

The background of the slide features two cyclists in white jerseys and helmets riding on a paved road. The road is bordered by a grassy area and a body of water in the distance. The sky is blue with some clouds. A large, semi-transparent white circle is overlaid on the right side of the image.

Demant



Annual Report 2024

5 February 2025

Søren Nielsen, President & CEO

René Schneider, CFO

Investor Relations

Agenda

- 1 | **Key events, financial take-aways and sustainability advancement**
- 2 | **Business area review**
- 3 | **Group financial review**
- 4 | **Outlook for 2025**
- 5 | **Q&A**

Financial highlights in 2024

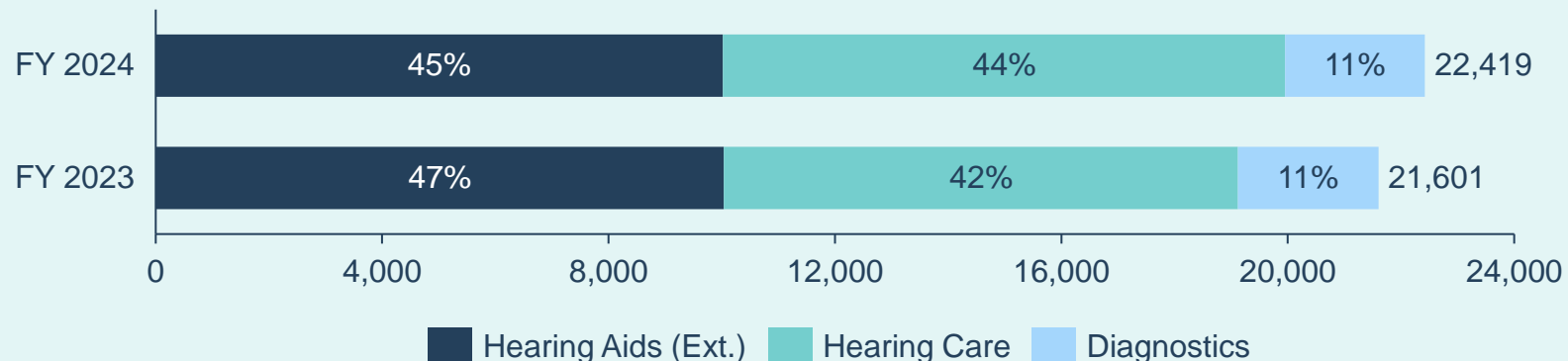
Revenue growth

2% organic

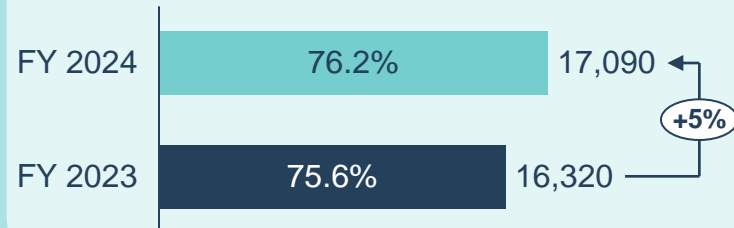
5% local currencies

4% reported

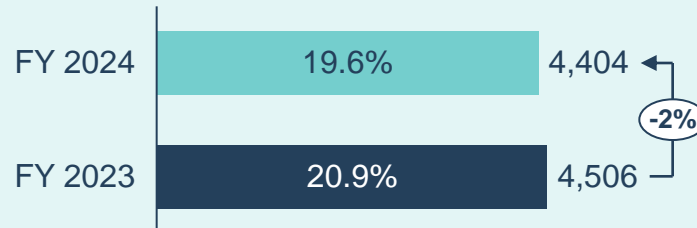
Revenue (DKK million)



Gross profit (DKK million)



EBIT before special items (DKK million)



Free cash flow (DKK million)



Key events in 2024



Very good momentum in Hearing Care, delivering an organic growth rate above the market growth rate



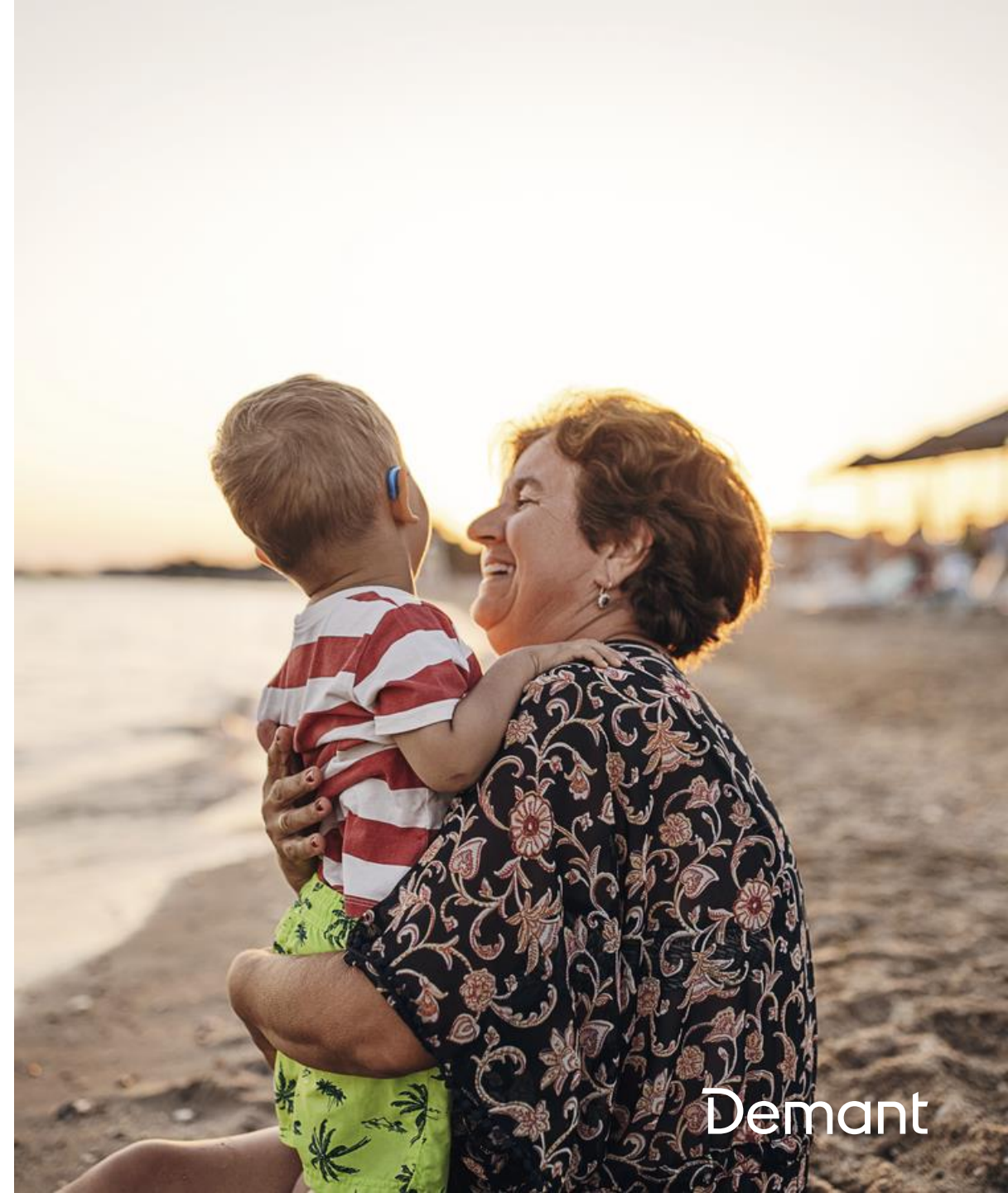
Hearing Aids growth was below our original expectations, impacted by a generally intense competitive environment, as well as our chosen brand strategy which resulted in a loss of market share with managed care in the US



Diagnostics growth was impacted by a very soft market for instruments, although we estimate our organic growth rate was above the market growth rate





We closed the divestment of our CI business, and took the decision to divest our Communications business, two important steps to become a more focused Hearing Healthcare company, leading to the operating activities of both Communications and our bone anchored hearing systems business delivering positive profit in Q4





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Key financial take-aways for H2 2024


- 

Group **organic growth** of 2% on the back of a very strong comparative base, ending the year in line with our most recent expectations
- 

Despite continued good ASP in Hearing Aids, Group **gross margin** declined by 0.4 percentage points due to negative exchange rate effects and a high share of rechargeable units
- 

OPEX increased by 2% organically as expected. Acquisitions added an additional four percentage points
- 

EBIT before special items was DKK 2,336 million, flat versus H2 2023, while EBIT margin before special items contracted by 0.9 percentage points, negatively impacted by exchange rate effects and by lower operating leverage
- 

Very strong cash flow with **CFFO** of DKK 2,589 million and **FCF** of DKK 2,329 million
- 

Outlook for 2025:
 Organic revenue growth 3-7%
 EBIT before special items of DKK 4,500-4,900 million
 Share buy-backs: More than DKK 1,500 million

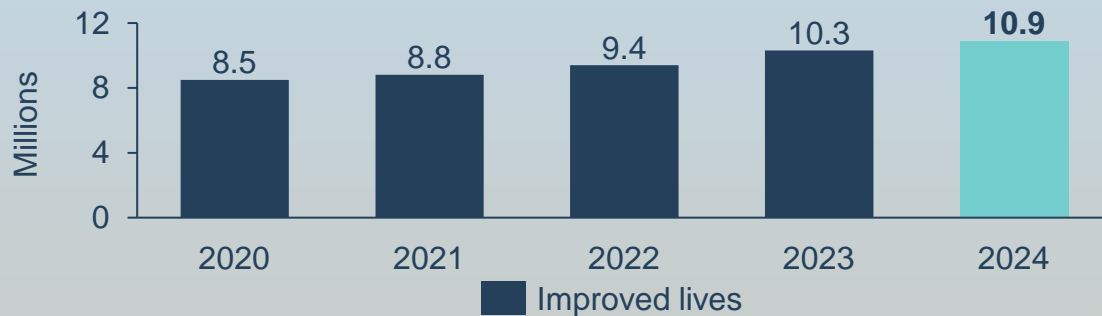
(DKK million)	H2 2024	H2 2023	Growth
Revenue	11,332	10,907	4%
Organic growth	2%	13%	
Gross profit	8,580	8,303	3%
Gross margin	75.7%	76.1%	
Operating expenses (OPEX)	-6,312	-5,987	5%
Operating profit (EBIT) before special items	2,336	2,344	0%
EBIT margin before special items	20.6%	21.5%	
Cash flow from operating activities (CFFO)	2,589	2,540	2%
Free cash flow (FCF)	2,329	2,071	12%

Sustainability advancement in 2024

Our strategy drove more efficient work with sustainability and ESG ambitions

- A series of new and updated **sustainability targets** for our Group launched
- We are guided by our ambition, as the leading hearing healthcare company, to improve as many lives as possible and by our commitment to operate our business in a responsible and sustainable manner

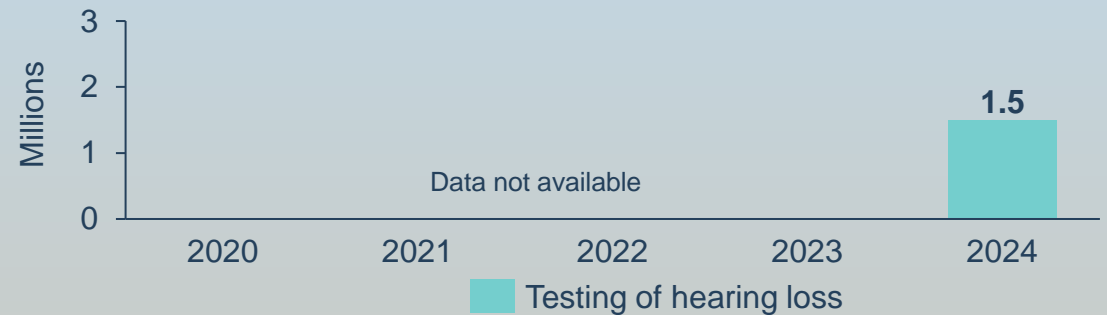
Core impact improved lives



16
million

Target: More than 16 million lives improved in 2030¹

Core impact awareness



2
million

Target: Increase awareness by more than 2 million people hearing tested

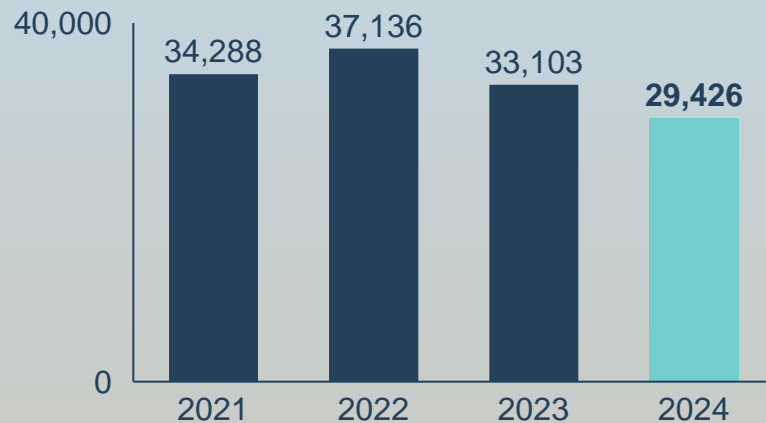
¹The number of people in a year who benefit from hearing aids from Demant

Sustainability advancement in 2024

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

Respect for the planet

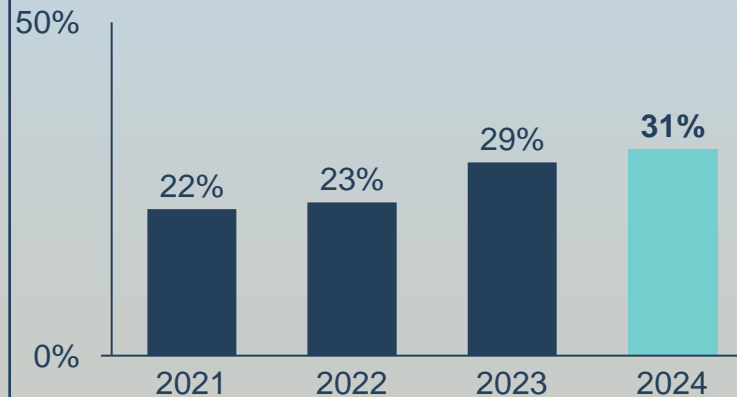
Scope 1 & 2 GHG emissions
(tonnes of CO₂e)



2030 target: 46% reduction in scope 1 and 2 greenhouse gas (GHG) emissions vs 2019¹

Caring for people

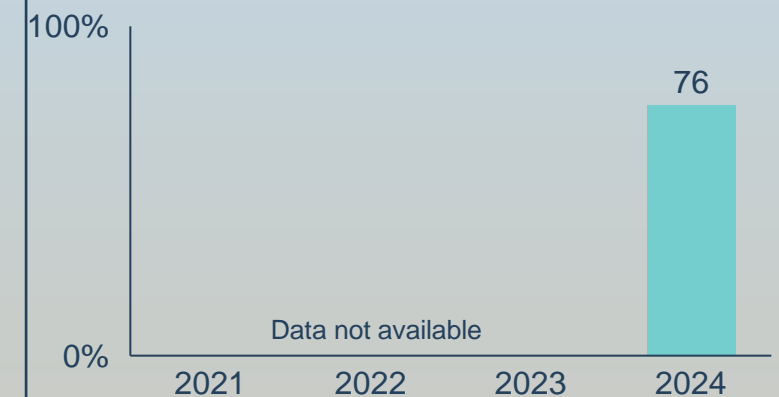
Gender diversity in leadership
(share of under-represented gender)



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

Performing with integrity

Business integrity
(share of relevant employees onboarded)



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

¹The target for reduction in scope 1 and 2 GHG emissions is calculated vs. the 2019 baseline of 31,980 tonnes of CO₂e

A woman in a brown blazer is fitting an elderly man with hearing aids. They are sitting at a desk with a computer monitor displaying the Oticon website. The background shows a clinical setting with a desk lamp and a poster of a human ear.

Business area review

The hearing aid market in 2024

Estimated market unit growth:

- We estimate that unit growth for the full year was 4%, in line with our expectations and within the normal 4-6% range
- As expected, growth improved in Q4 due to easier comparative figures

Unit growth in Q4 by geography:

- **Europe:** Slightly negative growth in the NHS, which continues to normalise. Strong growth in Germany despite strong comparative figures. Solid growth in France leading to positive full year growth in the French market, the first year of positive growth following the 2021 reform
- **North America:** Good momentum in the US commercial market, supported by a slightly easier comparative base, while VA saw flat growth. Strong growth in Canada
- **Rest of world:** Modest growth in Japan and China, despite the latter being impacted by challenging market dynamics. Strong growth in several emerging markets

Unit growth ¹	2024				
	Q1	Q2	Q3	Q4	FY
Europe	1%	8%	1%	3%	3%
North America	10%	6%	4%	6%	6%
US (commercial)	13%	6%	5%	7%	7%
US (VA)	-1%	1%	-1%	0%	-1%
Rest of world	1%	2%	4%	6%	3%
Global	3%	5%	3%	5%	4%

We estimate that geography and channel mix changes resulted in slight growth in the market's ASP for the year



Hearing Aids in Q4

Despite intense competition and strong comparative figures, stable value share vs Q3

Comments

- Organic growth of -1% in sales to external customers, impacted by strong comparative figures, an intense competitive environment and continued impact of loss of sales to managed care customers in Q2
- Despite headwinds, we estimate that our value market share was stable versus Q3
- Growth in Q4 was driven by units, which accelerated from Q3. In H2, unit growth was -1%, while ASP growth was 5%

Europe

- Good performance in many medium-sized markets
- Negative growth in France, Germany and the UK due to lower sales to certain large accounts

North America

- Positive growth in the US, driven by certain larger accounts
- Slightly negative growth in Canada due to very strong comparative figures

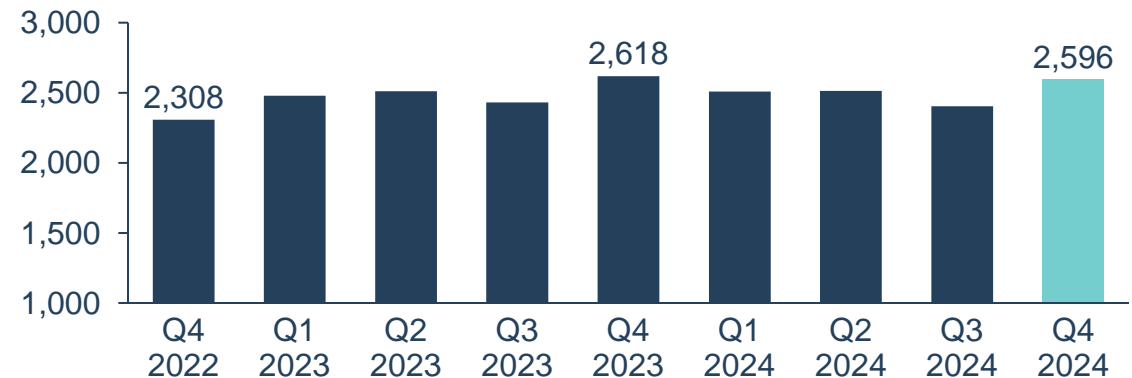
Asia/Pacific/Other

- Strong growth in Asia, with positive growth in China, despite weak market dynamics
- Solid growth in Australia
- Good growth in South America

Revenue and growth

Revenue (DKK million)	Q4 24	Q4 23	Growth				
			Org.	Acq.	LCY	FX	Rep.
Total revenue	3,179	3,100	2%	2%	4%	-1%	3%
Internal revenue	-583	-482	18%	3%	21%	0%	21%
External revenue	2,596	2,618	-1%	2%	0%	-1%	-1%

Revenue by quarter



Further expansion of our product portfolio

- In Q1 2025, we will **continue to expand access** to our unique **BrainHearing™ technology** and our powerful second-generation **Deep Neural Network (DNN)**
 - This February, we will start the roll-out of a new premium in-the-ear hearing aids, **Oticon Own SI™**
- All brands will for the first time introduce DNN sound processing technology to lower price points
 - This update will be done on our in-the-ear instruments
 - We will also expand our miniRITE and miniBTE form factors and offer both rechargeable and disposable batteries



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Hearing Care in Q4

Continuously strong growth, above the market

Comments

- Strong performance, driven by continuously solid momentum in many medium-sized markets and in North America
- Continued contribution from acquisitions, primarily in Denmark, Germany and Italy, in line with our strategy
- Growth primarily driven by units, with slight ASP tailwind from positive product and geography mix changes

Europe

- Slightly positive growth in France
- Strong growth in the UK, Poland, and Germany

North America

- Good growth in the US, despite lower traffic from managed care customers
- Strong growth in Canada

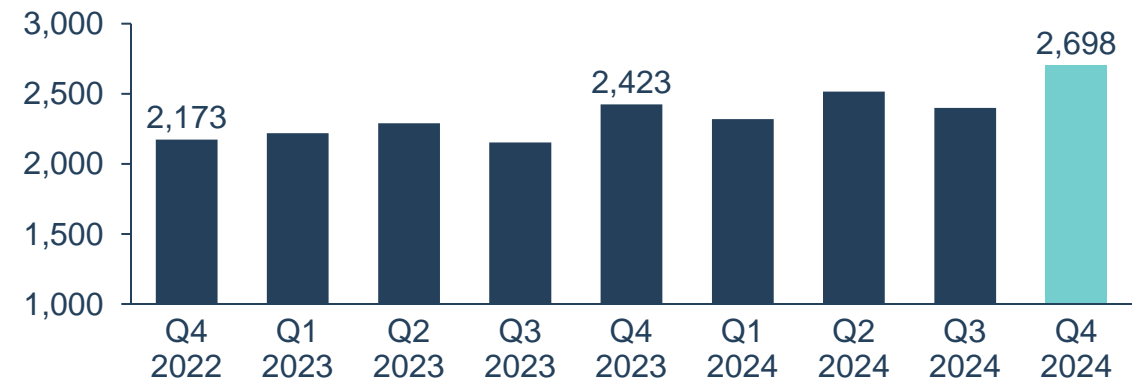
Asia/Pacific/Other

- Negative growth in China, although the run rate accelerated versus previous quarters
- Strong growth in Australia

Revenue and growth

Revenue (DKK million)	Q4 24	Q4 23	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Care	2,698	2,423	7%	4%	11%	0%	11%

Revenue by quarter





Diagnostics in Q4

Continued headwinds from very soft market developments for diagnostic instruments

Comments

- The market for diagnostic instruments remains soft, and we estimate that our organic growth rate was above the market growth rate
- Growth was further impacted by negative growth in our balance portfolio, and by our limited access to public markets in China
- We saw growth in our services and consumables business

Europe

- Good growth, particularly in the UK and Poland
- Negative growth in France and Germany

North America

- Negative growth in the US, driven by particularly negative growth in our portfolio of balance products
- Strong growth in Canada

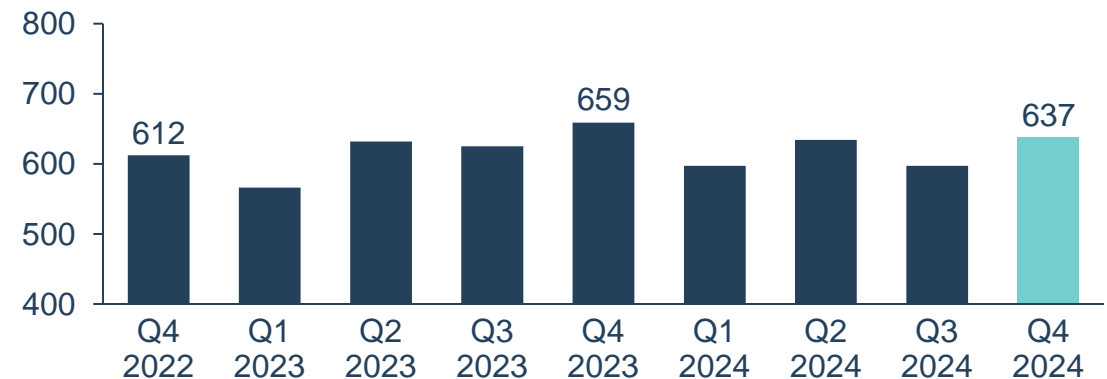
Asia/Pacific/Other

- Negative growth in China, due to our limited access to public markets

Revenue and growth

Revenue (DKK million)	Q4 24	Q4 23	Growth				
			Org.	Acq.	LCY	FX	Rep.
Diagnostics	637	659	-3%	0%	-3%	0%	-3%

Revenue by quarter



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Group financial review

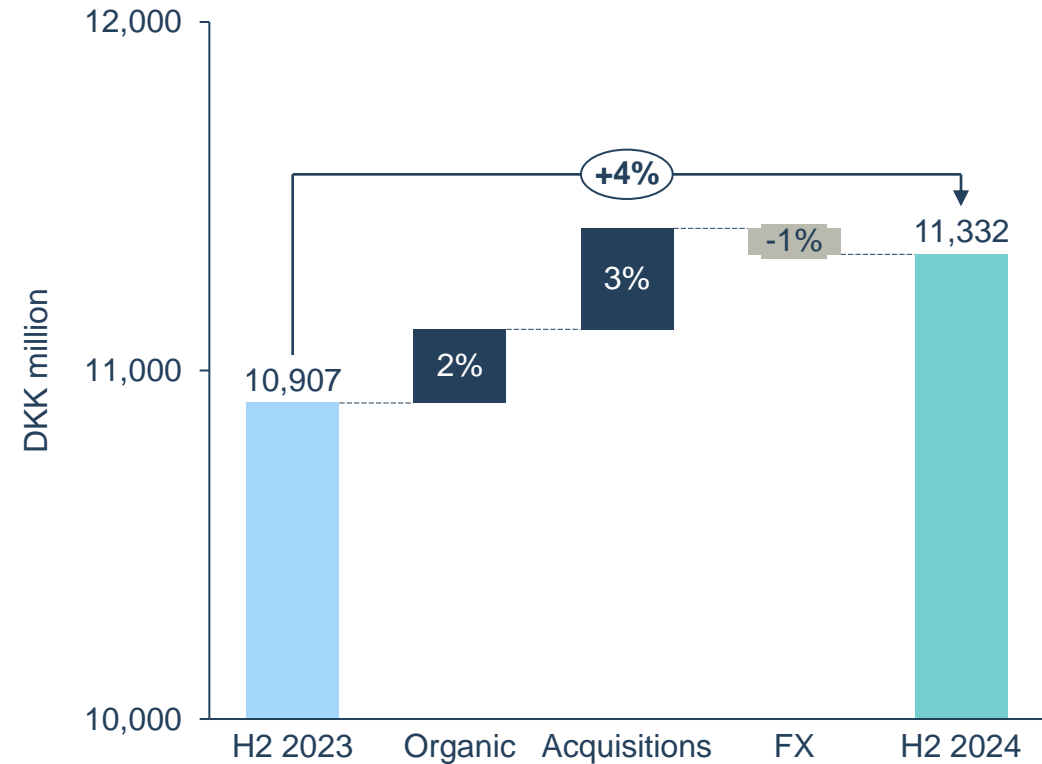


Revenue in H2

Comments

- Organic growth was 2%, driven by Hearing Care, whereas Hearing Aids and Diagnostics delivered negative growth, in part due to strong comparative figures
- Acquisitive growth contributed 3 percentage points, in Hearing Aids and Hearing Care
- Foreign exchange rates had an impact of -1% due to minor exchange rate fluctuations in our main trading currencies, including the impact of hedging

Revenue development in H2

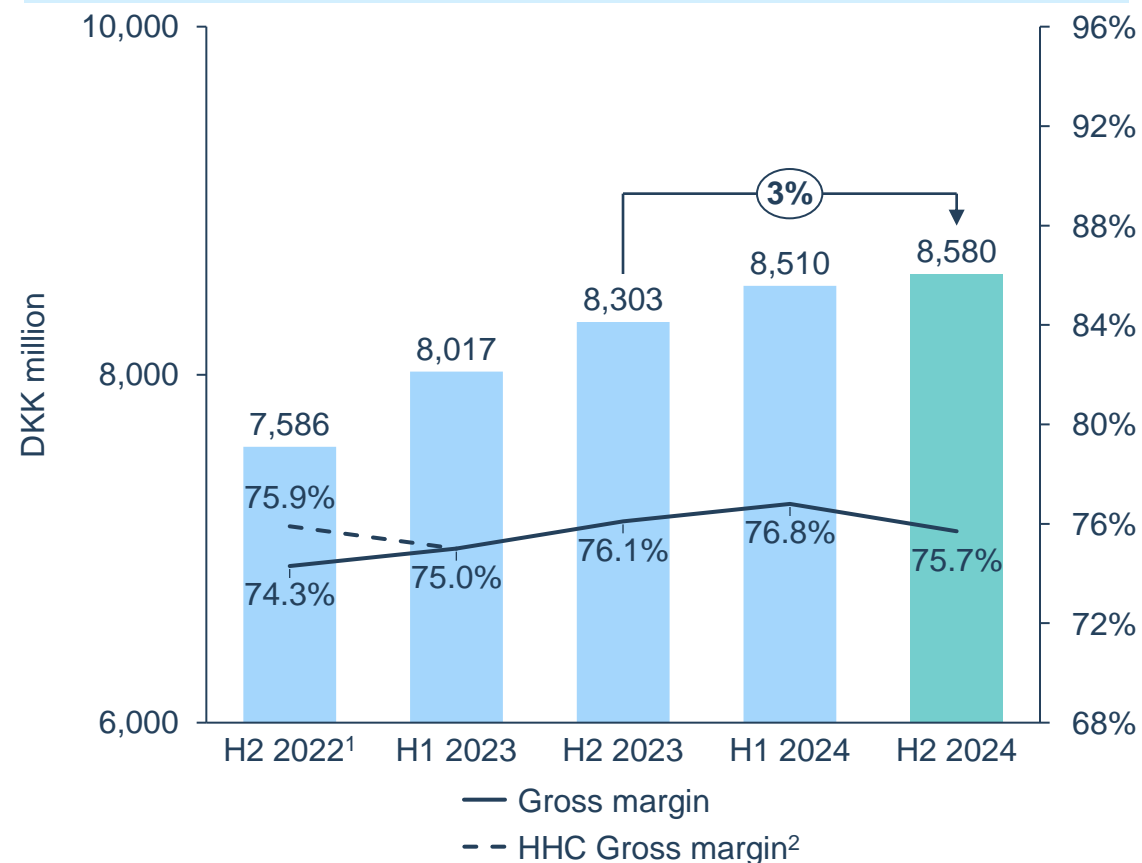


Gross profit in H2

Comments

- Gross profit increased by 3% to DKK 8,580 million
- Gross margin declined by 0.4 percentage points versus H2 2023, despite a continuously good ASP in Hearing Aids
- Developments in foreign exchange rates and a high share of rechargeable units had a negative impact on gross margin
- In Q4, gross margin was also negatively impacted by increased sales to certain larger accounts

Gross profit and margin development



16 ¹2022 figures have not been restated to reflect Communications as part of discontinued operations

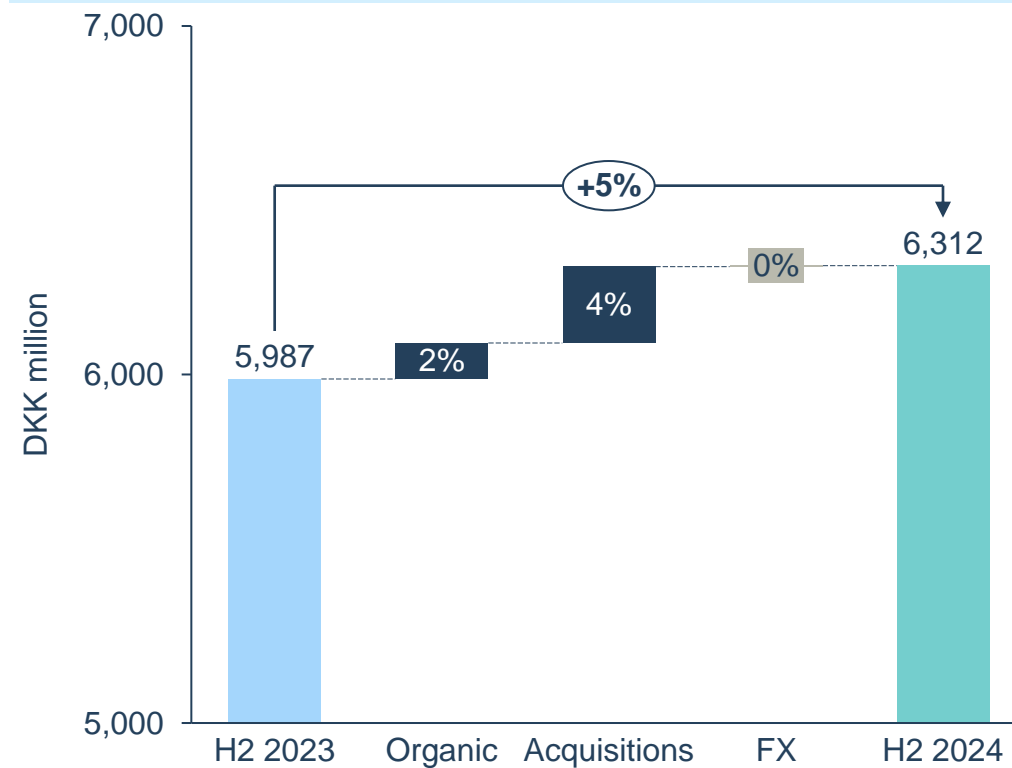
²HHC gross margin refers to the Group's previous Hearing Healthcare segment, which corresponds to the Group's continuing operations

OPEX in H2

Comments

- Group OPEX increased by 2% organically as expected, reflecting strong focus on cost-saving measures taken across the Group in H1, which took effect in H2
- Acquisitions added 4 percentage points of growth, in line with our acquisition strategy
- Foreign exchange rate effects were flat

OPEX development in H2

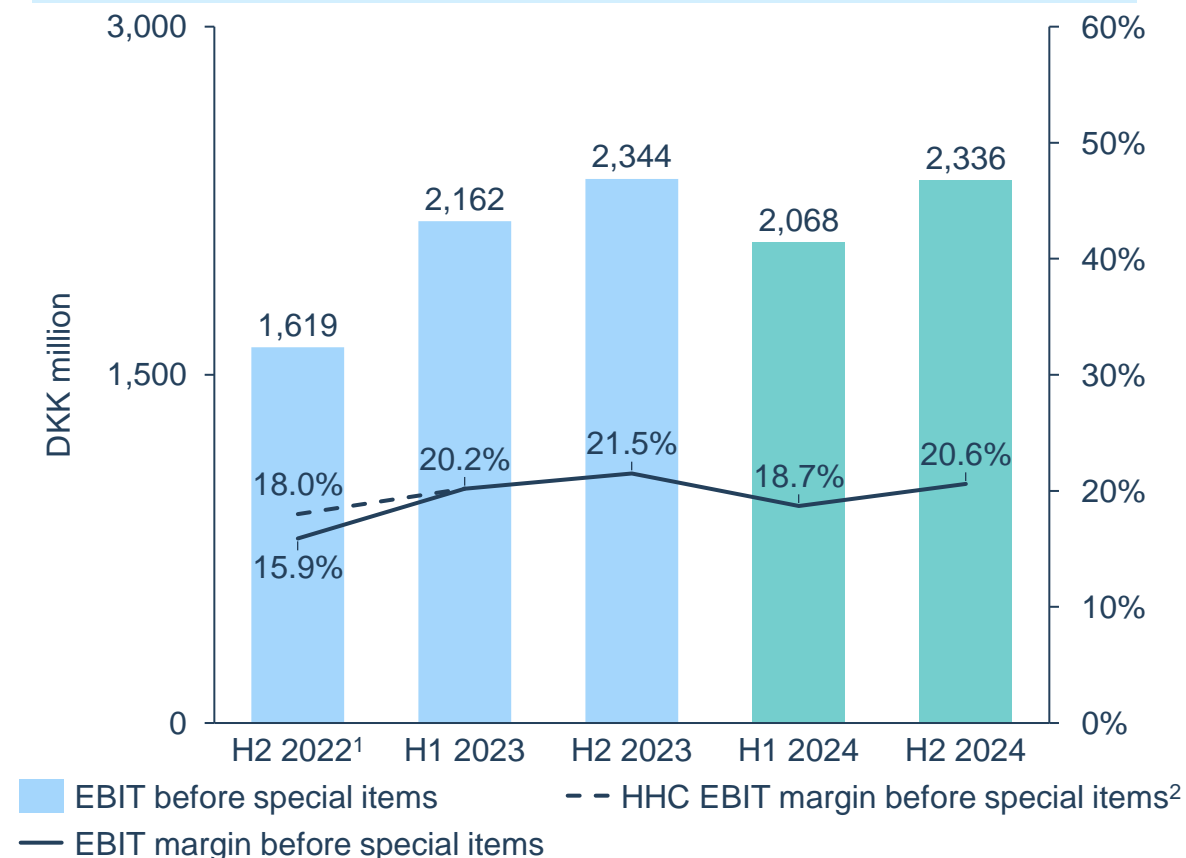


EBIT before special items in H2

Comments

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

Profitability development



18 ¹2022 figures have not been restated to reflect Communications as part of discontinued operations

²HHC EBIT margin refers to the Group's previous Hearing Healthcare segment, which corresponds to the Group's continuing operations

Cash flow statement H2 2024

- Very solid cash generation, as cash flow from operating activities (CFFO) was DKK 2,589 million
- CFFO increased by 2% compared to H2 2023, due to significant improvement in the net working capital (NWC)
- CAPEX was approx. 3% of Group revenue, which is slightly below our medium- to long-term expectations due to lower investments in property, plant and equipment
- Net cash to acquisitions and divestments continued at a high level and was DKK -471 million in H2, entirely related to Hearing Care
- Share buy-backs amounted to DKK 1,164 million, as the Group bought back 4.3 million shares. For the full year, share buy-backs totalled DKK 2,301 million, in line with our guidance

(DKK million)	H2 2024	H2 2023	Change
Cash flow from operating activities (CFFO)	2,589	2,540	2%
Net investments	-260	-469	-45%
Free cash flow before acquisitions and divestments	2,329	2,071	12%
Acquisitions and divestments	-471	-622	-24%
Share buy-backs	-1,164	-829	40%
Other financing activities	-884	-498	78%
Cash flow for the period	-190	122	n.a.

Key financial take-aways for FY 2024



Group **organic growth** of 2% on the back of a very strong comparative base, ending the year in line with our revised expectations



Group **gross margin** improved by 0.6 percentage points, driven by a better-than-expected gross margin in H1 due to business mix effects and strong development in the ASP in Hearing Aids



OPEX increased by 4% organically, thanks to cost-saving measures which took effect in H2, to better balance revenue and OPEX Growth. Acquisitions added 4 percentage points



EBIT before special items was DKK 4,404 million, corresponding to an EBIT margin before special items of 19.6%, negatively impacted by lower operating leverage, particularly in Hearing Aids, as well as exchange rate effects in H2



Very strong cash flow with **CFFO** of DKK 4,080 million and **FCF** of DKK 3,486 million



Share buy-backs of DKK 2,301 million

(DKK million)	FY 2024	FY 2023	Growth
Revenue	22,419	21,601	4%
Organic growth	2%	14%	
Gross profit	17,090	16,320	5%
Gross margin	76.2%	75.6%	
Operating expenses (OPEX)	-12,785	-11,882	8%
Operating profit (EBIT) before special items	4,404	4,506	-2%
EBIT margin before special items	19.6%	20.9%	
Cash flow from operating activities (CFFO)	4,080	4,458	-8%
Free cash flow (FCF)	3,486	3,622	-4%

Balance sheet FY 2024

- Total assets increased by 6% compared to 31 December 2023. Growth was driven entirely by additions from acquisitions
- Increase in total assets is primarily due to an increase in goodwill related to acquisitions
- Net working capital (NWC) declined by 9% to DKK 3,289 million, primarily due to a reclassification of Communications to assets held for sale
- Relative to 30 June 2024, net working capital declined by 7% due to continuously strong focus on cash flow, resulting in a decrease in inventory and trade receivables
- Net interest-bearing debt (NIBD) amounted to DKK 13,565 million, corresponding to a gearing multiple of 2.3, which is within our medium- to long-term expectations

(DKK million)	FY 2024	FY 2023	Change
Lease assets	2,665	2,596	3%
Other non-current assets	19,864	18,566	7%
Inventories	2,500	2,845	-12%
Trade receivables	3,563	3,650	-2%
Cash	1,112	1,138	-2%
Other current assets	1,353	1,468	-8%
Assets held for sale	1,393	283	>100%
Total assets	32,450	30,546	6%
Equity	9,644	9,338	3%
Lease liabilities	2,771	2,686	3%
Other non-current liabilities	14,607	12,301	19%
Trade payables	658	799	-18%
Other current liabilities	4,426	5,333	-17%
Liabilities related to assets held for sale	344	89	>100%
Total equity and liabilities	32,450	30,546	6%

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Outlook



Outlook assumptions

Key outlook assumptions below

Market

- We expect the unit growth rate in the global hearing aid market in 2025 to be in line with the structural growth rate of 4-6% and the hearing aid market to see flattish ASP development for the year
- We expect the French market to grow in the high single digits in units in 2025

Demant Group

- We expect the organic growth rate in Q1 to be below our full-year outlook driven in particular by phasing of growth in Hearing Aids, primarily due to managed care dynamics, with significant improvement expected in the subsequent quarters
- We expect the cash allocated to bolt-on acquisitions in 2025 to be at a higher-than-normal level due to a continuously good pipeline of attractive opportunities
- We have not included any significant financial impacts of the potential introduction of tariffs in 2025 in our outlook

Discontinued operations

- Our Communications business area and our business for bone anchored hearing systems are recognised as part of discontinued operations, and for the full year 2025, the combined net profit after tax in these businesses is expected to be DKK 0-50 million. This relates entirely to an expected operating profit for the businesses and does not include any financial impact related to our intended divestment of the businesses

Outlook for 2025

The outlook for 2025 is summarised below

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

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

Acquisitive growth	2% based on revenue from acquisitions completed as at 4 February 2025
FX growth	1% based on exchange rates as at 4 February 2025 and including the impact of hedging
Effective tax rate	Around 23%
Profit from discontinued operations	DKK 0-50 million
Gearing ratio	Within our medium- to long-term target of 2.0-2.5x at the end of 2025

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

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



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Roadshows and conferences:

06 Feb	London (Goldman Sachs)
07 Feb	Copenhagen (Nordea)
19 Feb	Paris (SEB)
20 Feb	Zurich (UBS)
26 Feb	Munich (ODDO)
27 Feb	Milan (Handelsbanken)
04 Mar	London (Morgan Stanley European Healthcare Conference)
05 Mar	London (UBS European Healthcare Conference)
11 Mar	Miami (Barclays Global Healthcare Conference)
12 Mar	Denver (Jefferies)
13 Mar	Boston (Jefferies)
25 Mar	Chicago (Kepler Cheuvreux)
27 Mar	New York (DNB // Back Bay Nordic-American Healthcare Conference)