



Demant

Interim Management Statement for Q1 2025

7 May 2025

Søren Nielsen, President & CEO

René Schneider, CFO

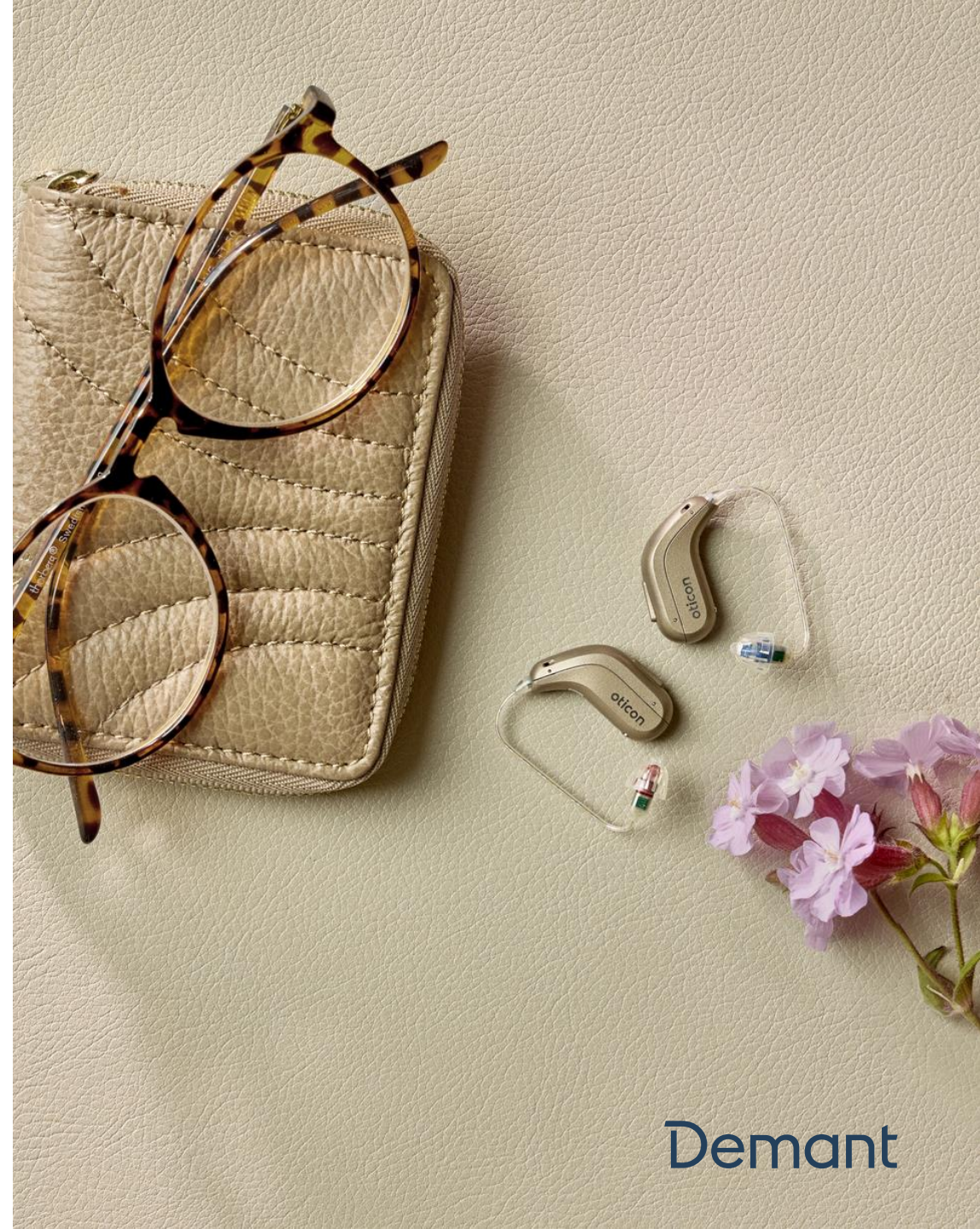
Investor Relations

Agenda

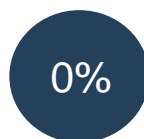
- 1 | **Business highlights and key financial take-aways**
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Business highlights in Q1 2025

- 1 | Contrary to expectations, the hearing aid market saw flat value growth, as macroeconomic uncertainties negatively impacted the US market in particular
- 2 | As expected, Hearing Aids was impacted by the strong comparative base, but was below expectations due to the soft market developments
- 3 | Hearing Care continued to deliver solid organic growth, well above the market growth rate, and we continue to consolidate distribution in line with our strategy
- 4 | The market for diagnostics instruments continues to be soft, impacting growth, although we estimate that we have maintained our market share



Key financial take-aways for Q1 2025



Group **organic growth** of 0%, below expectations, due to lower-than-expected hearing aid market growth in Q1. Adjusted for the market slowdown, underlying performance within expectations



Gross margin declined as expected due to strong performance last year, but slightly more than anticipated, as the negative US market caused geographic mix changes and thus ASP decline in Hearing Aids



OPEX saw slight organic growth following our cost saving efforts in H2 2024, with acquisitions further contributing to growth in line with our acquisition strategy



EBIT was below expectations due to the slowdown in the global hearing aid market. Foreign exchange rates also had a slightly negative impact on EBIT



Continued solid **CFFO** and **FCF**, which were both higher than last year, supported by working capital developments



Revised outlook for 2025:

Organic revenue growth: 1-5% (prev. 3-7%)
 EBIT: DKK 4,100-4,500 million (prev. DKK 4,500-4,900 million)
 Share buy-backs: More than DKK 1,500 million (unchanged)

Business area (DKK million)	Revenue		Growth				
	Q1 25	Q1 24	Org.	Acq.	LCY	FX	Rep.
Hearing Aids, total revenue	3,148	3,107	-1%	2%	1%	1%	1%
Hearing Aids, internal revenue	-678	-599	9%	4%	12%	1%	13%
Hearing Aids, external revenue	2,470	2,508	-4%	2%	-2%	1%	-2%
Hearing Care	2,547	2,318	4%	5%	9%	1%	10%
Diagnostics	603	597	0%	0%	0%	1%	1%
Group	5,620	5,423	0%	3%	3%	1%	4%

Business area review



The hearing aid market in Q1

Estimated market growth:

- We estimate that unit growth in Q1 was below the structural growth rate due to negative growth in the US commercial market
- Excluding the US market, global unit growth was in the low end of the structural growth rate of 4-6%
- Geographic and channel mix changes led to negative ASP development, and value growth was flat

Geographical unit growth:

- **Europe:** Strong growth in the NHS supported by easier comparative figures. In Germany, growth was solid. In France, growth was slightly positive in line with our assumptions, and we still expect growth acceleration in the coming quarters
- **North America:** Contrary to expectations, macroeconomic uncertainties led to negative growth in the US commercial market across both private pay channels and managed care. Growth in the VA remains subdued. Solid growth in Canada
- **Rest of world:** Slightly positive growth in Japan and China, despite the latter being impacted by challenging market dynamics. Good growth in several emerging markets

Unit growth ¹	2024				FY	2025
	Q1	Q2	Q3	Q4		Q1
Europe	1%	8%	1%	3%	3%	4%
North America	10%	6%	4%	6%	6%	-3%
US (commercial)	13%	6%	5%	7%	7%	-5%
US (VA)	-1%	1%	-1%	0%	-1%	-1%
Rest of world	1%	2%	4%	6%	3%	4%
Global	3%	5%	3%	5%	4%	2%

We estimate that the ASP development was negative due to geographic and channel mix changes



Hearing Aids in Q1

Growth below expectations due to a negative US commercial market

Comments

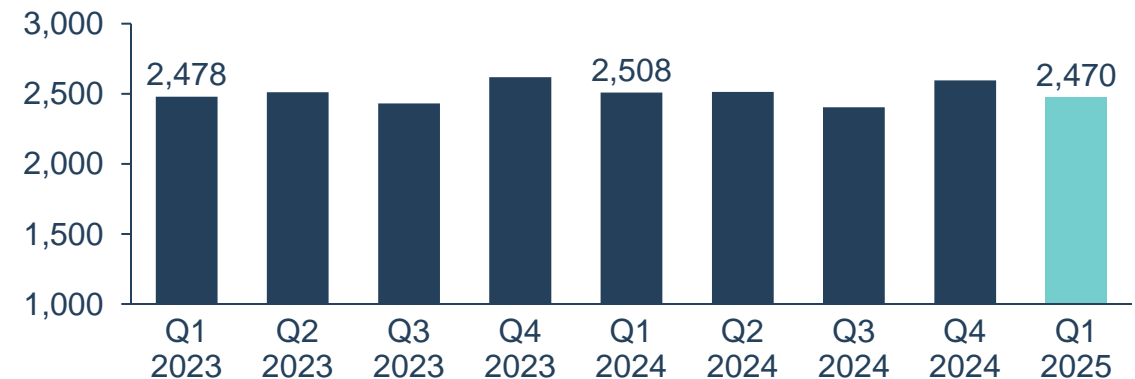
- As expected, soft start to the year impacted by strong comparative base due to the launch of Oticon Intent in February last year and loss of market share with managed care in Q2 2024
- However, growth below expectations due to the negative US commercial market
- In terms of external sales, unit growth was flattish, while negative market developments in the US resulted in negative development in the ASP due to geographic mix changes

Europe	North America	Asia/Pacific/Other
<ul style="list-style-type: none"> • Solid performance in Germany • Slightly positive growth in France • Negative growth in the UK below the market growth rate which was driven by volumes with AQP 	<ul style="list-style-type: none"> • Positive growth and market share gains in VA • Negative growth in US commercial due to a negative market and loss of share with managed care in Q2 2024 	<ul style="list-style-type: none"> • Strong growth in Asia, with solid growth in China due to market share gains • Very strong growth in Japan • Solid growth in Australia

Revenue and growth

Revenue (DKK million)	Q1 25		Q1 24		Growth		
	Q1 25	Q1 24	Org.	Acq.	LCY	FX	Rep.
Total revenue	3,148	3,107	-1%	2%	1%	1%	1%
Internal revenue	-678	-599	9%	4%	12%	1%	13%
External revenue	2,470	2,508	-4%	2%	-2%	1%	-2%

Revenue by quarter





Hearing Care in Q1

Continuously solid performance, outgrowing the market

Comments

- Very strong performance in Canada, Germany, and several medium-sized markets
- Solid performance in the US relative to the weak market
- Continued contribution from acquisitions, primarily in Germany, Denmark and Italy
- Growth mainly driven by units, with slight ASP tailwind from positive product and geographic mix changes

Europe

- Strong performance in several medium-sized markets
- Slightly positive growth in France in line with the market growth rate

North America

- Positive organic growth in the US well above the market growth rate
- Strong growth in Canada

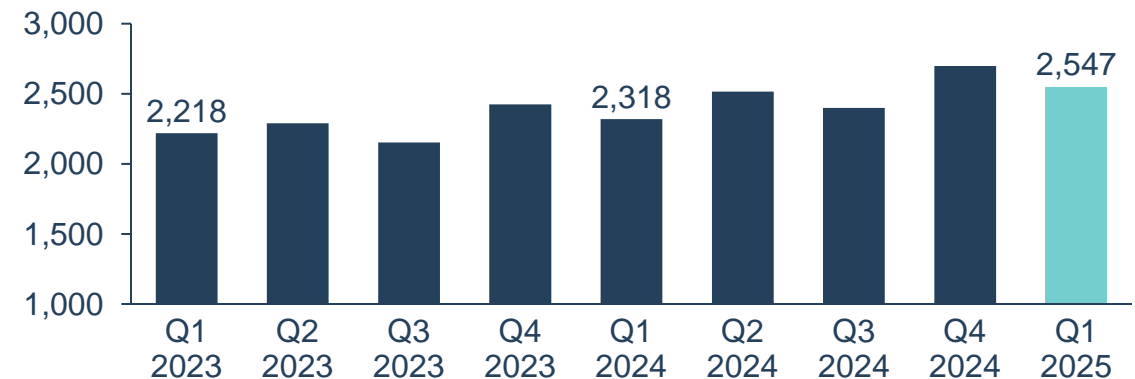
Asia/Pacific/Other

- Negative growth in China, as overall market dynamics remain challenging
- Slightly negative growth in Australia due to strong comparative figures

Revenue and growth

Revenue (DKK million)	Q1 25	Q1 24	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Care	2,547	2,318	4%	5%	9%	1%	10%

Revenue by quarter





Diagnostics in Q1

Continued headwinds from soft market developments for diagnostic instruments

Comments

- The market for diagnostic instruments remains soft, and we estimate the market growth rate in Q1 was flat
- We estimate that when looking at our global performance across product categories, we maintained our market share
- Our services and consumables business continues to perform well

Europe

- Strong growth in the UK
- Strong growth in France

North America

- Positive growth in the US
- Negative growth in Canada due to strong comparative figures

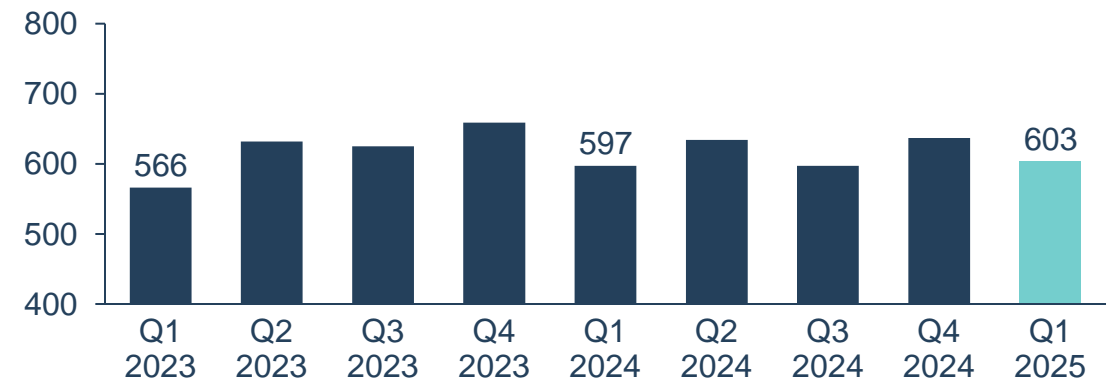
Asia/Pacific/Other

- Negative growth in China, due to our limited access to public markets
- Good growth in several smaller emerging markets

Revenue and growth

Revenue (DKK million)	Q1 25	Q1 24	Growth				
			Org.	Acq.	LCY	FX	Rep.
Diagnostics	603	597	0%	0%	0%	1%	1%

Revenue by quarter





Outlook

Hearing aid market expectations reduced

Soft developments in Q1 and reduced expectations for the rest of the year

Comments



The global hearing aid market saw 2% unit growth in Q1, in particular due to negative growth in the US, although growth was at the low end of the structural growth rate across regions. ASP developments were negative and thus value growth was flat



Due to macroeconomic uncertainties, we expect unit growth slightly below the structural range to continue in the near term



We now expect 3-5% (previously 4-6%) unit growth for the full year, due to soft unit growth in Q1 and reduced expectations for the rest of the year



We expect ASP development of -1% (previously flattish) due to geographic and channel mix changes, in particular due to the negative growth in the US in Q1, resulting in value growth of 2-4% for the full year



Market fundamentals remain intact, but the timing of a return to normal growth of 4-6% remains uncertain due to macroeconomic conditions

Market growth outlook

	Previous	Revised	Change
Units	4-6%	3-5%	-1pp
ASP	~0%	-1%	-1pp
Value	4-6%	2-4%	-2pp

Adverse exchange rate developments

Negative exchange rate development expected to impact EBIT for the rest of the year

Comments



Since the publication of our original outlook for 2025 on 6 Feb, there have been significant adverse developments in global exchange rates



While the US dollar is a significant impact, we see headwind from a broad basket of currencies, and we now expect revenue growth from foreign exchange rates of -2% (previously +1%) for the full year



Significantly negative impact of around DKK 125 million for the full year, despite gains from hedging instruments

Change in exchange rates vs previous outlook

Hedged		Non-hedged (select)	
USD	-7%	CNY	-7%
CAD	-5%	BRL	-4%
GBP	-3%	TRL	-2%
PLN	0%		
AUD	-7%		
JPY	+1%		

Impact on EBIT vs original expectations

	Hedged	Non-hedged	Total
FY 2025 EBIT impact	~DKK -75 million	~DKK -50 million	~DKK -125 million

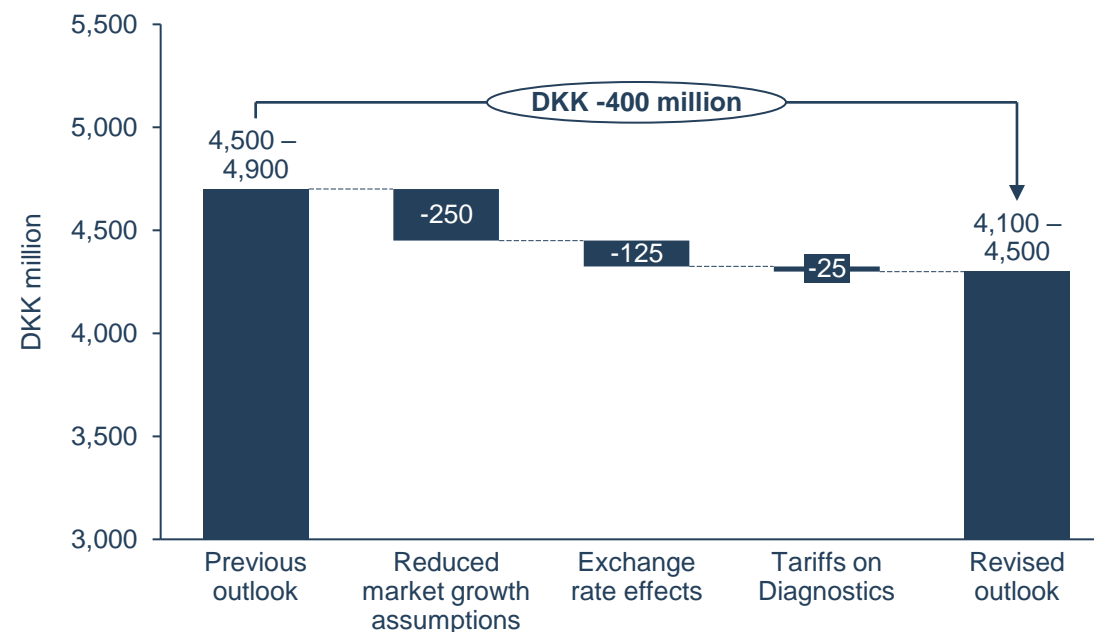
Change in outlook for 2025

Revised outlook for 2025 due to lower market growth and exchange rate effects

Organic growth

	Previous	Revised	Change
Hearing aid market value growth	4-6%	2-4%	-2pp
Demant organic growth	3-7%	1-5%	-2pp
Demant relative to market	-1% to +1%	-1% to +1%	Unchanged

EBIT



Outlook assumptions

Key outlook assumptions below¹

Market

- We expect the unit growth rate in the global hearing aid market in 2025 to be 3-5% (previously 4-6%). Due to geographic and channel mix changes, we expect the hearing aid market to see ASP development of around -1% (previously flattish) for the full year, resulting in a value growth rate of 2-4% (previously 4-6%) in 2025
- We expect the French market to grow in the high single digits in units in 2025

Discontinued operations

- Our Communications business 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

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- We expect the cash allocated to bolt-on acquisitions in 2025 to be at a higher-than-normal level due to acquisitions already made in 2025 and a continuously good pipeline of attractive opportunities
- We expect a negative impact on EBIT of around DKK 125 million compared to previous assumptions for the year due to adverse exchange rate developments. This includes the effects of both hedged and un-hedged currencies, with the majority of the impact expected to take effect in Q2-Q4
- We expect a limited impact of tariffs on the Group, but we now include a negative impact of around DKK 25 million of tariffs in 2025 on our Diagnostics business area based on the current tariff situation

Outlook for 2025

The outlook for 2025 is summarised below

Metric	Outlook
Organic growth	1-5% (previously 3-7%)
EBIT	DKK 4,100-4,500 million (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 5 May 2025
FX growth	-2% (previously +1%) based on exchange rates as at 5 May 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.



IR contacts



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Currently on parental leave



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Roadshows and conferences:

08 May	Copenhagen (Carnegie)
08 May	Virtual (Morgan Stanley)
16 May	Paris (Bank of America)
27 May	Frankfurt (Deutsche Bank Conference)
11 Jun	Copenhagen (Danske Bank Hearing Aid Seminar)