Annual Report
2023

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

2023 was a positive year for the companies in the William Demant Invest portfolio. Even though the past 12 months were once again characterised by geopolitical instability and macroeconomic uncertainty, we witnessed a year of stable and solid business performance. The consolidated revenue for 2023 grew 13% to DKK 29 billion.

After a difficult 2022 with continued recovery from the impact of the coronavirus pandemic, the companies in the William Demant Invest portfolio delivered a solid 2023 with overall strong business performance – and we are happy to see that things have now more or less normalised in our markets and industries. The MedTech business, wherein most of our companies operate, is a very stable industry, and here, we believe that we have left the worst negative effects from some turbulent years behind us – and we expect close to normal business conditions in 2024.

As a long-term, evergreen investor, we are pleased to see the companies perform well and thus remain optimistic about the trajectory of the portfolio in the coming years.

Increased market value and ownership
During the year, we saw a healthy increase in the market value of our portfolio. At year-end, the market value totalled DKK 61 billion, up 29% from 2022, driven mainly by Demant, which had a very strong year with successful product launches and continued market share gains. Even though the value is not back at earlier high levels, it is our firm belief that the market value deterioration seen through 2022 and, to a smaller extent, 2023, was due to inflation-driven multiple compression rather than actual business performance.

However, favourable market sentiment towards the end of 2023, mainly driven by lower-than-expected inflation, particularly benefitted the more interest-sensitive growth shares in our portfolio, resulting in soaring market prices, which has continued going into 2024. If the common prediction of falling interest levels and thus more stable markets in 2024 becomes a reality, it is likely that the high multiple growth shares that suffered the most in 2022, when interest levels started to rise, in contrast will benefit the most when interest levels start to decline.

Whilst our investment activities were at a record-high level in 2022, 2023 has been characterised by consolidation in the existing portfolio. During the year, we have increased our ownership in selected companies, and we naturally wish to further expand ownership in more of the portfolio companies going forward. We are confident that our current portfolio comprises a balanced mix of mature growth companies with robust and resilient business models and encouraging long-term growth prospects.

Sustainability across the companies
We observe many great initiatives within sustainability across the companies. We are happy to see each company improving in this area – and we are also happy to have published our first sustainability report for William Demant Invest this year. Since the companies in our portfolio range widely in size and technologies, the responsibility of defining and carrying out a sustainability agenda primarily lies with each individual company, which enables the companies to focus their efforts where they matter the most in their particular sustainability context. We continue to follow their work within sustainability closely, among others through our involvement in the boards of the companies – especially now where new legislation is underway and high on the agenda.

We continue to look positive towards the future. All the companies have strong, inherent growth drivers in industries with high barriers of entry – and they hold market leading positions. With a hopefully more stable and favourable macro environment in 2024, we are positive that the companies can maintain and further fuel their current momentum.

We would like to thank the employees, management and boards as well as the customers in the William Demant Invest portfolio – and we look forward to continuing the collaboration in 2024.

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

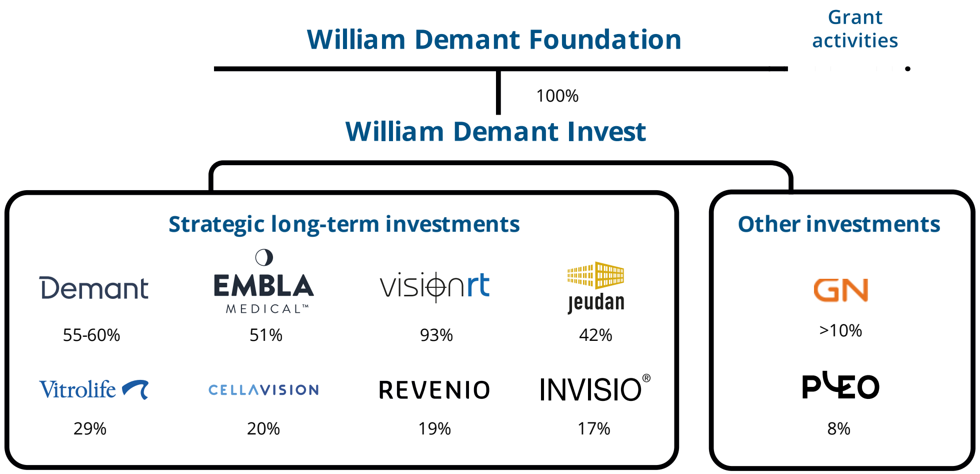
Established in 2004, William Demant Invest serves as the exclusive holding company for the comprehensive investment endeavours of William Demant Foundation. Presently, the primary source of liquidity for William Demant Invest is derived from capital returns generated by its subsidiaries and associated companies.

The main objective of William Demant Foundation is to safeguard and enhance the Demant enterprise while allocating a portion of its net income to causes defined in its charter. This commitment to a long-term perspective is evident across the majority of investments undertaken by William Demant Invest. William Demant Invest actively pursues significant involvement in the ongoing progress of subsidiaries and associated companies, aligning the foundation's dedication to fostering sustained growth.

Group structure and governance

William Demant Invest serves as the overarching entity for the investment activities of William Demant Foundation. The complete ownership tie between William Demant Foundation and William Demant Invest, along with the identical Boards of Directors, ensures the execution of investments aligns with the principles established in William Demant Foundation's charter and adheres to the investment strategy outlined by William Demant Invest.

While the implementation of the investment strategy is undertaken by William Demant Invest, decisions on exercising voting rights and buying or selling Demant shares are exclusively overseen and decided upon by William Demant Foundation. William Demant Foundation has communicated a 55-60% ownership interval – either directly or indirectly – in Demant.



The Group structure illustrated above reflects ownership figures as of 19 March 2024. Ownership in Demant 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

Investment approach

Our investment principles are focused on innovation-driven companies with proven, robust, and familiar business models

Throughout its long-lasting engagement with Demant, William Demant Invest has accumulated extensive expertise in the development and management of similar enterprises, creating a knowledge base that has profoundly influenced the determination of the investment strategy. Building on the success achieved with Demant, William Demant Invest naturally seeks for similar business characteristics in new investments, allowing for the application of this expertise.

So what does it mean to be a company like Demant? And what are the trademarks of Demant's business model that set the standard for the investment strategy of William Demant Invest?

First of all, the high level of product innovation, on which a company like Demant builds its growth, results in natural barriers of entry because of the high level of specialist knowledge needed to develop and manufacture the products. Therefore, a company of this kind will normally operate in niche markets with few major players and a high level of innovation. Secondly, Demant has a portfolio of products that are the same form all over the world. The distribution may vary between countries, but the product program is the same on a global scale. Demant has been through a long globalisation process with a constantly increasing number of locally based companies all over the world that together constitute a large, global business – but where the products sold, and the services provided, are more or less the same all over the world.

To sum this up, William Demant Invest mainly looks for innovation-driven companies in niche markets with a strong, unified product program and a global distribution mode. Historically, several investments have been within the MedTech industry. William Demant Invest also takes up ownerships within other industries besides MedTech, however always in companies with a business model similar to Demant's as outlined above.

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)

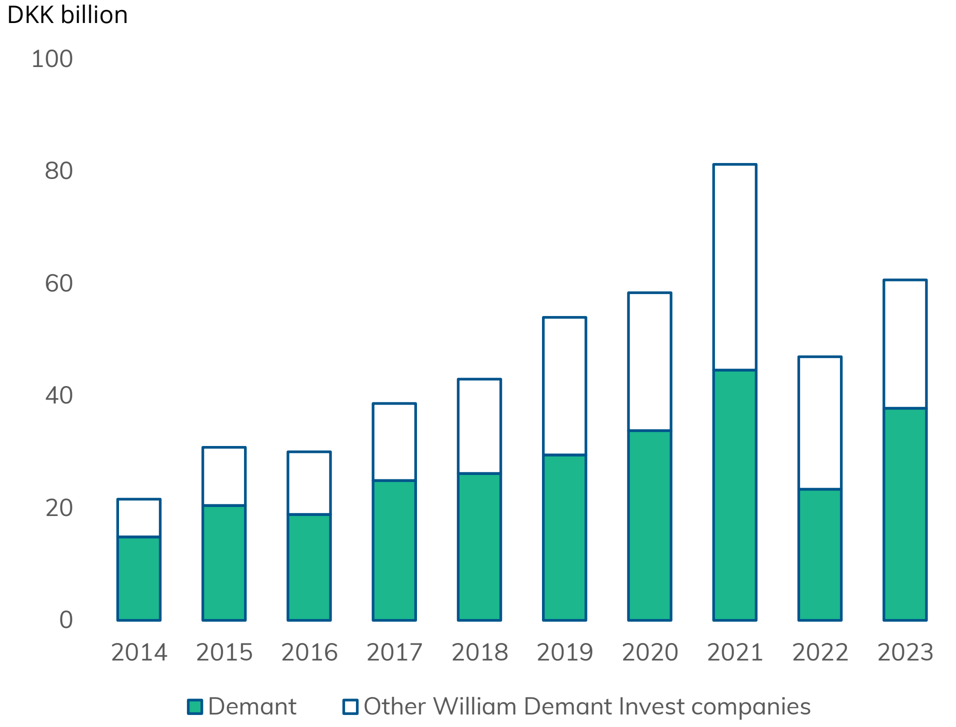
Revenue (DKK million)
52,822
Growth
6%
2022: DKK 49,607 million

EBITDA (DKK million)
10,865
Growth
13%
2022: DKK 9,604 million

Average # of employees
35,320
Growth
5%
2022: 33,664

Mkt. cap EoY (DKK billion)
159
Growth
19%
EoY 2022: DKK 134 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	
	2023	**2022**	**2023**	**2022**
Revenue				
Demant A/S	22,443	19,705	13,051	11,545
Embla Medical hf.	5,415	5,090	2,824	2,653
Vitrolife AB	2,309	2,199	662	621
CellaVision AB	446	435	89	87
Revenio Group Oyj	720	721	122	108
Jeudan A/S	1,717	1,570	720	659
INVISIO AB	815	527	134	70
GN Store Nord A/S	18,120	18,687	2,104	67
Other	837	673	747	600
Total	**52,822**	**49,607**	**20,453**	**16,410**
EBITDA				
Demant A/S	5,482	4,383	3,188	2,568
Embla Medical hf.	983	810	513	423
Vitrolife AB	747	714	214	202
CellaVision AB	136	134	27	27
Revenio Group Oyj	225	246	38	37
Jeudan A/S	1,112	1,006	467	422
INVISIO AB	160	76	26	10
GN Store Nord A/S	1,751	2,045	203	7
Other	269	190	237	166
Total	**10,865**	**9,604**	**4,913**	**3,862**

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.

	Individual entities - 100%		William Demant Invest A/S proportional share	
	2023	**2022**	**2023**	**2022**
Employees, average				
Demant A/S	21,168	19,239	12,311	11,274
Embla Medical hf.	3,945	3,866	2,058	2,017
Vision RT Ltd.	299	267	267	238
Vitrolife AB	1,084	1,117	311	315
CellaVision AB	244	253	49	51
Revenio Group Oyj	214	194	36	29
Jeudan A/S	670	637	281	267
INVISIO AB	248	208	41	28
GN Store Nord A/S	7,435	7,871	863	28
Other	13	11	13	11
Total	**35,320**	**33,663**	**16,230**	**14,258**
Market capitalisation (DKK million)				
Demant A/S (DKK 296/192.6)*	65,284	42,970	37,817	25,351
Embla Medical hf. (DKK 27.5/33.6)	11,558	14,122	6,030	7,368
Vitrolife AB (SEK 194.7/186.2)	17,707	16,856	5,078	4,834
CellaVision AB (SEK 212/229)	3,396	3,652	677	728
Revenio Group Oyj (EUR 27.2/38.6)	5,391	7,659	972	1,232
Jeudan A/S (DKK 229/240)	12,694	13,304	5,326	5,582
INVISIO AB (SEK 195.6/164.6)	5,990	4,958	988	828
GN Store Nord A/S (DKK 171.8/159.8)	24,965	20,450	3,075	2,195
Other**	12,135	10,218	849	-1,109
Total	**159,120**	**134,189**	**60,812**	**47,009**

Parentheses show year-end share prices.
**Including the ownership of William Demant Foundation.*
***Other includes Net debt subtracted value of Vision RT and Pleo.*

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)
22,443
Growth (reported)
14%
2022: DKK 19,705 million

EBITDA (DKK million)
5,482
EBITDA margin
24%
2022: DKK 4,383 million

Average # of employees
21,168
Growth
10%
2022: 19,239

Mkt. cap EoY (DKK million)
65,284
End of 2022
42,970

WDI ownership EoY*
58%
End of 2022
59%

*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, although the latter is currently undergoing a strategic review. Demant is listed on Nasdaq Copenhagen.

2023 at a glance
Sales in Demant increased by 14% to DKK 22,443 million. Growth in local currency was 15% of which 12% was organic, which was entirely driven by Hearing Healthcare, comprising Hearing Aids, Hearing Care and Diagnostics. This was supported by the hearing aid market which rebounded after a soft year in 2022, and largely normalised in 2023 following several years of unusual volatility related to the coronavirus pandemic. Communications saw negative growth, as markets for both gaming headsets and enterprise solutions continued to be weak. Growth in Communications was further impacted by Demant's decision to wind-down its Gaming business in August 2023.

Hearing Healthcare grew 14% organically, driven by particularly strong performance in Hearing Aids, which saw organic growth of 22%. Growth was driven by market share gains across many markets and channels and supported by the launch of new premium hearing aids in Q1. For Hearing Care, strong organic growth was driven by strong performance in many of its medium-sized markets, while the very good acquisitive growth was driven by the acquisition of Chinese retailer Sheng Wang in 2022, as well as a high level of acquisitions in Germany. In Diagnostics, despite very high comparative figures, the business continued to take market share and delivered solid organic growth, driven by strong performance in Europe.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to DKK 5,482 million, which is an increase of 25% from 2022 and corresponds to an EBITDA margin of 24%.

In February 2024, Demant announced the decision to undertake a strategic review of its Communications business, and for accounting purposes, the Communications business will be recognised as a part of discontinued operations in 2024 and going forward.

Read more at www.demant.com

Board of Directors

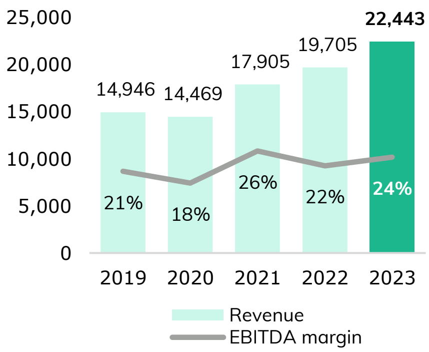
Niels B. Christiansen	Chair
Niels Jacobsen	Vice Chair
Anja Madsen	
Sisse F. Rasmussen	
Kristian Villumsen	
Thomas Duer	Staff-elected
Charlotte Hedegaard	Staff-elected
Heidir Hørby	Staff-elected

Executive Management

Søren Nielsen	CEO & President
René Schneider	CFO
Niels Wagner	President

Key financial figures

DKK million



EMBLA MEDICAL™

Revenue (USD million)
786
Growth (reported)
9%
2022: USD 719 million

EBITDA (USD million)
139
EBITDA margin
18%
2022: USD 114 million

Average # of employees
3,945
Growth
2%
2022: 3,866

Mkt. cap EoY (DKK million)
11,558
End of 2022
14,122

WDI ownership EoY
52%
End of 2022
52%

EMBLA MEDICAL™

About Embla Medical hf.
Embla Medical is a global leader in mobility solutions, including prosthetics, bracing and supports solutions and neuro orthotics. In addition, Embla Medical operates a large network of patient care clinics. 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 Embla Medical in 2004 and has since 2018 been the majority shareholder, today holding around 51% of the share capital.

2023 at a glance
Embla Medical realised total revenue of USD 786 million which was an increase of 9% compared to 2022 in reported terms. In local currency, revenue increased by 10%, of which organic growth was 9%.

In the beginning of 2023, Embla Medical hosted a Capital Markets Day, where they introduced a new corporate strategy. In connection with this, Embla Medical also introduced a new sales segmentation as a result of changed business mix following continued M&A activity in recent years. The new segmentation includes a new sales segment, named Patient Care, consisting of product sales and services provided in O&P clinics owned by Embla Medical.

Prosthetics sales increased organically by 13% compared to 2022 and accounted for 46% of group revenue, while sales of bionic products accounted for 24% of Prosthetics component sales. Bracing & Supports sales increased organically by 3% and accounted for 18% of group revenue, while the Patient Care segment increased organically by 8% and accounted for 36% of group revenue.

Earnings before interest, taxes, and amortisation (EBITDA) amounted to USD 139 million in 2023, corresponding to an EBITDA margin of 18%.

In February 2024, the company announced its intention to introduce its new name, Embla Medical, replacing the previous name, Össur, which remains a product brand name for its prosthetics and bracing and supports solutions together with FIOR & GENTZ, an innovative developer of neuro orthotics, which was acquired in January 2024, and College Park, a creator of custom-built prosthetic solutions, which Embla Medical acquired in 2019.

Read more at www.emblamedical.com

Board of Directors

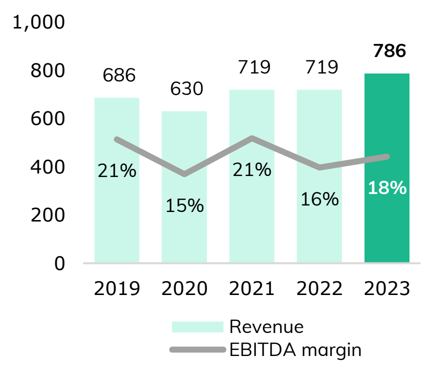
Niels Jacobsen	Chair
Svafa Grönfeldt	Vice Chair
Arne Boye Nielsen	
Dr. Alberto Esquenazi	
Guðbjörg Edda Eggertsdóttir	

Executive Management

Sveinn Sölvason	President & CEO

Key financial figures

USD million




visionrt
Elekta
RADIATION OFF
Elekta

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 and software that improves the efficiency, efficacy, and patient comfort during radiation therapy.

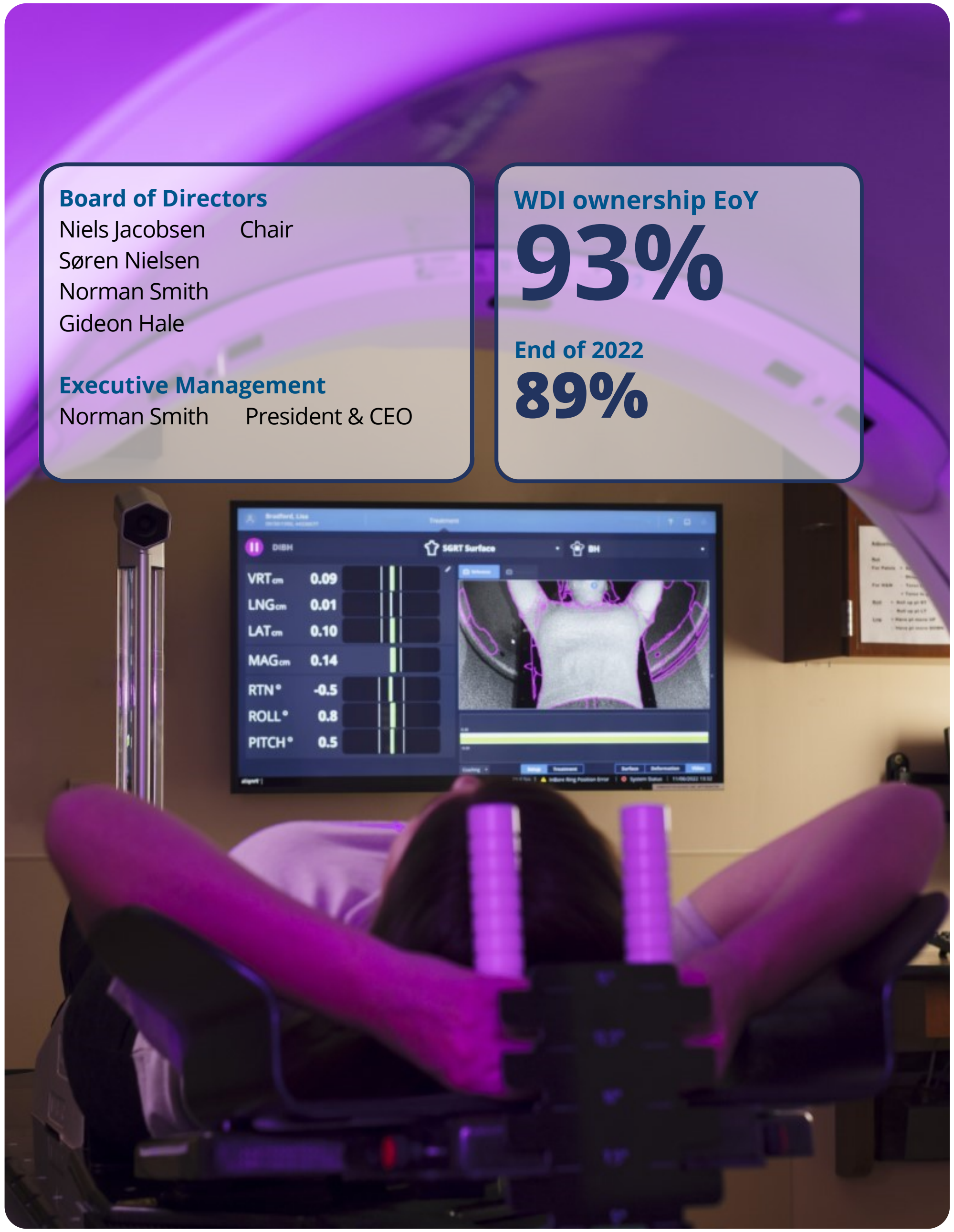
William Demant Invest acquired approx. 89% of the shares in Vision RT in 2018 – thus becoming the majority shareholder alongside the company's original founders. In 2023, we increased our ownership to 93%,

2023 at a glance
Vision RT continued to see strong growth in 2023, attributed to further consolidation and expansion of its global market footprint, which drove market share gains in most mature markets. The latter was especially pronounced in the US and selected European markets, where Vision RT's value proposition, offering the most innovative and clinically proven product portfolio, has shown to really prosper. Vision RT has also successfully managed to build up a significant service business, which delivered double-digit organic growth in 2023, adding to the robustness of Vision RT's business model.

In 2023, Vision RT and DoseOptics signed a long-term strategic partnership to advance Cherenkov imaging in radiation therapy, a novel technology that reveals and visualises the radiation dose as it is delivered. The announced partnership cements the already established relationship between Vision RT and DoseOptics, which over the past five years have worked together and developed DoseRT™ that combines the merits of Cherenkov imaging and capabilities of SGRT. With the new long-term strategic partnership, the ambition is to accelerate the combined innovative efforts even further and use Vision RT's global footprint to drive commercial adoption.

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.

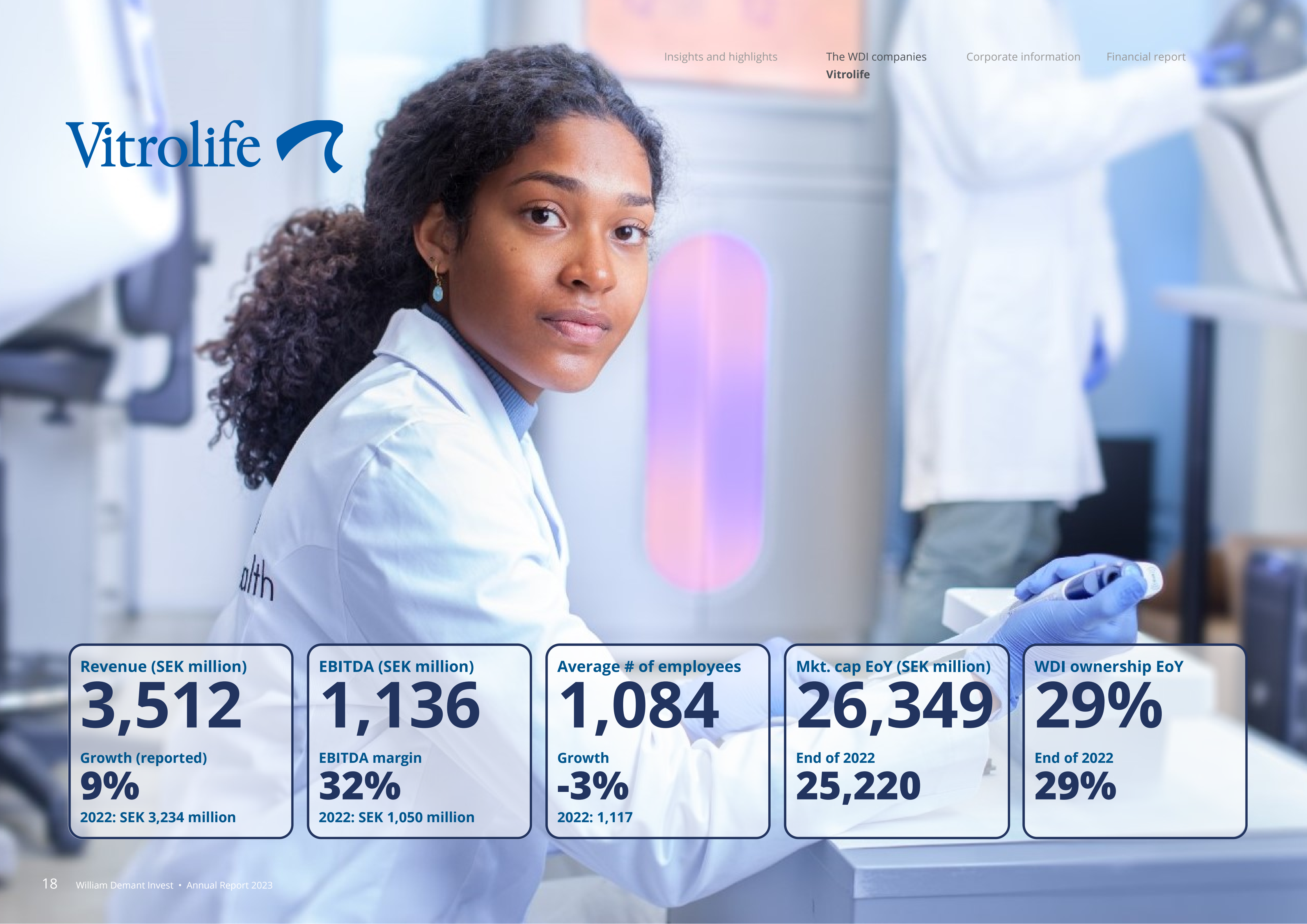
Read more at www.visionrt.com



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

Executive Management
Norman Smith President & CEO

WDI ownership EoY
93%
End of 2022
89%



Vitrolife

Revenue (SEK million)
3,512
Growth (reported)
9%
2022: SEK 3,234 million

EBITDA (SEK million)
1,136
EBITDA margin
32%
2022: SEK 1,050 million

Average # of employees
1,084
Growth
-3%
2022: 1,117

Mkt. cap EoY (SEK million)
26,349
End of 2022
25,220

WDI ownership EoY
29%
End of 2022
29%

Vitrolife

About Vitrolife AB
Vitrolife is an international medical device company 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.

2023 at a glance
Vitrolife increased group revenue by 9% to SEK 3,512 million. In local currency, the growth was 4%, which was entirely organic.

In 2023, Vitrolife went through a lot of changes. The previous CEO retired in the first half of the year and was replaced by Bronwyn Brophy as the new CEO in August. In December, Vitrolife hosted a Capital Markets Day where a new corporate strategy and updated long-term financial objectives were presented.

It was a challenging year for the Genetic Services business, especially in North America, which was impacted by external factors relating to the ERA test and by the choice of a large customer to insource their basic PGT-A test. During the year, great efforts have been put into making laboratory operations more efficient and increase profitability.

The Consumables business performed strongly, especially in the first half of the year, and the company continued its market share gains within media, while the Technologies business saw strong growth in the second half of the year and increased market penetration across all regions. Both business areas realised double-digit growth in 2023.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) amounted to SEK 1,136 million, corresponding to an EBITDA margin of 32% which was nearly unchanged compared to 2022.

Read more at www.vitrolife.com

Board of Directors

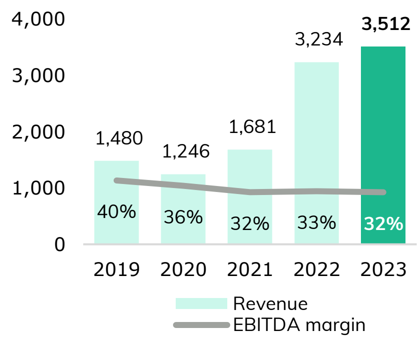
Jón Sigurðsson	Chair
Henrik Blomquist	
Lars Holmqvist	
Pia Marions	
Karen Lykke Sørensen	

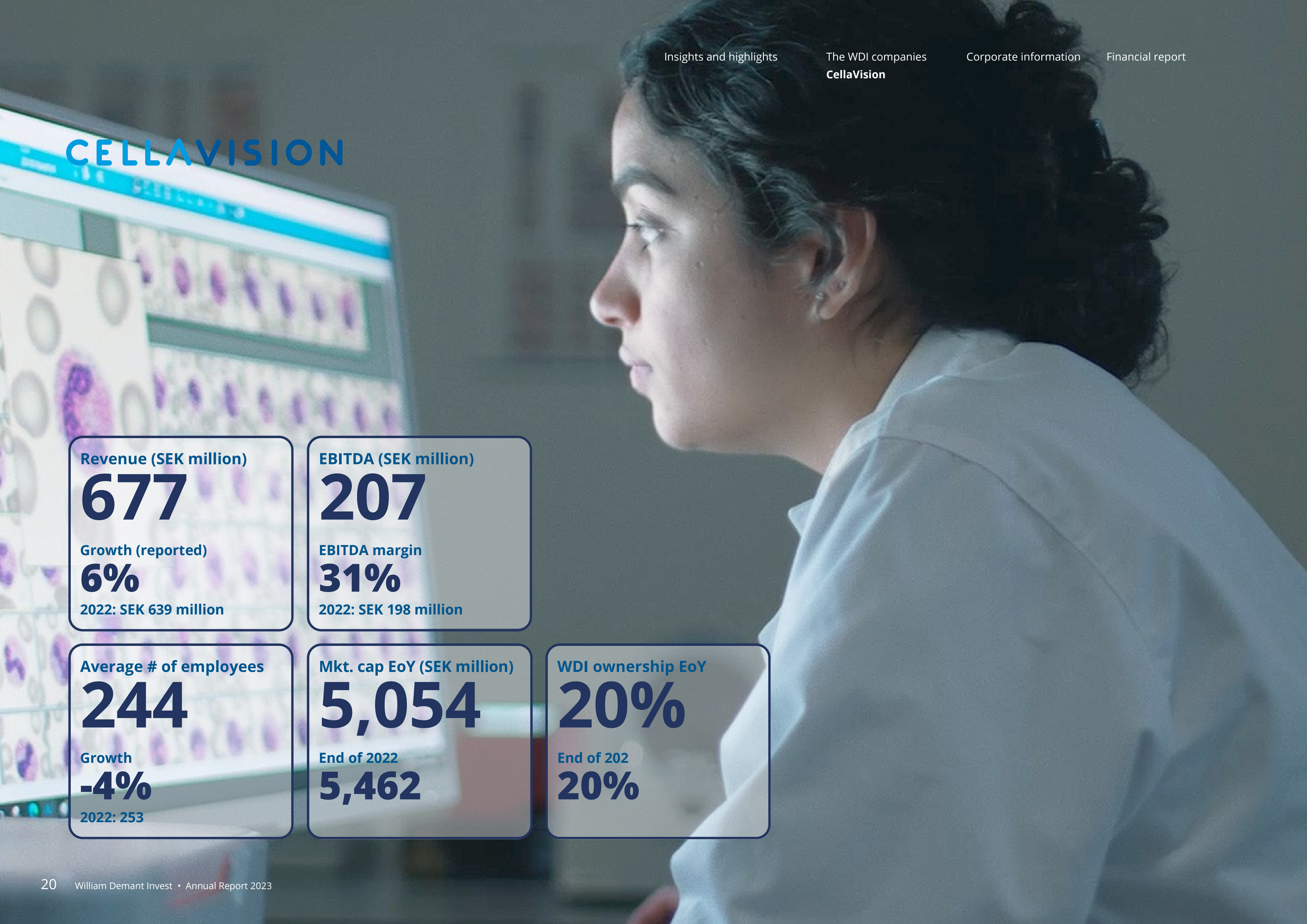
Executive Management

Bronwyn Brophy	CEO

Key financial figures

SEK million





CELLAVISION

Revenue (SEK million)
677
Growth (reported)
6%
2022: SEK 639 million

EBITDA (SEK million)
207
EBITDA margin
31%
2022: SEK 198 million

Average # of employees
244
Growth
-4%
2022: 253

Mkt. cap EoY (SEK million)
5,054
End of 2022
5,462

WDI ownership EoY
20%
End of 202
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.

2023 at a glance
Since the outbreak of the coronavirus pandemic, CellaVision has faced challenging market conditions, which has led to more volatile business conditions than usual. This trajectory has, to some extent, also been visible during 2023, with negative growth in the first half of the year followed by a strong finish to the year, leading to modest negative organic growth for the full year. However, we believe that markets have largely normalised during 2023, and we therefore expect to see a more balanced growth picture going forward, reflecting the traditional seasonality in CellaVision's business model.

CellaVision ended the year on a very strong note with a continued positive momentum in the US market coupled with a rebound of growth in APAC, which led to organic growth of 29% in the fourth quarter of 2023. CellaVision estimates that the global market penetration in large laboratories of digital cell morphology increased to approximately 27% in 2023. Despite a somewhat more intensified competitive landscape over the past couple of years, CellaVision continues to be the clear market leader and innovator of intelligent medical microscopy.

After the period close, CellaVision announced a new Strategic Alliance Agreement with Sysmex. We believe this is a further testament to CellaVision's market position and will be a catalyst for further growth in the years to come.

Finally, we are encouraged by CellaVision's strategic ambition and vision to diversify CellaVision to other applications than hematology, articulated in the newly launched Power of Focus strategy.

Read more at www.cellavision.com

Board of Directors

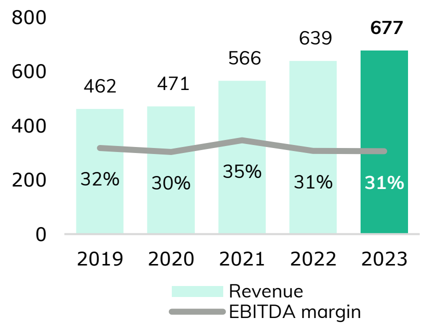
Mikael Worning	Chair
Christer Fåhraeus	
Ann-Charlotte Jarleryd	
Louise Armstrong-Denby	
Stefan Wolf	
Kent Stråhlen	Staff-elected
Gunnar Bro Hansen	Staff-elected

Executive Management

Simon Østergaard	CEO

Key financial figures

SEK million



REVENIO

Revenue (EUR million)
97
Growth (reported)
0%
2022: EUR 97 million

EBITDA (EUR million)
30
EBITDA margin
31%
2022: EUR 33 million

Average # of employees
214
Growth
10%
2022: 194

Mkt. cap EoY (EUR million)
723
End of 2022
1,030

WDI ownership EoY
18%
End of 2022
16%

REVENIO

About Revenio Group Oyj
Revenio operates within ophthalmological devices and software solutions for eye care. The company develops tonometers, 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 Helsinki.

William Demant Invest started investing in Revenio in 2018 and is today the largest shareholder with 19% ownership.

2023 at a glance
Revenio realised group revenue of EUR 97 million which was unchanged from 2022. In local currency, the growth was 2% and entirely organic. Following a strong first quarter of the year, the operating environment was challenging for Revenio in the rest of 2023, as high interest rates and inflation led to reluctant spending behaviour, especially in the private equity funded optometry sector, which reduced the demand for Revenio's products. Towards the end of the year, core product sales resumed double-digit growth, and revenue from sale of tonometers grew almost double-digit compared to 2022.

During the year, it was announced that the AI-driven iCare ILLUME screening solution was expanded into new geographical areas and additional eye disease applications. Furthermore, great efforts have been put into the application process of obtaining reimbursement in the US for the HOME2 tonomoter used for home-monitoring by glaucoma patients during treatment.

In November, Revenio hosted a Capital Markets Day, where management emphasised the continued focus on holistic eye care solutions that integrates devices, software and analytics and reiterated its focus on growth and on increasing the share of recurring revenue from software solutions.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) was EUR 30 million corresponding to an EBITDA margin of 31%. Adjusted for one-off costs, the EBITDA margin was 32 %, which was a slight decrease of around 2 %-points compared to 2022.

Read more at www.reveniogroup.com

Board of Directors

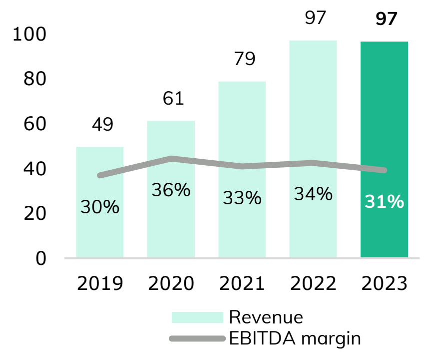
Arne Boye Nielsen	Chair
Bill Östman	Vice Chair
Ann-Christine Sundell	
Pekka Tammela	
Riad Sherif	

Executive Management

Jouni Toijala	CEO

Key financial figures

EUR million



INVISIO®

Revenue (SEK million)
1,239
Growth (reported)
60%
2022: SEK 776 million

EBITDA (SEK million)
308
EBITDA margin
25%
2022: SEK 113 million

Average # of employees
248
Growth
19%
2022: 208

Mkt. cap EoY (SEK million)
8,914
End of 2022
7,415

WDI ownership EoY
17%
End of 2022
17%

INVISIO®

About INVISIO AB
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 for primarily defence and public safety customers. The product portfolio includes headsets, control units, cables and an intercom system, that 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 Stockholm and headquartered in Copenhagen, Denmark.

William Demant Invest started investing in INVISIO in 2020 and today owns approx. 17% of the company.

2023 at a glance
INVISIO increased its group revenue to SEK 1,239 million which corresponds to an increase of 60%. In local currency, growth was 51%, which was entirely organic and driven by high demand for INVISIO's products.

2023 was a year where INVISIO ripened the fruit of a strong underlying market and the past year's investments in the organisation, especially within R&D and sales and marketing. The strong performance was supported by high market activity and demand for INVISIO's products, especially in Europe, which is not primarily a consequence of increased defense budgets but mainly stems from customers' general and long-term equipment modernisation programs. A significant impact on demand arising from increased defense budgets is not expected until the latter part of 2024.

During the year, INVISIO launched a new innovative control unit, that bridges audio, data and power which reduces the number of devices carried by the dismounted soldier. In addition, the company received its largest order ever from a US Defense Department organisation, worth SEK 130 million.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) amounted to SEK 308 million, corresponding to an EBITDA margin of 25%, which is an increase of 10 %-points compared to 2022.

Read more at www.invisio.com

Board of Directors

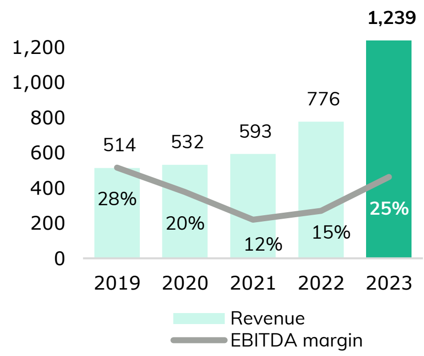
Annika Andersson	Chair
Ulrika Hagdahl	
Martin Krupicka	
Charlott Samuelsson	
Hannu Saastamoinen	
Nicklas Hansen	

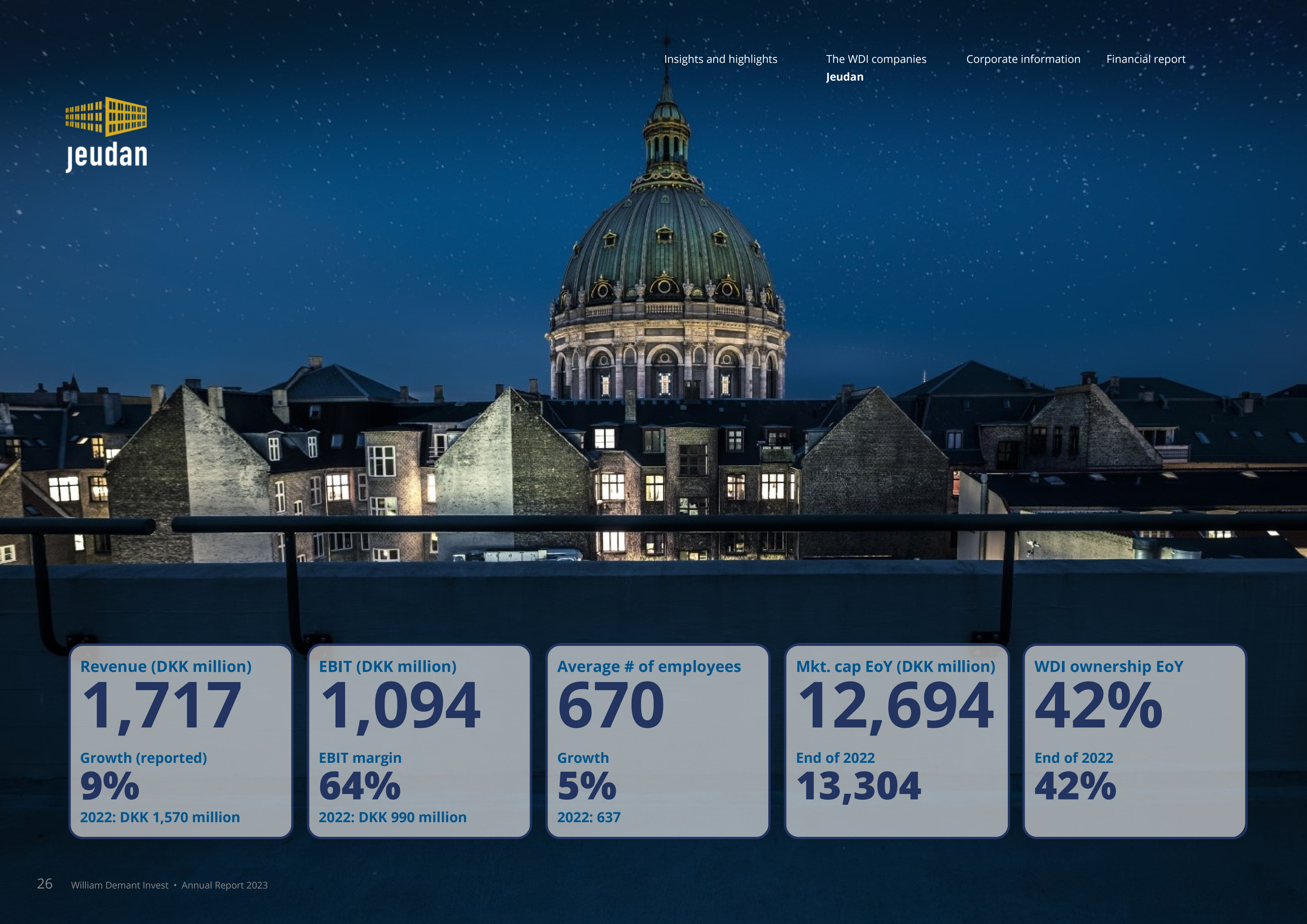
Executive Management

Lars Højgård Hansen	CEO

Key financial figures

SEK million





Revenue (DKK million)	EBIT (DKK million)	Average # of employees	Mkt. cap EoY (DKK million)	WDI ownership EoY
1,717	**1,094**	**670**	**12,694**	**42%**
Growth (reported)	EBIT margin	Growth	End of 2022	End of 2022
9%	**64%**	**5%**	**13,304**	**42%**
2022: DKK 1,570 million	2022: DKK 990 million	2022: 637		

About Jeudan A/S

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

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

2023 at a glance

Jeudan saw revenue growth of 9% in a market characterised by continued macroeconomic uncertainty, with interest rates and inflation levels still standing at high levels, albeit we have seen a gradual trend decline over the course of the year.

The revenue growth was primarily driven by Jeudan's property business, which constitutes more than 90% of group revenue, of which 95% of the properties are located in Jeudan's strategic focus area, namely the city centre of Copenhagen and Frederiksberg. The service business delivered a solid and value-added contribution to group revenue, amounting to DKK 193 million, and continues to be a value proposition that distinguishes Jeudan from other property companies, underpinning the robustness of Jeudan's business model, and cemented by a high occupancy rate of 97.1% by year end.

Jeudan has over the past years initiated various ambitious workstreams and targets within the broader framework of ESG. The latter is diligently portrayed and explained in Jeudan's annual sustainability report, which, among other things, highlights Jeudan's efforts to transition its car fleet from fossil cars to electric ditto. An effort which was awarded with a price in 2023 at a trade fair for "Bæredygtige Varebiler". Today, 83% of Jeudan's car fleet consists of electric cars, and the ambition is to reach 90% in 2025.

Earnings before interest and taxes (EBIT) arrived at DKK 1,094 million, up 11% compared to last year, due to revenue growth and sound cost control. Net result decreased to DKK -828 million from DKK 3,359 million due to negative value adjustments of Jeudan's interest-bearing debt and property portfolio, with higher interest rates being the main swing factor in value deterioration versus last year. The property portfolio had a book value of more than DKK 34 billion by year end, allocated across 199 properties and totalling almost 1 million square metres.

Read more at www.jeudan.dk

Board of Directors

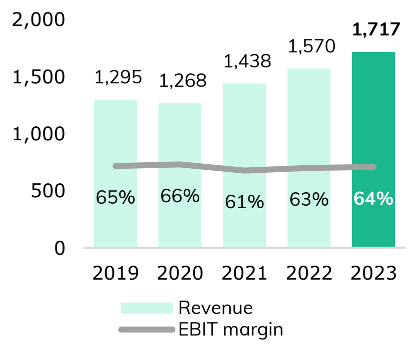
Niels Jacobsen	Chair
Tom Knutzen	Vice Chair
Claus Gregersen	
Helle Okholm	
Nicklas Hansen	

Executive Management

Per Wetke Hallgren	CEO
Søren B. Andersson	Deputy CEO

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
Chair (M)
Born 1949
Joined the Board in 2017
(up for election in 2024)

Considered independent: Yes

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

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, Corporate Governance 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 2023: DKK 1,200,000

Jesper Brandgaard
Vice chair (M)
Born 1963
Joined the Board in 2019
(up for election in 2024)

Considered independent: Yes

Other directorships: LEO Pharma A/S (chair), Novonesis (vice chair), 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 2023: DKK 525,000

Niels B. Christiansen
Board member (M)
Born 1966
Joined the Board in 2019
(up for election in 2024)

Considered independent: Yes

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

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, William Demant Invest A/S and Demant A/S in 2023: DKK 1,825,000

Board of Directors

Anna Cecilia Frellsen
Board member (F)
Born 1973
Joined the Board in 2020
(up for election in 2024)

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 2023: DKK 400,000

Tine Roed
Board member (F)
Born 1964
Joined the Board in 2021
(up for election in 2024)

Considered independent: Yes

Other directorships: Nykredit Alternatives Core AIF-SIKAV (chair), Multi Manager Invest (chair), Nykredit Alpha (chair), Unit trust Sparinvest (board member), InvestIn SICAV-RAIF (board member), Investin (board member), Nykredit Invest, Nykredit Almen Bolig samt 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 2023: DKK 400,000

Management

Niels Jacobsen
CEO (M)
Born 1957

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

Group-related directorships
Demant A/S, vice chair
Embla Medical hf., chair
Vision RT Ltd., chair
Jeudan A/S, chair

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

Nicklas Hansen
Investment Director (M)
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
INVISIO AB, board member
Vision RT Ltd., board observer

Our approach to ESG

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. Through them, we have primarily contributed to Sustainable Development Goal number 3; Good health and well-being, contributing with research and innovation and offering treatment and new possibilities for people with health challenges.

Aside from our contribution to good 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 our board representation.

This approach acts 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.

The companies in our portfolio all work diligently with ESG policies and frameworks, and we continuously monitor and follow up on the ESG performance through our board representation and other interactions with the companies over the year.

Gender diversity in the Board of Directors

At the end of 2023, the Board of Directors of William Demant Invest consisted of five members of which two are female and three are male. 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 regarding the share of the underrepresented gender have been set at other management levels.

Top management level	2023
Total number of members	5
Share of the underrepresented gender (%)	40
Target share (%)	40
Year of achieving target	N/A

2023 Progress

In 2023, we were pleased to see progress across the companies in our portfolio. A highlight of 2023 was the approval of Demant's emission reduction targets by the Science Based Targets initiative, in which Demant commits to reducing aggregate scope 1 and 2 emissions by 46% and reducing scope 3 emissions by 46% by 2030 from a 2019 base year and to reaching net-zero emissions across the value chain by 2050.

ESG Reporting

William Demant Invest publishes a separate ESG Report that serves as the statutory report to be presented under sections 99a and 99d of the Danish Financial Statements Act.

Please find the report here: https://www.demantinvest.com/esg-report/2023

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)
28,696
Growth
13%
2022: DKK 25,468 million

EBITDA (DKK million)
5,715
EBITDA margin
20%
2022: DKK 6,924 million

Average # of employees
25,439
Growth
9%
2022: 23,383

Financial review

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

Income statement
William Demant Invest's consolidated revenue for the full year amounted to DKK 28,696 million compared to DKK 25,468 million in 2022, corresponding to a growth of 13%.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to DKK 5,715 million resulting in an EBITDA margin of 20% compared to a margin of 27% in 2022. Operating profit (EBIT) was DKK 3,978 million corresponding to a negative growth of 26%, which is mainly driven by impairment and value adjustments of assets and financial obligations by two of our associated companies. Profit before tax was DKK 1,805 million compared to DKK 4,652 million in 2022.

In 2023, the profit for the year amounted to DKK 86 million for the Group and William Demant Invest's share of the net result was DKK -892 million. Profit for the year is deemed satisfactory.

Equity and capital structure
As of 31 December 2023, the Group's total assets amounted to DKK 61,502 million. This is the same level as of 31 December 2022, which is primarily due to an increase in goodwill related to acquisitions offset by an impairment in associates. Positively impacted by profit and a capital increase, consolidated equity in 2023 increased by 8% to DKK 30,146 million of which DKK 5,358 million is attributable to non-controlling interests and DKK 27,788 million to the shareholders of William Demant Invest.

No dividends have been paid out to William Demant Foundation in 2023 or 2022.

Cash flows
Overall the Group generated very strong cash flow in 2023, where cash flow from operating activities (CFFO) amounted to DKK 5,230 million in 2023 corresponding to an increase of 68%, whereas cash flow from investing activities amounted to an outflow of DKK 3,313 million in 2023 corresponding to a decrease in the out-flow of 50% compared to 2022. Finally, cash flow from financing activities amounted to DKK -1,806 million in 2023 mainly related to repayments of borrowings.

Tax
William Demant Invest is the administration company for the joint taxation of Demant and other Danish subsidiaries. Total corporate tax expensed in 2023 amounted to DKK 962 million compared to DKK 692 million in 2022. Tax in associated companies is paid in the respective companies.

Knowledge resources
William Demant Invest has 13 employees but does to a great extent rely on the development and retention of knowledge resources in subsidiaries and associated companies, where we have seen an increase of 9% in the average number of employees in the Group. 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	2023	2022	2021	2020	2019
Income statement					
Revenue	28,696	25,468	23,160	19,307	20,272
Gross profit	20,614	18,385	16,522	13,206	14,793
R&D costs	-1,796	-1,652	-1,434	-1,519	-1,385
Share of profit after tax, associates	-930	1,665	1,196	748	568
EBITDA	5,715	6,924	7,008	3,680	4,746
Amortisation and depreciation etc.	1,737	1,582	1,956	1,645	1,389
Operating profit (EBIT)	3,978	5,342	5,052	2,035	3,357
Net financial items	-2,173	-690	-375	146	18
Profit before tax	1,805	4,652	4,677	2,181	3,375
Profit after tax - continuing operations	843	3,960	3,827	1,951	2,841
Profit after tax - discontinued operations	-757	-192	-183	-	-
Profit for the year	86	3,768	3,644	1,951	2,841
Balance sheet					
Net interest-bearing debt	19,748	22,495	16,152	14,050	14,474
Assets	61,502	61,545	52,207	44,683	43,470
Equity	30,146	27,858	25,734	21,816	20,825
Other key figures					
Investment in property, plant and equipment, net	851	755	669	587	714
Cash flow from operating activities (CFFO)	5,230	3,107	4,691	3,388	3,025
Free cash flow	4,050	1,921	3,765	2,589	1,980
Average number of full-time employees	25,439	23,383	20,800	19,924	19,052
Financial ratios					
Gross profit margin	71.8%	72.2%	71.3%	68.4%	73.0%
EBITDA margin	19.9%	27.2%	30.3%	19.1%	23.4%
Profit margin (EBIT margin)	13.9%	21.0%	21.8%	10.5%	16.6%
Return on equity	-3.7%	12.2%	11.9%	8.0%	12.3%
Equity ratio	49.0%	45.3%	49.3%	48.8%	47.9%

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 reviewed and approved the Annual Report 2023 of William Demant Invest A/S for the financial year 1 January – 31 December 2023.

The consolidated financial statements are prepared and presented in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements in 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 2023, of the results of the Group's and the Parent's operations and of the Group's cash flows for the financial year 1 January to 31 December 2023.

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.

Management's commentary has been prepared in accordance with the Danish Financial Statement Act.

We recommend the Annual Report 2023 for adoption at the annual general meeting.

Smørum, 19 March 2024

Executive Board

Niels Jacobsen
CEO

Board of Directors

Lars Nørby Johansen
Chair

Jesper Brandgaard
Vice Chair

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 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of William Demant Invest A/S for the financial year 1 January to 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information for the Group as well as for the Parent Company and statement of comprehensive income and cash flow statement for the Group. Collectively referred to as the "Financial Statements".

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We 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 IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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, 19 March 2024

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	2023	2022
Revenue	1.1	28,696	25,468
Production costs	1.2 / 1.3 / 1.5 / 8.3	-8,082	-7,083
Gross profit		**20,614**	**18,385**
R&D costs	1.2 / 1.3 / 8.3	-1,796	-1,652
Distribution costs	1.2 / 1.3 / 8.3	-12,095	-11,217
Administrative expenses	1.2 / 1.3 / 8.2 / 8.3	-1,815	-1,839
Share of profit after tax, associates	3.4	-930	1,665
Operating profit (EBIT)		**3,978**	**5,342**
Financial income	4.2	412	145
Financial expenses	4.2	-2,585	-835
Profit before tax		**1,805**	**4,652**
Tax on profit for the year	5.1	-962	-692
Profit after tax - continuing operations		**843**	**3,960**
Profit after tax - discontinued operations	6.3	-757	-192
Profit for the year		**86**	**3,768**
Profit for the year attributable to:			
William Demant Invest A/S' shareholder		-892	2,728
Non-controlling interests		978	1,040
		86	**3,768**

Consolidated statement of comprehensive income

(DKK million)	2023	2022
Profit for the year	**86**	**3,768**
Foreign currency translation adjustment, subsidiaries	-183	-45
Other comprehensive income adjustments, associates	21	-251
Value adjustment of hedging instruments:		
Value adjustment for the year	46	-48
Value adjustment transferred to revenue	-106	202
Tax on items that have been or may subsequently be reclassified to the income statement	17	-32
Items that have been or may subsequently be reclassified to the income statement	**-205**	**-174**
Actuarial gains/losses on defined benefit plans	-19	105
Tax on items that will not subsequently be reclassified to the income statement	4	-27
Items that will not subsequently be reclassified to the income statement	**-15**	**78**
Other comprehensive income	**-220**	**-96**
Comprehensive income	**-134**	**3,672**
Comprehensive income attributable to:		
William Demant Invest A/S' shareholder	-975	2,486
Non-controlling interests	841	1,186
	-134	**3,672**
Breakdown of tax on other comprehensive income:		
Foreign currency translation adjustment, foreign enterprises	3	3
Value adjustment of hedging instruments for the year	-9	9
Value adjustment of hedging instruments transferred to revenue	23	-44
Actuarial gains/losses on defined benefit plans	4	-27
Tax on other comprehensive income	**21**	**-59**

Consolidated balance sheet at 31 December

(DKK million)	Note	2023	2022
Assets			
Intangible assets	3.1	**24,557**	**23,605**
Property, plant and equipment	3.2	**3,275**	**2,950**
Lease assets	3.3	3,448	3,215
Investments in associates	3.4	12,911	14,261
Receivables from associates	3.4 / 4.3 / 4.4	277	371
Other investments	3.4 / 4.3 / 4.5	3,093	2,713
Customer loans	1.7 / 3.4	477	566
Other receivables	3.4 / 4.3 / 4.4	201	111
Deferred tax assets	5.2	857	823
Other non-current assets		**21,264**	**22,060**
Non-current assets		**49,096**	**48,615**
Inventories	1.5	3,827	3,890
Trade receivables	1.6 / 4.3	4,736	4,605
Receivables from associates	4.3	189	170
Income tax		256	206
Customer loans	1.7	191	229
Other receivables	4.3 / 4.4	527	473
Unrealised gains on financial contracts	2.3 / 4.3 / 4.4 / 4.5	60	103
Prepaid expenses		598	544
Cash	4.3 / 4.4	1,739	1,746
Assets held for sale	6.3	283	964
Current assets		**12,406**	**12,930**
Assets		**61,502**	**61,545**

(DKK million)	Note	2023	2022
Equity and liabilities			
Share capital		4	4
Other reserves		24,859	23,195
Equity attributable to William Demant Invest A/S' shareholder		**24,863**	**23,199**
Equity attributable to non-controlling interests		5,283	4,659
Equity		**30,146**	**27,858**
Borrowings	4.3 / 4.4	12,274	10,035
Lease liabilities	3.3	2,829	2,609
Deferred tax liabilities	5.2	801	811
Provisions	7.1	213	184
Other liabilities	4.3 / 7.2	1,122	1,057
Deferred income	7.3	684	543
Non-current liabilities		**17,923**	**15,239**
Borrowings	4.3 / 4.4	6,624	12,037
Lease liabilities	3.3	796	795
Trade payables	4.3	1,006	1,073
Payables to associates		1	-
Income tax		688	394
Provisions	7.1	114	130
Other liabilities	4.3 / 7.2	3,335	3,175
Unrealised losses on financial contracts	2.3 / 4.3 / 4.4 / 4.5	38	24
Deferred income	7.3	742	645
Liabilities related to assets held for sale	6.3	89	175
Current liabilities		**13,433**	**18,448**
Liabilities		**31,356**	**33,687**
Equity and liabilities		**61,502**	**61,545**

Consolidated cash flow statement

(DKK million)	Note	2023	2022
Operating profit (EBIT)		3,978	5,342
Non-cash items etc.	1.8	2,722	-62
Change in receivables etc.		-244	-696
Change in inventories		-8	-762
Change in trade payables and other liabilities etc.		264	78
Change in provisions		-	85
Dividends received		197	259
Cash flow from operating profit		**6,909**	**4,244**
Financial income etc. received		361	75
Financial expenses etc. paid		-1,352	-576
Income tax paid		-688	-636
Cash flow from operating activities (CFFO)		**5,230**	**3,107**
Acquisition of enterprises, participating interests and activities		-2,133	-6,295
Divestment of enterprises, participating interests and activities		-	912
Investments in intangible assets		-282	-343
Investments in property, plant and equipment		-872	-771
Disposal of property, plant and equipment		21	16
Investments in other non-current assets		-293	-347
Disposal of other non-current assets		246	259
Cash flow from investing activities (CFFI)		**-3,313**	**-6,569**

(DKK million)	Note	2023	2022
Repayments of borrowings	4.4	-6,852	-3,194
Proceeds from borrowings	4.4	6,023	9,323
Change in short-term bank facilities	4.4	-288	-250
Repayments of lease liabilities	3.3/4.4	-881	-773
Transactions with non-controlling interests		192	-1,548
Cash flow from financing activities (CFFF)		**-1,806**	**3,558**
Cash flow for the year, net - continuing operations		111	96
Cash flow for the year, net - discontinued operations	6.3	-65	-253
Cash flow for the year, net		**46**	**-157**
Cash and cash equivalents at the beginning of the year		1,746	1,940
Foreign currency translation adjustment of cash and cash equivalents		-53	-37
Cash and cash equivalents at the end of the year		**1,739**	**1,746**
Breakdown of cash and cash equivalents at the end of the year:			
Cash	4.3/4.4	1,739	1,746
Cash and cash equivalents at the end of the year		**1,739**	**1,746**

Consolidated statement of changes in equity

(DKK million)	Share capital	Other reserves: Foreign currency translation reserve	Other reserves: Hedging reserve	Other reserves: Retained earnings	William Demant Invest A/S' shareholder's share	Non-controlling interests' share	Equity
Equity at 1.1.2023	**4**	**94**	**39**	**23,062**	**23,199**	**4,659**	**27,858**
Comprehensive income in 2023:							
Profit for the year	-	-	-	-892	-892	978	86
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	-72	-	-	-72	-111	-183
Other comprehensive income adjustments, associates	-	-	-	21	21	-	21
Value adjustment of hedging instruments:							
Value adjustment, year	-	-	27	-	27	19	46
Value adjustment transferred to revenue	-	-	-59	-	-59	-47	-106
Actuarial gains/losses on defined benefit plans	-	-	-	-11	-11	-8	-19
Tax on other comprehensive income	-	1	8	2	11	10	21
Other comprehensive income	**-**	**-71**	**-24**	**12**	**-83**	**-137**	**-220**
Comprehensive income for the year	**-**	**-71**	**-24**	**-880**	**-975**	**841**	**-134**
Transactions with non-controlling interests	-	-	-	478	478	-244	234
Capital increase	-	-	-	2,000	2,000	-	2,000
Other changes in equity	-	-	-	161	161	27	188
Equity at 31.12.2023	**4**	**23**	**15**	**25,021**	**25,063**	**5,083**	**30,146**

Consolidated statement of changes in equity – continued

(DKK million)	Share capital	Other reserves: Foreign currency translation reserve	Other reserves: Hedging reserve	Other reserves: 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, 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**

Notes to consolidated financial statements

Section 1

Operating activities and cash flow

1.1 Revenue

(DKK million)

Revenue by geographic region	2023	2022
Europe	11,771	10,502
North America	12,185	10,826
Asia	2,558	2,103
Pacific region	1,364	1,317
Other regions	818	720
Revenue	**28,696**	**25,468**

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 343 million (DKK 348 million in 2022). For the Group, the ten largest customers account for approx. 12% (10% in 2022) of total consolidated revenue.

(DKK million)

Revenue by business area	2023	2022
Hearing Care	9,083	8,123
Hearing Aids	10,036	8,231
Prosthetics, Bracing & supports	5,415	5,090
Diagnostics	2,482	2,291
Communications	842	1,060
Other	838	673
Revenue	**28,696**	**25,468**

(DKK million)

Liabilities related to contracts with customers	2023	2022
Customer prepayments*	237	178
Future performance obligations*	1,189	1,010
Expected volume discounts and other customer-related items**	483	406
Expected product returns***	197	172
Transferred to liabilities related to assets held for sale	-	-4
Contract liabilities with customers	**2,106**	**1,762**

*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 106 million (DKK -202 million in 2022).

(DKK million)

Changes in contract liabilities with customers	2023	2022
Contract liabilities at 1.1.	**1,762**	**1,606**
Foreign currency translation adjustment	-16	20
Revenue recognised and included in the contract liability balance at 1.1.	-701	-615
Increases due to cash received, excluding amounts recognised as revenue during the year	808	693
Changes from expected volume discounts and other customer related items	83	44
Changes from product returns	28	6
Additions from acquisitions	142	12
Transferred to liabilities related to assets held for sale	-	-4
Contract liabilities at 31.12.	**2,106**	**1,762**

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 utilisation 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	2023	2022
Employee costs			
Wages and salaries		10,172	9,273
Share-based remuneration		38	32
Defined contribution plans		238	271
Defined benefit plans	7.1	12	16
Social security costs etc.		1,230	1,103
Employee costs		**11,690**	**10,695**
Employee costs by function			
Production costs		1,731	1,623
R&D costs		1,244	1,039
Distribution costs		7,182	6,641
Administrative expenses		1,533	1,392
Employee costs		**11,690**	**10,695**
Average number of full-time employees		25,439	23,383
Remuneration to Executive Board included in employee costs:			
Wage and salary		6.1	5.9
Executive Board		**6.1**	**5.9**
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 2023, the basic remuneration of a member of the Parent’s Board of Directors was DKK 250,000 (DKK 250,000 in 2022). 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 in question.

1.3 Amortisation, depreciation and impairment losses

(DKK million)	Note	2023	2022
Amortisation of intangible assets	3.1	291	267
Depreciation of property, plant and equipment	3.2	576	539
Depreciation of leased assets	3.3	870	776
Amortisation, depreciation and impairment losses		**1,737**	**1,582**
Amortisation, depreciation and impairment losses by function:			
Production costs		271	233
Research and development costs		103	86
Distribution costs		1,030	964
Administrative expenses		333	299
Amortisation, depreciation and impairment losses		**1,737**	**1,582**
Net gains from sale of assets		-16	-2
Net gains from sale of assets		**-16**	**-2**
Net gains from sale of assets by function:			
Administrative expenses		-16	-2
Net gains from sale of assets		**-16**	**-2**

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 meeting propose not to distribute dividend for 2023.

1.5 Inventories

(DKK million)	2023	2022
Raw materials and purchased components	1,544	1,525
Work in progress	202	181
Finished goods and goods for resale	2,081	2,184
Inventories	**3,827**	**3,890**
Write-downs, provisions for obsolescence etc. included in the above	187	175
Included in the income statement under production costs:		
Write-downs of inventories for the year, net	77	68
Cost of goods sold for the year	6,486	5,834

Inventories of DKK 69 million (DKK 54 million in 2022) are expected to be sold or used in production after more than 12 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
2023						
Gross carrying amount	3,308	1,042	261	166	380	5,157
Specific loss allowance	-19	-62	-44	-36	-208	-369
General loss allowance	-16	-13	-5	-6	-12	-52
Total	**3,273**	**967**	**212**	**124**	**160**	**4,736**
Expected loss rate	1.1%	7.2%	18.8%	25.3%	57.9%	8.2%
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%

The opening balance of trade receivables in 2022 amounted to DKK 4,020 million.

Of the total amount of trade receivables, DKK 298 million (DKK 251 million in 2022) 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)	2023	2022
Allowance for impairment		
Allowance for impairment at 1.1.	-362	-376
Foreign currency translation adjustments	3	-11
Realised during the year	71	154
Additions during the year	-150	-190
Reversals during the year	17	43
Transfer to assets held for sale	-	18
Allowance for impairment at 31.12.	**-421**	**-362**

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)	2023	2022
Non-current customer loans	477	566
Current customer loans	191	229
Total customer loans	**668**	**795**
Allowance for impairment		
Allowance for impairment at 1.1.	-33	-17
Realised during the year	-	1
Additions during the year	-32	-26
Reversals during the year	3	9
Allowance for impairment at 31.12.	**-62**	**-33**

Group internal credit rating

2023		Expected credit loss rate	Gross carrying amount	Carrying amount
Performing	12-month expected credit loss	0.4%	551	549
Underperforming	Lifetime expected credit loss	33.5%	179	119
Total customer loans			**730**	**668**

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**

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)	2023	2022
Amortisation and depreciation	1,737	1,582
Share of profit after tax, associates	930	-1,665
Gain on sale of intangible assets and property, plant and equipment	11	-1
Provisions	94	-29
Exchange rate adjustments	-50	-51
Employee salary share arrangement	64	80
Step-up gains	-27	-14
Other non-cash items	-37	36
Non-cash items etc.	**2,722**	**-62**

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 and Mexico. 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)	2023	2022
USD	+104	+74
GBP	+50	+42
AUD	+29	+11
ISK	+22	+0
CAD	+10	+23
JPY	+7	+5
CNY	+5	+4
PLN	-33	-30

Effect on equity, 5% positive change in exchange rates

(DKK million)	2023	2022
USD	+67	+59
GBP	+61	+38
CAD	+26	+20
AUD	+10	+9
CNY	+6	+3
JPY	+5	+5
ISK	+0	+0
PLN	-35	-31

**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

(DKK million)	Expiry	Hedging period*	Average hedging rate	Contractual value	Fair value	Positive fair value at year-end	Negative fair value at year-end
2023							
USD	2024	10 months	676	-1,216	15	18	3
AUD	2024	11 months	447	-239	-5	-	5
GBP	2024	10 months	844	-523	-3	1	4
CAD	2024	10 months	504	-413	-2	1	3
JPY	2024	11 months	5.00	-95	1	2	1
PLN	2024	9 months	161	711	36	36	-
EUR**	2024	12 months	742	893	1	1	-
EUR	2024	12 months	762	-223	-3	1	4
				-1,105	**40**	**60**	**20**

**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 2023, our forward exchange contracts realised a gain of DKK 106 million (loss of DKK 202 million in 2022), which increased reported revenue for the year. The Group's forward exchange contracts were effective in 2023 and 2022.

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.

(DKK million)	Expiry	Hedging period	Average hedging rate	Contractual value	Fair value	Positive fair value at year-end	Negative fair value at year-end
2022							
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	24 months	742	891	-2	-	2
EUR	2023	12 months	740	-222	-9	-	9
				-1,104	**59**	**83**	**24**

Section 3

Assets base

3.1 Intangible assets

(DKK million)	2023 Goodwill	2023 Patents and licences	2023 Other intangible assets	2023 Assets under develop-ment*	2023 Total intangible assets	2022 Goodwill	2022 Patents and licences	2022 Other intangible assets	2022 Assets under develop-ment*	2022 Total intangible assets
Cost at 1.1.	**21,909**	**232**	**2,291**	**260**	**24,692**	**19,545**	**249**	**1,837**	**274**	**21,905**
Foreign currency translation adjustments	-212	-3	-28	-6	-249	53	-3	36	2	88
Additions during the year	-	25	112	145	282	-	22	127	194	343
Additions relating to acquisitions	1,128	-	58	1	1,187	2,771	35	249	4	3,059
Disposals during the year	-	-8	-113	-	-121	-1	-5	-47	-	-53
Transferred to/from other items	1	-	76	-68	9	-	-	107	-107	-
Transferred to assets held for sale	-	-	18	-	18	-459	-66	-18	-107	-650
Cost at 31.12.	**22,826**	**246**	**2,414**	**332**	**25,818**	**21,909**	**232**	**2,291**	**260**	**24,692**
Amortisation at 1.1.	**-**	**-87**	**-1,000**	**-**	**-1,087**	**-**	**-139**	**-775**	**-**	**-914**
Foreign currency translation adjustments	-	2	18	-	20	-	-1	-25	-	-26
Amortisation for the year	-	-14	-277	-	-291	-	-13	-254	-	-267
Disposals during the year	-	8	109	-	117	-	4	43	-	47
Amortisation transfer	-	-	-9	-	-9	-	-	-	-	-
Transferred to assets held for sale	-	-	-11	-	-11	-	62	11	-	73
Amortisation at 31.12.	**-**	**-91**	**-1,170**	**-**	**-1,261**	**-**	**-87**	**-1,000**	**-**	**-1,087**
Carrying amount at 31.12.	**22,826**	**155**	**1,244**	**332**	**24,557**	**21,909**	**145**	**1,291**	**260**	**23,605**

**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

	2023						2022					
(DKK million)	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.	**1,296**	**1,113**	**1,900**	**1,526**	**220**	**6,055**	**1,260**	**2,845**	**1,801**	**1,246**	**127**	**7,279**
Foreign currency translation adjustments	6	2	-2	-1	12	17	10	21	24	8	-	63
Additions during the year	20	112	251	300	187	870	8	101	230	225	207	771
Additions relating to acquisitions	8	10	22	15	-	55	3	11	24	46	-	84
Disposals relating to divestments	-	-	-	-	-	-	-	-1,788	-	-	-	-1,788
Disposals during the year	-60	-272	-215	-72	-3	-622	-8	-113	-105	-45	-	-271
Transferred to/from other items	114	39	16	14	-191	-8	23	82	-50	59	-114	-
Transferred to assets held for sale	-	-	-	-	-	-	-	-46	-24	-13	-	-83
Cost at 31.12.	**1,384**	**1,004**	**1,972**	**1,782**	**225**	**6,367**	**1,296**	**1,113**	**1,900**	**1,526**	**220**	**6,055**
Depreciation and impairment losses at 1.1.	**-278**	**-684**	**-1,349**	**-794**	**-**	**-3,105**	**-250**	**-1,403**	**-1,240**	**-677**	**-**	**-3,570**
Foreign currency translation adjustments	-	2	3	2	-	7	-4	-13	-17	-7	-	-41
Depreciation for the year	-28	-147	-216	-185	-	-576	-29	-143	-200	-172	-	-544
Disposals relating to divestments	-	-	-	-	-	-	-	742	-	-	-	742
Disposals during the year	58	263	202	51	-	574	5	110	95	42	-	252
Transferred to/from other items	2	6	2	-2	-	8	-	-2	-8	10	-	-
Transferred to assets held for sale	-	-	-	-	-	-	-	25	21	10	-	56
Depreciation and impairment losses at 31.12.	**-246**	**-560**	**-1,358**	**-928**	**-**	**-3,092**	**-278**	**-684**	**-1,349**	**-794**	**-**	**-3,105**
Carrying amount at 31.12.	**1,138**	**444**	**614**	**854**	**225**	**3,275**	**1,018**	**429**	**551**	**732**	**220**	**2,950**

**Prepayments are included in assets under construction.*

3.2 Property, plant and equipment – continued

Accounting policies
Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Cost is defined as the acquisition price and costs directly relating to the acquisition until the point in time when the particular asset is ready for use. For assets produced by the Group, cost includes all costs directly attributable to the production of such assets, including materials, components, sub-supplies and payroll.

If the acquisition or the use of an asset requires the Group to defray costs for the demolition or restoration of such asset, the calculated costs hereof are recognised as a provision and as part of the cost of the particular asset, respectively.

Assets consisting of various elements will be depreciated separately if their useful lives are not the same. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Land is not depreciated.

Buildings	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)	2023	2022
Lease assets at 1.1.	**3,215**	**2,961**
Foreign currency translation adjustments	-15	24
Additions during the year	1,030	970
Additions relating to acquisitions	142	170
Disposals during the year	-54	-111
Depreciations during the year	-870	-781
Transferred to assets held for sale	-	-18
Lease assets at 31.12.	**3,448**	**3,215**

(DKK million)	2023	2022
Lease liabilities at 1.1.	**3,404**	**3,091**
Foreign currency translation adjustments	-27	10
Additions during the year	1,035	973
Additions relating to acquisitions	142	170
Covid-19-related rent concessions	-6	-3
Disposals during the year	-42	-45
Payments	-983	-850
Interest	102	77
Transferred to liabilities related to assets held for sale	-	-19
Lease liabilities at 31.12.	**3,625**	**3,404**
Current lease liabilities	796	795
Non-current lease liabilities	2,829	2,609
Amounts recognised in the income statement:		
Variable lease payments	33	31
Short-term lease expenses	46	50
Low-value assets	6	4

Approx. 96% 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 significant judgement in determining whether it is reasonably certain that these extension and termination options will be exercised.

Accounting policies

Lease assets

Lease assets and liabilities are recognised in the balance sheet at the commencement date of the contract, if it is or contains a lease. Lease assets are recognised at cost less accumulated depreciation and impairment.

Cost is defined as the lease liability adjusted for any lease payments made at or before the commencement date. Lease assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

Lease liabilities are measured at the present value of future payments, using the 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 implicit interest rate 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

(DKK million)	2023 Investments in associates	2023 Receivables from associates	2023 Other investments	2023 Other receivables: Customer loans	2023 Other receivables: Other	2022 Investments in associates	2022 Receivables from associates	2022 Other investments	2022 Other receivables: Customer loans	2022 Other receivables: Other
Cost at 1.1.	**9,827**	**369**	**2,963**	**587**	**168**	**9,039**	**271**	**134**	**501**	**151**
Foreign currency translation adjustments	-15	-1	-	-17	-1	21	-2	-	23	1
Additions during the year	498	73	646	136	64	822	120	2,912	303	24
Additions relating to acquisitions	15	-	5	-	15	7	-	-	-	9
Disposals related to step-up acquisition of associates	-79	-28	-	-	-	-15	-20	-	-	-5
Disposals, repayments etc. during the year	-	-145	-3	-69	-9	-47	-	-83	-56	-12
Transferred to current assets	-	-	-	-111	-	-	-	-	-184	-
Transferred to/from other items	503	-	-549	-	-	-	-	-	-	-
Cost at 31.12.	**10,749**	**268**	**3,062**	**526**	**237**	**9,827**	**369**	**2,963**	**587**	**168**
Value adjustments at 1.1.	**4,434**	**2**	**-250**	**-21**	**-57**	**3,282**	**-4**	**-19**	**-7**	**-56**
Foreign currency translation adjustments	4	-	-	1	1	-4	-	-	-1	1
Share of profit after tax	-930	-	-	-	-	1,665	-	-	-	-
Dividends received	-201	-	-	-	-	-260	-	-	-	-
Disposals relating to step-up acquisitions of associates	-3	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	235	-	-	-	-	-231	-	-
Impairment during the year	-1,161	-	-	-	-	-	-	-	-	-
Other adjustments	19	7	-	-29	15	-249	6	-	-14	-2
Disposals during the year	-	-	-	-	5	-	-	-	1	-
Transferred to/from other items	-	-	46	-	-	-	-	-	-	-
Value adjustments at 31.12.	**2,162**	**9**	**31**	**-49**	**-36**	**4,434**	**2**	**-250**	**-21**	**-57**
Carrying amount at 31.12.	**12,911**	**277**	**3,093**	**477**	**201**	**14,261**	**371**	**2,713**	**566**	**111**

3.4 Other non-current assets - continued

Information of individually material associates (DKK million)	Jeudan 2023	Jeudan 2022	Vitrolife 2023	Vitrolife 2022
Key financial figures (100% share)				
Revenue	1,717	1,570	2,309	2,199
Depreciations and amortisations	18	16	279	269
Financial income	14	7	-	-
Financial expenses	2,171	181	81	79
Tax expenses	-234	954	92	97
Profit for the year	-828	3,359	-2,567	268
Other comprehensive income	-	-	130	779
Comprehensive income	-828	3,359	-2,436	1,047
Dividends paid to William Demant Invest during the year	70	56	22	22
Balance sheet items (100% share)				
Non-current assets	34,580	34,688	9,684	12,689
Cash	28	15	578	386
Current assets	2,015	2,375	1,285	1,052
Non-current financial liabilities*	20,439	19,173	1,282	1,366
Non-current liabilities	23,134	22,092	2,025	2,133
Current financial liabilities*	686	651	122	122
Current liabilities	1,148	1,663	398	415
Equity	12,312	13,308	8,546	11,193
Reconciliation to the carrying amount				
Proportion of the Group's ownership interest in the associate	42.0%	42.0%	28.7%	28.7%
Goodwill	160	160	1,581	1,574
Carrying amount of the Group's interest in the associate	5,326	5,743	4,031	4,783

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

Transactions with associates
In 2023, the Group recognised revenue from associates of DKK 645 million (DKK 612 million in 2022). Further, the Group received royalties from and paid licence fees of net DKK 12 million (DKK 18 million in 2022), purchased materials and received other fees from associates amounting to net expenses of DKK 11 million (DKK 18 million in 2022), and received dividends of DKK 200 (DKK 259 million in 2022).

In 2023, the Group received interest income of DKK 24 million (DKK 16 million in 2022). The transactions with related parties were made on arm's length basis.

Under the provisions of contracts concluded with associates, the Group is not entitled to receive dividends from certain associates. This is reflected in the profit included in the income statement, as no profit is recognised if the Group is not entitled to receive dividends.

Accounting policies
Investments in associates are recognised and measured using the equity method, i.e. investments are recognised in the balance sheet at the proportionate share of the equity value determined in accordance with the Group's accounting policies after the deduction and addition of proportionate intra-group gains and losses, respectively, and after the addition of the carrying amount of any goodwill. The proportionate shares of profit after tax in associates are recognised in the income statement after the year's changes in unrealised intra-group profits less any impairment loss relating to goodwill.

The proportionate shares of all transactions and events, which have been recognised in other comprehensive income in associates, are recognised in the consolidated other comprehensive income. On the acquisition of interests in associates, the acquisition method is applied.

(DKK million) **Aggregate information of associates that are not individually material**	2023	2022
Revenue	1,136	1,155
Profit for the year	153	179
Comprehensive income	153	179
Carrying amount of the Group's interest in the associate	3,554	3,735

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 2023. This conclusion is supported by the fact that the market capitalisations of Demant A/S and Embla Medical 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 2024-2028.

Future cash flows are based on the budget for 2024, on strategy plans and on projections hereof. Projections extending beyond 2024 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 utilisation 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.

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 2028 and the discount rates used in the impairment tests for the four cash-generating units are based on the growth assumptions in the table.

	2023			2022		
(DKK million)	**Terminal growth rate**	**WACC**	**Carrying amount goodwill**	**Terminal growth rate**	**WACC**	**Carrying amount goodwill**
Prosthetics, Bracing & Supports	2.5%	10.3% - 11.1%	7,627	2.5%	9.4% - 10.4%	7,666
Radiotherapy	2.0%	9.5%	2,818	2.0%	9.0%	2,755
Hearing Healthcare	2.0%	8.0%	11,964	2.0%	8.0%	11,071
Communications	2.0%	12.0%	417	2.0%	12.0%	417
			22,826			**21,909**

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 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
The purpose and focus of financial risk management is to identify risks in respect of exchange rates, interest rates, credit and liquidity with an aim to protect the Group against potential losses and ensure 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 in 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 19,748 million as of 31 December 2023 (DKK 22,495 million in 2022).

Credit risks
The Group's credit risks relate primarily to trade receivables and loans to customers or business partners. The Group generally has a diversified customer base, and in 2023, the accumulated revenue from our ten largest customers accounted for approx. 12% (10% in 2022) 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 2023, has the Group defaulted on any loan agreements.

4.2 Net financial items

(DKK million)	2023	2022
Interest on cash and bank deposits	59	17
Interest on receivables, customer loans etc.	55	46
Other financial income	63	46
Financial income from financial assets measured at amortised cost	**177**	**109**
Fair value adjustment on other investments	235	-
Financial income from financial assets measured at fair value	**235**	**-**
Foreign exchange gains, net	-	36
Financial income	**412**	**145**
Interest on bank debt, mortgages etc.	-880	-334
Interest expenses on lease liabilities	-104	-77
Financial expenses on financial liabilities measured at amortised cost	**-984**	**-411**
Impairment on financial assets measured at equity method	-1,161	-
Financial expenses on financial assets measured at equity method	**-1,161**	**-**
Fair value adjustment on other investments	-	-231
Financial expenses on financial assets measured at fair value	**-**	**-231**
Fair value adjustments on financial liabilities	-112	-28
Financial expenses on financial liabilities measured at fair value	**-112**	**-28**
Foreign exchange losses, net	-133	-6
Transaction costs	-195	-159
Financial expenses	**-2,585**	**-835**
Net financial items	**-2,173**	**-690**

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 83 million in 2023 (a loss of DKK 81 million in 2022).

Accounting policies

Net financial items mainly consist of interest income and interest expenses, credit card fees and bank fees, net financial items 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)	2023	2022
Unrealised gains on financial contracts	60	103
Financial assets used as hedging instruments	**60**	**103**
Receivables from associates	466	541
Customer loans	668	795
Other receivables	728	584
Trade receivables	4,736	4,605
Cash	1,739	1,746
Financial assets at amortised cost	**8,337**	**8,271**
Other investments	3,093	2,713
Financial assets at fair value through income statement	**3,093**	**2,713**
Unrealised losses on financial contracts	-38	-24
Financial liabilities used as hedging instruments	**-38**	**-24**
Debt to credit institutions etc.	-13,486	-14,301
Short-term bank facilities etc.	-5,412	-5,748
Lease liabilities	-3,625	-3,404
Debt to parent	-	-2,023
Trade payables	-1,006	-1,073
Other liabilities	-3,539	-3,363
Financial liabilities measured at amortised cost	**-27,068**	**-29,912**
Other liabilities	-298	-339
Financial liabilities measured at fair value through the income statement	**-298**	**-339**

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 620 million (DKK 530 million in 2022).

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 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
2023						
Interest-bearing receivables*	269	677	145	1,091	1,036	
Cash	1,772	-	-	1,772	1,739	
Interest-bearing assets	**2,041**	**677**	**145**	**2,863**	**2,775**	**4.1%**
Debt to credit institutions etc.	-1,722	-12,905	-301	-14,928	-13,486	
Short-term bank facilities etc.	-5,442	-	-	-5,442	-5,412	
Borrowings	**-7,164**	**-12,905**	**-301**	**-20,370**	**-18,898**	**4.2%**
Lease liabilities	-869	-2,295	-1,118	-4,282	-3,625	
Net interest-bearing debt	**-5,992**	**-14,523**	**-1,274**	**-21,789**	**-19,748**	
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**	

**Interest-bearing receivables comprise customer loans, receivables from associates 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 1,122 million (DKK 1,057 million in 2022), 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 (8% in 2022), 56% in Danish kroner (62% in 2022), 28% in euros (24% in 2022), 2% in Australian dollars (1% in 2022), 2% in Canadian dollars (2% in 2022) and 4% in other currencies (3% in 2022).

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

			Non-cash changes						
(DKK million)	2022	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	2023
Lease liabilities	3,404	-881	-6	142	-27	1,035	-42	-	3,625
Debt to parent	2,023	-23	-	-	-	-	-2,000	-	-
Debt to credit institutions etc.	14,301	-806	-	15	-27	3	-	-	13,486
Short-term bank facilities	5,748	-288	-	1	-49	-	-	-	5,412
Interest-bearing liabilities	**25,476**	**-1,998**	**-6**	**158**	**-103**	**1,038**	**-2,042**	**-**	**22,523**

			Non-cash changes						
(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**

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

Interest rate swap (Interest rate cap in 2022)

(DKK million)	2023					2022				
	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	2026	3%	1,000	-	-18	2023	0%	650	20	-
			1,000	**-**	**-18**			**650**	**20**	**-**

The fair value of interest rate swap outstanding at the balance sheet date is DKK 18 million (DKK 0 million in 2022), and the contractual value of interest swap is DKK 1,000 million (DKK 0 million in 2022). The interest rate swap matures in 2026.

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 2023 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 80 million (DKK 79 million in 2022).

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

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 (level 3), such as the financial performance and purchasing patterns of the acquired enterprises for a period of typically 1-5 years after the date of acquisition.

Fair value hierarchy for assets and liabilities measured at fair value in the balance sheet
Financial instruments measured at fair value are broken down according to the fair value hierarchy:

- Listed prices in an active market for the same type of instrument (level 1).
- Listed prices in an active market for similar assets or liabilities or other valuation methods, with all significant inputs being based on observable market data (level 2).
- Valuation methods, with any significant inputs not being based on observable market data (level 3).

Accounting policies
On initial recognition, other investments are recognised at fair value and subsequently measured at fair value in the income statement. Unrealised 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 at fair value.

4.5 Fair value hierarchy – continued

(DKK million)	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets used as hedging instruments	-	60	-	**60**	-	103	-	**103**
Other investments	3,074	-	19	**3,093**	2,698	-	15	**2,713**
Financial liabilities used as hedging instruments	-	-38	-	**-38**	-	-24	-	**-24**
Financial liabilities at fair value through income statement	-	-	-298	**-298**	-	-	-339	**-339**
Contingent considerations	-	-	-543	**-543**	-	-	-652	**-652**

(DKK million)	Financial assets		Other financial liabilities		Contingent considerations	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Carrying amount at 1.1.	**15**	**11**	**-339**	**-330**	**-652**	**-260**
Foreign currency translation adjustment	-	-	-8	19	4	3
Acquisitions	7	4	161	-	-157	-660
Disposals, repayments, settlements etc.	-	-	-	-	257	221
Other adjustments	-3	-	-112	-28	5	34
Transferred to liabilities related to assets held for sale	-	-	-	-	-	10
Carrying amount at 31.12.	**19**	**15**	**-298**	**-339**	**-543**	**-652**

There are no transfers between levels in the 2023 and 2022 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)	2023	2022
Current tax on profit for the year	-992	-687
Adjustment of current tax, prior years	20	14
Change in deferred tax	25	-20
Adjustment of deferred tax, prior years	-15	10
Impact of changes in corporate tax rates	-	-9
Tax on profit for the year	**-962**	**-692**
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	2.4%	0.4%
Impact of changes in corporate tax rates	-	0.2%
Impact of unrecognised tax assets	-2.0%	0.2%
Permanent differences	31.8%	-7.9%
Other items, including prior-year adjustments	-0.9%	-
Effective tax rate	**53.3%**	**14.9%**

The Group is not expected to be materially impacted by OECD/EU Pillar Two Model rules and local implementation hereof. Most countries where the Group has operations impose taxation in excess of 15%, meaning that most countries are covered by the transitional Safe Harbour rules. Those few countries not covered by the transitional Safe Harbour rules are still expected to show a GloBE ETR in excess of 15%. As such, OECD/EU Pillar Two Model Rules and local implementation hereof are expected to result in neither materially increased tax payments nor changes to the Group's ETR.

The Group has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, which means that the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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 Danish interest limitation, R&D incentives, profit in associates and non-deductible share-based payments.

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)	2023	2022
Deferred tax recognised in the balance sheet		
Deferred tax assets	857	823
Deferred tax liabilities	-801	-811
Deferred tax, net at 31.12.	**56**	**12**
Deferred tax, net at 1.1.	**12**	**129**
Foreign currency translation adjustments	7	-17
Additions relating to acquisitions	5	-32
Disposals relating to divestments	-	33
Changes in deferred tax	25	-20
Adjustment of deferred tax, prior years	-15	10
Impact of changes in corporate tax rates	-	-9
Deferred tax relating to changes in equity, net	22	-50
Transferred to assets held for sale	-	-32
Deferred tax, net at 31.12	**56**	**12**

The tax value of deferred tax assets not recognised is DKK 147 million (DKK 188 million in 2022) and relates mainly to tax losses and tax credits for which there is considerable uncertainty about their future utilisation. Tax losses of DKK 38 million will expire within 5-10 years, whereas other tax losses carried forward have no expiry date.

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 profit for the year, unless such deferred tax is attributable to items previously recognised directly in equity or in other comprehensive income. In the latter case, such changes will also be recognised directly in equity or in other comprehensive income. The tax base of a loss, if any, which may be set off against future taxable income, is carried forward and set off against deferred tax in the same legal tax entity and jurisdiction.

5.2 Deferred tax – continued

(DKK million)	Temporary differences at 1.1.	Foreign currency translation 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.
2023							
Intangible assets	-680	-	5	-24	-	-	-699
Property, plant and equipment	-112	11	-	-70	-	-	-171
Leased assets	33	1	-	-1	-	-	33
Inventories	275	-	-	41	-	-	316
Receivables	50	-	-	10	-	-	60
Provisions	117	-2	-	16	-	-	131
Deferred income	161	-1	-	-2	-	-	158
Tax losses	104	-5	-	8	-	-	107
Other	64	3	-	32	22	-	121
Total	**12**	**7**	**5**	**10**	**22**	**-**	**56**

	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**

Accounting estimates and judgements

Deferred tax assets (significant estimate)

Deferred tax assets, including the tax value of any tax losses allowed for carryforward, are recognised in the balance sheet at the estimated realisable value of such assets, either by a set-off against a deferred tax liability or by a net asset to be set off against future positive taxable income. At the balance sheet date, an assessment is made as to whether it is probable that sufficient taxable income will be available in the future against which the deferred tax asset can be utilised.

Deferred tax on temporary differences between the carrying amounts and the tax values of investments in subsidiaries and associates is recognised, unless the parent is able to control the time of realisation of such deferred tax, and it is probable that such deferred tax will not be realised as current tax in the foreseeable future.

Section 6

Acquisitions and divestments

6.1 Acquisition of enterprises and activities

As part of the capital allocation policy, a portion of the cash flow from operating activities is allocated to value-adding acquisitions. In 2023, a total of 31 acquisitions were completed within the Demant Group at an estimated total consideration of DKK 1,074 million and a total of four acquisitions were completed within the Embla Medical Group at an estimated consideration of DKK 17 million. The individual acquisitions are not considered to be material and therefore not disclosed separately, but grouped together with other acquisitions.

Acquisitions in the Demant Group
In 2023, the Demant Group acquired a number of businesses or obtained significant stakes in hearing healthcare businesses, the most significant ones being Mr. Optik and Flemming & Klingbeil both in Germany, the hearing aid-related activities of Goed Hulpmiddelen in Belgium and Virtualis in France.

On 5 January 2023, the Demant Group acquired 55% of the shares in Virtualis, a developer and manufacturer of virtual reality rehabilitation equipment based in France. As part of the agreement, a forward contract was entered into for the remaining 45% of the shares, meaning that Demant agreed to buy and the seller to sell in three tranches based on an agreed revenue multiple. The purchase price for the remaining shares is estimated based on Virtualis' current performance and on expectations of the future. The purchase price is not capped.

On 1 March 2023, the Demant Group acquired the remaining 51% of the shares in Mr. Optik and now holds 100% of the shares. Mr. Optik operates hearing clinics across Eastern Germany. The step-up resulted in a fair value adjustment of Demant's existing shares of DKK 26 million.

	2023			2022			
(DKK million)	**Embla Medical***	**Demant***	**Total**	**Embla Medical***	**Sheng Wang***	**Demant, other***	**Total**
Intangible assets	-	59	59	48	82	158	288
Property, plant and equipment	1	54	55	14	40	30	84
Other non-current assets	-	188	188	-	139	45	184
Inventories	1	49	50	21	38	45	104
Current receivables	-	112	112	15	101	56	172
Cash and cash equivalents	1	58	59	17	41	56	114
Non-current liabilities	-1	-418	-419	-20	-96	-75	-191
Current liabilities	-1	-140	-141	-27	-201	-101	-329
Acquired net assets	**1**	**-38**	**-37**	**68**	**144**	**214**	**426**
Goodwill	16	1,112	1,128	405	1,736	630	2,771
Acquisition cost	**17**	**1,074**	**1,091**	**473**	**1,880**	**844**	**3,197**
Carrying amount of non-controlling interests on obtaining control	-	-84	-84	-	-	-15	-15
Fair value adjustment of non-controlling interests on obtaining control	-	-27	-27	-	-	-14	-14
Contingent considerations and deferred payments	-1	-156	-157	-182	-426	-52	-660
Acquired cash and cash equivalents	-1	-58	-59	-17	-41	-56	-114
Cash acquisition cost	**15**	**749**	**764**	**274**	**1,413**	**707**	**2,394**

**Acquisitions made in the Embla Medical Group and Demant Group, respectively.*

6.1 Acquisition of enterprises and activities – continued

On 31 August 2023, the Demant Group acquired 100% of the shares in Flemming & Klingbeil, which operates hearing clinics across Berlin, Germany.

On 31 August 2023, the Demant Group acquired all the hearing aid-related activities of Goed Hulpmiddelen. The transaction was structured as an asset purchase. The activities in Goed Hulpmiddelen consist of hearing clinics in the northern part of Belgium. The activities were integrated into our existing retail business in Belgium.

In addition, the Demant Group made a number of other minor acquisitions in North America and Europe in 2023.

In 2022, the Demant Group acquired 100% of the shares in Sheng Wang, first 20% as a minority investment on 4 March 2022 and subsequently the remaining 80% of the shares on 1 July 2022.

Acquisitions in Embla Medical

In 2023, Embla Medical made a number of minor acquisitions. In 2022, Embla Medical acquired 100% of the shares in Naked Prosthetics, a leading provider of mechanical finger prosthesis for finger and partial hand amputees.

Accounting treatment

In respect of the acquisitions, the Group paid a total acquisition cost of DKK 1,091 million, which exceeded 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 businesses. These synergies are not recognised separately from goodwill, as they are not separately identifiable. Total goodwill recognised in respect of the acquisitions made in 2023 amounted to DKK 1,128 million.

Of the total acquisitions made in 2023, the fair value of the estimated contingent considerations in the form of earn-outs or deferred payments accounted for DKK 157 million (DKK 660 million in 2022). Earn-outs depend on the results of the acquired entities for a period of 1-5 years. The maximum of earn-outs and other contingent considerations related to the acquisitions are estimated to be DKK 159 million (DKK 753 million in 2022), excluding Virtualis where the earn-out that is not capped.

The fair values of acquisitions are not considered final until 12 months after the acquisition date. Adjustments to acquisitions completed more than 12 months prior to the time of the adjustments, including changes in estimated contingent considerations, are recognised in the income statement.

In 2023, adjustments were made to the preliminary recognition of acquisitions recognised in 2022. These adjustments relate to payments made, contingent considerations provided as well as net assets and goodwill acquired. The impact of these adjustments on goodwill was DKK 5 million (DKK 11 million in 2022) and DKK 2 million (DKK 2 million in 2022) on contingent consideration.

In 2023, adjustments were also made to contingent considerations related to acquisitions before 2022. These adjustments amount to DKK 5 million (DKK 32 million in 2022) and are recognised as part of distribution costs for acquisitions.

Step-up acquisitions

At the time of acquisition of non-controlling interests, the shares of the acquisitions are measured at their proportionate share of the total fair value of the acquired entities, including goodwill. On obtaining a controlling interest through step acquisitions, previously held non-controlling interests are, at the time of obtaining control, remeasured at fair value with fair value adjustments recognised in the income statement.

The total impact on the income statement of fair value adjustments of non-controlling interests in step acquisitions was DKK 27 million (DKK 14 million in 2022).

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

Transaction costs

Transaction costs in connection with acquisitions made in 2023 amounted to DKK 14 million (DKK 15 million in 2022), which were recognised in distribution costs.

Acquired assets and proforma figures

The acquired assets include contractual receivables amounting to DKK 59 million (DKK 69 million in 2022) of which DKK 1 million (DKK 2 million in 2022) was thought to be uncollectible at the date of the acquisition. Of total goodwill in the amount of DKK 1,128 million (DKK 2,771 million in 2022), DKK 209 million (DKK 202 million in 2022) can be amortised for tax purposes.

Revenue and profit after tax generated by the acquired enterprises since our acquisition in 2023 amount to DKK 319 million (DKK 405 million in 2022) and DKK 14 million (DKK -18 million in 2022), respectively. Had such revenue and profit been consolidated on 1 January 2023, we

6.1 Acquisition of enterprises and activities – continued

estimate that consolidated pro forma revenue and profit after tax would have been DKK 28,586 million (DKK 25,558 million in 2022) and DKK 1,242 million (DKK 3,620 million in 2022), 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.

Acquisitions after balance sheet date
Embla Medical Group has acquired Fior & Gentz, for which we refer to note 8.4. From the balance sheet date and until the date of financial reporting in 2024, Demant Group have acquired a number of retail businesses. Demant Group are in the process of assessing their fair value. The acquisition cost is expected to relate primarily to goodwill.

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 the 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 cost of disposal. Restructuring costs are solely recognised in the pre-acquisition balance sheet if they are a liability for the acquired enterprise. Any tax effect of revaluations will be taken into account.

The acquisition cost of an enterprise consists of the fair value of the consideration paid for the enterprise with the addition of the fair values of previously held interests in the acquiree. If the final consideration is conditional upon one or more future events, the consideration will be recognised at the fair value on acquisition. Any subsequent adjustment of contingent 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 the purchase price exceeds the fair values of the assets, liabilities and contingent liabilities identified on acquisition, any remaining positive differences (goodwill) are recognised in the balance sheet under intangible assets and tested for impairment at least annually. If the carrying amount of an asset exceeds its recoverable amount, it is written down to such lower recoverable amount.

If, on the acquisition date, there are any uncertainties with respect to identifying or measuring acquired assets, liabilities or contingent liabilities or uncertainty with respect to determining their cost, initial recognition is made on the basis of provisionally calculated values. Such provisionally calculated values may be adjusted, or additional assets or liabilities may be recognised up to 12 months after the acquisition date, if new information becomes available about conditions prevailing on the acquisition date, which would have affected the calculation of values on that day, had such information been known.

Accounting estimates and judgements
Identification of assets and liabilities (judgement)
On recognition of assets and liabilities from acquisitions, Management judgements may be required for the identification of the following:

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

Contingent consideration (estimate)
Acquisitions may include provisions to the effect that additional payments of contingent considerations be paid to the previous owners when certain events occur or certain results are obtained. Management assesses on a regular basis the judgements made in respect of the particular acquisitions, taking sales run rates of the acquired entity into account.

6.2 Divestment of enterprises and activities

(DKK million)	2023 Total	2022 Boston Holding	2022 Total
Non-current assets	-	1,046	1,046
Current assets	-	65	65
Non-current liabilities	-	-953	-953
Current liabilities	-	-35	-35
Carrying amount of net assets divested	**-**	**123**	**123**
Carrying amount of net assets divested attributable to William Demant Invest A/S' shareholder	-	123	123
Cash consideration received*	**-**	**123**	**123**

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

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.

6.3 Discontinued operations and assets held for sale

(DKK million)	2023	2022
Revenue	509	497
Expenses	-666	-737
Amortisation and depreciation	-632	-10
Profit before tax - discontinued operations	**-789**	**-250**
Tax on profit for the year	32	58
Profit after tax - discontinued operations	**-757**	**-192**
Profit after tax - discontinued operations attributable to:		
William Demant Invest A/S' shareholder	-757	-192
	-757	**-192**
Cash flow from discontinued operations		
Cash flow from operating activities (CFFO)	-225	-232
Cash flow from investing activities (CFFI)	-23	-4
Cash flow from financing activities (CFFF)	183	-17
Cash flow for the year, net - discontinued operations	**-65**	**-253**

In 2022, Demant announced the decision to discontinue its Hearing Implants business area. In 2023, the transaction with Cochlear was amended to only include the cochlear implants (CI) business. The bone anchored hearing systems (BAHS) business is no longer part of the transaction and will thus remain with Demant for now, pending a review of strategic options. The amended transaction has no impact on the decision to exit Hearing Implants and both the BAHS and CI business are considered discontinued operations. Due to the amended scope, no consideration will be paid as part of the transaction.

In 2023, discontinued operations thus comprise the Hearing Implants business area, which realised a profit after tax of DKK -757 million (2022: DKK -192 million). The negative result can be attributed to non-recurring, non-cash write-downs of assets related to the CI business despite slightly higher revenue compared to 2022. The BAHS business delivered slightly positive growth in the year, following growth related to the launch of the Ponto 5 sound processor in 2022. Revenue for Hearing Implants was low 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)	2023	2022
Balance sheet items:		
Intangible assets	97	577
Property, plant and equipment	1	27
Lease assets	1	18
Deferred tax assets	44	32
Other non-current assets	1	2
Non-current assets	**144**	**656**
Current assets	**139**	**308**
Assets held for sale	**283**	**964**
Provisions	8	28
Lease liabilities	1	19
Other liabilities	80	128
Liabilities related to assets held for sale	**89**	**175**

Assets classified as held for sale at 31 December 2023 comprise assets in the Hearing Implants business areas. Cochlear will take over the obligations to service existing CI customers. The transaction is subject to regulatory approval and other customary closing conditions, and closing is expected in the first six months of 2024. The amended transaction has no impact on the decision to exit Hearing Implants, and the BAHS business will continue to be disclosed as held for sale.

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)	2023	2022
Provisions for restructuring costs	19	65
Staff-related provisions	75	69
Miscellaneous provisions	118	89
Other provisions	**212**	**223**
Defined benefit plan liabilities, net	115	91
Provisions at 31.12.	**327**	**314**
Breakdown of provisions:		
Non-current provisions	213	184
Current provisions	114	130
Provisions at 31.12.	**327**	**314**

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

	2023				2022			
(DKK million)	Restructuring costs	Staff-related	Miscellaneous	Total	Restructuring costs	Staff-related	Miscellaneous	Total
Other provisions at 1.1.	**65**	**69**	**89**	**223**	**1**	**67**	**229**	**297**
Foreign currency translation adjustments	-2	-1	-4	-7	-	-	2	2
Additions relating to acquisitions	-	-	17	17	-	1	5	6
Disposals relating to divestment	-	-	-	-	-	-	-100	-100
Provisions during the year	1	8	33	42	112	1	29	142
Realised during the year	-45	-1	-27	-73	-48	-1	-51	-100
Reversals during the year	-	-	-9	-9	-	1	-3	-2
Transferred to liabilities related to assets held for sale	-	-	19	19	-	-	-22	-22
Other provisions at 31.12.	**19**	**75**	**118**	**212**	**65**	**69**	**89**	**223**
Breakdown of provisions:								
Non-current provisions	-	71	29	100	-	64	29	93
Current provisions	19	4	89	112	65	5	60	130
Other provisions at 31.12.	**19**	**75**	**118**	**212**	**65**	**69**	**89**	**223**

7.1 Provision – continued

(DKK million)	2023	2022
Present value of defined benefit obligations:		
Defined benefit obligations at 1.1.	429	541
Foreign currency translation adjustments	24	22
Current service cost	10	15
Calculated interest on defined benefit obligations	8	2
Actuarial gains/losses	34	-134
Net benefits paid	-57	-21
Contribution from plan participants	8	10
Transferred to liabilities related to assets held for sale	-	-6
Defined benefit obligations at 31.12	**456**	**429**
Fair value of defined benefit assets:		
Defined benefit assets at 1.1.	338	348
Foreign currency translation adjustments	21	16
Actuarial gains/losses	21	-29
Contributions	18	24
Net benefits paid	-57	-21
Defined benefit assets 31.12.	**341**	**338**
Defined benefit obligations recognised in the balance sheet, net	**115**	**91**
Return on defined benefit assets:		
Actual return on defined benefit assets	21	-29
Actuarial gains/losses on defined benefit assets	**21**	**-29**
Assumptions:		
Discount rate	1.7%	2.3%
Expected return on defined benefit assets	0%	0%
Future salary increase rate	1.6%	1.4%

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 12 million (DKK 16 million in 2022), and the accumulated actuarial gain recognised in the statement of comprehensive income amount to DKK 10 million (loss of DKK 28 million in 2022).

In 2024, the Group expects to pay approximately DKK 24 million (DKK 15 million in 2023) into defined benefit plans. Defined benefit obligations in the amount of DKK 132 million (DKK 130 million in 2022) will mature within 1-5 years and obligations in the amount of DKK 324 million (DKK 299 million in 2022) after five years.

If the discount rate is 0,5% higher (lower), the defined benefit obligation would decrease by 7% (increase by 8%). 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	28%
Bonds	31%
Property	27%
Other	14%

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.

When it comes to defined contribution plans, the Group pays regular, fixed contributions to independent pension companies. Contributions are recognised in the income statement for the period in which employees have performed work entitling them to such pension contributions. Contributions due are recognised in the balance sheet as a liability.

When it comes to defined benefit plans, the Group is obliged to pay a certain contribution when an employee covered by such a plan retires, for instance a fixed amount or a percentage of the employee's

7.1 Provision – continued

final salary. An actuarial calculation is made periodically of the accrued present value of future benefits to which employees through their past employment with the Group are entitled and which are payable under the defined benefit plan. This defined benefit obligation is calculated annually using the projected unit credit method 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 amoung others 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)	2023	2022
Product-related liabilities	620	530
Staff-related liabilities	1,383	1,303
Other debt, public authorities	387	307
Contingent considerations	543	652
Other costs payable	1,226	1,101
Other financial liabilities	298	339
Other liabilities	**4,457**	**4,232**
Due within 1 year	3,335	3,175
Due within 1-5 years	1,122	1,057

Product-related liabilities include standard warranties and returned products etc. Staff-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)	2023	2022
Prepayments from customers	237	178
Future performance obligations:		
Deferred warranty-related revenue	659	646
Deferred free products revenue	126	98
Deferred service revenue	404	266
Total	**1,426**	**1,188**

Expected recognition of revenue

	Less than 1 year	1-2 years	2-4 years	More than 4 years	Total
2023					
Prepayments from customers	237	-	-	-	**237**
Deferred warranty-related revenue	266	266	117	10	**659**
Deferred free products revenue	75	35	15	1	**126**
Deferred service revenue	164	116	94	30	**404**
Total	**742**	**417**	**226**	**41**	**1,426**
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**

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

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, as well as the Group’s ownership interests in these companies appear in section 11. For financial information on associates please refer to Note 3.4.

In 2023, William Demant Foundation paid administration fees to William Demant Invest Group of DKK 2 million (DKK 3 million in 2022). Further, the William Demant Foundation loan (convertible promissory notes) to William Demant Invest A/S was converted to equity in December 2023, on which interest in 2023 totals DKK 86 million (DKK 82 million in 2022). At year-end 2023, William Demant Foundation has other current receivables of DKK 0 million (DKK 23 million in 2022) in William Demant Invest A/S arising from accrued interest.

In 2023, William Demant Foundation donated DKK 27 million (DKK 0 million in 2022) to Eriksholm Research Centre and DKK 4 million (DKK 0 million in 2022) to an industrial PhD project in Oticon A/S. Further, William Demant Foundation acquired diagnostic and hearing aid-related equipment worth DKK 2 million and DKK 6 million, respectively (DKK 3 million and DKK 1 million in 2022), from the Group.

In 2023, 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 2022).

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)	2023	2022
Statutory audit	28	24
Tax and VAT advisory services	-	-
Other services	1	2
Total	**29**	**26**

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

In 2023, the fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 0 million (DKK 2 million in 2022).

8.3 Government grants

(DKK million)	2023	2022
Government grants by function		
Production costs	-	1
R&D costs	16	17
Distribution costs	3	7
Administrative expenses	1	-
Total	**20**	**25**

In 2023, the William Demant Invest Group received government grants in the amount of DKK 20 million (DKK 25 million in 2022), of which DKK 5 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

On 5 February 2024, the Demant Group announced the decision to undertake a review of strategic options for its Communications business. The purpose of the review is to explore whether a different owner may be better positioned to accelerate growth and allow the business to realise its full potential. The review is expected to be completed by the end of the first six months of 2024. As this review of strategic options has been initiated after 31 December 2023, the criteria for Communications to be classified as held for sale and/or discontinued operations are not met on the balance sheet date.

After the balance sheet date for the 2023 financial statements, but before the submission of this Annual Report, Communications meets the criteria for being classified as held for sale and discontinued operations, and will be presented as such in 2024. The results, outcome and financial impact from the strategic review cannot be estimated at this time. All assets and liabilities presented as part of the Communications segment will be included in the review of strategic options for the Communications business.

(DKK million)	**2023**
Communications balance sheet items:	
Intangible assets	449
Property, plant and equipment	24
Lease assets	32
Other non-current assets	148
Non-current assets	**653**
Current assets	**751**
Assets held for sale	**1,404**
Lease liabilities	34
Other liabilities	153
Liabilities related to assets held for sale	**187**

On 16 January 2024 Embla Medical acquired all shares of privately owned Fior & Gentz, a leading maker of lower limb neuro orthotic components. Fior & Gentz was founded in Lüneburg, Germany in 1997 and employs around 80 people.

In 2023, Fior & Gentz reached total sales of approx. DKK 159 million, up 16% from the year before, and preliminary EBITDA margin is 30%.

The Purchase price amounted to DKK 754 million plus an earn-out of maximum DKK 152 million, depending on the actual sales in the years 2024-2026. Embla Medical paid DKK 450 million in cash, financed partly through additional credit facilities, and issued new shares worth DKK 187 million to the sellers of Fior & Gentz. The remaining DKK 118 million will be paid in cash two years after closing.

The transaction is estimated to be accretive to Embla Medical's organic sales growth and EBITDA margin and is expected to have minimal impact on EPS in 2024 and to be EPS accretive from 2025.

As a consequence of submission and approval of the Annual Report for 2023 is close to the acquisition date, the preparation of purchase price allocation is in progress, but not finalised. Therefore, assets acquired and liabilities consumed at the date of acquisition, consideration and profit and loss effects have not been disclosed within these Consolidated Financial Statements.

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
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 accordance with IFRS Accounting Standards 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 business combination, share-based remuneration, derivatives and financial asset classified as assets available for sale, which are measured at fair value.

The financial statements for the Parent as well as the Parent's accounting policies are presented separately from the consolidated financial statements and are shown on the last pages of this Annual Report 2023.

Effect of new accounting standards
The Group has adopted the new, amended and revised accounting standards and interpretations as published by the IASB and adopted by the EU effective for the accounting period beginning 1 January 2023. 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 2023.

IASB has issued new accounting standards and amendments effective for accounting periods beginning after 1 January 2024, which have been adopted by the EU. The changes to these standards are not expected to have any significant impact on the Group.

The Group has applied the exception to recognise deferred tax on OECD's/EU's Pillar Two Model Rules and local implementation hereof.

Except for the implementation of the new and amended standards, 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 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.

Income statement
Income and costs are recognised on an accruals basis. The income statement is broken down by function, and all costs, including depreciation, amortisation and impairment losses, are therefore charged to production, distribution, administration and R&D.

Production costs
Production costs are costs incurred to generate revenue. Distribution companies recognise cost of goods sold as part of production costs. Production companies recognise cost of raw materials, consumables, production staff as well as maintenance of and depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets used in the production process as part of production costs.

R&D costs
Research costs are always recognised in the income statement as such costs incur. Development costs include all costs not satisfying capitalisation criteria, but incurred in connection with development, prototype construction, development of new business concepts and amortisation of capitalised development costs.

Distribution costs
Distribution costs include costs relating to training, sales, marketing, promotion materials, distribution, bad debts as well

9.1 Group accounting policies – continued

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 and amortisation of 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 as part of 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 and associates from their respective functional currencies into Danish kroner. Foreign currency translation adjustments are recognised in the income statement on realisation of the net investment. Hedging reserves include fair value adjustments of derivatives and loans satisfying the criteria for hedging of future transactions. The amounts are recognised in the income statement or the balance sheet at the same time as hedged transactions are recognised.

Treasury shares and dividend
On the buy-back of shares or sale of treasury shares, the purchase price or selling price, respectively, is recognised directly in equity as other reserves (retained earnings). A capital reduction through the cancellation of treasury shares will reduce the share capital by an amount corresponding to the nominal value of such shares. Proposed dividends are recognised as a liability at the time of adoption at the annual general meeting.

Cash flow statement
The cash flow statement is prepared according to the indirect method and reflects the consolidated net cash flow broken down into operating, investing, and financing activities.

Cash flow from operating activities includes inflows from the year's operations adjusted for non-cash operating items, changes in working capital, financial income received, financial expenses paid and income tax paid. Cash flow from operating activities also includes short-term lease payments, lease payments of low-value assets and variable lease payments.

Cash flow from investing activities includes payments in respect of the acquisition or divestment of enterprises and financial assets as well as the purchase, development, improvement or sale of intangible assets and property, plant and equipment. In addition to this, cash flow from investing activities also includes movement in receivables from associates as well as customer loans.

Cash flow from financing activities includes payments to and from shareholders and the raising and repayment of non-current and current debt and lease liabilities. 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
Net interest-bearing debt (NIBD)	Net amount of borrowings and lease liabilities less interest-bearing receivables and cash.
Free cash flow	Cash flow from operating activities (CFFO) and investing activities (CFFI) before acquisitions and disposals of enterprises, participating interests and activities.
Gross profit 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	Profit for the year attributable to William Demant Invest A/S' shareholder / Average equity attributable to William Demant Invest A/S' shareholder adjusted for share buy-backs
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
1.5 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	2023	2022
Revenue		-	-
Fee income		1	1
Administrative expenses	10.1/10.2	-25	-31
Operating profit (EBIT)		**-24**	**-30**
Financial income	10.3	2,518	1,422
Financial expense	10.3	-1,429	-355
Profit before tax		**1,065**	**1,037**
Tax on profit for the year		9	69
Profit for the year		**1,074**	**1,106**

Parent balance sheet at 31 December

(DKK million)	Note	2023	2022
Assets			
Investments in subsidiaries		7,150	7,240
Receivables from subsidiaries		875	-
Investments in associates		9,599	9,753
Other investments		3,075	2,698
Financial assets	10.4	**20,699**	**19,691**
Non-current assets		**20,699**	**19,691**
Receivable joint taxation		457	306
Receivables		**457**	**306**
Current assets		**457**	**306**
Assets		**21,156**	**19,997**

(DKK million)	Note	2023	2022
Equity and liabilities			
Share capital		4	4
Other reserves		15,824	12,750
Total equity		**15,828**	**12,754**
Debt to William Demant Foundation	10.5	-	2,000
Non-current liabilities		**-**	**2,000**
Debt to credit institutions		4,882	4,983
Debt to William Demant Foundation	10.5	-	23
Payable joint taxation		102	98
Income tax		339	135
Other liabilities		5	4
Current liabilities		**5,328**	**5,243**
Liabilities		**5,328**	**7,243**
Equity and liabilities		**21,156**	**19,997**

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 1.1.2022	**4**	**11,644**	**11,648**
Profit for the year	-	1,106	**1,106**
Equity at 31.12.2022	**4**	**12,750**	**12,754**
Profit for the year	-	1,074	1,074
Capital increase	-	2,000	2,000
Equity at 31.12.2023	**4**	**15,824**	**15,828**

Section 10

Notes to parent financial statements

10.1 Employees

(DKK million)	2023	2022
Wages and salaries	16.7	15.6
Social security costs	0.1	0.2
Employee costs	**16.8**	**15.8**
Average number of full-time employees	13	11
Remuneration to Executive Board included in employee costs:		
Fixed base salary	6.1	5.9
Executive Board	**6.1**	**5.9**
Fees to Board of Directors	**1.9**	**1.9**

In 2023, the basic remuneration of a member of the Parent's Board of Directors was DKK 250,000 (DKK 250,000 in 2022). The Chair of the Board of Directors receives three times the basic remuneration and the Vice Chair one and a half time the basic remuneration.

The remuneration of the Executive Board in William Demant Invest A/S includes salaries and social security.

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

(DKK million)	2023	2022
Statutory audit	0.5	0.4
Total	**0.5**	**0.4**

10.3 Net financial items

(DKK million)	2023	2022
Dividends from subsidiaries	1,005	180
Dividends and impairment of associates, net	113	777
Valuation adjustment of other investments	235	-
Gain on disposal of joint operations	5	91
Other financial income	-	18
Gain on disposal of shares in Demant A/S	1,160	356
Financial income	**2,518**	**1,422**
Valuation adjustment of other investments	-	-231
Interest to parent	-86	-82
Impairment of investments in associates	-1,129	-
Other financial expenses	-214	-42
Financial expenses	**-1,429**	**-355**
Net financial items	**1,089**	**1,067**

10.4 Financial assets

(DKK million)	2023 Investments in subsidiaries	2023 Receivables from subsidiaries	2023 Investments in associates	2023 Receivables from joint operations	2023 Other investments	2022 Investments in subsidiaries	2022 Receivables from subsidiaries	2022 Investments in associates and joint operations	2022 Receivables from joint operations	2022 Other investments
Cost at 1.1.	**7,240**	**-**	**9,753**	**-**	**2,938**	**7,190**	**-**	**8,319**	**814**	**113**
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	1	-
Additions during the year	-	875	472	-	645	85	-	822	37	2,908
Disposals during the year	-90	-	-	-	-	-35	-	-48	-852	-83
Disposals relating to divestments	-	-	-	-	-	-	-	-22	-	-
Impairments of associates, net	-	-	-1,129	-	-	-	-	682	-	-
Transferred to/from other items	-	-	503	-	-549	-	-	-	-	-
Cost at 31.12.	**7,150**	**875**	**9,599**	**-**	**3,034**	**7,240**	**-**	**9,753**	**-**	**2,938**
Value adjustments at 1.1.	**-**	**-**	**-**	**-**	**-240**	**-**	**-**	**-**	**-**	**-9**
Value adjustments during the year	-	-	-	-	235	-	-	-	-	-231
Transferred to/from other items	-	-	-	-	46	-	-	-	-	-
Value adjustments at 31.12.	**-**	**-**	**-**	**-**	**41**	**-**	**-**	**-**	**-**	**-240**
Carrying amount 31.12.	**7,150**	**875**	**9,599**	**-**	**3,075**	**7,240**	**-**	**9,753**	**-**	**2,698**

As of 1 January 2023, INVISIO has been transferred from Other Investments to Investments in associates.

10.5 Debt to William Demant Foundation

Of the debt to the William Demant Foundation of DKK 2,023 million in 2022, DKK 2,000 million was converted into ordinary shares of William Demant Invest A/S on 12 December 2023. The conversion rate was the fair value at the time of conversion.

The remaining balance, consisting of accrued interests, was settled simultaneously and hence no debt to William Demant Foundation at the balance sheet date.

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)	2023	2022
Retained earnings	1,074	1,106
Total	**1,074**	**1,106**

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 2023, William Demant Invest A/S acquired shares in Demant A/S from William Demant Foundation amounting to DKK 0 million (DKK 84.4 million in 2022) and sold shares in Demant A/S to William Demant Foundation amounting to DKK 383.2 million (DKK 91 million in 2022). Further, William Demant Invest A/S acquired shares in INVISIO AB from William Demant Foundation amounting to DKK 382.4 million (DKK 167.2 million in 2022), and sold shares in INVISIO AB to William Demant Foundation amounting to DKK 0 million (DKK 83 million in 2022)

During the year, William Demant Invest A/S sold shares in Demant A/S to Demant A/S amounting to DKK 389.7 million (DKK 0 in 2022).

All transactions were conducted on marked terms.

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 and associates

Investments in subsidiaries and associates 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 and associates 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

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

Section 11

Subsidiaries and associates

Subsidiaries and associates in William Demant Invest A/S

Company	Interest
Demant A/S, Denmark	55%
Embla Medical hf., Iceland	52%
Vision RT Ltd., United Kingdom	93%
Jeudan A/S, Denmark	42%
Vitrolife AB, Sweden	29%
CellaVision AB, Sweden	20%
Revenio Group Oyj, Finland	18%
Anpartsselskabet af 7.11.2022	33%
INVISIO AB, Sweden	17%
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 Embla Medical hf.

Company	Interest
Embla Medical 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%

*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 and associates 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, Inc., United States	100%
Oticon (Shanghai) Hearing Technology Co., Ltd., China*	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%
Audilab SAS, France* ** ***	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%
Braun Hören GmbH & Co. KG, Germany	100%
Braun Hörgeräte GmbH & Co. KG, Germany	100%
Braun Hörgeräte Offenburg GmbH & Co. KG, Germany	100%
Centro Auditivo Telex Ltda., Brazil	100%
CQ Partners, LLC, United States	100%
Danacom Høreapparater A/S, Denmark*	100%
Demant Australia Pty Ltd, Australia*	100%
Demant Belgium B.V., Belgium*	100%
Demant Business Services Poland Sp. z o.o., Poland*	100%
Demant Iberica, S.A., Spain*	100%
Demant İşitme Cihazları San. Tic. A.Ş, Turkey*	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%

The list includes the Group's active companies

*Directly owned by the Parent for 100%.

Subsidiaries and associates in Demant Group

Company	Interest
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%
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 Canada Ltd., Canada	100%
Diatec Diagnostics GmbH, Germany*	100%
Diatec Diagnostics Ltd, United Kingdom	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%

Company	Interest
EPOS Japan Kabushiki Kaisha, Japan	100%
EPOS Netherlands B.V., Netherlands	100%
EPOS Sales A/S, Denmark	100%
EPOS Sweden AB, Sweden	100%
EPOS Switzerland AG, Switzerland	100%
EPOS USA, Inc., United States	100%
Etymonic Design Inc., Canada*	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%
Hörgeräte-Akustik Flemming & Klingbeil GmbH & Co. KG, Germany	100%
Horgerate-Akustik Flemming & Klingbeil Verwaltungs-GmbH, Germany	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%

*Directly owned by the Parent for 100%

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

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Subsidiaries and associates in Demant Group

Company	Interest
Moser Hörgeräte GmbH, Germany	100%
Mr. Optik GmbH, Germany ***	100%
Neurelec S.A.S, France*	100%
Northeast Hearing Instruments, LLC, United States	100%
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%
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%
Udicare S.r.l., Italy*	100%
Value Hearing (Pty) Ltd., South Africa*	100%
WDH Germany GmbH, Germany*	100%
WDH UK Limited, United Kingdom*	100%
WDH USA, Inc., United States*	100%
Workplace Integra Inc., United States	100%
Van Boxtel Hoorwinkels B.V., Netherlands	100%
Audika NV, Belgium*	100%
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%
Conc. Maico - Centro Otoacustico Marchesin S.r.l., Italy	50%

Company	Interest
Virtualis SAS, France* **	55%
European Hearing Care (Myanmar) Limited, Myanmar	50%
Audiovita S.r.l., Italy	49%
Exclusive Hearing Limited, United Kingdom	49%
Microfon S.r.l., Italy	49%
Otic Hearing Solutions Private Limited, India	49%
Ma.Bi.Ge Bioacustica S.r.l., Italy	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%
TruEar LLC, United States	35%
Fonema Italia S.r.l., Italy	30%
HearWell Audiology Clinics Inc., Canada	25%
HIMSA A/S, Denmark	25%
Imperial Hearing Limited, United Kingdom	25%
Acufon S.r.l., Italy	20%
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%
HIMSA II A/S, Denmark	20%
Solaborate Inc., United States	20%
The Hearing Doctors of Georgia, LLC, United States	20%
K/S HIMPP, Denmark	18%
HIMSA II K/S, Denmark	15%
HIMPP A/S, Denmark	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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