

Demant



# Capital Markets Day 2024





Demant



# Welcome to Demant's Capital Markets Day 2024

Peter Pudselykke, Head of Investor Relations

# Agenda

Time (CET)	Topic	Presenter
11:00	Welcome	Peter Pudselykke
11:10	Sharpened focus on Hearing Healthcare	Søren Nielsen
11:45	Q&A	
12:00	Lunch break and product demos	
13:00	Fuelling innovation and core technology development in Hearing Aids	Ole Asboe Jørgensen, Patrik Hartvig, Kim Haldne, James Michael Harte
14:10	Q&A	
14:30	Break and product demos	
14:55	Succeeding in the US hearing aid market	Ty Lee
15:30	Q&A	
15:45	Continuing our Hearing Care growth journey	Niels Wagner
16:15	Q&A	
16:30	Break	
16:40	Driving scale benefits to deliver long-term shareholder value	René Schneider
17:10	Final Q&A	
17:25	Concluding remarks	Peter Pudselykke



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# Sharpened focus on Hearing Healthcare

Søren Nielsen, President & CEO

# Agenda

- 1 Company update – key messages
- 2 Hearing aid market dynamics
- 3 Our strategy
- 4 Focusing on sustainable business practices
- 5 Summary



Life-changing  
hearing health

Our roots are in hearing health, and our shared purpose is

# to create life-changing differences through hearing health

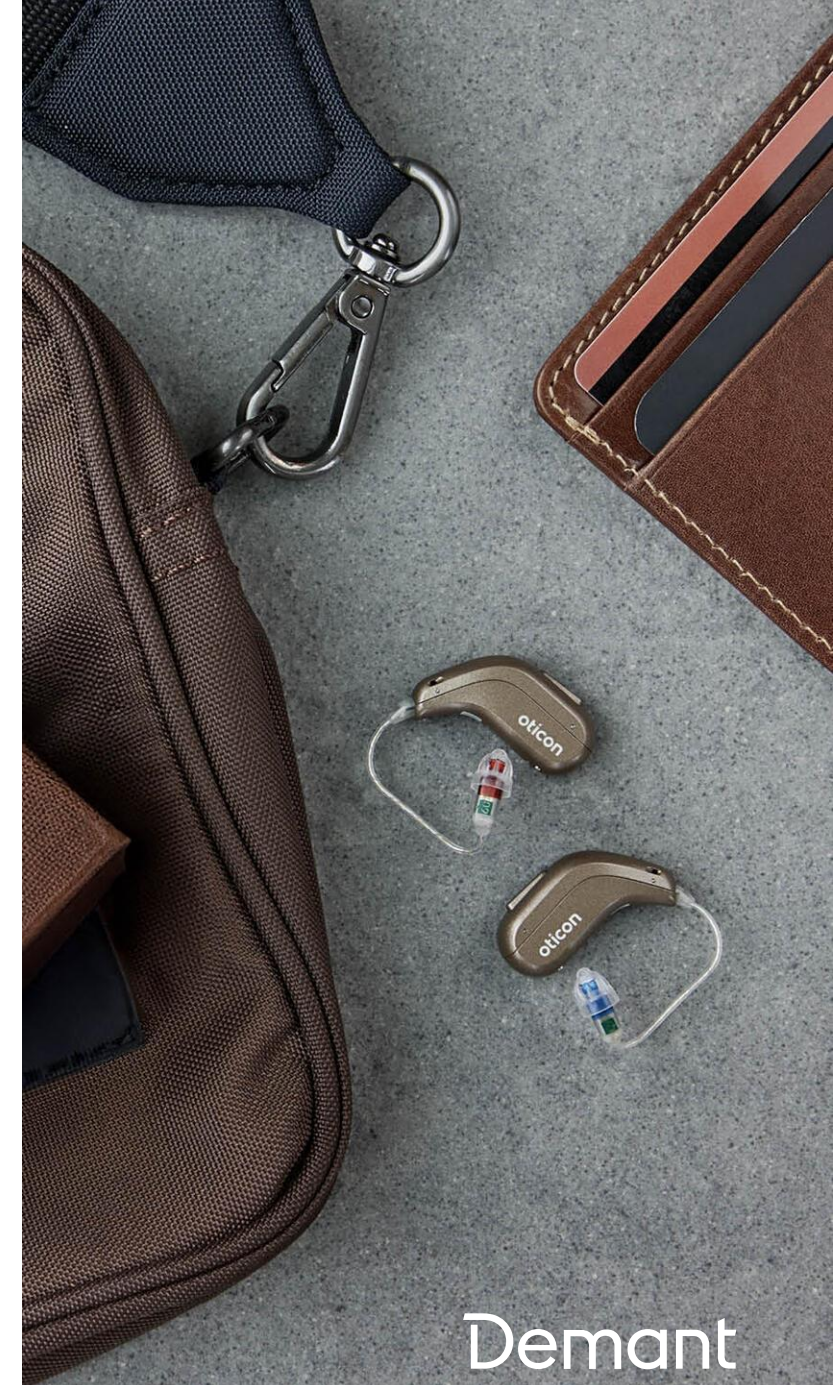
... whereby we contribute to building a more sustainable world where people have the opportunity to enjoy an active life.

Caring for people's health and well-being goes hand in hand with caring for society and the planet.

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# Key messages

- 1 | We are a focused Hearing Healthcare company and remain firmly committed to value-creating capital allocation towards market-leading **innovation** and **distribution**
- 2 | We address a hearing healthcare market characterised by stability and high entry barriers, and we now expect **our addressable markets to grow slightly faster in value than our previous assumption**
- 3 | We apply market-leading innovation and continuously expand distribution to build scale and deliver **above-market growth** and **incremental EBIT margin expansion**
- 4 | We maintain strong focus on cash flow generation and are firmly committed to our capital allocation policy leading to continued strong **cash returns to shareholders** going forward



# Long history as a hearing healthcare company



**1904**

Hans Demant founds the company and signs contract with General Acoustic Company

**1957**

William Demant and wife Ida Emilie donate the Demant family's shares to the Oticon Foundation

**1995**

The Group acquires Bernafon and diagnostic company MAICO and is listed on the stock exchange



**2000**

Acquisition of Interacoustics, the European Hidden Hearing and US Avada chains of hearing clinics

**2009**

Oticon Medical enters the market for bone-anchored hearing systems and later acquires manufacturer of CIs, Neurelec

**2015**

The Group acquires French Audika and significantly expands its Hearing Care activities



**2016**

Oticon launches Opn, a paradigm shift in audiology, and reinforces its position in BrainHearing™

**2022**

Demant decides to discontinue Hearing Implants

**2024**

Strategic review of Communications and focus on Hearing Healthcare



# The Demant Group today

Revenue  
**DKK 22.4 billion**  
 (FY 2023)

EBIT  
**DKK 4.15 billion**  
 (FY 2023)

Employees  
**~ 21,600**  
 (as of 31 December 2023)

Market capitalisation  
**~ DKK 80 billion**  
 (as of March 2024)

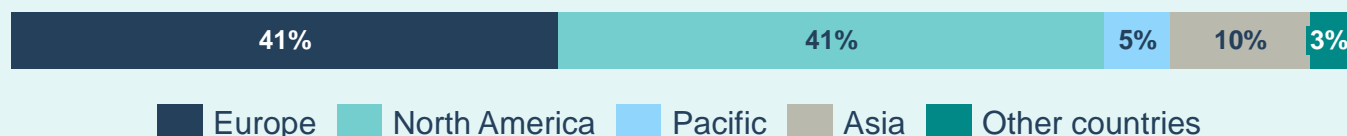
Multi-brand



Multi-business  
 (2023 revenue)



Global presence  
 (2023 revenue)



Unique ownership structure

William Demant Foundation intends to maintain ownership of 55-60%

# The Group has evolved since the 2021 CMD

Key developments



**Strong Hearing Aids performance** in a volatile hearing aid market



**Further acceleration** in acquisitions into new markets in Hearing Care



Continued **growth** and market share gains in Diagnostics

Key achievements

Pioneered innovation and product development

Gained significant market share across channels and geographies

Cemented clear audiological strategy and positioning

Continued to grow and optimise retail footprint in many markets

Expanded into new countries such as Germany and China

Further aligned global brand and processes

Expanded our service and calibration businesses significantly

Successfully built and expanded our efforts in balance

Inaugurated new state-of-the-art production facilities in Poland

# A more focused Demant



## Decision to discontinue Hearing Implants taken in 2022

- Still expect the divestment of our Cochlear Implants business to close in H1 2024
- The bone anchored business area remains with the Group for now, pending a strategic review



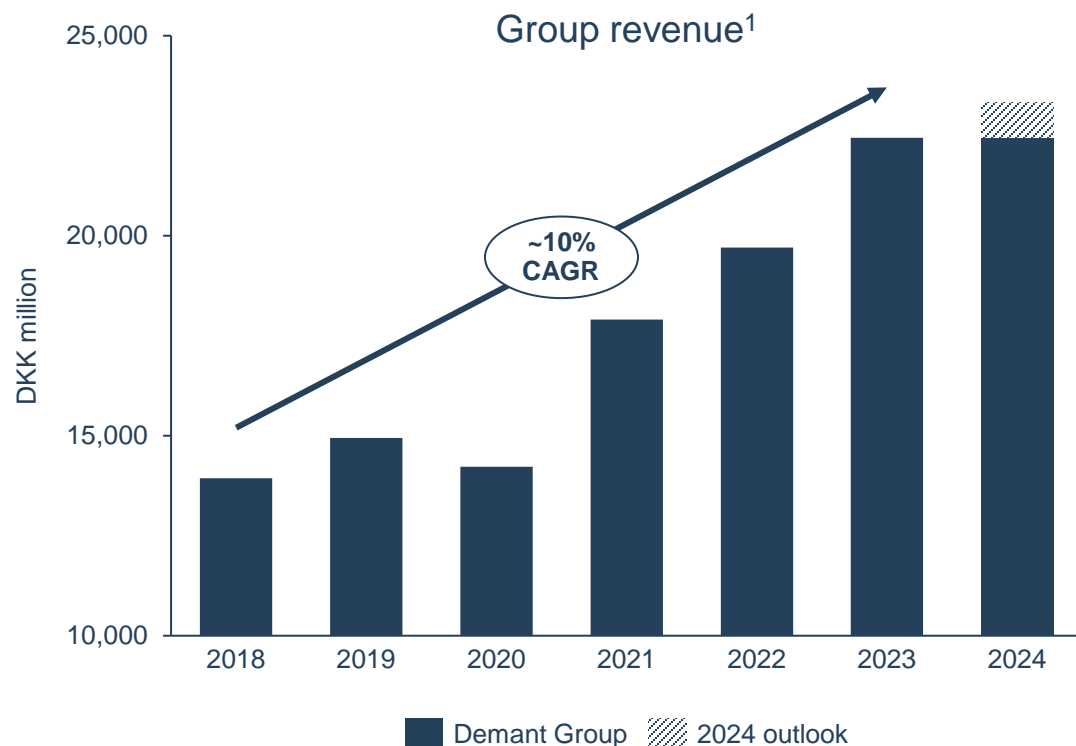
## Decision to undertake strategic review of Communications in 2024

- The purpose of the review is to explore whether a different owner may be better positioned to accelerate growth and to allow the business to realise its full potential
- The review of strategic options is expected to be completed by the end of H1 2024

### **Capital allocation implications:**

- Higher returns and improved profitability for the Group
- Improved organisational focus
- Focus on capital allocation and increasing distribution to shareholders

# Despite volatile markets, we have delivered strong revenue growth



- 2019** IT incident impacting Demant significantly
- 2020** Global coronavirus pandemic, lockdowns and uncertainty
- 2021** Recovery from pandemic, French hearing healthcare reform and release of pent-up demand
- 2022** Macroeconomic uncertainty and high inflation rates impacting consumer behaviour
- 2023** Normalisation of hearing aid market leading to strong growth and significant market share gains for Demant
- 2024** Continued normalisation of the hearing aid market

# 2024 guidance unchanged with strong organic revenue and EBIT growth

## 2023 was a strong year for Demant<sup>1</sup>

Organic growth (%)

**12%**

vs. initial target of 3-7%

EBIT (DKK million)

**4,148**

vs. initial target of 3,600-4,000

Share buybacks (DKK million)

**846**

vs. initial target of none

## Key performance drivers in 2023

- Normalised hearing healthcare market following weakness in 2022
- Strong reception of Oticon Real leading to significant market share gains across channels, especially in the US
- Very solid performance by both Hearing Care and Diagnostics despite weakness in China

## Outlook for 2024 remains unchanged

Organic growth (%)

**4-8%**

EBIT (DKK million)

**4,600-5,000**

Share buybacks (DKK million)

**>2,000**

## 2024 off to a good start in line with expectations

- Solid growth after a very strong year and significant improvement in profitability driven by focus on Hearing Healthcare
- Oticon Intent has now been launched in a few markets with strong initial interest

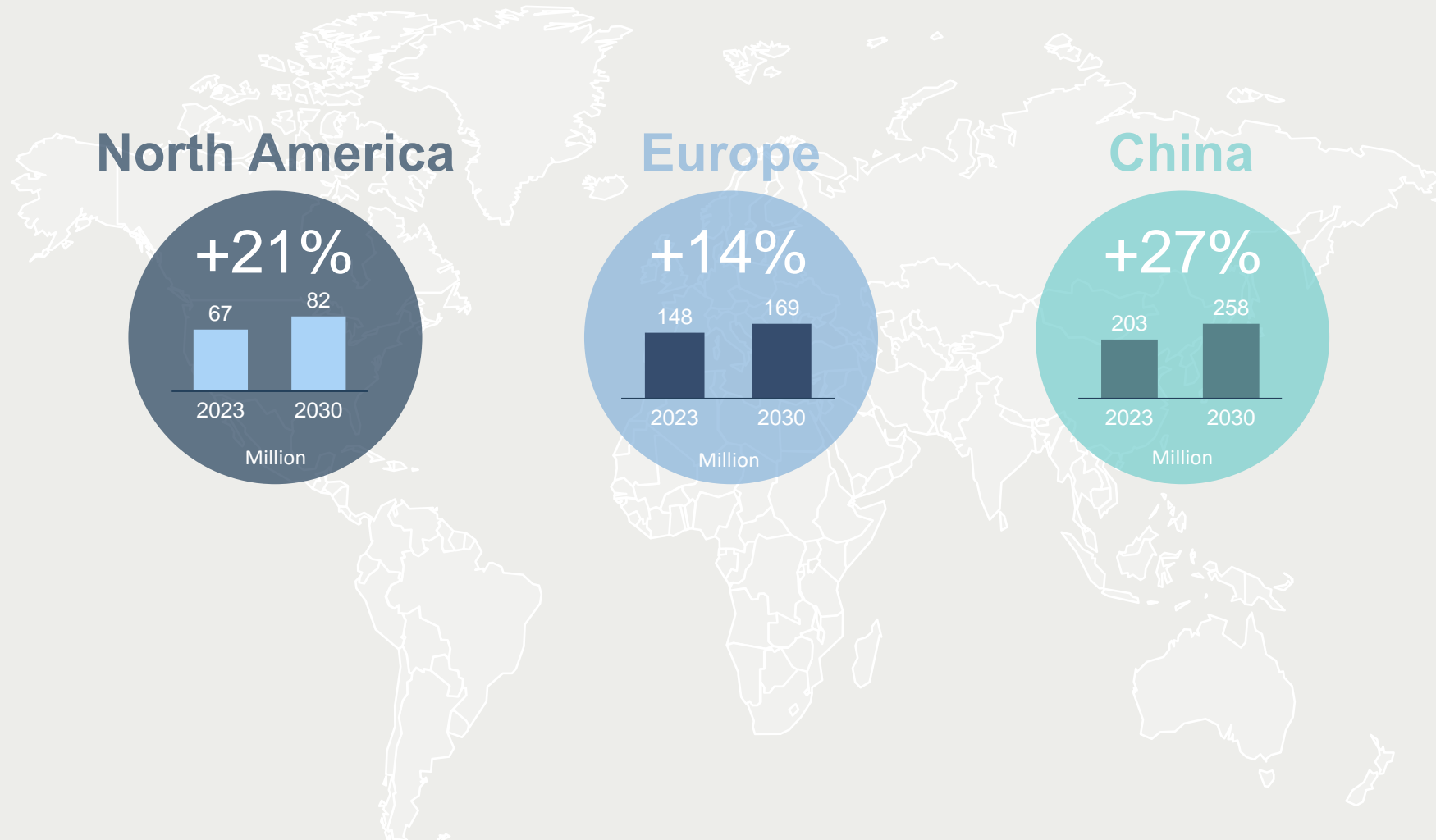
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# Hearing aid market dynamics



# Ageing populations are driving market growth

Continued increase in size of 65+ population in key markets in the coming years



# Increasing penetration supports growth

## Highest penetration in countries with full reimbursement

We have seen increased penetration across countries over the last decade

- Largest increase in France, Germany and the UK due to reimbursement changes
- Large potential for improvement in penetration in China and Japan

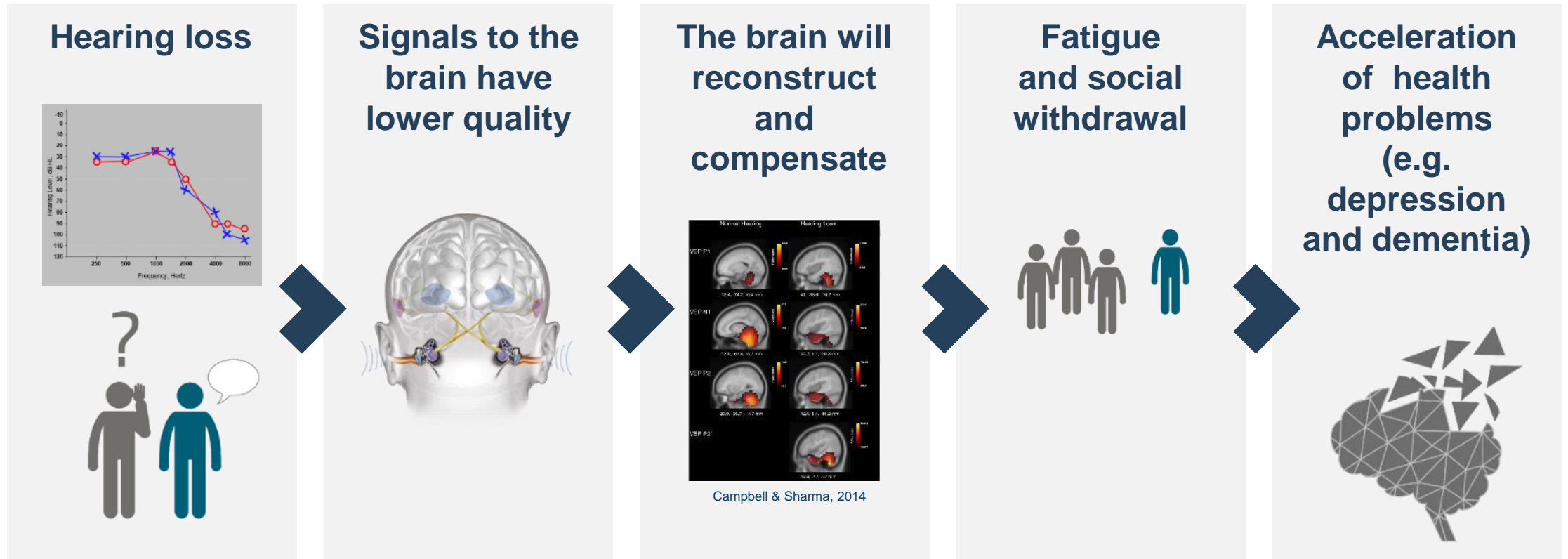
We expect penetration to continue to improve in the coming years, especially in emerging markets

Hearing aid penetration rates across countries (people with hearing loss<sup>1</sup>)





# Consequences of an untreated hearing loss



# Recent advancements and evidence of correlation between cognitive decline and hearing aid usage

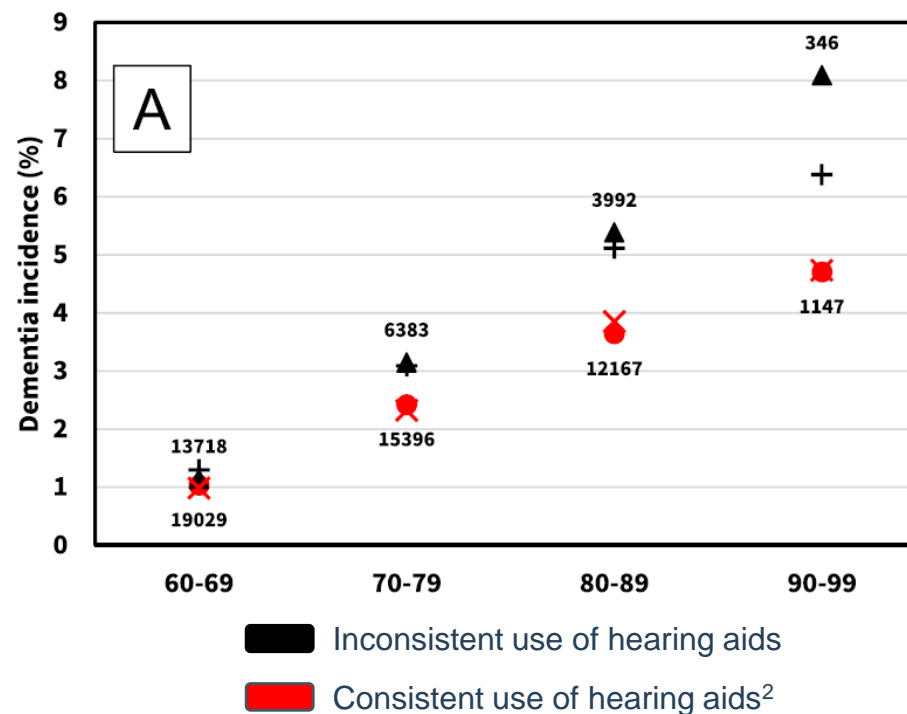
## Evidence

- There's an increasing body of evidence pointing to a link between hearing difficulties and risk of developing dementia
- Data suggests that it is not the hearing loss itself that increases risk, but rather that non-hearing aid users are less socially active which impacts the brain

## Implications

- Early use of hearing aids may improve the trajectory of cognitive decline
- Additional studies continue to be needed to reaffirm the positive benefits of hearing aid usage

Dementia incidence (%) based on age groups<sup>1</sup>



18 <sup>1</sup> Figure from Naylor et al. 2022 – note hearing aids fitted prior to 2013. Circle and triangle indicate raw data and +/x is model data

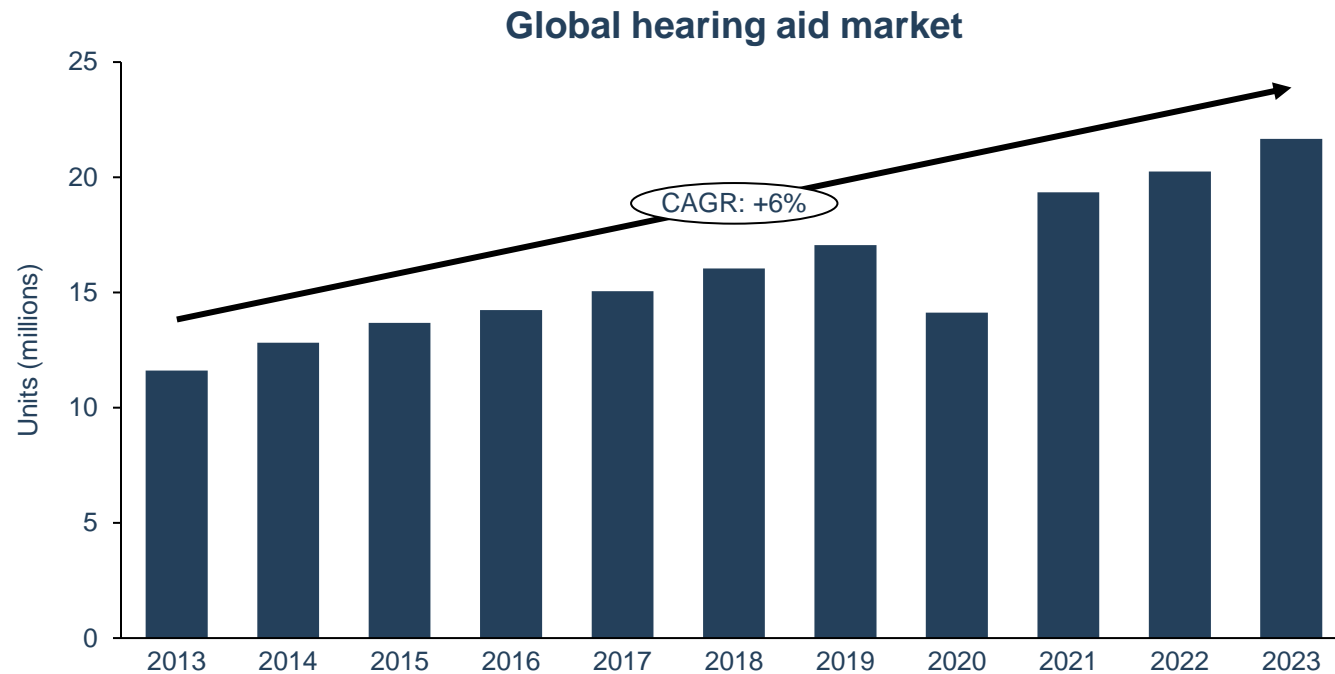
<sup>2</sup> Consistent use of hearing aids refer to several hours of usage per day

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# Historical and future market growth



# Resilient hearing aid market with strong structural growth drivers



## A resilient and structurally growing market

- Incredibly stable market, though 2020 was significantly impacted by the coronavirus pandemic
- People with hearing loss have a health issue that needs treatment
- Demographic developments and increased penetration will continue to support growth going forward

# We estimate that market ASP has been flat since 2018



## Headwinds

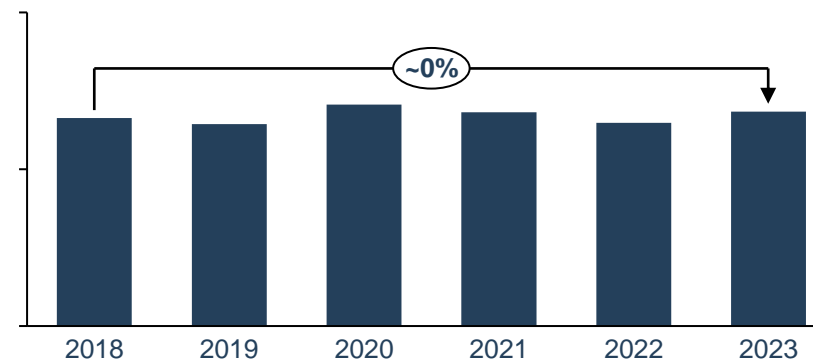
Country mix developments  
Channel mix developments  
Consolidating distribution  
Competitive market dynamics



## Pricing levers

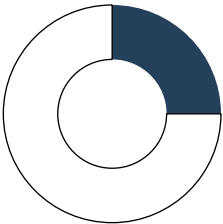
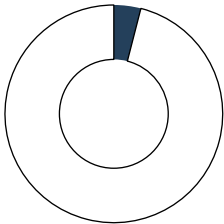
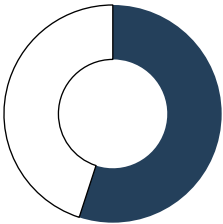
Innovation and product improvement  
Increasing share of rechargeability

*Indicative*  
Estimated wholesale hearing aid market ASP



- We estimate that since 2018, the global hearing aid market has seen a flat ASP development
- ASP development year-over-year has largely been driven by channel and geography mix changes
- We expect flattish ASP going forward, which is more positive than previously assumed but in line with what we have seen in recent years

# Growing markets with a core focus on Hearing Healthcare

	Hearing Aids	Hearing Care	Diagnostics
<b>Market size</b>	USD 6 billion	USD 20 billion	USD 0.7 billion
<i>Estimated market growth rates</i>	~4-6% <sup>1</sup>	~4-6% <sup>1</sup>	~4-6%
	~5% value growth		
<b>Estimated market share (%)</b>			
<i>Indicative</i>			
<b>Market participants</b>	Few	Many	Few

## Structural growth drivers

- Ageing populations across the world and increasing life-expectancy
- Gradually improving penetration in both developed and emerging markets as awareness increases and hearing healthcare infrastructure expands
- Growing awareness that hearing loss may accelerate cognitive decline and lead to social isolation
- The modern senior wants to live an active and engaged life and focuses on health using modern technologies

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**Strategy**



# Demant's strategy





# Demant's strategic choices and enablers

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**



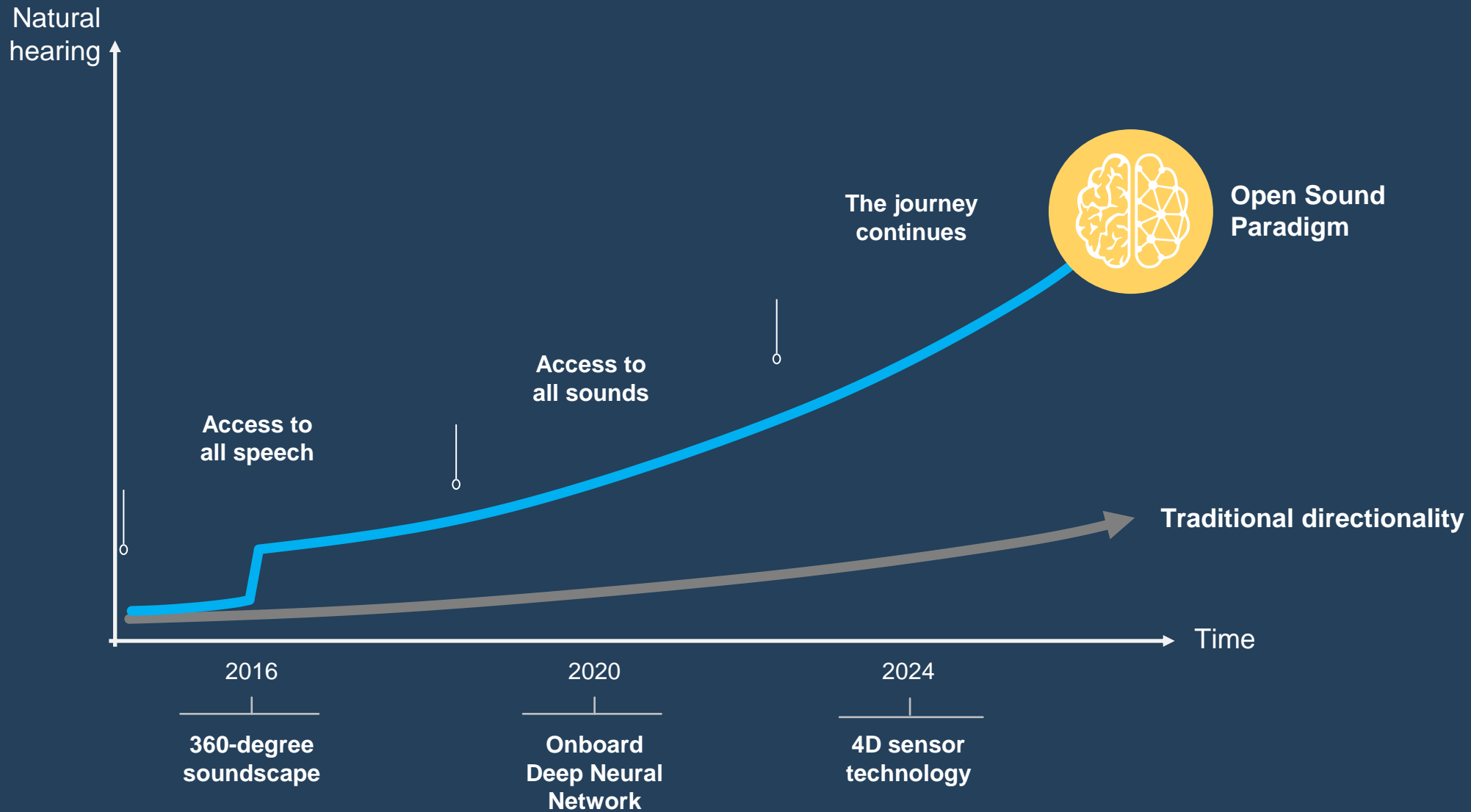
Continuously drive a **culture of inclusion and engagement** to a higher level



Drive **responsible and sustainable** business practices



# Innovation to improve hearing health





# The game we play

As hearing loss remains stigmatised and worsens gradually, there's minimal pull from first-time users



## Counselling is crucial for sales

Effective counselling and information are crucial for sales. Distribution costs are high which emphasises the need for strong lead generation to ensure success



## Limited brand awareness among users

Limited brand awareness among users allows distribution channels to decide which brands to carry and recommend to users



## Distribution consolidates

The distribution channels continue to consolidate resulting in higher bargaining power for large players



# Continue to leverage our strong position to expand distribution



Focus on leveraging our commercial position to further improve our wholesale offerings to customers to win the premium segment









Greenfield and acquisition strategy to expand our retail distribution in our markets

## Continued focus on growing wholesale

Key priorities	How we succeed
<ul style="list-style-type: none"> <li>● Grow and expand Diagnostics</li> <li>● Market share gains across markets and channels in Hearing Aids</li> </ul>	<ul style="list-style-type: none"> <li>● World-leading innovation</li> <li>● Superior customer experiences</li> <li>● Strong supply chain set-up</li> </ul>

## Examples of recent expansion in retail distribution

New markets	Bolt-ons
<ul style="list-style-type: none"> <li> China</li> <li> Germany</li> <li> Belgium</li> </ul>	<ul style="list-style-type: none"> <li> Canada</li> <li> France</li> <li> Poland</li> </ul>

# Summing up: Our aspirations for the future

## What we choose to do:



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**

## What we expect to deliver:

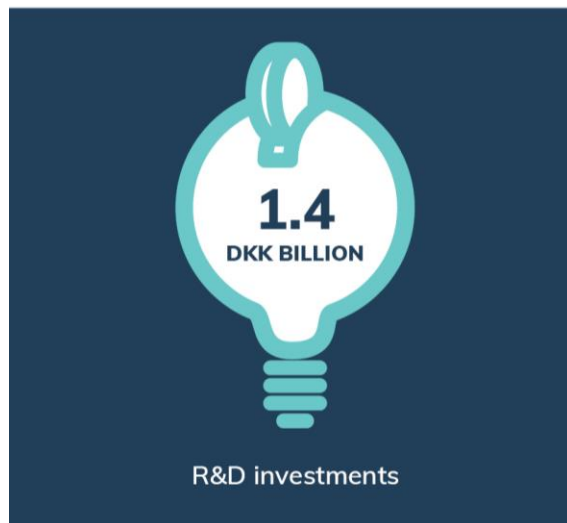
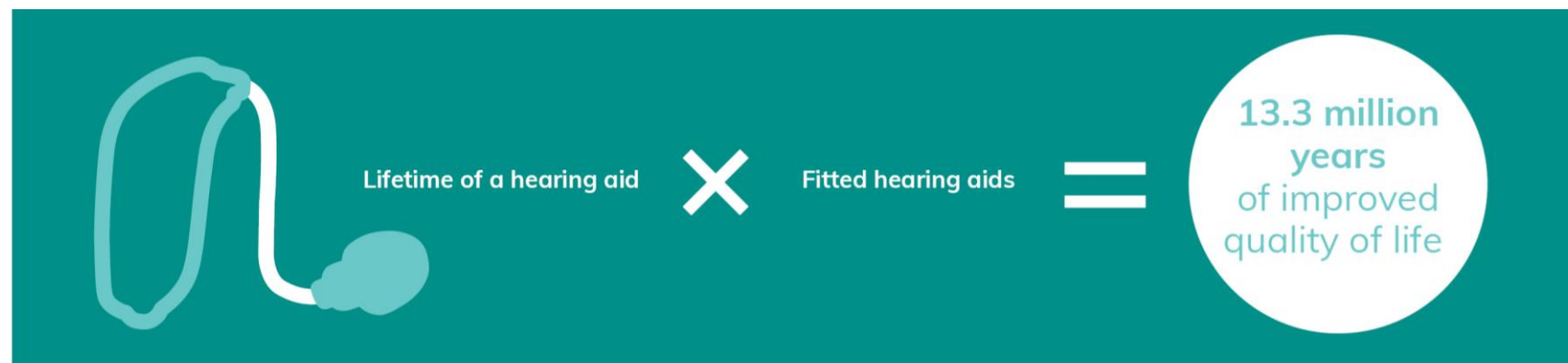
Metric	Medium- to long-term outlook
Revenue growth	8-10% p.a. in local currencies - <i>organic growth of 6-8%<sup>1</sup></i> - <i>acquisitive growth of ~2%</i>  <i><sup>1</sup>Assuming market value growth of around 5%</i>
EBIT margin	Incremental EBIT margin expansion <sup>2</sup>  <i><sup>2</sup>Based on current foreign exchange rates</i>
Capital allocation	Excess free cash flow after acquisitions will be used for share buy-backs (subject to gearing multiple target)

# Sustainability



# Our core contribution is clear

Based on 2023 figures



# Core focus on sustainability is an integrated part of how we work

Key activities



## Responsible and sustainable business practices

- Changing mindsets and behaviour
- Implementing environmental sustainability into business practices
- Driving climate impact across scopes



## Leadership and people development

- Introduced DE&I Group policy and targets
- Improving employee engagement
- Embrace inclusive leadership

Achievements since 2021



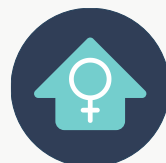
Climate targets approved



Roadmap for renewable electricity



Renewable electricity share of 21%



Delivering on gender diversity targets



Improving employee engagement

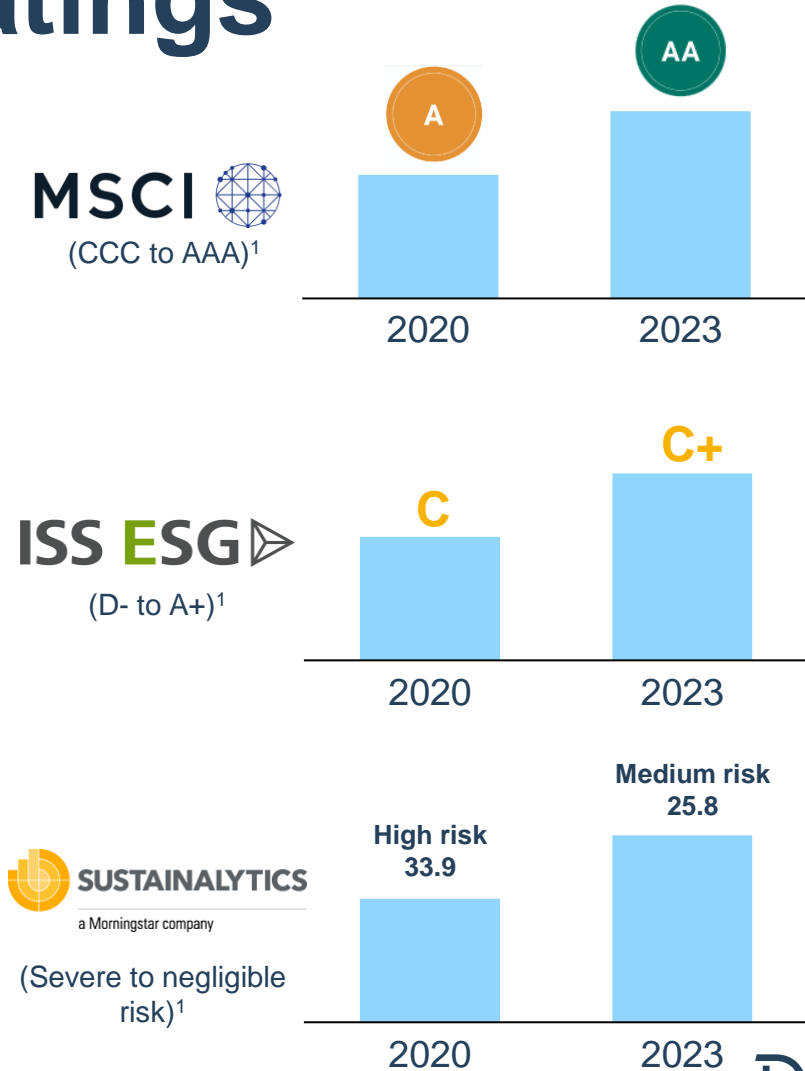


Introducing Inclusivity score



# We have seen our progress reflected in improved sustainability ratings

- We work closely with key rating agencies to improve our sustainability ratings
- As a part of our strategy, we continue our progress to drive responsible and sustainable business practices by:
  - Improving as many lives as possible
  - Driving a culture of inclusion and engagement to a higher level
  - Delivering on climate targets in all scopes
  - Improving transparency and reporting



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# Summary



# Summary

- 1 | We are a focused Hearing Healthcare company and remain firmly committed to value-creating capital allocation towards market-leading **innovation** and **distribution**
- 2 | We address a hearing healthcare market characterised by stability and high entry barriers, and we now expect **our addressable markets to grow slightly faster in value than our previous assumption**
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# Demant

Demant

- Founded on care
- Focus on health
- Shaping the future
- Life-changing hearing health



# Agenda

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**Lunch break  
&  
Product  
demos**

**Up next (13:00 CET):**

Fuelling innovation and core technology development in hearing aids

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A smiling man with a grey beard and short hair, wearing a blue t-shirt, is the central focus. He is looking towards the camera. In the background, a woman with long dark hair is smiling, and another person is partially visible. The setting appears to be a bright, indoor meeting or office environment. The Demant logo is in the top right corner.

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A solid blue L-shaped graphic element, consisting of a vertical bar on the left and a horizontal bar on top, positioned to the left of the main text.

**Fuelling innovation  
and core technology  
development in  
hearing aids**





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



# Demant's strategic choices and enablers

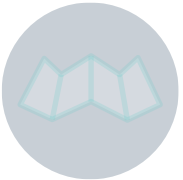
CHOICES



Fuel **innovation and core technology development** to ensure strong customer value generation

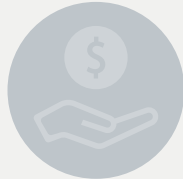


Participate in **consolidation of distribution** and leverage commercial position



Grow across **geographies and channels** and in **adjacent business activities**

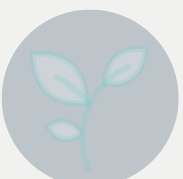
ENABLERS



Leverage **scalability** and increase **business resilience**

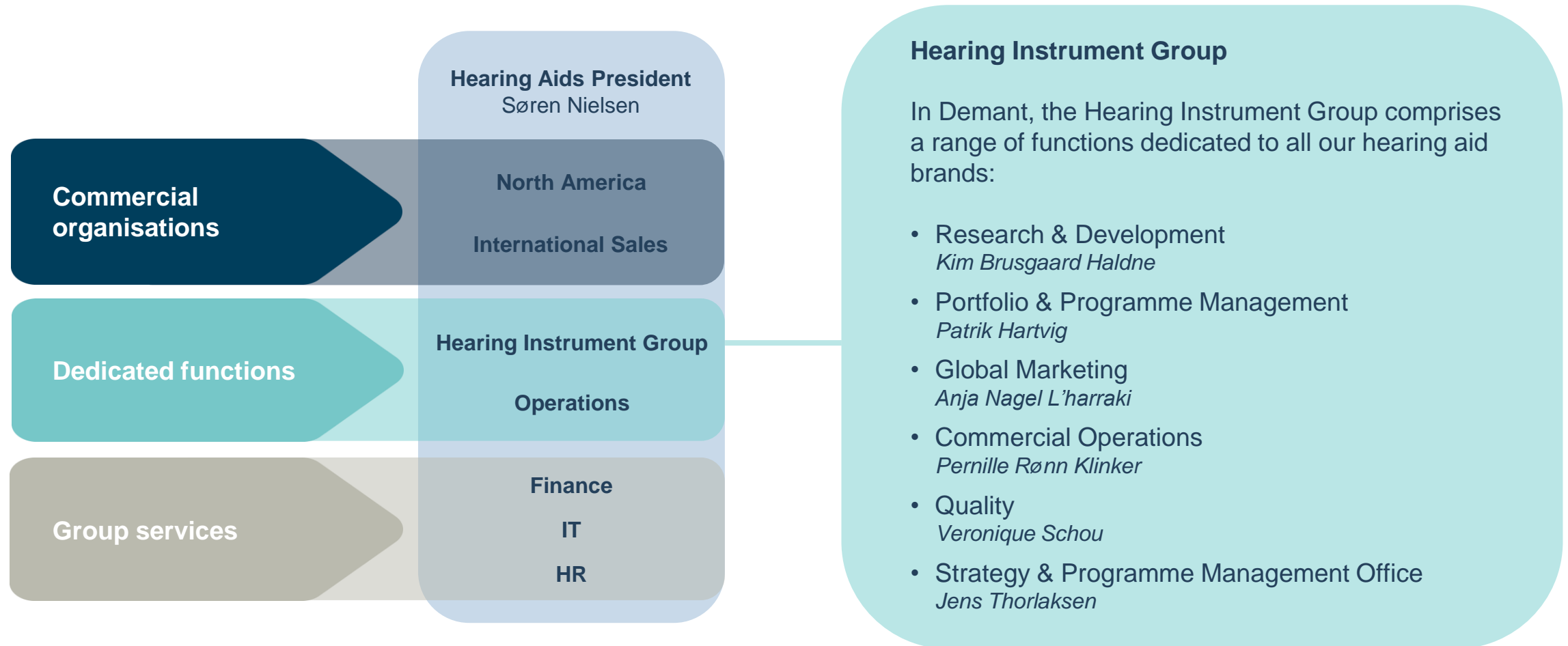


Continuously drive a **culture of inclusion and engagement** to a higher level



Drive **responsible and sustainable** business practices

# Organisational setup in Hearing Aids



# Speakers

Trends in hearing  
healthcare

Leading in hearing  
aid innovation

Taking Hearing  
Healthcare to next  
level with AI

Introducing  
Oticon Intent



**Patrik Hartvig**  
*Senior Vice President*

**Kim Brusgaard Haldne**  
*Senior Vice President*

**James Michael Harte**  
*Senior Director*

**Ole Asboe Jørgensen**  
*President*

Portfolio & Programme  
Management

Research &  
Development

Eriksholm Research  
Centre

Hearing Instrument  
Group

# Fuelling innovation and core technology development in Hearing Aids

**Trends in hearing healthcare**

Leading in hearing aid innovation

Taking Hearing Healthcare to next level with AI

Introducing Oticon Intent

Q&A

**Patrik Hartvig**

*Senior Vice President*

Portfolio & Programme  
Management

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# How we work: From megatrends to roadmap

In *Portfolio and Programme Management*, we work with R&D to define and develop Demant's future hearing aid portfolio and solutions roadmap

## Megatrends

### Exploring the futures of Hearing Health

Focusing on shifts and changes within consumerism, ageing, healthcare, business and societies



## Industry trends

### Exploring the futures of Hearing Aids solutions

Investigating the key market dynamics and trends that will impact hearing aids solutions in the years to come



## Portfolio vision

### Defining the future of Demant Hearing Aids solutions

Designing a common light house that provides the direction of the future Demant's solutions portfolio



## Solutions roadmap

### Developing Demant Hearing Aids solutions

Prioritising and setting in motion Demant's Hearing Aids solutions to reach our portfolio vision



# Setting up the long-term direction

From outside trends...



Megatrends

Demographic shift

Technological progress

Health & wellness

Digital transformation

Social & cultural evolution



Industry trends

Hearing loss demographics

Evolution of stigma

Hearing aids added value

Channels mix & shift

Proof of benefits

...to market opportunities and enablers

1

Ease of doing business

2

Life-centric solutions

3

Living longer and healthier

Individualised user experiences

Intelligent devices

And more...

# A roadmap that delivers to the needs of customers and users

## 1 Ease of doing business

Customers request **flexibility and fitting efficiency** to support their business

Customers need **easy-to-use tools** and **easy access** to support during fittings

## 2 Life-centric solutions

Develop an array of discreet, attractive, user-friendly solutions to **address stigma**

Need for reliable, comfortable and rechargeable solutions supporting **a full day of active living**

## 3 Living longer and healthier

Healthcare systems, providers and users will focus more and more on **preventive care**

Develop solutions that focus on improving **physical, mental and emotional health**

### Levers

#### Audiology

Reliability

Support & digital ecosystems

Fitting software & diagnostics

Discreetness & ease of use

Connectivity & apps

Rechargeability

Strong outcomes & proof of benefits

Sensors & cloud solutions

Digital ecosystems



# Fuelling innovation and core technology development in Hearing Aids

Trends in hearing healthcare

**Leading in hearing aid innovation**

Taking Hearing Healthcare to next level with AI

Introducing Oticon Intent

Q&A

**Kim Brusgaard Haldne**

*Senior Vice President*

Research & Development

Demant



***Deliver innovative and competitive hearing solutions that drive preference for hearing care professionals and end users***

# Hearing Aids: R&D locations and headcounts

## People in R&D



900

22%  
Female

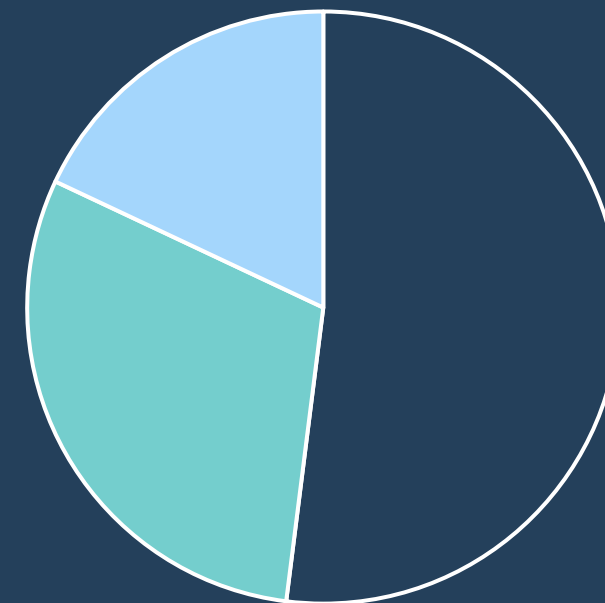
## Locations



Denmark  
650

Poland  
250

## Competency split



Software Hardware Other

# Deliveries of Hearing Aids R&D

Complete portfolio to cover customer and user needs

Audiological research

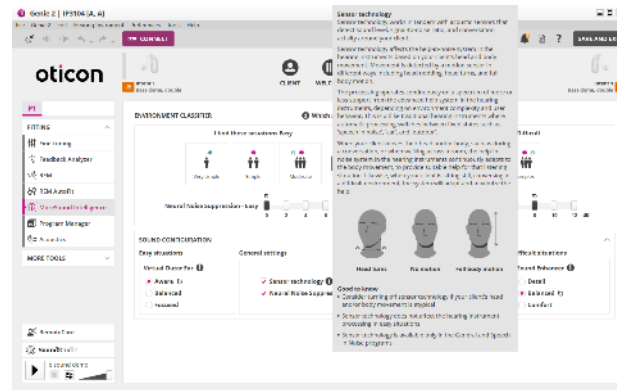


Patents



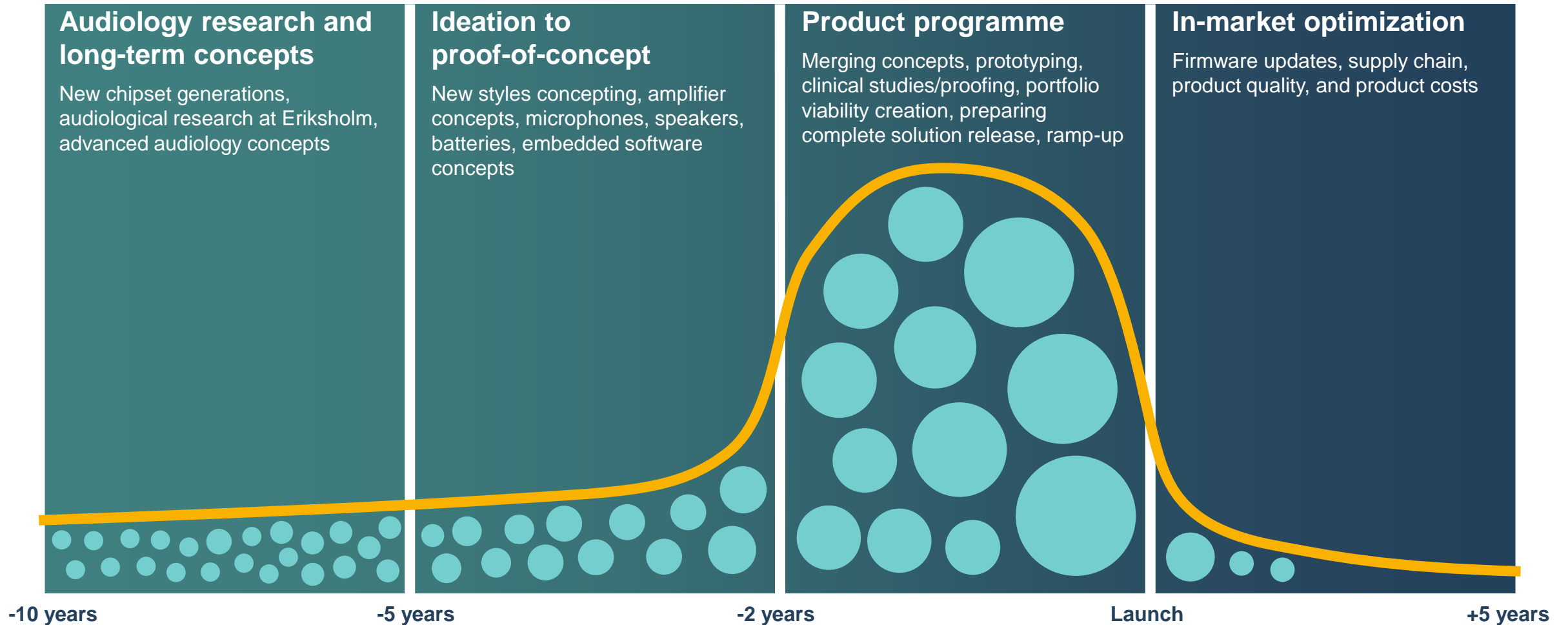
Multi-brand product development

oticon PHILIPS Bernafon



# R&D innovation horizons and flow

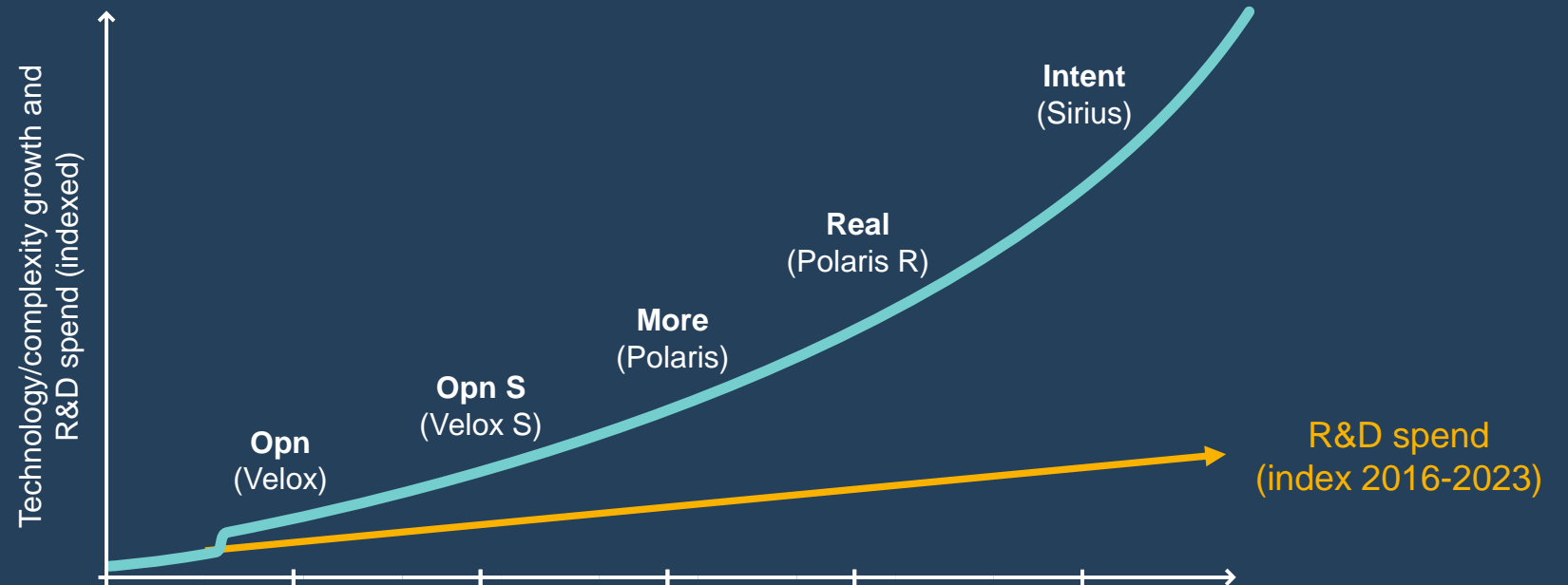
Major innovations are up to 10 years in the pipeline



# Technology and Hearing Aids R&D

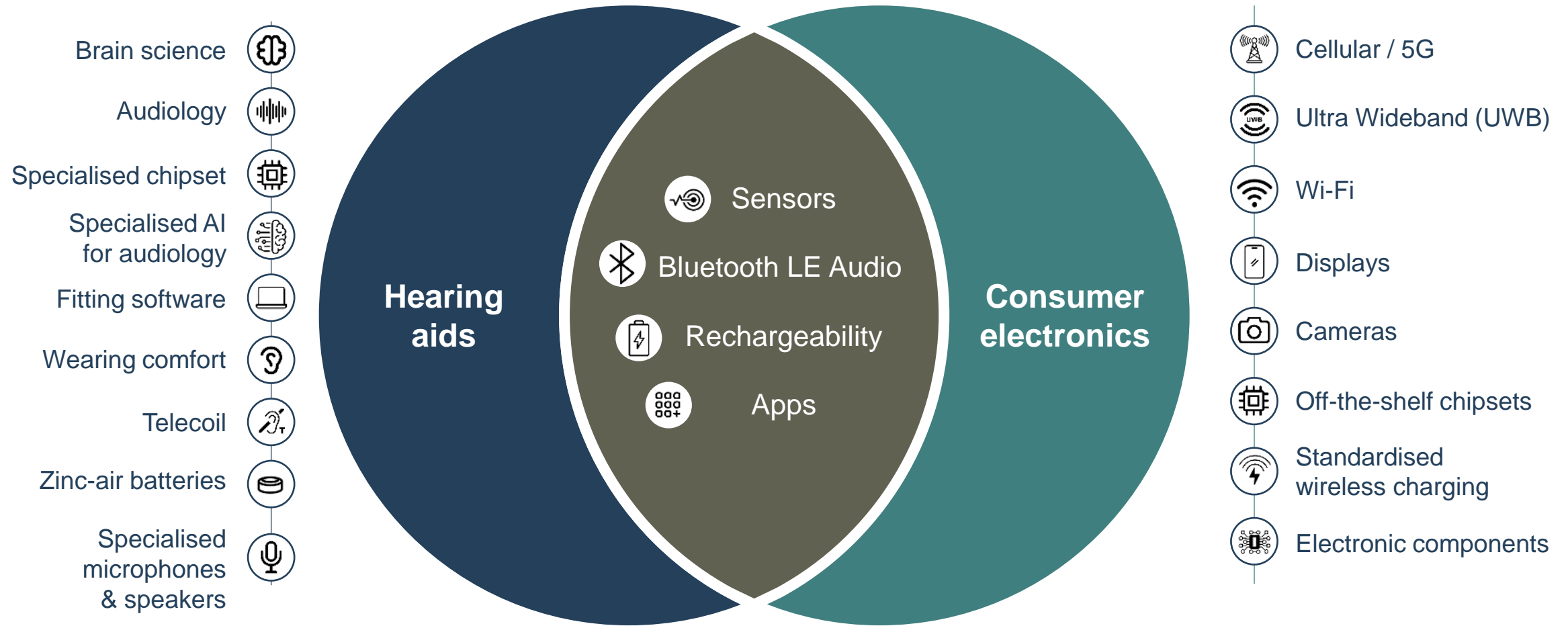
Drivers of R&D complexity:

- Audiological concepts
- Amounts of variants
- Connectivity
- Rechargeability
- Usability and comfort
- Medical device regulations



*Spending curve in control due to scale, efficient processes, focus, and generative AI – utilising scale advantages*

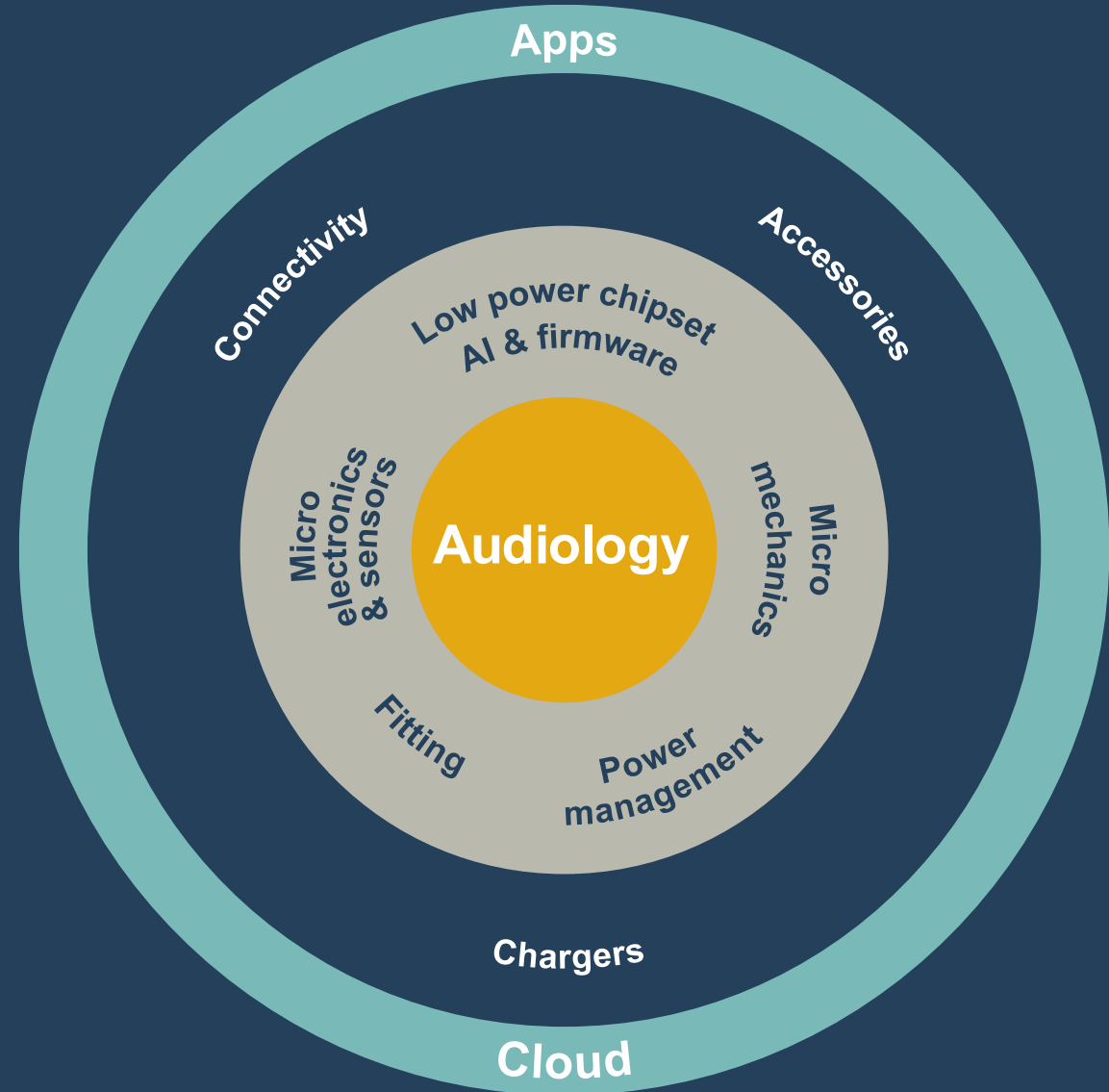
# Technologies for world's best hearing aids



# Audiology is our core

Level of competitor differentiation decreases as we move away from the core

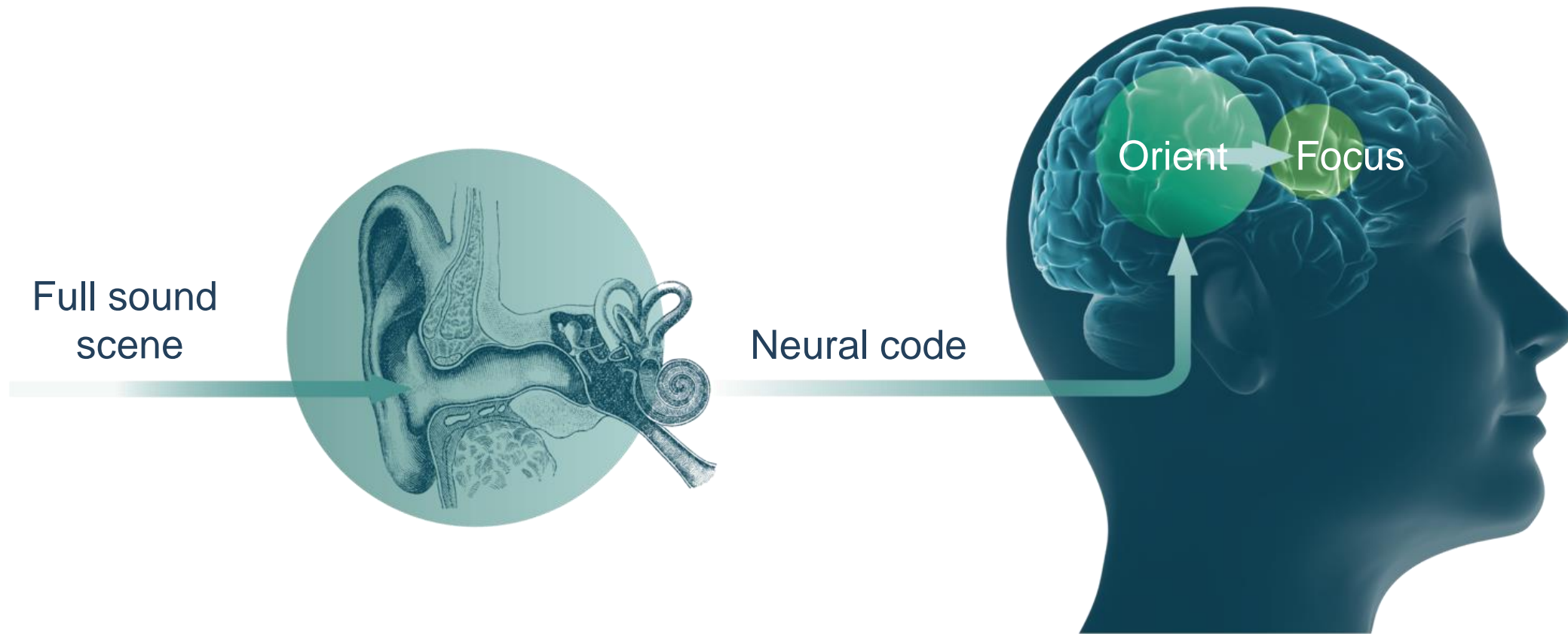
Delivering audiology for the hearing impaired using only very little power sets us apart from consumer electronic manufacturers





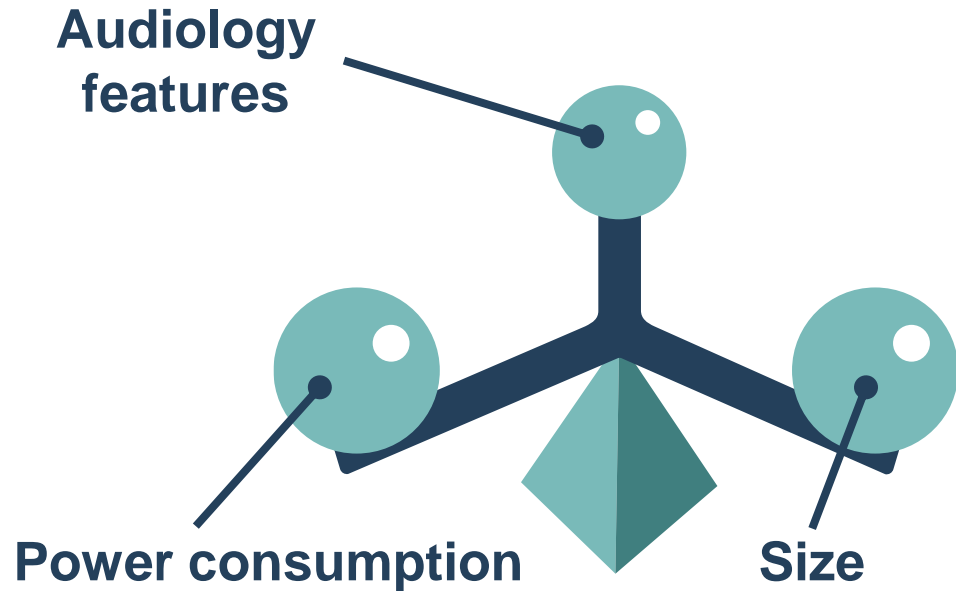
# Hearing science starts with brain science

Everything changed in 2010 when we focused on user's brain processing and intent

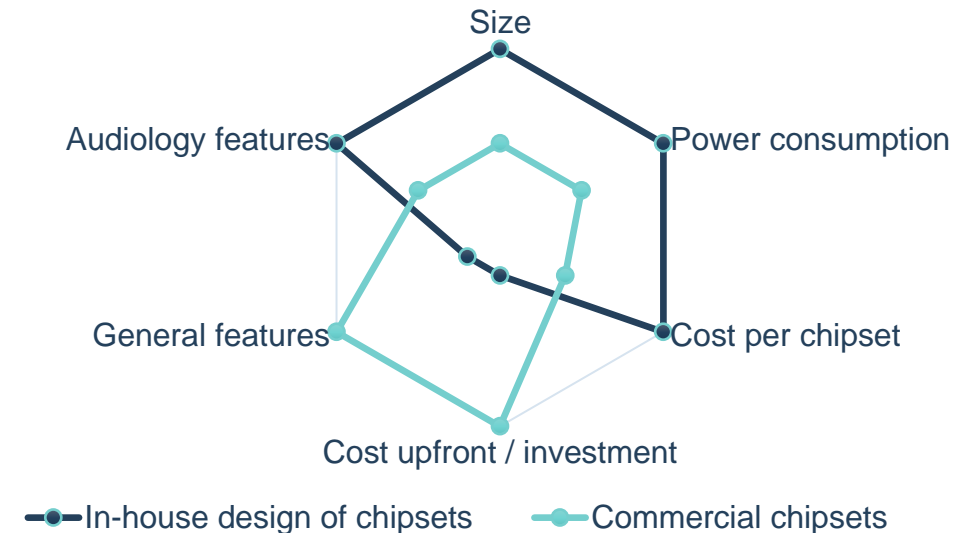


# Trade-offs in chipset design for audiology

Optimising features, power consumption and size for best hearing aid performance

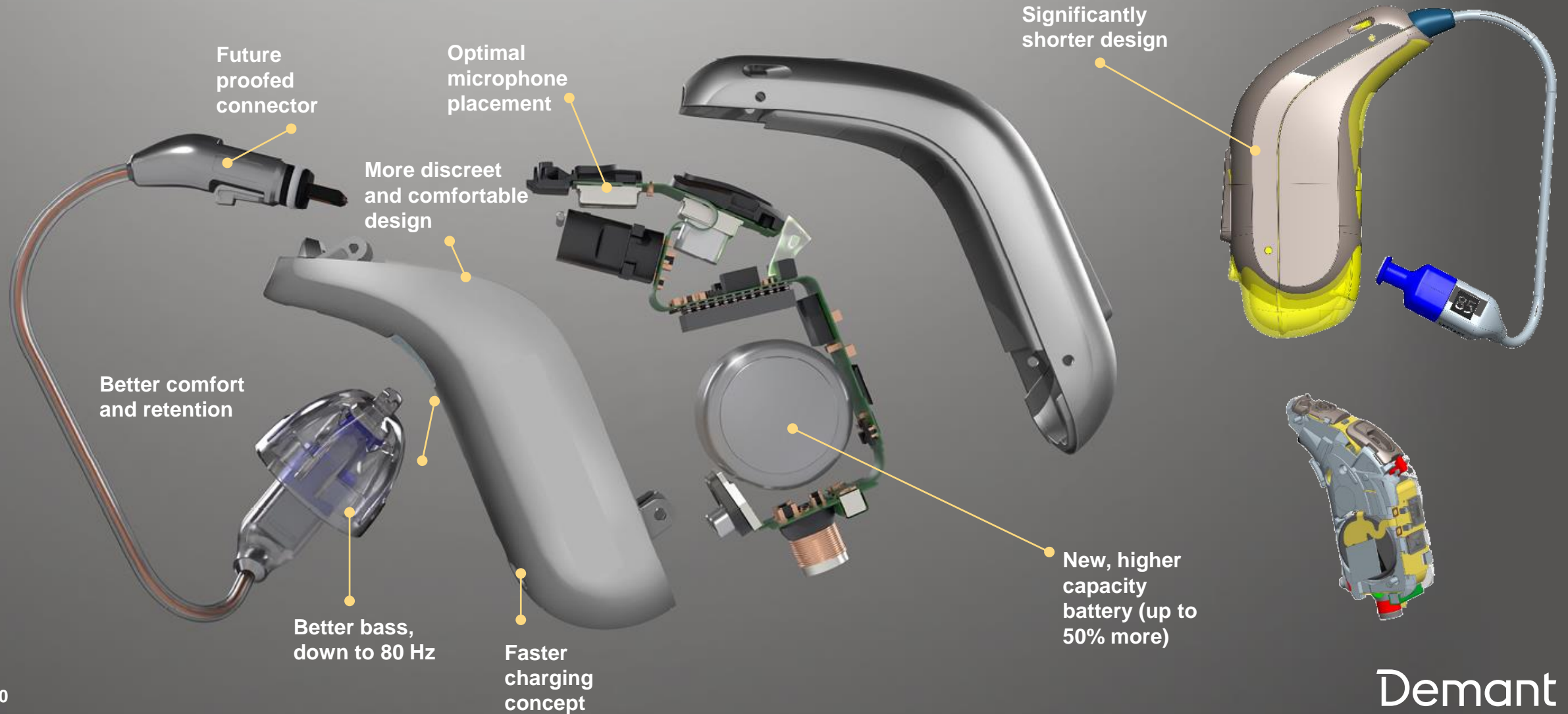


Development of hearing aid platform  
(illustrative differences)



Demant

# The physical result: Our 2024 launch



# LE Audio: New 2-way Bluetooth standard for both hearing aids and consumer electronics

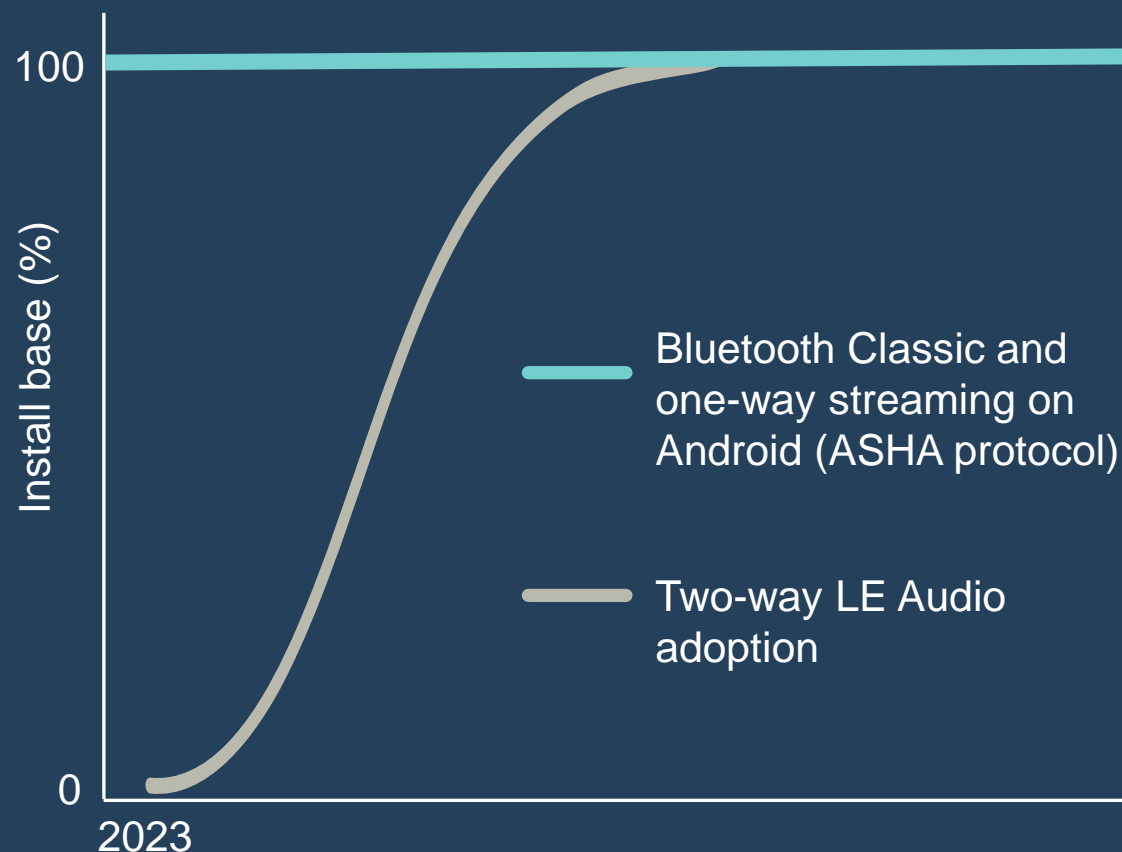


- Two-way streaming fully adopted (Apple proprietary)



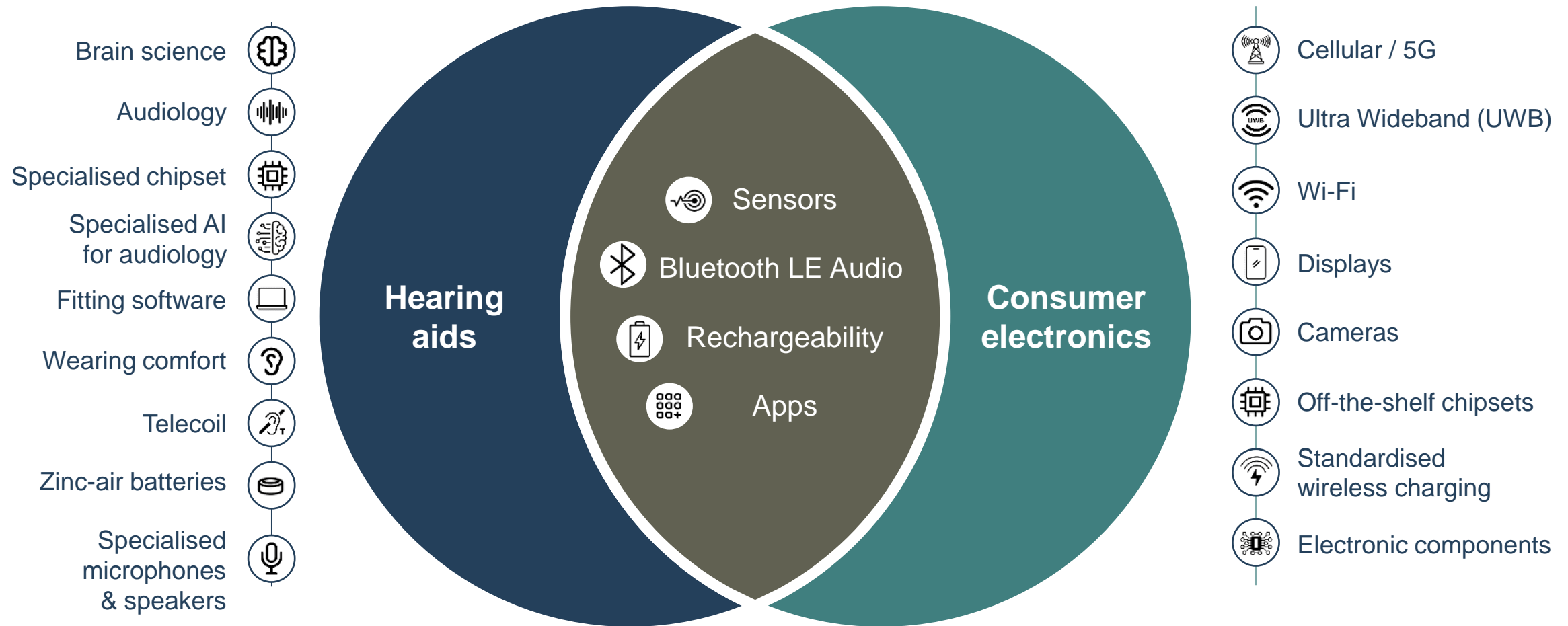
- One-way streaming fully adopted
- Android 14 release (2023) is LE Audio-enabled
- Expect fast adoption of two-way LE Audio

Expected install base for Android smartphones Bluetooth features<sup>1</sup>



# Endless potential for innovation

Three technologies to watch: Wireless features, rechargeability and particularly AI



# Fuelling innovation and core technology development in Hearing Aids

Trends in hearing healthcare

Leading in hearing aid innovation

**Taking Hearing Healthcare to next level with AI**

Introducing Oticon Intent

Q&A

**James Michael Harte**  
*Senior Director*

Eriksholm Research Centre

Demant

# The Eriksholm Research Centre



- Dedicated translational research facility established in 1977
- Located in Snekersten, Denmark (around 45 min from Demant HQ)
- Multi-disciplinary research and clinical staff with backgrounds in engineering, computer science, psychology, neuroscience and audiology



# Eriksholm's mission and points of collaboration: Connecting the dots

Hearing Care Professionals



We advance scientific understanding and treatment of hearing difficulties

End-users



We do translational research to support the development of future hearing aid technologies



Academia



Demant



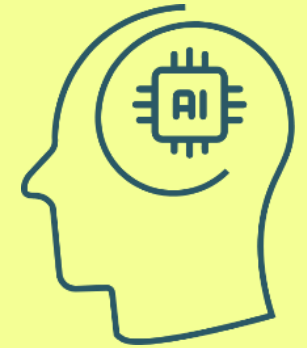
# Our four strategic research focus areas at Eriksholm

Personalised  
Audiology



Intent Decoding

Cognitive Hearing  
Science

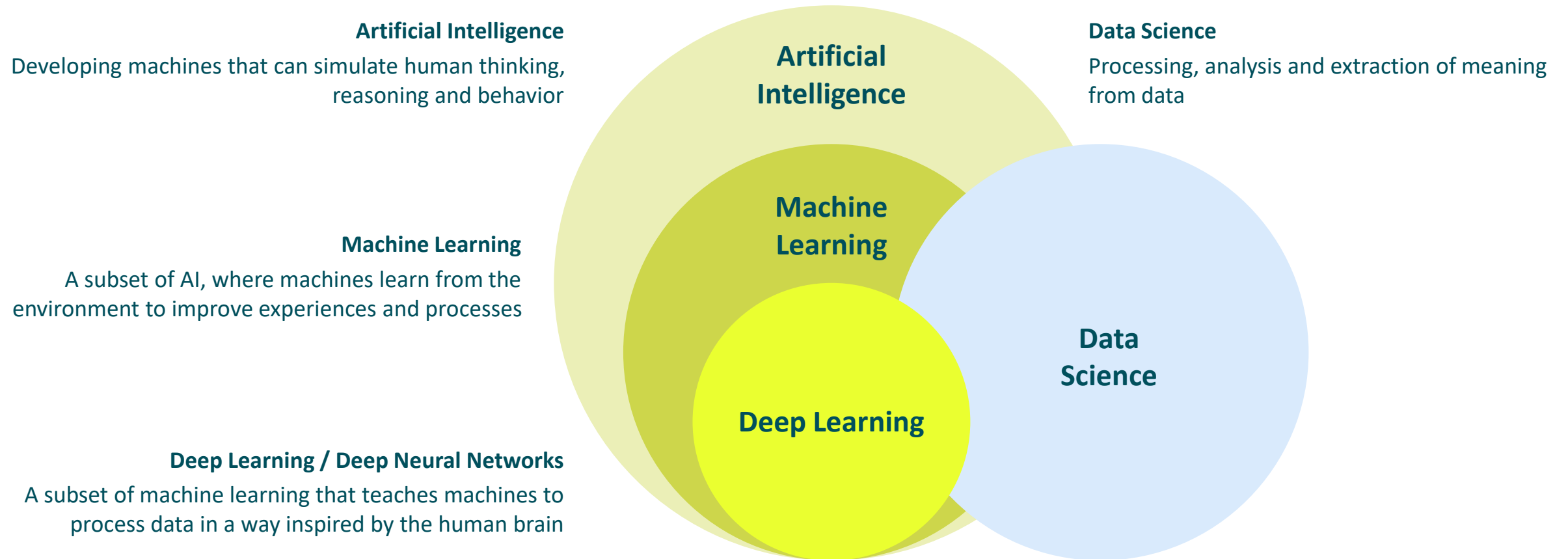


Artificial Intelligence

AI elevated to strategic research area at end of 2023,  
but research has been carried out for many years

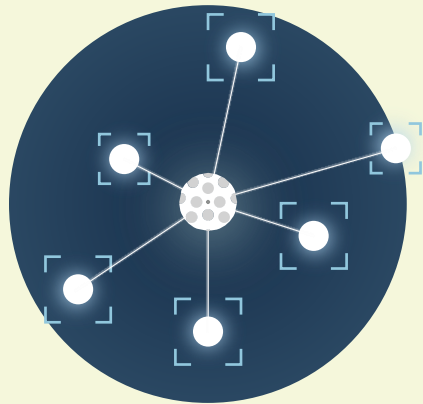


# Understanding artificial intelligence and data science

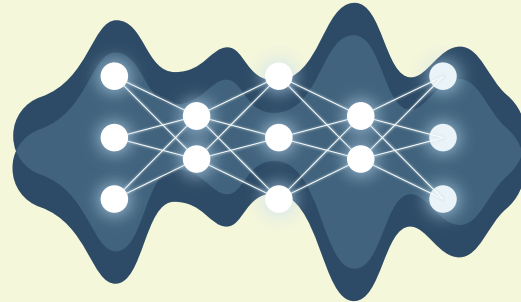


# In Demant, we are already on the second generation of our Deep Neural Network with Oticon Intent

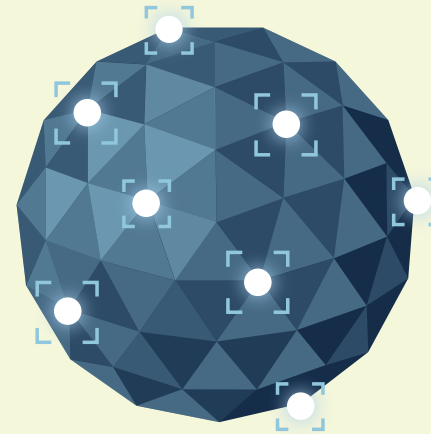
## 1 Recording sounds



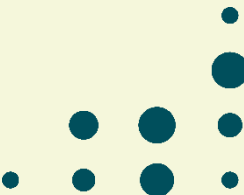
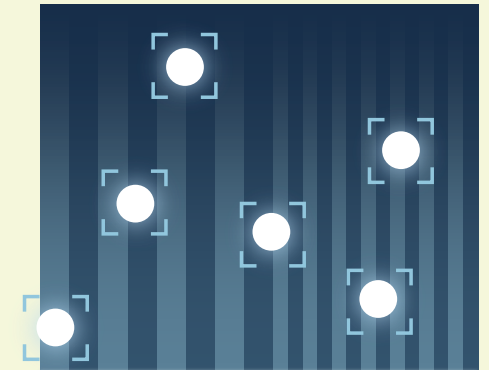
## 2 Deep Neural Network training



## 3 Analysis and balancing



## 4 High-resolution amplification



# The AI programme at Eriksholm

## Computational audiology

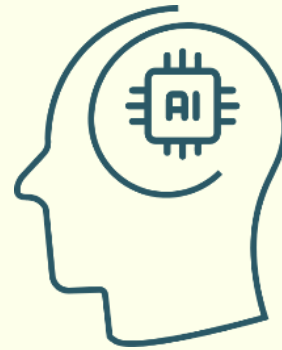
Helping the hearing care professional  
improve efficiency and quality

Automating diagnostic decisions

AI-assisted hearing aid fitting

Supporting quality & training

Real-world data analytics



## Hearing aid systems

Giving the hearing aid user the right sound  
at the right time

Single hearing aid algorithms

Binaural hearing aids

Hearing aids with remote devices

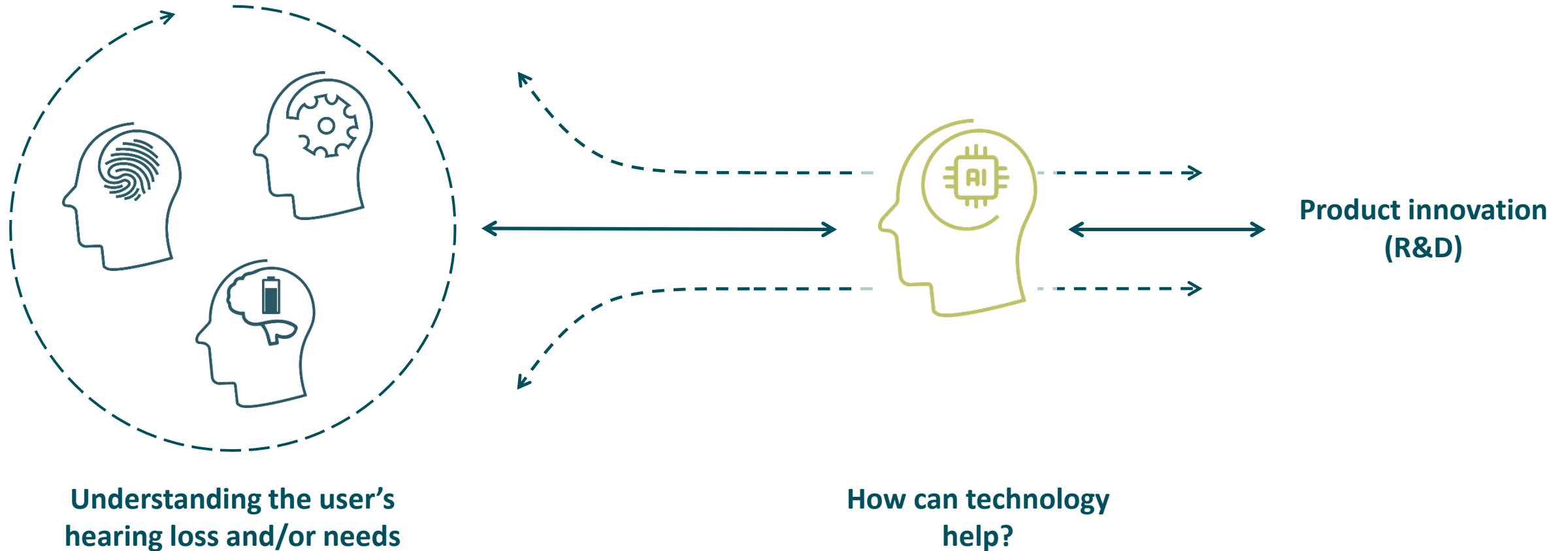
Feature-driven hearing aids

User-model driven hearing aids

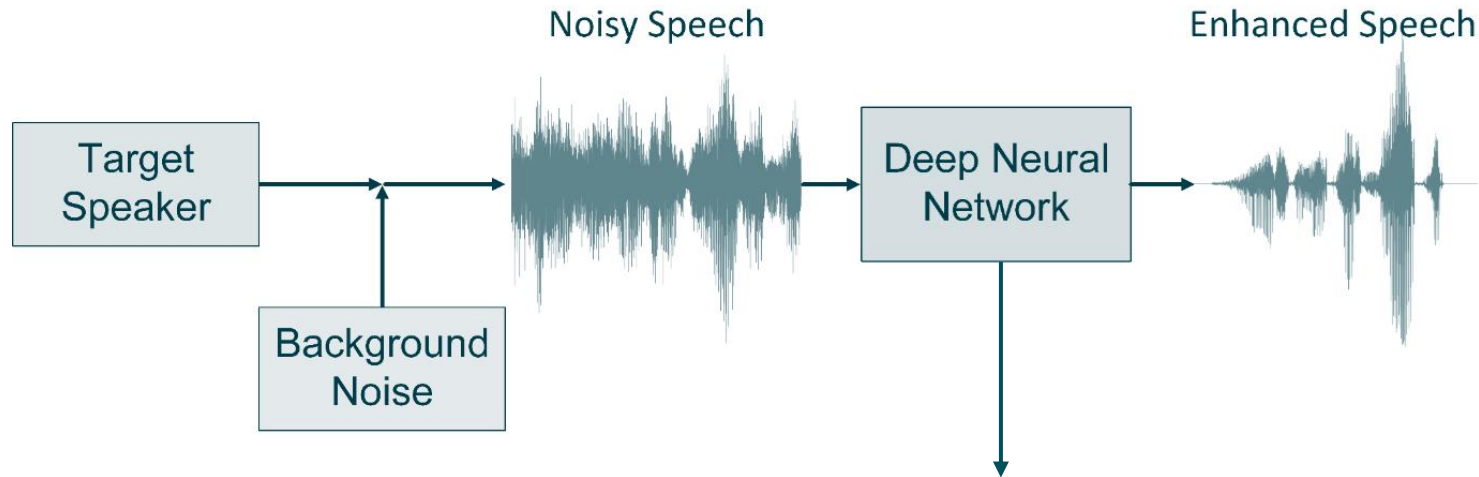
User-driven hearing aids



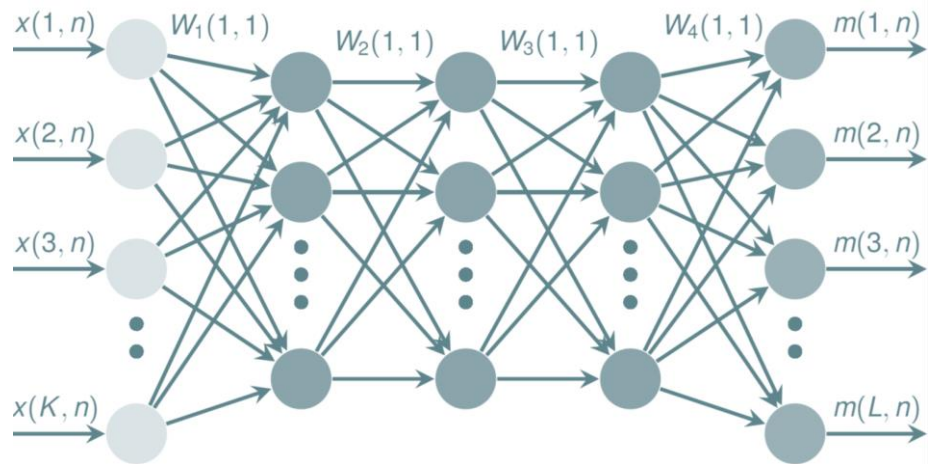
# How does Eriksholm work to support product innovation?



# Example: Using AI for speech enhancement



Noisy speech



Enhanced speech



# Opportunities for AI to solve hearing aid user challenges

## Simple acoustic situations

## Complex acoustic situations

## Very complex communication situations



AI can both transform the core and open new innovation directions

New machine learning-based approaches for amplification strategies, dynamic range compression, adaptive feedback cancellation etc.

Deep learning-based single-microphone noise reduction, multi-microphone noise reduction, active learning-based algorithms etc.

Attention decoding using eye gaze, head movement, users' speaking pattern or even brain signals





# Taking AI to the next level: What is required?

## Focus and commitment

**1** Committed investments in AI research to translate advances from academia into product innovation

**2** Focused research – a dedicated research facility like Eriksholm is unique in our industry

Still at the very early stages of applying AI to its full potential in hearing aids

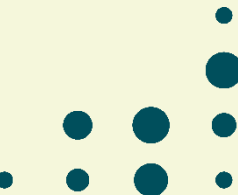
## Enabling technologies from core R&D

**3** Increased on-device processing power and memory

**4** Keeping power consumption manageable

**5** Strong, stable and fast connectivity

Getting AI right offers huge potential to take technology and the user experience to the next level



# Fuelling innovation and core technology development in Hearing Aids

Trends in hearing healthcare

Leading in hearing aid innovation

Taking Hearing Healthcare to next level with AI

**Introducing Oticon Intent**

Q&A

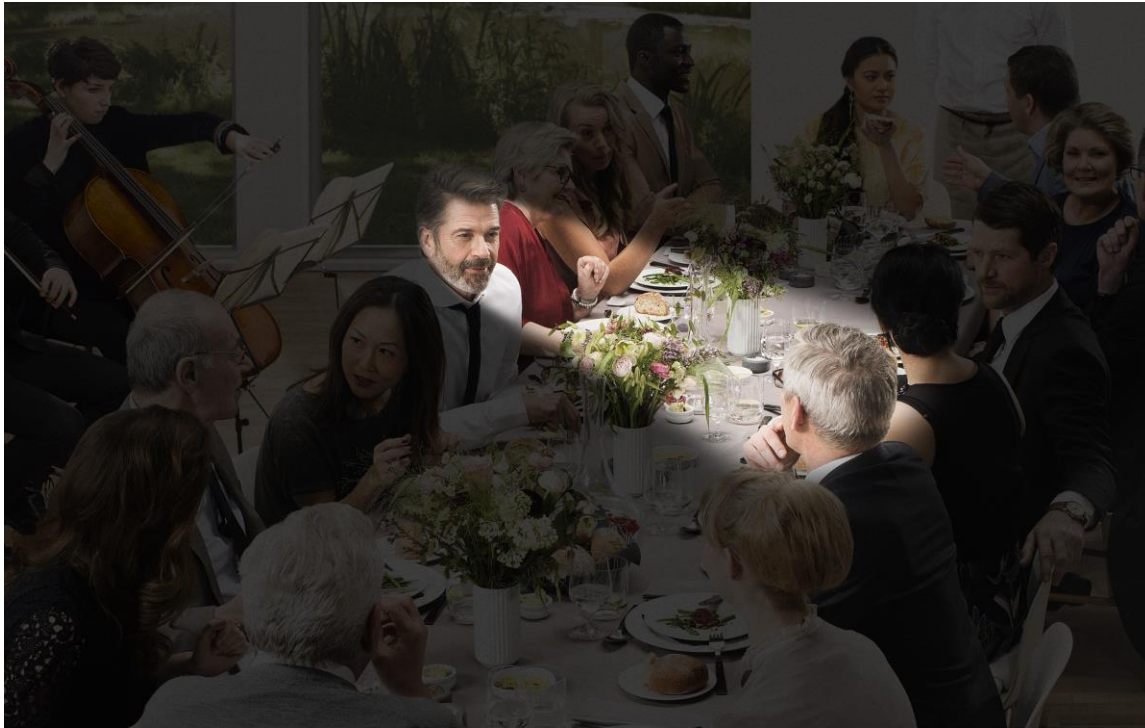
**Ole Asboe Jørgensen**  
*President*

Hearing Instrument Group

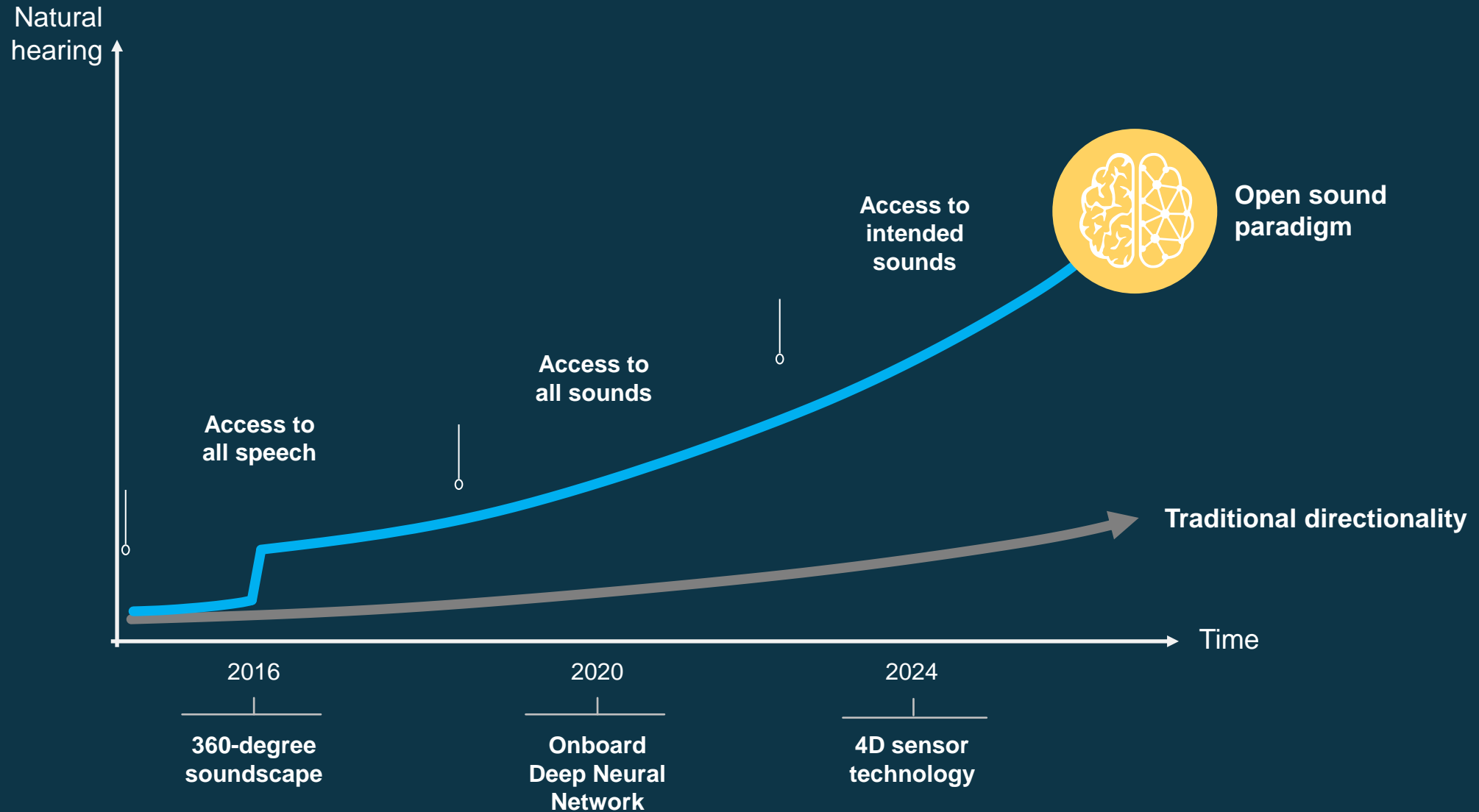
Demant

# Oticon Opn marked a paradigm shift

Launched in 2016



# A sustainable competitive advantage



# Oticon Intent marks biggest performance lift since Oticon Opn



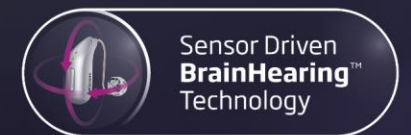
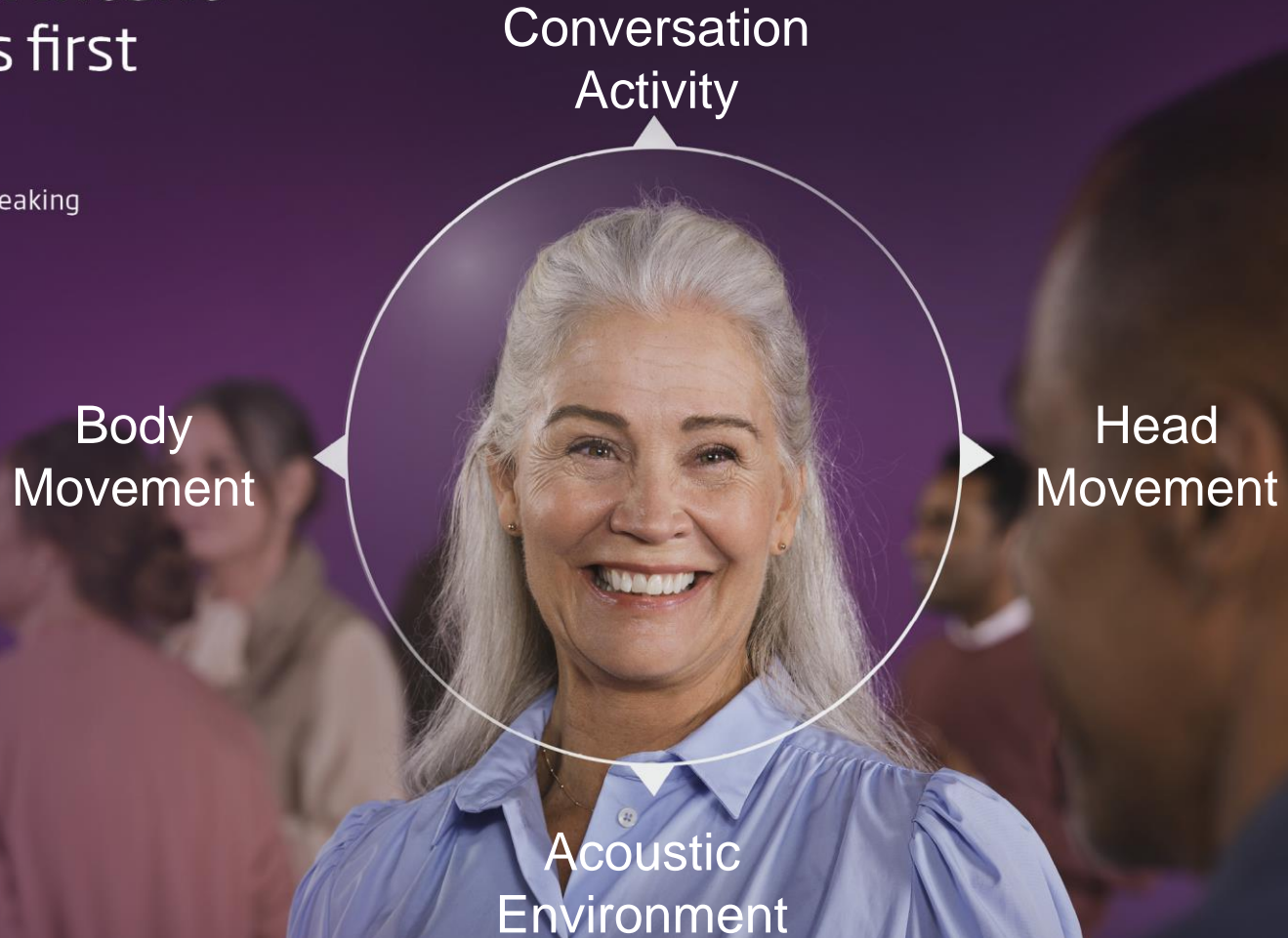
Until now, one size fits all: Hearing aids can only recognise the sound environment and provide support accordingly

New Oticon Intent detects the user's listening needs and applies the support needed

# Introducing Oticon Intent

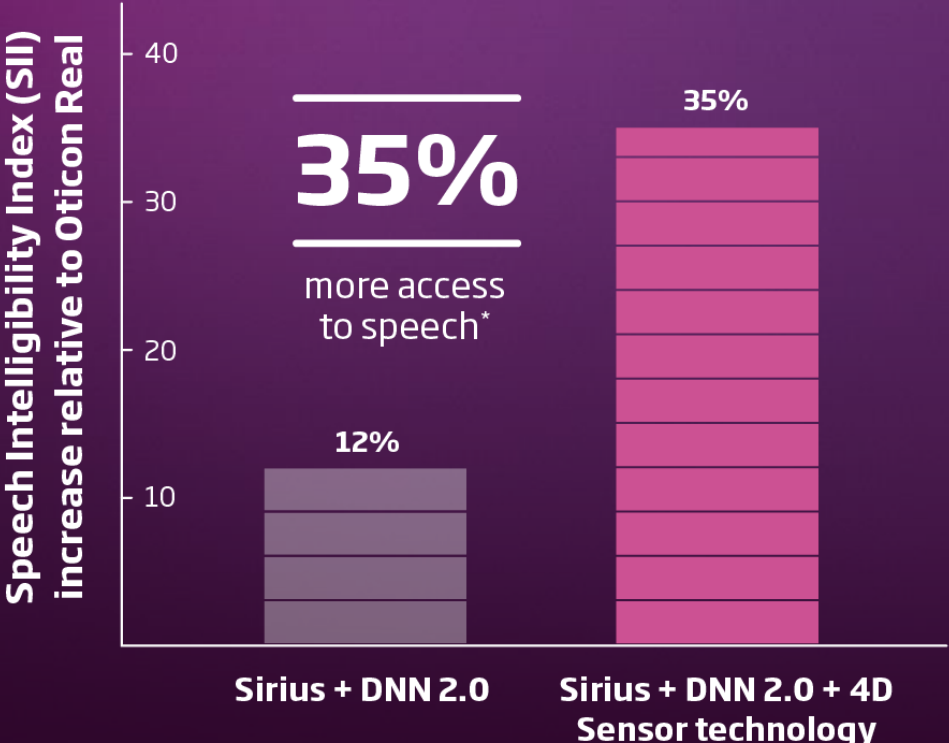
featuring the world's first user-intent sensors

Capturing listening intentions with groundbreaking 4D Sensor technology



# Outperforming previous generations

Increased access to speech cues compared to Oticon Real



UP TO  
**10%**  
better sound quality\*

UP TO  
**13%**  
more nuances in the sound scene\*

UP TO  
**10%**  
higher listening comfort\*

## Expanding base of clinical evidence

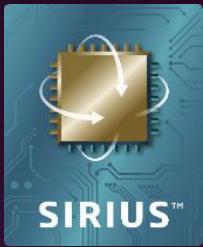


79 Source: Bianchi, Eskelund, Zapata-Rodríguez, Lopez, & Gade (2024). Oticon whitepaper – BrainHearing™ benefits of the 4D Sensor technology.

\*Compared to Oticon Real

# Introducing Sirius™

## A brand-new platform powering our user-intent sensors



### 4D sensor technology

An embedded motion sensor detects head and body movements, and several acoustic sensors detect sound level, signal-to-noise ratio, and conversation activity. These enable Oticon Intent to combine the different inputs necessary to run the 4D Sensor technology paradigm.

### Deep Neural Network 2.0 processing

Sirius is a brand-new platform with a chipset that's purpose-built for hearing aids, complete with our embedded, second-generation DNN for advanced preservation of the original sound, better noise suppression, and more clarity.

### Future-proof Bluetooth® LE Audio

Supports the connectivity technology of the future, Bluetooth LE Audio, incorporating a standard audio codec for streaming data and sound to and from a variety of devices with greater power efficiency.

### Expanded frequency bandwidth

Sirius gives us even lower hearing aid frequencies, with a bandwidth from 80 Hz to 10,000 Hz, giving a fuller sound scene with a richer representation of the environment and a better experience when listening to music.





# Oticon Intent

## Our smallest rechargeable miniRITE style ever

Launched in four price points



### New design

- 1.7 mm shorter than any previous Oticon miniRITE rechargeable style
- Features both a telecoil and a size 13 lithium-ion battery

### New intelligent speaker unit

- Transfer of calibration data for better performance
- Speaker data automatically transferred to fitting software
- Improved design for better retention and discreteness

### New battery system

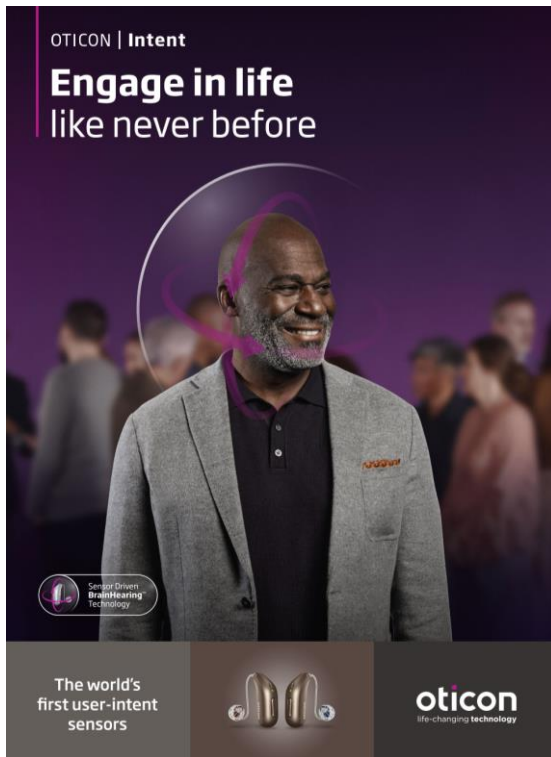
- Bigger battery for better performance and longevity
- Contact charging for fast charging and lower costs

# Strong Brand Portfolio



# New platform launched in 3 brands

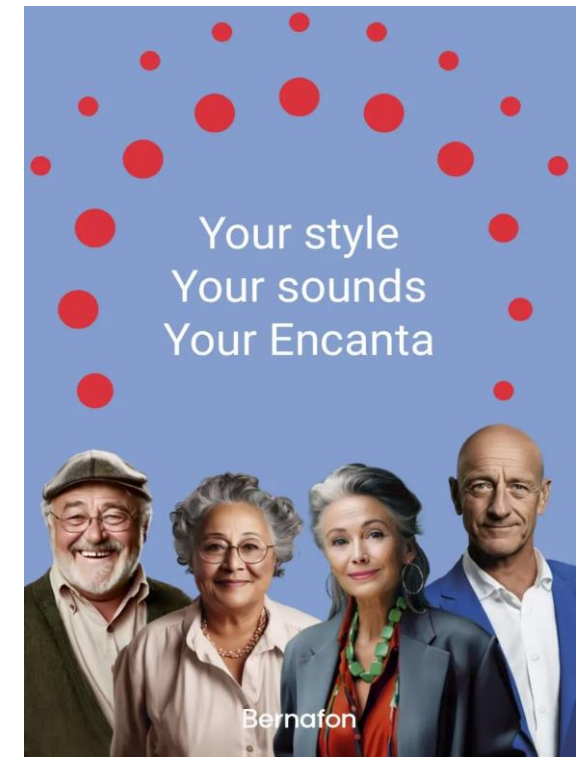
First products released for sale end of February 2024



**oticon**  
life-changing technology



**PHILIPS**



**Bernafon**  
THE SOUND EXPERIENCE

Demant



**oticon**  
life-changing technology

# Fuelling innovation and core technology development in Hearing Aids

Trends in hearing healthcare

Leading in hearing aid innovation

Taking Hearing Healthcare to next level with AI

Introducing Oticon Intent

Q&A

# Agenda

Time (CET)	Topic	Presenter
11:00	Welcome	Peter Pudselykke
11:10	Sharpened focus on Hearing Healthcare	Søren Nielsen
11:45	Q&A	
12:00	Lunch break and product demos	
13:00	Fuelling innovation and core technology development in Hearing Aids	Ole Asboe Jørgensen, Patrik Hartvig, Kim Haldne, James Michael Harte
14:10	Q&A	
14:30	Break and product demos	
14:55	Succeeding in the US hearing aid market	Ty Lee
15:30	Q&A	
15:45	Continuing our Hearing Care growth journey	Niels Wagner
16:15	Q&A	
16:30	Break	
16:40	Driving scale benefits to deliver long-term shareholder value	René Schneider
17:10	Final Q&A	
17:25	Concluding remarks	Peter Pudselykke



**Break  
&  
Product  
demos**

**Up next (14:55 CET):**  
Fundamentals of hearing aid distribution

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A professional meeting scene with three people. A woman on the left, a man in a white shirt in the center, and a man in a grey suit on the right are gathered around a laptop. The man in the grey suit is smiling and looking at the laptop. The background is a blurred office setting with a bookshelf and a potted plant.

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# Fundamentals of hearing aid distribution

Søren Nielsen, Group President & CEO

# Demant's strategic choices and enablers

CHOICES



Fuel **innovation and core technology development** to ensure strong customer value generation

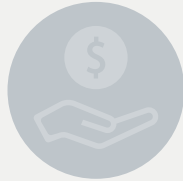


Participate in **consolidation of distribution** and leverage commercial position



Grow **across geographies and channels** and in **adjacent business activities**

ENABLERS



Leverage **scalability** and increase **business resilience**




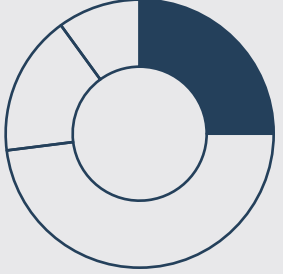
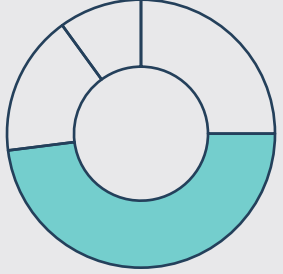
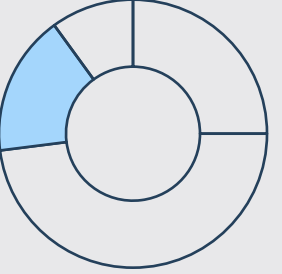
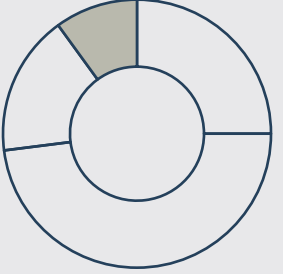


Continuously drive a **culture of inclusion and engagement** to a higher level

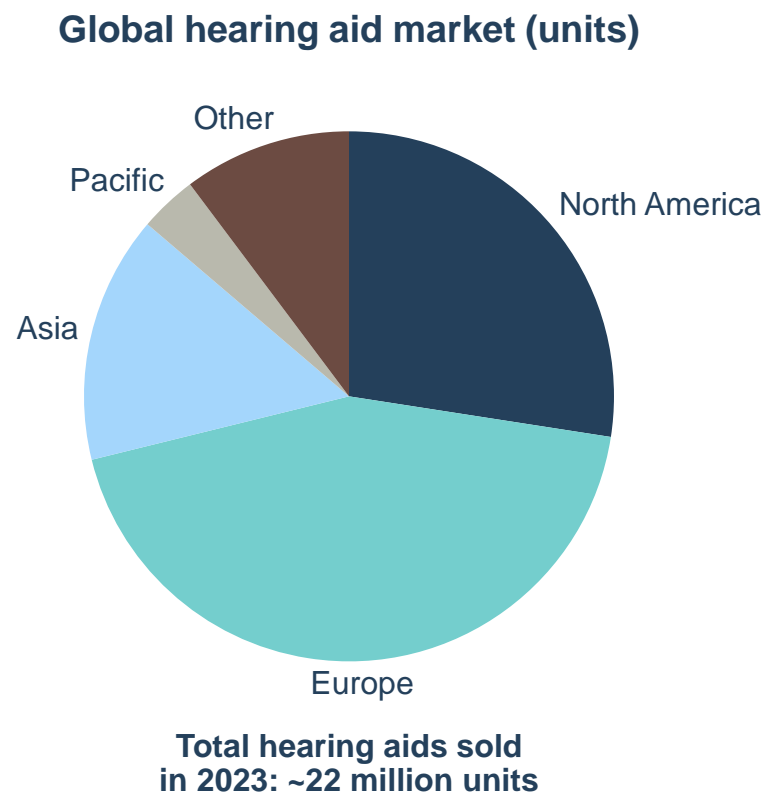


Drive **responsible and sustainable** business practices

# Distribution of hearing aids varies significantly by channel

	Government channels	Independents	Large chains	Manufacturer-owned retailers
Description	<ul style="list-style-type: none"> <li>Professional purchasers</li> <li>Work closely with manufacturers with a focus on audiological performance</li> <li>Capacity constraints are main challenges in the system</li> </ul>	<ul style="list-style-type: none"> <li>Highly specialised care</li> <li>Often owned by HCP with a strong educational background and a <b>dedicated</b> mindset</li> <li>May carry solutions from multiple manufacturers but often have <b>preferred</b> products</li> </ul>	<ul style="list-style-type: none"> <li>Strong brand recognition</li> <li>Typically, <b>strong focus on</b> processes and optimisation to obtain lower purchase prices</li> <li>Expect leading suppliers and <b>latest technology</b></li> </ul>	<ul style="list-style-type: none"> <li>Vertically integrated retail</li> <li>High marketing spend to drive traffic and need scale to run profitably</li> <li>Loyal to ownership structure and mainly sell from one <b>manufacturer</b></li> </ul>
Examples				
Needs	<ul style="list-style-type: none"> <li>Quality, consistency and effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Best product and high responsiveness from all touch points</li> </ul>	<ul style="list-style-type: none"> <li>Price competitiveness and superior technology</li> </ul>	<ul style="list-style-type: none"> <li>Strong product and brand awareness</li> </ul>
Estimated unit market split (2023)				

# The hearing aid market remains the largest in North America and Europe



## Differences in market dynamics across geographies:

- Penetration and growth rates
- Reimbursement structure
- Composition of distribution
- Customer and patient requirements
- Product mix

## Requirements to address customer complexity:

Fundamental insight into customer preferences

Industry leading technology and product portfolio

Strong understanding of user requirements

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**Succeeding in the  
US hearing aid market**

# Speaker



**Ty Lee**

President, Hearing Aids North America

## Agenda

- 1 Company overview and organisation
- 2 US hearing aid market dynamics
- 3 Our approach and multi-brand strategy
- 4 US channel deep-dives

# North America is the largest geography for Demant



Demant  
North America

Revenue  
DKK 9.1 billion

*Ambition:  
To improve as  
many lives as  
possible*



Hearing Aids

Revenue share  
~60%

**oticon**  
life-changing technology

**PHILIPS**

**Bernafon**  
THE SOUND EXPERIENCE



Hearing Care

Revenue share  
~25%

**HearingLife**



Diagnostics

Revenue share  
~15%





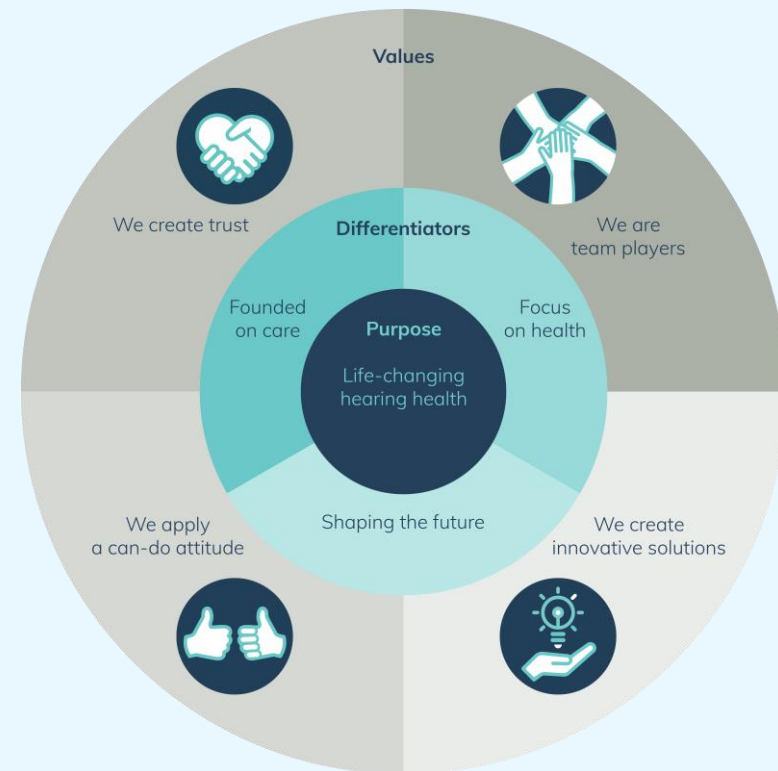
# North America Leadership Team

Focused on driving synergies between business areas and economies of scale in the value chain

## Team responsibility ...

- **US Hearing Aids wholesale (Oticon, Philips, Bernafon)**
- **US Buying Group (CQ Partners)**
- **Canada Hearing Aids & Diagnostics**
- **North America Group Services (Finance, HR)**
- **North America Hearing Aids Operations**
  
- Indirect:
  - North America Hearing Care & US Diagnostics
  - Enterprise IT & Legal

## ... enabled by a strong cultural foundation



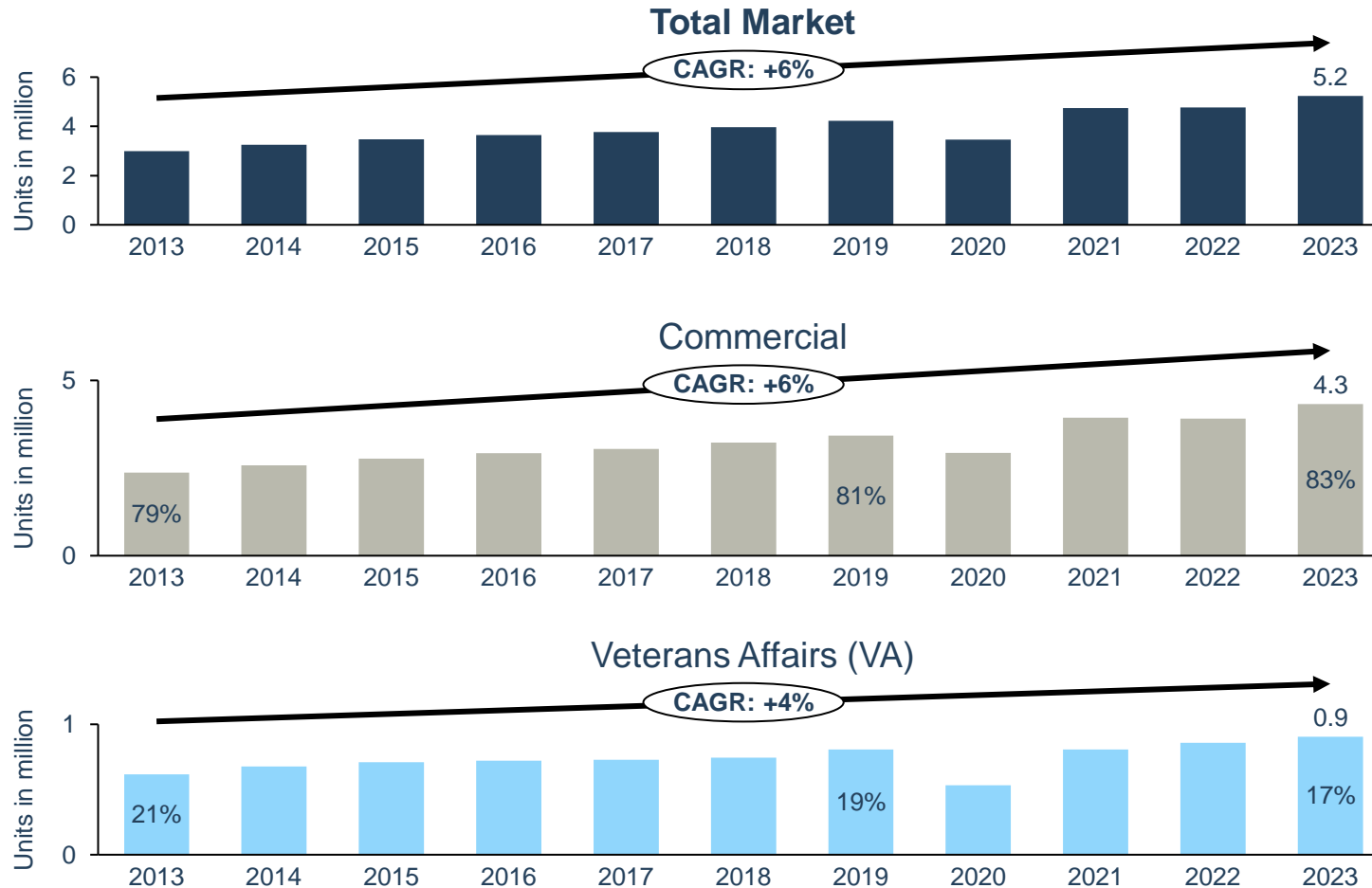
# US Hearing Aids wholesale approach

---

- 1** Continue our history of innovation in audiology with a commitment to the medical model
- 2** Aligned to the needs of professionals and users now and in the future
- 3** Committed to being the most collaborative and responsive partner to our customers and earning the privilege of being the partner-of-choice
- 4** Strong understanding and crisp application of commercial excellence best practices by channel

# Historical view of the US hearing aid market

Over time, we have seen strong underlying hearing aids unit trends in the US market

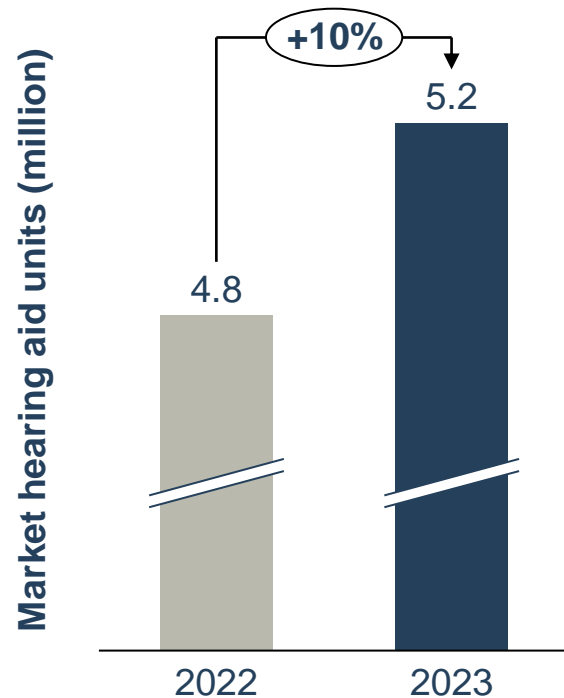


## Key insights over the last decade

- Strong underlying growth in the market briefly interrupted by the coronavirus pandemic
- Strong underlying age demographics, as the US market is in the middle of the birthrate spike known as the 'Baby Boomer' generation
- Today's hearing aids consumer is ever more tech-savvy and active

# Structure of the US hearing aids market

Over time, our expectation is the category stays consistent to the historic trend of 4-6% unit growth



Channel	2023 units	% of hearing aid category
Veterans Affairs	0.9MM	17%
Independent	2.4MM	46%
Large chains	0.8MM	16%
Manufacturer-owned retailers	0.7MM	13%
Other <sup>1</sup>	0.4MM	8%
<b>Total HAs</b>	<b>5.2MM</b>	<b>100%</b>

- Of which are managed care:  
~1.1MM  
(~30%)

<sup>1</sup>"Other" volume is majority medicaid, as well as omni-channel website sales, OTC

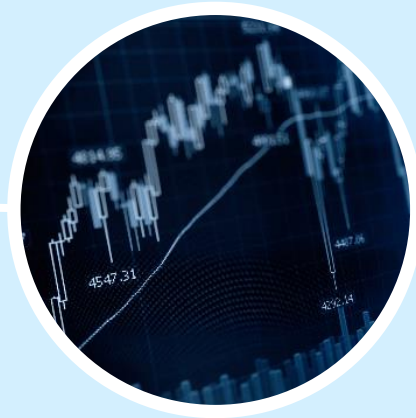
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# Our US Hearing Aids wholesale approach



# US approach to deliver a superior customer experience

**US Hearing Aids wholesale**



**Operational and service excellence**



**Improve professional effectiveness and efficiency**



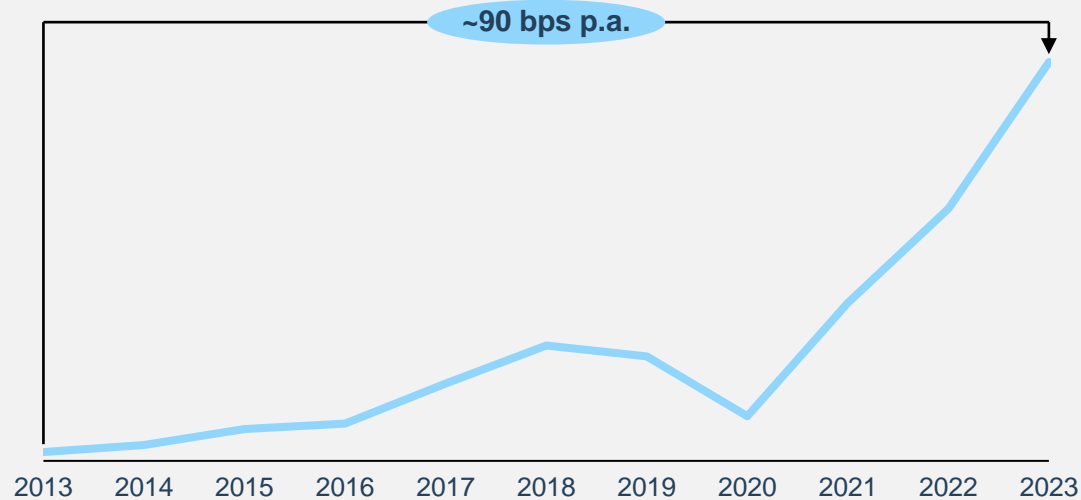
**Innovative solutions**

**Demant**

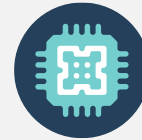
# Strong momentum in recent years

Our Hearing Aids business is outpacing the US market driving unit share growth

Demant US hearing aids  
unit market share development



## Drivers of success:



**Innovation leader** with world-leading capabilities, dedicated in-house chipset design and core research facility fulfilling tech-savvy customer needs



**Consistent business growth** driven by strong structural demographic trends including aging population and increased life-expectancy



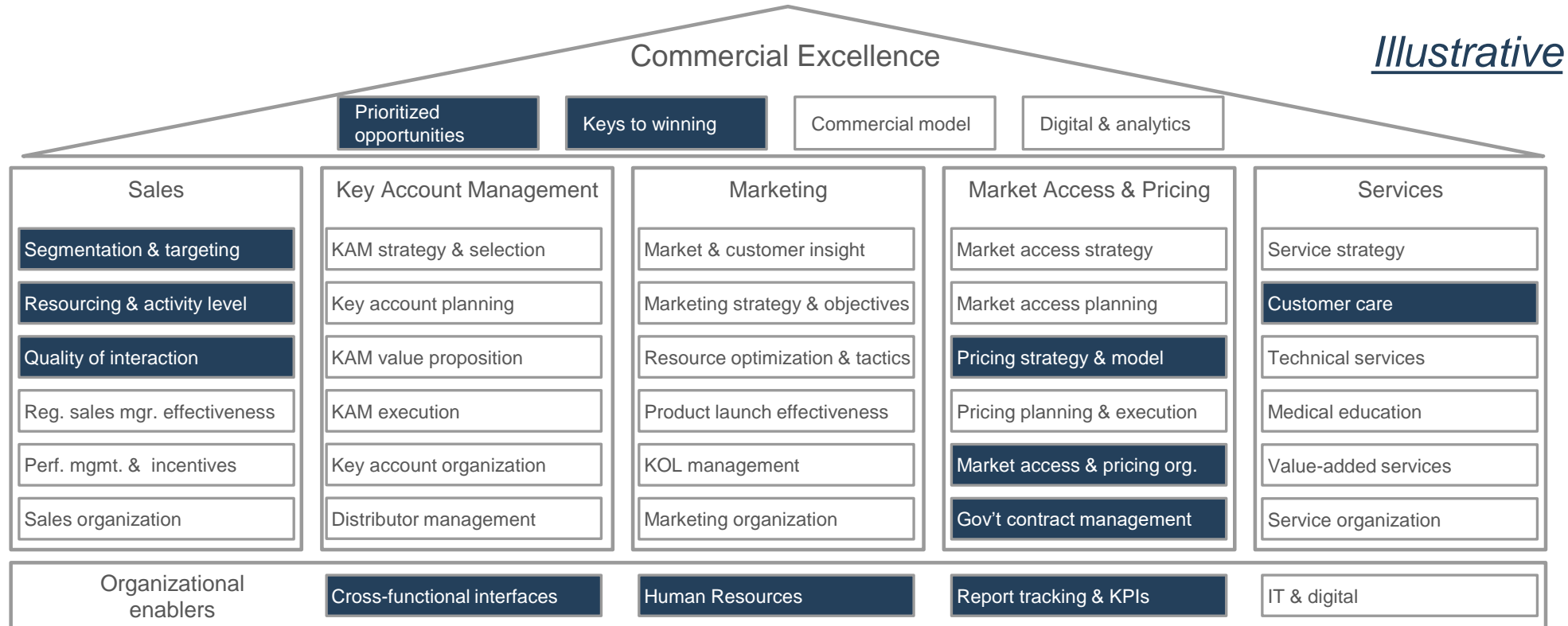
**Strong go-to-market channel strategies:** Momentum in unit market share growth anchored in best practice commercial excellence



**Focused on driving synergies** between business areas and **economies of scale** in the value chain

# US go-to-market effectiveness & efficiency

US Demant Hearing Aids team anchored in optimizing commercial excellence best practices



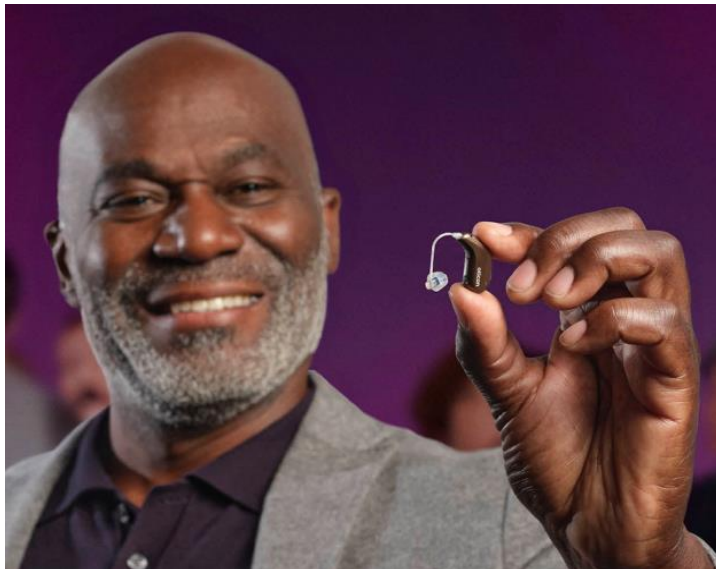


# Opportunity to maximize our multi-brand strategy

US Demant Hearing Aids team to leverage our new product launches across target channels

**oticon**

Leader in audiology.  
The professionals preferred choice



**PHILIPS**

Well-known and trustworthy.  
The consumers' preferred choice



**Bernafon**

Empower HCPs to deliver  
excellence in hearing care





US  
channel  
deep dives

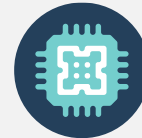
# US independent channel performance

Demant US Hearing Aids outpacing the market driving unit share growth fueled by our portfolio

## Demant US independent channel



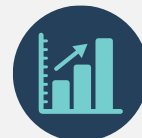
## Drivers of success:



**Innovation leader** with leading technologies and solutions



**Consistent business growth** in Hearing Aids driven by strong segmentation, targeting & execution



**Strong go-to-market independent channel strategies:** Momentum in market share growth anchored in best practice sales & pricing excellence

# US independent channel performance

Clear and quantified view on market opportunities, enabled by strong sales practices

## Segmentation & strategic priorities

Based on internal data

Sales Segmentation	Revenue SOW			
	4	3	2	1
	Not Present	Present but no position	Strong Position	Leading Position
A	Group 2	Group 2	Group 1	Group 1
B				
C	Group 4	Group 4	Group 3	Group 3
D				

Evolution needed to ensure segment differentiation and focus

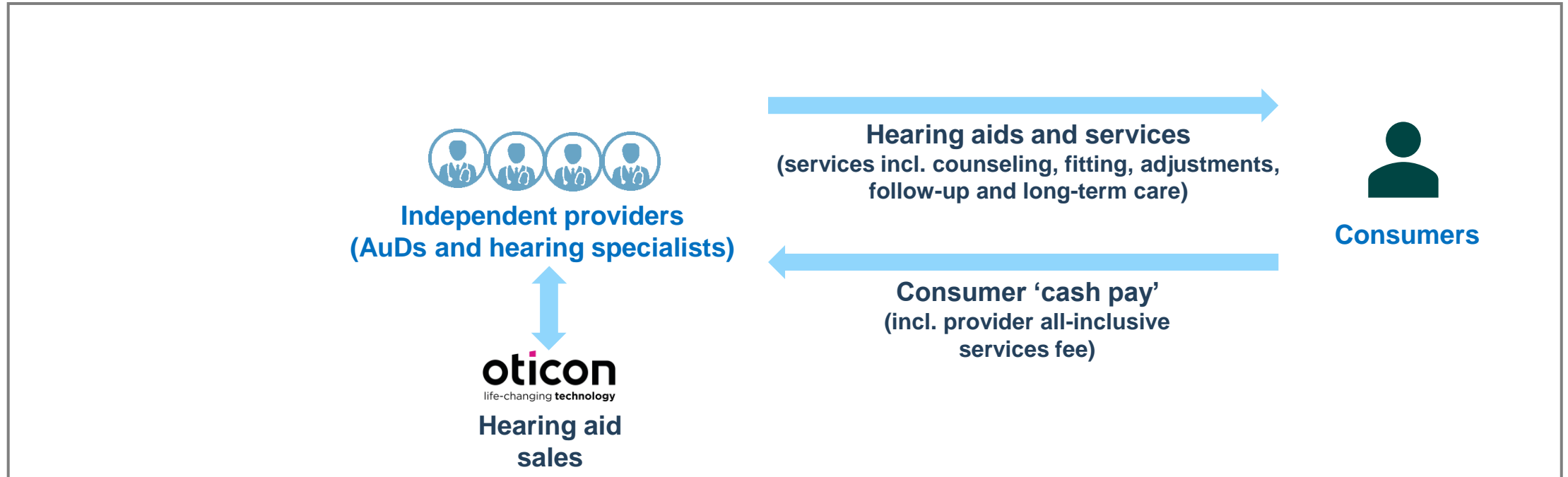
## ... enabled by key pillars of success



Revenue growth in competitive accounts while protecting existing business

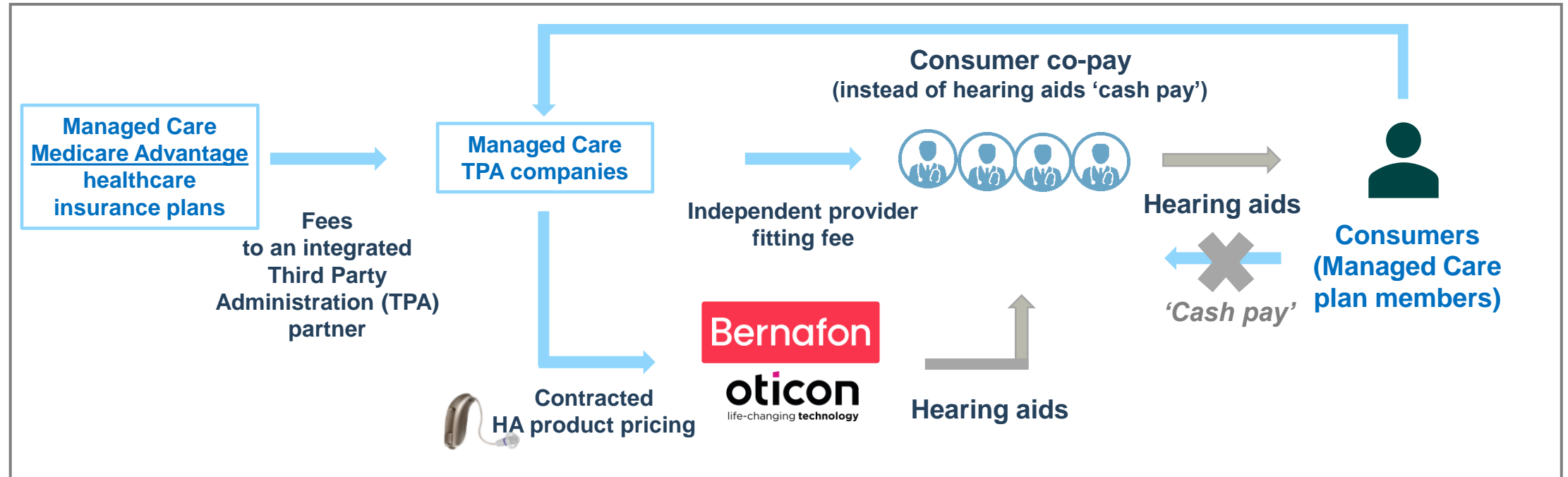
# Independent channel ‘cash pay’ business model

Independent providers can provide the best care when afforded the time to deliver counseling, return office-visit adjustments and long-term follow-up services



# Third Party Administration (TPA) business model

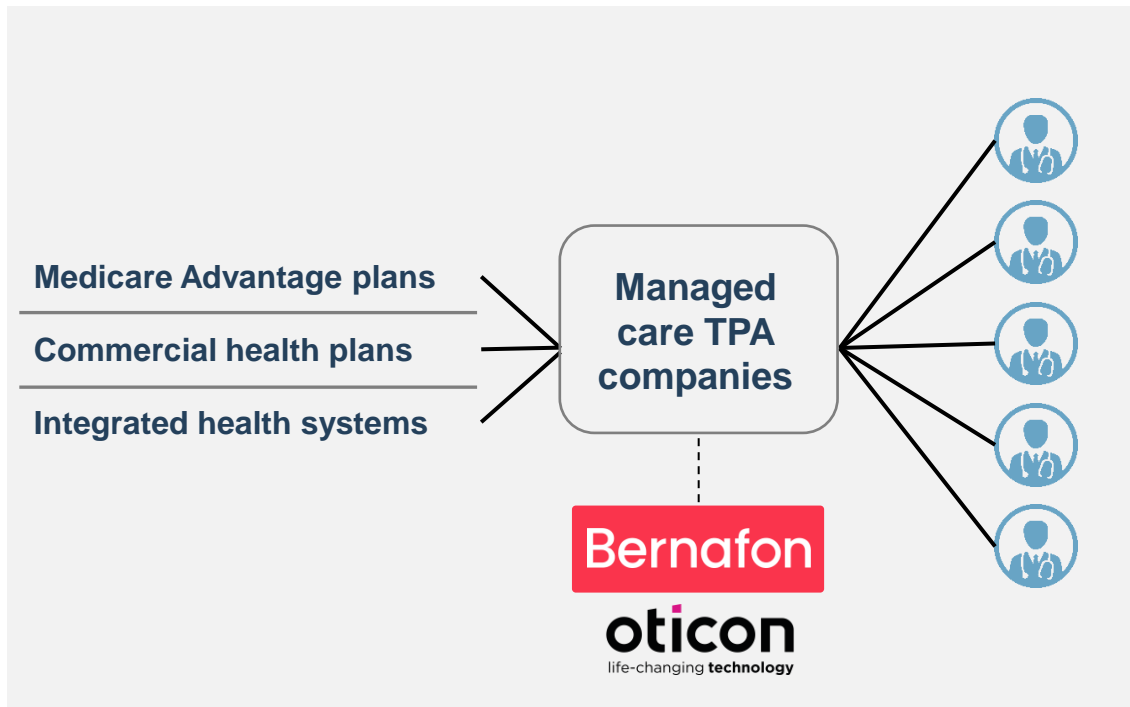
Demant's US Managed Care team is actively navigating & optimising TPA contracting



# Third Party Administration (TPA) growth

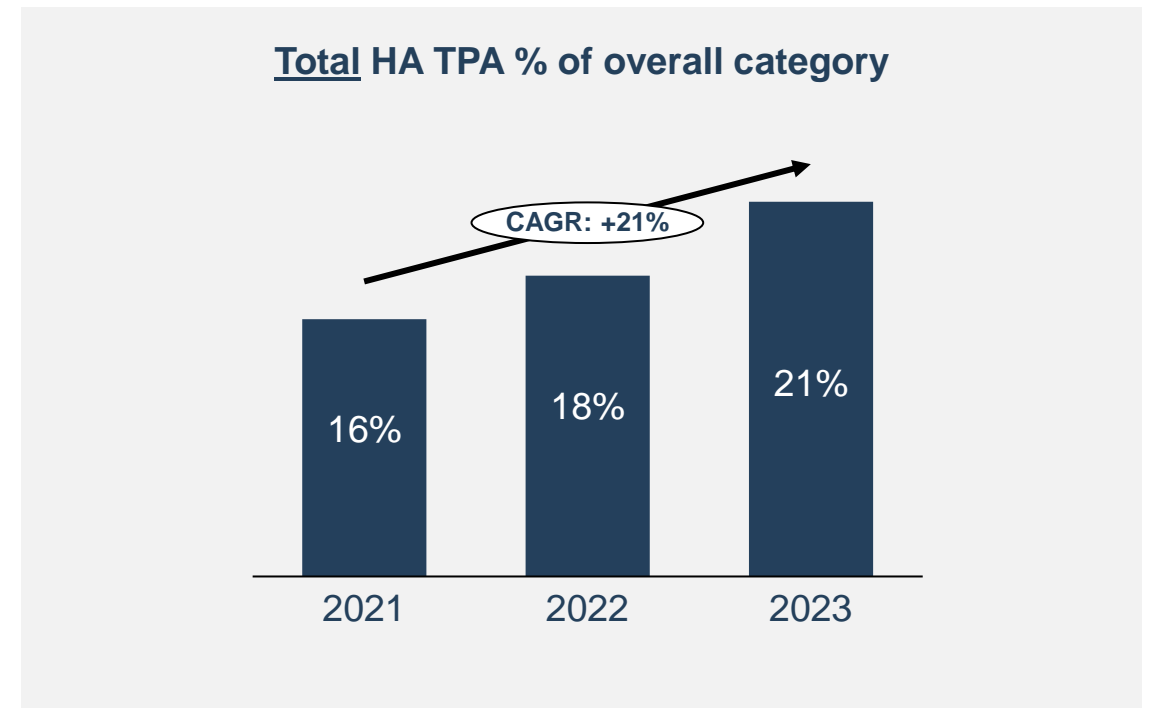
## Present and future expansion

TPA companies are contracting with Medicare Advantage health insurance plans to control volume (and sometimes limiting professional brand choice)



## TPA volume (and provider fee) control

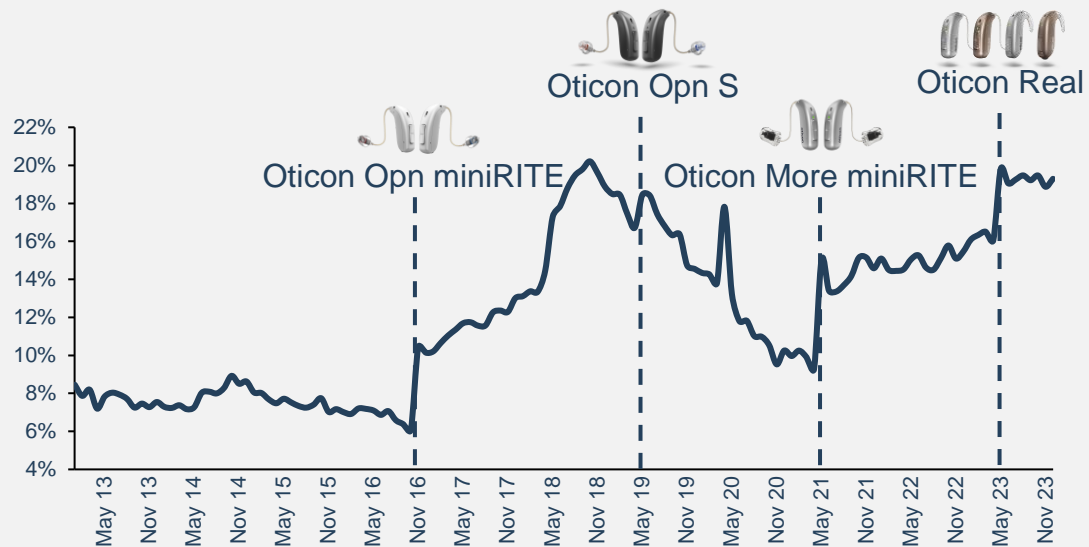
TPA channel dynamics are prompting Demant to actively navigate and optimise TPA contracting



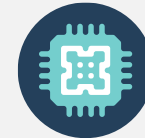
# US Veterans Affairs (VA) channel performance

Demant is focused on providing life-long audiology solutions to our military veterans

## Delivering Oticon VA Channel Growth



## By fully understanding the VA audiology service model



**Only top tier technology** on a 5-year contract



**Over 9 million military veterans eligible for annual VA healthcare benefits** and after rigorous hearing tests, >450,000 veterans were fitted with >900,000 hearing aids in 2023



**>1,400 audiologists service the >500 VA audiology sites** + the Community Care Network



**Audiologists are empowered to choose the hearing aids brand with the veteran**, where confidence in the product and software is critical

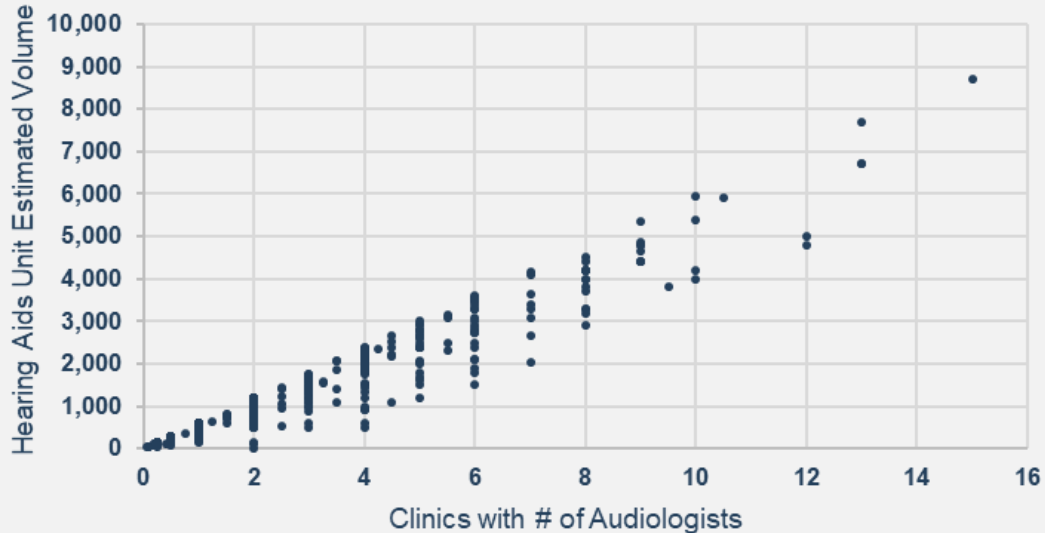


# US Veterans Affairs channel performance

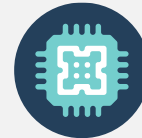
Clear view on how to deliver best services to the VA Audiologists that care for our military veterans

Deep understanding of VA AuDs to deliver best services to veterans

2024 Estimated VA Hearing Aids by Clinic



Success will be enabled by the following drivers:



**Innovation leader** with leading technologies and solutions, launching Oticon Intent in May 2024



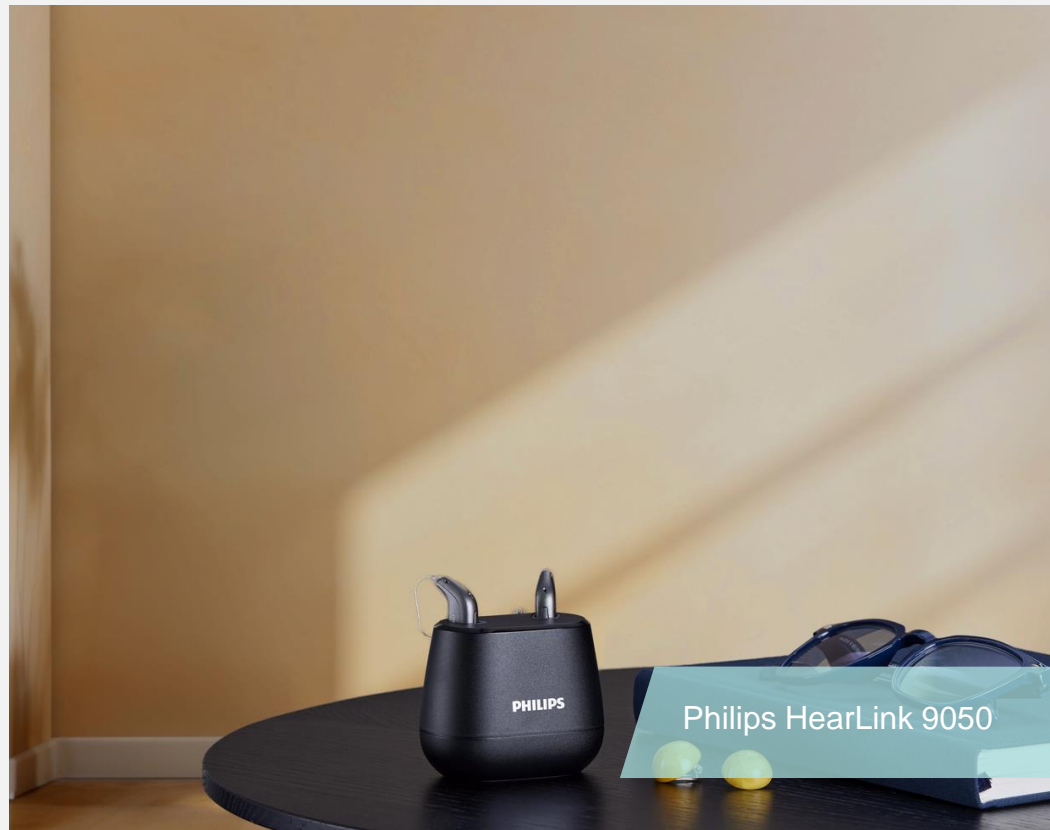
**Unwavering focus** on streamlining clinical / operational efficiency, and customer agility



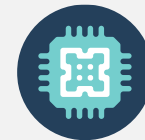
**Best services mindset** while always striving to deliver scalable practices for the complex clinic environment, with leading professional education

# Large retail chains performance

Demant is focused on providing leading hearing solutions to large chains



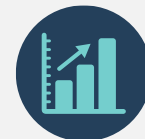
## Drivers of success:



**Innovation leader**, including with the leading Philips technologies and solutions



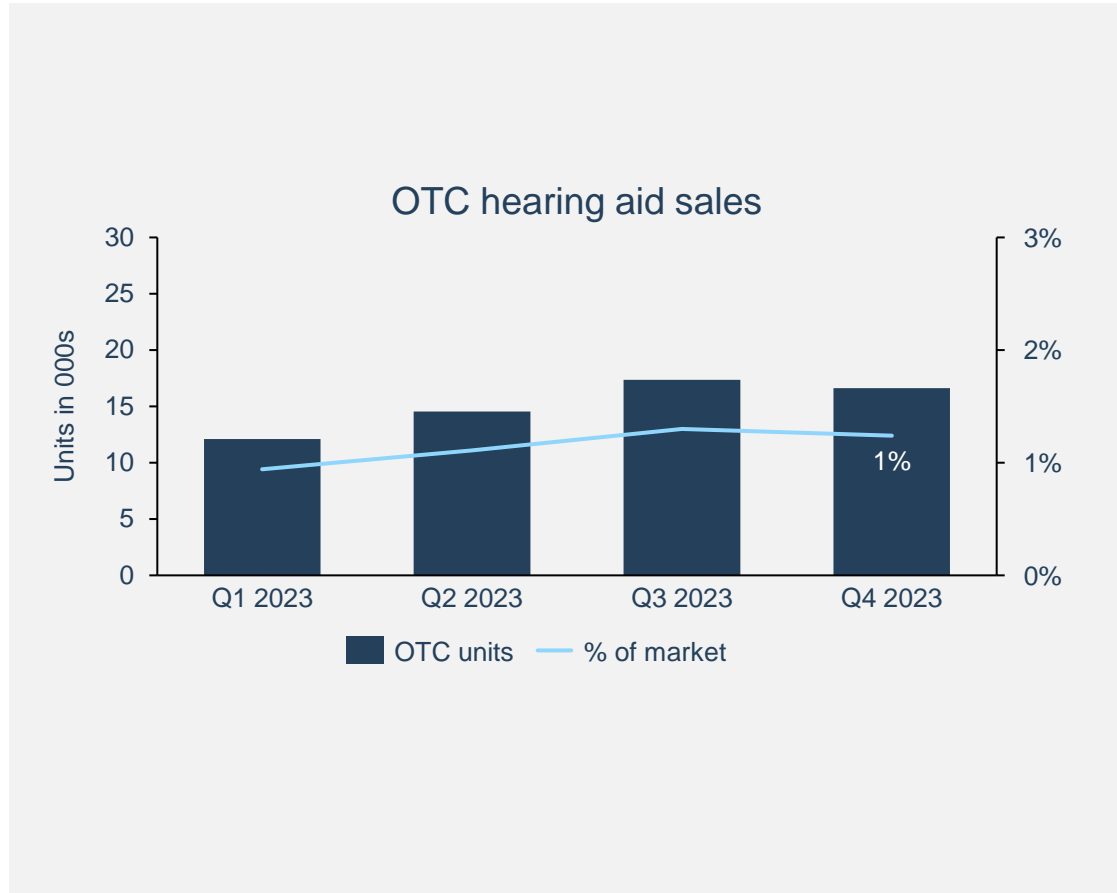
**Consistent focus** on strong global account partnership and collaboration to earn being the partner-of-choice



**Collaborative demand growth strategies:** Partnership anchored in key account management, marketing and highly-responsive services

# Over-the-counter (OTC) hearing aids penetration

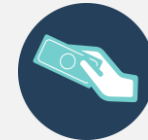
Initial uptake has been limited but the category increases access to hearing technology



## Our view:



OTC devices increases access to hearing technology but does not address **stigma** and **reluctance** to act



Customers continue to remain **price conscious** despite lower pricing vs. prescription hearing aids



We continue to remain focused on **personalised hearing healthcare** and believe users receive better care with the involvement of a **professional**

# US Hearing Aids wholesale approach

---

- 1 Continue our history of innovation in audiology with a commitment to the medical model
- 2 Aligned to the needs of professionals and users now and in the future
- 3 Committed to being the most collaborative & responsive partner to our customers and earning the privilege of being the partner-of-choice
- 4 Strong understanding and crisp application of commercial excellence best practices by channel

# Demant



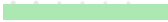
Q&A

# Agenda

Time (CET)	Topic	Presenter
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11:10	Sharpened focus on Hearing Healthcare	Søren Nielsen
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16:40	Driving scale benefits to deliver long-term shareholder value	René Schneider
17:10	Final Q&A	
17:25	Concluding remarks	Peter Pudselykke



# Continuing our Hearing Care growth journey



# Continuing our Hearing Care growth journey



**Niels Wagner**  
President, Hearing Care

## AGENDA

- **Hearing Care journey**
- **Market and Our play**
- **Looking ahead**





# Hearing Care journey

---



# Hearing Care is our global network of retail clinics, supporting our customers through their hearing journey



## HEARING CARE

2023 REVENUE

**42%**

- Audika
- Hidden Hearing
- HearingLife
- 声望听力



## HEARING AIDS

2023 REVENUE

**47%**

- oticon
- PHILIPS
- Bernafon



## DIAGNOSTICS

2023 REVENUE

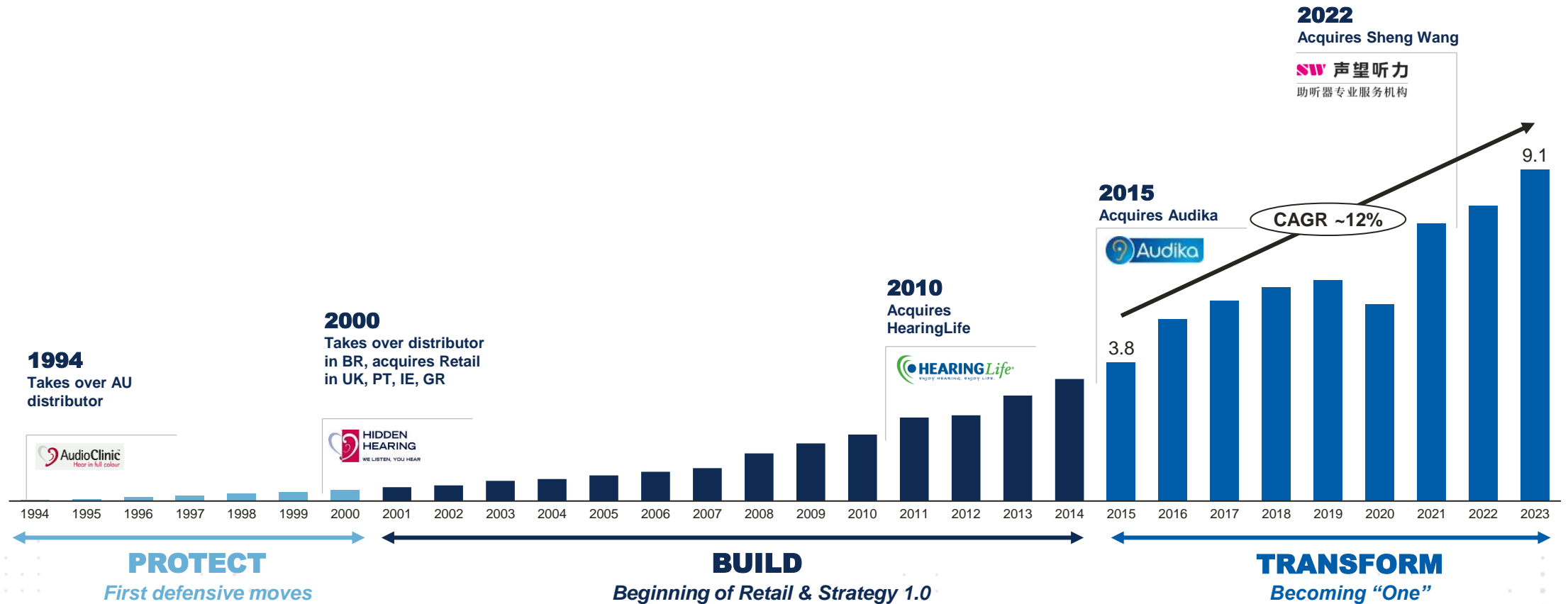
**11%**

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

# Over the past 15 years, Hearing Care has been on a significant growth journey

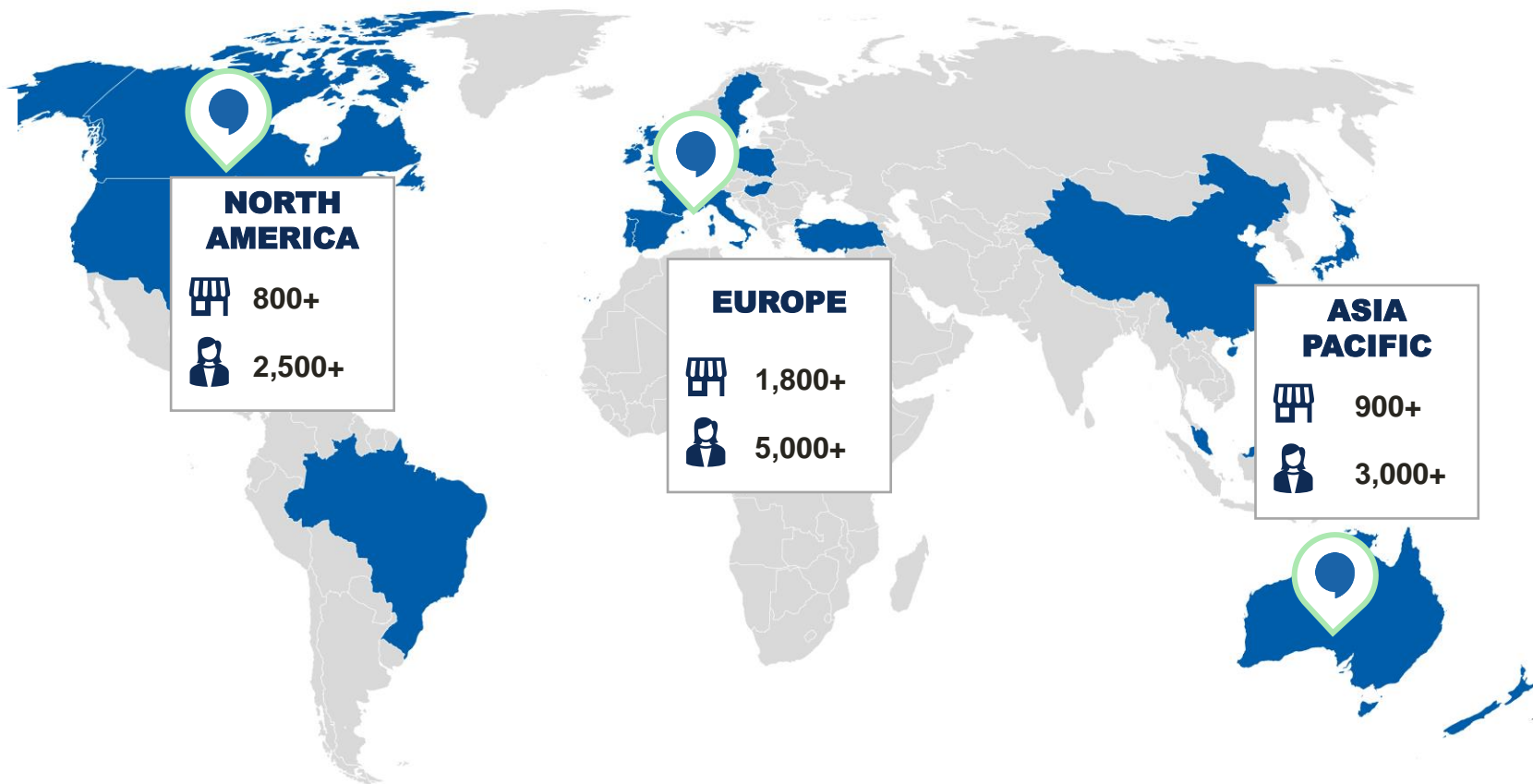


## THE AUDIKA GROWTH JOURNEY



# Present in all key markets with Americas and Europe accounting for majority of our business

## OUR GLOBAL FOOTPRINT



**25+**  
COUNTRIES



**3,500+**  
FULL-TIME CLINICS



**10,500+**  
EMPLOYEES



**550+**  
ACQUISITIONS



# Market & our play

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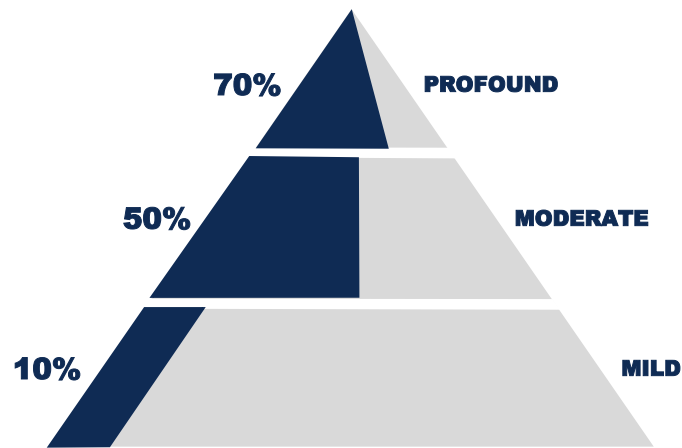
# Our business model and activities are shaped by three key characteristics of the hearing care industry



## CUSTOMERS IN DENIAL

**WE SEE..**  
*A prevalent stigma and reluctance to act on hearing loss*

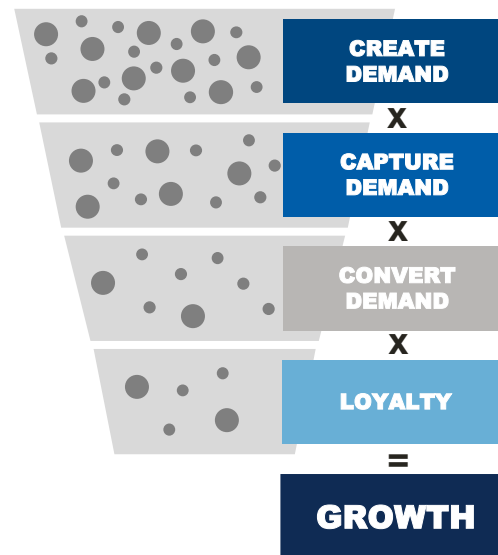
### HEARING AID PENETRATION



## SALES FUNNEL LEAKAGE

**WE FIND..**  
*That it is costly to move customers through the sales funnel, despite high market potential*

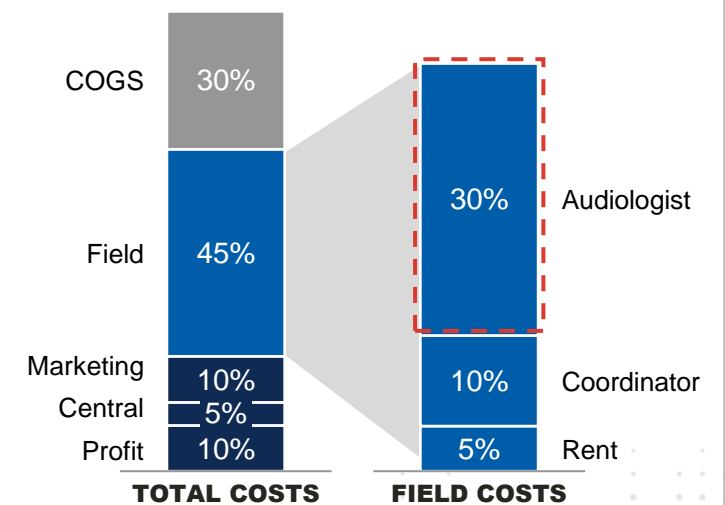
### SALES FUNNEL



## AUDIOLOGIST CAPACITY

**WE FIND..**  
*That audiologist's time is limited, leading to fixed capacity constraints*

### COSTS FOR INDEPENDENT RETAILER



ILLUSTRATIVE

# The mindset of customers and complexity of our products and services significantly impacts the customer journey



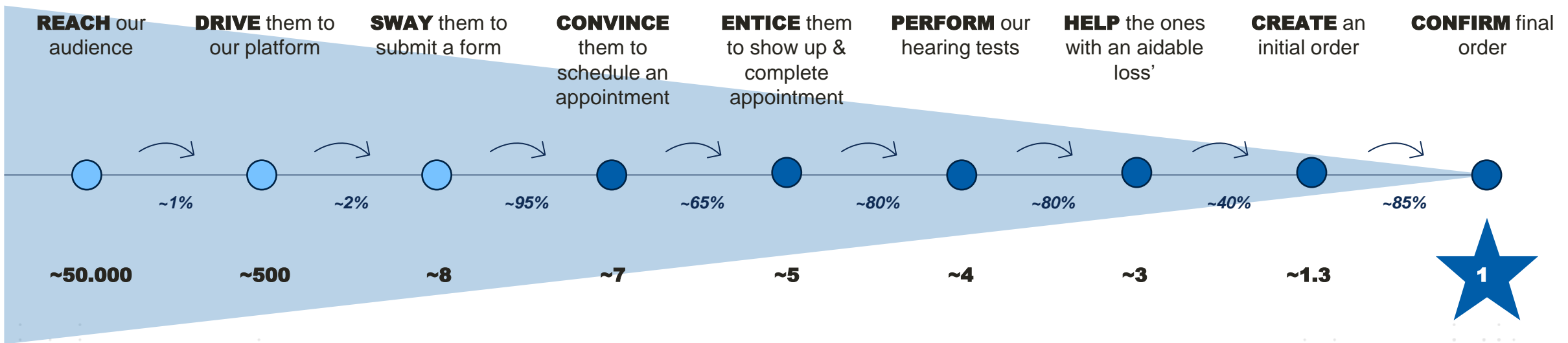
Our customer journey is lengthy, costly and complex, and starts with reaching the right audience and converting them in our sales funnel



We are constantly balancing our channel mix to optimize the volume and the quality of leads while balancing capacity in our clinics

To get **1 NEW CUSTOMER** we need to...

Illustrative



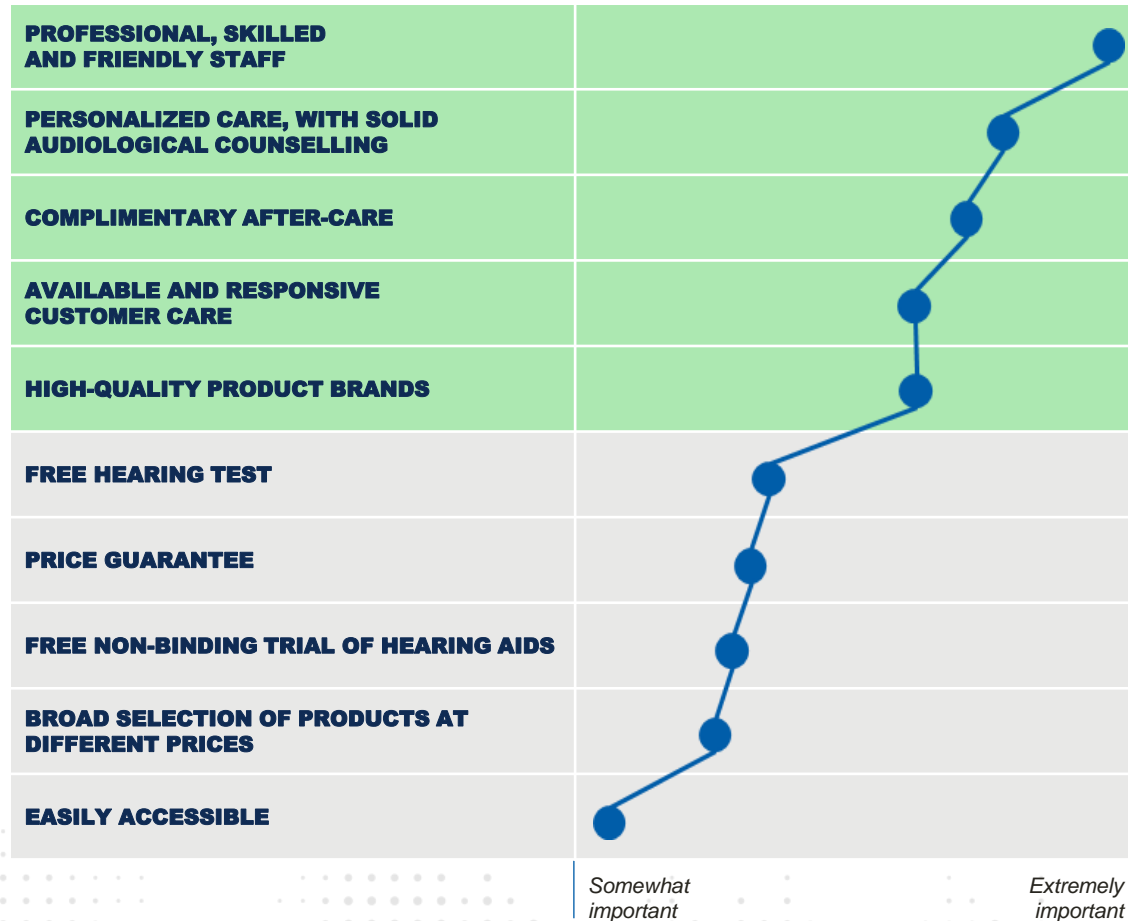
Marketing Funnel: Based on Paid Social Data (Meta), 2023

Sales Funnel: Based on Sales Data (Meta), 2023

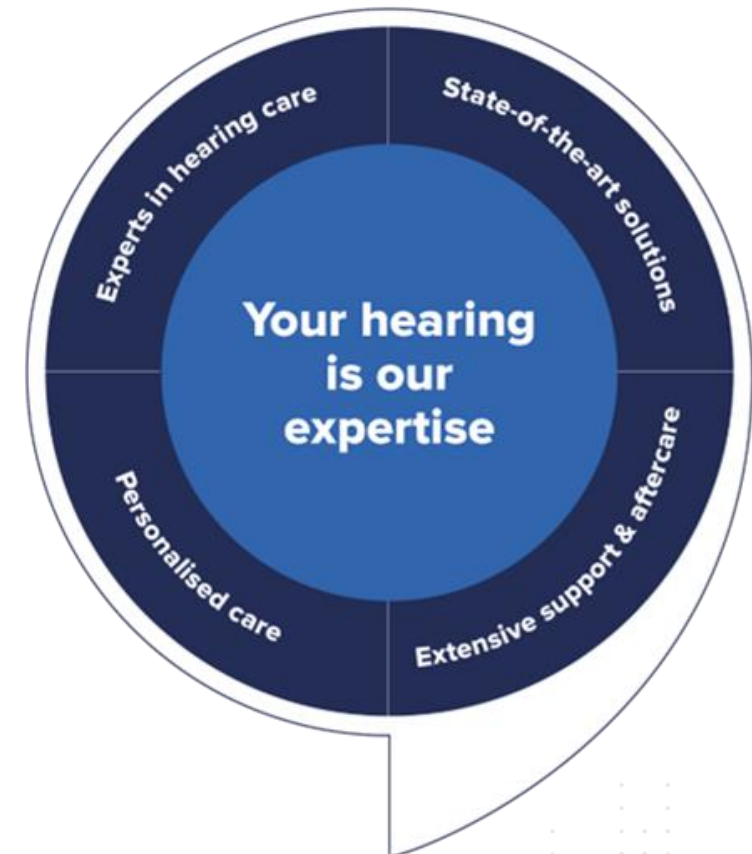
# Our value proposition matches the customers need for a skilled, personalized and high-touch experience



## CLINIC SELECTION – CONSUMER DRIVERS<sup>1</sup>



## OUR VALUE PROPOSITION



<sup>1</sup> Value Mapping Analysis. YouGov on behalf of Audika, January 2022, Global (n=10,224), Survey conducted in US, FR, CA, AU, UK, IT and DK



# Our strategy reflects our response to the key characteristics of the hearing care market



**Our STRATEGY to help more people hear better:**

## PURPOSE

We create life-changing differences through hearing health

## STRATEGIC CHOICES

The role of the professional

Consolidation & growth

## STRATEGIC PRIORITIES

Brand & experience

Operational excellence

People & expertise

## GOALS AND METRICS

Customer engagement

Revenue growth

Employee engagement

# Brand & Experience: Our customer satisfaction is high, but in the early part of the customer journey we have opportunities



## Brand awareness

Share of people who knows about our brand



**LOW**

Estimated performance

## Brand consideration

The extent to which consumers are willing to consider a brand when making a purchase decision – how many people would consider buying a product from us

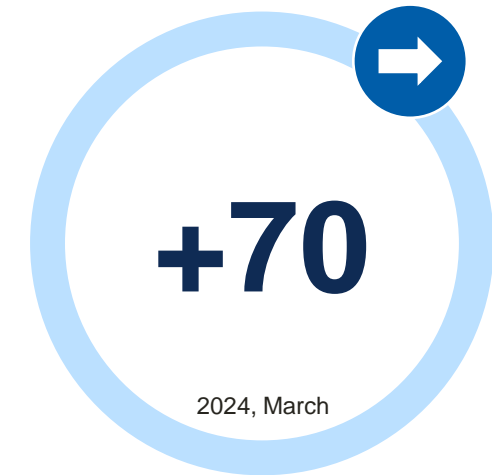


**MEDIUM**

Estimated performance

## Customer satisfaction

Net promoter score – How likely customers are to recommend us



**HIGH**

Estimated performance

Trending recent years

Indicative numbers. Weighted average across all markets. Brand Awareness aided.

NPS An NPS score measures customer loyalty by looking at their likelihood of recommending a given business. Your NPS score is measured with a single-question survey and reported with a number ranging from -100 to +100, where a higher score is desirable

# People & Expertise: We are working to increase engagement and retention



## Attraction

*Attractiveness of Audika as a place to work*



## Engagement<sup>1</sup>


*Overall engagement and satisfaction with your place to work*



## Retention

*Ability to retain employees in the company*

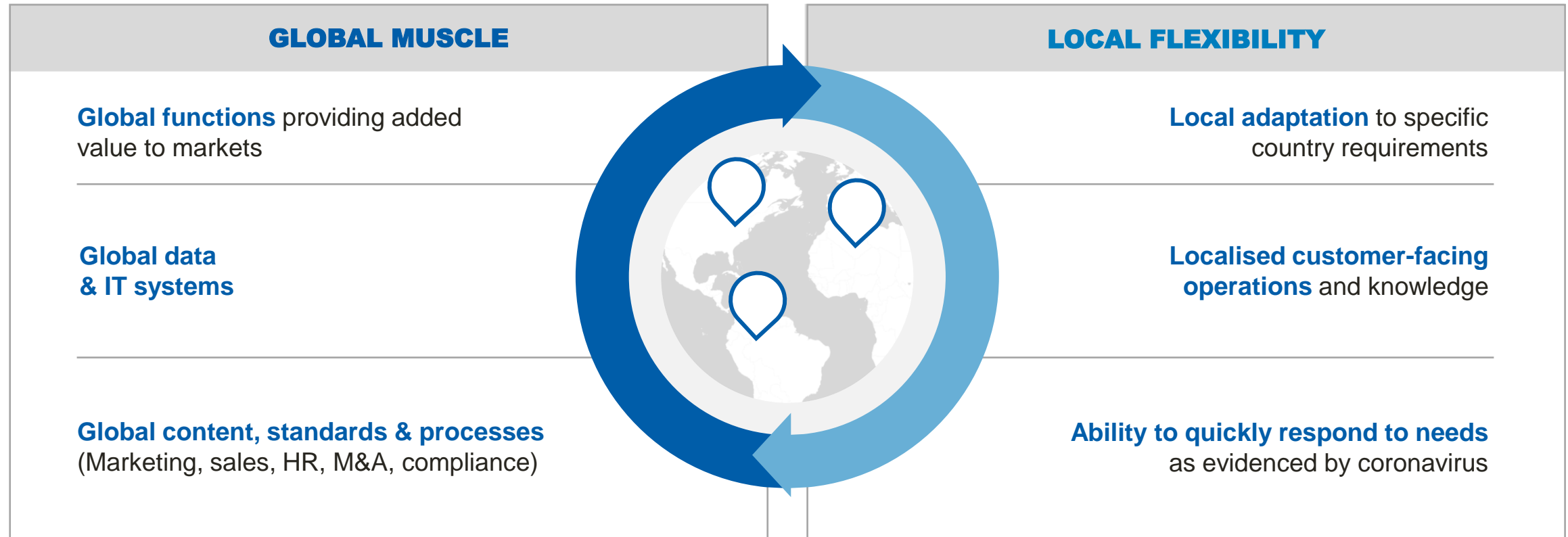


 Trending recent years

Average across all markets.

<sup>1</sup>Engagement is measured via our PULSE engagement survey every year and is a subset of questions

# Our approach to global-local collaboration is focused on leveraging global muscle-power *and* local flexibility





# Looking ahead

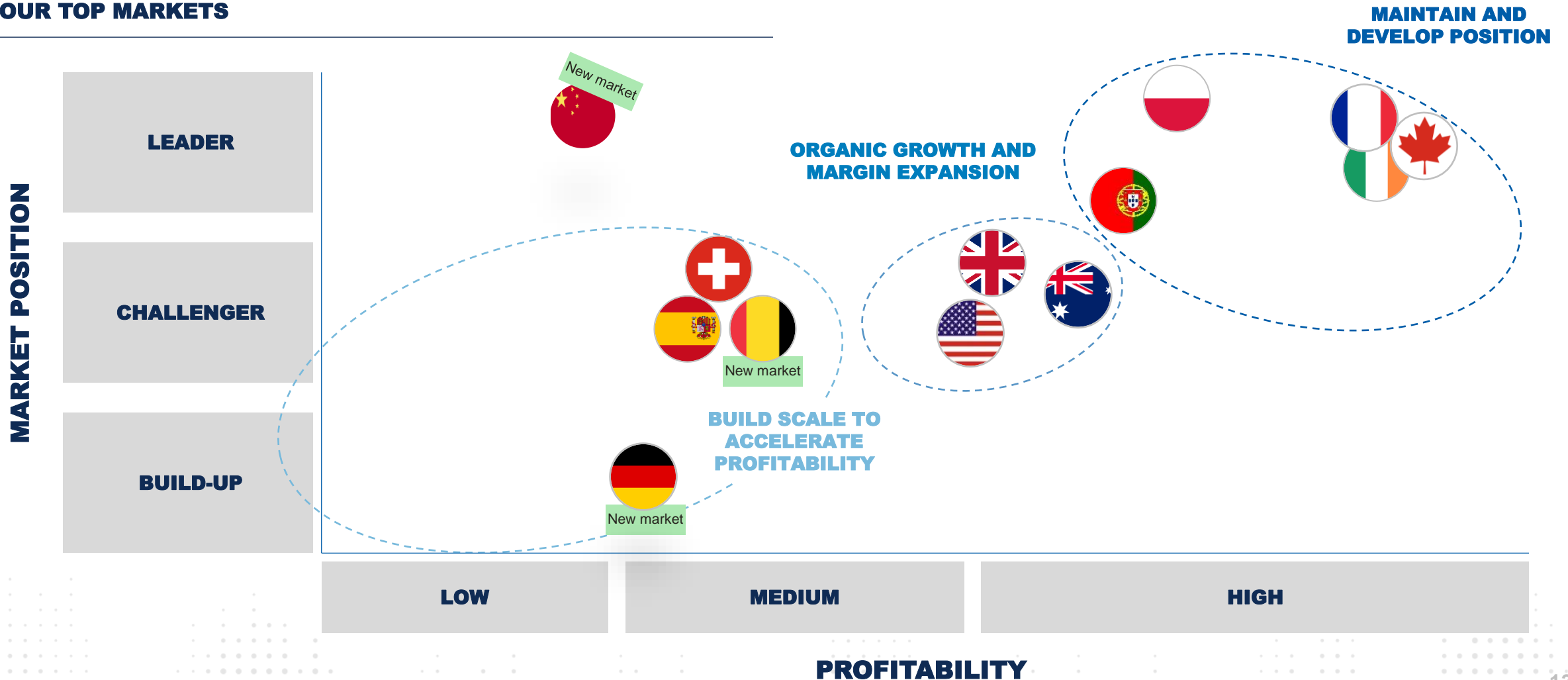
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# Audika's attractive portfolio of markets – aimed at building market-leading positions



## OUR TOP MARKETS



# Our focus will be on leveraging our leading market positions and lifting more of our markets to a leader position




## KEY MARKETS


LEADER	CHALLENGER	NEW ENTRY
 <b>FRANCE</b>	 <b>US</b>	 <b>CHINA</b>
 <b>CANADA</b>	 <b>AUSTRALIA</b>	 <b>GERMANY</b>
 <b>POLAND</b>	 <b>UK</b>	 <b>BELGIUM</b>

## GROWTH

### GROWING ORGANICALLY THROUGH



*Increase*  
**NUMBER OF  
HCP'S**



*Increase*  
**TESTS  
PER HCP**



*Increase*  
**UNITS  
PER HCP**

### GROWING BY ACQUISITIONS



**ACQUIRING  
CLINICS / LOCAL  
CHAINS**

# China is a growing market and we have a strong strategic roadmap in place to drive above-market growth

## WHY CHINA & SHENG WANG?



**GROWTH OPPORTUNITY:** Ageing population and increased life expectancy combined with increased income will increase market potential significantly.

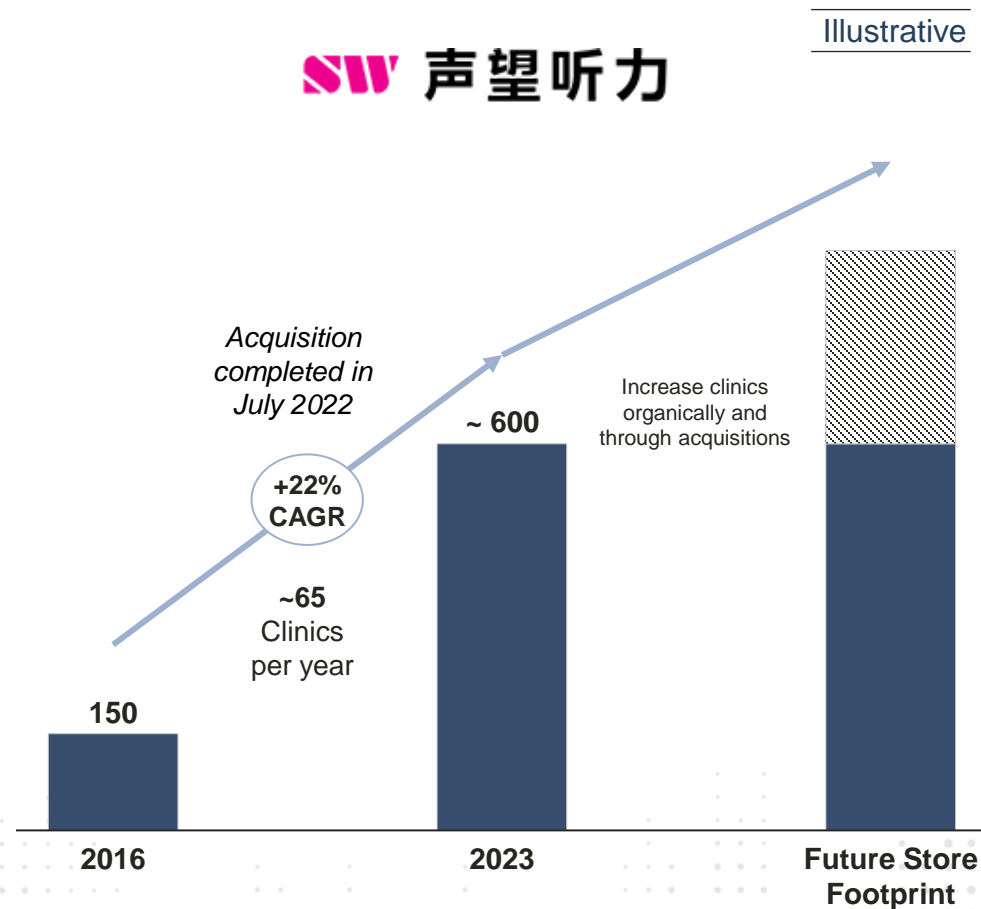


**STRATEGY FIT:** Sheng Wang is our platform to drive rapid expansion through new clinic openings and integration of bolt-on acquisition.



**POSITION FIT:** Sheng Wang is the leading full-service provider in China with national coverage and the exclusive distributor of Phillips hearing aids.

## OUR CLINIC ROADMAP



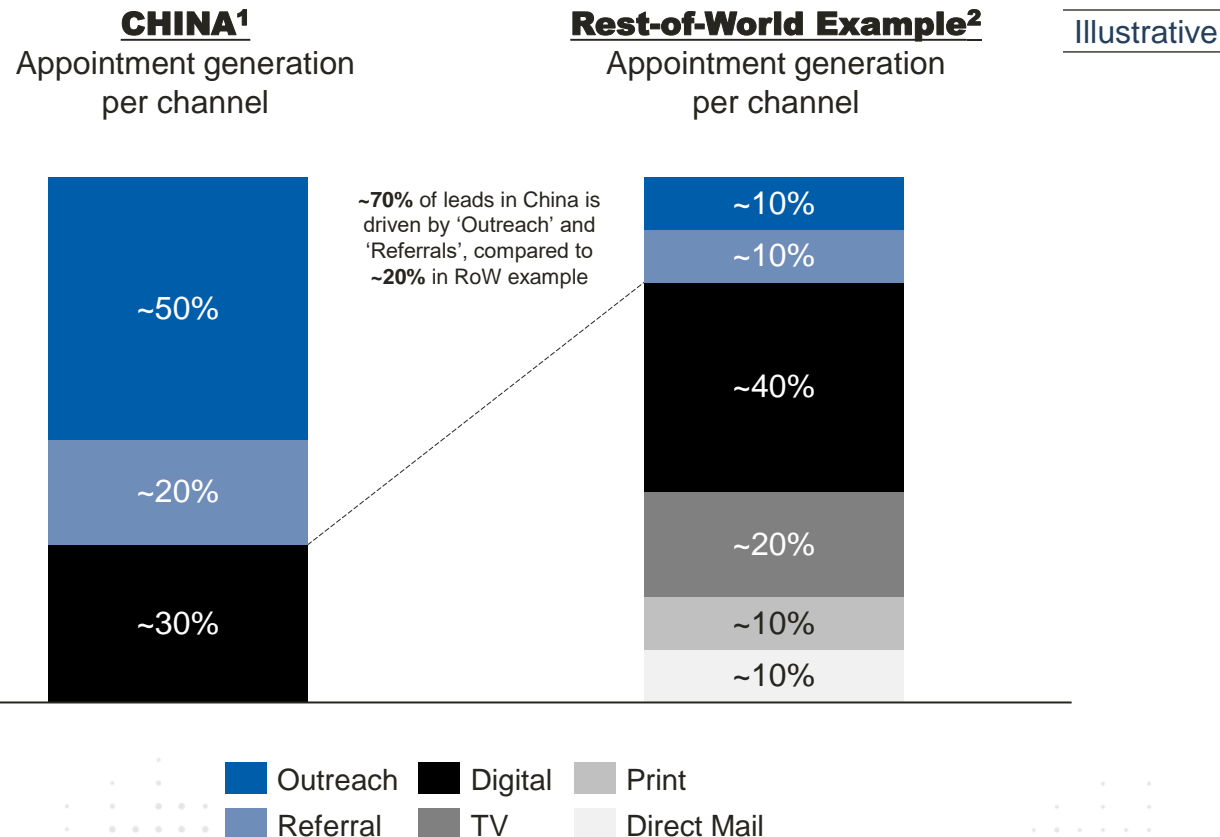




# China is different from other markets, in both customer behavior and appointment creation for our clinics

## MARKETING SPEND: CHINA VS. REST-OF-WORLD

## MAJOR DIFFERENCES



**MARKETING:** Offline channels, especially walk-ins, referrals and outreach activities, are the primary driver of appointments and sales. Marketing channels and technologies differ from RoW



**APPOINTMENTS:** In China, there is limited tradition for booking healthcare appointments in advance



**AUDIENCE:** Filial piety culture means younger generations often purchase hearing aids for their parents



**DEMOGRAPHIC:** Rapidly ageing population. 366 million people aged +65 in 2050<sup>3</sup>

<sup>1</sup>Data based on Sheng Wang 2023 traffic

<sup>2</sup>Data based on Ireland Wang 2023 traffic

<sup>3</sup>BMC Public Health (<https://rdcu.be/dAk1U>)



# We have gained a stronger foothold in the German retail market during the past year



## WHY GERMANY?



**MARKET SIZE:** The German market accounts for 1.6 m units annually



**INDEPENDENTS:** Market holds large share of independents units (~2/3), paving the way for further consolidation opportunities

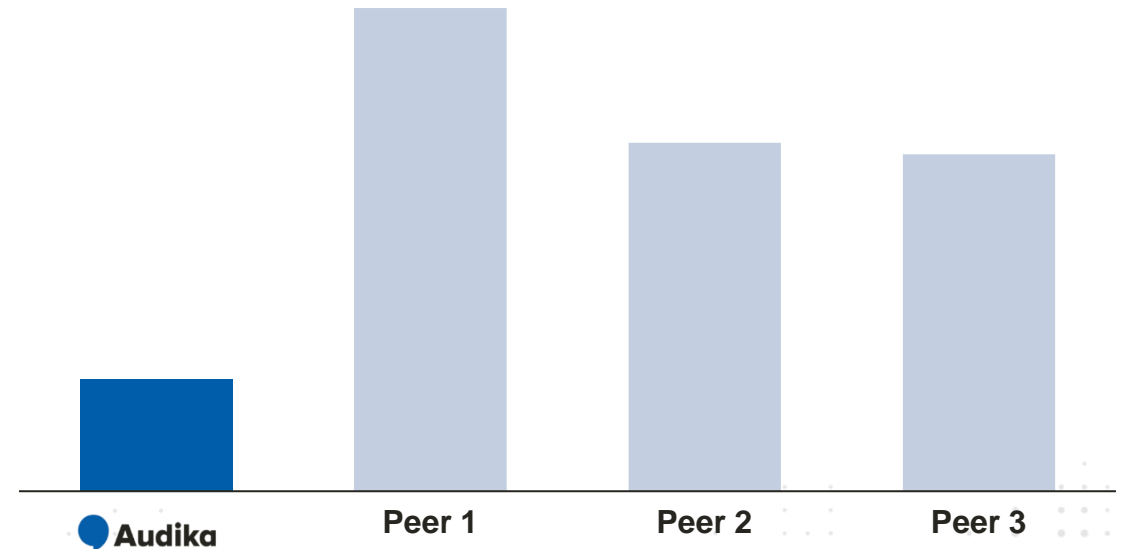


**POSITION FIT:** Strong match with value proposition locally and in acquired clinics, with robust local leadership, organisation and cultural fit for scaling

## OUR CURRENT CLINIC FOOTPRINT (CLINICS - 2023)

Main German retail players  
(~ Number of shops)

Illustrative



# Our strategic and financial aspirations going forward



## **CUSTOMER ENGAGEMENT**

- Brand awareness
- Brand consideration
- Customer satisfaction



## **REVENUE GROWTH**

- Organic growth
- Acquisitive growth



## **EMPLOYEE ENGAGEMENT**

- Attraction
- Engagement
- Retention

# Q&A





**Break**

**Up next (16:40 CET):**

Driving scale benefits to deliver long-term shareholder value

# Agenda

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17:10	Final Q&A	
17:25	Concluding remarks	Peter Pudselykke

A woman with long blonde hair, wearing a purple tank top and grey shorts, is seen from behind, paddling a kayak on a vibrant turquoise lake. The background features majestic mountains with patches of snow under a clear blue sky. The scene is bright and scenic, suggesting a peaceful outdoor activity.

Demant

# Driving scale benefits to deliver long-term shareholder value

René Schneider, CFO

# Agenda

- 1 Our strategic choices and commitment to shareholders**
- 2 Updated view on medium- to long-term outlook**
- 3 Hearing Healthcare in a historical perspective**
- 4 Capital allocation**
- 5 Our future aspirations**





**Our ambition translates into a clear commitment to investors:**

**Drive attractive growth and financial returns based on a resilient business model**

# We expect our choices and enablers to unlock continued strong growth and profitability

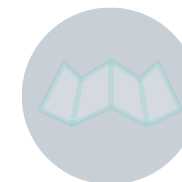
## CHOICES



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** to a higher level



Drive **responsible and sustainable** business practices







# Strong growth in recent years despite weakness in Communications...

Metric	Medium- to long-term outlook (previous)	Group 2018-2023	Continuing operations
			HHC <sup>1</sup> 2018-2023
Revenue growth	7-10% p.a. in local currencies - <i>organic growth of 6-8%</i> - <i>acquisitive growth of 1-2%</i>	10% p.a. in LC - <i>organic 6%</i> - <i>acquisitive 3%</i>	10% p.a. in LC - <i>organic 8%</i> - <i>acquisitive 2%</i>

## Key takeaways:

- Despite weaker than expected growth for Communications, Group has delivered growth within our medium- to long-term outlook
- HHC<sup>1</sup> has delivered strong organic growth, supported by a strong hearing aid market

# ... which also impacted profitability despite a strong development in Hearing Healthcare

Metric	Medium- to long-term outlook (previous)	2018-2023 (Group)	Continuing operations HHC <sup>1</sup> 2018-2023
<b>EBIT margin</b>	Aim to increase the EBIT margin in each business area over time. The Group's EBIT margin is subject to changes in business mix as well as to acquisitions and exchange rate effects	Hearing Aids  Hearing Care  Diagnostics  Hearing Implants  Communications 	HHC +1.6pp 
<b>Capital allocation</b>	Any excess free cash flow after acquisitions will be used for share buy-backs (subject to gearing multiple target)	~DKK 1.5 billion p.a.	

## Key takeaways:

- Operational efficiency and scale benefits in Hearing Aids and Diagnostics have led to margin expansion in HHC<sup>1</sup>
- Demant has delivered significant share buy-backs in recent years in line with our capital allocation policy

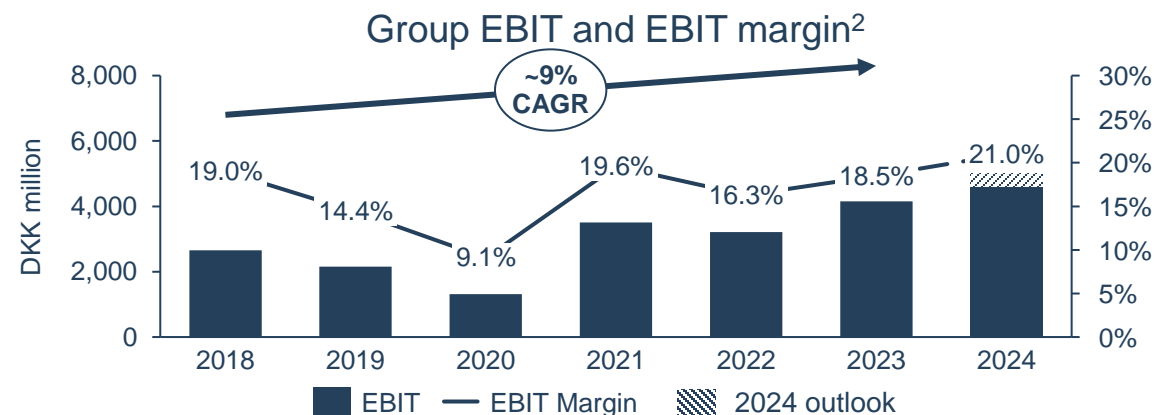
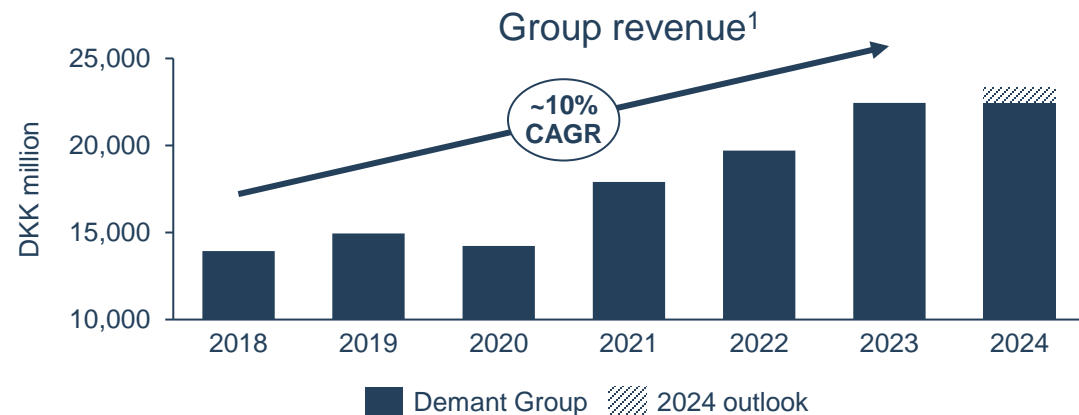
# Strong growth but profitability impacted by Communications in recent years

10%

Despite unpredictable markets, Demant has been able to grow revenue strongly – both organically and through acquisitions



During this period, Hearing Healthcare profitability has improved significantly driven by a more scalable business, although Communications more than offset this improvement



# A more focused Demant



## Decision to discontinue Hearing Implants taken in 2022

- Still expect the divestment of our cochlear implants business to close in H1 2024
- The bone anchored business area remains with the Group pending a strategic review for now



## Decision to undertake strategic review of Communications in 2024

- The purpose of the review is to explore whether a different owner may be better positioned to accelerate growth and to allow the business to realise its full potential

### **Capital allocation implications:**

- Higher returns and improved profitability for the Group
- Improved organisational focus
- Focus on capital allocation and increasing distribution to shareholders

# Aspiration for continued market share gains in a market with a more positive outlook

	Medium- to long-term outlook (new)		Actual 2018-2023
Hearing healthcare market growth	Value	4-6%	6%
Demant Hearing Healthcare <sup>1</sup> revenue growth	Local currency	8-10%	10%
	<i>Organic</i>	6-8%	8%
	<i>Acquisitive</i>	~2%	2%

## Key takeaways:

- Performance at high end of outlook since 2018 supported by strong market growth
- A more positive outlook towards the hearing healthcare market reaffirms our organic growth outlook

**A focused  
hearing  
healthcare  
company**



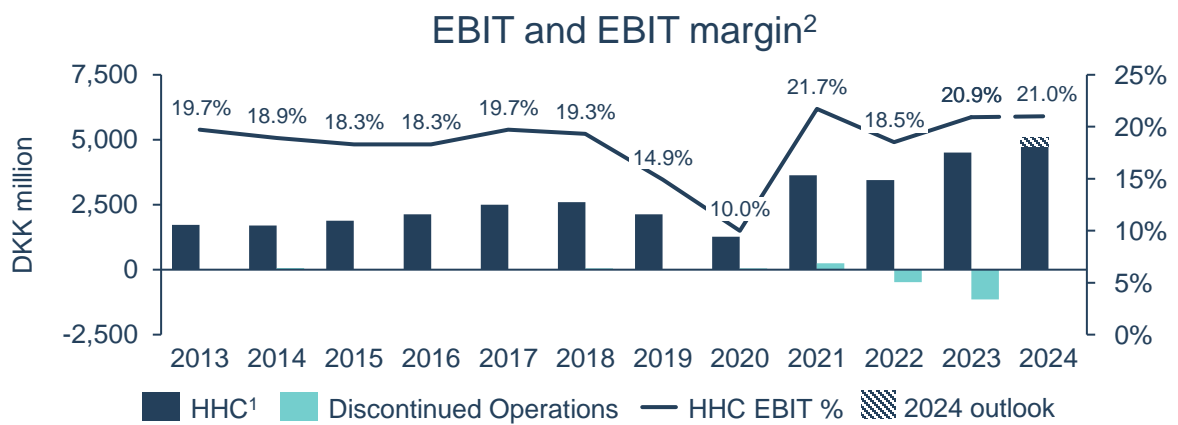
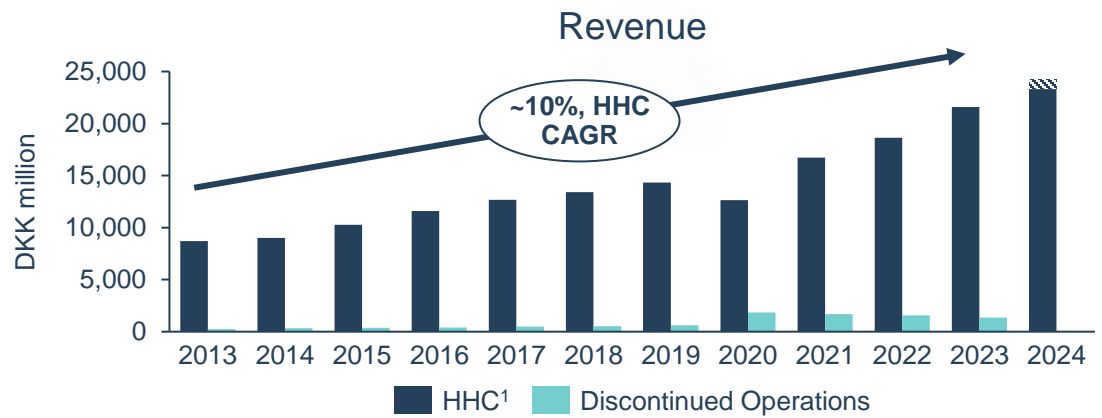
# Demant is emerging as a focused hearing healthcare company

- 

Strong market share development in HHC<sup>1</sup>, where we have seen organic growth of ~7% p.a.
- 

In line with our strategic ambitions, acquisitions have contributed significantly to growth, to the tune of ~3% p.a.
- 

Strong profitability in HHC<sup>1</sup> due to increased scale



153 Note: 2024 figures reflect guidance range  
<sup>1</sup>Hearing Healthcare revenue, EBIT and EBIT margin have been restated to exclude Hearing Implants  
<sup>2</sup>EBIT margin is based on mid-point of 2024 guidance

# Strong cash generation allowing for reinvesting in the business and distribution to shareholders

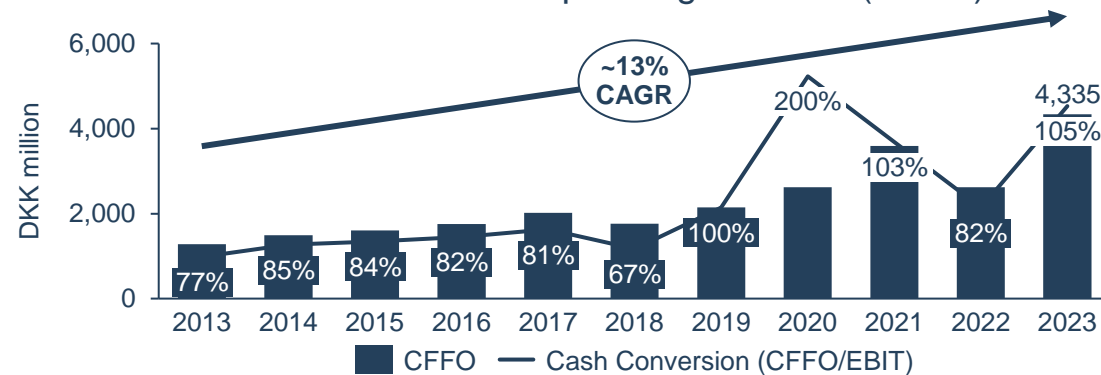


Demant is a highly cash generative business, and as a result of our financial focus, we have continuously grown cash flow over time

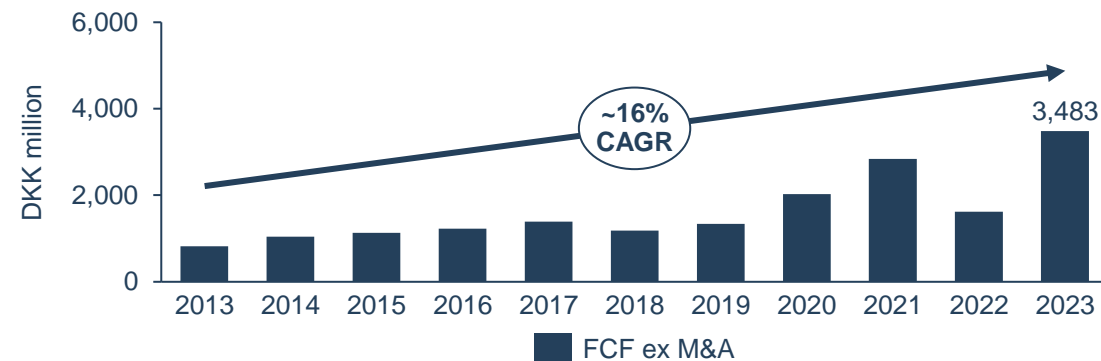


Due to our focus on cash conversion metrics, our cash flow from operating activities has outgrown EBIT in the last decade

Cash flow from operating activities (CFFO)



Free cash flow ex. M&A (FCF)



# Capital allocation priorities remain focused on shareholder returns

Investing in future organic growth

Invest in **R&D** to fuel innovation and core technology development



**CAPEX** to build stronger infrastructure



Acquisitions

Participate in the **consolidation of distribution** and leverage our commercial position



Share buy-backs

Use **excess free cash flow** after acquisitions for **share buy-backs** (subject to our gearing multiple target)





# Strong commitment to innovation and investments in R&D



Innovation represents high return on investment as new technology drives market shares gains, particularly among independents



Increasing complexity driven by artificial intelligence and further software developments to improve audiology

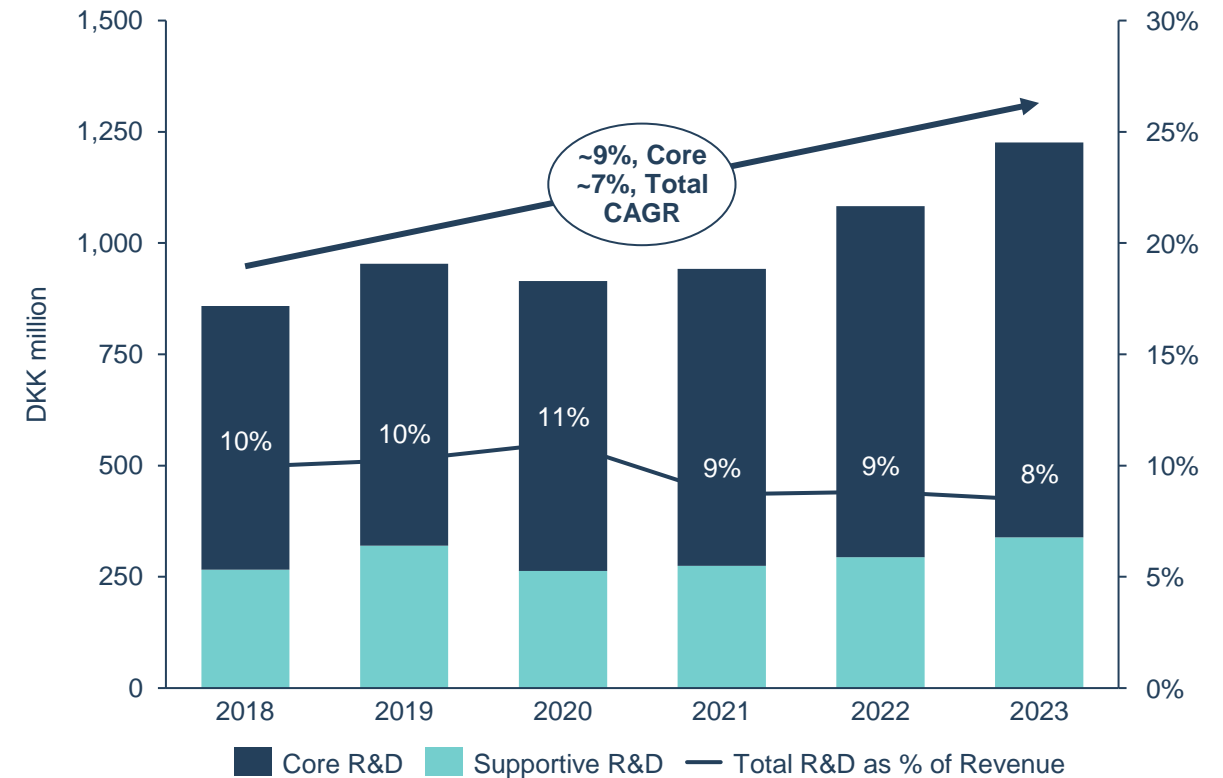


Supporting R&D costs are relatively independent of core activity levels, leaving room for scale benefits



**Scale benefits necessary to protect profitability and allow further innovation and to keep R&D constant as a percentage of revenue**

HHC R&D costs and as percentage of revenue<sup>1</sup>





# Continued investments in scalable infrastructure



**Greenfield openings** in Hearing Care with a view to continuing to expand our distribution



**Clinic refurbishments** to ensure continued excellence in consumer experience

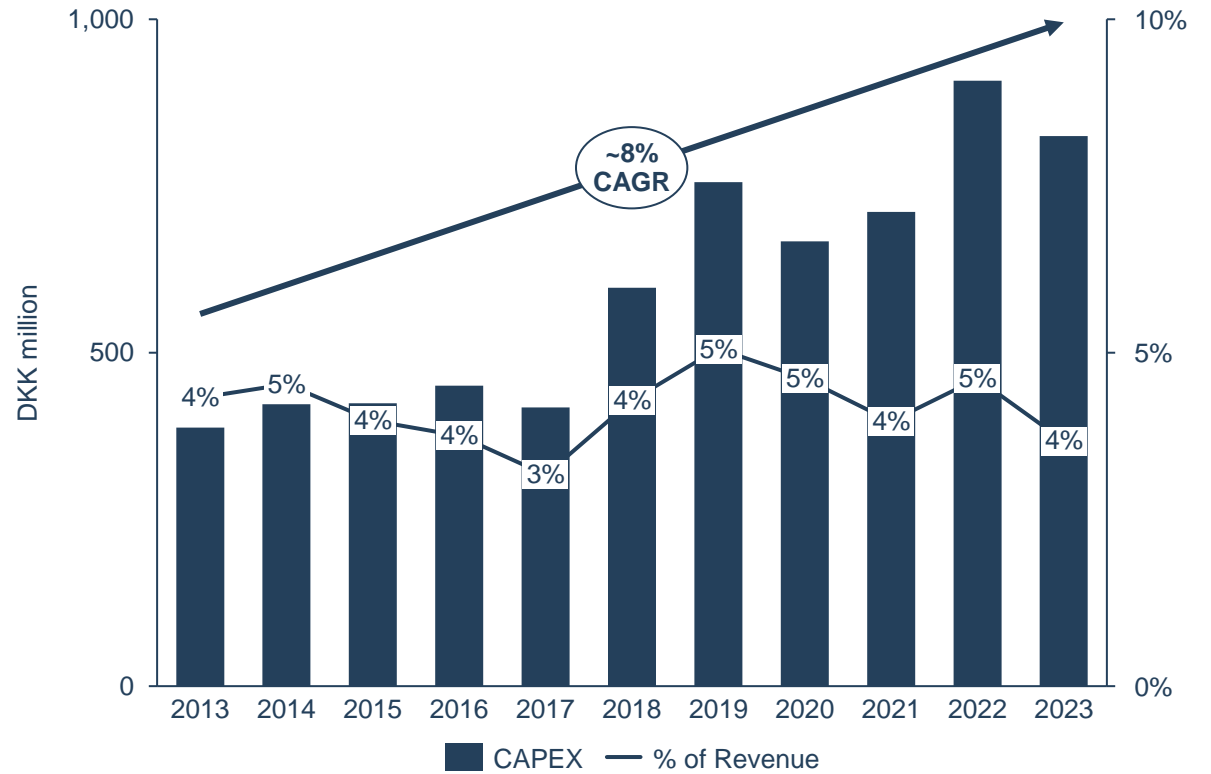


**Digitalisation** and continuous investments in IT infrastructure



**Manufacturing optimisation** to ensure capacity, agility and robustness in our supply chain

CAPEX and as a percentage of revenue





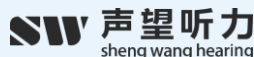
# Continuous pursuit of value-adding acquisitions

## Acquisitions

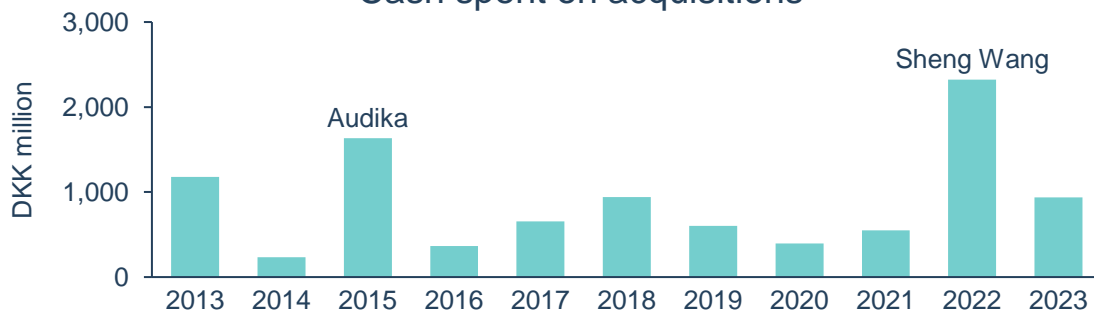
Cash spent on acquisitions  
**~ DKK 900 million p.a.**  
*(2013-2023 average)*

Growth from acquisitions<sup>1</sup>  
**~ 3% p.a.**  
*(2013-2023 CAGR)*

## Strategic acquisitions



## Cash spent on acquisitions



## Future acquisitive ambitions

- Acquisitions remain an integral part of the Demant strategy in order to increase revenue and scale
- In the future, the Group will continue the consolidation of distribution to further leverage our commercial position
- Further growth from strategic acquisitions, which are binary in nature, are not included in our outlook

## Financial guidance

- We expect bolt-on acquisitions to add ~2% growth p.a.



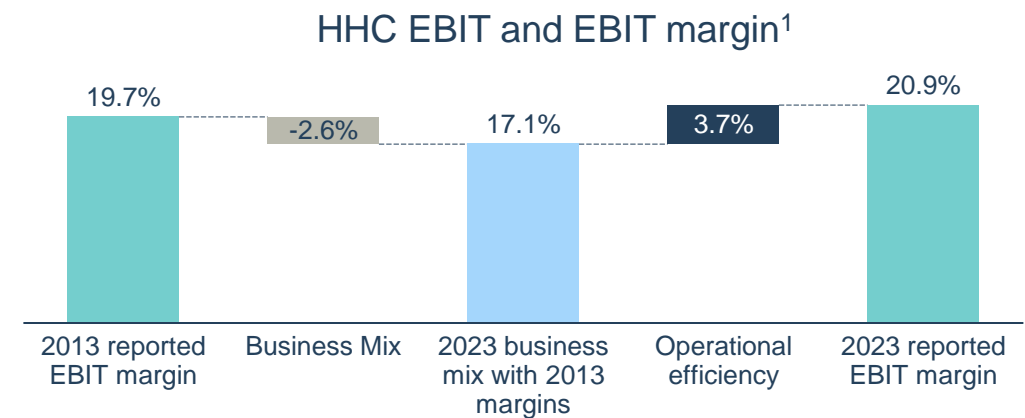
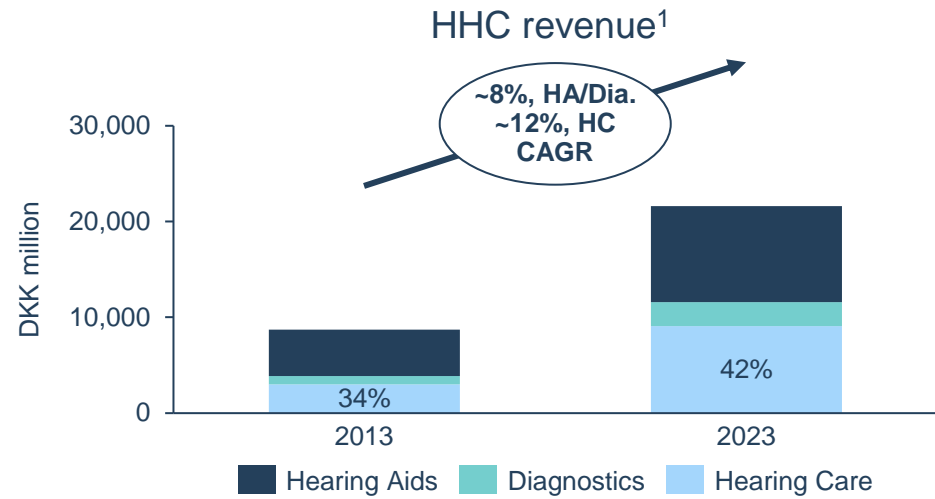
# Higher profitability enabled through scale benefits



Growth in Hearing Care has outpaced growth in Hearing Aids and Diagnostics, as we have continuously acquired clinics over the last decade



Hearing Care is now accounting for ~42% of HHC revenue in 2023, which is expected to continue to grow going forward

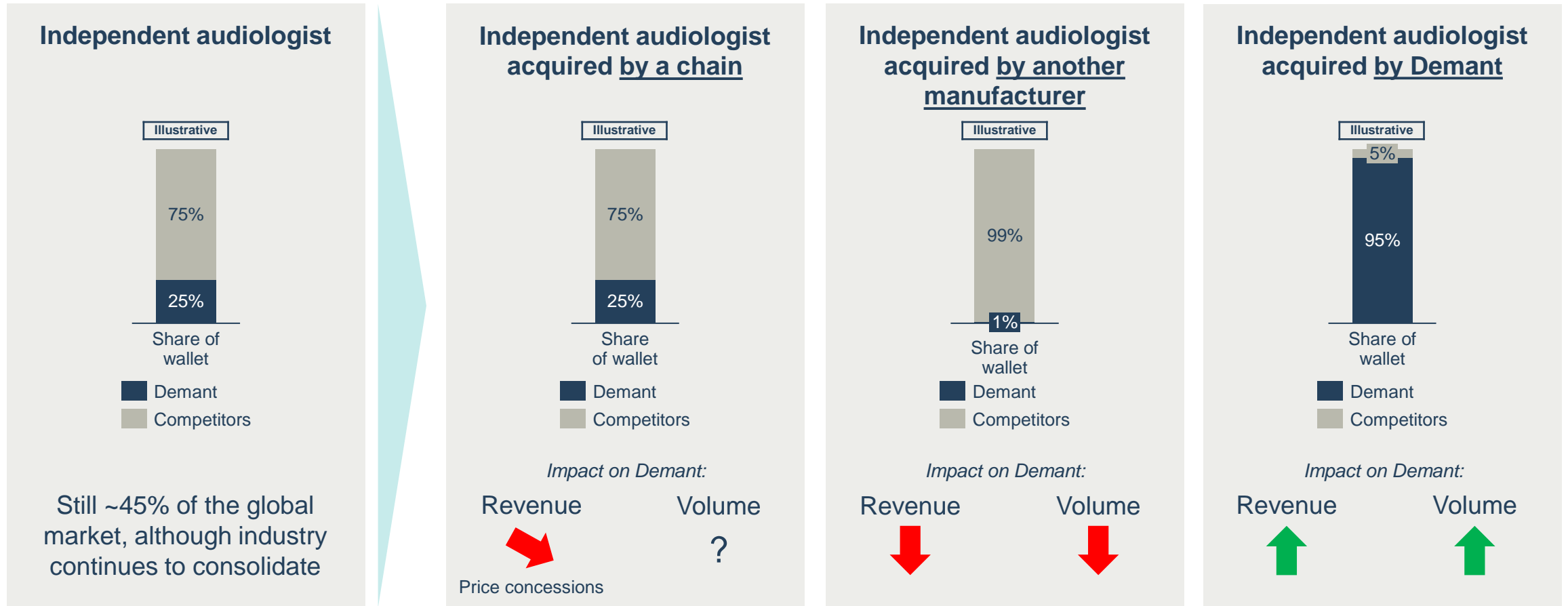


**Despite continuous acquisitions in Hearing Care, which have a margin below Group level, we have improved the underlying EBIT margin significantly in the last decade**

159 <sup>1</sup>2013 figures have been restated to exclude Hearing Implants



# Strategic rationale for retail acquisitions



We continue to consolidate distribution to drive scale benefits and further grow our revenue and profitability





# Excess free cash flow returned to shareholders



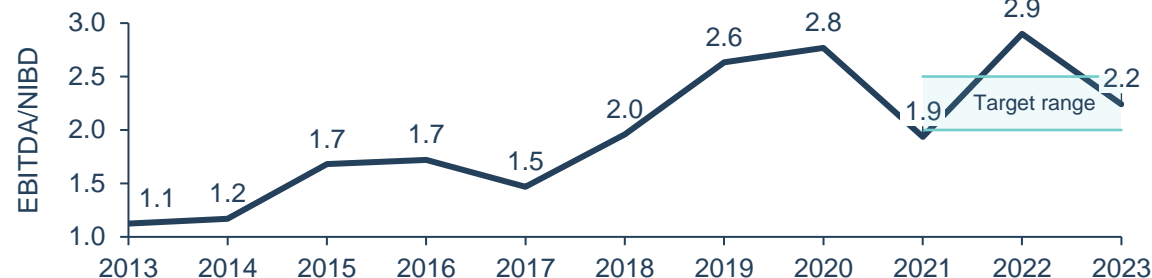
We target a **gearing multiple** (NIBD/EBITDA) of 2.0-2.5 (2.2 at the end of 2023)



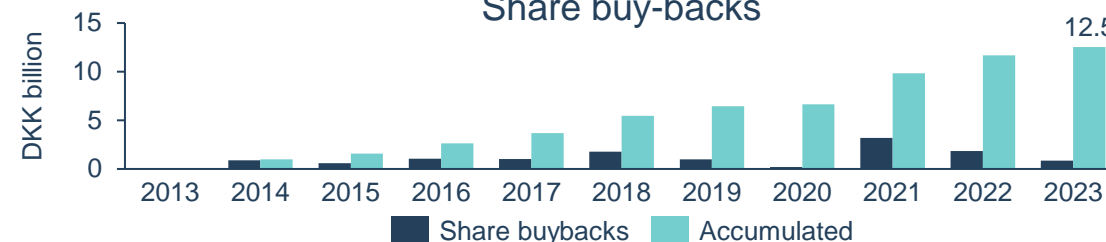
Subject to our gearing multiple target, any excess free cash flow after acquisitions will be used for **share buy-backs**

We remain highly cash flow generative, and historically Demant has bought back and cancelled ~2% of outstanding shares p.a.

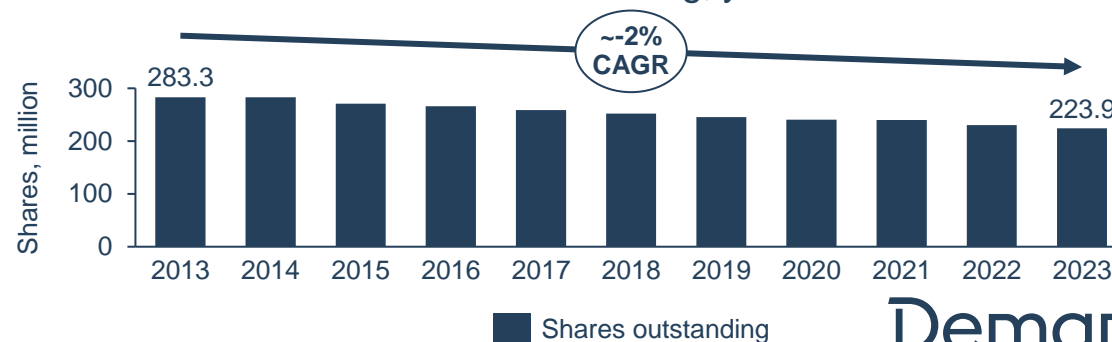
### Gearing multiple<sup>1</sup>



### Share buy-backs



### Shares outstanding, year end<sup>2</sup>



Demant

161 <sup>1</sup>Gearing target range of 2.0-2.5x first in 2021 outlook  
<sup>2</sup>Shares outstanding 2013-2015 restated to reflect 1:5 stock split in 2016

# Summing up: Our aspirations for the future

## What we choose to do:



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**

## What we expect to deliver:

Metric	Medium- to long-term outlook
Revenue growth	8-10% p.a. in local currencies - of which organic growth of 6-8% <sup>1</sup> - growth from acquisitions of ~2%
	<sup>1</sup> Assuming market value growth of around 5%
EBIT margin	Incremental EBIT margin expansion <sup>2</sup>
	<sup>2</sup> Based on unchanged foreign exchange rates
Capital allocation	Excess free cash flow after acquisitions will be used for share buy-backs (subject to gearing multiple target)

# Demant

Demant

- Founded on care
- Focus on health
- Shaping the future
- Life-changing hearing health

The banner features a close-up profile of a young girl with dark hair, focused on playing a violin. The background is a blurred image of a library or study area with bookshelves.



# Agenda

Time (CET)	Topic	Presenter
11:00	Welcome	Peter Pudselykke
11:10	Sharpened focus on Hearing Healthcare	Søren Nielsen
11:45	Q&A	
12:00	Lunch break and product demos	
13:00	Fuelling innovation and core technology development in Hearing Aids	Ole Asboe Jørgensen, Patrik Hartvig, Kim Haldne, James Michael Harte
14:10	Q&A	
14:30	Break and product demos	
14:55	Succeeding in the US Hearing Aid market	Ty Lee
15:30	Q&A	
15:45	Continuing our Hearing Care growth journey	Niels Wagner
16:15	Q&A	
16:30	Break	
16:40	Driving scale benefits to deliver long-term shareholder value	René Schneider
17:10	Final Q&A	
17:25	Concluding remarks	Peter Pudselykke

# Demant

For those joining us for dinner, pre-dinner drinks are served at 18:45 at:

**Brasserie Nimb:**  
Bernstorffsgade 5  
1577 København

Bus departure: 18:00  
Taxi: ~40 minutes



Thank you