheet date. Any positive or negative fair values of derivatives are recognised as separate items on the balance sheet as unrealised gains/losses on financial contracts. Forward exchange contracts are measured based on current market data and by means of commonly recognised valuation methods. Please refer to Note 4.5.

Any changes in fair values of derivatives classified as hedging instruments and satisfying the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability. Any changes in fair values of derivatives classified as hedging instruments and satisfying the criteria for effective hedging of future transactions are recognised in other comprehensive income. The ineffective portion is recognised directly in the income statement. On realisation of the hedged transactions, the accumulated changes are recognised together with the related transactions.

Derivatives not fulfilling the conditions for treatment as hedging instruments are considered trading investments and measured at fair value, with fair value adjustments being recognised on an ongoing basis in the income statement.

Forward exchange contracts

(DKK million)	Expiry	Hedging period[1]	Average hedging rate	Contractual value	Fair value	Positive fair value at year-end	Negative fair value at year-end
2024							
USD	2025	11 months	675	-1,356	-64	-	64
AUD	2025	10 months	452	-212	5	5	-
GBP	2025	11 months	865	-553	-15	-	15
CAD	2025	10 months	498	-463	3	3	-
JPY	2025	10 months	4.64	-79	1	1	-
PLN	2025	10 months	169	772	16	16	-
				-1,891	**-54**	**25**	**79**
2023							
USD	2024	10 months	676	-1,216	15	18	3
AUD	2024	11 months	447	-239	-5	-	5
GBP	2024	10 months	844	-523	-4	1	5
CAD	2024	10 months	504	-413	-2	1	3
JPY	2024	11 months	4.80	-95	1	2	1
PLN	2024	9 months	161	711	37	37	-
EUR[2]	2024	12 months	742	893	1	1	-
				-882	**43**	**60**	**17**

[1] Hedging periods represent the estimated periods for which the exchange rate exposure of a relative share of the net flow in a currency will be covered by forward exchange contracts.

[2] Forward exchange contracts in euros hedged a fixed committed financial loan.

Section 3

Asset base

INTANGIBLE ASSETS

15,066

DKK MILLION

PROPERTY, PLANT AND EQUIPMENT

2,909

DKK MILLION

OTHER NON-CURRENT ASSETS

1,292

DKK MILLION

3.1 Intangible assets

(DKK million)	2024					2023				
	Goodwill	Patents and licences	Other intangible assets	Assets under develop-ment[1]	Total intangible assets	Goodwill	Patents and licences	Other intangible assets	Assets under develop-ment[1]	Total intangible assets
Cost at 1.1.	**12,381**	**71**	**1,777**	**332**	**14,561**	**11,488**	**75**	**1,639**	**260**	**13,462**
Foreign currency translation adjustments	255	-	16	16	287	-220	-	-8	-6	-234
Additions during the year	-	-	56	152	208	-	1	48	145	194
Additions relating to acquisitions	1,836	-	47	-	1,883	1,112	-	58	1	1,171
Disposals during the year	-1	-	-4	-	-5	-	-5	-54	-	-59
Adjustment of management judgement related to deferred payments	-200	-	-	-	-200	-	-	-	-	-
Transferred to/from other items	-	-	244	-233	11	1	-	76	-68	9
Transferred to assets held for sale	-417	-	-88	-	-505	-	-	18	-	18
Cost at 31.12.	**13,854**	**71**	**2,048**	**267**	**16,240**	**12,381**	**71**	**1,777**	**332**	**14,561**
Amortisation at 1.1.	**-**	**-56**	**-965**	**-**	**-1,021**	**-**	**-56**	**-824**	**-**	**-880**
Foreign currency translation adjustments	-	-	-11	-	-11	-	-	5	-	5
Amortisation for the year	-	-3	-193	-	-196	-	-5	-176	-	-181
Disposals during the year	-	-	3	-	3	-	5	50	-	55
Transferred to/from other items	-	-	-8	-	-8	-	-	-9	-	-9
Transferred to assets held for sale	-	-	59	-	59	-	-	-11	-	-11
Amortisation at 31.12.	**-**	**-59**	**-1,115**	**-**	**-1,174**	**-**	**-56**	**-965**	**-**	**-1,021**
Carrying amount at 31.12.	**13,854**	**12**	**933**	**267**	**15,066**	**12,381**	**15**	**812**	**332**	**13,540**

[1] Prepayments are included in assets under development.

3.1 Intangible assets (continued)

Accounting policies

On initial recognition, goodwill is recognised and measured as the difference between the acquisition cost – including the value of non-controlling interests in the acquired enterprise and the fair value of any existing investment in the acquired enterprise – and the fair values of the acquired assets, liabilities and contingent liabilities. Please refer to Accounting policies in Note 6.1.

On recognition, goodwill is allocated to corporate activities that generate independent payments (cash-generating units). The definition of a cash-generating unit is in line with the Group's managerial structure as well as the internal financial management reporting.

Goodwill is not amortised but is tested for impairment at least once a year. If the recoverable amount of a cash-generating unit is lower than the carrying amounts of property, plant and equipment and intangible assets, including goodwill, attributable to the particular cash-generating unit, the particular assets will be written down.

Patents and licences acquired from third parties are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised on a straight-line basis over their estimated useful lives.

Other intangible assets consist of software, other rights than patents and licences and other intangible assets acquired in connection with business combinations, primarily brand value, customer relationships and non-compete agreements.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over their estimated useful lives, except other rights, which are not amortised, as the residual value of other rights is considered to exceed the cost price and is instead tested annually for impairment. Please refer to Note 3.6.

Assets under development include internally developed IT systems. Assets under development are measured at cost, which includes direct salaries, consultant fees and other direct costs attributable to the development of such assets. Assets under development are not amortised, as they are not available for use.

Useful lives of intangible assets:

Patents and licences	5-20 years
Software	3-10 years
Brand value	5-10 years
Customer relationships	5-9 years

Accounting estimates and judgements

Product development (judgement)

It is Management's opinion that the product development undertaken by the Group today cannot meaningfully be allocated to either the development of new products or the further development of existing products. Moreover, as the products are subject to approval by various authorities, it is difficult to determine the final completion of new products. Consequently, development costs are expensed as incurred, as the criteria for capitalisation are not considered to be met.

3.2 Property, plant and equipment

(DKK million)	2024						2023					
	Land and buildings	**Plant and machinery**	**Other plant, fixtures and operating equipment**	**Leasehold improvements**	**Assets under construction[1]**	**Total property plant and equipment**	**Land and buildings**	**Plant and machinery**	**Other plant, fixtures and operating equipment**	**Leasehold improvements**	**Assets under construction[1]**	**Total property plant and equipment**
Cost at 1.1.	**1,439**	**726**	**1,796**	**1,574**	**225**	**5,760**	**1,339**	**835**	**1,737**	**1,391**	**220**	**5,522**
Foreign currency translation adjustments	21	4	11	-4	2	34	6	13	-	-	12	31
Additions during the year	9	33	202	232	113	589	20	51	188	206	187	652
Additions relating to acquisitions	-	1	13	11	-	25	8	9	22	15	-	54
Disposals during the year	-1	-36	-100	-13	-11	-161	-60	-221	-167	-40	-3	-491
Transferred to/from other items	4	98	4	14	-127	-7	126	39	16	2	-191	-8
Transferred to assets held for sale	-	-	-56	-2	-4	-62	-	-	-	-	-	-
Cost at 31.12.	**1,472**	**826**	**1,870**	**1,812**	**198**	**6,178**	**1,439**	**726**	**1,796**	**1,574**	**225**	**5,760**
Depreciation and impairment losses at 1.1.	**-304**	**-466**	**-1,288**	**-889**	**-**	**-2,947**	**-333**	**-598**	**-1,281**	**-757**	**-**	**-2,969**
Foreign currency translation adjustments	-8	-3	-6	7	-	-10	-	-6	3	3	-	-
Depreciation for the year	-30	-100	-178	-180	-	-488	-29	-87	-172	-158	-	-446
Disposals during the year	1	35	84	11	-	131	58	219	160	23	-	460
Transferred to/from other items	-	-1	1	-	-	-	-	6	2	-	-	8
Transferred to assets held for sale	-	-	43	2		45	-	-	-	-		-
Depreciation and impairment losses at 31.12.	**-341**	**-535**	**-1,344**	**-1,049**	**-**	**-3,269**	**-304**	**-466**	**-1,288**	**-889**	**-**	**-2,947**
Carrying amount at 31.12.	**1,131**	**291**	**526**	**763**	**198**	**2,909**	**1,135**	**260**	**508**	**685**	**225**	**2,813**

[1] Prepayments are included in assets under construction.

3.2 Property, plant and equipment (continued)

Accounting policies

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Cost is defined as the acquisition price and costs directly relating to the acquisition until the point in time when the particular asset is ready for use. For assets produced by the Group, cost includes all costs directly attributable to the production of such assets, including materials, components, sub-supplies and payroll. If the acquisition or the use of an asset requires the Group to defray costs for the demolition or restoration of such asset, the calculated costs hereof are recognised as a provision and as part of the cost of the particular asset, respectively.

Assets consisting of various elements will be depreciated separately, if their useful lives are not the same.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Land is not depreciated.

Buildings	30-50 years
Technical installations	10 years
Plant and machinery	3-5 years
Other plant, fixtures and operating equipment	3-5 years
IT hardware	3-5 years
Leasehold improvements	Up to 10 years

Accounting estimates and judgements

Useful life and residual value (estimate)

The depreciation basis is cost less the estimated residual value of an asset after the end of its useful life. The residual value is the estimated amount, which could after deduction of costs to sell be obtained through the sale of the asset today, such asset already having the age and being in the state of repair expected after the end of its useful life. The residual value is determined at the time of acquisition and is reviewed annually. If the residual value exceeds the carrying amount, depreciation will be discontinued.

Depreciation methods, useful lives and residual values are reviewed annually. Property, plant and equipment are written down to their recoverable amounts, if these are lower than their carrying amounts.

3.3 Leases

(DKK million)	2024	2023
Lease assets at 1.1.	**2,596**	**2,304**
Foreign currency translation adjustments	-3	-6
Additions during the year	751	913
Additions relating to acquisitions	163	142
Disposals during the year	-59	-50
Depreciations during the year	-761	-707
Transferred to assets held for sale	-22	-
Lease assets at 31.12.	**2,665**	**2,596**
Lease liabilities at 1.1.	**2,686**	**2,380**
Foreign currency translation adjustments	1	-8
Additions during the year	751	918
Additions relating to acquisitions	163	142
Covid-19-related rent concessions	-	-6
Disposals during the year	-57	-42
Payments	-827	-767
Interest	77	69
Transferred to liabilities related to assets held for sale	-23	-
Lease liabilities at 31.12.	**2,771**	**2,686**
Current lease liabilities	667	641
Non-current lease liabilities	2,104	2,045
Amounts recognised in the income statement:		
Variable lease payments	34	33
Short-term lease expenses	45	41
Low-value assets	8	6

Approximately 95% of the Group's leases consist of property agreements. The lease terms can be up to twenty years but are normally up to ten years and may contain extension and termination options. The carrying amounts of vehicles and other equipment is DKK 132 million (DKK 126 million in 2023). Management exercises significant judgement in determining whether it is reasonably certain that these extension and termination options will be exercised.

Accounting policies

Lease assets

Lease assets and liabilities are recognised in the balance sheet at the commencement date of the contract, if it is or contains a lease. Lease assets are recognised at cost less accumulated depreciation and impairment. Cost is defined as the lease liability adjusted for any lease payments made at or before the commencement date. Lease assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

Lease liabilities are measured at the present value of future payments, using the implicit interest rate in the lease agreement. Lease payments are discounted, using the Group's incremental borrowing rate adjusted for the functional currencies and length of the lease term, if the implicit interest rate in the lease agreement cannot be determined. Lease payments contain fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate as well as payments of penalties for terminating the lease, if the terms of the lease warrant that the Group exercises such option.

The lease liability is remeasured if or when the future payment or lease term changes. Any net remeasurement of the lease liability is recognised as an adjustment to the lease asset. If the carrying amount of the lease asset is reduced to zero, the adjustment will be recognised in the income statement.

Additional information

Short-term lease expenses, low-value assets and variable lease payments are classified as operating expenses in the income statement.

Please refer to Note 4.4 for a maturity analysis of the lease liabilities.

Accounting estimates and judgements

Lease term (judgement)

The lease term is the period during which the lease contract is enforceable. If the original expiry date of a lease contract has passed, typically in the case of property leases, but the contract continues without a determined expiry date, the lease term is set for an estimated period during which the lease contract is expected to be enforceable. This assessment is based on Management's judgement and takes into consideration the location of the lease, capitalised leasehold improvements and experience with similar leases for the specific area.

Extension and termination options (significant judgement)

When determining the lease term for lease agreements containing extension and termination options, Management considers circumstances that create a financial incentive to exercise an extension option or not to exercise a termination option. Extension and termination options are only included in the lease term, if it is reasonably certain that a lease will be extended/terminated.

3.4 Other non-current assets

(DKK million)	2024				2023			
	Investments in associates	Receivables from associates	Customer loans	Other	Investments in associates	Receivables from associates	Customer loans	Other
Cost at 1.1.	**741**	**268**	**526**	**172**	**816**	**369**	**587**	**108**
Foreign currency translation adjustments	21	10	24	13	-11	-1	-17	-2
Additions during the year	-	26	285	47	-	73	136	58
Additions relating to acquisitions	8	-	-	4	15	-	-	15
Disposals related to step acquisitions	-383	-	-	-	-79	-28	-	-
Disposals, repayments etc. during the year	-68	-34	-129	-56	-	-145	-69	-7
Transferred to current assets	-	-68	-113	48	-	-	-111	-
Cost at 31.12.	**319**	**202**	**593**	**228**	**741**	**268**	**526**	**172**
Value adjustments at 1.1.	**-13**	**9**	**-49**	**-2**	**6**	**2**	**-21**	**-24**
Foreign currency translation adjustments	-4	-	-3	-1	2	-	1	-
Share of profit after tax[1)]	42	-	-	-	69	-	-	-
Dividends received	-43	-	-	-	-85	-	-	-
Disposals related to step acquisitions	56	-	-	-	-3	1	-	-
Disposals during the year	-	-	11	-	-	-	-	6
Provisions during the year	-	-	-49	-	-	-	-31	-
Recovered during the year	-	-	16	-	-	-	2	-
Other adjustments	6	-18	-	-8	-2	6	-	16
Value adjustments at 31.12.	**44**	**-9**	**-74**	**-11**	**-13**	**9**	**-49**	**-2**
Carrying amount at 31.12.	**363**	**193**	**519**	**217**	**728**	**277**	**477**	**170**

[1] Excluding gain from the sale of an associate recognised in the income statement.

3.4 Other non-current assets (continued)

	Associates	
(DKK million)	2024	2023
Transactions with associates:		
Revenue from sales	263	620
Royalties and paid licence fee, net	20	12
Purchased materials and other fees	-	11
Dividends received	43	85
Interest income	19	24
Financial information from financial statements (Group share):		
Revenue	622	768
Profit for the year	99	69
Comprehensive income	99	69

Transactions with associates

Under the provisions of contracts concluded with associates, the Group is not entitled to receive dividends from certain associates. This is reflected in the profit included in the income statement, as no profit is recognised, if the Group is not entitled to receive dividends.

Accounting policies

Investments in associates are recognised and measured using the equity method, i.e. investments are recognised in the balance sheet at the proportionate share of the equity value determined in accordance with the Group's accounting policies after the deduction and addition of proportionate intra-group gains and losses, respectively, and after the addition of the carrying amount of any goodwill. The proportionate shares of profit after tax in associates are recognised in the income statement after the year's changes in unrealised intra-group profits less any impairment loss relating to goodwill.

The proportionate shares of all transactions and events, which have been recognised in other comprehensive income in associates, are recognised in consolidated other comprehensive income. On the acquisition of interests in associates, the acquisition method is applied.

3.5 Non-current assets by geographies

(DKK million)	2024	2023
Non-current assets by geographic region:		
Europe	10,304	10,296
North America	8,681	7,155
Asia	1,968	2,125
Pacific region	831	853
Rest of world	157	191
Non-current assets	**21,941**	**20,620**
Non-current assets by country:		
Denmark	2,388	2,303
USA	6,966	5,635
France	3,197	3,139
Other countries	9,390	9,543
Non-current assets	**21,941**	**20,620**

For accounting policies on segment information, please refer to Note 1.1.

3.6 Impairment testing

Impairment testing is carried out for the Group's only cash-generating unit. Based on the impairment test performed, a material excess value was identified in the cash-generating unit compared to the carrying amount for which reason no impairment of goodwill was made at 31 December 2024, except for the impairment of goodwill related to discontinued operations. Please refer to Note 6.2. The result of the impairment test is supported by the fact that the market capitalisation of the Company on Nasdaq Copenhagen by far exceeds the equity value of the company.

At 31 December 2024, goodwill amounted to DKK 13,854 million (DKK 12,381 million in 2023).

The impairment test is performed as a test of the value in use, including a five-year budget/projection period from 2025-2029.

Future cash flows are based on the budget for 2025, on strategy plans and on projections hereof. Projections extending beyond 2025 are based on general parameters, such as expected market growth, selling prices and profitability assumptions. The terminal value for the period after 2029 is determined on the assumption of 2% growth (2023: 2%).

The market growth rate in the hearing aid industry is predominantly determined by the following factors:

- Growing demographics and an increasing share of elderly in the population driving stable volume growth in the hearing aid market.
- Increased penetration rates of hearing healthcare solutions due to increased awareness, higher affluence and improved availability.
- Expansion of diagnostic instruments and services across the world.

The pre-tax discount rate is 8% (2023: 8%). Sensitivity calculations show that even a significant increase in the discount rates or a significant reduction of the growth assumptions will not change the outcome of the impairment test. Apart from goodwill, all intangible assets have limited useful lives.

Accounting estimates and judgements

Cash-generating units (judgement)

In 2024, Demant announced the decision to undertake a review of strategic options for its Communications business and came to the conclusion to divest the business. As Communications is presented as a discontinued operation and held for sale, it is no longer considered as a cash-generating unit in the continuing business.

Impairment testing is carried out annually on preparation of the annual report or on indication of impairment in which discounted values of future cash flows are compared with carrying amounts. Management has identified one cash-generating unit, as this reflects Management's approach to the organisation and to management activities, including the assessment of results and the use of resources. Group enterprises cooperate closely on R&D, purchasing, production, marketing and sale, as the use of resources in the individual markets is coordinated and monitored by Management in Denmark. Group enterprises are thus highly integrated.

Accounting policies

The carrying amounts of property, plant and equipment and intangible assets with definite useful lives as well as investments in associates are reviewed at the balance sheet date to determine whether there are indications of impairment. If so, the recoverable amount of the particular asset is calculated to determine the need for impairment, if any. The recoverable amounts of goodwill and other intangible assets with indefinite useful lives will be estimated, whether or not there are indications of impairment.

The recoverable amount is estimated for the smallest cash-generating unit of which the asset is part of. The recoverable amount is determined as the higher of the fair value of the asset or cash-generating unit less costs to sell and the value in use of such asset or unit. On determination of the value in use, estimated future cash flows will be discounted to their present values, using a discount rate that reflects partly current market valuations of the time value of money, and partly the special risks attached to the particular asset or cash-generating unit for which no adjustment has been made in the estimated future cash flows. If the recoverable amount of a particular asset or cash-generating unit is lower than its carrying amount, such asset or unit is written down to its recoverable amount.

Impairment losses are recognised in the income statement. On any subsequent reversal of impairment losses due to changes in the judgements on which the calculation of the recoverable amount is based, the carrying amount of an asset or cash-generating unit is increased to the adjusted estimate of the recoverable amount, however not exceeding the carrying amount of the asset or cash-generating unit, had the particular asset or cash-generating unit not been written down. Impairment of goodwill is not reversed.

Section 4

Capital structure and financial management

NET INTEREST-BEARING DEBT

13,545

DKK MILLION

NET FINANCIAL ITEMS

-812

DKK MILLION

4.1 Financial risk management and capital structure

Policies relating to financial risk management

Financial risk management focuses on identifying risks related to changes in the financial markets and to customers' propensity to pay for products and services.

The Executive Leadership Team monitors the financial risks of the Company to ensure that these remain well-balanced. Financial risks are managed centrally by Group Treasury, which is responsible for securing attractive funding under the prevailing market conditions and for monitoring and mitigating risks related to liquidity, interest rates and exchange rates. Risks related to counterparties are managed in the individual markets.

Capital structure, funding and liquidity

Demant remains a highly cash-generating Group with a strong balance sheet. The Group continuously adapts its capital structure to the prevailing market conditions to secure attractive financing. We secure funding based on a strong commitment by our banks to provide longer-term bank facilities. To mitigate potential liquidity and refinancing risks, the Group has secured considerable undrawn committed credit facilities.

To minimise financing risks, we aim for more than 50% of our credit facilities to be committed with long-term maturity. Our financial gearing multiple is currently within our desired target range of 2.0-2.5.

Interest rate risks

Due to an increasing debt level as well as marginally increasing interest rates during the year, our financial expenses increased in 2024. Furthermore, credit spreads and debt margins increased in the financial markets due to higher capital requirements imposed on the banks. Currently, around 60% of the Group's debt is funded through facilities with fixed rates or hedged through financial instruments that limit the interest rate risk.

The Group seeks to maintain a balanced mix between fixed and floating rate debt.

The Group's net interest-bearing debt (NIBD) amounted to DKK 13,545 million at 31 December 2024, and the gearing multiple was 2.3.

Exchange rate risks

The Group is exposed to exchange rate risks, as it trades with counterparties in a number of countries, and as it has cash flows in different currencies. It is therefore important to adequately balance foreign exchange rate risks to avoid unexpected adverse impacts on the Group's financial performance.

The majority of Group companies transact mainly in local currencies and are therefore exposed to limited exchange rate risks.

The Group does not hedge translation risks resulting from the consolidation of Group accounts into Danish kroner. Most Group companies are invoiced from the Danish production entities. Around two-thirds of the invoices out of Denmark are issued in other currencies than Danish kroner or euros. To reduce our exchange rate exposure, we continuously seek to balance incoming and outgoing cash flows in our main trading currencies as much as possible. To ensure predictability in terms of net profit, we hedge expected future net cash flows, mainly through forward exchange contracts with a horizon of up to 18 months.

In addition, we seek to balance our on-balance net exposure in our main trading currencies and to hedge our exposure, if relevant. It is the Group's policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Counterpart risks

From a commercial point of view, the Group is exposed to credit risks if our customers fail to pay for products and services provided. Such risks mainly relate to trade receivables and loans to customers or business partners, and failure to adequately manage credit risks may adversely impact the Group.

To minimise the risk of suffering losses on customers, the Group monitors the credit risks on an ongoing basis. The Group generally has a diversified customer base, and in 2024 the accumulated revenue from our ten largest customers accounted for approximately 13% of total consolidated revenue. We regularly adjust our financial accounts to reflect the current credit risks.

When granting loans to business partners, we require that our counterparties provide security in their business. In general, we estimate that the risk relative to our total credit exposure is well-balanced at Group level, and historically, we have only suffered limited credit-related losses.

The maximum credit risk relating to receivables matches the carrying amounts of such receivables. Overall, the Group has limited deposits with financial institutions for which reason the credit risk in respect of deposits is considered to be low.

The credit risk on cash is managed in accordance with the Group's policy by selecting core banking partners, all with strong credit ratings. Due to its global presence and operations, the Group holds some cash balances; however, these are distributed across multiple banks and locations, minimizing the associated credit risk.

4.2 Net financial items

(DKK million)	2024	2023
Interest on cash and bank deposits	26	35
Interest on receivables, customer loans etc.	75	49
Other financial income	12	11
Financial income from financial assets measured at amortised cost	**113**	**95**
Interest on bank debt, mortgages etc.	-575	-460
Interest expense on lease liabilities	-77	-71
Financial expenses on financial liabilities measured at amortised cost	**-652**	**-531**
Foreign exchange losses, net	-45	-149
Transaction costs	-228	-176
Financial expenses	**-925**	**-856**
Net financial items	**-812**	**-761**

Accounting policies

Net financial items mainly consist of interest income and interest expenses, credit card fees and bank fees and also include interest on lease liabilities, the unwinding of discounts on financial assets and liabilities, fair value adjustments of “shadow shares” under share-based remuneration programmes as well as certain realised and unrealised foreign exchange gains and losses. Interest income and interest expenses are accrued based on the principal amount and the effective interest rate.

The effective interest rate is the discount rate used for discounting expected future payments attaching to the financial asset or financial liability in order for the present value to match the carrying amount of such asset or liability.

4.3 Categories of financial instruments

(DKK million)	2024	2023
Receivables from associates	393	465
Customer loans	674	668
Other receivables	671	548
Trade receivables	3,563	3,650
Cash	1,112	1,138
Financial assets at amortised cost	**6,413**	**6,469**
Unrealised gains on financial contracts	31	60
Other investments	9	19
Financial assets at fair value through profit/loss	**40**	**79**
Contingent considerations	-298	-380
Unrealised losses on financial contracts	-102	-35
Financial liabilities at fair value through profit/loss	**-400**	**-415**
Debt to credit institutions etc.	-12,670	-11,238
Short-term bank facilities etc.	-240	-530
Lease liabilities	-2,771	-2,686
Trade payables	-658	-799
Other liabilities excluding contingent considerations	-2,272	-2,235
Financial liabilities measured at amortised cost	**-18,611**	**-17,488**

The following non-financial item is included in the balance sheet and represents the difference between the table and the balance sheet: Other liabilities of DKK 508 million (DKK 543 million in 2023).

Accounting policies

Debt to credit institutions is recognised at the date of borrowing as the proceeds received less transaction costs. For subsequent periods, financial liabilities are measured at amortised cost in order for the difference between proceeds and the nominal value to be recognised as a financial expense over the term of the loan.

On initial recognition, other financial liabilities are measured at fair value and subsequently at amortised cost using the effective interest method, and the difference between proceeds and the nominal value is recognised in the income statement as a financial expense over the term of the loan.

4.4 Net interest-bearing debt, liquidity and interest rate risks

(DKK million)	Contractual cash flows					
	Less than 1 year	1-5 years	More than 5 years	Total	Carrying amount	Weighted average effective interest rate
2024						
Interest-bearing receivables[1]	254	662	169	1,085	1,024	
Cash	1,135	-	-	1,135	1,112	
Interest-bearing assets	**1,389**	**662**	**169**	**2,220**	**2,136**	**3.9%**
Debt to credit institutions etc.	-609	-11,972	-1,314	-13,895	-12,670	
Short-term bank facilities etc.	-253	-	-	-253	-240	
Borrowings	**-862**	**-11,972**	**-1,314**	**-14,148**	**-12,910**	**3.6%**
Lease liabilities	-669	-2,023	-661	-3,353	-2,771	
Net interest-bearing debt	**-142**	**-13,333**	**-1,806**	**-15,281**	**-13,545**	
2023						
Interest-bearing receivables[1]	269	677	145	1,091	1,036	
Cash	1,172	-	-	1,172	1,138	
Interest-bearing assets	**1,441**	**677**	**145**	**2,263**	**2,174**	**4.1%**
Debt to credit institutions etc.	-1,489	-10,619	-301	-12,409	-11,238	
Short-term bank facilities etc.	-560	-	-	-560	-530	
Borrowings	**-2,049**	**-10,619**	**-301**	**-12,969**	**-11,768**	**3.9%**
Lease liabilities	-688	-1,822	-650	-3,160	-2,686	
Net interest-bearing debt	**-1,296**	**-11,764**	**-806**	**-13,866**	**-12,280**	

[1] Interest-bearing receivables comprise customer loans, receivables from associates and other receivables.

4.4 Net interest-bearing debt, liquidity and interest rate risks (continued)

Trade payables and other liabilities have a contractual maturity of less than one year, with the exception of other liabilities of DKK 461 million (DKK 661 million in 2023), which have a contractual maturity of 1-5 years. The contractual cash flows approximate their carrying amounts.

Borrowings broken down by currency, excluding hedging: 61% in Danish kroner (55% in 2023), 19% in euros (24% in 2023), 14% in US dollars (12% in 2023), 2% in Canadian dollars (2% in 2023) and 4% in other currencies (7% in 2023).

Reconciliation of liabilities arising from financing activities

The table below shows the changes in consolidated liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated cash flow statement as cash flows from financing activities.

The fair value of the interest rate swap outstanding at the balance sheet date is DKK -17 million (DKK -18 million in 2023), and the contractual value of the interest swap is DKK 5,641 million (DKK 1,000 million in 2023). The interest rate swap matures between 2026 and 2031.

Sensitivity analysis in respect of interest rates

Based on the Group's net debt at the end of the 2024 financial year, a rise of 1 percentage point in the general interest rate level will cause an increase in consolidated annual interest expenses before tax of approximately DKK 44 million (DKK 58 million in 2023). Around 60% (around 45% in 2023) of the interest-bearing debt is subject to fixed interest rates, partly due to a bought interest rate swap and partly due to loans being raised at fixed interest rates.

Interest rate swap

(DKK million)

	Start	Expiry	Interest rate/strike	Contractual amount at year-end	Positive fair value at year-end	Negative fair value at year-end
2024						
DKK/DKK	2023	2026	3.27%	1,000	-	22
DKK/DKK	2025	2026	2.02%	1,000	1	-
DKK/DKK	2024	2027	2.22%	746	1	-
DKK/DKK	2025	2027	2.05%	1,000	1	-
DKK/DKK	2026	2027	2.26%	1,000	-	1
DKK/DKK	2025	2031	2.20%	895	3	-
				5,641	**6**	**23**
2023						
DKK/DKK	2023	2026	3.27%	1,000	-	18
				1,000	**-**	**18**

4.4 Net interest-bearing debt, liquidity and interest rate risks (continued)

			Non-cash changes						
(DKK million)	**31.12.2023**	**Cash flow from financing activities**	**Covid-19 rent concessions**	**Acquisitions and divestments**	**Foreign exchange movement**	**Other additions**	**Disposals**	**Transferred to held for sale**	**31.12.2024**
Lease liabilities	2,686	-750	-	163	1	751	-57	-23	2,771
Debt to credit institutions etc.	11,238	1,401	-	-	31	-	-	-	12,670
Short-term bank facilities	530	-586	-	3	12	-	-	281	240
Interest-bearing liabilities	**14,454**	**65**	**-**	**166**	**44**	**751**	**-57**	**258**	**15,681**
	31.12.2022								**31.12.2023**
Lease liabilities	2,380	-698	-6	142	-8	918	-42	-	2,686
Debt to credit institutions etc.	11,931	-706	-	15	-2	-	-	-	11,238
Short-term bank facilities	765	-188	-	1	-48	-	-	-	530
Interest-bearing liabilities	**15,076**	**-1,592**	**-6**	**158**	**-58**	**918**	**-42**	**-**	**14,454**

4.5 Fair value hierarchy

Methods and judgements for determining fair values

Other investments

Other investments are assessed on the basis of their fair value.

Derivatives

Forward exchange contracts are assessed using discounted cash flow valuation techniques. Future cash flows are based on observable forward exchange rates at the end of the reporting period and on contractual forward exchange rates discounted at a rate that reflects the credit risk related to various counterparties.

Interest rate swaps are assessed using discounted cash flow valuation techniques. Future cash flows are based on observable forward yield curves at the end of the reporting period and on contractual interest rates discounted at a rate that reflects the credit risk related to various counterparties.

Contingent considerations

Contingent considerations are measured at their fair values based on the contractual terms of the contingent considerations and on non-observable inputs (level 3), such as the financial performance and purchasing patterns of the acquired enterprises for a period of typically 1-5 years after the date of acquisition.

Fair value hierarchy for assets and liabilities measured at fair value in the balance sheet

Financial instruments measured at fair value are broken down according to the fair value hierarchy:

- Listed prices in an active market for the same type of instrument (level 1).
- Listed prices in an active market for similar assets or liabilities or other valuation methods, with all significant inputs being based on observable market data (level 2).
- Valuation methods, with any significant inputs not being based on observable market data (level 3).

Accounting policies

On initial recognition, other investments are recognised at fair value and subsequently measured at fair value in the income statement. Unrealised and realised value adjustments are recognised in in net financial items in the income statement. Contingent considerations arising from the acquisition of enterprises and activities are recognised at fair value at the time of acquisition. The obligations are re-evaluated on a recurring basis at fair value.

4.5 Fair value hierarchy (continued)

(DKK million)

	Level 1	Level 2	Level 3	Total
2024				
Financial assets used as hedging instruments	-	31	-	31
Other investments	-	-	9	9
Financial liabilities used as hedging instruments	-	-102	-	-102
Contingent considerations	-	-	-298	-298
2023				
Financial assets used as hedging instruments	-	60	-	60
Other investments	-	-	19	19
Financial liabilities used as hedging instruments	-	-35	-	-35
Contingent considerations	-	-	-380	-380

There have been no transfers between level 1 and in the 2024 and 2023 financial years.

(DKK million)

	Financial assets		Contingent considerations	
	2024	**2023**	**2024**	**2023**
Assets and liabilities (level 3)				
Carrying amount at 1.1.	19	15	-380	-420
Foreign currency translation adjustment	-	-	-	-1
Acquisitions	-	7	-126	-156
Disposals, repayments, settlements etc.	-5	-	175	192
Other adjustments	-5	-3	33	5
Carrying amount at 31.12.	**9**	**19**	**-298**	**-380**

Financial assets and contingent considerations are measured at fair value in the balance sheet based on valuation methods, with any significant inputs not being based on observable market data (level 3). Most of the contingent considerations recognised relate to deferred payments, which are not dependent on any performance obligations and will usually be paid out within 1-5 years.

The majority of the contingent considerations are recognised as the maximum consideration to be paid, which Management has assessed to be the most likely outcome.

Section 5

Tax

TAX ON PROFIT

-824

DKK MILLION

EFFECTIVE TAX RATE

22.2%

5.1 Tax on profit

(DKK million)	2024	2023
Current tax on profit for the year	-878	-886
Adjustment of current tax, prior years	-1	11
Change in deferred tax	39	-42
Adjustment of deferred tax, prior years	16	-4
Impact of changes in corporate tax rates	-	-1
Tax on profit for the year	**-824**	**-922**
Reconciliation of tax rates:		
Danish corporate tax rate	22.0%	22.0%
Differences between tax rates of non-Danish enterprises and Danish corporate tax rate	0.8%	0.9%
Impact of changes in corporate tax rates	-	-
Impact of unrecognised tax assets, net	0.5%	-
Permanent differences	-1.8%	2.3%
Other items, including prior-year adjustments	0.7%	-0.6%
Effective tax rate	**22.2%**	**24.6%**

The Group is not impacted by OECD/EU Pillar Two Model rules and their local implementation.

(DKK million)	2024	2023
Breakdown of tax on other comprehensive income:		
Foreign currency translation adjustment, foreign enterprises	1	3
Value adjustment of hedging instruments for the year	20	-9
Value adjustment of hedging instruments transferred to revenue	1	23
Actuarial gains/losses on defined benefit plans	4	4
Tax on other comprehensive income	**26**	**21**

Accounting policies

Tax on profit for the year includes current tax and any changes in deferred tax. Current tax includes taxes payable and is determined on the basis of the estimated taxable income for the year and any prior-year tax adjustments. Tax on changes in equity and other comprehensive income is recognised directly in equity and in other comprehensive income, respectively.

Foreign currency translation adjustments of deferred tax are recognised as part of the year's adjustments of deferred tax.

Permanent differences primarily include Danish interest limitation, R&D incentives, profit in associates, non-deductible share-based payments and special items.

Current tax liabilities or tax receivables are recognised in the balance sheet and determined as tax calculated on taxable income for the year, adjusted for any tax on account. The tax rates prevailing at the balance sheet date are used for calculation of the year's taxable income.

5.2 Deferred tax

(DKK million)	2024	2023
Deferred tax recognised in the balance sheet:		
Deferred tax assets	588	542
Deferred tax liabilities	-634	-633
Deferred tax, net at 31.12.	**-46**	**-91**
Deferred tax, net at 1.1.	**-91**	**-82**
Foreign currency translation adjustments	-28	8
Changes in deferred tax	39	-31
Additions relating to acquisitions	3	5
Adjustment of deferred tax, prior years	16	-4
Impact of changes in corporate tax rates	-	-1
Deferred tax relating to changes in equity, net	26	14
Transferred to assets held for sale	-11	-
Deferred tax, net at 31.12.	**-46**	**-91**

The tax value of deferred tax assets not recognised is DKK 108 million (DKK 104 million in 2023) and relates mainly to tax losses and tax credits for which there is considerable uncertainty about their future utilisation. Tax losses of DKK 25 million will expire within 5-10 years, whereas other tax losses carried forward have no expiry date.

Any sale of shares in subsidiaries, associates and joint ventures at the balance sheet date is estimated to result in tax in the amount of DKK 0 million (DKK 0 million in 2023).

The Group is not impacted by OECD/EU Pillar Two Model rules and their local implementation.

Accounting policies

Deferred tax is recognised, using the balance sheet liability method on any temporary differences between the tax base of assets and liabilities and their carrying amounts, except for deferred tax on temporary differences arisen either on initial recognition of goodwill or on initial recognition of a transaction that is not a business combination, with the temporary difference ascertained on initial recognition affecting neither net profits nor taxable income.

Deferred tax is determined on the basis of the tax rules and rates prevailing at the balance sheet date in a particular country. The effect of any changes in tax rates on deferred tax is included in tax on profit for the year, unless such deferred tax is attributable to items previously recognised directly in equity or in other comprehensive income. In the latter case, such changes will also be recognised directly in equity or in other comprehensive income. The tax base of a loss, if any, which may be set off against future taxable income, is carried forward and set off against deferred tax in the same legal tax entity and jurisdiction.

5.2 Deferred tax (continued)

(DKK million)	Temporary differences at 1.1.	Foreign currency translation adjust-ments	Acquisi-tions	Recognised in profit for the year	Recognised in other compre-hensive income	Transferred to assets held for sale	Temporary differences at 31.12.
2024							
Intangible assets	-565	-3	1	-151	-	-1	-719
Property, plant and equipment	-159	-28	-	57	-	2	-128
Leased assets	21	-1	-	5	-	-	25
Inventories	208	-3	-	-15	-	3	193
Receivables	52	-	-	10	-	-2	60
Provisions	99	2	-	13	-	-	114
Deferred income	158	2	1	27	-	-12	176
Tax losses	56	10	1	11	-	-1	77
Other	39	-7	-	98	26	-	156
Total	**-91**	**-28**	**3**	**55**	**26**	**-11**	**-46**
2023							
Intangible assets	-542	-	5	-28	-	-	-565
Property, plant and equipment	-102	13	-	-70	-	-	-159
Leased assets	13	1	-	7	-	-	21
Inventories	204	-	-	4	-	-	208
Receivables	42	-	-	10	-	-	52
Provisions	67	-2	-	34	-	-	99
Deferred income	161	-1	-	-2	-	-	158
Tax losses	47	-4	-	13	-	-	56
Other	28	1	-	-4	14	-	39
Total	**-82**	**8**	**5**	**-36**	**14**	**-**	**-91**

Accounting estimates and judgements

Deferred tax assets (significant estimate)

Deferred tax assets, including the tax value of any tax losses allowed for carryforward, are recognised in the balance sheet at the estimated realisable value of such assets, either by a set-off against a deferred tax liability or by a net asset to be set off against future positive taxable income. At the balance sheet date, an assessment is made as to whether it is probable that sufficient taxable income will be available in the future against which the deferred tax asset can be utilised.

Deferred tax on temporary differences between the carrying amounts and the tax values of investments in subsidiaries and associates is recognised, unless the Parent is able to control the time of realisation of such deferred tax, and it is probable that such deferred tax will not be realised as current tax in the foreseeable future. Deferred tax is recognised in respect of eliminations of intra-group profits and losses.

Section 6

Acquisitions, discontinued operations and assets held for sale

6.1 Acquisition of enterprises and activities

As part of the capital allocation policy, a portion of the cash flow from operating activities is allocated to value-adding acquisitions. In 2024, a total of 54 acquisitions were completed at an estimated total consideration of DKK 1,971 million. The individual acquisitions are not considered to be material and therefore not disclosed separately, but are grouped together with other acquisitions within the geographical region.

In 2024, the Group acquired a number of enterprises or obtained significant stakes in hearing healthcare businesses, the most significant one being Fuel Medical Group in the US.

On 1 May 2024, the Group acquired the remaining 51% of the shares in Fuel Medical Group and now holds 100% of the shares. Fuel Medical Group is a value-added distributor of hearing aids that operates in North America. The step acquisition resulted in a fair value adjustment of the Group's existing shares of DKK 324 million, presented as a special item in the income statement.

On 2 September 2024, the Group acquired 100% of the shares in Dansk HøreCenter ApS, which operates hearing clinics across Denmark.

In addition, the Group made a number of other minor acquisitions in Europe, North America, the Pacific region and Asia in 2024. The Pacific region and Asia are presented together.

In 2023, the Group acquired a number of enterprises or obtained significant stakes in hearing healthcare businesses, the most significant ones being Mr. Optik and Flemming & Klingbeil, both in Germany, Virtualis in France and the hearing aid-related activities of Goed Hulpmiddelen in Belgium.

On 5 January 2023, the Group acquired 55% of the shares in Virtualis, a developer and manufacturer of virtual reality rehabilitation equipment based in France. As part of the agreement, a forward contract was entered into for the remaining 45% of the shares, meaning that the Group agreed to buy and the seller to sell in three tranches based on an agreed revenue multiple. The purchase price for the remaining shares was estimated based on Virtualis' current performance and on expectations of the future. The purchase price was not capped.

(DKK million)	2024				2023		
	Europe	North America	Other	Total	Europe	North America	Total
Intangible assets	21	25	1	47	55	4	59
Property, plant and equipment	20	3	2	25	53	1	54
Other non-current assets	141	22	15	178	167	21	188
Inventories	19	1	1	21	47	2	49
Current receivables	19	44	-	63	105	7	112
Cash and cash equivalents	41	81	-	122	56	2	58
Non-current liabilities	-176	-19	-12	-207	-413	-5	-418
Current liabilities	-75	-35	-4	-114	-131	-9	-140
Acquired net assets	**10**	**122**	**3**	**135**	**-61**	**23**	**-38**
Goodwill	502	1,284	50	1,836	1,078	34	1,112
Acquisition cost	**512**	**1,406**	**53**	**1,971**	**1,017**	**57**	**1,074**
Carrying amount of non-controlling interests on obtaining control	-26	-301	-	-327	-80	-4	-84
Fair value adjustment of non-controlling interests on obtaining control	-9	-328	-	-337	-26	-1	-27
Contingent considerations and deferred payments	-32	-81	-13	-126	-151	-5	-156
Acquired cash and cash equivalents	-41	-81	-	-122	-56	-2	-58
Cash acquisition cost	**404**	**615**	**40**	**1,059**	**704**	**45**	**749**

Figures are shown at fair value on the acquisition date.

6.1 Acquisition of enterprises and activities (continued)

On 1 March 2023, the Group acquired the remaining 51% of the shares in Mr. Optik and now holds 100% of the shares. Mr. Optik operates hearing clinics across Eastern Germany. The step-up resulted in a fair value adjustment of the Group's existing shares of DKK 26 million.

On 31 August 2023, the Group acquired 100% of the shares in Flemming & Klingbeil, which operates hearing clinics across Berlin, Germany.

On 31 August 2023, the Group acquired all the hearing aid-related activities of Goed Hulpmiddelen. The transaction was structured as an asset purchase. The activities in Goed Hulpmiddelen consist of hearing clinics in the northern part of Belgium. The activities were integrated into the existing retail business in Belgium.

Accounting treatment

In respect of the acquisitions, the Group paid total acquisition costs of DKK 1,971 million, exceeding the fair values of the acquired assets, liabilities and contingent liabilities. Such positive balances in value can be attributed to expected synergies between the activities of the acquired entities and the Group's existing activities, to the future growth opportunities and to the value of staff competencies in the acquired businesses. These synergies are not recognised separately from goodwill, as they are not individually identifiable. Total goodwill recognised in respect of the acquisitions made in 2024 amounts to DKK 1,836 million.

Of the total acquisitions made in 2024, the fair value of the estimated contingent considerations in the form of earn-outs and deferred payments accounted for DKK 126 million (DKK 156 million in 2023). Earn-outs depend on the results of the acquired entities for a period of 1-4 years. Earn-outs and other contingent considerations related to the acquisitions are estimated to be maximum DKK 145 million (DKK 158 million in 2023).

The fair values of acquisitions are not considered final until 12 months after the acquisition date. Adjustments to acquisitions completed more than 12 months prior to the time of the adjustments, including changes in estimated contingent considerations, are recognised in the income statement.

In 2024, adjustments were made to the preliminary recognition of acquisitions recognised in 2023. These adjustments relate to payments made, contingent considerations provided as well as net assets and goodwill acquired. The impact of these adjustments on goodwill was DKK 9 million (DKK 5 million in 2023) and DKK -1 million (DKK 2 million in 2023) on contingent considerations.

In 2024, adjustments were also made to contingent considerations related to acquisitions completed more than 12 months prior to the time of the adjustments. These adjustments amount to DKK 35 million (DKK 5 million in 2023) and are recognised as part of distribution costs for acquisitions.

Step acquisitions

At the time of acquisition of non-controlling interests, the shares of the acquisitions are measured at the proportionate share of the total fair value of the acquired entities, including goodwill. On obtaining a controlling interest through step acquisitions, previously held non-controlling interests are, at the time of obtaining control, remeasured at fair value with fair value adjustments recognised in the income statement.

The total impact on the income statement of fair value adjustments of non-controlling interests in step acquisitions was DKK 337 million in 2024 (DKK 27 million in 2023).

The statements of fair values of acquisitions are not considered final until 12 months after the acquisition date.

Transaction costs

Transaction costs in connection with acquisitions made in 2024 amounted to DKK 23 million (DKK 14 million in 2023) and were recognised in distribution costs.

Acquired assets and pro forma figures

The acquired assets include contractual receivables amounting to DKK 57 million (DKK 59 million in 2023) of which DKK 2 million (DKK 1 million in 2023) was considered to be uncollectible at the date of the acquisition. Of total goodwill in the amount of DKK 1,836 million (DKK 1,112 million in 2023), DKK 1,328 million (DKK 209 million in 2023) can be amortised for tax purposes.

Revenue and profit after tax generated by the acquired enterprises since acquiring them in 2024 amount to DKK 371 million (DKK 311 million in 2023) and DKK 17 million (DKK 13 million in 2023), respectively. Had such revenue and profit been consolidated on 1 January 2024, it is estimated that consolidated pro forma revenue and profit after tax would have been DKK 22,710 million (DKK 22,636 million in 2023) and DKK 2,401 million (DKK 1,805 million in 2023), respectively. Without taking synergies from our core business into account, we believe that these pro forma figures reflect the level of consolidated earnings after acquisition of the enterprises.

Acquisitions after balance sheet date

On 31 January 2025, the Group acquired 100% of the shares in Ohrwerk Group, which operates 77 hearing clinics across Germany.

From the balance sheet date and until the date of financial reporting in 2025, the Group has acquired a number of enterprises including Ohrwerk Group. The Group is in the process of completing the purchase price allocation, including the valuation of intangible assets and liabilities assumed. The final impact will be reflected in the subsequent reporting period.

6.1 Acquisition of enterprises and activities (continued)

Accounting policies

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquisition or formation. The time of acquisition is the date when control of the enterprise is transferred to the Group. For Group accounting policies on control, please refer to Note 9.1. In respect of newly acquired enterprises, comparative figures and key figures will not be restated. On acquiring new enterprises of which the Group obtains control, the purchase method is applied according to which their identified assets, liabilities and contingent liabilities are measured at the fair values on the acquisition date. Any non-current assets acquired for the purpose of resale are, however, measured at the fair values less expected cost of disposal. Restructuring costs are solely recognised in the pre-acquisition balance sheet if they are a liability for the acquired enterprise. Any tax effect of revaluations will be taken into account.

The acquisition cost of an enterprise consists of the fair value of the consideration paid for the enterprise with the addition of the fair values of previously held interests in the acquiree. If the final consideration is conditional upon one or more future events, the consideration will be recognised at the fair value on acquisition. Any subsequent adjustment of contingent considerations is recognised directly in the income statement, unless the adjustment is the result of new information about conditions prevailing on the acquisition date, and this information becomes available up to 12 months after the acquisition date. Transaction costs are recognised directly in the income statement when incurred. If the purchase price exceeds the fair values of the assets, liabilities and contingent liabilities identified on acquisition, any remaining positive differences (goodwill) are recognised in the balance sheet under intangible assets and tested for impairment at least annually. If the carrying amount of an asset exceeds its recoverable amount, it is written down to such lower recoverable amount.

If, on the acquisition date, there are any uncertainties with respect to identifying or measuring acquired assets, liabilities or contingent liabilities or uncertainty with respect to determining their cost, initial recognition is made on the basis of provisionally calculated values. Such provisionally calculated values may be adjusted, or additional assets or liabilities may be recognised up to 12 months after the acquisition date, if new information becomes available about conditions prevailing on the acquisition date, which would have affected the calculation of values on that day, had such information been known.

Accounting estimates and judgements

Identification of assets and liabilities (significant judgement)

On recognition of assets and liabilities from acquisitions, management judgements may be required for the identification of the following:

- Intangible assets, resulting from technology, customer relationships, client lists or brand names.
- Contingent consideration arrangements.

Contingent considerations (estimate)

Acquisitions may include provisions to the effect that additional payments of contingent considerations be paid to the previous owners when certain events occur or certain results are obtained. Management assesses on a regular basis the judgements made in respect of the particular acquisitions, taking sales run rates of the acquired entity into account.

6.2 Discontinued operations and assets held for sale

(DKK million)	2024	2023
Revenue	1,162	1,351
Expenses	-1,551	-1,818
Gain/loss on divestment of enterprises and activities	-25	-
Amortisation, depreciation and impairment losses	-224	-673
Profit before tax – discontinued operations	**-638**	**-1,140**
Tax on profit for the year	134	115
Profit for the year – discontinued operations	**-504**	**-1,025**
Profit for the year for discontinued operations attributable to:		
Demant A/S' shareholders	-504	-1,025
	-504	**-1,025**
Earnings per share (EPS), DKK	-2.32	-4.60
Diluted earnings per share (DEPS), DKK	-2.32	-4.60
Cash flow from discontinued operations:		
Cash flow from operating activities (CFFO)	-247	-348
Cash flow from investing activities (CFFI)	-38	-39
Cash flow from financing activities (CFFF)	269	155
Cash flow for the year, net – discontinued operations	**-16**	**-232**

On 5 February 2024, the Group announced the decision to undertake a review of the strategic options for its Communications business. On 14 August 2024, the Group announced the conclusion of the review and, consequently, it was decided to initiate a significant restructuring plan for the Communications business. The process commenced immediately and as part of the restructuring of the Communications business, an impairment of the goodwill of DKK 110 million was recognised as well as other one-offs. Following the restructuring, the Group intends to carry on with the divestment of the Communications business. The Communications business still meets the criteria for being classified as held for sale and a discontinued operation.

On 21 May 2024, the Group finalised the divestment of the cochlear implants (CI) business to Cochlear Limited after all regulatory approvals and customary closing conditions had been fulfilled. The divestment of the CI business resulted in a loss of DKK 25 million in 2024.

As previously communicated, the bone anchored hearing systems (BAHS) business will currently remain with the Group and continues to be considered a discontinued operation.

In 2024, discontinued operations realised a loss after tax of DKK 504 million, including the loss relating to the divestment of the CI business. The remaining loss of DKK 479 million is related to a combined net operating loss in the Hearing Implants (CI and BAHS) and Communications business areas.

Accounting policies

Discontinued operations represent a separate line of businesses disposed of or being prepared for sale. The results of discontinued operations are presented separately in the income statement, and comparative figures are restated. Assets and liabilities of discontinued operations are presented as separate items in the balance sheet, and cash flow from discontinued operations are presented separately in the cash flow statement.

6.2 Discontinued operations and assets held for sale (continued)

(DKK million)	2024	2023
Balance sheet items:		
Intangible assets	433	97
Property, plant and equipment	25	1
Lease assets	44	1
Deferred tax assets	47	44
Other non-current assets	1	1
Non-current assets	**550**	**144**
Current assets	**843**	**139**
Assets held for sale	**1,393**	**283**
Provisions	46	8
Lease liabilities	46	1
Other liabilities	252	80
Liabilities related to assets held for sale	**344**	**89**

Following the divestment of the CI business, assets classified as held for sale at 31 December 2024 comprise the Communications business and the BAHS business. The comparative figures only include the Hearing Implants business, consisting of both the CI and the BAHS business.

Accounting policies

Assets and liabilities of discontinued operations and assets held for sale, except financial assets etc., are measured at the lower of the carrying amount and the fair value less costs to sell. Non-current assets held for sale are not depreciated.

Key accounting estimates and judgements

No key estimates were identified.

6.3 Divestment of enterprises and activities

(DKK million)	2024
Sales price	-
Net debt adjustment	25
Selling price for divested enterprises and activities	**25**
Gain/loss on divestment of enterprises and activities:	
Selling price for divested enterprises and activities	25
Net assets sold	-619
Previously recognised impairment losses	612
Provisions as a result of the transaction	-32
Foreign currency translation reserve and hedging of net investment	-
Transaction costs	-11
Gain/loss on divestment of enterprises and activities	**-25**
Net profit from divestment of enterprises and activities:	
Profit from divested discontinued operations	-65
Gain/loss on divestment of enterprises and activities	-25
Net profit from divestment of enterprises and activities	**-90**

In May 2024, the Group divested its CI business to Cochlear Limited, and no consideration was paid as part of the transaction. As part of the agreement with Cochlear Limited, post-closing review of balances resulted in DKK 25 million being transferred to Demant as part of the net debt adjustment.

At 31 December 2024, the divestment resulted in a loss of DKK 25 million of which DKK 11 million relates to transaction costs. The total transaction costs incurred by the Group in relation to the divestment of the CI business amount to DKK 66 million.

Accounting policies

Gains or losses on the divestment of enterprises and activities are determined as the difference between the selling price and the carrying amount of the net assets divested. Transaction costs and any provisions made for obligations related to the divestment of enterprises and activities are deducted.

Section 7

Provisions, other liabilities etc.

PROVISIONS

306

DKK MILLION

OTHER LIABILITIES

3,078

DKK MILLION

7.1 Provisions

(DKK million)	2024	2023
Staff-related provisions	75	65
Miscellaneous provisions	111	98
Other provisions	**186**	**163**
Defined benefit plan liabilities, net	120	115
Provisions at 31.12.	**306**	**278**
Breakdown of provisions:		
Non-current provisions	213	201
Current provisions	93	77
Provisions at 31.12.	**306**	**278**

Miscellaneous provisions relate to provisions for disputes etc. The majority of these provisions are expected to be realised within the next five years.

	2024				2023		
(DKK million)	Restructuring costs	Staff-related	Miscellaneous	Total	Staff-related	Miscellaneous	Total
Other provisions at 1.1.	**-**	**65**	**98**	**163**	**59**	**58**	**117**
Foreign currency translation adjustments	-	-	-1	-1	-	-5	-5
Additions relating to acquisitions	-	6	8	14	-	17	17
Provisions during the year	40	-	27	67	6	27	33
Realised during the year	-	-	-7	-7	-	-9	-9
Reversals during the year	-	4	-14	-10	-	-9	-9
Transfer to/from liabilities related to assets held for sale	-40	-	-	-40	-	19	19
Other provisions at 31.12.	**-**	**75**	**111**	**186**	**65**	**98**	**163**
Breakdown of provisions:							
Non-current provisions	-	75	21	96	65	24	89
Current provisions	-	-	90	90	-	74	74
Other provisions at 31.12.	**-**	**75**	**111**	**186**	**65**	**98**	**163**

7.2 Employee benefit obligations

(DKK million)	2024	2023
Present value of defined benefit obligations:		
Defined benefit obligations at 1.1.	456	429
Foreign currency translation adjustments	-10	24
Additions relating to acquisitions	1	-
Current service costs	-3	10
Calculated interest on defined benefit obligations	7	8
Actuarial gains/losses	50	34
Net benefits paid	-27	-57
Contributions from plan participants	11	8
Defined benefit obligations at 31.12.	**485**	**456**
Fair value of defined benefit assets:		
Defined benefit assets at 1.1.	341	338
Foreign currency translation adjustments	-5	21
Actuarial gains/losses	33	21
Contributions	23	18
Net benefits paid	-27	-57
Defined benefit assets 31.12.	**365**	**341**
Defined benefit obligations recognised in the balance sheet, net	**120**	**115**
Return on defined benefit assets:		
Actual return on defined benefit assets	33	21
Actuarial gains/losses on defined benefit assets	**33**	**21**
Assumptions:		
Discount rate	1.2%	1.7%
Expected return on defined benefit assets	0.0%	0.0%
Future salary increase rate	1.5%	1.6%

Generally, the Group does not offer defined benefit plans, but it has such plans in Switzerland, France and Germany where they are required by law.

Defined benefit plan costs recognised in the income statement amount to DKK 0 million (DKK 12 million in 2023), and the accumulated actuarial loss recognised in the statement of comprehensive income amounts to DKK 7 million (income of DKK 10 million in 2023).

In 2025, the Group expects to pay approximately DKK 22 million (DKK 24 million in 2024) into defined benefit plans. Defined benefit obligations in the amount of DKK 132 million (DKK 132 million in 2023) will mature within 1-5 years and obligations in the amount of DKK 352 million (DKK 324 million in 2023) after five years.

If the discount rate were 0.5% higher (lower), the defined benefit obligation would decrease by 6% (increase by 7%). If the expected salary growth rate were 0.5% higher (lower), the defined benefit obligation would increase by 1% (decrease by 1%).

Plan assets are recognised as follows:

Equity	28%
Bonds	31%
Property	26%
Other	15%

Accounting policies

Provisions are recognised if, as a result of an earlier event, the Group has a legal or constructive obligation, and if the settlement of such obligation is expected to draw on corporate financial resources, but there is uncertainty about the timing or amount of the obligation. Provisions are measured on a discounted basis based on Management's best estimate of the amount at which a particular liability may be settled. The discount effect of any changes in the present value of provisions is recognised as a financial expense.

The Group has defined benefit plans and similar agreements with some of its employees.

With respect to defined contribution plans, the Group pays regular, fixed contributions to independent pension companies. Contributions are recognised in the income statement for the period in which employees have performed work entitling them to such pension contributions. Contributions due are recognised in the balance sheet as a liability.

With respect to defined benefit plans, the Group is obliged to pay a certain contribution when an employee covered by such a plan retires, for instance a fixed amount or a percentage of the employee's final salary. An actuarial calculation is prepared periodically of the accrued present value of future benefits to which employees, through their past employment with the Group, are entitled and which are payable under the defined benefit plan. This defined benefit obligation is calculated annually, using the projected unit credit method based on judgements in respect of the future development in for instance wage levels, interest rates, mortality and inflation rates.

7.2 Employee benefit obligations (continued)

The defined benefit obligation less the fair value of any assets relating to the defined benefit plan is recognised in the balance sheet under provisions.

Defined benefit costs are categorised as follows:

- Service costs, including current service costs, past-service costs as well as gains and losses on curtailments and settlements
- Net interest expenses or income
- Remeasurements

Remeasurements, comprising actuarial gains and losses, any effects of changes to the asset ceiling as well as returns on defined benefit assets, excluding interest, are reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income for the period in which it occurs.

Remeasurements recognised in other comprehensive income are reflected immediately in retained earnings and are not reclassified to the income statement. Service costs and net interest expenses or income are included in the income statement as staff costs.

Other non-current employee benefits are recognised using actuarial calculation. Actuarial gains or losses on such benefits are recognised directly in the income statement.

Accounting estimates and judgements

Assessment of provisions (estimate)

Management assesses, on an ongoing basis, provisions for, among others, restructuring costs and the likely outcomes of pending and probable lawsuits etc. (other provisions). When assessing the likely outcomes of lawsuits, Management bases its assessments on internal and external legal advice and established precedent. Provisions for restructuring costs are based on the estimated costs of implementing restructuring initiatives and thus on a number of assumptions about future costs and events. For all provisions, the outcome and final expense depend on future events, which are by nature uncertain.

7.3 Other liabilities

(DKK million)	**2024**	**2023**
Product-related liabilities	508	543
Staff-related liabilities	981	1,022
Other debt, public authorities	299	356
Contingent considerations	298	380
Other costs payable	992	857
Other liabilities	**3,078**	**3,158**
Due within 1 year	2,617	2,497
Due within 1-5 years	461	661

Product-related liabilities include standard warranties and returned products etc. Staff-related liabilities include holiday pay and payroll costs due. The carrying amounts of other liabilities approximate the fair values of such liabilities.

Accounting policies

Other non-financial liabilities are recognised if, as a result of an earlier event, the Group has a legal or constructive obligation, and if the settlement of such obligation is expected to draw on corporate financial resources. Other non-financial liabilities are measured on a discounted basis, and the discount effect of any changes in the present value of the liabilities is recognised as a financial expense.

On the sale of products with a right of return, a refund liability and a right to the returned products is recognised as a refund liability and a current asset (included in prepaid expenses), respectively. The refund liability is deducted from revenue, and the right to the returned products is offset in production costs. Warranty commitments include an obligation to remedy faulty or defective products during the warranty period.

Accounting estimates and judgements

Warranty and return liabilities (estimates)

Liabilities in respect of service packages and warranties are calculated on the basis of information on products sold, related service and warranty periods and past experience of costs incurred by the Group to fulfil its service and warranty liabilities. Liabilities in respect of returns are calculated based on information on products sold, related rights concerning returns and past experience of products being returned in the various markets. Consolidated product-related liabilities are the sum of a large number of small items, with the sum changing constantly due to a large number of transactions.

7.4 Deferred income

(DKK million)	2024	2023
Prepayments from customers	52	62
Future performance obligations:		
Deferred warranty-related revenue	677	591
Deferred free products revenue	219	126
Deferred service revenue	452	404
Total	**1,400**	**1,183**

Some products, some services and some of the warranty-related services mentioned are provided free of charge to the customer. Certain other services and warranty-related services are paid by the customer on delivery of the related goods, but delivery of the service takes place 1-4 years after delivery of the goods.

Please refer to Note 1.1 for a description of the nature of the deferred income.

Accounting policies

Deferred income includes income received or future performance obligations relating to subsequent financial years and is recognised as revenue when the Group fulfils its obligations by transferring the goods or services to the customers.

Expected recognition of revenue

(DKK million)	Less than 1 year	1-2 years	2-4 years	More than 4 years	Total
2024					
Prepayments from customers	52	-	-	-	52
Deferred warranty-related revenue	287	261	119	10	677
Deferred free products revenue	74	48	66	31	219
Deferred service revenue	175	127	110	40	452
Total	**588**	**436**	**295**	**81**	**1,400**
2023					
Prepayments from customers	62	-	-	-	62
Deferred warranty-related revenue	247	232	104	8	591
Deferred free products revenue	75	35	15	1	126
Deferred service revenue	164	116	94	30	404
Total	**548**	**383**	**213**	**39**	**1,183**

7.5 Contingent liabilities

The Group is involved in minor litigations, claims, disputes etc. Management is of the opinion that such disputes do not or will not significantly affect the Group's financial position. The Group seeks to make adequate provisions for legal proceedings.

As part of its business activities, the Group has entered into normal agreements with customers and suppliers etc. as well as agreements for the purchase of shareholdings.

The Demant Group is jointly taxed with William Demant Invest A/S, which is the administration company, and all Danish subsidiaries. Under the Danish Corporation Tax Act, the Group is first of all fully liable for corporate tax payments and for withholding tax at source in respect of interest, royalties and dividends in relation to its own subsidiaries and is secondly liable for tax payments due for William Demant Invest A/S and its partly owned subsidiaries.

Section 8

Other disclosure requirements

8.1 Related parties

William Demant Foundation, Kongebakken 9, 2765 Smørum, Denmark, is the only related party with a controlling interest. Controlling interest is achieved through a combination of William Demant Foundation's own shareholdings and the shareholdings of William Demant Invest A/S for which William Demant Foundation exercises the voting rights. Subsidiaries and associated enterprises of William Demant Invest A/S are related parties to the Demant Group.

Related parties with significant influence are the Company's Board of Directors and their related parties. Furthermore, related parties are the Executive Board and companies in which the above persons have significant interests.

Subsidiaries and associates as well as the Demant Group's ownership interests in these companies appear from Subsidiaries and associates in Section 11. For financial information on transactions with associates, please refer to Note 3.4.

In 2024, William Demant Foundation paid administration fees to the Group of DKK 2 million (DKK 2 million in 2023). The Demant Group paid administration fees to William Demant Invest A/S of DKK 4 million (DKK 3 million in 2023) and received service fees of DKK 4 million (DKK 5 million in 2023) from William Demant Invest A/S.

In 2024, the Demant Group paid service fees to Embla Medical, a subsidiary of William Demant Invest A/S, of DKK 3 million (DKK 4 million in 2023) and received service fees of DKK 48 million (DKK 44 million in 2023) from Embla Medical.

In 2024, the Demant Group was reimbursed by Vision RT, a subsidiary of William Demant Invest A/S, for pass-through expenses in the amount of DKK 123 million (DKK 115 million in 2023).

At year-end 2024, the Demant Group had receivables of DKK 22 million for services provided to Vision RT and Embla Medical (DKK 18 million in 2023).

In 2024, William Demant Foundation donated DKK 8 million (DKK 31 million in 2023) to mainly PhD projects in the Demant Group. Further, William Demant Foundation acquired diagnostic equipment and hearing aids worth DKK 0 million and DKK 1 million (DKK 3 million and DKK 6 million in 2023), respectively, from the Group.

Since 2011, the Demant Group has settled Danish tax on account and residual tax with William Demant Invest A/S, which is the administration company for the joint taxation.

There have been no transactions with the Executive Board and the Board of Directors apart from normal remuneration. Please refer to Note 1.3.

8.2 Fees to auditors

(DKK million)	**2024**	**2023**
Fees to Parent's auditors appointed at the annual general meeting:		
Statutory audit fee	19	18
Other assurance engagements	3	-
Other services	2	1
Total	**24**	**19**

Some of the Group's subsidiaries are not subject to auditing by PricewaterhouseCoopers.

In 2024, the fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 4 million (DKK 0 million in 2023).

8.3 Government grants

(DKK million)	2024	2023
Government grants by function:		
R&D costs	2	16
Distribution costs	3	3
Administrative expenses	-	1
Total	**5**	**20**

In 2024, the Group received government grants in the amount of DKK 5 million (DKK 20 million in 2023).

Accounting policies

Government grants are recognised when there is reasonable certainty that the conditions for such grants are satisfied and that they will be awarded. Grants received as compensation for costs incurred are recognised proportionately in the income statement over the periods in which the related costs are recognised in the income statement and are offset against costs incurred.

Government grants relating to the acquisition of non-current assets are deducted from the cost of such assets.

8.4 Events after the balance sheet date

On 31 January 2025, the Group acquired 100% of the shares in Ohrwerk Group, which operates 77 hearing clinics across Germany. For further information, see note 6.1.

Apart from the above, no events have occurred after the reporting date of importance to the consolidated financial statements.

Section 9

Basis for preparation

9.1 Group accounting policies

The Group's general accounting policies are described below. In addition to this, specific accounting policies are described in each of the individual notes to the consolidated financial statements as outlined here:

- 1.1 Revenue and segment disclosures
- 1.2 Employees
- 1.5 Inventories
- 1.6 Trade receivables
- 1.7 Customer loans
- 1.9 Special items
- 2.3 Hedging and forward exchange contracts
- 3.1 Intangible assets
- 3.2 Property, plant and equipment
- 3.3 Leases
- 3.4 Other non-current assets
- 3.6 Impairment testing
- 4.2 Net financial items
- 4.3 Categories of financial instruments
- 4.5 Fair value hierarchy
- 5.1 Tax on profit
- 5.2 Deferred tax
- 6.1 Acquisition of enterprises and activities
- 6.2 Discontinued operations and assets held for sale
- 6.3 Divestment of enterprises and activities
- 7.1 Provisions
- 7.2 Employee benefit obligations
- 7.3 Other liabilities
- 7.4 Deferred income
- 8.3 Government grants

General

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports published by reporting class D (listed) companies, cf. the Danish executive order on IFRS issued in compliance with the Danish Financial Statements Act. The registered office of Demant A/S is in Denmark.

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of the Parent. The consolidated financial statements are presented based on historical costs, except for obligations for contingent considerations in connection with business combinations, share-based remuneration, derivatives and financial assets classified as assets available for sale, which are measured at fair value.

The financial statements for the Parent as well as the Parent's accounting policies are presented separately from the consolidated financial statements and are shown on the last pages of this Annual Report 2024.

Effect of new accounting standards

The Group has adopted the new, amended and revised accounting standard and interpretation as published by the IASB and adopted by the EU effective for the accounting period beginning 1 January 2024. The new, updated and amended standard and interpretation did not result in any changes to the accounting policies for the Group, nor had it any significant impact on the consolidated financial statements for 2024.

IASB has issued new accounting standards and amendments effective for accounting periods beginning after 1 January 2025, which have been adopted by the EU. The changes to these standards are not expected to have any significant impact on the Group. In 2024, the IASB issued IFRS 18, which replaces IAS 1. The new accounting standard is not yet adopted by EU and the implications of the new requirements is currently being evaluated. Management expects to adopt the accounting standards and interpretations as they become mandatory. Except for the implementation of the new and amended standards and update to the cash flow statement, the accounting policies remain unchanged compared to last year.

The Group has applied the exception to recognise deferred tax in accordance with OECD/EU Pillar Two Model rules and their local implementation.

Consolidated financial statements

The consolidated financial statements comprise Demant A/S (the Parent) and the enterprises in which the Parent can or does exercise control by either directly or indirectly holding more than 50% of the voting rights, or in which the Parent exercises control in some other manner. Enterprises in which the Group holds 20-50% of the voting rights and/or in some other manner can or does exercise significant influence are considered associates or joint ventures and are incorporated proportionately into the consolidated financial statements using the equity method.

Consolidation principles

The consolidated financial statements are prepared based on the financial statements of the Parent and its subsidiaries by aggregating uniform items. Enterprises that, by agreement, are managed jointly with one or more other enterprises are recognised using the equity method.

The consolidated financial statements are prepared in accordance with the Group's accounting policies. Intra-group income, expenses, shareholdings, balances and dividends as well as unrealised intra-group profits on inventories are eliminated.

The accounting items of subsidiaries are recognised 100% in the consolidated financial statements. On initial recognition, non-controlling interests are measured either at fair value or at the proportionate share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. The method is chosen for each individual transaction. Non-controlling interests are subsequently adjusted according to their proportionate share of changes in equity of the subsidiary.

Comprehensive income is allocated to non-controlling interests whether or not, as a result hereof, the value of such interests is negative. The purchase or sale of non-controlling interests in a subsidiary, which does not result in obtaining or discontinuing control of such subsidiary, is treated as an equity transaction in the consolidated financial statements, and any difference between the consideration and the carrying amount is allocated to the Parent's share of the equity.

Foreign currency translation

The Group's presentation currency is Danish kroner.

On initial recognition, transactions in foreign currencies are translated at the exchange rates prevailing at the date of the transaction. The functional currencies of the enterprises are determined by the economic environment in which the enterprises operate, normally the local currency.

Receivables, payables and other monetary items in foreign currencies are translated into Danish kroner at the exchange rates prevailing at the balance sheet date. Realised and unrealised foreign currency translation adjustments are recognised in the income statement as part of gross profit or net financial items, depending on the purpose of the underlying transaction.

9.1 Group accounting policies (continued)

Property, plant and equipment, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated at the exchange rates prevailing at the transaction date. Non-monetary items, which are revalued at their fair values, are translated using the exchange rates at the revaluation date.

On recognition in the consolidated financial statements of enterprises presenting their financial statements in a functional currency other than Danish kroner, the income statement is translated using average exchange rates for the months of the year in question, unless they deviate materially from actual exchange rates at the transaction dates. In case of the latter, actual exchange rates are applied.

Balance sheet items are translated at the exchange rates prevailing at the balance sheet date. Goodwill is considered as belonging to the acquired enterprise in question and is translated at the exchange rate prevailing at the balance sheet date.

All foreign currency translation adjustments are recognised in the income statement, except for the following, which are recognised in other comprehensive income:

- The translation of income statements of foreign subsidiaries using monthly average exchange rates for the respective months of the year, whereas balance sheet items of such foreign subsidiaries are translated using exchange rates prevailing at the balance sheet date.
- The translation of non-current, intra-group receivables that are considered to be additions to or deductions from net investments in foreign subsidiaries.
- The translation of investments in associates.

Income statement

Income and costs are recognised on an accruals basis. The income statement is broken down by function, and all costs, including depreciation, amortisation and impairment losses, are therefore charged to production, distribution, administration and R&D.

Production costs

Production costs are costs incurred to generate revenue. Distribution companies recognise cost of goods sold as part of production costs. Production companies recognise cost of raw materials, consumables, production staff as well as maintenance of and depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets used in the production process as part of production costs.

R&D costs

Research costs are always recognised in the income statement as such costs incur. Development costs include all costs not satisfying capitalisation criteria but incurred in connection with the development, prototype construction, development of new business concepts and amortisation of capitalised development costs.

Distribution costs

Distribution costs include costs relating to training, sales, marketing, promotion materials, distribution, bad debts as well as depreciation and amortisation of and impairment losses on assets used for distribution purposes.

Administrative expenses

Administrative expenses include administrative staff costs, office expenses as well as depreciation and amortisation of and impairment losses on assets used for administrative purposes.

Prepaid expenses

Prepaid expenses recognised as part of assets include costs relating to the subsequent financial years. Prepaid expenses are measured at cost.

Cash flow statement

The cash flow statement is prepared according to the indirect method and reflects the consolidated net cash flow broken down into operating, investing and financing activities.

Cash flow from operating activities includes inflows from the year's operations adjusted for non-cash operating items, changes in working capital, financial income received, financial expenses paid and income tax paid. Cash flow from operating activities also includes short-term lease payments, lease payments of low-value assets and variable lease payments.

Cash flow from investing activities includes payments in respect of the acquisition or divestment of enterprises and financial assets as well as the purchase, development, improvement or sale of intangible assets and property, plant and equipment. In addition to this, cash flow from investing activities also includes movements in receivables from associates as well as customer loans.

Cash flow from financing activities includes payments to and from shareholders and the raising and repayment of non-current and current debt and lease liabilities.

Cash flow in currencies other than the functional currency is recognised at average exchange rates for the months of the year unless they deviate significantly from actual exchange rates on the transaction dates. Repayments of lease liabilities are included as well.

Cash and cash equivalents are cash less overdrafts, which consist of uncommitted bank facilities that often fluctuate from positive to overdrawn. Any short-term bank facilities that are consistently overdrawn are considered cash flow from financing activities.

In 2024, the Group changed its principles related to the elimination of transactions between discontinued and continued operations, which changes the presentation of the cash flow for discontinued operations.

Equity

Foreign currency translation reserves include foreign currency translation adjustments on the translation of financial statements of foreign subsidiaries and associates from their respective functional currencies into Danish kroner. Foreign currency translation adjustments are recognised in the income statement on realisation of the net investment. Hedging reserves include fair value adjustments of derivatives and loans satisfying the criteria for hedging of future transactions. The amounts are recognised in the income statement or the balance sheet at the same time as hedged transactions are recognised.

Treasury shares and dividend

On the buy-back of shares or sale of treasury shares, the purchase price or selling price, respectively, is recognised directly in equity as other reserves (retained earnings). A capital reduction through the cancellation of treasury shares will reduce the share capital by an amount corresponding to the nominal value of such shares. Proposed dividends are recognised as a liability at the time of adoption at the annual general meeting.

9.1 Group accounting policies (continued)

Key figures and financial ratios

Organic growth	Organic growth is measured as the year-on-year change, excluding impact from acquisitions, divestments and foreign exchange adjustments in percentage
EBITDA before special items	Operating profit before special items, amortisation, depreciation and impairment losses
EBITDA	Operating profit before amortisation, depreciation and impairment losses
EBIT before special items	Operating profit before special items
EBIT	Operating profit
Free cash flow	Cash flow from operating activities (CFFO) and investing activities (CFFI) before acquisitions and disposals of enterprises, participating interests and activities
Net interest-bearing debt (NIBD)	Net amount of borrowings and lease liabilities less interest-bearing receivables and cash
Net working capital	Net amount of current assets (excluding tax, financial contracts and cash) less trade payables, the current part of other liabilities and deferred income
EPS	Earnings per share
Per share	Financial ratios per share are calculated per share of nominally DKK 0.20
Average number of shares outstanding	Average number of shares, excluding the average number of treasury shares for the year

Financial ratios are calculated in accordance with Recommendations and Ratios from CFA Society Denmark.

Gross margin	$\frac{\text{Gross profit *100}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Operating profit *100}}{\text{Revenue}}$
Gearing multiple	$\frac{\text{Net interest-bearing debt including unrealised gains/losses on financial contracts *100}}{\text{EBITDA before special items}}$
EPS	$\frac{\text{Profit for the year attributable to Demant A/S' shareholders}}{\text{Average number of shares outstanding}}$
EPS – continuing operations	$\frac{\text{Profit for the continuing operations for the year attributable to Demant A/S' shareholders}}{\text{Average number of shares outstanding}}$
EPS – discontinued operations	$\frac{\text{Profit for the discontinued operations for the year attributable to Demant A/S' shareholders}}{\text{Average number of shares outstanding}}$
Free cash flow per share	$\frac{\text{Free cash flow}}{\text{Average number of shares outstanding}}$

9.1 Group accounting policies (continued)

iXBRL tagging

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets.

The combination of XHTML format and iXBRL tags makes it possible for annual financial reports to be read by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For financial line items that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file DEMANT-2024-12-31-en.zip.

Key definitions
XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and mark up content such as text, images and hyperlinks in documents that are displayed in a web browser.

iXBRL tags (or Inline XBRL tags) are hidden metainformation embedded in the source code of an XHTML document that enables the conversion of XHTML-formatted information into a machine-readable XBRL data record using appropriate software.

A financial reporting taxonomy is an electronic dictionary of business reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labelling of information in an XBRL data record.

9.2 Accounting estimates and judgements

As part of the preparation of the consolidated financial statements, Management makes a number of accounting estimates and judgements. These relate to the recognition, measurement and classification of assets and liabilities. Many items can only be estimated rather than accurately measured. Such estimates are based on the most recent information available on preparation of the financial statements. Estimates and assumptions are therefore reassessed on an ongoing basis. Actual figures may, however, deviate from these estimates. Any changes in accounting estimates will be recognised in the reporting period in which such changes are made.

Significant accounting estimates and judgements are described in the individual notes to the consolidated financial statements as outlined below:

1.5 Inventories
3.3 Leases
5.2 Deferred tax
6.1 Acquisition of enterprises and activities

Specific accounting estimates and judgements are described in each of the individual notes to the consolidated financial statements as outlined below:

1.1 Revenue and segment disclosures
1.2 Employees
1.5 Inventories
1.6 Trade receivables
1.7 Customer loans
1.9 Special items
3.1 Intangible assets
3.2 Property, plant and equipment
3.3 Leases
3.6 Impairment (identification of CGUs)
6.1 Acquisition of enterprises and activities
7.1 Provisions
7.3 Other liabilities

Parent financial statements

Parent income statement

(DKK million)	Note	2024	2023
Revenue		-	-
Administrative expenses	10.1 / 10.2	-113	-116
Operating loss (EBIT)		**-113**	**-116**
Share of profit after tax, subsidiaries	10.8	2,575	1,742
Share of profit after tax, associates	10.8	-2	-2
Gain/Loss on divestment of enterprises and activities		-527	-
Financial income	10.3	289	158
Financial expenses	10.3	-620	-413
Profit before tax		**1,602**	**1,369**
Tax on profit for the year	10.4	56	6
Profit for the year	10.5	**1,658**	**1,375**

Parent balance sheet 31 December

(DKK million)	Note	2024	2023
Assets			
Goodwill		17	20
Intangible assets	10.6	**17**	**20**
Land and buildings		24	24
Property, plant and equipment	10.7	**24**	**24**
Lease assets		1	1
Investments in subsidiaries	10.8	18,019	16,211
Loans to subsidiaries	10.8	3,890	3,014
Investments in associates	10.8	28	30
Other investments		2	2
Other receivables		-	9
Deferred tax assets		3	-
Other non-current assets		**21,943**	**19,267**
Non-current assets		**21,984**	**19,311**
Income tax		45	11
Other receivables		6	2
Prepaid expenses		32	32
Cash		5	7
Current assets		**88**	**52**
Assets		**22,072**	**19,363**

(DKK million)	Note	2024	2023
Equity and liabilities			
Share capital	10.9	44	45
Other reserves		2,712	2,312
Retained earnings		1,657	2,426
Total equity		**4,413**	**4,783**
Provisions		1,058	498
Deferred tax liabilities	10.4	-	4
Provisions		**1,058**	**502**
Borrowings	10.10	12,474	10,137
Lease liabilities	10.10	1	1
Other debt		97	240
Non-current liabilities	10.10	**12,572**	**10,378**
Borrowings	10.10	377	1,311
Debt to subsidiaries		3,404	2,168
Other debt		248	221
Current liabilities		**4,029**	**3,700**
Liabilities		**16,601**	**14,078**
Equity and liabilities		**22,072**	**19,363**
Contingent liabilities	10.11		
Related parties	10.12		
Events after the balance sheet date	10.13		
Parent accounting policies	10.14		

Parent statement of changes in equity

(DKK million)		Other reserves				
	Share capital	Foreign currency translation reserve	Hedging reserve	Reserve according to equity method	Retained earnings	Total equity
Equity at 1.1.2023	**46**	**-76**	**10**	**1,878**	**2,522**	**4,380**
Profit for the year	-	-	-	1,740	-365	1,375
Dividends received	-	-	-	-1,018	1,018	-
Foreign currency translation adjustment of investments in subsidiaries etc.	-	-7	-	-114	-	-121
Other changes in equity in subsidiaries	-	-	-	-72	-	-72
Value adjustment for the year	-	-	-37	-	-	-37
Tax relating to changes in equity	-	-	8	-	-	8
Share buy-backs	-	-	-	-	-846	-846
Capital reduction through cancellation of treasury shares	-1	-	-	-	1	-
Share-based compensation	-	-	-	-	96	96
Equity at 31.12.2023	**45**	**-83**	**-19**	**2,414**	**2,426**	**4,783**
Profit for the year	-	-	-	2,573	-915	1,658
Dividends received	-	-	-	-1,104	1,104	-
Foreign currency translation adjustment of investments in subsidiaries etc.	-	7	-	148	-	155
Other changes in equity in subsidiaries	-	-	-	68	1	69
Share buy-backs	-	-	-	-	-2,301	-2,301
Capital reduction through cancellation of treasury shares	-1	-	-	-	1	-
Share-based compensation	-	-	-	-	12	12
Other changes in equity	-	-	-	-	37	37
Equity at 31.12.2024	**44**	**-76**	**-19**	**4,099**	**365**	**4,413**

Section 10

Notes to Parent financial statements

10.1 Employees

(DKK million)	2024	2023
Employee costs		
Wages and salaries	103	83
Share-based remuneration	12	14
Defined benefit plans	-	-
Total	**115**	**97**
Average number of full-time employees	52	44

For further details on the remuneration of the Executive Board and the Board of Directors and the share-based remuneration programme, please refer to Note 1.2.

Remuneration to Executive Board and Board of Directors (included in employee costs)

(DKK million)	2024	2023
Executive Board:[1]		
Wages and salaries	25.1	25.6
Cash bonus	0.6	4.4
Share-based remuneration	10.5	11.6
Remuneration in the notice period[2]	-	22.1
Total	**36.2**	**63.7**
Board of Directors:		
Fee	5.1	5.4
Total	**5.1**	**5.4**

[1] The amounts are based on the principles set out in Note 1.2.

[2] As announced on 27 April 2023, Arne Boye Nielsen, former President of Diagnostics and Communications and member of the Executive Board, left his position in Demant.

10.2 Fees to statutory auditors

(DKK million)	2024	2023
Statutory audit fee	6	4
Total	**6**	**4**

10.3 Net financial items

(DKK million)	2024	2023
Interest from subsidiaries	288	158
Interest income	1	-
Financial income	**289**	**158**
Interest to subsidiaries	-129	-31
Interest expenses	-500	-367
Transaction costs	-14	-7
Foreign exchange losses, net	23	-8
Financial expenses	**-620**	**-413**
Net financial items	**-331**	**-255**

10.4 Tax on profit for the year and deferred tax

(DKK million)	2024	2023
Current tax on profit for the year	48	-
Adjustment of current tax, prior years	1	2
Change in deferred tax	8	6
Adjustment of deferred tax, prior years	-1	-2
Tax on profit for the year	**56**	**6**
Deferred tax, net at 1.1.	-4	-8
Changes in deferred tax	8	6
Adjustment of deferred tax, prior years	-1	-2
Deferred tax, net at 31.12.	**3**	**-4**

10.5 Proposed distribution of net profit

(DKK million)	2024	2023
Transferred to reserves for net revaluation according to the equity method	2,573	1,740
Retained earnings	-915	-365
Total	**1,658**	**1,375**

10.6 Intangible assets

(DKK million)	Goodwill	Rights and other intangible assets	Total intangible assets
Cost at 1.1.2024	**65**	**11**	**76**
Cost at 31.12.2024	**65**	**11**	**76**
Amortisation at 1.1.2024	**-45**	**-11**	**-56**
Amortisation for the year	-3	-	-3
Amortisation at 31.12.2024	**-48**	**-11**	**-59**
Carrying amount at 31.12.2024	**17**	**-**	**17**
Cost at 1.1.2023	**65**	**11**	**76**
Cost at 31.12.2023	**65**	**11**	**76**
Amortisation at 1.1.2023	**-42**	**-11**	**-53**
Amortisation for the year	-3	-	-3
Amortisation at 31.12.2023	**-45**	**-11**	**-56**
Carrying amount at 31.12.2023	**20**	**-**	**20**

10.7 Property, plant and equipment

(DKK million)	Land and buildings
Cost at 1.1.2024	**31**
Cost at 31.12.2024	**31**
Depreciation and impairment losses at 1.1.2024	**-7**
Depreciation and impairment losses at 31.12.2024	**-7**
Carrying amount at 31.12.2024	**24**
Cost at 1.1.2023	**31**
Cost at 31.12.2023	**31**
Depreciation and impairment losses at 1.1.2023	**-7**
Depreciation and impairment losses at 31.12.2023	**-7**
Carrying amount at 31.12.2023	**24**

10.8 Financial assets

(DKK million)	2024			2023		
	Investments in subsidiaries	Loans to subsidiaries	Investments in associates	Investments in subsidiaries	Loans to subsidiaries	Investments in associates
Cost at 1.1.	**13,266**	**3,014**	**50**	**13,009**	**1,284**	**50**
Foreign currency translation adjustments	-	64	-	-	-7	-
Additions during the year	234	839	-	257	1,801	-
Divestments during the year	-498	-	-	-	-	-
Disposals during the year	-864	-27	-	-	-64	-
Cost at 31.12.	**12,138**	**3,890**	**50**	**13,266**	**3,014**	**50**
Value adjustments at 1.1.	**2,447**	**-**	**-20**	**1,895**	**-**	**-17**
Foreign currency translation adjustments	148	-	-	-114	-	-
Share of profit after tax	2,575	-	-2	1,742	-	-2
Dividends received	-1,104	-	-	-1,018	-	-1
Divestments during the year	-47	-	-	-	-	-
Disposals during the year	736	-	-	-	-	-
Other adjustments	68	-	-	-58	-	-
Value adjustments at 31.12.	**4,823**	**-**	**-22**	**2,447**	**-**	**-20**
Carrying amount at 31.12.	**16,961**	**3,890**	**28**	**15,713**	**3,014**	**30**
Subsidiaries with negative equity reclassified to provisions	1,058	-	-	498	-	-
Carrying amount after reclassification	**18,019**	**3,890**	**28**	**16,211**	**3,014**	**30**
Non-current financial assets	18,019	3,890	28	16,211	3,014	30

The carrying amount of investments in subsidiaries includes capitalised goodwill of DKK 9,224 million (DKK 8,059 million in 2023). Amortisation of capitalised goodwill for the year was DKK 695 million (DKK 627 million in 2023).

On 21 May 2024, the Group finalised the divestment of the cochlear implants (CI) business to Cochlear Limited after all regulatory approvals and customary closing conditions had been fulfilled. The divestment of the CI business resulted in a loss of DKK 527 million in 2024.

Loans to subsidiaries of DKK 3,890 million (DKK 3,014 million in 2023) are considered additions to the total investments in the particular enterprises and are therefore considered non-current.

Please refer to Section 11 for further information on subsidiaries and associates.

10.9 Treasury shares

	2024		2023	
	Treasury shares	Percentage of share capital	Treasury shares	Percentage of share capital
Treasury shares at 1.1.	**3,386,939**	**1.5%**	**7,217,705**	**3.1%**
Cancellation of treasury shares	-2,909,869	-1.3%	-6,783,469	-2.9%
Share buy-backs	7,598,403	3.4%	2,952,703	1.3%
Treasury shares at 31.12.	**8,075,473**	**3.6%**	**3,386,939**	**1.5%**

At the balance sheet date in 2024, the share capital was nominally DKK 44 million (DKK 45 million in 2023) divided into the corresponding number of shares of DKK 0.20.

There are no restrictions on the negotiability or voting rights of the shares. At the balance sheet date in 2024, the number of shares outstanding was 221,089,792 (220,552,501 in 2023).

As part of the company's share buy-back programme, the company acquired 7,598,403 own shares in 2024 (2,952,703 shares in 2023), worth a total of DKK 2,301 million (DKK 846 million in 2023).

10.10 Interest-bearing debt

(DKK million)	Contractual cash flows Less than 1 year	1-5 years	More than 5 years	Total	Carrying amount	Weighted average effective interest rate
2024						
Debt to credit institutions etc.	591	11,959	1,314	13,864	12,639	
Short-term bank facilities etc.	223	-	-	223	212	
Lease liabilities	-	1	-	1	1	
Interest-bearing liabilities	**814**	**11,960**	**1,314**	**14,088**	**12,852**	**3.5%**
2023						
Debt to credit institutions etc.	1,474	10,584	301	12,359	11,189	
Short-term bank facilities etc.	271	-	-	271	259	
Lease liabilities	1	-	-	1	1	
Interest-bearing liabilities	**1,746**	**10,584**	**301**	**12,631**	**11,449**	**3.9%**

Interest rate swap

(DKK million)

	Start	Expiry	Interest rate/strike	Contractual amount at year-end	Positive fair value at year-end	Negative fair value at year-end
2024						
DKK/DKK	2023	2026	3.27%	1,000	-	22
DKK/DKK	2025	2026	2.02%	1,000	1	-
DKK/DKK	2024	2027	2.22%	746	1	-
DKK/DKK	2025	2027	2.05%	1,000	1	-
DKK/DKK	2026	2027	2.26%	1,000	-	1
DKK/DKK	2025	2031	2.20%	895	3	-
				5,641	**6**	**23**
2023						
DKK/DKK	2023	2026	3.27%	1,000	-	18
				1,000	**-**	**18**

Other debt of DKK 345 million (DKK 461 million in 2023) consist of DKK 248 million (DKK 221 million in 2023) that has a contractual maturity of less than one year, and DKK 96 million (DKK 240 million in 2023) has a contractual maturity of 1-5 years.

Interest-bearing debt broken down by currency: 79% in Danish kroner (74% in 2023), 15% in euros (22% in 2023) and 6% in US dollars (4% in 2023).

The fair value of the interest rate swap outstanding at the balance sheet date was DKK -17 million (DKK -18 million in 2023), and the contractual value of the interest swap was DKK 5,641 million (DKK 1,000 million in 2023). The interest rate swap matures in 2026.

Sensitivity analysis in respect of interest rates

Based on bank debt facilities at the balance sheet date, a rise of 1 percentage point in the general interest rate level will result in an increase in the Parent's annual interest expenses before tax of approximately DKK 64 million (DKK 76 million in 2023). Around 50% (around 33% in 2023) of the interest-bearing debt is subject to fixed or limited interest rates, partly due to a bought interest rate swap, and partly due to loans being raised at fixed interest rates.

10.11 Contingent liabilities

Demant A/S has provided security in respect of credit facilities established by Danish subsidiaries. These credit facilities totalled DKK 1,095 million in 2024 (DKK 1,140 million in 2023) of which DKK 101 million was utilised (DKK 103 million in 2023).

Demant A/S has provided security in respect of rent as well as guarantees concerning the continuous operation and payment of liabilities in 2024 for some of the subsidiaries.

The Parent is jointly taxed with William Demant Invest A/S, which is the administration company, and with all Danish subsidiaries of both. Under the Danish Corporation Tax Act, Demant A/S is first of all fully liable for corporate tax payments and for withholding tax at source in respect of interest, royalties and dividends in relation to its own subsidiaries and is secondly liable for tax payments due for William Demant Invest A/S and its partly owned subsidiaries.

For the purposes of section 357 of the Republic of Ireland Companies Act 2014, Demant A/S has undertaken to indemnify the creditors of its subsidiaries incorporated in the Republic of Ireland in respect of all losses and liabilities for the financial year ending on 31 December 2024 or any amended financial period incorporating said financial year. No material loss is expected to arise from this guarantee.

10.12 Related parties

William Demant Foundation, Kongebakken 9, 2765 Smørum, Denmark, is the only related party with a controlling interest. Controlling interest is achieved through a combination of William Demant Foundation’s own shareholdings and the shareholdings of William Demant Invest A/S for which William Demant Foundation exercises the voting rights. Subsidiaries and associated enterprises of William Demant Invest A/S are related parties to Demant A/S.

Related parties with significant influence are the company’s Board of Directors and their related parties. Furthermore, related parties are the Executive Board and companies in which the above persons have significant interests.

10.13 Events after the balance sheet date

Please refer to Note 8.4.

10.14 Parent accounting policies

The financial statements of the Parent, Demant A/S, are presented in accordance with the provisions of the Danish Financial Statements Act for class D entities.

The Parent financial statements are presented in Danish kroner (DKK), which is also the functional currency for the Parent. The accounting policies are the same as last year.

In respect of recognition and measurement, the Parent's accounting policies are generally consistent with the Group's accounting policies. The instances in which the Parent's accounting policies deviate from those of the Group are described below.

The Parent has decided to apply recognition and measurement in accordance with IFRS 15 and 16. The standards affect the Parent's proportionate share of its subsidiaries' equity value, and IFRS 16 affects the Parent's leases.

Income statement

Tax

The Parent is jointly taxed with its Danish subsidiaries and its parent, William Demant Invest A/S. Current income tax is allocated to the jointly taxed Danish companies in proportion to their taxable income.

Balance sheet

Goodwill

Goodwill is amortised on a straight-line basis over 20 years, which is the useful life determined on the basis of Management's experience in respect of the individual business activities. Goodwill is written down to its recoverable amount, if lower than its carrying amount.

Rights

Rights acquired are amortised on a straight-line basis over their estimated useful lives and measured at cost less accumulated amortisation and impairment losses. The amortisation period is five years. Rights acquired are written down to their recoverable value, if lower than their carrying value.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured using the equity method, i.e. interest is measured at the proportionate share of the equity values of such subsidiaries and associates with the addition or deduction of the carrying amount of goodwill and with the addition or deduction of unrealised intra-group profits or losses, respectively.

The Parent's proportionate shares of profits or losses in subsidiaries and associates are recognised in the income statement after elimination of unrealised intra-group profits or losses less any amortisation and impairment of goodwill.

Subsidiaries and associates with negative equity values are measured at DKK 0, and any receivables from such companies are written down with the Parent's share of the negative equity value to the extent that such receivable is considered irrecoverable. If the negative equity value exceeds the value of receivables, if any, such residual amount is recognised under provisions to the extent that the Parent has a legal or constructive obligation to cover liabilities incurred by the particular subsidiary or associate.

On distribution of profit or loss, net revaluation and net impairment losses on investments in subsidiaries and associates are transferred to reserves for net revaluation according to the equity method.

Loans to and receivables from subsidiaries

Loans to and receivables from subsidiaries are recognised at amortised cost and subsequently measured after deduction of allowance for losses based on an individual assessment.

Other investments

On initial recognition, other investments are measured at cost. Subsequently, they are measured at fair value on the balance sheet date, and any changes in fair values are recognised in the income statement under net financial items.

Provisions

Provisions include liabilities, which are uncertain in respect of the amount or the timing of their settlement. Provisions may include different types of liabilities, such as deferred tax liabilities, pension obligations, investments in subsidiaries with negative equity as well as provisions for disputes etc.

Debt to subsidiaries

Debt to subsidiaries is measured at amortised cost.

Statement of changes in equity

In compliance with the format requirements of the Danish Financial Statements Act, any items included under comprehensive income in the consolidated financial statements are recognised directly in equity in the Parent financial statements.

Cash flow statement

In compliance with section 86(4) of the Danish Financial Statements Act, a cash flow statement is not prepared for the Parent, such statement being included in the consolidated cash flow statement.

Section 11

Subsidiaries and associates

Company	Interest
Demant A/S	Parent
Oticon A/S, Denmark[1]	100%
Oticon AS, Norway[1]	100%
Oticon Denmark A/S, Denmark[1]	100%
Oticon GmbH, Germany	100%
Oticon Limited, United Kingdom[1]	100%
Oticon Medical A/S, Denmark[1]	100%
Oticon Medical AB, Sweden	100%
Oticon Medical, LLC, United States	100%
Oticon Polska Sp. z o.o., Poland[1]	100%
Oticon, Inc., United States	100%
Oticon (Shanghai) Hearing Technology Co., Ltd., China[1]	100%
21st Century Hearing Ltd, United Kingdom	100%
AccuQuest Hearing Center, LLC (Texas), United States	100%
AccuQuest Hearing Center, LLC, United States	100%
ACS Audika Sp. z.o.o., Poland	100%
Acustica Sp. z o.o., Poland[1]	100%
Advanced Hearing Providers, LLC, United States	100%
Akoustica Medica S.A., Greece[1]	100%
Amplivox Limited, United Kingdom	100%
Audika AB, Sweden[1]	100%
Audika AG, Switzerland[1]	100%
Audika ApS, Denmark[1]	100%
Audika Australia Pty Ltd, Australia	100%
Audika GmbH, Germany	100%
Audika Groupe S.A.S., France[1] [2] [3]	100%
Audika K.K., Japan[1]	100%
Audika Management GmbH, Germany	100%
Audika New Zealand Limited, New Zealand[1]	100%
Audika NV, Belgium[1]	100%

Company	Interest
Audilab SAS, France[1] [2] [3]	100%
Audio Seleccion S.L., Spain[1]	100%
Audiology Services Company USA, LLC, United States[2]	100%
AudioNet America, Inc., United States	100%
Audmet Australia Pty Ltd, Australia	100%
Audmet Canada Ltd., Canada	100%
Audmet New Zealand Limited, New Zealand[1]	100%
Audmet Oy, Finland[1]	100%
Audmet Srl, Italy[1]	100%
AudPractice Group, LLC, United States	100%
Beijing Shengwang Yuanbo Commerce and Trade Co., Ltd., China[1] [2]	100%
Bernafon (UK) Limited, United Kingdom[1]	100%
Bernafon A/S, Denmark[1]	100%
Bernafon AB, Sweden[1]	100%
Bernafon AG, Switzerland[1]	100%
Bernafon Hörgeräte GmbH, Germany	100%
Bernafon, LLC, United States	100%
Birdsong Hearing Benefits, LLC, United States	100%
Braun Hören GmbH & Co. KG, Germany	100%
Braun Hörgeräte GmbH & Co. KG, Germany	100%
Braun Hörgeräte Offenburg GmbH & Co. KG, Germany	100%
Centro Auditivo Telex Ltda., Brazil[2]	100%
CQ Partners, LLC, United States	100%
Danacom Høreapparater A/S, Denmark[1]	100%
Dansk HøreCenter ApS, Denmark	100%
Demant Australia Pty Ltd, Australia[1]	100%
Demant Belgium BV, Belgium[1]	100%
Demant Business Services Poland Sp. z o.o., Poland[1]	100%
Demant Iberica, S.A., Spain[1]	100%
Demant İşitme Cihazları San. Tic. A.Ş, Turkey[1]	100%

[1] Directly owned by the Parent by 100%

[2] Sub-consolidated group of companies, including associated companies.

[3] Sub-consolidated group of companies, including companies with non-controlling interests.

The list includes the Group's active companies

Company	Interest
Demant Italia S.r.l., Italy[1]	100%
Demant Japan K.K., Japan[1]	100%
Demant Korea Co., ltd., Korea, Republic Of[1]	100%
Demant Malaysia Sdn. Bhd., Malaysia[1]	100%
Demant México, S.A. de C.V., Mexico	100%
Demant Nederland B.V., Netherlands[1]	100%
Demant New Zealand Limited, New Zealand[1]	100%
Demant Operations Poland Sp. z o.o, Poland	100%
Demant Operations S.A. de C.V., Mexico	100%
Demant Participaçoes Ltda, Brazil	100%
Demant Sales Strategic Accounts A/S, Denmark[1]	100%
Demant Schweiz AG, Switzerland[1]	100%
Demant Singapore Pte Ltd, Singapore[1]	100%
Demant South Africa (Pty) Ltd., South Africa[1]	100%
Demant Sweden AB, Sweden[1]	100%
Demant Technology & Innovation Centre Sdn. Bhd., Malaysia[1]	100%
Demant Technology Centre Sp. z o.o., Poland[1]	100%
DGS Diagnostics Sp. z o.o., Poland	100%
Diagnostic Group LLC, United States	100%
Diatec A/S, Denmark[1]	100%
Diatec AG, Switzerland[1]	100%
Diatec Canada Ltd., Canada	100%
Diatec Diagnostics GmbH, Germany[1]	100%
Diatec Diagnostics Ltd, United Kingdom	100%
Diatec France SAS, France	100%
Diatec Japan K.K., Japan[1]	100%
Diatec Korea Joshik Hoesa, Korea, Republic Of[1]	100%
Diatec New Zealand Limited, New Zealand	100%
Diatec Polska Sp. z o.o., Poland[1]	100%
Diatec Shanghai Medical Technology Co., Ltd., China[1]	100%
Diatec Singapore, Singapore	100%
Diatec Spain, S.L.U., Spain[1]	100%
Dr. B. Schwaller GmbH, Switzerland	100%
DSEA A/S, Denmark	100%
e3 Diagnostics, Inc., United States	100%
Entomed Medtech AB, Sweden[1]	100%
EPOS Audio Australia Pty Ltd, Australia	100%
EPOS Audio India Private Limited, India	100%
EPOS Audio Ireland Limited, Ireland	100%
EPOS Audio Singapore Pte. Ltd., Singapore	100%
EPOS Audio UK Ltd., United Kingdom	100%
EPOS Austria GmbH, Austria	100%
EPOS Belgium BV, Belgium	100%
EPOS Canada Ltd., Canada[1]	100%
EPOS France S.A.S, France	100%
EPOS Germany GmbH, Germany	100%
EPOS Group A/S, Denmark	100%
EPOS Hong Kong Limited, Hong Kong	100%
EPOS Japan Kabushiki Kaisha, Japan	100%
EPOS Netherlands B.V., Netherlands	100%
EPOS Sales A/S, Denmark	100%
EPOS Sweden AB, Sweden	100%
EPOS Switzerland AG, Switzerland	100%
EPOS USA, Inc., United States	100%
Etymonic Design Inc., Canada[1]	100%
Fluorite Sp. z o.o., Poland	100%
Frey & Bührer Hörsysteme GmbH, Germany	100%
Fuel Medical Group, LLC, United States	100%
G. Roberts (Hearing Aids) Ltd., United Kingdom	100%
Great Lakes Provider Network, LLC, United States	100%

[1] Directly owned by the Parent by 100%

[2] Sub-consolidated group of companies, including associated companies.

[3] Sub-consolidated group of companies, including companies with non-controlling interests.

The list includes the Group's active companies

Company	Interest
Guymark UK Limited, United Kingdom	100%
HearBase Limited, United Kingdom	100%
Hearing Screening Associates, LLC, United States	100%
HearingLife Canada Ltd., Canada[1] [2] [3]	100%
Hidden Hearing (N.I.) Limited, United Kingdom	100%
Hidden Hearing (Portugal), Unipessoal, Lda., Portugal[1]	100%
Hidden Hearing International Plc, United Kingdom[1]	100%
Hidden Hearing Limited, Ireland[1]	100%
Hidden Hearing Limited, United Kingdom	100%
Hidden Hearing Properties Ltd, United Kingdom	100%
Horgerate-Akustik Flemming & Klingbeil Verwaltungs-GmbH, Germany	100%
Hörgeräte-Akustik Flemming & Klingbeil GmbH & Co. KG, Germany	100%
IDEA Isitme Sistemleri Sanayi ve Ticaret A.S., Turkey[1]	100%
Interacoustics A/S, Denmark[1]	100%
Interacoustics Pty Ltd, Australia	100%
Inventis North America Inc., United States	100%
Inventis S.r.l., Italy[1]	100%
ITSA Medical SAS, France[1]	100%
Kuulopiiri Oy, Finland[1]	100%
Langer Hörstudio GmbH, Germany	100%
LeDiSo Italia S.r.l., Italy[1]	100%
Maico Diagnostics GmbH, Germany[1]	100%
Maico S.r.l., Italy[1]	100%
Mediszintech Audiologica Kft., Hungary[1]	100%
MedRx, Inc., United States	100%
Medton Ltd., Israel[1]	100%
Medton Retail Ltd., Israel	100%
Mr. Optik GmbH, Germany[2]	100%
myHearingU, LLC, United States	100%
Northeast Hearing Instruments, LLC, United States	100%

Company	Interest
Philiear Inc., Philippines[1]	100%
Prodition SAS, France[1]	100%
Ritter Hörgeräte GmbH, Germany	100%
SBO Hearing A/S, Denmark[1]	100%
SBO Hearing US, Inc., United States	100%
SBO International Sales A/S, Denmark[1]	100%
Sevenoaks Hearing Care Centre Ltd, United Kingdom	100%
Shanghai YinPo Technology Co., Ltd., China	100%
Sonic AG (Sonic SA) (Sonic Ltd.), Switzerland[1]	100%
Sonic Equipment Australia Pty Ltd, Australia	100%
Sonic Innovations, Inc., United States	100%
Synapsys S.A.S, France	100%
Udicare S.r.l., Italy[1]	100%
Value Hearing (Pty) Ltd., South Africa[1]	100%
Van Boxtel Hoorwinkels B.V., Netherlands	100%
Virtualis VR, Corp., United States	100%
WDH Germany GmbH, Germany[1]	100%
WDH NR. 11 A/S, Denmark[1]	100%
WDH UK Limited, United Kingdom[1]	100%
WDH USA, Inc., United States[1]	100%
Workplace Integra Inc., United States	100%
Your Hearing Network, LLC, United States	100%
Colorado Hearing, LLC, United States	80%
Destin Hearing Associates, LLC, United States	70%
Virtualis SAS, France	55%
Conc. Maico - Centro Otoacustico Marchesin S.r.l., Italy	50%
European Hearing Care (Myanmar) Limited, Myanmar	50%
Exclusive Hearing Limited, United Kingdom	49%
Microfon S.r.l., Italy	49%
Otic Hearing Solutions Private Limited, India	49%

[1] Directly owned by the Parent by 100%

[2] Sub-consolidated group of companies, including associated companies.

[3] Sub-consolidated group of companies, including companies with non-controlling interests.

The list includes the Group's active companies

Company	**Interest**
Ma.Bi.Ge Bioacustica S.r.l., Italy	49%
AIRD S.r.l., Italy	40%
Audiology Concepts, LLC, United States	40%
Audiology Specialty Clinics of Minnesota, LLC, United States	40%
Audition Bahuaud SAS, France	40%
Dencker A/S, Denmark	40%
Istituto Acustica Italia S.r.l., Italy	40%
Vocechiara S.r.l., Italy	40%
Acustica Umbra S.r.l., Italy	35%
Centro Audioprotesico Lombardo S.r.l., Italy	35%
Euro Hearing LLC, Uzbekistan	35%
TruEar LLC, United States	35%
Fonema Italia S.r.l., Italy	30%
HearWell Audiology Clinics Inc., Canada	25%
HIMSA A/S, Denmark	25%
Imperial Hearing Limited, United Kingdom	25%
Acufon S.r.l., Italy	20%
Audiovox Preduzece Za Izradu I Promet Ortopedskih Pomagaladoo, Serbia	20%
Bontech Research CO D.o.o., Croatia	20%
HIMSA II A/S, Denmark	20%
The Hearing Doctors of Georgia, LLC, United States	20%
K/S HIMPP, Denmark	18%
HIMSA II K/S, Denmark	15%
HIMPP A/S, Denmark	14%

[1] Directly owned by the Parent by 100%
[2] Sub-consolidated group of companies, including associated companies.
[3] Sub-consolidated group of companies, including companies with non-controlling interests.
The list includes the Group's active companies

Signatures

> "Today's hearing aids are small, handy and almost invisible depending on your hair length."

Steen, hearing aid user, pensioner, pilot

Statement by Management

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Demant A/S for the financial year 1 January – 31 December 2024.

The consolidated financial statements for Demant A/S has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent financial statements have been prepared in accordance with the Danish Financial Statements Act. Management statement has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent financial statements give a true and fair view of the financial position at 31 December 2024 of the Group and the Parent and the results of the Group and the Parent operations and consolidated cash flows for the financial year 1 January to 31 December 2024.

In our opinion, Management statement includes a fair review of the development in the operations and financial circumstances of the Group and the Parent, of the results for the year and of the financial position of the Group and the Parent as well as a description of the most significant risks and elements of uncertainty, which the Group and the Parent are facing.

Additionally, the Sustainability statement, which are part of Management statement, have been prepared, in all material respects, in accordance with paragraph 99a of the Danish Financial Statements Act. This includes compliance with the European Sustainability Reporting Standards (ESRS), including that the process undertaken by Management to identify the reported information (the “Process”) is in accordance with the description set out in the section titled Double materiality assessment. Furthermore, disclosures in subsection EU taxonomy in the environmental section of the Sustainability statement are, in all material respects, in accordance with article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

The year 2024 marks the initial implementation of paragraph 99a of the Danish Financial Statements Act on compliance with ESRS. As such, clearer guidance and practice are anticipated in various areas and are expected to be provided in the coming years. Furthermore, the Sustainability statement include forward-looking statements based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different, since anticipated events frequently do not occur as expected.

In our opinion, the Annual Report of Demant A/S for the financial year 1 January to 31 December 2024 with the file name DEMANT-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the annual general meeting on 6 March 2025.

Smørum, 5 February 2025

Executive Board

Søren Nielsen, President & CEO

René Schneider, CFO

Niels Wagner, President Hearing Care

Board of Directors

Niels B. Christiansen, Chair

Niels Jacobsen, Vice Chair

Thomas Duer

Heidi Hørby

Sisse Fjelsted Rasmussen

Anders Højsgaard Thomsen

Kristian Villumsen

Independent auditor's reports

To the shareholders of Demant A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2024 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2024 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2024 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Demant A/S for the financial year 1 January to 31 December 2024 comprise the consolidated income statement and consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes, including material accounting policy information.

The Parent Company Financial Statements of Demant A/S for the financial year 1 January to 31 December 2024 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including material accounting policy information. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Demant A/S on 10 March 2022 for the financial year 2022. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of three years including the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisitions Acquisitions are complex transactions, which are subject to significant estimates, including the identification and valuation of assets, liabilities and contingent consideration etc. In order to determine the fair value of the separately identified assets and liabilities in a business combination, the valuation methodologies require input based on assumptions about the future and applied discounted cash flow forecasts, including market development and WACC. We focused on this area because of the significance to the Financial Statements, the inherent complexity and high degree of estimation in the accounting for acquisitions, as well as the potential inherent risk related to the control environment. Reference is made to section 6.1 “Acquisition of enterprises and activities” in the Consolidated financial statements.	We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, procedures and relevant controls relating to acquisition accounting. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement. Our audit procedures included assessing the appropriateness of the accounting policies for acquisitions applied by Management and assessing compliance with IFRS Accounting Standards. We assessed the valuation methodologies applied by Management and challenged Management’s significant assumptions used to determine the fair value of the acquired assets and liabilities in the acquisitions, including the fair value of the intangible assets. Finally, we assessed the adequacy of disclosures relating to the acquisitions.
Revenue recognition Recognition of revenue is inherently complex due to the extent of different revenue streams, several performance obligations, trial periods and prepaid discounts, which are subject to interpretation, including the point in time of satisfaction of the performance obligations and recognition of related deferred income in respect of e.g. extended warranties, after sales services, etc. We focused on this area because of the significance to the Financial Statements, as well as the complexity and high degree of estimation related to e.g. prepaid discounts, provision for sales returns and extended warranties and deferred income. In addition, we focused on this area as revenue comprises a substantial number of transactions, with different characteristics depending on the business area the revenue relates to. Reference is made to section 1.1 “Revenue and segment disclosures” in the Consolidated financial statements.	Our audit procedures included considering the appropriateness of the accounting policies for revenue recognition applied by Management and assessing compliance with IFRS Accounting Standards. We performed risk assessment procedures to understand the information processing activities in relation to revenue recognition and evaluated whether the information systems appropriately support revenue recognition and measurement in accordance with the accounting policies. We identified controls addressing risk of material misstatements determined to be significant risk and evaluated the design of the controls and determined whether the controls have been implemented. We assessed the accounting estimates related to the recognition and presentation of revenue with Management. Further, we performed substantive procedures regarding invoicing, significant contracts, cut-off at year-end and provision for e.g. sales returns and extended warranties in order to assess the accounting treatment and principles applied. We applied data analysis in our testing of selected revenue streams in order to identify transactions outside the ordinary transaction flow, including journal entry testing. Finally, we assessed the adequacy of disclosures relating to revenue recognition.

Statement on Management statement

Management is responsible for Management statement.

Our opinion on the Financial Statements does not cover Management statement, and we do not as part of the audit express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management statements and, in doing so, consider whether Management statement is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management statement includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99 a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on the work we have performed, in our view, Management statement is in accordance with the Consolidated financial statements and the Parent Company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act, except for the requirements in paragraph 99 a related to the sustainability statement, cf. above. We did not identify any material misstatement in Management statement.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements, we performed procedures to express an opinion on whether the annual report of Demant A/S for the financial year 1 January to 31 December 2024 with the filename DEMANT-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU)

2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Demant A/S for the financial year 1 January to 31 December 2024 with the file name DEMANT-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 5 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Rasmus Friis Jørgensen State-Authorised Public Accountant mne28705	Torben Jensen State-Authorised Public Accountant mne18651

Independent auditor's limited assurance report on the sustainability statement

To the stakeholders of Demant A/S

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of Demant A/S (the "Group") included in Management statement in the Annual Report for 2024 (the "Sustainability Statement"), page 50 – 117, for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the section "Double materiality assessment"; and
- Compliance of the disclosures in subsection "EU taxonomy" within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)")* and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Auditor's responsibilities for the assurance engagement* section of our report.

Our independence and quality management

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the Sustainability Statement

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process as included in the section Double materiality assessment of the Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- Compliance with the ESRS;
- Preparing the disclosures as included in subsection "EU taxonomy" within the environmental section of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making

assumptions and estimates that are reasonable in the circumstances.

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Auditor's responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the section "Double materiality assessment".

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Demant A/S was consistent with the description of the Process set out in the section Double materiality assessment.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation processes by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and Management statement;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information; and
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

Other matter

The comparative information included in the Sustainability Statement of the Group was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Hellerup, 5 February 2025

PricewaterhouseCoopers
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