Annual Report
2022

William Demant Invest

Evergreen investor

We are a long-term investor with keen focus on companies with sustainable business models and structures resembling those of Demant and favourable growth prospects.

We believe in ownership longevity as a means of fostering the right conditions for long-term value creation. In short, we are in it for the long haul.

Content

Insights and highlights

Active ownership

We are looking for companies where we can be an active partner.

We want to be a part of – and contribute to – the companies we invest in.

Letter from the CEO

In a year of challenges and uncertainty, the companies in the William Demant Invest portfolio still managed to progress in a satisfactory way. However, the market value of the companies saw a significant decrease, which we ascribe to the geopolitical uncertainty and high inflation levels in the countries and markets where the companies operate.

In stable periods characterised by predictability and low inflation levels, you normally observe a clear correlation between the performance of a company and its market value. However, 2022 was neither stable, nor predictable: Russia's invasion of Ukraine destabilised Europe and beyond, and high inflation and increasing interest levels resulted in vastly decreasing asset and stock prices, also impacting the William Demant Invest portfolio.

However, despite negative market value development, we have seen good business momentum and solid results across our portfolio companies.

Therefore, the decreasing market value during 2022 of the companies in the William Demant Invest portfolio does not reflect the underlying performance or prospects of the companies. Entering 2022, some companies had surely anticipated more, but on an overall level, the companies have progressed with generally healthy business performance – with some companies even delivering their strongest results ever in 2022.

During the year, we completed the divestment of our share in the German offshore wind farm Borkum Riffgrund I. As mentioned in last year's annual report, the decision was driven by us refocusing our investment activities, and the divestment also reflected the strong efforts made over the years by our portfolio companies in developing their own sustainability metrics.

Furthermore, we also ended our involvement in the start-up studio and company builder Founders, which was always meant to be a 10-year project. As part of the separation agreement with Founders Management, we and the two other partners still hold a significant ownership in Pleo – a company active within expense management and technology for smart company card payments.

In 2022, we continued to execute on our investment strategy and increased and strengthened our ownership in various companies in our portfolio, including Vitrolife, Revenio and INVISIO. Furthermore, we made a new investment during the year, where we acquired 10% of GN Store Nord, which amounts to an investment of more than DKK 2 billion. Consequently, we have seen a natural increase in the debt level in William Demant Invest, but nevertheless, we consider the current capital structure balanced and sustainable given the nature of our business model and the quality and volume of our portfolio companies.

A challenging year does not change our investment strategy and our long-term, evergreen approach towards our investments, and we are very optimistic about the future. During the year, we saw positive tendencies where markets started to slowly normalise, which calls for optimism about a more stable and normalised period ahead.

We have great faith in our portfolio of companies, and we see clear growth trajectories in the entire portfolio – and already in 2023, this optimism will hopefully again materialise into increasing market value growth.

We would like to thank both employees and customers of the companies in the William Demant Invest group for their efforts in 2022 – and we look forward to continuing the collaboration in 2023.

Niels Jacobsen

"The kite is a symbol of how we conduct our business in William Demant Invest. Hovering high up in the air, the kite possesses perspective and overview of the landscape below. To make sure that it never flies off in unwanted directions, it is held tight by a string, ensuring a grounded connection to the world."

Niels Jacobsen, CEO

About William Demant Invest

History and purpose

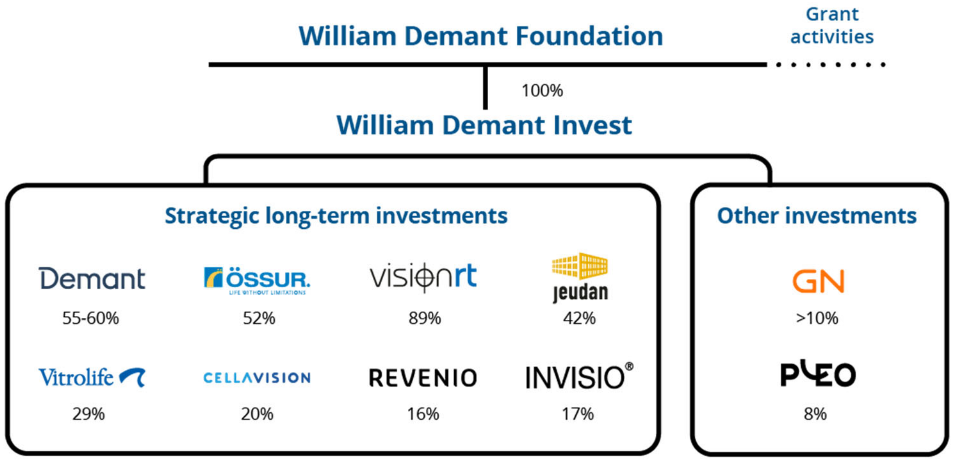
William Demant Invest was founded in 2004 as a wholly owned holding company for all William Demant Foundation's investment activities. Today, William Demant Invest secures liquidity primarily from capital returns from subsidiaries and associated companies.

The main purpose of William Demant Foundation is to secure and expand Demant and to donate a share of its net income to charter-defined causes. This long-term perspective recurs in the majority of William Demant Invest's other investments where William Demant Invest seeks a substantial and active participation in the further development of subsidiaries and associated companies.

Group structure and governance

William Demant Invest is the holding company for William Demant Foundation's investment activities. The wholly owned relationship between William Demant Foundation and William Demant Invest as well as the identical Boards of Directors ensure that investments are carried out in respect of the charter of William Demant Foundation along with the investment strategy outlined in William Demant Invest.

The investment strategy is undertaken by William Demant Invest, however, voting rights and decisions to buy or sell Demant shares are exercised and made by William Demant Foundation. William Demant Foundation has communicated a 55-60% ownership interval in Demant.



The Group structure illustrated above reflects ownership figures as of 20 March 2023. Ownership in Demant and INVISIO represents the combined ownership of William Demant Foundation and William Demant Invest.

The strategic long-term investments are presented in the section "The William Demant Invest companies" on page 11.

Investment strategy

Through the many years of engagement in Demant, William Demant Invest has built up extensive knowledge of developing and managing a company of this kind – a knowledge and expertise permeating the investment strategy of William Demant Invest.

Because of the success of Demant, it is natural to search for similarities in new investments and thereby reuse the expertise gained over the years.

Therefore, William Demant Invest mainly looks for innovation-driven companies in niche markets, with a strong, unified product program and a global distribution model, with local sales activities and a growth and globalisation journey ahead of them.

Historically, several investments have been within the MedTech industry. William Demant Invest also takes up ownership within other industries besides MedTech, however, normally in companies with a business model similar to Demant's.

Criteria for ownership

The investment strategy of William Demant Invest is summarised through the following criteria for ownership

Stable cash flow generation

Competent management

Preferably listed companies

Strong underlying market factors

Revenue around DKK 250 million or more and strong profitability

William Demant Invest at a glance

Key figures

Aggregate figures for all William Demant Invest companies (100% level)

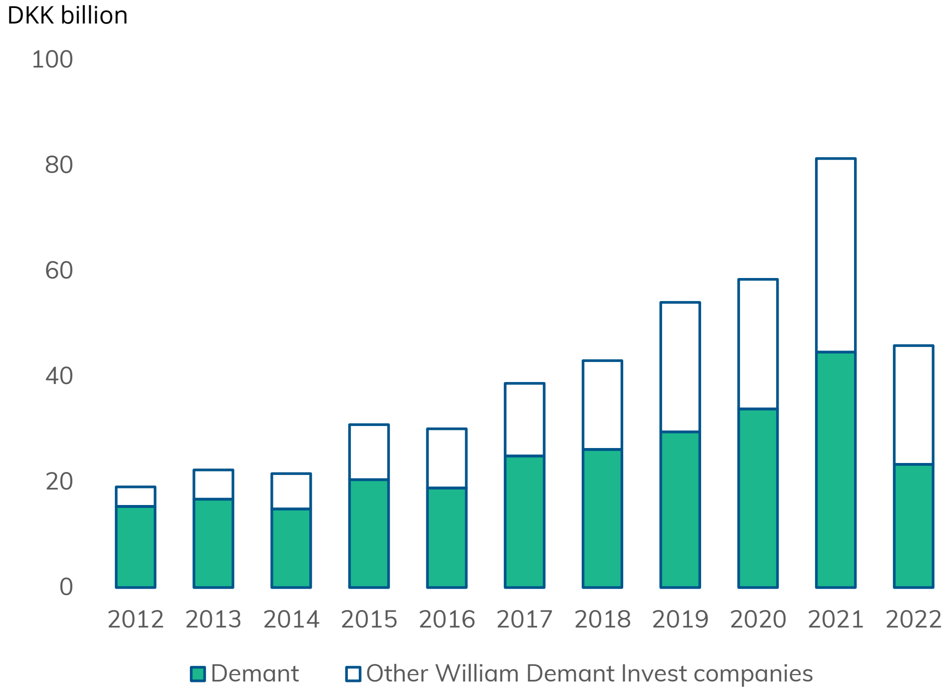
Revenue (DKK million)
50,038
Growth
14%
2021: DKK 43,838 million

EBITDA (DKK million)
9,604
Growth
-13%
2021: DKK 10,992 million

Average # of employees
33,664
Growth
15%
2021: 29,375

Mkt. cap EoY (DKK billion)
134
Growth
-47%
EoY 2021: DKK 254 billion

William Demant Invest's total market value*



*Calculated as the sum of William Demant Invest's proportional share of market capitalisation of all portfolio companies less William Demant Invest's net debt. Please see pro forma consolidation on page 10 for a specification.

Pro forma consolidation

(DKK million)	Individual entities - 100%		William Demant Invest A/S proportional share	
	2022	**2021**	**2022**	**2021**
Revenue				
Demant A/S	19,705	17,905	11,545	10,176
Össur hf.	5,090	4,524	2,653	2,344
Vitrolife AB	2,199	1,211	621	305
CellaVision AB	435	407	87	79
Revenio Group Oyj	721	586	108	67
Jeudan A/S	2,001	1,814	840	761
Borkum Riffgrund 1 (Boston Holding A/S)	-	727	-	269
Invisio AB	527	427	70	18
GN Store Nord A/S	18,687	15,775	67	-
Other	673	462	600	412
Total	**50,038**	**43,838**	**16,591**	**14,431**
EBITDA				
Demant A/S	4,383	4,730	2,568	2,690
Össur hf.	810	943	423	490
Vitrolife AB	714	392	202	99
CellaVision AB	134	141	27	27
Revenio Group Oyj	246	191	37	22
Jeudan A/S	1,006	896	422	376
Borkum Riffgrund 1 (Boston Holding A/S)	-	578	-	214
Invisio AB	76	50	10	2
GN Store Nord A/S	2,045	3,048	7	-
Other	190	23	166	29
Total	**9,604**	**10,992**	**3,862**	**3,949**

The pro forma consolidation is prepared on the basis of average share of ownership in the reported years (adjusted for treasury shares). The market capitalisation is prepared on the basis of share of ownership end of period. In the market capitalisation figures, William Demant Invest's debt to William Demant Foundation is eliminated.

The "Other" category includes Vision RT and administration costs. The comparable numbers for Borkum Riffgrund 1, which was divested during 2022, represent Boston Holding's proportional share of the wind farm (50%) and William Demant Invest's share of ownership, until the divestment of Borkum Riffgrund 1, amounted to 19%.

	Individual entities - 100%		William Demant Invest A/S proportional share	
	2022	**2021**	**2022**	**2021**
Employees, average				
Demant A/S	19,239	16,866	11,274	9,593
Össur hf.	3,866	3,668	2,017	1,905
Vision RT Ltd.	267	256	238	228
Vitrolife AB	1,117	478	315	121
CellaVision AB	254	215	51	42
Revenio Group Oyj	194	167	29	19
Jeudan A/S	637	598	267	251
INVISIO AB	208	187	28	8
GN Store Nord A/S	7,871	6,919	28	-
Other	11	21	11	13
Total	**33,664**	**29,375**	**14,258**	**12,180**
Market capitalisation (DKK million)				
Demant A/S (DKK 192.6/335.1)*	42,970	77,117	25,351	44,604
Össur hf. (DKK 33.6/42.3)	14,122	17,862	7,368	9,276
Vitrolife AB (SEK 186.2/560.0)	16,856	55,046	4,834	14,719
CellaVision AB (SEK 229.0/325.2)	3,652	5,631	728	1,122
Revenio Group Oyj (EUR 38.6/55.6)	7,659	11,032	1,232	1,451
Jeudan A/S (DKK 240.0/275.0)	13,304	15,244	5,582	6,396
INVISIO AB (SEK 164.6/163.8)*	4,958	5,297	828	413
GN Store Nord A/S (DKK 159.8/411.3)	20,450	52,530	2,195	-
Other**	10,218	14,213	-1,109	3,294
Total	**134,189**	**253,972**	**47,009**	**81,275**

Parentheses show year-end share prices.
**Including the ownership of William Demant Foundation.*
***Other includes Net debt subtracted value of Vision RT and Pleo in 2022 and value of Vision RT, Founders and Borkum Riffgrund 1 subtracted Net debt in 2021.*

The William Demant Invest companies

Diversified portfolio

Over the years, we have accumulated extensive expertise in building up and managing global companies, especially in the MedTech industry.

We have a deep understanding of the businesses where we are involved, and we see how people benefit from the products and services we help come to life. In addition to significant holdings in various quality MedTech companies, we are also proud owners of companies in such diverse areas as personal communication equipment and real estate and financial services.

Demant

Revenue (DKK million)
19,705
Growth (reported)
10%
2021: DKK 17,905 million

EBITDA (DKK million)
4,383
EBITDA margin
22%
2021: DKK 4,730 million

Average # of employees
19,239
Growth
14%
2021: 16,866

Mkt. cap EoY (DKK million)
42,970
End of 2021
77,117

WDI ownership EoY*
59%
End of 2021
58%

*Incl. William Demant Foundation ownership

Demant

About Demant A/S
Demant is a leading global hearing healthcare company, which develops, manufactures and sells hearing healthcare products and services as well as equipment for audio communications. Focus areas are: Hearing Aids, Hearing Care, Diagnostics and Communications. Demant is listed on Nasdaq Copenhagen.

2022 at a glance
Sales in Demant increased by 10% to DKK 19,705 million. Growth in local currency was 5% of which 4% was organic growth. The revenue growth was primarily due to a strong performance in Hearing Healthcare in a hearing aid market which grew less than expected in 2022. The Communications business was negatively impacted by a very weak gaming market and delivered negative growth in 2022. During the year, Demant decided to discontinue its Hearing Implants business and the business area has subsequently been divested to Cochlear with closing expected in Q2 2023.

Demant's Hearing Healthcare business grew 5% organically driven by strong performances in Hearing Aids and Diagnostics both of which continue to gain market share in 2022. Despite a weaker-than-expected hearing aid market, growth was broadly based and positively impacted by a strong portfolio of products of services. In Hearing Care, organic growth was negative due to strong comparison figures in France and weaker-than-expected performance in markets, which are dominated by private pay, e.g. in the US. Communications also saw negative growth driven by high comparative figures in the beginning of the year, and a very weak market for gaming headsets.

Demant's markets have during 2022 been negatively impacted by the current macroeconomic uncertainty and low consumer confidence and despite improvements in the Covid-19 situation, these dynamics may continue to negatively impact the market for hearing aids and audio solutions in the coming year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to DKK 4,383 million, which is a decrease of 7% from 2021 and corresponds to an EBITDA margin of 22%.

Read more at www.demant.com

Board of Directors

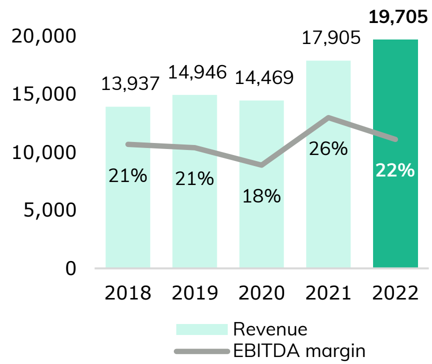
Niels B. Christiansen	Chairman
Niels Jacobsen	Deputy Chairman
Anja Madsen	
Sisse F. Rasmussen	
Kristian Villumsen	
Thomas Duer	Staff-elected
Casper Jensen	Staff-elected
Jørgen Møller Nielsen	Staff-elected

Executive Management

Søren Nielsen	President & CEO
René Schneider	CFO
Arne Boye Nielsen	President, Diagnostics & Communications
Niels Wagner	President, Hearing Care

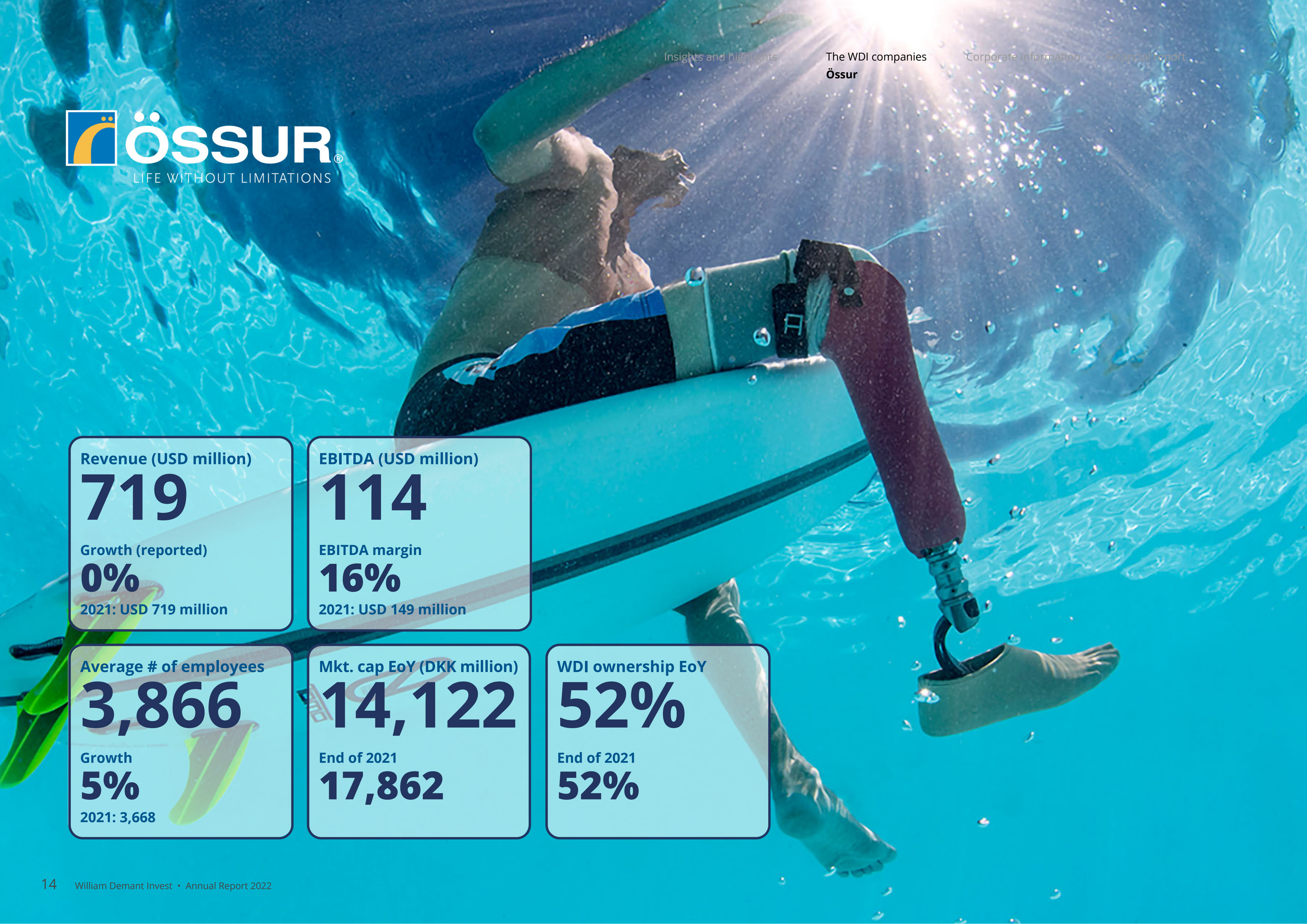
Key financial figures

DKK million



ÖSSUR

LIFE WITHOUT LIMITATIONS



Revenue (USD million)
719
Growth (reported)
0%
2021: USD 719 million

EBITDA (USD million)
114
EBITDA margin
16%
2021: USD 149 million

Average # of employees
3,866
Growth
5%
2021: 3,668

Mkt. cap EoY (DKK million)
14,122
End of 2021
17,862

WDI ownership EoY
52%
End of 2021
52%

ÖSSUR®
LIFE WITHOUT LIMITATIONS

About Össur hf.
Össur is a global leader in non-invasive orthopaedics, focused on delivering innovative solutions in the prosthetics and bracing and supports market. The company was founded in 1971, is headquartered in Iceland and has been listed on the Icelandic Stock Exchange from 1999 to 2017 and on Nasdaq Copenhagen since 2009.

William Demant Invest started investing in Össur in 2004 and has continually bought up Össur shares. Today, William Demant Invest is the majority shareholder, holding around 52% of the share capital.

2022 at a glance
Össur realised total revenue of USD 719 million which was unchanged from 2021 in reported terms. In local currency, revenue increased by 7%, of which organic growth was 4%.

The Prosthetics business segment increased organically by 4% compared to 2021 and accounts for 63% of total revenue in 2022. Sales of bionic products accounted for 21% of Prosthetics component sales. Towards the end of the year, this was especially driven by sale of the Power Knee which is the first motor-powered prosthetic knee. The Power Knee was launched in the beginning of the year and continues to see high demand going into 2023. Sales in the Bracing & Supports business segment increased organically by 3% compared to 2021 and accounted for 37% of total revenue.

Covid-19 continued to impact sales in the first months of the year across all regions, especially in Australia and China, with the latter being highly impacted throughout most of 2022.

In the second half of the year, Össur acquired the US-based company, Naked Prosthetics, a leading provider of prostheses for finger and partial hand amputees with the purpose of strengthening its position within upper limb prosthetics.

Earnings before interest, taxes, and amortisation (EBITDA) amounted to USD 114 million in 2022, corresponding to an EBITDA margin of 16%. Adjusted for special items, the EBITDA margin was 18%.

Read more at www.ossur.com

Board of Directors

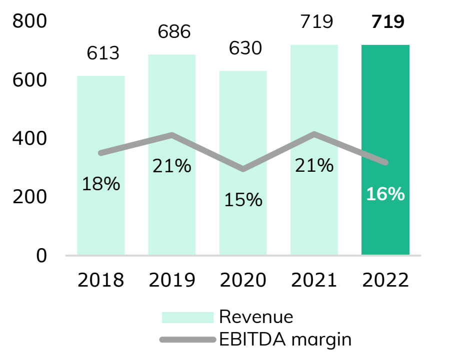
Niels Jacobsen	Chairman
Svafa Grönfeldt	Deputy Chairman
Arne Boye Nielsen	
Dr. Alberto Esquenazi	
Guðbjörg Edda Eggertsdóttir	

Executive Management

Sveinn Sölvason	President & CEO

Key financial figures

USD million



visionrt

About Vision RT Ltd.
Vision RT is a UK-based pioneer and leading manufacturer of surface-guided radiation therapy (SGRT). The company, which was founded in 2001, develops and manufactures camera systems that improve the efficiency, efficacy, and patient comfort during radiation therapy.

William Demant Invest acquired approx. 89% of the shares in Vision RT in 2018 – thus becoming the majority shareholder alongside the company's original founders.

2022 at a glance
Despite geopolitical uncertainty and a challenged macroeconomic environment, Vision RT saw very strong organic growth in 2022, driven by market share gains in most mature markets and SGRT increasingly being perceived as standard of care in radiation therapy. The growth in 2022 is a continuation of strong performance in 2021, where Vision RT, among others, revitalised its market position in the US market, which has also been an important growth driver in 2022.

In 2022, Vision RT announced an expansion of the global strategic partnership with GenesisCare, one of the largest providers of integrated cancer care globally, with centres in the US, Europe, and Australia. The agreement is a testament to Vision RT's market leading position within SGRT and will help support Vision RT's global expansion and integration of SGRT as standard of care in radiation therapy. Albeit still in early phase of commercial expansion, Vision RT has seen encouraging growth in more emerging SGRT markets such as China, where penetration rates are still low. With a local organisation in place in China, Vision RT is well-positioned to grow this very important market in the years to come.

Since our investment in Vision RT in 2018, we have from first-hand witnessed the dedication and passion from the many employees of Vision RT to support cancer care patients in receiving the most efficient procedures for radiation therapy. With the most comprehensive and clinical-proven product portfolio in the market, Vision RT is set to continue to develop and pioneer the market for SGRT and taking a step closer to realise its mission of making radiation therapy more effective for cancer patients.

Read more at www.visionrt.com

Board of Directors
Niels Jacobsen Chairman
Søren Nielsen
Norman Smith
Gideon Hale

Executive Management
Norman Smith President & CEO

WDI ownership EoY
89%
End of 2022
89%

Vitrolife

Revenue (SEK million)	EBITDA (SEK million)	Average # of employees	Mkt. cap EoY (SEK million)	WDI ownership EoY
3,234	**1,050**	**1,117**	**25,220**	**29%**
Growth (reported)	EBITDA margin	Growth	End of 2021	End of 2021
92%	**33%**	**134%**	**75,850**	**27%**
2021: SEK 1,681 million	2021: SEK 544 million	2021: 478		

Vitrolife

About Vitrolife AB
Vitrolife is an international medical device Group specialising in production and development of products for assisted reproduction. The company was founded in 1994 and was one of the first companies to provide IVF laboratories with high quality ready-to-use culture media. The company is headquartered in Gothenburg, Sweden, and is listed on Nasdaq Stockholm.

In 2014, William Demant Invest divested its 31% share in Unisense FertiliTech A/S to Vitrolife in exchange for shares in the company and has continually bought up shares in Vitrolife. William Demant Invest has since 2017 been the largest shareholder in Vitrolife and today holds around 29% of the shares.

2022 at a glance
Vitrolife increased total revenue by 92% to SEK 3,234 million. In local currency, the growth was 75%, of which 10% was organic, while acquired growth from the acquisition of Igenomix, which closed in the end of 2021, was 65%.

The activity level within IVF treatment – the main driver of demand for Vitrolife's products – was impacted by different external factors during 2022. In Japan, a newly introduced IVF reimbursement system supported sales growth in that region, while the zero-tolerance Covid-19 policy in China resulted in significant headwind in that market. In addition, the geopolitical situation and macroeconomic uncertainty has given indications of changed spending patterns for private-paying IVF patients, especially in Australia and Europe.

In 2022, the integration of Igenomix has been a focus area and has progressed as planned with several synergy-related initiatives already implemented, including merging of the sales organisations in selected regions. Vitrolife ripens the fruits of the combined product and service offering which the company is now able to offer the IVF clinics and chains that are generally undergoing a continued consolidation increasing the focus on workflow and clinical efficiency.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) amounted to SEK 1,050 million, corresponding to an EBITDA margin of 33% which was unchanged from 2021.

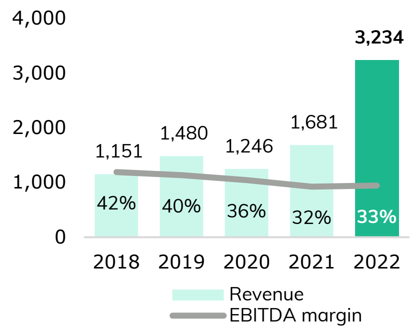
Read more at www.vitrolife.com

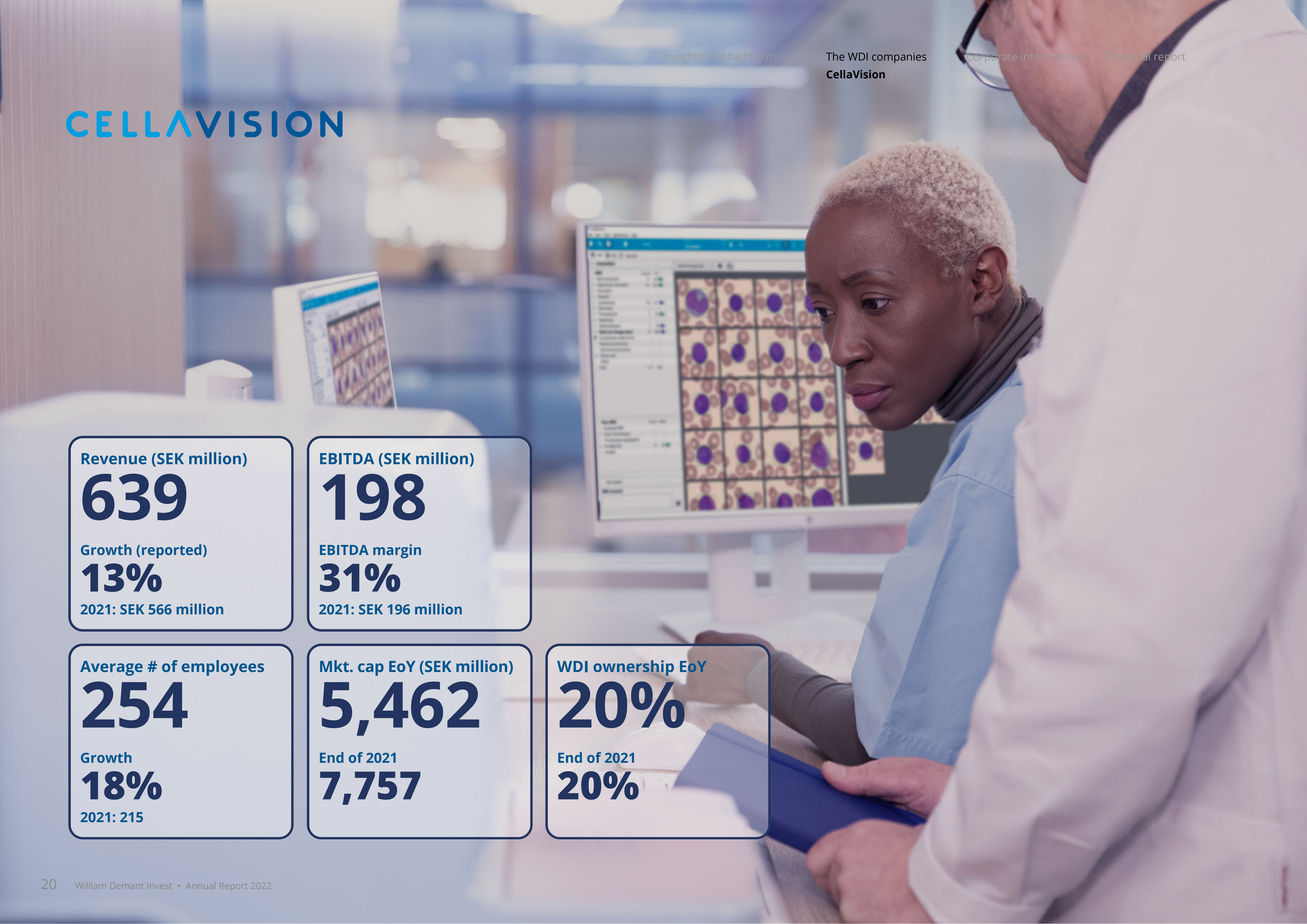
Board of Directors
Jón Sigurðsson Chairman
Henrik Blomquist
Lars Holmqvist
Pia Marions
Karen Lykke Sørensen
Vesa Koskinen

Executive Management
Thomas Axelsson CEO

Key financial figures

SEK million





CELLAVISION

Revenue (SEK million)
639
Growth (reported)
13%
2021: SEK 566 million

EBITDA (SEK million)
198
EBITDA margin
31%
2021: SEK 196 million

Average # of employees
254
Growth
18%
2021: 215

Mkt. cap EoY (SEK million)
5,462
End of 2021
7,757

WDI ownership EoY
20%
End of 2021
20%

CELLAVISION

About CellaVision AB
CellaVision is a global leader of digital solutions for medical microscopy in the field of hematology. The company develops analysers, software and applications that make it easier, faster, and more efficient to carry out blood cell analysis, ranging from among others pre-classification of white-blood cell types to morphological characteristics of red-blood cells. The company is headquartered in Lund, Sweden, and has since 2011 been listed on Nasdaq Stockholm.

William Demant Invest started investing in CellaVision in 2017 and with an ownership of 20%, William Demant Invest is the largest shareholder in the company.

2022 at a glance
CellaVision increased total revenue by 13% to SEK 639 million. In local currency, revenue increased by 4%, which accounts only for organic growth.

The company had a good start to the year driven by strong growth in more mature markets such as the US and select European countries. However, due to an uncertain macroeconomic environment, especially during the second half of the year, demand dried somewhat out as customers were more cautious to invest in new capital equipment.

Furthermore, since the outbreak of Covid-19, CellaVision has faced very challenging market conditions in the APAC region, namely in China. In 2022, sales declined by almost 24%, which is also a main explanation of the lower-than-expected growth in 2022.

In 2022, CellaVision hosted their first Capital Markets Day, which included a strategy update. CellaVision continues to pioneer and develop the market for digital cell morphology, which is also going to be a main growth driver in the years to come. Also, as part of the strategy update, CellaVision has identified new areas of growth, i.e., within digital cell pathology, where CellaVision can leverage their current technology leadership and commercial footprint.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) was SEK 198 million in 2022, corresponding to an EBITDA margin of 31% which is a decrease of 4 percentage points compared to 2021.

Read more at www.cellavision.com

Board of Directors

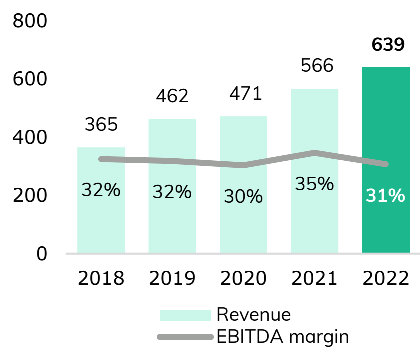
Mikael Worning	Chairman
Christer Fåhraeus	
Ann-Charlotte Jarleryd	
Åsa Hedin	
Stefan Wolf	
Kent Stråhlen	Staff-elected
Markus J. Kristoffersson	Staff-elected

Executive Management

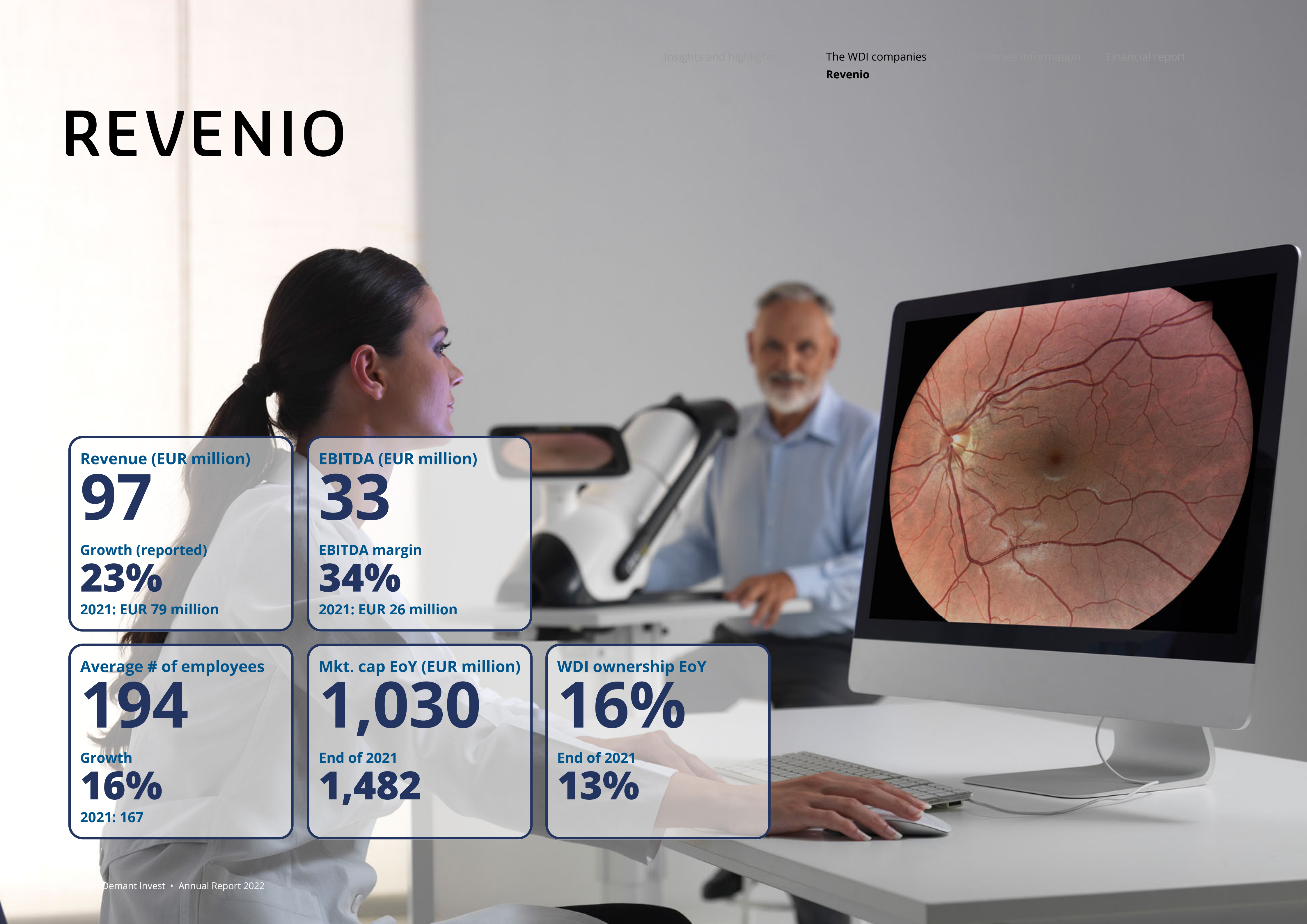
Simon Østergaard	CEO

Key financial figures

SEK million



REVENIO



Revenue (EUR million)	EBITDA (EUR million)	
97	**33**	
Growth (reported)	EBITDA margin	
23%	**34%**	
2021: EUR 79 million	2021: EUR 26 million	
Average # of employees	**Mkt. cap EoY (EUR million)**	**WDI ownership EoY**
194	**1,030**	**16%**
Growth	End of 2021	End of 2021
16%	**1,482**	**13%**
2021: 167		

REVENIO

About Revenio Group Oyj
Revenio operates within ophthalmological devices and software solutions for eye care. The company develops tonometers (intraocular pressure measurement device), fundus imaging devices, perimeters and clinical software solutions under the iCare brand focusing on early-stage detection of globally prevailing eye diseases, including glaucoma, diabetic retinopathy, age-related macular degeneration (AMD) and cataract as well as the monitoring of these diseases during the treatment process. Revenio is headquartered in Helsinki, Finland, and is listed on Nasdaq OMX Helsinki.

William Demant Invest started investing in Revenio in 2018 and is today the largest shareholder with 16% ownership.

2022 at a glance
Revenio increased total revenue by 23% to EUR 97 million. In local currency, the growth was 16% and entirely organic.

North America is Revenio's largest region and accounted for 54% of total revenue while Europe and the rest of the world accounted for 18% and 28%, respectively. In order to reinforce its presence in the growing Chinese market, Revenio established a sales office in China during the fourth quarter.

Sales of retinal imaging devices were very strong and demand for tonometers also developed positively. The second generation of Revenio's device for measuring intraocular pressure at home, iCare HOME2, received positive feedback from customers and grew in demand.

In the first half of the year, Revenio launched a screening solution using artificial intelligence, iCare ILLUME. This solution detects signs of vision-threatening diabetic retinopathy using AI-technology to analyse retinal images captured with the iCare DRSplus fundus imaging system. The initial feedback from the market has been excellent and the first commercial deliveries happened at the end of the year.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) was EUR 33 million corresponding to an EBITDA margin of 34% which was unchanged from 2021 when adjusting for one-off costs related to the Oculo acquisition in the comparison period.

Read more at www.reveniogroup.com

Board of Directors

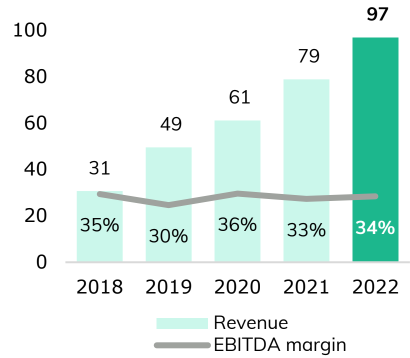
Arne Boye Nielsen	Chairman
Bill Östman	Deputy Chairman
Ann-Christine Sundell	
Pekka Tammela	
Riad Sherif	

Executive Management

Jouni Toijala	CEO

Key financial figures

EUR million



INVISIO®

Revenue (SEK million)
776
Growth (reported)
31%
2021: SEK 593 million

EBITDA (SEK million)
113
EBITDA margin
15%
2021: SEK 70 million

Average # of employees
208
Growth
11%
2021: 187

Mkt. cap EoY (SEK million)
7,415
End of 2021
7,296

WDI ownership EoY
17%
End of 2021
8%

***Incl. William Demant Foundation ownership**

INVISIO®

About INVISIO
INVISIO is a Danish-based company operating within advanced communication systems that help professionals in noisy and mission-critical environments to work more safely and effectively while protecting their hearing.

The company offers personal communication equipment and hearing protection as well as an intercom system for primarily defence and security customers. The product portfolio includes headsets, control units and cables. The intercom system enables users of personal equipment to communicate within a group, e.g. in a vehicle, as well as with individuals in the field while being on the move. INVISIO is listed on Nasdaq OMX Stockholm and headquartered in Copenhagen, Denmark.

William Demant Invest started investing in INVISIO in 2020 and today owns approx. 17% of the company (including the ownership of William Demant Foundation).

2022 at a glance
INVISIO increased its total revenue to SEK 776 million which corresponds to an increase of 31%. In local currency, growth was 23% which was highly driven by strong performance in the second half of the year.

In terms of revenue, the first half of the year was slightly weak, although the order intake was very high and subsequently materialised into high revenue growth in the second half of the year. This is a result of the significant investments in the sales and R&D organisation over the previous years as well as the realisation of pent-up demand from Covid-19 and the generally increased defence budgets throughout many European countries following the invasion of Ukraine which is now starting to slowly materialise.

INVISIO and Racal Acoustics launched their first joint product solution, the RA5100 Tactical Communications Headset for extremely noisy environments - a product area that has seen a significant step-up in demand during the year due to an increased activity level in the market for military vehicles.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) amounted to SEK 113 million, corresponding to an EBITDA margin of 15% and an increase of 61%.

Read more at www.invisio.com

Board of Directors

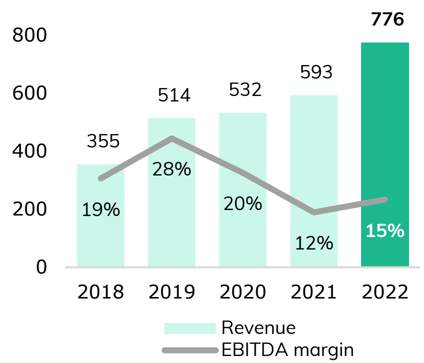
Annika Andersson	Chairman
Ulrika Hagdahl	
Martin Krupicka	
Charlott Samuelsson	
Hannu Saastamoinen	

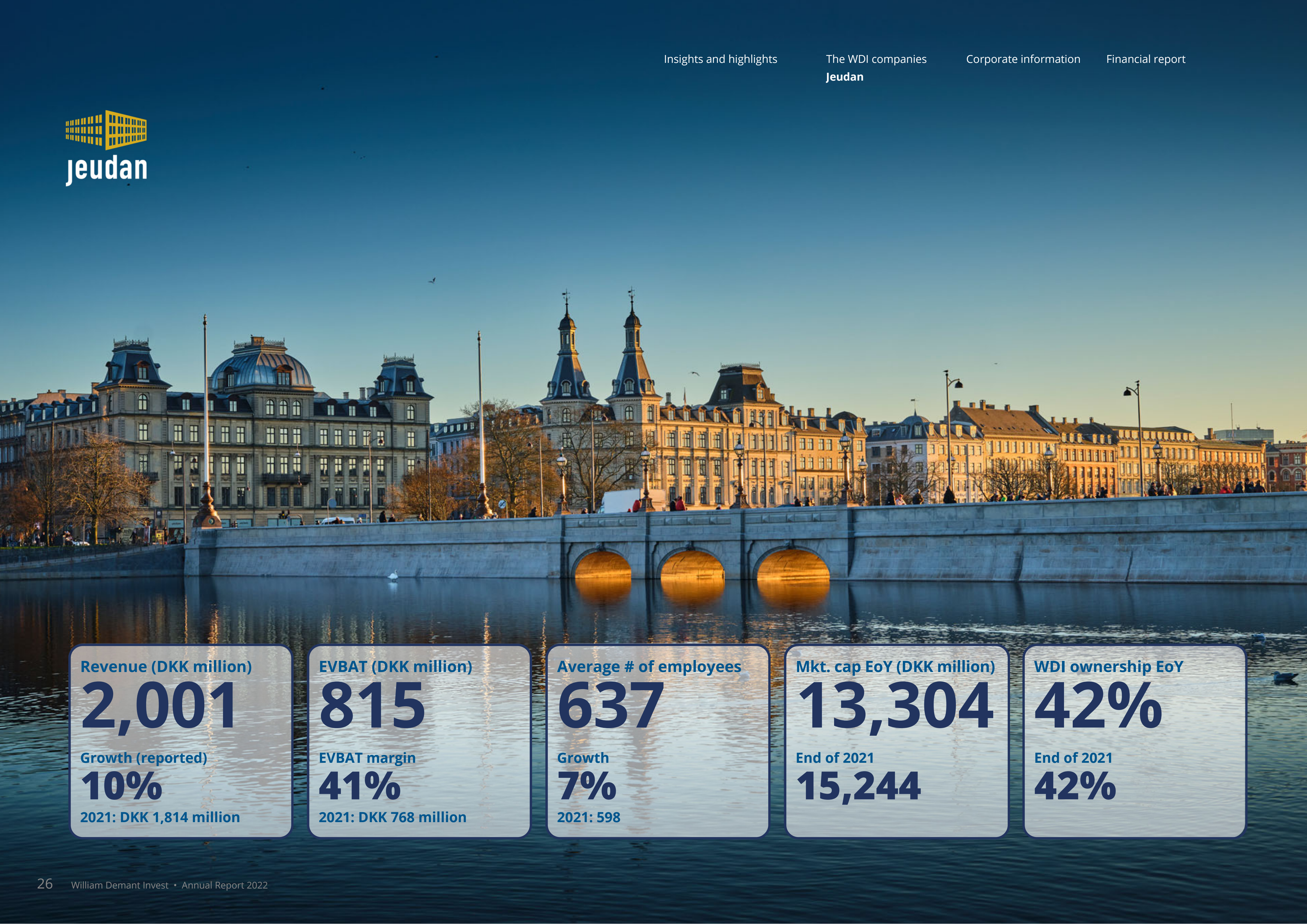
Executive Management

Lars Højgård Hansen	CEO

Key financial figures

SEK million





jeudan

Revenue (DKK million)	EVBAT (DKK million)	Average # of employees	Mkt. cap EoY (DKK million)	WDI ownership EoY
2,001	**815**	**637**	**13,304**	**42%**
Growth (reported)	EVBAT margin	Growth	End of 2021	End of 2021
10%	**41%**	**7%**	**15,244**	**42%**
2021: DKK 1,814 million	2021: DKK 768 million	2021: 598		

About Jeudan A/S

Jeudan is Denmark's largest publicly listed real estate and service company. Jeudan's activities consist of investment in and operation of commercial and residential properties, mainly in Copenhagen.

William Demant Invest started investing in Jeudan in 2004 and today holds around 42% of the shares.

2022 at a glance

In a year of vastly changing macroeconomic dynamics, most pronounced higher inflation and interest rates which typically have negative implications for the broader real estate market, Jeudan managed to end 2022 on solid footing growing the revenue to the tune of 10% to DKK 2 billion due to good growth in the service business as well as the property business.

The occupancy rate stood at 97.7% by year end, which is almost in line with last year's record high of 98.6% and continues to underpin that Jeudan has a very attractive portfolio of commercial and residential properties and not least a solid and robust business model, which appeals to existing and prospective customers due to favourable and flexible terms and the breath of service offerings.

During the year, Jeudan received the price "Årets Velkomst" by Estate Media for the collaboration with Nordic Female Founders on the creation of Female Founders House, an innovate environment for (female) entrepreneurship located in Bredgade 45.

Also in 2022, Jeudan was awarded "Årets Cykelinitiativpris" by the Danish Transport Federation (DI transport) and the Danish Cyclists' Federation (Cyklistforbundet) as an acknowledgement of Jeudan's contribution to the replacement of cars with bikes as means of transportation. Today, 54% of Jeudan's car fleet consists of electric vehicles and the ambition is to reach a target of 90% by the end of 2025.

Earnings after interest expense, but before value adjustments and tax (EBVAT) arrived at DKK 815 million, up 6% compared to last year, while net result increased by DKK 1,007 million to DKK 3,359 million, mainly due to positive value adjustments of Jeudan's interest bearing debt.

During 2022, Jeudan invested in four properties amounting to around DKK 2.4 billion, leaving the full portfolio of 200 properties with a book value of more than DKK 34 billion by year end.

Read more at www.jeudan.dk

Board of Directors

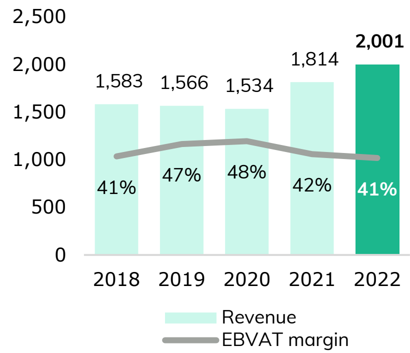
Niels Jacobsen	Chairman
Tom Knutzen	Deputy Chairman
Claus Gregersen	
Helle Okholm	
Nicklas Hansen	

Executive Management

Per Wetke Hallgren,	CEO
Søren B. Andersson	CFO

Key financial figures

DKK million



Corporate information

Competent management

Respect and trust are keywords in William Demant Invest.

We respect the original values and legacy of the companies we invest in. And we respect the unique competencies, knowledge and experience they have built up over the years.

Equally important our collaboration must be founded on trust where we bring our experience to the table to help a company reach its full potential.

Board of Directors

Lars Nørby Johansen
Chairman
Born 1949
Joined the Board in 2017
(up for election in 2023)

Considered independent: Yes

Other directorships: Dansk Vækstkapital I (chairman), Copenhagen Airports A/S (chairman), Montana Møbler A/S (chairman), Arp-Hansen Hotel Group A/S (deputy chairman), Kadeau ApS (board member), William Demant Foundation (chairman)

Education: Master of Social Sciences from the University of Odense

Competences: Extensive international experience as a corporate executive, including vast board experience from listed companies, and profound knowledge of the challenges resulting from globalisation and not least industrial policy

Total fee in William Demant Foundation and William Demant Invest A/S in 2022: DKK 1,200,000

Jesper Brandgaard
Deputy chairman
Born 1963
Joined the Board in 2019
(up for election in 2023)

Considered independent: Yes

Other directorships: LEO Pharma A/S (chairman), Chr. Hansen Holding A/S (deputy chairman), Vækst Partner Kapital (member of advisory board), William Demant Foundation (board member)

Education: Master of Science in Economics and Auditing and an MBA from CBS

Competences: Special qualifications within the area of group management in a multinational pharmaceutical company, including responsibility for strategy development and implementation, information technology, as well as financial and accounting experience

Total fee in William Demant Foundation and William Demant Invest A/S in 2022: DKK 525,000

Niels B. Christiansen
Board member
Born 1966
Joined the Board in 2019
(up for election in 2023)

Considered independent: Yes

Other directorships: LEGO A/S (President & CEO), Demant A/S (chairman), Tetra Laval S.A. (board member), William Demant Foundation (deputy chairman)

Education: Master of Science in Engineering from the Technical University of Denmark (DTU), MBA from INSEAD (France)

Competences: Special qualifications within international business management of major, global, industrial hi-tech corporations, including extensive board experience from listed companies as well as comprehensive insight into industrial policy

Total fee in William Demant Foundation and William Demant Invest A/S in 2022: DKK 475,000

Board of Directors

Anna Cecilia Frellsen
Board member
Born 1973
Joined the Board in 2020
(up for election in 2023)

Considered independent: Yes

Other directorships: Maternity Foundation (CEO), Center for Ledelse (board member), Ovacure (board member), William Demant Foundation (board member)

Education: Bachelor of Science in Business Administration from CBS, MBA from IESE (Barcelona, Spain)

Competences: Special qualifications within global health, growth strategy, digital health and philanthropy

Total fee in William Demant Foundation and William Demant Invest A/S in 2022: DKK 400,000

Tine Roed
Board member
Born 1964
Joined the Board in 2021
(up for election in 2023)

Considered independent: Yes

Other directorships: CBS Board Leadership Education (CEO), Nykredit Alternatives Core AIF-SIKAV (chairman), Multimanager Invest (chairman), Nykredit Alpha (chairman), Investeringsforeningen Sparinvest (board member), InvestIn SICAV-RAIF (board member), Investin (board member), Nykredit Invest, Nykredit Almen Bolig and Private Banking Elite (board member), Nykredit Alpha SICAV-RAIF (board member), William Demant Foundation (board member)

Education: Master of Law from the University of Copenhagen

Competences: Special qualifications within regulation of companies and funds as well as deep insight into politics and social as well as economic conditions. Furthermore, strong skills and experience in strategic management and communication

Total fee in William Demant Foundation and William Demant Invest A/S in 2022: DKK 400,000

Management

Niels Jacobsen
CEO
Born 1957

Education
Niels Jacobsen holds a Master of Science degree in Economics from Aarhus University

Group-related directorships
Demant A/S, deputy chairman
Össur hf., chairman
Vision RT Ltd., chairman
Jeudan A/S, chairman

Other directorships
Nissens A/S, board member
Thomas B. Thrige Foundation, chairman
ABOUT YOU Holding GmbH, deputy chairman
ATP Langsigtet Dansk Kapital, member of advisory board
Central Board of the Confederation of Danish Industry, member

Nicklas Hansen
Investment Director
Born 1986

Education
Nicklas Hansen holds a Master of Science degree in Finance and Accounting from Copenhagen Business School

Group-related directorships
Jeudan A/S, board member
Vision RT Ltd., board observer
INVISIO AB, board observer

Group approach to ESG

William Demant Invest is the holding company for William Demant Foundation's investment activities. Our largest investments include Demant A/S and Össur hf., in which we own controlling interests. Both companies are innovation-driven healthcare companies with own production and development activities as well as a global distribution model. Consequently, they have their own ESG policies in place which serve as the basis for our Group approach to ESG.

Demant and Össur provide products and services that contribute to good health, while operating their businesses in a responsible way, supporting climate action, and fostering diversity, equity and inclusion. Their most material impact on sustainable development is their contribution to Goal 3; Good health and well-being, and the improved quality of life of the users of our products and services.

Environment
Although their impact on climate and environment is relatively low, Demant and Össur are ambitious about reducing its footprint and contributing to keeping global warming below 1.5 degrees. Both companies work to reduce scope 1, 2 and 3 emissions and limit their negative impact as much as possible. Climate change is not yet representing a material risk to their businesses due to the location of their operations and key suppliers.

Guided by Demant's and Össur's Code of Conducts and environmental policies, that hold their principles and priorities when it comes to protecting the environment, both Demant and Össur advanced in their plans for renewable energy and have worked diligently to improve their scope 3 emissions data in 2022.

Social
It is fundamental to the success of the companies we invest in to employ innovative and diverse people who are driven by a common purpose of making a difference.

In 2022, Demant and Össur saw good progress in the people area including increased engagement, better gender distribution in our management teams and new activities under the diversity, equity and inclusions programmes.

Both Demant and Össur strive to meet local human rights standards wherever they operate. Should national legislation and international human rights principles conflict, Demant and Össur adhere to the higher standard. They have not identified any human rights violations in 2022.

Governance
With most material impact within health, the product governance, quality and safety are naturally of high priority to Demant and Össur. The companies have individual quality policies that govern this area.

The business ethics and integrity programmes of both companies contain code of conducts, global whistle-blower systems as well as a portfolio of global policies and guidance within business ethics. Our whistle-blower systems are important tools to prevent and detect possible improper business practices.

ESG investment policy

Since William Demant Invest was founded, we have invested in several companies within the healthcare industry that have a positive impact on global health. Both when evaluating new investment opportunities and in our dialogue with current investments, we pay attention to good governance on a list of sustainability parameters.

Our ESG investment policy
Our ESG investment policy mirrors the original purpose and desired impact of our investments and specifies the ESG areas that we as an investment company focus on in our interactions with current and potential companies in our portfolio.

Being an investment company, it is the impact of our investments that represents the largest contribution to the sustainable development goals. Since William Demant Invest was established in 2004, we have invested in several companies within the healthcare industry. Thus, we have primarily contributed to Sustainable Development Goal number 3; Good health and well-being, through our investments as the majority of our investment activities contributes to a healthy society both in terms of research and innovation, offering treatment and new possibilities for people suffering from diseases, and paying back to society in the form of generating good jobs and contributing to economic development. In this core area "good health and well-being", our listed portfolio companies have reported individually on their progress, and we refer to their 2022 ESG reporting for details.

Aside from our contribution to global health and well-being, we pay attention to a list of ESG parameters and policies, such as ethical business practices, environment and climate, diversity and talent retainment and attraction, both when evaluating new potential investment opportunities and as part of our active ownership strategy through among other our Board representation.

The methodology was developed to reduce ESG risks in new potential investments and with our active ownership we manage ESG risks of our existing portfolio. We do not expect perfection when we invest in new companies but consider it imperative to use our role as investor to drive progress on these important topics.

In 2022, we went over our data ethics practices with our legal advisors to ensure our processes live up to the legal requirements and expectations on the subject. Due to the size and nature of our organisation and the fact that we gather and handle nearly no sensitive personal information, we have decided not to develop a policy on data ethics.

From policy to action
The companies in William Demant Invest's portfolio pay attention to and work with ESG topics, including the mandatory topics mentioned above, and we continuously monitor and follow up on the ESG performance through our Board representation and other interactions with the companies over the year. In 2022, we were pleased to see progress across the companies in our portfolio. For reports on their progress, we refer to their individual ESG reporting. We are continuing our ESG dialogue with the companies in 2023.

Gender diversity in the Board of Directors
At the end of 2022, the Board of Directors of William Demant Invest consisted of five members of which two are women and three are men. The Board of Directors now has the target of maintaining the even gender distribution. As the total number of employees in William Demant Invest is less than 50, no specific targets with regard to the share of the underrepresented gender have been set in other management levels.

Investment case: ESG in Demant

Our largest investment, Demant, works strategically with its ESG performance and has significantly matured the area over the years.

Through life-changing hearing health, Demant contributes to building a more sustainable world where all people have the opportunity to hear, actively participate in life and be appreciated. That is Demant's core impact.

New Diversity, equity and inclusion policy

Diversity, equity and inclusion (DE&I) is a top priority in Demant. In 2022, a new DE&I policy introduced targets for gender distribution in top-level management and in management teams. It also includes activities to further address potentially unconscious biases and sameness thinking and to promote an inclusive culture.

Increase in women in top-level management

In 2022, the number of women in Demant's top-level management increased by 1 percentage point to 23%.

The number of management teams with unbalanced team composition was reduced from 35% to 29% in 2022.

Science Based Targets initiative

In 2022, Demant submitted both its short-term targets and its net-zero target to the Science Based Targets initiative, which are currently awaiting validation.

Demant launched several Group-wide projects in 2022 to meet the ambitions in all scopes.

Roadmap for renewable electricity

Analysing the Group's electricity consumption and the mechanisms available in its largest markets, Demant developed a Group roadmap for renewable electricity to boost the transition.

Alongside this transition, individual sites and business areas are already working on reducing their energy consumption as much as possible.

Demant's sustainability strategy at a glance

Purpose and core contribution

Life-changing differences through hearing health

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

Main priorities

Strategic sustainability projects

5 GENDER EQUALITY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Group targets

	Diversity, equity and inclusion	Emissions	Renewable electricity
2025	30% women in top-level management 75% of top-level management teams have a maximum of 75% of one gender		50% renewable electricity
2030		Approx. 50% reduction in scope 1 and 2, expected similar reduction in scope 3	100% renewable electricity
2050		Net-zero emissions	

Financial report

Cash flow-positive

We invest in strong, cash flow-positive, quality companies that hold leading positions in their industry niche.

We look for companies with products and a business model already proven and accepted in the market.

Financial review

Revenue (DKK million)
25,468
Growth
10%
2021: DKK 23,160 million

EBITDA (DKK million)
6,924
EBITDA margin
27%
2021: DKK 7,008 million

Average # of employees
23,383
Growth
12%
2021: 20,893

Financial review

The consolidated income statement and balance sheet of William Demant Invest comprise three subsidiaries – Demant, Össur, Vision RT and the parent company William Demant Invest.

Income statement
William Demant Invest's consolidated revenue amounted to DKK 25,468 million in 2022 compared to DKK 23,160 million in 2021. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to DKK 6,924 million compared to DKK 7,008 million in 2021. Operating profit (EBIT) was DKK 5,342 million compared to DKK 5,052 million in 2021, whereas profit before tax was DKK 4,652 million compared to DKK 4,677 million in 2021.

In 2022, William Demant Invest's share of the aggregate net result was DKK 2,479 million. Profit for the year is deemed satisfactory.

Equity and capital structure
Total assets amounted to DKK 61,545 million at 31 December 2022 compared to DKK 52,207 million in 2021. Consolidated equity in 2022 amounted to DKK 27,858 million compared to DKK 25,734 million in 2021. No dividends have been paid out to William Demant Foundation in 2022 as was the same in 2021.

Cash flows
Cash flow from operating activities amounted to DKK 3,107 million in 2022 compared to DKK 4,691 million in 2021, whereas cash flow from investing activities amounted to an outflow of DKK 6,569 million in 2022 compared to an outflow of DKK 4,437 million in 2021. Finally, cash flow from financing activities amounted to DKK 3,558 million in 2022 compared to DKK 271 million in 2021.

Tax
William Demant Invest is the administration company for the joint taxation of Demant and other Danish subsidiaries. Total corporate tax expensed in 2022 amounted to DKK 692 million compared to DKK 850 million in 2021. Tax in associated companies is paid in the respective companies.

Knowledge resources
William Demant Invest has 11 employees but does to a great extent rely on the development and retention of knowledge resources in subsidiaries and associated companies. Further elaboration of knowledge resources can be found in subsidiaries and associated companies' annual reports and webpages.

Risks
William Demant Invest's risks primarily relate to developments in our subsidiaries and associated companies, global health-care and Danish commercial occupancy rates and the financial markets. For a further review of financial risks, please refer to note 4.1. Further elaboration on business-related risks can be found in subsidiaries' and associates' annual reports and webpages.

Research and development activities
William Demant Invest's research and development activities are placed in subsidiaries and associated companies. Further elaboration on research and development activities can be found in subsidiaries' and associates' annual reports and webpages.

Key figures and financial ratios

DKK million	2022	2021	2020	2019	2018
Income statement					
Revenue	25,468	23,160	19,307	20,272	18,410
Gross profit	18,385	16,522	13,206	14,793	13,626
R&D costs	-1,652	-1,434	-1,519	-1,385	-1,233
Share of profit after tax, associates and joint ventures	1,665	1,196	748	568	3,549
EBITDA	6,924	7,008	3,680	4,746	7,286
Amortisation and depreciation etc.	1,582	1,956	1,645	1,389	730
Operating profit (EBIT)	5,342	5,052	2,035	3,357	6,556
Net financial items	-690	-375	146	18	-242
Profit before tax	4,652	4,677	2,181	3,375	6,314
Profit after tax - continuing operations	3,960	3,827	1,951	2,841	5,688
Profit after tax - discontinued operations	-192	-183	-	-	-
Profit for the year	3,768	3,644	1,951	2,841	5,688
Balance sheet					
Net interest-bearing debt	22,495	16,152	14,050	14,474	10,604
Assets	61,545	52,207	44,683	43,470	36,560
Equity	27,858	25,734	21,816	20,825	19,052
Other key figures					
Investment in property, plant and equipment, net	755	669	587	714	569
Cash flow from operating activities (CFFO)	3,107	4,691	3,388	3,025	2,353
Free cash flow	1,921	3,765	2,589	1,980	1,629
Average number of full time employees	23,383	20,800	19,924	19,052	17,221
Financial ratios					
Gross profit margin	72.2%	71.3%	68.4%	73.0%	74.0%
EBITDA margin	27.2%	30.3%	19.1%	23.4%	39.6%
Profit margin (EBIT margin)	21.0%	21.8%	10.5%	16.6%	35.6%
Return on equity	10.6%	11.9%	8.0%	12.3%	35.5%
Equity ratio	45.3%	49.3%	48.8%	47.9%	51.9%

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

Management statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report 2022 of William Demant Invest A/S for the financial year 1 January – 31 December 2022.

The consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in accordance with the Danish Financial Statements Act. The parent financial statements are prepared and presented 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 Group's and the Parent's assets, liabilities and financial position at 31 December 2022, of the results of the Group's and the Parent's operations and of the Group's consolidated cash flows for the financial year 1 January to 31 December 2022.

In our opinion, Management's commentary includes a true and 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 uncertainties facing the Group and the Parent.

We recommend the Annual Report 2022 for adoption at the annual general meeting.

Smørum, 20 March 2023

Executive Board

Niels Jacobsen
CEO

Board of Directors

Lars Nørby Johansen
Chairman

Jesper Brandgaard
Deputy Chairman

Niels B. Christiansen

Anna Cecilia Frellsen

Tine Roed

Independent auditor's report

To the shareholder of William Demant Invest A/S

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting 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 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of IFRSC-Group for the financial year 1 January to 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Commentary
Management is responsible for Management's Commentary.

Our opinion on the financial statements does not cover Management's Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Commentary and, in doing so, consider whether Management's Commentary is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Commentary provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Commentary 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 Statement Act. We did not identify any material misstatement in Management's Commentary.

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 International Financial Reporting 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 in preparing the financial statements 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 in preparing the financial statements 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 and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance 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.

Hellerup, 20 March 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33771231

Mogens Nørgaard Mogensen
State-Authorised Public Accountant
mne21404

Rasmus Friis Jørgensen
State-Authorised Public Accountant
mne28705

Consolidated income statement

(DKK million)	Note	2022	2021
Revenue	1.1	25,468	23,160
Production costs	1.2 / 1.3 / 1.5 / 8.3	-7,083	-6,638
Gross profit		**18,385**	**16,522**
R&D costs	1.2 / 1.3 / 8.3	-1,652	-1,434
Distribution costs	1.2 / 1.3 / 8.3	-11,217	-9,682
Administrative expenses	1.2 / 1.3 / 8.2 / 8.3	-1,839	-1,649
Share of profit after tax, associates and joint ventures	3.4	1,665	1,196
Other operating income	6.2	-	99
Operating profit (EBIT)		**5,342**	**5,052**
Financial income	4.2	145	56
Financial expenses	4.2	-835	-431
Profit before tax		**4,652**	**4,677**
Tax on profit for the year	5.1	-692	-850
Profit after tax - continuing operations		**3,960**	**3,827**
Profit after tax - discontinued operations	6.3	-192	-183
Profit for the year		**3,768**	**3,644**
Profit for the year attributable to:			
William Demant Invest A/S' shareholder		2,728	2,320
Non-controlling interests		1,040	1,324
		3,768	**3,644**

Consolidated statement of comprehensive income

(DKK million)	2022	2021
Profit for the year	**3,768**	**3,644**
Foreign currency translation adjustment, subsidiaries	-45	675
Other comprehensive income adjustments and associates	-251	531
Value adjustment of hedging instruments:		
Value adjustment for the year	-48	-178
Value adjustment transferred to revenue	202	36
Tax on items that have been or may subsequently be reclassified to the income statement	-32	29
Items that have been or may subsequently be reclassified to the income statement	**-174**	**1,093**
Actuarial gains/losses on defined benefit plans	105	62
Tax on items that will not subsequently be reclassified to the income statement	-27	-12
Items that will not subsequently be reclassified to the income statement	**78**	**50**
Other comprehensive income	**-96**	**1,143**
Comprehensive income	**3,672**	**4,787**
Comprehensive income attributable to:		
William Demant Invest A/S' shareholder	2,486	3,281
Non-controlling interests	1,186	1,506
	3,672	**4,787**
Breakdown of tax on other comprehensive income:		
Foreign currency translation adjustment, foreign enterprises	3	-3
Value adjustment of hedging instruments for the year	9	40
Value adjustment of hedging instruments transferred to revenue	-44	-8
Actuarial gains/losses on defined benefit plans	-27	-12
Tax on other comprehensive income	**-59**	**17**

Consolidated balance sheet at 31 December

(DKK million)	Note	2022	2021
Assets			
Intangible assets	3.1	**23,605**	**20,991**
Property, plant and equipment	3.2	**2,950**	**3,709**
Lease assets	3.3	3,215	2,961
Investments in associates and joint ventures	3.4	14,261	12,321
Receivables from associates and joint ventures	3.4 / 4.3 / 4.4	371	267
Other investments	3.4 / 4.3 / 4.5	2,713	115
Customer loans	1.7 / 3.4	566	494
Other receivables	3.4 / 4.3 / 4.4	111	95
Deferred tax assets	5.2	823	819
Other non-current assets		**22,060**	**17,072**
Non-current assets		**48,615**	**41,772**
Inventories	1.5	3,890	3,089
Trade receivables	1.6 / 4.3	4,605	4,020
Receivables from associates and joint ventures	4.3	170	147
Income tax		206	105
Customer loans	1.7	229	196
Other receivables	4.3 / 4.4	473	501
Unrealised gains on financial contracts	2.3 / 4.3 / 4.4 / 4.5	103	6
Prepaid expenses		544	431
Cash	4.3 / 4.4	1,746	1,940
Assets held for sale	6.3	964	-
Current assets		**12,930**	**10,435**
Assets		**61,545**	**52,207**

(DKK million)	Note	2022	2021
Equity and liabilities			
Share capital		4	4
Other reserves		23,195	21,348
Equity attributable to William Demant Invest A/S' shareholder		**23,199**	**21,352**
Equity attributable to non-controlling interests		4,659	4,382
Equity		**27,858**	**25,734**
Borrowings	4.3 / 4.4	10,035	4,518
Lease liabilities	3.3	2,609	2,432
Deferred tax liabilities	5.2	811	690
Provisions	7.1	184	374
Other liabilities	4.3 / 7.2	1,057	783
Deferred income	7.3	543	464
Non-current liabilities		**15,239**	**9,261**
Borrowings	4.3 / 4.4	12,037	11,499
Lease liabilities	3.3	795	659
Trade payables	4.3	1,073	993
Income tax		394	343
Provisions	7.1	130	116
Other liabilities	4.3 / 7.2	3,175	2,898
Unrealised losses on financial contracts	2.3 / 4.3 / 4.4 / 4.5	24	81
Deferred income	7.3	645	623
Liabilities related to assets held for sale	6.3	175	-
Current liabilities		**18,448**	**17,212**
Liabilities		**33,687**	**26,473**
Equity and liabilities		**61,545**	**52,207**

Consolidated cash flow statement

(DKK million)	Note	2022	2021
Operating profit (EBIT)		5,342	5,052
Non-cash items etc.	1.8	-62	684
Change in receivables etc.		-696	-501
Change in inventories		-762	-437
Change in trade payables and other liabilities etc.		78	490
Change in provisions		85	94
Dividends received		259	258
Cash flow from operating profit		**4,244**	**5,640**
Financial income etc. received		75	45
Financial expenses etc. paid		-576	-405
Income tax paid		-636	-589
Cash flow from operating activities (CFFO)		**3,107**	**4,691**
Acquisition of enterprises, participating interests and activities	6.1/3.4	-6,295	-3,672
Divestment of enterprises, participating interests and activities	6.2	912	161
Investments in intangible assets		-343	-222
Investments in property, plant and equipment		-771	-684
Disposal of property, plant and equipment		16	15
Investments in other non-current assets		-347	-425
Disposal of other non-current assets		259	390
Cash flow from investing activities (CFFI)		**-6,569**	**-4,437**

Acquisitions of enterprises, participating interest and activities include loans of DKK 0 million (DKK 63 million in 2021) classified as other non-current assets, which have been settled as part of acquisitions without cash payments.

(DKK million)	Note	2022	2021
Repayments of borrowings	4.4	-3,194	-2,529
Proceeds from borrowings	4.4	9,323	2,516
Change in short-term bank facilities	4.4	-250	2,070
Repayments of lease liabilities	3.3/4.4	-773	-664
Dividends paid		-	-198
Transactions with non-controlling interests		-1,548	-924
Cash flow from financing activities (CFFF)		**3,558**	**271**
Cash flow for the year, net - continuing operations		96	525
Cash flow for the year, net - discontinued operations	6.3	-253	-314
Cash flow for the year, net		**-157**	**211**
Cash and cash equivalents at the beginning of the year		1,940	1,698
Foreign currency translation adjustment of cash and cash equivalents		-37	31
Cash and cash equivalents at the end of the year		**1,746**	**1,940**
Breakdown of cash and cash equivalents at the end of the year:			
Cash	4.3/4.4	1,746	1,940
Cash and cash equivalents at the end of the year		**1,746**	**1,940**

Consolidated statement of changes in equity

(DKK million)		Other reserves					
	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	William Demant Invest A/S' shareholder's share	Non-controlling interests' share	Equity
Equity at 1.1.2022	**4**	**196**	**-28**	**21,180**	**21,352**	**4,382**	**25,734**
Comprehensive income in 2022:							
Profit for the year	-	-	-	2,728	2,728	1,040	3,768
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	-104	-	-	-104	59	-45
Other comprehensive income adjustments and associates	-	-	-	-251	-251	-	-251
Value adjustment of hedging instruments:							
Value adjustment, year	-	-	-27	-	-27	-21	-48
Value adjustment transferred to revenue	-	-	114	-	114	88	202
Actuarial gains/losses on defined benefit plans	-	-	-	59	59	46	105
Tax on other comprehensive income	-	2	-20	-15	-33	-26	-59
Other comprehensive income	**-**	**-102**	**67**	**-207**	**-242**	**146**	**-96**
Comprehensive income for the year	**-**	**-102**	**67**	**2,521**	**2,486**	**1,186**	**3,672**
Transactions with non-controlling interests	-	-	-	-687	-687	-945	-1,632
Other changes in equity	-	-	-	48	48	36	84
Equity at 31.12.2022	**4**	**94**	**39**	**23,062**	**23,199**	**4,659**	**27,858**

Consolidated statement of changes in equity – continued

(DKK million)		Other reserves					
	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	William Demant Invest A/S' shareholder's share	Non-controlling interests' share	Equity
Equity at 1.1.2021	**4**	**-266**	**31**	**17,745**	**17,514**	**4,302**	**21,816**
Comprehensive income in 2021:							
Profit for the year	-	-	-	2,320	2,320	1,324	3,644
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	464	-	-	464	211	675
Other comprehensive income adjustments and associates	-	-	-	531	531	-	531
Value adjustment of hedging instruments:							
Value adjustment, year	-	-	-97	-	-97	-81	-178
Value adjustment transferred to revenue	-	-	20	-	20	16	36
Actuarial gains/losses on defined benefit plans	-	-	-	34	34	28	62
Tax on other comprehensive income	-	-2	18	-7	9	8	17
Other comprehensive income	**-**	**462**	**-59**	**558**	**961**	**182**	**1,143**
Comprehensive income for the year	**-**	**462**	**-59**	**2,878**	**3,281**	**1,506**	**4,787**
Transactions with non-controlling interests	-	-	-	553	553	-1,430	-877
Other changes in equity	-	-	-	4	4	4	8
Equity at 31.12.2021	**4**	**196**	**-28**	**21,180**	**21,352**	**4,382**	**25,734**

Notes to consolidated financial statements

Section 1

Operating activities and cash flow

1.1 Revenue

(DKK million)

Revenue by geographic region	**2022**	**2021**
Europe	10,502	10,167
North America	10,826	9,417
Asia	2,103	1,747
Pacific region	1,317	1,324
Other regions	720	505
Revenue	**25,468**	**23,160**

Consolidated revenue derives from the sale of goods and services and is broken down by the customers' geographic region.

Revenue generated in Denmark is DKK 348 million (DKK 340 million in 2021). For the Group, the ten largest customers account for approx. 10% of total consolidated revenue.

(DKK million)

Revenue by business area	**2022**	**2021**
Hearing Care	8,123	7,553
Hearing Aids	8,231	7,346
Prosthetics, Bracing & supports	5,090	4,524
Diagnostics	2,291	1,823
Communications	1,060	1,183
Other	673	731
Revenue	**25,468**	**23,160**

(DKK million)

Liabilities related to contracts with customers	**2022**	**2021**
Customer prepayments*	178	172
Future performance obligations*	1,010	915
Expected volume discounts and other customer-related items**	406	357
Expected product returns***	172	162
Transferred to liabilities related to assets held for sale	-4	-
Contract liabilities with customers	**1,762**	**1,606**

*Included in deferred income.
**Included in other cost payables under Other liabilities.
***Included in product-related liabilities under Other liabilities

Value adjustments transferred from equity relating to derivatives made for hedging foreign exchange risks on revenue amount to DKK -202 million (DKK -36 million in 2021).

(DKK million)

Changes in contract liabilities with customers	**2022**	**2021**
Contract liabilities at 1.1.	**1,606**	**1,408**
Foreign currency translation adjustment	20	56
Revenue recognised and included in the contract liability balance at 1.1.	-615	-593
Increases due to cash received, excluding amounts recognised as revenue during the year	693	597
Changes from expected volume discounts and other customer related items	44	86
Changes from product returns	6	41
Additions from acquisitions	12	11
Transferred to liabilities related to assets held for sale	-4	-
Contract liabilities at 31.12.	**1,762**	**1,606**

1.1 Revenue – 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. When selling our products to customers, we transfer control and recognise revenue when the product is delivered to the customer at a given point in time. For hearing aids, the revenue is recognised when it 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 our products for a certain period. In such cases, the expected returns are estimated based on an analysis of historical experience adjusted for any known factors impacting expectations for 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.

Our 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 products, additional test, cleaning and service checks). Revenue from these services is recognised on a straight-line basis over the warranty or service period as the users makes use of the services continuously. Some users purchase a battery package or are provided with batteries free of charge as part of the purchase of some products, entitling them to free batteries for a certain period. Revenue is recognised when the customer receives the batteries or is provided with batteries free of charge as part of the purchase of product. When available, we use an observable price to determine the stand-alone selling price for the separate performance obligations related to these services, and in countries where observable prices are not available, we use a cost-plus-margin method.

The standard warranty period for our products varies between countries but is typically 12 and 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 across countries and depend on whether the customer is a private or public customer.

The majority of our products sold to end-users are invoiced and paid for after the initial accept, but some customers choose to have the products 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
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 our products and services. Revenue is measured as the consideration we expect to receive 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 utilization of loyalty programmes. Sales discounts, rebates and loyalty programmes are adjusted, as we gain better information on the likelihood that they will be realised and the value at which they are expected to be realised. Sales discounts and rebates are recognised under other cost payables in other liabilities, and loyalty programmes are recognised in deferred income.

Depending on local legislation and the conditions to which a sale is subject, some customers have the option to return purchased goods for a refund. Based on historical return rates, an estimate is made of the expected returns and a provision is recognised. This provision is updated, as returns are recognised or when we collect more accurate data on return rates.

After-sales services (estimate)
After-sales services are provided to end-users of our products and are based on estimates as not all end-users make use of these services. The estimate is a matter of judgement and is based on the number of visits, the duration of the visits of an average user's visit and the expected number of end-users that make use of the after-sales services.

1.2 Employees

(DKK million)	Note	2022	2021
Employee costs			
Wages and salaries		9,273	8,254
Share-based remuneration		32	18
Defined contribution plans		271	201
Defined benefit plans	7.1	16	19
Social security costs etc.		1,103	906
Employee costs		**10,695**	**9,398**
Employee costs by function			
Production costs		1,623	1,382
R&D costs		1,039	911
Distribution costs		6,641	5,856
Administrative expenses		1,392	1,249
Employee costs		**10,695**	**9,398**
Average number of full-time employees		23,383	20,800
Remuneration to Executive Board included in employee costs:			
Wages and salaries		5.9	5.9
Short-term cash incentive		-	22.8
Executive Board		**5.9**	**28.7**
Fees to Board of Directors		1.9	1.9

Remuneration of the Executive Board
The total remuneration of the Executive Board comprises:

- Wages and salaries consisting of base salary.
- A short-term incentive programme including a bonus scheme based on the development in the fair value of the net assets within William Demant Invest A/S and William Demant Foundation.

Remuneration of the Board of Directors
The remuneration of the Board of Directors comprises a fixed fee and is not incentive based.

In 2022, the basic remuneration of a member of the Parent's Board of Directors was DKK 250,000 (DKK 250,000 in 2021). The Chair of the Board of Directors receives three times the basic remuneration and the Deputy Chair one and a half time the basic remuneration.

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 William Demant Invest A/S provides long-term employee benefits, the costs are accrued to match the rendering of the service by the employees concerned.

1.3 Amortisation, depreciation and impairment losses

(DKK million)	**Note**	**2022**	**2021**
Amortisation of intangible assets	3.1	267	238
Depreciation of property, plant and equipment	3.2	539	931
Depreciation of leased assets	3.3	776	732
Amortisation, depreciation and impairment losses		**1,582**	**1,901**
Amortisation, depreciation and impairment losses by function:			
Production costs		233	635
Research and development costs		86	89
Distribution costs		964	833
Administrative expenses		299	344
Amortisation, depreciation and impairment losses		**1,582**	**1,901**
Net gains from sale of assets		-2	-6
Net gains from sale of assets		**-2**	**-6**
Net gains from sale of assets by function:			
Administrative expenses		-2	-6
Net gains from sale of assets		**-2**	**-6**

For accounting policies on amortisation and depreciation, please refer to Note 3.1, Note 3.2 and Note 3.3.

1.4 Proposed dividend

The Board of Directors will at the annual general assembly meeting propose not to distribute dividend for 2022.

1.5 Inventories

(DKK million)	2022	2021
Raw materials and purchased components	1,525	1,142
Work in progress	181	151
Finished goods and goods for resale	2,184	1,796
Inventories	**3,890**	**3,089**
Write-downs, provisions for obsolescence etc. included in the above	175	210
Included in the income statement under production costs:		
Write-downs of inventories for the year, net	68	56
Cost of goods sold for the year	5,834	5,126

Inventories of DKK 54 million (DKK 54 million in 2021) are expected to be sold or used in production after more than twelve months.

Write-downs for the year are shown net, as breakdown into reversed write-downs and new write-downs is not possible.

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 cost, direct payroll costs, consumables and a proportionate share of indirect production costs, which are allocated on the basis of the normal capacity of the production facility. Indirect production costs include the proportionate share of capacity costs directly relating to Group-manufactured goods and work in progress.

The net realisable value of inventories is calculated as the estimated selling price less costs of completion and costs to sell.

Accounting estimates and judgements

Indirect production cost (significant judgement)
Indirect production cost allocations to inventory are based on relevant judgements related to capacity utilisation at the production facility, production time and 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 forecast for the individual types of hearing devices, diagnostic equipment, hearing implants, communication devices and prosthetics equipment. 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 carrying amount
2022						
Gross carrying amount	3,187	940	274	257	309	4,967
Specific loss allowance	-16	-43	-51	-69	-137	-316
General loss allowance	-14	-12	-5	-7	-8	-46
Total	**3,157**	**885**	**218**	**181**	**164**	**4,605**
Expected loss rate	0.9%	5.9%	20.4%	29.6%	46.9%	7.3%
2021						
Gross carrying amount	2,839	720	251	237	349	4,396
Specific loss allowance	-19	-40	-51	-50	-174	-334
General loss allowance	-13	-8	-4	-6	-11	-42
Total	**2,807**	**672**	**196**	**181**	**164**	**4,020**
Expected loss rate	1.1%	6.7%	21.9%	23.6%	53.0%	8.6%

The opening balance of trade receivables in 2021 amounted to DKK 3,578 million.

Of the total amount of trade receivables, DKK 251 million (DKK 284 million in 2021) 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)	2022	2021
Allowance for impairment		
Allowance for impairment at 1.1.	-376	-437
Foreign currency translation adjustments	-11	-7
Realised during the year	154	89
Additions during the year	-190	-152
Reversals during the year	43	131
Transfer to assets held for sale	18	-
Allowance for impairment at 31.12.	**-362**	**-376**

Accounting policies

Trade receivables and contract 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 have been grouped based on shared credit risk and the number of days that have passed after the due date. Allowances have also been 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 and contract assets.

Allowance for impairment is calculated for trade receivables. The allowance is determined as expected credit losses based on an assessment of the debtor's ability to pay. These assessments are made by local management for uniform groups of debtors based on a maturity analysis. When indicated by special circumstances, impairments are made for individual trade receivables.

1.7 Customer loans

(DKK million)	2022	2021
Non-current customer loans	566	494
Current customer loans	229	196
Total customer loans	**795**	**690**
Allowance for impairment		
Allowance for impairment at 1.1.	-17	-20
Foreign currency translation adjustments	-	-2
Realised during the year	1	6
Additions during the year	-26	-2
Reversals during the year	9	1
Allowance for impairment at 31.12.	**-33**	**-17**

Group internal credit rating

		Expected credit loss rate	Gross carrying amount	Carrying amount
2022				
Performing	12-month expected credit loss	0.3%	673	671
Underperforming	Lifetime expected credit loss	20.0%	155	124
Total customer loans			**828**	**795**
2021				
Performing	12-month expected credit loss	0.3%	578	576
Underperforming	Lifetime expected credit loss	11.6%	129	114
Total customer loans			**707**	**690**

Accounting policies
Customer loans are initially recognised at fair value less transaction costs and 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 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 subsequently based on a 12-months 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 lifetime expected credit loss is provided.

Accounting estimates and judgments
Accounting treatment (judgment) and impairment (estimate) of loans
The Group provides sales-related financing in the form of loans to some of its customers. 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. Management also assesses whether there is an indication of impairment based on current economic market conditions and changes in customer's payment behaviour (estimate).

1.8 Specification of non-cash items etc.

(DKK million)	**2022**	**2021**
Amortisation and depreciation	1,582	1,956
Share of profit after tax, associates and joint ventures	-1,665	-1,196
Gain on sale of intangible assets and property, plant and equipment	-1	-4
Provisions including one-offs	-29	-29
Exchange rate adjustments	-51	-46
Employee salary share arrangement	80	65
Divestment of enterprises	-	-100
Other non-cash items	22	38
Non-cash items etc.	**-62**	**684**

Section 2

Exchange rates and hedging

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 ensure greater predictability in profit. The exposure of the Group mainly come from Demant A/S, which manufactures and distributes most of its products from the production facilities in Poland. The products are sold to its regional affiliates and as a general principle invoiced in the functional currency of the buying entities.

The currencies that mainly contribute to the Group's foreign exchange risks are US dollars, British pound, Canadian dollars, Australian dollars, Japanese yen, Polish zloty, Icelandic Krona and Chinese yuan (renminbi). 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.

Hedging is done in accordance with the Group's policy with the aim to maintain an overall adequate hedging level in the rage of 70% -100% of the Group's exposure to exchange rate fluctuations. The Group does not undertake any financial transactions in foreign currencies of a speculative nature. Cash flow hedge accounting are applied to the extent possible to mitigate negative impacts of adverse development in exchange rates on the consolidated operating result of the Group.

Due to the fixed exchange rate policy towards the euro in Denmark, the risk associated with exposure to fluctuations is considered to be limited and is not hedged.

2.2 Sensitivity analysis in respect of exchange rates

Effect on EBIT, 5% positive change in exchange rates*

(DKK million)	2022	2021
USD	+74	+103
GBP	+42	+29
CAD	+23	+22
AUD	+11	+13
JPY	+5	+4
PLN	-30	-25
CNY	+4	+8
ISK	+0	+0

Effect on equity, 5% positive change in exchange rates

(DKK million)	2022	2021
USD	+59	+89
GBP	+38	+28
CAD	+20	+20
AUD	+9	+13
JPY	+5	+4
PLN	-31	-25
CNY	+3	+8
ISK	+0	-2

**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 currencies with the highest exposures.

The exchange rate impact on EBIT has been calculated on the basis of the Group's EBIT for each currency and does not take into account a possible exchange rate impact on balance sheet values in those currencies.

2.3 Hedging and forward exchange contracts

Forward exchange contracts

2022

	Expiry	Hedging period*	Average hedging rate	Contractual value	Fair value	Positive fair value at year-end	Negative fair value at year-end
				(DKK million)			
USD	2023	10 months	701	-1,072	18	30	12
AUD	2023	9 months	487	-263	8	8	-
GBP	2023	9 months	855	-470	13	13	-
CAD	2023	9 months	533	-362	16	16	-
JPY	2023	10 months	5.34	-85	-	1	1
PLN	2023	9 months	150	479	15	15	-
EUR**	2024	36 months	742	891	-2	-	2
EUR	2023	12 months	740	-222	-9	-	9
				-1,104	**59**	**83**	**24**

2021

	Expiry	Hedging period	Average hedging rate	Contractual value	Fair value	Positive fair value at year-end	Negative fair value at year-end
				(DKK million)			
USD	2022	11 months	632	-1,124	-38	1	39
AUD	2022	10 months	464	-334	-8	-	8
GBP	2022	11 months	863	-552	-12	-	12
CAD	2022	11 months	495	-441	-16	-	16
JPY	2022	11 months	5.69	-120	-	1	1
PLN	2022	10 months	160	432	-4	1	5
EUR	2024	36 months	741	895	3	3	-
				-1,244	**-75**	**6**	**81**

**Hedging periods represent the estimated periods for which the exchange rate exposure of a relative share of our revenue in a currency will be covered by forward exchange contracts.*
***Forward exchange contracts in euros hedged a fixed committed financial loan.*

Open forward exchange contracts at the balance sheet date may be specified as shown in the table, with the contracts for sale of currencies being shown with their negative contract values. The expiry dates reflect the periods in which the hedged cash flows are expected to be realised.

Realised forward exchange contracts are recognised in the income statement together with the items, typically the revenue in foreign currency, that such contracts are designed to hedge. In 2022, our forward exchange contracts realised a loss of DKK 202 million (loss of DKK 36 million in 2021), which decreased reported revenue for the year. There has been no ineffectiveness in 2022 or 2021.

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 as Unrealised gains/losses on financial contracts in the balance sheet.

Forward exchange contracts and interest swaps are measured based on current market data and by use 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.

Section 3

Assets base

3.1 Intangible assets

(DKK million)	2022 Goodwill	2022 Patents and licences	2022 Other intangible assets	2022 Assets under develop-ment*	2022 Total intangible assets	2021 Goodwill	2021 Patents and licences	2021 Other intangible assets	2021 Assets under develop-ment*	2021 Total intangible assets
Cost at 1.1.	**19,545**	**249**	**1,837**	**274**	**21,905**	**17,841**	**221**	**1,607**	**283**	**19,952**
Foreign currency translation adjustments	53	-3	36	2	88	586	8	49	5	648
Additions during the year	-	22	127	194	343	-	11	82	136	229
Additions relating to acquisitions	2,771	35	249	4	3,059	1,118	2	27	-	1,147
Disposals relating to divestments	-	-	-	-	-	-	-	-4	-	-4
Disposals during the year	-1	-5	-47	-	-53	-	-5	-62	-	-67
Transferred to/from other items	-	-	107	-107	-	-	12	138	-150	-
Transferred to assets held for sale	-459	-66	-18	-107	-650	-	-	-	-	-
Cost at 31.12.	**21,909**	**232**	**2,291**	**260**	**24,692**	**19,545**	**249**	**1,837**	**274**	**21,905**
Amortisation at 1.1.	**-**	**-139**	**-775**	**-**	**-914**	**-**	**-124**	**-583**	**-**	**-707**
Foreign currency translation adjustments	-	-1	-25	-	-26	-	-3	-25	-	-28
Amortisation for the year	-	-13	-254	-	-267	-	-12	-227	-	-239
Disposals during the year	-	4	43	-	47	-	1	61	-	62
Amortisation transfer	-	-	-	-	-	-	-1	-1	-	-2
Transferred to assets held for sale	-	62	11	-	73	-	-	-	-	-
Amortisation at 31.12.	**-**	**-87**	**-1,000**	**-**	**-1,087**	**-**	**-139**	**-775**	**-**	**-914**
Carrying amount at 31.12.	**21,909**	**145**	**1,291**	**260**	**23,605**	**19,545**	**110**	**1,062**	**274**	**20,991**

**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 impairments. Patents and licenses are amortised on a straight-line basis over their estimated useful lives.

Other intangible assets consist of software, other rights than patents and licenses and other intangible assets acquired in connection with acquisitions, primarily brand value, customer bases 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 for other rights which are not amortised, due to the residual value of other rights are considered to exceed the cost price and are instead tested for impairment annually. Please refer to Note 3.5.

Assets under development include internally developed IT systems. Assets under development is measured at cost, which include direct salaries, consultant fees and other direct costs attributable to the development. Assets under development are not amortised, as the assets are not available for use.

Patents and licenses	5-50 years
Software	2-10 years
Brand value	5-10 years
Customer relationships	4-10 years
Non-compete agreements	For the duration of the agreement

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.

3.2 Property, plant and equipment

(DKK million)	2022						2021					
	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Leasehold improve-ments	Assets under construc-tion*	Total property, plant and equipment	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Leasehold improve-ments	Assets under construc-tion*	Total property, plant and equipment
Cost at 1.1.	**1,260**	**2,845**	**1,801**	**1,246**	**127**	**7,279**	**1,209**	**2,746**	**1,465**	**1,073**	**181**	**6,674**
Foreign currency translation adjustments	10	21	24	8	-	63	15	32	57	36	3	143
Additions during the year	8	101	230	225	207	771	7	92	254	169	80	602
Additions relating to acquisitions	3	11	24	46	-	84	3	4	6	7	-	20
Disposals relating to divestments	-	-1,788	-	-	-	-1,788	-	-3	-13	-1	-	-17
Disposals during the year	-8	-113	-105	-45	-	-271	-2	-52	-59	-57	-4	-174
Transferred to/from other items	23	82	-50	59	-114	-	28	26	91	19	-133	31
Transferred to assets held for sale	-	-46	-24	-13	-	-83	-	-	-	-	-	-
Cost at 31.12.	**1,296**	**1,113**	**1,900**	**1,526**	**220**	**6,055**	**1,260**	**2,845**	**1,801**	**1,246**	**127**	**7,279**
Depreciation and impairment losses at 1.1.	**-250**	**-1,403**	**-1,240**	**-677**	**-**	**-3,570**	**-217**	**-880**	**-1,016**	**-568**	**-**	**-2,681**
Foreign currency translation adjustments	-4	-13	-17	-7	-	-41	-6	-21	-41	-21	-	-89
Depreciation for the year	-29	-143	-200	-172	-	-544	-28	-558	-216	-137	-	-939
Disposals relating to divestments	-	742	-	-	-	742	-	2	12	1	-	15
Disposals during the year	5	110	95	42	-	252	-	47	57	51	-	155
Transferred to/from other items	-	-2	-8	10	-	-	1	7	-36	-3	-	-31
Transferred to assets held for sale	-	25	21	10	-	56	-	-	-	-	-	-
Depreciation and impairment losses at 31.12.	**-278**	**-684**	**-1,349**	**-794**	**-**	**-3,105**	**-250**	**-1,403**	**-1,240**	**-677**	**-**	**-3,570**
Carrying amount at 31.12.	**1,018**	**429**	**551**	**732**	**220**	**2,950**	**1,010**	**1,442**	**561**	**569**	**127**	**3,709**

**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.

Interest expenses on loans for financing of the construction of property, plant and equipment are recognised in the cost of the assets if such expenses pertain to the manufacturing period. Other borrowing costs are recognised in the income statement.

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	25-50 years
Technical installations	2-10 years
Plant and machinery	3-10 years
Plant and machinery, wind farm	20-25 years
Other plant, fixtures and operating equipment	3-10 years
IT hardware and software	2-5 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)	2022	2021
Lease assets at 1.1.	**2,961**	**2,636**
Foreign currency translation adjustments	24	84
Additions during the year	970	937
Additions relating to acquisitions	170	99
Disposals during the year	-111	-51
Depreciations during the year	-781	-744
Transferred to assets held for sale	-18	-
Lease assets at 31.12.	**3,215**	**2,961**

(DKK million)	2022	2021
Lease liabilities at 1.1.	**3,091**	**2,695**
Foreign currency translation adjustments	10	91
Additions during the year	973	924
Additions relating to acquisitions	170	99
Covid-19-related rent concessions	-3	-2
Disposals during the year	-45	-49
Payments	-850	-738
Interest	77	71
Transferred to liabilities related to assets held for sale	-19	-
Lease liabilities at 31.12.	**3,404**	**3,091**
Current lease liabilities	795	659
Non-current lease liabilities	2,609	2,432
Amounts recognised in the income statement:		
Variable lease payments	31	32
Short-term lease expenses	50	31
Low-value assets	4	5

Approx. 98% of the Group's leases consist of property agreements. The lease terms are of various length and may contain extension and termination options. Management exercises 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 interest rate implicit 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 interest rate implicit in the lease agreement cannot be determined.

Lease payments contain fixed payments less any lease incentives receivable, variable lease payment that depend on an index or a rate as well as payments of penalties for terminating the lease, if the terms of the lease warrants that the Group exercises that 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.

3.3 Leases – continued

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 the 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

	2022					2021				
				Other receivables					Other receivables	
(DKK million)	Investments in associates and joint ventures	Receivables from associates and joint ventures	Other investments	Customer loans	Other	Investments in associates and joint ventures	Receivables from associates and joint ventures	Other investments	Customer loans	Other
Cost at 1.1.	**9,039**	**271**	**134**	**501**	**151**	**5,311**	**247**	**478**	**446**	**145**
Foreign currency translation adjustments	21	-2	-	23	1	30	15	1	34	4
Additions during the year	822	120	2,912	303	24	2,721	106	113	282	1
Additions relating to acquisitions	7	-	-	-	9	-	-	-	-	-
Disposals related to step-up acquisition of associates	-15	-20	-	-	-5	-26	-98	-	-	4
Disposals, repayments etc. during the year	-47	-	-83	-56	-12	-82	-	-4	-117	-1
Transferred to current assets	-	-	-	-184	-	-	1	-	-144	-2
Transferred to/from other items	-	-	-	-	-	1,085	-	-454	-	-
Cost at 31.12.	**9,827**	**369**	**2,963**	**587**	**168**	**9,039**	**271**	**134**	**501**	**151**
Value adjustments at 1.1.	**3,282**	**-4**	**-19**	**-7**	**-56**	**1,801**	**-**	**621**	**-9**	**-54**
Foreign currency translation adjustments	-4	-	-	-1	1	1	-	-	-	-2
Share of profit after tax	1,665	-	-	-	-	1,196	-	-	-	-
Dividends received	-260	-	-	-	-	-259	-	-	-	-
Disposals relating to step-up acquisitions of associates	-	-	-	-	-	-2	-1	-	-	-
Fair value adjustments	-	-	-231	-	-	-	-	-9	-	-
Other adjustments	-249	6	-	-14	-2	545	-3	-	-2	-
Disposals during the year	-	-	-	1	-	-	-	-	4	-
Transferred to/from other items	-	-	-	-	-	-	-	-631	-	-
Value adjustments at 31.12.	**4,434**	**2**	**-250**	**-21**	**-57**	**3,282**	**-4**	**-19**	**-7**	**-56**
Carrying amount at 31.12.	**14,261**	**371**	**2,713**	**566**	**111**	**12,321**	**267**	**115**	**494**	**95**

3.4 Other non-current assets - continued

(DKK million)	Jeudan 2022	Jeudan 2021	Vitrolife 2022	Vitrolife 2021
Key financial figures (100% share)				
Revenue	2,001	1,814	2,199	1,211
Depreciations and amortisations	16	20	269	79
Financial income	7	10	-	18
Financial expenses	181	118	79	-
Tax expenses	954	665	97	84
Profit for the year	3,359	2,352	268	247
Other comprehensive income	-	-	779	14
Comprehensive income	3,359	2,352	1,047	261
Dividends paid to William Demant Invest during the year	56	56	22	17
Balance sheet items (100% share)				
Non-current assets	34,688	31,045	12,689	13,084
Cash	15	2	386	457
Current assets	2,375	324	1,052	1,021
Non-current financial liabilities*	19,173	17,643	1,366	1,471
Non-current liabilities	22,092	19,903	2,133	2,275
Current financial liabilities*	651	805	122	331
Current liabilities	1,663	1,386	415	693
Equity	13,308	10,080	11,193	11,137
Reconciliation to the carrying amount				
Proportion of the Group's ownership interest in the associate	42.0%	42.0%	28.7%	26.7%
Goodwill	160	160	1,574	1,343
Carrying amount of the Group's interest in the associate	5,743	4,389	4,783	4,317

**Included in non-current and current liabilities, respectively. Financial liabilities consists of borrowings, deposits and lease liabilities.*

Transactions with associates and joint ventures
In 2022, the Group recognised revenue from associates and joint ventures of DKK 612 million (DKK 566 million in 2021), received royalties from and paid licence fees of net DKK 18 million (DKK 0 million in 2021) and received dividends of DKK 165 (DKK 259 million in 2021).

In 2022, the Group received interest income of DKK 16 million (DKK 11 million in 2021). The transactions with related parties were made on arm's length basis.

Under the provisions of contracts concluded with associates and joint ventures, the Group is not entitled to receive dividends from certain associates and joint ventures. 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 and joint ventures 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 and joint ventures 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 and joint ventures, are recognised in the consolidated other comprehensive income. On the acquisition of interests in associates and joint ventures, the acquisition method is applied.

(DKK million)	2022	2021
Aggregate information of associates that are not individually material		
Revenue	1,155	986
Profit for the year	179	143
Comprehensive income	179	143
Carrying amount of the Group's interest in the associate	3,735	3,615

3.5 Impairment testing

Impairment testing is carried out for the Group's four cash-generating units: (1) Prosthetics, Bracing & Supports, (2) Radiotherapy, (3) Hearing Healthcare and (4) Communications. Based on the impairment tests performed, a material excess value was identified in each cash-generating unit, compared to the carrying amount, for which reason no impairment of goodwill was made on 31 December 2022. This conclusion is supported by the fact that the market capitalisations of Demant A/S and Össur hf. on Nasdaq Copenhagen by far exceeds the equity value of the companies.

The impairment testing is performed as a test of the value in use, including a five-year budget/projection period from 2023-2027.

Future cash flows are based on the budget for 2023, on strategy plans and on projections hereof. Projections extending beyond 2023 are based on general parameters, such as expected market growth, selling prices and profitability assumptions.

The market growth rate in the non-invasive orthopaedics, radiation oncology and the hearing aid industry as well as for audio solutions is predominantly determined by the following factors:

Prosthetics, Bracing & Supports
- Growth in emerging markets due to increased utilization of prosthetic solutions in the markets, better healthcare coverage and increasing disposable income.
- Increased utilisation of higher quality prosthetics.
- Increasing share of elderly with more active lifestyles.

Radiotherapy
- Surface Guided Radiation Therapy (SGRT) becoming standard of care in all major markets driving market growth and increased penetration.
- Vision RT is the clear market leader and SGRT innovator with 80-95% market shares in key geographies.
- Growing demographics and an increasing share of elderly in the population driving demand for cancer care treatment and SGRT.

Hearing Healthcare
- Growing demographics and an increasing share of elderly in the population driving stable volume growth in the hearing aid market.
- Expansion of diagnostic instruments and services across the world.
- Increased penetration rates of hearing healthcare solutions due to education, increased affluence and availability.

Communications
- Increasing adoption of Unified Communications and Collaboration equipment, especially professional headsets.
- Emergence and establishment of video solutions for enterprises.
- An increasing prevalence of gamers driving growth in gaming headsets.

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 tests. Apart from goodwill, all intangible assets have limited useful lives.

The goodwill allocation per cash-generating unit is presented in the table. The terminal values for the period after 2027 and the discount rates used in the impairment tests for the four cash-generating units are based on the growth assumptions in the table.

	2022			2021		
(DKK million)	**Terminal growth rate**	**WACC**	**Carrying amount goodwill**	**Terminal growth rate**	**WACC**	**Carrying amount goodwill**
Prosthetics, Bracing & Supports	2.5%	9.4% - 10.4%	7,666	2.5%	7.8% - 8.7%	7,163
Radiotherapy	2.0%	9.0%	2,755	2.0%	9.0%	2,911
Hearing Healthcare	2.0%	8.0%	11,071	2.0%	6.5%	9,054
Communications	2.0%	12.0%	417	2.0%	12.0%	417
			21,909			**19,545**

3.5 Impairment testing – continued

Accounting estimates and judgements

Cash-generating units (judgements)
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. In Hearing Healthcare, the 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. Any business activity that largely acts with autonomy in relation to the Group and whose profitability can be measured independently of the other activities constitutes a separate cash-generating unit. Management therefore considers it most appropriate to separate the activities into four cash-generating units, Prosthetics, Bracing & supports, Radiotherapy, Hearing Healthcare and Communications for which impairment testing is carried out.

Accounting policies

The carrying amounts of property, plant and equipment and intangible assets with definite useful lives as well as investments in associates and joint ventures 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. 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 assumptions 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

4.1 Financial risk management and capital structure

Policies relating to financial risk management and capital structure
Financial risk management concentrates on identifying risks in respect of exchange rates, interest rates, credit and liquidity with a view to protecting the Group against potential losses and ensuring that Management's forecasts for the current year are only to a limited extent affected by changes or events in the surrounding world – be they changes in exchange rates or in interest rates. It is Group policy to exclusively hedge commercial risks and not to undertake any financial transactions of a speculative nature.

Interest rate risks
Because of the Group's high level of cash generation and relatively low financial gearing, the majority of our loans are raised on floating terms and predominantly as short-term commitments, resulting in a low level of interest expenses. In order to secure relatively low interest rates for the Group on the long term and as a consequence of our attractive funding possibilities in the financial market, the Group now partly funds its debt through long-term committed facilities with fixed rates and through financial instruments, which limits the interest rate risk.

The Group's net interest bearing debt amounted to DKK 22,495 million as of 31 December 2022 (DKK 16,152 million in 2021).

Credit risks
The Group's credit risks relate primarily to trade receivables and loans to customers or business partners. Our customer base is fragmented, so in general, credit only involves minor losses on individual customers. For the Group, the ten largest customers account for approx. 10% of total consolidated revenue.

Furthermore, when granting loans, we require that our counterparties provide security in their business. Overall, we therefore estimate that the risk relative to our total credit exposure is well-balanced at Group level.

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 of deposits is considered to be low.

Liquidity risks
The Group aims to have sufficient cash resources to be able to take appropriate steps in case of unforeseen fluctuations in cash outflows. We have access to considerable undrawn credit facilities, and the liquidity risk is therefore considered to be low. We are of the opinion that the Group has strong cash flows and a solid credit profile to secure the current inflow of working capital and funds for potential acquisitions. Neither in previous years nor in the financial year 2022, has the Group defaulted on any loan agreements.

4.2 Net financial items

(DKK million)	2022	2021
Interest on cash and bank deposits	17	5
Interest on receivables, customer loans etc.	46	34
Other financial income	46	17
Financial income from financial assets measured at amortised cost	**109**	**56**
Foreign exchange gains, net	36	-
Financial income	**145**	**56**
Interest on bank debt, mortgages etc.	-334	-202
Interest expenses on lease liabilities	-77	-71
Financial expenses on financial liabilities measured at amortised cost	**-411**	**-273**
Fair value adjustment on other investments	-231	-9
Financial expenses on financial assets measured at fair value	**-231**	**-9**
Fair value adjustments on financial liabilities	-28	-
Financial expenses on financial liabilities measured at fair value	**-28**	**-**
Foreign exchange losses, net	-6	-13
Transaction costs	-159	-136
Financial expenses	**-835**	**-431**
Net financial items	**-690**	**-375**

In addition to the foreign exchange items, the consolidated income statement is also affected by foreign exchange hedging instruments as described in Note 2.3, as well as by foreign exchange effects of balance sheet items affecting production costs with a gain of DKK 85 million in 2022 (a gain of DKK 33 million in 2021).

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, unwinding of discounts on financial assets and liabilities, fair value adjustments of "shadow shares" under share-based remuneration programmes, fair value adjustments on other investments 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)	2022	2021
Unrealised gains on financial contracts	103	6
Financial assets used as hedging instruments	**103**	**6**
Receivables from associates and joint ventures	541	414
Customer loans	795	690
Other receivables	584	596
Trade receivables	4,605	4,020
Cash	1,746	1,940
Financial assets at amortised cost	**8,271**	**7,660**
Other investments	2,713	115
Financial assets at fair value through income statement	**2,713**	**115**
Unrealised losses on financial contracts	-24	-81
Financial liabilities used as hedging instruments	**-24**	**-81**
Debt to credit institutions etc.	-14,301	-8,045
Short-term bank facilities etc.	-5,748	-5,954
Lease liabilities	-3,404	-3,091
Debt to parent	-2,023	-2,018
Trade payables	-1,073	-993
Other liabilities	-3,363	-2,870
Financial liabilities measured at amortised cost	**-29,912**	**-22,971**
Other liabilities	-339	-330
Financial liabilities measured at fair value through the income statement	**-339**	**-330**

The following non-financial items are included in the balance sheet and represent the difference between the table and the balance sheet: Other liabilities DKK 530 million (DKK 481 million in 2021).

Accounting policies
Debt to credit institutions and other interest-bearing debt is recognised at the date of borrowing at 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 contractual maturity term.

On initial recognition, other investments classified as current assets are recognised at their fair values adjusted for any directly related costs from the purchase of the other investments. The other investments are subsequently measured at fair value based on listed prices in an active market for the same type of instrument. Unrealised value adjustments are recognised in other comprehensive income, except for impairment losses which are included in the income statement as part of net financial items. When other investments are disposed or sold, the accumulated value adjustments are reclassified to the net financial items in the income statement.

The component parts of compound instruments (convertible promissory notes) are classified separately as financial liabilities and equity if fair value at initial recognition can be allocated to the conversion option. Fair value of the conversion option is calculated as the residual value between fair value of the liability component, using prevailing market interest rates for similar non-convertible instruments, and fair value of the entire instrument. The liability component is subsequently measured at amortised cost.

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
2022						
Interest-bearing receivables*	302	790	194	1,286	1,235	
Cash	1,756	-	-	1,756	1,746	
Interest-bearing assets	**2,058**	**790**	**194**	**3,042**	**2,981**	**2.6%**
Debt to credit institutions etc.	-6,514	-7,415	-885	-14,814	-14,301	
Debt to parent	-90	-2,218	-	-2,308	-2,023	
Short-term bank facilities etc.	-5,784	-	-	-5,784	-5,748	
Borrowings	**-12,388**	**-9,633**	**-885**	**-22,906**	**-22,072**	**2.6%**
Lease liabilities	-862	-2,056	-959	-3,877	-3,404	
Net interest-bearing debt	**-11,192**	**-10,899**	**-1,650**	**-23,741**	**-22,495**	
2021						
Interest-bearing receivables*	256	748	47	1,051	1,016	
Cash	1,944	-	-	1,944	1,940	
Interest-bearing assets	**2,200**	**748**	**47**	**2,995**	**2,956**	**1.8%**
Debt to credit institutions etc.	-3,578	-4,615	-	-8,193	-8,045	
Debt to parent	-2,047	-	-	-2,047	-2,018	
Short-term bank facilities etc.	-5,977	-	-	-5,977	-5,954	
Borrowings	**-11,602**	**-4,615**	**-**	**-16,217**	**-16,017**	**0.9%**
Lease liabilities	-688	-1,825	-960	-3,473	-3,091	
Net interest-bearing debt	**-10,090**	**-5,692**	**-913**	**-16,695**	**-16,152**	

**Interest-bearing receivables comprise customer loans, receivables from associates and joint ventures as well as other receivables.*

Trade payables and other liabilities have a contractual maturity of less than one year, with the exception of other liabilities of DKK 1,057 million (DKK 783 million in 2021) which have a contractual maturity of 1-5 years. The contractual cash flows approximate their carrying amounts.

Interest-bearing borrowings broken down by currency: 8% in US dollars (11% in 2021), 62% in Danish kroner (62% in 2021), 24% in euros (21% in 2021), 1% in Australian dollars (1% in 2021), 2% in Canadian dollars (2% in 2022) and 3% in other currencies (3% in 2021).

4.4 Net interest-bearing debt, liquidity and interest rate risks – continued

(DKK million)	2021	Cash flows from financing activities	COVID-19 - rent concessions	Acquisition	Foreign exchange movement	Other additions	Disposals	Transferred to liabilities related to assets held for sale	2022
Lease liabilities	3,091	-773	-3	170	10	973	-45	-19	3,404
Debt to parent	2,018	5	-	-	-	-	-	-	2,023
Debt to credit institutions etc.	8,045	6,124	-	30	97	5	-	-	14,301
Short-term bank facilities	5,954	-250	-	-	45	-	-	-1	5,748
Interest-bearing liabilities	**19,108**	**5,106**	**-3**	**200**	**152**	**978**	**-45**	**-20**	**25,476**

(DKK million)	2020	Cash flows from financing activities	COVID-19 - rent concessions	Acquisition	Foreign exchange movement	Other additions	Disposals	Transferred to liabilities related to assets held for sale	2021
Lease liabilities	2,695	-667	-2	99	91	924	-49	-	3,091
Debt to parent	2,216	-	-	-	-	-	-198	-	2,018
Debt to credit institutions etc.	8,091	-7	-	-30	-12	3	-	-	8,045
Short-term bank facilities	3,663	2,067	-	3	214	-	7	-	5,954
Interest-bearing liabilities	**16,665**	**1,393**	**-2**	**72**	**293**	**927**	**-240**	**-**	**19,108**

4.4 Net interest-bearing debt, liquidity and interest rate risks – continued

(DKK million)	2022					2021				
	Expiry	Interest rate / strike	Contractual amount at year end	Positive fair value at year-end	Negative fair value at year-end	Expiry	Interest rate / strike	Contractual amount at year end	Positive fair value at year-end	Negative fair value at year-end
DKK/DKK	2023	0%	650	20	-	2023	0%	650	-	-
			650	**20**	**-**			**650**	**-**	**-**

The fair value of interest cap (a strip of call options) outstanding at the balance sheet date is DKK 20 million (DKK 0 million in 2021), and the contractual value of interest cap is DKK 650 million (DKK 650 million in 2021). The cap will run until 2023.

Reconciliation of liabilities arising from financing activities
The table 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.

Sensitivity analysis in respect of interest rates
Based on the Group's net debt at the end of the 2022 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 79 million (DKK 46 million in 2021).

The Group has limited the maximum interest rates on part of its non-current debt through an interest rate cap.

4.5 Fair value hierarchy

Methods and judgements for calculation of 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 forward exchange rates from 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 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.

The value of a cap is assessed using discounted cash flow valuation techniques. A cap consists of a series of interest rate options (IRGs) with the same strike rate. The individual interest rate options each cover an interest period. The key elements when pricing interest rate options are strike rate, forward rate, maturity and volatility. The value of an interest rate option is made up of the intrinsic value and the time value of such option. The value of a cap is the combined value of the individual IRGs.

Contingent considerations
Contingent considerations are measured at their fair values based on the contractual terms of the contingent considerations and on non-observable inputs, 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 value adjustments are recognised in the income statement. On realisation, value adjustments are recognised in net financial items in 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.

4.5 Fair value hierarchy – continued

(DKK million)	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets used as hedging instruments	-	103	-	**103**	-	6	-	**6**
Other investments	2,698	-	15	**2,713**	104	-	11	**115**
Financial liabilities used as hedging instruments	-	-24	-	**-24**	-	-81	-	**-81**
Financial liabilities at fair value through income statement	-	-	-339	**-339**	-	-	-330	**-330**
Contingent considerations	-	-	-652	**-652**	-	-	-260	**-260**

Level 3 Assets and liabilities

(DKK million)	Financial assets		Other financial liabilities		Contingent considerations	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Carrying amount at 1.1.	**115**	**1,099**	**-330**	**-307**	**-260**	**-185**
Foreign currency translation adjustment	-	1	19	-23	3	-6
Acquisitions	2,912	113	-	-	-660	-175
Disposals, repayments, settlements etc.	-83	-1,089	-	-	221	77
Other adjustments	-231	-9	-28	-	34	29
Transferred to liabilities related to assets held for sale	-	-	-	-	10	-
Carrying amount at 31.12.	**2,713**	**115**	**-339**	**-330**	**-652**	**-260**

There are no transfers between levels in the 2022 and 2021 financial years.

Certain financial assets excluding other investments, other financial liabilities 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. 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 is recognised as the maximum consideration to be paid, which Management has assessed to be the most likely outcome.

Section 5

Tax

5.1 Tax on profit

(DKK million)	2022	2021
Current tax on profit for the year	-687	-773
Adjustment of current tax, prior years	14	12
Change in deferred tax	-20	-113
Adjustment of deferred tax, prior years	10	13
Impact of changes in corporate tax rates	-9	11
Tax on profit for the year	**-692**	**-850**
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	0.4%	1.2%
Impact of changes in corporate tax rates	0.2%	-0.2%
Impact of unrecognised tax assets	0.2%	-0.2%
Permanent differences	-7.9%	-5.6%
Other items, including prior-year adjustments	0.0%	1.0%
Effective tax rate	**14.9%**	**18.2%**

Accounting policies
Tax on the year's profit includes current tax and any changes in deferred tax. Current tax includes taxes payable 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 non-taxable dividends and sale of shares, R&D incentives, profit in associates/joint ventures, non-deductible share-based payments, and loss on accounts receivables.

Current tax liabilities or tax receivables are recognised in the balance sheet and determined as tax calculated on the year's taxable income adjusted for any tax paid 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)	2022	2021
Deferred tax recognised in the balance sheet		
Deferred tax assets	823	819
Deferred tax liabilities	-811	-690
Deferred tax, net at 31.12.	**12**	**129**
Deferred tax, net at 1.1.	**129**	**217**
Foreign currency translation adjustments	-17	-2
Changes in deferred tax	-20	-113
Additions relating to acquisitions	-32	-1
Disposals relating to divestments	33	-
Adjustment of deferred tax, prior years	10	13
Impact of changes in corporate tax rates	-9	11
Deferred tax relating to changes in equity, net	-50	4
Transferred to assets held for sale	-32	-
Deferred tax, net at 31.12	**12**	**129**

5.2 Deferred tax – continued

(DKK million)	Temporary differences at 1.1.	Foreign currency translation adjustments	Acquisitions	Recognised in profit for the year	Recognised in other comprehen-sive income	Transferred to assets held for sale	Temporary differences at 31.12.
2022							
Intangible assets	-619	-20	-33	-9	-	1	-680
Property, plant and equipment	-109	-1	33	-49	-	14	-112
Leased assets	33	-	-	-	-	-	33
Inventories	305	1	1	16	-	-48	275
Receivables	60	2	-	-10	-1	-1	50
Provisions	104	-2	-	16	-	-1	117
Deferred income	152	3	-	6	-	-	161
Tax losses	105	-	-	-1	-	-	104
Other	98	-	-	12	-49	3	64
Total	**129**	**-17**	**1**	**-19**	**-50**	**-32**	**12**

	Temporary differences at 1.1.	Foreign currency translation adjustments	Acquisitions	Recognised in profit for the year	Recognised in other comprehen-sive income	Transferred to assets held for sale	Temporary differences at 31.12.
2021							
Intangible assets	-511	-24	-	-84	-	-	-619
Property, plant and equipment	-90	1	-	-20	-	-	-109
Leased assets	12	-	-	21	-	-	33
Inventories	276	4	-	25	-	-	305
Receivables	77	3	-1	-18	-1	-	60
Provisions	106	4	-	-6	-	-	104
Deferred income	159	6	-	-13	-	-	152
Tax losses	163	6	-	-64	-	-	105
Other	25	-2	-	70	5	-	98
Total	**217**	**-2**	**-1**	**-89**	**4**	**-**	**129**

The tax value of deferred tax assets not recognised is DKK 188 million (DKK 189 million in 2021) and relates mainly to tax losses and tax credits for which there is considerable uncertainty about their future utilisation. Tax losses of DKK 33 million will expire within 5-10 years, whereas other tax losses carried forward have no expiry date.

5.2 Deferred tax – continued

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 an acquisition, 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 the year's profit, 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.

Accounting estimates and judgements

Deferred tax assets (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, associates and joint ventures 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.

Section 6

Acquisitions and divestments

6.1 Acquisition of enterprises and activities

(DKK million)	2022 Össur*	2022 Sheng Wang*	2022 Demant, other*	2022 Total	2021 Össur*	2021 Demant, other*	2021 Total
Intangible assets	48	82	158	288	17	12	29
Property, plant and equipment	14	40	30	84	7	13	20
Other non-current assets	-	139	45	184	-	98	98
Inventories	21	38	45	104	9	9	18
Current receivables	15	101	56	172	13	18	31
Cash and cash equivalents	17	41	56	114	9	30	39
Non-current liabilities	-20	-96	-75	-191	-3	-97	-100
Current liabilities	-27	-201	-101	-329	-28	-48	-76
Acquired net assets	**68**	**144**	**214**	**426**	**24**	**35**	**59**
Goodwill	405	1,736	630	2,771	305	813	1,118
Acquisition cost	**473**	**1,880**	**844**	**3,197**	**329**	**848**	**1,177**
Carrying amount of non-controlling interests on obtaining control	-	-	-15	-15	-	-18	-18
Fair value adjustment of non-controlling interests on obtaining control	-	-	-14	-14	-	-48	-48
Contingent considerations and deferred payments	-182	-426	-52	-660	-62	-113	-175
Acquired cash and cash equivalents	-17	-41	-56	-114	-9	-30	-39
Cash acquisition cost	**274**	**1,413**	**707**	**2,394**	**258**	**639**	**897**

**Acquisitions made in the Össur Group and Demant Group, respectively.*

6.1 Acquisition of enterprises and activities – continued

On 14 June 2022, the Demant Group announced the acquisition of the remaining 80% of the shares in Sheng Wang, thereby taking full ownership of the business. This followed the 20% minority investment announced on 4 March 2022.

The payment was transferred on 1 July 2022 from which date Demant took ownership and achieved control of Sheng Wang.

During the year, Össur acquired a 100% share in Naked Prosthetics, a leading provider of mechanical finger prosthesis for finger and partial hand amputees.

Furthermore, the Demant Group acquired Inventis Srl., a developer and manufacturer of audiological and balance equipment based in Italy.

The Demant Group made a number of minor retail acquisitions in North America, Asia and Europe as well as Össur made further acquisitions to strengthen the Company's sales channels in 2022. In respect of these acquisitions, we paid acquisition costs 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 our existing activities, to the future growth opportunities and to the value of staff competencies in the acquired entities. These synergies are not recognised separately from goodwill, as they are not separately identifiable.

At the time of acquisition, non-controlling interests' shares of acquisitions were measured at their proportionate shares 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 included at fair value with fair value adjustments in the income statement.

In 2022, a few adjustments were made to the preliminary recognition of acquisitions made in 2021. These adjustments were made in respect of payments made, contingent considerations provided, and net assets and goodwill acquired.

The impact of these adjustments on payments made was DKK 0 million (DKK 6 million in 2021), the impact on goodwill was DKK 11 million (DKK 14 million in 2021), the impact on contingent considerations was DKK 2 million (DKK 8 million in 2021). In relation to acquisitions with final recognition in 2014-2021, adjustments were made in 2022 in respect of estimated contingent considerations. Such adjustments are recognised in the income statement.

The total impact on the income statement of fair value adjustments of non-controlling interests in step acquisitions amounted to DKK 14 million (DKK 48 million in 2021), and adjustments of contingent considerations made via the income statement of DKK 32 million (DKK 30 million in 2021) are recognised under distribution costs for acquisitions.

Of the total acquisition entries in 2022, the fair value of estimated contingent considerations in the form of earn-outs or deferred payments accounted for DKK 660 million (DKK 183 million in 2021). Such payments depend on the results of the acquired entities for a period of 1-5 years after takeover and can total a maximum of DKK 753 million (DKK 183 million in 2021) for acquisitions.

The acquired assets include contractual receivables amounting to DKK 69 million (DKK 27 million in 2021) of which DKK 2 million (DKK 3 million in 2021) was thought to be uncollectible at the date of the acquisition. Of total goodwill in the amount of DKK 2,771 million (DKK 1,118 million in 2021), DKK 202 million (DKK 567 million in 2021) can be amortised for tax purposes.

Transaction costs in connection with acquisitions made in 2022 amounted to DKK 15 million (DKK 5 million in 2021), which has been recognised under distribution costs.

Revenue and profit generated by the acquired enterprises since our acquisition in 2022 amount to DKK 405 million (DKK 278 million in 2021) and DKK -18 million, (DKK 25 million in 2021), respectively. Had such revenue and profit been consolidated on 1 January 2022, we estimate that consolidated pro forma revenue and profit would have been DKK 25,558 million (DKK 23,916 million in 2021) and DKK 3,620 million (DKK 3,658 million in 2021), respectively. Without taking synergies from our core business into account, we believe that these pro forma figures reflect the level of consolidated earnings after our acquisition of the enterprises.

The statements of the fair values of acquisitions are not considered final until 12 months after takeover.

From the balance sheet date and until the date of financial reporting in 2023, the Demant Group have acquired additional distribution enterprises. We are in the process of assessing their fair value. The acquisition cost is expected to relate primarily to goodwill.

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 consolidated financial statements in 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 their fair values on the acquisition date. Any non-current assets acquired for the purpose of resale are, however, measured at their fair values less expected costs to sell. 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. 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 consideration 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 costs exceed 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 re-coverable amount, it will be 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 will be 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 (judgement)
On recognition of assets and liabilities from acquisitions, management judgements may be required for the following areas:

- Intangible assets resulting from technology, customer relationships, client lists or brand names
- Contingent consideration arrangements

Contingent consideration (estimate)
Acquisitions may include provisions 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 estimates made in respect of the particular acquisitions, taking sales run rates of the acquired entity into account.

6.2 Divestment of enterprises and activities

In 2022, the Group divested its share in Boston Holding A/S, a joint operation company with a proportional share of the wind farm (50%) in Borkum Riffgrund 1.

In 2021, the Group divested FrontRow Calypso LLC, a 75%-owned subsidiary focused specifically on audio systems for classrooms and schools. The divestment resulted in a gain, including recycling of cumulative exchange differences of DKK 99 million, which is recognised as other income in the income statement.

	2022		2021	
(DKK million)	**Boson Holding**	**Total**	**Demant***	**Total**
Non-current assets	1,046	1,046	8	8
Current assets	65	65	84	84
Non-current liabilities	-953	-953	-3	-3
Current liabilities	-35	-35	-7	-7
Carrying amount of net assets divested	**123**	**123**	**82**	**82**
Non-controlling interests	-	-	-20	-20
Carrying amount of net assets divested attributable to William Demant Invest A/S' shareholder	**123**	**123**	**62**	**62**
Recycling of cumulative exchange differences	-	-	-3	-3
Gain on divestment	-	-	102	102
Cash consideration received**	**123**	**123**	**161**	**161**

Figures are shown at fair value on the divestment date.
**Divestments made in the Demant Group.*
***Including repayment loan from William Demant Invest of DKK 789 million.*

6.3 Discontinued operations and assets held for sale

(DKK million)	2022	2021
Revenue	497	482
Expenses	-737	-678
Amortisation and depreciation	-10	-21
Profit before tax - discontinued operations	**-250**	**-217**
Tax on profit for the year	58	34
Profit after tax - discontinued operations	**-192**	**-183**
Profit after tax - discontinued operations attributable to:		
William Demant Invest A/S' shareholder	-192	-183
	-192	**-183**
Cash flow from discontinued operations		
Cash flow from operating activities (CFFO)	-232	-318
Cash flow from investing activities (CFFI)	-4	4
Cash flow from financing activities (CFFF)	-17	-
Cash flow for the year, net - discontinued operations	**-253**	**-314**

On 27 April 2022, Demant announced the decision to discontinue its Hearing Implants business. In 2022, discontinued operations thus comprise the Hearing Implants business, which realised a profit after tax of DKK -192 million. The negative result can be attributed to a slight decline in revenue, a lower gross margin as well as higher expenses in 2022. The bone anchored hearing systems business area delivered growth in the year, supported by the launch of the Ponto 5 sound processor, but revenue for Hearing Implants was negatively affected by a lower sales of Neuro Zti implants following the voluntary field corrective action in 2021.

Accounting policies

Discontinued operations represent a separate line of business disposed of or in preparation for sale. The results of discontinued operations are presented separately in the income statement, and comparative figures are restated. Cash flows from discontinued operations are presented separately in the cash flow statement.

6.3 Discontinued operations and assets held for sale – continued

(DKK million)	2022
Balance sheet items:	
Intangible assets	577
Property, plant and equipment	27
Lease assets	18
Deferred tax assets	32
Other non-current assets	2
Non-current assets	**656**
Current assets	**308**
Assets held for sale	**964**
Provisions	28
Lease liabilities	19
Other liabilities	128
Liabilities related to assets held for sale	**175**

On 27 April 2022, Demant entered into an agreement with the intention to divest the Hearing Implants business to Cochlear Limited for a conditional payment of DKK 850 million on a cash- and debt-free basis. Assets classified as held for sale at 31 December 2022 thus comprise the Hearing Implants business. Cochlear will take over the obligations to service existing customers. The divestment is subject to regulatory approval and other customary closing conditions with closing expected in Q2 2023.

Accounting policies

Assets and liabilities relating to the discontinued operations are classified as held for sale. Assets held for sale, except financial assets etc., and liabilities related to assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Non-current assets held for sale are not depreciated.

Section 7

Provisions, other liabilities etc.

7.1 Provisions

(DKK million)	2022	2021
Provisions for restructuring costs	65	1
Employee-related provisions	69	67
Miscellaneous provisions	89	229
Other provisions	**223**	**297**
Defined benefit plan liabilities, net	91	193
Provisions at 31.12.	**314**	**490**
Breakdown of provisions:		
Non-current provisions	184	374
Current provisions	130	116
Provisions at 31.12.	**314**	**490**

Miscellaneous provisions relate to provisions for disputes etc. and are essentially expected to be realised within the next five years.

	2022				2021			
(DKK million)	Restructuring costs	Employee-related	Miscellaneous	Total	Restructuring costs	Employee-related	Miscellaneous	Total
Other provisions at 1.1.	**1**	**67**	**229**	**297**	**2**	**59**	**148**	**209**
Foreign currency translation adjustments	-		2	2	-	-	4	4
Additions relating to acquisitions	-	1	5	6	-	1	4	5
Disposals relating to divestment	-	-	-100	-100	-	-	-	-
Provisions during the year	112	1	29	142	-	1	104	105
Realised during the year	-48	-1	-51	-100	-1	-	-28	-29
Reversals during the year	-	1	-3	-2	-	6	-3	3
Transferred to liabilities related to assets held for sale	-	-	-22	-22	-	-	-	-
Other provisions at 31.12.	**65**	**69**	**89**	**223**	**1**	**67**	**229**	**297**
Breakdown of provisions:								
Non-current provisions	-	64	29	93	-	63	118	181
Current provisions	65	5	60	130	1	4	111	116
Other provisions at 31.12.	**65**	**69**	**89**	**223**	**1**	**67**	**229**	**297**

7.1 Provision – continued

(DKK million)	2022	2021
Present value of defined benefit obligations:		
Defined benefit obligations at 1.1.	541	564
Foreign currency translation adjustments	22	21
Additions relating to acquisitions	-	-
Current service cost	15	19
Calculated interest on defined benefit obligations	2	-
Actuarial gains/losses	-134	-53
Net benefits paid	-21	-19
Contribution from plan participants	10	9
Transferred to liabilities related to assets held for sale	-6	-
Defined benefit obligations at 31.12	**429**	**541**
Fair value of defined benefit assets:		
Defined benefit assets at 1.1.	348	321
Foreign currency translation adjustments	16	15
Expected return on defined benefit assets	-	-1
Actuarial gains/losses	-29	9
Contributions	24	23
Net benefits paid	-21	-19
Defined benefit assets 31.12.	**338**	**348**
Defined benefit obligations recognised in the balance sheet, net	**91**	**193**
Return on defined benefit assets:		
Actual return on defined benefit assets	-29	8
Expected return on defined benefit assets	-	-1
Actuarial gains/losses on defined benefit assets	**-29**	**9**
Assumptions:		
Discount rate	2.3%	0.3%
Expected return on defined benefit assets	0%	0%
Future salary increase rate	1.4%	1.2%

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 16 million (DKK 19 million in 2021), and the accumulated actuarial gain recognised in the statement of comprehensive income amount to DKK 28 million (loss of DKK 73 million in 2021).

In 2023, the Group expects to pay approximately DKK 15 million (DKK 18 million in 2022) into defined benefit plans. Defined benefit obligations in the amount of DKK 130 million (DKK 137 million in 2021) will mature within 1-5 years and obligations in the amount of DKK 299 million (DKK 401 million in 2021) after five years.

If the discount rate is 0,5% higher (lower), the defined benefit obligation would decrease by 5% (increase by 6%). If the expected salary growth rate is 0,5% higher (lower) the defined benefit obligation would increase by 1% (decrease by 1%).

Plan assets are recognised as follows:

Equity	17%
Bonds	23%
Property	20%
Other	41%

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 an 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. As regards 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.

As regards 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 made periodically of the accrued present

7.1 Provision – continued

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 on the basis of judgements in respect of the future development in for instance wage levels, interest rates, mortality and inflation rates.

The defined benefit obligation less the fair value of any assets relating to the defined benefit plan is recognised at 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 expense or income
- Remeasurements

Remeasurements, comprising actuarial gains and losses, any effects of changes to the asset ceiling and return on defined benefit assets excluding interest, are reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in 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 expense or income are included in the income statement as employee 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 restructuring costs and the likely outcome of pending and probable lawsuits etc. (other provisions). When assessing the likely outcome of lawsuits, Management bases its assessment 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 judgements about future costs and events. For all provisions, the outcome and final expense depend on future events, which are by nature uncertain.

7.2 Other liabilities

(DKK million)	2022	2021
Product-related liabilities	530	481
Employee-related liabilities	1,303	1,133
Other debt, public authorities	307	457
Contingent considerations	652	260
Other costs payable	1,101	1,020
Other financial liabilities	339	330
Other liabilities	**4,232**	**3,681**
Due within 1 year	3,175	2,898
Due within 1-5 years	1,057	783

Product-related liabilities include standard warranties and returned products etc. Employee-related liabilities include holiday pay and payroll costs due. The carrying amount of other liabilities approximate the fair value 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 an 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 are 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 cost of sales. Warranty commitments include the obligation to remedy faulty or defective products during the warranty period.

Other financial liabilities mainly consist of liabilities to acquire additional shares in subsidiaries. The liabilities are measured at fair value through income statement. The fair value is estimated based on valuation principles agreed between the parties.

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 have been 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, the sum changing constantly due to a large number of transactions.

7.3 Deferred income

(DKK million)	2022	2021
Prepayments from customers	178	172
Future performance obligations:		
Deferred warranty-related revenue	646	576
Deferred free products revenue	98	109
Deferred service revenue	266	230
Total	**1,188**	**1,087**

Expected recognition of revenue

	Less than 1 year	1-2 years	2-4 years	More than 4 years	Total
2022					
Prepayments from customers	178	-	-	-	**178**
Deferred warranty-related revenue	289	262	89	6	**646**
Deferred free products revenue	48	36	8	6	**98**
Deferred service revenue	130	95	37	4	**266**
Total	**645**	**393**	**134**	**16**	**1,188**
2021					
Prepayments from customers	172	-	-	-	**172**
Deferred warranty-related revenue	275	212	85	4	**576**
Deferred free products revenue	64	36	8	1	**109**
Deferred service revenue	112	77	38	3	**230**
Total	**623**	**325**	**131**	**8**	**1,087**

Free products, service and some warranty-related services mentioned in the table are provided free of charge to the customer. Certain other warranty-related services are paid by the customer in connection with delivery of the related goods, but delivery of the service takes place 1-6 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 performs the obligations by transferring the goods or services.

7.4 Contingent liabilities

The William Demant Invest Group is involved in minor litigations, claims, disputes etc. Management is of the opinion that such disputes do not and will not significantly affect the Group's financial position. The Group seeks to make adequate provisions for legal proceedings.

As part of our business activities, the Group has entered into normal agreements with customers and suppliers etc. as well as agreements for the purchase of shareholdings.

William Demant Invest A/S is in relation to certain investments and securities committed to inject additional capital to the extent that the activities of these investments require additional capital.

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. Related parties with significant influence are the Company's Executive Board, Board of Directors and their related parties. Furthermore, related parties are companies in which the above persons have significant interests. Subsidiaries, associates, joint ventures and joint operations as well as the Group's ownership interests in these companies appear in section 11. For financial information on associates and joint ventures please refer to Note 3.4.

In 2022, William Demant Foundation paid administration fees to William Demant Invest A/S of DKK 3 million (DKK 2 million in 2021). Further, William Demant Foundation has granted loans (convertible promissory notes) to William Demant Invest A/S totalling DKK 2,000 million at year-end 2022, on which interest in 2022 totals DKK 82 million (DKK 70 million in 2021). At year-end 2022, William Demant Foundation has other current receivables of DKK 23 million (DKK 18 million in 2021) in William Demant Invest A/S arising from accrued interest.

In 2022, William Demant Foundation donated DKK 0 million (DKK 1 million in 2021) to Eriksholm Research Centre and DKK 0 million (DKK 2 million in 2021) to an industrial PhD project in Oticon A/S. Further, William Demant Foundation acquired diagnostic and Oticon equipment worth DKK 2,7 million and DKK 1,1 million, respectively (DKK 0.1 million and DKK 0 million in 2021), from the Group.

In 2022, the members of the Executive Board and the Board of Directors received remuneration from Group companies in the amount of DKK 3 million (DKK 3 million in 2021).

There have been no transactions with the Executive Board and the Board of Directors apart from normal remuneration. Please refer to Note 1.2

8.2 Fees to parent's auditors appointed at the annual general meeting

(DKK million)	2022*	2021
Statutory audit	24	24
Tax and VAT advisory services	-	2
Other services	2	5
Total	**26**	**31**

**PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (PricewaterhouseCoopers Denmark) was appointed as Group auditor at the annual general meeting in March 2022, replacing Deloitte Statsautoriseret Revisionspartnerselskab.*

Some of the Group's subsidiaries are not subject to auditing by PricewaterhouseCoopers.

In 2022, the fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 2 million relating to issuance of various assurance reports as well as consulting services.

In 2021, the fee for non-audit services delivered by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 2 million in 2021 and consisted of VAT and tax services, tax advisory services related to transfer pricing, issuance of various assurance reports as well as consulting services.

8.3 Government grants

(DKK million)	2022	2021
Government grants by function		
Production costs	1	5
R&D costs	17	22
Distribution costs	7	19
Administrative expenses	-	2
Total	**25**	**48**

In 2022, the William Demant Invest Group received government grants in the amount of DKK 25 million (DKK 48 million in 2021), of which DKK 12 million are COVID-19-related publicly funded compensation schemes. Non-COVID-19 grants are offset against R&D costs.

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 asset.

8.4 Events after the balance sheet date

No events have occurred after the balance sheet date that might affect the 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
1.2 Employees
1.5 Inventories
1.6 Trade receivables
1.7 Customer loans
2.3 Hedging and forward exchange contracts
2.4 Exchange rates
3.1 Intangible assets
3.2 Property, plant and equipment
3.3 Leases
3.4 Other non-current assets
3.5 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
6.3 Discontinued operations and assets held for sale
7.1 Provisions
7.2 Other liabilities
7.3 Deferred income
8.3 Government grants

General
The consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports published by reporting class C (large) companies, cf. the Danish executive order on IFRS issued in compliance with the Danish Financial Statements Act. The registered office of William Demant Invest A/S is in Denmark.

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency for the Parent. The consolidated financial statements are presented based on historical cost, except for obligations for contingent consideration in connection with acquisitions, share-based remuneration, other investments and derivatives 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 2022.

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 2022. The new, updated and amended standards and interpretations 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 2022.

IASB has issued new accounting standards and amendments effective for accounting periods beginning after 1 January 2022, which have not been adopted by the EU yet. The changes to these standards are not expected to have any significant impact on the Group.

Except for the implementation of the new and amended standard, the accounting policies remain unchanged compared to last year.

Consolidated financial statements
The consolidated financial statements comprise William Demant Invest 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.

9.1 Group accounting policies – continued

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 their 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 under gross profit or net financial items, depending on the purpose of the underlying transaction.

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 an addition to or deduction from net investments in foreign subsidiaries.
- The translation of investments in associates and joint ventures.

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 under production costs. Production companies recognize cost of raw materials, consumables, production employees as well as maintenance of and depreciation, amortization and impairment losses on property, plant and equipment and intangible assets used in the production process under 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 development, prototype construction, development of new business concepts and amortisation of capitalised development costs.

9.1 Group accounting policies – continued

Distribution costs
Distribution costs include costs relating to training, sales, marketing, promotion materials, distribution, bad debts as well as depreciation, amortisation and impairment losses on assets used for distribution purposes.

Administrative expenses
Administrative expenses include administrative employee costs, office expenses as well as depreciation, amortisation and impairment losses on assets used for administrative purposes.

Other operating income
Other operating income includes income from all activities not related to the core business activities of the Group.

Prepaid expenses
Prepaid expenses recognised under assets include costs relating to the subsequent financial years. Prepaid expenses are measured at cost.

Equity
Foreign currency translation reserve includes foreign currency translation adjustments on the translation of financial statements of foreign subsidiaries, associates, and joint ventures 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 under 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.

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, realised foreign currency translation gains and losses and income tax paid. Operating cash flow include also short-term lease payments, payments for leases 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 movement in receivables from associates and joint ventures, and 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. Repayment of lease liabilities are included as well.

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.

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.

9.1 Group accounting policies – continued

Key figures and financial ratios
Financial ratios are calculated in accordance with "Recommendations and Ratios" from CFA Society Denmark.

EBITDA	Operating profit before amortisation, depreciation and impairment losses.
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.
Gross margin	Gross profit *100 / Revenue
EBITDA margin	Operating profit before amortisation, depreciation and impairment losses *100 / Revenue
EBIT margin	Operating profit *100 / Revenue
Return on equity	Average equity attributable to William Demant Invest A/S' shareholder adjusted for share buy-backs / Profit for the year attributable to William Demant Invest A/S' shareholder
Equity ratio	Equity / Assets

9.2 Accounting estimates and judgements

On 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 judgements 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:

1.1 Revenue
1.6 Inventories
3.3 Leases
3.5 Impairment (identification of CGUs)
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
1.2 Employees
1.5 Inventories
1.6 Trade receivables
1.7 Customer loans
3.1 Intangible assets
3.2 Property, plant, and equipment
3.3 Leases
5.2 Deferred tax
6.1 Acquisition of enterprises and activities
7.1 Provisions
7.2 Other liabilities

Parent

Parent financial statements

Parent income statement

(DKK million)	Note	2022	2021
Revenue		-	-
Fee income		1	1
Administrative expenses	10.1/10.2	-31	-46
Operating profit (EBIT)		**-30**	**-45**
Financial income	10.3	1,422	2,387
Financial expense	10.3	-355	-89
Profit before tax		**1,037**	**2,253**
Tax on profit for the year		69	23
Profit for the year		**1,106**	**2,276**

Parent balance sheet at 31 December

(DKK million)	Note	2022	2021
Assets			
Investments in subsidiaries		7,240	7,190
Investments in associates and joint ventures		9,753	8,319
Receivables from joint operations		-	814
Other investments		2,698	104
Financial assets	10.4	**19,691**	**16,427**
Non-current assets		**19,691**	**16,427**
Receivable joint taxation		306	147
Income tax		-	16
Receivables		**306**	**163**
Current assets		**306**	**163**
Assets		**19,997**	**16,590**

(DKK million)	Note	2022	2021
Equity and liabilities			
Share capital		4	4
Retained earnings		12,750	11,644
Total equity		**12,754**	**11,648**
Debt to William Demant Foundation	10.5	2,000	-
Non-current liabilities		**2,000**	**-**
Debt to credit institutions		4,983	2,756
Debt to William Demant Foundation	10.5	23	2,018
Payable joint taxation		98	138
Income tax		135	-
Other liabilities		4	30
Current liabilities		**5,243**	**4,942**
Liabilities		**7,243**	**4,942**
Equity and liabilities		**19,997**	**16,590**

Contingent liabilities	10.6
Proposed distribution of net profit	10.7
Related parties	10.8
Shareholder	10.9
Events after the balance sheet date	10.10
Parent accounting policies	10.11

Parent statement of changes in equity

(DKK million)	Share-Capital	Other reserves	Total equity
Equity at 1.1.2021	**4**	**9,368**	**9,372**
Profit for the year	-	2,276	2,276
Equity at 31.12.2021	**4**	**11,644**	**11,648**
Profit for the year		1,106	1,106
Equity at 31.12.2022	**4**	**12,750**	**12,754**

Section 10

Notes to parent financial statements

10.1 Employees

(DKK million)	2022	2021
Wages and salaries	15.6	37.0
Social security costs	0.2	0.3
Employee costs	**15.8**	**37.3**
Average number of full-time employees	11	10
Remuneration to Executive Board included in employee costs:		
Fixed base salary	5.9	5.9
Short-term cash incentive	-	22.8
Executive Board	**5.9**	**28.7**
Fees to Board of Directors	**1.9**	**1.9**

In 2022, the basic remuneration of a member of the parent’s Board of Directors was DKK 250,000 (DKK 250,000 in 2021). The Chairman of the Board of Directors receives three times the basic remuneration and the Deputy Chairman one and a half time the basic remuneration.

The remuneration of the Executive Board in William Demant Invest A/S includes cash remuneration, short-term benefits and social security. Short-term benefits include a bonus scheme based on the development in the fair value of the net assets within the William Demant Invest A/S and Demant Foundation.

10.2 Fees to parent's auditors appointed at the annual general meeting

(DKK million)	2022*	2021
Statutory audit	0.4	0.5
Total	**0.4**	**0.5**

**PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab (PricewaterhouseCoopers Denmark) was appointed as Group auditor at the annual general meeting in March 2022, replacing Deloitte Statsautoriseret Revisionspartnerselskab.*

10.3 Net financial items

(DKK million)	2022	2021
Dividends from subsidiaries	180	-
Dividends from associates	95	153
Interest from joint operations	-	35
Dividends and impairment of associates, net	682	-
Gain on disposal of joint operations	91	-
Other financial income	18	-
Gain on disposal of shares in Demant A/S	356	2,199
Financial income	**1,422**	**2,387**
Valuation adjustment of other investments	-231	-9
Interest to parent	-82	-70
Other financial expenses	-42	-10
Financial expenses	**-355**	**-89**
Net financial items	**1,067**	**2,298**

10.4 Financial assets

(DKK million)	2022 Investments in subsidiaries	2022 Receivables from subsidiaries	2022 Investments in associates and joint operations	2022 Receivables from joint operations	2022 Other investments	2021 Investments in subsidiaries	2021 Receivables from subsidiaries	2021 Investments in associates and joint operations	2021 Receivables from joint operations	2021 Other investments
Cost at 1.1.	**7,190**	**-**	**8,319**	**814**	**113**	**7,311**	**105**	**4,595**	**979**	**454**
Foreign currency translation adjustments	-	-	-	1	-	-	6	-	1	-
Additions during the year	85	-	822	37	2,908	-	-	2,721	35	113
Disposals during the year	-35	-	-48	-852	-83	-121	-111	-82	-201	-
Disposals relating to divestments	-	-	-22	-	-	-	-	-	-	-
Dividends and impairments of associates, net	-	-	682	-	-	-	-	-	-	-
Transferred to/from other items	-	-	-	-	-	-	-	1,085	-	-454
Cost at 31.12.	**7,240**	**-**	**9,753**	**-**	**2,938**	**7,190**	**-**	**8,319**	**814**	**113**
Value adjustments at 1.1.	**-**	**-**	**-**	**-**	**-9**	**-**	**-**	**-**	**-**	**631**
Value adjustments during the year	-	-	-	-	-231	-	-	-	-	-9
Transferred to/from other items	-	-	-	-	-	-	-	-	-	-631
Value adjustments at 31.12.	**-**	**-**	**-**	**-**	**-240**	**-**	**-**	**-**	**-**	**-9**
Carrying amount 31.12.	**7,240**	**-**	**9,753**	**-**	**2,698**	**7,190**	**-**	**8,319**	**814**	**104**

As of 1 January 2021, Revenio has been transferred from Other Investments to Investments in associates and joint operations.

10.5 Debt to William Demant Foundation

Of the total debt to William Demant Foundation of DKK 2,023 million (DKK 2,018 million in 2021) DKK 2,000 million (DKK 2,000 million in 2021) is in convertible promissory notes, DKK 23 million (DKK 18 million 2021) is accrued interest.

The notes are convertible into ordinary shares of William Demant Invest A/S, at the option of William Demant Foundation, or repayable on 1 June 2027. The conversion rate is the fair value at the time of conversion.

The loan was refinanced in 2022 and is classified as non-current liabilities.

10.6 Contingent liabilities

William Demant Invest A/S is the administration company of the joint taxation arrangement with the Danish subsidiaries in the William Demant Invest Group and is under an unlimited and joint liability regime for all Danish tax payments and withholding taxes on dividends, interests and royalties from the jointly taxed entities.

10.7 Proposed distribution of net profit

(DKK million)	2022	2021
Retained earnings	1,106	2,276
Total	**1,106**	**2,276**

10.8 Related parties

William Demant Foundation, Kongebakken 9, 2765 Smørum, Denmark, is the only related party with a controlling interest. Related parties with significant influence are the Company's Executive Board, Board of Directors and their related parties.

Furthermore, related parties are companies in which the above persons have significant interests.

During 2022, William Demant Invest A/S acquired shares in Demant A/S from William Demant Foundation amounting to DKK 84 million (DKK 0 million in 2021) and sold shares in Demant A/S to William Demant Foundation amounting to DKK 91 million (DKK 0 million in 2021). Further, William Demant Invest A/S acquired shares in INVISIO AB from William Demant Foundation amounting to DKK 167 million (DKK 13 million in 2021), and sold shares in INVISIO AB to William Demant Foundation amounting to DKK 83 million (DKK 0 million in 2021)

During the year, William Demant Invest A/S sold shares in Demant A/S to Demant A/S amounting to DKK 0 million (DKK 1,506 in 2021).

The transactions were conducted on an arm's length basis.

10.9 Shareholder

The entire share capital is owned by William Demant Foundation, Kongebakken 9, 2765 Smørum, Denmark.

10.10 Events after the balance sheet date

Please refer to Note 8.4 Events after the balance sheet date in the consolidated financial statements.

10.11 Parent accounting policies

The financial statements for the Parent, William Demant Invest A/S, are presented in accordance with the provisions of the Danish Financial Statements Act for class C (large) 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.

The Parent's accounting policies in respect of recognition and measurement 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 in the following.

Income Statement

Tax

The Parent is administration company in the joint taxation with the Danish subsidiaries in the William Demant Invest Group. Current income tax is allocated to the jointly taxed Danish companies in proportion to their taxable incomes.

The Parent's tax for the year is comprised by tax of the Parent's taxable income for the year, changes to deferred tax and any adjustments for tax on taxable income for previous years. Tax for the year is recognised in the income statement, unless the tax relates to items recognised in equity.

Balance Sheet

Investments in subsidiaries, associates and joint operations

Investments in subsidiaries, associates and joint operations are recognised and measured at cost. If cost exceeds the recoverable value, write down to the lower recoverable value will be made. Dividends from investments in subsidiaries, associates and joint operations are recognised as income in the Parent's income statement under financial income in the financial year in which the dividends are declared.

Other investments

On initial recognition, other investments are measured at cost. Subsequently, they are measured at their fair values on the balance sheet date and any changes in fair values are recognised in the income statement under net financial items.

Receivables from subsidiaries and joint operations.

Receivables from subsidiaries and joint operations is recognised at amortised cost which in all material aspect is nominal value.

Section 11

Subsidiaries, associates and joint operations

Subsidiaries, associates and joint operations in William Demant Invest A/S

Company	Interest
Demant A/S, Denmark	57%
Össur hf., Iceland	52%
Vision RT Ltd., United Kingdom	89%
Jeudan A/S, Denmark	42%
Vitrolife AB, Sweden	29%
CellaVision AB, Sweden	20%
Revenio Group Oyj, Finland	16%
Anpartsselskabet af 7.11.2022	33%
INVISIO AB, Sweden	10%
GN Store Nord A/S	10%

Subsidiaries in Vision RT Ltd.

Company	Interest
Vision RT Ltd, UK	Parent
Vision RT Inc, USA	100%
Vision RT Australia Pty Ltd, Australia	100%
Vision RT India Private Limited, India	100%
Aurora Computer Systems Ltd, UK	100%
Vision RT GmbH, Germany	100%
Vision RT (Shanghai) Limited, China	100%
Vision RT (Beijing) Limited, China	100%
Vision RT Poland Sp. Z o.o.	100%

Subsidiaries in Össur hf.

Company	Interest
Össur hf., Iceland	Parent
APC Prosthetics PTY Ltd, Australia	100%
Össur Americas Inc, USA	100%
Össur Australia PTY Ltd, Australia	100%
Össur Canada Inc, Canada	100%
College Park Industries, Inc, USA	100%
OCH Ortopedi AS, Norway	100%
Ortos A/S, Denmark	100%
Össur Deutschland Gmbh, Germany	100%
Össur Europe BV, Netherlands	100%
Össur France Sarl, France	100%
Össur Hong Kong Ltd, Hong Kong	100%
Össur Iceland ehf, Iceland	100%
Össur Mexico S. de R.L. de C.V, Mexico	100%
Össur Nordic AB, Sweden	100%
Össur Prosth. & Rehabilition Co Ltd, China	100%
Össur UK Ltd, UK	100%
TeamOlmed AB, Sweden	100%
Touch Bionics Ltd, UK	100%

Subsidiaries, associates and joint ventures in Demant Group

Company	Interest
Demant A/S	Parent
Oticon A/S, Denmark*	100%
Oticon AS, Norway*	100%
Oticon Denmark A/S, Denmark*	100%
Oticon GmbH, Germany	100%
Oticon Limited, United Kingdom*	100%
Oticon Medical A/S, Denmark*	100%
Oticon Medical AB, Sweden	100%
Oticon Medical Maroc, Morocco*	100%
Oticon Medical, LLC, United States	100%
Oticon Polska Sp. z o.o., Poland*	100%
Oticon Portugal, Unipessoal LDA, Portugal	100%
Acoustic Metrology Limited, United Kingdom	100%
ACS Audika Sp. z.o.o., Poland	100%
Acustica Sp. z o.o., Poland*	100%
Advanced Hearing Providers, LLC, United States	100%
Akoustica Medica S.A., Greece*	100%
Amplivox Limited, United Kingdom	100%
Audika AB, Sweden*	100%
Audika AG, Switzerland*	100%
Audika ApS, Denmark*	100%
Audika Australia Pty. Ltd., Australia	100%
Audika GmbH, Germany	100%
Audika Groupe S.A.S., France*	100%
Audika Management GmbH, Germany	100%
Audika New Zealand Limited, New Zealand*	100%
Audika NV, Belgium*	100%
Audio Seleccion S.L., Spain*	100%
Audiology Services Company USA, LLC, United States	100%
AudioNet America, Inc., United States	100%
Audmet Australia Pty Ltd., Australia	100%
Audmet Canada Ltd., Canada	100%

Company	Interest
Audmet New Zealand Limited, New Zealand*	100%
Audmet Oy, Finland*	100%
Audmet Srl, Italy*	100%
AudPractice Group, LLC, United States	100%
Beijing Shengwang Yuanbo Commerce and Trade Co., Ltd., China*	100%
Bernafon (UK) Limited, United Kingdom*	100%
Bernafon A/S, Denmark*	100%
Bernafon AB, Sweden*	100%
Bernafon AG, Switzerland*	100%
Bernafon Hörgeräte GmbH, Germany	100%
Bernafon, LLC, United States	100%
Birdsong Hearing Benefits, LLC, United States	100%
Centro Auditivo Telex Ltda., Brazil	100%
CQ Partners, LLC, United States	100%
Danacom Høreapparater A/S, Denmark*	100%
Demant Australia Pty Ltd, Australia*	100%
Demant Business Services Poland Sp. z o.o., Poland*	100%
Demant Iberica, S.A., Spain*	100%
Demant Italia S.r.l., Italy*	100%
Demant Japan K.K., Japan*	100%
Demant Korea Co., ltd., Korea*	100%
Demant Malaysia Sdn. Bhd., Malaysia*	100%
Demant México, S.A. de C.V., Mexico	100%
Demant Nederland B.V., Netherlands*	100%
Demant New Zealand Limited, New Zealand*	100%
Demant Operations Poland Sp. z o.o, Poland	100%
Demant Operations S.A. de C.V., Mexico	100%
Demant Sales Strategic Accounts A/S, Denmark*	100%
Demant Schweiz AG, Switzerland*	100%
Demant Singapore Pte Ltd, Singapore*	100%
Demant South Africa (Pty) Ltd., South Africa*	100%
Demant Sweden AB, Sweden*	100%

*Directly owned by the Parent for 100%.

The list includes the Group's active companies

Subsidiaries, associates and joint ventures in Demant Group

Company	Interest
Demant Technology & Innovation Centre Sdn. Bhd., Malaysia*	100%
Demant Technology Centre Sp. z o.o., Poland*	100%
DGS Diagnostics Sp. z o.o., Poland	100%
Diagnostic Group LLC, United States	100%
Diatec A/S, Denmark*	100%
Diatec AG, Switzerland*	100%
Diatec Diagnostics GmbH, Germany*	100%
Diatec Polska Sp. z o.o., Poland*	100%
Diatec Shanghai Medical Technology Co., Ltd., China*	100%
Diatec Spain, S.L.U., Spain*	100%
DSEA A/S, Denmark	100%
e3 Diagnostics, Inc., United States	100%
Entomed MedTech AB, Sweden*	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*	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%

Company	Interest
Etymonic Design Inc., Canada*	100%
Fluorite Sp. z o.o., Poland	100%
Great Lakes Provider Network, LLC, United States	100%
Guymark UK Limited, United Kingdom	100%
Hearing Screening Associates, LLC, United States	100%
HearingLife Canada Ltd., Canada*	100%
Hidden Hearing (N.I.) Limited, United Kingdom	100%
Hidden Hearing (Portugal), Unipessoal, Lda., Portugal*	100%
Hidden Hearing International Plc, United Kingdom*	100%
Hidden Hearing Limited, Ireland*	100%
Hidden Hearing Limited, United Kingdom	100%
Hidden Hearing Properties Ltd, United Kingdom	100%
IDEA Isitme Sistemleri Sanayi ve Ticaret A.S., Turkey*	100%
Interacoustics A/S, Denmark*	100%
Interacoustics Pty Ltd, Australia	100%
Inventis North America Inc., United States	100%
Inventis S.r.l., Italy*	100%
Kuulopiiri Oy, Finland*	100%
Langer Hörstudio GmbH, Germany	100%
LeDiSo Italia S.r.l., Italy*	100%
Maico Diagnostics GmbH, Germany*	100%
Maico S.r.l., Italy*	100%
Mediszintech Audiologica Kft., Hungary*	100%
MedRx, Inc., United States	100%
Micromedical Technologies, Inc., United States	100%
Moser Hörgeräte GmbH, Germany	100%
Neurelec S.A.S, France*	100%
NexGen Healthcare Management Inc., Canada** ***	100%
Northeast Hearing Instruments, LLC, United States	100%
Oticon (Shanghai) Hearing Technology Co., Ltd., China*	100%
Oticon, Inc., United States	100%

*Directly owned by the Parent for 100%

**Subconsolidated group of companies, including companies with non-controlling interests.

***Subconsolidated group of companies, including associated companies.

The list includes the Group's active companies

Subsidiaries, associates and joint ventures in Demant Group

Company	Interest
Philiear Inc., Philippines*	100%
Phonic Ear Inc., United States	100%
Prodition S.A.S, France*	100%
Ritter Hörgeräte GmbH, Germany	100%
SBO Hearing A/S, Denmark*	100%
SBO Hearing US, Inc., United States	100%
SBO International Sales A/S, Denmark*	100%
SES Isitme Cihazlari Sanayi ve Ticaret A.S., Turkey*	100%
Shanghai YinPo Technology Co., Ltd., China	100%
Shin Nihon Hochoki Kabushiki Kaisha, Japan*	100%
Sonic AG (Sonic SA) (Sonic Ltd.), Switzerland*	100%
Sonic Equipment Australia Pty Ltd, Australia	100%
Sonic Innovations, Inc., United States	100%
Synapsys S.A.S, France	100%
The Hearing Center of Northeast Pennsylvania, LLC, United States	100%
Udicare S.r.l., Italy*	100%
Value Hearing (Pty) Ltd., South Africa*	100%
Van Boxtel Hoorwinkels B.V., Netherlands	100%
WDH Germany GmbH, Germany*	100%
WDH UK Limited, United Kingdom*	100%
WDH USA, Inc., United States*	100%
Workplace Integra Inc., United States	100%
Audilab SAS, France* ** ***	95%
Medton Ltd., Israel	90%
Colorado Hearing, LLC, United States	80%
Destin Hearing Associates, LLC, United States	70%
ADB Sarl, France	60%
Audika Alpes Sarl, France	60%
Institut de l'Audition du Var Sarl, France	60%
European Hearing Care (Myanmar) Limited, Myanmar	50%
Conc. Maico - Centro Otoacustico Marchesin S.r.l., Italy	50%

Company	Interest
Audiovita S.r.l., Italy	49%
Exclusive Hearing Limited, United Kingdom	49%
Ma.Bi.Ge Bioacustica S.r.l., Italy	49%
Microfon S.r.l., Italy	49%
Otic Hearing Solutions Private Limited, India	49%
Audiology Concepts, LLC, United States	40%
Audition Bahuaud SAS, France	40%
Dencker A/S, Denmark	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%
Fonema Italia S.r.l., Italy	30%
HearWell Audiology Clinics Inc., Canada	25%
Hemmerich Hearing Center Ltd., Canada	25%
HIMSA A/S, Denmark	25%
Imperial Hearing Limited, United Kingdom	25%
Acufon S.r.l., Italy	20%
Acustica Marche S.r.l., Italy	20%
Audiovox Preduzece Za Izradu I Promet Ortopedskih Pomagaladoo, Serbia	20%
Bontech Research CO D.o.o., Croatia	20%
Solaborate Inc., United States	20%
The Hearing Doctors of Georgia, LLC, United States	20%
K/S Himpp, Denmark	18%
HIMSA II A/S, Denmark	17%
HIMSA II K/S, Denmark	15%
Himpp A/S, Denmark	13%
HearBase Limited, United Kingdom	10%

*Directly owned by the Parent for 100%

**Subconsolidated group of companies, including companies with non-controlling interests.

***Subconsolidated group of companies, including associated companies.

The list includes the Group's active companies

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