ESG Report
2024



William Demant | Invest

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This report serves as the statutory report to be presented under the sections 99a and 99d of the Danish Financial Statements Act. The report covers the twelve-month period from 1 January to 31 December 2024 and includes the 2024 annual reports of Demant and Embla Medical, each of which provide details on company-specific sustainability impacts and risks, policies, activities, and results for 2024.

Demant and Embla Medical, in which William Demant Invest holds majority ownership, are the main contributors to William Demant Invest's consolidated financial accounts as well as sustainability footprint. Therefore, we find this report and statement, which is a compilation of Demant's and Embla Medical's ESG policies, approach, and sustainability statements, to be a genuine and fair representation of William Demant Invest's social responsibility in accordance with the Danish Financial Statement Act sections 99a and 99d.

In continuation of the above listed, William Demant Invest has not formulated separate ESG policies on the mandatory items listed in the Danish Financial Statement Act sections 99a and 99d. The latter is in accordance with the legal framework described in the Financial Statement Act. Consequently, this statement sets out and highlights the core elements of William Demant Invest's business model and the key material sustainability risks of Demant's and Embla Medical's business models, which are further elaborated in the attached annual reports of Demant and Embla Medical.

Our approach to ESG

Since William Demant Invest was founded, we have invested in several companies within the MedTech industry that have a positive impact on global health. Sustainability management is a key topic when we evaluate potential new investments and when actively engaging with our portfolio companies.

Business model

William Demant Invest is an evergreen investor and the holding company for William Demant Foundation's investment activities, focusing on investments in listed companies. The current market value for all companies in the portfolio is around DKK 60 billion. Founded in 2004, William Demant Invest is wholly owned by William Demant Foundation.

The main purpose of William Demant Foundation is to secure and expand the hearing healthcare company Demant and to donate a share of its net income to charter-defined causes. We divide this purpose between the donation activities handled by William Demant Foundation, and the investment activities handled solely by William Demant Invest.

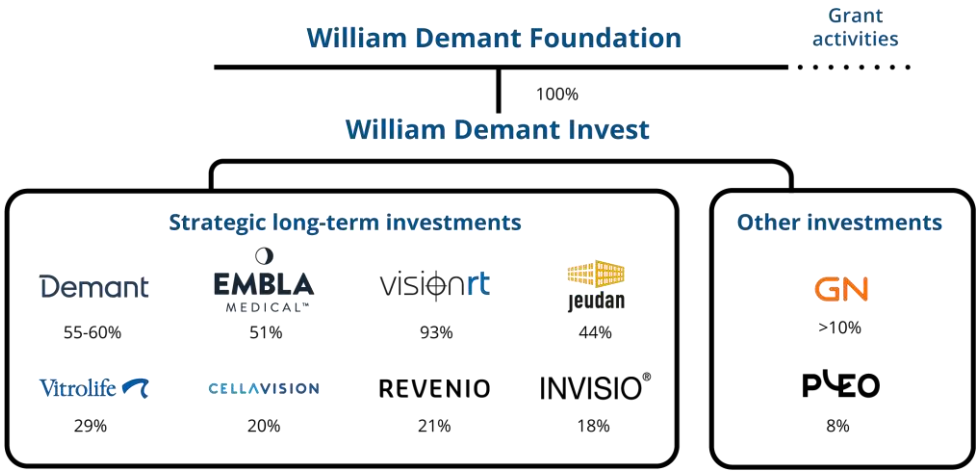
Since its beginning, William Demant Invest has developed strongly and has significantly increased its market capitalisation over the years, with a market capitalisation of around DKK 11 billion in 2004 to around DKK 60 billion in 2024.

Aside from the purpose of maintaining the majority ownership in Demant and securing the longevity of Demant's commercial competitiveness, William Demant Invest seeks to utilise excess liquidity to increase ownership share in the companies in the portfolio.

Furthermore, the strategy is to find new ownership opportunities matching the investment strategy of William Demant Invest, which concentrates on innovation-driven companies in niche markets with a strong track record of demonstrating profitable and scalable growth.

Currently, William Demant Invest's portfolio consists of the following companies: Demant, Embla Medical, Vision RT, Vitrolife, Jeudan, Cellavision, Revenio, INVISIO, GN Store Nord and Pleo.

Read more about our companies, group structure, investment strategy, and governance in the William Demant Invest Annual Report 2024. The report can be found here: https://www.demantinvest.com/annual-report/2024



The Group structure illustrated above reflects ownership figures as of 27 March 2025. Ownership in Demant represents the combined ownership of William Demant Foundation and William Demant Invest.

Responsible long-term owner
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.

This approach acts to reduce and manage ESG risks in both new potential investments and within our existing portfolio with our active ownership through board representation. , 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.

In 2024, we were pleased to see progress across the companies in our portfolio. A highlight of 2024 was the publication of the first CSRD-compliant annual report by Demant. Embla Medical also made strides towards CSRD compliant reporting in the future. Both companies demonstrate how sustainability is an integral part of the companies' strategies and management.

For reports on the individual companies' progress, including key ESG figures, we refer to the annual reports. We are continuing our ESG dialogue with our portfolio companies in 2025.

Data ethics
In 2024, we have evaluated our data ethics practices and assesses that our practices comply with legal requirements. Due to the size and nature of our organisation and the fact that we gather and handle nearly no sensitive personal information, we have decided not to develop a policy on data ethics for William Demant Invest.

Group ESG statement
Due to the nature of William Demant Invest, the most material ESG impacts and risks exist in the operations and value chains of Demant and Embla Medical. The most material impacts and risks of the two companies are related to climate change, circular economy, own workforce, workers in the value chain, consumers and end-users and business ethics.
Demant and Embla Medical are innovation-driven healthcare companies with own production and development activities as well as global distribution models. Consequently, both companies have their own company specific ESG policies in place. Please find detailed disclosures on impacts, risks, policies, activities and results on the following pages:

Business model
Page 20 and 59, Demant Annual Report 2024
Page 11-13, Embla Medical Annual Report 2024

Social and employee conditions
Page 85-101, Demant Annual Report 2024
Page 85-96, Embla Medical Annual Report 2024

Environment and climate
Page 66-83, Demant Annual Report 2024
Page 69-84, Embla Medical Annual Report 2024

Human rights
Page 85-101, Demant Annual Report 2024
Page 85-96 and 98, Embla Medical Annual Report 2024

Anti-corruption and anti-bribery
Page 104-105, Demant Annual Report 2024
Page 97-99, Embla Medical Annual Report 2024

Demant

Annual Report 2024



Demant A/S
Kongebakken 9
2765 Smørum
Denmark
CVR no. 71186911

1 January – 31 December 2024

Peter, hearing aid user, pensioner, and ironman

About this report

We are pleased to present Demant's Annual Report 2024 prepared as an integrated report in accordance with the reporting framework of the Financial Reporting Standards (IFRS) and the 'EU Corporate Sustainability Reporting Directive' (CSRD) and its European Sustainability Reporting Standards (ESRS). It encompasses both financial and sustainability performance for the full calendar year 2024 presented in our Management Statement, Sustainability Statement and Financial Statements.

This report addresses how we create value for all our stakeholders as a leading hearing healthcare company with an impact on the environment and society. It provides a comprehensive overview of our strategy and business model, the risks and opportunities we face as well as our financial, environmental, social and governance performance.

Our sustainability reporting choices are guided by our double materiality assessment, detailed on page 57, where we outline the topics that have been identified as material. Information related to the impacts, risks and opportunities, policies, actions and progress towards our targets are included thereafter.

All information related to the ESRS disclosure requirements is provided with the corresponding ESRS reference throughout the report. You can find an overview of all the disclosure requirements included and their location in the report on pages 110-115.

You can find the auditor's reports in the "Signatures section" on page 199.

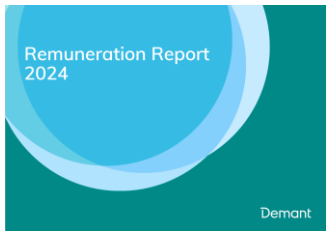
In the "Document library" of our "News and media section" on Demant.com, we provide access to all our reports. This also includes our Remuneration Report, which offers an overview of the remuneration of the Executive Board and the Board of Directors in 2024, and the Corporate Governance Report, which includes information on the company's management structure and a review on how we address the corporate governance pursuant to section 107b of the Danish Financial Statements Act and the Nordic Main Market Rulebook for Issuers of Shares prepared by Nasdaq.

Thank you for your interest in our report. We hope it provides valuable insights and that you enjoy reading it.



"Despite living with a disease that causes both visual and hearing impairment that worsens over time, my motto is: Disability is not inability."

Peter is an Oticon hearing aids user, pensioner, and a passionate marathon runner and iron man



www.demant.com/reports-2024/remuneration-report-2024



www.demant.com/reports-2024/corporate-governance-report-2024

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Management statement



“Another thing I love about my hearing aids is the fact that I'm able to hear all the small details. For example, the sound of the waves when I'm at the beach playing catch with my dog.”

Louise, clinical specialist and hearing aid user

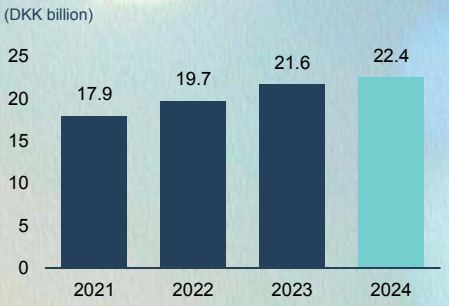
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Performance highlights

We are guided by our purpose and strategic ambition to create life-changing differences through hearing health. In 2024, we reached millions of people living with a hearing loss, while continuing to deliver industry-leading financial performance and improve our sustainability metrics.

Revenue[1]



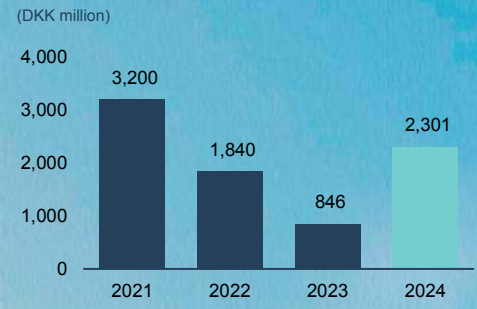
Medium- to long-term target: Growth of 8-10% p.a. in local currencies

EBIT before special items[1]



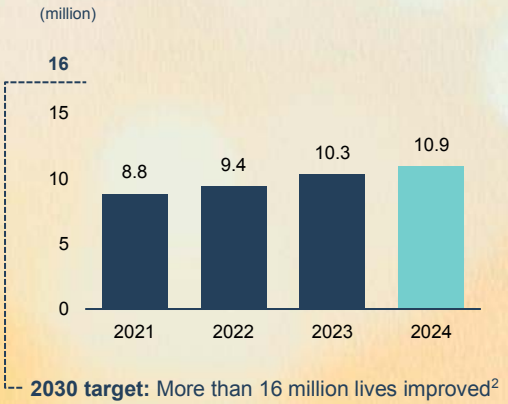
Medium- to long-term target: Incremental EBIT margin expansion in constant currencies

Share buy-backs



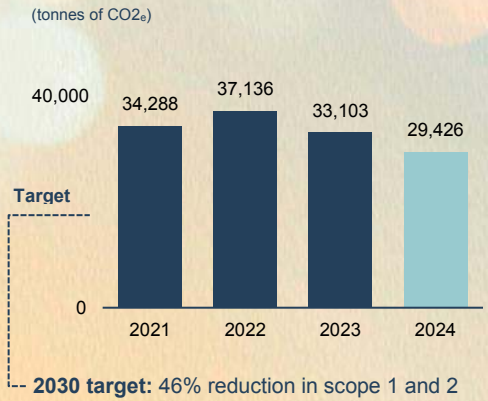
Medium- to long-term target: Excess free cash flow after acquisitions to be used for share buy-backs

Number of lives improved



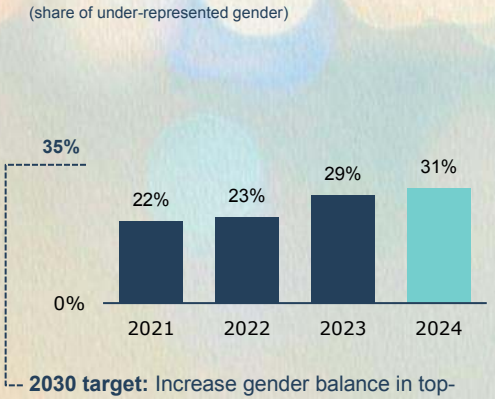
2030 target: More than 16 million lives improved[2]

Scope 1 and 2 GHG emissions



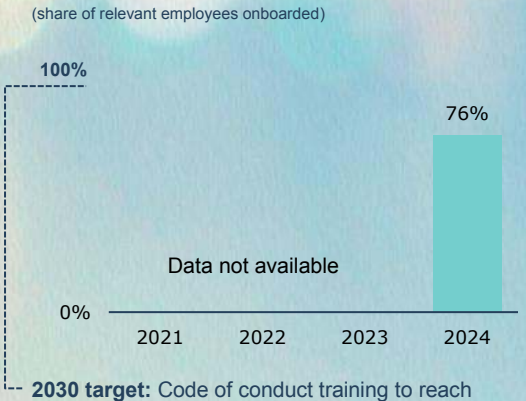
2030 target: 46% reduction in scope 1 and 2 greenhouse gas (GHG) emissions vs. 2019[3]

Gender diversity in leadership



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

Business integrity



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

1 Comparative figures for 2021-2022 have been restated to exclude Hearing Implants but include Communications
2 This represents the number of people who benefit from hearing aids from Demant
3 The target for reduction in scope 1 and 2 GHG emissions is calculated vs. the 2019 baseline of 31,980 tonnes of CO_2e

CEO letter

In 2024, where we marked Demant's 120th anniversary, we also took important steps to become a more focused hearing healthcare company. Based on our strategy, Leading hearing healthcare, I am proud to present in this Annual Report our key achievements of the year as well as the commercial and sustainable aspects of operating and growing a global company for the benefit of our customers, users, employees and shareholders.

On 8 June 1904, the Demant family sold their first hearing aid from their mechanics spare parts store in a small Danish town. We can only guess whether the family celebrated this first order, but had they known what they started, they would have had ample reasons for excitement.

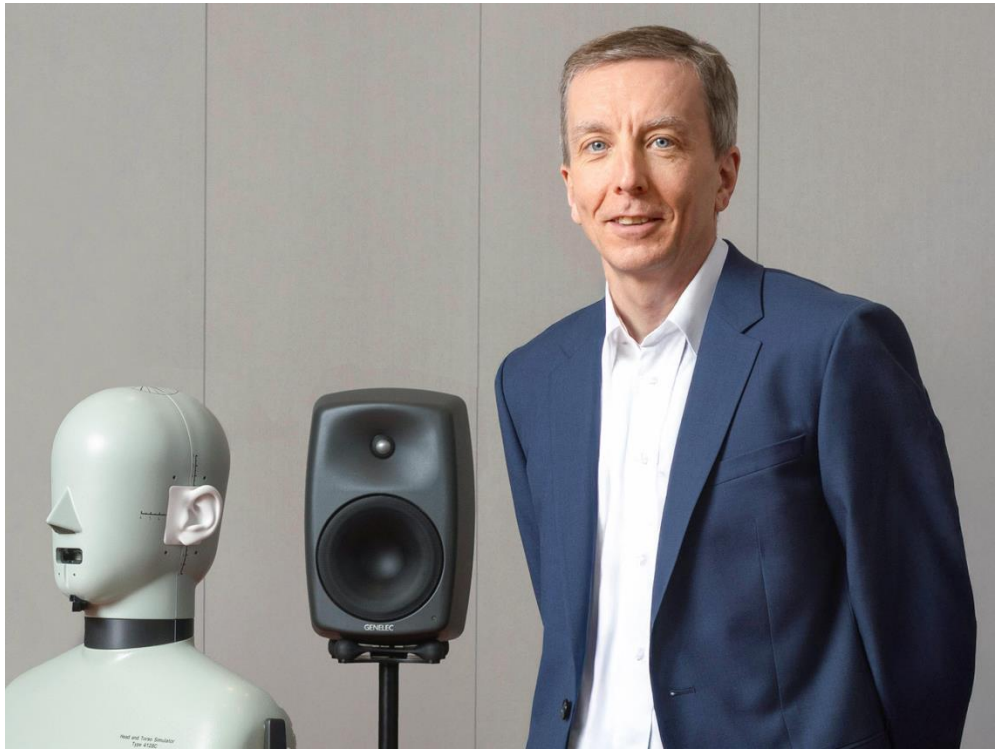
This year, we certainly celebrated the 120th anniversary of our cherished company, which has now evolved into a world-leading hearing healthcare company that offers solutions, benefitting millions of people either living with hearing loss or working on alleviating hearing loss. The innovative development of hearing aids, diagnostic equipment and hearing treatment for the past 120 years has taken place on the back of our commitment to always exceed expectations and deliver on our core purpose: To help people overcome hearing loss and improve their quality of life through innovative solutions and personalised hearing care.

Improved lives

Our purpose is to change the lives of people who would otherwise be significantly limited in their social and interpersonal interactions. In 2024, we improved the lives of 11 million people; they all benefitted from using hearing aids from Demant. This life-changing aspect and our ambition to help as many people as possible mean that we are committed to providing quality solutions, raising awareness about hearing loss and ensuring access to treatment. One way to do this is to test hearing loss, and in 2024, 1.5 million people were tested in one of our clinics worldwide. Thanks to the activities in our business areas, Hearing Aids, Hearing Care and Diagnostics, Demant has a positive impact on people's health and well-being every day.

Before I celebrate the achievements of our business areas in 2024, let me start by saying that everything has not been all rosy in our anniversary year. Halfway through the year, we had to revise our financial outlook and implement cost-saving initiatives to safeguard profitability and deliver on our commitment to drive attractive financial returns for investors.

That being said, I want to emphasise that Demant is in a very strong position. This can be attributed to our ability to deliver growth and earnings across geographies and channels based on innovation, development of core technology and strong global distribution. In 2024, the Group delivered results – in line with our updated expectations – of 2% organic revenue growth and an operating profit before special items of DKK 4.4 billion. Especially our Hearing Care business area drove solid growth and generated 7% organic growth in second half year.



A more focused company

The Group's solid performance in a highly competitive environment is the result of our important strategic decision to become a more focused hearing healthcare company. This was communicated in 2024, where we also harvested the first fruits of this strategy by finalising the divestment of our cochlear implants business and by creating a turnaround in our headset business EPOS from loss-making to profitable.

Another upside of our focused hearing healthcare strategy is our ability to further concentrate our efforts on the core business. For our Hearing Aids business area, performance in 2024 did not live up to our original expectations. On the back of a very strong 2023, we were not able to sustain momentum in 2024, which impacted our growth in a generally intense competitive market.

Powerful artificial intelligence

In 2024, all our hearing aid brands launched new products, Oticon Intent, Bernafon Encanta and Philips HearLink, and we were reassured that they hold their ground. Introduced at the beginning of the year, Oticon Intent offers powerful artificial intelligence (AI) and provides superior audiology in terms of speech clarity and noise cancellation.

The benefits of using AI in our solutions are significant, and Demant is, and has been, investing significantly in AI-based signal processing for many years. At this time of exponential technological changes, the possibilities of helping users even more seem limitless, and I believe it is essential that our R&D efforts focus on key technology drivers, while considering important factors, such as power consumption, audiological performance, connectivity and size of the device. In Q1 2025, we will deliver on these priorities and launch new AI-powered in-the-ear devices featuring our first and second-generation deep neural networks in all our hearing aids brands.

Our flagship product, Oticon Intent, was also a strong sales driver for our Hearing Care business area, boasting a strong global organisation, which at the end of 2024 counted more than 4,000 clinics worldwide, leaving us well positioned to drive strong growth in the future. This growth will be obtained by our continuous focus on expanding our clinic network, both organically and through acquisitions, on further improving best practices and on purposely developing our people and our brands. I cannot emphasise enough the importance of our specialists, the hearing care experts, as we base our customer promise on their ability to deliver personalised care.

The innovative development of hearing aids, diagnostic equipment and hearing treatment for the past 120 years has taken place on the back of our commitment to always exceed expectations and deliver on our core purpose.

The Diagnostics business area welcomed a new President in 2024, who will be leading the business area into the future in collaboration with the many talented people in Diagnostics and across Demant. As the general market for diagnostic equipment was soft in 2024, there is a lot to attend to, but the structural growth drivers remain intact, so we expect to see better growth rates, and in that market, our Diagnostics business area should perform very well, backed by Demant's historically strong market position and technological stronghold.

Refined sustainability strategy

When we operate a more focused business, we can leverage scale and increase business resilience as well as drive responsible and sustainable business practices.

In 2024, we refined our sustainability strategy, based, among other elements, on our double materiality assessment. Material sustainability risks and opportunities in our own operations and in Demant's value chain guide our priorities in terms of reducing our negative impact and increasing our positive impact. Overall, both measures should enhance our sustainability performance. Let me highlight a few topics.

Engaging hearts and minds

Caring for people's health and well-being goes hand in hand with caring for the planet, and a way of marking Demant's 120th anniversary was to engage our locations worldwide in planting trees and contributing to our "anniversary grove". We set out to plant 120 native species trees globally. In terms of positive impact on the environment, the event was more symbolic than tangible. But we need to engage both hearts and minds to take part in solving the challenges the planet is facing, and our climate ambitions are very concrete.

In 2024, we have worked with decoupling our own emissions from company growth, and due to our focus on renewable electricity, 35% of our total electricity consumption is now from renewable sources. We also launched a Group-wide electrical vehicle ambition. Our targets are ambitious, not least the targets for our scope 3 emissions that relate to our value chain, so we depend on close collaboration with our suppliers to reach our goals.

Care and respect

The 120 trees event was also about unity and community in a Group with activities in many countries, with employees of many different backgrounds and with care for people at the core of what we do. Generally, when I look at the diversity traits of our Group and our efforts to create a work environment built on care and respect for others, I believe we are in a good place. In 2024, we reached our 2025 target for increased gender balance in our global top management ahead of time, and our new target for this group is now 35% women and 65% men. Furthermore, our inclusion score reached 4.27 on a scale of 1-5, and in the coming years, we will keep focusing on diversity, equity and inclusion, the target being to take the employee experience of inclusion to be among the top-third of "best in class" by 2030.

Optimism for 2025

As 2024 came to an end, I was reassured that our hearing healthcare strategy with focus on the core business will secure our long-term growth and future success.

We enter 2025 with optimism and energy to continue to drive sustainable growth in all business areas. So, a big thank you to our customers, hearing aid users and shareholders for standing with us all the way and to our employees for their continued engagement and commitment to creating life-changing hearing health.

Søren Nielsen

This is Demant

Our purpose

Life-changing hearing health



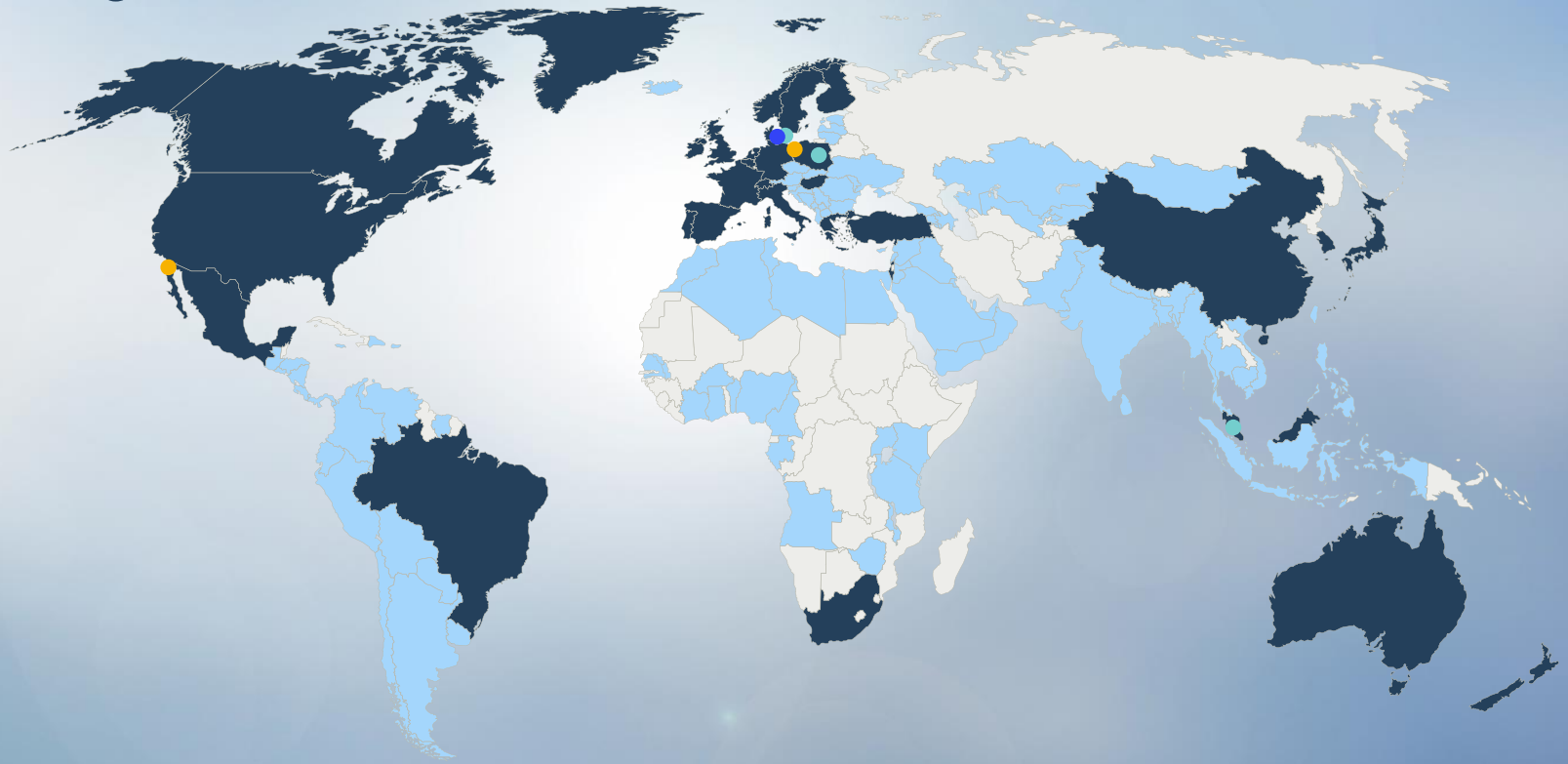
Founded in 1904
by the Demant family



Employs more than
22,000 people globally



11 million lives
improved in 2024



Research and development

Innovation is an integral part of Demant's strategy, and we constantly strive for technological advancements in our R&D activities. Our main R&D sites are located in Denmark, Poland and Malaysia and we have smaller R&D sites in other countries.

Manufacturing and service

Demant has a strong manufacturing set-up with two main locations in Poland where we manufacture hearing aids and diagnostic equipment for global markets. We also have a site in Mexico, primarily for custom devices and servicing.

Sales and distribution

Demant serves customers in more than 130 countries globally. In over 30 countries, we sell our products directly through our own local sales organisations and hearing care clinics. The remaining markets are serviced by distributors.

Business areas

The Demant Group develops, manufactures and sells products and equipment that help people with hearing loss connect and communicate with the world around them.

We operate a focused hearing healthcare company, consisting of three business areas: Hearing Aids, Hearing Care and Diagnostics.

The business areas operate through separate organisations and offer multiple brands to best serve their individual markets and channels. However, the business areas also collaborate extensively across the entire value chain – from purchasing and manufacturing to technological development, distribution and global infrastructure.

Our approach to hearing healthcare and innovation, combined with the synergies obtained between our business areas, thus enables us to create life-changing differences through hearing health, thereby helping millions of people experience the joy of hearing now and in the future.

For more details on our strategy and operating model, please refer to Our strategy on page 17.

Hearing Aids

The Hearing Aids business area engages in the development, manufacturing and wholesale of hearing aids, developing innovative and leading technological solutions that create life-changing hearing health.

- Serves customers in 130+ countries
- 900+ employees in Hearing Aids R&D

EXTERNAL REVENUE IN 2024

10,022

DKK MILLION

Supplier engagement

We launched a new supplier engagement programme in 2024 to collect primary data and set targets for our suppliers to enhance their environmental performance.

oticon PHILIPS Bernafon SONIC Everyday Sounds Better

Hearing Care

The Hearing Care business area comprises the Audika Group, which is a global retail company that provides personalised hearing care to customers worldwide through several strong local brands.

- 4,000+ clinics worldwide
- Hearing care clinics in 25+ countries

REVENUE IN 2024

9,932

DKK MILLION

Awareness of hearing health

We offer people free yearly hearing tests to promote early detection of hearing loss and timely intervention. In 2024, we tested 1.5 million people.

Audika HearingLife Hidden Hearing SW 声望听力 sheng wang hearing

Diagnostics

The Diagnostics business area consists of a group of international companies and is the global market leader in hearing and balance assessment solutions used by audiologists, ENT doctors and balance clinics worldwide.

- Facilitated screening of 200+ million people
- Holds a market leading position in relevant categories

REVENUE IN 2024

2,465

DKK MILLION

Scope 3 emissions reduction

Demant aims to use less climate-intense transport modes to mitigate climate change. This target resulted in a 16% emissions reduction from transportation for Diagnostics in 2024.

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

ESRS 2 SBM-1 Strategy, business model and value chain.
This page is part of limited assurance.

Event highlights in 2024

Read more at demant.com/about/latest-news



8 February
Oticon introduces Oticon Intent™, the world's first hearing aid with user-intent sensors



20 March
The new Bernafon brand launches Encanta hearing aids with focus on the individual user



20 August
Demant acquires Danish chain of hearing care clinics, Dansk HøreCenter



3 October
Interacoustics introduces the Aided Cortical test to help infants with hearing loss hear better



12 March
Under the theme "Sharpened focus on Hearing Healthcare", Demant hosts Capital Markets Day



8 June
Demant turns 120 years and kick-starts the anniversary with a global tree-planting event



18 September
The platform for supplier engagement for Demant's Hearing Aids business area is launched



1 November
Anne-Karen Hunt joins Demant as President of the Diagnostics business area and part of the Executive Leadership Team

Key figures and financial ratios – year

(DKK million)	2024	2023	2022	2021	2020
Income statement					
Revenue	22,419	21,601	19,705	17,905	14,469
Organic growth	2%	14%	4%	27%	-13%
Gross profit	17,090	16,320	14,669	13,458	10,193
EBITDA	5,963	5,799	4,383	4,730	2,578
Operating profit before special items	4,404	4,506	3,207	3,663	1,530
Special items	124	-	-	-	-
Operating profit (EBIT)	4,528	4,506	3,207	3,663	1,530
Net financial items	-812	-761	-280	-202	-194
Profit after tax - continuing operations	2,892	2,823	2,276	2,711	1,134
Profit after tax - discontinued operations	-504	-1,025	-192	-183	-
Profit for the year	2,388	1,798	2,084	2,528	1,134
Cash flow statement					
Cash flow from operating activities (CFFO)	4,080	4,458	2,622	3,593	2,621
Acquisition of enterprises, participating interests and activities	-1,234	-935	-2,323	-708	-394
Investment in property, plant and equipment, net	545	621	630	547	493
Free cash flow (FCF)	3,486	3,622	1,617	2,838	2,023
Share buy-backs	2,301	846	1,840	3,200	197
Balance sheet					
Equity	9,644	9,338	8,562	7,981	8,279
Total assets	32,450	30,546	29,857	24,860	21,927
Net interest-bearing debt (NIBD)	13,545	12,280	12,711	9,150	7,135
Net working capital (NWC)	3,289	3,630	3,648	3,025	2,452
Financial ratios					
Gross margin	76.2%	75.6%	74.4%	75.2%	70.4%
EBIT before special items margin	19.6%	20.9%	16.3%	20.5%	10.6%
Effective tax rate	22.2%	24.6%	22.2%	21.7%	15.1%
Gearing multiple	2.3	2.1	2.9	1.9	2.8

	2024	2023	2022	2021	2020
Sustainability impacts					
Number of lives improved (million)	10.9	10.3	9.4	8.8	8.5
Environment					
Scope 1 and 2 market-based GHG emissions (tonnes of CO2e)[1]	29,426	33,103	37,136	34,288	28,454
Scope 1 and 2 location-based GHG emissions (tonnes of CO2e)[1]	33,686	33,323	31,224	29,258	26,376
Scope 3 GHG emissions (tonnes of CO2e)[1)]	464,103	492,026	436,831	404,872	316,055
Share of renewable electricity	35%	21%	n.a	n.a	n.a
Social					
Gender diversity, top level management (women/men)	31/69%	29/71%	23/77%	22/78%	-
Gender diversity, all managers (women/men)	50/50%	48/52%	44/56%	43/57%	42/58%
Inclusion score (1 - 5)	4.27	4.26	n.a	n.a	n.a
Engagement score (1 - 5)	4.13	4.11	4.08	4.02	3.93
Average number of full-time employees	21,381	20,690	19,239	16,866	16,155
All employees (headcounts)	22,639	22,240	n.a	n.a	n.a
Governance					
Code of Conduct training to highly exposed employees	76%	n.a	n.a	n.a	n.a
Whistleblower reports	87	90	47	48	-
Share ratios					
Earnings per share (EPS), - continuing operations, DKK	13.31	12.64	10.06	11.48	4.68
Earnings per share (EPS), DKK	10.99	8.04	9.21	10.70	4.68
Share price, end of period, DKK	264.20	296.00	192.55	335.10	240.60

As a consequence of the review of the strategic options for Communications, comparative figures for 2023 in the income statement and cash flow statement as well as related key figures, sustainability impacts and financial ratios excluding organic growth have been re-stated. The Hearing Implant business has been reported as discontinued operations since 2022, and comparative figures for 2021 in the income statement and cash flow statement as well as related key figures and financial ratios excluding organic growth were restated.

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

[1] 2023-2020 numbers are restated due to methodological improvement.

Key figures and financial ratios – half-year

(DKK million)	H2 2024	H1 2024	H2 2023	H1 2023	H2 2022
Income statement					
Revenue	11,332	11,087	10,907	10,694	10,208
Organic growth	2%	3%	13%	15%	3%
Gross profit	8,580	8,510	8,303	8,017	7,586
EBITDA	3,066	2,897	3,010	2,789	2,255
Operating profit before special items	2,336	2,068	2,344	2,162	1,619
Special items	-	124	-	-	-
Operating profit (EBIT)	2,336	2,192	2,344	2,162	1,619
Net financial items	-402	-410	-399	-362	-185
Profit after tax - continuing operations	1,538	1,354	1,452	1,371	1,118
Profit after tax - discontinued operations	-350	-154	-236	-789	-84
Profit for the year	1,188	1,200	1,216	582	1,035
Cash flow statement					
Cash flow from operating activities (CFFO)	2,589	1,491	2,540	1,918	1,707
Acquisition of enterprises, participating interests and activities	-471	-763	-622	-313	-1,810
Investment in property, plant and equipment, net	259	286	320	301	329
Free cash flow (FCF)	2,329	1,157	2,071	1,551	1,219
Share buy-backs	1,164	1,137	829	17	533
Balance sheet					
Equity	9,644	9,522	9,338	8,990	8,562
Total assets	32,450	32,390	30,546	29,833	29,857
Net interest-bearing debt (NIBD)	13,545	13,853	12,280	12,197	12,711
Net working capital (NWC)	3,289	3,546	3,630	3,831	3,648
Financial ratios					
Gross margin	75.7%	76.8%	76.1%	75.0%	74.3%
EBIT before special items margin	20.6%	18.7%	21.5%	20.2%	15.9%
Effective tax rate	20.5%	24.0%	25.3%	23.8%	22.0%
Gearing multiple	2.3	2.3	2.1	2.4	2.9

	H2 2024	H1 2024	H2 2023	H1 2023	H2 2022
Sustainability impacts					
Number of lives improved (million)	10.9	10.6	10.3	9.9	9.4
Environment					
Scope 1 and 2 market-based GHG emissions (tonnes of CO2e)[1]	15,559	13,867	16,322	16,781	18,844
Scope 1 and 2 location-based GHG emissions (tonnes of CO2e)[1]	17,350	16,336	16,451	16,872	15,843
Social					
Gender diversity, top level management (women/men)	31/69%	30/70%	29/71%	27/73%	23/77%
Gender diversity, all managers (women/men)	50/50%	49/51%	48/52%	47/53%	44/56%
Average number of employees	21,389	21,373	21,413	20,922	20,349
Share ratios					
Earnings per share (EPS), - continuing operations, DKK	7.08	6.18	6.50	6.14	4.99
Earnings per share (EPS), DKK	5.47	5.47	5.44	2.60	4.61
Share price, end of period, DKK	264.20	301.40	296.00	288.50	192.55

As a consequence of the review of the strategic options for Communications, comparative figures for 2023 in the income statement and cash flow statement as well as related key figures and financial ratios excluding organic growth have been restated.

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

[1] 2023-2020 numbers are restated due to methodological improvement.

Market and strategy

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The societal implications of hearing loss

The World Health Organization (WHO) estimates that one in five people live with some degree of hearing loss and that, due to increasing life expectancy, this number is growing. Out of the total number of people living with hearing loss, over 400 million people have a moderate to severe hearing loss and would benefit from treatment.

However, less than 20% of people who would benefit from using a hearing aid receive treatment. Furthermore, there are material barriers to the wider adoption of hearing aids, such as lack of awareness, stigmatisation and lack of hearing health infrastructure in some regions.

If left untreated, hearing loss impacts many aspects of life for the individual, from preventing active participation in education and employment to reducing interaction with family and friends, which can potentially impact the individual's physical and mental health.

Hearing loss has a considerable economic impact on society, beyond the financial challenges it can present for the individual. The WHO estimates that the global annual cost for society is USD 980 billion, consisting of healthcare costs incurred, if hearing loss is not treated, as well as the costs of educational support and loss of productivity due to unemployment and premature retirement.

At Demant, we believe that alleviating hearing loss starts with the hearing care professional, who delivers personalised care by diagnosing and fitting hearing aids based on a person's needs.

Source: World report on hearing, World Health Organization, 2021

Through best-in-class customer experience and innovative solutions, we can help more people live life to the fullest and thus contribute to creating a better society.

ESTIMATED ANNUAL GLOBAL COST
980
USD BILLION

OVER
400
MILLION LIVING WITH A MODERATE TO SEVERE HEARING LOSS

INCLUDING
34
MILLION CHILDREN



Market trends and developments

Hearing aid market

The global hearing aid market is characterised by stable and resilient growth drivers, as people living with hearing loss have a healthcare need, which at a certain point in time must be addressed.

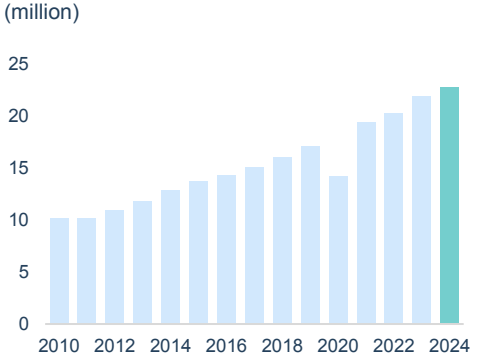
The long-term structural growth rate of the hearing aid market in units is 4-6% p.a. Roughly half of this market growth is driven by demographic developments, including an increasing life expectancy, while the other half is driven by an increasing adoption of hearing aids by the hearing impaired due to improved awareness.

Besides unit growth, the industry has historically seen flattish development in the average selling price (ASP), a trend that we expect to continue. Continuously improving technology supports increasing prices over time. However, this is offset by the general competitive environment and negative developments in terms of geography and channel mix. When combining unit growth and ASP developments, we expect the hearing aid market to show a long-term structural growth rate of 4-6% p.a. in value terms.

Market size and structure

We estimate that approximately 13 million people were fitted with around 23 million hearing aids worldwide in 2024. The value of the wholesale hearing aid market is estimated to be roughly USD 7 billion p.a., while the retail value, excluding government channels, is estimated at roughly USD 20 billion p.a.

Global hearing aid unit sales[1]



[1]Source: EHIMA statistics and Demant's own estimates.

The wholesale market consists of highly specialised players competing in very product-driven markets where significant R&D initiatives underpin market positions. In the highly fragmented retail market, the majority of hearing aid clinics globally are independently owned and operated, leading to highly competitive markets, where strong market positions are important for customer awareness.

Distribution channels

Distribution channels of hearing aids are broadly categorised as either offering full reimbursement or some level of reimbursement, supplemented by out-of-pocket expenditures by the user.

Channels offering full reimbursement include government programmes, such as the National Health Service (NHS) in the UK and Veterans Affairs (VA) in the US. However, some countries also offer free-to-client hearing aids through privately owned hearing clinics.

Private-pay channels involve direct purchases by consumers in private clinics with some or no reimbursement. These purchases are made either through independent audiologists or larger chains, and in some cases, through online retailers. In these channels, individuals pay some or all of the expenses for their hearing aids out-of-pocket, often opting for more personalised services, advanced technology and a wider range of product choices. This category allows for greater flexibility and customisation based on the user's specific needs and preferences.

Current trends

Increasingly sophisticated products

Hearing aids are increasingly expanding in features, which increases the complexity of their development and requires increasing investments in research and development. The most advanced hearing aids feature deep neural networks (DNNs) and use artificial intelligence (AI) to understand the sound scene, providing users with a clearer sound picture. Despite significant progress in this area, these features still have considerable untapped potential for improving the users' audiological experience.

Counselling is crucial

Effective counselling and information are crucial. Different people have different types of hearing loss, and as technology advances, the service of a hearing healthcare professional is essential not only for determining what the best treatment is and fitting a hearing aid, but also for ensuring that the user gets the most out of the increasingly powerful features offered by the devices. Continuous support and counselling are of paramount importance in supporting users in their treatment.

Consolidating distribution

In retail, larger chains benefit from economies of scale, giving them greater purchasing power and operating leverage. For many years, distribution has been consolidating through larger players' acquisitions of smaller chains and independent clinics. Acquisitions by manufacturers offer the further benefit of increasing the manufacturer's share of wallet.

Diagnostic market

The diagnostic markets where Demant operates cover a range of product categories related to hearing. Major product areas are audiometers and hearing instrument fitting solutions, but other product areas, such as auditory brainstem response testing (ABR), otoacoustic emission (OAE) testing and impedance equipment, are also important. Balance testing has in recent years increased in relevance. In addition to diagnostic instruments, consumables and instrument servicing, including calibration, also contribute to market value. Distribution channels are diverse and are both government-funded and private and include not only hearing care professionals but also schools, large hospitals and specialised clinics.

Like the hearing aid market, the market for diagnostic instruments is generally characterised by stability and long-term structural growth trends. An increasing global installed base of instruments also supports long-term growth in services and consumables. In value terms, the long-term structural growth rate in the market for diagnostic instruments and services is 4-6% p.a., with the global market estimated to be roughly USD 0.7 billion p.a.

ESRS 2 SBM-1 Strategy, business model and value chain.
This page is part of limited assurance.

Our strategy

Our **PURPOSE** is to create life-changing differences through hearing health

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

Our **PRIORITISATION** is to support the entire journey to better hearing by focusing on personalised care and innovative solutions

Our **COMMITMENT**

Customers
Deliver a world-class customer and **user experience that exceeds expectations**

Employees
Pursue an engaging, inclusive and innovative work culture, enabling **employees to develop and grow**

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

Our **CHOICES** and **ENABLERS** support sustainable growth

CHOICES

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

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

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

ENABLERS

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

Continuously drive a **culture of inclusion and engagement**

Drive **responsible and sustainable** business practices



Our strategy and medium- to long-term outlook

Leading hearing healthcare

In 2024, we communicated our Group strategy – leading hearing healthcare – reflecting our ambition as the leading hearing healthcare company to improve as many lives as possible. In doing so, we contribute to building a more sustainable world and enable more people the opportunity to enjoy life in full.

With our strategy, we are focused on creating value by growing our business at a rate exceeding the market growth rate, while improving our profitability through economies of scale and efficiency. Our strategy comprises three choices and three enablers, all of which are considered key for Demant in order to create value:

Fuel innovation and core technology development

An important organic growth driver is to bring superior technological solutions to the market timely and in high quality. We are therefore firmly focused on investing in R&D in both Hearing Aids and Diagnostics, aiming to advance technology further in our R&D programme.

Participate in consolidation of distribution and leverage commercial position

Another key growth driver is the acquisition and integration of hearing care clinics worldwide into our existing network as well as potential acquisitions within Diagnostics. We believe in the benefits of specialised care and premium equipment. By continuously expanding our network, we can reach more people with our products, including diagnostic equipment, and services, thus delivering premium hearing care. In addition, our growing presence allows us to further raise awareness about hearing loss and to treat even more users in our clinics in the future.

Grow across geographies and channels and in adjacent business activities

To enable future growth, we focus strongly on growing sales in our existing markets and channels. We aim to gain market share among independents and drive profitable growth with strategic accounts and in export markets. In Diagnostics, we continuously explore adjacent activities that can leverage our existing business model and create further expansion and scalability.

Leverage scalability and increase business resilience

We need to leverage our size and ensure efficiency in everything we do to increase profitability across the Group. A continuing effort in our leading hearing healthcare strategy is to streamline our operations and supply chain to drive up the EBIT margin. Other important elements include ensuring that the Group benefits from economies of scale through our Group Services functions and investing in and implementing global standard business processes and applications to support further scalability.

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

Demant is a global employer with more than 22,000 employees worldwide, all dedicated to creating life-changing differences through hearing health. Our employees are our most valuable resource, as they are critical to Demant's future success. Therefore, it is essential that we are a great company to work for. In driving this agenda, we firmly believe in a strong culture of inclusion and engagement. We want to ensure that everyone can contribute their strengths, regardless of their background. Our key focus is thus to further develop our employees and leaders.

Drive responsible and sustainable business practices

We are committed to adding value responsibly and sustainably, not only to meet requirements and comply with increasing regulations in this area, but also to align with the purpose and ambition of the company we aspire to be. As part of our strategy, we have refined our sustainability strategy and set ambitious 2030 targets for our core impact and ESG focus areas to ensure that we continuously apply responsible and sustainable business practices. Please refer to our sustainability strategy model on page 55.

Medium- to long-term outlook

Our ambition and strategy are also reflected in our medium- to long-term financial outlook. Please note that the outlook contains forward-looking statements that reflect Demant's expectations for future events and financial performance. Please refer to Outlook for 2025 on page 35.

Outlook assumptions

- Our medium- to long-term revenue outlook comprises 6-8% p.a. organic growth based on an assumption of market growth of around 5% p.a. and approximately 2% p.a. acquisitive growth.
- Our outlook for incremental EBIT margin expansion assumes constant foreign exchange rates.
- Our capital allocation outlook is subject to a long-term gearing multiple target of 2.0-2.5.

Medium- to long-term outlook



Sustainability intrinsic to strategy

Our **PURPOSE** is to create life-changing differences through hearing health

Core impact: Improved lives
Our core sustainability contribution is to improve lives, thereby contributing to building a more sustainable world. Caring for people's health goes hand in hand with caring for our employees, society and the planet. Please refer to page 55.



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

Social ambition
Our core commitment to society is to help people overcome hearing loss and to improve their quality of life through innovative solutions and personalised hearing care.

2030 target
More than 16 million lives improved.
More details and targets,
please refer to page 95.

Drive **responsible and sustainable** business practices

ESG ambitions
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.

E: Respect for the planet
2030 target: Reduce scope 1 and 2 GHG emissions by 46% compared to 2019.
More details and targets,
please refer to page 66.

S: Caring for people
2030 target: Increase gender balance in top-level management to 35/65% (women/men).
More details and targets,
please refer to page 90.

G: Performing with integrity
2030 target: Code of conduct training to reach 100% of highly exposed employees.
More details, please refer to page 103.

How we create value

Operating model

Our operating model is designed to steer us in operating our three business areas – Hearing Aids, Hearing Care and Diagnostics – in a setup that is ensuring that we remain focused on excelling in each business area, while leveraging synergies across the Group through strong collaboration. This approach enables each business area to adopt a customer-centric approach and execute their specific strategic initiatives to deliver on the strategy, enabling the Group to create life-changing solutions that complement each other.

With our business areas' common understanding of technology, innovation is at the core of our operating model. We will continue to focus on value-adding collaboration between the R&D functions of our individual business areas. Furthermore, our resilient manufacturing set-up across the value chain within R&D, production and distribution ensures supply chain agility and resilience.

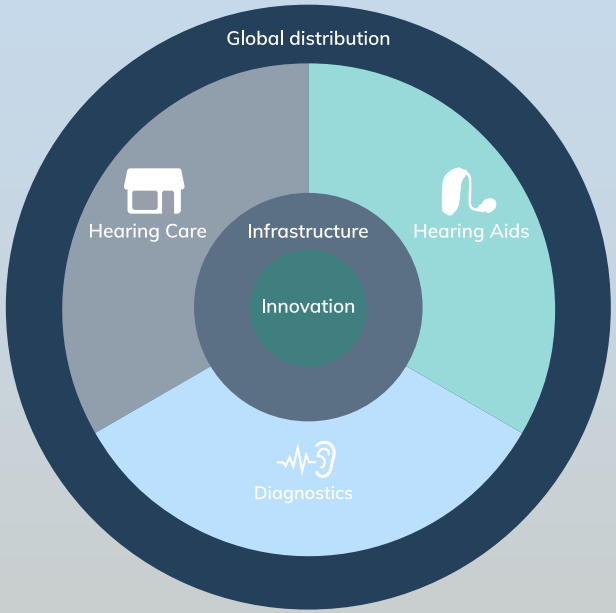
Our operating model is founded on a robust internal infrastructure, encompassing IT, HR, finance, sustainability as well as legal systems and processes. This strong backbone, which we call Group Services, supports business growth, ensures efficiency and enables economies of scale in a sustainable and responsible way.

With sales companies and hearing care clinics all over the world, the Group benefits from a strong global distribution set-up, which enables us to continuously increase our reach to a variety of countries, markets and customer segments, thereby expanding our business. This global network ensures that we can raise awareness and make our diagnostic equipment, hearing aids and personalised hearing care and treatments accessible to those in need, thereby enhancing patient care and improving lives.

Input

- Employing 22,000+ people.
- More than DKK 1.4 billion invested annually in R&D.
- Growing portfolio of 3,500+ patents and designs as well as a portfolio of 1,400+ registered trademarks.
- Global distribution network, comprising over 4,000 hearing care clinics, distribution of hearing aids to more than 130 markets and a comprehensive distribution set-up of diagnostic products, spanning around 100 countries.
- Core expertise within audiology with a strong understanding of the difficulties faced by people living with a hearing loss.
- Strong brand value across our multi-brand set-up, enabling the Group to strategically position itself across many markets and channels, thereby effectively addressing various customer needs.
- Strong relationships with component suppliers.

Demant's operating model



Output

- Diagnostic equipment that increases the quality of patient care.
- High-quality hearing aid solutions.
- Personal and individualised treatment offering the highest level of expertise in audiology.

Outcome

We create life-changing differences through hearing health by helping people overcome hearing loss and improving their lives supported by innovative solutions and hearing care.

- Customers: We deliver a user experience that exceeds expectations by providing life-changing hearing health through innovative, state-of-the-art products. This benefits both individuals and society, improving the lives of 11 million people in 2024.
- Employees: We are a great place to work with engaged employees who feel included and empowered to develop, grow and do what they do best. In 2024, our engagement score increased to 4.13 from 4.11 the year before.
- Investors: We deliver attractive financial returns and growth based on a resilient business model and a strategy that focuses on value-creating growth.

ESRS 2 SBM-1 Strategy, business model and value chain.
This page is part of limited assurance.

Financial performance

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Group performance

Income statement

	H1			H2			FY		
(DKK million)	**2024**	**2023**	**Growth**	**2024**	**2023**	**Growth**	**2024**	**2023**	**Growth**
Revenue	11,087	10,694	4%	11,332	10,907	4%	22,419	21,601	4%
Production costs	-2,577	-2,677	-4%	-2,752	-2,604	6%	-5,329	-5,281	1%
Gross profit	**8,510**	**8,017**	**6%**	**8,580**	**8,303**	**3%**	**17,090**	**16,320**	**5%**
Gross margin	76.8%	75.0%		75.7%	76.1%		76.2%	75.6%	
R&D costs	-733	-607	21%	-661	-619	7%	-1,394	-1,226	14%
Distribution costs	-5,154	-4,726	9%	-5,092	-4,828	5%	-10,246	-9,554	7%
Administrative expenses	-586	-562	4%	-559	-540	4%	-1,145	-1,102	4%
Share of profit after tax, associates and joint ventures	31	40	-23%	68	28	>100%	99	68	46%
Operating profit (EBIT) before special items	**2,068**	**2,162**	**-4%**	**2,336**	**2,344**	**0%**	**4,404**	**4,506**	**-2%**
Operating profit (EBIT) margin before special items	18.7%	20.2%		20.6%	21.5%		19.6%	20.9%	
Special items	124	-	n.a.	-	-	n.a.	124	-	n.a.
Operating profit (EBIT)	**2,192**	**2,162**	**1%**	**2,336**	**2,344**	**0%**	**4,528**	**4,506**	**0%**

Introduction

As a result of the decision to discontinue the Communications business, this former business area is recognised as a discontinued operation, together with Hearing Implants. Comparative figures for 2023 in the income statement and cash flow statement have been restated to reflect this. Comparative figures for 2021-2022 have only been restated to exclude Hearing Implants and therefore include Communications.

Revenue

For the full year, Group revenue amounted to DKK 22,419 million, corresponding to a growth rate of 5% in local currencies. Organic growth was 2%, which is in line with our revised expectations for 2024. Acquisitive growth was 2%, and exchange rates had an impact on revenue of -1%, which includes the effect of exchange rate hedging. Total reported growth for 2024 was 4%.

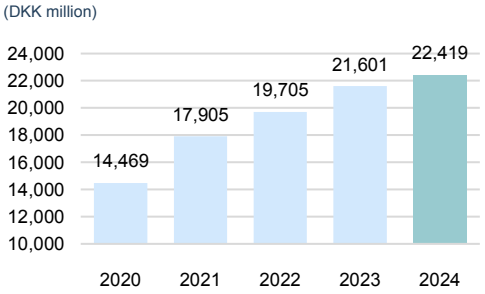
Revenue for H2 amounted to DKK 11,332 million, corresponding to a growth rate of 5% in local currencies. Organic growth was 2%, and growth from acquisitions was 3%. Exchange rates impacted revenue by -1%, and total reported growth for H2 was 4%.

Growth in H2 was driven by Hearing Care, which saw very good momentum and delivered above-market organic growth, which was further supported meaningfully by acquisitions. Hearing Aids growth was below our original expectations, even considering the very strong comparative figures. In H2, growth was negatively impacted by a generally intense competitive environment across channels, and the significant loss of market share with managed care in the US in Q2 also continued to weigh on growth. In Diagnostics, growth was negative in H2, impacted by a very soft global market for diagnostic instruments, headwinds experienced by our portfolio of balance equipment and adverse developments in China due to limited access to public markets.

In terms of geography, Europe saw solid organic growth in H2, particularly driven by good growth in Hearing Care across many of our medium-sized markets. In the UK, growth was slightly positive, whereas France saw slightly negative growth. We saw a continuous contribution from acquisitions, primarily from Germany.

In North America, organic growth in H2 was slightly negative due to strong comparative figures in Hearing Aids which was not offset by the solid development in Hearing Care.

Five-year revenue



Revenue by business area

(DKK million)	H2 2024	H2 2023	Growth Org.	Acq.	LCY	FX	Rep.
Hearing Aids, total revenue	6,183	6,024	2%	2%	4%	-1%	3%
Hearing Aids, internal revenue	-1,183	-976	18%	3%	21%	0%	21%
Hearing Aids, external revenue	5,000	5,048	-1%	2%	1%	-2%	-1%
Hearing Care	5,098	4,575	7%	4%	11%	0%	11%
Diagnostics	1,234	1,284	-4%	0%	-4%	0%	-4%
Group	**11,332**	**10,907**	**2%**	**3%**	**5%**	**-1%**	**4%**

(DKK million)	FY 2024	FY 2023	Growth Org.	Acq.	LCY	FX	Rep.
Hearing Aids, total revenue	12,413	12,112	3%	1%	4%	-1%	2%
Hearing Aids, internal revenue	-2,391	-2,076	12%	3%	15%	0%	15%
Hearing Aids, external revenue	10,022	10,036	1%	1%	2%	-2%	0%
Hearing Care	9,932	9,083	5%	4%	9%	0%	9%
Diagnostics	2,465	2,482	0%	0%	0%	0%	0%
Group	**22,419**	**21,601**	**2%**	**2%**	**5%**	**-1%**	**4%**

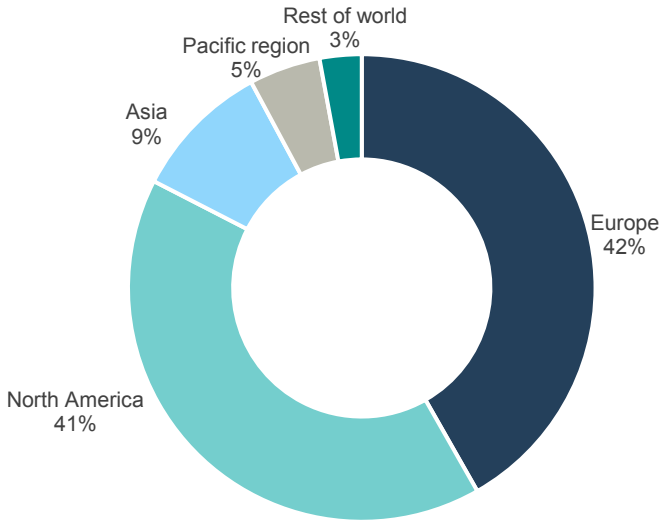
Revenue by geographic region

(DKK million)	H2 2024	H2 2023	Growth Org.	Growth Acq.	Growth Rep.
Europe	4,733	4,405	4%	3%	7%
North America	4,622	4,571	-1%	3%	1%
Asia	1,088	1,078	3%	0%	1%
Pacific region	560	532	5%	1%	5%
Rest of world	329	321	10%	0%	3%
Total	**11,332**	**10,907**	**2%**	**3%**	**4%**

In Asia, organic growth in H2 was driven by very good performance in several of our medium-sized markets. In Japan, we saw good organic growth, whereas growth in China was negative, reflecting weak market dynamics, affecting the retail market, as well as headwinds in Diagnostics. Revenue growth in the region was negatively impacted by exchange rate effects.

In the Pacific region, good organic growth was driven by Australia, particularly by our Hearing Care business. In our Rest of world region, we saw strong organic growth, particularly in several markets in South America, although this was largely offset by exchange rate headwinds.

Revenue by geographic region H2 2024



Gross profit

The Group's gross profit increased by 5% to DKK 17,090 million in 2024, corresponding to a gross margin of 76.2%. This is an increase of 0.6 percentage points compared to 2023, primarily driven by a better-than-expected gross margin in H1 due to business mix effects and strong development in the ASP in Hearing Aids supported by the launch of Oticon Intent.

For H2, the Group's gross profit amounted to DKK 8,580 million leading to a gross margin of 75.7%, which is a decline of 0.4 percentage points compared to H2 2023. Developments in exchange rates and an increasing share of rechargeable units had a negative impact on the gross margin. These drivers more than offset the positive effect of a continuously good ASP in Hearing Aids.

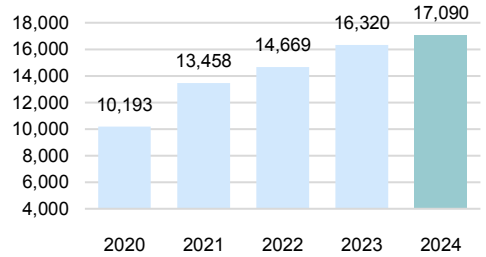
Operating expenses (OPEX)

For the full year, OPEX increased by 8% in local currencies of which 4 percentage points relate to organic growth and 3 percentage points to acquisitive growth.

In H2, OPEX growth was 5% in local currencies. In organic terms, OPEX increased by 2%. This is a result of cost-saving measures taken across the Group in H1, which took effect in H2, leading to lower OPEX and a better balance between revenue and OPEX growth. Acquisitions added an additional 4 percentage points of growth, while exchange rate effects were flat.

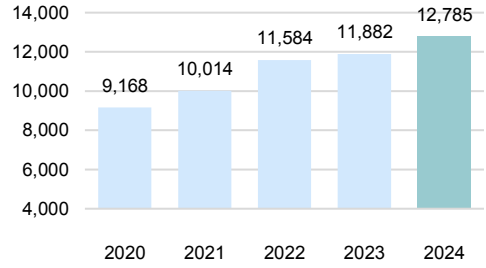
Five-year gross profit

(DKK million)



Five-year OPEX

(DKK million)



OPEX by function

(DKK million)	H2 2024	H2 2023	Growth Org.	Growth Acq.	Growth Rep.
R&D costs	661	619	7%	0%	7%
Distribution costs	5,092	4,828	1%	5%	5%
Administrative expenses	559	540	4%	0%	4%
Total	**6,312**	**5,987**	**2%**	**4%**	**5%**

Share of profit after tax from associates

For the full year, the share of profit after tax from associates amounted to DKK 99 million. In H2, the share of profit after tax from associates amounted to DKK 68 million (DKK 28 million in H2 2023). Of this amount, DKK 57 million relates to a gain following the disposal of an ownership stake in an associate.

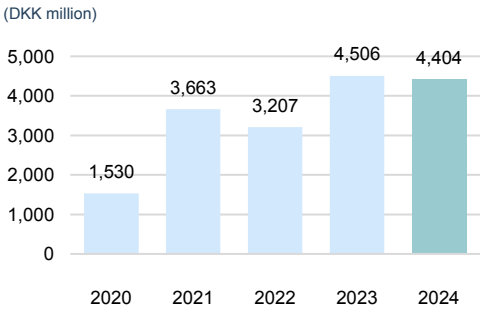
Operating profit (EBIT) before special items

The Group's EBIT before special items amounted to DKK 4,404 million in 2024, which corresponds to an EBIT margin before special items of 19.6%.

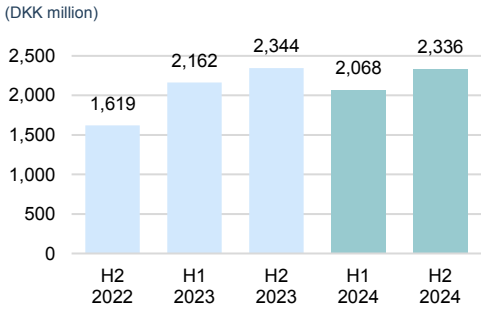
In H2, EBIT before special items was DKK 2,336 million, reflecting flat year-over-year development. The EBIT margin before special items was 20.6%, a contraction of 0.9 percentage points. The EBIT margin before special items was negatively impacted by exchange rates, and by lower operating leverage,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

In line with our acquisition strategy, we recognised fair value adjustments of non-controlling interests in step acquisitions, contingent considerations etc., totalling a net positive fair value adjustment

Five-year EBIT before special items



Half-year EBIT before special items



on EBIT before special items of DKK 13 million for the full year (DKK 27 million in 2023). Please refer to Financial statements, note 6.1 for more details.

Special items

In 2024, we recognised two significant non-operational and non-cash items, resulting in a net income of DKK 124 million, entirely related to H1. This relates to a positive impact of a step-up gain from a large acquisition, which was partly offset by updated accounting treatments of certain earn-out payments related to acquisitions. Please refer to Financial statements, note 1.9, for further details.

Operating profit (EBIT)

For the full year, reported EBIT amounted to DKK 4,528 million, corresponding to an EBIT margin of 20.2%. In H2, the Group did not incur any special items, leading to a reported EBIT of DKK 2,336 million, corresponding to an EBIT margin of 20.6%.

Financial items

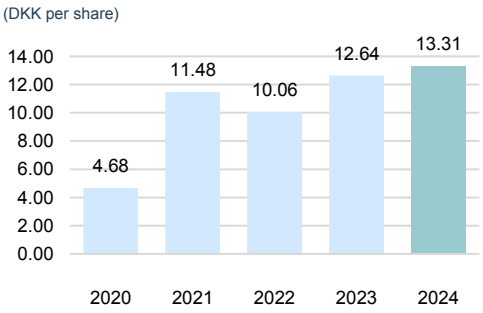
For the full year, net financial items amounted to DKK -812 million, an increase of DKK 51 million compared to 2023. The increase primarily relates to higher interest expenses due to a higher level of debt as well as a slightly higher average interest rate. In H2, net financial items totalled DKK -402 million, an increase of DKK 3 million versus H2 2023.

Profit for the year – continuing operations

Reported profit before tax from continuing operations amounted to DKK 3,716 million in 2024, which is a slight decrease of 1% compared to 2023, due to the increase in net financial items. Tax amounted to DKK 824 million. The resulting effective tax rate was 22.2%, which is lower than our guidance of around 24%. The development in the effective tax rate relative to expectations was primarily driven by a positive impact of certain one-offs related to acquisitions. For H2, profit before tax from continuing operations was DKK 1,934 million and tax amounted to DKK 396 million.

For the full year, reported net profit for continuing operations was DKK 2,892 million, or an increase of 2%, resulting in earnings per share (EPS) from continuing operations of DKK 13.31. In H2, reported net profit for continuing operations was DKK 1,538 million, which corresponds to an EPS from continuing operations of DKK 7.08.

Earnings per share (EPS) for continuing operations



Profit for the year – discontinued operations

Profit after tax from discontinued operations, which comprise Communications and Hearing Implants, amounted to DKK -504 million for the full year, in line with our expectations. In H2, profit after tax from discontinued operations amounted to DKK -350 million. The loss relates entirely to Communications, which incurred DKK 430 million in one-off costs related to the restructuring of EPOS and adjusted for this, the operating activities of our discontinued operations delivered a profit. Following the successful divestment of the Cochlear Implants business in Q2 and the restructuring of EPOS in Q3, we saw a profit after tax from both businesses in Q4.

Profit for the year

For the Group as a whole, profit after tax in 2024 amounted to DKK 2,388 million, which is in line with our expectations. This corresponds to an EPS of DKK 10.99. In H2, net profit after tax was DKK 1,188 million, with an EPS of DKK 5.47.

At the annual general meeting, the Board of Directors will propose that the entire profit for the year be retained and transferred to the company's reserves.

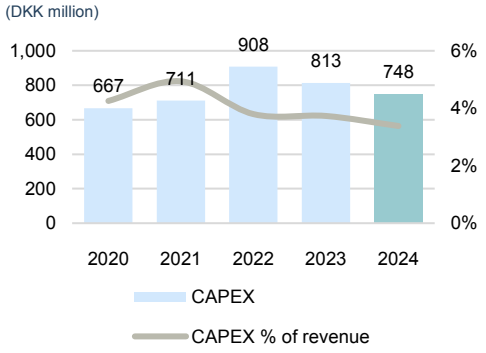
Cash flow statement

The Group continued to generate strong cash flow in 2024, with cash flow from operating activities (CFFO) amounting to DKK 4,080 million. Compared to 2023, CFFO decreased by 8%, which is largely due to higher net financial expenses and higher tax. Despite continuously high net financial expenses, CFFO was very strong in H2 and amounted to DKK 2,589 million, up by 2% driven by a significant improvement in the net working capital (NWC).

In 2024, our net investments in property, plant and equipment and intangible assets (CAPEX) amounted to DKK 748 million. CAPEX relative to revenue was 3%, which is slightly below our medium- to long-term ambition of 4%. In H2, CAPEX was DKK 373 million, down by 8% on the same period in 2023, primarily due to slightly lower investments in property, plant and equipment than in the comparative period.

Net investments in other non-current assets, which comprise customer loans and loans to associates, amounted to a positive cash flow of DKK 154 million. The total net investments in 2024 were therefore DKK -594 million in 2024.

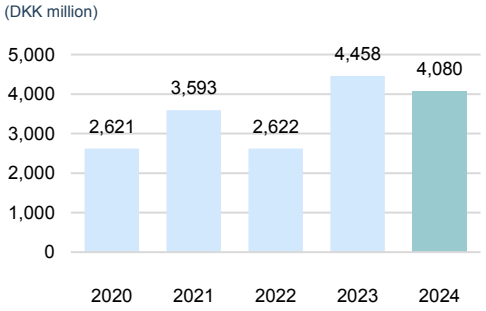
CAPEX



For H2, net investments in other non-current assets amounted to a positive cash flow of DKK 113 million. This is primarily driven by the disposal of an ownership stake in an associate but net repayments of loans from customers were also a contributing factor. This led to total net investments of DKK -260 million.

Following strong cash flow generation and lower investments, the free cash flow before acquisitions and divestments decreased by 4% to DKK

CFFO



3,486 million for the full year. These dynamics were significant in H2 where free cash flow increased by 12% to DKK 2,329 million.

Net cash flow relating to acquisitions and divestments totalled DKK -1,234 million for the year, an increase of 32%. The higher-than-normal level was driven by the acquisition of a value-added distributor in Hearing Aids. During the year, we also continued to acquire hearing care clinics in line with our strategy. In H2, the cash flow from acquisitions and divestments continued to be high and amounted to DKK -471 million, related entirely to acquisitions in Hearing Care.

In 2024, the Group bought back a total of 7,598,403 shares worth DKK 2,301 million under the share buy-back programme. The shares were bought at an average price of DKK 302.78. In H2, share buy-backs amounted to DKK 1,164 million, as 4,298,401 shares were bought back at an average price of DKK 270.74.

Mainly related to the refinancing of loans throughout the year, other financing activities amounted to DKK 62 million in 2024, and the net cash flow from continuing operations totalled DKK 13 million. For H2, other financing activities amounted to DKK -884 million, primarily due to a change in long-term bank facilities, and the net cash flow from continuing operations was DKK -190 million.

Driven by positive cash flows in both Communications and Hearing Implants, the net cash flow from discontinued operations was DKK -16 million for the full year and DKK 276 million in H2. Please refer to Financial statements, note 6.2, for more details.

Cash flow by main items

	H1			H2			FY		
(DKK million)	2024	2023	Change	2024	2023	Change	2024	2023	Change
CFFO	**1,491**	**1,918**	**-22%**	**2,589**	**2,540**	**2%**	**4,080**	**4,458**	**-8%**
Net investments	-334	-367	-9%	-260	-469	-45%	-594	-836	-29%
Free cash flow before acquisitions and divestments	**1,157**	**1,551**	**-25%**	**2,329**	**2,071**	**12%**	**3,486**	**3,622**	**-4%**
Acquisitions and divestments etc.	-763	-313	>100%	-471	-622	-24%	-1,234	-935	32%
Share buy–backs	-1,137	-17	>100%	-1,164	-829	40%	-2,301	-846	>100%
Other financing activities	946	-1,069	n.a.	-884	-498	78%	62	-1,567	n.a.
Cash flow for the period	**203**	**152**	**34%**	**-190**	**122**	**>100%**	**13**	**274**	**-95%**

Balance sheet

As at 31 December 2024, the Group's total assets amounted to DKK 32,450 million, an increase of 6% compared to 31 December 2023. This increase was entirely driven by additions from acquisitions of 8%, and the total balance sheet amount includes DKK 1,393 million relating to Communications and Hearing Implants, which are recognised as assets held for sale.

The increase in total assets is primarily due to an increase in goodwill, mostly related to acquisitions. This is also the case if we look at the development from 30 June 2024.

Relative to the end of 2023, our NWC decreased by 9% and ended at DKK 3,289 million. This change is primarily a reflection of the reclassification of Communications to assets held for sale. Adjusted for this, net working capital increased slightly. When looking at the development since 30 June 2024, NWC declined by 7% driven by lower inventories and trade receivables. As a consequence of our strong focus on cash flow, our NWC-to-revenue ratio declined slightly to 15%. Please refer to Financial statements, note 9.1, for our definition of NWC.

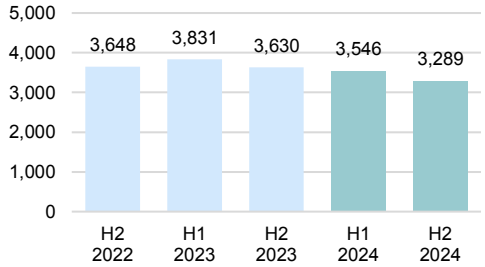
Although our net interest-bearing debt (NIBD) decreased by 2% in H2, it increased by 10% in 2024 as a whole and thus amounted to DKK 13,545 million as at 31 December 2024. The full-year increase is primarily due to a high level of acquisitions during the year as well as to share buy-backs. As a result of the increase in our NIBD, but somewhat offset by the higher EBITDA, our gearing multiple increased slightly from 2.1 at the end of 2023 to 2.3 at the end of 2024, which is within our medium- to long-term gearing target of 2.0-2.5.

Balance sheet by main items

(DKK million)	FY 2024	H1 2024	FY 2023	Change H1 2024	Change FY 2023
Lease assets	2,665	2,630	2,596	1%	3%
Other non-current assets	19,864	19,108	18,566	4%	7%
Inventories	2,500	2,674	2,845	-7%	-12%
Trade receivables	3,563	3,705	3,650	-4%	-2%
Cash	1,112	1,048	1,138	6%	-2%
Other current assets	1,353	1,429	1,468	-5%	-8%
Assets held for sale	1,393	1,796	283	-22%	>100%
Total assets	**32,450**	**32,390**	**30,546**	**0%**	**6%**
Equity	9,644	9,522	9,338	1%	3%
Lease liabilities	2,771	2,732	2,686	1%	3%
Other non-current liabilities	14,607	13,292	12,301	10%	19%
Trade payables	658	858	799	-23%	-18%
Other current liabilities	4,426	5,634	5,333	-21%	-17%
Liabilities related to assets held for sale	344	352	89	-2%	>100%
Total equity and liabilities	**32,450**	**32,390**	**30,546**	**0%**	**6%**

Half-year NWC

(DKK million)



Positively impacted by profit, but somewhat offset by currency translation and share buy-backs, total equity for the full year increased by 3% to DKK 9,644 million of which DKK 80 million is attributable to non-controlling interests and DKK 9,564 million to the shareholders of Demant A/S. In H2, total equity increased by 1%, mainly because of profit generated by the Group.

Employees

As at 31 December 2024, the Group had 21,349 full-time employees compared to 21,501 as at 30 June 2024, a decrease of 1%. Growth was slightly negative due to natural attrition, primarily in our production, and focused rehiring despite seeing an increase in employees from acquisitions.

The total number of full-time employees at the end of 2024 was up by 1% compared to the 21,081 employees at the end of 2023.

Hedging activities

The material forward exchange contracts in place as at 31 December 2024 to hedge against the Group's exposure to movements in exchange rates are shown in the table below.

Hedging activities

Currency	Hedging period	Average hedging rate
USD	11 months	675
JPY	10 months	4.64
AUD	10 months	452
GBP	11 months	865
CAD	10 months	498
PLN	10 months	169

Events after the balance sheet date

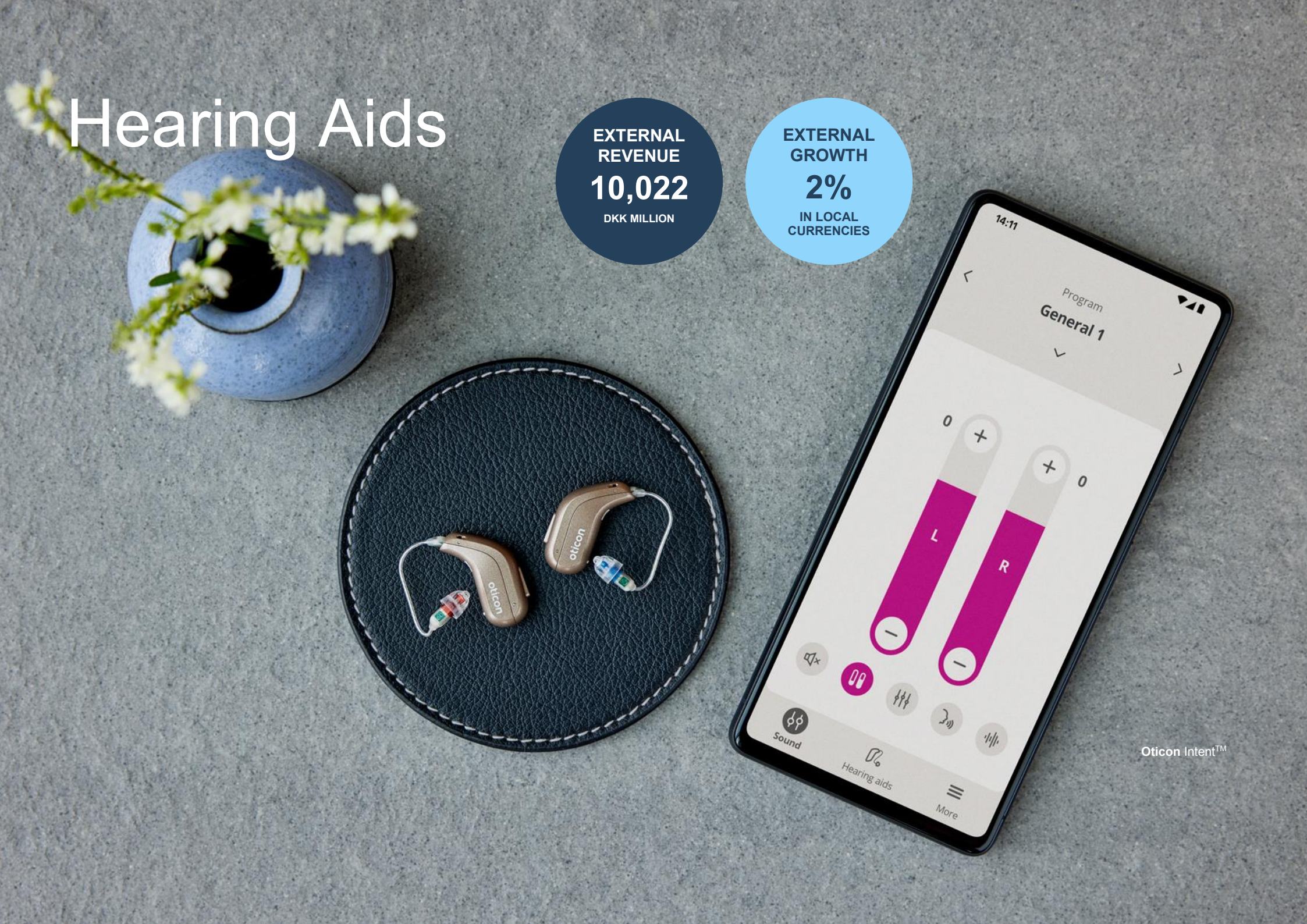
On 31 January 2025, the Group acquired 100% of the shares in Ohrwerk Group, which operates 77 hearing clinics across Germany.

Apart from the above, no events have occurred after the reporting date of importance to the consolidated financial statements.

Hearing Aids

EXTERNAL REVENUE
10,022
DKK MILLION

EXTERNAL GROWTH
2%
IN LOCAL CURRENCIES



Oticon Intent™

Market developments

Based on available market statistics, covering around two-thirds of the market, and on our own assumptions, we estimate that the global hearing aid market saw unit growth of 4% in 2024, which is in line with our expectations and within the structural growth range of 4-6%. Growth in 2024 was primarily driven by the US commercial market, with growth in Europe and our Rest of world region being slightly lower. We estimate that geography and channel mix changes resulted in a slightly positive ASP development.

Q4 update

We estimate that global market unit growth was 5% in Q4. Growth was broad-based across regions, with the acceleration in growth relative to Q3 largely driven by easier comparative figures. Driven by geography and channel mix developments, we estimate that the global hearing aid market saw slightly positive ASP development in Q4.

In terms of geography and compared to the same period last year, we estimate that growth in Europe was 3% in Q4. Growth was slightly below the structural trend due to slightly negative growth in the NHS. Growth was strong in Germany despite relatively strong comparative figures. In France, growth accelerated and was solid, and the market growth rate for the full year was slightly positive. Several medium-sized markets saw good growth, and the UK private market also grew in Q4.

Growth in North America was 6% in Q4. Supported by a slightly easier comparative base, the US commercial market continued to show good momentum, accelerating to 7%. Growth was strong in both managed care and the private-pay market. Growth in Veterans Affairs (VA) remained subdued and was flat, whereas growth was strong in Canada.

Looking beyond North America and Europe, we estimate that unit growth in Rest of world was 6% in Q4. Growth in Japan and China was modest, despite the latter continuing to be impacted by challenging market dynamics. In Australia, growth was flat in Q4. We estimate that several emerging markets saw strong growth in Q4.

Business update

In 2024, total revenue in Hearing Aids amounted to DKK 12,413 million, corresponding to an organic growth rate of 3% (Q4: 2%). Acquisitive growth of 1% (Q4: 2%) relates to the acquisition of a value-added distributor that was closed in Q2. Internal revenue from sales to our Hearing Care business accounted for 19% of total revenue. Unless otherwise specified, our commentary below focuses on total revenue, including revenue from sales through our own retail clinics, and thus covers our total wholesale activities. However, internal revenue is eliminated from reported revenue for the Group.

In 2024, Hearing Aids delivered growth below our original expectations, even if we take the very strong comparative figures into account. Early in the year, we launched Oticon Intent, which was well received by customers. However, growth during the year was negatively impacted by a generally intense competitive environment across channels and by a significant loss of market share with managed care in the US.

In 2024, unit growth was -3%, with ASP developments contributing 8 percentage points to total growth. Similar to H1, growth in H2 was entirely driven by positive ASP developments due to product and channel mix changes. Throughout H2, our unit growth improved, reflecting stable market share developments and soft comparative figures.

Growth in units and ASP

(LCY)	H1 2024	H2 2024	FY 2024
Units	-6%	-1%	-3%
ASP	11%	5%	8%
Total	**4%**	**4%**	**4%**

Estimated hearing aid market unit growth in 2024 by region

(vs. 2023)	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%**

Hearing Aids

(DKK million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue	3,107	3,123	3,004	3,179	12,413
Growth					
Organic	3%	3%	2%	2%	3%
Acquisitions	0%	1%	2%	2%	1%
Local currencies	**3%**	**4%**	**5%**	**4%**	**4%**
FX	-1%	-2%	-2%	-1%	-1%
Total	**2%**	**3%**	**3%**	**3%**	**2%**

Revenue and growth

			Growth				
(DKK million)	**Q4 2024**	**Q4 2023**	**Org.**	**Acq.**	**LCY**	**FX**	**Rep.**
Hearing Aids, total revenue	3,179	3,100	2%	2%	4%	-1%	3%
Hearing Aids, internal revenue[1]	-583	-482	18%	3%	21%	0%	21%
Hearing Aids, external revenue	2,596	2,618	-1%	2%	0%	-1%	-1%

			Growth				
(DKK million)	**FY 2024**	**FY 2023**	**Org.**	**Acq.**	**LCY**	**FX**	**Rep.**
Hearing Aids, total revenue	12,413	12,112	3%	1%	4%	-1%	2%
Hearing Aids, internal revenue[1]	-2,391	-2,076	12%	3%	15%	0%	15%
Hearing Aids, external revenue	10,022	10,036	1%	1%	2%	-2%	0%

[1] Revenue from internal sales to Hearing Care is eliminated from the reported revenue for the Group, i.e. we only include revenue from external customers. The pricing used in internal transactions is determined on an arm's length basis and thus reflects normal commercial terms.

Q4 update

When we look at Q4, growth to external customers was 0% in local currencies of which organic growth accounted for -1% and acquisitive growth for 2%. Intense competition and strong comparative figures weighed on growth, but we estimate that in value terms, we saw stable market share developments, when comparing sequentially to Q3.

In Europe, external growth was slightly negative driven by Germany, even though we saw generally good performance in our medium-sized markets. In France, growth was negative, in part due to very strong comparative figures, as our growth rate was well above the market growth rate in the same period last year. In the UK, growth was negative, although we saw growth in the private channel.

In North America, growth continued to be impacted by the loss of market share with managed care in Q2, although our market share development in this channel remained stable in Q4 compared to Q3. Outside of managed care in the US, we continue to see an intense competitive environment, but we have nonetheless seen our growth improve and turn positive in Q4. In the important VA channel, our market share in units ended at 20.3%, reflecting sustained market share gains realised in 2023. In Canada, growth was negative due to very strong comparative figures.

Sales growth in Asia was strong in Q4, with Japan delivering strong growth and China delivering lower, but still positive, growth. We thus estimate that we have gained market share in China despite continuously weak market dynamics. Driven by Australia, growth in the Pacific region was solid. In our Rest of world region, mostly comprising emerging markets, we saw good growth, particularly in South America.

Product update

In Q1 2025, we will continue to expand access to our unique BrainHearing™ technology and our powerful second-generation deep neural network (DNN) by making these technologies available in even more form factors.

This is a continuation of our commitment to further integrate artificial intelligence into small and discrete form factors to allow all users to benefit from our products.

This February, we will start the roll-out of our new premium in-the-ear hearing aids, Oticon Own SI, which will feature our second-generation DNN in our smallest form factors. In addition, all our brands will upgrade their in-the-ear instruments at lower price points. We will also expand our miniRITE and miniBTE form factors across our brands to lower price points and offer these devices with both rechargeable and disposable batteries. These will be the first devices in low price points to also offer DNN sound processing technology.

Bernafon brand relaunch



Hearing Care

REVENUE
9,932
DKK MILLION

GROWTH
9%
IN LOCAL CURRENCIES



Audika
Fitting in a clinic

Market developments

Please refer to the Hearing Aids section above for details on developments in the hearing aid market in 2024, but note that our Hearing Care business is not present in many emerging markets or in government channels. Overall, we estimate that the growth rate in the part of the market where Hearing Care is active was roughly in line with the global unit market growth rate of around 4% in 2024.

Business update

In 2024, revenue in Hearing Care amounted to DKK 9,932 million. We delivered above-market organic growth of 5% (Q4: 7%), driven by strong growth in most of our medium-sized markets. Acquisitions added 4% (Q4: 4%), with Germany being the largest contributor. Apart from acquisitions in Germany, we have made acquisitions in several other markets, which will help elevate our business to a stronger commercial position in the future and to improve profitability faster in the respective countries, e.g. Italy, Belgium and Denmark.

Our Hearing Care business demonstrated very good momentum in 2024, despite headwinds from the continued normalisation of the French hearing aid market and an overall weak Chinese market.

Following a slow start to the year, the US saw accelerating growth during the year, despite being impacted by lower traffic generated by managed care customers which saw a very significant reduction in 2024. We have, however, been able to more than offset the lower traffic from these activities and further increase our focus on the private-pay market, which has led to solid growth and – more importantly – improved profitability in the US.

Despite a slow start to the year, growth in France was flattish, which is in line with our recent expectations. We saw continued normalisation of the French market during 2024, and towards the end of the year, we saw good initial traffic, leading to an increase in the number of test appointments ahead of the four-year anniversary of the French hearing healthcare reform implemented in 2021.

For our total Hearing Care business, growth was predominantly driven by units, but we also experienced tailwind from positive ASP development, driven by favourable product mix changes, which was supported by the launch of Oticon Intent in February 2024, and by positive geography mix changes.

Q4 update

In Q4, organic growth was 7%, reflecting continuously solid business momentum in most medium-sized markets. We also saw the strong growth in North America in Q3 continue into Q4, whereas growth in France was slightly positive ahead of the four-year anniversary of the French hearing healthcare reform.

Europe was the largest absolute growth driver in Q4, with particularly strong performances in Poland and the UK, but other medium-sized markets also performed well.

In North America, we saw good organic growth in the US in Q4, despite lower traffic generated by customers covered by managed care, and very strong organic growth in Canada.

Australia saw strong growth in Q4, continuing the momentum from the first nine months of the year. In China, Sheng Wang improved relative to previous quarters, although it still delivered negative growth in Q4, as the business continues to be impacted by weak consumer sentiment.

Fitting in a clinic



Hearing Care

(DKK million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue	2,318	2,516	2,400	2,698	9,932
Growth					
Organic	0%	5%	7%	7%	5%
Acquisitions	5%	4%	5%	4%	4%
Local currencies	**5%**	**9%**	**11%**	**11%**	**9%**
FX	0%	0%	0%	0%	0%
Total	**5%**	**10%**	**12%**	**11%**	**9%**

Diagnostics

REVENUE
2,465
DKK MILLION

GROWTH
0%
IN LOCAL CURRENCIES



Interacoustics
Audible Contrast Threshold - ACT

Market developments

We estimate that the market for diagnostic instruments and services saw slightly negative growth in 2024. This is due to generally soft demand for diagnostic instruments combined with headwinds in the Chinese market. The service market saw growth, but this was not enough to offset the negative instrument market growth, leaving the growth rate in the total diagnostic market well below the structural market growth rate of 4-6% per year.

Business update

Diagnostics generated revenue of DKK 2,465 million in 2024 with organic growth of 0% (Q4: -3%), which is lower than our original expectations for the year. There was no impact on revenue from acquisitions during the year.

After a strong start to the year, the market for diagnostic instruments softened during 2024. In light of the very soft market developments – especially in H2 – we estimate that our organic growth rate was above the estimated market growth rate in 2024. Our market-leading position and strong product portfolios across all our brands have been instrumental in maintaining and strengthening our market position despite the weaker-than-expected markets.

Overall, growth in 2024 was driven by strong growth in the Pacific region whereas North America and Europe saw flattish growth. Conversely, adverse market developments in China continued to be a drag on growth throughout the year, as our access to public markets in China continued to be limited. We have throughout 2024 worked on obtaining further regulatory approvals through local initiatives to gain increased access to public markets in China and expect this work to continue in the coming year.

Q4 update

Organic growth was -3% in Q4, a slight acceleration compared to the level in Q3, despite slightly higher comparative figures. The development in Q4 was driven by continued weakness in our largest region, North America, while our service and consumables business continued to deliver growth.

In North America, the US saw continued slowdown due to negative growth in our portfolio of balance products and generally lower-than-expected CAPEX investments, whereas Canada saw strong organic growth.

In Q4, we saw good growth in Europe, particularly in Poland and the UK. However, this growth was somewhat offset by negative growth in a number of other European markets.

Momentum in China in Q4 continued to be negatively impacted by general market weakness and our limited access to public markets. Thus, growth remained negative, although we saw a sequential improvement from a low level.

Diagnostics Aided Cortical test



Diagnostics

(DKK million)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue	597	634	597	637	2,465
Growth					
Organic	7%	0%	-4%	-3%	0%
Acquisitions	0%	0%	0%	0%	0%
Local currencies	**7%**	**0%**	**-4%**	**-3%**	**0%**
FX	-1%	0%	-1%	0%	0%
Total	**5%**	**0%**	**-4%**	**-3%**	**0%**

Financial outlook

Outlook for 2025

Our outlook for 2025 for continuing operations is summarised in the table below:

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

The outlook is based on a number of key assumptions as described below:

- 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.
- We expect the organic growth rate in Q1 to be below our full-year outlook, caused by the phasing of growth in Hearing Aids, due to managed care dynamics. However, we expect to see significant improvement in growth rate 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 our 2025 outlook.
- 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 related to 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 intention to divest the businesses.

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
Tax rate	Around 23%
Profit from discontinued operations	DKK 0-50 million

Forward-looking statements

This report contains forward-looking statements that reflect Demant's current expectations regarding future events and financial performance.

Forward-looking statements are statements other than historical facts and include, without limitation, statements that may predict, forecast, indicate or imply future events, results, performance or achievements and may include words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "project", "will", "may", "could" or similar expressions. These statements are based on assumptions, estimates and predictions that may prove incorrect and are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied.

Factors that may affect future results include, but are not limited to, risks associated with the hearing healthcare industry and Demant's operations as described in this Annual Report and other publicly available materials. Accordingly, undue reliance should not be placed on these forward-looking statements.

Except as required by applicable law or regulation, Demant undertakes no obligation to update any forward-looking statements to reflect changes in actual results, expectations or events.



Corporate governance

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Risks and risk management

Organisation and governance

Risk management activities in the Demant Group include a variety of risk areas, many of which may impact the performance and reputation of the Group. The overall responsibility for risk management lies with the Executive Leadership Team, but risk management activities are carried out throughout the organisation on a day-to-day basis.

Risk management is an integral part of the management of the Demant Group. Risks to which business areas, markets and operations are exposed are identified, monitored and mitigated at all management levels. Through frequent and transparent reporting, these measures ensure that key risks are escalated to the business area leadership, to functional boards, to the Executive Leadership Team, and if relevant, to the audit committee and ultimately the Board of Directors.

We have established a number of functional boards to ensure focus on governance, development and risk management in key areas globally, i.e. IT, Finance, HR, Sustainability and Legal & Compliance. The functional boards are responsible for risk management in their respective areas and for ensuring that policies, guidelines and processes are established to monitor risks and new legislation.

The audit committee oversees the risk management processes related to financial risks, including sufficient and efficient internal controls. The audit committee has assessed the Group's existing control environment and concluded that it is adequate.

Business ethics are an integral part of conducting business in a global world with many stakeholders. We continuously expand and improve the Group's business ethics programme to reflect our all-important commitment to a high level of business ethics, including our Code of Conduct, a global whistleblower scheme as well as global policies and guidelines on business ethics. For more information, please refer to Sustainability statement on page 102.

- Risk management is an integral part of the management of the Demant Group.
- Risks are identified, monitored and mitigated at all management levels.
- Functional boards exist to ensure focus on governance, development and risk management.
- The audit committee oversees financial risks and internal controls, and the Board of Directors approves and follows up on strategies and business plans.
- We are committed to a high level of business ethics.

Innovation and operations

Innovation risks

We operate in highly product-driven markets where significant R&D initiatives help underpin our market position. It is vital for us to maintain our innovative edge.

We protect and maintain patents for our own groundbreaking technology, while ensuring that we do not infringe the rights of others.

We must continue to attract the most competent employees in key areas. An important means to this end is to maintain our strong company culture and high employee engagement. Our investments in people development, leadership training and information-sharing platforms are key to achieving this objective.

We track the latest technology and make sure we take advantage of this in our products and services.

Product requirement risks

As a major player in the hearing healthcare market, Demant is exposed to certain regulatory risks in terms of changes to product requirements. We adhere to external regulatory requirements applying to our products and services to ensure that our products are safe and effective to use and meet the requirements and needs of our users.

We continuously engage with customers, healthcare practitioners and other stakeholders to ensure that we meet their needs when developing groundbreaking products. We incorporate the requirements of international standards and regulations into the design and development of our products to ensure compliance with regulations and product safety.

All processes in our quality management system (QMS) contribute to ensuring that our products are effective and safe for our users. Notified bodies and different local national health authorities inspect our QMS on a yearly basis. Demant works continuously to improve these systems. As a general principle, our products are designed and marketed under risk management guidelines complying with ISO 14971 to ensure the safety of our users. In case of an unexpected incident, we act fast and decisively, following our processes and maintaining a transparent dialogue with relevant stakeholders. For more information on how we manage product quality and safety, please refer to page 99.

Supply chain risks

Stability in sourcing and delivering high-quality manufactured goods on time is crucial for us to be able to fulfil the commitments we have made to our customers.

Innovation and operations – continued

Supply disruptions may result in delayed deliveries or inefficient production set-ups. Lockdowns and other restrictions may also affect the global supply chain and thus increase the risk of sudden changes.

We have business and contingency plans in place to secure service to our customers in the best possible way in any given situation.

We closely monitor our supply situation and seek to keep adequate safety stocks to counter potential interruptions in our production. Our main production facilities in Poland and Mexico are in close proximity to our largest markets, which is important for us to be able to quickly and efficiently serve our customers in case of dynamic changes in the supply chain.

We continuously evaluate our production footprint and dependency on key suppliers to strike a sound balance between flexibility, exposure and costs. We collaborate closely with our highly specialised suppliers.

In our supply chain and throughout our organisation, we actively work to ensure a safe and engaging working environment.

For more information on how we manage potentially negative impacts on our employees and people in our supply chain and potential risks linked to these, please refer to pages 85-94.

Sustainability risks
For information about sustainability-related risks, please refer to Sustainability statement on pages 60-61.

- We operate in highly product-driven markets.
- We protect and maintain our technology through patents.
- We track the latest technology and make sure we take advantage of this in our products and services.
- We continuously engage with customers, healthcare practitioners and other stakeholders to ensure that we meet their needs when developing groundbreaking products.
- We have business and contingency plans in place to secure service to our customers in the best possible way in any given situation.
- We continuously evaluate our production footprint and dependency on key suppliers to strike a sound balance between.

Market and customer risks

The hearing healthcare market consists of highly specialised players that operate in an extremely competitive market. While navigating in the current market conditions, we monitor potential changes to the competitive situation to ensure that we respond swiftly and effectively to changes in the market.

Macroeconomic impacts on markets
Historically, the hearing healthcare market has seen stable growth driven by demographic changes.

The current macroeconomic uncertainties, which are still to some extent impacting some regions, may have an adverse effect on the demand for hearing healthcare solutions in those regions. Some countries are also seeing high inflation rates, impacting the economies in some markets. In case of macroeconomic or geopolitical headwinds, we seek to adapt our organisation, activities and costs accordingly to mitigate the financial impacts in the affected markets.

After the coronavirus pandemic, we have seen a general stabilisation of the hearing healthcare market. While the pandemic has largely passed, a new pandemic could limit contact with hearing aid users. Although the demand for our hearing healthcare products is not considered cyclical, the demand for hearing aids may suffer if client contact is limited, as a significant part of our sales is based on in-person counselling of individuals with hearing difficulties.

Regulatory risks in the markets
The Group is exposed to certain regulatory risks related to reimbursement schemes and public tenders in the markets where we operate. In most markets, the current regulatory landscape is considered stable, so for the time being, we do not expect significant changes in the regulatory environment. There might be an overlap with commercial risks, if the level of reimbursement changes, or if the method of distribution in a market changes.

While regulatory changes are an intrinsic part of the hearing healthcare market, we feel well positioned to respond to such changes in the commercial environment. We continue to monitor any changes in the regulatory landscape and engage in dialogues with regulators as part of our business planning.

Regulations regarding import and export
The Group is subject to regulations regarding the export of products manufactured at our production sites and the import of these products to the markets where they are sold.

In case of changes to import regulations or applied tariffs, the Group may incur additional costs. We monitor regulatory changes and apply methods to mitigate the impact of these changes, including considering alternative production locations and supply chain set-ups, if possible.

Market and customer risks – continued

Go-to-market risks

The market development over the last few years has confirmed our belief in the importance of providing a combination of personal counselling, individual fitting, life-long service and highly advanced technology.

In the US, the new over-the-counter category of hearing aids has now been available since 2022, and while this may increase general access to hearing aids, we have only seen a limited impact on the hearing aid market in the US. In addition, the US market in general continues to see a large part of hearing aid purchases being covered by insurance companies. The emergence of large managed care organisations continues to pose a risk to average selling prices in the hearing aid market, as volumes may to an increasing extent be consolidated among fewer players. This consolidation may also result in lower fitting fees and lost customer loyalty.

Sanction-related risks

The Group sells its products in countries that may be subject to EU or US sanctions. These sanctions include financial sanctions, trade/export controls and sanctions against entities and individuals. To ensure compliance, distributors and other business partners engaging in business in these countries are subject to sanction checks. Where needed, firm and swift actions are taken to ensure that the Group is compliant. Sanctions may increase due to geopolitical risks and result in an overall stop to trade in certain cases, as it has been the case for Russia and Belarus.

The Group continues to closely monitor the changing legislation in this area and to further develop systems and processes to ensure that proper controls and documentation are in place to secure compliance.

- We monitor potential changes to the competitive situation to ensure that we respond swiftly.
- We seek to adapt our organisation, activities and costs to mitigate the financial impacts of macroeconomic uncertainties.
- We adapt our operating model when we see changes to reimbursement schemes in markets where we operate.
- We continue to monitor changes in the regulatory landscape and engage in dialogues with regulators.
- We are committed to complying with legislation related to financial sanctions, export controls and other types of sanctions.

Data and IT security

As our Group becomes increasingly digitalised, more devices and control systems are connected online, resulting in a broader interface across our IT infrastructure that could potentially be compromised.

As a large, global organisation, we are dependent on numerous IT systems and the general IT infrastructure to operate efficiently across our value chain. This carries an inherent risk of system errors, human errors, data breaches or other interruptions that may impact the Group financially. In addition, we may be exposed to attempts to access or steal information, computer viruses, denial of service and other digital security breaches.

Our IT security committee has continuously followed up on and monitored our IT security set-up to ensure that the Group remains focused on ensuring proper IT security. From 2025, the audit committee will carry this responsibility.

Once a year, the committee reviews a maturity assessment based on the Cybersecurity Framework of the National Institute of Standards and Technology (NIST), the purpose of which is to ensure that also in future, we continue to focus on relevant parameters. The assessment was done internally in 2024.

Confirming our commitment to protect client data and continuously improve cybersecurity, we have obtained ISO 27001 certification.

We train and educate our employees in IT-related topics on an ongoing basis to limit any IT-related incidents caused by human errors. We regularly update policies to ensure that they are up-to-date and reflect the current environment.

Demant is entrusted with personal data on employees, customers, users and business partners, which are collected and processed in accordance with applicable laws and regulations. As our business continues to grow, the complexity of managing customers' data increases. We remain committed to protecting personal data, and failure to do so could have serious consequences for the people whose data we possess as well as for the Group. We have a global data ethics policy, and it is mandatory for all employees to comply with the policy. The policy covers all processing of data, including personal and non-personal, and goes beyond compliance as we already work diligently to ensure the processing of personal data is done in accordance with regulatory frameworks. For more information on how we manage personal data to protect our users' right to privacy, please refer to page 101 and our Data Ethics Policy.

- We continuously assess our IT maturity and remain focused on ensuring proper IT security.
- We train and educate our employees in IT-related topics.
- We ensure an adequate response and timely reporting in case of an IT security incident.
- We remain committed to protecting personal data.

Financial risks

Financial risk management focuses on identifying risks related to changes in the financial markets and to customers' propensity to pay for products and services.

The Executive Leadership Team monitors the financial risks of the company to ensure that these remain well-balanced. Financial risks are managed centrally by Group Treasury, which is responsible for securing attractive funding under the prevailing market conditions and for monitoring and mitigating risks related to liquidity, interest rates and exchange rates. Risks related to counterparties are managed in the individual markets.

Capital structure, funding and liquidity

Demant remains a highly cash-generating Group with a strong balance sheet. The Group continuously adapts its capital structure to the prevailing market conditions to secure attractive financing. We secure funding based on a strong commitment by our banks to provide longer-term bank facilities. To mitigate potential liquidity and refinancing risks, the Group has secured considerable undrawn committed credit facilities.

To minimise financing risks, we aim for more than 50% of our credit facilities to be committed with long-term maturity. Our financial gearing multiple is currently within our desired target range of 2.0-2.5.

Interest rate risks

Due to an increasing debt level as well as marginally increasing interest rates during the year, our financial expenses increased in 2024.

Furthermore, credit spreads and debt margins increased in the financial markets due to higher capital requirements imposed on the banks.

Currently, around 60% of the Group's debt is funded through facilities with fixed rates or hedged through financial instruments that limit the interest rate risk.

The Group seeks to maintain a balanced mix between fixed and floating rate debt.

Exchange rate risks

The Group is exposed to exchange rate risks, as it trades with counterparties in a number of countries, and as it has cash flows in different currencies. It is therefore important to adequately balance foreign exchange rate risks to avoid unexpected adverse impacts on the Group's financial performance.

The majority of Group companies transact mainly in local currencies and are therefore exposed to limited exchange rate risks.

The Group does not hedge translation risks resulting from the consolidation of Group accounts into Danish kroner. Most Group companies are invoiced from the Danish production entities. Around two-thirds of the invoices out of Denmark are issued in other currencies than Danish kroner or euros. To reduce our exchange rate exposure, we continuously seek to balance incoming and outgoing cash flows in our main trading currencies as much as possible. To ensure predictability in terms of net profit, we hedge expected future net cash flows, mainly through forward exchange contracts with a horizon of up to 18 months.

In addition, we seek to balance our on-balance net exposure in our main trading currencies and to hedge our exposure, if relevant. It is the Group's policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Counterpart risks

From a commercial point of view, the Group is exposed to credit risks if our customers fail to pay for products and services provided. Such risks mainly relate to trade receivables and loans to customers or business partners, and failure to adequately manage credit risks may adversely impact the Group.

To minimise the risk of suffering losses on customers, the Group monitors the credit risks on an ongoing basis. The Group generally has a diversified customer base, and in 2024 the accumulated revenue from our ten largest customers accounted for approximately 13% of total consolidated revenue. We regularly adjust our financial accounts to reflect the current credit risks.

When granting loans to business partners, we require that our counterparties provide security in their business. In general, we estimate that the risk relative to our total credit exposure is well-balanced at Group level, and historically, we have only suffered limited credit-related losses.

The credit risk on cash is managed in accordance with the Group's policy by selecting core banking partners, all with strong credit ratings. Due to its global presence and operations, the Group holds some cash balances; however, these are distributed across multiple banks and locations, minimizing the associated credit risk.

Please refer to Financial statements, note 4.1.

- To mitigate potential liquidity and refinancing risks, the Group has secured access to considerable undrawn committed credit facilities.
- We limit interest rate risks by hedging part of our exposure.
- We continuously seek to balance and, if relevant, to hedge our foreign exchange rate exposures.
- We monitor the credit risks related to business partners on an ongoing basis.

Governance framework

Maintaining appropriate corporate governance is an ongoing focus area for the Board of Directors and Executive Board in Demant.

Once a year, the Board of Directors and Executive Board review the company's corporate governance principles, including principles that derive from legislation, recommendations and good practices. We are committed to developing and maintaining a transparent corporate governance structure that promotes responsible business behaviour and long-term value creation.

Recommendations issued by the Danish Committee on Corporate Governance and adopted by Nasdaq Copenhagen are best-practice guidelines for the governance of companies admitted to trading on a regulated market in Denmark.

When reporting on corporate governance, we follow the "comply or explain" principle. Demant complies with 38 of the 40 recommendations. In the two cases where we have chosen to deviate from a recommendation, we provide well-founded explanations and explain what we do instead. To further increase transparency, we provide supplementary and relevant information, even when we comply with the recommendations.

Corporate Governance Report 2024 provides a complete presentation of the recommendations and how we comply with them. The report as well as the financial reporting process and internal control described in *Risk management activities* in this Annual Report 2024 constitute Demant's statement on corporate governance, cf. section 107b of the Danish Financial Statements Act.

Governance structure[1]

In accordance with Danish legislation, Demant has a two-tier management system, comprising the Board of Directors and the Executive Board. No individual is a member of both. The division of responsibilities between the Board of Directors and the Executive Board is clearly outlined and described in the Rules of Procedure for the Board of Directors and in the Instructions for the Executive Board.

The Board of Directors is responsible for the overall strategic management and the financial and managerial supervision of the company, the ultimate goal being to ensure long-term value creation. The Board of Directors supervises the work of the Executive Board. The Executive Board is responsible for the daily operations and development of the business in accordance with the strategic direction. The members of the Executive Board are the CEO, CFO and the President of Hearing Care, who are registered with the Danish Business Authority.

The Executive Board has formed a wider Executive Leadership Team. On 1 November, we welcomed Anne-Karen Hunt as new President of Diagnostics. With this addition, the Executive Leadership Team is complete with Presidents representing the three business areas (Hearing Aids, Hearing Care and Diagnostics) and the President of Group Services. The CEO is also President of Hearing Aids, and the CFO is President of Group Services.

Composition of the Board of Directors

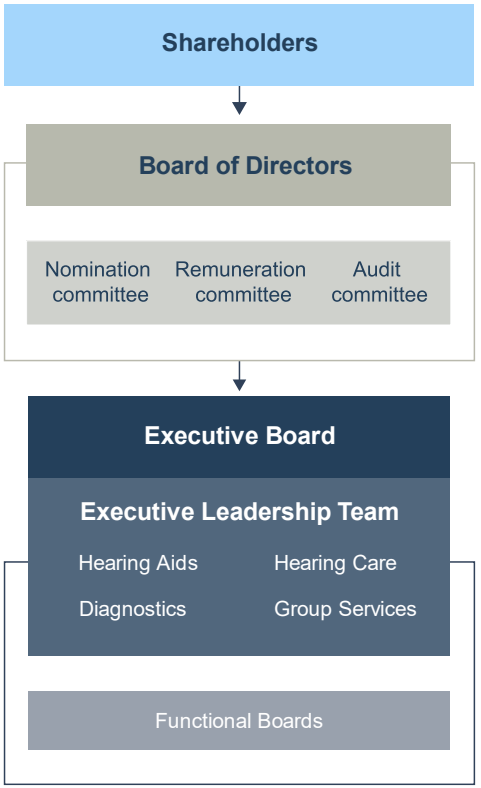
Since the annual general meeting in March 2024, the Board of Directors has consisted of seven members: four members elected by the shareholders at the annual general meeting and three members elected by staff in Denmark. Shareholders elect Board members for a term of one year, and staff elect Board members for a term of four years. Staff-elected members are elected in accordance with the provisions of the Danish Companies Act. On 1 November 2024, Charlotte Hedegaard resigned and was replaced by staff-elected alternate, Anders Højsgaard Thomsen.

Although the Board members elected by the shareholders at the annual general meeting are up for election every year, the individual Board members are traditionally re-elected and sit on the Board for an extended number of years. This ensures consistency and maximum insight into the conditions prevailing in the company and the industry. Such consistency and insight are considered important in order for the Board members to bring value to the company.

Two of the four Board members presently elected by the shareholders at the annual general meeting are considered independent. The four Board members stand for re-election at the annual general meeting in March 2025. Additionally, the Board proposes that Katrin Pucknat is elected as a new member of the Board. She will be considered independent. She brings significant experience from the MedTech Industry as well as strong competence within marketing, sale, product innovation and digital business transformation.

The Board is composed to ensure the right combination of competencies and experience, with extensive international managerial experience, board experience from major listed companies and diversity traits carrying particular weight.

On our website, www.demant.com/about/management-and-governance, we describe the competencies and qualifications that the Board of Directors deems necessary to have at its overall disposal in order to perform its tasks for the company.



1 ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies.
All sections below this header are part of limited assurance.

Diversity

The Board of Directors aims to have at least 40% of the underrepresented gender among the Board members elected by the shareholders, as this constitutes an even distribution in terms of gender. In 2024, the Parent, Demant A/S, maintained an even distribution of gender both in the Board of Directors and at other management levels, cf. section 139c of the Danish Companies Act.

As part of our ambitions to ensure diversity and inclusion in the Group, we have a Policy on Diversity, Equity and Inclusion, which includes targets to increase diversity and inclusion in the Demant Group.

Demant is present in all parts of the world and employs people with different ethnic background, personality, nationality, age, sexual orientation, gender and education. We encourage respect for diversity and strive to treat all employees fairly.

Board of Directors

	2024	2023
Total number of shareholder-elected members	4*	5
Women	25%	40%
Men	75%	60%

*Equal to an even (40/60%) distribution, cf. the Danish Business Authority's Guidelines on target figures and policies for the gender composition of management.

Evaluation of the performance of the Board of Directors

Once a year, the Board of Directors performs an evaluation of the Board's work. The evaluation is performed either through personal, individual interviews with the Chair and each of the Board members or by means of a questionnaire to be filled out by the individual Board members. In both instances, the findings of the evaluation are presented and discussed at the subsequent Board meeting. At least every third year, the evaluation is performed with external assistance.

In 2024, the evaluation was performed through individual interviews with the Board members. Overall, the evaluation confirmed that the Board is satisfied with its governance structures and furthermore confirmed that the interaction between the Board members works well. The Board of Directors is keen to keep focus on and allocate time to the long-term strategic development of the company to continuously ensure that the company's potential is fully exploited. The Board confirmed that the separation of the audit committee meetings from the ordinary Board meetings, which was implemented in 2023, works well. This has led not only to more in-depth discussions on audit and financial topics, but also allowed the Board members to focus more on the strategic development of the company.

Furthermore, the Board of Directors has decided to dissolve the IT security committee as a separate committee by the end of 2024. In the future, the audit committee will follow up on IT security matters. The IT security committee was established shortly after the IT incident in 2019, and for the past five years, it has served the Board and the company well by emphasising the importance of IT security and reporting on the progress made by the company in this area. The audit committee will continue the work of the IT security committee.

The collaboration between the Board of Directors and the Executive Board works well, and there is an open and trustful working atmosphere. The work performed by the Board of Directors takes its starting point in the annual wheel, which is regularly refined and updated and ensures the Board's commitment and immersion into relevant areas.

Board meeting, Smørum, Denmark



Board committees

In 2024, the company had four Board committees: an audit, a nomination, a remuneration and an IT security committee.

The audit committee has, on an ongoing basis, been engaged in performing its work as a committee separate from the ordinary Board meetings. This has allowed the members of the committee to focus more on audit and financial topics. In 2024, one major focus area for the audit committee has been to ensure that the Group meets the provisions of the Corporate Sustainability Reporting Directive in its financial and sustainability reporting.

The **nomination committee** has been engaged in activities in relation to its normal tasks pursuant to the committee charter. The committee has also been engaged in the search for a new candidate for the Board of Directors, who will be proposed for election at the upcoming annual general meeting.

The **remuneration committee** has been engaged in supervising the remuneration structure and preparing the Remuneration Policy, which was adopted in March 2022. The committee is satisfied with the Policy, which aims to align the Executive Board's focus with value creation on important parameters.

The **IT security committee** has focused on following up on and ensuring progress in the plans made. Once a year, the committee performs a maturity assessment based on the Cybersecurity Framework of the National Institute of Standards and Technology (NIST), the purpose of which is to ensure that also in future, we continue to focus on relevant parameters.

Board of Directors' and Executive Board's remuneration

Demant has a Remuneration Policy and publishes a Remuneration Report. The current Policy was approved at the annual general meeting in March 2022.

Please refer to Remuneration Report 2024 on our website for further details.

The Report will be submitted for advisory vote at the annual general meeting in March 2025.

Independence and meeting attendance overview

			Meeting attendance				
Name	**Role**	**Independence**	**Board of Directors**	**Audit committee**	**Nomination committee**	**Remuneration committee**	**IT security committee**
Niels B. Christiansen	Chair, chair of the remuneration, nomination and IT security committees	Not independent	7/7		3/3	4/4	3/3
Niels Jacobsen	Vice Chair	Not independent	7/7	3/3	3/3	4/4	3/3
Thomas Duer	Staff-elected member	N/A	7/7				
Heidir Hørby	Staff-elected member	N/A	7/7				
Sisse Fjelsted Rasmussen	Member, chair of audit committee	Independent	7/7	3/3			3/3
Anders Højsgaard Thomsen[1]	Staff-elected member	N/A	1/1				
Kristian Villumsen	Member	Independent	7/7	3/3			
Lars Nørby Johansen	Chair of the Board of Directors of William Demant Foundation	N/A			3/3		
Søren Nielsen	President & CEO	N/A			3/3		
Board members who stepped down in 2024							
Charlotte Hedegaard[1]	Staff-elected member	N/A	6/6				
Anja Madsen[2]	Member	Independent	2/2				

[1] Anders Højsgaard Thomsen replaced Charlotte Hedegaard as staff-elected member on 1 November 2024.
[2] Anja Madsen decided not to stand for re-election in 2024 and stepped down at the annual general meeting on 6 March 2024.

Shareholder information

Share information

(DKK 1,000)	2024	2023	2022	2021	2020
Share capital at 1 January	44,788	46,076	48,025	48,138	49,057
Capital reduction	-570	-1,288	-1,950	-113	-919
Share capital at 31 December	**44,218**	**44,788**	**46,076**	**48,025**	**48,138**
Nominal value per share, DKK	0.2	0.2	0.2	0.2	0.2
Total number of shares, thousand	221,090	223,939	230,378	240,127	240,691
Highest share price, DKK	371.0	312.3	339.3	394.7	244.4
Lowest share price, DKK	249.4	190.0	173.1	219.6	132.2
Share price, year-end, DKK	264.2	296.0	192.6	335.1	240.6
Market capitalisation at 31 December, DKK million[1]	56,278	65,284	42,977	77,117	57,718
Average daily trading turnover, DKK million[1)2)]	93.6	85.6	76.2	111.0	99.8
Average number of shares, million[1]	217.2	223.1	226.0	234.8	239.8
Number of shares at 31 December, million[1]	213.0	220.5	223.2	230.1	239.9
Number of treasury shares at 31 December, million	8.1	3.4	7.2	10.0	0.8

[1]Excluding treasury shares

[2]Average daily trading turnover on Nasdaq

Share price development

The price of Demant shares decreased by 10.7% in 2024, and on 31 December 2024, the share price was DKK 264.2 This corresponds to a market capitalisation of DKK 56.3 billion (excluding treasury shares). The average daily trading turnover in 2024 was DKK 94 million. The company is a constituent of the OMX Copenhagen 25 Index (C25), which covers the 25 largest and most frequently traded shares on Nasdaq Copenhagen. The C25 Index decreased by 2.4% during the year.

Ownership

William Demant Foundation is the majority shareholder in Demant through its investment company William Demant Invest and has previously communicated its intention to maintain an ownership interest of 55-60% of Demant's share capital. As at 31 December 2024, William Demant Foundation held – either directly or indirectly – approximately 56% of the share capital, excluding treasury shares.

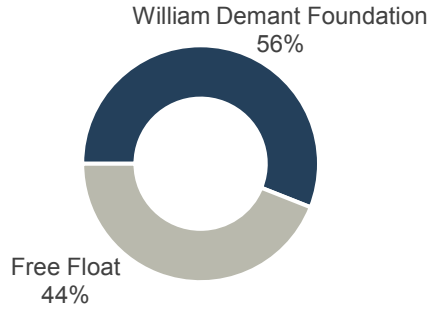
No other shareholders had flagged an ownership interest of 5% or more as at 31 December 2024.

Demant had 33,847 individual investors as at 31 December 2024. Excluding shares held by the William Demant Foundation, approximately 40% of the share capital is registered in Denmark and 25% is registered in North America. The remaining 35% of the share capital is split between the remaining geographies but is predominantly registered in Europe.

As at 31 December 2024, the company held 8,075,473 treasury shares, corresponding to 3.6% of the share capital.

Shareholder structure as at 31 December 2024

(excluding treasury shares)



Share capital

As at 31 December 2024, Demant's nominal share capital was DKK 44,217,958.40 divided into 221,089,792 shares of DKK 0.20 each.

All shares are the same class and carry one vote each. The change compared to the year before is due to the cancellation of treasury shares amounting to DKK 569,929.60, which was approved at the annual general meeting on 6 March 2024.

The Board of Directors is authorised to increase the company's share capital by a total nominal value of up to DKK 4,800,000. This increase may consist of no more than DKK 4,800,000 of the share capital with pre-emptive rights for existing shareholders and of no more than DKK 4,800,000 of the share capital without pre-emptive rights for existing shareholders. The company's share capital can also be increased through a combination of share capital with and without pre-emptive rights, but it cannot exceed a total nominal value of DKK 4,800,000. Furthermore, the Board of Directors is authorised to increase the share capital by an additional nominal value of up to DKK 2,500,000 for shares offered to employees. All authorisations have been decided by the annual general meeting and are valid until 1 March 2026.

Capital allocation

The company follows the principles of its capital allocation policy and uses its cash flow from operating activities for value-adding investments and acquisitions. Subject to Demant's targeted gearing multiple of 2.0-2.5 measured as net interest-bearing debt relative to EBITDA, any excess liquidity is distributed back to shareholders through share buy-backs.

Until the next annual general meeting in March 2025, the Board of Directors has been authorised to let the company buy back shares at a nominal value of up to 10% of the share capital. The purchase price may not deviate by more than 10% from the price quoted on Nasdaq Copenhagen.

Investor Relations

Demant strives to ensure a steady and consistent flow of information to Investor Relations (IR) stakeholders in order to promote the basis for a fair pricing of the company's shares – pricing that will at any time reflect the company's strategies, financial capabilities and outlook for the future. The flow of information will contribute to a reduction of the company-specific risk associated with investing in Demant shares, thereby leading to a reduction of the company's cost of capital.

We aim to reach this goal by continuously providing relevant, correct, adequate and timely information in our company announcements. In the course of the year, we publish an annual report, an interim report as well as interim management statements pertaining to Q1 and Q3, all of which contain updates on the Group and its financial position as well as results in relation to the full-year outlook, including updates on important events and transactions in the period under review.

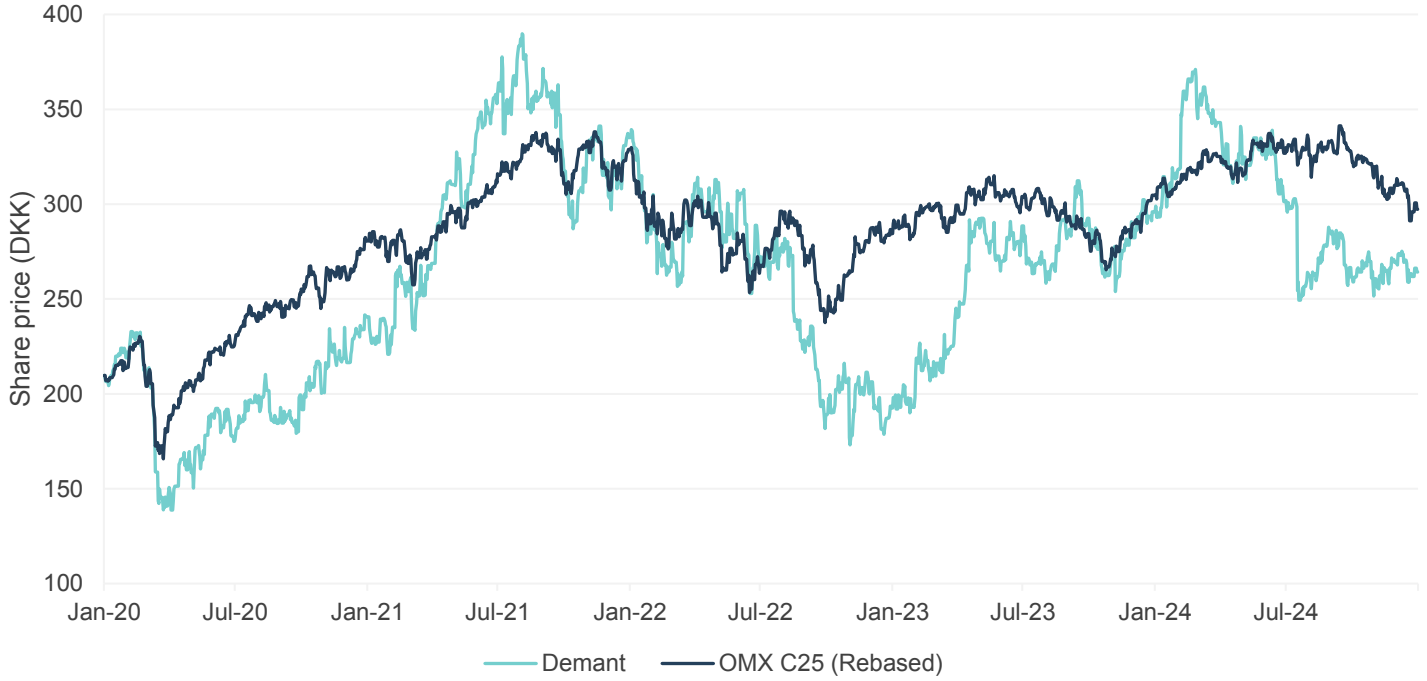
We strive to maintain an active and open dialogue with analysts and with current and potential investors, which helps the company stay updated on the views, interests and opinions of the company's various stakeholders. At our annual general meeting and through presentations, individual meetings, participation in investor conferences, webcasts, capital markets days etc., we aim to maintain an ongoing dialogue with a broad spectrum of stakeholders. In 2024, we held nearly 400 investor meetings and presentations.

We also use our website, www.demant.com, as a means of communication with our stakeholders.

At the end of 2024, 25 equity analysts were covering Demant. We refer to our website for a full list of analyst coverage.

Demant has a three-week quiet period prior to publication of annual reports, interim reports and interim management statements during which time communication with IR stakeholders on the current market development is restricted.

Five-year development in share price



Annual general meeting 2025

The annual general meeting will be held on Thursday, 6 March 2025, at 3:00 p.m. Shareholders can attend the meeting physically at the company's headquarters. The meeting will also be webcast live on our website.

Contact information for investors and analysts

Phone: +45 3917 7300
E-mail: info@demant.com



Peter Pudselykke
Head of Investor Relations



Gustav Høegh
Investor Relations Officer

Company announcements and investor news in 2024

3 Jan	New Head of Investor Relations
10 Jan	Transactions with Demant shares by managers and closely related parties
5 Feb	Review of strategic options for Communications
5 Feb	Results for 2023 and outlook for 2024
6 Feb	Annual Report 2023
7 Feb	Notice of annual general meeting
28 Feb	Transactions with Demant shares by managers and closely related parties
6 Mar	Decisions of annual general meeting
12 Mar	Capital Markets Day 2024
6 May	Interim Management Statement covering Q1 2024
21 May	Closing of divestment of cochlear implants business
6 Jun	Updated timeline for the strategic review of Communications
16 July	Revised financial outlook for 2024 and preliminary H1 financial key figures
1 Aug	Restated comparative figures for 2023
14 Aug	Initiation of restructuring plan for EPOS
14 Aug	Interim Report 2024
19 Aug	Transactions with Demant shares by managers and closely related parties
9 Sep	New staff-elected member of the Board of Directors
16 Sep	New President of Diagnostics
11 Nov	Interim Management Statement covering Q3 2024
12 Dec	Financial calendar 2025

Financial calendar 2025

22 Jan	Deadline for submission of items for the agenda of annual general meeting
5 Feb	Annual Report 2024
6 Mar	Annual general meeting
6 May	Interim Management Statement covering Q1 2025
12 Aug	Interim Report 2025
4 Nov	Interim Management Statement covering Q3 2025

Board of Directors



Niels B. Christiansen
(man)
Chair
Born 1966
Nationality: Danish
8,060 shares
(unchanged)

Joined the Board in 2008
Chair since 2017

Chair of the nomination, remuneration and IT security committees

Considered independent: No

Positions: CEO & President, LEGO A/S and CEO, LEGO Holding, William Demant Foundation (VC), William Demant Invest A/S (M), Tetra Laval S.A. (M) and Committee on Business Policy under the Confederation of Danish Industry (C)

Education: Holds an MSc in Engineering from the Technical University of Denmark and an MBA from INSEAD

Competences: International leadership experience from major, global, industrial, consumer goods and high-tech companies, business management and board experience as well as strong insights into industrial policy and sustainability/ESG[1]



Niels Jacobsen
(man)
Vice Chair
Born 1957
Nationality: Danish
801,340 shares
(-100,000)

Joined the Board in 2017
Vice Chair since 2017

Member of the audit, nomination, remuneration and IT security committees

Considered independent: No

Positions: CEO, William Demant Invest A/S, Thomas B. Thrige Foundation (C), ABOUT YOU Holding GmbH (VC), ATP Long Term Danish Capital (member of advisory board) and Central Board of the Confederation of Danish Industry (M). Related to William Demant Invest: Jeudan A/S (C), Embla Medical hf. (C) and Vision RT Ltd. (C)

Education: Holds an MSc in Economics from Aarhus University

Competences: International leadership experience from major, global companies in the global healthcare and MedTech industry, business management and board experience as well as in-depth insights into financial matters, accounting, tax, risk management and M&A[1]



Sisse Fjelsted Rasmussen
(woman)
Born 1967
Nationality: Danish
1,475 shares
(+1,475)

Joined the Board in 2021

Chair of the audit committee and member of the IT security committee

Considered independent: Yes

Positions: Hempel Foundation (M), Schouw & Co (M), Dades A/S (M) and Conscia A/S (M)

Education: Holds an MSc in Business Economics and Auditing from Copenhagen Business School (CBS) and is a state-authorised public accountant

Competences: International leadership experience within the areas of finance and accounting, including board and CFO experience from listed companies as well as in-depth insights into value creation, change management, M&A and sustainability/ESG[1]



Kristian Villumsen
(man)
Born 1970
Nationality: Danish
4,130 shares
(unchanged)

Joined the Board in 2021

Member of the audit committee

Considered independent: Yes

Positions: President & CEO, Coloplast and Committee on Life Science under the Confederation of Danish Industry (M)

Education: Holds an MSc in Political Science from Aarhus University and a Master in Public Policy from Harvard University

Competences: International leadership experience from the global MedTech industry, management experience from such areas as innovation, sales, strategy deployment and commercial excellence[1]

1 ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies. Competences are part of the limited assurance.

Abbreviations
C = Chair, VC = Vice Chair, M = Member



Thomas Duer
(man)
Born 1973
Nationality: Danish
1,335 shares
(unchanged)

Staff-elected Board member since 2015.
Re-joined the Board of Directors as alternate in 2023

Considered independent: N/A

Positions: Director, Audiological Solutions, R&D, Demant

Has been with the Demant Group since 2002

Education: Holds an MSc in Electrical Engineering from the Technical University of Denmark



Heidir Hørby
(woman)
Born 1974
Nationality: Danish
591 shares
(unchanged)

Staff-elected Board member in 2023

Considered independent: N/A

Positions: Quality Systems Engineer, Demant facility in Ballerup, Denmark

Has been with the Demant Group since 1994

Education: N/A



Anders Højsgaard Thomsen
(man)
Born 1977
Nationality: Danish
1,709 shares
(+58)

Staff-elected Board member. Joined the Board of Directors as alternate in 2024

Considered independent: N/A

Positions: Director, Audiological Solutions, R&D, Demant

Has been with the Demant Group since 2002

Education: Holds an MSc in Engineering from the Technical University of Denmark

Abbreviations
C = Chair, VC = Vice Chair, M = Member

Executive Leadership Team



Søren Nielsen[1]
(man)
President & CEO
Born 1970
Nationality: Danish
41,368 shares
(+4,331)

Joined the company in 1995

Education: Holds an MSc in Engineering from the Technical University of Denmark

Competences: Broad business and leadership experience from various management positions in the Group, including the commercial area, product innovation, quality and strategic development. International board experience, strong insights into the MedTech industry as well as a wide network in the global hearing healthcare community

Other positions: HIMPP A/S (M), HIMSA A/S (C), HIMSA II A/S (C), EHIMA (M), Vision RT Ltd. (M), Committee on Life Science under the Confederation of Danish Industry (M), Committee on Business Policy under the Confederation of Danish Industry (M), DOVISTA A/S (M), Central Board of the Confederation of Danish Industry (M) and Board of the Confederation of Danish Industry Life Science (C)

Area of responsibility: President of the Hearing Aids business area



René Schneider[1]
(man)
CFO
Born 1973
Nationality: Danish
22,498 shares
(+1,176)

Joined the company in 2015

Education: Holds an MSc in Economics from Aarhus University

Competences: Broad business and financial leadership experience from various management positions with major listed companies, leading to international experience in such areas as streamlining and re-establishing companies, completing M&A and driving value creation

Areas of responsibility: President of Group Services, i.e. Finance, HR, IT and Corporate Functions



Niels Wagner[1]
(man)
President
Born 1971
Nationality: Danish
29,940 shares
(+2,572)

Joined the company in 2007
(also employed with the company 1996-2003)

Education: Holds an MSc in Economics from Aarhus University

Competences: Broad business and leadership experience from various management positions in the Group, including M&A, and heading the Group's many hearing aid clinics operating under various brands

Area of responsibility: President of the Hearing Care business area

[1] Registered with the Danish Business Authority as member of the Executive Board



Anne-Karen Hunt
(woman)
President
Born 1977
Nationality: German
No Shares

Joined the company in 2024

Education: Holds a BSc in Marketing and Economics from the University of Bayreuth and an MSc in Business Administration (MBA) from the University of Düsseldorf

Competences: In-depth business and leadership experience from major, global healthcare companies, leading to strong international experience in such areas as marketing and sales with focus on driving value creation

Area of responsibility: President of the Diagnostics business area

Abbreviations
C = Chair, VC = Vice Chair, M = Member

Sustainability statement



“I often hear that people don't even realise that I can't hear ‘cause my hearing aids help me so much.”

Louise, hearing aid user and adventurer

Reporting scope and disclosure requirements

ESRS 2 General basis for preparation of sustainability statement

Framework and scope

The Sustainability statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD), including the European Sustainability Reporting Standards (ESRS).

Since 2021, Demant has reported in accordance with the sustainability standards of the Global Reporting Initiative (GRI). Following the agreement between ERFRAG and GRI on ESRS-GRI interoperability, reporting under ESRS is deemed reporting 'with reference' to the GRI standards.

The Sustainability statement has been prepared on a consolidated basis and include all entities under Demant's control as defined by the scope of consolidation used in our financial reporting including acquired entities in the reporting period. Any exclusions are clearly indicated and justified in the specific disclosure requirement sections.

The Sustainability statement covers Demant's own operation as well as upstream and downstream value chains, where applicable, depending on the impacts, risks and opportunities identified in the double materiality assessment.

Independent auditors are engaged to provide limited assurance on our sustainability data. The scope and conclusions of the limited assurance process are disclosed in the assurance statement on 206.

The comparative figures are covered by limited assurance. We have not chosen the options to omit or exclude information due to confidentiality or sensitivity.

Time horizons

Time horizons used in this report are as defined in the ESRS: Short term represents one year. Medium term spans from one year and up to five years. Long term is more than five years.

Application of estimates and judgements

The reporting of certain data points requires assessment, which includes estimates and/or judgements. The general assumptions are based on Demant's assumption that the Demant group averages can be applied across the different areas as a leverage to estimate other metrics.

These assumptions relate to:

- Scope 3 emissions under E1-6
- Resource inflow under E5-4
- Resource outflow under E5-5

We regularly review and update these estimates and judgements based on our experience, advancements in ESG reporting and various other factors. Any changes in estimates are recognised in the period they are revised. Additionally, we apply judgements when implementing accounting policies.

For more details on the key estimates, judgements and assumptions used, please refer to the pages with quantitative ESG data tables.

Incorporation by reference

Certain disclosure requirements are disclosed in other publicly available documents. When incorporation by reference is used, it is clearly indicated. Disclosures placed outside the sustainability statement are clearly identified with a reference, referring to the applicable disclosure requirement of the ESRS regulation.

The tables on pages 110-112 summarise the disclosures required by ESRS that are referenced outside the sustainability statement.

Comparative figures for prior years

Comparative figures for prior years are not covered by limited assurance. This is clearly marked with "•".

Sustainability in Demant

Sustainability strategy and governance 54
Double materiality assessment 57
Stakeholder views and interests 64



Through life-changing hearing health, we contribute to building a more sustainable world where all people have the opportunity to enjoy an active life.

One in five people lives with hearing loss and, due to an ageing population, this number is increasing. Testing your hearing is the first step towards better hearing, but many hearing losses go undetected.

If we can enable more people to hear better, we can give them a voice and thus the opportunity to be part of society without constraints. We empower them to tune in to life and take an active part in their community for the good of everyone.

Sustainability strategy and governance

With our purpose to create life-changing hearing health and our ambition, as the leading hearing healthcare company, to improve as many lives as possible, sustainability is at the core of our corporate strategy.

Based on our corporate strategy and information obtained through a double materiality assessment (see page 57), we refined our Sustainability Strategy in 2024, including our sustainability ambition as well as our ESG ambitions and targets (see page 55). We are also basing our ambitions and priorities on the Sustainable Development Goals (SDGs) that are relevant to us.

Where our sustainability ambition is intrinsic to Demant's purpose and ambition, our ESG ambitions and priorities enable us to deliver on our overall ESG ambition, which is to drive responsible and sustainable business practices. To achieve results based on these priorities, we have set the following three ESG ambitions.

Respect for the planet (E)

Caring for people goes hand in hand with caring for the environment, and, although our impact is relatively low compared to other industries, we take a proactive approach to lowering our footprint and any negative impact on the environment. As a Group in constant growth, decoupling our emissions and environmental impact from that growth is key to meeting our targets. To that end, we work on the environmental optimisation of our operations and our products, and we strive to achieve ambitious goals for emissions reductions.

Caring for people (S)

Being a leader in hearing health means we have an obligation to inspire the industry to continue innovating and applying new ways of thinking. We want to stay ahead of the game and to be at the forefront in our core impact ambition – creating life-changing differences through hearing health. Our core commitment to society is to help people become aware of and overcome hearing loss and improve their quality of life through innovative solutions and access to personalised hearing care.

To be a leader in creating a positive social impact on society requires us to be a leading employer capable of attracting the brightest minds for the benefit of people with hearing loss. Our over 22,000 employees are the most valuable part of our business, and their well-being, safety, engagement and development are fundamental to our success. We want to promote an organisational culture characterised by care and respect for others, with diversity, equity and inclusion as important drivers.

Performing with integrity (G)

We take a proactive approach to business ethics to ensure we behave as a company we can be proud of. We strive for high ethical standards and conduct business with integrity and honesty. Our Code of Conduct and Third Party Compliance Code set the minimum standards and ethical principles applicable to all employees and third parties with whom Demant conducts business.

Please refer to the chapters dedicated to our material topics under Environment, Social and Governance for further details on our targets and actions and the progress of our sustainability work.

Our contribution to the Sustainable Development Goals

Core impact



Our core business positively changes the lives of people with hearing loss. From screening newborns to testing in our clinics, we stay in people's lives to continue to improve their hearing abilities. We share knowledge and awareness of hearing healthcare and seek to increase access to proper hearing rehabilitation (target 3.8).



We invest in the education of hearing care professionals (target 4.4), particularly in areas where education is scarce. Furthermore, good hearing capabilities are essential for inclusive and equal access to education (target 4.5).



Through decades of development, testing and growing insights in paradigm-setting technology, we make a substantial impact on innovation within hearing health (target 9.5).



Our solutions reduce inequalities, thereby furthering the inclusion of people with hearing loss when it comes to employment and other important aspects of life (target 10.2).

Environment



We work actively to transition to renewable energy across our operations (target 7.2).



We challenge the concept of "business as usual" to reduce, reuse and recycle as much as possible (target 12.5).



Our transition plan guides us towards fulfilment of our climate targets (SDG 13).

Social



We positively impact gender equality through focused initiatives and targets to obtain a gender-balanced top management (target 5.5).



We contribute to decent work conditions and economic growth (targets 8.5 and 8.8).



Our diversity, equity and inclusion agenda takes a broad approach to ensure a workplace where all employees, irrespective of their differences, can contribute and belong (target 10.2).

Governance



As a global company with high focus on ethics, we work diligently with anti-bribery and anti-corruption (target 16.5).

Please refer to demant.com for more information.

Sustainability strategy

Sustainability ambition

Core impact: Improving lives through life-changing hearing health

Our roots are in hearing health, and our purpose is to create life-changing differences through hearing health, whereby we contribute to building a more sustainable world where people have the opportunity to enjoy life. Caring for people's health and well-being goes hand in hand with caring for our employees, society and the planet

ESG ambition

We will drive responsible and sustainable business practices

Environment

- Decouple emissions from growth
- Work with environmental optimisation
- Strive for ambitious emissions reductions

Social

- Help people overcome hearing loss through awareness
- Improve their quality of life through innovative solutions and personal care
- Have a positive impact on health
- Ensure our people's well-being, safety, engagement and development
- Promote an organisational culture characterised by care and respect with diversity, equity and inclusion as important drivers

Governance

- Strive for high ethical standards
- Perform business with integrity and honesty
- Set the minimum standards and ethical principles through our code of conduct

ESG priorities

Respect for the planet

Climate impact

Caring for people

Diversity, equity and inclusion

Performing with integrity

Business integrity

Material topics

- Climate change adaptation
- Climate change mitigation
- Product circularity
- Providing life-changing hearing health
- Hearing health awareness
- Product quality and safety
- Right to privacy
- Working conditions
- Diversity, equity and inclusion
- Talent attraction and retention
- Responsible supply chain
- Corruption and bribery
- Advocacy for hearing health

Targets

E

2025: 50% renewable electricity

2030: 100% renewable electricity

2030: 46% reduction in scope 1 and 2 GHG emissions

2030: 46% reduction in scope 3 GHG emissions

2050: Net-zero emissions

Impact targets

2030: More than 16 million lives improved

2030: Increase awareness by hearing-testing more than 2 million people

S

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

2030: Take employees' experience of inclusion to the top-third level of Gallup index

2030: Take employee engagement to the top-third level of Gallup index

G

2030: Increase excellence in business conduct through code of conduct training to reach 100% highly exposed employees

Sustainability governance

ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies

ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Our governance model for sustainability ensures centralised oversight and accountability as well as deployment of our ESG priorities across our business areas.

The Board of Directors evaluates progress on our sustainability ambition and ESG priorities twice a year and has final oversight. The audit committee oversees sustainability reporting.

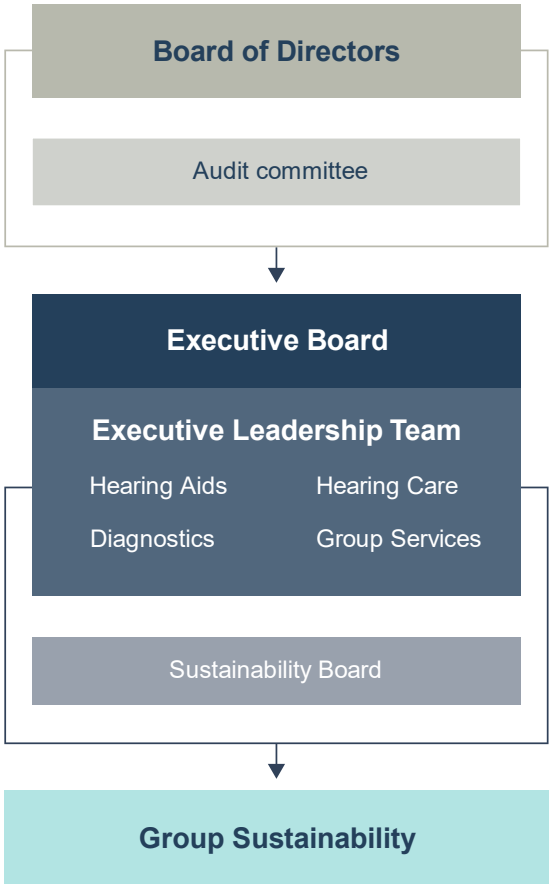
The Executive Board reports to the Board of Directors. The Executive Board has formed a wider Executive Leadership Team, whose members represent the three business areas (Hearing Aids, Hearing Care and Diagnostics) as well as Group Services. The Executive Leadership Team endorses sustainability and ESG ambitions and gives strategic direction on priorities.

In 2024, the Sustainability Board comprised the Executive Leadership Team as well as selected senior leaders from our business areas and functions. The Sustainability Board met every other month to review progress and risks, give strategic guidance on ESG priorities and ensure alignment and traction in the business areas.

Group Sustainability drives the Group's overall sustainability ambition, selected ESG priorities and, in collaboration with the ESG reporting team in Finance, the sustainability reporting. Other key functions drive specific sustainability areas, such as privacy, business ethics as well as diversity, equity and inclusion. Business areas implement the Group's ESG priorities, drive supply chain- and product-related projects and monitor product-related and country-specific legislation.

Information on the composition, diversity and expertise of our Board of Directors and Executive Leadership Team can be found on pages 47-49.

Information on the sustainability-related performance in incentive schemes can be found in the Remuneration Report.



Double materiality assessment

Understanding our impacts on society – both positive and negative – ensures that we focus on the right things when managing ESG in our business.

Assessing materiality of sustainability topics on an annual basis helps us take the right strategic decisions and guides our external disclosures. We assess sustainability topics from a double materiality perspective: How can Demant actually and potentially impact people and the environment (impact materiality), and can such impacts and/or dependencies on resources affect Demant's financial position (financial materiality)?

In 2024, we further qualified the extensive double materiality assessment (DMA) we conducted in 2023 to identify our material topics.

Through a comprehensive process, which is detailed on page 62, we identified and assessed our current and potential positive and negative impacts, risks and opportunities (IROs).

Material topics

The material impacts, risks and opportunities identified during the materiality assessment process are presented and described on the following pages.

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

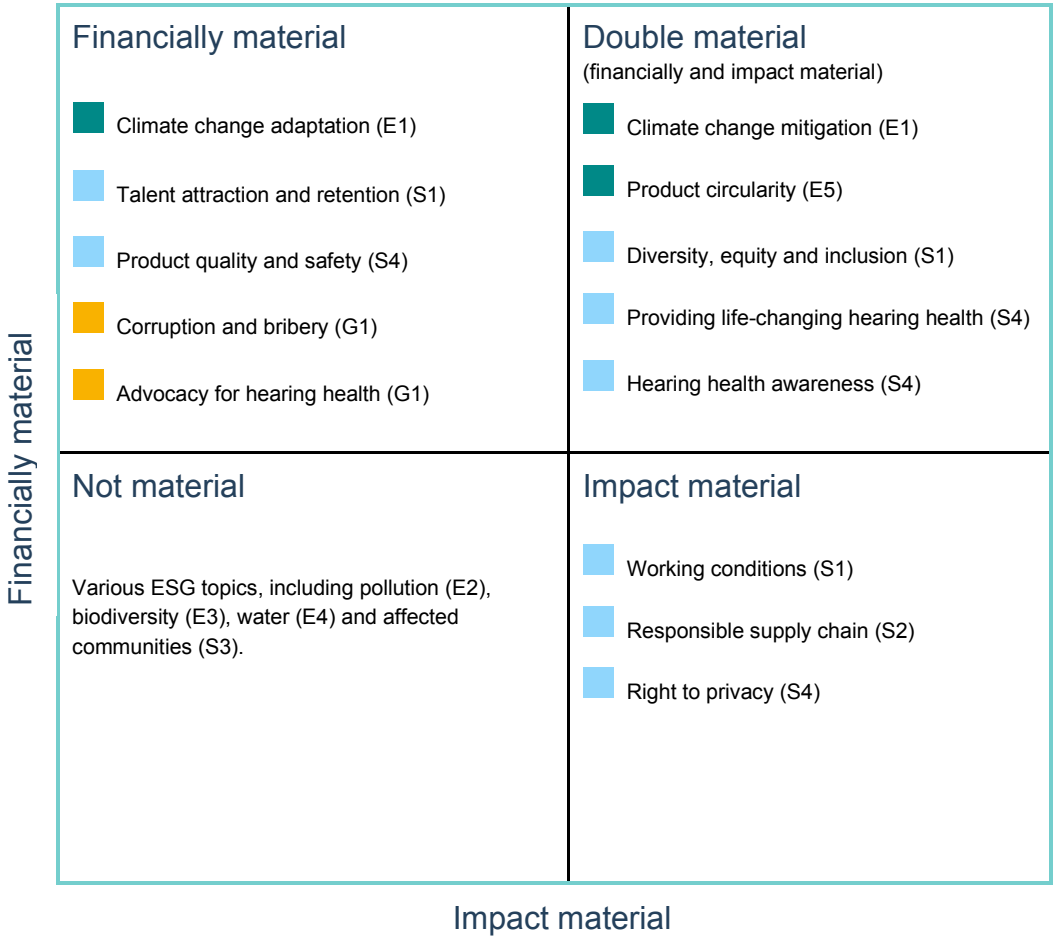
We organised all material impacts, risks and opportunities (IROs) in 13 material topics for clarity. The material topics inform both our strategy and our reporting. In the models on page 55 we illustrate the interaction between the material topics and our strategy.

The identified material topics determine the European Sustainability Reporting Standards (ESRS) on which we report as referenced in the matrix presented here. All material topics are described briefly on the following pages and for further details please refer the respective chapters from page 65.

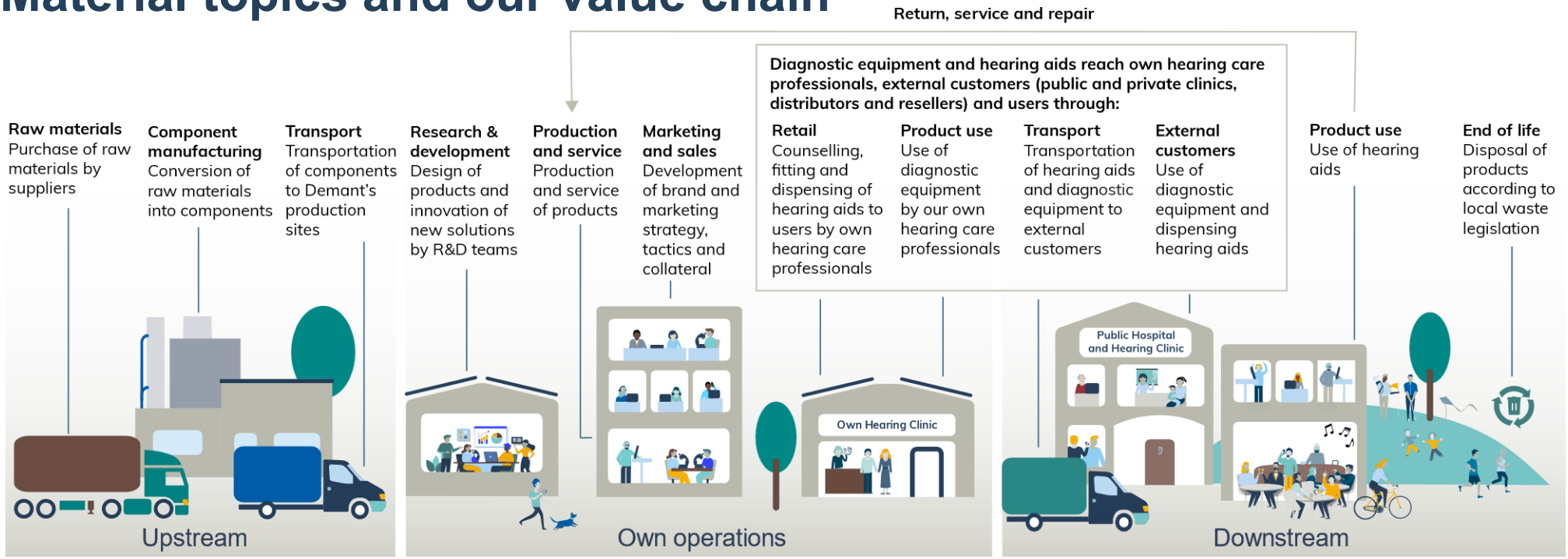
The methodology and process used to identify the material topics are described on pages 62-63.

European Sustainability Reporting Standards

- E1: Climate change
  E5: Resource use and circular economy
- S1: Own workforce
  S2: Workers in the value chain
  S4: Customers and end-users
- G1: Business conduct



Material topics and our value chain



Climate change mitigation

Climate change adaptation

Product circularity

Working conditions

Diversity, equity and inclusion

Talent attraction and retention

Responsible supply chain

Providing life-changing hearing health

Hearing health awareness

Product quality and safety

Right to privacy

Corruption and bribery

Advocacy for hearing health

Material topics

Description of material topics

	Value chain location: Where does the impact occur?			Time horizon: When does the impact occur?		
	Upstream	Own operations	Downstream	Short term	Medium term	Long term
Climate change (E1)						
Climate change mitigation Demant's greenhouse gas emissions have a *negative impact* on the environment. Most greenhouse gas emissions are scope 3 greenhouse gas emissions stemming from suppliers' operations and from materials and components that cannot be replaced.	■	■	■	■	■	■
Climate change adaptation There is a *risk* that some of Demant's facilities and suppliers may be exposed to natural disasters or extreme weather events, which could lead to operational disruption.	■	■			■	
Circular economy (E5)						
Product circularity Demant has an *opportunity* to further increase our use of recycled components and packaging materials to limit *negative impact* on the environment and reduce costs. In the long term, there is also a potential *risk* related to less availability of essential raw materials required for electronic components.	■	■	■	■	■	■
Own workforce (S1)						
Working conditions Demant may have a *negative impact* on employees' mental health and well-being, especially in busy periods. Negative impacts on employees' also present a *risk* to their efficiency levels, employee turnover rates and the company's reputation.		■		■		
Diversity, equity and inclusion If Demant fails to ensure diverse representation of gender, nationalities and other diversity traits in our employee group it carries a *risk* that we cannot build a work environment characterised by care and respect. This could have *negative impacts* on certain groups of employees and affect our ability to meet our strategic goals.		■		■	■	
Talent attraction and retention There is a potential *risk* related to the ability to attract the right talent and to high turnover rates in some employment areas, which could mean high expenses for the recruitment, onboarding and training of new staff.		■		■	■	
Workers in the value chain (S2)						
Responsible supply chain Demant operates a long and complex value chain, engaging with suppliers that operate in countries and industries with potentially *negative impacts* on workers' rights.	■			■		

Description of material topics

	Value chain location: Where does the impact occur?			Time horizon: When does the impact occur?		
	Upstream	Own operations	Downstream	Short term	Medium term	Long term
Consumers and end-users (S4)						
Providing life-changing hearing health Through its products, Demant *positively impacts* users living with hearing loss, enhancing their engagement in life and creating a positive ripple effect on their surroundings, including their families, colleagues and friends. We also work to upskill and reskill audiologists and other healthcare professionals to further address talent gaps and educate the market which present *opportunities* for Demant in markets where hearing healthcare education is scarce.			■	■	■	■
Hearing health awareness (entity-specific topic) Demant has an *opportunity* to raise awareness about the importance of treating hearing loss among potential users and to test as many people as possible. Working towards reducing the stigma associated with hearing loss and empowering people to seek help in due time can potentially have a significant *positive impact* on the individuals treated, their social network and public health in general.			■	■	■	■
Product quality and safety If a lack of quality or compliance with all medical device regulations occurs, it represents a *risk* to the company's licence to operate and its ability to bring products to market.			■	■	■	
Right to privacy Due to the nature of our business, we have access to patients' and users' sensitive personal data and therefore also potentially *negative impacts* if said data is compromised.			■	■		
Business conduct (G1)						
Corruption and bribery Demant operates in countries with *risks* of corruption and bribery, exposing our commercial departments to these risks. Corruption incidents may lead to fines and reputational damage. We also work with distributors who operate in countries where these risks are higher than in the countries where Demant operates directly.		■	■	■	■	
Advocacy for hearing health Engaging with governments and local authorities to raise awareness about the importance of hearing health by testing more people and ultimately treating their hearing loss represents an *opportunity* for Demant, since the level of reimbursement in individual countries affects the penetration rate and thus impacts markets.			■		■	■

Double materiality assessment process

In 2023, we executed a comprehensive double materiality assessment process as shown below. The results were further qualified in 2024.

ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

Point of departure and benchmarks

Consideration of company strategy and corporate governance model.

Desktop review of ESG rating methodologies and sustainability reporting standards.

Review of peers' reporting performance and sustainability strategies.

Definition of scope to include all entities where Demant has operational control as well as key locations in the value chain.

Review and detailed mapping of value chain.

Assessment methodology

Development of DMA tool for description and scoring of IROs, including setting thresholds for impact and financial materiality (please refer to page 63).

Identification and engagement of stakeholders

Desktop analysis and interviews with approximately 40 internal stakeholders selected based on their ability to represent affected internal and external stakeholders and their insight into the business.

Identification of impacts, risks and opportunities

More than 50 IROs were identified.

The documentation and descriptions of the IROs include specifications of their nature (impact, risk or opportunity) and where in the value chain an IRO occurs. It also indicates the time horizons and the affected stakeholders and if the IRO is the result of our own operations or our business relationships.

Assessment of impact and financial materiality

Further analysis of IROs, including consideration of geographies with elevated potential impacts or risks, and assessment of impact and financial materiality of all IROs through scoring workshops with relevant stakeholders.

To specifically understand impacts related to pollution, water and biodiversity, an environmental analysis considering main locations was conducted. No material IROs were identified deeming the standards E2, E3 and E4 immaterial.

Shortlist of material impacts, risks and opportunities

A shortlist of material IROs was further qualified with relevant internal stakeholders.

Consultation of stakeholders

Process and material IROs were presented to the following stakeholders:

- Industry peers (experience exchange sessions)
- Executive Leadership Team (approval of material IROs)
- Audit committee and Board of Directors (approval of material IROs)

Integration of results into reporting plan

Grouping of material IROs into larger material topics for external reporting based on the ESRS.

Assessment of material standards and existing gaps to meet reporting requirements.

Development of plan for ESRS compliance and 2024 reporting.

Continuous documentation of process and results

Reassess

Double materiality assessment methodology

The scoring methodology and criteria of the materiality assessment included the following parameters scored on a scale from 0 (lowest) to 5 (highest):

- Impact materiality: Scale, scope, irremediability of negative impacts and likelihood of impacts. For *actual* positive and negative impacts, materiality is based on the impact severity, whereas for *potential* positive and negative impacts, materiality is based on the severity and likelihood of the impact. For scoring of potential negative human rights impacts, severity took precedence over likelihood.
- Financial materiality: Size of financial effect, likelihood and impact on reputation.

The materiality of IROs was ranked using predominantly qualitative scales. However, the basis for the ranking included quantitative input, such as quantitative scales on financial effect and information obtained from internal sources assessed to be sufficiently reliable. All impacts, risks and opportunities ranked over the materiality threshold of 1.8 on either impact, financial impact or both have been grouped into the 13 material topics included in this report (please refer to pages 58-61).

Demant's project group for implementation of the Corporate Sustainability Reporting Directive (CSRD) consists of members of the sustainability and ESG reporting teams. The project group is responsible for the double materiality process and conducted the assessment, including the development of all documentation.

Review of process and results in 2024

In 2024, the double materiality assessment was reviewed and further qualified through deeper impact and risk analyses, such as a human rights impact assessment and a detailed transition risk analysis. Based on new materiality guidance from the European Financial Reporting Advisory Group, EFRAG, that set the ESRS, and feedback from external auditors, the list, descriptions, scoring and grouping of IROs were reviewed. This review did not result in any change in the list of material sustainability IROs.

In 2025, we will update the DMA process, considering new learnings and experiences. The update will include further maturing of underlying impact analyses and information from Demant's due diligence practices.

The Sustainability Board is accountable for the assessment and management of material sustainability impacts, risks and opportunities. This ensures that sustainability-related risks are considered appropriately alongside other types of risks and are integrated into the continuous risk management processes of the Group's business areas and functions.



Stakeholder views and interests

Stakeholder engagement on sustainability topics is crucial to Demant's ability to increase its positive impact on hearing health and create value for our stakeholders.

ESRS 2 SBM-2 Interests and views of stakeholders

We engage with our stakeholders on a continuous basis to meet their expectations, report on our product innovation process and ensure mitigation of potential negative impacts. The interests and views of key stakeholders are shared with the Executive Leadership Team through our functional boards as well as our functional and business area leadership teams. Please refer to our sustainability governance model on page 56.

Key stakeholders	Engagement	Outcome of engagement
Employees	Please refer to S1-2 disclosures on pages 86-87, 89 and 92.	
Users	Please refer to S4-2 disclosures on pages 96 and 99.	
Customers	We engage with our customers, which include national health organisations, hospitals and hearing care clinics (retail), especially through the daily operations of our commercial teams. Please refer to S4-2 disclosures on pages 96 and 99 for more details on engagement with customers of our hearing care clinics.	Providing optimal hearing health technology, service and treatment Building trust with customers Aligning on customer requirements
Suppliers	Please refer to S2-2 disclosures on page 94.	
Shareholders	Please refer to pages 44-46.	
Regulators and authorities	We closely follow updates from regulators and other public authorities, continuously aligning practices, and engage in advocacy through industry organisations and interest groups or in collaboration with peers.	Ensuring compliance with all relevant legislation in the markets where we operate Mitigating business and impact risks Advancing positive impacts for people living with hearing loss
Industry organisations and interest groups	We are an active player in selected industry organisations and collaborate with relevant patient associations and interest groups on a continuous basis.	Advancing the hearing healthcare industry and positive impacts for people living with hearing loss Including the views of interest groups into our business processes
Academia	We keep up with the high pace of primary scientific and technology research and base our solutions on significant research enabled through close collaboration with academic experts.	Assisting our users better through technological innovation Significantly enhancing user benefits in future hearing care through continuous audiological discoveries

Environment

E1 Climate change 66

E5 Resource use and circular economy 75

EU taxonomy 79

E1 Climate change

Caring for people's health and well-being goes hand in hand with caring for the environment and, though we are not in the heaviest of industries, we take a proactive approach to lowering our environmental footprint. As a Group in constant growth, decoupling our greenhouse gas emissions and environmental impact from that growth is key to meeting our targets.

We are committed to delivering on our climate targets approved by the Science Based Targets initiative (SBTi) in 2023. These targets set not only the final goal of reaching net-zero emissions across the value chain by 2050 but also include mid-term targets.

Transition to renewable electricity is also crucial for Demant's progress towards achieving our climate targets. For this reason, we aim to cover 50% of our electricity consumption with renewable electricity by 2025 and 100% by 2030.

Our targets

We aim to reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions by 46% by 2030 and scope 3 GHG emissions by 46% by 2030, in both cases from a 2019 baseline.

Scope 1 and 2 greenhouse gas emissions

REDUCTION 8%

Scope 1 and 2 in 2024 against baseline year 2019

REDUCTION 46%

2030 target against baseline year 2019

Scope 3 greenhouse gas emissions

INCREASE 31%

Scope 3 in 2024 against baseline year 2019

REDUCTION 46%

2030 target against baseline year 2019

Material topics

Climate change mitigation

Climate change adaptation



Climate change mitigation and adaptation

We take action to reduce our climate-related impact and risks and work towards climate change mitigation across our value chain.

Impacts, risks and opportunities

ESRS 2 SBM-3 E1 Material impacts, risks and opportunities and their interaction with strategy and business model

Demant is committed to climate change mitigation and actively works to reduce our negative impact on the environment stemming from the Group's GHG emissions, which occurs in the short, medium and long term. While the impact of scope 1 and 2 GHG emissions is relatively low and manageable, most of the Group's GHG emissions are scope 3 GHG emissions stemming from suppliers' operations and from materials and components that cannot be replaced. Therefore, supplier engagement and collaboration to reduce GHG emissions are crucial for Demant's ability to reach our targets and lower our footprint.

When it comes to Demant's climate change adaptation, the occurrence of natural disasters and extreme weather events pose a potential risk to our own and our suppliers' operations in the medium term. Depending on the location and magnitude of the event, this physical material risk may generate different levels of business disruption.

In 2023, as part of the DMA process, Demant performed a climate-scenario analysis to understand the climate-related physical and transition risks and their materiality to the Group.

In 2024, Demant's business strategy and business model were assessed for resilience against the risk of climate-related natural disasters. Demant is considered resilient to the current risk level. The Group ensures the resilience of our business model by integrating considerations of climate-related natural disaster risks into our own operations and supply chain management to minimise business disruption, should such an event occur. Through the Group's already established continuous risk management, both current and future risks will be considered. Specific actions to reduce potential business disruptions due to future climate scenarios have been analysed, as explained in the following sections, and will be taken if and when deemed necessary.

In the resilience assessment the timeframe for the scenario analysis is 2065 and it does not align with the timeframe of Demant's climate targets, which have been set to 2030 and 2050. The latter aligns with science-defined key years for climate change mitigation and the former aligns with the secondary information used by Demant in the assessment. Nevertheless, as these two elements refer to climate change mitigation and climate change adaptation respectively, the timeframe misalignment neither influences the risk assessment nor the climate target alignment with the limited 1.5°C scenario increase at the end of the century.

There are some uncertainties in the resilience analysis, which mostly relate to the input used for our DMA. The climate-related risks considered in the assessment are based on secondary information and internal experts' knowledge and are focused on specific business locations. As Demant continuously improves the sustainability due diligence and DMA processes, the uncertainties about the resilience analysis should be reduced.

Impact, risk and opportunity management

ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Regarding climate change mitigation, Demant reports on our full GHG emissions on an annual basis and compared to our baseline year 2019, the Group's GHG emissions have increased. In the double materiality assessment process, the Group's climate performance was considered and assessed as a material negative impact.

To identify the physical risks associated with climate change adaptation, Demant performed an assessment to determine which climate-related threats represent a risk for the Group, considering relevant locations, such as our headquarters, own production sites and those of our main suppliers.

Demant evaluated different climate scenarios from the Intergovernmental Panel on Climate Change (IPCC) namely RCP2.6; RCP4.5; RCP8.5 with a timeframe extending to 2065 to understand potential future global warming and its implications for the Group. The scenarios considered multiple temperature increases, starting with the IPCC RCP2.6 scenario with the lowest rise in the global average temperature. It also included the highest emissions climate scenario, IPCC RCP8.5, which represents a scenario where GHG emissions continue to rise and no significant efforts to mitigate climate change in the 21st century are made. Using available secondary information, Demant analysed data at the most specific geographical level available (i.e. city, region or country), and relevant threats, such as wildfire, droughts, floods, changes in precipitation patterns and sea level rise, were also analysed for each location.

Also associated with climate change adaptation and specific for the transition risks (which are risks associated with the shift towards a low-carbon economy) originating from different types of transition events (i.e. technological, market and legal), Demant considered scenarios where global warming was limited to 1.5°C with no or only limited overshoot scenarios. The Group considered different types of transition events in our own operations and those of the supply chain. The results from the above-mentioned risk assessments were used as input for Demant's DMA. Climate-related natural disasters are considered a material physical risk for Demant, while no transition risks are considered material.

E1-2 Policies related to climate change mitigation and adaptation

Policy

Our Sustainability Policy sets the direction within climate change mitigation and adaptation for all Demant entities and is publicly available on Demant's website. To steer the organisation towards the achievement of our climate targets, the Policy describes roles, responsibilities and actions to tackle GHG emissions in our own operations and value chain:

- Avoiding the use of unnecessary energy and increasing energy efficiency in our operations
- Substituting internal combustion vehicles by electric vehicles
- Using renewable electricity in own operations
- Focusing on the scope 3 categories where the impact is biggest.

The Policy also lays down the Group's expectations for relevant business-critical locations regarding the adaptation to climate change-related natural disasters.

The Sustainability Board approved the Policy in early H2 and is accountable for its implementation. Progress on the Policy will be presented and discussed in meetings with the Sustainability Board, our Environmental Sustainability Community and relevant in-house experts.

E1-1 Transition plan for climate change mitigation

Transition plan

Demant's Transition Plan consolidates the existing climate change mitigation plans and initiatives and details the different mitigation actions set by the Group to reduce the GHG emissions and reach our climate targets aligned with the Paris Agreement (please refer to page 66). The Transition Plan, which is a dynamic document updated yearly, was approved by the Sustainability Board in H2 2024. The Plan currently focuses on Demant's near-term climate target for 2030.

To reduce scope 1 and 2 GHG emissions, the Plan focusses on the GHG emissions from electricity and fossil fuels from Demant's fleet (petrol and diesel), as these energy sources represent most of the GHG emissions within these two scopes. For scope 3 GHG emissions, the decarbonisation levers range from adopting less climate-polluting transport methods to reducing the carbon intensity of the products and materials that the Group purchases. Read more under E1-3.

In H2 2024, we further improved our scope 3 accounting methodology and restated our baseline and historical GHG emissions. Based on this improvement, we are working to set additional decarbonisation levers and to quantify the financing of the Transition Plan.

Demant is in a position – and actively works – to reduce the carbon footprint in line with the goals of the Paris Agreement and contribute to global efforts to mitigate climate change. Therefore, the Group is not excluded from the 'Paris-aligned benchmarks' established by the European Commission. The benchmarks provide a roadmap to ensure that company activities are consistent with the Paris Agreement's objectives, particularly the goal of limiting the global temperature rise to 1.5°C above pre-industrial levels.

E1-3 Actions and resources in relation to climate change policies

Demant's Transition Plan currently focuses on five decarbonisation levers, each including one or more mitigation actions:

Lever 1: Energy consumption reduction and efficiency in own operations
This lever focuses on avoiding or reducing the consumption of all energy sources in our operations and on increasing energy efficiency. The actions to do so continued in 2024.

Energy consumption reduction and efficiency actions are managed locally, allowing us to tailor our approach to the specific characteristics of each location. This ensures that we can effectively address specific needs and opportunities for improvement.

This lever is mostly applied at Demant's production sites and in other entities with high energy consumption. Each location is free to implement its own actions regarding energy efficiency based on local needs and context. Examples of actions that may be made in this lever are adjustments of the ventilation and heating systems in our facilities and the assessment of appropriate light levels.

As a Group with both organic and acquisitive growth, we do not track the energy consumption performance of individual locations and companies at Group level, but we consider their absolute energy consumption. As a result, there are no Group targets associated with this lever.

Lever 2: Renewable electricity for own operations
In 2024, GHG emissions from electricity represented 88% of scope 2 GHG emissions and 44% of scope 1 and 2 GHG emissions combined. Demant consumed 1,245 MWh on-site renewable electricity and therefore avoided the generation of 611 tonnes market-based CO_{2e} emissions in Mexico, Denmark, Poland, South Africa, Australia and Italy. Demant consumed 17,116 MWh off-site renewable electricity of which 60% was directly acquired through electricity vendors in France, Italy and Poland and the remaining 40% was covered by Energy Attribute Certificates in Poland, Germany and Denmark. The use of offsite renewable electricity enabled Demant to avoid 10,145 tonnes market-based carbon dioxide equivalent (CO_{2e}) emissions.

	Decarbonisation lever	Scope of influence	Mitigation actions	Time horizon	Geographical scope
1	Energy consumption reduction and efficiency in own operations	Scope 1 and 2	• Decrease in energy consumption • Increase in energy efficiency	From short to long term	Global
2	Renewable electricity for own operations	Scope 2	• Use of on-site renewable electricity • Use of off-site renewable electricity	From short to medium term	Global
3	Vehicle fleet electrification	Scope 1 and 2	• Transition to electric vehicles for already existing fleet in six prioritised European countries • Transition to electric vehicles for fleet in remaining countries	From short to long term	Global
4	Supplier engagement programme	Scope 3	• Setting a supplier target for improvement of the environmental performance of purchased goods and services	From short to medium term	Global (determined by the location of the suppliers onboarded to the programme)
5	Use of less climate-intensive transport modes	Scope 3	Shift from air freight transport to less climate intensive transport modes	From short to long term	To be determined

The transition to renewable electricity is expected to remove all scope 2 GHG emissions associated with electricity consumption by 2030. Demant aims to have 100% renewable electricity in our own operations by 2030 and will continue using current renewable electricity sources while exploring the incorporation of new sources.

Lever 3: Vehicle fleet electrification

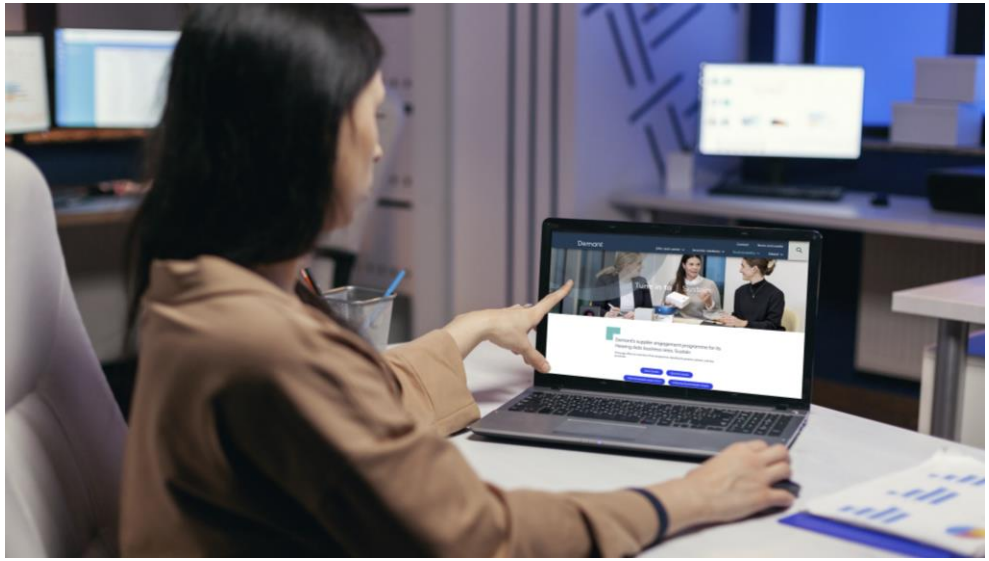
In H2 2024, the Sustainability Board approved a new plan to speed up electrification of Demant's vehicle fleet, replacing internal combustion engine vehicles with electrical vehicles. Through this plan, Demant promotes the use of electric vehicles across the Group's fleet. Phase one of the plan focuses on six specific countries where the legal entities must reach a defined electric vehicle share in their fleet by 2030. Considering fleet size and behaviour, phase one is expected to avoid the emission of 2,675 tonnes of CO_{2e} in 2030.

Lever 4: Supplier engagement programme

In 2024, the Hearing Aids business area launched a new supplier engagement programme, called Sustain, to collect primary data from the category of purchased goods and services (phase one) and to set a supplier target for improvement of the environmental performance of this category (phase two). While phase one started in 2024, phase two is expected to start in 2025, and once decarbonisation targets have been agreed with our suppliers, the expected avoided GHG emissions will be quantified.

Lever 5: Use of less climate-intensive transport modes

The use of less climate-intensive transport modes requires continuous work to identify the business needs, type of freight, routes and locations compatible with the transition from air travel to alternative transport modes. Last year, our Diagnostics business area started this lever and set a target for 5% GHG emissions reduction in 2024 compared to 2023. We exceeded the target by 11% and reduced our transportation emissions intensity from 0.14 kg CO_{2e}/DKK spent in 2023 to 0.11 kg CO_{2e}/DKK spent in 2024.The medium- and long-term targets associated with this lever are yet to be determined.



Looking ahead

Demant's Transition Plan is under constant development, and new levers will be added over time, especially with a view to reducing our scope 3 GHG emissions, as new information becomes available.

The financial resources required for the implementation of the decarbonisation levers and their relation to the financial statements are yet to be determined, as this depends on further defining the decarbonisation levers and their mitigation actions.

Metrics and targets

E1-4 Targets related to climate change mitigation and adaptation

As part of Demant's climate commitment, we have set targets for reducing our GHG emissions, which align with the Paris Agreement's goal of limiting the global temperature increase to 1.5°C by the end of the century. The targets were validated by the SBTi in July 2023 and are described below:

Near-term targets

Demant commits to reducing absolute scope 1 and 2 GHG emissions by 46% by 2030 from a 2019 baseline year. Demant also commits to reducing absolute scope 3 GHG emissions by 46% within the same timeframe.

Long-term targets

Demant commits to reducing absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2019 baseline year. Demant also commits to reducing absolute scope 3 GHG emissions by 90% within the same timeframe.

Overall net-zero targets

As an additional step in the efforts towards climate change mitigation, Demant commits to reaching net-zero GHG emissions across the value chain by 2050 from a 2019 baseline year.

Target setting methodology

The targets follow the operational control approach for setting Demant's organisational boundary. As it is allowed in the target-setting methodology under the SBTi net-zero criteria V5.0, our target-setting uses a cross-sector pathway and market-based accounting approach.

Demant submitted its climate targets for validation to the SBTi in 2021, using 2019 as the baseline year, since it provided the latest available data before coronavirus disrupted business operations. Demant does not consider GHG emissions removals, carbon credits and avoided GHG emissions as means of achieving the required GHG emissions levels in the near or long term. Aligned with the Greenhouse Gas Protocol, the GHGs considered in the targets are:

Carbon dioxide – CO_2
Methane – CH_4
Nitrous oxide – N_2O
Hydrofluorocarbons – HFCs
Perfluorocarbons – PFCs
Sulphur hexafluoride – SF_6
Nitrogen trifluoride – NF_3

Regarding the link between the climate targets and the decarbonisation levers, for the near-term target in scope 1 and 2, the energy consumption reduction and efficiency in own operations (lever 1), along with the phase-in of renewable electricity for own operations (lever 2), will enable the required reduction by 2030.

It is important to highlight that fleet electrification (lever 3) is a complementary effort to ensure that the GHG emissions reduction takes place as soon as possible and that the fossil fuel emissions from the fleet are controlled and do not jeopardise the near-term target. For the near-term target in scope 3, the relevance of each lever still needs to be assessed.

E1-5 Energy consumption and mix

Energy

Compared to 2023, Demant's total energy consumption increased by 7%, from 113,404 MWh in 2023 to 121,209 MWh in 2024. The main part of the increase is attributable to higher usage of fuel by our vehicle fleet, corresponding to 2,141 MWh, and to acquisitions, resulting in increased usage of heating sources by 4,226 MWh and electricity by 2,099 MWh.

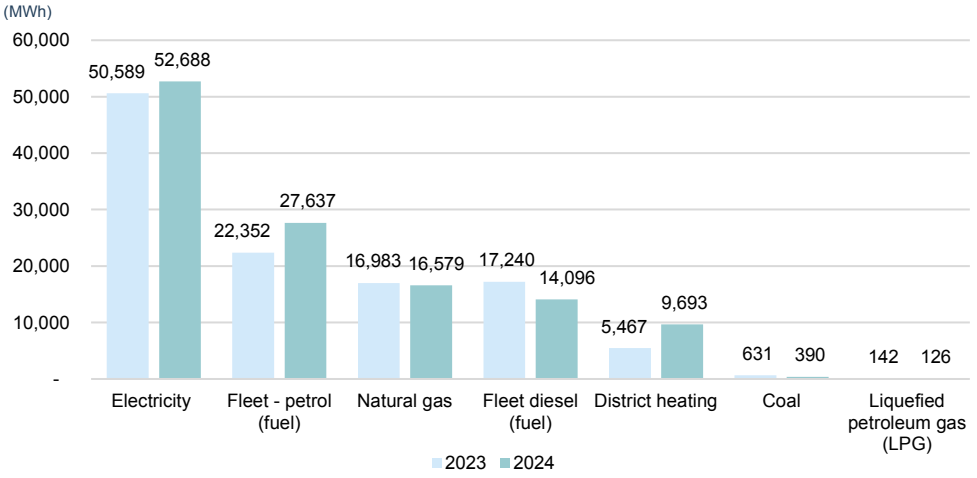
Demant's total use of energy from fossil fuels was 102,721MWh in 2024 compared to 102,425 MWh in 2023.

Despite the overall increase in energy consumption, many of our energy-intensive entities successfully reduced their non-renewable electricity consumption and increased their use of renewable sources, resulting in an increase in the Group's renewable energy share from 10% in 2023 to 15% in 2024.

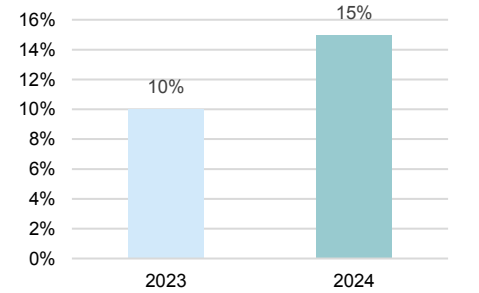
Renewable electricity

Transitioning to renewable electricity is crucial for Demant's progress towards achieving its climate targets. In 2024, we increased our investments in on-site solar generation at several sites. 35% of the Group's electricity consumption is now covered by renewable sources, mainly from electricity vendors (directly sourced) and Energy Attribute Certificates.

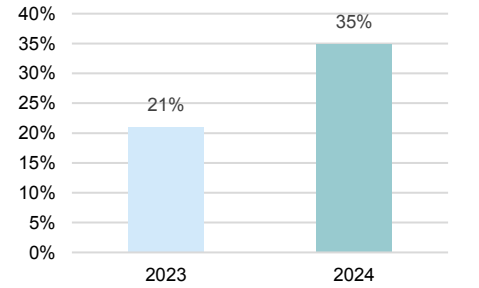
Energy consumption mix



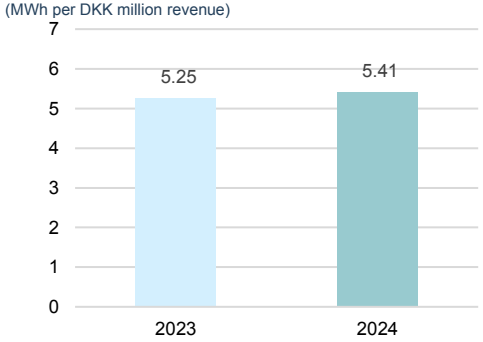
Renewable energy of total energy consumption



Renewable electricity of total electricity consumption



Energy intensity



E1-6 Gross scopes 1, 2, 3 and total GHG emissions

Scope 1 and 2

Driven by our transition to renewable electricity, the Group managed to reduce its market-based scope 1 and 2 GHG emissions by 11% in 2024 compared to 2023. We have reduced our scope 1 and 2 GHG emissions by 8% compared to our 2019 baseline year, thus making steady progress towards our goal to reduce our scope 1 and 2 GHG emissions by 46% by 2030.

Electricity remains a key factor in our transition and our progress towards achieving our scope 1 and 2 GHG emissions targets. Additionally, GHG emissions from our fleet are a significant focus area for the Group. In 2024, we developed a plan for fleet electrification, aiming to further reduce our scope 1 GHG emissions.

Scope 3

Most of our scope 3 GHG emissions (more than 96%) are distributed between five categories: purchased goods and services (category 1), capital goods (category 2), fuel- and energy-related activities not included in scope 1 or 2 (category 3) and upstream and downstream transportation and distribution (category 4 and 9).

In 2024, our scope 3 GHG emissions decreased by 6% compared to 2023 and increased by 31% compared to our 2019 baseline. 86% of the reduction can be attributed to reductions in category 1 and 2. The GHG emissions from these categories are dependent on the type and quantity of goods and services acquired for our products and operations.

While we have made clear progress in reducing our scope 1 and 2 GHG emissions, it takes time for the scope 3 numbers to reflect our efforts towards achieving our targets.

The insights that our 2024 scope 3 accounting methodology provides will enable us to better define actions towards GHG emissions reductions in accordance with our climate targets.

Included scope 3 categories

Out of the 15 scope 3 categories, ten are included in Demant's inventory:

Category 1: Purchased goods and services
Category 2: Capital goods
Category 3: Fuel- and energy-related activities not included in scope 1 or 2
Category 4: Upstream transportation and distribution
Category 5: Waste in operations
Category 6: Business travel
Category 7: Employee commuting
Category 9: Downstream transportation and distribution (calculated together under category 4)
Category 11: Use of sold products
Category 12: End-of-life treatment

Excluded scope 3 categories

The remaining five categories and the reasons for their exclusion are shown in the table below.

Exclusion of Communications

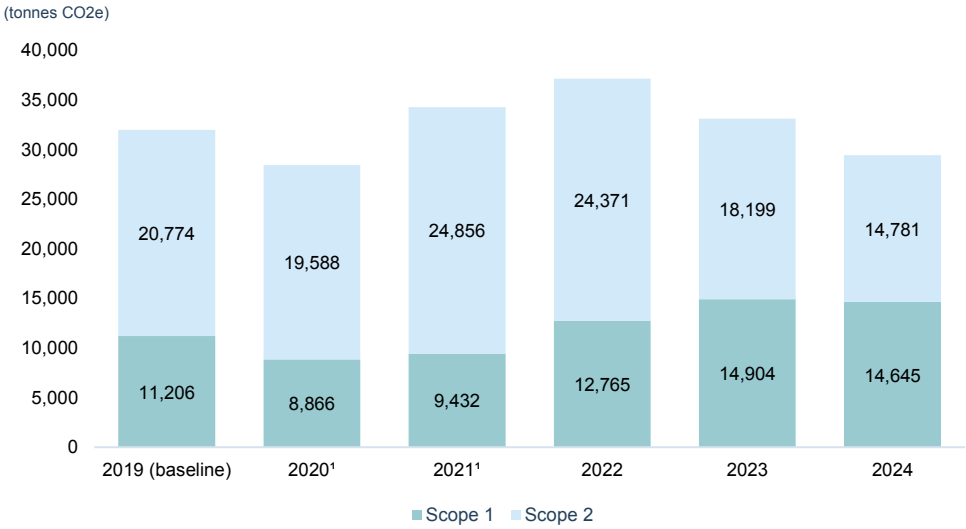
We estimate the scope 3 greenhouse gas emissions for Communications account for 12% of the Group's total scope 3 greenhouse gas emissions in 2024 based on our 2019 baseline and using the previous accounting principles.

Based on a high-level recalculation using the revenue from EPOS, note 6.2 in the financial statements, the Groups total scope 3 GHG emissions would be:
2024: 519,795 tonnes CO2
2023: 551.069 tonnes CO2
2019 (baseline): 397,837 tonnes CO2

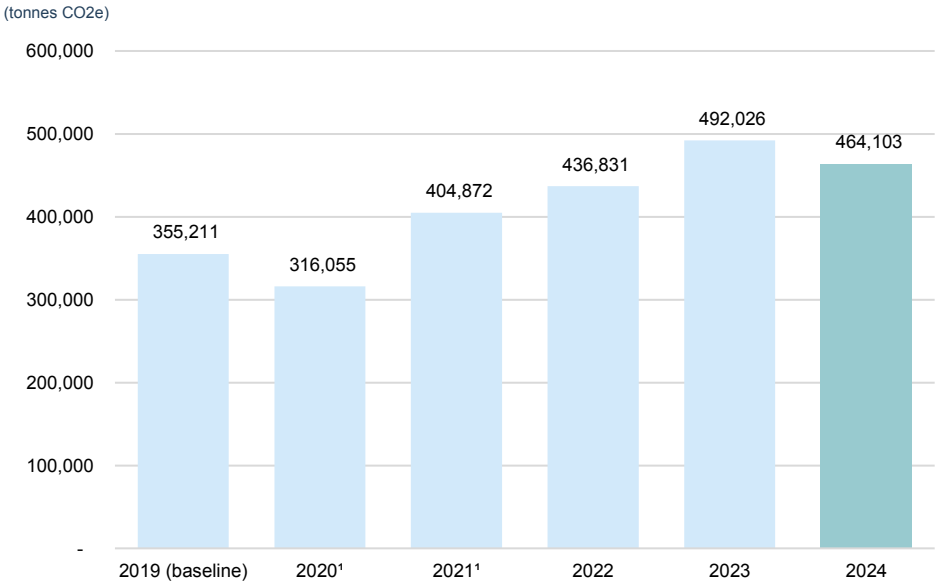
Total GHG intensity based on net revenue for 2024 including Communications is estimated to be 25. The metrics including scope 3 data do not include Communications.

Scope 3 category ID	Scope 3 category	Justification
8	Upstream leased assets	Demant's leased assets are under its operational control and therefore included in scope 1 and 2 accounting.
10	Processing of sold products	Demant focuses on providing final products, accessories and consumables.
13	Downstream leased assets	Demant does not own or lease assets to external parties.
14	Franchises	Demant does not own or operate franchises.
15	Investments	After screening the GHG emissions associated with this category, it was determined that the share of GHG emissions from investments is less than 0.1% of the total scope 3 GHG emissions. Aligned with the relevance and completeness principles of the GHG Protocol standard and in consideration of data quality and availability, this category was excluded.

Scope 1 and 2 market-based GHG emissions



Scope 3 GHG emissions



¹ 2020 and 2021 were impacted by lower activity due to coronavirus.

Total GHG emissions

(tonnes CO2)	Year					Target	
	Baseline 2019	2024	2023	% vs. LY	% vs. Base-line	2030	Annual % target/ Base-line[1]
Scope 1 GHG emissions							
Gross scope 1 GHG emissions	11,206	14,645	14,904	-2%	31%	6,051	4%
Scope 2 GHG emissions							
Gross scope 2 location-based GHG emissions[2]	17,996	19,041	18,419	3%			
Gross scope 2 market-based GHG emissions[2]	20,774	14,781	18,199	-19%	-29%	11,218	4%
Total scope 1 and scope 2 market based GHG emissions	31,980	29,426	33,103	-11%	-8%	17,269	4%
Category Significant scope 3 GHG emissions							
Total Gross indirect (scope 3) GHG emissions	355,212	464,103	492,026	-6%	31%	191,814	4%
1 and 2: Purchased goods and services and capital goods	322,094	421,480	444,999	-5%			
3: Fuel and energy related services	4,798	7,253	6,767	7%			
4 and 9: Transportation	18,870	26,491	26,067	2%			
5: Waste in operations	701	1,971	1,008	96%			
6: Business travel	4,261	2,741	5,897	-54%			
7: Employee commuting	21	28	26	8%			
11: Use of sold products	3,830	3,972	6,363	-38%			
12: End of life treatment	636	167	899	-81%			
Total GHG emissions							
Total location-based GHG emissions	384,414	497,789	525,349	-5%	29%		
Total market-based GHG emissions	387,192	493,529	525,129	-6%	27%		
GHG Intensity based on net revenue							
Total GHG emissions (location-based) per net revenue	26	22	23		-15%		
Total GHG emissions (market-based) per net revenue	26	22	23		-15%		

[1] Annual reduction in percentages from the baseline year 2019 required to reach the 2030 target.
[2] GHG accounting for electricity applies two methodologies based on the type of emissions factors to use: location and market-based emissions. Location-based emissions consider the average emission intensity of the power grid where the consumption takes place but disregard the use of off-site renewable electricity. Market-based emissions consider the specific type of electricity consumed and the associated specific emission intensity in the emissions calculations. Please refer to the Greenhouse Gas Protocol scope 2 guidance for additional information.

Accounting policy

Energy consumption

Energy consumption includes both primary and estimated usage of electricity, district heating, natural gas, diesel, petrol, coal and liquefied petroleum gas. Energy consumption is recorded using different units (e.g. liters, kWh, kg) and is later converted to megawatt hours (MWh) for consolidation purposes.

Energy data is recorded and compiled in our energy management system, with each legal entity providing its monthly consumption figures on a biannual basis.

The share of renewable energy represents the amount of renewable energy used by Demant in our operations. It is calculated by dividing the energy consumed from renewable sources by the total energy consumed by the Group.

Refrigerants are not included in the energy consumption, as they account for less than 0.1% of the total energy consumption.

Energy intensity

Energy intensity is reported as the total energy consumption divided by the total revenue. According to ESRS definitions, all of Demant's business is classified as belonging to a high-climate impact sector. The revenue used as the denominator is the total revenue generated by the Group. Please refer to the Financial statements, Note 1.1, on page 127.

Greenhouse gas accounting

Demant's carbon accounting adheres to the Greenhouse Gas Protocol (GHG Protocol) defined by the World Resources Institute and World Business Council for Sustainable Development in line with the recommendation of the ESRS. Our consolidated GHG emissions data encompasses all entities under Demant's operational control, including leased facilities, with emissions quantified in carbon dioxide equivalent (CO_{2e}).

Demant's Inventory Management Plan (IMP) sets the framework for defining, compiling and reporting Group GHG emissions across all scopes of GHG emissions based on the Greenhouse Gas Protocol. The IMP specifies that baseline recalculations may occur under the conditions defined in the publicly available Baseline Recalculation Policy.

Scope 1 and 2 GHG emissions

Scope 1 emissions consist of direct GHG emissions that arise from the actual and estimated consumption of natural gas, liquefied petroleum gas, coal, petrol, diesel and refrigerants.

Scope 2 emissions consist of indirect GHG emissions that arise from the actual and estimated consumption of electricity and district heating.

The calculation of scope 1 and scope 2 GHG emissions is fully automated within our energy management system, utilising GHG emissions factors provided by the UK Department for Environment, Food & Rural Affairs (DEFRA), the US Environmental Protection Agency and the International Energy Agency.

Location- and market-based GHG emissions

For scope 2, we calculate location- and market-based GHG emissions and use the latter to benchmark Demant's performance against our climate targets in accordance with our SBTi accounting approach.

Scope 3 GHG emissions

Demant's business areas have different needs for data in the accounting of scope 3 GHG emissions. Therefore, we have decided to use different methodologies according to the data availability and needs of each business area.

Demant employs two different methodologies for scope 3 accounting: one tailored for the Diagnostics business area and another for the Hearing Aids and Hearing Care business areas. Both methodologies align with the scope 3 GHG Protocol standard and follow a combined approach, using hybrid- and spend-based methods for the GHG emissions calculations.

Category 1 is calculated using spend data multiplied by the relevant GHG emissions factors for various types of purchases. Instead of using spend data, the elements of certain goods are classified per material and weighed to determine the quantity purchased.

Category 2 includes goods purchased during the year, which have an expected lifetime that exceeds the reporting period. It is calculated using spend data or the amount of capital goods purchased and is later multiplied by relevant emission factors.

Category 1 and 2 are reported combined, as detailed data are not available, and estimating the categories is not possible. We expect to enhance the data quality and provide more detailed data for the reporting year 2025.

Category 3 is calculated using actual fuel and energy consumption, not included in scope 1 and 2, multiplied by relevant emission factors.

Category 4 and 9 are calculated using primary data obtained directly from our logistics suppliers and are reported combined, as detailed data are not available, and estimating the categories is not possible. We expect to enhance the data quality and provide more detailed data for the reporting year 2025.

Category 5 is calculated using actual waste data multiplied by relevant GHG emissions factors.

Category 6 is calculated using primary air travel data available multiplied by relevant GHG emissions factors.

Category 7 is calculated using secondary information from the passenger mobility statistics of the EU and the number of employees in Demant.

Category 11 is calculated by multiplying the relevant GHG emissions factors, the number of sold products and the internal data collected by in-house experts on product design, functionality and typical usage patterns. This enables us to determine the energy consumption data associated with each product.

Category 12 is calculated using sales numbers, categorised by product type, material composition and the geographical location of the sold products. The numbers are then multiplied by relevant GHG emissions factors.

The GHG emissions factors used for the calculations are from renowned sources, such as DEFRA, the Danish Environmental Protection Agency database and the Ecoinvent database. Where needed, consumption and GHG emissions have been extrapolated to account for the whole Group.

GHG intensity based on revenue

GHG intensity is reported as the total GHG emissions of the Group divided by the Group's total revenue for the period.

Change in accounting policy

In 2024, we changed our scope 3 accounting policy by applying a new, more accurate method. The comparative and baseline figures have been adjusted accordingly. For 2024, the total effect of the change in accounting policy is estimated to be approximately 250,000 tonnes lower CO_{2e} compared to the previous method.

Use of estimates and judgements

Scope 3 calculation involves judgement and estimates to provide the necessary information that Demant does not have access to. This includes the use of generic emissions factors. The majority of the scope 3 emissions are calculated using spend-based method. We map our suppliers according to the type of goods or services we primarily purchase from them.



E5 Resource use and circular economy

We recognise the critical importance of the transition towards a circular economy to minimise the environmental impact, resource consumption and waste generation and to maximise resource efficiency.

Product circularity is a material topic that impacts many processes and requires forward-thinking, innovative solutions and proactive collaboration between Demant and our suppliers.

In 2024, we made progress in this area by launching several initiatives and seeding others that will start showing results in 2025.

Though there are regulatory limitations to the changes we can make in our products, we are committed to continuous progress in this area.

Material topics

Product circularity



Product circularity

We are continuously enhancing product circularity through various initiatives led by our Hearing Aids and Diagnostics business areas. We focus on design, packaging, use of secondary materials and maintenance of our products.

Impacts, risks and opportunities

ESRS 2 SBM-3 E5 Material impacts, risks and opportunities and their interaction with strategy and business model

With increasing regulations and general customer pressure regarding the products' environmental footprint, product circularity is becoming ever more important for Demant. Though there are regulatory limitations to what we can change, we have the opportunity to further increase the rate of recycled components to limit our environmental footprint, reduce costs and use recycled materials. This is especially the case for product packaging, which also represents a negative impact on the environment in the short to medium term. In the long term, there is also a risk of having less availability of essential raw materials required for electronic components.

Impact, risk and opportunity management

ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

To identify material IROs related to circular economy, we conducted a qualitative assessment of the materials used in production considering our supply chain. This assessment considered criteria related to resource use and circular economy, such as the percentage of materials not recycled at the end of a product's life and was based on secondary information from the electronics industry. The findings of the assessment were later presented as input for the general double materiality process that considers both our own operations and our supply chain by assessing the relevance of the identified impacts, risks and opportunities.

E5-1 Policies related to resource use and circular economy

Under the umbrella of the Code of Conduct that instructs all employees to ensure efficient use of natural resources, our Sustainability Policy sets the specific direction for circular economy for the Group. Within resource use and circular economy, the Sustainability Policy addresses actions to tackle Demant's impacts and risks regarding resource inflows and outflows including:

- Integrating circular economy principles and targets to reduce resource use and lower the environmental impact of Demant's products.
- Packaging optimisation to reduce packaging materials and quantities and to transition away from virgin materials, where possible.
- Sustainable resource consumption and conscious waste generation, including appropriate disposal, in daily business activities.
- Responsible use of other materials, like the ones used for shipping and marketing of products, and responsible acquisition of other elements (i.e. interior design and furniture of facilities).
- Encouraging business partners to constantly reduce the use of natural resources in their own operations as communicated in our Third-Party Compliance Code.

E5-2 Actions and resources related to resource use and circular economy

Our circular economy actions include a wide range of topics from resource efficiency and use of secondary raw materials to value retention maximisation and end of life.

The following circular economy-related actions are taken in 2024:

Design of hearing aids for reuse as testing hearing aids for users' trial period

Designing a hearing aid intended for use by multiple individuals requires efforts to ensure compliance with the medical regulation and device sanitation requirements. We have designed and manufactured a testing hearing aid, known as the Demoflex, to be used by up to 50 users during a short trial period.

In 2024, the Demoflex resembled one specific hearing aid model from our portfolio and was available in one country. In 2025, it will resemble new hearing aid models and be available in several countries worldwide.

Resource use in hearing aids packaging

In 2024, we launched a redesigned charger packaging alternative across all our hearing aids brands globally, with the exception of charger packaging for one private-label customer. The project aimed to eliminate plastic content and reduce the packaging size to minimise material consumption. While we still use plastic bags to protect our products inside the package, both the inside and outside of the packaging itself is now plastic-free.

With this modification, we have reduced the packaging size, removed a virgin oil-based pouch and eliminated the external plastic lamination. We continue using pulp inlays and FSC-certified paper, as we have done before. This new design reduces the GHG emissions associated with each charger packaging unit by 80%.

Resource efficiency in hearing aids accessories

We are constantly striving to improve our hearing aids and accessories. Each of our hearing aids comes with a plastic container for storing small, replaceable filters that prevent earwax from entering the instrument. These filters need frequent replacement, as they accumulate wax. By enhancing the moulding process and redesigning the container, we have reduced plastic consumption per unit produced for the new version of the container by 53%. The new version was introduced in 2024 and will be used for all of the earwax filter containers from 2025 and forward.

Use of secondary raw materials in diagnostic devices

In collaboration with our largest supplier of plastic for our diagnostic equipment, some of the plastic we receive and use in our devices is from recycled sources. The recycled content in the plastic we use comes from waste generated during our supplier's internal plastic production. We started using recycled plastic in 2014 and in 2024, we used 1.5 tonnes of recycled plastic. We plan to continue with this initiative in the future.

Use of secondary raw materials in packaging for diagnostic devices

To reduce the pressure on the extraction of virgin materials and waste generation, our Diagnostics business area has incorporated recycled materials into its packaging. In 2022, we started using

recycled polyethylene plastic in the plastic bags we use in our global packaging. In 2024, the recycled content of our bags was on average 55.6%, and we used a total of 446 kg of recycled plastic. Moreover, the cardboard used in our packaging contains up to 98% recycled materials, representing more than 50 tons of recycled material.

Maintenance and repair of hearing aids

In 2024, we continued to provide maintenance and repair services for our hearing aids, both at our hearing clinics and at our service facilities. By ensuring the proper maintenance of our hearing aids or by repairing those that need it, we aim to prolong our users' use of our hearing aids.

Maintenance and repair services are available worldwide for all hearing aid models of all brands for up to five years after the model has been discontinued. In 2024, we provided over 1,500,000 repair services in our service facilities.

Maintenance and repair of diagnostic devices

To maximise the lifetime of our products, we offer maintenance services to our customers to ensure that normal wear and tear does not affect the usability or quality of our devices. This service, which also includes the recalibration of our devices, is usually carried out at the customer's location or at local in-house workshops. If required, we also offer repair service, which we provide worldwide. We guarantee to have spare parts available for up to seven years from the purchase date of our instruments to ensure that whatever issue the device is experiencing, it can be fixed. Unlike maintenance, the repair is carried out exclusively at one of our sales companies or at a central repair facility in Poland or USA. In 2024, we provided 167,104 maintenance and repair services and will continue to do so in the future.

Recyclability enhancement of hearing aid elements

In 2025, we will introduce a new material for the inlets (elements inside the hearing aids) for our entire hearing aids portfolio, eliminating the use of per- and polyfluoroalkyl substances (PFAS) in this component. This change enhances the recyclability of our inlets, as they are now PFAS-free. We continuously work towards eliminating these chemicals without compromising the quality and safety of our devices.

Metrics and targets

E5-3 Targets related to resource use and circular economy

As products, consumables and packaging characteristics differ greatly between our business areas, our circular economy efforts are led by the business areas and aim to enhance our circular economy performance in specific topics that may not be applicable to the entire Group. Therefore, we have not yet established targets at Group level.

As we recognise the importance of integrating circular economy principles across our operations, we plan to assess our data and actions, and to explore potential Group targets in 2025.



E5-4 Resource inflows

Total weight of products and materials inflow

(tonnes)	2024	2023
Plastic	604	1,709
Metals	181	346
Cardboard/paper	327	563
Electronic components	1,789	1,930
Wood	50	42
Other[1)]	170	103
Total resource inflow	**3,121**	**4,693**

The table above outlines the materials used for manufacturing hearing aids and diagnostic equipment in Demant's own operations and upstream value chain.

In 2024, the resource inflow decreased by 1,572 tonnes compared to 2023, mainly due to reduced purchases of plastic by our Diagnostics business area in 2024.

Biological materials and reused or recycled materials used for manufacturing products

	2024	2023
Percentage of biological materials used in manufacturing (%)	12.1%	12.9%
Reused or recycled materials used in manufacturing and packaging (tonnes)	50	51
Reused or recycled materials used in manufacturing and packaging (%)	1.62%	1.09%

E5-5 Resource outflows

Total weight of products and materials outflow

(tonnes)	2024	2023
Plastic	1,463	1,566
Metals	258	277
Cardboard/paper	1,026	1,080
Electronic components	218	233
Wood	22	25
Other[1]	51	69
Total resource outflow	**3,038**	**3,250**

[1]Other consists of smaller categories such as glass, flux and other non-categorised materials

The table above shows the total weight of materials that comes out of the manufacturing processes.

Accounting policy

Resource inflow

Resource inflow includes materials directly related to the manufacturing of our products as well as core components of purchased goods and capital goods, including packaging and extra parts. The reported numbers are based on estimates. The resource inflows are categorised according to the origin of the materials. Cardboard in resource inflow consists mainly of brochures.

Biological materials and reused or recycled materials used in the production

Biological materials cover biodegradable materials, such as wood, paper and cardboard derived from natural polymers found in plants.

Reused or recycled materials cover the amount of confirmed recycled materials used in manufacturing.

Resource outflow

Resource outflow includes materials found in products and extra parts, including packaging. The outflow materials are categorised according to the origin of the materials. The reported numbers are based on estimates. Resource outflow also includes purchased goods that are not used in the manufacturing process.

Use of estimates and judgements

The resource inflow and outflow are based on estimates, using internal and external data combined with assumptions, and is then extrapolated to the total population based on sales volumes and inventory movements.

Key assumptions are for resource inflow including actual weight of the materials found in two hearing aids and then multiplied with the total sales.

In-house subject matter experts are consulted to reduce the risk of over- or understating. However, as the reported numbers are based on generic assumptions, numbers are subject to change when we gain access to more accurate data.

EU taxonomy

The Demant Group's reporting on EU taxonomy follows Regulation (EU) 2020/852 of the European Parliament and of the Council. This requires non-financial listed companies to report their environmentally sustainable economic activities that are eligible under the Taxonomy Regulation and aligned with the screening criteria for the six environmental objectives to be included in the reporting for 2024. This requires Demant to assess whether there are economic activities that qualify as eligible.

To determine Demant's eligible activities, we have screened our turnover, OPEX (the cost of R&D, short-term leases, maintenance and repair) and CAPEX (net investments in property, plant and equipment, intangible assets and addition of right-of-use assets) against the activities of the Taxonomy Compass.

The three eligible economic activities that are subject to alignment under the EU taxonomy are:

- Manufacture of electrical and electronic equipment, which relates to our manufacturing of hearing aids and diagnostic instruments.
- Data processing, hosting and related activities, which relates to our IT servers.
- Acquisition and ownership of buildings, which relate to our offices, manufacturing facilities and retail.

Changes since 2023

In 2024, it became mandatory to disclose alignment with the identified eligible activities. Demant has considered the alignment criteria for each eligible activity applicable for Demant and included the result in the EU taxonomy tables of the 2024 report.

Alignment

For Demant to be able to claim alignment in any of the three eligible activities, the company needs to fulfil all the requirements of the technical criteria, the 'do no significant harm' requirement and the minimum safeguards requirements defined by the EU Commission.

Demant has assessed the alignment requirements defined for each of Demant's eligible activities to determine the alignment percentage for each of them.

To ensure compliance with the minimum safeguards, we have assessed the compliance of our policies and guidelines with UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

During the assessment, we ascertained that Demant aligns with the minimum safeguards requirements. Nevertheless, for each eligible economic activity, there is at least one technical criteria or 'do no significant harm' requirement that we do not fulfil. An example of this is the eligible activity under the circular economy objective where our misalignment with the criteria is caused by the technical specifications of our products associated to quality and safety.

Looking ahead

We continue to monitor the development and guidance of the Taxonomy Regulation.



Turnover

				Substantial contributions to objectives 1-6 (%)						Do no significant harm to objectives 1-6 (y/n)								
Economic activity	Code	**Absolute turnover**	**Proportion of turnover in 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Minimum social safeguards**	**Proportion of turnover in 2023**	**Categopry enbling/transitional**
		DKK million	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E/T**
A.1 Taxonomy aligned activities																		
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Turnover of taxonomy aligned activities (A.1)		**0**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**0**	**n/a**
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																		
Manufacturing of electrical and electronic equipment	CE 1.2	18,806	84	0	0	0	100	0	0								96	
Turnover of taxonomy eligible but not aligned activities (A.2)		**18,806**	**84**	0	0	0	**100**	**0**	**0**								**96**	
Turnover of taxonomy eligible activities (A1 + A2)		**18,806**	**84**	0	0	0	**100**	**0**	**0**								**96**	
B. Taxonomy non-eligible activities																		
Turnover of Taxonomy-non-eligible activities		3,613	16														4	
Total[1]		**22,419**	**100**														**100**	

[1] Total revenue, Financial statements 2024, note 1.1

CAPEX

				Substantial contributions to objectives 1-6 (%)						Do no significant harm to objectives 1-6 (y/n)								
Economic activity	**Code**	**Absolute CAPEX**	**Proportion of CAPEX in 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Minimum social safeguards**	**Proportion of CAPEX in 2023**	**Categopry enabling/transitional**
		DKK million	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E/T**
A.1 Taxonomy aligned activities																		
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Turnover of taxonomy aligned activities (A.1)		**0**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**0**	**n/a**
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																		
Acquisition and ownership of buildings	CCM 7.7	876	57	100	0	0	0	0	0								56	
Manufacturing of electrical and electronic equipment	CE 1.2	134	8	0	0	0	100	0	0								0	
Data processing and hosting	CCM 8.1	28	2	100	0	0	0	0	0								0	
CAPEX of taxonomy eligible but not activities (A.2)		**1,038**	**67**	100	0	0	**100**	**0**	**0**								**56**	
CAPEX of taxonomy eligible activities (A1 + A2)		**1,038**	**67**	**100**	**0**	**0**	**100**	**0**	**0**								**56**	
B. Taxonomy non-eligible activities																		
CAPEX of Taxonomy-non-eligible activities		**490**	**33**														**44**	
Total[1]		**1,528**	**100**														**100**	

[1] Property, plant and equipment, Financial statements, note 3.2 and 3.3

OPEX

				Substantial contributions to objectives 1-6 (%)						Do no significant harm to objectives 1-6 (%)								
Economic activity	Code	**Absolute OPEX**	**Proportion of OPEX in 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution prevention and control**	**Protection of biodiversity**	**Minimum social safeguards**	**Proportion of OPEX in 2023**	**Categopry enabling/transitional**
		DKK million	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E/T**
A.1 Taxonomy aligned activities																		
None		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
OPEX of taxonomy aligned activities (A.1)		**0**	**0**	**0**	**0**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**0**	**n/a**
Of which enabling		0	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Of which transitional		0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	n/a
Taxonomy eligible but not aligned activities																		
Data processing and hosting	CCM 8.1	49	3	100	0	0	0	0	0								0	
OPEX of taxonomy eligible but not activities (A.2)		**49**	**3**	0	0	0	**0**	**0**	**0**								**0**	
OPEX of taxonomy eligible activities (A1 + A2)		**49**	**3**	0	0	0	**0**	**0**	**0**								**0**	
B. Taxonomy non-eligible activities																		
OPEX of Taxonomy-non-eligible activities		1,413	97														0	
Total[1]		**1,462**	**100**														**100**	

[1] Employee cost by function, Financial statements, note 1.2

Nuclear energy and fossil gas related activities

The questionnaire below is related to the mandatory EU taxonomy disclosure regarding nuclear energy and fossil gas related activities and covers the Turnover, OPEX and CAPEX KPI as the answer is the same.

Row	Nuclear energy related activities	Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Accounting policy

Turnover

Turnover is reported and defined as taxonomy-eligible turnover (numerator) divided by the total turnover (denominator).

OPEX

Total OPEX covers direct non-capitalised costs pertaining to R&D, renovation of buildings, short-term leases, maintenance and other direct costs relating to the day-to-day servicing of property, plant and equipment. The KPI is defined as taxonomy-eligible OPEX (numerator) divided by total OPEX (denominator).

CAPEX

CAPEX consists of additions to property, plant and equipment, intangible assets, excluding goodwill and addition of right-of-use assets. The KPI is defined as taxonomy-eligible CAPEX (numerator) divided by total CAPEX (denominator).

Social

S1 Own workforce 85
S2 Workers in the value chain 93
S4 Consumers and end-users 95

S1 Own workforce

Our people are the most valuable part of our business, and their well-being, safety, engagement and development are fundamental to our success. We want to foster an organisational culture of care and respect with diversity, equity and inclusion as important drivers.

Guided by our values, we work to create a culture where our over 22,000 employees can belong, grow and contribute. We constantly welcome new colleagues and this growth trend requires a continuous focus on integrating them into the Demant culture and investing in the development of our people, processes and systems.

We believe in the strong link between high employee engagement and experience of inclusion and a successful and responsible business.

As an employer, we view this as one of our core responsibilities, which is reflected in our targets.

Our targets

We aim to increase the gender balance in our top-level management to 35/65% (women/men) by 2030. We also strive to reach the top-third level (67th percentile) in employees' experience of inclusion and engagement (Gallup indexes) by 2030.

Reach top-third level in employee engagement

52nd PERCENTILE
Reached top-half of engaged companies in 2024

67th PERCENTILE
2030 target

Reach top-third level in employees' experience of inclusion

56th PERCENTILE
Reached top-half of inclusive companies in 2024

67th PERCENTILE
2030 target

Material topics

- Working conditions
- Diversity, equity and inclusion
- Talent attraction and retention



Working conditions

Working at Demant should not only be an enjoyable experience, both professionally and personally, but also physically and psychologically safe. This is the basis of the working environment we want to promote for all our employees.

Impacts, risks and opportunities

ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model

For all our employees, we strive to ensure a good work-life balance. However, for some of them, there is a potentially negative impact on their mental health in relation to work, especially from stress, which can occur in the short term. This is especially seen in busy periods, where managing expectations and priorities between employee and manager becomes increasingly important.

Impact, risk and opportunity management

S1-1 Policies related to own workforce

Our commitment to a good working environment is framed in our Code of Conduct, which outlines the minimum standards and ethical principles applicable to all employees regardless of their location and the nature of their work.

To specify what we mean by a good workplace environment, we launched a Global Policy on Human Resources in 2024. The purpose of this Policy is to establish a clear framework for the governance of employment practices and workplace conditions that align with Demant's strategy and values. The Policy applies to all employees, including full-time, part-time, and temporary staff across all departments and locations. The leader of Group HR is responsible for the implementation of this Policy and all policies related to our own workforce, unless otherwise stated.

All policies relevant for our own workforce are available through our intranet. In all countries this includes personnel handbooks. In 2024, we began to roll out a global HR portal that we aim to implement progressively during 2025 in the biggest countries (by number of employees).

The day-to-day business of HR at Demant is predominantly driven locally. Group HR is accountable for all policies and responsible for implementing, monitoring and reviewing them. Cross-Group HR initiatives are prioritised, managed and coordinated via dedicated global forums, including the Global HR Board, which sets the direction and approves strategies and budgets. All such global forums are chaired by the leader of Group HR.

Respecting human rights

We commit to respecting all universally recognised human rights as outlined in the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. This commitment is founded in our Sustainability Policy and covers the human rights of any persons who may be adversely impacted by Demant's activities and business relationships, including customers, employees, people who work in our value chains, community members and any other potentially affected rightsholders. The Sustainability Board is accountable for implementation of the Policy.

We endorse the principles of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Our commitments are implemented through our Code of Conduct and other internal policies and procedures such as our Policy on Diversity, Equity and Inclusion and our Anti-Harassment and Discrimination Guideline (please refer to page 89). Our Code of Conduct explicitly addresses Demant's zero tolerance of any form of slavery or human trafficking, use of compulsory labour or the employment of children, as well as discrimination and harassment, including sexual harassment.

The sustainability team and other relevant functional teams implement Demant's human rights commitments. The Executive Leadership Team is ultimately accountable for ensuring that human rights are respected in our own operations and throughout our value chain.

Providing a healthy and safe workplace

For managing health and safety, we have site-specific prevention policies and management systems across our operational sites. The management systems include risk assessment processes, health and safety instructions, safety walks and talks, training, accident investigation management and continuous review of processes. Site management is responsible for occupational health and safety.

We acknowledge the potentially negative impact on mental health related to work and aim at preventing a stressful working context. Our Stress Policy covers all sites in Denmark and explains how to prevent and manage stress. Considering that certain aspects of stress management vary, depending on the location, cultural considerations and local legislation, stress management is handled locally by HR departments across the Group. The overall responsibility lies with the local HR Management in close collaboration with local business leadership.

Demant strives to provide a good work-life balance culture and to be a flexible workplace where the tasks and local conditions allow. Our position on workplace flexibility guides the entire Group on how to implement concrete measures to ensure the flexibility of our employees and of the workplace.

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Demant collaborates with employee representatives in many areas, and we comply with all legal requirements when it comes to employee representation. Demant manages, measures and works with employee engagement through the global engagement programme, Pulse. It includes an annual survey that covers a range of relevant areas, such as well-being and working environment, development and inclusion. The survey enables identification of attention areas and calls to action, which are then discussed directly by managers and employees throughout the year. The survey is conducted by Gallup and covers the entire Group, except for those countries where local data privacy legislation prevents it.

Through quarterly info meetings, where Demant's CEO gives a business update to employees, we provide a direct platform for employees to ask questions about the business performance and any actual or potential impacts that are likely to affect them. These info meetings are available online to the majority of the Group's employees, except for those few countries or sites, such as newly acquired entities, that do not have access to our intranet. General Managers of local Demant

entities also share and cascade information, for example in info meetings or through other communication channels.

In 2024, we strengthened our internal communication about human rights in Demant towards our most important rightsholders – our employees. The main objective is to increase awareness of human rights in a business context and to further empower our employees to speak up, if they experience an impact on their rights.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Where Demant may cause or contribute to a material negative impact on employees, we are committed to take appropriate remedial action. For cases raised directly with Group HR, we collaborate with the affected individuals. For any issues that the results of the anonymous engagement survey point out, Demant is committed to plan and execute actions that address such issues.

Demant's whistleblower hotline enables employees to report any concerns about adverse human rights impacts in a confidential and anonymous manner, which enables remedy for human rights impacts. Please refer to page 104.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workers, and effectiveness of those actions

How we are progressing

We track the development in employee engagement through our Pulse survey. The Pulse survey results provide twofold information: Firstly, it is a way of assessing whether, and to what extent, the current initiatives on well-being, flexibility, inclusion and engagement are working. Secondly, they serve as the starting point for the further development of specific actions related to those areas that need special attention.

During 2024, we have strengthened the follow-up activities, following the presentation of the survey results, on specific action planning for all teams around the world.

We also laid the foundation for what we call the Leadership Compass, which serves as a framework that emphasises five essential pillars of leadership: purpose, development, performance, belonging and personal awareness. These pillars highlight the key areas that leaders need to focus on and accelerate. In 2025, we will introduce the Leadership Compass for all leaders at Demant, which will be implemented through a leadership development programme, focusing on learning journeys within each of the five pillars. The five pillars are also reflected in the Pulse survey, which enables our leaders to measure progress.

Furthermore, we have been working on establishing a global standard and a new platform for how we capture and report on HR data, driven by a global effort to standardise key HR processes, such as recruitment, promotion and performance. In 2025, the new platform will be rolled out in our biggest countries (by number of employees) Poland, USA, Denmark, France, Canada, Germany, Australia and United Kingdom and the rest of the world will follow consecutively. In 2025, we will develop and implement a Global Policy on Remuneration and Rewards. Through this Policy, we aim to establish a salary philosophy and ensure that we provide guidance for the organisation.

We identify and assess our impacts on human rights on an ongoing basis. In the second half of 2024, we carried out a corporate wide human rights assessment, covering the full value chain of activities. The assessment included a review of our own operations, with consideration of the geographies where we operate and the industries we work in. We also mapped actual and potential impacts in our value chain.

Having mapped actual and potential impacts, we assessed their salience based on the severity of impact on people and the likelihood of occurrence to prioritise actions to be taken. Following this prioritisation, we have initiated a more granular assessment of some of the salient issues to determine whether our current impact management is adequate and to make improvements, if and where necessary. For all identified issues, we have management systems in place that help us bring to an end and mitigate actual and potential impacts.

Metrics and targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In 2024, Demant set a target to take employee engagement to the top-third level by 2030, which corresponds to the 67th percentile or above in the Gallup engagement index.

We will measure progress from our 2024 baseline where Demant's engagement rate reached 4.13, a slight increase of 0.02 compared to 2023. This result places Demant in the 52nd percentile for the second consecutive year. The survey had a participation rate of 84%, with more than 17,000 employees taking part.

Engaged at work

	2024	2023	2022	2021	2020
Engagement score	4.13	4.11	4.08	4.02	3.93
Participation rate	84%	87%	86%	88%	85%
Percentile	52nd	52nd	50th	46th	40th

Gallup conducts the engagement survey, and we collect data in February each year. Our level of engagement is rated on a scale from 1-5. Percentile rank is used as a benchmark to determinate how a team's result compares to those in Gallup's extensive database. The 52nd percentile indicates that 50% of teams scores lower than Demant on the engagement rate.

The target-setting process involved internal and external experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors.

S1-17 Incidents, complaints and severe human rights impacts

In 2024, Demant received 11 submissions to its whistleblower hotline related to discrimination and/or harassment. These cases were handled internally according to the Whistleblower Policy and Investigation Guideline. Having been addressed by the relevant internal organisation in collaboration with the affected individuals, 8 out of 11 claims have been closed.

There were no severe human rights incidents in the period, and therefore no fines, penalties or compensation were paid.

S1-6 Characteristics of the undertaking's employees

Number of employees by gender (headcount)

	2024	2023
Male	8,045	8,016
Female	14,594	14,224
Total employees	**22,639**	**22,240**

Number of employees by country (headcount)

(Country)	2024	2023
Poland	5,087	5,116
USA	3,404	3,317
Denmark	2,111	2,019
France	1,650	1,730
China	1,625	1,654
Canada	1,284	1,216
Germany	1,020	945
Australia	941	874
UK	857	833
Other countries	4,660	4,536
Total employees	**22,639**	**22,240**

Number of employees by contract type, broken down by gender (headcount)

	2024			2023		
	Female	Male	Total	Female	Male	Total
Number of employees	14,594	8,045	**22,639**	14,224	8,016	**22,240**
Number of permanent employees	13,772	7,839	**21,611**	13,418	7,810	**21,228**
Number of temporary employees	822	206	**1,028**	806	206	**1,012**
Number of full-time employees	12,338	7,579	**19,917**	12,095	7,560	**19,655**
Number of part-time employees	2,256	466	**2,722**	2,129	456	**2,585**

As of 31 December 2024, the Group had 22,639 employees globally. Compared to 2023, the total headcount has increased slightly by 2%. Among all employees, the gender ratio between female and male is 64/36%. This is due to the majority of our employees in hearing care clinics and production sites being female.

Our headquarters in Denmark, along with our sites in Poland and the US, are the sites with the largest number of employees.

Accounting policy

General

The employee data consists of two parts. In 2024, 88% of our employees were registered in our global HR management system. Data on registered employees is extracted directly from the system. For the remaining employees, an estimation method based on geographical location was applied.

Engagement score

The employees score their engagement using a scale from 1 to 5 based on the yearly engagement survey conducted by Gallup.

Number of employees

The number of employees is determined by headcount and as the number of persons employed by the Demant Group as of 31 December 2024. The number includes the total number of employees extracted from the global HR management system plus an estimate covering the entities not using the system.

Characteristics of employees

Data on the characteristics of employees is disclosed by headcount.

The characteristics of employees are aggregated and include both the analysis of data extracted from our global HR management system and estimates covering entities not using the system as stated below.

Estimation method

For entities not using the global HR management system, the characteristics of employees are estimated based on the characteristics of employees in the region where the entity is located. Using our global HR management system, we calculate the characteristics of employees in one region based on an overview of all entities in that particular region.

Diversity, equity and inclusion

We want to foster a culture built on care and respect for others, characterised by diversity, equity and inclusion.

Impacts, risks and opportunities

ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model

Some minority groups in Demant may at times feel that they cannot be their true selves or have their voices heard, which may have a negative impact in the short to medium term. To harvest the true strength of Demant's diverse culture, we aim to address potential unconscious biases and sameness thinking, and we seek to actively support the engagement of employees, who may otherwise refrain from sharing their opinions, ideas and solutions.

We believe that working with diversity, equity and inclusion (DE&I) boosts our performance, improves our leadership and innovation skills, maintains high customer satisfaction and supports our efforts to attract and retain talented minds.

Impact, risk and opportunity management

S1-1 Policies related to own workforce

In Demant, the concepts of DE&I are an indisputable priority. We work to foster respect for diversity, and we strive to treat all employees fairly. Demant has a global presence and employs people with different ethnic backgrounds, personalities, nationalities, religions, ages, genders, abilities, sexual orientation and level of education. Our approach is focused on and guided by our Policy on Diversity, Equity and Inclusion, which applies to all employees globally. This Policy outlines our ambitions and commitments to advance diversity and inclusion and further defines key short-term activities planned to ensure that we deliver on these ambitions and commitments. It also outlines targets for the entire Demant Group with a specific focus on gender balance.

We also launched the Anti-Harassment and Discrimination Guideline. The key objective is to articulate Demant's approach to preventing, mitigating and acting on cases of discrimination, harassment, bullying and unethical behaviour. In Demant, there is zero tolerance for any form of discrimination, harassment or bullying related to our workplace. The Guideline applies to all employees and contractors working for Demant globally, and it guides behaviour at work, at work assignments outside the office and at office-sponsored social functions as well as private behaviour that can be related to Demant (e.g. on social media).

The Executive Leadership Team is ultimately accountable for adherence to the Policy and to reaching our targets and commitments. We will fully implement the new Guideline through e-learning in 2025.

S1-2 Processes for engaging with own workforce and worker's representatives about impacts

Employee resource groups

The formation of Employee Resource Groups (ERGs) is a way for our workplaces to become more inclusive. All ERGs are employee-led and formed based on specific traits that group members possess, want to support or work to enhance. Further, they are sponsored by a member of senior management, i.e. a Vice President or a Senior Vice President. ERGs provide an avenue for employees to have a sense of community, to raise concerns within specific DE&I-related issues in a safe space and provide input on actual and potential impacts on employees. ERGs are consulted on a regular basis and invited to provide input, which is invaluable for developing strategies to mitigate potential impacts on inclusion and equal opportunities, e.g. discrimination.

Our ERGs attract more members and cultivate a focused agenda for their work on relevant DE&I topics, such as (in)visible (dis)abilities, women in Demant, LGBTQIA+, generational intelligence, international colleagues, Asian American employee network, mental health advocacy etc. Currently, ERGs are present at our Danish and US locations. We will continue to strengthen the structure and format of as well as the collaboration with ERGs in Demant globally.

Our ERGs are supported by Global HR and local HR in Denmark and US, who ensure that engagement informs Demant's approach to diversity and inclusion.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Remediation

Our Anti-Harassment and Discrimination Guideline provides specific information on how to raise grievances regarding harassment and discrimination and the consequential complaints and remedy procedure.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workers, and effectiveness of those actions

While diversity across Demant allows us to draw on a wide range of experience for the benefit of us all and our business, inclusion unlocks the strength of this diversity. Through the concept of belonging, we continue to focus on DE&I in our recruitment, performance and development processes and also in the DE&I leadership awareness training.

Our global recruitment platform contains embedded materials designed to prompt inclusive recruitment behaviour. Furthermore, we have expanded training in unconscious bias, inclusive leadership and psychological safety, and we have developed the capabilities of our HR leaders to drive DE&I-related topics and training locally.

To support this, DE&I-specific themes of relevance for our employee performance dialogue have been part of the global process for performance dialogue since the beginning of 2023. This provides input to assess the effectiveness of our actions on DE&I, which is also evaluated through our Pulse survey, as it has specific questions regarding inclusion and fair treatment.

How we are progressing

DE&I actions are anchored in the HR function, which has dedicated roles to develop and implement specific actions and initiatives to foster diversity and inclusion across Demant. Further, global HR leaders and partners are trained and equipped to drive this agenda.

In 2024, we continued supporting the Danish ERGs. Each of the ERGs arranged several talks and hybrid awareness sessions for all employees, focusing on different topics. In 2025, we will further strengthen our work involving ERGs – also globally.

To understand gaps in engagement across gender, we conducted a global inclusion survey among female top leaders (from Vice Presidents and above), which provided a better understanding of how we can ensure higher engagement among women in the global top-level management across the Group.

We celebrated diversity and inclusion in Denmark through our participation in Copenhagen Pride. In the US, we celebrated DE&I Week. We strive to expand such activities, as we mature our DE&I efforts globally.

In 2024, we focused our efforts on training our leaders in Poland in DE&I awareness and bias, while delivering on-demand training to focused business areas on psychological safety, bias and DE&I awareness. In 2025, we plan to implement a global leadership programme with core elements of DE&I, while also offering on-demand, virtual classes on the subject.

Metrics and targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To drive the implementation and impact of our DE&I commitments, we have set targets for the underrepresented gender in global top-level management (Vice President level and above) and targets for experience of inclusion among all Demant employees, in scope of our annual Pulse survey.

S1-9 Diversity metrics

Gender diversity in Management

	2024		2023	
	%	Headcount	%	Headcount
Board of directors (Women/Men)	25/75	1/3	40/60	2/3
Top-level management (Women/Men)	31/69	30/66	29/71	27/67
All managers (Women/Men)	50/50	980/975	48/52	832/913

Inclusion at work

	2024	2023
Inclusivity score	4.27	4.26
Participation rate	84%	87%
Percentile	56th	53rd

In 2024, Demant reached its target of 30% women in top-management positions – one year ahead of 2025, which was the goal year. We have set a new target to increase gender balance to 35/65% (women/men) by 2030.

We will measure progress from the new 2024 baseline year.

In 2024, our inclusivity score reached 4.27 (+0.01) placing us in the 56th percentile recorded in the annual Pulse survey. Overall, employees feel respected, valued for their strengths and trust Demant to act with integrity and responsibility.

In 2024, Demant set a target to take employees' experience of inclusion to the top-third level by 2030, which corresponds to the 67th percentile or above in the Gallup inclusion index. Progress will be measured from a 2024 baseline year. External experts from Gallup have been consulted in defining the target level for Demant.

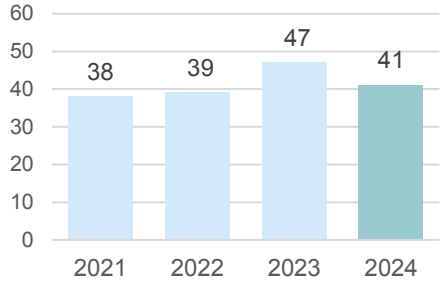
The target-setting process involved internal and external experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors.

Please refer to page 42 for diversity targets for the Board of Directors.

S1-16 Remuneration metrics

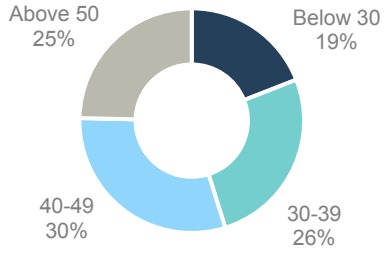
Demant is committed to provide transparent information on the gender pay gap within our organisation. However, for the 2024 reporting period, the specific data required is not available. A project to develop the required information in our HR data management system is launched and is expected to be completed during 2025.

CEO remuneration ratio



In 2024, the CEO remuneration ratio decreased by 6 points to 41 compared to 2023. For more details on remuneration, please refer to our Remuneration Report.

Age distribution of employees



In 2024, the age distribution among Demant's employees was relatively even. This age distribution reflects a balanced and diverse workforce, ensuring not only an extensive exchange of knowledge and perspective but also fostering a collaborative and innovative work environment.

Accounting policy

Inclusivity score

Employees score inclusivity using a scale from 1 (lowest) to 5 (highest) based on the yearly engagement survey conducted by Gallup.

Gender diversity in Management

Board of Directors

The gender distribution is based on the shareholder-elected members of the Board of Directors.

Global top-level management

The gender distribution is shown at management levels from Vice Presidents and above.

All managers

The gender distribution is shown among all people managers with one or more direct reports. The number is calculated based on data from our global HR management system, covering 88% of Demant's employees.

CEO remuneration ratio

The CEO remuneration ratio is calculated as the CEO's total remuneration (numerator) divided by the average remuneration of all Group employees (denominator) instead of the median Group employee. Demant is committed to enhancing data quality on this topic in future reporting periods.

Age distribution of employees

The chart shows the age distribution of employees in the Group, covering 100% of Demant's employees.



Talent attraction and retention

With the high focus on innovation and technological development in the field of hearing healthcare, it is important for Demant to attract and retain the brightest minds. We are determined to provide an attractive workplace with ample opportunities to develop and grow professionally.

Impacts, risks and opportunities

ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model

Shortages of, for example, engineers and audiologists and high turnover of production employees and front desk staff in clinics poses a potential risk to Demant in the short to medium term. To ensure we retain knowledge and know-how and to keep costs of recruitment at an acceptable level, we work actively to mitigate high turnover rates.

Impact, risk and opportunity management

S1-1 Policies related to own workforce

We support both managers and employees in pursuing relevant career opportunities that exist in the Group through different frameworks. Our Global Policy on Human Resources defines the minimum requirements that our employees are subject to regarding personal and professional development and growth and the company's expectations of employees. The Policy applies to all employees at Demant, including full-time and part-time employees, across all functions, business areas and locations.

S1-2 Processes for engaging with own workforce and worker´s representatives about impacts

We believe that attracting and retaining talented employees is closely related to their development. At Demant, this is addressed in an ongoing development process between manager and employee. Through performance review meetings, managers and their employees meet on a regular basis to review the employee's development.

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workers, and effectiveness of those actions

We provide our employees with development opportunities through different global and local learning platforms, focusing on leadership, project management, people development and much more.

Development initiatives strengthen and develop leadership competencies to cultivate great leadership. A key focus area in the global leadership learning journeys that will be launched in 2025 is employee development and how to facilitate this as a leader.

In 2024, 23 graduates were part of our Global Graduate Programme, which offers young professionals opportunities to develop their personal and professional skills over a two-year journey across our entire global organisation.

Talent retention efforts are focused on the business areas with the highest turnover rates. For those areas impacted by higher turnover rates, we have developed strategic initiatives to address specific challenges. At certain production and logistics sites in Poland and Mexico, we have experienced undesired turnover rates and subsequently developed a specific project to run in these countries. This project aims to reduce voluntary turnover rates in those areas and to improve recruitment and onboarding processes.

In our Hearing Care business area, part of the retail industry that traditionally has high employee turnover, we have focused specifically on leadership development. Career paths and growth opportunities have been clarified through career frameworks and focus on internal recruitment. In addition, both recruitment and onboarding practices have been improved, and we have strengthened our overall focus on culture and engagement.

Metrics and targets

S1-6 Characteristics of the undertaking's employees

We measure employee engagement annually, among other factors, to guide our efforts on talent retention. Please refer to page 87 for more information.

Accounting policy

Employee turnover rate

The employee turnover rate is calculated by dividing the total number of terminations (numerator), excluding external employees, by the average number of employees during the reporting period (denominator) and then multiplying by 100. This rate is based on the 88% of Demant Group employees included in our global HR management system.

Employee turnover

	2024	2023	2022	2021
Employee turnover (%)	20	25	26	17
Employee turnover (headcount)	4,080	4,795	4,698	2,893

S2 Workers in the value chain

Our commitment to caring for people extends not only to our own employees, but also to workers that we impact indirectly in our value chain. We work to ensure that we have the appropriate processes in place to support the protection of rights throughout it.

As a global business with a complex value chain spanning the world, we are very aware of how we deal and interact with business partners, including our suppliers.

Demant depends on our direct suppliers, who mainly manufacture products within electromechanics, electronics and plastics as well as consumables and packaging materials.

Material topics

Responsible supply chain



Responsible supply chain

We recognise that our value chain workers are essential stakeholders whose well-being and rights must always be respected.

Impacts, risks and opportunities

ESRS 2 SBM-3 S2 Material impacts, risks and opportunities and their interaction with strategy and business model

Demant engages with suppliers that operate in countries and industries where there is a risk of negatively impacting workers' rights. This is especially the case in the electronic components manufacturing sector where impacts can be severe, e.g. poor health and safety standards, suboptimal working conditions and unfair labour practices. These negative conditions impact the individual workers and their families and take place in the short term. These impacts may be linked to our operations, products or services through our business relationships.

Impact, risk and opportunity management

S2-1 Policies related to value chain workers

We have several policies in place that are designed to identify, document and manage potential impacts on workers in our value chain and to mitigate associated risks.

Our Third Party Compliance Code outlines our expectations toward suppliers and business partners regarding working conditions for workers in the value chain. This includes the core International Labour Organization (ILO) standards on working conditions, workplace health and safety, freedom of association, forced/child labour and non-discrimination. We expect all new direct suppliers to comply with this Code, which is included as an appendix in all new contracts with suppliers.

Leadership of Group Legal and Compliance is accountable for the Code, while the implementation of the Code lies with Demant's supply chain departments. Through our Supply Chain Sustainability Policy, we summarise our commitment to advancing sustainability across our supply chain. The Policy covers all direct upstream buying practices across the Demant Group as well as supplier risk assessment and risk-based due diligence steps. The implementation of this Policy is a shared responsibility between the leadership of the two main supply chain departments in Demant, Hearing Aids and Diagnostics, respectively. Our commitment to respecting human rights, including the rights of value chain workers is outlined in our Sustainability Policy. Please refer to the section S1 on page 86.

S2-2 Processes for engaging with value chain workers about impacts

Supplier engagement

Our strong collaboration with suppliers enables us to consistently deliver quality products in scale and thus ensure timely delivery throughout our value chain. In our Hearing Aids business area, we have deepened this collaboration by integrating sustainability into our partnerships through our supplier engagement programme. The programme's objective is to collaborate more closely with suppliers on decarbonisation and addressing human rights impacts in our supply chain.

We continuously take steps to gain insight into the perspectives of the impacts of our operations on workers in our value chain. Currently, supplier engagement does not involve direct engagement with workers in the value chain.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Our whistleblower hotline is available to all external stakeholders, including value chain workers. Please refer to page 104. Currently, Demant does not require its suppliers to establish reporting channels for their own employees to raise concerns. This will be considered the next time we update our Third Party Compliance Code. Where Demant may contribute to negatively impacting value chain workers, we are committed to contributing to remediate such impacts. We expect suppliers to ensure they have effective remedies in place, as they are responsible for any adverse impacts on their own workers.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Supplier assessments

We have many suppliers in our Hearing Aids and Diagnostics business areas. We therefore take a risk-based approach to identifying and managing the interests, views and rights of value chain workers. The large number of suppliers calls for prioritisation of resources to identify and mitigate the most significant negative impacts first. If a negative impact is reported to or identified by Demant, we engage directly with the supplier in question to urge them to prevent and mitigate the impact, while clearly communicating our expectation that the supplier provides remedies towards the affected value chain workers.

In 2024, we established an updated and more extensive sustainability supplier risk assessment process to identify and document the potential impacts that workers in our supply chain are exposed to, based on the countries and sectors in which the workers of our suppliers operate. The risk assessment process is based on a quantitative and qualitative analysis, using recognised databases, indices and reports. Continuous risk assessment of existing and new suppliers helps us gain an overview of how the interests, views and rights of value chain workers could be materially impacted by Demant, including respect for their human rights. These efforts are embedded in the supplier management process, and dedicated sustainability specialists lead this work in our procurement functions.

In 2024, selected suppliers, based on spend, were screened as part of the risk assessment process. In the supply chain in our Diagnostics business area, all direct upstream suppliers and approximately 80% of all indirect upstream suppliers to our Danish and Polish production sites were screened, based on the 2023 supplier base. In the supply chain in our Hearing Aids business area, 31% of direct upstream suppliers were screened, based on the 2023 supplier base, covering 99% of total direct spend. During 2025, we will implement the risk assessment process globally and align our due diligence efforts according to risk categories.

No severe human rights impacts or incidents connected to our upstream or downstream value chain were reported to Demant in 2024.

Metrics and targets

S2-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

In Demant, we continuously evaluate our actions through our current practices, including direct supplier engagement, which is a part of the routine responsibilities of the procurement functions in Demant. We are currently implementing updated supplier risk assessment and due diligence processes. Therefore, we have not yet set targets to manage impact on workers in the value chain. In 2025, we will explore options to do so.

S4 Consumers and end-users

Our core commitment to society is to help people become aware of and overcome hearing loss and improve their quality of life through innovative solutions and access to personalised hearing care.

Demant offers innovative technologies, solutions and know-how to help improve people's health and hearing. Our prioritisation is to support the entire journey towards better hearing. We believe that the best treatment of hearing loss starts with the hearing care professional, who delivers personalised care by diagnosing the hearing loss, fitting the hearing aid and rendering support based on the individual's needs.

In 2024, we improved 10.9 million lives, and we carried out 1.5 million hearing tests in our own clinics.

Our targets

Our target is to improve more than 16 million lives by 2030. Creating awareness is crucial to fulfilling our purpose, and we also aim to raise awareness of hearing treatment by sequentially increasing test activities to more than 2 million hearing tests performed by 2030.

Improving lives through hearing health

10.9 MILLION
Lives improved in 2024

MORE THAN 16 MILLION
2030 target

Increasing awareness through hearing tests

1.5 MILLION
People tested in 2024

MORE THAN 2 MILLION
2030 target

Material topics

- Providing life-changing hearing health
- Hearing health awareness
- Product quality and safety
- Right to privacy



Providing life-changing hearing health and advancing hearing health awareness

According to the World Health Organization, one in five people today lives with hearing loss. If untreated, it impacts their ability to interact, contribute and feel a sense of belonging.

Impacts, risks and opportunities

ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model

Demant's purpose, strategy and business model is built upon driving a positive impact, ultimately improving quality of life for our users. This, in turn, poses positive impacts for their families, colleagues and society at large in the short, medium and long term. Scaling of Demant's business and innovation is driven by the strategic purpose and ambition of delivering life-changing hearing health globally to as many people as possible. With a stable and growing consumer base, dependencies on consumers do not pose material risks for Demant. On the contrary, increased life expectancy and underserved markets provide material opportunities to continue to deliver life-changing hearing health to users to drive social impact and solid financial performance.

Raising awareness of the importance of hearing loss among potential hearing aids users in society is important for Demant to drive business growth. Removing the stigma around hearing loss and empowering people to get help in due time, will have a positive impact on the individuals treated, their social network and public health at large in the short, medium and long term. As a leader within diagnostics technology and with a global infrastructure of hearing clinics, Demant is committed to enabling early detection of hearing loss and thereby increase awareness of the problem.

Impact, risk and opportunity management

S4-2 Processes for engaging with consumers and end-users about impacts

Engaging with users and consumers is integral to Demant's purpose of providing life-changing hearing health. Continuous feedback from users and customers allows focused innovation and enables us to provide a high level of service in our hearing care clinics. We have established user communication procedures for all our business areas.

User engagement is at the heart of Demant's product innovation activities. At Eriksholm Research Centre, which is part of our Hearing Aids brand Oticon, researchers make audiological discoveries with the potential to significantly enhance user benefits. Such discoveries are based on continuous dialogue with many people living with hearing loss and dedicated hearing care professionals, as well as strong academic partnerships.

The Interacoustics Research Unit (IRU), which is a part of our Diagnostics business area, works to change the lives of hearing care professionals and hearing aid users alike by facilitating several projects that engage users to advance diagnostics equipment and methods.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

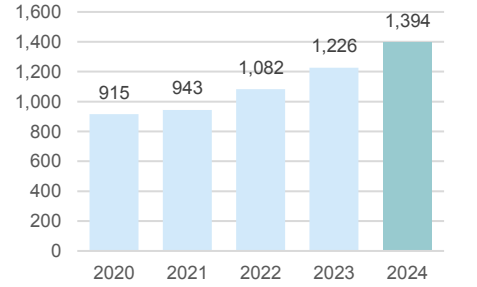
Since 2018, Demant's Hearing Care business area has been championing global efforts to put hearing health on the map. Through the International Campaign for Better Hearing, many Hearing Care clinics, for example in Canada, actively engage with their local communities, providing free hearing aids to individuals through our locally managed give-back programmes. Clinics in other countries, such as Australia, Ireland and Greece carry out other types of awareness-raising activities.

The Campaign's mission is to increase awareness of the critical importance of hearing health, highlighting both the benefits of treating hearing loss and the consequences of leaving it untreated. To make hearing care more accessible, we offer free screenings to everyone over the age of 60, promoting early detection and timely intervention.

Our Diagnostics business area offers global access to the most current and relevant clinical knowledge about hearing and balance. According to the WHO (World Report on Hearing, 2021), early intervention is crucial to minimise the adverse impact of hearing loss on language and cognitive development. Building capacity among ear-nose-throat doctors, audiologists and healthcare professionals is therefore crucial to ensure early intervention.

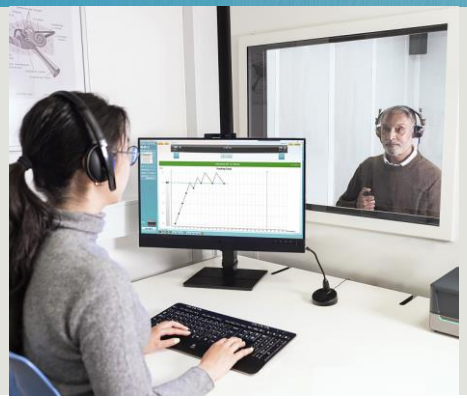
As part of our strategy, we are committed to continuing to invest in R&D and further expanding the distribution of our products in both existing and new markets going forward. We continuously engage with customers, healthcare practitioners and other stakeholders to ensure that we develop innovative products. In 2024, Demant invested DKK 1,394 million in R&D to drive innovation and ensure continuous technological leadership.

R&D costs



How we are progressing

S4-4 Continued



ACT™ - one step closer to precise hearing aid fitting

The IRU works to change the lives of people with hearing loss by inventing new or improving existing tools to help hearing care professionals in hearing screening, diagnostic evaluation of hearing and fitting of hearing aids. In 2024, IRU supported the commercial roll-out of the Audible Contrast Threshold (ACT™) test.

With the introduction of the ACT test, hearing care professionals can predict the quality of a person's aided hearing in everyday speech-in-noise scenarios. This enables more precise fitting of the hearing aids, which then reduces the need for subsequent fitting and adjustments.

Read more here.

Detecting listening fatigue in occupational settings

The EU-funded project EASYLI is a five-year doctoral network in collaboration with several European universities and industrial partners. The goal of EASYLI is to examine and optimise the ratio between costs and benefits of effortful listening in occupational settings.

In demanding or noisy work situations, or for people with hearing loss, high listening effort may be necessary to maintain satisfactory job performance.

Learnings from project EASYLI can help detect fatigue early on and prevent the negative effects of high listening effort.

Read more here.



AI: A strong focus area at Eriksholm Research Centre

At Eriksholm Research Centre, we have made AI a dedicated scientific focus area where we explore how AI can be harnessed and utilised to help people with hearing impairment benefit from scientific discoveries at a faster pace than ever. With this focus area, we aim to take advantage of the deep insight we have in cognitive hearing science, intent decoding and personalised audiology.

We use AI to spearhead research initiatives aimed at creating hearing aid systems that can provide precisely tailored sound experiences for individuals who are using hearing devices. In 2024, Demant launched next gen AI-enabled hearing aids.

Read more here.

Metrics and targets

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In 2024, Demant established new targets for advancing positive impacts on people with hearing loss:

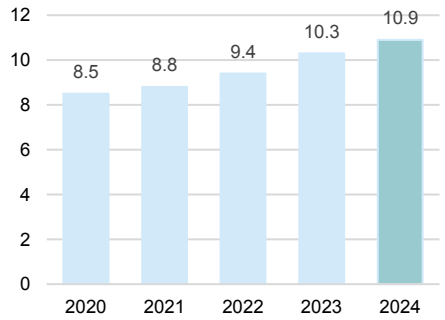
- Improve more than 16 million lives by 2030
- Increase awareness by performing hearing tests on more than 2 million people by 2030

The targets are set in relation to the overall ambition and purpose of Demant. The targets cover all markets where Demant is present.

The target-setting process involved internal experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors. Consumers and end-users were not directly involved in the process.

Lives improved

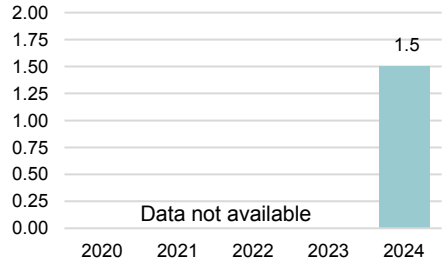
(million lives)



Based on the estimated lifetime of hearing aids, the number of hearings aids sold, and fittings made by the Group in 2024, we improved 10.9 million lives in 2024.

People tested

(million people)



In 2024, Demant tested 1.5 million people with suspected hearing loss.

Accounting policy

Lives improved

The number of lives improved is determined by the number of hearings aids sold and a binaural rate. The number is accumulated based on a five-year product lifecycle.

Hearing tests performed

Hearing tests performed is the number of tested people in the reporting period.



Product quality and safety

Ensuring the highest standards of quality and safety in our products, while meeting the regulatory requirements, is crucial to our purpose of providing life-changing differences through hearing health.

Impacts, risks and opportunities

ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model

In the hearing healthcare industry, a lack of product quality and safety could be troublesome, as hearing aid devices and diagnostics equipment are in contact with a person's skin over extended periods. Thus, the devices need to comply with relevant medical device regulations to obtain the required certifications. If Demant fails to deliver on its product brand strategy of providing excellent innovation and high-quality products, it could present a risk. If this risk materialises, it could affect Demant's licence to operate and ability to bring products to market and hence have financial consequences for Demant in the short and medium term. Demant invests many resources in maintaining high product quality and mitigating risks, which include accurate and accessible product information on the use of our products.

Impact, risk and opportunity management

S4-1 Policies related to consumers and end-users

Working with quality is vital for us to sustain the high standards and reliability of our products and to ensure the safety of our customers and users. We ensure that the Group complies with relevant regulations related to specific substances and defines quality management in quality policies for the Hearing Aids and Diagnostics business areas. The policies cover activities that support product development, manufacturing, marketing and servicing. Each function within the company is accountable for the quality of their deliveries. The leadership of the quality functions are accountable for ensuring that quality and compliance are delivered by the organisation.

S4-2 Processes for engaging with consumers and end-users about impacts

Customer service

We have established customer support service platforms for both our Hearing Aids and Hearing Care business areas, providing multiple channels for feedback. These channels are actively shared with users and consumers through the sales and service process and can easily be found on the websites of companies in the Demant Group.

In our Hearing Aids business area, the first point of contact for users is the hearing care professional, who in case of complaints or escalations will contact the respective Demant wholesale organisations. Users can also contact Demant's brands directly. Several of the brands within our Hearing Aids business area have created applications for users to access relevant information as well as support services. We communicate directly with the user in writing through our Instructions for Use.

In our Diagnostics business area, our sales and service entities located in 15 different countries have user communication toward the health care professional who uses the diagnostics equipment. This communication is guided by a feedback and complaint procedure and a customer relations management system that documents this dialogue. Further, many of the brands within our Diagnostics business area provide technical assistance via remote access as well as live online support. These channels allow our stakeholders to raise concerns and communicate cases of negative impact. All complaints are handled by a dedicated customer service team, ensuring documentation and follow-up with the complainant. This includes any remediation, such as fitting support, repair and replacement, where relevant.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Quality management

Our Quality Management Systems for Hearing Aids and Diagnostics business areas demonstrate our ability to offer medical devices that consistently meet customer needs and comply with regulatory requirements. Working with product quality and safety is our licence to operate, and our systems and processes always align with the high standards expected of us.

In our Hearing Aids business area, products are tested against reliability requirements, which are defined during the product development. These requirements are based on standards, regulations and our extensive experience in manufacturing hearing aids. At the end of the development process, final verification tests are conducted to ensure safety and effectiveness. Extensive reliability testing ensures that a product is safe and effective throughout its lifetime, and the product is tested at component, assembly and product level. Internally, the system is audited by our quality team and maintained to reflect developments and changes in our organisation.

For our diagnostic equipment, we gather information about customer needs, product requirements and procedures and apply risk management throughout the entire product life cycle, when designing new products. We work with suppliers that can deliver parts and services of the required quality, we monitor supplier performance, and we give appropriate supplier feedback. When developing new instruments and accessories, we collaborate with external researchers and medical professionals. Before we release products, they are tested extensively by accredited test houses and verified according to established performance standards. We perform a 100% test and final inspection of our products to ensure that they comply with and fulfil all specifications.

We furthermore mitigate risks associated with quality and safety by biological safety evaluation, using ISO10993 as a guiding standard. We evaluate materials in skin contact in accordance with the standard and, when necessary, we perform animal testing according to ISO10993-10, while evaluating whether chemical extraction and characterisation is deemed sufficient instead. These tests are conducted by external partners who are required to meet the expectations of our Third Party Compliance Code.

Metrics and targets

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

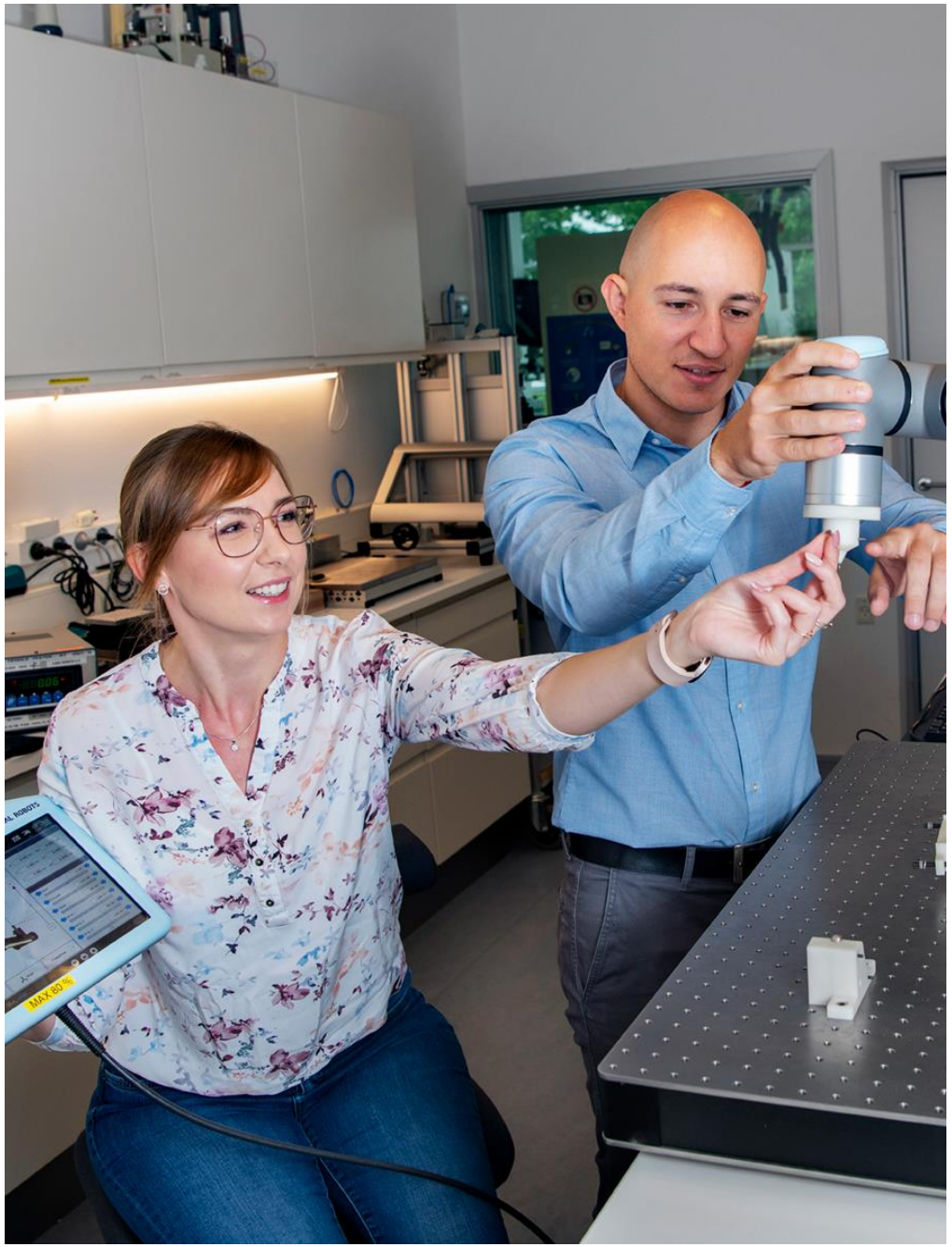
Demant monitors the quality of its products and uses both external audits and complaints mechanisms to assess the effectiveness of our actions. All development and manufacturing sites are audited on an on-going basis in accordance with

certification requirements. When audited, Demant targets zero major findings.

In 2024, in our Hearing Aids business area, the TÜV SÜD audit for ISO13485, MDR and MDSAP resulted in four minor non-conformances. All corrective actions and action plans have been approved by TÜV SÜD. We were also audited by the Danish Medicines Agency that found one minor non-conformance. Our response to the non-conformance finding was reviewed by the authorities, and they have accepted the root cause and actions and have thus closed the inspection.

In our Diagnostics business area, all external audits made by the certifying body, TÜV SÜD, in 2024 were completed, and no major findings were reported.

We have set business area-specific targets for our quality management that support the mitigation of potential impacts on consumers in relation to product safety and use.



Product recalls

	2024	2023	2022	2021	2020
Hearing Aids	0	0	0	0	0
Diagnostics	0	0	0	0	0

We had zero product recalls in 2024.

Accounting policy

Product recalls

Product recalls cover both voluntary and mandatory recalls.

Right to privacy

Demant is entrusted with personal data on customers, users and business partners, which must be collected and processed in accordance with applicable laws and regulations.

Impacts, risks and opportunities

ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model

As our business continues to grow, the complexity of managing customers' data increases. When it comes to data privacy, Demant has a material potentially negative impact on users and consumers on the short term to which no certain groups are particularly exposed. Further, the potentially negative impact is not widespread or systemic. We remain committed to protecting personal data, and failure to do so could have serious consequences for the people whose data we possess as well as for the Group.

Impact, risk and opportunity management

S4-1 Policies related to consumers and end-users

Demant has a defined Data Privacy Strategy and programme to manage potentially negative impacts on the privacy of consumers and users. This includes policies and defined processes for handling personal data as well as processes for engaging with affected stakeholders and remediating any such impacts.

Data privacy is also covered by Demant's Code of Conduct, which outlines clear expectations of employees' conduct in this regard. Demant has implemented a global Data Ethics Policy, and it is mandatory for all employees in Demant to comply with the Policy.

The Policy covers all processing of data, including personal and non-personal data, and goes beyond compliance, as we already work diligently to ensure that the processing of personal data is done in accordance with regulatory frameworks. The Policy provides additional protection for the benefit of our customers, users and employees.

Data privacy and ethics is governed by our Global Legal & Compliance Board. Group Legal & Compliance reports regularly on material issues to the Global Legal & Compliance Board, that includes the Executive Leadership Team, and to the audit committee.

Demant's commitment to human rights, embedded in our Sustainability Policy, also covers the rights of users and consumers. Please refer to Demant's approach to due diligence in relation to human rights on page 86. Neither cases of non-respect of the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines, nor severe human rights impacts involving consumers or users, have been reported in Demant's value chain in 2024.

S4-2 Processes for engaging with consumers and end-users about impacts

Involvement

Information about users' and consumers' data privacy is provided in privacy notices when required by local legislation. Consumers and users are informed of the use of their personal data and are also guided on how to exercise their legal rights regarding their personal data.

We continue to experience increasing interest in privacy matters from our customers and users, and we spend significant resources on ensuring that all privacy queries are addressed.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Demant's whistleblower hotline is available to all external stakeholders, including users and consumers. Please refer to page 104.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

All collection and processing of personal data are done in accordance with applicable laws and regulations, including GDPR in the EU/EEA and CCPA and HIPAA in the US. Failure to comply with the rules may not only have serious consequences for the persons whose data we possess but may also result in large fines for Demant, if the rules are violated.

Ways of working

We have a dedicated Data Privacy team, which is part of Demant's Group Legal & Compliance, and in 2024, we welcomed additional privacy professionals to the team. The team is mainly based in Europe and the US, where privacy legislation was first passed and where internal demand for support has been most prevalent. However, the team also supports legal colleagues and the business in other regions, as more countries pass comprehensive data protection laws and impose local restrictions on data handling.

The team maintains a privacy portal for employees, containing relevant national and international legislation and guidelines that Demant brands must comply with, training materials and access to relevant policies and processes.

To ensure local implementation and awareness of data privacy policies and procedures, we have furthermore appointed 111 data privacy champions spread across our European sites. They receive ongoing training on privacy matters, and once a year, they participate in the annual internal Data Privacy Summit, which has been held since 2019. The champions reach out to the Data Privacy team if they experience any concerns or complaints about data privacy.

The data landscape available to Demant supports our internal identification of efficiencies, development of new products, gaining customer insights, optimising operations and tailoring our business strategies. Collecting personal data is therefore not only necessary for the delivery of our products and services but also presents opportunities. However, any collection and use of data also present the inherent risk of misuse or access by threat actors, such as hackers and cybercriminals. Protecting data privacy is therefore dependent on a strong IT security system.

The Data Privacy team collaborates closely with Demant's IT Security team. In addition to established IT security measures, we have a well-functioning data breach response procedure. The Data Privacy team monitors any alerts of a potential data breach every day of the year and ensures that appropriate action is taken.

Working with data privacy remains a permanent focus area for Demant, and we strive to continuously optimise our internal processes in alignment with best practices and standards.

Governance

G1 Business conduct

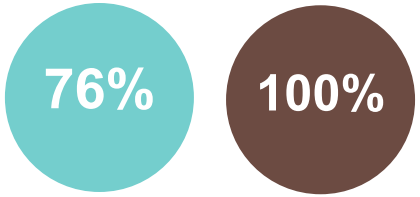
We take a proactive approach to business ethics to ensure we behave as a company we can be proud of. We strive for high ethical standards and operate our business with integrity and honesty.

Conducting business with integrity is important to us and is reflected in the way we connect with employees, users, customers, third parties and other stakeholders. We strive to act responsibly and are committed to operating our business in accordance with the law and the minimum standards set in our Code of Conduct.

Our target

We aim to enhance our business conduct excellence by providing code of conduct training to all employees. To ensure we focus our efforts where we have the highest risk in terms of corruption and bribery, we have set a target to increase code of conduct training of our highly exposed employees year over year, aiming to reach 100% by 2030.

Increase excellence in business conduct by providing code of conduct training



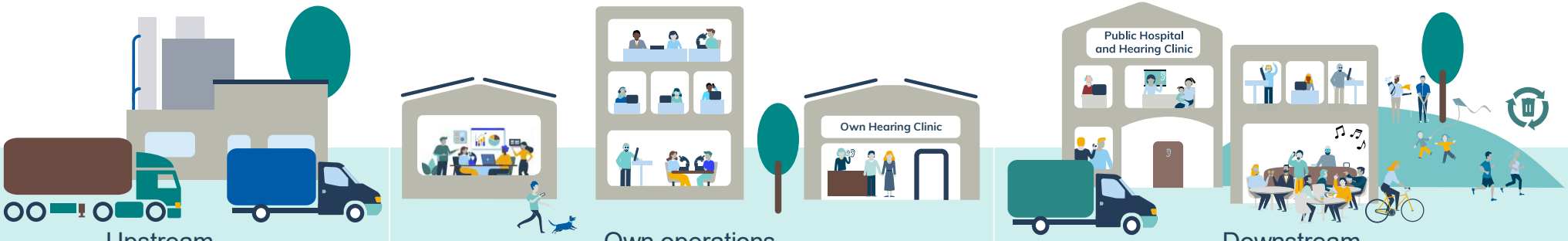
Highly exposed employees trained in 2024

2030 target

Material topics

Corruption and bribery

Advocacy for hearing health



Upstream

Own operations

Downstream

Corruption and bribery

We believe that strong and ethical business processes are undeniable aspects of operating a sustainable business.

Impacts, risks and opportunities

Certain areas of our organisation are exposed to higher risk of corruption and bribery. This includes working with distributors in countries where there is a risk of bribery and corrupt practices. A bribery or corruption incident could lead to fines and penalties for Demant as well as reputational damage that could affect our business relationships with customers and suppliers. The risk of corruption exists in our own operations and in our downstream value chain and is considered systemic in some of the countries where we have distributor relationships. It occurs in the short and medium term.

Impact, risk and opportunity management

G1-1 Business conduct policies and corporate culture

Our Code of Conduct reflects our commitment to a prominent level of business ethics and is the overarching compliance document for our Group. The Code of Conduct outlines the behaviour we expect of our employees. It sets the minimum standards and ethical principles applicable to all employees, regardless of location and the nature of their work, and provides everyone with a common understanding of how we conduct our business.

Our business ethics programme lays a solid foundation for ensuring that Demant can identify, report and investigate any concerns about unlawful behaviour or behaviour that contradicts our Code of Conduct. Beyond the Code of Conduct, the business ethics programme covers the global whistleblower hotline as well as a portfolio of global programmes with relevant policies and guidelines, processes, tools, risk assessments, training and advice.

Business ethics compliance is governed by the Legal & Compliance Board. The leader of Group Legal & Compliance is accountable for the implementation of all the policies described in this section. Group Legal & Compliance is supported by a network of 62 business ethics champions appointed in each subsidiary globally and in Group business functions. Group Legal & Compliance reports regularly on material reports received through the whistleblower hotline to the audit committee and the Legal & Compliance Board.

In H1 2024, we hosted Business Ethics Days at our headquarters in Denmark for all our global business ethics champions and for centralised business functions. The purpose of the days was to further educate our champions on business ethics compliance and ensure engagement throughout the champions' network.

Whistleblower hotline

Demant has established a whistleblower hotline, which enables employees, business partners and all other internal and external stakeholders to report any concerns about serious and sensitive matters confidentially and anonymously. We encourage employees and external stakeholders to raise their concerns about serious and sensitive actions that (1) fail to comply with our Code of Conduct, (2) fail to comply with applicable laws and regulations and/or (3) jeopardise the health and safety of our employees.

Anti-retaliation is a part of our Whistleblower Policy. We are committed to ensuring that there will be no discriminatory or retaliatory action against any employee or third party who in good faith raises a concern through the whistleblower hotline. Our anti-retaliation efforts comply with Directive (EU) 2019/1937.

Group Legal & Compliance manages the whistleblower hotline and has developed an Investigation Guideline, which is a tool that describes step-by-step how an investigation into a concern raised by an employee is conducted.

Group Legal & Compliance works closely with Global HR and has, in collaboration with them, developed an HR investigation process, which HR use when conducting HR-related investigations. Employee concerns can also be reported to HR or managers directly and do not have to be reported through the whistleblower hotline.

Training and awareness

We strive to ensure that all employees are aware that they can safely report concerns through our whistleblower hotline. We have had several global campaigns promoting awareness about the hotline and, most recently, awareness was created through our global Code of Conduct and Whistleblower e-learning launched in H1 2024 in 11 languages.

Among other things, e-learning informs the employees about the whistleblower hotline, how to report and what they can report and provides information about our anti-retaliation principles. In 2024, all employees globally were asked to complete the e-learning, and we plan to relaunch the e-learning every three years. In addition, the business ethics champions appointed in each subsidiary globally help raise awareness about the whistleblower hotline. In 2025, we will update our code of conduct training to ensure a better fit to the different types of employees across Demant. All white-collar employees will be invited to complete the e-learning, while we plan to conduct physical training of production and warehouse staff.

Anti-corruption and bribery

G1-3 Prevention and detection of corruption and bribery

It is a fundamental principle for Demant to compete for business on fair terms and solely on the merits of our services. Demant is committed to avoiding the use of corruption, wherever we do business. Through an anti-corruption risk assessment, we have identified the functions that are exposed to the highest risk in respect of corruption and bribery. These, among others, include employees that are in direct contact with public officials, for instance by participating in negotiations for public tenders on Demant's behalf.

We have implemented policies and guidelines to mitigate corruption risks throughout our organisation. This includes an Anti-Corruption Policy, Gifts & Hospitality Guidelines, containing country-specific appendices with local monetary limits and a Third Party Compliance Code, which contains a section on anti-corruption, and which is included as an appendix in contracts with third parties.

For third parties, we have a due diligence process where we assess the anti-corruption risk associated with dealing with the third parties in scope of due diligence. Based on our findings, we implement appropriate mitigating measures, such as specific anti-corruption wording in the contract with the third party.

The global Code of Conduct and whistleblower e-learning contains a deep dive into anti-corruption. Since all employees have been asked to complete the e-learning, it covers those employees that are exposed to the highest risk in respect of corruption and bribery as well as the Executive Leadership Team. In addition to e-learning, we also conduct in-person training for selected high-risk employee groups on an ad hoc basis.

Our business ethics champions have received extensive training on anti-corruption. As they are appointed in each subsidiary globally, they help us detect issues locally that could be problematic from an anti-corruption perspective and ensure that Group Legal & Compliance is involved to the extent necessary. In addition, our business ethics champions help us raise awareness locally about the Code of Conduct as well as on our Anti-Corruption Policy and guidelines, which apply to all employees globally, thereby assisting in the prevention of corruption and bribery through training. In 2024, we collaborated with our business ethics champions to create country-specific appendices with local monetary limits to our Gifts & Hospitality Guidelines in all subsidiaries globally.

The whistleblower hotline enables employees, business partners and other stakeholders to report their concerns relating to corruption and bribery confidentially and anonymously. Group Legal & Compliance manages all reports received through the whistleblower hotline and our Whistleblower Policy and Investigation Guideline ensure that the investigator involved in a specific whistleblower case is independent from the chain of management involved in the matter.

Metrics and targets

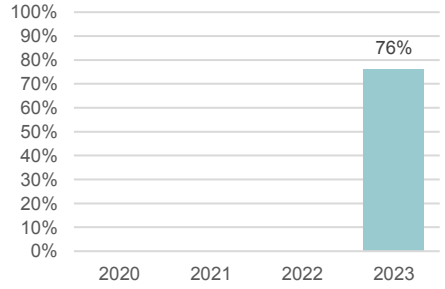
In 2024, we committed to increasing our business conduct excellence through code of conduct training to reach 100% of highly exposed employees, such as top-level management, senior leaders of commercial functions, procurement and finance managers, by 2030. The target relates to the objectives laid out in our Code of Conduct.

The target-setting process involved internal experts and was approved by Demant's Executive Leadership Team and endorsed by the Board of Directors.

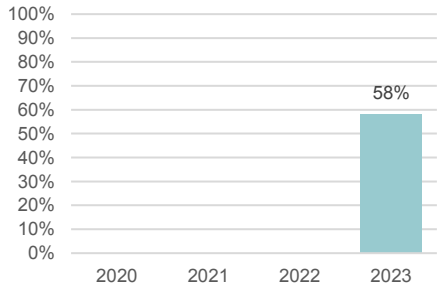
In 2024, 58% of all Demant employees completed the e-learning. 76% of highly exposed employees, who are the target group for our 2030 target, completed the training.

Data on code of conduct training in our e-learning module for the period from 2020-2023 is not available as e-learning was introduced in 2024. Employees received training through other channels prior to 2024.

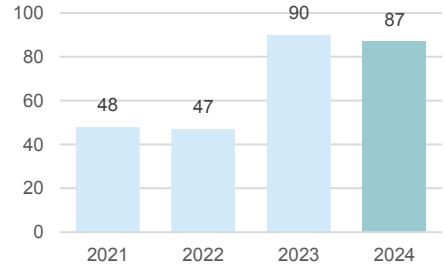
Code of conduct training – Highly exposed employees



Code of conduct training – All employees

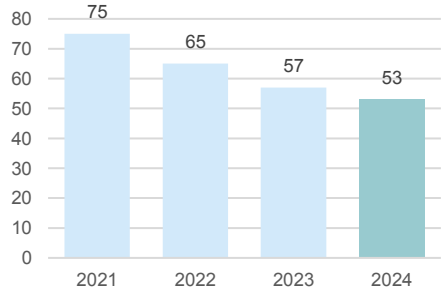


Whistleblower reports



In 2024, Demant received 87 reports through the whistleblower hotline.

Distributor due diligence



In 2024, Demant conducted 53 due diligence screenings. The decrease in number of distributor due diligence is due to backlogs in 2021 and 2022.

G1-4 Incidents of corruption or bribery

We have had no confirmed incidents of corruption or bribery in Demant in 2024. Therefore, there have been no convictions or fines for violation of anti-corruption and anti-bribery laws in 2024.

Accounting policy

Whistleblower reports

The number of whistleblower reports received through the hotline during the year cover the substantiated reports.

Distributor due diligence

The number of distributor due diligence conducted as part of our due diligence process for our distributors.

Advocacy for hearing health

Our advocacy efforts are closely intertwined with our objective of raising awareness about hearing healthcare and driven by our main purpose.

Impacts, risks and opportunities

G1-5 Political influence and lobbying activities

To support Demant's purpose of creating life-changing difference to people with hearing loss, we engage with international organisations, governments and local authorities to raise awareness about the importance of hearing health. Ensuring that more people test and treat their hearing loss can have a positive financial impact on Demant in the medium and long term.

Impact, risk and opportunity management

When exerting political influence, we carry with us our principles of conducting business with integrity and high ethical standards. We engage in political activities through industry organisations, lobbying for a more advanced and better hearing healthcare infrastructure to ultimately ensure the best possible treatment for people with hearing loss.

We take active part in relevant industry organisations including, but not limited to, the following:

European Hearing Instrument Manufacturers Association (EHIMA)
Demant is represented in the General Assembly and the Technical, Regulatory, Public Affairs and Sustainability Committees.

Hearing Industries Association (HIA)
Demant is represented in the board of directors and the Technical and Regulatory, Market Insights, Market Analytics and Claims Committees.

We are transparent about our stance and advocate for topics directly linked to our company purpose and strategy. How we engage politically varies, depending on local conditions, as activities to promote hearing health depend entirely on country-specific legislation and hearing health infrastructure.

Our Anti-Corruption Policy (please refer to page 104) does not allow for political contributions which are defined as contributions to politicians, political campaigns and political parties. Any deviations from this Policy must be approved by our Group CEO. In 2024, we did not make any political contributions.



Additional information

Sustainability reporting risks and internal controls 108

Disclosure requirements and incorporation by reference 109

Statement on sustainability due diligence 116

Sustainability reporting risks and internal controls

Demant is committed to ensuring adequate reporting data quality and mitigating significant risks related to sustainability reporting.

Scoping of material topics

A double materiality assessment is conducted on a yearly basis, please refer to page 62.

ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting

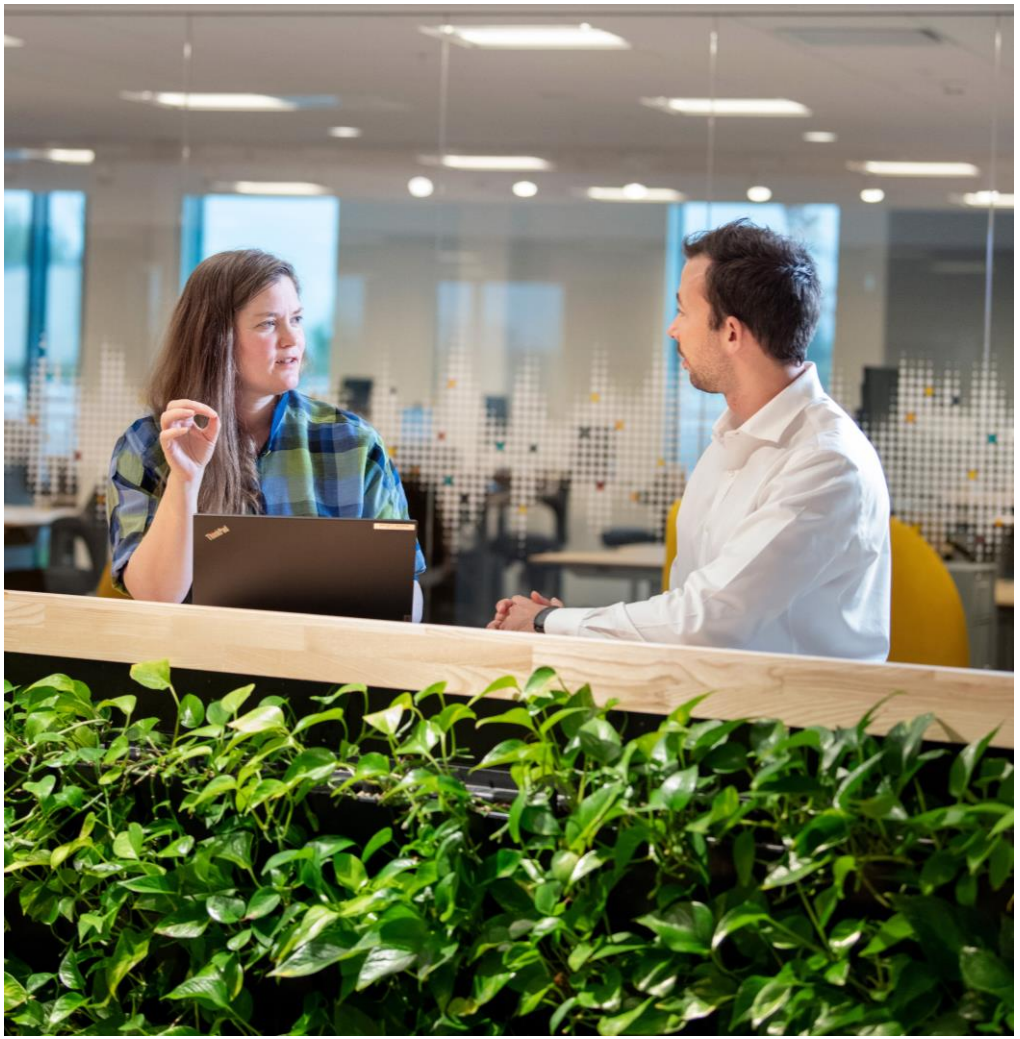
Risk management in relation to sustainability reporting

Demant's sustainability reporting risk management framework is designed to identify, assess and manage risks related to sustainability reporting. Key risk factors include regulatory compliance, data accuracy and stakeholder expectations. We employ a comprehensive risk assessment process, involving regular reviews and updates. Through this process, we ensure that all identified potential risks are adequately addressed based on the scoping of material sustainability topics identified in the double materiality assessment.

The identified risks are assessed as either high, medium or low. The sustainability reporting risk categorisation is based on inherent reporting risks, such as completeness and accuracy of the data. High risks have a higher prioritisation than medium and low risks.

The main reporting risks are related to completeness and accuracy of the data submitted.

The Sustainability Board receives updates on a quarterly basis and includes any findings in the internal control framework related to sustainability reporting and how to mitigate risks.



Disclosure requirements and incorporation by reference

ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement.

The following tables outline all ESRS disclosure requirements in ESRS 2 and five topical standards, which are relevant to Demant and have guided us in the preparation of this Sustainability statement. We have excluded disclosure requirements in E2, E3, E4 and S3, as they are below our materiality thresholds.

These tables serve as a guide for locating information on specific disclosure requirements in the Sustainability statement. They also indicate where information on a specific disclosure requirement not included in the Sustainability statement can be found. This information is "incorporated by reference" either in the Management statement and Financial statements of this Annual Report or in the separately published Remuneration Report.

Cross-cutting standards

ESRS 2 General disclosures

Disclosure requirements		Statement	Page
BP-1	General basis for preparation	Sustainability	51
BP-2	Datapoints that derive from other EU legislation	Sustainability	113
GOV-1	The role of the administrative, management and supervisory bodies	Management/ Sustainability	41, 47, 56
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Management/ Sustainability	56
GOV-3	Integration of sustainability-related performance in incentive schemes	Remuneration report	8
GOV-4	Statement on sustainability due diligence	Sustainability	116
GOV-5	Risk management and internal controls over sustainability reporting	Sustainability	108
SBM-1	Strategy, business model and value chain (products, markets and customers)	Management/ Sustainability	10, 16, 20, 59
SBM-1	Strategy, business model and value chain (headcount by country)	Sustainability	88
SBM-1	Strategy, business model and value chain (breakdown of revenue)	Financial	127
SBM-2	Interest and views of stakeholders	Sustainability	64
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability	58, 60-62
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Sustainability	62-63
IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	Sustainability	109

Environmental standards

ESRS E1 Climate change

Disclosure requirements		Statement	Page
E1-1	Transition plan for climate change mitigation	Sustainability	68
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	Sustainability	67
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Sustainability	67
E1-2	Policies related to climate change mitigation and adaptation	Sustainability	67
E1-3	Actions and resources in relation to climate change policies	Sustainability	68
E1-4	Targets related to climate change mitigation and adaptation	Sustainability	69
E1-5	Energy consumption and mix	Sustainability	70
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	Sustainability	70-72

ESRS E5 Resource use and circular economy

Disclosure requirements		Statement	Page
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability	76
ESRS 2, IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Sustainability	76
E5-1	Policies related to resource use and circular economy	Sustainability	76
E5-2	Actions and resources related to resource use and circular economy	Sustainability	76
E5-3	Targets related to resource use and circular economy	Sustainability	77
E5-4	Resource inflows	Sustainability	78
E5-5	Resource outflows	Sustainability	78

Social standards
ESRS S1 Own workforce

Disclosure requirements		Statement	Page
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability	86, 89, 92
S1-1	Policies related to own workforce	Sustainability	86, 89, 92
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Sustainability	86, 89, 92
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Sustainability	87, 89
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Sustainability	87, 89, 92
S1-5	Targets related to managing mate-rial negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability	87, 90
S1-6	Characteristics of the undertaking's employees	Sustainability	88, 92
S1-9	Diversity metrics	Sustainability	90
S1-16	Remunerations metrics (pay gap and total remunerations)	Sustainability	90
S1-17	Incidents, complaints and severe human rights impacts	Sustainability	87

Social standards
ESRS S2 Workers in the value chain

Disclosure requirements		Statement	Page
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	Sustainability	94
S2-1	Policies related to value chain workers	Sustainability	94
S2-2	Processes for engaging with value chain workers about impacts	Sustainability	94
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Sustainability	94
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Sustainability	94
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability	94

Social standards
ESRS S4 Consumers and end-users

Disclosure requirements		Statement	Page
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	Sustainability	96, 99, 101
S4-1	Policies related to consumers and end-users	Sustainability	99, 101
S4-2	Processes for engaging with consumers and end-users about impacts	Sustainability	96, 99, 101
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Sustainability	101
S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions	Sustainability	96-97, 99, 101
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability	98-100

Governance standards

ESRS G1 Business conduct

Disclosure requirements		Statement	Page
ESRS 2, GOV-1	The role of the administrative, supervisory and management bodies	Management	41, 47, 56
G1-1	Business conduct policies and corporate culture	Sustainability	104
G1-3	Prevention and detection of corruption and bribery	Sustainability	104
G1-4	Incidents of corruption or bribery	Sustainability	105
G1-5	Political influence and lobbying activities	Sustainability	106

Datapoints in cross-cutting and topical standards

The table below outlines the list of datapoints in cross-cutting standards that derive from other EU legislation.

Disclosure requirements	Datapoints		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Report/section	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x		Management's review	42
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent paragraph			x		Management's review	47-48
ESRS 2 GOV-4	30	Statement on due diligence	x				Statement on due diligence	116-117
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities paragraph	x	x	x		Not material	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not material	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not material	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not material	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	Climate change	68-69
ESRS E1-1	16 (g)	Undertakings excluded from the EU Paris-Aligned Benchmark		x	x		Not material	
ESRS E1-4	34	GHG emissions reduction targets	x	x	x		Climate change	72
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate-impact sectors)	x				Climate change	70
ESRS E1-5	37	Energy consumption and mix	x				Climate change	70
ESRS E1-5	40-43	Energy intensity associated with activities in high climate-impact sectors	x				Climate change	70
ESRS E1-6	44	Gross scope 1, 2 and 3 and total GHG emissions	x	x	x		Climate change	72
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x		Climate change	72
ESRS E1-7	56	GHG removals and carbon credits				x	Not material	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Not material	
ESRS E1-9	66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk		x			Not material	
ESRS E1-9	66 (c)	Location of significant assets at material physical risk		x			Not material	
ESRS E1-9	67 (c)	Breakdown of the carrying value of real estate assets by energy-efficiency classes		x			Not material	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Not material	

Disclosure requirements	Datapoints		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Report/section	Page
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	x				Not material	
ESRS E3-1	9	Water and marine resources	x				Not material	
ESRS E3-1	13	Dedicated policy	x				Not material	
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	
ESRS E3-4	28 (c)	Total water recycled and reused	x				Not material	
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				Not material	
ESRS 2 - SBM 3 - E4	16 (a) i		x				Not material	
ESRS 2 - SBM 3 - E4	16 (b)		x				Not material	
ESRS 2 - SBM 3 - E4	16 (c)		x				Not material	
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	x				Not material	
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	x				Not material	
ESRS E4-2	24 (d)	Policies to address deforestation	x				Not material	
ESRS E5-5	37 (d)	Non-recycled waste	x				Not material	
ESRS E5-5	39	Hazardous waste and radioactive waste	x				Not material	
ESRS 2 - SBM3 - S1	14 (f)	Risk of incidents of forced labour	x				Own workforce	86
ESRS 2 - SBM3 - S1	14 (g)	Risk of incidents of child labour	x				Own workforce	86
ESRS S1-1	20	Human rights policy commitments	x				Own workforce	86
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Own workforce	86
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Own workforce	86
ESRS S1-1	23	Workplace accident prevention policy or management system	x				Own workforce	86-87
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				Own workforce	87
ESRS S1-14	88 (b), (c)	Number of fatalities and number and rate of work-related accidents	x		x		Not material	
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				Not material	
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		x		Not material	
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x				Own workforce	90

Disclosure requirements	Datapoints		SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU climate law reference	Report/section	Page
ESRS S1-17	103 (a)	Incidents of discrimination	x				Own workforce	87
ESRS S1-17	104 (a)	Non-compliance with UNGPs on Business and Human Rights and OECD Guidelines	x		x		Own workforce	87
ESRS 2 - SBM3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				Workers in the value chain	94
ESRS S2-1	17	Human rights policy commitments	x				Workers in the value chain	94
ESRS S2-1	18	Policies related to value chain workers	x				Workers in the value chain	94
ESRS S2-1	19	Non-compliance with UNGPs on Business and Human Rights principles and OECD guidelines	x		x		Workers in the value chain	94
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			x		Workers in the value chain	94
ESRS S2-4	36	Human rights issues and incidents connected to upstream and downstream value chain	x				Workers in the value chain	94
ESRS S3-1	16	Human rights policy commitments	x				Not material	
ESRS S3-1	17	Non-compliance with UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x		x		Not material	
ESRS S3-4	36	Human rights issues and incidents	x				Not material	
ESRS S4-1	16	Policies related to consumers and end-users	x				Consumers and end-users	95
ESRS S4-1	17	Non-compliance with UNGPs on Business and Human Rights and OECD guidelines	x		x		Consumers and end-users	95
ESRS S4-4	35	Human rights issues and incidents	x				Consumers and end-users	95
ESRS G1-1	10 (b)	United Nations Convention against Corruption paragraph	x				Business conduct	104-105
ESRS G1-1	10 (d)	Protection of whistleblowers paragraph	x				Business conduct	104-105
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws paragraph	x		x		Business conduct	105
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x				Business conduct	104-105

Statement on sustainability due diligence

ESRS 2 GOV-4 Statement on due diligence

The following table provides a mapping of how Demant applies the core elements of due diligence in relation to people and the environment and where they are presented in this Sustainability statement.

Core elements of due diligence	Paragraphs or pages in the Sustainability Statement	Disclosure relating to people and/or environment
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2, page 56	People and environment
	ESRS 2 GOV-3, page 8 in Remuneration Report 2024	People and environment
	ESRS 2 SBM-3, pages 58-63	People and environment
b) Engaging with affected stakeholders in all key steps of due diligence	ESRS 2 GOV-2, page 56 ESRS 2 SBM-2, page 64 ESRS 2 IRO-1, page 62	People and environment
	S1-2, pages 86-87, 89, 92 S2-2, page 94 S4-2, pages 96, 99, 101	People
	G1-1, page 104	People and environment

Core elements of due diligence	Paragraphs or pages in the Sustainability Statement	Disclosure relating to people and/or environment
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1, page 62 ESRS 2 SBM-3, page 58	People and environment
d) Taking actions to address those adverse impacts	E1-1, page 68 E1-3, page 68 E5-2, pages 76-77	Environment
	S1-4, page 87, 89, 92 S2-4, page 94 S4-4, pages 96-97, 99, 101	People
	G1-1, page 104 G1-3, page 104	People and environment
e) Tracking the effectiveness of these efforts and communicating	E1-4, page 69 E1-5, page 70 E1-6 pages 70-72 E5-3, page 77 E5-4, page 78 E5-5, page 78	Environment
	S1-5, pages 87, 90 S1-6, pages 88, 92 S1-9, page 90 S1-17, page 87 S4-5, pages 98-100	People
	G1-4, page 105 G1-5, page 106	People and environment



Financial statements

"When I got fitted with the hearing aids, I realised at that moment that this is the moment where I will be able to move on and move forward to become a firefighter, and I couldn't wait to do it."

Clare, hearing aid user and firefighter

Consolidated financial statements

Consolidated income statement	120
Consolidated statement of comprehensive income	120
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Consolidated income statement

(DKK million)	Note	2024	2023
Revenue	1.1	22,419	21,601
Production costs	1.2 / 1.3 / 1.5	-5,329	-5,281
Gross profit		**17,090**	**16,320**
R&D costs	1.2 / 1.3 / 8.3	-1,394	-1,226
Distribution costs	1.2 / 1.3 / 8.3	-10,246	-9,554
Administrative expenses	1.2 / 1.3 / 8.2 / 8.3	-1,145	-1,102
Share of profit after tax, associates	3.4 / 6.1	99	68
Operating profit (EBIT) before special items		**4,404**	**4,506**
Special items	1.9	124	-
Operating profit (EBIT)		**4,528**	**4,506**
Financial income	4.2	113	95
Financial expenses	4.2	-925	-856
Profit before tax		**3,716**	**3,745**
Tax on profit for the year	5.1	-824	-922
Profit after tax - continuing operations		**2,892**	**2,823**
Profit after tax - discontinued operations	6.2	-504	-1,025
Profit for the year		**2,388**	**1,798**
Profit for the year attributable to:			
Demant A/S' shareholders		2,387	1,795
Non-controlling interests		1	3
		2,388	**1,798**
Earnings per share (EPS), DKK - continuing operations	1.4	13.31	12.64
Diluted earnings per share (DEPS), DKK - continuing operations	1.4	13.31	12.64
Earnings per share (EPS), DKK	1.4	10.99	8.04
Diluted earnings per share (DEPS), DKK	1.4	10.99	8.04

Consolidated statement of comprehensive income

(DKK million)	2024	2023
Profit for the year	**2,388**	**1,798**
Foreign currency translation adjustment, subsidiaries	265	-177
Value adjustments of hedging instruments:		
Value adjustment for the year	-91	41
Value adjustment transferred to revenue	-5	-106
Tax on currency translation and value adjustments	22	17
Items that have been or may subsequently be reclassified to the income statement	**191**	**-225**
Actuarial gains/losses on defined benefit plans	-17	-19
Tax on actuarial gains/losses on defined benefit plans	4	4
Items that will not subsequently be reclassified to the income statement	**-13**	**-15**
Other comprehensive income	**178**	**-240**
Comprehensive income	**2,566**	**1,558**
Comprehensive income attributable to:		
Demant A/S' shareholders	2,565	1,555
Non-controlling interests	1	3
	2,566	**1,558**

Consolidated balance sheet 31 December

(DKK million)	Note	2024	2023
Assets			
Intangible assets	3.1	**15,066**	**13,540**
Property, plant and equipment	3.2	**2,909**	**2,813**
Lease assets	3.3	2,665	2,596
Investments in associates	3.4	363	728
Receivables from associates	3.4 / 4.3 / 4.4	193	277
Other investments	4.3 / 4.5	9	19
Customer loans	1.7 / 3.4 / 4.3 / 4.4	519	477
Other receivables	3.4 / 4.3 / 4.4	217	170
Deferred tax assets	5.2	588	542
Other non-current assets		**4,554**	**4,809**
Non-current assets	3.5	**22,529**	**21,162**
Inventories	1.5	2,500	2,845
Trade receivables	1.6 / 4.3	3,563	3,650
Receivables from associates	4.3	200	188
Income tax		78	236
Customer loans	1.7 / 4.3 / 4.4	155	191
Other receivables	4.3 / 4.4	454	378
Unrealised gains on financial contracts	2.3 / 4.3 / 4.5	31	60
Prepaid expenses		435	415
Cash	4.3 / 4.4	1,112	1,138
Assets held for sale	6.2	1,393	283
Current assets		**9,921**	**9,384**
Assets		**32,450**	**30,546**

(DKK million)	Note	2024	2023
Equity and liabilities			
Share capital		44	45
Other reserves		9,520	9,211
Equity attributable to Demant A/S' shareholders		**9,564**	**9,256**
Equity attributable to non-controlling interests		80	82
Equity		**9,644**	**9,338**
Borrowings	4.3 / 4.4	12,487	10,171
Lease liabilities	3.3 / 4.3 / 4.4	2,104	2,045
Deferred tax liabilities	5.2	634	633
Provisions	7.1	213	201
Other liabilities	4.3 / 7.3	461	661
Deferred income	7.4	812	635
Non-current liabilities		**16,711**	**14,346**
Borrowings	4.3 / 4.4	423	1,597
Lease liabilities	3.3 / 4.3 / 4.4	667	641
Trade payables	4.3	658	799
Payables to associates		-	1
Income tax		603	578
Provisions	7.1	93	77
Other liabilities	4.3 / 7.3	2,617	2,497
Unrealised losses on financial contracts	2.3 / 4.3 / 4.5	102	35
Deferred income	7.4	588	548
Liabilities related to assets held for sale	6.2	344	89
Current liabilities		**6,095**	**6,862**
Liabilities		**22,806**	**21,208**
Equity and liabilities		**32,450**	**30,546**

Consolidated cash flow statement

(DKK million)	Note	2024	2023
Operating profit (EBIT)		4,528	4,506
Non-cash items etc.	1.8	1,233	1,280
Change in receivables etc.		-119	-158
Change in inventories		-7	-120
Change in trade payables and other liabilities etc.		16	103
Change in provisions		-46	51
Dividends received		43	85
Cash flow from operating profit		**5,648**	**5,747**
Financial income etc. received		95	80
Financial expenses etc. paid		-884	-707
Income tax paid		-779	-662
Cash flow from operating activities (CFFO)		**4,080**	**4,458**
Acquisition of enterprises, participating interests and activities		-1,234	-935
Investments in intangible assets		-203	-192
Investments in property, plant and equipment		-576	-643
Disposal of property, plant and equipment		31	22
Investments in other non-current assets		-251	-269
Disposal of other non-current assets		405	246
Cash flow from investing activities (CFFI)		**-1,828**	**-1,771**

(DKK million)	Note	2024	2023
Repayments of borrowings	4.4	-5,023	-6,743
Proceeds from borrowings	4.4	6,424	6,034
Change in short-term bank facilities	4.4	-586	-168
Repayments of lease liabilities	3.3 / 4.4	-750	-687
Transactions with non-controlling interests		-3	-3
Share buy-backs		-2,301	-846
Cash flow from financing activities (CFFF)		**-2,239**	**-2,413**
Cash flow for the period, net – continuing operations		**13**	**274**
Cash flow for the period, net – discontinued operations	6.2	-16	-232
Cash flow for the year, net		**-3**	**42**
Cash and cash equivalents at the beginning of the year		1,138	1,130
Foreign currency translation adjustment of cash and cash equivalents		-23	-34
Cash and cash equivalents at the end of the year		**1,112**	**1,138**
Breakdown of cash and cash equivalents at the end of the year:			
Cash	4.3 / 4.4	1,112	1,138
Cash and cash equivalents at the end of the year		**1,112**	**1,138**

Consolidated statement of changes in equity

(DKK million)

		Other reserves					
	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Demant A/S' shareholders' share	Non-controlling interests' share	Equity
Equity at 1.1.2024	**45**	**-103**	**22**	**9,292**	**9,256**	**82**	**9,338**
Comprehensive income:							
Profit for the year	-	-	-	2,387	2,387	1	2,388
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	265	-	-	265	-	265
Value adjustments of hedging instruments:							
Value adjustment for the year	-	-	-91	-	-91	-	-91
Value adjustment transferred to revenue	-	-	-5	-	-5	-	-5
Actuarial gains/losses on defined benefit plans	-	-	-	-17	-17	-	-17
Tax on other comprehensive income	-	1	21	4	26	-	26
Other comprehensive income	**-**	**266**	**-75**	**-13**	**178**	**-**	**178**
Comprehensive income for the year	**-**	**266**	**-75**	**2,374**	**2,565**	**1**	**2,566**
Share buy-backs	-	-	-	-2,301	-2,301	-	-2,301
Share-based compensation	-	-	-	44	44	-	44
Capital reduction through cancellation of treasury shares	-1	-	-	1	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-3	-3
Equity at 31.12.2024	**44**	**163**	**-53**	**9,410**	**9,564**	**80**	**9,644**

Consolidated statement of changes in equity (continued)

(DKK million)

		Other reserves					
	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Demant A/S' shareholders' share	Non-controlling interests' share	Equity
Equity at 1.1.2023	**46**	**71**	**73**	**8,371**	**8,561**	**1**	**8,562**
Comprehensive income:							
Profit for the year	-	-	-	1,795	1,795	3	1,798
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	-177	-	-	-177	-	-177
Value adjustments of hedging instruments:							
Value adjustment for the year	-	-	41	-	41	-	41
Value adjustment transferred to revenue	-	-	-106	-	-106	-	-106
Actuarial gains/losses on defined benefit plans	-	-	-	-19	-19	-	-19
Tax on other comprehensive income	-	3	14	4	21	-	21
Other comprehensive income	**-**	**-174**	**-51**	**-15**	**-240**	**-**	**-240**
Comprehensive income for the year	**-**	**-174**	**-51**	**1,780**	**1,555**	**3**	**1,558**
Share buy-backs	-	-	-	-846	-846	-	-846
Share-based compensation	-	-	-	63	63	-	63
Capital reduction through cancellation of treasury shares	-1	-	-	1	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-3	-3
Non-controlling interests on acquisition	-	-	-	-76	-76	80	4
Other changes in equity	-	-	-	-1	-1	1	-
Equity at 31.12.2023	**45**	**-103**	**22**	**9,292**	**9,256**	**82**	**9,338**

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Section 1

Operating activities and cash flow



1.1 Revenue and segment disclosures

(DKK million)	2024	2023
Revenue by geographic region:		
Europe	9,301	8,678
North America	9,231	9,031
Asia	2,145	2,199
Pacific region	1,097	1,064
Rest of world	645	629
Revenue	**22,419**	**21,601**
Revenue by country:		
Denmark	290	244
USA	7,668	7,468
Other countries	14,461	13,889
Revenue	**22,419**	**21,601**

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

The ten largest single customers together account for around 13% (15% in 2023) of total consolidated revenue.

For disclosures of non-current assets by geographies, please refer to Note 3.5.

Value adjustments transferred from equity relating to derivatives made for hedging foreign exchange risks on revenue amount to DKK 5 million (DKK 106 million in 2023).

(DKK million)	2024	2023
Revenue by business area:		
Hearing Aids	10,022	10,036
Hearing Care	9,932	9,083
Diagnostics	2,465	2,482
Revenue	**22,419**	**21,601**

(DKK million)	2024	2023
Liabilities related to contracts with customers:		
Customer prepayments[1)]	52	62
Future performance obligations[1)]	1,347	1,121
Expected volume discounts and other customer-related items[2)]	368	389
Expected product returns[3)]	196	197
Contract liabilities with customers	**1,963**	**1,769**

[1] Included in deferred income.
[2] Included in other cost payables under other liabilities.
[3] Included in product-related liabilities under other liabilities.

(DKK million)	2024	2023
Changes in contract liabilities with customers:		
Contract liabilities at 1.1.	1,769	1,525
Foreign currency translation adjustment	19	-15
Revenue recognised and included in the contract liability balance at 1.1.	-536	-576
Increases due to cash received, excluding amounts recognised as revenue during the year	702	614
Changes from expected volume discounts and other customer-related items	-29	51
Changes from product returns	-7	28
Additions from acquisitions	45	142
Contract liabilities at 31.12.	**1,963**	**1,769**

1.1 Revenue and segment disclosures (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 in time.

When selling hearing aids and diagnostic equipment to customers, control is transferred and revenue recognised, when the hearing aid and diagnostic equipment is delivered to the customer at a given point in time, and when a hearing aid 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 the hearing aid within a certain period. In such cases, the number of expected returns is estimated based on an analysis of historical return rates adjusted for any known factors impacting expectations of 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.

The Group's 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 the hearing aid, additional hearing tests and cleaning). Revenue from these services is recognised on a straight-line basis over the warranty or service period, as the user makes use of the service continuously. Some users purchase a battery package or are given batteries free of charge as part of the purchase of the hearing aid, entitling them to free batteries for a certain period. Revenue is recognised when the user receives the batteries or is given batteries free of charge as part of the purchase of the hearing aid. When available, an observable price to determine the stand-alone selling price for the separate performance obligations related to these services is used, and in countries where observable prices are not available, a cost-plus-margin method is used.

The standard warranty period for hearing aids and diagnostic equipment varies between countries but is typically 12-24 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 between countries and depend on whether the customer is a private or public customer.

The majority of hearing aids sold to users are invoiced and paid for after the initial fitting, but some customers choose to have the hearing aid 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

Segment information

In 2024, Demant announced the decision to undertake a review of strategic options for its Communications business and came to the conclusion to divest the business. As Communications is presented as discontinued operation and held for sale, it is no longer considered an operating segment in the continuing business.

Management has identified one operating segment, Hearing Healthcare, as this reflects Management's approach to the organisation and to management activities, including the assessment of results and the use of resources. Hearing Healthcare comprises the Hearing Aids, Hearing Care and Diagnostics business areas, which provide hearing healthcare solutions, involving manufacturing, servicing and sale of hearing aids, diagnostic products and services. Even though revenue from this operating segment can be split by business area and geographic market, the main part of the activities within production, research and development and administration is shared by the Group as a whole.

Revenue recognition

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 the products and services. Revenue is measured as the consideration expected to be received 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 better information on the likelihood that they will be realised and the value at which they are expected to be realised is obtained. Sales discounts and rebates are recognised under other cost payables as part of other liabilities, and loyalty programmes are recognised under deferred income.

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

After-sales services (estimate)

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

1.2 Employees

(DKK million)	Note	2024	2023
Employee costs:			
Wages and salaries		8,367	7,732
Share-based remuneration		16	38
Defined contribution plans		108	96
Defined benefit plans	7.2	-	12
Social security costs etc.		1,064	911
Employee costs		**9,555**	**8,789**
Employee costs by function:			
Production costs		1,236	1,161
R&D costs		920	917
Distribution costs		6,298	5,745
Administrative expenses		1,101	966
Employee costs		**9,555**	**8,789**
Average number of full-time employees		21,381	20,690

Remuneration to Executive Board and Board of Directors (included in employee costs)

(DKK million)	2024	2023
Executive Board:		
Wages and salaries	25.1	25.6
Cash bonus	0.6	4.4
Share-based remuneration	10.5	11.6
Remuneration in the notice period[1)]	-	22.1
Total	**36.2**	**63.7**
Board of Directors:		
Fee	5.1	5.4
Total	**5.1**	**5.4**

[1] As announced on 27 April 2023, Arne Boye Nielsen, former President of Diagnostics and Communications and member of the Executive Board, left his position in Demant.

Remuneration of the Executive Board

The total remuneration of the Executive Board comprises:

- Wages and salaries, which include a base salary and certain other benefits
- A short-term incentive programme (cash bonus) – STIP
- A long-term incentive programme (share-based remuneration) – LTIP

The remuneration of the Executive Board and the Board of Directors is described in detail in the Remuneration Report 2024.

Remuneration of the Board of Directors

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

In 2024, the basic remuneration was DKK 450,000 (DKK 450,000 in 2023). The Chair receives three times the base fee and the Vice Chair twice the base fee.

The members of the audit committee receive a base fee of DKK 100,000 (DKK 100,000 in 2023), and the chair of the audit committee receives twice the base fee.

The individual Board members' fees and their shareholdings can be found in the Remuneration Report 2024.

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 the Group provides long-term employee benefits, the costs are accrued to match the rendering of service by the employee in question.

1.2 Employees (continued)

Share-based remuneration

The Group has two types of share-based remuneration programmes, which consist of the "shadow share" programme and the RSU (restricted stock units) programme. The "shadow share" programme introduced in 2016 is cash-settled, whereas the RSU programme introduced in 2019 is equity-settled. Remuneration under both programmes is granted on a yearly basis and is contingent on the employee still being employed and not under termination when three years have passed from the time of the grant. The fair value of the shares at the time of the grant under both programmes is based on the average share price of the first five trading days after publication of the annual report.

"Shadow share" programme

In 2024, the Group granted 9,999 "shadow shares" (zero in 2023). The fair value of "shadow shares" granted was DKK 3 million (DKK 0 million in 2023) at the time of the grant. The liability is recognised on a straight-line basis, as the service is rendered, and the liability is remeasured at each reporting date and at the settlement date based on the fair value of the "shadow shares". Fair value adjustments are recognised as financial income or financial expenses. If relevant, the liability is adjusted to reflect the expected risk of non-vesting as a result of resignations.

Any changes to the liability are recognised in the income statement. In 2024, the Group bought back shares to cover the financial risk of share price fluctuations related to the programmes. At 31 December 2024, the remaining average contractual life of cash-settled remuneration programmes was 15 months (three months in 2023).

RSU programme

In 2024, RSU shares were granted to 153 employees (151 employees in 2023). The Group recognised costs of DKK 40 million (DKK 34 million in 2023) in the income statement related to the RSU programme. There has been no subsequent remeasurement of the fair value. The costs are recognised on a straight-line basis, as the service is rendered. At 31 December 2024, the remaining average contractual life of equity-settled share programmes was 21 months (21 months in 2023).

Restricted share units (RSU programme)

	Total number of shares	Total fair value
	No.	(DKK million)
Outstanding 1.1.2023	**249,298**	
Granted	235,254	52
Exercised	-19,001	
Forfeited	-1,753	
Outstanding 31.12.2023	**463,798**	
Granted	147,697	52
Exercised	-55,375	
Forfeited	-3,558	
Outstanding 31.12.2024	**552,562**	

Share-based remuneration ("shadow share" programme)

(DKK million)	2024		2023	
	Executive Board	Other senior members of Management	Executive Board	Other senior members of Management
Liabilities at 1.1.	**9.3**	**2.3**	**11.0**	**1.8**
Transfer due to termination of Executive Board member[1)]	-	-	-2.1	2.1
Expensed during the year in wages and salaries	0.8	0.7	4.5	0.2
Fair value adjustments	1.9	0.4	3.9	0.4
Settled during the year	-12.0	-2.9	-8.0	-2.2
Liabilities at 31.12.	**-**	**0.5**	**9.3**	**2.3**
Granted during the year	-	3.0	-	-
Unrecognised commitment at 31.12.[2)]	-	2.1	0.8	0.3

[1] As announced on 27 April 2023, Arne Boye Nielsen left his position in Demant. The liability at the end of the year has therefore been transferred to the Other senior members of Management.
[2] Unrecognised commitment is the part of granted "shadow shares" not expensed at 31 December.

Accounting estimates and judgements

Vesting conditions and fair value (estimate)

For the share-based programmes, Management estimates the likelihood of vesting conditions being satisfied. Vesting is entirely dependent on the persons enrolled in the share-based programmes remaining employed until expiry of the vesting period.

Based on such likelihood, the estimate made is used to calculate the fair value of the share-based programmes. Furthermore, the shares must be valued. For this purpose, Management uses the share price quoted on Nasdaq Copenhagen.

1.3 Amortisation, depreciation and impairment losses

(DKK million)	Note	2024	2023
Amortisation of intangible assets	3.1	194	165
Depreciation of property, plant and equipment	3.2	490	432
Depreciation of lease assets	3.3	751	696
Amortisation, depreciation and impairment losses		**1,435**	**1,293**
Amortisation, depreciation and impairment losses by function:			
Production costs		133	116
R&D costs		47	50
Distribution costs		1,028	912
Administrative expenses		227	215
Amortisation, depreciation and impairment losses		**1,435**	**1,293**

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

There were no impairment losses in 2024 and 2023, except for the impairment losses related to discontinued operations. Please refer to Note 6.2.

1.4 Earnings per share

	2024	2023
Demant A/S' shareholders' share of profit for the year, DKK million – continuing operations	2,891	2,820
Demant A/S' shareholders' share of profit for the year, DKK million – discontinued operations	-504	-1,025
Demant A/S' shareholders' share of profit for the year, DKK million	**2,387**	**1,795**
Average number of shares, million	221.86	225.77
Average number of treasury shares, million	-4.64	-2.64
Average number of shares outstanding, million	**217.22**	**223.13**
Earnings per share (EPS), DKK – continuing operations	13.31	12.64
Diluted earnings per share (DEPS), DKK – continuing operations	13.31	12.64
Earnings per share (EPS), DKK – discontinued operations	-2.32	-4.60
Diluted earnings per share (DEPS), DKK – discontinued operations	-2.32	-4.60
Earnings per share (EPS), DKK	10.99	8.04
Diluted earnings per share (DEPS), DKK	10.99	8.04

1.5 Inventories

(DKK million)	2024	2023
Raw materials and purchased components	1,289	1,244
Work in progress	35	71
Finished goods and goods for resale	1,176	1,530
Inventories	**2,500**	**2,845**
Write-downs, provisions for obsolescence etc. included in the above	187	149
Included in the income statement under production costs:		
Write-downs of inventories for the year, net	82	41
Cost of goods sold for the year	3,880	3,976

Write-downs for the year are shown net, as breakdown into reversed write-downs and new write-downs is not possible. Inventories are generally expected to be sold within one year.

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

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

Accounting estimates and judgements

Indirect production costs (significant judgement)

Indirect production cost allocations to inventories are based on relevant judgements of capacity utilisation at the production facility, of production time and of 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 forecasts for the individual types of hearing devices and diagnostic equipment. Headsets and other gaming/enterprise devices are only included in the comparative figures. 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
2024						
Gross carrying amount	2,618	625	199	156	303	3,901
Specific loss allowance	-27	-45	-30	-29	-171	-302
General loss allowance	-12	-7	-3	-5	-9	-36
Total	**2,579**	**573**	**166**	**122**	**123**	**3,563**
Expected loss rate	1.5%	8.3%	16.6%	21.8%	59.4%	8.7%
2023						
Gross carrying amount	2,583	759	221	140	332	4,035
Specific loss allowance	-19	-62	-41	-28	-180	-330
General loss allowance	-12	-9	-4	-5	-25	-55
Total	**2,552**	**688**	**176**	**107**	**127**	**3,650**
Expected loss rate	1.2%	9.4%	20.4%	23.6%	61.7%	9.5%

The opening balance of trade receivables in 2023 amounted to DKK 3,626 million.

Of the total amount of trade receivables, DKK 284 million (DKK 267 million in 2023) 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)	2024	2023
Allowance for impairment:		
Allowance for impairment at 1.1.	-385	-324
Foreign currency translation adjustments	-3	3
Realised during the year	97	67
Additions during the year	-123	-147
Reversals during the year	68	16
Transfer to assets held for sale	8	-
Allowance for impairment at 31.12.	**-338**	**-385**

Accounting policies

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

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

1.7 Customer loans

(DKK million)	2024	2023
Non-current customer loans	519	477
Current customer loans	155	191
Total customer loans	**674**	**668**
Allowance for impairment:		
Allowance for impairment at 1.1.	-62	-33
Foreign currency translation adjustment	-3	-
Realised during the year	14	-
Additions during the year	-49	-32
Reversals during the year	16	3
Allowance for impairment at 31.12.	**-84**	**-62**

Group internal credit rating

(DKK million)

2024		Expected credit loss rate	Gross carrying amount	Carrying amount
Performing	12-month expected credit loss	0.3%	588	586
Underperforming	Expected lifetime credit loss	48.2%	170	88
Total customer loans			**758**	**674**
2023				
Performing	12-month expected credit loss	0.4%	551	549
Underperforming	Expected lifetime credit loss	33.5%	179	119
Total customer loans			**730**	**668**

Accounting policies

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

Accounting estimates and judgements

Accounting treatment (judgement) and impairment (estimate) of loans

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

1.8 Specification of non-cash items

(DKK million)	2024	2023
Amortisation and depreciation	1,435	1,293
Share of profit after tax, associates	-99	-68
Gain on sale of intangible assets and property, plant and equipment	-1	10
Provisions	23	95
Exchange rate adjustments	-33	-50
Employee share salary arrangement	44	64
Step-up gains[1)]	-13	-27
Non-cash on special items	-124	-
Other non-cash items	1	-37
Non-cash items etc.	**1,233**	**1,280**

[1] Excluding the step-up gain presented in special items in the income statement.

1.9 Specification of special items

(DKK million)	2024	2023
Step-up gain on acquisition	324	-
Adjustment of management judgement related to deferred payments	-200	-
Special items, net	**124**	**-**

In 2024, the Group recognised as special items two significant, non-operational and non-cash items of DKK 124 million net. The positive impact of DKK 324 million relates to a step-up gain from the acquisition of Fuel Medical Group. This was partly offset by the adjustment of a judgement related to the accounting treatment of deferred payments of DKK 200 million in respect of a prior-year acquisition.

Accounting policies

Special items are used in the presentation of consolidated income statement for the year to distinguish consolidated operating profit from significant non-recurring income and expenses from extraordinary items of a non-operational nature. Special items are shown separately from the Group's operating activities to facilitate a better understanding of the Group's performance and are presented on a net basis.

Accounting estimates and judgements

Presentation of items as special (judgement)

Management exercises judgement to ensure that only significant non-recurring income and expenses from items of a non-operational nature are included.

Adjustment to deferred payments (estimate)

Adjustments of judgements related to deferred payments include accounting estimates.

Impact of special items on consolidated income statement

(DKK million)	2024			2023		
	Reported	Special items	Adjusted[1)]	Reported	Special items	Adjusted[1)]
Revenue	22,419	-	22,419	21,601	-	21,601
Production costs	-5,329	-	-5,329	-5,281	-	-5,281
Gross profit	**17,090**	**-**	**17,090**	**16,320**	**-**	**16,320**
R&D costs	-1,394	-	-1,394	-1,226	-	-1,226
Distribution costs	-10,246	124	-10,122	-9,554	-	-9,554
Administrative expenses	-1,145	-	-1,145	-1,102	-	-1,102
Share of profit after tax, associates	99	-	99	68	-	68
Operating profit (EBIT) before special items	**4,404**	**124**	**4,528**	**4,506**	**-**	**4,506**
Special items	124	-124	-	-	-	-
Operating profit (EBIT)	**4,528**	**-**	**4,528**	**4,506**	**-**	**4,506**
Financial income	113	-	113	95	-	95
Financial expenses	-925	-	-925	-856	-	-856
Profit before tax	**3,716**	**-**	**3,716**	**3,745**	**-**	**3,745**

[1] 'Reported' is the figures reported in the income statement, while 'Adjusted' illustrates what the figures would have been, if the special items had not been presented as such in the income statement.

Section 2

Exchange rates

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 ensures greater predictability in profit. The Group manufactures most of its products at the production facilities in Poland and also distributes them from these facilities.

The general principle is to consolidate exchange rate risks at Group level, with the local entities being invoiced in their functional currencies.

The currencies that mainly contribute to the Group's exchange rate risks are US dollars, Polish zloty, British pound, Canadian dollars and Australian dollars. 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.

Exchange rate risks are managed by Group Treasury. Hedging is done in accordance with the Group's policy to maintain adequate hedging of the Group's material exposure to exchange rate fluctuations. It is the Group's policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature. Cash flow hedging is undertaken to the extent possible to mitigate any negative effects of adverse developments in exchange rates on the consolidated operating results. Furthermore, the Group seeks to balance the on-balance net exposure in its main trading currencies.

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

The Group does not hedge translation risks associated with the consolidation of Group accounts.

2.2 Sensitivity analysis in respect of exchange rates

Effect on EBIT, 5% positive change in exchange rates[1)]

(DKK million)	2024	2023
USD	+61	+81
GBP	+34	+35
CAD	+20	+29
AUD	+12	+10
PLN	-36	-33

Effect on equity, 5% positive change in exchange rates

(DKK million)	2024	2023
USD	+49	+66
GBP	+35	+34
CAD	+18	+26
AUD	+10	+9
PLN	-38	-35

[1] 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 exchange rates with the highest exposures.

The exchange rate impact on EBIT is calculated based on the Group's EBIT for each currency and does not include the possible exchange rate impact on balance sheet values in those currencies.

2.3 Hedging and forward exchange contracts

Cash flow hedging

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

Realised forward exchange contracts, which are entered to hedge future cash flows, are recognised in the income statement together with revenue in foreign currencies that such contracts are designed to hedge. In 2024, the Group realised a gain of DKK 5 million (DKK 106 million in 2023) on forward exchange contracts, which increased the reported revenue for the year. The Group's forward exchange contracts were effective in 2024 and 2023.

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 on the balance sheet as unrealised gains/losses on financial contracts. Forward exchange contracts are measured based on current market data and by means 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.

Forward exchange contracts

(DKK million)	Expiry	Hedging period[1)]	Average hedging rate	Contractual value	Fair value	Positive fair value at year-end	Negative fair value at year-end
2024							
USD	2025	11 months	675	-1,356	-64	-	64
AUD	2025	10 months	452	-212	5	5	-
GBP	2025	11 months	865	-553	-15	-	15
CAD	2025	10 months	498	-463	3	3	-
JPY	2025	10 months	4.64	-79	1	1	-
PLN	2025	10 months	169	772	16	16	-
				-1,891	**-54**	**25**	**79**
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	-4	1	5
CAD	2024	10 months	504	-413	-2	1	3
JPY	2024	11 months	4.80	-95	1	2	1
PLN	2024	9 months	161	711	37	37	-
EUR[2)]	2024	12 months	742	893	1	1	-
				-882	**43**	**60**	**17**

[1] Hedging periods represent the estimated periods for which the exchange rate exposure of a relative share of the net flow in a currency will be covered by forward exchange contracts.
[2] Forward exchange contracts in euros hedged a fixed committed financial loan.

Section 3

Asset base



3.1 Intangible assets

(DKK million)	2024					2023				
	Goodwill	Patents and licences	Other intangible assets	Assets under develop-ment[1]	Total intangible assets	Goodwill	Patents and licences	Other intangible assets	Assets under develop-ment[1]	Total intangible assets
Cost at 1.1.	**12,381**	**71**	**1,777**	**332**	**14,561**	**11,488**	**75**	**1,639**	**260**	**13,462**
Foreign currency translation adjustments	255	-	16	16	287	-220	-	-8	-6	-234
Additions during the year	-	-	56	152	208	-	1	48	145	194
Additions relating to acquisitions	1,836	-	47	-	1,883	1,112	-	58	1	1,171
Disposals during the year	-1	-	-4	-	-5	-	-5	-54	-	-59
Adjustment of management judgement related to deferred payments	-200	-	-	-	-200	-	-	-	-	-
Transferred to/from other items	-	-	244	-233	11	1	-	76	-68	9
Transferred to assets held for sale	-417	-	-88	-	-505	-	-	18	-	18
Cost at 31.12.	**13,854**	**71**	**2,048**	**267**	**16,240**	**12,381**	**71**	**1,777**	**332**	**14,561**
Amortisation at 1.1.	**-**	**-56**	**-965**	**-**	**-1,021**	**-**	**-56**	**-824**	**-**	**-880**
Foreign currency translation adjustments	-	-	-11	-	-11	-	-	5	-	5
Amortisation for the year	-	-3	-193	-	-196	-	-5	-176	-	-181
Disposals during the year	-	-	3	-	3	-	5	50	-	55
Transferred to/from other items	-	-	-8	-	-8	-	-	-9	-	-9
Transferred to assets held for sale	-	-	59	-	59	-	-	-11	-	-11
Amortisation at 31.12.	**-**	**-59**	**-1,115**	**-**	**-1,174**	**-**	**-56**	**-965**	**-**	**-1,021**
Carrying amount at 31.12.	**13,854**	**12**	**933**	**267**	**15,066**	**12,381**	**15**	**812**	**332**	**13,540**

[1] 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 impairment losses. Patents and licences are amortised on a straight-line basis over their estimated useful lives.

Other intangible assets consist of software, other rights than patents and licences and other intangible assets acquired in connection with business combinations, primarily brand value, customer relationships 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 other rights, which are not amortised, as the residual value of other rights is considered to exceed the cost price and is instead tested annually for impairment. Please refer to Note 3.6.

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

Useful lives of intangible assets:

Patents and licences	5-20 years
Software	3-10 years
Brand value	5-10 years
Customer relationships	5-9 years

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. Consequently, development costs are expensed as incurred, as the criteria for capitalisation are not considered to be met.

3.2 Property, plant and equipment

(DKK million)	2024						2023					
	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Leasehold improvements	Assets under construction[1)]	Total property plant and equipment	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipment	Leasehold improvements	Assets under construction[1)]	Total property plant and equipment
Cost at 1.1.	**1,439**	**726**	**1,796**	**1,574**	**225**	**5,760**	**1,339**	**835**	**1,737**	**1,391**	**220**	**5,522**
Foreign currency translation adjustments	21	4	11	-4	2	34	6	13	-	-	12	31
Additions during the year	9	33	202	232	113	589	20	51	188	206	187	652
Additions relating to acquisitions	-	1	13	11	-	25	8	9	22	15	-	54
Disposals during the year	-1	-36	-100	-13	-11	-161	-60	-221	-167	-40	-3	-491
Transferred to/from other items	4	98	4	14	-127	-7	126	39	16	2	-191	-8
Transferred to assets held for sale	-	-	-56	-2	-4	-62	-	-	-	-	-	-
Cost at 31.12.	**1,472**	**826**	**1,870**	**1,812**	**198**	**6,178**	**1,439**	**726**	**1,796**	**1,574**	**225**	**5,760**
Depreciation and impairment losses at 1.1.	**-304**	**-466**	**-1,288**	**-889**	**-**	**-2,947**	**-333**	**-598**	**-1,281**	**-757**	**-**	**-2,969**
Foreign currency translation adjustments	-8	-3	-6	7	-	-10	-	-6	3	3	-	-
Depreciation for the year	-30	-100	-178	-180	-	-488	-29	-87	-172	-158	-	-446
Disposals during the year	1	35	84	11	-	131	58	219	160	23	-	460
Transferred to/from other items	-	-1	1	-	-	-	-	6	2	-	-	8
Transferred to assets held for sale	-	-	43	2		45	-	-	-	-		-
Depreciation and impairment losses at 31.12.	**-341**	**-535**	**-1,344**	**-1,049**	**-**	**-3,269**	**-304**	**-466**	**-1,288**	**-889**	**-**	**-2,947**
Carrying amount at 31.12.	**1,131**	**291**	**526**	**763**	**198**	**2,909**	**1,135**	**260**	**508**	**685**	**225**	**2,813**

[1] 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	30-50 years
Technical installations	10 years
Plant and machinery	3-5 years
Other plant, fixtures and operating equipment	3-5 years
IT hardware	3-5 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)	2024	2023
Lease assets at 1.1.	**2,596**	**2,304**
Foreign currency translation adjustments	-3	-6
Additions during the year	751	913
Additions relating to acquisitions	163	142
Disposals during the year	-59	-50
Depreciations during the year	-761	-707
Transferred to assets held for sale	-22	-
Lease assets at 31.12.	**2,665**	**2,596**
Lease liabilities at 1.1.	**2,686**	**2,380**
Foreign currency translation adjustments	1	-8
Additions during the year	751	918
Additions relating to acquisitions	163	142
Covid-19-related rent concessions	-	-6
Disposals during the year	-57	-42
Payments	-827	-767
Interest	77	69
Transferred to liabilities related to assets held for sale	-23	-
Lease liabilities at 31.12.	**2,771**	**2,686**
Current lease liabilities	667	641
Non-current lease liabilities	2,104	2,045
Amounts recognised in the income statement:		
Variable lease payments	34	33
Short-term lease expenses	45	41
Low-value assets	8	6

Approximately 95% of the Group's leases consist of property agreements. The lease terms can be up to twenty years but are normally up to ten years and may contain extension and termination options. The carrying amounts of vehicles and other equipment is DKK 132 million (DKK 126 million in 2023). 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 implicit interest rate 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 payments that depend on an index or a rate as well as payments of penalties for terminating the lease, if the terms of the lease warrant that the Group exercises such 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.

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 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)	2024				2023			
	Investments in associates	Receivables from associates	Customer loans	Other	Investments in associates	Receivables from associates	Customer loans	Other
Cost at 1.1.	**741**	**268**	**526**	**172**	**816**	**369**	**587**	**108**
Foreign currency translation adjustments	21	10	24	13	-11	-1	-17	-2
Additions during the year	-	26	285	47	-	73	136	58
Additions relating to acquisitions	8	-	-	4	15	-	-	15
Disposals related to step acquisitions	-383	-	-	-	-79	-28	-	-
Disposals, repayments etc. during the year	-68	-34	-129	-56	-	-145	-69	-7
Transferred to current assets	-	-68	-113	48	-	-	-111	-
Cost at 31.12.	**319**	**202**	**593**	**228**	**741**	**268**	**526**	**172**
Value adjustments at 1.1.	**-13**	**9**	**-49**	**-2**	**6**	**2**	**-21**	**-24**
Foreign currency translation adjustments	-4	-	-3	-1	2	-	1	-
Share of profit after tax[1)]	42	-	-	-	69	-	-	-
Dividends received	-43	-	-	-	-85	-	-	-
Disposals related to step acquisitions	56	-	-	-	-3	1	-	-
Disposals during the year	-	-	11	-	-	-	-	6
Provisions during the year	-	-	-49	-	-	-	-31	-
Recovered during the year	-	-	16	-	-	-	2	-
Other adjustments	6	-18	-	-8	-2	6	-	16
Value adjustments at 31.12.	**44**	**-9**	**-74**	**-11**	**-13**	**9**	**-49**	**-2**
Carrying amount at 31.12.	**363**	**193**	**519**	**217**	**728**	**277**	**477**	**170**

[1] Excluding gain from the sale of an associate recognised in the income statement.

3.4 Other non-current assets (continued)

	Associates	
(DKK million)	2024	2023
Transactions with associates:		
Revenue from sales	263	620
Royalties and paid licence fee, net	20	12
Purchased materials and other fees	-	11
Dividends received	43	85
Interest income	19	24
Financial information from financial statements (Group share):		
Revenue	622	768
Profit for the year	99	69
Comprehensive income	99	69

Transactions with associates

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 consolidated other comprehensive income. On the acquisition of interests in associates, the acquisition method is applied.

3.5 Non-current assets by geographies

(DKK million)	2024	2023
Non-current assets by geographic region:		
Europe	10,304	10,296
North America	8,681	7,155
Asia	1,968	2,125
Pacific region	831	853
Rest of world	157	191
Non-current assets	**21,941**	**20,620**
Non-current assets by country:		
Denmark	2,388	2,303
USA	6,966	5,635
France	3,197	3,139
Other countries	9,390	9,543
Non-current assets	**21,941**	**20,620**

For accounting policies on segment information, please refer to Note 1.1.

3.6 Impairment testing

Impairment testing is carried out for the Group's only cash-generating unit. Based on the impairment test performed, a material excess value was identified in the cash-generating unit compared to the carrying amount for which reason no impairment of goodwill was made at 31 December 2024, except for the impairment of goodwill related to discontinued operations. Please refer to Note 6.2. The result of the impairment test is supported by the fact that the market capitalisation of the Company on Nasdaq Copenhagen by far exceeds the equity value of the company.

At 31 December 2024, goodwill amounted to DKK 13,854 million (DKK 12,381 million in 2023).

The impairment test is performed as a test of the value in use, including a five-year budget/projection period from 2025-2029.

Future cash flows are based on the budget for 2025, on strategy plans and on projections hereof. Projections extending beyond 2025 are based on general parameters, such as expected market growth, selling prices and profitability assumptions. The terminal value for the period after 2029 is determined on the assumption of 2% growth (2023: 2%).

The market growth rate in the hearing aid industry is predominantly determined by the following factors:

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

The pre-tax discount rate is 8% (2023: 8%). 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 test. Apart from goodwill, all intangible assets have limited useful lives.

Accounting estimates and judgements

Cash-generating units (judgement)

In 2024, Demant announced the decision to undertake a review of strategic options for its Communications business and came to the conclusion to divest the business. As Communications is presented as a discontinued operation and held for sale, it is no longer considered as a cash-generating unit in the continuing business.

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. Management has identified one cash-generating unit, as this reflects Management's approach to the organisation and to management activities, including the assessment of results and the use of resources. 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.

Accounting policies

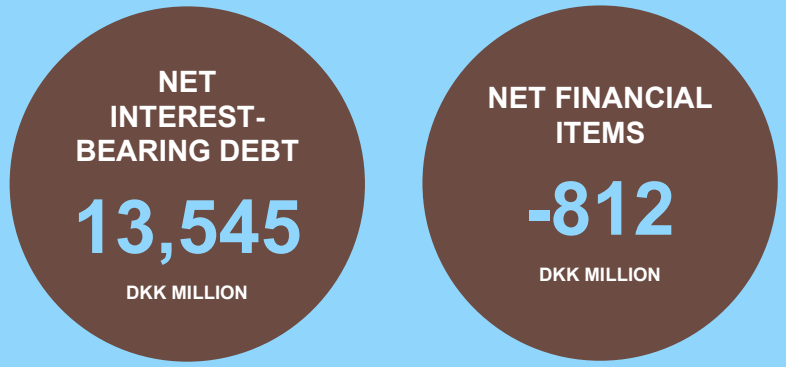
The carrying amounts of property, plant and equipment and intangible assets with definite useful lives as well as investments in associates are reviewed at the balance sheet date to determine whether there are indications of impairment. If so, the recoverable amount of the particular asset is calculated 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 of. 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 judgements 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

Financial risk management focuses on identifying risks related to changes in the financial markets and to customers' propensity to pay for products and services.

The Executive Leadership Team monitors the financial risks of the Company to ensure that these remain well-balanced. Financial risks are managed centrally by Group Treasury, which is responsible for securing attractive funding under the prevailing market conditions and for monitoring and mitigating risks related to liquidity, interest rates and exchange rates. Risks related to counterparties are managed in the individual markets.

Capital structure, funding and liquidity

Demant remains a highly cash-generating Group with a strong balance sheet. The Group continuously adapts its capital structure to the prevailing market conditions to secure attractive financing. We secure funding based on a strong commitment by our banks to provide longer-term bank facilities. To mitigate potential liquidity and refinancing risks, the Group has secured considerable undrawn committed credit facilities.

To minimise financing risks, we aim for more than 50% of our credit facilities to be committed with long-term maturity. Our financial gearing multiple is currently within our desired target range of 2.0-2.5.

Interest rate risks

Due to an increasing debt level as well as marginally increasing interest rates during the year, our financial expenses increased in 2024. Furthermore, credit spreads and debt margins increased in the financial markets due to higher capital requirements imposed on the banks.

Currently, around 60% of the Group's debt is funded through facilities with fixed rates or hedged through financial instruments that limit the interest rate risk.

The Group seeks to maintain a balanced mix between fixed and floating rate debt.

The Group's net interest-bearing debt (NIBD) amounted to DKK 13,545 million at 31 December 2024, and the gearing multiple was 2.3.

Exchange rate risks

The Group is exposed to exchange rate risks, as it trades with counterparties in a number of countries, and as it has cash flows in different currencies. It is therefore important to adequately balance foreign exchange rate risks to avoid unexpected adverse impacts on the Group's financial performance.

The majority of Group companies transact mainly in local currencies and are therefore exposed to limited exchange rate risks.

The Group does not hedge translation risks resulting from the consolidation of Group accounts into Danish kroner. Most Group companies are invoiced from the Danish production entities. Around two-thirds of the invoices out of Denmark are issued in other currencies than Danish kroner or euros. To reduce our exchange rate exposure, we continuously seek to balance incoming and outgoing cash flows in our main trading currencies as much as possible. To ensure predictability in terms of net profit, we hedge expected future net cash flows, mainly through forward exchange contracts with a horizon of up to 18 months.

In addition, we seek to balance our on-balance net exposure in our main trading currencies and to hedge our exposure, if relevant. It is the Group's policy to exclusively hedge financial risks arising from our commercial activities and not to undertake any financial transactions of a speculative nature.

Counterpart risks

From a commercial point of view, the Group is exposed to credit risks if our customers fail to pay for products and services provided. Such risks mainly relate to trade receivables and loans to customers or business partners, and failure to adequately manage credit risks may adversely impact the Group.

To minimise the risk of suffering losses on customers, the Group monitors the credit risks on an ongoing basis. The Group generally has a diversified customer base, and in 2024 the accumulated revenue from our ten largest customers accounted for approximately 13% of total consolidated revenue. We regularly adjust our financial accounts to reflect the current credit risks.

When granting loans to business partners, we require that our counterparties provide security in their business. In general, we estimate that the risk relative to our total credit exposure is well-balanced at Group level, and historically, we have only suffered limited credit-related losses.

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 in respect of deposits is considered to be low.

The credit risk on cash is managed in accordance with the Group's policy by selecting core banking partners, all with strong credit ratings. Due to its global presence and operations, the Group holds some cash balances; however, these are distributed across multiple banks and locations, minimizing the associated credit risk.

4.2 Net financial items

(DKK million)	2024	2023
Interest on cash and bank deposits	26	35
Interest on receivables, customer loans etc.	75	49
Other financial income	12	11
Financial income from financial assets measured at amortised cost	**113**	**95**
Interest on bank debt, mortgages etc.	-575	-460
Interest expense on lease liabilities	-77	-71
Financial expenses on financial liabilities measured at amortised cost	**-652**	**-531**
Foreign exchange losses, net	-45	-149
Transaction costs	-228	-176
Financial expenses	**-925**	**-856**
Net financial items	**-812**	**-761**

Accounting policies

Net financial items mainly consist of interest income and interest expenses, credit card fees and bank fees and also include interest on lease liabilities, the unwinding of discounts on financial assets and liabilities, fair value adjustments of "shadow shares" under share-based remuneration programmes 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)	2024	2023
Receivables from associates	393	465
Customer loans	674	668
Other receivables	671	548
Trade receivables	3,563	3,650
Cash	1,112	1,138
Financial assets at amortised cost	**6,413**	**6,469**
Unrealised gains on financial contracts	31	60
Other investments	9	19
Financial assets at fair value through profit/loss	**40**	**79**
Contingent considerations	-298	-380
Unrealised losses on financial contracts	-102	-35
Financial liabilities at fair value through profit/loss	**-400**	**-415**
Debt to credit institutions etc.	-12,670	-11,238
Short-term bank facilities etc.	-240	-530
Lease liabilities	-2,771	-2,686
Trade payables	-658	-799
Other liabilities excluding contingent considerations	-2,272	-2,235
Financial liabilities measured at amortised cost	**-18,611**	**-17,488**

The following non-financial item is included in the balance sheet and represents the difference between the table and the balance sheet: Other liabilities of DKK 508 million (DKK 543 million in 2023).

Accounting policies

Debt to credit institutions is recognised at the date of borrowing as 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 term of the loan.

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
2024						
Interest-bearing receivables[1)]	254	662	169	1,085	1,024	
Cash	1,135	-	-	1,135	1,112	
Interest-bearing assets	**1,389**	**662**	**169**	**2,220**	**2,136**	**3.9%**
Debt to credit institutions etc.	-609	-11,972	-1,314	-13,895	-12,670	
Short-term bank facilities etc.	-253	-	-	-253	-240	
Borrowings	**-862**	**-11,972**	**-1,314**	**-14,148**	**-12,910**	**3.6%**
Lease liabilities	-669	-2,023	-661	-3,353	-2,771	
Net interest-bearing debt	**-142**	**-13,333**	**-1,806**	**-15,281**	**-13,545**	
2023						
Interest-bearing receivables[1)]	269	677	145	1,091	1,036	
Cash	1,172	-	-	1,172	1,138	
Interest-bearing assets	**1,441**	**677**	**145**	**2,263**	**2,174**	**4.1%**
Debt to credit institutions etc.	-1,489	-10,619	-301	-12,409	-11,238	
Short-term bank facilities etc.	-560	-	-	-560	-530	
Borrowings	**-2,049**	**-10,619**	**-301**	**-12,969**	**-11,768**	**3.9%**
Lease liabilities	-688	-1,822	-650	-3,160	-2,686	
Net interest-bearing debt	**-1,296**	**-11,764**	**-806**	**-13,866**	**-12,280**	

[1] Interest-bearing receivables comprise customer loans, receivables from associates and other receivables.

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

Trade payables and other liabilities have a contractual maturity of less than one year, with the exception of other liabilities of DKK 461 million (DKK 661 million in 2023), which have a contractual maturity of 1-5 years. The contractual cash flows approximate their carrying amounts.

Borrowings broken down by currency, excluding hedging: 61% in Danish kroner (55% in 2023), 19% in euros (24% in 2023), 14% in US dollars (12% in 2023), 2% in Canadian dollars (2% in 2023) and 4% in other currencies (7% in 2023).

Reconciliation of liabilities arising from financing activities

The table below 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.

The fair value of the interest rate swap outstanding at the balance sheet date is DKK -17 million (DKK -18 million in 2023), and the contractual value of the interest swap is DKK 5,641 million (DKK 1,000 million in 2023). The interest rate swap matures between 2026 and 2031.

Sensitivity analysis in respect of interest rates

Based on the Group's net debt at the end of the 2024 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 44 million (DKK 58 million in 2023). Around 60% (around 45% in 2023) of the interest-bearing debt is subject to fixed interest rates, partly due to a bought interest rate swap and partly due to loans being raised at fixed interest rates.

Interest rate swap

(DKK million)

	Start	Expiry	Interest rate/strike	Contractual amount at year-end	Positive fair value at year-end	Negative fair value at year-end
2024						
DKK/DKK	2023	2026	3.27%	1,000	-	22
DKK/DKK	2025	2026	2.02%	1,000	1	-
DKK/DKK	2024	2027	2.22%	746	1	-
DKK/DKK	2025	2027	2.05%	1,000	1	-
DKK/DKK	2026	2027	2.26%	1,000	-	1
DKK/DKK	2025	2031	2.20%	895	3	-
				5,641	**6**	**23**
2023						
DKK/DKK	2023	2026	3.27%	1,000	-	18
				1,000	**-**	**18**

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

(DKK million)	31.12.2023	Cash flow from financing activities	Non-cash changes: Covid-19 rent concessions	Non-cash changes: Acquisitions and divestments	Non-cash changes: Foreign exchange movement	Non-cash changes: Other additions	Non-cash changes: Disposals	Non-cash changes: Transferred to held for sale	31.12.2024
Lease liabilities	2,686	-750	-	163	1	751	-57	-23	2,771
Debt to credit institutions etc.	11,238	1,401	-	-	31	-	-	-	12,670
Short-term bank facilities	530	-586	-	3	12	-	-	281	240
Interest-bearing liabilities	**14,454**	**65**	**-**	**166**	**44**	**751**	**-57**	**258**	**15,681**

	31.12.2022								31.12.2023
Lease liabilities	2,380	-698	-6	142	-8	918	-42	-	2,686
Debt to credit institutions etc.	11,931	-706	-	15	-2	-	-	-	11,238
Short-term bank facilities	765	-188	-	1	-48	-	-	-	530
Interest-bearing liabilities	**15,076**	**-1,592**	**-6**	**158**	**-58**	**918**	**-42**	**-**	**14,454**

4.5 Fair value hierarchy

Methods and judgements for determining 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 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 rate 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.

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 and realised value adjustments are recognised in in net financial items in the 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)

	Level 1	Level 2	Level 3	Total
2024				
Financial assets used as hedging instruments	-	31	-	31
Other investments	-	-	9	9
Financial liabilities used as hedging instruments	-	-102	-	-102
Contingent considerations	-	-	-298	-298
2023				
Financial assets used as hedging instruments	-	60	-	60
Other investments	-	-	19	19
Financial liabilities used as hedging instruments	-	-35	-	-35
Contingent considerations	-	-	-380	-380

There have been no transfers between level 1 and in the 2024 and 2023 financial years.

(DKK million)

	Financial assets		Contingent considerations	
	2024	**2023**	**2024**	**2023**
Assets and liabilities (level 3)				
Carrying amount at 1.1.	19	15	-380	-420
Foreign currency translation adjustment	-	-	-	-1
Acquisitions	-	7	-126	-156
Disposals, repayments, settlements etc.	-5	-	175	192
Other adjustments	-5	-3	33	5
Carrying amount at 31.12.	**9**	**19**	**-298**	**-380**

Financial assets 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 (level 3). 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 are 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)	2024	2023
Current tax on profit for the year	-878	-886
Adjustment of current tax, prior years	-1	11
Change in deferred tax	39	-42
Adjustment of deferred tax, prior years	16	-4
Impact of changes in corporate tax rates	-	-1
Tax on profit for the year	**-824**	**-922**
Reconciliation of tax rates:		
Danish corporate tax rate	22.0%	22.0%
Differences between tax rates of non-Danish enterprises and Danish corporate tax rate	0.8%	0.9%
Impact of changes in corporate tax rates	-	-
Impact of unrecognised tax assets, net	0.5%	-
Permanent differences	-1.8%	2.3%
Other items, including prior-year adjustments	0.7%	-0.6%
Effective tax rate	**22.2%**	**24.6%**

The Group is not impacted by OECD/EU Pillar Two Model rules and their local implementation.

(DKK million)	2024	2023
Breakdown of tax on other comprehensive income:		
Foreign currency translation adjustment, foreign enterprises	1	3
Value adjustment of hedging instruments for the year	20	-9
Value adjustment of hedging instruments transferred to revenue	1	23
Actuarial gains/losses on defined benefit plans	4	4
Tax on other comprehensive income	**26**	**21**

Accounting policies

Tax on profit for the year includes current tax and any changes in deferred tax. Current tax includes taxes payable and is 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, non-deductible share-based payments and special items.

Current tax liabilities or tax receivables are recognised in the balance sheet and determined as tax calculated on taxable income for the year, adjusted for any tax 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)	2024	2023
Deferred tax recognised in the balance sheet:		
Deferred tax assets	588	542
Deferred tax liabilities	-634	-633
Deferred tax, net at 31.12.	**-46**	**-91**
Deferred tax, net at 1.1.	**-91**	**-82**
Foreign currency translation adjustments	-28	8
Changes in deferred tax	39	-31
Additions relating to acquisitions	3	5
Adjustment of deferred tax, prior years	16	-4
Impact of changes in corporate tax rates	-	-1
Deferred tax relating to changes in equity, net	26	14
Transferred to assets held for sale	-11	-
Deferred tax, net at 31.12.	**-46**	**-91**

The tax value of deferred tax assets not recognised is DKK 108 million (DKK 104 million in 2023) and relates mainly to tax losses and tax credits for which there is considerable uncertainty about their future utilisation. Tax losses of DKK 25 million will expire within 5-10 years, whereas other tax losses carried forward have no expiry date.

Any sale of shares in subsidiaries, associates and joint ventures at the balance sheet date is estimated to result in tax in the amount of DKK 0 million (DKK 0 million in 2023).

The Group is not impacted by OECD/EU Pillar Two Model rules and their local implementation.

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 a business combination, 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 adjust-ments	Acquisi-tions	Recognised in profit for the year	Recognised in other compre-hensive income	Transferred to assets held for sale	Temporary differences at 31.12.
2024							
Intangible assets	-565	-3	1	-151	-	-1	-719
Property, plant and equipment	-159	-28	-	57	-	2	-128
Leased assets	21	-1	-	5	-	-	25
Inventories	208	-3	-	-15	-	3	193
Receivables	52	-	-	10	-	-2	60
Provisions	99	2	-	13	-	-	114
Deferred income	158	2	1	27	-	-12	176
Tax losses	56	10	1	11	-	-1	77
Other	39	-7	-	98	26	-	156
Total	**-91**	**-28**	**3**	**55**	**26**	**-11**	**-46**
2023							
Intangible assets	-542	-	5	-28	-	-	-565
Property, plant and equipment	-102	13	-	-70	-	-	-159
Leased assets	13	1	-	7	-	-	21
Inventories	204	-	-	4	-	-	208
Receivables	42	-	-	10	-	-	52
Provisions	67	-2	-	34	-	-	99
Deferred income	161	-1	-	-2	-	-	158
Tax losses	47	-4	-	13	-	-	56
Other	28	1	-	-4	14	-	39
Total	**-82**	**8**	**5**	**-36**	**14**	**-**	**-91**

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. Deferred tax is recognised in respect of eliminations of intra-group profits and losses.

Section 6

Acquisitions, discontinued operations and assets held for sale

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 2024, a total of 54 acquisitions were completed at an estimated total consideration of DKK 1,971 million. The individual acquisitions are not considered to be material and therefore not disclosed separately, but are grouped together with other acquisitions within the geographical region.

In 2024, the Group acquired a number of enterprises or obtained significant stakes in hearing healthcare businesses, the most significant one being Fuel Medical Group in the US.

On 1 May 2024, the Group acquired the remaining 51% of the shares in Fuel Medical Group and now holds 100% of the shares. Fuel Medical Group is a value-added distributor of hearing aids that operates in North America. The step acquisition resulted in a fair value adjustment of the Group's existing shares of DKK 324 million, presented as a special item in the income statement.

On 2 September 2024, the Group acquired 100% of the shares in Dansk HøreCenter ApS, which operates hearing clinics across Denmark.

In addition, the Group made a number of other minor acquisitions in Europe, North America, the Pacific region and Asia in 2024. The Pacific region and Asia are presented together.

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

On 5 January 2023, the 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 the Group agreed to buy and the seller to sell in three tranches based on an agreed revenue multiple. The purchase price for the remaining shares was estimated based on Virtualis' current performance and on expectations of the future. The purchase price was not capped.

(DKK million)	2024				2023		
	Europe	North America	Other	Total	Europe	North America	Total
Intangible assets	21	25	1	47	55	4	59
Property, plant and equipment	20	3	2	25	53	1	54
Other non-current assets	141	22	15	178	167	21	188
Inventories	19	1	1	21	47	2	49
Current receivables	19	44	-	63	105	7	112
Cash and cash equivalents	41	81	-	122	56	2	58
Non-current liabilities	-176	-19	-12	-207	-413	-5	-418
Current liabilities	-75	-35	-4	-114	-131	-9	-140
Acquired net assets	**10**	**122**	**3**	**135**	**-61**	**23**	**-38**
Goodwill	502	1,284	50	1,836	1,078	34	1,112
Acquisition cost	**512**	**1,406**	**53**	**1,971**	**1,017**	**57**	**1,074**
Carrying amount of non-controlling interests on obtaining control	-26	-301	-	-327	-80	-4	-84
Fair value adjustment of non-controlling interests on obtaining control	-9	-328	-	-337	-26	-1	-27
Contingent considerations and deferred payments	-32	-81	-13	-126	-151	-5	-156
Acquired cash and cash equivalents	-41	-81	-	-122	-56	-2	-58
Cash acquisition cost	**404**	**615**	**40**	**1,059**	**704**	**45**	**749**

Figures are shown at fair value on the acquisition date.

6.1 Acquisition of enterprises and activities (continued)

On 1 March 2023, the 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 the Group's existing shares of DKK 26 million.

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

On 31 August 2023, the 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 the existing retail business in Belgium.

Accounting treatment

In respect of the acquisitions, the Group paid total acquisition costs of DKK 1,971 million, exceeding the fair values of the acquired assets, liabilities and contingent liabilities. Such positive balances in value can be attributed to expected synergies between the activities of the acquired entities and the Group's 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 individually identifiable. Total goodwill recognised in respect of the acquisitions made in 2024 amounts to DKK 1,836 million.

Of the total acquisitions made in 2024, the fair value of the estimated contingent considerations in the form of earn-outs and deferred payments accounted for DKK 126 million (DKK 156 million in 2023). Earn-outs depend on the results of the acquired entities for a period of 1-4 years. Earn-outs and other contingent considerations related to the acquisitions are estimated to be maximum DKK 145 million (DKK 158 million in 2023).

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 2024, adjustments were made to the preliminary recognition of acquisitions recognised in 2023. 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 9 million (DKK 5 million in 2023) and DKK -1 million (DKK 2 million in 2023) on contingent considerations.

In 2024, adjustments were also made to contingent considerations related to acquisitions completed more than 12 months prior to the time of the adjustments. These adjustments amount to DKK 35 million (DKK 5 million in 2023) and are recognised as part of distribution costs for acquisitions.

Step acquisitions

At the time of acquisition of non-controlling interests, the shares of the acquisitions are measured at the 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 337 million in 2024 (DKK 27 million in 2023).

The 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 2024 amounted to DKK 23 million (DKK 14 million in 2023) and were recognised in distribution costs.

Acquired assets and pro forma figures

The acquired assets include contractual receivables amounting to DKK 57 million (DKK 59 million in 2023) of which DKK 2 million (DKK 1 million in 2023) was considered to be uncollectible at the date of the acquisition. Of total goodwill in the amount of DKK 1,836 million (DKK 1,112 million in 2023), DKK 1,328 million (DKK 209 million in 2023) can be amortised for tax purposes.

Revenue and profit after tax generated by the acquired enterprises since acquiring them in 2024 amount to DKK 371 million (DKK 311 million in 2023) and DKK 17 million (DKK 13 million in 2023), respectively. Had such revenue and profit been consolidated on 1 January 2024, it is estimated that consolidated pro forma revenue and profit after tax would have been DKK 22,710 million (DKK 22,636 million in 2023) and DKK 2,401 million (DKK 1,805 million in 2023), respectively. Without taking synergies from our core business into account, we believe that these pro forma figures reflect the level of consolidated earnings after acquisition of the enterprises.

Acquisitions after balance sheet date

On 31 January 2025, the Group acquired 100% of the shares in Ohrwerk Group, which operates 77 hearing clinics across Germany.

From the balance sheet date and until the date of financial reporting in 2025, the Group has acquired a number of enterprises including Ohrwerk Group. The Group is in the process of completing the purchase price allocation, including the valuation of intangible assets and liabilities assumed. The final impact will be reflected in the subsequent reporting period.

6.1 Acquisition of enterprises and activities (continued)

Accounting policies

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquisition or formation. The time of acquisition is the date when control of the enterprise is transferred to the Group. For Group accounting policies on control, please refer to 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 the fair values on the acquisition date. Any non-current assets acquired for the purpose of resale are, however, measured at the 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 considerations 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 (significant 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 considerations (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 Discontinued operations and assets held for sale

(DKK million)	2024	2023
Revenue	1,162	1,351
Expenses	-1,551	-1,818
Gain/loss on divestment of enterprises and activities	-25	-
Amortisation, depreciation and impairment losses	-224	-673
Profit before tax – discontinued operations	**-638**	**-1,140**
Tax on profit for the year	134	115
Profit for the year – discontinued operations	**-504**	**-1,025**
Profit for the year for discontinued operations attributable to:		
Demant A/S' shareholders	-504	-1,025
	-504	**-1,025**
Earnings per share (EPS), DKK	-2.32	-4.60
Diluted earnings per share (DEPS), DKK	-2.32	-4.60
Cash flow from discontinued operations:		
Cash flow from operating activities (CFFO)	-247	-348
Cash flow from investing activities (CFFI)	-38	-39
Cash flow from financing activities (CFFF)	269	155
Cash flow for the year, net – discontinued operations	**-16**	**-232**

On 5 February 2024, the Group announced the decision to undertake a review of the strategic options for its Communications business. On 14 August 2024, the Group announced the conclusion of the review and, consequently, it was decided to initiate a significant restructuring plan for the Communications business. The process commenced immediately and as part of the restructuring of the Communications business, an impairment of the goodwill of DKK 110 million was recognised as well as other one-offs. Following the restructuring, the Group intends to carry on with the divestment of the Communications business. The Communications business still meets the criteria for being classified as held for sale and a discontinued operation.

On 21 May 2024, the Group finalised the divestment of the cochlear implants (CI) business to Cochlear Limited after all regulatory approvals and customary closing conditions had been fulfilled. The divestment of the CI business resulted in a loss of DKK 25 million in 2024.

As previously communicated, the bone anchored hearing systems (BAHS) business will currently remain with the Group and continues to be considered a discontinued operation.

In 2024, discontinued operations realised a loss after tax of DKK 504 million, including the loss relating to the divestment of the CI business. The remaining loss of DKK 479 million is related to a combined net operating loss in the Hearing Implants (CI and BAHS) and Communications business areas.

Accounting policies

Discontinued operations represent a separate line of businesses disposed of or being prepared for sale. The results of discontinued operations are presented separately in the income statement, and comparative figures are restated. Assets and liabilities of discontinued operations are presented as separate items in the balance sheet, and cash flow from discontinued operations are presented separately in the cash flow statement.

6.2 Discontinued operations and assets held for sale (continued)

(DKK million)	2024	2023
Balance sheet items:		
Intangible assets	433	97
Property, plant and equipment	25	1
Lease assets	44	1
Deferred tax assets	47	44
Other non-current assets	1	1
Non-current assets	**550**	**144**
Current assets	**843**	**139**
Assets held for sale	**1,393**	**283**
Provisions	46	8
Lease liabilities	46	1
Other liabilities	252	80
Liabilities related to assets held for sale	**344**	**89**

Following the divestment of the CI business, assets classified as held for sale at 31 December 2024 comprise the Communications business and the BAHS business. The comparative figures only include the Hearing Implants business, consisting of both the CI and the BAHS business.

Accounting policies

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

Key accounting estimates and judgements

No key estimates were identified.

6.3 Divestment of enterprises and activities

(DKK million)	2024
Sales price	-
Net debt adjustment	25
Selling price for divested enterprises and activities	**25**
Gain/loss on divestment of enterprises and activities:	
Selling price for divested enterprises and activities	25
Net assets sold	-619
Previously recognised impairment losses	612
Provisions as a result of the transaction	-32
Foreign currency translation reserve and hedging of net investment	-
Transaction costs	-11
Gain/loss on divestment of enterprises and activities	**-25**
Net profit from divestment of enterprises and activities:	
Profit from divested discontinued operations	-65
Gain/loss on divestment of enterprises and activities	-25
Net profit from divestment of enterprises and activities	**-90**

In May 2024, the Group divested its CI business to Cochlear Limited, and no consideration was paid as part of the transaction. As part of the agreement with Cochlear Limited, post-closing review of balances resulted in DKK 25 million being transferred to Demant as part of the net debt adjustment.

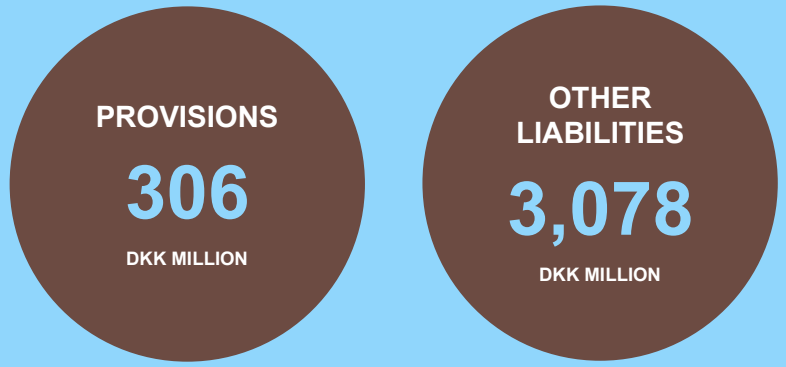
At 31 December 2024, the divestment resulted in a loss of DKK 25 million of which DKK 11 million relates to transaction costs. The total transaction costs incurred by the Group in relation to the divestment of the CI business amount to DKK 66 million.

Accounting policies

Gains or losses on the divestment of enterprises and activities are determined as the difference between the selling price and the carrying amount of the net assets divested. Transaction costs and any provisions made for obligations related to the divestment of enterprises and activities are deducted.

Section 7

Provisions, other liabilities etc.



7.1 Provisions

(DKK million)	2024	2023
Staff-related provisions	75	65
Miscellaneous provisions	111	98
Other provisions	**186**	**163**
Defined benefit plan liabilities, net	120	115
Provisions at 31.12.	**306**	**278**
Breakdown of provisions:		
Non-current provisions	213	201
Current provisions	93	77
Provisions at 31.12.	**306**	**278**

Miscellaneous provisions relate to provisions for disputes etc. The majority of these provisions are expected to be realised within the next five years.

	2024				2023		
(DKK million)	Restructuring costs	Staff-related	Miscellaneous	Total	Staff-related	Miscellaneous	Total
Other provisions at 1.1.	**-**	**65**	**98**	**163**	**59**	**58**	**117**
Foreign currency translation adjustments	-	-	-1	-1	-	-5	-5
Additions relating to acquisitions	-	6	8	14	-	17	17
Provisions during the year	40	-	27	67	6	27	33
Realised during the year	-	-	-7	-7	-	-9	-9
Reversals during the year	-	4	-14	-10	-	-9	-9
Transfer to/from liabilities related to assets held for sale	-40	-	-	-40	-	19	19
Other provisions at 31.12.	**-**	**75**	**111**	**186**	**65**	**98**	**163**
Breakdown of provisions:							
Non-current provisions	-	75	21	96	65	24	89
Current provisions	-	-	90	90	-	74	74
Other provisions at 31.12.	**-**	**75**	**111**	**186**	**65**	**98**	**163**

7.2 Employee benefit obligations

(DKK million)	2024	2023
Present value of defined benefit obligations:		
Defined benefit obligations at 1.1.	456	429
Foreign currency translation adjustments	-10	24
Additions relating to acquisitions	1	-
Current service costs	-3	10
Calculated interest on defined benefit obligations	7	8
Actuarial gains/losses	50	34
Net benefits paid	-27	-57
Contributions from plan participants	11	8
Defined benefit obligations at 31.12.	**485**	**456**
Fair value of defined benefit assets:		
Defined benefit assets at 1.1.	341	338
Foreign currency translation adjustments	-5	21
Actuarial gains/losses	33	21
Contributions	23	18
Net benefits paid	-27	-57
Defined benefit assets 31.12.	**365**	**341**
Defined benefit obligations recognised in the balance sheet, net	**120**	**115**
Return on defined benefit assets:		
Actual return on defined benefit assets	33	21
Actuarial gains/losses on defined benefit assets	**33**	**21**
Assumptions:		
Discount rate	1.2%	1.7%
Expected return on defined benefit assets	0.0%	0.0%
Future salary increase rate	1.5%	1.6%

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 0 million (DKK 12 million in 2023), and the accumulated actuarial loss recognised in the statement of comprehensive income amounts to DKK 7 million (income of DKK 10 million in 2023).

In 2025, the Group expects to pay approximately DKK 22 million (DKK 24 million in 2024) into defined benefit plans. Defined benefit obligations in the amount of DKK 132 million (DKK 132 million in 2023) will mature within 1-5 years and obligations in the amount of DKK 352 million (DKK 324 million in 2023) after five years.

If the discount rate were 0.5% higher (lower), the defined benefit obligation would decrease by 6% (increase by 7%). If the expected salary growth rate were 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	26%
Other	15%

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 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.

With respect 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.

With respect 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 final salary. An actuarial calculation is prepared 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 based on judgements in respect of the future development in for instance wage levels, interest rates, mortality and inflation rates.

7.2 Employee benefit obligations (continued)

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

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

7.3 Other liabilities

(DKK million)	2024	2023
Product-related liabilities	508	543
Staff-related liabilities	981	1,022
Other debt, public authorities	299	356
Contingent considerations	298	380
Other costs payable	992	857
Other liabilities	**3,078**	**3,158**
Due within 1 year	2,617	2,497
Due within 1-5 years	461	661

Product-related liabilities include standard warranties and returned products etc. Staff-related liabilities include holiday pay and payroll costs due. The carrying amounts of other liabilities approximate the fair values 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 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 is 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 production costs. Warranty commitments include an obligation to remedy faulty or defective products during the warranty period.

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 are 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, with the sum changing constantly due to a large number of transactions.

7.4 Deferred income

(DKK million)	2024	2023
Prepayments from customers	52	62
Future performance obligations:		
Deferred warranty-related revenue	677	591
Deferred free products revenue	219	126
Deferred service revenue	452	404
Total	**1,400**	**1,183**

Some products, some services and some of the warranty-related services mentioned are provided free of charge to the customer. Certain other services and warranty-related services are paid by the customer on delivery of the related goods, but delivery of the service takes place 1-4 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 fulfils its obligations by transferring the goods or services to the customers.

Expected recognition of revenue

(DKK million)	Less than 1 year	1-2 years	2-4 years	More than 4 years	Total
2024					
Prepayments from customers	52	-	-	-	52
Deferred warranty-related revenue	287	261	119	10	677
Deferred free products revenue	74	48	66	31	219
Deferred service revenue	175	127	110	40	452
Total	**588**	**436**	**295**	**81**	**1,400**
2023					
Prepayments from customers	62	-	-	-	62
Deferred warranty-related revenue	247	232	104	8	591
Deferred free products revenue	75	35	15	1	126
Deferred service revenue	164	116	94	30	404
Total	**548**	**383**	**213**	**39**	**1,183**

7.5 Contingent liabilities

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

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

The Demant Group is jointly taxed with William Demant Invest A/S, which is the administration company, and all Danish subsidiaries. Under the Danish Corporation Tax Act, the Group is first of all fully liable for corporate tax payments and for withholding tax at source in respect of interest, royalties and dividends in relation to its own subsidiaries and is secondly liable for tax payments due for William Demant Invest A/S and its partly owned subsidiaries.

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. Controlling interest is achieved through a combination of William Demant Foundation's own shareholdings and the shareholdings of William Demant Invest A/S for which William Demant Foundation exercises the voting rights. Subsidiaries and associated enterprises of William Demant Invest A/S are related parties to the Demant Group.

Related parties with significant influence are the Company's Board of Directors and their related parties. Furthermore, related parties are the Executive Board and companies in which the above persons have significant interests.

Subsidiaries and associates as well as the Demant Group's ownership interests in these companies appear from Subsidiaries and associates in Section 11. For financial information on transactions with associates, please refer to Note 3.4.

In 2024, William Demant Foundation paid administration fees to the Group of DKK 2 million (DKK 2 million in 2023). The Demant Group paid administration fees to William Demant Invest A/S of DKK 4 million (DKK 3 million in 2023) and received service fees of DKK 4 million (DKK 5 million in 2023) from William Demant Invest A/S.

In 2024, the Demant Group paid service fees to Embla Medical, a subsidiary of William Demant Invest A/S, of DKK 3 million (DKK 4 million in 2023) and received service fees of DKK 48 million (DKK 44 million in 2023) from Embla Medical.

In 2024, the Demant Group was reimbursed by Vision RT, a subsidiary of William Demant Invest A/S, for pass-through expenses in the amount of DKK 123 million (DKK 115 million in 2023).

At year-end 2024, the Demant Group had receivables of DKK 22 million for services provided to Vision RT and Embla Medical (DKK 18 million in 2023).

In 2024, William Demant Foundation donated DKK 8 million (DKK 31 million in 2023) to mainly PhD projects in the Demant Group. Further, William Demant Foundation acquired diagnostic equipment and hearing aids worth DKK 0 million and DKK 1 million (DKK 3 million and DKK 6 million in 2023), respectively, from the Group.

Since 2011, the Demant Group has settled Danish tax on account and residual tax with William Demant Invest A/S, which is the administration company for the joint taxation.

There have been no transactions with the Executive Board and the Board of Directors apart from normal remuneration. Please refer to Note 1.3.

8.2 Fees to auditors

(DKK million)	2024	2023
Fees to Parent's auditors appointed at the annual general meeting:		
Statutory audit fee	19	18
Other assurance engagements	3	-
Other services	2	1
Total	**24**	**19**

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

In 2024, the fee for non-audit services delivered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 4 million (DKK 0 million in 2023).

8.3 Government grants

(DKK million)	2024	2023
Government grants by function:		
R&D costs	2	16
Distribution costs	3	3
Administrative expenses	-	1
Total	**5**	**20**

In 2024, the Group received government grants in the amount of DKK 5 million (DKK 20 million in 2023).

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 assets.

8.4 Events after the balance sheet date

On 31 January 2025, the Group acquired 100% of the shares in Ohrwerk Group, which operates 77 hearing clinics across Germany. For further information, see note 6.1.

Apart from the above, no events have occurred after the reporting date of importance to the consolidated 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 and segment disclosures
1.2 Employees
1.5 Inventories
1.6 Trade receivables
1.7 Customer loans
1.9 Special items
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
3.6 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
6.2 Discontinued operations and assets held for sale
6.3 Divestment of enterprises and activities
7.1 Provisions
7.2 Employee benefit obligations
7.3 Other liabilities
7.4 Deferred income
8.3 Government grants

General

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

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of the Parent. The consolidated financial statements are presented based on historical costs, except for obligations for contingent considerations in connection with business combinations, share-based remuneration, derivatives and financial assets 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 2024.

Effect of new accounting standards

The Group has adopted the new, amended and revised accounting standard and interpretation as published by the IASB and adopted by the EU effective for the accounting period beginning 1 January 2024. The new, updated and amended standard and interpretation 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 2024.

IASB has issued new accounting standards and amendments effective for accounting periods beginning after 1 January 2025, which have been adopted by the EU. The changes to these standards are not expected to have any significant impact on the Group. In 2024, the IASB issued IFRS 18, which replaces IAS 1. The new accounting standard is not yet adopted by EU and the implications of the new requirements is currently being evaluated. Management expects to adopt the accounting standards and interpretations as they become mandatory. Except for the implementation of the new and amended standards and update to the cash flow statement, the accounting policies remain unchanged compared to last year.

The Group has applied the exception to recognise deferred tax in accordance with OECD/EU Pillar Two Model rules and their local implementation.

Consolidated financial statements

The consolidated financial statements comprise Demant A/S (the Parent) and the enterprises in which the Parent can or does exercise control by either directly or indirectly holding more than 50% of the voting rights, or in which the Parent exercises control in some other manner. Enterprises in which the Group holds 20-50% of the voting rights and/or in some other manner can or does exercise significant influence are considered associates or joint ventures and are incorporated proportionately into the consolidated financial statements using the equity method.

Consolidation principles

The consolidated financial statements are prepared based on the financial statements of the Parent and its subsidiaries by aggregating uniform items. Enterprises that, by agreement, are managed jointly with one or more other enterprises are recognised using the equity method.

The consolidated financial statements are prepared in accordance with the Group's accounting policies. Intra-group income, expenses, shareholdings, balances and dividends as well as unrealised intra-group profits on inventories are eliminated.

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 the 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 as part of gross profit or net financial items, depending on the purpose of the underlying transaction.

9.1 Group accounting policies (continued)

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 additions to or deductions 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 the 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 as depreciation and amortisation of and impairment losses on assets used for distribution purposes.

Administrative expenses

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

Prepaid expenses

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

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 movements 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.

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. Repayments of lease liabilities are included as well.

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.

In 2024, the Group changed its principles related to the elimination of transactions between discontinued and continued operations, which changes the presentation of the cash flow for discontinued operations.

Equity

Foreign currency translation reserves include 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.

9.1 Group accounting policies (continued)

Key figures and financial ratios

Organic growth	Organic growth is measured as the year-on-year change, excluding impact from acquisitions, divestments and foreign exchange adjustments in percentage
EBITDA before special items	Operating profit before special items, amortisation, depreciation and impairment losses
EBITDA	Operating profit before amortisation, depreciation and impairment losses
EBIT before special items	Operating profit before special items
EBIT	Operating profit
Free cash flow	Cash flow from operating activities (CFFO) and investing activities (CFFI) before acquisitions and disposals of enterprises, participating interests and activities
Net interest-bearing debt (NIBD)	Net amount of borrowings and lease liabilities less interest-bearing receivables and cash
Net working capital	Net amount of current assets (excluding tax, financial contracts and cash) less trade payables, the current part of other liabilities and deferred income
EPS	Earnings per share
Per share	Financial ratios per share are calculated per share of nominally DKK 0.20
Average number of shares outstanding	Average number of shares, excluding the average number of treasury shares for the year

Financial ratios are calculated in accordance with Recommendations and Ratios from CFA Society Denmark.

Gross margin	$\frac{\text{Gross profit *100}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Operating profit *100}}{\text{Revenue}}$
Gearing multiple	$\frac{\text{Net interest-bearing debt including unrealised gains/losses on financial contracts *100}}{\text{EBITDA before special items}}$
EPS	$\frac{\text{Profit for the year attributable to Demant A/S' shareholders}}{\text{Average number of shares outstanding}}$
EPS – continuing operations	$\frac{\text{Profit for the continuing operations for the year attributable to Demant A/S' shareholders}}{\text{Average number of shares outstanding}}$
EPS – discontinued operations	$\frac{\text{Profit for the discontinued operations for the year attributable to Demant A/S' shareholders}}{\text{Average number of shares outstanding}}$
Free cash flow per share	$\frac{\text{Free cash flow}}{\text{Average number of shares outstanding}}$

9.1 Group accounting policies (continued)

iXBRL tagging

The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) has introduced a single electronic reporting format for the annual financial reports of issuers with securities listed on the EU regulated markets.

The combination of XHTML format and iXBRL tags makes it possible for annual financial reports to be read by both humans and machines, thus enhancing accessibility, analysis and comparability of the information included in the annual financial reports.

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For financial line items that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

The annual report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) consists of the XHTML document together with the technical files, all of which are included in the ZIP file DEMANT-2024-12-31-en.zip.

Key definitions

XHTML (eXtensible HyperText Markup Language) is a text-based language used to structure and mark up content such as text, images and hyperlinks in documents that are displayed in a web browser.

iXBRL tags (or Inline XBRL tags) are hidden metainformation embedded in the source code of an XHTML document that enables the conversion of XHTML-formatted information into a machine-readable XBRL data record using appropriate software.

A financial reporting taxonomy is an electronic dictionary of business reporting elements used to report business data. A taxonomy element is an element defined in a taxonomy that is used for the machine-readable labelling of information in an XBRL data record.

9.2 Accounting estimates and judgements

As part of 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 assumptions 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:

1.5 Inventories
3.3 Leases
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 and segment disclosures
1.2 Employees
1.5 Inventories
1.6 Trade receivables
1.7 Customer loans
1.9 Special items
3.1 Intangible assets
3.2 Property, plant and equipment
3.3 Leases
3.6 Impairment (identification of CGUs)
6.1 Acquisition of enterprises and activities
7.1 Provisions
7.3 Other liabilities

Parent financial statements

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Notes to Parent financial statements	190

Parent income statement

(DKK million)	Note	2024	2023
Revenue		-	-
Administrative expenses	10.1 / 10.2	-113	-116
Operating loss (EBIT)		**-113**	**-116**
Share of profit after tax, subsidiaries	10.8	2,575	1,742
Share of profit after tax, associates	10.8	-2	-2
Gain/Loss on divestment of enterprises and activities		-527	-
Financial income	10.3	289	158
Financial expenses	10.3	-620	-413
Profit before tax		**1,602**	**1,369**
Tax on profit for the year	10.4	56	6
Profit for the year	10.5	**1,658**	**1,375**

Parent balance sheet 31 December

(DKK million)	Note	2024	2023
Assets			
Goodwill		17	20
Intangible assets	10.6	**17**	**20**
Land and buildings		24	24
Property, plant and equipment	10.7	**24**	**24**
Lease assets		1	1
Investments in subsidiaries	10.8	18,019	16,211
Loans to subsidiaries	10.8	3,890	3,014
Investments in associates	10.8	28	30
Other investments		2	2
Other receivables		-	9
Deferred tax assets		3	-
Other non-current assets		**21,943**	**19,267**
Non-current assets		**21,984**	**19,311**
Income tax		45	11
Other receivables		6	2
Prepaid expenses		32	32
Cash		5	7
Current assets		**88**	**52**
Assets		**22,072**	**19,363**

(DKK million)	Note	2024	2023
Equity and liabilities			
Share capital	10.9	44	45
Other reserves		2,712	2,312
Retained earnings		1,657	2,426
Total equity		**4,413**	**4,783**
Provisions		1,058	498
Deferred tax liabilities	10.4	-	4
Provisions		**1,058**	**502**
Borrowings	10.10	12,474	10,137
Lease liabilities	10.10	1	1
Other debt		97	240
Non-current liabilities	10.10	**12,572**	**10,378**
Borrowings	10.10	377	1,311
Debt to subsidiaries		3,404	2,168
Other debt		248	221
Current liabilities		**4,029**	**3,700**
Liabilities		**16,601**	**14,078**
Equity and liabilities		**22,072**	**19,363**
Contingent liabilities	10.11		
Related parties	10.12		
Events after the balance sheet date	10.13		
Parent accounting policies	10.14		

Parent statement of changes in equity

(DKK million)

		Other reserves				
	Share capital	Foreign currency translation reserve	Hedging reserve	Reserve according to equity method	Retained earnings	Total equity
Equity at 1.1.2023	**46**	**-76**	**10**	**1,878**	**2,522**	**4,380**
Profit for the year	-	-	-	1,740	-365	1,375
Dividends received	-	-	-	-1,018	1,018	-
Foreign currency translation adjustment of investments in subsidiaries etc.	-	-7	-	-114	-	-121
Other changes in equity in subsidiaries	-	-	-	-72	-	-72
Value adjustment for the year	-	-	-37	-	-	-37
Tax relating to changes in equity	-	-	8	-	-	8
Share buy-backs	-	-	-	-	-846	-846
Capital reduction through cancellation of treasury shares	-1	-	-	-	1	-
Share-based compensation	-	-	-	-	96	96
Equity at 31.12.2023	**45**	**-83**	**-19**	**2,414**	**2,426**	**4,783**
Profit for the year	-	-	-	2,573	-915	1,658
Dividends received	-	-	-	-1,104	1,104	-
Foreign currency translation adjustment of investments in subsidiaries etc.	-	7	-	148	-	155
Other changes in equity in subsidiaries	-	-	-	68	1	69
Share buy-backs	-	-	-	-	-2,301	-2,301
Capital reduction through cancellation of treasury shares	-1	-	-	-	1	-
Share-based compensation	-	-	-	-	12	12
Other changes in equity	-	-	-	-	37	37
Equity at 31.12.2024	**44**	**-76**	**-19**	**4,099**	**365**	**4,413**

Section 10

Notes to Parent financial statements

10.1 Employees

(DKK million)	2024	2023
Employee costs		
Wages and salaries	103	83
Share-based remuneration	12	14
Defined benefit plans	-	-
Total	**115**	**97**
Average number of full-time employees	52	44

For further details on the remuneration of the Executive Board and the Board of Directors and the share-based remuneration programme, please refer to Note 1.2.

Remuneration to Executive Board and Board of Directors (included in employee costs)

(DKK million)	2024	2023
Executive Board:[1]		
Wages and salaries	25.1	25.6
Cash bonus	0.6	4.4
Share-based remuneration	10.5	11.6
Remuneration in the notice period[2]	-	22.1
Total	**36.2**	**63.7**
Board of Directors:		
Fee	5.1	5.4
Total	**5.1**	**5.4**

[1] The amounts are based on the principles set out in Note 1.2.
[2] As announced on 27 April 2023, Arne Boye Nielsen, former President of Diagnostics and Communications and member of the Executive Board, left his position in Demant.

10.2 Fees to statutory auditors

(DKK million)	2024	2023
Statutory audit fee	6	4
Total	**6**	**4**

10.3 Net financial items

(DKK million)	2024	2023
Interest from subsidiaries	288	158
Interest income	1	-
Financial income	**289**	**158**
Interest to subsidiaries	-129	-31
Interest expenses	-500	-367
Transaction costs	-14	-7
Foreign exchange losses, net	23	-8
Financial expenses	**-620**	**-413**
Net financial items	**-331**	**-255**

10.4 Tax on profit for the year and deferred tax

(DKK million)	2024	2023
Current tax on profit for the year	48	-
Adjustment of current tax, prior years	1	2
Change in deferred tax	8	6
Adjustment of deferred tax, prior years	-1	-2
Tax on profit for the year	**56**	**6**
Deferred tax, net at 1.1.	-4	-8
Changes in deferred tax	8	6
Adjustment of deferred tax, prior years	-1	-2
Deferred tax, net at 31.12.	**3**	**-4**

10.5 Proposed distribution of net profit

(DKK million)	2024	2023
Transferred to reserves for net revaluation according to the equity method	2,573	1,740
Retained earnings	-915	-365
Total	**1,658**	**1,375**

10.6 Intangible assets

(DKK million)	Goodwill	Rights and other intangible assets	Total intangible assets
Cost at 1.1.2024	**65**	**11**	**76**
Cost at 31.12.2024	**65**	**11**	**76**
Amortisation at 1.1.2024	**-45**	**-11**	**-56**
Amortisation for the year	-3	-	-3
Amortisation at 31.12.2024	**-48**	**-11**	**-59**
Carrying amount at 31.12.2024	**17**	**-**	**17**
Cost at 1.1.2023	**65**	**11**	**76**
Cost at 31.12.2023	**65**	**11**	**76**
Amortisation at 1.1.2023	**-42**	**-11**	**-53**
Amortisation for the year	-3	-	-3
Amortisation at 31.12.2023	**-45**	**-11**	**-56**
Carrying amount at 31.12.2023	**20**	**-**	**20**

10.7 Property, plant and equipment

(DKK million)	Land and buildings
Cost at 1.1.2024	**31**
Cost at 31.12.2024	**31**
Depreciation and impairment losses at 1.1.2024	**-7**
Depreciation and impairment losses at 31.12.2024	**-7**
Carrying amount at 31.12.2024	**24**
Cost at 1.1.2023	**31**
Cost at 31.12.2023	**31**
Depreciation and impairment losses at 1.1.2023	**-7**
Depreciation and impairment losses at 31.12.2023	**-7**
Carrying amount at 31.12.2023	**24**

10.8 Financial assets

(DKK million)	2024			2023		
	Investments in subsidiaries	Loans to subsidiaries	Investments in associates	Investments in subsidiaries	Loans to subsidiaries	Investments in associates
Cost at 1.1.	**13,266**	**3,014**	**50**	**13,009**	**1,284**	**50**
Foreign currency translation adjustments	-	64	-	-	-7	-
Additions during the year	234	839	-	257	1,801	-
Divestments during the year	-498	-	-	-	-	-
Disposals during the year	-864	-27	-	-	-64	-
Cost at 31.12.	**12,138**	**3,890**	**50**	**13,266**	**3,014**	**50**
Value adjustments at 1.1.	**2,447**	**-**	**-20**	**1,895**	**-**	**-17**
Foreign currency translation adjustments	148	-	-	-114	-	-
Share of profit after tax	2,575	-	-2	1,742	-	-2
Dividends received	-1,104	-	-	-1,018	-	-1
Divestments during the year	-47	-	-	-	-	-
Disposals during the year	736	-	-	-	-	-
Other adjustments	68	-	-	-58	-	-
Value adjustments at 31.12.	**4,823**	**-**	**-22**	**2,447**	**-**	**-20**
Carrying amount at 31.12.	**16,961**	**3,890**	**28**	**15,713**	**3,014**	**30**
Subsidiaries with negative equity reclassified to provisions	1,058	-	-	498	-	-
Carrying amount after reclassification	**18,019**	**3,890**	**28**	**16,211**	**3,014**	**30**
Non-current financial assets	18,019	3,890	28	16,211	3,014	30

The carrying amount of investments in subsidiaries includes capitalised goodwill of DKK 9,224 million (DKK 8,059 million in 2023). Amortisation of capitalised goodwill for the year was DKK 695 million (DKK 627 million in 2023).

On 21 May 2024, the Group finalised the divestment of the cochlear implants (CI) business to Cochlear Limited after all regulatory approvals and customary closing conditions had been fulfilled. The divestment of the CI business resulted in a loss of DKK 527 million in 2024.

Loans to subsidiaries of DKK 3,890 million (DKK 3,014 million in 2023) are considered additions to the total investments in the particular enterprises and are therefore considered non-current.

Please refer to Section 11 for further information on subsidiaries and associates.

10.9 Treasury shares

	2024		2023	
	Treasury shares	Percentage of share capital	Treasury shares	Percentage of share capital
Treasury shares at 1.1.	**3,386,939**	**1.5%**	**7,217,705**	**3.1%**
Cancellation of treasury shares	-2,909,869	-1.3%	-6,783,469	-2.9%
Share buy-backs	7,598,403	3.4%	2,952,703	1.3%
Treasury shares at 31.12.	**8,075,473**	**3.6%**	**3,386,939**	**1.5%**

At the balance sheet date in 2024, the share capital was nominally DKK 44 million (DKK 45 million in 2023) divided into the corresponding number of shares of DKK 0.20.

There are no restrictions on the negotiability or voting rights of the shares. At the balance sheet date in 2024, the number of shares outstanding was 221,089,792 (220,552,501 in 2023).

As part of the company's share buy-back programme, the company acquired 7,598,403 own shares in 2024 (2,952,703 shares in 2023), worth a total of DKK 2,301 million (DKK 846 million in 2023).

10.10 Interest-bearing debt

(DKK million)	Contractual cash flows: Less than 1 year	1-5 years	More than 5 years	Total	Carrying amount	Weighted average effective interest rate
2024						
Debt to credit institutions etc.	591	11,959	1,314	13,864	12,639	
Short-term bank facilities etc.	223	-	-	223	212	
Lease liabilities	-	1	-	1	1	
Interest-bearing liabilities	**814**	**11,960**	**1,314**	**14,088**	**12,852**	**3.5%**
2023						
Debt to credit institutions etc.	1,474	10,584	301	12,359	11,189	
Short-term bank facilities etc.	271	-	-	271	259	
Lease liabilities	1	-	-	1	1	
Interest-bearing liabilities	**1,746**	**10,584**	**301**	**12,631**	**11,449**	**3.9%**

Other debt of DKK 345 million (DKK 461 million in 2023) consist of DKK 248 million (DKK 221 million in 2023) that has a contractual maturity of less than one year, and DKK 96 million (DKK 240 million in 2023) has a contractual maturity of 1-5 years.

Interest-bearing debt broken down by currency: 79% in Danish kroner (74% in 2023), 15% in euros (22% in 2023) and 6% in US dollars (4% in 2023).

The fair value of the interest rate swap outstanding at the balance sheet date was DKK -17 million (DKK -18 million in 2023), and the contractual value of the interest swap was DKK 5,641 million (DKK 1,000 million in 2023). The interest rate swap matures in 2026.

Interest rate swap

(DKK million)

	Start	Expiry	Interest rate/strike	Contractual amount at year-end	Positive fair value at year-end	Negative fair value at year-end
2024						
DKK/DKK	2023	2026	3.27%	1,000	-	22
DKK/DKK	2025	2026	2.02%	1,000	1	-
DKK/DKK	2024	2027	2.22%	746	1	-
DKK/DKK	2025	2027	2.05%	1,000	1	-
DKK/DKK	2026	2027	2.26%	1,000	-	1
DKK/DKK	2025	2031	2.20%	895	3	-
				5,641	**6**	**23**
2023						
DKK/DKK	2023	2026	3.27%	1,000	-	18
				1,000	**-**	**18**

Sensitivity analysis in respect of interest rates

Based on bank debt facilities at the balance sheet date, a rise of 1 percentage point in the general interest rate level will result in an increase in the Parent's annual interest expenses before tax of approximately DKK 64 million (DKK 76 million in 2023). Around 50% (around 33% in 2023) of the interest-bearing debt is subject to fixed or limited interest rates, partly due to a bought interest rate swap, and partly due to loans being raised at fixed interest rates.

10.11 Contingent liabilities

Demant A/S has provided security in respect of credit facilities established by Danish subsidiaries. These credit facilities totalled DKK 1,095 million in 2024 (DKK 1,140 million in 2023) of which DKK 101 million was utilised (DKK 103 million in 2023).

Demant A/S has provided security in respect of rent as well as guarantees concerning the continuous operation and payment of liabilities in 2024 for some of the subsidiaries.

The Parent is jointly taxed with William Demant Invest A/S, which is the administration company, and with all Danish subsidiaries of both. Under the Danish Corporation Tax Act, Demant A/S is first of all fully liable for corporate tax payments and for withholding tax at source in respect of interest, royalties and dividends in relation to its own subsidiaries and is secondly liable for tax payments due for William Demant Invest A/S and its partly owned subsidiaries.

For the purposes of section 357 of the Republic of Ireland Companies Act 2014, Demant A/S has undertaken to indemnify the creditors of its subsidiaries incorporated in the Republic of Ireland in respect of all losses and liabilities for the financial year ending on 31 December 2024 or any amended financial period incorporating said financial year. No material loss is expected to arise from this guarantee.

10.12 Related parties

William Demant Foundation, Kongebakken 9, 2765 Smørum, Denmark, is the only related party with a controlling interest. Controlling interest is achieved through a combination of William Demant Foundation's own shareholdings and the shareholdings of William Demant Invest A/S for which William Demant Foundation exercises the voting rights. Subsidiaries and associated enterprises of William Demant Invest A/S are related parties to Demant A/S.

Related parties with significant influence are the company's Board of Directors and their related parties. Furthermore, related parties are the Executive Board and companies in which the above persons have significant interests.

10.13 Events after the balance sheet date

Please refer to Note 8.4.

10.14 Parent accounting policies

The financial statements of the Parent, Demant A/S, are presented in accordance with the provisions of the Danish Financial Statements Act for class D 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.

In respect of recognition and measurement, the Parent's accounting policies 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 below.

The Parent has decided to apply recognition and measurement in accordance with IFRS 15 and 16. The standards affect the Parent's proportionate share of its subsidiaries' equity value, and IFRS 16 affects the Parent's leases.

Income statement

Tax

The Parent is jointly taxed with its Danish subsidiaries and its parent, William Demant Invest A/S. Current income tax is allocated to the jointly taxed Danish companies in proportion to their taxable income.

Balance sheet

Goodwill

Goodwill is amortised on a straight-line basis over 20 years, which is the useful life determined on the basis of Management's experience in respect of the individual business activities. Goodwill is written down to its recoverable amount, if lower than its carrying amount.

Rights

Rights acquired are amortised on a straight-line basis over their estimated useful lives and measured at cost less accumulated amortisation and impairment losses. The amortisation period is five years. Rights acquired are written down to their recoverable value, if lower than their carrying value.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured using the equity method, i.e. interest is measured at the proportionate share of the equity values of such subsidiaries and associates with the addition or deduction of the carrying amount of goodwill and with the addition or deduction of unrealised intra-group profits or losses, respectively.

The Parent's proportionate shares of profits or losses in subsidiaries and associates are recognised in the income statement after elimination of unrealised intra-group profits or losses less any amortisation and impairment of goodwill.

Subsidiaries and associates with negative equity values are measured at DKK 0, and any receivables from such companies are written down with the Parent's share of the negative equity value to the extent that such receivable is considered irrecoverable. If the negative equity value exceeds the value of receivables, if any, such residual amount is recognised under provisions to the extent that the Parent has a legal or constructive obligation to cover liabilities incurred by the particular subsidiary or associate.

On distribution of profit or loss, net revaluation and net impairment losses on investments in subsidiaries and associates are transferred to reserves for net revaluation according to the equity method.

Loans to and receivables from subsidiaries

Loans to and receivables from subsidiaries are recognised at amortised cost and subsequently measured after deduction of allowance for losses based on an individual assessment.

Other investments

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

Provisions

Provisions include liabilities, which are uncertain in respect of the amount or the timing of their settlement. Provisions may include different types of liabilities, such as deferred tax liabilities, pension obligations, investments in subsidiaries with negative equity as well as provisions for disputes etc.

Debt to subsidiaries

Debt to subsidiaries is measured at amortised cost.

Statement of changes in equity

In compliance with the format requirements of the Danish Financial Statements Act, any items included under comprehensive income in the consolidated financial statements are recognised directly in equity in the Parent financial statements.

Cash flow statement

In compliance with section 86(4) of the Danish Financial Statements Act, a cash flow statement is not prepared for the Parent, such statement being included in the consolidated cash flow statement.

Section 11

Subsidiaries and associates

Company	Interest
Demant A/S	Parent
Oticon A/S, Denmark[1)]	100%
Oticon AS, Norway[1)]	100%
Oticon Denmark A/S, Denmark[1)]	100%
Oticon GmbH, Germany	100%
Oticon Limited, United Kingdom[1)]	100%
Oticon Medical A/S, Denmark[1)]	100%
Oticon Medical AB, Sweden	100%
Oticon Medical, LLC, United States	100%
Oticon Polska Sp. z o.o., Poland[1)]	100%
Oticon, Inc., United States	100%
Oticon (Shanghai) Hearing Technology Co., Ltd., China[1)]	100%
21st Century Hearing Ltd, United Kingdom	100%
AccuQuest Hearing Center, LLC (Texas), United States	100%
AccuQuest Hearing Center, LLC, United States	100%
ACS Audika Sp. z.o.o., Poland	100%
Acustica Sp. z o.o., Poland[1)]	100%
Advanced Hearing Providers, LLC, United States	100%
Akoustica Medica S.A., Greece[1)]	100%
Amplivox Limited, United Kingdom	100%
Audika AB, Sweden[1)]	100%
Audika AG, Switzerland[1)]	100%
Audika ApS, Denmark[1)]	100%
Audika Australia Pty Ltd, Australia	100%
Audika GmbH, Germany	100%
Audika Groupe S.A.S., France[1) 2) 3)]	100%
Audika K.K., Japan[1)]	100%
Audika Management GmbH, Germany	100%
Audika New Zealand Limited, New Zealand[1)]	100%
Audika NV, Belgium[1)]	100%
Audilab SAS, France[1) 2) 3)]	100%
Audio Seleccion S.L., Spain[1)]	100%
Audiology Services Company USA, LLC, United States[2)]	100%
AudioNet America, Inc., United States	100%
Audmet Australia Pty Ltd, Australia	100%
Audmet Canada Ltd., Canada	100%
Audmet New Zealand Limited, New Zealand[1)]	100%
Audmet Oy, Finland[1)]	100%
Audmet Srl, Italy[1)]	100%
AudPractice Group, LLC, United States	100%
Beijing Shengwang Yuanbo Commerce and Trade Co., Ltd., China[1) 2)]	100%
Bernafon (UK) Limited, United Kingdom[1)]	100%
Bernafon A/S, Denmark[1)]	100%
Bernafon AB, Sweden[1)]	100%
Bernafon AG, Switzerland[1)]	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[2)]	100%
CQ Partners, LLC, United States	100%
Danacom Høreapparater A/S, Denmark[1)]	100%
Dansk HøreCenter ApS, Denmark	100%
Demant Australia Pty Ltd, Australia[1)]	100%
Demant Belgium BV, Belgium[1)]	100%
Demant Business Services Poland Sp. z o.o., Poland[1)]	100%
Demant Iberica, S.A., Spain[1)]	100%
Demant İşitme Cihazları San. Tic. A.Ş, Turkey[1)]	100%

[1] Directly owned by the Parent by 100%
[2] Sub-consolidated group of companies, including associated companies.
[3] Sub-consolidated group of companies, including companies with non-controlling interests.
The list includes the Group's active companies

Company	Interest
Demant Italia S.r.l., Italy[1)]	100%
Demant Japan K.K., Japan[1)]	100%
Demant Korea Co., ltd., Korea, Republic Of[1)]	100%
Demant Malaysia Sdn. Bhd., Malaysia[1)]	100%
Demant México, S.A. de C.V., Mexico	100%
Demant Nederland B.V., Netherlands[1)]	100%
Demant New Zealand Limited, New Zealand[1)]	100%
Demant Operations Poland Sp. z o.o, Poland	100%
Demant Operations S.A. de C.V., Mexico	100%
Demant Participaçoes Ltda, Brazil	100%
Demant Sales Strategic Accounts A/S, Denmark[1)]	100%
Demant Schweiz AG, Switzerland[1)]	100%
Demant Singapore Pte Ltd, Singapore[1)]	100%
Demant South Africa (Pty) Ltd., South Africa[1)]	100%
Demant Sweden AB, Sweden[1)]	100%
Demant Technology & Innovation Centre Sdn. Bhd., Malaysia[1)]	100%
Demant Technology Centre Sp. z o.o., Poland[1)]	100%
DGS Diagnostics Sp. z o.o., Poland	100%
Diagnostic Group LLC, United States	100%
Diatec A/S, Denmark[1)]	100%
Diatec AG, Switzerland[1)]	100%
Diatec Canada Ltd., Canada	100%
Diatec Diagnostics GmbH, Germany[1)]	100%
Diatec Diagnostics Ltd, United Kingdom	100%
Diatec France SAS, France	100%
Diatec Japan K.K., Japan[1)]	100%
Diatec Korea Joshik Hoesa, Korea, Republic Of[1)]	100%
Diatec New Zealand Limited, New Zealand	100%
Diatec Polska Sp. z o.o., Poland[1)]	100%
Diatec Shanghai Medical Technology Co., Ltd., China[1)]	100%
Diatec Singapore, Singapore	100%
Diatec Spain, S.L.U., Spain[1)]	100%
Dr. B. Schwaller GmbH, Switzerland	100%
DSEA A/S, Denmark	100%
e3 Diagnostics, Inc., United States	100%
Entomed Medtech AB, Sweden[1)]	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[1)]	100%
EPOS France S.A.S, France	100%
EPOS Germany GmbH, Germany	100%
EPOS Group A/S, Denmark	100%
EPOS Hong Kong Limited, Hong Kong	100%
EPOS Japan Kabushiki Kaisha, Japan	100%
EPOS Netherlands B.V., Netherlands	100%
EPOS Sales A/S, Denmark	100%
EPOS Sweden AB, Sweden	100%
EPOS Switzerland AG, Switzerland	100%
EPOS USA, Inc., United States	100%
Etymonic Design Inc., Canada[1)]	100%
Fluorite Sp. z o.o., Poland	100%
Frey & Bührer Hörsysteme GmbH, Germany	100%
Fuel Medical Group, LLC, United States	100%
G. Roberts (Hearing Aids) Ltd., United Kingdom	100%
Great Lakes Provider Network, LLC, United States	100%

[1] Directly owned by the Parent by 100%
[2] Sub-consolidated group of companies, including associated companies.
[3] Sub-consolidated group of companies, including companies with non-controlling interests.
The list includes the Group's active companies

Company	Interest
Guymark UK Limited, United Kingdom	100%
HearBase Limited, United Kingdom	100%
Hearing Screening Associates, LLC, United States	100%
HearingLife Canada Ltd., Canada[1) 2) 3)]	100%
Hidden Hearing (N.I.) Limited, United Kingdom	100%
Hidden Hearing (Portugal), Unipessoal, Lda., Portugal[1)]	100%
Hidden Hearing International Plc, United Kingdom[1)]	100%
Hidden Hearing Limited, Ireland[1)]	100%
Hidden Hearing Limited, United Kingdom	100%
Hidden Hearing Properties Ltd, United Kingdom	100%
Horgerate-Akustik Flemming & Klingbeil Verwaltungs-GmbH, Germany	100%
Hörgeräte-Akustik Flemming & Klingbeil GmbH & Co. KG, Germany	100%
IDEA Isitme Sistemleri Sanayi ve Ticaret A.S., Turkey[1)]	100%
Interacoustics A/S, Denmark[1)]	100%
Interacoustics Pty Ltd, Australia	100%
Inventis North America Inc., United States	100%
Inventis S.r.l., Italy[1)]	100%
ITSA Medical SAS, France[1)]	100%
Kuulopiiri Oy, Finland[1)]	100%
Langer Hörstudio GmbH, Germany	100%
LeDiSo Italia S.r.l., Italy[1)]	100%
Maico Diagnostics GmbH, Germany[1)]	100%
Maico S.r.l., Italy[1)]	100%
Mediszintech Audiologica Kft., Hungary[1)]	100%
MedRx, Inc., United States	100%
Medton Ltd., Israel[1)]	100%
Medton Retail Ltd., Israel	100%
Mr. Optik GmbH, Germany[2)]	100%
myHearingU, LLC, United States	100%
Northeast Hearing Instruments, LLC, United States	100%
Philiear Inc., Philippines[1)]	100%
Prodition SAS, France[1)]	100%
Ritter Hörgeräte GmbH, Germany	100%
SBO Hearing A/S, Denmark[1)]	100%
SBO Hearing US, Inc., United States	100%
SBO International Sales A/S, Denmark[1)]	100%
Sevenoaks Hearing Care Centre Ltd, United Kingdom	100%
Shanghai YinPo Technology Co., Ltd., China	100%
Sonic AG (Sonic SA) (Sonic Ltd.), Switzerland[1)]	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[1)]	100%
Value Hearing (Pty) Ltd., South Africa[1)]	100%
Van Boxtel Hoorwinkels B.V., Netherlands	100%
Virtualis VR, Corp., United States	100%
WDH Germany GmbH, Germany[1)]	100%
WDH NR. 11 A/S, Denmark[1)]	100%
WDH UK Limited, United Kingdom[1)]	100%
WDH USA, Inc., United States[1)]	100%
Workplace Integra Inc., United States	100%
Your Hearing Network, LLC, United States	100%
Colorado Hearing, LLC, United States	80%
Destin Hearing Associates, LLC, United States	70%
Virtualis SAS, France	55%
Conc. Maico - Centro Otoacustico Marchesin S.r.l., Italy	50%
European Hearing Care (Myanmar) Limited, Myanmar	50%
Exclusive Hearing Limited, United Kingdom	49%
Microfon S.r.l., Italy	49%
Otic Hearing Solutions Private Limited, India	49%

[1] Directly owned by the Parent by 100%
[2] Sub-consolidated group of companies, including associated companies.
[3] Sub-consolidated group of companies, including companies with non-controlling interests.
The list includes the Group's active companies

Company	Interest
Ma.Bi.Ge Bioacustica S.r.l., Italy	49%
AIRD S.r.l., Italy	40%
Audiology Concepts, LLC, United States	40%
Audiology Specialty Clinics of Minnesota, LLC, United States	40%
Audition Bahuaud SAS, France	40%
Dencker A/S, Denmark	40%
Istituto Acustica Italia S.r.l., Italy	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%
Audiovox Preduzece Za Izradu I Promet Ortopedskih Pomagaladoo, Serbia	20%
Bontech Research CO D.o.o., Croatia	20%
HIMSA II A/S, Denmark	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	14%

[1] Directly owned by the Parent by 100%
[2] Sub-consolidated group of companies, including associated companies.
[3] Sub-consolidated group of companies, including companies with non-controlling interests.
The list includes the Group's active companies

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"Today's hearing aids are small, handy and almost invisible depending on your hair length."

Steen, hearing aid user, pensioner, pilot

Statement by Management

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Demant A/S for the financial year 1 January – 31 December 2024.

The consolidated financial statements for Demant A/S has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent financial statements have been prepared in accordance with the Danish Financial Statements Act. Management statement has been prepared 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 financial position at 31 December 2024 of the Group and the Parent and the results of the Group and the Parent operations and consolidated cash flows for the financial year 1 January to 31 December 2024.

In our opinion, Management statement includes a 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 elements of uncertainty, which the Group and the Parent are facing.

Additionally, the Sustainability statement, which are part of Management statement, have been prepared, in all material respects, in accordance with paragraph 99a of the Danish Financial Statements Act. This includes compliance with the European Sustainability Reporting Standards (ESRS), including that the process undertaken by Management to identify the reported information (the "Process") is in accordance with the description set out in the section titled Double materiality assessment. Furthermore, disclosures in subsection EU taxonomy in the environmental section of the Sustainability statement are, in all material respects, in accordance with article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

The year 2024 marks the initial implementation of paragraph 99a of the Danish Financial Statements Act on compliance with ESRS. As such, clearer guidance and practice are anticipated in various areas and are expected to be provided in the coming years. Furthermore, the Sustainability statement include forward-looking statements based on disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different, since anticipated events frequently do not occur as expected.

In our opinion, the Annual Report of Demant A/S for the financial year 1 January to 31 December 2024 with the file name DEMANT-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the annual general meeting on 6 March 2025.

Smørum, 5 February 2025

Executive Board

Søren Nielsen, President & CEO

René Schneider, CFO

Niels Wagner, President Hearing Care

Board of Directors

Niels B. Christiansen, Chair

Niels Jacobsen, Vice Chair

Thomas Duer

Heidi Hørby

Sisse Fjelsted Rasmussen

Anders Højsgaard Thomsen

Kristian Villumsen

Independent auditor's reports

To the shareholders of Demant A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2024 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2024 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 2024 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2024 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Demant A/S for the financial year 1 January to 31 December 2024 comprise the consolidated income statement and consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes, including material accounting policy information.

The Parent Company Financial Statements of Demant A/S for the financial year 1 January to 31 December 2024 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including material accounting policy information. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Demant A/S on 10 March 2022 for the financial year 2022. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of three years including the financial year 2024.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisitions Acquisitions are complex transactions, which are subject to significant estimates, including the identification and valuation of assets, liabilities and contingent consideration etc. In order to determine the fair value of the separately identified assets and liabilities in a business combination, the valuation methodologies require input based on assumptions about the future and applied discounted cash flow forecasts, including market development and WACC. We focused on this area because of the significance to the Financial Statements, the inherent complexity and high degree of estimation in the accounting for acquisitions, as well as the potential inherent risk related to the control environment. Reference is made to section 6.1 "Acquisition of enterprises and activities" in the Consolidated financial statements.	We performed risk assessment procedures with the purpose of achieving an understanding of it-systems, procedures and relevant controls relating to acquisition accounting. In respect of controls, we assessed whether these were designed and implemented effectively to address the risk of material misstatement. Our audit procedures included assessing the appropriateness of the accounting policies for acquisitions applied by Management and assessing compliance with IFRS Accounting Standards. We assessed the valuation methodologies applied by Management and challenged Management's significant assumptions used to determine the fair value of the acquired assets and liabilities in the acquisitions, including the fair value of the intangible assets. Finally, we assessed the adequacy of disclosures relating to the acquisitions.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Recognition of revenue is inherently complex due to the extent of different revenue streams, several performance obligations, trial periods and prepaid discounts, which are subject to interpretation, including the point in time of satisfaction of the performance obligations and recognition of related deferred income in respect of e.g. extended warranties, after sales services, etc. We focused on this area because of the significance to the Financial Statements, as well as the complexity and high degree of estimation related to e.g. prepaid discounts, provision for sales returns and extended warranties and deferred income. In addition, we focused on this area as revenue comprises a substantial number of transactions, with different characteristics depending on the business area the revenue relates to. Reference is made to section 1.1 "Revenue and segment disclosures" in the Consolidated financial statements.	Our audit procedures included considering the appropriateness of the accounting policies for revenue recognition applied by Management and assessing compliance with IFRS Accounting Standards. We performed risk assessment procedures to understand the information processing activities in relation to revenue recognition and evaluated whether the information systems appropriately support revenue recognition and measurement in accordance with the accounting policies. We identified controls addressing risk of material misstatements determined to be significant risk and evaluated the design of the controls and determined whether the controls have been implemented. We assessed the accounting estimates related to the recognition and presentation of revenue with Management. Further, we performed substantive procedures regarding invoicing, significant contracts, cut-off at year-end and provision for e.g. sales returns and extended warranties in order to assess the accounting treatment and principles applied. We applied data analysis in our testing of selected revenue streams in order to identify transactions outside the ordinary transaction flow, including journal entry testing. Finally, we assessed the adequacy of disclosures relating to revenue recognition.

Statement on Management statement

Management is responsible for Management statement.

Our opinion on the Financial Statements does not cover Management statement, and we do not as part of the audit express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management statements and, in doing so, consider whether Management statement is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management statement includes the disclosures required by the Danish Financial Statements Act. This does not include the requirements in paragraph 99 a related to the sustainability statement covered by the separate auditor's limited assurance report hereon.

Based on the work we have performed, in our view, Management statement 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 Statements Act, except for the requirements in paragraph 99 a related to the sustainability statement, cf. above. We did not identify any material misstatement in Management statement.

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 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 in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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 or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements, we performed procedures to express an opinion on whether the annual report of Demant A/S for the financial year 1 January to 31 December 2024 with the filename DEMANT-2024-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU)

2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Demant A/S for the financial year 1 January to 31 December 2024 with the file name DEMANT-2024-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 5 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Rasmus Friis Jørgensen
State-Authorised
Public Accountant
mne28705

Torben Jensen
State-Authorised
Public Accountant
mne18651

Independent auditor's limited assurance report on the sustainability statement

To the stakeholders of Demant A/S

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of Demant A/S (the "Group") included in Management statement in the Annual Report for 2024 (the "Sustainability Statement"), page 50 – 117, for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the section "Double materiality assessment"; and
- Compliance of the disclosures in subsection "EU taxonomy" within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)")* and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Auditor's responsibilities for the assurance engagement* section of our report.

Our independence and quality management

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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management's responsibilities for the Sustainability Statement

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process as included in the section Double materiality assessment of the Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, which includes the information identified by the Process, in accordance with the Danish Financial Statements Act paragraph 99 a, including:

- Compliance with the ESRS;
- Preparing the disclosures as included in subsection "EU taxonomy" within the environmental section of the Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making

assumptions and estimates that are reasonable in the circumstances.

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Auditor's responsibilities for the assurance engagement

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the section "Double materiality assessment".

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Demant A/S was consistent with the description of the Process set out in the section Double materiality assessment.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation processes by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and Management statement;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information; and
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

Other matter

The comparative information included in the Sustainability Statement of the Group was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Hellerup, 5 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Rasmus Friis Jørgensen
State-Authorised
Public Accountant
mne28705

Torben Jensen
State-Authorised
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mne18651

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Demant









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ANNUAL REPORT

2024

EMBLA MEDICAL™

ANNUAL REPORT 2024

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OVERVIEW

EMBLA MEDICAL IN BRIEF

Embla Medical is a leading global provider of innovative mobility solutions that help people live a Life Without Limitations®. Founded as Össur in 1971, Embla Medical is now home to industry-leading brands Össur, Fior & Gentz, College Park and ForMotion.

We Improve People's Mobility

Össur is a leading global provider of prosthetics and bracing & supports solutions. Fior & Gentz is an innovative developer of neuro orthotics, and College Park designs and manufactures lower limb prosthetics. ForMotion patient care clinics are spread across multiple countries and provide patients with compassionate care from world-class healthcare professionals. Embla Medical is focused on reaching more people with our mobility solutions and contributing to the advancement of the Orthotic & Prosthetic industry in a sustainable manner. Our commitment and responsibility extend to our people and our planet as we embrace diversity and recognize the impact we have on the world around us.

Embla Medical is listed on Nasdaq Copenhagen, has operations in 36 countries and more than 4,000 employees worldwide.

Our Purpose

Embla Medical is a purpose-driven company dedicated to improving people's mobility through the delivery of Prosthetics, Neuro Orthotics, Bracing & Supports and Patient Care.

Our passionate commitment to improving people's quality of life through innovation and patient outcomes has been the core of our success.

Helping people live a Life Without Limitations® is why we exist as a company.

EMBLA MEDICAL™

ÖSSUR. FIOR & GENTZ college park ForMotion™ CLINIC

OUR VALUES

HONESTY

Stay True

We show respect by adhering to facts and reality, fulfilling promises and claims, and admitting failures. We nurture honest communication throughout the company by sharing information and respecting each other's time and workload.

FRUGALITY

Make Every Step Count

We use resources wisely. The company aims to minimize costs across all areas of its business through effective communication, preparedness, planning and optimized processes.

COURAGE

Aim Higher

We are open to change and constantly strive for improvement. We challenge unwritten rules, show initiative, and take calculated risks, while at the same time, take responsibility for our ideas, decisions and actions.

Our Values

Embla Medical's core values of Honesty, Frugality and Courage serve as the foundation and driving force behind the company's success, guiding employees across the organization in their day-to-day activities and decision-making. At Embla Medical we believe that by honoring the values, the company will achieve long-term sustainable success, furthering our mission of improving people's mobility.

Our Sustainability Commitment

We apply our core values in our approach towards sustainability. We show courage in setting ambitious goals and are honest about where we stand, acknowledge the challenges we face and what we can improve. We practice frugality by using our resources wisely and efficiently. Our sustainability commitment is captured under the theme of Responsible for Tomorrow®, understanding that the decisions and actions we take today, will impact future generations.

RESPONSIBLE FOR TOMORROW®

Vision

Enable Life Without Limitations

Mission

We Improve People's Mobility

Goal

Serve More People for Profitable Growth



OVERVIEW

LETTER FROM THE CEO

As we look back on a successful 2024, what stands out most is delivering on our relentless commitment to improving people‘s mobility. Our innovative product solutions and patient care have a positive impact on millions of lives around the world.

The year was marked by several milestones, most notably the establishment of Embla Medical, beginning to unite our patient care business under the ForMotion brand, and the acquisition of Fior & Gentz, to name a few.

Additionally, positive market trends such as the expanded US Medicare coverage for advanced bionic prosthetics for less mobile K2 amputees, brings potential for improved quality of life for a large patient population.

We continue to execute well on our Growth’27 strategy delivering solid sales in line with our long term financial ambition. For 2024, we delivered 6% organic growth driven by a strong performance in Prosthetics & Neuro Orthotics and Patient Care, while growth in local currency was 9% supported by positive impact from the acquisition of Fior & Gentz. Our EBITDA margin also came in strong for the year at 20% reflecting operational efficiency and effective cost control.

In the beginning of 2024, we acquired Fior & Gentz, a leading maker of transformative and innovative lower limb neuro orthotic devices for people living with neurological conditions. The acquisition is an important milestone in our growth journey, marking our expansion into the field of Neuro Orthotics. An exciting field which broadens our ability to support individuals with chronic mobility challenges. We are very pleased to see the integration progressing according to plan as we transfer product distribution to our commercial distribution network and existing O&P clinics in mature, reimbursed markets.

I am also thrilled with our progress within R&D, as we launched several exciting innovations during the year. These include two new bionic knees – Icon®, a new user-friendly and versatile knee solution, and Navii®, the latest Össur microprocessor knee, which comes in a fully waterproof version featuring a powerful actuator. Beyond these new knee solutions, we also launched the Pro-Flex® Terra foot, which offers increased flexibility, balance and adaptability for low-active patients. I am very proud of our ability to innovate, while addressing real patient needs.

2024 was also the year we introduced a new unified brand identity, ForMotion, for our patient care facilities. The goal of ForMotion is to bring our network of O&P clinics under a single cohesive brand. This transition will be implemented in phases, eventually encompassing our entire global network of O&P patient care facilities, which currently operate under different brand names. This unified network will deliver comprehensive, modern, and innovative care while honoring the expertise and heritage unique to each location.

Another highlight was the 2024 Paralympic Games, where a global team of elite para-athletes using Össur’s renowned prosthetics won 22 medals and set five new Paralympic records. The Paris Paralympics established new benchmarks for excellence, inclusivity, and audience engagement. Every competitor rose to the occasion, and I was fortunate to personally meet many of our inspiring athletes, who truly embody Life Without Limitations®.

Lastly, we are incredibly proud to have been named one of TIME Magazine’s World’s Best Companies in Sustainable Growth 2025, an accolade that reflects our commitment to advancing a robust sustainability agenda.

I am excited to see what the future will bring and sincerely thank our employees, customers, end-users, and shareholders for their trust and continued collaboration to improve people‘s mobility.



Sveinn Sölvason
President and CEO

OVERVIEW

2024 HIGHLIGHTS

Acquisition of Fior & Gentz

Science Based Targets initiative (SBTi) validates Össur emissions reduction targets

Össur ranked among top performing companies by Nordic Business Diversity Index

Össur establishes new parent organization named Embla Medical



Launch of Pro-Flex® Terra in select markets

Össur Kristinsson, founder of Össur in 1971, leaves strong legacy of innovation upon passing away







Two new board members join Embla Medical, Caroline Vagner Rosenstand and Tina Abild Olesen



Embla Medical's CEO participates in a dialog on competitiveness and growth with Nordic heads of government and representatives



OT World Congress held in Leipzig, Germany

Launch of two new bionic knees - Icon® by College Park and Navii® by Össur and Iceross Seal-In® X Locking Liner TF by Össur



The Icelandic Ministry for Foreign Affairs and Össur sign agreement to donate prosthetics to Ukraine

ForMotion, our new global patient care brand, introduced

Team Össur athletes and Össur Ambassadors awarded 11 Gold Medals, 7 Silver Medals, 4 Bronze Medals and set 5 Paralympic Records at the Paralympic Games in Paris



Launch of 3rd generation Naked Prosthetics finger device portfolio



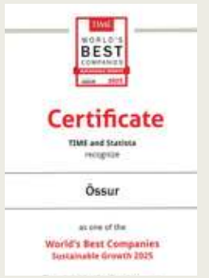


A record-breaking partnership between Össur and Nissan and Team Össur member Richard Whitehead

US Medicare grants extended coverage for lower-limb active K2 amputee patients to access bionic solutions



Embla Medical hosts a successful networking session for members of Festa, a leading organization promoting sustainability across Iceland



Embla Medical (Össur) named one of the World's Best Companies in Sustainable Growth 2025 by TIME Magazine

2024 Financial Highlights

855m
Highest Ever Sales Recorded
(USD)

+6%
Organic Sales Growth

+9%
Local Currency Growth
(including acquisitions)

20%
EBITDA Margin
(before special items)

2024 Sustainability Highlights

-2%
Emissions Intensity 2023/2024
Market Based Emissions (tCO2e/mUSD)

51% : 49%
Gender Ratio
Male : Female

7.9 of 10
Employee Engagement Index

0.6
Incident Rate
Total Recordable Incident Rate (TRIR) per 100 FTEs



OVERVIEW

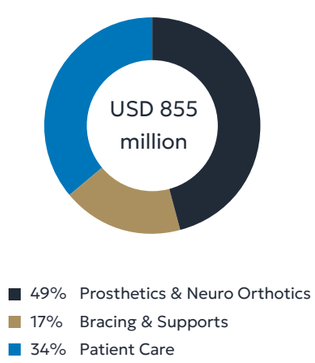
BUSINESS SEGMENTS

Our Business Segments

Embla Medical operates within three business segments of the non-invasive orthopaedics market; Prosthetics & Neuro Orthotics, Bracing & Supports and Patient Care.

Business Segments

Sales in 2024 by Business Segment



Prosthetics & Neuro Orthotics

49% of total sales

Our prosthetics product portfolio, marketed under the Össur and College Park brands, includes a range of premium lower and upper limb prosthetic components. The portfolio ranges from solutions to support low active individuals who may be challenged to maintain the ideal balance of safety, comfort, and mobility, to solutions designed to enable especially active people to excel and engage in high-impact activities.

Our neuro orthotics product portfolio, marketed under Fior & Gentz, includes a range of premium knee and ankle orthotic joints to create innovative custom-made orthotics for patients with gait impairment due to neurological conditions.

SUB-SEGMENT	END-USER PROFILE	IMPROVING MOBILITY
Mechanical Products	People living with lower and upper limb loss or limb difference	Broad product offering of prosthetics and neuro orthotics
Bionic Products	People living with lower and upper limb loss or limb difference	Advanced microprocessor-controlled feet, knees, hands, fingers, and neuro orthotic joints

Bracing & Supports

17% of total sales

Össur's osteoarthritis (OA) solutions are designed to enhance quality of life, reduce pain, and improve mobility for people living with osteoarthritis. Össur offers the Unloader One® range of knee braces that relieve pain from knee osteoarthritis, as well as the Unloader® Hip which is designed to reduce pain by optimizing load dispersion for patients suffering from mild and moderate osteoarthritis of the hip.

Össur's injury solutions are designed for people recovering from fractures, ligament injuries or for those in need of post-operative treatment solutions. These solutions are designed to support the healing process of bone and soft tissue injuries.

SUB-SEGMENT	END-USER PROFILE	IMPROVING MOBILITY
Injury Solutions	People recovering from fractures, ligament injuries or need post-operative treatment	Products stabilizing joints and improving healing
OA Solutions	People living with Osteoarthritis (OA)	Non-surgical treatment by unloading affected joint with braces

Patient Care

34% of total sales

Embla Medical provides patients with world-class care through a global network of leading Orthotic & Prosthetic (O&P) facilities, currently operating under various brand names and transitioning over time to the ForMotion brand. Each location is staffed by expert clinicians and highly skilled professionals in mobility.

SUB-SEGMENT	END-USER PROFILE	IMPROVING MOBILITY
Prosthetics	People living with lower and upper limb loss or limb difference	Fitting patients with lower and upper limb prostheses
Orthotics	People living with neurological, gait, and musculoskeletal conditions	Fitting patients with orthotics and assistive devices

Our Geographical Segments

With operations in 36 countries, Embla Medical's industry-leading brands have global operations in three regions: Americas, EMEA and APAC.

Regional Overview

Americas	EMEA	APAC
46% of sales	**46%** of sales	**8%** of sales
USD 393 million Organic growth: 3%	USD 395 million Organic growth: 10%	USD 67 million Organic growth: 4%
Employees: ~1,500	Employees: ~1,800	Employees: ~200

HQ Employees: ~700



THE CHOICE OF CHAMPIONS

A global team of elite para athletes who use Össur's renowned prosthetics won 22 medals and set five new Paralympic Records during the 2024 Paralympic Games in Paris.

If Team Össur were a country, this exceptional performance would have placed them in 11th place in the overall medal rankings. Össur's carbon fiber Cheetah® sports blades, easily identified by their distinctive yellow stripe, dominated several categories of Athletics competition. With record-breaking attendance and iconic venues, the Paris Paralympic Games set new standards for excellence, inclusivity and audience enthusiasm.



5

PARALYMPIC RECORDS





STRATEGY

BUSINESS MODEL

Our business is about improving people's mobility so they can live a Life Without Limitations®. We develop and manufacture a wide range prosthetic, neuro orthotic and bracing & supports solutions in addition to serving patients in need of various mobility solutions in our patient care facilities across the globe.

Innovation
New product introductions every year

Manufacturing
Off-the-shelf and customized solutions

Prescribers and Payers
Over 90% of products and services reimbursed

Patients
Patient-centric business model

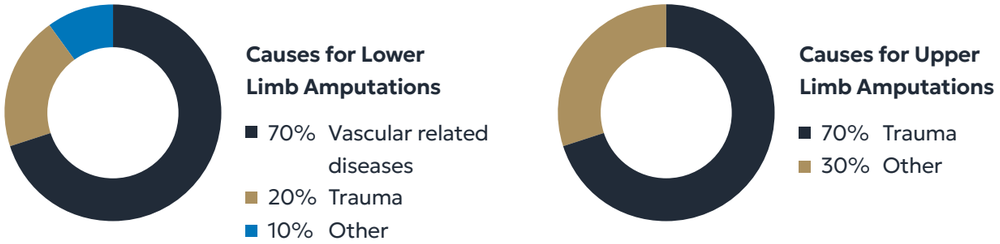
Sales and Marketing
Mainly direct sales but also distribution

Patient Care
Own O&P clinics and independent providers

Patients

The patients we serve include people with lower and upper limb loss due to, for example, vascular diseases including diabetes, as well as cancer, trauma and congenital defects. They also include individuals who require off-the-shelf or customized orthotic solutions as they may have mobility impairment due to neurological conditions, developed osteoarthritis in knee or hip ligaments, have musculoskeletal conditions present at birth or caused by illness or injury, or require enhanced healing post-surgery or due to injuries.

Prosthetic Patients



> 850,000
New major lower limb amputees per year

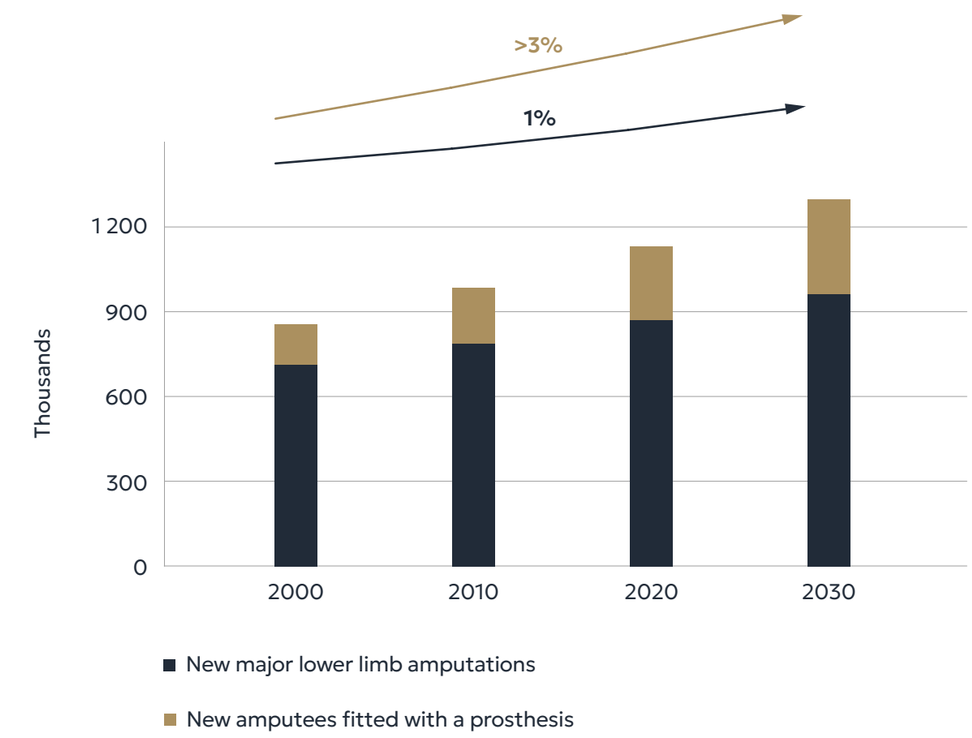
65-70
is the average age of the amputee population

> 25,000
New upper limb amputees per year

30-40%
of new amputees are fitted with prosthetic solutions

Source: Embla Medical Management estimates

Growing Number of Amputees Receiving Prosthetics



Source: Embla Medical Management estimates

The main cause for lower limb amputation is vascular related diseases. Based on market data, it is however evident that the proportion of people living with limb absence due to trauma, cancer and congenital defects is higher than the incidence rate would suggest. The reason being that the average life expectancy of people with lower limb loss due to vascular related disease is shorter than of those with limb absence due to other causes. This underscores the potential opportunities in catering to the needs of chronic patients that need lifelong service and why 70-80% of Patient Care is recurring revenue.

Innovation

Embla Medical develops and manufactures prosthetic, neuro orthotic and bracing & supports solutions, from an idea to a finished product. With every product, the aim is to deliver cost effective medical solutions that provide value for patients and the healthcare system. To obtain independent clinical evidence for product outcomes as well as health economic data, Embla Medical initiates and promotes clinical studies in cooperation with leading scientists, institutions, and healthcare professionals in the field.

As part of our ambition to be at the forefront of innovation and new technology, we participate in externally funded projects, collaborating with partners from industry and academia alike. We take part in various projects where world class scientists are involved in cutting edge research. This enables us to join forces in shaping the technology of the future with the mission of improving people's mobility.

Manufacturing and Quality

Embla Medical maintains a strong global manufacturing function. At Embla Medical, there is a continuous strive for efficiency, which includes finding ways to optimize the manufacturing process and investments have been made to make the manufacturing platform increasingly scalable.

Manufacturing of prosthetic solutions takes place in Iceland, Scotland, United States and Mexico. Neuro orthotics are manufactured in Germany, and manufacturing of bracing solutions takes place in Mexico with outsourcing of soft goods to China. We also operate a few smaller manufacturing facilities in select countries.

Manufacturing Locations



We place great emphasis on quality, which is an intrinsic part of our processes. Embla Medical entities maintain certified Quality Management Systems (QMS) based on ISO standards, ensuring compliance with applicable medical device regulations in the countries where we operate.

Sales and Marketing

Products are delivered to users of our products and solutions through healthcare providers who specialize in assisting individuals who suffer from impaired mobility. In Prosthetics and Neuro Orthotics, these customers are Orthotic & Prosthetic (O&P) clinics and in Bracing & Supports, it is a combination of O&P clinics, hospitals, and surgery centers. Our customers claim reimbursement from private or public insurance as Embla Medical's products and services are in most cases reimbursed. We have operations in 36 countries and largely sell our products through our own direct sales network.

Patient Care

Embla Medical products are serviced through a global network of patient care clinics. Moreover, in selected countries, Embla Medical manages its own Patient Care facilities under the ForMotion brand. Each location is staffed by expert clinicians and highly skilled mobility professionals. The clinics help people with limb loss or limb difference, and those in need of gait and musculoskeletal support - improving their mobility and quality of life.

Prescribers and Payers

Prescribers include healthcare professionals who prescribe products and services based on the clinical indication of their patients. These include orthopaedic surgeons, non-surgical physicians, rehabilitation, and emergency physicians as well as other professionals providing medical diagnosis.

Payers include healthcare systems, insurance companies and individuals. In most cases, when an individual has been fitted with a product, Embla Medical's customers claim reimbursement from the relevant public institutions or private insurance companies. Around 90% of Embla Medical's product sales and services are estimated to be reimbursed by a third party. Generally, Embla Medical's sales in the developed markets are mostly reimbursed while sales in emerging markets are mostly paid out-of-pocket.

STRATEGY

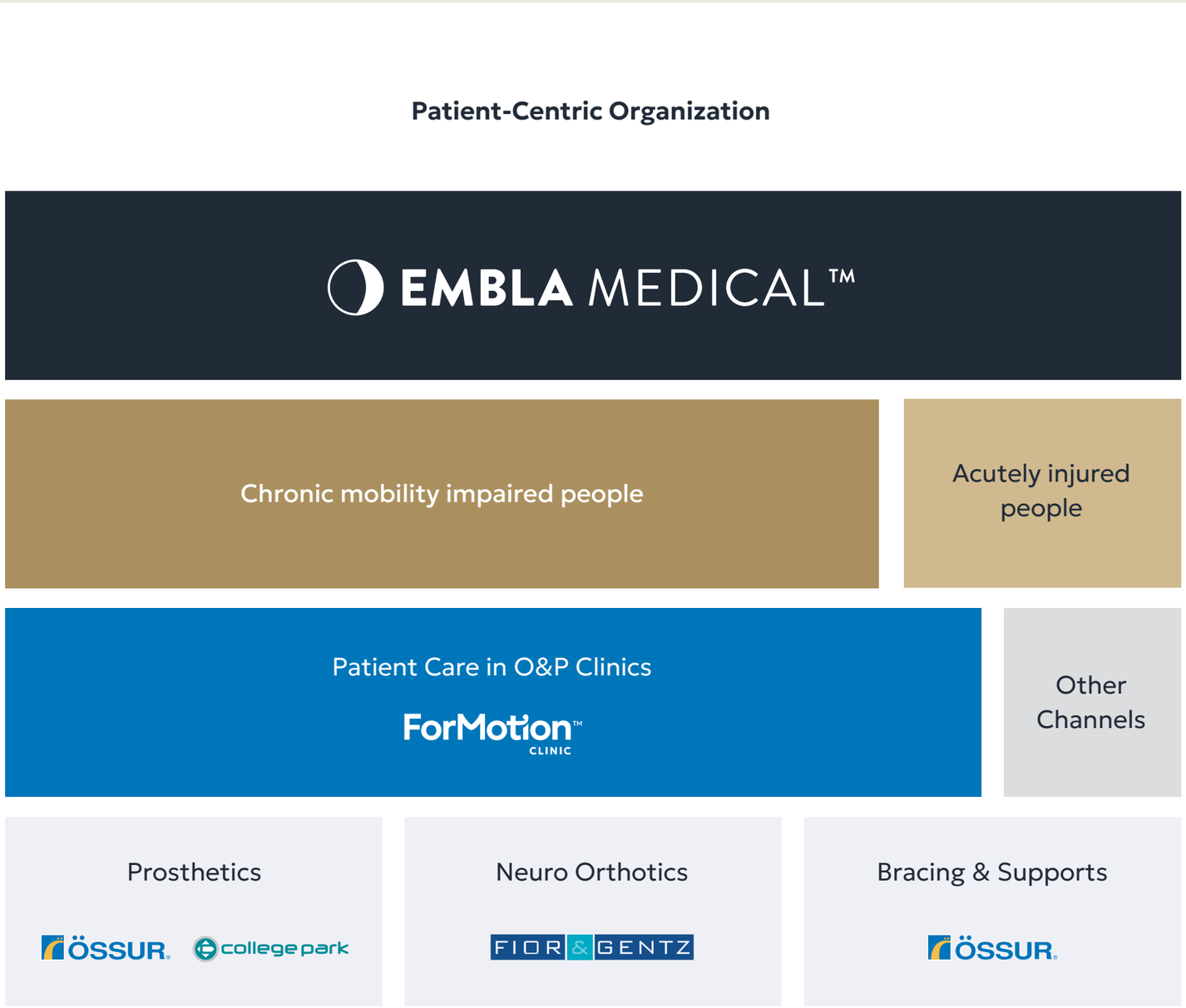
GROWTH'27 STRATEGY

Embla Medical introduced its five-year Growth'27 strategy in 2023. The focus of the Growth'27 strategy is to reach more people in need of mobility solutions.

The strategy addresses key industry themes and supports our transformation into an increasingly patient-centric company. It is our aim to drive accelerated organic growth and continue generating value for individuals and healthcare systems.

Unlocking a Larger Playing Field as an Increasingly Patient-Centric Organization

Over the past years, we have been transitioning from a product-focused company to an increasingly patient-centric organization. This shift primarily focuses on chronic mobility categories, where individuals require lifelong solutions, as well as on those who have suffered acute injuries requiring short-term solutions. This transition presents opportunities to gain direct access to patients, payers, and providers while addressing a broader set of chronic mobility categories.

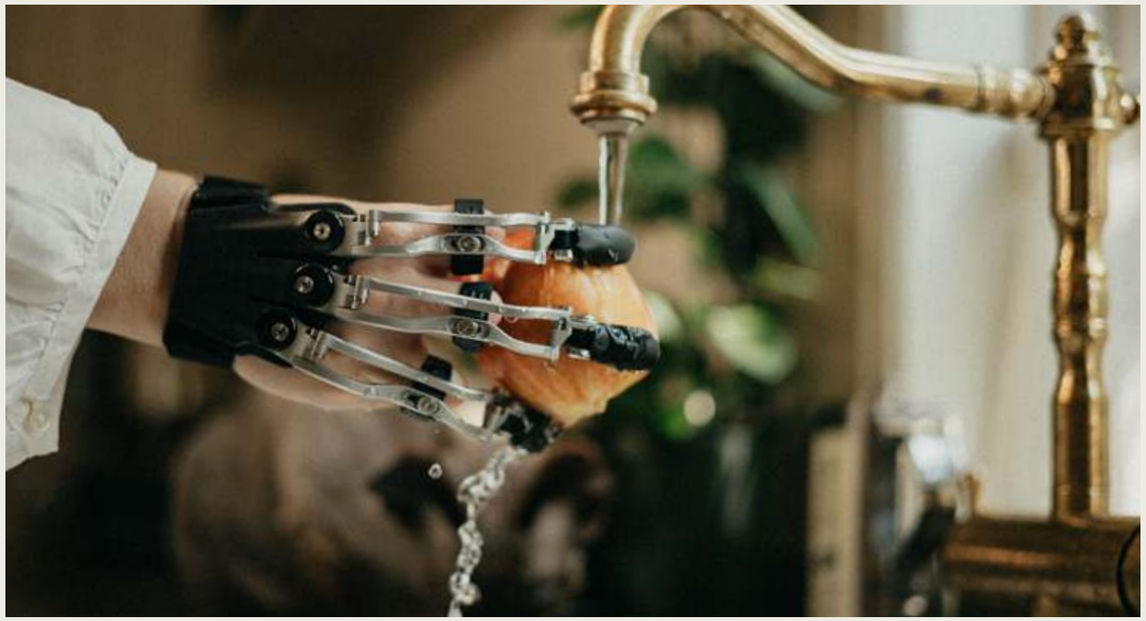


Growth Drivers

Patient Reach, Innovative Solutions, and O&P Value Creation are the three growth drivers that form the basis of Growth'27. These growth drivers address our ambition to become increasingly patient driven and to cater for the needs of individuals with chronic mobility challenges. In other words, they guide our strategic priorities within Prosthetics, Neuro Orthotics and Patient Care.

In Bracing & Supports, we will continue to drive growth in line with our "Bracing Simplified" strategy, by being a trusted partner for our customers through the delivery of a simplified and strong product portfolio.

Patient Reach	We connect directly with patients and reach out to payers and prescribers.
Innovative Solutions	We embrace innovation in all our actions. We provide innovative and patient-centric solutions combining product and service.
O&P Value Creation	We offer business solutions to our customers, including Orthotic & Prosthetic (O&P) clinics enabling seamless service and close partnership.



Embla Medical's M&A strategy is also integral to the execution of Growth'27 as it involves actively seeking strategic acquisitions to support our vision of enabling Life Without Limitations®. In addition, our foundational pillars of Sustainability, People, and Scalability are the backbone of successfully implementing our strategic ambitions.



Patient Reach

Patient Reach is about creating value by improving our ability to reach and serve patients effectively. The patient population we focus on – individuals with chronic mobility impairments - remains widely underserved in terms of access to quality mobility solutions. For instance, global fitting rates in prosthetics still only amount to 30-40%. Access to proper care and products differs greatly between countries, influenced by the maturity of infrastructure and healthcare systems. Patient Reach is about collaborating with our primary stakeholders in each market to reach more patients and increase access to high-quality mobility solutions. Our primary stakeholders are classified into four segments: Certified Prosthetists & Orthotists (CPOs), Payers (public and private insurance companies), Referral sources (physicians and rehabilitation doctors), and Patients.



Innovative Solutions

Embla Medical's history is deeply rooted in innovation. We integrate innovation into all our actions, creating value for our customers through functional trade-up and ease of doing business. With the Growth'27 strategy, our focus is to drive innovation across the entire value chain and offer lifelong health services, ultimately improving the quality of life for the patients who rely on our products and services.

We aim to capture commercial opportunities with innovative solutions by pursuing advancements in technology and clinical applications that can be perceived as transformational for our patients.

We channel our efforts into developing solutions that not only meet the current lifestyle needs of patients but also provide them with the prospect of sustained mobility over the long term. To ensure that patients have access to our products and services, we continue to prioritize the collection of clinical evidence and engage with payers and reimbursement systems around the world.

Our innovation efforts enhance our Patient Reach through three distinct growth drivers; contribute to higher fitting rates, increase bionic penetration, and drive functional trade-up.

Contribute to higher fitting rates

Increase bionic penetration

Drive functional trade-up

O&P Value Creation

O&P Value Creation forms the third pillar of the Growth'27 strategy, connecting Patient Reach and Innovative Solutions. It revolves around driving productivity in the whole value chain, aiming to attract and better service a greater number of patients in the O&P clinics, and becoming a better partner to our O&P customers.

Over the last decade, we have strategically expanded our Patient Care portfolio, focusing on defining key processes and leveraging economies of scale. Today, our Patient Care facilities span 11 countries with approximately 200 locations across all regions.

Most patients visiting O&P clinics face chronic mobility challenges, which often lead to the formation of strong bonds between the patient and their Certified Prosthetist & Orthotist (CPO). While some solutions offered are off-the-shelf, others are more intricate, requiring frequent clinic visits. In both cases, maintaining a consistently high standard of care is crucial to delivering enhanced value to patients, underscoring the importance of having a robust clinic presence.

A key element in O&P Value Creation is driving innovation and productivity in the delivery of mobility solutions within our Patient Care facilities. The end-goal is to achieve better patient outcomes, enhanced service and overall patient experience, resulting in higher-quality care and an increased number of patients seeking care at our clinics.



Bracing Simplified

In the Bracing & Supports segment, our robust product portfolio addresses fundamental healthcare challenges for both acute and chronic injuries.

We began implementing our Bracing Simplified strategy in 2021 and continue to focus on the four key pillars of the strategy: Identity, Customer Convenience, Product Confidence and Responsibility. Our goal with Bracing Simplified is to have a strategy that extends beyond innovation alone, recognizing the increasing costs and diminishing effectiveness of relying solely on innovation to drive growth within the bracing industry. Furthermore, our aim is to establish a framework that enhances efficiency and streamlines our operations.

Identity

Be the trusted partner for our customers

Customer Convenience

Reduce complexity for our partners

Product Confidence

Provide our partners with a simplified and strong portfolio

Responsibility

Reduce our footprint and that of our partners



Acquisitions

We will continue to pursue growth opportunities through strategic acquisitions aligned with our vision of enabling Life Without Limitations®. Our M&A focus will be on acquisitions that enable us to reach and serve more patients, through a combination of market access, technology and portfolio expansions.

Market Access **Technology** **Portfolio Expansion**

In January 2024, Embla Medical acquired Fior & Gentz, a market leader in lower limb neuro orthotic solutions. Fior & Gentz develops and distributes knee and ankle orthotic joints to create innovative custom-made orthotics for patients with gait impairment due to neurological conditions. You can read more about the acquisition in the Introducing Neuro Orthotics chapter.

Financial Ambition for the Growth'27 Period

Sales Growth

7-10%	=	5-7%	+	2-3%
Local currency growth p.a. on average		Organic growth p.a. on average		Acquisitive growth p.a. on average

EBITDA Margin Before Special Items

- The ambition is to gradually increase the EBITDA margin before special items.
- EBITDA margin expansion is subject to acquisitions and currency movements, in addition to changes in the business mix.

Capital Allocation

- We will prioritize growth opportunities, value-adding investments and acquisitions, while maintaining a healthy balance sheet with a target range of 2.0-3.0x NIBD/EBITDA before special items.
- Excess capital will be returned to shareholders via purchase of own shares.



MARKETS

MARKETS AND TRENDS

Embla Medical is a leading global provider of innovative mobility solutions that help people live a Life Without Limitations®. Home to several leading brands, Embla Medical is dedicated to improving people's mobility by providing Prosthetics, Neuro Orthotics, Bracing & Supports and Patient Care through a global network of Orthotic & Prosthetic facilities.

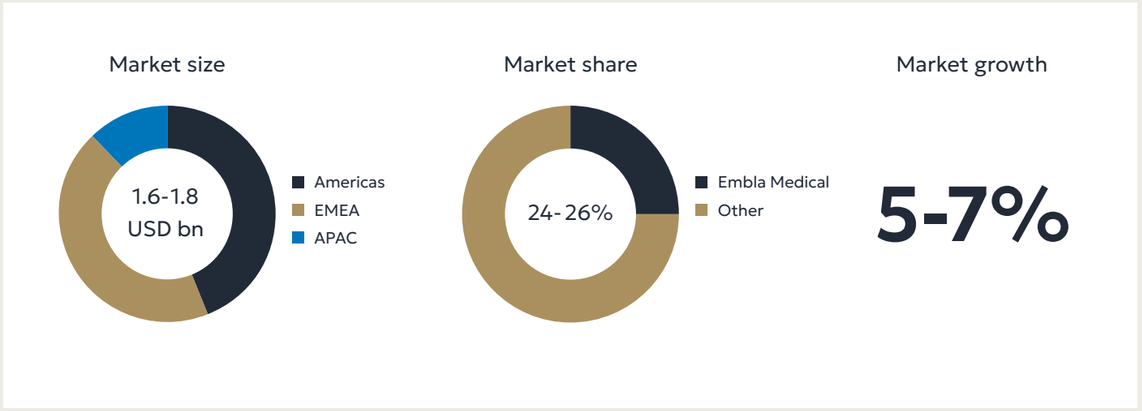
The Prosthetics Product Market

Prosthetics include artificial limbs and related products for people who were born with limb loss or limb difference, or who have had limbs amputated. Through the Össur and College Park brands, we provide a full range of premium lower and upper limb prosthetics, including feet, knees, hands, fingers, liners, and other components. The size of the global prosthetics product market is estimated to be approximately USD 1.6-1.8 billion. Embla Medical is the second largest company operating in Prosthetics with a market share estimated at 24-26%. The growth rate of the market is estimated to be 5-7%.

Growth in the prosthetics industry is driven by volume and mix with a consistent renewal and maintenance cycle for prosthetic products, increasing fitting rates for prosthetics patients, increasing reimbursement coverage, new innovative technologies being accepted for reimbursement, and increasing healthcare coverage and disposable income in emerging markets. The primary sales channel in the prosthetics market is Orthotic & Prosthetic clinics (Patient Care clinics).

Pricing in the prosthetics product market is on average relatively stable with yearly pricing adjustments due to inflationary trends but also influenced by regional specific developments in reimbursement.

Prosthetics Product Market



Source: Embla Medical Management estimates
Note: Estimates only account for component sales from providers to suppliers, i.e. not clinical services

The Neuro Orthotics Product Market

Neuro orthotics include products for people suffering from stroke, spinal cord injuries, multiple sclerosis, cerebral palsy or other neurological conditions. Through the Fior & Gentz brand, we provide a full range of premium orthotic joints for custom ankle foot orthoses and knee ankle foot orthoses.

The size of the global neuro orthotics product market that Embla Medical operates in is estimated to be approximately USD 400-500 million and Embla Medical's market share is estimated at 4-6%. The growth rate of the market is estimated to be 10-12%.

Growth in the neuro orthotics industry is driven by volume and mix with a consistent renewal and maintenance cycle, increasing fitting rates, increasing reimbursement coverage, new innovative technologies being accepted for reimbursement and increasing healthcare coverage.

Pricing in the neuro orthotics product market is on average relatively stable with yearly pricing adjustments due to inflationary trends but also influenced by regional specific developments in reimbursement.

The Bracing & Supports Product Market

Bracing & Supports include products used to provide support for therapeutic and preventative purposes. Through the Össur brand we provide a comprehensive line of products with primary focus on osteoarthritis and injury solutions including devices supporting the spine, knee, hip, foot, ankle, and hands.

The size of the global Bracing & Supports product market that Embla Medical operates in is estimated to be approximately USD 2.8-3.0 billion and Embla Medical's market share is estimated at 5-7%. The growth rate of the market is estimated to be 2-3%.

Market growth is driven by healthy volume growth. Increased amateur sports and activity levels, increased volumes of elective surgeries such as knee replacement surgeries, that drive demand for post-operative bracing solutions, and the utilization of high-end innovative products such as the Unloader® OA bracing products, support market growth in Bracing & Supports. The primary sales channel in the bracing & supports market is Orthotic & Prosthetic clinics (Patient Care clinics), hospitals, and orthopaedic clinics.

Price levels are relatively stable with yearly pricing adjustments due to inflationary trends but also influenced by regional specific developments in reimbursement, but for some markets, there is moderate price pressure for selected product categories, mainly products of a lower innovation level.

The Patient Care Market

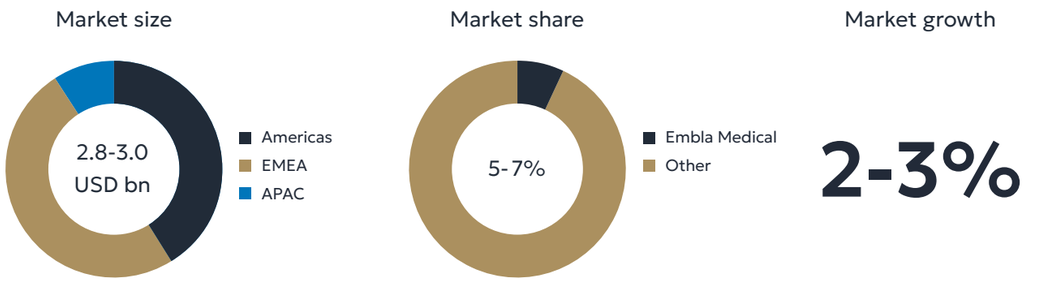
The Patient Care market consists of patient care clinics, often referred to as Orthotic & Prosthetic clinics or O&P clinics, that provide services to patients with orthotic & prosthetic mobility challenges.

The size of the global Patient Care service market is estimated to be approximately USD 14-15 billion. Embla Medical is estimated to be the third or fourth largest company operating in the market with a market share estimated at 2-3%. The growth rate of the market is estimated to be 3-5%.

Growth in the Patient Care service market is driven by volume and mix with a consistent renewal and maintenance cycle, increasing fitting rates for orthotics & prosthetics patients, increasing reimbursement coverage, new innovative technologies being accepted for reimbursement, and increasing healthcare coverage and disposable income in emerging markets.

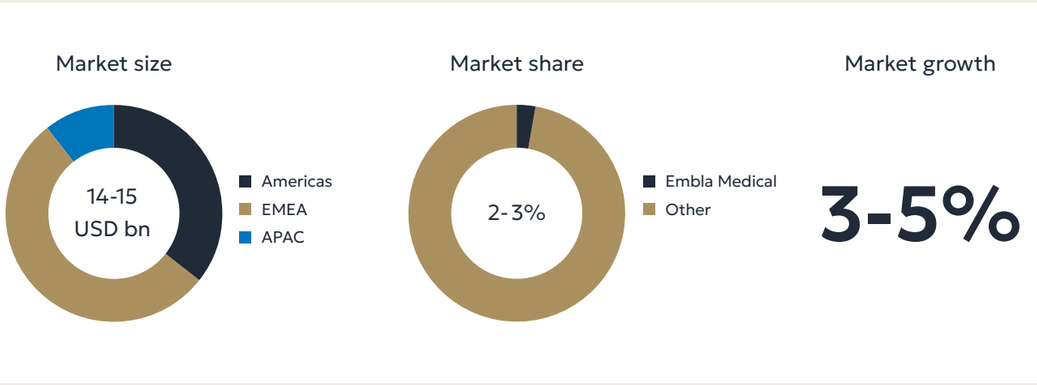
Pricing in the market is determined by regional specific reimbursement systems and is on average limited to moderate. Selected markets increase reimbursement rates up to inflationary levels, while most markets have limited rate adjustments.

Bracing & Supports Product Market



Source: Embla Medical Management estimates
Note: Estimates only account for component sales from providers to suppliers, i.e. not clinical services

Patient Care Market



Source: Embla Medical Management estimates

Orthopaedic Industry Stakeholders

In the orthopaedic industry, many stakeholders and decision makers are involved in the purchasing decision. Stakeholders can be categorized into five groups.

1

Patients
People who receive medical treatment and use our products and service solutions. Also referred to as a user or end-user of our products.

2

Prescribers
Healthcare professionals who prescribe the products, based on the condition/clinical indication of the patient.

3

Providers
Healthcare professionals who provide patients with products, such as CPO's, doctors, podiatrists.

4

Payers
Public and private insurance companies. Around 90% of Embla Medical sales are reimbursed by a third party.

5

Influencers
Healthcare systems, insurance companies, medical associations, patients and their families.

Industry Trends Create Opportunities

Economic development around the world and global macrotrends create demand and opportunities for growth. We have selected six trends that have a positive impact on demand for Embla Medical's products and services:

An aging and more active population

- The global population of 65 and older is increasing and so is the amputee population.
- A growing number of people afflicted by vascular disease, the leading cause of amputation.
- An increased number of fractures, joint instability, and joint afflictions.

Improved treatment options and penetration of high-end solutions

- New innovative technologies being accepted for reimbursement.
- Increasing healthcare coverage and better access to patients with increasing fitting rates.
- Increased acknowledgment of total health economic benefits of high-end solutions.

Access to healthcare improving in emerging markets

- Global economic growth will be powered by emerging markets.
- Disposable income increasing in emerging markets and willingness to pay out-of-pocket.
- Increasing healthcare coverage in emerging markets.

Healthcare consumerism empowering patients

- Individuals are taking greater control in their healthcare decisions, pushing for solutions that fit their needs.
- Patients leave their healthcare provider if not satisfied and search for a new one online.
- Increased push for transparency that helps people make informed decisions about their care.

Healthcare consolidation and budget management

- Healthcare systems efforts to manage cost, increasing need for innovation and health economic benefits.
- Consolidation in the Patient Care service market.
- Demand for cost effective solutions without compromising quality.

Digitalization increasing ease of doing business

- How people communicate is transformed through digitalization, patients to healthcare providers and businesses to businesses.
- Increased automation through digital processes in order flow and manufacturing.
- Data can enable improved and timely service delivery to patients.



MARKETS

INTRODUCING NEURO ORTHOTICS

On 16 January 2024, Embla Medical announced the acquisition of Fior & Gentz, a leading maker of lower limb neuro orthotic components. Fior & Gentz develops and distributes orthotic knee and ankle joints for the fabrication of custom-made neuro orthoses for patients with gait impairments due to neurological conditions. Fior & Gentz was founded in 1997 in Lüneburg, Germany and employs around 100 people.

The acquisition of Fior & Gentz marks an important milestone for Embla Medical's Growth'27 strategy, enabling us to address chronic mobility challenges more broadly. By entering the field of Neuro Orthotics, we are expanding into a new yet highly complementary product segment. This allows us to support patients with chronic neurological conditions such as stroke, multiple sclerosis, and cerebral palsy with innovative neuro orthotics delivered through Orthotic & Prosthetic clinics in mature, reimbursed markets.

Currently, most of Fior & Gentz's sales are generated in Germany, where the Orthotics business has a strong foundation and favorable reimbursement has been developed over the years. Orthotics are increasingly recognized as a viable mobility solution for patients suffering from chronic neurological diseases. However, there is significant opportunity to grow in other markets by leveraging Embla Medical's commercial infrastructure and established relationships with Orthotic & Prosthetic clinics worldwide.

Fior & Gentz aligns closely with our culture and offers compelling commercial synergies and accretive financials. In a market supported by strong structural growth, this acquisition has the potential to deliver significant long-term value creation for Embla Medical.

Strong Long Term Growth Drivers

(Potential to exceed underlying market growth of 10-12% YoY)

Expand Patient Reach

- Growing patient population as more patients will be diagnosed with chronic neurological diseases
- Increasing fitting rates as the awareness and knowledge on the functional benefits of Neuro Orthotics expands

Increased Product Use

- Market Access: Potential to substantially improve reimbursement as demand for more efficient mobility solutions increases
- High-end product and service offering leading to improved renewal cycles

Increase Value

- Functional trade-up through use of more advanced Neuro Orthotics (Bionics)
- Innovation leading to better clinical outcomes and higher price points

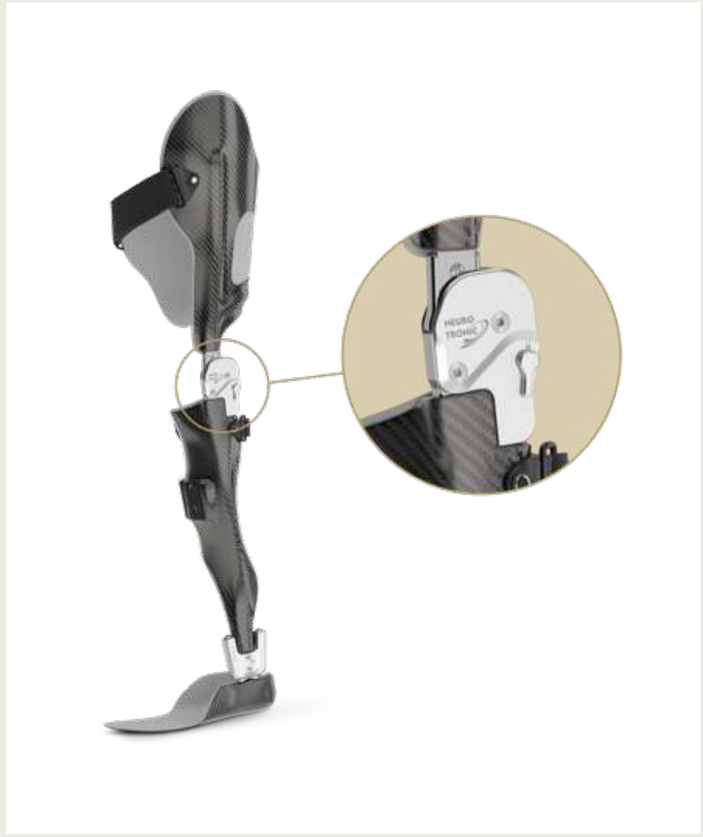
Highly Innovative and Differentiated Neuro Orthotic Product Portfolio

Ankle Foot Orthosis (AFO)



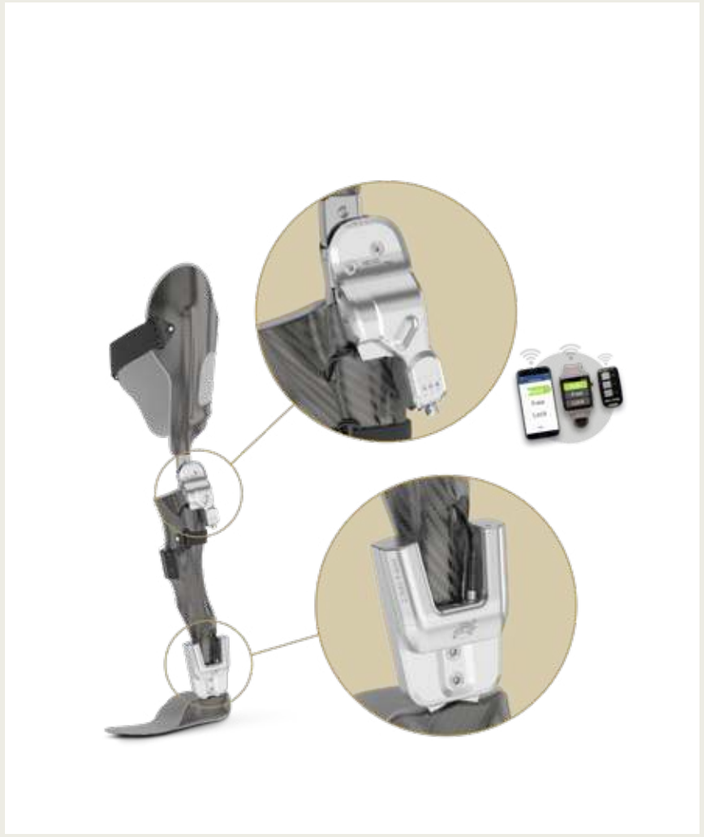
- Designed to provide customized support for patients with different levels of mobility impairment.
- If the patient's plantar flexors are weak, the orthosis provides compensatory stability during standing and walking, while enhancing safety and preventing falls.

Knee, Ankle and Foot Orthosis (KAFO)



- Designed to provide critical support for patients with paralysis or muscle weakness affecting the knee, ankle, and foot.
- The orthotic joints possess adjustable and dynamic functional elements that allow the orthosis function to be adapted to the patient's needs.

Neuro HiTronic and Neuro HiSwing R+ (Bionic Knee Joints)



- The Neuro HiTronic system knee joint and the Neuro HiSwing R+ system ankle joint are suitable for knee-ankle-foot orthosis (KAFO) with microprocessor-controlled swing phase and stance phase control providing a particularly high level of safety for the patient, while achieving a more natural gait.
- The Neuro HiSwing R+ as the worldwide first developed hydraulic system ankle joint could be also used in AFO's.

Chronic Neurological Disorders Represent a Significant Untapped Market Opportunity for Neuro Orthotics To Improve Patient Mobility

Examples of relevant indications for custom-made orthoses for paralyzed patients (non-exhaustive)

NEUROLOGICAL DISORDER	Stroke (Apoplexy)	Multiple Sclerosis	Cerebral Palsy (CP)	Spinal Cord Injuries
PREVALENCE	1 in 4 adults over the age of 25 will have a stroke in their life[1]	2.9m (globally)[3]	2 out of 1,000 live births will have Cerebral Palsy in their life[5]	15m (globally)[6]
MOBILITY STATISTICS	Est. 15-30% of stroke patients experience some form of lower limb weakness or paralysis. 25-30% of these patients do not regain their ability to walk independently[2]	Within 10-15 years of disease onset, 80% of patients report gait disturbance. 50-70% of MS patients report falls within 6-month period.[4]	At least 25% of adults with CP report deterioration in walking. Adults with CP experience 6x as many falls as healthy adults[5]	~70% of spinal cord patients end up in a wheelchair (powered or manual) while the remaining patients use walkers, braces, and crutches as their mobility aid[7]
MOBILITY SUPPORT	Canes/crutches, wheelchairs, physiotherapy, balance training, orthoses	Canes/crutches, wheelchairs, physiotherapy, balance training, orthoses	Braces, canes/crutches, wheelchairs, orthoses	Canes/crutches, walkers, wheelchairs, and scooters
ESTIMATED PENETRATION ORTHOTICS AND NEURO ORTHOTICS[8]	Developed Markets: Below 5% (Germany 15-20%)	Developed Markets: Below 5%	Developed Markets: Below 5%	Developed Markets: Below 5%

Sources:
1) www.world-stroke.org
2) AHA/ASA – Stroke Journal "Long-term outcomes of stroke patients with and without walking ability (B.B.Kwakkel, 2003)
3) National Multiple Sclerosis Society
4) http://herl.pitt.edu/jrrd/Souza_MS_Lit_review_JRRD.pdf
5) National Institutes of Health https://pmc.ncbi.nlm.nih.gov/articles/PMC9804547/Ss
6) World Health Organization https://www.who.int/news-room/fact-sheets/detail/spinal-cord-injury
7) https://www.researchgate.net/publication/287111063
8) Embla Medical Management estimates

INTERVIEW WITH



Jörg Fior
Fior & Gentz Founder



Ralf Gentz
Fior & Gentz Founder

Q1: What attracted you to join forces with Embla Medical, and how do you envision the combined business developing over the next 3-5 years?

A: Over the years, we've had ongoing dialog with Össur - now Embla Medical - as we share the same vision and mission about enabling life without limitations through transformative innovation that improves people's mobility. Joining Embla Medical is an exciting opportunity for us to expand our global reach and collaborate with talented people around the world. Additionally, our product offering in the neuro orthotic space is an excellent match to Embla Medical's Growth'27 strategy, which addresses chronic mobility challenges through a broad and innovative product portfolio.

In Germany, we have successfully established a proof-of-concept for our portfolio. If we can replicate this success in other markets, we should be able to develop and build a meaningful business over the next 3-5 years as there are many similarities to the prosthetics business.



Q2: How well established is the neuro orthotics market outside of Germany in terms of awareness, reimbursement, and infrastructure? Which markets will you prioritize?

A: Orthotics and Neuro Orthotics are partially established in some developed markets, but much depends on individual solutions addressing specific needs which may have obtained reimbursement in select markets. However, as a category, Neuro Orthotics remain far from maturity in most developed markets – likely one to two decades behind prosthetics – due to low awareness. Neuro Orthotics hold significant potential for treating a range of chronic neurological disorders across multiple markets if we are successful in increasing awareness and establishing reimbursement.

From a commercial perspective, our immediate priorities for the rollout strategy include the U.S., Western European markets, and Australia.

Q3: Can you talk about the innovation cycle and the need for ongoing replacements for patients?

A: We continuously launch new products as part of our product life cycle management strategy. The growing demand for personalized and functionally advanced neuro orthotics is driving a need for regular upgrades and product launches. This is especially true for sophisticated and intelligent products, such as Bionics.



All new product developments are highly innovative, ensuring our innovation leadership and competitive edge. On average, it takes about three years for new products to enter the market from idea through development to manufacturing and commercialization. This timeline varies based on factors such as functionality, level of sophistication, digitalization and reimbursement.

Commenting on the integration of Fior & Gentz within the Embla Medical commercial organization, Thomas Beckers, Managing Director Portfolio Brands, shared the following insights.

Q4: Has anything come as a surprise during the integration process? What has been the initial feedback from colleagues and your clinical customers?

A: Wherever we go, we get amazing feedback from both internal stakeholders, customers and patients. It is particularly rewarding to see patients' reactions after a test fitting. Patients can have high expectations when it comes to the solutions offered, which highlights the importance of properly training our customer base to assess patient needs and deliver custom fabricated solutions using Fior & Gentz joints.

Our local sales and marketing teams have shown great interest in the Fior & Gentz offerings. Our loyal customer relationships in key markets have helped us open doors and roll-out the portfolio. In most markets, we are appointing dedicated specialists who work closely with the local sales and marketing teams to ensure proper education, both internally and externally. Reimbursement remains a challenge in some markets, but through increasing awareness and proper education, we are seeing increased recognition of our neuro orthotic offerings. It will take time to develop this market, similar to the evolution we have seen in prosthetics over the years.

Expanding US Medicare coverage to K2 patients represents a Mid-to-Long-Term Growth Opportunity for Embla Medical

Classification of functional levels for prosthetic users

K1 ▪ Single-speed walker ▪ Household walking only **Not in scope for extended coverage**	**K2** ▪ Limited community walker ▪ Can handle curbs and stairs **In scope for extended coverage as of Sept 1, 2024**
K3 ▪ Unlimited community walker ▪ Can navigate most barriers **Lower extremity amputees under existing Medicare coverage**	**K4** ▪ Beyond basic walking ▪ High impact/high energy **Lower extremity amputees under existing Medicare coverage**

Today Medicare accounts for ~30% of the revenue of an avg O&P facility in the US. K2 and K3 patients account for the majority of Medicare's prosthetics claims today.

	K2	K3
Medicare **Claims**	~45%	~55%
Medicare **Payments**	~10%	~90%

Medicare total annual spend on lower limb MPKs: USD ~100M (Medicare + Medicare Advantage)

Source: Embla Medical Management estimates based on Medicare data

MARKETS

US MEDICARE COVERAGE EXPANDED

Expanded Coverage for Less Mobile K2 Patients

As of September 1, 2024, US Medicare expanded its coverage of microprocessor knees (MPKs or Bionic knees) to include K2-level amputees. This significant policy change will enable a broader patient population to access bionic knee technology.

Previously, Medicare had restricted access to these knees to only more active amputees classified as functional levels K3 and K4. Medicare changed its coverage policy based on a substantial body of research spanning more than a decade proving that more advanced prosthetic devices lead to significant clinical benefits for active K2 amputees, including reduced fall rates, improved mobility, and increased patient confidence while walking. These benefits, in turn, have the potential to improve patients' quality of life with also reducing healthcare expenditures.

This decision creates a pathway for K2 transfemoral amputees to use more functional knee and foot solutions than they have historically had access to. Importantly, K2 functional level patients account for a large part of the overall amputee population. Key requirements for K2 individuals to qualify for K3 knees and feet include (1) documentation that a bionic knee (MPK) or other K3 knee will improve functional outcomes, (2) that lower-level prosthetic options have been considered, and (3) that any microprocessor-controlled knee must include integrated stumble recovery.



In addition, the extended coverage may also grant these K2 functional level amputees with a transfemoral amputation access to a compatible high active K3 foot solution as a complement to the bionic knee when certain coverage criteria are met.

Embla Medical welcomes this decision, which we believe will considerably improve these individuals' lives, helping them become more active and able to perform critical activities of daily living more independently. As a leading global provider of innovative mobility solutions, we believe we can be part of the solution needed to address this patient population suffering from chronic mobility challenges, helping them live a Life Without Limitations®.

INTERVIEW WITH



Dave McGill

VP Market Access Americas

Q1: What are the biggest take aways from this coverage expansion – and what does it mean to Embla Medical and these patients?

A: This coverage expansion represents the most significant reimbursement change in lower extremity prosthetics of the 21st century. This is the first time ever US Medicare allows less mobile patients with amputations above the knee to receive microprocessor-controlled knees (MPKs). By doing so, Medicare has confirmed what clinicians have long understood and what research proves; that MPKs provide unique benefits to patients with greater mobility challenges. Embla Medical can now offer its technology to a patient group that historically was denied these devices.

Q2: How do you foresee the dynamics playing out between public and private payers regarding reimbursement?

A: Today, Medicare accounts for roughly 30% of all patients in an average O&P patient care facility. That's where we see the potential for more short-term growth – in Medicare. But more than half of an O&P's revenue comes from commercial health plans. Medicare's coverage expansion does not require those companies to follow suit. While we expect to see those commercial insurers adopt Medicare's new guidelines, we think that will happen



more slowly, as new Medicare policy tends to have a trickle-down effect on commercial health plans, but it doesn't happen overnight.

Q3: Could you please elaborate on the product validation / reimbursement approval process for bionic products? Is it harder to get K2 patients approved for these devices than K3 patients?

A: The short answer is that prosthetists will have to do more to get a K2 patient approved for an MPK than they do for a K3 patient. There are 5 new requirements that they must focus on: First, prosthetists have to show how a K3 knee will improve a patient's functional outcomes i.e. demonstrate that the MPK will help reduce falls/ injuries etc. Second, prosthetists have to show how the MPK will improve the K2 patient's ability to perform daily activities such as climbing stairs, grocery shopping, sitting and standing. Third, prosthetists have to document that they considered K2 knees and ruled them out. Fourth, prosthetists have to establish that the recommended MPK is "indicated" for use by K2 patients. Finally, prosthetists must use MPKs that have stumble recovery. Stumble recovery refers to one of the most basic functions of virtually all MPKs already on the market – the ability to increase resistance when the patient's knee would otherwise collapse. Össur's Rheo Knee and Navii and College Park's Icon have this function.

Q4: How have the different O&P clinics responded to the reform and is there any difference between independent O&P clinics and your network of patient care facilities? Are they similarly motivated?

A: Clinics see this as a long-overdue opportunity to provide patients with less mobility and a higher risk of falls prosthetic solutions that address those clinical issues. Ever since manufacturers first introduced MPKs, prosthetists understood that they would help K2 patients even more than K3's. This coverage expansion gives prosthetists the ability to provide a solution to patients that they have talked about for two decades. Our Market Access team has spent, and continues to spend, a great deal of time educating both independent O&P's and those that we own about these new requirements so that they can receive authorization approvals for these more advanced devices.



INNOVATION

PATIENT-DRIVEN INNOVATION

Strong Intellectual Property Portfolio

Developing and maintaining a strong intellectual property (IP) portfolio is key to sustaining our position at the forefront of innovation in the industry. Our IP portfolio consists of various types of IP assets, strategically developed, and registered to protect our products and technologies, as well as our industry-leading brands. At year-end 2024, the IP portfolio consisted of over 2,100 patents and patent applications as well as around 660 trademarks and 560 domain registrations. According to a report by the Icelandic Intellectual Property Office from 2023, Össur was recognized as the leading Icelandic company in patent filings in the field of life science for the period 2010-2022, having filed 63% of Icelandic patent applications in the United States and European Patent Offices.

Product Launches during 2024:



Pro-Flex® Terra

Össur
Prosthetics - Mechanical Feet

Pro-Flex Terra combines the performance expected from a high-active Pro-Flex foot with the adaptability and control needed for diverse everyday activities. With a pre-tensioned carbon unit, pre-compressed foam, and a single anchor point with gliding contact pad, Pro-Flex Terra is the next evolution in prosthetic foot technology.



Icon®

College Park
Prosthetics - Bionic Knees

Icon features responsive sensors, streamlined setup, and the intuitive Stride Studio™ app. Icon is a versatile solution for low to high activity users.



Navii®

Össur
Prosthetics - Bionic Knees

Navii is a durable, waterproof microprocessor knee (MPK) with unparalleled freedom of movement. Navii ensures confidence in every step, no matter the terrain. Available in five nature-inspired colors, Navii's protective covers can be effortlessly switched with a magnetic snap-on to suit any occasion.



Iceross Seal-In® X Locking TF and Icelock® 850 Hybrid

Össur
Prosthetics - Liners

The Iceross Seal-In X Locking Liner TF provides users with a combination of locking suspension and Seal-In, combining the benefits of both. Paired with Icelock 850 Hybrid, users who prefer the direct, mechanical connection to the socket of locking liners can now experience the many benefits of Seal-In vacuum and Unity® elevated vacuum suspension by Össur.



Next Generation Finger Portfolio

Naked Prosthetics
Prosthetics - Upper Limb

The third generation of Naked Prosthetics technology features significant enhancements to the PIPDriver®, MCPDriver®, ThumbDriver®, and GripLock Finger®. With a refreshed color palette, new surface textures, and customizable hardware, this update delivers greater personalization and improved durability, driven by market feedback and advanced manufacturing.

INTERVIEW WITH



Sveinn Sölvason

President and CEO

Q1: Can you elaborate on the priorities for Embla Medical's R&D Strategy? What makes you most excited 3-5 years down the road?

A: Our ability to innovate and service amputees with advanced solutions, aimed at improving independence and quality of life is a core element and focus of our R&D strategy. We are beginning to see supportive changes in the reimbursement landscape around the world, validating advanced prosthetics for less mobile patients, which allows us to service that population with solutions that are intended to have significant impact on people's mobility. Considering the clinical and social needs of this particular patient group, makes this change highly important and encourages us on our patient centric journey.

It is exciting to see how fast-evolving technologies such as Artificial Intelligence can play a critical role in product development and services going forward. This will undoubtedly transform our industry in the years to come and provide many new and exciting opportunities that will further improve quality of life for people around the world.



Q2: Embla Medical is known for being one of the pioneers and innovation leaders in the space of Prosthetics and Bionics – can you elaborate how your innovation model and solutions are differentiated in the industry?

A: Our innovation at Embla Medical is built on real patient needs with a great emphasis on customization, improving the experience, and usability for the individual patient.

What we aim to develop across Embla Medical are solutions that not only improve people's lives and mobility in the present but also in the future. A great example is our Pro-Flex® Pivot foot solution, which beyond offering a natural, comfortable, and adaptable gait for the amputee also limits the strain on the sound side knee, reducing the risk of developing osteoarthritis for our patients.

While we attempt to adopt every technical advancement available to us, we focus first and foremost on the application and how technology will directly benefit our patients. It is not always about complex technology, but it is always about patient perception and experience.



Q3: You have several external collaborators including Academia – can you talk to how these partnerships contribute?

A: Close collaboration with academia is important and allows us to access groundbreaking research very early on, interacting with subject matter experts in those fields. This allows us to focus on the application ourselves, the impact to patients, and practicalities around developing market-ready products. The partnership with universities also allows us to "pay it back" by granting students and faculty the opportunity to work in relation to a commercial environment where application and market needs are at the forefront. We see great value in these collaborations.

Q4: Last year you inaugurated a new innovation center – how has this helped drive the culture and collaboration across functions at Embla Medical?

A: It has been fantastic to finally establish a "new home" for our growing R&D team in Iceland, who are all dedicated to developing new solutions for the millions of people globally, who rely on our mobility solutions and services.

The new innovation center has further facilitated a "user centric" environment. We have a very open and informal atmosphere in R&D, which promotes our ways of working and the way we think about innovation, all the way from brainstorming and ideation through to concrete development projects and test activities. It's been great to see how interactions flourish across many functions within the organization with the opening of our new innovation center.

PERFORMANCE

FIVE-YEAR OVERVIEW

USD MILLION	2024	2023	2022	2021	2020
Net sales	**855**	786	719	719	630
Gross profit	**535**	486	440	455	391
Operating expenses (excl. other income)	**422**	398	373	360	338
EBITDA	**169**	139	114	149	93
EBITDA before special items	**173**	139	128	149	93
EBIT	**113**	89	65	97	28
Net profit	**69**	59	43	66	8
Sales Growth					
Sales growth USD %	**9**	9	0	14	(8)
- Organic growth %	**6**	9	4	10	(10)
- Currency effect %	**0**	(1)	(7)	3	0
- Acquired business %	**3**	1	3	1	2
Balance Sheet					
Total assets	**1,539**	1,386	1,325	1,247	1,214
Equity	**781**	705	636	627	577
Net interest-bearing debt (NIBD)	**414**	395	404	363	381
Cash Flow					
Cash generated by operations	**160**	126	92	128	119
Free cash flow	**77**	52	35	74	68

USD MILLION	2024	2023	2022	2021	2020
Key Ratios					
Gross profit margin %	**63**	62	61	63	62
EBIT margin %	**13**	11	9	14	4
EBITDA margin %	**20**	18	16	21	15
EBITDA margin before special items %	**20**	18	18	21	15
Equity ratio %	**51**	51	48	50	48
NIBD to EBITDA	**2.4**	2.8	3.2	2.4	4.1
Effective tax rate %	**24**	23	23	24	38
Return on equity %	**9**	9	7	11	1
CAPEX to net sales %	**4.6**	5.4	3.6	3.7	3.8
Full time equivalent at period end	**4,078**	3,999	3,892	3,761	3,385
Full time equivalent on average	**4,091**	3,945	3,866	3,668	3,505
Market					
Market value of equity	**2,125**	1,713	2,035	2,724	3,380
Number of shares in millions	**428**	421	423	423	423
EPS in US cents	**16.2**	14.0	10.3	15.6	1.9
Diluted EPS in US cents	**16.2**	14.0	10.3	15.5	1.9



PERFORMANCE

PERFORMANCE IN 2024

Financial Performance in 2024

- Sales amounted to USD 855 million where organic growth was 6% and local currency growth was 9% including acquisitions.
- Prosthetics & Neuro Orthotics sales grew by 9% organic, Bracing & Supports sales grew by 1% organic, and Patient Care sales grew by 5% organic. Growth is attributed to solid volume growth and positive product mix supported by strong performance in our high-end solutions.
- Gross profit margin was 63%, compared to 62% in 2023. The gross profit margin was positively impacted by cost reduction initiatives in manufacturing implemented during the first quarter of 2024, as well as favorable product mix and manufacturing efficiency.
- EBITDA margin before special items increased to 20% compared to 18% in 2023. The EBITDA margin expansion was driven by strong sales performance, cost savings and efficiency in manufacturing, and effective cost control in SG&A.
- Net profit grew by 17% and amounted to USD 69 million or 8% of sales compared to 7% of sales in 2023.
- Free cash flow amounted to USD 77 million or 9% of sales compared to 7% of sales in 2023.
- NIBD/EBITDA before special items was 2.4x at the end of 2024, within our target range of 2-3x EBITDA in line with our capital structure and capital allocation policy.

2025 Outlook

- Organic sales growth guidance is 5-8%, driven by continued strong volume growth and moderate price increases.
- EBITDA margin guidance is 20-21%, driven by scale and efficiency coupled with continued focus on cost control in SG&A.

Financial Guidance for 2025

USD MILLION	2024	2023	GUIDANCE 2025
Sales growth, organic	6%	9%	5-8%
EBITDA margin before special items	20%	18%	20-21%

Financial Performance

Sales Performance

Sales in 2024 amounted to USD 855 million, compared to USD 786 million in 2023, corresponding to 6% organic growth, a 9% increase including acquisitions (local currency growth) and a 9% reported growth (USD growth).

Impact on sales from acquisitions amounts to about a 3%-point positive effect on the reported growth rate. Currency movements in 2024 were neutral.

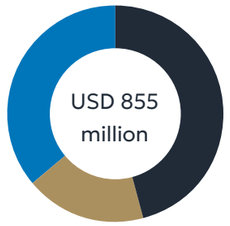
Sales by Geographical Segment

USD MILLION	2024	ORGANIC GROWTH	Δ ACQ.	Δ CURR. EFFECT	USD GROWTH
Americas	393	3%	0%	0%	2%
EMEA	395	10%	7%	0%	17%
APAC	67	4%	0%	(2%)	3%
Total	**855**	**6%**	**3%**	**0%**	**9%**

Sales by Business Segment

USD MILLION	2024	ORGANIC GROWTH	Δ ACQ.	Δ CURR. EFFECT	USD GROWTH
Prosthetics & Neuro Orthotics	451	9%	6%	(1%)	14%
Bracing & Supports	148	1%	0%	0%	1%
Internal product sales	(39)	9%	0%	(1%)	8%
External sales	**561**	**7%**	**5%**	**0%**	**11%**
Patient Care	294	5%	0%	0%	5%
Total	**855**	**6%**	**3%**	**0%**	**9%**

Business Segments



Prosthetics & Neuro Orthotics sales amounted to USD 451 million and grew by 9% organic in 2024. Bracing & Supports (B&S) sales amounted to USD 148 million and grew by 1% organic and Patient Care sales amounted to USD 294 million and grew by 5% organic.

Strong sales growth in Prosthetics and Neuro Orthotics was driven by solid volume growth and positive product mix supported by strong performance in our high-end solutions. Throughout 2024, the EMEA region demonstrated strong growth across key markets and product categories, including high-end solutions such as bionic and high-end mechanical feet.

Organic sales growth in Bracing and Supports came in modestly for the year where growth was good in key product categories, but sales were negatively impacted by challenging market dynamics in select product categories and markets.

In Patient Care, we delivered solid growth in 2024, driven by strong patient volume growth and positive mix effects, especially in EMEA.



Operations

Gross profit in 2024 amounted to USD 535 million or 63% of sales compared to 62% of sales in 2023. The gross profit margin was positively impacted by cost reduction initiatives in manufacturing implemented during Q1 2024 in addition to scalability from strong sales performance, positive product mix, and manufacturing efficiency.

Operating Expenses

Operating expenses, excluding other income, amounted to USD 422 million or 49% of sales compared to 51% of sales in 2023. Lower OPEX relative to sales can be attributed to effective cost control within SG&A during the year.

EBITDA

EBITDA before special items amounted to USD 173 million or 20% of sales, compared to EBITDA before special items of USD 139 million or 18% of sales in 2023.

The expanded EBITDA margin in 2024 compared to 2023 was mainly driven by an increase in our gross margin as well as effective cost control in our SG&A costs. Currency impact on the EBITDA margin including hedging was neutral compared to 2023.

Financial Items, Income Tax and Net Profit

Net financial expenses in 2024 amounted to USD 26 million compared to USD 17 million in 2023. The increase in financial expenses compared to prior periods is mainly related to the higher borrowings in relation to the acquisition of Fior & Gentz in January 2024. In addition, net exchange rate differences due to currency developments impacted our net financial expenses negatively by around USD 4 million in 2024 compared to 2023.

Income tax amounted to USD 22 million in 2024, corresponding to a 24% effective tax rate, compared to USD 17 million in 2023 or 23% effective tax rate.

Net profit in 2024 amounted to USD 69 million or 8% of sales, compared to USD 59 million or 7% of sales in 2023. Net profit was positively impacted by stronger operating profit but negatively impacted by net financial items. Diluted earnings per share in 2024 amounted to 16.2 US cents, compared to 14.0 in 2023.



Cash Flow

Cash generated by operations amounted to USD 160 million or 19% of sales in 2024 compared to USD 126 million or 16% of sales in 2023. Cash generation was strong in 2024, driven by increased sales and stronger operating profit.

Capital expenditures (CAPEX) amounted to USD 39 million or 5% of sales in 2024 compared to USD 42 million or 5% of sales in 2023. CAPEX in the year was above a normalized level, mainly driven by facility expansion programs at key locations to support future growth. Programs were concluded during the third quarter 2024 and CAPEX returned to normalized levels of 3-4% of sales in Q4 2024.

Free cash flow in 2024 amounted to USD 77 million or 9% of sales, compared to USD 52 million or 7% of sales in 2023. Free cash flow was positively impacted by stronger operating results but negatively impacted by higher interest expenses and CAPEX.

Bank balances and cash equivalents amounted to USD 86 million at year-end 2024 and USD 50 million of existing facilities were undrawn. Bank balances and cash equivalents in addition to undrawn credit facilities at the end of 2024, therefore, amounted to USD 136 million.

Capital Structure

Net Interest-Bearing Debt
Net interest-bearing debt, including lease liabilities, amounted to USD 414 million at year-end 2024 compared to USD 395 million at year-end 2023. Net interest-bearing debt to EBITDA before special items corresponded to 2.4x at year-end 2024, which is within the target range of 2.0-3.0x.

Share Buybacks and Dividends
The purpose of the share buyback program is to reduce the Company's share capital and adjust the capital structure with a desired capital level of 2.0-3.0x net interest-bearing debt to EBITDA before special items, by distributing capital to shareholders in line with the Company's Capital Structure and Capital Allocation Policy.

The leverage ratio is back within the target range of 2.0-3.0x and therefore the share buyback program is to be reinitiated.

At year-end 2024, treasury shares totaled 701,647.



PERFORMANCE

GUIDANCE FOR 2025

GUIDANCE	GUIDANCE 2025	ACTUAL 2024
Sales growth, organic	5-8%	6%
EBITDA margin before special items	20-21%	20%
For Modeling Purposes		
CAPEX as % of sales	3-4%	5%
Effective tax rate	23-24%	24%

For 2025, organic sales growth is expected to be in the range of 5-8%. Continued strong performance is expected in Prosthetics & Neuro Orthotics across regions, supported by solid growth in the core business, contributions from the launch of bionic knees Navii® and Icon® expected in Q1 2025, and positive impact from the US Medicare Coverage Expansion for K2 patients. In addition, the ongoing rollout of our Neuro Orthotics offerings (Fior & Gentz) into new markets is expected to contribute to growth, leveraging Össur's global commercial infrastructure and the ForMotion footprint within O&P clinics.

In Patient Care, we expect good growth in line or above market growth across regions with solid volume growth, and increased efficiency increased efficiency, bearing in mind that EMEA may be somewhat impacted by a strong comparison in 2025 compared to 2024.

Lastly, Bracing & Supports is expected to grow approximately in line with market growth, with solid growth in key regions and product categories in 2025, but some competitive pressure in selected markets.

EBITDA margin is expected to be in the range of 20-21% for 2025. The EBITDA margin is expected to be positively impacted by solid sales performance, a favorable product mix from high-end solutions, continued efficiency gains in manufacturing, and cost control in SG&A.

Potential impact as a result of the US trade tariffs has not been reflected in the guidance. It should be noted that potential tariffs can directly negatively impact Embla Medical's cost of goods sold (COGS). However, significant uncertainty remains regarding the details of implementation and which product groups may eventually be affected. When the situation becomes clearer, Embla Medical will provide more specific communication around the potential impact on its business and financial guidance.

At current foreign exchange rates, the EBITDA margin is expected to have a largely neutral impact compared to 2024, assuming all other factors remain constant. Additional information on foreign exchange assumptions can be found in the next section.

Foreign Exchange

Sales are particularly exposed to fluctuations in the EUR/USD exchange rate. Additionally, the ISK has a relatively high impact on operating results as a substantial part of manufacturing, R&D, and some corporate functions, are based in Iceland, while sales in ISK are minimal. A breakdown of sales and costs by main currencies can be found in note 4 of the accompanying Condensed Interim Consolidated Financial Statements.

All else being equal, a +/- 5% movement in EUR/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.5-4.5 million when unhedged. The same movement in ISK/USD is estimated to have an annual impact on EBITDA in the range of +/- USD 3.5-4.5 million when unhedged. Embla Medical utilizes forward contracts to hedge approximately 50% of the estimated net currency exposure in ISK.





GOVERNANCE

SHAREHOLDER INFORMATION

Embla Medical is a large cap company that has been listed on the Nasdaq Copenhagen since 2009 and prior to that on Nasdaq Iceland since 1999.

At year-end 2024, the share capital of Embla Medical was 427,636,122 nominal value, divided into the same number of shares. There is only one class of shares, and all shares carry one vote, besides treasury shares that do not carry voting rights.

Key Information Table

Market	ISIN	Ticker	Industry	No. of Shares
Nasdaq Copenhagen	IS0000000040	EMBLA	Healthcare	427,636,122

Ownership Structure

William Demant Foundation — Grant Activities

100%

William Demant Invest

Strategic Long-Term Investments

Demant 55-60%	EMBLA MEDICAL™ 51%	visionrt 93%	jeudan 42%
Vitrolife 29%	CELLAVISION 20%	REVENIO 20%	INVISIO® 18%

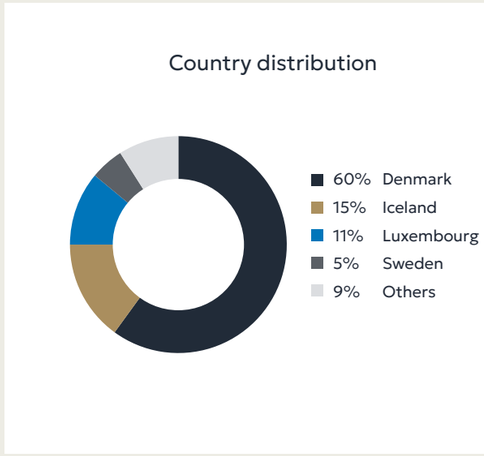
Other Investments

GN >10%	PLEO 8%

Embla Medical's largest shareholder is William Demant Invest A/S (WDI) which held 51% of the total shares and 51% of the voting rights at year-end 2024.

WDI has been a shareholder in Embla Medical (previously Össur) since 2004. In an announcement from WDI on 4 January 2018, when their ownership in Embla Medical crossed the 50% threshold, it was stated that the intention was to hold 50-60% of Embla Medical's shares going forward. Apart from Embla Medical, the fund's investment activities include holdings in Demant, a leading provider of hearing aids, as well as Vision RT, Vitrolife, CellaVision, Revenio, Jeudan, INVISIO, GN Store Nord and Pleo. At year-end 2024, the following shareholders had announced holdings above 5% to the company.

Shareholders - Geographical Distribution



Major Shareholders

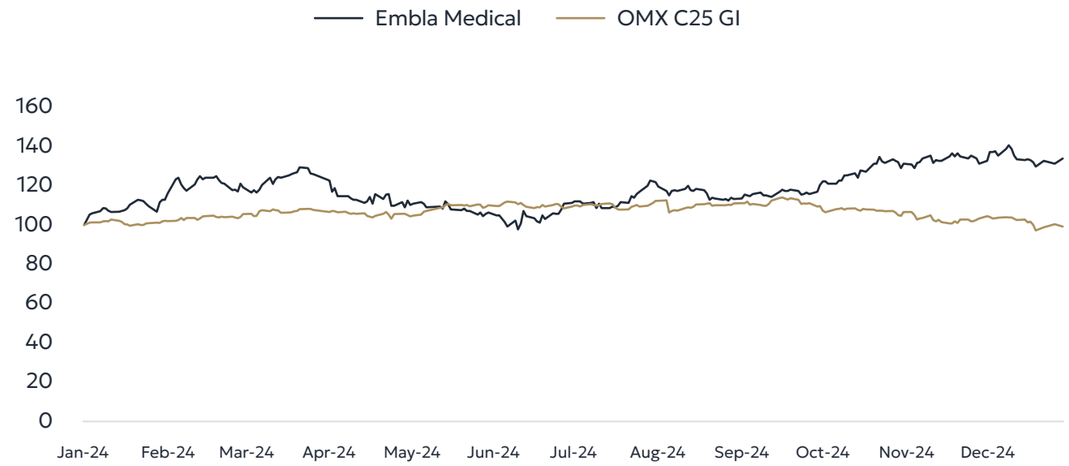
The following shareholders have announced holdings above 5% to the company:

INVESTOR	TYPE	COUNTRY	THRESHOLD CROSSED
William Demant Invest	Investment Fund	Denmark	50%
Inter Long Term Capital S.A.	Investment Fund	Luxembourg	10%
ATP	Pension Fund	Denmark	5%
Lífeyrissjóður verzlunarmanna	Pension Fund	Iceland	5%

Share Performance

Embla Medical's share price increased by 30% in 2024, from DKK 27.5 per share at year-end 2023 to DKK 35.6 per share at year-end 2024. Embla Medical's market capitalization was DKK 15.3 billion (USD 2.1 billion) at year-end 2024 compared to DKK 11.6 billion (USD 1.7 billion) at year-end 2023.

Share Performance (Indexed)





Capital Allocation

With emphasis on growth opportunities, value-adding investment opportunities and acquisitions, Embla Medical decided to discontinue dividend payments in 2022 and instead focus on returning excess capital to shareholders via purchase of own shares. This is in accordance with Embla Medical's Capital Structure and Capital Allocation Policy approved by the Board of Directors in 2022.

During 2024, Embla Medical's share buyback program has been temporialy on pause following the acquisition of Fior & Gentz announced on January 16, 2024. The share buyback program is however now to be reinitiated granted that the net interest-bearing debt to EBITDA at year-end was 2.4x which is within the target range of 2.0-3.0x.

At year-end 2024, treasury shares totaled 701,647.

Since 2013, when Embla Medical started returning capital to shareholders, we have paid out total of 245 million USD.

Annual General Meeting

Embla Medical's AGM will be held on 12 March 2025. The meeting is convened with at least three weeks' notice. The AGM results are sent to the news system of Nasdaq immediately following the meeting and are also made available on Embla Medical's IR website.

Analyst Coverage 2024/2025

COMPANY	ANALYST	EMAIL	COUNTRY
ABG Sundal Collier	Morten Larsen	morten.larsen@abgsc.dk	Denmark
Carnegie	Niels Granholm-Leth	niels.leth@carnegie.dk	Denmark
Danske Bank	Tobias Nissen	tonis@danskebank.dk	Denmark
Nordea	Martin Brenøe	martin.brenoe@nordea.com	Denmark
SEB	Yiwei Zhou	yiwei.zhou@seb.dk	Denmark
DNB	Jesper Ingildsen	jesper.ingildsen@dnb.no	UK
Økonomisk Ugebrev	Steen Albrechtsen	sa@ugebrev.dk	Denmark
Intron Health Research	Naresh Chouhan	naresh@intronhealthresearch.com	UK



Financial Calendar

Q1 2025

Annual General Meeting
12 March 2025

Interim Report Q1
29 April 2025

Q2 2025

Interim Report Q2
22 July 2025

Q3 2025

Interim Report Q3
21 October 2025

Q4 2025

Interim Report Q4 and Annual Report 2025
3 February 2026

Investor Relations

Embla Medical's policy is to disclose financial and corporate information to provide investors, analysts, and other stakeholders with comprehensive and accurate information to help them understand Embla Medical's current and expected developments.

Financial reports, announcements, presentations, the financial calendar, upcoming events, share information, and other information can be found on the company's website.

Contact Investor Relations and Corporate Communications



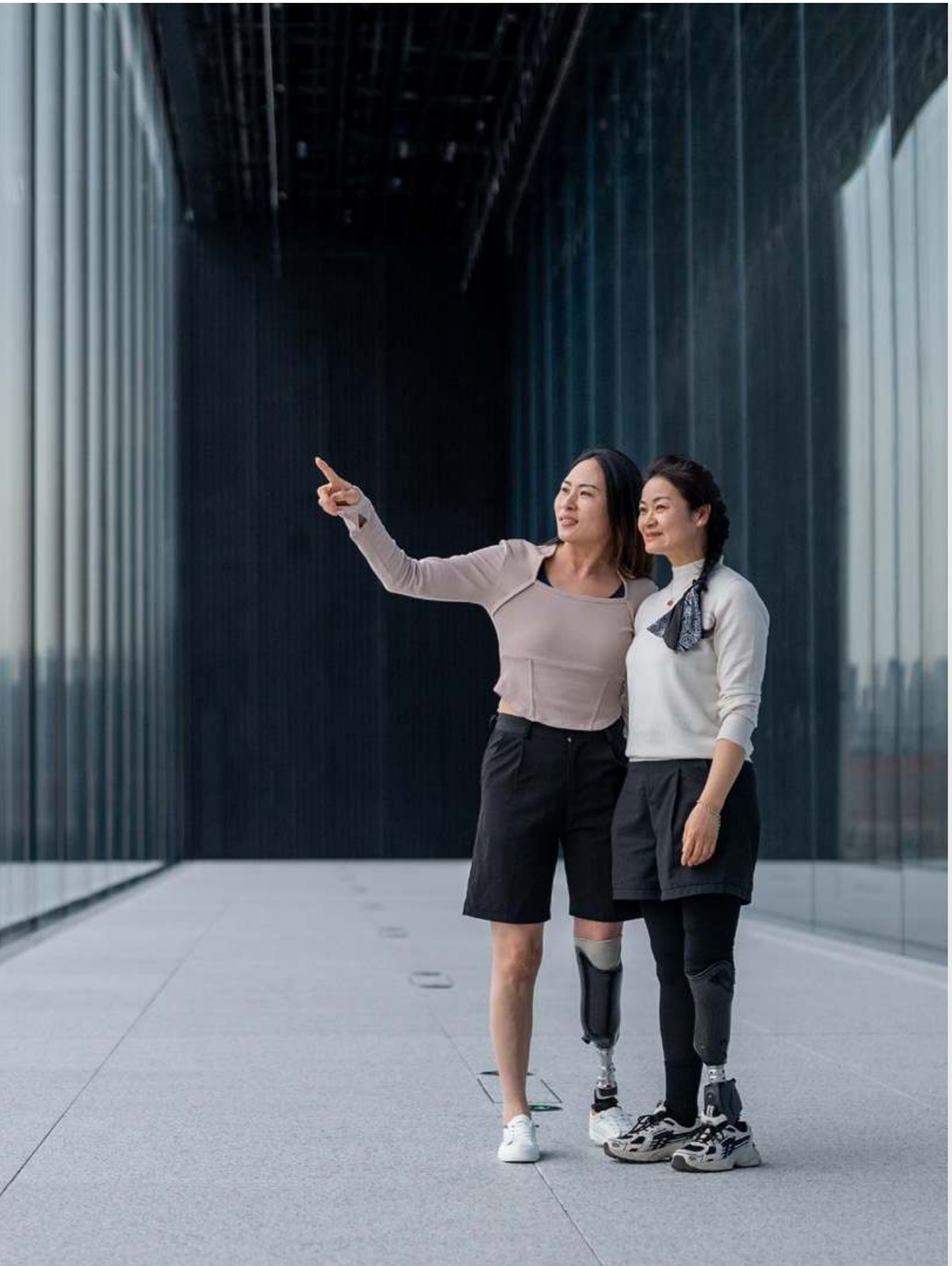
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Edda H. Geirsdóttir
VP Corporate Communications

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M +354 664 1055



GOVERNANCE

CORPORATE GOVERNANCE

Organizational Structure

According to the Articles of Association, Embla Medical is managed by Shareholders' Meetings, the Board of Directors (the Board), and the Chief Executive Officer (CEO). Their roles and responsibilities are described below.

Shareholders' Meetings

The supreme authority in Embla Medical's affairs is in the hands of lawful Shareholders' Meetings, within the limits provided for in the Articles of Association and law.

Resolutions at Shareholders' Meetings generally require a simple majority. However, resolutions to amend the Articles of Association generally require two-thirds of the votes cast and capital represented.

Minutes of Shareholders' Meetings are available on our website.

At each Annual General Meeting the Shareholders:

- Confirm the Consolidated Financial Statements and decide on the distribution of the net profit.
- Approve the Remuneration Policy.
- Decide on the remuneration for the Board of Directors.
- Elect the Board of Directors.
- Elect an auditor.

Other resolutions are made on an ad-hoc basis, such as:

- Amendments to the Articles of Association:
  - Capital reductions.
  - Authorizations for the Board of Directors to increase the share capital.
- Authorizations to the Board of Directors:
  - Purchase own shares.
  - Initiate share buyback programs.

Board of Directors

The Board of Directors is the supreme authority in Embla Medical's affairs between Shareholders' Meetings. The Board shall operate in accordance with the Articles of Association and the Board's Rules of Procedure.

The Board of Directors' work, role and responsibilities are further described in the Board's Rules of Procedure, which are reviewed annually by the Board and updated as necessary.

The Board's Rules of Procedure are available on our website.

The Board of Directors is composed of six members, all elected by the Shareholders at the Annual General Meeting for a term of one year. The Board shall be represented by at least 40% of each gender. Currently, there are three men and three women on the Board. Half of the Board has served for several years, which ensures consistency and good insights into Embla Medical's business and markets. Three of the Board Members are considered independent in accordance with the Danish Recommendations on Corporate Governance.

The Chair and the Vice Chair of the Board of Directors are elected each year following the Annual General Meeting. The Chair's main responsibility is to ensure that the Board performs its duties in an orderly and efficient manner. In the absence of the Chair, the Vice Chair performs their duties. Niels Jacobsen has served as the Chair since 2006 and Svafa Grönfeldt as the Vice Chair since 2021.

Further information on the Board of Directors is available on our website.

The Board has various roles and responsibilities:

- Establish goals for Embla Medical and formulate the policy and strategy to achieve those goals.
- Hire a CEO to manage the daily operations, supervise activities and ensure that Embla Medical's organization and operations are in proper order.
- Ensure adequate surveillance of the accounting and financial management.
- Evaluate the capital structure.
- Evaluate the performance of the Board and the CEO.

The Board of Directors' Annual Schedule

Quarter 1

January Meeting
- Full-year results
- Corporate Governance Statement
- Capital Structure and Capital Allocation Policy
- Agenda for the Annual General Meeting

Annual General Meeting

March Meeting
- Election of Chair and Vice Chair
- Appointment of the Audit Committee
- Review of Internal Rules

Quarter 2

April Meeting
- Quarterly results

Quarter 3

July Meeting
- Half-year results

September Meeting
- Strategy

Quarter 4

October Meeting
- Quarterly results

December Meeting
- Strategy and forecast
- Performance evaluation

BOARD MEMBER	INDEPENDENT	NATIONALITY	GENDER	BOARD TENURE	BOARD MEETINGS ATTENDED
Niels Jacobsen, Chair	No	Danish	Male	19 years	
Svafa Grönfeldt, Vice Chair	No	Icelandic	Female	16 years	
Arne Boye Nielsen	No	Danish	Male	15 years	
Alberto Esquenazi	Yes	American	Male	4 years	
Tina Abild Olesen*	Yes	Danish	Female	1 year	
Caroline Vagner Rosenstand*	Yes	Danish	Female	1 year	

* Tina Abild Olesen and Caroline Vagner Rosenstand were elected to the Board at the Annual General Meeting in March 2024. Gudbjörg Edda Eggertsdóttir resigned from the Board at the same time

Audit Committee

The Audit Committee's main objective is to ensure a competent and independent audit of Embla Medical and supervise the internal control system and risk management. The Audit Committee's responsibilities are further described in the Audit Committee's Terms of Reference, which are reviewed annually by the Board of Directors and updated as necessary. The Audit Committee's Terms of Reference are available on our website.

The Audit Committee is composed of three Board members. The majority of the Audit Committee shall be independent of Embla Medical, the CEO and the Auditor.

Audit Committee members shall possess the knowledge and expertise needed to perform the tasks of the Audit Committee. At least one Audit Committee member shall have solid knowledge and experience in the field of financial statements or auditing. Arne Boye Nielsen has served as the Chair of the Audit Committee since 2012.

Further information on the Audit Committee is available on our website.

The Audit Committee has various roles and responsibilities:

- Ensure a competent and independent audit.
- Submit proposals to the Board on the nomination of an auditor candidate at the Annual General Meeting.
- Submit proposals to the Board on an agreement with the Auditor, containing e.g. provisions on the audit fees as well as the general scope of the Auditor's non-audit services.
- Monitor and evaluate the Auditor's work, including the audit of statutory audit of the financial statements and annual report, taking into consideration the results of the most recent quality control.
- Report the result of the statutory audit, including the financial reporting process, to the Board.
- Monitor the progress made on sustainability targets and report the result to the Board.
- Monitor and assess Embla Medical's internal control systems and enterprise risk management systems and perform other related tasks and duties.
- Monitor the financial and sustainability reporting process and report to the Board on significant accounting policies, significant accounting estimates, related party transactions and uncertainties and risks, including in relation to the outlook, prior to the Board's approval of financial statements.
- Assess the need for an internal audit function taking into consideration the scale and complexity of Embla Medical's activities, risk factors and cost / benefit considerations.
- Monitor Embla Medical's Speak-Up Line.
- Monitor Embla Medical's Tax Policy.

The Audit Committee's Annual Schedule

Quarter 1

January Meeting

- Audit report (presented by the Auditors)
- Review of Q4 and full year results
- Related party transactions
- Report on external lending
- Compliance & Security update
- Internal Control update

Quarter 2

April Meeting

- Election of Chair
- Annual Schedule
- Review of Q1 results
- Related party transactions
- Internal Control and Risk Management update
- Status of entities integration and systems implementation
- ESG / CSRD reporting update

Quarter 3

July Meeting

- Audit plan and fees for the coming year (presented by the Auditors)
- Review of Q2 results
- Related party transactions
- Internal Control and Risk Management update
- Report on external lending
- ESG / CSRD reporting update

Quarter 4

October Meeting

- Report on valuation methods on significant accounting estimates
- Review of Q3 results
- Related party transactions
- Internal Control and Risk Management update
- Status of entities integration and systems implementation
- Tax update

December Meeting

- Meeting with the Auditors (including private session)
- Report on Internal Control and Enterprise Risk Management
- Security update
- Code of Conduct update
- Speak-Up Line status
- Assessment of the need for an internal audit
- ESG / CSRD reporting update
- Financial forecast assumptions and risk
- Proposal to the Board on nomination of auditors and auditor's agreement

The Audit Committee Meetings

AUDIT COMMITEE MEMBER	MEETINGS ATTENDED
Arne Boye Nielsen, Chair	
Alberto Esquenazi	
Caroline Vagner Rosenstand	

* Caroline Vagner Rosenstand was appointed to the Audit Committee in March 2024 to replace Gudbjörg Edda Eggertsdóttir



Nomination Committee

A Nomination Committee was established in 2022. The Nomination Committee's main objective is to prepare recommendations to the Board in relation to the composition, development, and succession of the Board. The Nomination Committee's responsibilities are further described in the Nomination Committee's Terms of Reference, which are reviewed annually by the Board of Directors and updated as necessary. The Nomination Committee's Terms of Reference are available on our website.

The Nomination Committee is composed of the Chair of the Board and the Chair of the Audit Committee.

Remuneration Committee

A Remuneration Committee was established in 2022. The Remuneration Committee's main objective is to prepare recommendations to the Board in relation to the remuneration policy and remuneration for the Board, the CEO, and the Executive Management. The Remuneration Committee's responsibilities are further described in the Remuneration Committee's Terms of Reference, which are reviewed annually by the Board of Directors and updated as necessary. The Remuneration Committee's Terms of Reference are available on our website.

The Remuneration Committee is composed of the Chair of the Board and the Chair of the Audit Committee.

Board Performance Evaluation

The Board of Directors conducts a performance evaluation each year. The Chair oversees the evaluation process and proposes actions to be taken, if any. The Chair seeks external assistance at least every three years. The Board performance evaluation for 2024 was discussed by the Board in December 2024.

The topics discussed included the following:

- Size and composition of the Board
- Board collaboration and the Chair's leadership
- Board meetings and Board material
- Board responsibilities and focus areas
- The Executive Management's performance and collaboration with the Board

The main conclusion of the performance evaluation for 2024 was that the Board performs at a high level and contributes to Embla Medical's growth and value creation.

Chief Executive Officer

The CEO is responsible for Embla Medical's daily operations and is obliged to follow the Board of Directors' policy and directions, within the limits provided for by the Articles of Association and law. The daily operations do not include measures that are unusual or extraordinary, which may generally only be taken if specially authorized by the Board.

The CEO is not a Board member, but shall attend Board Meetings and has the right to participate in discussions and put forward proposals, unless otherwise decided by the Board in specific instances.

The Board of Directors evaluates the CEO's performance each year. Subsequently, the Chair of the Board and the CEO have a meeting to discuss the results of the evaluation and the actions to be taken, if any.

Executive Management

Embla Medical also has a wider Executive Management consisting of the CEO, the CFO and Executive Vice Presidents.

The Executive Management generally meets every week and collectively prepares and implements Embla Medical's strategic plans. The CEO is responsible for the work and results of the Executive Management.

The CEO evaluates the performance of other members of the Executive Management each year and discusses the results of the evaluation with each member and the actions to be taken, if any.

Further information on the Executive Management is available on our website.

Remuneration of the Board of Directors and the Executive Management

At Embla Medical's Annual General Meeting on 13 March 2024, the shareholders approved a Remuneration Policy, which applies to the Board of Directors, the CEO and other members of the Executive Management. The Remuneration Policy was prepared by the Remuneration Committee and approved by the Board of Directors without any amendments. The Remuneration Policy is available on our website.

Information on the remuneration of the Board of Directors, the CEO and other members of the Executive Management can be found in the Remuneration Report, available on our website.

Recommendations for Corporate Governance

Embla Medical follows the Danish Recommendations for Corporate Governance issued on 2 December 2020 by the Danish Committee on Corporate Governance, which are available on the Committee's website. The Recommendations are the best practice guidelines for companies admitted to trading on a regulated market in Denmark.

Each year, the Board of Directors evaluates and decides to what extent Embla Medical should comply with the Recommendations and consequently, whether relevant rules, policies and processes should be adopted or updated.

In general, the Board of Directors shares the Committee's views on corporate governance and, accordingly, Embla Medical complies with most of the recommendations. In the few cases where Embla Medical deviates from the Recommendations, the "comply or explain" principle is applied, and well-founded explanations are provided on why the relevant recommendation is not considered appropriate or desirable for Embla Medical.

Embla Medical's Corporate Governance Report is approved by the Board of Directors. The Report includes both the statutory statement on corporate governance as well as comments and information on each item in the Recommendations. The Corporate Governance Report is available on our website.





GOVERNANCE

RISK MANAGEMENT

Key Risks

An investment in Embla Medical involves various risks as the business, financial conditions, and operational results rest upon certain assumptions and could be negatively affected if any of the factors described in this chapter occur. Even though the long-term prospects and underlying fundamental drivers of our markets are not expected to change, Embla Medical highlights four key risks which are currently considered the most relevant. In addition to these risks, Embla Medical faces a range of other relevant risks described below.

Embla Medical cannot ensure that the given assumptions for the description of any of these risks are correct. Additional risks and uncertainties, as well as risks that Embla Medical currently deems immaterial or are not presently known to us, may adversely affect our business, financial conditions, and operational results.

I. Reimbursement Landscape

Description
Most of Embla Medical's products and services are reimbursed by third-party payers, including both government healthcare programs and private health insurance plans. Third-party payers continue to develop methods of controlling healthcare costs, including reviews of claims, selective contracting, and competitive bidding. Our business depends on understanding and adapting to reimbursement and insurance plans in all markets where we conduct our business.

Potential Impact
These cost-control methods may limit or even eliminate the coverage and the amount of payment for which third-party payers may be willing to pay for Embla Medical's products and services. As a result, customers may reduce or eliminate purchases and sales may decline significantly. Reviews of claims may lead to repayment of prior sales. Finally, failing to understand and adapt to changes in reimbursement systems, may affect Embla Medical's license to operate and thus affect our sales.

Mitigative Actions
Embla Medical only brings products and services to the market that address medical indications, and which are clinically validated. In addition, we apply our reimbursement knowledge from the earliest stages of product development to the post-sale education of customers. Finally, we monitor and analyze changes to the reimbursement landscape in the markets where we operate and adapt our reimbursement strategy accordingly.

II. Regulatory Requirements

Description
Embla Medical's products and services are subject to global and local regulations. Such regulations can restrict practically all aspects of a medical device's design and testing, manufacturing, safety, labeling, storage, record-keeping, reporting, clearance and approval, promotion, distribution, and services. In our interactions with government officials, healthcare professionals, and business partners, we must comply with relevant third-party regulatory requirements. Finally, our footprint is growing in new emerging markets which are characterized by complex regulations, business volatility and unpredictability.

Potential Impact
Failure to comply with the regulatory requirements of the applicable authority may subject Embla Medical to fines, penalties, sanctions, or product withdrawals. If we would fail to receive regulatory clearance and approval for our products and services it could adversely affect our sales and potential for future growth, threaten our license to operate in the respective market, and affect our brand and reputation.

Mitigative Actions
Embla Medical maintains a robust global quality system that complies with international medical device standards, and which forms an intrinsic part of internal processes. Embla Medical also has a regulatory compliance program, including a Code of Conduct, in which our employees identify, assess, manage, and report potential risks from international and local regulations in the countries where we market and sell our products and services. Finally, tracking and analyzing regulatory requirements of new markets forms a part of our market access strategy.

III. New Technologies

Description
Embla Medical operates in markets that are characterized by rapid technological change, driven by extensive research that is conducted by market participants. Technological innovation takes place at various stages in our value chain and may include individual components, design, and functionalities of our products and services.

Potential Impact
The development by suppliers or competitors of substitute products or components that better satisfy market demands could have a material adverse effect on Embla Medical's business and results of operations. A failure to develop new products or enhance existing products could also have a material adverse effect on our operations and potential for future growth.

Mitigative Actions
Embla Medical's significant investment in research and development and constant strive for finding innovative technologies, has resulted in a vast intellectual property portfolio and a strong position to compete with potential new entries. External connections with universities, research institutes and investors, provide us with the opportunity to stay informed and review emerging innovation as part of acquisitions or research cooperation initiatives.

IV. Industry Consolidation, Forward Integration, and Acquisitions

Description
Major shifts in Embla Medical's marketplace include the consolidation of orthotics and prosthetics (O&P) manufacturers and forward integration, which involves acquiring service providers in the O&P industry. It remains uncertain to what degree we will be able to participate in manufacturer consolidation, forward integration or other acquisition opportunities and how it will affect our operations. Industry consolidation, forward integration, and acquisitions can lead to increased challenges and complexity and our success depends in part on our ability to effectively operate in this changing marketplace.

Potential Impact
The consolidation has been a material contributor to the external growth of Embla Medical in the past. Acquisitions also play a key role in our growth and market expansion but come with risks such as operational impact, integration challenges, and unmet strategic objectives. If we were not to participate in further consolidation, forward integration or strategic acquisitions, it might limit our potential for future growth. In addition, these market trends may impact the competitive landscape of the industries and the associated market shares. Finally, these changes in the marketplace may impact our customers and patients, and interactions with them.

Mitigative Actions
It is at the core of our strategy to operate effectively in this changing marketplace. Embla Medical continuously reviews value enhancing acquisitions and investment opportunities in our business segments and keeps a good relationship with the relevant stakeholders in the industry. By enhancing acquisition and integration practices, we aim to reduce risks and maximize the value of acquisitions. We operate our own clinics in certain regions and have partnership programs in place with healthcare providers to offer customers quality products and services in the interest of our end-users. These measures collectively support Embla Medical's ability to navigate market shifts and capitalize on growth opportunities.



Other Risks

In addition to the key risks, Embla Medical is exposed to other risks that can potentially impact our business. Other material and relevant risks are presented below.

IT systems are integral to Embla Medical's operations
Embla Medical employs the ISO 27001 standard for its information security governance and risk management framework. Through a risk assessment, critical systems vital for business operations were identified, including ERP, warehouse, communication, and email systems with underlying infrastructure. Failure in these systems could severely impact order processing, deliveries, and manufacturing. To enhance business continuity, Embla Medical transitioned from on-premises datacenters to a global cloud environment, following a cloud-first strategy for new applications. Embla Medical is also enhancing its readiness to deal with severe incidents by implementing a more formal structure in business continuity planning.

Cybersecurity threats are an escalating concern for businesses across diverse industries. At Embla Medical, where our day-to-day operations heavily depend on technology and IT infrastructure, a cyber-attack or downtime in our IT systems could have severe consequences for our business, impacting both operations and financial stability.

Embla Medical relies on specific critical product suppliers and certain raw materials
Embla Medical relies on suppliers for component manufacturing. Any failure to deliver raw materials could thereby adversely impact financial results. To mitigate this risk, Embla Medical conducts regular audits of critical suppliers, maintains safety stock, and carefully selects and onboards suppliers for crucial raw materials.

Embla Medical must attract, retain, and actively engage skilled and competent personnel
Embla Medical continuously works to attract and retain skilled employees to sustain innovative success, recognizing that failure in this aspect poses a risk. Therefore, Embla Medical prioritizes employee engagement, development, and explores creative collaboration for health, safety, and morale.



Embla Medical is exposed to financing risks and instability within financial markets
As a global business, Embla Medical is exposed to various risk factors originating in the international financial markets, among which are liquidity risk, interest rate risk, foreign exchange risk, credit risk and counterparty risk on cash held with financial institutions. These risk factors are managed according to internal rules that are outlined in Embla Medical's Treasury Policy.

Embla Medical is exposed to fluctuations in major operational currencies
Embla Medical's functional and reporting currency is the US dollar, hence fluctuations in local currencies can have an impact on the operations of Embla Medical. Fluctuation in the exchange rates between the US dollar, Euro, Icelandic krona, and other currencies where Embla Medical operates can have a significant impact on the financial condition and results of Embla Medical's operations.

Embla Medical's activities are subject to privacy laws, which could have an impact on its operations
Data protection laws and regulations, including the General Data Protection Regulation in Europe and the Health Insurance Portability and Accountability Act in the US regulate the processing, transmission, maintenance, use and disclosure of personal data, including protected health information. There are costs and administrative burdens associated with ongoing compliance with these laws and any failure to comply with current and applicable future requirements could severely damage Embla Medical's reputation and possibly lead to significant fines.

Embla Medical's activities are subject to climate change risks
In today's business landscape, climate change poses significant risks across various sectors. Compliance with environmental legislation and the EU Corporate Sustainability Reporting Directive (CSRD), involves substantial costs and administrative challenges. Non-compliance could harm our reputation and result in fines. To manage these risks, Embla Medical conducts annual climate risk assessments to identify and evaluate potential physical and transitional risks related to climate change.

In line with the CSRD, Embla Medical performs Double Materiality Assessments, considering both the financial impact of sustainability risks on our organization and the impacts of our operations on people and the environment. This holistic approach ensures regulatory compliance and supports our sustainability performance. By integrating these practices into our corporate governance, Embla Medical is well-positioned to navigate climate change complexities and contribute to a sustainable future.

Embla Medical's master data management is critical to business operations
Master data, including financial, tax, vendor, customer, pricing, and contract information, is essential to Embla Medical's operations. Insufficient management of this data poses risks such as unauthorized access, inaccuracies, and over-reliance on manual processes, potentially leading to financial losses, inefficiencies, and compliance issues. To address these risks, Embla Medical continues to strengthen its master data framework by establishing clear governance, restricting system access to authorized users, and implementing strict delegation of authority for data changes. These measures ensure the integrity of critical data and alignment with operational and regulatory needs.



GOVERNANCE

TAXATION

Our Responsibility Towards Taxation

Taxation is an integrated part of Embla Medical's business, applying the same core values and committing to UN Sustainable Developments Goals 8 and 16 to determine our global tax footprint, acknowledging that being a sustainable, responsible and compliant taxpayer is part of our corporate social responsibility.

Embla Medical's Approach towards Taxation follows below Principles:

Compliance & Transparency
Embla Medical complies with local legislation and international regulations, both in letter and spirit, guided by prudence and transparency: committing to payment of all relevant domestic and foreign taxes and adhering to transactional and periodical filing obligations, with accuracy, good faith and on time. We recognize the importance of technology for accuracy and reliability of our tax processes, tax reporting and tax compliance obligations. Embla Medical is part of the William Demant Invest A/S Consolidated Group reporting on Country-by-Country Reporting and the OECD Global Anti-Abuse Erosion Model Rules (referred to as Pillar Two). We reply to any enquiries from authorities or inform external stakeholders on our approach towards taxation, our annual tax payments and our tax position in a timely and open manner.

Business Driven Approach
In managing our tax affairs, Embla Medical acts responsibly. Commercial considerations drive our business structure to align with our business activities, ensuring genuine substance to operations. We do not enter into artificial and aggressive tax planning for transactions and investments, nor do we operate in tax havens. We operate in accordance with the OECD Principles on Transfer Pricing (arm's length principle) to ensure a fair revenue split between and tax payments in the countries where value is created, and economic activities take place.

Tax Incentives
When applying for tax credits, Embla Medical ensures compliance with its business and the legislative objectives, utilization in a manner intended by the granting authorities. We have been granted two tax incentives for R&D activities, in Iceland (Össur) and the UK (Touch Bionics).

Governance
Embla Medical's Tax Policy is the responsibility of the Board of Directors, assigned to the Chief Financial Officer supported by an inhouse Global Tax team and external experts, advising and instructing the business on (potential) tax implication of commercial, organizational, business and in-/divestment decisions.

Managing Tax Risks

Embla Medical manages its tax affairs in a responsible way to protect its assets and reputation and as an integral part of our Risk Management Framework, with continuous monitoring of new legislation and developments in the countries it operates to:

- Ensure we are compliant with tax law and regulations.
- Ensure transparency on tax planning and tax contribution towards society.
- Minimize the (unforeseen) tax impact of any changing regulations or new business initiatives.

GOVERNANCE

BOARD OF DIRECTORS



Niels Jacobsen

Chair of the Board of Directors

Born in 1957
Member of the Board of Directors since 2005

Education
- Master of Science (MSc) degree in Economics from the University of Aarhus in Denmark

Board positions
- Thomas B. Thrige Foundation, Chair
- ABOUT YOU Holding GmbH, Deputy Chair
- ATP Langsigtet Dansk Kapital, member of Advisory Board
- Central Board of the Confederation of Danish Industry, member

Additional duties related to William Demant Invest A/S
- Demant A/S, Deputy Chair
- Jeudan A/S, Chair
- Vision RT Ltd, Chair

Experience
Niels Jacobsen has extensive leadership experience from major international companies. His competencies include business management and in-depth knowledge of financial matters, accounting, risk management and M&A. He has broad experience from the global healthcare industry. He is currently CEO of William Demant Invest A/S and prior to that he was President & CEO of Demant A/S (formerly William Demant Holding A/S).

Shares held in Embla Medical
203,330 (incl. related parties).
Niels holds no share options in Embla Medical.

Other
Niels has no interest links with Embla Medical's main clients or competitors. Niels is a dependent member of the Board as he represents the interest of Embla Medical's controlling shareholder, William Demant Invest A/S.



Dr. Svafa Grönfeldt

Vice Chair of the Board of Directors

Born in 1965
Member of the Board of Directors since 2008

Education
- Doctorate in Industrial Relations from the London School of Economics

Board positions
- Icelandair hf., Board member
- Marel hf., Board member

Experience
Dr. Svafa Grönfeldt is a Professor of Practice at the Massachusetts Institute of Technology. She is a founding member of MIT's innovation accelerator DesignX focused on developing new ventures created at MIT. Svafa is the cofounder of The MET fund, a Cambridge based seed investment fund. Previous positions include executive leadership positions at two global life science companies where she served as Chief Organizational Development Officer of Alvogen and Deputy to the CEO of Actavis Group. Svafa is a former President of Reykjavik University.

Shares held in Embla Medical
Svafa holds no shares nor share options in Embla Medical.

Other
Svafa has no interest links with Embla Medical's main clients, competitors, or major shareholders. Svafa is considered a dependent member of the Board due to her long tenure on the Board.



Arne Boye Nielsen

Member of the Board of Directors

Born in 1968
Member of the Board of Directors since 2009

Education
- Master's degree in Business Administration from the Copenhagen Business School in Denmark

Board positions
- Revenio Group Oyj, Chair
- Cookie Information A/S, Board member

Experience
Arne Boye Nielsen has spent most of his career with Demant A/S in various and expanding roles throughout the world. After working as an interim General Manager of Oticon Australia Pty Ltd, Arne assumed, in 1996, as President of Diagnostics and Communications in Demant, which has operations worldwide. Arne left Demant A/S in 2023.

Shares held in Embla Medical
Arne holds no shares nor share options in Embla Medical.

Other
Arne has no interest links with Embla Medical's main clients, competitors, or major shareholders. Arne is considered a dependent member of the Board due to his long tenure on the Board.



Dr. Alberto Esquenazi

Member of the Board of Directors

Born in 1957
Member of the Board of Directors since 2021

Education
- Medical degree in Medicine and Surgery from Universidad Nacional Autonoma de Mexico in Mexico

Board positions
- AMRPA and Jefferson Einstein Healthcare Network, Board member

Experience
Dr. Alberto Esquenazi, MD, serves as the John Otto Haas Chair of the Department of Physical Medicine and Rehabilitation at Jefferson Moss-Magee Rehabilitation in Philadelphia and is the Chief Clinical Officer as well as Director of the Gait and Motion Analysis Laboratory and Clinical Director of the Regional Amputee Center. He is Professor of PM&R at Jefferson School of Medicine and the SVP, Enterprise Rehabilitation and Postacute Care Network. Alberto is the past president of the American Academy of PM&R. He has published widely and is a member of national and international professional, educational, and research societies.

Shares held in Embla Medical
Alberto holds no shares nor share options in Embla Medical.

Other
Alberto has no interest links with Embla Medical's main clients, competitors or major shareholders. Alberto is an independent member of the Board.

GOVERNANCE

BOARD OF DIRECTORS



Caroline Vagner Rosenstand
Member of the Board of Directors

Born in 1979
Member of the Board of Directors since 2024

Education
- Master's degree in Applied Economics and Finance from Copenhagen Business School

Board Positions
- 2021-2022 Simpel Kredit A/S
- 2012-Current K/S Habro-Plymouth
- 2007-2011 Global Finans A/S

Experience
Caroline Rosenstand is the President and EVP of the Global medical device company, Atos Medical AB - the Voice & Respiratory Care Business Area of Coloplast A/S. In this capacity, she serves as a member of the Executive Leadership Team of Coloplast A/S. Previous positions include Vice President Central Eastern Europe & Israel, and Vice President Strategy, Mergers & Acquisition both for Coloplast A/S. The positions were based in Denmark and in the US. Prior to joining Coloplast, Caroline was part of the investment team in the Danish private equity company Axcel, and a management consultant at A.T. Kearney in Copenhagen.

Shares held in Embla Medical
Caroline holds no shares nor share options in Embla Medical.

Other
Caroline has no interest links with Embla Medical's main clients, competitors or major shareholders. Caroline is an independent member of the Board.



Tina Abild Olesen
Member of the Board of Directors

Born in 1972
Member of the Board of Directors since 2024

Education
- Master's degree in Economics and Business Administration (Strategy, Organization and Leadership) from Copenhagen Business School

Board Positions
- World Diabetes Foundation, Vice Chair of the Board

Experience
Tina Abild Olesen is Senior Vice President (SVP) of the Global Diabetes Franchise at Novo Nordisk A/S, a leading pharmaceutical company within serious chronic diseases. During her time with Novo Nordisk, Tina has previously been SVP for Global Commercial Strategy, General Manager in Germany and head of Marketing in the Danish, Norwegian and German affiliates. Prior to joining Novo Nordisk Tina worked 11,5 years for GlaxoSmithKline primarily across Commercial functions (Prescription & OTC medicines, Vaccines) as well as Corporate Affairs and New Business Development.

Shares held in Embla Medical
Tina holds no shares nor share options in Embla Medical.

Other
Tina has no interest links with Embla Medical's main clients, competitors or major shareholders. Tina is an independent member of the Board.

INTERVIEW WITH



Caroline Vagner Rosenstand

Member of the Board of Directors



Tina Abild Olesen

Member of the Board of Directors

Q1: Can you share a little about your professional background and what inspired you to join our board?

Caroline: I have spent a decade in the MedTech and consumer healthcare industry, first with Coloplast - a global leader in medical devices - and for the past three years as the President of Atos Medical, which became part of Coloplast in 2022. Both Coloplast and Atos Medical are purpose-driven companies committed to improving lives by providing innovative solutions that empower patients to overcome life-changing health challenges. Every day, I witness firsthand how the right products, combined with the right support, can help individuals regain their confidence and live life on their terms.

The company's vision of "Enabling a life without limitations" immediately resonated with me. The impact of Embla Medical's solutions on thousands of people worldwide - helping them overcome mobility challenges and regain independence - is incredibly powerful.

Beyond its strong purpose, I was also impressed by Embla Medical's growth trajectory. The company has significant opportunities to expand both in existing and new areas and is uniquely positioned to lead the industry forward. Its innovation engine and technological leadership will only become more critical in the years ahead.

Tina: I'm the Senior Vice President of the Global Diabetes Franchise at Novo Nordisk A/S. Prior to this I held several different positions in Operations, most recently as the General Manager in Germany. Prior to joining Novo Nordisk I worked 11,5 years for GlaxoSmithKline Pharma primarily across Commercial functions as well as Corporate Affairs and New Business Development.

I was inspired to join the Board due to Embla Medical's purposeful mission, intriguing business aspirations as well as the high level of engagement from the leadership.



Q2: Were there any personal experiences that drew you to our mission of improving people's mobility?

Caroline: What first drew me to Embla Medical was its unwavering commitment to patient-centered innovation, improving people's mobility and life without limitations. I was also inspired by the strong culture - deeply rooted in the Icelandic spirit of resilience, determination, and sustainability.

I believe I can contribute meaningfully to its journey, and at the same time, I look forward to gaining insights that I can bring back to Atos Medical, reinforcing our shared mission of improving lives through innovation.

Tina: Working towards driving change in diabetes on a daily basis, I also see the unfortunate consequences of inadequately treated diabetes and its comorbidities like cardiovascular disease - which can lead to immobility and amputations. This is why Embla Medical's mission of improving people's mobility instantly inspired me.

Q3: When thinking about the future of Embla Medical, what are some of the key challenges and opportunities?

Caroline: Millions of people worldwide face chronic mobility challenges, yet many lack access to suitable products and solutions, significantly impacting their quality of life and independence. In many cases, existing solutions are either unavailable or inadequate to meet their needs.

This presents a tremendous opportunity for Embla Medical to expand its reach and enhance its offering, helping more people live life without limitations. With a strong foundation of high-quality, innovative products and a deep commitment to improving mobility, we are poised to develop groundbreaking solutions and extend our impact to more countries and patient populations.

A key strategic priority is our consumer orientation journey, which will bring us even closer to the people who rely on our products every day. By gaining deeper insights into their needs and experiences, we can create solutions that are not only technologically advanced but also truly life changing. Through a combination of innovation, market expansion, and a relentless focus on patient needs, Embla Medical is well-positioned to shape the future of mobility solutions.

Tina: I see big potential in pursuing growth opportunities in the US like the recent expansion of access for certain patient groups. In addition, taking the lead in shaping the growing market of neuro orthotics, while strengthening the core business. Attracting and retaining talent is also both a challenge and opportunity.



GOVERNANCE

EXECUTIVE MANAGEMENT



Sveinn Sölvason

President and CEO

Born in 1978
With the company since 2009

Education
- Master's degree in Finance and Accounting (Cand. Merc.FIR) from Copenhagen Business School
- Bachelor's degree in International Business from Copenhagen Business School

Board Positions
- Icelandic-American Chamber of Commerce, Board member

Experience
Before being appointed President and CEO of the company in 2022, Sveinn served as the Chief Financial Officer for almost a decade. Sveinn first joined the organization in 2009 where he initially took on roles within Corporate Development and Treasury. Prior to that, he worked at Marel, Kaupthing Bank, Goldman Sachs and HSH Nordbank.

Shares held in Embla Medical
68,342



G. Arna Sveinsdóttir

Chief Financial Officer

Born in 1966
With the company since 2022

Education
- Master's degree in Accounting and Finance from the University of Uppsala, Sweden
- Cand.oecon. degree from the University of Iceland

Board Positions
- Fossar fjárfestingarbanki hf, Board member

Experience
Before joining the company in 2022, G. Arna held finance roles at Kvika Bank and subsidiaries. Prior to that, she was at Teva Pharmaceuticals/Actavis for ten years, including as the CFO of Teva Pharmaceutical Generic R&D. During her time at Teva, she worked and lived in Switzerland and in the US. G. Arna was an independent consultant to financial institutions in Iceland before joining Teva and worked in various finance roles at Kaupthing Bank 2001-2008, including as the CFO. She also worked at Eimskip in Iceland and PWC in Stockholm.

Shares held in Embla Medical
G. Arna holds no shares in Embla Medical.



Christian Robinson

President Americas & Global Bracing

Born in 1982
With the company since 2012

Education
- Juris Doctorate from Harvard Law School
- Bachelor's Degree in English Literature from Brigham Young University

Board Positions
- National Association for the Advancement of Orthotics and Prosthetics (NAAOP), Board member

Experience
Since joining the company in 2012, Christian served in several roles including as General Counsel Americas, VP of Finance Americas, and as Managing Director Americas. Prior to joining the organization, he practiced corporate and transactional law with international law firm Paul Hastings LLP with a focus on M&A and capital markets.

Shares held in Embla Medical
13,207



Hildur Einarsdóttir

EVP of Research and Development

Born in 1982
With the company since 2009

Education
- Master's degree in Biomedical Engineering with focus on Computational Neuroscience from Imperial College London
- Bachelor's degree in Electrical Engineering from the University of Iceland

Board Positions
- Industrial Advisory Board, Imperial College London, Board member
- Science and Innovation Council, Prime Minister's Office - Iceland, Vice Chair
- The Össur and Ottobock Research Trust Fund, Board member

Experience
Hildur has been with the company since 2009 in various roles within R&D and Sales & Marketing. She first joined as an engineer for the Bionic portfolio, was the Global Product Manager for Bionics followed by several years as the Director of Global Product Management for Prosthetics. Hildur was VP of Global Marketing before rejoining the R&D team in 2018, taking on the role of VP of Strategy & Operations. Prior to joining the company, she worked for deltaDOT, a biotech company in the UK.

Shares held in Embla Medical
600

On 6 November 2024, Embla Medical announced the planned departure of Hildur Einarsdóttir, EVP R&D. As of 31 January 2025 Hildur no longer serves as the EVP of R&D at Embla Medical.

GOVERNANCE

EXECUTIVE MANAGEMENT



Ólafur Gylfason
EVP Chronic Solutions

Born in 1969
With the company since 1997

Education
- Master's degree in International Business Economics from Alborg University in Denmark
- Bachelor's degree in Business Administration from Bifrost School of Business in Iceland

Experience
Ólafur joined the company in 1997 as the sales manager for emerging markets. He moved to The Netherlands in 2000 to establish and lead the European region as part of the executive team and then shifted his role over to the Americas region in 2013. Prior to his appointment as Chief Commercial Officer in 2022, Ólafur was EVP of Global Sales & Marketing and Prosthetics for six years.

Shares held in Embla Medical
32,808



Margrét Lára Fridriksdóttir
EVP of People, Strategy & Sustainability

Born in 1978
With the company since 2000

Education
- Master's degree in Management and Strategy from the University of Iceland
- Bachelor's degree in Business Administration from the University of Iceland

Board Positions
- Investment committee member of VEX I and VEX II
- Icelandic Chamber of Commerce, Board member
- Annata, Board member
- SET Pipes, Board member

Experience
Over the course of more than two decades at the company, starting in 2000, Margrét has held key positions in finance, corporate strategy and human resources. Prior to joining the Executive Management in 2013, Margrét served as Vice President of Corporate Strategy.

Shares held in Embla Medical
35,376



Lukas Märklin
Chief Operating Officer

Born in 1974
With the company since 2023

Education
- Master's degree in Mechanical Engineering from ETHZ Swiss Federal Institute of Technology

Experience
Lukas was appointed Chief Operating Officer in 2023. Lukas came to the company from Straumann, the world's largest dental implant manufacturer group. His career with Straumann spans over two decades where he most recently served as Senior Vice President of Operations. In between his time at Straumann undertaking diverse positions, Lukas worked as Head of Global Operations Management at Endress+Hauser Group.

Shares held in Embla Medical
Lukas Märklin holds no shares in Embla Medical.

SUSTAINABILITY STATEMENT 2024

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SUSTAINABILITY STATEMENT

PREPARING FOR THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE



Margrét Lára Fridriksdóttir
Executive Vice President People, Strategy & Sustainability

At Embla Medical, sustainability is embedded into our strategy and throughout our organization. We have a robust sustainability agenda and capture our commitment under the theme of Responsible for Tomorrow®, recognizing that the decisions and actions we take today will affect future generations. Our sustainability program focuses on Our Environment, Our People and Our Business, and we are proud to have a global team of more than 4,000 employees contributing to making a positive impact.

We believe the new EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), will enhance transparency and consistency of sustainability disclosures, while also strengthening sustainability governance and management. We recognize that reporting in accordance with CSRD is an ongoing journey and we are actively improving our processes to meet the requirements of this ambitious legislation.

We have consistently reported on our sustainability performance since 2013, continually refining our methodologies and adapting to evolving legislation. Since 2017, we have adhered to Nasdaq Guidelines, and since 2022, we have received third-party assurance on our quantitative data points. In 2023, we took an important step by embedding our sustainability performance in our Annual Report for the first time.

In 2023, we conducted our first Double Materiality Assessment in accordance with the CSRD requirements to identify which of the twelve ESRS standards are material to us. The assessment revealed a significant increase in disclosure requirements compared to previous years. Additionally, we performed a GAP assessment on all material data points within these standards.

For 2024, we are disclosing our new Sustainability Statement, inspired by the CSRD and ESRS, and including reporting on sustainable finance in line with the EU Taxonomy. Our goal is to incorporate as much of the ESRS structure as possible and lay the foundation for full CSRD implementation.





SUSTAINABILITY STATEMENT

GENERAL DISCLOSURES (ESRS 2)

Basis of Preparation

General Basis for Preparation of Sustainability Statements (BP-1)

Embla Medical's Sustainability Statement is prepared on a consolidated basis, unless otherwise disclosed, inspired by Directive (EU) 2022/2464 (the Corporate Sustainability Reporting Directive, CSRD) and the European Sustainability Reporting Standards (ESRS) issued by the European Commission. This statement includes data points from topical standards identified as material in our Double Materiality Assessment (DMA).

All quantitative data points for 2024 marked with an icon " ◇ " have undergone limited assurance by our auditor, PwC. The auditor's limited assurance report is available at the end of this Sustainability Statement.

Our report includes all Embla Medical subsidiaries, except Fior & Gentz, unless stated otherwise. Fior & Gentz was acquired in 2024. The reporting covers Embla Medical's operations, as well as upstream and downstream value chain impacts, risks, and opportunities, inspired by the ESRS.

Embla Medical has not excluded any information related to intellectual property, know-how, innovation results, or business-sensitive data. We remain committed to transparency in our ongoing research and development efforts.

Disclosures in Relation to Specific Circumstances (BP-2)

In this report, the core framework used for reporting has been changed. While the previous sustainability report was compiled according to the Nasdaq ESG guidelines, the 2024 report is inspired by the newly published European Sustainability Reporting Standards (ESRS).

We prioritize transparent reporting to provide our stakeholders with a clear and accurate view of our sustainability efforts. When data is unavailable, we rely on well-founded estimations to ensure comprehensive reporting. We regularly reassess our use of estimates based on experience. Main estimations, assessments, or changes in calculation methodologies are explained in the accounting policies or in relevant chapters. For 2024, this applies to some data points, such as our Taxonomy KPIs and greenhouse gas emissions. Our accounting policies are consistent throughout the financial year and correspond with the comparative figures, when used. All greenhouse gas data points (GHG scope 1-3) are reported based on the Greenhouse Gas Protocol.

We have applied time horizons for material impacts, risks and opportunities, as presented in chapter SBM-3.

In 2024, Embla Medical implemented a new GHG accounting software system and updated the source of emission factors. This change was applied to the base year and all subsequent years to ensure consistency and accurate comparisons. We are reporting these updated emission numbers in this report. The change does not result in any changes of boundaries or consumption.

In 2024, we have chosen to restate historical figures for EU Taxonomy due to changes to calculation methodology and correction of errors related to the prior year. Refer to our chapter on EU Taxonomy for further information. No other errors have been identified in comparative figures.

Embla Medical is obligated to adhere to a wide array of laws, regulations, and treaties pertaining to sustainability, at international and local levels. However, a comprehensive list of data points derived from other EU legislation will not be included in the current year's sustainability statement and will be phased in over the coming years.

Governance

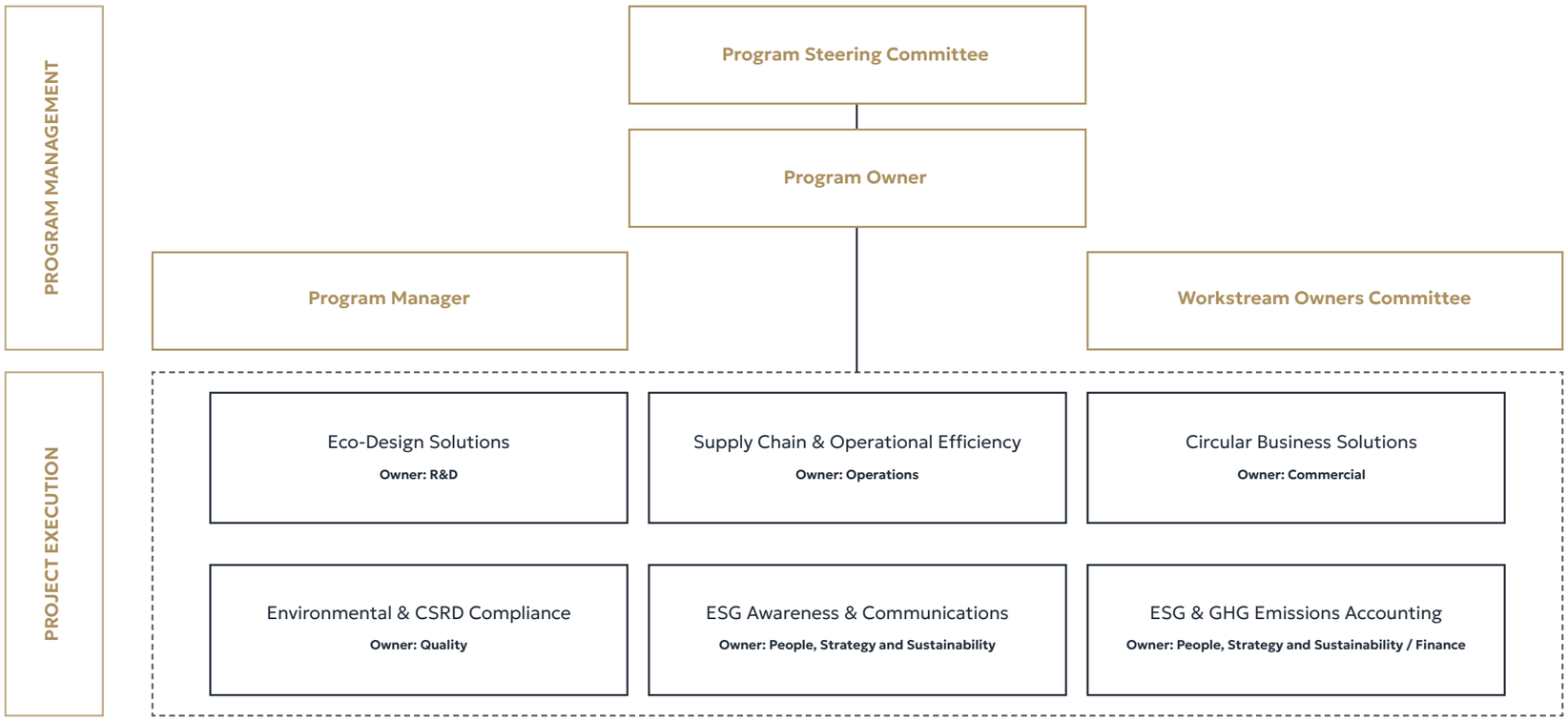
The Role of Our Management (GOV-1)

Our management plays a central role in ensuring the governance processes, controls, and procedures that are necessary to monitor, manage, and oversee sustainability-related impacts, risks, and opportunities. The Chief Financial Officer (CFO) is responsible for enterprise risk management by establishing a process for identifying, assessing, managing, and reporting risks that may affect the achievement of the company's strategic objectives. This includes ESG control systems to ensure the accuracy of the company's sustainability reporting and compliance with relevant laws and regulations.

Sustainability is embedded into our strategy and throughout our organization, and our Responsible for Tomorrow® program ensures clear departmental ownership and responsibilities for metrics and targets. In 2024, the program's focus was on science-based emissions reduction targets and reporting inspired by the new EU Corporate Sustainability Reporting Directive (CSRD). The program included six workstreams, three of which explicitly focused on reducing our emissions and supporting our science-based targets, one on environmental and CSRD compliance, one on awareness and communication, and one on ESG and GHG emissions accounting. We anticipate that this program will encompass other aspects of our sustainability commitments in the coming years, reflecting the evolving nature of this important topic.

The Program Steering Committee, chaired by the Executive Vice President of People, Strategy & Sustainability, sets our sustainability strategy and ensures its execution throughout the organization. The committee meets at least quarterly and reports to the Executive Management team, led by the Chief Executive Officer (CEO).

Responsible for Tomorrow Program



Our Sustainability Commitment

We provide products and services that contribute to good health, using responsible production methods and supporting climate action, while being a sponsor for inclusivity and transparency.

We believe that sustainable growth is the only way to build a successful and responsible business for the benefit of future generations.

The Internal Control & Risk team ensures that the results of the Double Materiality Assessment are incorporated into the annual Enterprise Risk Assessment. Identified material risks are reported to the Steering Committee of the Responsible for Tomorrow program to validate their prioritization and create mitigation action plans to address the prioritized risks.

The sustainability reporting process is overseen by the Audit Committee. According to the Terms of Reference for the Audit Committee of Embla Medical hf., the Committee monitors the financial and sustainability reporting process, makes recommendations to ensure integrity, monitors progress on sustainability targets, reports results to the Board, and assesses the company's internal control and enterprise risk management systems. The status of sustainability reporting is reported to the Audit Committee four times a year.

Sustainability Awareness of Our Management (GOV-2)

The Executive Management team is updated at least once a year on the identification and assessment of material impacts, risks, and opportunities. The Steering Committee of the Responsible for Tomorrow program regularly receives information on the results of due diligence processes, as well as the effectiveness of policies, actions, and targets in mitigating risks and achieving sustainability objectives. Chaired by the Executive Vice President of People, Strategy & Sustainability, the Responsible for Tomorrow Steering Committee reports directly to the Executive Management team on material sustainability-related impacts, risks, and opportunities. Additionally, ad-hoc updates are provided if critical issues arise.

The results of the Double Materiality Assessment are reported to the Audit Committee at least once a year. Our administrative, management, and supervisory bodies actively incorporate sustainability impacts, risks, and opportunities into the company's strategy, decision-making, and risk management processes, ensuring alignment with long-term goals.

Sustainability Related Incentives (GOV-3)

Including sustainability performance in management incentives is crucial as it aligns executive actions with long-term corporate goals and stakeholder expectations, driving meaningful progress and accountability for sustainability initiatives. In 2024, Embla Medical included social-related sustainability metrics in the Executive Committee Incentive Scheme. Embla Medical has not yet incorporated climate-related performance into its incentive schemes.

Statement on Due Diligence (GOV-4)

As part of our commitment to sustainable business practices and inspired by the Corporate Sustainability Reporting Directive (CSRD), Embla Medical has implemented due diligence processes to assess and manage the environmental, social, and governance (ESG) impacts of our operations and value chain. These processes ensure compliance with relevant sustainability legislation, mitigate risks, and promote long-term value creation for our stakeholders. Based on our due diligence findings, we implement mitigation actions, for all material risks identified in the Double Materiality Assessment. We continuously track the effectiveness of our actions using regular reporting mechanisms. This ensures we are making progress toward our sustainability targets and enables us to adjust strategies as needed.

Our due diligence process involves ongoing engagement with stakeholders, helping us to identify new risks, validate our findings, and ensure that our actions reflect stakeholder concerns and expectations.

Risk Management and Internal Controls (GOV-5)

Risks are a natural and integral part of our business activities, and our risk profile is continuously evolving. We aim to mitigate these risks and reduce them to an acceptable level through effective risk management. See more in our Risk Management chapter.

The results of the Double Materiality Assessments are integrated into our yearly enterprise risk assessment process to ensure alignment with the organization's strategic goals. In the climate risk assessment, key employees, identified as Subject Matter Experts from various functions, evaluate risks and opportunities across the entire value chain. This assessment covers physical, regulatory, technological, reputational, and financial dimensions, considering both the likelihood and impact on our operations.

To ensure the accuracy, completeness, and consistency of our sustainability reporting, Embla Medical is in the process of strengthening risk management and internal control processes.

Our internal controls over sustainability reporting include:

- Data Governance: We have implemented structured data governance to ensure the accuracy and reliability of the ESG data collected across our operations. This includes data ownership, responsibility for ESG metrics, and clear reporting lines.
- Control Activities: We are in the process of embedding control activities in the sustainability reporting process, including checks and balances, reconciliations, and validation procedures for data inputs and outputs. These controls are designed to prevent, detect, and correct errors or irregularities in ESG reporting. Processes are still in development for some activities, and we are continually working on improving the controls.
- Training and Awareness: We conduct training for relevant employees to ensure they understand the importance of sustainability reporting and their role in maintaining the quality and integrity of ESG disclosures.

To further enhance confidence in the reliability of our sustainability disclosures, external auditors provide limited assurance on selected quantitative data points.



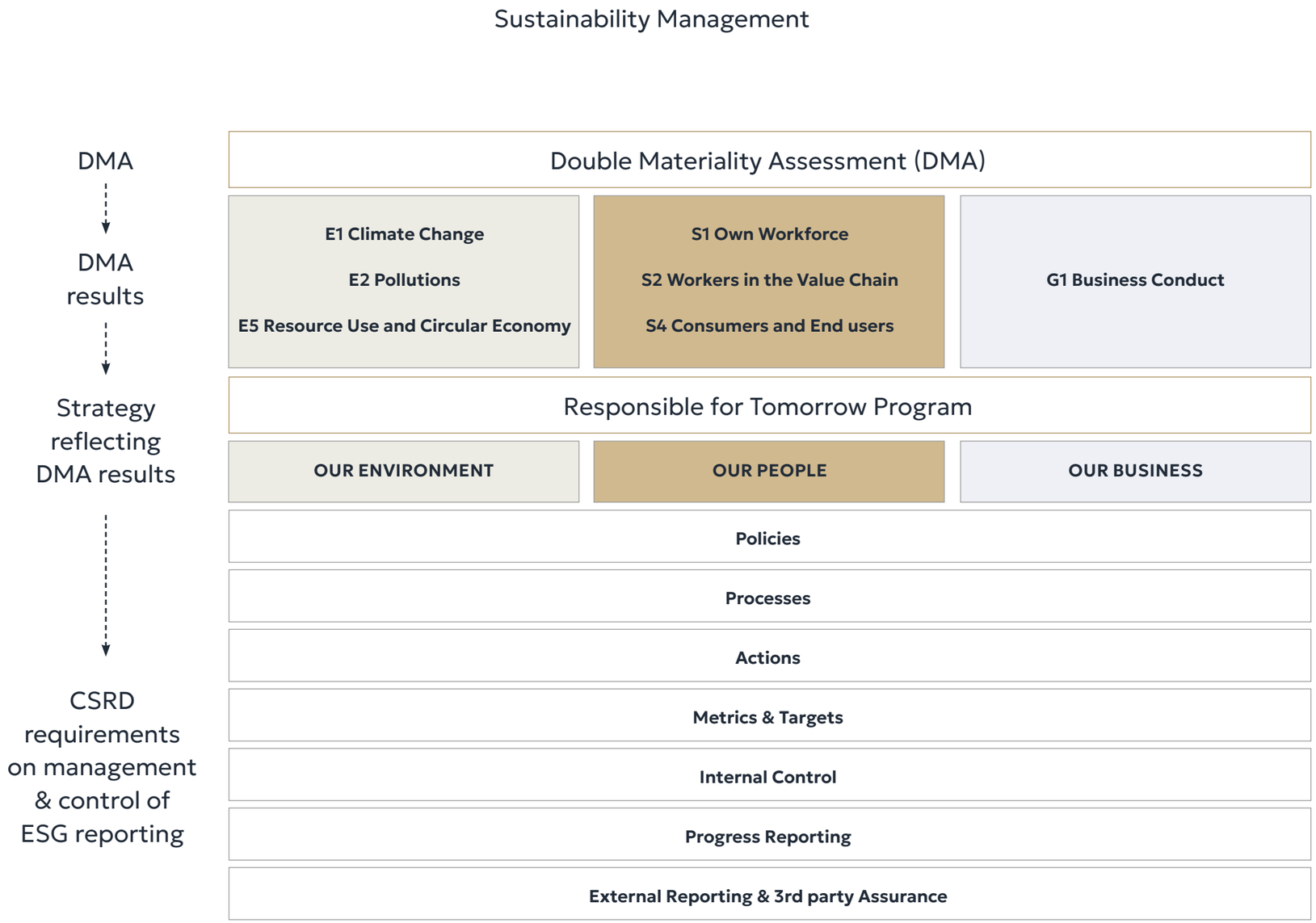
Strategy

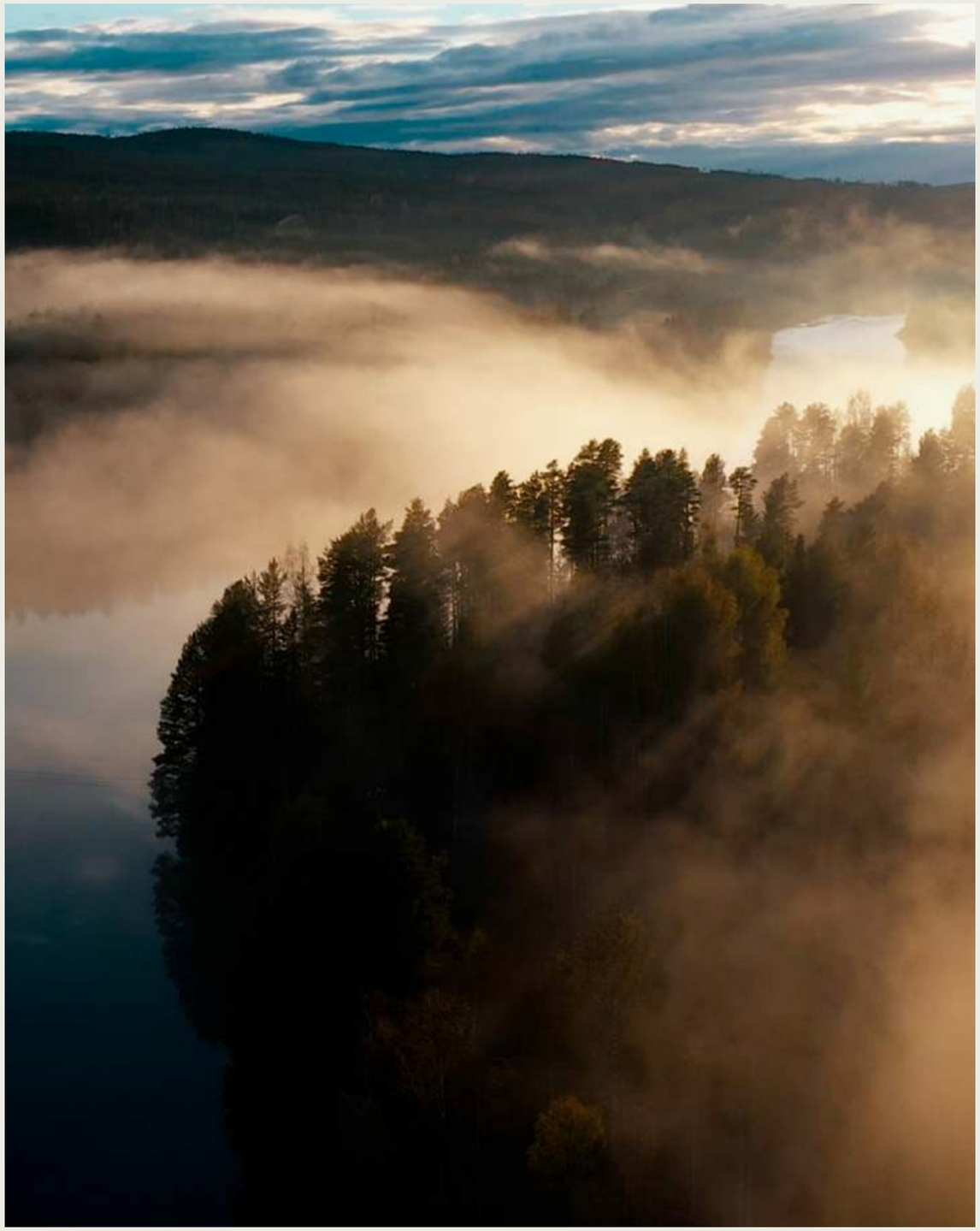
Strategy, Business Model and Value Chain (SBM-1)

Embla Medical is a leading global provider of innovative mobility solutions, dedicated to helping people live a Life Without Limitations®. Our mission is to improve people's mobility, and we do that through the delivery of Prosthetics, Neuro Orthotics, and Bracing & Supports solutions, along with Patient Care. An overview of our products, services, markets, and business model, can be found in other chapters of this report.

Embla Medical places a strong emphasis on product quality, which is fundamental to our processes as a medical device company. With a broad global presence, our products are available in over 100 countries and registered in compliance with local medical device regulations.

We adopt a management system approach to drive our sustainability initiatives. The Double Materiality Assessment process identifies which topical standards are material to our operations. For each standard, we manage, and control identified material impacts, risks, and opportunities by implementing relevant policies, processes, actions, metrics, and targets. This is followed by internal control, progress reporting, and assurance. We are continually enhancing this management system to improve our sustainability efforts.





Reflecting the results from the Double Materiality Assessment, our key sustainability-related goals focus on developing quality products and services that improve people's mobility, reducing our greenhouse gas emissions to meet our science-based targets, and enhancing the well-being and development of our employees within an inclusive and safe workplace.

Our primary sustainability challenge today is climate action. Embla Medical faces a dilemma: while expanding our operations to reach more patients and enhance their quality of life is crucial, this growth is currently linked to increased greenhouse gas emissions due to global infrastructure constraints. Our main challenge is to decouple our growth from these emissions. For more details, please refer to our E1 chapter.

We develop and manufacture a wide range of prosthetic, neuro orthotic and bracing & support solutions, and serve patients in need of various mobility solutions in our patient care facilities across the globe.

Our business model is patient centric. It includes innovation of new product solutions, manufacturing of both off-the-shelf and customized high-quality solutions, and sales and marketing through direct sales channels and distributors. We prioritize patient care through our own O&P clinics and independent providers, working closely with prescribers and payers. Notably, over 90% of our products and services are reimbursed by public healthcare systems and private insurance providers.

Innovation to address emerging patient needs drives our business model. Our goal is to deliver cost-effective, high-quality medical solutions that provide value for patients and the healthcare systems and minimize our environmental impact.

In the orthopaedic industry, the purchasing decision involves multiple stakeholders and decision-makers, each playing a specific role. These stakeholders can be categorized into five groups: Patients, who are the end-users of our products; Prescribers, healthcare professionals who prescribe the products; Providers, healthcare professionals who provide patients with products, such as Certified Prosthetist Orthotists (CPOs) and doctors; Payers, both public and private insurance companies that cover the cost; and Influencers, including healthcare systems, insurance companies, medical associations, patients and their families. For more information, please refer to our Markets and Trends chapter.

At Embla Medical, we apply the highest quality standards for all our purchased raw materials, components, and finished goods. Our commitment is to deliver safe and reliable products to our customers and the patients we serve. The primary raw materials utilized in our manufacturing processes include metals, silicone, composites, and plastics, sourced from our trusted key suppliers.

Interests and Views of Stakeholders (SBM-2)

We value feedback from our stakeholders and strive to understand their perspectives, expectations and concerns regarding our sustainability efforts. Our key stakeholders are our employees, healthcare professionals, patients, suppliers, shareholders/investors and payers. The following table highlights how Embla Medical engages with these stakeholders to ensure their interests and views are considered in our strategy and business model.

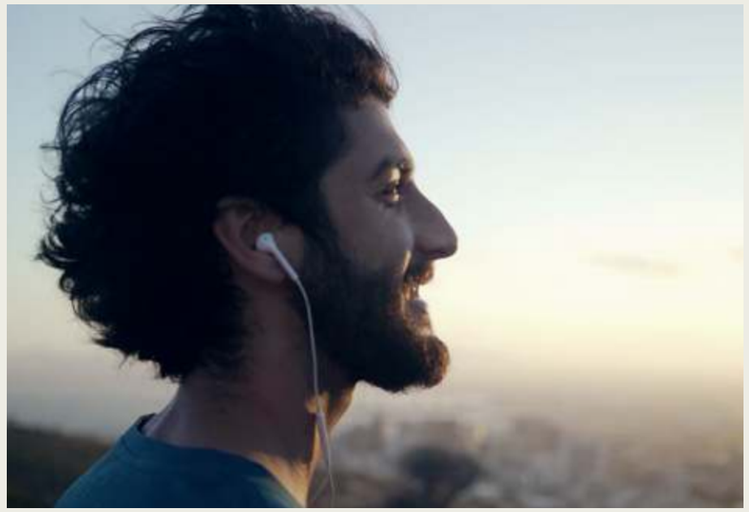
STAKEHOLDERS	PURPOSE OF ENGAGEMENT	HOW ENGAGEMENT IS ORGANIZED	EXAMPLES OF OUTCOMES FROM THE ENGAGEMENT
Employees	To foster a culture that attracts, retains, and actively engages skilled employees by valuing and addressing their perspectives and concerns.	▪ One-on-one or group meetings, news on company intranet, location announcements, employee meetings, performance reviews and check-ins. ▪ Global engagement surveys. ▪ Quarterly employee meetings to inform all employees of updates within the company.	▪ Action plans from engagement survey outcome. ▪ Policy updates. ▪ Communication to new and existing employees based on feedback.
Healthcare Professionals (Customers)	To deliver exceptional customer service while advancing product and solution expertise within the O&P industry.	▪ Regular communication with healthcare professionals through in-person visits and customer service channels. ▪ Regular training and education conducted in-person and virtually. ▪ Tradeshows, conferences and webinars. ▪ Customer feedback processes.	▪ Product and service improvements. ▪ Supporting customers in providing optimal clinical outcomes to patients.
Patients (End-Users)	To guide and support our end-users in using our product solutions effectively to enhance their quality of life.	▪ Interaction with patients through the process of fitting and caring for their medical needs. ▪ Communication via online platforms, social media and targeted publications. ▪ On-site events such as mobility clinics and other user experience days where all individuals are welcome. ▪ Education and engagement during product development.	▪ Product users educated about solutions available for different needs. ▪ Product improvements. ▪ Community where end-users seek advice and support.
Suppliers	To ensure responsible sourcing by promoting a safe and respectful working environment in our value chain and reducing environmental impact.	▪ Collaborate with suppliers on material selection to identify high-quality and eco-friendly materials. ▪ Screening of suppliers in relation to Environmental, Social and Governance aspects. ▪ Performing Social Audits and Fire Safety Audits at high-risk suppliers. ▪ Performing annual surveys on environmental management at high-emitting suppliers. ▪ Code of Conduct Training.	▪ Suppliers well-informed on Embla Medical's sustainability strategy. ▪ Enhanced trust and reliability. ▪ Increased collaboration with suppliers on improvements to lower emissions.
Shareholders / Investors	To ensure that ESG metrics are tied to business objectives in a transparent and measurable way, driving responsible behavior and attracting ESG focused investors.	▪ Regular outreach and engagement through investor road show activities and conferences. ▪ Quarterly releases and conference calls. ▪ Events such as Capital Markets Day, Expert Calls and Analyst Days. ▪ ESG ratings through a global ESG disclosure system (CDP, Sustainalytics etc.)	▪ Investor confidence through timely responses and transparency. ▪ Continuous improvement of ESG disclosures leads to improved ESG scores and industry ranking. ▪ Positive brand reputation.
Payers (Healthcare Reimbursement Systems)	To ensure alignment on reimbursement policies, promote accessibility to innovative products, and demonstrate the value of medical solutions	▪ Regular meetings and consultations with payers to understand reimbursement policies and requirements. ▪ Providing clinical evidence and outcomes to support reimbursement. ▪ Participation in industry forums and policy discussions.	▪ Improved reimbursement policies for innovative medical solutions. ▪ Expanded patient access to products and services. ▪ Strengthened relationships with payers and policymakers.

Material Impacts, Risks and Opportunities (SBM-3)

The Double Materiality Assessment (DMA) is designed to identify material sustainability-related Impacts, Risks, and Opportunities (IROs) and the results are the basis for determining the disclosures in Embla Medical's Sustainability Statement, and inspired by the Corporate Sustainability Reporting Directive (CSRD).

In 2024, the DMA results were that 8 out of 12 ESRS standards are material to Embla Medical, consistent with the DMA result in 2023. Besides ESRS 2 on General Disclosure, the material standards identified are: E1 Climate Change, E2 Pollution, E5 Resource Use and Circular Economy, S1 Own Workforce, S2 Workers in the Value Chain, S4 Consumers and End-Users, and G1 Business Conduct. The results align with and reinforce our sustainability strategy. We strive to reduce our greenhouse gas emissions, have a clear focus on our resource use and strive to move from a linear to a circular economy. We are a global company with a clear strategy on the safety of our own workforce, workers in our value chain, and our patients. Additionally, we maintain a strong focus on diversity, equity and inclusion, and practice transparent and ethical business conduct.

In the table below we have listed all identified material Negative and Positive Impacts, Financial Risks and Opportunities across our operations and value chain related to sustainability topics. Please refer to our topical chapters for more information on our responses to identified material impacts, risks and opportunities.



TOPIC	MATERIAL IMPACT, RISK OR OPPORTUNITY		EMBLA MEDICAL'S RESPONSE	VALUE CHAIN	TIME HORIZON
E1 Climate Change	Negative Impact	Greenhouse gas emissions, contributing to climate change.	To reduce the impact, we have set science-based targets and actions to meet them. We have a certified environmental management system according to ISO 14001:2015 in our largest manufacturing and distribution sites, and in some of our patient care facilities.	Upstream & Own Operations	Medium term (1-5 years)
	Financial Risks	Higher costs due to climate-related regulations and physical risks.	We reduce the risk by having a robust sustainability governance, identifying risks and opportunities allowing us to react in an appropriate manner.		
	Financial Opportunity	Innovation in low-emission products and packaging, renewable energy and energy efficiency.	We work on energy efficiency, source around 95% of our purchased electricity from renewable energy sources and are exploring new opportunities towards innovation on low-emission solutions for a transition to a low carbon economy.		
E2 Substances of Concern	Financial Risks	Increased sourcing and testing costs due to restrictions on substances of concern.	We are continuously improving our management of substances and innovation towards safer alternatives.	Own Operations	Short term (current reporting year)

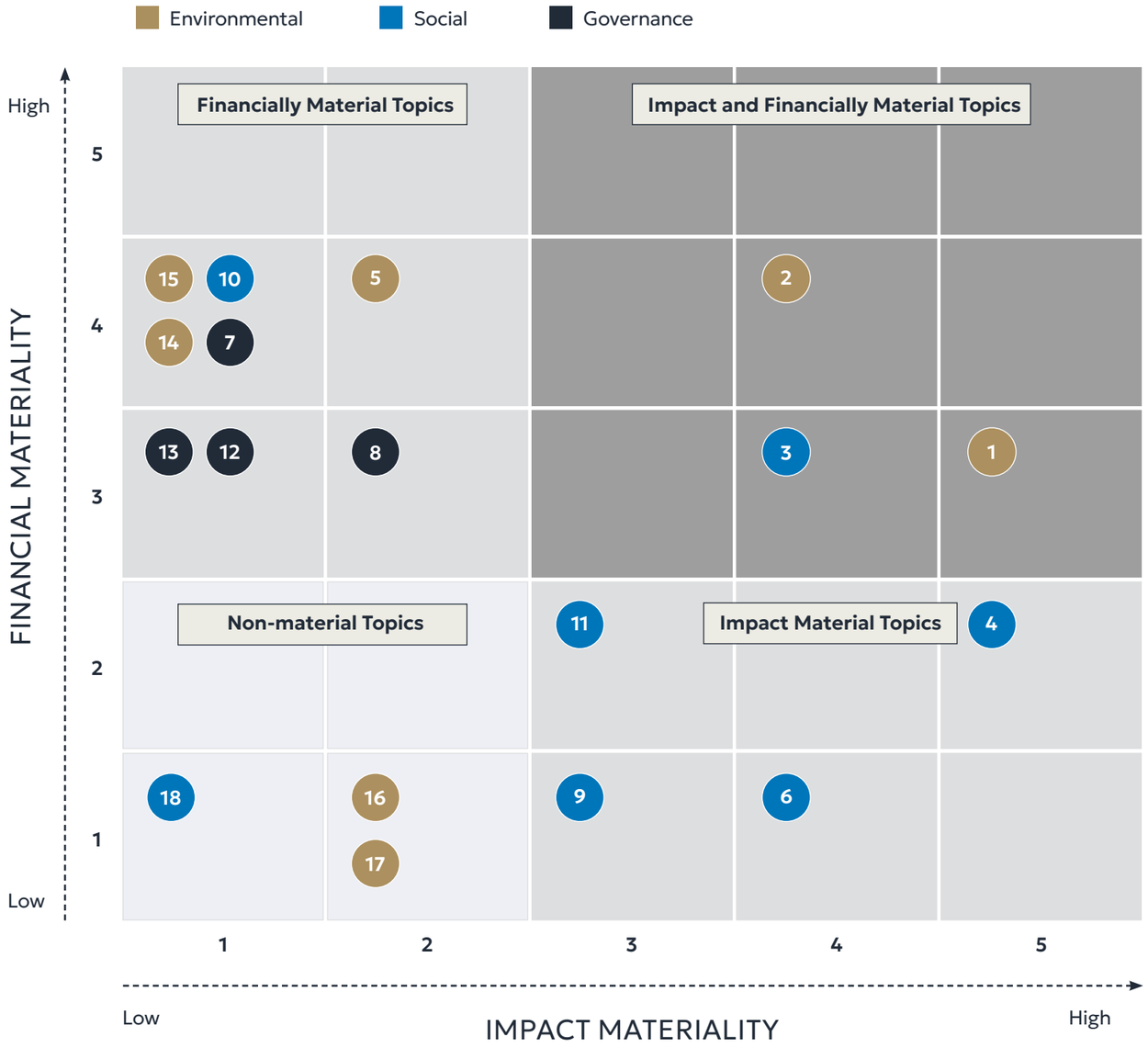
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TOPIC	MATERIAL IMPACT, RISK OR OPPORTUNITY		EMBLA MEDICAL'S RESPONSE	VALUE CHAIN	TIME HORIZON
E5 Circular Economy	Negative Impact	Waste with embedded greenhouse gas emissions from raw materials.	Active innovation towards circular solutions and collaborative supplier management. Partnering with responsible waste management service companies.	Upstream & Own Operations	Short to medium term (current reporting year to 5 years)
	Financial Risks	Failure to meet new regulatory and tender requirements or customer expectations, resulting in reduced sales.	Key focus is to work towards innovation on low-emission solutions on products and packaging.		
	Financial Opportunity	Innovation in circular solutions enabling efficiency.	We innovate towards low-emission solutions for products and packaging, and continuously improve our processes to improve raw material yield and waste management system.		
S1 Employee Engagement, Retention and Attraction	Negative Impact	Potential talent loss due to low job satisfaction or morale.	We foster an inclusive workplace through open engagement, development, work-life balance, and addressing issues like discrimination, inequality, and occupational risks.	Own workforce	Medium term (1-5 years)
S1 Health and Safety at Work	Negative Impact	Potential health issues due to workplace incidents.	We have a strong culture for safety and operate an efficient safety management system in our largest sites. Safety is our first priority.	Own workforce	Short term (current reporting year)
S2 Workers in the Value Chain	Negative Impact	Adversely affected workers' rights and well-being due to unethical practices in the supply chain.	We have implemented policies, including Code of Conduct, Human Rights Policy and a Speak-Up Policy and encourage all stakeholders to report concerns of unethical behavior.	Across	Medium term (1-5 years)
	Financial Risks	Fines and reputational damage due to unethical practices in the supply chain.	We have implemented a process to screen, evaluate and monitor our suppliers.		
S4 Data Privacy	Financial Risks	Penalties, reputational loss, and potential business impact due to non-compliance.	We have adequate policies and procedures in place as well as regular training and awareness.	Own Operations & Downstream	Medium term (1-5 years)

Note: Table continues on the next page

TOPIC	MATERIAL IMPACT, RISK OR OPPORTUNITY		EMBLA MEDICAL'S RESPONSE	VALUE CHAIN	TIME HORIZON
S4 Product Quality	Positive Impact	Improved mobility and participation in society thanks to high quality products.	Key focusing on producing high quality products, allowing users to become mobile. Our processes include comprehensive testing of clinical benefits of our products.	Own Operations & Downstream	Medium term (1-5 years)
	Negative Impact	Patient safety incidents due to product quality issues.	We have quality policies and processes in place and have a ISO13485 certification.		
	Financial Risks	Liability claims and market share loss due to product failures.	We have a robust certified quality management system, compliant with international medical device standards and regulations.		
	Financial Opportunity	Growth and customer trust due to high quality products.	We have an ongoing initiative related to improving access to healthcare for elderly amputees.		
G1 Business Ethics	Financial Risks	Penalties, stakeholder trust loss.	We provide training and awareness of our Code of Conduct and core values Honesty, Frugality and Courage as well as other ethical policies, including promoting the Speak-Up Line.	Across	Medium to long term (from 1 year to more than 10 years)
	Financial Opportunity	Investor confidence, competitive differentiation.	Commitment to follow industry standards and guidelines regarding Corporate Governance Reporting.		
G1 Supplier Relations	Financial Risks	Higher costs due to reputational damage and market losses.	We commit to fair payment terms which are crucial for fostering trust and strengthening relationships with our suppliers.	Across	Medium term (1-5 years)
G1 Regulatory Changes	Financial Risks	Higher compliance cost, legal penalties and reputational damage.	Processes in place to monitor upcoming regulatory changes and to adapt as needed.	Own Operations & Downstream	Long term (More than 5 years)

Double Materiality Assessment Outcome



	MATERIAL TOPIC	IMPACT/RISK/OPPORTUNITY
1	Climate Change (E1)	Negative Impact & Financial Risk
2	Circular Economy (E5)	Negative Impact & Financial Risk
3	Workers in the Value Chain (S2)	Negative Impact & Financial Risk
4	Health and Safety at Work (S1)	Negative Impact
5	Substances of Concern (E2)	Financial Risk
6	Product Quality (S4)	Positive Impact
7	Business Ethics (G1)	Financial Opportunity
8	Business Ethics (G1)	Financial Risk
9	Employee Engagement, Retention and Attraction (S1)	Negative Impact
10	Data Privacy (S4)	Financial Risk
11	Product Quality (S4)	Negative Impact
12	Supplier Relations (G1)	Financial Risk
13	Regulatory Changes (G1)	Financial Risk
14	Climate Change (E1)	Financial Opportunity
15	Circular Economy (E5)	Financial Opportunity
	NON-MATERIAL TOPICS	
16	Water and Marine Resources (E3)	
17	Biodiversity and Ecosystems (E4)	
18	Affected Communities (S3)	

Impact, Risk and Opportunity Management

Double Materiality Assessment Process (IRO-1)

The purpose of a Double Materiality Assessment is to identify, assess, prioritize and monitor potential and actual impacts on people and the environment (Impact Materiality) as well as business risks and opportunities arising from sustainability topics (Financial Materiality). At Embla Medical, the DMA is conducted by a cross-functional team with members from Internal Control & Risk, Global Sustainability, Finance, Operations, Human Resources and other relevant subject matter experts. Due to the extensive ESRS principles on double materiality assessment requirements, we limited the stakeholders involved in assessing our sustainability-related impacts and risks to internal subject-matter experts only. The process begins with establishing a mutual understanding through business model mapping, value chain documentation, and stakeholder mapping. Then, IROs are identified and listed, and finally, the materiality of these listed IROs is assessed according to defined methodology.

When identifying IROs related to climate change (E1), Embla Medical has consistently reported our greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and set Science-Based Targets validated by the SBTi. Therefore, climate change is material for us. In both 2023 and 2024, we conducted climate risk assessments as part of our Enterprise Risk Assessment. These assessments evaluated Physical Climate Risks and Transition Risks related to regulations, technology, reputation, and financial aspects. The main results in 2024 indicate a slight overall increase in all climate-related risks compared to the previous year, with the highest risks associated with technology and regulations. A climate scenario analysis is planned in 2025.

The material IROs related to Pollution (E2) is primarily due to the financial risk of potential restrictions on chemical substances used in our manufacturing. Embla Medical has a certified environmental management system at our largest manufacturing and distribution sites and has screened these locations to identify actual and potential pollution-related IROs in our operations. Pollution from our own operations was not deemed material, but we plan to evaluate the upstream value chain as part of our supplier management in the next 2-5 years. We have not conducted consultations with affected communities.

IROs related Water and marine resources (E3) was not deemed material at Embla Medical. We have a certified environmental management system at our largest manufacturing and distribution sites and follow applicable local regulations. We have screened these locations to identify actual and potential water and marine resource-related IROs in our operations. We plan to assess water and marine resources in our upstream value chain as part of our supplier management in the next 2-5 years. We have not conducted consultations with affected communities.

Embla Medical has not assessed the impact on Biodiversity and Ecosystems (E4). We acknowledge the growing concern about this topic, but until we have more information, it has not been deemed material. We foresee that with more knowledge about impacts in our upstream value chain and good collaboration with our suppliers, the outcome of the DMA may change for this topic.

We have screened our operations to identify actual and potential IROs related to Resource Use and Circular Economy (E5), both in our own operations and downstream value chain, and this topic has been deemed material. We have a robust waste management system and as a global market player, Embla Medical acknowledges the importance of circular solutions to reduce the use of virgin raw materials to lower greenhouse gas emissions. In 2024, we consulted with our customers, clinic employees, end-users, and business owners, while also examining emerging trends in payer and healthcare systems.

Embla Medical has screened its own operations, suppliers and business partners to identify potential risks and opportunities related to Business Conduct (G1). Key risks identified are corruption and bribery, both for reputational risk and financial risk. As a global medical device manufacturer and service provider, changes in regulatory environment and reimbursement systems for medical devices can have a negative impact on the company.

Impact Materiality
The Impact Assessment contains assessment based on scale, scope, irremediability (together: severity) and likelihood with the use of scoring from 1 to 5 as shown in the table below. For environmental categories the scope is assessed with regards to how many sites and/or suppliers, products, immediate surroundings are relevant. For social and governance categories the scope is assessed with regards to number of rights holders affected.

SCORING	SEVERITY / IMPACT			LIKELIHOOD
	Scale	Scope*	Irremediability	
1	Very light impact	Low number	Very easy	Rare: > 10 years
2	Light impact	Several / Low number	Easy to remedy	Unlikely: 5-10 years
3	Medium impact	Many / Medium number	Possible	Possible: 2-5 years
4	Heavy impact	Large / High number	Difficult	Likely: 1-2 years
5	Large impact	Major / Very high number	Non-remediable	Almost certain: < 1 year

*See the severity and likelihood scale on next page

Financial Materiality
Financial Assessment is based on the potential financial effect on the company's revenue, costs, cash flows, and market position over short-, medium-, and long-term horizons. Financial Assessment contains assessment based on the size of the financial impact (risk) and likelihood (probability) with the use of scoring from 1 to 5 as shown in the table below.

SCORING	SEVERITY / IMPACT	LIKELIHOOD
1	0% - 25% Threshold	Rare: > 10 years
2	25% - 75% Threshold	Unlikely: 5-10 years
3	75% - 100% Threshold	Possible: 2-5 years
4	100 - 200% Threshold	Likely: 1-2 years
5	> 200% Threshold	Almost certain: < 1 year

Impacts, Risks and Opportunities are scored on a severity and likelihood scale to prioritize high-risk areas. Material risks are considered as those, which based on the severity and likelihood assessment, have been marked as high as shown in the table below.

SEVERITY	1	2	3	4	5
5	high	high	high	high	high
4	medium	high	high	high	high
3	medium	medium	medium	high	high
2	low	low	medium	medium	medium
1	low	low	low	low	low

LIKELIHOOD

GAP Analysis
The DMA outcome identified 488 material data points for Embla Medical, including phase-in and voluntary data points. The team then performed a gap analysis to identify missing data on material data points. Identified gaps were addressed through additional data collection, process adjustments, and validation to ensure comprehensive and accurate sustainability reporting. In 2024, we worked extensively on filling these gaps but are not reporting on all identified material data points for 2024. We acknowledge that more work is needed to align actions and targets across our operations, and we plan to develop these over the next two years.

DMA and Enterprise Risk Assessment
After risks are assessed, Embla Medical prioritizes them based on their potential financial impact and strategic significance. High-priority risks are managed with specific action plans, including mitigation strategies and resource allocation. Results of the DMA are incorporated into Enterprise Risk Management. The Steering Committee of the Responsible for Tomorrow program makes decisions on mitigation actions. In addition to risks, the company identifies opportunities that are integrated into the company's business model, aiming to leverage competitive advantages and enhance financial performance.

Embla Medical monitors the risks and opportunities through its enterprise risk management system, ensuring that emerging risks are identified and that mitigation strategies are adjusted. Risks that have been identified as material during Double Materiality Assessment are incorporated into the company's enterprise risk register. Updates are provided to the Executive Management and the Audit Committee to ensure alignment with the overall corporate strategy. Our Double Materiality Assessment is reviewed and updated at least annually.



Disclosure Requirements Covered in the Sustainability Statement (IRO-2)

In the table below is a list of Disclosure Requirements Embla Medical is reporting on following the outcome of the Double Materiality Assessment, including the page numbers where the related disclosures can be found in the Sustainability Statement. Disclosure requirements with quantitative data points that have undergone limited assurance are marked with an icon " ".

ESRS	DR	NAME OF DISCLOSURE REQUIREMENT (DR)	PAGE
General information			
ESRS 2	BP-1	General basis for preparation of the sustainability statement	54
	BP-2	Disclosures in relation to specific circumstances	54
	GOV-1	The role of the administrative, management and supervisory bodies (also covering G1)	55
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	56
	GOV-3	Integration of sustainability-related performance in incentive schemes (also covering E1)	56
	GOV-4	Statement on due diligence	56
	GOV-5	Risk management and internal controls over sustainability reporting	56
	SBM-1	Strategy, business model and value chain	57
	SBM-2	Interests and views of stakeholders (also covering S1, S2, S4)	59
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model (also covering E1, S1, S2, S4)	60
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities (also covering E1, E2, E5, G1)	64
	IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	66
Environmental Information			
EU Taxonomy	EU Taxonomy	Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)	69
ESRS E1	E1-1	Transition plan for climate change mitigation	75
	E1-2	Policies related to climate change mitigation and adaptation	75
	E1-3	Actions and resources in relation to climate change policies	75
	E1-4	Targets related to climate change mitigation and adaptation	77
	E1-5	Energy consumption and mix	78
	E1-6	Gross Scopes 1,2,3 and Total GHG emissions	79
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	81

Note: Table continues on the next page

ESRS	DR	NAME OF DISCLOSURE REQUIREMENT (DR)	PAGE
ESRS E2	E2-1	Policies related to pollution	82
	E2-2	Actions and resources related to pollution	82
	E2-3	Targets related to pollution	82
	E2-5	Substances of concern and substances of very high concern	82
ESRS E5	E5-1	Policies related to resource use and circular economy	83
	E5-3	Targets related to resource use and circular economy	83
	E5-4	Resource inflows	84
	E5-5	Resource outflows	84
Social Information			
ESRS S1	S1-1	Policies related to own workforce	85
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	86
	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	87
	S1-4	Taking action on material impacts on own workforce	87
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	89
	S1-6	Characteristics of the undertaking's employees	90
	S1-7	Characteristics of non-employees in the undertaking's own workforce	91
	S1-8	Collective bargaining coverage and social dialogue	91
	S1-9	Diversity metrics	91
	S1-13	Training and skills development metrics	92
	S1-14	Health and safety metrics	93
	S1-16	Metrics (pay gap and total remuneration)	93
	S1-17	Incidents, complaints and severe human rights impacts and incidents	93

Note: Table continues on the next page

ESRS	DR	NAME OF DISCLOSURE REQUIREMENT (DR)	PAGE
ESRS S2	S2-1	Policies related to value chain workers	94
	S2-2	Processes for engaging with value chain workers about impacts	94
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	94
	S2-4	Taking action on material impacts on value chain workers	94
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	94
ESRS S4	S4-1	Policies related to consumers and end-users	95
	S4-2	Processes for engaging with consumers and end-users about impacts	95
	S4-4	Taking action on material impacts on consumers and end-users	96
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	96
Governance Information			
ESRS G1	G1-1	Business conduct policies and corporate culture	97
	G1-2	Management of relationships with suppliers	98
	G1-3	Prevention and detection of corruption or bribery	98
	G1-4	Incidents of corruption or bribery	99
	G1-5	Political influence and lobbying activities	99
	G1-6	Payment practices	99





SUSTAINABILITY STATEMENT

OUR ENVIRONMENT

Embla Medical has a positive impact through our innovative products and helping people live a Life Without Limitations®. At the same time, we take responsibility for our environmental impact and continually improve our environmental management and performance. But we are faced with a dilemma: while expanding our operations to reach more patients and enhance their quality of life is crucial, this growth is currently linked to increased greenhouse gas emissions due to global infrastructure constraints. Our main challenge is to decouple our growth from these emissions. Our efforts contribute to the UN Sustainable Development (SDGs) Goal 12 on Responsible Consumption and Production, and Goal 13 on Climate Action.





EU Taxonomy Key Performance Indicators (KPIs)

Embla Medical is obliged to disclose information on EU Taxonomy in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council. This means reporting on the company's environmentally sustainable economic activities that support the six objectives of the regulation, which are:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- The sustainable use and protection of water and marine resources (WTR)
- The transition to circular economy (CE)
- Pollution prevention and control (PPC)
- The protection and restoration of biodiversity and ecosystems (BIO)

All reported data regarding EU Taxonomy is provided at a consolidated level for the entire group. In 2024, Embla Medical is disclosing on the following Taxonomy-eligible activities:

- CE 1.2. Manufacture of electrical and electronic equipment (manufacturing of bionics),
- CE 5.2. Sale of spare parts (sale of spare parts of bionics),
- CE 5.5. Product-as-a-service and other circular use- and result-oriented service models (rental program of products),
- CCM 6.5. Transport by motorbikes, passenger cars and light commercial vehicles (leasing of passenger cars),
- CCM 7.2. Renovation of existing buildings (renovations and reconstruction of leased buildings),
- CCM 7.3. Installation, maintenance and repair of energy efficiency equipment (installations or repairs of air conditioning and ventilation systems),
- CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings,
- CCM 7.6. Installation, maintenance and repair of renewable energy technologies (maintenance of solar panels),
- CCA 8.2. Computer programming, consultancy and related activities (internally generated software implementations),
- CCM 9.1. Close to market research, development and innovation (costs of projects related to sustainable solutions).

§ Accounting Policies - Taxonomy

EU Taxonomy's Key Performance Indicators (KPIs) refer to the share of turnover, operational expenditures (OpEx) and capital expenditures (CapEx) coming from the Taxonomy-eligible and Taxonomy-aligned activities.

Taxonomy-eligible activity refers to economic activity included in the Delegated Acts of the EU Taxonomy regulation, indicating its potential to be environmentally sustainable.

Eligibility and Alignment Assessment

The eligibility assessment involved a comprehensive review of all activities outlined in the Delegated Acts to the Taxonomy Regulation. After identifying the eligible activities performed, the alignment assessment was conducted by examining the technical screening criteria for the undertaken activities. In 2024, the Substantial Contribution Criteria or Do No Significant Harm requirements were not met for the selected eligible activities, therefore they could not be considered aligned.

Embla Medical has not implemented any CapEx plan as understood under point 1.1.2. of Annex I to Commission Delegated Regulation (EU) 2021/2178.

The eligible turnover has been calculated as the proportion of net turnover derived from sale of product and services of Taxonomy-eligible activities (the turnover numerator) divided by net sales disclosed in Consolidated Income Statement (the turnover denominator).

For two of the three eligible turnover activities, CE 1.2 and CE 5.2., two assumptions are made. First, the product margin from Patient Care facilities is estimated. Second, it is assumed all products in Clinics were sold.

In the previous year's eligible turnover KPI table, the activity CE 5.2. was not included. Consequently, an eligible turnover amount of USD 673 thousand has been included in comparative numbers of the 2024 report. Additionally, the comparative amount from the year 2023 for activity CE 1.2. has been corrected to include an updated list of relevant products.

The aligned turnover has been calculated as the proportion of net turnover derived from sale of product and services of Taxonomy-aligned activities (the turnover numerator) divided by net sales presented in Consolidated Income Statement (the turnover denominator). In the year 2024, no Taxonomy-aligned activities related to turnover have been recognized.

The eligible OpEx has been calculated as the numerator divided by the denominator, where denominator covers direct non-capitalized cost related to research and development, building renovation, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment.

As of year 2023, the approach for calculating the denominator of the eligible OpEx has been updated to incorporate only short-term lease and eliminate costs, which are not considered day-to-day servicing of facilities. This revision leads to a shift in the OpEx denominator comparative figure from USD 64,705 to 47,536 thousand. One amendment has also been made in the calculation of the numerator of OpEx and the eligible CapEx. This change pertains to activity CCM 6.5. The modification expands the scope of eligible operating and capital expenditures from solely electric cars to include all company vehicles. Consequently, the comparative figures from 2023 have been restated in the tables presenting the Taxonomy KPIs.

The aligned OpEx was determined by dividing the numerator, which includes costs associated with Taxonomy-aligned activities, by the same denominator used in the eligible OpEx calculation. In 2024, there were no activities relating to OpEx that were aligned with the EU Taxonomy.

The eligible CapEx has been calculated as the numerator divided by the denominator, where the denominator covers additions to tangible and intangible assets during the financial year. Additions are considered including those coming from business combinations considered before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value change and goodwill. Additions have been presented in notes 11, 12 and 14 of the Consolidated Financial Statements. The CapEx numerator has been determined as part of the denominator connected to Taxonomy-eligible activities. The total amount included in the numerator consists of additions to right-of-use assets and leasehold improvements (51%), internally generated software (48%) and business combinations (1%). The most significant change in capital expenditures during the reporting period was related to facility renovations and refurbishments, which decreased from prior year.

Since 2023, there have also been adjustments in the calculation of the eligible CapEx denominator – the amount representing business combinations has been included, changing the 2023 CapEx denominator from USD 59.488 to 59.499 thousand. Additionally, for activity CCM 7.2 costs related to furnishing renovated buildings have been removed, and capital expenditures for activity CCM 7.3 concerning the installation and maintenance of ventilation systems have been separated. This results in a change in the comparative figure of the KPI in the CapEx table and adding one eligible activity.

The aligned CapEx was calculated by dividing the numerator, which represents capital expenditures coming from Taxonomy-aligned activities, by the same denominator as used in the eligible CapEx calculation. No activities have been recognized as aligned with EU Taxonomy concerning CapEx KPI in 2024.

Double Counting

Embla Medical takes every measure to avoid double counting in the allocation in the numerator of eligible turnover, CapEx and OpEx KPIs. This is done by extracting the amounts from company financial systems, choosing activities referring to specific assets, costs and turnover and using filters to screen out overlapping positions to ensure that they are not duplicated in KPIs and between economic activities.

EU Taxonomy Tables

Turnover KPI

2024				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH (DO NO SIGNIFICANT HARM)								
Economic activities	Codes	Absolute turnover in USD '000	Proportion of turnover (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimal safeguards	Taxonomy-aligned (A1) or -eligible (A.2.) proportion of turnover, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
				Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%							N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy- aligned)																			
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL										
Manufacture of electrical and electronic equipment	1.2. CE	92,211	10.79%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								10.57%		
Sales of spare parts	5.2. CE	787	0.09%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.09%		
Product-as-a-service and other circular use- and result-oriented service models	5.5. CE	50	0.01%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligble but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		93,048	10.88%	0%	0%	0%	10.88%	0%	0%								10.66%		
Total (A.1 + A.2)		93,048	10.88%	0%	0%	0%	10.88%	0%	0%								10.66%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities (B)		761,841	89.12%																
Total (A + B)		854,889	100%																

*Y - Yes, N - No, N/EL - Non-eligible

CapEx KPI

2024				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH (DO NO SIGNIFICANT HARM)									
Economic activities	Codes	CapEx in USD '000	Proportion of CapEx (%)	Climate change mitigation Y,N, N/EL	Climate change adaptation Y,N, N/EL	Water and marine resources Y,N, N/EL	Circular economy Y,N, N/EL	Pollution Y,N, N/EL	Biodiversity and ecosystems Y,N, N/EL	Climate change mitigation Y,N	Climate change adaptation Y,N	Water and marine resources Y,N	Circular economy Y,N	Pollution Y,N	Biodiversity and ecosystems Y,N	Minimal safe-guards Y,N	Taxonomy-aligned (A1) or -eligible (A.2.) proportion of CapEx, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy- aligned)																			
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL										
Transport by motorbikes, passenger cars and commercial vehicles	6.5. CMM	3,421	3.11%	EL	EL	N/EL	N/EL	N/EL	N/EL								5.05%		
Renovation of existing buildings	7.2. CCM	6,016	5.47%	EL	EL	N/EL	N/EL	N/EL	N/EL								17.77%		
Installation, maintenance and repair of energy efficiency equipment	7.3. CCM	72	0.07%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.45%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4. CCM	1	0.00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.03%		
Installation, maintenance and repair of renewable energy technologies	7.6. CCM	51	0.05%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.14%		
Computer programming, consultancy and related activities	8.2. CCA	8,732	7.94%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								14.49%		
CapEx of Taxonomy-eligble but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		18,293	16.64%	8.70%	7.94%	0%	0%	0%	0%								37.93%		
Total (A.1 + A.2)		18,293	16.64%	8.70%	7.94%	0%	0%	0%	0%								37.93%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities (B)		91,622	83.36%																
Total (A + B)		109,915	100%																

*Y - Yes, N - No, N/EL - Non-eligible

OpEx KPI

2024			SUBSTANTIAL CONTRIBUTION CRITERIA							DNSH (DO NO SIGNIFICANT HARM)									
Economic activities	Codes	OpEx in USD '000	Proportion of OpEx (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimal safe-guards	Taxonomy-aligned (A1) or -eligible (A.2.) proportion of OpEx, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
				Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N, N/EL	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N	Y,N			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy- aligned)																			
				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL										
Transport by motorbikes, passenger cars and commercial vehicles	6.5. CCM	21	0.04%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.05%		
Close to market research, development and innovation	9.1. CCM	155	0.30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
OpEx of Taxonomy-eligble but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		176	0.34%	0.34%	0%	0%	0%	0%	0%								0.05%		
Total (A.1 + A.2)		176	0.34%	0.34%	0%	0%	0%	0%	0%								0.05%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities (B)		51,729	99.66%																
Total (A + B)		51,905	100.00%																

*Y - Yes, N - No, N/EL - Non-eligible

Nuclear and fossil gas related activities – disclosure related to turnover, CapEx and OpEx KPIs in reference to Article 8 (6) and (7) of Delegated Regulation (EU) 2021/2178

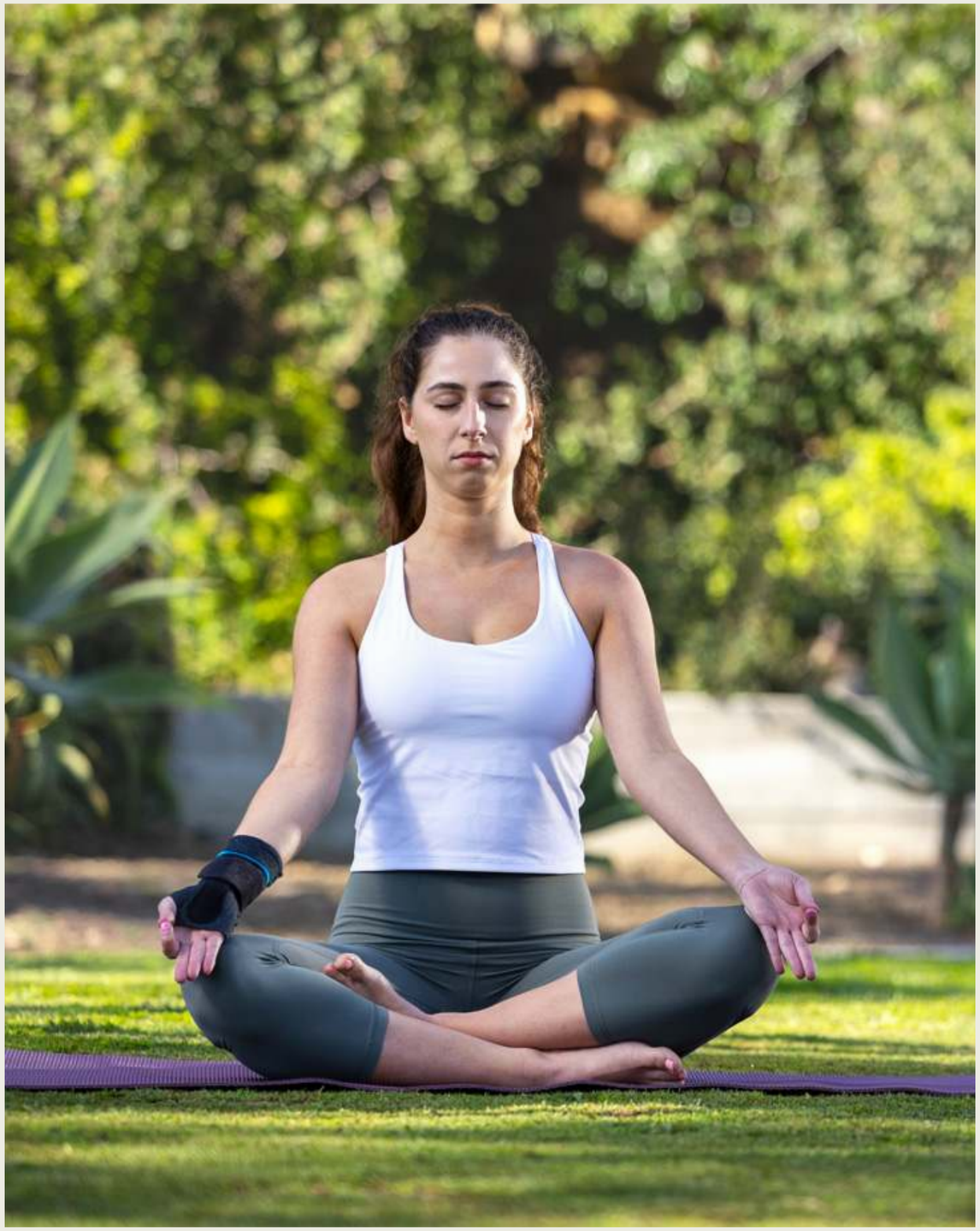
NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES	
NUCLEAR ENERGY RELATED ACTIVITIES	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
FOSSIL GAS RELATED ACTIVITIES	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Summary Tables

Proportion of turnover / Total turnover		
Objective	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	10.88%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of CapEx/ Total CapEx		
Objective	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	0.00%	8.70%
CCA	0.00%	7.94%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Proportion of OpEx/ Total OpEx		
Objective	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
CCM	0.00%	0.34%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%



Climate Change (ESRS E1)

Addressing climate change is crucial for ensuring the long-term sustainability and resilience of our business. By actively working on climate initiatives, we not only mitigate risks associated with climate change but also unlock opportunities for innovation and growth. Our commitment to climate action demonstrates our responsibility to stakeholders and helps us align with global sustainability goals, ultimately contributing to a healthier planet and a more sustainable future for all.

Climate Transition Plan (E1-1)

Embla Medical has set Science-Based Targets (SBTs) on reduced greenhouse gas emissions following the methodology and requirements of the Science Based Targets initiative (SBTi). These targets align with the Paris Agreement's goal of limiting global warming to 1.5°C. As a manufacturing company, Embla Medical's base year emissions profile indicates that around 90% of our emissions come from our value chain (Scope 3), primarily from Purchased Goods and Services, and Transportation and Distribution. In contrast, our direct emissions (Scope 1 and 2) represent around 10% of our total emissions. Consequently, our main potential for locked-in GHG emissions lies in the raw materials used in our products, as well as in transportation and distribution. Embla Medical's largest manufacturing and distribution sites and clinics have a certified environmental management system according to ISO 14001:2015.

Our products are medical devices and must adhere to strict regulatory requirements to ensure safety and reliability. Therefore, any innovation efforts to reduce their environmental impact must align with these regulations, which can limit our ability and pace of improvement. This situation poses a risk to achieving our GHG emission reduction targets and may introduce transition risks. We recognize this challenge and are focusing our efforts where we can make the most significant impact, particularly through eco-design, circular solutions, strong collaboration with our raw material suppliers and enhanced efficiency in transportation and distribution.

While we actively explore these avenues, our transition plan is still under development, with a goal to finalize it by year-end 2025. This plan will outline our objectives for aligning our economic activities with science-based targets, which is our guiding light on how to prioritize our efforts to support climate action. The challenge we face is to decouple our emissions from our growth.

Policies (E1-2)

In 2024, the Embla Medical Environmental Policy was updated to align with our strategy reflecting the results from the Double Materiality Assessment. The new policy states that we aim to minimize our negative environmental impact by reducing our greenhouse gas emissions to mitigate climate change, adapting to climate change impacts, and promoting energy efficiency and transitioning to renewable energy sources.

Actions (E1-3)

Embla Medical actions and resources in relation to climate change policies are managed under our Responsible for Tomorrow program, explained in chapter GOV-1. In 2024, we focused on CSRD implementation, preparing for actions to reduce our emissions, and advancing various initiatives.

Life Cycle Assessment (LCA)
In 2024, Embla Medical developed internal expertise and established a procedure for conducting LCAs on our products. Previously, external consultants performed LCAs for our key products. This internal expertise is crucial to our ongoing efforts to map emissions across our product portfolio and serves as the foundation for implementing feasible design changes to reduce emissions and support our efforts towards circular solutions.

Circular Solutions
We are committed to implementing circular solutions that maximize material utilization and create opportunities for sustainable growth. This approach not only promotes sustainable business practices but also strengthens resilience in the ever-changing healthcare landscape.

In 2024, we embarked on a journey of discovery, engaging with our customers, clinic employees, end-users, and business owners, while also examining emerging trends in payer and healthcare systems. A key insight emerged: Linear transactions, defined as the transfer of product ownership, are not always essential to meet customer needs. In some cases, temporary, metered access to mobility-enhancing solutions may be preferred over a traditional linear business transaction. Additionally, an internal review has confirmed Embla Medical's strong foundation for safely testing circular product use, driven by our successful implementation of MDR-compliant systems and processes in recent years. Building on this progress, we are launching pilot projects in 2025 to explore how circularity can be seamlessly integrated into our business practices while enhancing mobility for those in need. These pilot projects aim to validate the concept of circularity, setting the stage for scaling these initiatives in the future.

Suppliers and Environmental Performance
Around 90% of our emissions originate from our value chain, primarily from purchased goods, emphasizing the importance of supplier collaboration and management in achieving our science-based targets. Össur, the largest commercial entity of Embla Medical, conducted a survey in 2023 and 2024 to assess the environmental sustainability performance of its key suppliers, and to encourage them to join our sustainability journey. In 2024, Össur invited 64 suppliers to participate, representing 80% of direct goods spend, and achieved a 95% response rate. As in the previous year, suppliers were categorized into four groups based on their scores, defined on a 100-point scale: Unaware (0-20%), Aware (20-50%), Engaged (50-80%), and Advanced (80-100%).

The 2024 results show that 25% of the suppliers are now in the Engaged or Advanced categories, compared to 15% in 2023. These 25% of suppliers account for 30% of the emissions from purchased goods. We welcome this positive improvement and have shared the scores and overall survey results with all suppliers, encouraging them to take action to enhance their performance. The survey is conducted annually with the aim of increasing the number of engaged and advanced suppliers.

	UNAWARE		AWARE		ENGAGED		ADVANCED	
	2023	2024	2023	2024	2023	2024	2023	2024
Suppliers (%)*	35.2	28.1	38.9	39.1	13	17.2	1.9	7.8
Emissions (%)	32.7	27.9	46.5	36.6	10.3	25	0.3	5.4

*Response rate in 2024 was 95% compared to 89% in 2023

Taxonomy
The information about Taxonomy-eligible CapEx is included in the notes 11, 12 and 14 to Consolidated Financial Statement in lines representing additions and business combinations. Financial figures disclosed as Taxonomy-eligible OpEx are included in the Consolidated Income Statement – specifically within lines of sales and marketing, research and development and general and administrative expenses. In 2024, Embla Medical did not meet the requirements of alignment in the understanding of European Union Taxonomy, resulting in no aligned capital and operating expenditures.



Targets (E1-4)

In 2024, Embla Medical received validation from the Science Based Target initiative (SBTi) for our science-based targets aimed at reducing market-based emissions. We have identified and implemented several decarbonization levers, such as energy efficiency projects, and sourcing electricity from renewable energy sources. Additional decarbonization measures will be outlined in our climate transition plan, which is set to be finalized in 2025, as detailed in section E1-1. This plan will include the development of sub-targets to support our science-based targets.

Our Science-based Targets:

- Near-term 2030:
  Embla Medical commits to reduce absolute scope 1 and 2 GHG emissions by 79% by 2030 from a 2019 base year. Embla Medical also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, and downstream transportation and distribution 25% by 2030 from a 2021 base year.
- Long-term 2050:
  Embla Medical commits to reduce absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2019 base year. Embla Medical also commits to reduce absolute scope 3 GHG emissions 90% by 2050 from a 2021 base year.

Progress on Scope 1 and 2 Science-based Targets

In 2024, our Scope 1 and market-based Scope 2 emissions were reduced by 66% compared to our 2019 base year, the same as in 2023. This significant reduction is primarily due to our commitment to purchasing electricity from renewable energy sources. To meet our 2030 science-based target, we will continue to focus on energy efficiency in our largest facilities, purchase electricity from renewable energy sources, and transition to electric leased vehicles.

	2019 BASE YEAR	2023	2024	2030 TARGET	2050 TARGET
Scope 1 & 2 emissions (tCO2e)*	7,660	2,630	2,600	1,610	770
Scope 1 (tCO2e)	2,770	2,460	2,290		
Scope 2 market based (tCO2e)	4,890	170	310		
Scope 1 & 2 emissions % change (-/+) from base year	0%	-66%	-66%	-79%	-90%

*CO2-equivalent emissions (CO2, CH4, N2O) from company facilities and vehicles, and purchased electricity (market-based), steam, heating, and cooling for own use

Progress on Scope 3 Science-based Targets

In 2024, our Scope 3 emissions, which cover significant emission categories included in our science-based target, increased by 9% compared to our 2021 base year. We fully recognize and acknowledge the challenge of meeting our Scope 3 science-based target, as it requires rethinking how we design, manufacture, and sell our products and services. Our goal is to decouple our growth from our emissions by applying eco-design principles, implementing circular solutions, and optimizing the transportation and distribution of goods.

	2021 BASE YEAR	2023	2024	2030 TARGET	2050 TARGET
Scope 3 emissions (tCO2e)*	75,600	77,400	82,600	56,700	7,600
Scope 3 emissions % change (-/+) from base year	0%	2%	9%	-25%	-90%

*CO2-equivalent emissions (CO2, CH4, N2O) from purchased goods, fuel- and energy-related activities, and both upstream and downstream transportation and distribution of goods

§ Acccounting Policies – Targets Related to Climate Change Mitigation and Adaptation (E1-4)

Science-based targets are developed in accordance with the requirements of the Science Based Target initiative (SBTi), with greenhouse gas (GHG) emissions calculated following the Greenhouse Gas Protocol.

Progress on Scope 1 and 2 emissions targets is assessed by comparing 2024 emissions against the 2019 base year emissions, both in absolute terms and percentage change. These emissions cover CO2-equivalent emissions (CO2, CH4, N2O) from company facilities and vehicles, as well as market-based purchased electricity, steam, heating, and cooling for own use.

Progress on Scope 3 emissions targets is assessed by comparing 2024 emissions against the 2021 base year emissions, both in absolute terms and percentage change. These emissions originate from purchased goods, fuel- and energy-related activities, as well as upstream and downstream transportation and distribution.

In 2024, Embla Medical implemented a new GHG accounting software system and updated the source of emission factors. This change was applied to the base year and all subsequent years to ensure consistency and accurate comparisons. We are reporting these updated emissions numbers in this report. In 2025, we will engage with SBTi to review and update our science-based targets to reflect this change in emissions factor sourcing.

Energy Consumption and Mix (E1-5)

At Embla Medical, we are committed to reducing our environmental impact through responsible energy management. In 2024, our total energy consumption was 29,070 MWh, up from 28,010 MWh in 2023. Despite this increase, our energy intensity per net revenue decreased to 34.0 in 2024 from 35.6 in 2023. The share of energy from renewable sources rose to 29%, compared to 27% in 2023, marking a 2% increase in renewable energy consumption. Our total purchased electricity was 17,080 MWh, up from 15,350 MWh in 2023.

§ Accounting Policies – Energy Consumption and Mix (E1-5)

Energy consumption covers stationary and mobile combustion, purchased electricity and district heating. All consumption data is uploaded to our GHG accounting software system and converted to the unit of MWh, if needed.

Stationary Combustion (purchased gas) consumption is monitored at eight manufacturing and distribution locations in Mexico, the US, the UK, and the Netherlands, through invoices and the service company MySites which enables online collection of gas consumption. To ensure data completeness, gas consumption in our clinics is estimated from established ratio of gas consumption per Full-Time Equivalent (FTE) and country-based statistics on natural gas used for heating.

Mobile Combustion consumption is monitored for fuel consumption of owned and leased cars, and from our car allowance system. This represents in total over 300 cars in Europe, Scandinavia, US, Mexico and emerging markets. Fuel consumption is collected from internal consumption data, available consumption data from leasing companies, and calculated from the average distance traveled per car determined by the average CO_2 emissions per kilometer originating from the car manufacturer.

Purchased Electricity and District Heating consumption is monitored in manufacturing and distribution locations in Iceland, Mexico, the US, the UK, and the Netherlands. For our patient care clinics worldwide, electricity consumption is tracked by establishing an emission factor per FTE based on available consumption data from Scandinavia, which is then extrapolated to ensure comprehensive data coverage. To ensure completeness of data, the remaining consumption is extrapolated. All electricity consumption data is uploaded to our GHG accounting software system and linked to the relevant grid database. This linkage provides detailed information on the energy mix for each respective grid.

Net revenue in 2024 for Embla Medical is 855 USD million as shown in Net sales line for 2024 in the Consolidated Income Statement.

ENERGY CONSUMPTION AND MIX	2023	2024
Fuel consumption from coal and coal products (MWh)	0	0
Fuel consumption from crude oil and petroleum products (MWh)	6,470	5,920
Fuel consumption from natural gas (MWh)	4,200	4,090
Fuel consumption from other fossil sources (MWh)	0	0
Consumption of purchased or acquired electricity, heat steam and cooling from fossil sources (MWh)	7,830	8,620
Total fossil energy consumption (MWh)	18,500	18,630
Share of fossil sources in total energy consumption (%)	66%	64%
Consumption from nuclear sources (MWh)	1,990	1,980
Share of consumption from nuclear sources in total energy consumption (%)	7%	7%
Fuel consumption for renewable sources, including biomass (also comprising industrial waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
Consumption of purchased or acquired electricity, heat steam and cooling from renewable sources (MWh)	7,520	8,460
The consumption of self-generated non-fuel renewable energy (MWh)	0	0
Total renewable energy consumption (MWh)	7,520	8,460
Share of renewable sources in total energy consumption (%)	27%	29%
Total energy consumption (MWh)	28,010	29,070
Energy Intensity Per Net Revenue		
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWH/USD million)	35.6	34.0

Gross Scopes 1, 2, 3 and Total GHG Emissions (E1-6)

Understanding and managing our greenhouse gas (GHG) emissions is crucial to Embla Medical's sustainability strategy. Embla Medical has identified ten relevant Scope 3 emission categories as defined by the Greenhouse Gas Protocol. Four of these categories are included in our science-based targets and are therefore significant to Embla Medical. For transparency, we also report on the other six relevant categories to monitor any changes that might require a review and update of our science-based targets.
In 2024, our total Scope 1, 2 and significant Scope 3 market based GHG emissions was 85,200 tCO2e, compared to 80,000 tCO2e in 2023.

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS	RETROSPECTIVE				MILESTONES AND TARGET YEARS		
	BASE YEAR	2023	2024	2024 / 2023 %	2030	2050	ANNUAL REDUCTION TARGET TO 2030 %
Scope 1 GHG emissions (base year = 2019)							
Gross Scope 1 GHG emissions (tCO2e)	2,770	2,460	2,290	-7%	1,610	770	7%
Stationary combustion (tCO2e)	790	850	850	0%			
Mobile combustion (tCO2e)	1,930	1,610	1,440	-11%			
Fugitive emissions (tCO2e)	50	0	0	0%			
Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	0%			
Scope 2 GHG emissions (base year = 2019)							
Gross location-based Scope 2 GHG emission (tCO2e)	4,890	3,990	4,330	9%			
Gross market-based Scope 2 GHG emissions (tCO2e)	4,890	170	310	82%			
Scope 1 and 2 emissions (base year = 2019)							
Gross Scope 1 and 2 GHG emissions, market-based (tCO2e)	7,660	2,630	2,600	-1%			
Significant Scope 3 GHG emissions (base year = 2021) *							
Gross Scope 3 emissions within science-based targets (tCO2e)	75,600	77,400	82,600	7%	56,700	7,600	3%
Category 1 - Purchased goods*	62,290	65,730	70,130	7%			
Category 3 - Fuel- and energy-related activities*	1,280	1,160	1,230	6%			
Categories 4 and 9 - Upstream and downstream transportation and distribution*	11,990	10,530	11,240	7%			

*Significant Scope 3 categories within science-based targets

TOTAL SCOPE 1, 2 AND SIGNIFICANT SCOPE 3 GHG EMISSIONS	BASE YEAR	2023	2024	2024 / 2023 %
Total GHG emissions, locations-based (tCO2e)	83,300	83,900	89,200	6%
Total GHG emissions, market-based (tCO2e)	83,300	80,000	85,200	7%

To better understand the efficiency of our operations in relation to our environmental impact, we measure our GHG emissions intensity per net revenue. This metric provides insight into how effectively we are managing our emissions relative to our economic activity. In 2024, the total GHG emissions covering total Scope 1, 2 (market-based) and significant Scope 3 GHG emissions per net revenue was 99.6 tCO2e/USD million, compared to 101.8 tCO2e/USD million in 2023. This is a 2% reduction in intensity from 2023 to 2024.

GHG INTENSITY PER NET REVENUE*	2023	2024	2024 / 2023 %
Total GHG emissions (location-based) per net revenue (tCO2e/USD million)	106.7	104.3	-2%
Total GHG emissions (market-based) per net revenue (tCO2e/USD million)	101.8	99.6	-2%

*Total Scope 1, 2 and significant Scope 3 GHG emissions

OTHER RELEVANT SCOPE 3 GHG EMISSIONS	2023	2024	2024 / 2023 %
Category 1 - Purchased services (tCO2e)	3,490	3,690	6%
Category 2 - Capital goods (tCO2e)	9,220	7,350	-20%
Category 5 - Waste generated in operations (tCO2e)	920	970	5%
Category 6 - Business traveling (tCO2e)	5,100	6,100	20%
Category 7 - Employee commuting (tCO2e)	7,250	7,870	9%
Category 11 - Use of sold products (tCO2e)	340	390	15%
Category 12 - End-of-life treatment of sold products (tCO2e)	130	140	8%

§ Accounting Policies – Gross Scope 1 and 2 Emissions (E1-6)

In 2024, Embla Medical implemented a new GHG accounting software system and updated the source of emission factors. This change was applied to the base year and all subsequent years to ensure consistency and accurate comparisons. We are reporting these updated emissions numbers in this report. In 2025, we will engage with SBTi to review and update our science-based targets to reflect this change in emissions factor sourcing.

Scope 1 emissions cover emissions from stationary and mobile combustion, as well as fugitive emissions. Consumption data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e.

Stationary Combustion (purchased gas) consumption is monitored at eight manufacturing and distribution locations in Mexico, the US, the UK, and the Netherlands through invoices and the service company MySites which enables online collection of gas consumption. To ensure data completeness, gas consumption in our clinics is estimated from established ratio of gas consumption per Full-Time Equivalent (FTE) and country-based statistics on natural gas used for heating.

Mobile Combustion consumption is monitored for fuel consumption of owned and leased cars, and from our car allowance system. This represents in total over 300 cars in Europe, Scandinavia, US, Mexico and emerging markets. Fuel consumption is collected from internal consumption data, available consumption data from leasing companies, and calculated from the average distance traveled per car determined by the average CO2 emissions per kilometer originating from the car manufacturer.

Fugitive emissions arise from the use of refrigerants in our cooling systems in Iceland. In 2024, there were no refrigerant refills in our systems, so no fugitive emissions are reported.

Scope 2 emissions cover emissions from purchased electricity and district heating. Consumption data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e. According to the GHG Protocol Scope 2 Guidance, for the market-based method, all electricity purchased with confirmed Energy Attribute Certificates (EACs) have an emission factor of zero.

Purchased Electricity and District Heating consumption is monitored in manufacturing and distribution locations in Iceland, Mexico, the US, the UK, and the Netherlands. For our patient care clinics worldwide, electricity consumption is tracked by establishing an emission factor per employee based on available consumption data from Scandinavia, which is then extrapolated to ensure comprehensive data coverage. To ensure complete data, the remaining consumption is extrapolated. All electricity consumption data is uploaded to our GHG accounting software system and linked to the relevant grid database. This linkage provides detailed information on the energy mix for each respective grid.

Net revenue in 2024 for Embla Medical is 855 USD million as shown in Net sales line for 2024 in the Consolidated Income Statement.

§ Accounting Policies – Gross Scope 3 Emissions (E1-6)

Scope 3 emissions cover ten relevant categories as defined by the Greenhouse Gas Protocol, using the operational control approach. Four of these categories are significant to Embla Medical and are included within our science-based targets. For transparency, we also report on the other six relevant categories to monitor any changes that might require a review and update of our science-based target scope.

3.1 Purchased Goods and Services
Purchased goods are categorized into three groups: raw materials, outsourced finished components, and outsourced finished goods. Emissions from raw materials are calculated using activity data by weight and emission factors based on industry averages. For outsourced finished components and goods, emissions are calculated using spend data and country-specific emission factors. The data used represent 80% of our spend on purchased goods, with the remaining 20% extrapolated to ensure data completeness.
Emissions from purchased services are calculated based on Embla Medical's spend.

3.2 Capital Goods
Data on capital goods is based on Embla Medical's spend and emissions calculated by multiplying spend by applicable emissions factor. Capital goods is split into five categories: buildings and sites, machinery, equipment and automotives, fixtures and furniture, leasehold improvements, and computer equipment.

3.3 Fuel- and Energy-Related Activities
This category includes upstream emissions from energy consumption in company operations. Calculations are based on Scope 1 and 2 emissions and cover fuels, electricity and district heating. Emission factors are applied based on energy source and consumption data.

3.4 Upstream Transportation and Distribution
Covers transportation and distribution paid by Embla Medical. Data is collected from service companies on weight transported, transport mode, city of origin and destination for purchased goods, inter-company shipments and finished goods distribution. The data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e. The emissions are calculated on a well-to-wheel (WTW) basis. For total transportation and distribution emissions, we apply a 70/30 split between upstream and downstream, with upstream accounting for 70% of the emissions.

3.5 Waste
Emissions from waste are calculated by uploading the weight and categories of waste generated into our GHG accounting software system. This system connects the data to relevant emissions factors to determine the total CO2 equivalent (tCO2e). Covers waste generated at our largest manufacturing and distribution sites in Iceland, Mexico, the US (Philadelphia), the UK (Manchester), and the Netherlands (Eindhoven). Waste data, including amounts and categories, is collected at each location from invoices, or the service company MySites which enables online collection of waste generated. Where data is unavailable, waste amounts are extrapolated based on the FTE ratio and whether the site is a manufacturing or distribution facility.

3.6 Business Travel
Emissions from business travel are collected through Embla Medical's global travel system which monitors emissions from air travel and trains. The data covers approximately 60% of booked travel, with the remaining data extrapolated to ensure completeness. Emissions are calculated on a well-to-wheel (WTW) basis.

3.7 Employee Commuting
Emissions from employee commuting are determined through an annual desk study, which uses accessible statistics based on the number of employees in five regions: Europe, Iceland, North America, South America, and Asia. This study is updated yearly by revising the main data parameters and emission factors.
The data used to calculate emissions include the number of employees, number of workdays per year, commuting distance, regional transportation statistics, and appropriate emission factors.

3.9 Downstream Transportation and Distribution
Covers transportation and distribution paid by Embla Medical's customers. Data is collected from service companies on weight transported, transport mode, city of origin and destination for purchased goods, inter-company shipments and finished goods distribution. The data is uploaded to our GHG accounting software system and connected to the relevant emissions factor datasets for the calculation of tCO2e. The emissions are calculated on a well-to-wheel (WTW) basis. For total transportation and distribution emissions, we apply a 70/30 split between upstream and downstream, with downstream accounting for 30% of the emissions.

3.11 Use of Sold Products
Covers emissions from the energy consumption of Embla Medical's products when used by our patients. We place a limited number of bionic products on the market that consume electricity, constituting less than 1% of the total units sold. The electricity consumption of these sold bionic products is calculated based on the number of units sold, estimated hours of use per day, and known electricity consumption per hour. Emissions are then calculated from this electricity consumption and the electricity grid emissions for the geographical areas where the products are sold. The emissions from the use of sold products in 2024 are estimated based on last year's data and adjusted according to the percentage increase in net revenue of bionic products.

3.12 End-of-Life Treatment of Sold Products
Covers emissions from sold products at the end of their life cycle, when the product is no longer used and disposed. Sold products are categorized into products and packaging, with annual sales per unit used to calculate the number of products and packaging placed on the market in each country/region. Disposal statistics for packaging materials (plastic or paper) in each market are used to calculate emissions. It is assumed that all products end up in landfills, based on their weight. The emissions from end-of-life treatment of sold products are based on last year's data and adjusted according to the percentage increase in net revenue.

Net revenue in 2024 for Embla Medical is 855 USD million as shown in Net sales line for 2024 in the Consolidated Income Statement.

GHG Removals and Carbon Credits (E1-7)

As a part of our science-based targets, Embla Medical is committed to achieving NetZero by 2050 by reducing emissions by 90% from selected base years. The remaining emissions will be neutralized through the purchase of carbon removal credits. Embla Medical did not purchase carbon removal credits in 2024.

As part of our commitment to mitigation beyond our value chain, Embla Medical partners with SoGreen to empower girls in developing countries through education, which contributes to climate change mitigation. This project also supports the UN Sustainable Development Goal 5 on Gender Equality and fosters innovation. Embla Medical has contracted to purchase 500 pending avoidance credits per year for five years, totaling 2,500 credits. This method is currently in the certification process, and since these are not removal credits, they will not be used to meet our NetZero target.

Pollution (ESRS E2)

At Embla Medical, we are committed to responsible manufacturing practices and minimizing pollution from our operations. The materiality of ESRS E2 Pollution is primarily driven by the potential financial impact of possible restrictions on the use of certain chemical substances used in our operations. Therefore, this chapter focuses mainly on our management of the use of chemical substances.

Policies (E2-1)

At Embla Medical, we use various chemical products in the design and manufacturing of our products. Our updated Environmental Policy states that we aim to minimize our negative environmental impact by preventing and reducing pollution and the use of harmful substances across our value chain. We apply a risk-based approach and have a certified environmental management system according to ISO 14001:2015 in our largest manufacturing and distribution sites, and in some of our patient care facilities. As part of these systems, we have processes in place to avoid incidents and emergency situations, and if they occur, to control and limit their impact on people and the environment.

Actions (E2-2)

Our approach to chemical management is designed to protect our employees through safe usage, ensure regulatory compliance, and minimize environmental impact through proper waste management.

As part of our Safety Management System, we have implemented comprehensive emergency response plans for chemical spills, leaks, and other incidents at our largest manufacturing and distribution sites, using a risk-based approach. These plans ensure quick and effective action to protect both workers and the environment. We use Safety Data Sheets (SDS) to provide detailed information on safe use, hazards, handling, storage, and emergency measures. Additionally, we conduct Job Safety Analyses (JSA) on our manufacturing processes to identify potential hazards associated with chemical use. We implement measures to mitigate these risks, including engineering controls, personal protective equipment (PPE), and safe work practices. For further information on our actions to maintain a safe workplace, please refer to chapter S1.

We take full responsibility for ensuring regulatory compliance in chemical use, recognizing that it enhances our business resilience against potential restrictions on their use, distribution, and commercialization. Staying updated on changes or new regulations that may impact our operations is a priority. Our internal Regulatory Committee is dedicated to monitoring changes in chemical regulations, evaluating their relevance to our operations, and ensuring appropriate responses. We conduct annual compliance reviews at our largest manufacturing, distribution and patient care sites and regulatory changes identified are forwarded to the Regulatory Committee for evaluation, as needed. Compliance extends to our supply chain, where we maintain strong collaboration with our trusted suppliers to ensure adherence to chemical legislation.

As part of our manufacturing processes, we have implemented procedures for the safe disposal of chemical waste, including recycling and treatment processes, to minimize environmental impact. For more details on our waste management, please refer to chapter E5.



Targets (E2-3)

Embla Medical has not yet set targets on the prevention and control of substances of concern and substances of very high concern. In 2024, we focused on establishing an understanding on the requirements of the ESRS E2 standard and gathered valuable information on how they align with the current management of chemical substances at our entities. This effort aims to build a strong foundation for our actions and set targets related to the prevention and control of substances of concern and substances of very high concern.

Substances of Concern and Substances of Very High Concern (E2-5)

Over the years, Embla Medical has replaced substances of concern, when possible, by finding equivalent alternatives. With the new CSRD requirements, we need to create a comprehensive overview of these substances. This information will help in making decisions regarding their substitution, which may improve our ability to set and achieve corporate targets.

However, the absence of clear definitions within the legislation and the lack of access to a comprehensive list of all substances of concern have presented challenges in meeting disclosure requirements effectively. As a result, Embla Medical is currently unable to disclose the total quantities of substances of concern and substances of very high concern used in manufacturing processes across our entities. Similarly, we are unable to provide data on the total amounts of these substances that leave our facilities as products, components of products, or services, categorized by main hazard classes.



Resource Use and Circular Economy (ESRS E5)

At Embla Medical, we are committed to optimizing our raw material yield to minimize waste. We are actively mapping our product portfolio in relation to emissions and market demands and taking initial steps towards adopting circular solutions. Our existing value chain is predominantly linear, and to successfully introduce circular solutions, we must overcome challenges of both an economic and regulatory nature. For circular solutions to succeed, all key stakeholders in our value chain must recognize the value of transitioning from a linear to a circular business model.

Policies (E5-1)

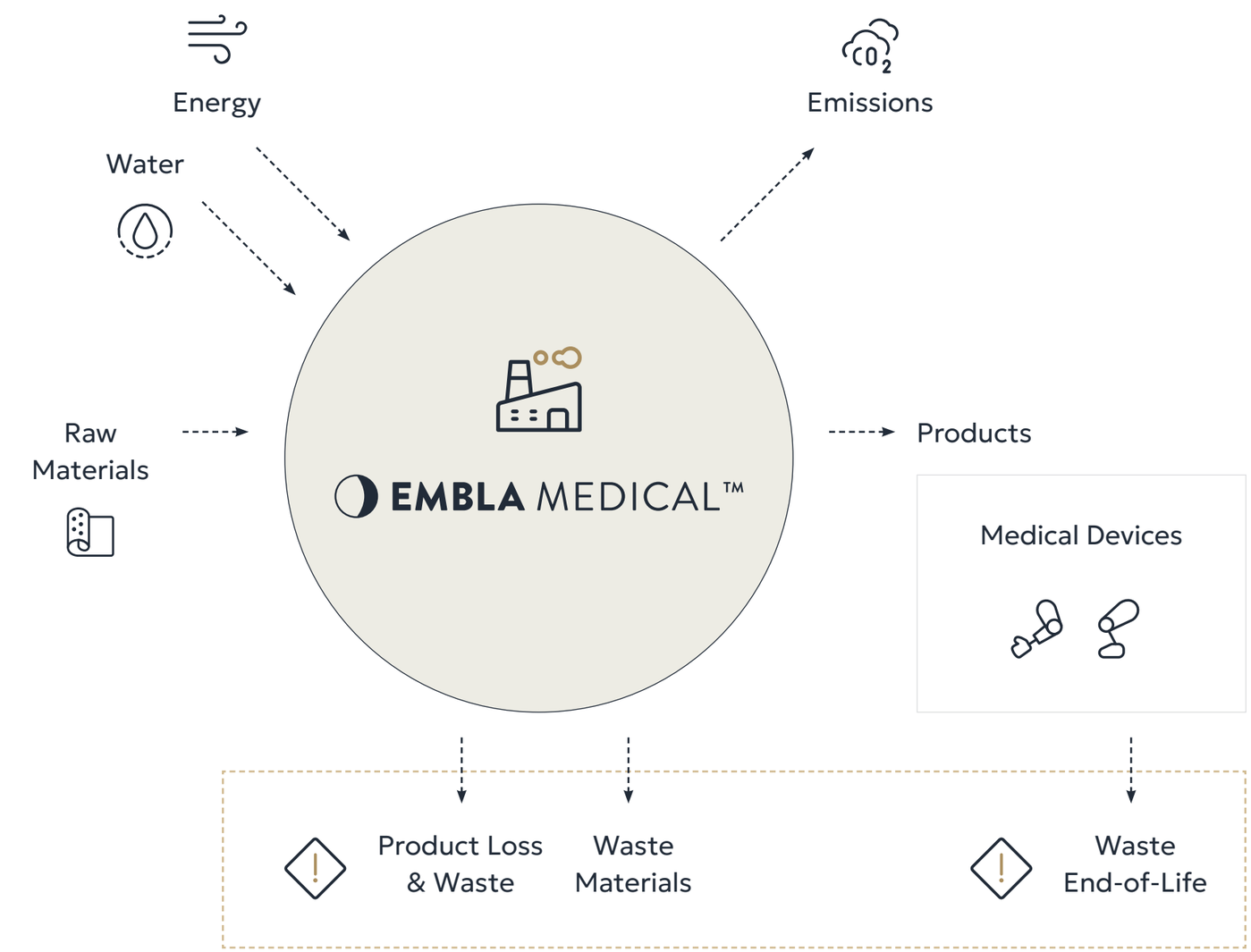
Our updated Environmental Policy states that we aim to minimize our negative environmental impact by preventing and reducing pollution and strive for the sustainable sourcing and reuse of raw materials.

Targets (E5-3)

Össur, the largest commercial entity of Embla Medical, aims to ensure that 95% of its sold finished products are packaged according to Össur's Environmental Packaging Criteria by 2030. Product packaging has a relatively short lifetime and once it has served its purpose of protecting the product through transport and storage, our goal is to ensure that it can be easily recycled and disposed of with as little impact as possible. The Össur Environmental Packaging Criteria provides guidance on sustainable packaging design and we are implementing sustainable packaging across different product lines in a prioritized order with packaging volumes and impact in mind.

Regarding our product targets, Embla Medical is actively exploring opportunities to increase material yield, reduce waste, and use raw materials with lower emissions. These efforts support our science-based emissions reduction targets. As detailed in chapter E1, we plan to finalize our transition plan in 2025.

Resource Inflows and Outflows



Resource Inflows (E5-4)

At Embla Medical, our resource inflows include a variety of essential materials and utilities used. These includes raw materials such as plastics, silicone, composites, textile and metals, which are integral to our manufacturing processes. We also procure components and finished goods from our suppliers. Energy, in the form of electricity and gas, powers our operations, while water is utilized across our facilities. Additionally, equipment is employed in our manufacturing activities. Our packaging materials primarily consist of paper, cardboard, and plastics.

Embla Medical faces significant challenges in providing comprehensive and reliable data on total weight of materials and products used in 2024, mainly due to the complexity of tracking and verifying data across our entities and global supply chains. Additionally, ensuring the data accuracy of sustainably sourced materials and the use of secondary materials requires consistent monitoring, which we have not yet standardized for our global operations. Therefore, Embla Medical is unable to report on this information in 2024.

However, we have taken important steps towards sustainable sourcing of our packaging material. Within our Össur bracing & supports product portfolio, we have focused on FSC certified packaging materials. In 2024, 22% of these products were sold in packaging with FSC certification, representing 24% of total sales within this product group.

Resource Outflows (E5-5)

At Embla Medical, our primary resource outflows include the products and packaging we place on the market, as well as waste generated from our manufacturing processes and product losses due to quality issues and discontinuation. We recognize that a significant portion of the environmental impact of products and packaging is determined during the design phase. Durability, repairability, and recycling play crucial roles in reducing this impact. Therefore, we emphasize eco-design and circular solutions as essential strategies to meet our science-based targets. For further information, see chapter E1.

At Embla Medical, the expected lifetime, or durability, of a product is the period in which it is expected to be safe and effective for its intended use. Regular safety checks, maintenance, repairs, or upgrades may be necessary during the expected lifetime. The expected lifetime of Össur products can be found here.

Embla Medical is dedicated to delivering medical products that meet the highest standards of safety and performance. As part of this commitment, we ensure servicing for all serviceable products to the end of their expected life. Serviceable products include those eligible for repairs, which currently encompass all bionic products and selected mechanical knees.

Embla Medical is currently unable to report on the recyclable content rates for all products and packaging across all entities and brands. However, progress is being made. In 2023, Össur, the largest commercial entity of Embla Medical, published its Environmental Packaging Criteria, which stipulates that final product packaging must consist of 100% recyclable boxes with clear disposal and recycling information. By the end of 2024, 45% of final products sold under the Össur brand had been updated to meet these criteria, representing 58% of sales.

Waste Management

Good waste management is an important part of responsible operations where material yield is maximized to minimize pollution and reduce disposal costs in operations. Embla Medical has a certified environmental management system according to ISO 14001:2015 in our largest manufacturing and distribution sites, and in some of our patient care facilities. The main waste types reflect the main raw materials used in manufacturing, e.g. metals, cured carbon, silicone, plastics and textiles.

In 2024, Embla Medical operations generated a total of 3,420 metric tons of waste. Of this, 2,180 metric tons were diverted from disposal, primarily through recycling, resulting in a recycling rate of 64%.

WASTE FROM OPERATIONS	2024 (METRIC TONS)
Waste Diverted from Disposal	2,180
Hazardous Waste	50
Non-Hazardous Waste	2,130
– Preparation for Reuse	0
– Preparation for Recycling	2,110
– Preparation for Other Recovery	20
Waste Diverted to Disposal	1,240
Hazardous Waste	90
Non-Hazardous Waste	1,150
– Incineration	500
– Landfill	650
– Other Disposal Options	0
% of Non-Recycled Waste	36%
Total Hazardous Waste	140
Total Waste	**3,420**

§ Accounting Policies (E5-5)

The data covers waste generated at our largest manufacturing and distribution sites in Iceland, Mexico, the US (Philadelphia), the UK (Manchester), and the Netherlands (Eindhoven). Waste data, including amounts and categories, is collected at each location from invoices, or the service company MySites which enables online collection of waste generated. Where data is unavailable, waste amounts are extrapolated based on the FTE ratio and whether the site is a manufacturing or distribution facility.

No radioactive waste is generated in the Embla Medical operation and is therefore not included in accompanying table on Waste from Operations.





SUSTAINABILITY STATEMENT

OUR PEOPLE

At Embla Medical, enhancing the social well-being of our people, including our own workforce, workers in our value chain, and our customers, is integral to our success. By prioritizing health, safety, and overall well-being, we foster a supportive and productive environment that drives innovation and growth. This commitment not only strengthens relationships with stakeholders but also ensures that our operations contribute positively to society. Investing in social well-being helps us build a resilient and sustainable business while contributing to the UN Sustainable Development (SDGs) Goal 3 on Good Health and Well-being, Goal 5 on Gender Equality, and Goal 8 on Decent Work and Economic Growth.



Own Workforce (ESRS S1)

Embla Medical and its subsidiaries operate in more than 36 countries. With over 4,000 employees, our diverse team collaborates seamlessly to improve people's mobility. We prioritize fair treatment, equal opportunities, and sustainable practices, with our dedicated and skilled employees driving our sustainability initiatives. By valuing diverse perspectives, we foster an environment where individual strengths, skills, and knowledge thrive. All manufacturing locations and distribution centers have adopted lean manufacturing processes in addition to extensive loss prevention initiatives focused on both personal and operational safety. Local health and safety committees lead our efforts to ensure employee safety while adhering to local practices and policies.

Policies (S1-1)

Our main policies for managing material impacts on our own workforce include the Human Rights Policy, Health and Safety Policy, Diversity, Equity and Inclusion Policy and Code of Conduct. These policies are communicated internally through training and awareness and accessible on our website.

In our Human Rights Policy, we pledge to operate in a manner that respects and promotes human rights, including labor rights, across all aspects of our operations. This policy is designed to promote honest and ethical

conduct and applies to all individuals employed by, or affiliated with, Embla Medical entities. We are committed to eradicating all forms of discrimination, providing a safe and healthy work environment, and we do not tolerate any form of modern slavery, including forced labor, child labor, compulsory labor, or human trafficking.

As outlined in our Health and Safety Policy, safety is our first priority and integral to everything we do. We consistently adhere to relevant health and safety standards, and ensure employees are committed to providing a safe and healthy work environment. Our commitment extends to continuous improvement and proactive measures to prevent accidents and incidents, fostering a culture of safety and well-being for all.

Our Diversity, Equity and Inclusion Policy outlines our commitment to fostering an inclusive environment where every individual is valued and respected. It aims to eliminate barriers, promote equal opportunities and ensure that diversity is celebrated across all levels of our organization. We are committed to creating a culture of acceptance and belonging, while proudly serving a diverse, global community. We believe that, in making a difference in the world, we must also embrace the differences within it.

Our Code of Conduct outlines the norms, rules, responsibilities, and proper practices at Embla Medical. It guides employees in their day-to-day activities, ensuring compliance with all applicable laws and legislation. Together with our values, it helps maintain and strengthen our company culture.

Engaging With Own Workforce (S1-2)

At Embla Medical, we are committed to open and continuous engagement with our workforce to address impacts, increase job satisfaction and foster an inclusive, supportive work environment. We prioritize learning and professional development opportunities while promoting work-life balance. Additionally, we actively work to mitigate negative impacts such as discrimination, inequality, occupational injuries, and pressures from external barriers like regulations and industry-specific challenges. The EVP of People, Strategy & Sustainability is responsible for ensuring that engagement aligns with our commitments to our own workforce, and reporting progress to executive management.

We engage with our employees daily through various channels to keep them well-informed. This includes sharing news on the company intranet, global and local announcements, and regular employee meetings. Quarterly meetings provide comprehensive updates on company developments, goals, and progress. Additionally, one-on-one meetings between employees and managers foster open communication, deliver personalized feedback, and support professional growth. This approach helps employees feel valued and aligned with the company's goals, while addressing concerns promptly and effectively.

Our company is committed to fostering talent development by offering various learning opportunities that enable employees to build lasting and rewarding careers with us. We have a Competency Framework that defines the behaviors driving successful performance and supports our business strategy. Our core competencies are Collaboration, Communication, Driving Results, Customer Focus, and Change. We conduct annual performance reviews to assess the past year's performance, as well as plan for the year ahead. Individual development plans are created with consideration of the overall strategy and goals, providing employees with opportunities to grow within the organization. Regular check-ins between employees and managers are encouraged to discuss performance and competency development. These discussions are supported by Embla Medical's Development Guide, which outlines training and development opportunities for each competency.

All employees, regardless of their role or location, have access to thousands of online and virtual courses to support their learning and growth. We also offer mentoring, 360° assessments, and one-on-one coaching to further develop our talented workforce. All people leaders participate in our LEAD program, a global leadership development initiative, where we identify the key attributes of great leadership and how to successfully lead at Embla Medical. Participants learn through experiences, guided exercises, feedback, coaching, and peer learning.

In 2024, our employee survey was conducted globally twice, and will be conducted quarterly in 2025. This confidential and anonymous process allows us to capture employee feedback on a variety of topics, such as engagement, diversity, inclusion and well-being. The insights gained from these surveys help us better understand the concerns and needs of our diverse workforce, enabling informed decision-making and addressing potential negative impacts on our employees effectively.

We also ensure that our employees have access to the People (Human Resources) function for advice, assistance, and support. This open-door policy is a vital part of our engagement strategy, allowing employees to voice their concerns, seek guidance and receive the support they need to address any issues they may face.





Remediating Negative Impacts To Own Workforce (S1-3)

At Embla Medical, we have implemented a comprehensive approach to prevent, identify, and mitigate negative impacts on our workforce. We offer training in diversity, equity, and inclusion (DEI) to raise awareness and foster an inclusive workplace culture. Additionally, we actively support underrepresented groups and ensure equal opportunities for all employees. Our global Code of Conduct training helps employees uphold the highest standards and minimize potential risks. For more details on Code of Conduct, refer to the Our Business chapter.

Our Safety Management System provides a framework for managing safety risks and identifying opportunities for improvement, with the goal of preventing work-related injuries and illnesses. We take a proactive approach to workplace health and safety, which includes conducting Job Safety Analyses, performing quarterly fire safety audits, and providing health and safety training to ensure procedures are well understood and followed. Additionally, we run awareness campaigns to promote safe practices. In the event of safety incidents, we have a reporting mechanism and a response team that promptly addresses the issue and implements corrective measures to prevent recurrence. We encourage our employees to submit suggestions on how to improve safety in their work area. In 2024, the total number of implemented employee suggestions on workplace safety was 755, compared to 606 in 2023.

We provide multiple avenues for employees to raise concerns. Employees can discuss and report issues directly to managers, supervisors, the compliance team, or the People team. We ensure that all concerns are heard and addressed promptly and effectively. Our employee survey serves as a key platform for feedback and raising concerns, featuring an anonymous solution where employees and managers can interact on various topics without revealing their identities.

The Embla Medical Speak-Up Line is our global whistleblower and helpline system, available 24 hours every day of the year to anyone wishing to file a report or raise a concern. All employees and other stakeholders can utilize the Speak-Up Line to provide anonymous feedback and complaints. Employees are made aware of the Speak-Up Line through our Code of Conduct Training. Everyone who reports an issue in good faith is guaranteed protection from retaliation, and all reports are treated as confidential.

Actions (S1-4)

Our commitment to our workforce is reflected in targeted actions that address key impacts, manage risks, and leverage opportunities, ensuring both employee satisfaction and organizational resilience. We place a strong emphasis on fostering and maintaining a diverse workforce, recognizing that diversity fuels better decision-making and innovation.

Diversity, Equity and Inclusion (DE&I)
In 2024, we provided 350 courses, books, videos, and audiobooks for our employees in our comprehensive DE&I training programs, to build DE&I awareness among our employees and managers. These resources are accessible through our eLearning platform.
We have global and regional diversity, equity, and inclusion (DE&I) councils that set targets, implement actions, and monitor our progress. The global DE&I council works on the overall DE&I strategy and implementation company-wide, deciding on initiatives such as employee survey questions, training, system data improvement, awareness campaigns, and more.

We continued to use our employee survey to monitor and measure employees' perceptions of diversity, inclusion, and discrimination. When employees were asked if they were satisfied with Embla Medical's efforts to support diversity and inclusion (for example, in terms of gender, ethnicity,

disability, and socio-economic status) we scored 8.2 on a 10-point scale. We track scores related to diversity, inclusiveness, and non-discrimination, and closely monitor employee feedback from surveys and performance reviews. Managers and members of the People team, prioritize addressing any deviations promptly, ensuring a supportive and equitable workplace for all. In 2024, we doubled the frequency of employee surveys, included open comment sections, and placed increased emphasis on diversity, equity, and inclusion, to better understand employee sentiments and priorities on these topics.

We conduct regular salary audits to ensure equal pay for equal work, adhering to the Equal Employment Opportunity Commission (EEOC) standards in the Americas, and similar principles in other regions. In Iceland we are Equal Pay Certified and have yearly audits, the certification covers e.g. review of the Equal Pay Policy, Equality Opportunity Policy, objectives and plans.

We are committed to inclusive recruitment practices, consciously working with managers to ensure diverse teams. Our training for hiring managers includes introductions to inclusive language and unconscious bias, helping to attract a diverse workforce. We have a diversity dashboard available for leaders so they can monitor the diversity in their teams. Additionally, applicants and employees who do not identify as male or female can select non-binary as their gender in our human resource information system. In 2024, we implemented bi-monthly new-hire networking events in the Americas, which are well-attended and appreciated for fostering inclusivity.

As part of our recruitment outreach, we have contracted with large job recruitment-based websites. Postings include targeted job boards which include job boards for Military Veterans of all services and job boards for people of color and women.

We prioritize the well-being and work-life balance of our employees by offering flexible work arrangements for roles that can be performed remotely. This flexibility allows employees to manage their work and personal lives and is highly appreciated by our team members.

Embla Medical's Give Back Program offers all employees globally one paid volunteer day per year. On this day, our team members dedicate their time to various causes and charities, making a positive impact in the communities where we live and work. We believe in the power of giving back and encourage our employees to participate in meaningful activities that support local initiatives.

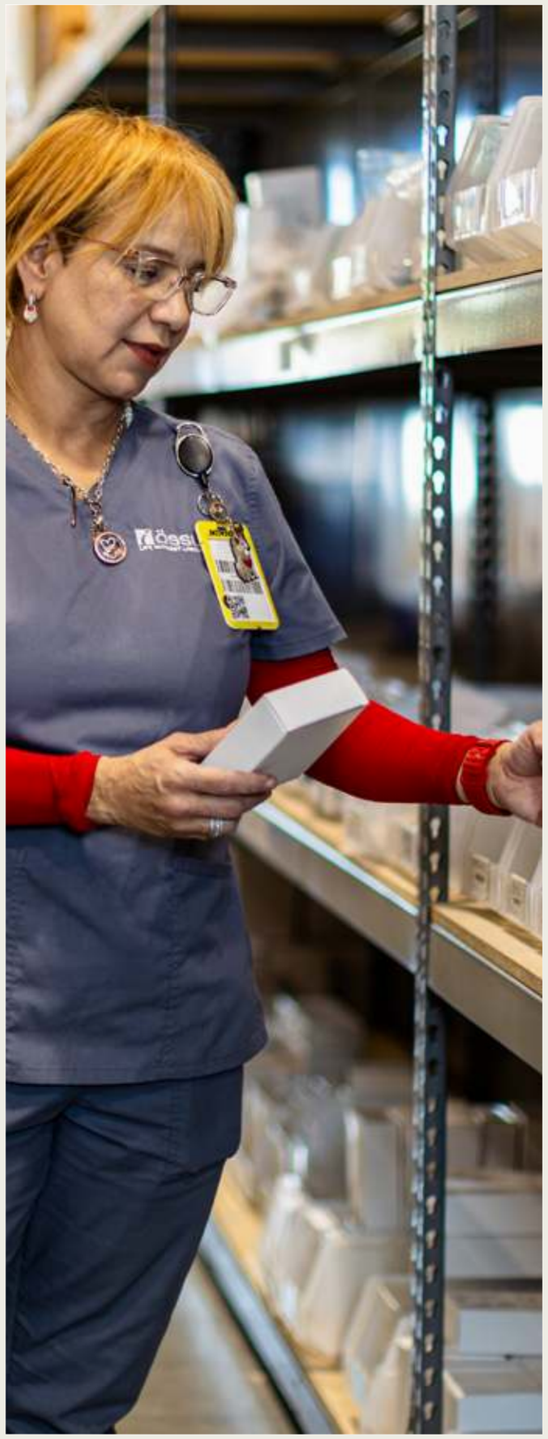


Talent Development

At Embla Medical, we emphasize the importance of attracting, retaining and actively engaging skilled and competent employees to sustain our success. We recognize that ongoing development is essential for maintaining a skilled workforce. Our commitment to professional development includes formal training programs, mentorship opportunities and skills development workshops among other learning and development opportunities. This commitment extends beyond our employees; we offer digital development opportunities to our customers through our eLearning platform. We also encourage employee-driven initiatives, enabling employees to propose new learning opportunities that align with their professional goals. To ensure the effectiveness of these programs, we evaluate them through feedback surveys, ensuring they align with employees' career objectives and the company's evolving needs. Our goal is to foster an environment of continuous improvement, where every employee has access to the resources needed to thrive. By continuously assessing and refining our talent development initiatives, we aim to support our employees' growth and maintain our competitive edge.

Safety Training

Our Safety Management System provides a framework for managing safety risks and identifying opportunities for improvement, aiming to prevent work-related injuries and ill health. We take a proactive approach to managing health and safety in the workplace which includes conducting Job Safety Analyses, performing quarterly fire safety audits, and providing health and safety training to ensure procedures are understood and followed. Additionally, we organize awareness campaigns dedicated to promoting safe practices. In the event of safety incidents, we have a reporting mechanism and a response team that addresses issues promptly, ensuring corrective measures are taken to prevent recurrence.



Targets (S1-5)

Embla Medical has set the following targets on managing material negative impacts and advancing positive impacts on our own workforce.

OUR PEOPLE	TARGET 2024	2024	2023
Employee engagement, retention and attraction			
Gender split among employees *	50:50 Female:Male	49:51 Female:Male	50:50 Female:Male
Females at top management level **	YoY increase	26%	29%
Female managers ***	YoY increase	40%	40%
Engagement Index ****	>8.0 (10-point scale)	7.9 (10-point scale)	4.03 (5-point scale)
Participants in LEAD program	100% (All new managers with direct reports)	100%	100%
Health and Safety at work			
Implemented employee safety suggestions	n/a	755	606
Total Recordable Incident Rate (TRIR) per 100 FTEs	<1.0	0.6	1.6
Total Recordable Incident Rate (TRIR) per 500 FTEs	n/a	3.0	n/a
Number of recordable incidents	n/a	13	23

*Flexibility in gender split allows for non-binary gender, recognizing that some employees may not wish to be categorized
**Includes all employees with Vice President role and higher management levels
***Includes all employees with people management role
****In 2024, a new survey system was implemented with a 10-point scale, compared to a 5-point scale used in 2023



Our Employees (S1-6)

In 2024, Embla Medical had a total headcount of 4,203 employees, with characteristics defined by location and gender identity. Thirteen countries have more than 50 employees, accounting for 94% of the total headcount. Over the course of the year, 846 employees left Embla Medical, resulting in a turnover rate of 20.3%. For a more detailed breakdown of Embla Medical's employee characteristics, please refer to the accompanying tables. Further information about salaries and employee numbers can be found in note 6 to the Consolidated Financial Statements.

Locations by Countries With More Than 50 Employees

COUNTRY	FEMALE	MALE	OTHER	HEADCOUNT
United States of America	512	505	4	1021
Iceland	294	389	2	685
Sweden	236	185	0	421
Mexico	169	223	0	392
France	137	171	0	308
The Netherlands	133	124	0	257
Germany	75	130	0	205
Poland	138	41	0	179
Norway	110	51	0	161
Australia	62	53	0	115
United Kingdom	44	48	0	92
Denmark	43	32	0	75
China	34	20	0	54

§ Accounting Policies (S1-6/S1-7/S1-8/S1-9/S1-13)

Employees
All Embla Medical subsidiaries are included in S1 data, also Fior & Gentz, except in S1-14 Health and Safety metrics.

Employee headcount includes all active full-time and part-time contracts and includes all companies managed under Embla Medical. Both headcount and full-time equivalent (FTE) are calculated at the end of the reporting period. Headcount of non-employees is calculated at the end of the reporting period.

Gender is classified by gender identification, as reported by employees themselves, into three categories: male, female and other.

Average employee headcount calculation is based on headcount at the beginning and the end of the reporting period.

Employee turnover refers to the number of employees who have left Embla Medical within the reporting year, relative to the average headcount.

Ratio of employees covered by collective bargaining agreements shows the percentage of Embla Medical's total employees under such agreements in the reporting year, based on total headcount at the end of the reporting period.

Top Management includes all employees with Vice President role and higher management levels.

Performance reviews: Non-employees are not included in performance reviews and are therefore not included in these numbers. Calculation also excludes employees with less than 3 months of service. As a result, the total headcount for reviews is lower than the headcount reported in note 6 of the Consolidated Financial Statements.

Training hours are based on the total course duration time within the reporting period divided by total headcount, excluding non-employees in training hours.



Gender Identity of Employees at Period End*

	FEMALE		MALE		OTHER		TOTAL	
Employees contract type	**Headcount**	**FTE**	**Headcount**	**FTE**	**Headcount**	**FTE**	**Headcount**	**FTE**
Total employees**	2,070	1,993	2,127	2,079	6	6	4,203	4,078
Permanent employees	1,995	1,927	2,060	2,030	6	6	4,061	3,963
Temporary employees	75	66	67	49	0	0	142	115
Non-guaranteed hours employees	2	0.7	0	0	0	0	2	0.7

*Gender as specified by the employees themselves
**As defined in note 6 in the Consolidated Financial Statements

Our Non-Employees (S1-7)

In 2024, Embla Medical's non-employees' workforce primarily consisted of contractors, with a headcount of 290.

Collective Bargaining (S1-8)

Embla Medical employees covered by collective bargaining agreements are 30% of the total workforce compared to 29% in 2023.

Diversity Metrics (S1-9)

Gender Distribution in Number and Percentage at Top Management Level

GENDER	HEADCOUNT	%
Male	37	74.0%
Female	13	26.0%
Total	**50**	**100.0%**

Distribution of Employees by Age Group

AGE DISTRIBUTION	HEADCOUNT	%
Between 30-50	2,410	57.3%
Over 50	977	23.3%
Under 30	816	19.4%
Total	**4,203**	**100.0%**

Training and Skills Development Metrics (S1-13)

In 2024, 97.9% of all employees participated in performance reviews, up from 96% in 2023. In 2024, on average, our employees spent 5.8 hours in training, with females averaging 6.0 hours, males 5.6 hours, and others 2.3 hours.

Performance Reviews

PARTICIPATED IN PERFORMANCE REVIEWS	FEMALE		MALE		OTHER		TOTAL	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Yes	1,940	48.0%	2,010	49.8%	6	**0,1%**	3,956	**97.9%**
No	45	1.1%	38	0.9%	0	**0,0%**	83	**2.1%**
Total	**1,985**	**49.1%**	**2,048**	**50.7%**	**6**	**0,1%**	**4,039**	**100.0%**



Health and Safety Metrics (S1-14)

In 2024, 57% of our workforce was covered by our Safety Management System. During the reporting period, a total of 13 work-related recordable incidents occurred compared to 23 in 2023. This resulted in a Total Recordable Incidents Rate (TRIR) of 0.6 per 100 employees, compared to 1.6 in 2023. This successfully meets our yearly target of ≤1.0. In line with new requirements, we are also reporting TRIR per 500 employees, resulting in TRIR of 3.0 and will adjust our yearly target accordingly in 2025. There were no work-related fatalities during the reporting year.

Compensation Metrics (S1-16)

We at Embla Medical are committed to equal pay and have a constant focus on ensuring equal pay for equal positions and competences when hiring or promoting. To ensure equal pay for equal work we conduct regular salary audits (for details, see chapter S1-4). Embla Medical's total remuneration ratio is 13.4 in 2024.

Incidents and Complaints (S1-17)

In 2024, three discrimination and harassment cases were reported through our Speak-Up Line. The data concerning complaints and incidents of discrimination is currently based solely on reports made through this channel, as global data collection from the People function has not yet been implemented. This process is underway, and data from the People function is expected to be included in the 2025 report.

In 2024, Embla Medical paid no fines, penalties, or compensation for damages as a result of incidents and complaints related to discrimination, harassment, or severe human rights violations. During the reporting period, there were no reported cases, fines, penalties, or compensation for damages associated with severe human rights incidents through the Speak-Up Line or any other channels within Embla Medical.



§ Accounting Policies (S1-14)

Recordable incidents are defined as work-related incidents that results in days away from work (more than the incident day), restricted work, transfer to another job, loss of consciousness or death. Recordable incidents only include those involving our own employees. In 2024 we will not report on non-employees and workers categorized as remote workers in our human resource information system.

Total Recordable Incidents Rate (TRIR) is calculated by dividing the number of recordable incidents by total hours worked by own workforce covered by the safety management system, and multiplied by 1.000.000. This rate shows the number of incidents per one million hours worked, equivalent to incidents per 500 full-time employees annually. Fatalities are the number of employees who lost their lives as a result of a work-related incident. Fatalities are included in TRIR.

The average annual working hours is estimated to be 1820 hours, based on a standard 40-hour workweek, adjusted for average public holidays and vacation days.

The percentage of headcount covered by the Safety Management System (SMS) is calculated by dividing the total headcount covered by the SMS by the total Embla Medical headcount at the end of the reporting period for all entities. Data from Fior & Gentz, as well as clinics in the Netherlands, France, and the US is excluded from the incident count.

§ Accounting Policies (S1-16/S1-17)

The annual total remuneration ratio is calculated by comparing the annual remuneration of Embla Medical's highest-paid individual, the CEO, which includes fixed salary, cash-based incentives, pension, and share-based payments (excluding other benefits), with the average FTE salary (excluding the CEO's remuneration and salary-related expenses apart from pension). Calculation is based on number reported in note 6 in the Consolidated Financial Statements.

In 2024, Embla Medical is not reporting on pay gap.

Data on **incidents, complaints and severe human rights impacts** is taken directly from the Speak-Up Line (for details, see chapter G1-1).

Workers in the Value Chain (ESRS S2)

Embla Medical collaborates with suppliers across our global value chain who are dedicated to quality, ethical standards, and sustainable practices. Össur, the largest commercial entity of Embla Medical, handles most of our manufacturing activities and supplier management. Consequently, the efforts described in this chapter apply mainly to Össur. We are continually improving our management of the impacts on workers throughout our value chain.

Policies (S2-1)

At Embla Medical, our main policies on managing the material impacts on workers in the value chain are the Human Rights Policy, Speak-Up Line Policy, and Code of Conduct. These policies collectively outline our expectations to suppliers on sustainable practices.

Processes for Engaging with Value Chain Workers About Impacts (S2-2)

Össur has established processes for supplier management to foster partnerships and continual improvements. Suppliers are screened in relation to Environment, Social and Governance aspects, and suppliers categorized as high-risk undergo additional audits and screenings, including annual compliance and social audits conducted by an external party.

Össur defines high-risk suppliers as those where there is most risk to value chain workers and prioritizes actions to mitigate any material negative impacts. Social audits are conducted following standard industry protocols to review working conditions and compliance to local legislation. This includes interviewing random workers during each visit. The audit outcomes are reviewed with the supplier. Össur actively works with relevant suppliers to support the development of their operations.

Remediation of Negative Impacts (S2-3)

If a critical issue is detected during a social audit, the supplier is required to prepare a remediation plan. Additionally, Össur engages with high-risk suppliers by providing risk and safety seminars, education, training, and raising awareness of potential risks, both operational and safety related. We make our zero-tolerance policies regarding human rights, corruption and bribery visible to workers, along with information about our Speak-Up Line.

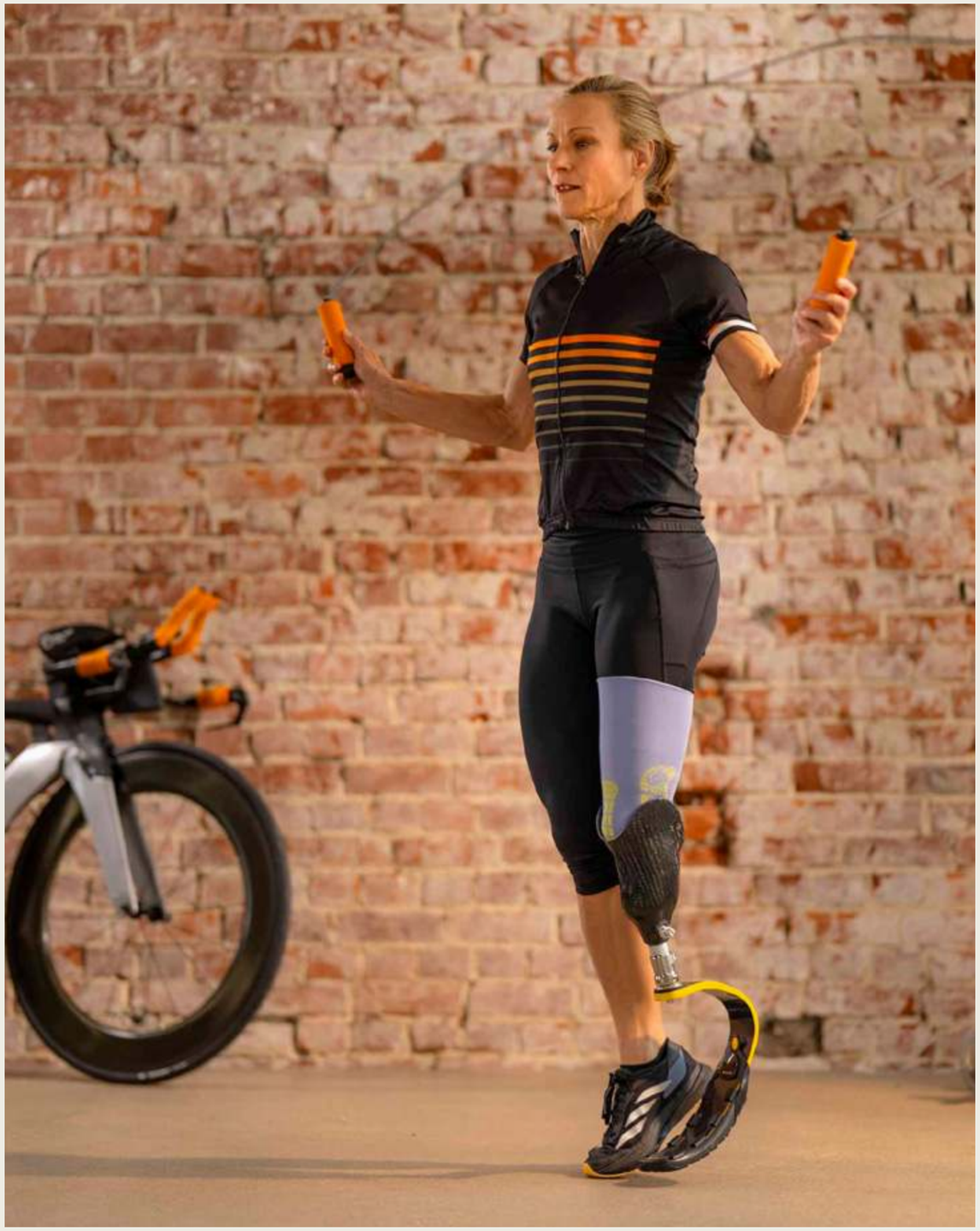
Össur actively reviews suppliers that do not meet our requirements or are unwilling to cooperate on improvement plans, and takes the relevant necessary steps to review the relationships with those suppliers accordingly.

Acting on Material Impacts on Value Chain Workers (S2-4)

Suppliers categorized as high-risk, with respect to social aspects, are required to acknowledge and sign the Embla Medical Code of Conduct, which includes sections on human rights, labor rights, human trafficking, forced or child labor. The Code of Conduct also includes a section on Third-Party relationships, including our focus on working with business partners who support our commitment towards the UN Global Compact.

Targets on Managing Material Impacts (S2-5)

Embla Medical has not yet set specific targets for mitigating negative impacts and advancing positive impacts on our value chain workers. Currently, the focus is on monitoring conditions and tracking grievance reports. In 2024, there were no reports from value chain workers to our Speak-Up Line.

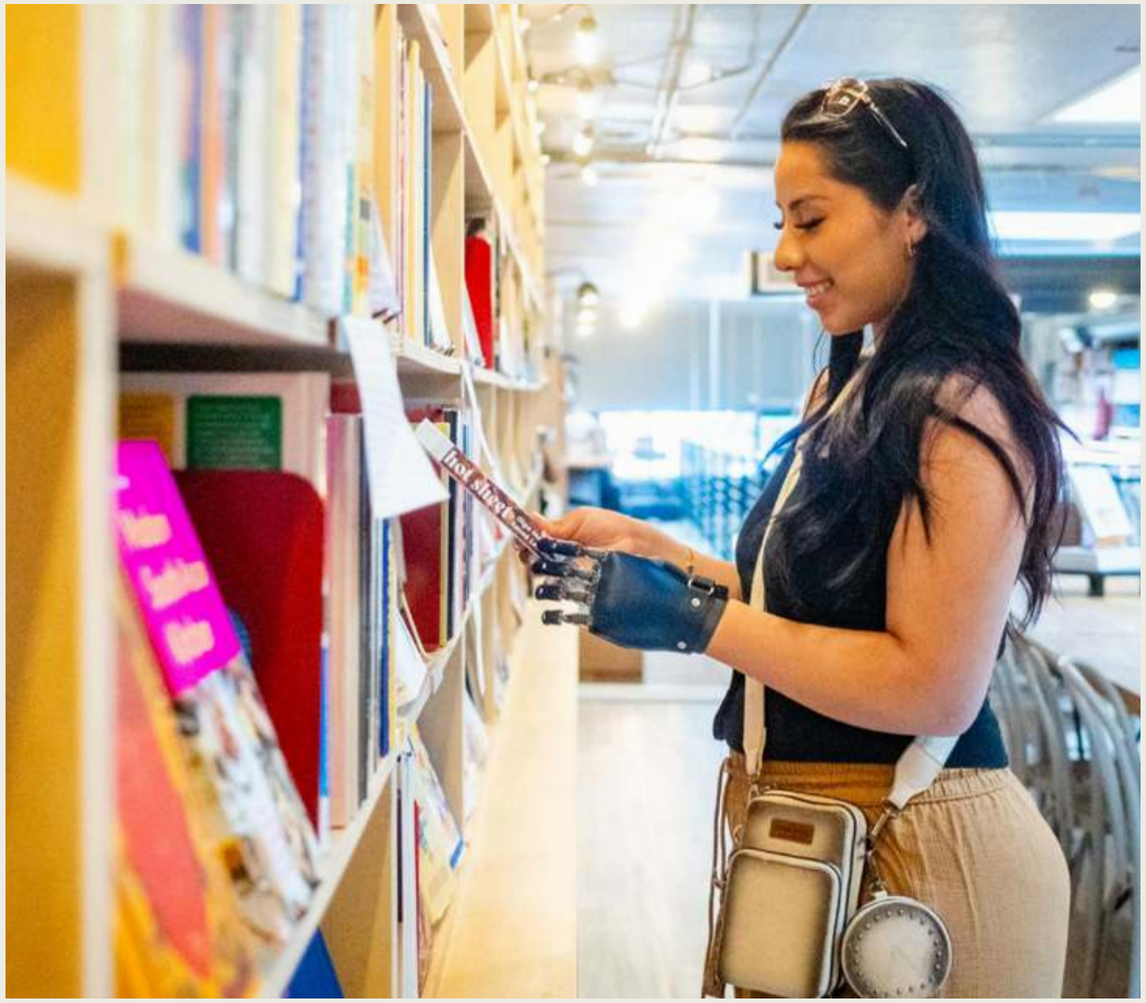


Consumers and End-Users (ESRS S4)

Embla Medical makes a positive impact on consumers and end-users through our core mission of improving people's mobility. We are committed to reaching individuals of all ages and activity levels with our innovative mobility solutions, and deliver safe, reliable, high-quality products to our customers and end-users. Our product and service offerings are commercialized under several industry-leading brand names.

Our customers are medical professionals, primarily within Orthotic & Prosthetic (O&P) Clinics, where clinicians fit patients with the necessary products and solutions and subsequently claim reimbursement from private or public insurance providers.

Our end-users are a diverse group of individuals, reflecting the breadth of our mobility solutions portfolio.



Policies (S4-1)

Our main policies on managing the material impacts of our products and services on consumers and end-users include our Quality Policy, Human Rights Policy, Information Security Policy, Personal Data Protection Policy, and Code of Conduct.

Embla Medical business entities follow quality policies where the purpose is to ensure that our products meet the highest standards of quality and safety. We design, manufacture and sell medical devices where quality and safety are an intrinsic part of all processes.

The purpose of Embla Medical's Human Rights Policy is to ensure the company operates in a manner that respects and promotes human rights across all aspects of its operations. It is intended to promote honest and ethical conduct and applies to all persons employed by or affiliated with Embla Medical entities.

Embla Medical collects and handles personal data to conduct business and provide services to customers. We prioritize treating data with the utmost respect and confidentiality. To ensure compliance with data protection legislation, we have implemented an Information Security Policy and a Personal Data Protection Policy.

Our Code of Conduct serves as a guide for employees in their day-to-day activities, ensuring compliance with all applicable laws and regulations.

Our policies and Code of Conduct are communicated internally through training and awareness programs and are accessible on our website.

Engagement With Customers and Patients (S4-2)

We actively engage with our customers and patients regarding our products and services and highly value their feedback. Customer feedback is closely monitored by our business entities and serves as a key input for Research & Development when improving existing products or developing new ones. As a part of our quality management systems, we address feedback received from customers and end-users. All feedback received, including positive comments, complaints, and serious incidents, are evaluated and analyzed on an individual basis. The responsibility for product quality is maintained within each brand entity.

The end-users of our products receive information about available clinical options from their licensed healthcare provider. Our leading product solution brands also provide product information and educational resources through online channels, and products are accompanied by an IFU (Instructions for Use) as applicable. In-person events such as Mobility Clinics and customer training also provide participating end-users with valuable information about the variety of product options available to them. We provide end-users with evidence-based and factual information, as required by medical device regulations.

The Embla Medical Speak-Up Line is our global whistleblower and helpline system, available 24 hours each day of the year to anyone wishing to file a report, ask a question, or make a complaint. Customers and end-users can also use the Speak-Up Line to provide feedback or report concerns. Reports can be submitted anonymously.

Actions (S4-4)

The primary impact of Embla Medical on consumers and end-users is positive, driven by our core mission to improve people's mobility. While the risk of incidents exists, we mitigate it by prioritizing the safety and quality of our products. Our robust quality management systems, compliant with international medical device standards and regulations, continuously evolve as the standards expand and change. Embla Medical entities maintain certified Quality Management Systems (QMS) based on ISO standards, ensuring compliance with applicable medical device regulations in the countries where we operate.

ISO Certificates

BRAND	ISO STANDARD
Össur	ISO 13485
Fior & Gentz	ISO 13485
College Park	ISO 13485
ForMotion Clinics (some clinics have ISO 9001)	ISO 9001

For Information Security, Embla Medical uses ISO 27001:2022 as the standard framework. We have set clear targets of maturity in all controls that are a part of the ISO 27001:2022 framework and conduct a formal internal maturity assessment every year to actively measure our progress in implementing the controls.

We train our employees in the Code of Conduct to help them to uphold the highest ethical standards in line with our company culture and minimize potential risks of negatively impacting our consumers and end-users.

Targets (S4-5)

At Embla Medical, we advance our positive impact on consumers and end-users by reaching more patients and managing material risks and opportunities through extensive monitoring of our quality management systems and the Speak-Up Line.

Embla Medical has an ongoing initiative related to improving access to healthcare for elderly amputees. This includes the design and availability of prosthetic products that offer additional benefits for the elderly, increasing their independence and quality of life. Globally, only 30-40% of new lower limb amputees globally are fitted with a prosthetic solution. The average age is between 65-70 years and vascular related amputations are above 70%. Statistics demonstrate that if amputees in this age group do not become mobile, life-expectancy is materially reduced. Physical activity and exercise can have immediate and long-term health benefits and more importantly, regular activity can improve quality of life. Studies related specifically to elderly amputees play an important part in informing our developers and product designers on the specific needs of the elderly.

In relation to our commitment to UN Sustainable Development Goal 3 on Good Health and Well-Being, we have been tracking a special initiative related to design and availability of products that offer additional benefits for the elderly, increasing their independence and quality of life. Our goal was to launch four products over a period of five years (2020-2024) and at the end of 2024, Össur had launched three of those four products.





SUSTAINABILITY STATEMENT

OUR BUSINESS

Ensuring ethical and transparent governance is vital for building trust and credibility with our stakeholders. It allows us to demonstrate our commitment to integrity and accountability, fostering a culture of openness and responsibility. Transparent governance practices help us effectively manage risks, make informed decisions, and achieve our sustainability goals.

Ultimately, this approach strengthens our reputation and supports long-term success, and at the same time contributes to UN Sustainable Development Goal number 16 on Peace, Justice and Strong Institutions.



Business Conduct (ESRS G1)

Corporate Culture (G1-1)

Code of Conduct
At Embla Medical, we adhere to our Code of Conduct, which is grounded in our core values of Honesty, Frugality, and Courage, deeply embedded throughout our organization. The President and CEO, along with top management, serve as key spokespersons for our values and culture. Communication with employees occurs daily through in-person dialog, meetings, digital channels, and more. Our intranet provides access to policies, procedures, templates, and various other guidelines and resources. Additionally, we use an internal communication platform to share news and updates, both regionally and globally, fostering engagement among colleagues and teams.

Management hosts quarterly employee meetings to discuss financial results, key initiatives, and other relevant topics, ensuring employees are well-informed. We conduct a global workplace survey bi-annually to measure engagement, supplemented by regular ad hoc employee surveys. The results of these surveys are shared and discussed with employees, and each department identifies areas for improvement based on these discussions.

In addition to our Code of Conduct, Embla Medical has implemented various policies to provide practical guidance on compliance and integrity for all employees. We recognize the benefits of taking a holistic view of relevant risks and combining efforts across a broad range of compliance activities. This approach is expected to have a positive, long-term impact on our business, employees, environment, and societies worldwide.

The Code of Conduct applies to all employees globally and is available in all main languages of Embla Medical's office locations and operations. All employees are required to complete regular training on the Code of Conduct, which is also an integral part of the onboarding process for new employees.

Speak-Up Line
The Embla Medical Speak-Up Line is our global whistleblower and helpline system, hosted by an independent external party to ensure compliance with local regulations, the General Data Protection Regulation and other privacy regulations. All employees are informed about the Speak-Up Line through mandatory Code of Conduct Training. The Speak-Up Line is operated and monitored by the Corporate Governance Office in accordance with the Speak-Up Line Policy and Investigation Management Manual. Subject matter experts tasked with investigating reported incidents receives appropriate training.

In accordance with the Speak-Up Line Policy, everyone who reports an issue in good faith is guaranteed protection from retaliation, and all reports are treated confidentially as outlined in the investigation manual. Reports can also be made anonymously. The Speak-Up Line is available 24 hours every day of the year, to anyone wishing to file a report, ask a question, or make a complaint. The Speak-Up Line is open to employees, customers, and all third parties of Embla Medical, and is available in all languages of the countries in which Embla Medical and its subsidiaries operate. Embla Medical is subject to laws on Whistleblower protection, based on Directive (EU) 2019/1937.

ACTIONS AND PROGRESS*	TARGET	2024	2023
Employees trained in the Code of Conduct	>95%	99%	74%
Cases submitted to the Speak-Up Line	n/a	4	8
Harassment and discrimination	n/a	3	5

*In 2023, the training was rolled out to all employees. In 2024, the training was rolled out to new employees only

Anti-Corruption and Anti-Bribery
Our values - Honesty, Frugality and Courage - reflect our commitment to conduct our business fairly and with integrity, to use company assets wisely, and to speak-up when confronted with unethical situations. Embla Medical fully subscribes to Principle 10 of the UN Global Compact: “We will work against corruption in all its forms, including extortion and bribery”. Bribery and corruption are strictly prohibited, and Embla Medical does not authorize nor tolerate any business practice that violates anti-bribery and anti-corruption laws or regulations, including our Anti-Bribery and Anti-Corruption (ABAC) Policy. All employees are informed of our ABAC policy through the Code of Conduct training, with selected groups receiving more detailed ABAC training. A process for ABAC is being developed and will be implemented in 2025. This process will supplement the policy, provide further guidelines, identify applicable employee groups for in-depth ABAC training, and outline actions to address breaches in anti-corruption and anti-bribery procedures and standards.

Management of Relationships with Suppliers (G1-2)

Embla Medical is committed to responsible social and environmental development, respecting human rights, and making a positive impact. Cooperation with suppliers is integral to achieving this. If issues arise, we engage with our suppliers and reserve the right to disqualify any potential supplier or terminate any relationship with a current supplier that does not meet our requirements. As a medical device manufacturer, Embla Medical has had supplier controls in place for many years to ensure adherence to quality standards and safety for our users. We have also collaborated with our finished goods suppliers for years on property risk assessment and human rights. For more information on our annual compliance and social supplier audits, please refer to chapter S2. To learn about our supplier surveys on environmental commitments, see chapter E1.

Prevention and Detection of Corruption or Bribery (G1-3)

As previously described, Embla Medical operates a Speak-Up Line to detect potential incidents of corruption and bribery. The Speak-Up Line policy and investigation manual provides procedures around the investigation of cases reported. If needed, the investigation will be outsourced to an external party. The Governance Office is responsible for the investigations and can escalate matters to the Audit Committee.

As preventive measures, all Embla Medical employees receive annual awareness training through the Code of Conduct program, which is also a part of the onboarding process for new employees. Anti-Corruption and Anti-Bribery is included in this training. Selected groups of employees who are deemed to be more exposed to corruption and bribery risks, undergo more in-depth training. The process is scheduled for implementation in 2025. Consequently, we will not provide quantitative data regarding the training program until then.



Incidents of Corruption and Bribery (G1-4)

In 2024, there were no confirmed or reported incidents of corruption or bribery within Embla Medical or any convictions and fines for violation of anti-corruption and anti-bribery laws. Furthermore, there were no confirmed incidents where own workers were dismissed or disciplined for corruption or bribery-related incidents or incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery. In 2024, there were no public legal cases regarding corruption or bribery brought against Embla Medical and its own workers during the reporting period.

Political Influence and Lobbying Activities (G1-5)

It is Embla Medical's policy not to actively engage in political activity or publicly support, or advocate for, specific political parties in the communities or countries where we operate. Likewise, Embla Medical does not make financial contributions to political parties, including for the year 2024.

While our employees may participate as individual citizens in the political process, decisions to do so are entirely personal and voluntary, and they are personally responsible for their views and actions. Only the Embla Medical Executive Management team members or those selected by the CEO may publicly express the company's views on legislation, regulations, or government action. Other employees may communicate the company's views only with specific guidance from the CEO or Executive Management team members. Public policy issues have the potential to impact Embla Medical's business, its employees, business partners, shareholders, and the communities in which Embla Medical operates. Embla Medical believes that in certain cases it may be appropriate, and in the company's best interests to contribute or pay membership fees to trade and industry associations and coalitions. The use of any company funds for contributions to Industry Associations must be approved by the head of the relevant business unit.

Embla Medical is not registered in the EU Transparency Registry. No member of the Embla Medical management or Board has held a public administrative position in the 2 years before joining the company.

Payment Practices (G1-6)

Fair payment terms are crucial for fostering trust, strengthening relationships, and encouraging collaboration between Embla Medical and its suppliers. Paying suppliers on time is crucial as timely payments ensure sustainability and growth. We have set our payment terms in line with industry practice outlined in our Payment Policy. In 2024, the average time it took to pay or close an invoice was 35.5 days. At the end of the year, there were no legal proceedings outstanding for late payments.

§ Accounting Policies (G1-4/G1-5/G1-6)

Incidents of Corruption or Bribery:
Embla Medical collects data about incidents of corruption or bribery from its whistleblower function, the Speak-Up Line. In addition, the People function is required to report to the Governance Office if reports on corruption or bribery are communicated to the People function through other means than the Speak-Up Line, such as directly to management. Any non-compliance related to bribery or corruption is reported to the Governance Office.

Political Influence and Lobbying Activities:
Embla Medical does not contribute to political activities. Embla Medical's policy on political involvement is to not actively engage in political activity or publicly support, or advocate for, specific political parties in the communities or countries where we do business.

Payment Practices:
Embla Medical is in the process of implementing a net 60-day term payment policy with exceptions for direct purchases with long invoice-to-receipt times (+30 days) which have a net 90-day term. The 60-day term is encouraged but in special circumstances, such as critical suppliers, a net 30-day term is allowed. Critical suppliers are defined as key silicone and bionic part providers and certain suppliers in Asia. Legal or local restrictions require careful consideration and approval. The data for the average time to pay invoices, or to close them with credit notes, includes all entities fully incorporated into the centralized Embla Medical accounts payable process and represent 91% of our purchases.



SUSTAINABILITY STATEMENT

INDEPENDENT LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY DATA

To the Stakeholders of Embla Medical hf.

Embla Medical hf. ('Embla Medical' or "the Company") engaged us to provide limited assurance on Selected Sustainability Data included in the Sustainability Statement on pages 52 - 99 for the period 1 January - 31 December 2024 marked with an icon " ◈ " (the "Selected Sustainability Data").

Our Conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the Selected Sustainability Data for the period 1 January - 31 December 2024 for Embla Medical are prepared, in all material respects, in accordance with the Sustainability Accounting Policies developed by Embla Medical as stated on pages 52 - 99 (the "accounting policies").

This conclusion is to be read in the context of what we state in the remainder of our report.

What We Are Assuring

The scope of our work was limited to assurance over the Selected Sustainability Data, as defined in the first paragraph of our report, including the disclosures in subsection "EU Taxonomy" on pages 69 - 74 with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

We express limited assurance in our conclusion.

Professional Standards Applied and Level of Assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information'.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Control

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

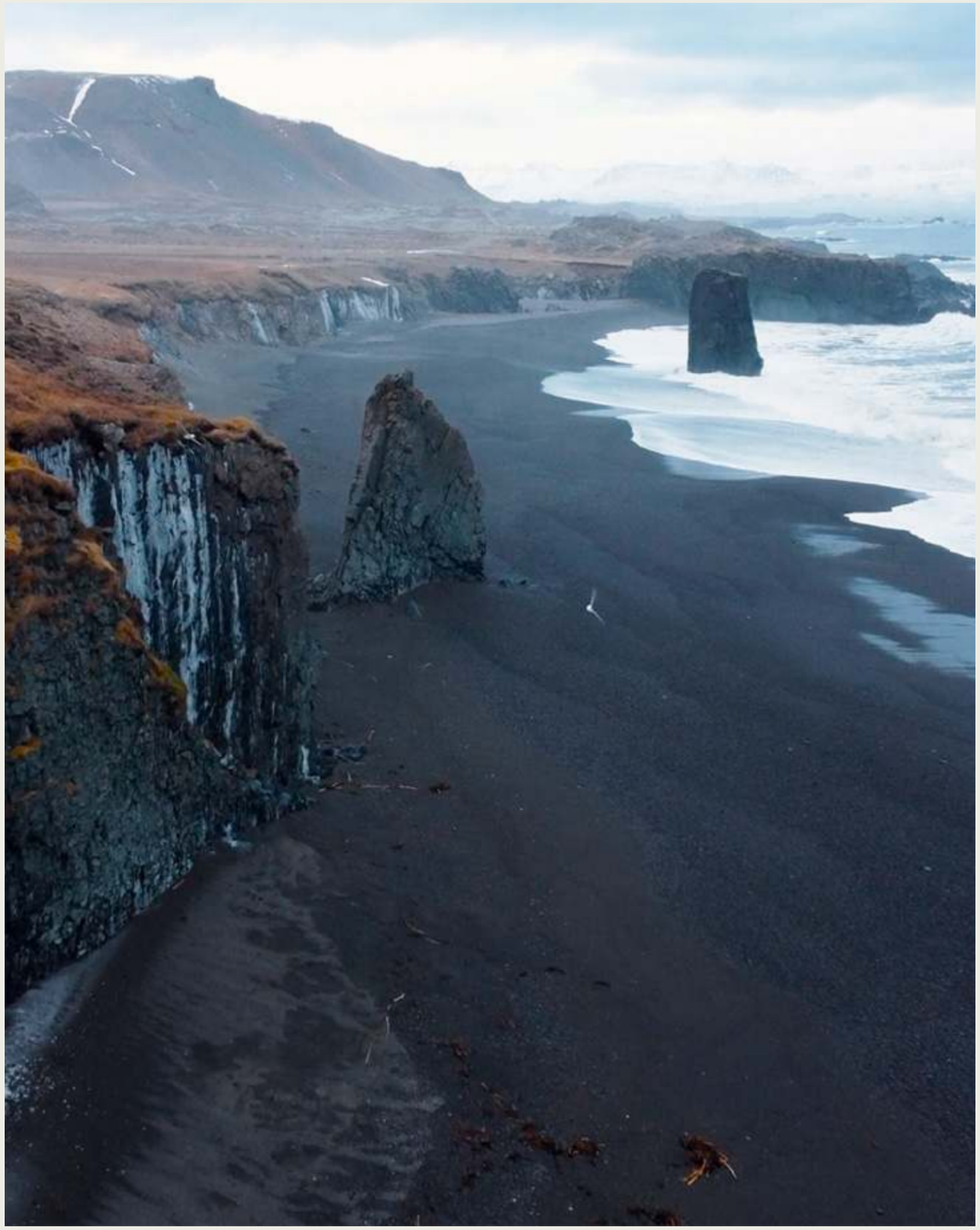
Understanding Reporting and Measurement Methodologies

The Sustainability Data needs to be read and understood together with the accounting policies. The accounting policies used for the preparation of the Selected Sustainability Data are accounting policies developed by the company, which Management is solely responsible for selecting and applying.

Work Performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Sustainability Data. In doing so and based on our professional judgement, we:

- Evaluated the appropriateness of the accounting policies used, their consistent application and related disclosures;
- Made inquiries and conducted interviews with management with responsibility for management and reporting of the Selected Sustainability Data to assess reporting and consolidation process, use of company-wide systems and controls performed;
- Performed limited substantive testing on a sample basis to underlying documentation and evaluated the appropriateness of quantification methods and compliance with the accounting policies for preparing Selected Sustainability Data at corporate head office and in relation to selected reporting sites;
- Performed analytical review and trend explanation of the Selected Sustainability Data; and
- Evaluated the evidence obtained.



Management's Responsibilities

Management is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Selected Sustainability Data that is free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing the Selected Sustainability Data;
- Measuring and reporting the information in the Selected Sustainability Data based on the accounting policies; and
- The content of the Selected Sustainability Data.

Our Responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Data for the period 1 January - 31 December 2024 are prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of the Company.

Other Matter

The comparative information included in the Sustainability Statement for Embla Medical for the financial year 1 January – 31 December 2023 was not subject to our assurance engagement. Our conclusion is not modified in respect of this matter.

Copenhagen, 5 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Rasmus Friis Jørgensen
State Authorized Public Accountant

Torben Jensen
State Authorized Public Accountant

EMBLA MEDICAL™

FINANCIAL STATEMENTS

2024

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS



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Statement by the Board of Directors and President and CEO

Embla Medical is a global leader in non-invasive orthopaedics, innovating, producing, and providing advanced technological solutions within the prosthetics, neuro orthotics and bracing & supports market. The Company also provides patient care through a global network of Orthotic and Prosthetic (O&P) facilities. Embla Medical's mission is to improve the mobility of our end-users so they can live their Life Without Limitations®. The Company is headquartered in Iceland and owns and operates subsidiaries in multiple countries around the world. The Company sells its products worldwide, but its principal markets are Europe and North America. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Company" or "Embla Medical").

On 13 March 2024, it was approved at the Annual General Meeting to establish a new parent organization named Embla Medical, which became the listed company. The change was formally implemented by changing the name of the Össur hf.

Embla Medical's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) accounting standards as adopted by the European Union and additional requirements in the Icelandic Annual Accounts Act no. 3/2006.

Operations in 2024
The total net sales of the Company amounted to USD 854.9 million (2023: USD 785.7 million). Organic sales increase was 6%. Net profit amounted to USD 69.0 million (2023: USD 58.8 million). Basic and diluted earnings per share amounted to US cents 16.2 (2023: US cents 14.0). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to USD 169.1 million and 20% of sales (2023: USD 139.3 million, 18%).

The total assets of the Company amounted to USD 1,539.0 million at year end (2023: USD 1,385.7 million), total liabilities were USD 758.3 million (2023: USD 680.7 million) and total equity was USD 780.7 million (2023: USD 705.0 million). The equity ratio at year end was 51% (2023: 51%).

The Company employed an average of 4,091 employees in 2024 (2023: 3,945) and 4,078 at year end (2023: 3,999). Information regarding salaries and salary related expenses can be found in note 6.

In 2024 Embla Medical managed to grow the business across all regions and business segments. Sales grew 6% organically and 9% including acquisitions, driven by a strong performance in EMEA and our Prosthetics & Neuro Orthotics and Patients Care segments. Gross profit margin was 63%, compared to 62% in 2023. The increase in gross profit can partly be ascribed to cost reduction initiatives in manufacturing implemented during the first quarter as well as better product mix and manufacturing efficiency.

No subsequent events occurred after the balance sheet date that would require disclosure in the Consolidated Financial Statements.

Shareholders and share price
Embla Medical's shares are admitted to trading on the Nasdaq Copenhagen stock exchange. The market value of the Company at year end was USD 2,125 million (2023: USD 1,713 million). The share price in DKK amounted to 35.6 at year end (2023: 27.45) and increased by 29.7% during the year. At year end, registered shareholders in Embla Medical were 6,095 compared to 4,675 at the beginning of the year. It should be noted that due to the concentration of trading in Nasdaq Copenhagen in 2017, about 1,600 shareholders that held shares listed in Iceland were consolidated into a few nominee accounts. The ten largest shareholders and their ownership percentage (net of treasury shares) are: William Demant Invest A/S – 51.28%, Interogo Holding AG – 10.79%, Live Pension Fund – 6.23%, Arbejdsmarkedets Tillægspension – 5.07%, SEB Investment Management – 4.17%, Gildi Pension Fund – 3.48%, LSR Pension Fund – 2.68%, Sellers of Fior&Gentz – 1.55%, Handelsbanken Fonder – 1.32%, Birta Pension Fund – 1.19%. William Demant Invest A/S (WDI) ownership in Embla Medical exceeded 50% in January 2018. According to WDI's announcement at the time, their intention is to hold 50-60% of Embla Medical's shares going forward and they have no intention of taking over Embla Medical or delisting Embla Medical's shares from Nasdaq Copenhagen. Furthermore, WDI has no intention of making changes to Embla Medical's strategy, management or operations.

Statement by the Board of Directors and President and CEO

Embla Medical shares and share contracts
Embla Medical's total share capital is 427,6 million shares with a nominal value ISK 1 each. In 2024 in connection with the acquisition of Fior & Gentz, new shares were issued raising the total share capital in nominal value by 1.6%, from ISK 421,0 million to ISK 427,6 million resulting in USD 27 million increase in share capital. At year end 2024 Embla Medical held 0.7 million treasury shares that equals to 0.2% of issued shares. The remaining treasury shares held will be used to fulfill obligations under share option agreements that have vested or will be vesting in 2025. Share contracts are granted to management and key leaders. In 2024 a new long term incentives program of performance share units ("PSUs") and restricted shares units ("RSUs") was initiated in accordance with approval at the Company's Annual General Meeting for 2023. This program replaced the previous share options plan. Total granted and unexercised share options and share units at year end 2024 were 3.9 million shares (2023: 4.9 million shares), of which 1.8 million are exercisable before year end 2025 and the remaining in 2026-2027. See further information in note 24.

Dividend proposal
In line with the Company's Capital Structure and Capital Allocation Policy, the Board of Directors will propose to the Annual General Meeting in 2025 not to pay a cash dividend. With emphasis on prioritizing investments in growth opportunities, value-adding investment opportunities and acquisitions, Embla Medical has decided to discontinue dividend payments and focus on returning excess capital to shareholders via purchase of treasury shares in accordance with the Company's Capital Structure and Capital Allocation Policy.

Corporate governance and risk management
The Company follows the Danish Recommendations for Corporate Governance issued by the Danish Committee on Corporate Governance, available at: https://corporategovernance.dk/. The Board of Directors complies with applicable Icelandic laws and regulations, the Articles of Association of the Company and the Board of Directors' Rules of Procedure, which addresses the Board's role and responsibilities. The Company's management structure consists of the Board of Directors and the Executive Management, led by the President and CEO. The two bodies are separate, and no person serves as a member of both. The Board of Directors is composed of six members elected by shareholders at each Annual General Meeting for a term of one year. The Board of Directors consists of three women and three men and is in compliance with Icelandic law on gender ratio. No Embla Medical employee sits on the Board of Directors. The President and CEO manages the Company's daily operations.

The Board of Directors has established three committees, the Audit Committee, the Nomination Committee and the Remuneration Committee. The Audit Committee has three members from the Board, who are appointed by the Board of Directors for a term of one year. The Chairman of the Board and the Chairman of the Audit Committee sit on the Nomination Committee with the President and CEO and the Remuneration Committee. The committees comply with their respective Terms of Reference, which address their role and responsibilities etc.

An investment in Embla Medical involves various risks as the business, financial conditions, and operational results rest upon certain assumptions and could have negative affect the Company. Even though the long-term prospects and underlying fundamental drivers of our markets are not expected to change, Embla Medical highlights key risks which are currently considered the most relevant. The key risks identified are: reimbursement landscape, regulatory requirements, new technologies, industry consolidation, forward integration and acquisitions. Further description of these risks as well as other relevant material risks that Embla Medical faces can be found in the Risk Management chapter of the Annual Report and Company's website. Information about financial instruments and financial risk management can be found in note 34.

The Board of Directors has an ongoing dialogue with the President and CEO on the identification, description and handling of the business risks to which the Company may be exposed. The Company's control framework in relation to financial processes, is designed to mitigate risk of material misstatements. The Company designs its processes to ensure there are no material weaknesses with internal controls that could lead to a material misstatement in its financial reporting. The external auditor's role in these processes is included in the independent auditor's report.

Statement by the Board of Directors and President and CEO

Sustainability at Embla Medical
Sustainability is embedded into Embla Medical's strategy and throughout its organization. The Company has a robust sustainability agenda and captures its commitment under the theme of Responsible for Tomorrow® recognizing that the decisions and actions taken today, will affect future generations.

The Company's Sustainability Commitment is to provide products and services that contribute to good health, using responsible production methods and supporting climate action, while being a sponsor for inclusivity and transparency. It is believed that sustainable growth is the only way to build a successful and responsible business for the benefit of future generations.

Our Environment
Embla Medical takes responsibility for its environmental impact, has set science-based targets and is actively working towards Net-zero operations by 2050. It is reducing the environmental impact in the supply chain, and of the products and services.

Our People
The Company takes responsibility for enhancing the social well-being of the people across its value chain. It develops quality products and services that improve people's mobility, nurtures the well-being and development of its employees within a safe and inclusive work environment. Embla Medical partners with suppliers that are committed to quality, and ethical and sustainable practices, and creates a lasting positive impact on the communities, helping more people to live a Life Without Limitations. Multiple policies have been approved and implemented to support and guide the employees and other stakeholders. Embla Medical's policies are available on the Company's website: https://emblamedical.com/policies.

Our Business
The Company leads its business with integrity and transparency, promoting sound governance practices in all its activities. In accordance with its values, Embla Medical sets high ethical standards, and has a zero-tolerance policy when it comes to corruption and bribery. The Company guides its employees through the Code of Conduct and offers platforms for them and other stakeholders to voice any potential concerns through the Embla Medical Speak-Up line. The Board approves a Corporate Governance report that includes all the information to be included in the statutory statement referred to in Article 66 (c) of the Icelandic Act Annual Accounts no. 3/2006, as well as explanations, comments and information on each recommendation in the Danish Recommendation for Corporate Governance. The report is available on the Company's website: https://www.emblamedical.com/investor-relations/reports-and-presentations.

The Icelandic Annual Accounts Act no. 3/2006 requires companies in Iceland to conclude on non-financial information in the Annual Report. For 2024, we are disclosing the information regarding sustainability in reference to the Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards, and including reporting on sustainable finance in line with the EU Taxonomy Regulation. Embla Medical has obtained limited assurance according to ISAE 3000 on selected sustainability data included in the Sustainability Statement chapter in the Annual Report. Embla Medical is required by the EU Taxonomy to disclose its alignment and eligibility of turnover, operating expenses and capital additions with six environmental objectives stated in the EU 2020/852 regulation. The results can be found in Sustainability statement chapter in the Annual Report.

Statement by the Board of Directors and President and CEO

Statement by the Board of Directors and the President and CEO
According to our best knowledge, it is our opinion that the Consolidated Financial Statements give a true and fair view of the consolidated financial performance of the Company for the year 2024, its assets, liabilities and consolidated financial position as at 31 December 2024 and its consolidated cash flows for the year 2024. Furthermore, it is our opinion that the financial statements and the report of the Board of Directors and the President and CEO contain a clear overview of developments and results in the Company's operations, its position and describe the main risk factors and uncertainties facing the Company.

In our opinion, the Sustainability Statement included in the Annual Report represents a reasonable, fair, and balanced representation of the Company's sustainability performance and are prepared in accordance with the stated accounting policies. Furthermore, disclosures within subsection "EU Taxonomy KPIs" in the environmental section of the Sustainability Statement are, in all material respects, in accordance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

In our opinion, the Consolidated Financial Statements of Embla Medical hf. for the financial year 2024 identified as "EmblaMedical-2024-12-31.zip" are prepared in all material respects, in compliance with the ESEF Regulation.

The Board of Directors and President and CEO of Embla Medical hf. hereby confirm the Consolidated Financial Statements of Embla Medical for the year 2024 with their signatures.

Reykjavík, 5 February 2025

Board of Directors

Niels Jacobsen
Chairman of the Board

Svafa Grönfeldt
Vice Chairman of the Board of Directors

Arne Boye Nielsen
Member of the Board of Directors

Alberto Esquenazi
Member of the Board of Directors

Tina Abild Olesen
Member of the Board of Directors

Caroline Vagner Rosenstand
Member of the Board of Directors

President and CEO

Sveinn Sölvason

Independent auditor's report

To the Board of Directors and the Shareholders of Embla Medical hf.

Opinion

We have audited the accompanying Consolidated Financial Statements of Embla Medical hf. and its subsidiaries (the Company) for the year 2024, excluding the Statement by the Board of Directors and President and CEO.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Company as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the European Union (EU), and applicable articles in Icelandic law on annual accounts.

Our opinion is consistent with our additional report to the Audit Committee and Board of Directors.

The Consolidated Financial Statements comprise
- The Statement by the Board of Directors and President and CEO.
- The Consolidated Income Statement.
- The Consolidated Statement of Comprehensive Income.
- The Consolidated Balance Sheet.
- The Consolidated Statement of Cash Flow.
- The Consolidated Statement of Changes in Equity.
- Notes to the Consolidated Financial Statements, which include material accounting policies and other explanatory information.

The Statement by the Board of Directors and President and CEO and note 2. Quarterly statements are excluded from the audit, refer to section reporting on other information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report.

Independence

We are independent of the Company in accordance with Icelandic laws on auditors and auditing and the code of ethics that apply to auditors in Iceland and relate to our audit of the Company's Consolidated Financial Statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Iceland and that we have not provided non-audit services that are prohibited under Article 5.1. of Regulation (EU) No. 537/2014.

The non-audit services that we have provided to the Company, in the period from 1 January 2024 to 31 December 2024, are disclosed in note no. 7 to the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit procedures
Impairment of goodwill The book value of goodwill at year end 2024 amounted to USD 776 million. The change in goodwill consists of additions due to current year business combinations amounting to USD 104 million together with exchange rate loss amounting to USD 19 million. The carrying value of goodwill and the related impairment test relies on the discounted expected future cash flows (value in use) which are complex to determine and require significant estimation by management. The estimates used by management include the determination of market and sales potential, timing of product launches, profit margins, discount rate assumptions and the determination of appropriate cash generating units. Due to the relative sensitivity of certain inputs to the impairment testing process, and in particular the future cash flows of the cash generating unit, the valuation of goodwill is considered to be a key audit matter. We refer to note no. 40 that explains the impairment and Company's accounting policies in further detail. We also refer to note no. 13 on goodwill and note no. 33 relating to the change in the Company due to the acquisition of other companies.	**Our audit procedures included:** - Understanding management´s process for assessing the goodwill for potential impairment, including discussions with management for indications of impairment of goodwill. - Evaluation of the reasonability of the model used by management to calculate the value in use of the individual cash generation units and if it complies with the requirements of IAS 36 Impairment of assets. This entailed involving our internal specialists to assist with the audit procedures carried out in relation to the impairment of goodwill. - Understanding and validation of assumptions used to calculate the discount rates and value in use, including evaluation of price and volume forecast, long-term growth rates, and mathematical accuracy of relevant value-in-use models prepared by management. - Performing sensitivity analysis based on activity and our understanding of the future prospects to identify whether these scenarios could give rise to an impairment. - Evaluation of the presentation and disclosure of impairment testing, ensuring compliance with applicable accounting standards.

Reporting on other information, including the Statement by the Board of Directors and President and CEO

The Board of Directors and President and CEO are responsible for other information. The other information comprises of the Statement by the Board of Directors and President and CEO, note no. 2 Quarterly statements and the Annual Report, which we obtained prior to the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information, including the Statement by the Board of Directors and President and CEO.

Independent auditor's report

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

With respect to the Statement by the Board of Directors and President and CEO we have, in accordance with article 104, of the Icelandic law on annual accounts reviewed that to the best of our knowledge, the Statement by the Board of Directors and President and CEO accompanying the Consolidated Financial Statements includes applicable information in accordance with Icelandic law on annual accounts if not presented elsewhere in the Consolidated Financial Statements.

Responsibilities of the Board of Directors and President and CEO

The Board of Directors and the President and CEO are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRS accounting standards as adopted by the EU, and applicable articles in Icelandic law on annual accounts, and for such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Company's management must provide appropriate explanations regarding its ability to continue as going concern, if applicable, and why management applies the presumption of going concern in the preparation and presentation of the Consolidated Financial Statements.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 International Standards on Auditing 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 Consolidated Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the Consolidated 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 Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Consolidated 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 Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Company 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on European single electronic format (ESEF Regulation)

As part of our audit of the Consolidated Financial Statements of Embla Medical hf. we performed procedures to be able to issue an opinion on whether the Consolidated Financial Statements of Embla Medical hf. for the year 2024 with the file name EmblaMedical-2024-12-31.zip is prepared, in all material respects, in accordance with law no. 20/2021 Act on securities issuer obligations to issue information and self-report relating to requirements under the European single electronic format regulation EU no. 2019/815, which include requirements concerning preparation of the Consolidated Financial Statements in XHTML format and iXBRL markup.

The Board of Directors and President and CEO are responsible for preparing the Consolidated Financial Statements in accordance with law no. 20/2021. This responsibility includes preparing the Consolidated Financial Statements in a XHTML format in accordance to EU regulation no. 2019/815 on the European single electronic format (ESEF regulation).

Our responsibility is to obtain reasonable assurance, based on evidence that we have obtained, on whether the Consolidated Financial Statements are prepared in all material respects, in accordance with the ESEF Regulation, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF regulation, whether due to fraud or error.

In our opinion, the Consolidated Financial Statements of Embla Medical hf. for the year 2024 with the file name EmblaMedical-2024-12-31.zip is prepared, in all material respects, in accordance with the European single electronic format regulation EU no. 2019/815.

Independent auditor's report

Appointment

We were first appointed as auditors at the Company's annual general meeting on 8 March 2022. Our appointment has been renewed annually at the Company's annual general meeting representing a total period of uninterrupted engagement appointment of three years.

Reykjavík, 5 February 2025

PricewaterhouseCoopers ehf.

Vignir Rafn Gíslason
State Authorized Public Accountant

Ljósbrá Baldursdóttir
State Authorized Public Accountant



Consolidated Income Statement

All amounts in USD '000	Notes	2024	2023
Net sales	3	854,889	785,683
Cost of goods sold		(320,189)	(300,110)
Gross profit		**534,700**	**485,573**
Other income / (expenses)		399	1,927
Sales and marketing expenses		(311,151)	(293,080)
Research and development expenses		(40,832)	(38,142)
General and administrative expenses		(69,964)	(66,891)
Earnings before interest and tax (EBIT)		**113,153**	**89,387**
Financial income		3,251	4,608
Financial expenses		(24,746)	(20,720)
Net exchange rate difference		(4,435)	(666)
Net financial expenses	8	(25,930)	(16,778)
Share in net profit of associates	15	3,340	3,398
Earnings before tax (EBT)		**90,563**	**76,007**
Income tax	9	(21,603)	(17,206)
Net profit		**68,960**	**58,801**
Attributable to:			
Owners of the Company		68,278	58,389
Non-controlling interests		682	412
Net profit		**68,960**	**58,801**
Earnings per share	10		
Basic earnings per share (US cent)		16.2	14.0
Diluted earnings per share (US cent)		16.2	14.0

Consolidated Statement of Comprehensive Income

All amounts in USD '000	Notes	2024	2023
Net profit		68,960	58,801
Items that may be reclassified subsequently to income statement:			
Change in cash flow hedges	25	1,832	963
Fair value changes of financial liabilities	30	88	93
Exchange differences on translating foreign operations		(11,175)	4,839
Income tax	22	(2,073)	811
Other comprehensive income, net of income tax		**(11,328)**	**6,706**
Total comprehensive income		**57,632**	**65,507**
Attributable to:			
Owners of the Company		56,950	65,095
Non-controlling interests		682	412
Total comprehensive income		**57,632**	**65,507**

Consolidated Balance Sheet

Assets

All amounts in USD '000	Notes	31.12.2024	31.12.2023
Property, plant and equipment	11	71,824	64,386
Right of use assets	12	127,802	121,673
Goodwill	13	776,306	690,855
Other intangible assets	14	96,645	65,841
Investment in associates	15	20,364	20,532
Other financial assets	16	2,704	4,530
Deferred tax assets	27	46,365	41,888
Non-current assets		**1,142,010**	**1,009,706**
Inventories	17	143,102	136,226
Accounts receivable	18	121,915	127,844
Other financial assets	16	1,475	0
Other assets	19	44,300	39,253
Cash and cash equivalents	20	86,163	72,653
Current assets		**396,955**	**375,976**
Total assets		**1,538,965**	**1,385,682**

Consolidated Balance Sheet

Equity and liabilities

All amounts in USD '000	Notes	31.12.2024	31.12.2023
Issued capital and share premium	21	93,464	66,260
Other reserves	22	(75,390)	(64,045)
Retained earnings	23	759,112	699,667
Shareholders equity		777,186	701,883
Non-controlling interest		3,513	3,123
Total equity		**780,699**	**705,005**
Borrowings	26	328,754	311,802
Lease liabilities	12	118,279	112,605
Deferred tax liabilities	27	37,478	28,777
Provisions	28	7,937	6,666
Deferred income	29	8,589	7,277
Other financial liabilities	30	47,946	17,351
Non-current liabilities		**548,982**	**484,478**
Borrowings	26	28,620	21,533
Lease liabilities	12	24,136	21,793
Accounts payable		27,275	30,749
Income tax payable		18,305	12,138
Provisions	28	12,615	11,322
Accrued salaries and related expenses		48,715	50,068
Other financial liabilities	30	10,258	9,583
Other liabilities	32	39,361	39,012
Current liabilities		**209,284**	**196,198**
Total liabilities		**758,266**	**680,676**
Total equity and liabilities		**1,538,965**	**1,385,682**

Consolidated Statement of Cash Flow

All amounts in USD '000	Notes	2024	2023
Earnings before interests and tax (EBIT)		113,153	89,387
Depreciation and amortization	11, 12, 14	55,973	49,920
Change in inventories		(5,928)	(2,268)
Change in receivables		(5,524)	(16,370)
Change in payables		(2,279)	14,896
Change in provisions		3,174	(7,365)
Other operating activities		1,828	(2,214)
Cash generated from operations		**160,397**	**125,986**
Interest received		3,238	4,733
Interest paid		(24,082)	(16,046)
Income tax paid		(23,487)	(20,349)
Net cash generated from operating activities		**116,066**	**94,324**
Purchase of fixed and intangible assets	11, 14	(39,227)	(42,278)
Acquisition of subsidiaries, net of cash in acquired entities	33	(70,072)	(11,903)
Other investing activities		4,529	(2,966)
Cash flows used in investing activities		**(104,770)**	**(57,147)**
Repayments of long-term borrowings	26	0	(13,202)
Changes in revolving credit facility	26	39,787	(1,575)
Payments of lease liabilities	12	(24,379)	(25,423)
Increase in subsidiaries not affecting control	23	(9,648)	0
Dividends from subsidiaries paid to non-controlling interests		0	(759)
Cash flows (used in) / generated from financing activities		**5,761**	**(40,959)**
Net change in cash		17,056	(3,782)
Exchange rate effects on cash held in foreign currencies		(3,545)	(196)
Cash and cash equivalents at beginning of period		72,653	76,631
Cash and cash equivalents at end of period		**86,163**	**72,653**
Non-cash financing and investing activities	20		

Consolidated Statement of Changes in Equity

All amounts in USD '000	Share capital	Share premium	Other reserves	Retained earnings	Share-holders equity	Non-controlling interests	Total equity
Balance at 1 January 2023	**4,781**	**61,430**	**(70,467)**	**639,961**	**635,704**	**(194)**	**635,510**
Net profit				58,389	**58,389**	412	**58,801**
Change in cash flow hedges			770		**770**		**770**
Fair value changes of financial liabilities			70		**70**		**70**
Transl. diff. of shares in subsidiaries			5,866		**5,866**		**5,866**
Total comprehensive income	0	0	6,706	58,389	**65,095**	412	**65,507**
Payment of dividends					**0**	(759)	**(759)**
Put option for minority share in subsidiary			(825)		**(825)**		**(825)**
Share contracts charge for the period			1,759		**1,759**		**1,759**
Share contracts vested during the	0	49	(1,218)	1,088	**(81)**		**(81)**
Change in non-controlling interests				229	**229**	3,665	**3,894**
Balance at 31 December 2023	**4,781**	**61,479**	**(64,045)**	**699,667**	**701,883**	**3,123**	**705,005**
Net profit				68,278	**68,278**	682	**68,960**
Change in cash flow hedges			1,466		**1,466**		**1,466**
Fair value changes of financial liabilities			66		**66**		**66**
Transl. diff. of shares in subsidiaries			(12,860)		**(12,860)**		**(12,860)**
Total comprehensive income	0	0	(11,328)	68,278	**56,950**	682	**57,632**
Put option for minority share in subsidiary			689		**689**		**689**
Share contracts charge for the period			602		**602**		**602**
Share contracts vested during the			(1,308)	1,308	**0**		**0**
Issued new shares	48	27,156			**27,204**		**27,204**
Change in non-controlling interests				(10,142)	**(10,142)**	(292)	**(10,434)**
Balance at 31 December 2024	**4,829**	**88,635**	**(75,390)**	**759,112**	**777,186**	**3,513**	**780,699**

For details on other reserves refer to note 22.

In June 2016 the Icelandic Parliament passed a legal reform of the Icelandic Financial Statements Act no. 3/2006 which became effective on January 1, 2016. It requires retained earnings to be separated into two categories: restricted and unrestricted retained earnings. Profits, net of dividend, received from subsidiaries are classified as restricted retained earnings. The Company could, based on its control as the parent company, decide to let its subsidiaries pay dividends that would lower the restricted balance. As the Company has sufficient retained earnings from previous years, this legal act does not prevent the Company from making dividend payments to its shareholders.

Notes to the Consolidated Financial Statements

1. General information

Embla Medical is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Grjóthláls 5, Reykjavík. Its ultimate controlling party is William Demant Invest A/S (WDI). The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as "the Company" or "Embla Medical").

The Company is a global orthopedics company, specializing in the design, development, manufacturing and sales of prosthetics and bracing & supports products. Embla Medical also provides patient care through a global network of Orthotic and Prosthetic (O&P) facilities. The Company sells its products worldwide, but the principal markets are Europe and North America.

Embla Medical's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) accounting standards as adopted by the European Union and additional requirements in the Icelandic Annual Accounts Act no. 3/2006.

The Consolidated Financial Statements are presented in US dollars and all values are rounded to the nearest thousand ('000), except when otherwise indicated. This rounding may have impact on the total sum. In preparing the Consolidated Financial Statements, the Company has applied the concept of materiality to the presentation and level of disclosure. It is the opinion of management that essential and mandatory information is disclosed which is relevant to an understanding of these Consolidated Financial Statements.

These Consolidated Financial Statements have been approved for issue by the Board of Directors and President and CEO on 5 February 2025. The Consolidated Financial Statements as presented in this report are subject to approval by the Annual General Meeting of Shareholders, to be held on 12 March 2025.

The Company is listed on the Nasdaq Copenhagen Stock Exchange as EMBLA.

Notes to the Consolidated Financial Statements

2. Quarterly statements

		Unaudited			
	Full year 2024	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**
Net sales	854,889	224,781	213,528	216,727	199,852
Cost of goods sold	(320,189)	(82,663)	(79,916)	(78,192)	(79,418)
Gross profit	534,700	142,117	133,612	138,535	120,435
Gross profit margin	63%	63%	63%	64%	60%
Other income / (expenses)	399	(86)	123	126	236
Sales and marketing expenses	(311,151)	(80,628)	(75,333)	(78,882)	(76,307)
Research and development expenses	(40,832)	(11,005)	(9,498)	(10,481)	(9,848)
General and administrative expenses	(69,964)	(18,532)	(16,263)	(16,072)	(19,097)
EBIT	113,153	31,867	32,641	33,225	15,419
Net financial expenses	(25,930)	(8,041)	(5,171)	(7,543)	(5,174)
Share in net profit of associates	3,340	1,055	668	878	739
EBT	90,563	24,882	28,138	26,559	10,984
Income tax	(21,603)	(6,263)	(6,165)	(6,493)	(2,682)
Net profit	**68,960**	**18,619**	**21,973**	**20,066**	**8,302**
EBITDA	169,126	46,502	46,568	47,040	29,016
EBITDA margin	20%	21%	22%	22%	15%
EBITDA before special items	173,264	46,502	46,568	47,040	33,154
EBITDA margin before special items	20%	21%	22%	22%	17%

Special items amounted to USD 4 million in Q1 2024 and are related to the acquisition of FIOR & GENTZ announced in January 2024 and cost reduction initiatives in manufacturing.

3. Net sales

	2024	**2023**
Sales by geographical segment:		
EMEA	394,869	336,278
Americas	392,898	384,057
APAC	67,122	65,348
Total	**854,889**	**785,683**
Sales by business segment:		
Prosthetics & Neuro Orthotics	451,306	394,837
Bracing & Supports	148,386	146,500
Internal product sales	(38,516)	(35,748)
External product sales	561,176	505,587
Patient Care	293,713	280,096
Total	**854,889**	**785,683**

In 2023 a new business segment split was presented. Further evaluation resulted in a reclass between Prosthetic & Neuro Orthotics and Internal products sales for comparatives in 2023. This reclass has no effects on total product sales.

Sales of additional sold warranties and service checks included in standard warranties are deferred at point of sale, then released over the warranty period. Refer to note 40 for accounting policy on revenue recognition and warranty provisions and refer to note 29 for breakdown of revenues recognized over time and amounts deferred and released during the year. All other revenues are recognized at point of sale.

Notes to the Consolidated Financial Statements

4. Segment information

The identified operating segments comprise the three main geographical markets. These segments are EMEA (Europe Middle-East and Africa), Americas and APAC (Asia-Pacific). The geographical segments form the basis for managerial decision making. Information reported to the President and CEO for the purposes of resource allocation and assessment of segment performance focuses on geographical markets.

No single customer accounted for more than 10% of the Company's sales in 2024 or 2023.

2024	Americas	EMEA	APAC	Eliminations	Consolidated
Sales					
External sales	392,898	394,869	67,122	0	854,889
Inter-segment sales	160,128	509,552	4,955	(674,635)	0
Total sales	553,026	904,421	72,077	(674,635)	854,889
Results					
Segment results (EBIT)	44,033	61,253	7,866	0	113,153
Net financial expenses					(25,930)
Share in net profit of associates					3,340
Earnings before tax (EBT)					90,563
Income tax					(21,603)
Net profit					**68,960**
Balance sheet 31.12.2024					
Segment assets	759,915	719,241	59,809	0	1,538,965
Segment liabilities	158,382	581,549	18,335	0	758,266

The total amount of non-current assets other than financial instruments and deferred tax assets, broken down by the Company´s country of domicile and other material location of the assets, is shown in the below table:

Country	2024	2023
USA	520,992	521,525
Germany	158,507	29,863
France	127,620	131,778
Iceland	104,081	91,849
UK	42,619	41,659
Sweden	40,439	44,565
Netherlands	21,934	22,585
Australia	18,742	20,568
Other	58,007	58,895
	1,092,941	**963,287**

Other information	Americas	EMEA	APAC	Eliminations	Consolidated
Capital additions	6,620	31,791	816	0	39,227
Depreciation, impairment and amortization	15,394	37,891	2,688	0	55,973

The majority of inter-segment sale prices are determined using the Transactional Net Margin Method (TNMM).

Notes to the Consolidated Financial Statements

2023	Americas	EMEA	APAC	Eliminations	Consolidated
Sales					
External sales	384,057	336,278	65,348	0	785,683
Inter-segment sales	134,309	470,317	4,631	(609,257)	0
Total sales	518,366	806,595	69,979	(609,257)	785,683
Results					
Segment results (EBIT)	40,895	41,062	7,430	0	89,387
Net financial income/(expenses)					(16,778)
Share in net profit of associates					3,398
Earnings before tax (EBT)					76,007
Income tax					(17,206)
Net profit					**58,801**
Balance sheet 31.12.2023					
Segment assets	735,666	584,861	65,155	0	1,385,682
Segment liabilities	163,737	499,325	17,615	0	680,676
Other information	**Americas**	**EMEA**	**APAC**	**Eliminations**	**Consolidated**
Capital additions	13,760	27,317	1,201	0	42,278
Depreciation, impairment and amortization	16,374	30,899	2,647	0	49,920

5. Sales and expenses split by main currencies

	2024			2023		
	LCY	USD	%	LCY	USD	%
Sales						
USD	350,524	350,524	41%	346,755	346,755	44%
EUR	220,419	238,475	28%	173,902	188,065	24%
ISK	508,430	3,684	0%	503,403	3,659	0%
Nordic curr. (SEK, NOK, DKK)		99,604	12%		93,268	12%
Other (GBP, AUD, CAD & Other)		162,603	19%		153,936	20%
Total		**854,889**	**100%**		**785,683**	**100%**
COGS and OPEX						
USD	302,848	302,848	41%	308,819	308,819	44%
EUR	164,563	178,000	24%	135,361	146,369	21%
ISK	11,112,364	80,541	11%	9,959,251	72,122	10%
Nordic curr. (SEK, NOK, DKK)		91,609	12%		85,118	12%
Other (GBP, MXN, CAD & Other)		88,738	12%		83,868	12%
Total		**741,736**	**100%**		**696,296**	**100%**

Currency split is derived by using best available information at each time.

Notes to the Consolidated Financial Statements

6. Salaries

	2024	2023
Salaries	280,540	269,126
Salary-related expenses	63,776	60,336
	344,316	**329,462**
Full time equivalent (FTE) on average	4,091	3,945
Full time equivalent at period end	4,078	3,999

Included in salary-related expense are pension related expenses amounting to USD 21.4 million (2023: USD 19.7 million).

Salaries and salary-related expenses, classified by functional category:

	2024	2023
Cost of goods sold	87,761	84,539
Sales and marketing expenses	192,302	184,493
Research and development expenses	24,873	22,135
General and administrative expenses	39,380	38,295
	344,316	**329,462**

Expenses related to information technology and human resource departments are allocated to the functions they support. Salaries by functions in comparative year have been adjusted to align with the allocation.

Management salaries and benefits

	Salaries		Shares owned [ii]	
Board of Directors:	**2024**	**2023**	**2024**	**2023**
Niels Jacobsen - Chairman of the Board[i]	111	108	219,493,992	219,493,992
Svafa Grönfeldt - Vice Chairman	74	72	0	0
Guðbjörg Edda Eggertsdóttir [iii]	-	43	-	26,318
Alberto Esquenazi	44	43	0	0
Arne Boye Nielsen	52	50	0	0
Caroline Vagner Rosenstand	44	-	0	-
Tina Abild Olesen	37	-	0	-

(i) Shares owned by William Demant Invest A/S which is represented by Niels Jacobsen on the Board. Niels Jacobsen and financially related parties own personally 203,330 shares (2023: 203,330 shares).
(ii) Shares owned are displayed in total number of owned shares, not rounded to the nearest thousand.
(iii) Guðbjörg Edda Eggertsdóttir was not a part of Board of Directors in 2024.

The Board of Directors did not hold any share option contracts at the end of the current period nor at the end of the comparative period.

2024	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President and CEO[i]	576	225	128	25	59	1,014
Executive management (6.6 FTE's)[ii]	2,558	814	368	41	418	4,199
	3,134	**1,040**	**496**	**66**	**477**	**5,213**

2023	Fixed base salary	Cash based incentive	Pension	Other benefits	Share based incentive	Total remuneration
Executive Management:						
Sveinn Sölvason, President and CEO[i]	576	385	85	27	107	1,180
Executive management (7 FTE's)[ii]	2,465	859	309	32	727	4,392
	3,042	**1,243**	**395**	**59**	**834**	**5,573**

Notes to the Consolidated Financial Statements

At the beginning of December 2023 Lukas Märklin took over as Chief Operating Officer (COO) from Egill Jonsson who retired after 27 years in the company. Beginning of August 2024 the company announced an organizational change where the executive management team changed from seven to six. In November 2024 Hildur Einarsdóttir the Executive Vice President of Research & Development, announced that she will be leaving the company at beginning of 2025. The search for a new EVP of R&D is underway.

(i) Shares owned at year end by Sveinn Sölvason 68,342 (2023: 68,342).
(ii) Shares owned at year end by executive management 81,991 (2023: 999,595).

7. Fees to auditors

	2024	2023
Audit of Financial Statements	1,664	1,508
Other services	90	100
	1,754	**1,608**

The table shows the fees to PricewaterhouseCoopers (PwC). In current year none of the other services fee was paid to PricewaterhouseCoopers ehf., the auditor of the Consolidated Financial Statements (2023: USD 7 thousand).

8. Financial income / expenses

	2024	2023
Interests on bank deposits	1,966	3,448
Other financial income	1,285	1,160
Financial income	**3,251**	**4,608**
Interests on loans	(17,883)	(13,168)
Interest on leases	(5,365)	(4,791)
Other financial expenses	(1,499)	(2,761)
Financial expenses	**(24,746)**	**(20,720)**
Net exchange rate differences	(4,435)	(666)
Net financial expenses	**(25,930)**	**(16,778)**

9. Income tax

	2024	2023
Current tax expenses	(29,456)	(21,147)
Deferred tax expenses	7,853	3,941
	(21,603)	**(17,206)**

	2024		2023	
	Amount	**%**	**Amount**	**%**
Earnings before tax	90,563		76,007	
Tax using Icelandic corporate tax rate	(19,018)	21%	(15,201)	20%
Difference between tax rates of non - Icelandic enterprises and Icelandic corporate tax rate	(2,905)	3%	(2,966)	4%
Impact of non-deductible expenses / non-taxable income	92	0%	1,409	(2%)
Impact of unrecognized tax assets, net	(10)	0%	(971)	1%
Effects of change in tax rate	51	0%	(73)	0%
Other impacts	187	0%	596	(1%)
	(21,603)	**24%**	**(17,206)**	**23%**

Deferred tax expenses:	**2024**	**2023**
Origination and reversal of temporary differences	7,802	4,014
Effect of changes in tax rate	51	(73)
	7,853	**3,941**

For compliance and reporting on both Country-by-Country Reporting and Pillar Two, Embla Medical is part of WDI group. Embla Medical is not impacted by OECD's/EUs Pillar Two Model Rules and local implementation thereof.

10. Earnings per share

	2024	2023
Net profit	68,960	58,801
Weighted average number of ordinary shares (in '000)	426,644	420,297
Adjustments for calculation of diluted earnings per share:		
Options	15	21
Weighted average number of shares including potential shares (in '000)	426,659	420,318
Basic earnings per share (US cent)	16.2	14.0
Diluted earnings per share (US cent)	16.2	14.0

11. Property, plant and equipment

2024	Leasehold improvements	Machinery & equipment	Office equipment	Computer equipment	Total
Cost					
At 1 January	42,814	71,701	15,033	14,941	144,489
Additions	11,522	10,712	1,313	3,486	27,033
Business combinations	10	459	10	115	594
Eliminated on disposal	(27)	(224)	0	(180)	(431)
Fully depreciated assets	(1,086)	(1,540)	(871)	(3,867)	(7,364)
Exchange rate differences	(1,960)	(992)	(546)	(554)	(4,052)
At 31 December 2024	51,273	80,116	14,939	13,941	160,269
Depreciation					
At 1 January	17,284	44,462	9,431	8,926	80,103
Charge for the period	4,684	8,338	1,661	3,892	18,575
Eliminated on disposal	(14)	(144)	0	(155)	(313)
Fully depreciated assets	(1,086)	(1,540)	(871)	(3,867)	(7,364)
Exchange rate differences	(1,214)	(617)	(371)	(354)	(2,556)
At 31 December 2024	19,654	50,499	9,850	8,442	88,445
At 31 December 2024	**31,619**	**29,617**	**5,089**	**5,499**	**71,824**

Depreciation classified by functional category:	2024	2023
Cost of goods sold	9,850	9,129
Sales and marketing expenses	3,922	4,549
Research and development expenses	773	673
General and administrative expenses	4,030	3,275
Total	**18,575**	**17,626**

2023	Leasehold improvements	Machinery & equipment	Office equipment	Computer equipment	Total
Cost					
At 1 January	32,910	69,427	15,703	13,928	131,968
Additions	13,565	8,902	1,975	4,791	29,233
Business combinations	26	82	3	0	111
Eliminated on disposal	(1,827)	(4,098)	(2,019)	(280)	(8,224)
Fully depreciated assets	(2,777)	(3,258)	(847)	(3,795)	(10,677)
Exchange rate differences	917	646	218	297	2,078
At 31 December 2023	42,814	71,701	15,033	14,941	144,489
Depreciation					
At 1 January	16,927	41,900	9,676	9,276	77,779
Charge for the period	3,832	8,645	1,631	3,518	17,626
Eliminated on disposal	(1,285)	(3,131)	(1,304)	(234)	(5,954)
Fully depreciated assets	(2,777)	(3,258)	(847)	(3,795)	(10,677)
Exchange rate differences	587	306	275	161	1,329
At 31 December 2023	17,284	44,462	9,431	8,926	80,103
At 31 December 2023	**25,530**	**27,239**	**5,602**	**6,015**	**64,386**

None of the Company's property, plant and equipment are pledged as security. Major divestments are subject to bank approval.

Notes to the Consolidated Financial Statements

12. Leases

Right of use assets

2024	Buildings & sites	Machinery & equipment	Total
At 1 January	118,967	2,706	121,673
Additions and renewals	35,206	3,799	39,005
Depreciation charge for the period	(22,933)	(2,300)	(25,233)
Eliminated on disposal and termination	(1,649)	0	(1,649)
Exchange rate differences	(5,801)	(191)	(5,992)
At 31 December 2024	**123,789**	**4,012**	**127,802**

Depreciation classified by functional category:	2024	2023
Cost of goods sold	10,093	8,982
Sales and marketing expenses	5,047	4,491
Research and development expenses	3,028	2,695
General and administrative expenses	7,065	6,332
Total	**25,233**	**22,500**

2023	Buildings & sites	Machinery & equipment	Total
At 1 January	122,647	2,484	125,131
Additions and renewals	15,033	2,077	17,110
Depreciation charge for the period	(20,566)	(1,934)	(22,500)
Eliminated on disposal and termination	(562)	(24)	(586)
Exchange rate differences	2,415	103	2,518
At 31 December 2023	**118,967**	**2,706**	**121,673**

Lease liabilities

Contractual maturities analysis as follows:	31.12.2024	31.12.2023
In 2025 / 2024	29,307	26,447
In 2026 / 2025	24,831	23,154
In 2027 / 2026	20,438	18,708
In 2028 / 2027	16,985	15,184
Later	77,069	76,132
Total	**168,629**	**159,625**
Less: Present value discount	(26,214)	(25,228)
Lease liability	**142,415**	**134,397**

Lease liabilities are presented in the Consolidated Balance Sheet as follows:		
Non-Current	118,279	112,605
Current	24,136	21,793
Total	**142,415**	**134,397**

Lease related expenses recognized in the Consolidated Income Statement:	2024	2023
Depreciation expense from right of use assets	25,233	22,500
Interest expense on lease liabilities	5,365	4,791
Exchange difference on lease liabilities	2,209	(1,173)
Short-term and low value lease expenses not included in lease liabilities	697	717
Termination of right of use asset	76	586
Total	**33,580**	**27,421**

Total cash outflow for leases	29,743	30,214

Notes to the Consolidated Financial Statements

13. Goodwill

	2024	2023
At 1 January	690,855	680,400
Business combinations	104,489	2,241
Exchange rate differences	(19,038)	8,214
At 31 December	**776,306**	**690,855**

During the year, the Company assessed the recoverable amount of goodwill and determined that none of the Company's cash-generating units have suffered an impairment loss.

The carrying amount of goodwill was allocated to the following cash-generating units:

	31.12.2024	31.12.2023
Americas	451,947	453,621
EMEA	309,266	220,984
APAC	15,093	16,250
Total	**776,306**	**690,855**

The recoverable amount of the cash-generating units is determined based on a value in use calculation which require the use of assumption. The calculation use cash flow projections based on the financial forecast for the year 2025 approved by management and the Board of Directors.

Cash flow beyond the one-year period are extrapolated using the assumption stated below. Cash flows beyond 2029 have been extrapolated using a steady growth rate for all cash-generating units. This growth rate does not exceed the long-term average growth rate for the market in each segment. Management believes that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

2024	Americas	EMEA	APAC
Sales growth (%)	8%	8%	13%
EBITDA margin (%)	21%	25%	19%
Capex ratio	4%	3%	3%
Perpetual growth rate (%)	2.5%	2.5%	2.5%
Pre-tax discount rate (%)	10.6%	10.2%	10.6%
Post-tax discount rate (%)	10.2%	9.8%	10.1%

2023	Americas	EMEA	APAC
Sales growth (%)	9%	9%	13%
EBITDA margin (%)	19%	23%	23%
Capex ratio	4%	3%	3%
Perpetual growth rate (%)	2.5%	2.5%	2.5%
Pre-tax discount rate (%)	11.5%	10.6%	11.0%
Post-tax discount rate (%)	11.1%	10.3%	10.6%

Management has determined the values assigned to each of the above key assumptions as follows:

Sales growth
Average annual growth rate over the four-year forecast period consistent with Growth'27 strategy approved by the Board of Directors.

EBITDA margin
Average annual EBITDA margin over the four-year forecast period based on gradual margin improvements in line with historical margin increases.

CAPEX ratio
Average annual amount of purchased fixed and intangible assets as ratio to sales. This is based on both historical and planned purchases and sales.

Perpetual growth rate
Average steady growth rate used to extrapolate cash flows beyond the forecast period. This growth rate does not exceed the long-term average growth rate for the market in each segment

Pre-tax discount rate
Reflect specific risk relating to the relevant segments and the countries in which they operate.

Post-tax discount rate (WACC)
Reflect specific risk relating to the relevant segments and the countries in which they operate, including tax effects based on effective tax rates in each segment.

14. Other intangible assets

2024	Customer & distribution relationships	Patents & development costs	Trademarks	Software & other	Total
Cost					
At 1 January	34,254	28,343	2,871	54,246	119,714
Additions	55	1,716	79	1,612	3,462
Additions - internally generated	0	0	0	8,732	8,732
Business combinations	22,321	1,953	5,766	1,049	31,089
Fully amortized assets	(19,426)	(18)	(323)	(2,290)	(22,057)
Exchange rate differences	(503)	220	(237)	(174)	(694)
At 31 December 2024	36,701	32,214	8,156	63,175	140,246
Amortization					
At 1 January	25,676	7,780	588	19,829	53,873
Charge for the period	3,387	1,950	252	6,576	12,165
Fully amortized assets	(19,426)	(18)	(323)	(2,290)	(22,057)
Exchange rate differences	(244)	77	6	(219)	(380)
At 31 December 2024	9,393	9,789	523	23,896	43,601
At 31 December 2024	**27,308**	**22,425**	**7,633**	**39,279**	**96,645**

Amortization classified by functional category:	2024	2023
Cost of goods sold	1,577	628
Sales and marketing expenses	6,377	5,724
Research and development expenses	1,691	1,377
General and administrative expenses	2,520	2,065
Total	**12,165**	**9,794**

2023	Customer & distribution relationships	Patents & development costs	Trademarks	Software & other	Total
Cost					
At 1 January	36,939	25,009	2,803	50,242	114,993
Additions	109	3,548	52	712	4,421
Additions - internally generated	0	0	0	8,624	8,624
Fully amortized assets	(3,278)	(500)	0	(5,388)	(9,166)
Exchange rate differences	484	286	16	56	842
At 31 December 2023	34,254	28,343	2,871	54,246	119,714
Amortization					
At 1 January	27,039	6,857	501	18,593	52,990
Charge for the period	1,740	1,376	86	6,592	9,794
Fully amortized assets	(3,278)	(500)	0	(5,388)	(9,166)
Exchange rate differences	175	47	1	32	255
At 31 December 2023	25,676	7,780	588	19,829	53,873
At 31 December 2023	**8,578**	**20,563**	**2,283**	**34,417**	**65,841**

None of the Company's intangible assets are with restricted title or pledged as security.

15. Investment in associates

	2024	2023
At 1 January	20,532	13,751
Additions	0	3,832
Share in net profit	3,340	3,398
Dividend received	(2,585)	(508)
Exchange rate differences	(923)	59
At 31 December	**20,364**	**20,532**

Included in share in net profit in 2023 is an excess of the net fair value of identifiable assets and liabilities over the cost of investment acquired during the period amounting to USD 2.1 million. None of the individual associate´s financial information are material.

16. Other financial assets

	31.12.2024	31.12.2023
Financial asset at amortized cost:		
Held to maturity securities	856	2,905
Restricted cash	534	491
Financial asset at fair value through Income Statement:		
Call option for shares in associates	1,315	1,134
Hedging derivatives foreign currency forwards	1,475	0
	4,179	**4,530**
Non-Current	2,704	4,530
Current	1,475	0
	4,179	**4,530**

Hedging derivatives are classified as other financial assets when book value is positive and as other financial liabilities when book value is negative.

17. Inventories

	31.12.2024	31.12.2023
Raw material	44,268	43,913
Work in progress	23,167	19,202
Finished goods	75,667	73,112
	143,102	**136,226**

Inventories of USD 11.5 million (2023: USD 10.3 million) are expected to be sold or used in production after more than twelve months.

Inventories recognized as an expense during the period amounted to USD 260.6 million (2023: USD 237.6 million). Thereof USD 4.4 million (2023: USD 3.3 million) was recognized as an expense in respect of write-downs of inventory to net realizable value. There was no reversal of prior year write downs in the current year. The reserve for obsolete inventories at year end amounted to USD 5.6 million compared to USD 5.6 million in 2023.

None of the Company's inventories are pledged as security.

Notes to the Consolidated Financial Statements

18. Accounts receivable

	31.12.2024	31.12.2023
Nominal value	125,949	132,920
Allowance for doubtful accounts	(4,034)	(5,076)
	121,915	**127,844**

The average credit period on sale of goods are 43 days (2023: 50 days). An allowance has been made for doubtful accounts. This allowance has been determined by management with reference to the expected credit loss (ECL). Management considers that the carrying amount of receivables approximates their fair value.

Movement in the allowance for doubtful accounts	2024	2023
At 1 January	(5,076)	(4,952)
Impairment (losses)/gains recognized on receivables	372	(283)
Amounts written off as uncollectable	494	141
Exchange rate differences	176	18
At 31 December	**(4,034)**	**(5,076)**

	31.12.2024				
Accounts receivable	**Gross carrying amount at default**	**Expected credit loss rate**	**Collective allowance (lifetime ECL)**	**Individual allowance**	**Net carrying amount**
Not past due	81,684	0.1%	75	15	81,594
Less than six months past due	35,949	2.0%	722	429	34,798
Six to twelve months past due	2,755	17.1%	472	267	2,016
More than twelve months past due	5,561	27.4%	1,523	531	3,507
	125,949		**2,792**	**1,242**	**121,915**

	31.12.2023				
Accounts receivable	**Gross carrying amount at default**	**Expected credit loss rate**	**Collective allowance (lifetime ECL)**	**Individual allowance**	**Net carrying amount**
Not past due	78,641	0.1%	80	307	78,254
Less than six months past due	43,961	1.9%	843	386	42,732
Six to twelve months past due	3,593	33.1%	1,190	165	2,238
More than twelve months past due	6,725	25.1%	1,689	416	4,620
	132,920		**3,802**	**1,274**	**127,844**

The expected credit loss on accounts receivable is estimated using a provision matrix with reference to past default experience, general economic conditions and an assessment of both the current as well as expected conditions, including time value of money where appropriate. Individual allowances and adjustments to the collective bad debt provision are made based on the individual assessment of customers' situation and probability of incoming payments. Refer to note 40 for further details related to accounting policies.

The Company writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

19. Other assets

	31.12.2024	31.12.2023
Prepaid expenses	22,630	17,660
VAT refundable	7,361	5,524
Other	14,309	16,069
	44,300	**39,253**

20. Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flow, cash and cash equivalents include bank balances, cash on hand and minor cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet.

Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Exchange rate differences on borrowings and amortization of borrowing cost – note 26. Borrowings
- Liabilities acquired in Business Combinations – note 33. Business Combinations
- Assets acquired in Business Combinations – note 33. Business Combinations
- Deferred payments and contingent consideration on acquisitions – note 33. Business Combinations
- Additions to right of use assets and lease liabilities - note 12. Leases
- Exchange rate adjustment on lease liabilities - note 12. Leases
- Additions to financial assets and financial liabilities – notes 16. Other financial assets and 30. Other financial liabilities
- Fair value adjustment on financial assets and financial liabilities - notes 16. Other financial assets and 30. Other financial liabilities

21. Issued capital and share premium

Common stock is as follows in thousands of shares in ISK:

	Issued shares	Treasury shares	Total
Balance at 1 January 2023	423,000	(2,711)	420,289
Cancellation of own shares	(2,000)	2,000	0
Sold treasury shares		10	10
Balance at 31 December 2023	421,000	(701)	420,299
Issued shares	6,636		6,636
Balance at 31 December 2024	**427,636**	**(701)**	**426,935**

Movement in issued capital is as follows in USD thousands:

	Share capital	Share premium	Total
Balance at 1 January 2023	4,781	61,430	66,211
Sold treasury shares	0	49	49
Balance at 31 December 2023	4,781	61,479	66,260
Issued shares	48	27,156	27,204
Balance at 31 December 2024	**4,829**	**88,635**	**93,464**

The share buyback program was temporarily paused in 2022. Decisions on share buybacks are made in accordance with the Company's Capital Structure and Capital Allocation Policy, within the authorizations granted by the Annual General Meeting. The share buyback programs are managed by Nordea, which make its trading decisions independently and without influence by the Company regarding the timing of the purchases. The share buyback program is to be reinitiated shortly. In 2024 in connection with the acquisition of Fior & Gentz, new shares were issued raising the total share capital in nominal value by 1.6%, from ISK 421,0 million to ISK 427,6 million, resulting in USD 27 million share capital increase. At year end 2024 Embla Medical held 0.7 million treasury shares that equals to 0.2% of issued shares.

22. Other reserves

The following table shows a breakdown of the movement in other reserves in the Consolidated Statement of Changes in Equity.

	Statutory reserve	Share contracts	Hedging	Financial assets	Currency Translation	Total
Balance at 1 January 2023	1,267	5,150	(1,028)	0	(75,856)	(70,467)
Change in cash flow hedges			963			963
Income tax			(193)			(193)
Fair value changes of financial liabilities				93		93
Income tax				(23)		(23)
Transl. diff. of shares in subsidiaries					4,839	4,839
Income tax					1,027	1,027
Total comprehensive income	0	0	770	70	5,866	6,706
Put option for minority share in subsidiary				(825)		(825)
Share contracts charge for the period		1,759				1,759
Share contracts vested during the period		(1,218)				(1,218)
Balance at 31 December 2023	**1,267**	**5,691**	**(258)**	**(755)**	**(69,990)**	**(64,045)**
Change in cash flow hedges			1,832			1,832
Income tax			(366)			(366)
Fair value changes of financial liabilities				88		88
Income tax				(22)		(22)
Transl. diff. of shares in subsidiaries					(11,175)	(11,175)
Income tax					(1,685)	(1,685)
Total comprehensive income	0	0	1,466	66	(12,860)	(11,328)
Put option for minority share in subsidiary				689		689
Share contracts charge for the period		602				602
Share contracts vested during the period		(1,308)				(1,308)
Balance at 31 December 2024	**1,267**	**4,985**	**1,208**	**0**	**(82,850)**	**(75,390)**

Statutory reserve
The statutory reserve comprises certain portion of the share capital according to Icelandic Company Act.

Share contracts reserve
The share contracts reserve is used to recognize the fair value of options or share units issued to employees but not exercised, see note 24 for details.

Hedging reserve
The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 25 for details. The cash flow hedge reserve is used to recognize the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

Currency translation reserve
The currency translation reserve comprises all currency differences arising from the translation of the financial statements of subsidiaries having different functional currencies than the Company as well as from the translation of liabilities that hedge net investment.

Notes to the Consolidated Financial Statements

23. Retained earnings

Transaction with non-controlling interests

During the year the Company acquired remaining shares in two of its subsidiaries. The effect on the equity attributable to the owners of the Company during the year is as follows:

	2024
Carrying amount of non-controlling interest acquired	(292)
Consideration paid to non-controlling interest	9,648
Contingent consideration payable in 2026	1,078
Excess of consideration paid recognized in retained earnings	10,434
Net amount recognized in shareholders equity	**10,142**

24. Share contracts

In 2024 a new long term incentives program of performance share units ("PSUs") and restricted shares units ("RSUs") was initiated in accordance with approval at the Company's Annual General Meeting for 2023. This program replaced the previous share options plan.

Under this program management and key leaders can be rewarded for delivery of long-term strategy by granting PSUs for President and CEO and the Executive Management or RSUs for the Executive Management direct report at VP level and key specialists in strategic positions.

According to the program, if performance is on target, PSUs and RSUs will be granted each year based on the current Embla Medical share price and the current annual fixed salary of the participants. The maximum PSUs granted per year is approximately 375,000. The number of PSUs granted to the participants will follow the guidelines described in Embla Medical's Remuneration Policy and will be reported in Embla Medical's Remuneration Report. A maximum of 325,000 RSUs will be granted each year.

To calculate the PSUs/RSUs value at granting, the volume-weighted average share price on Nasdaq Copenhagen the first five trading days following the date of publication of Embla Medical's consolidated financial statements for the performance period/previous financial year is used. The potential value of the PSUs/RSUs at vesting depends on the share price development during the vesting time. The vesting time of the PSUs/RSUs is three years from granting. It is a vesting condition that the respective executive/key employee is employed by an Embla Medical entity at vesting, subject to certain good leaver provisions. At vesting, the PSUs/RSUs are converted into Embla Medical shares on a 1:1 ratio. For delivery of shares, the Board may either issue new shares (subject to the Annual General Meeting's approval) or allow Embla Medical to use treasury shares that have been acquired based on authorization from the Annual General Meeting.

According to prior incentive plan (share options issued before 2024) where managers were granted options to purchase ordinary shares at an exercise price, determined by the average closing price of shares traded on the OMX Copenhagen stock exchange over the 20 trading days prior to the issue date. The employee must remain continuously employed with the Company until the option expiring date, either as an employee or in any other way, deemed satisfactory by the Company.

Notes to the Consolidated Financial Statements

Each employee share option converts into one ordinary share on exercise. No amounts are paid or payable by the recipient to the Company on receipt of the option. The options carry neither right to dividends nor voting rights. The Company allows net settlement of options in which an equivalent number of shares are delivered to the employee that equals to the profit of the exercised options. With net settlement, the Company does not deliver in full the number of shares at exercise price. The fair value of the share options granted are valued using the Black-Scholes pricing model. Variables used in the Black-Scholes calculation are the exercise price per share, expected life in years, estimated volatility, annual rate of quarterly dividends and annual discount rate. In 2024, the expected volatility was not assumed nor the annual discount rate as new stock options were not granted. In 2023 the expected volatility assumptions used to value the options range from 29.82% to 30.97% and the annual discount rate, range from 2.4% to 3%. Expected life of options are three years and the options expire one year after the vesting date. If a share option vests during a closed period for insider trading the vesting period is automatically extended until the next open window for insider trading.

The following share PSU / RSU and share options contracts (hereinafter referred to as: share contracts) are outstanding at balance sheet date:

	Number of shares	Grant year	Exercise year	Exercise price (in DKK)	Share price at grant date (in DKK)	Weighted average remaining contr. life in months
Issued to Executive Management:						
PSU/RSU						
Sveinn Sölvason President and CEO	94,579	2024	2027	33.3	33.3	27
Executive management (5 persons)	251,483	2024	2027	33.3	33.3	27
Total	**346,062**					
Share options						
Sveinn Sölvason President and CEO	250,000	2021 - 2023	2024 - 2026	29.9-44.6	29.2-43.6	6
Executive management (4 persons)	466,400	2021	2024	44.6-44.5	43.2-43.6	0
Executive management (5 persons)	450,000	2022	2025	28.5-41.7	29.5-44.0	6
Executive management (3 persons)	200,000	2023	2026	27.9-34.2	27.5-34.6	19
Total	**1,366,400**					
Issued to management team:						
PSU/RSU						
Managers (36 Persons)	308,385	2024	2027	32.2	32.2	27
Total	**308,385**					
Share options						
Managers (32 persons)	1,247,600	2021	2024	44.5-46.8	43.2- 47.7	0
Managers (16 persons)	575,000	2022	2025	28.5-41.7	29.5-44.0	5
Managers (3 persons)	105,000	2023	2026	30.9-34.2	30.2-34.6	15
Total	**1,927,600**					
Total issued RSU/ PSU	**654,447**					**27**
Total issued share options	**3,294,000**					**4**
Total	**3,948,447**		**Total weighted average remain. contr. life in months**			**8**

Notes to the Consolidated Financial Statements

Movements in share options and RSU / PSU during the period:

	2024		2023	
	Number of shares	Weighted average exercise price (in DKK)	Number of shares	Weighted average exercise price (in DKK)
PSU / RSU				
Granted during period	699,700	30.7	0	0
Forfeited during period	(45,253)	30.7	0	0
Total outstanding at 31 December	**654,447**	**30.7**	**0**	**0**
Share options				
Outstanding at 1 January	4,872,800	41.3	5,789,600	37.6
Granted during period	0	0	375,000	32.3
Forfeited during period	(741,200)	44.7	(217,200)	42.9
Exercised and expired during period	(837,600)	43.3	(1,074,600)	38.6
Total outstanding at 31 December	**3,294,000**	**40.0**	**4,872,800**	**41.3**

The estimated remaining cost due to the share contracts and PSU/RSU is USD 2.5 million (2023: USD 1.2 million). An expense of USD 0.6 million (2023: USD 1.8 million) is recognized in the Consolidated Income Statement for the period. The amount of expense excluding forfeited or expired options is USD 1 million. The exercise period of the share option contracts ranges from 2025-2026 and for RSU and PSU falls in 2027.

The range of the share price of exercised and expired options in the current year is DKK 30.3 to DKK 46.3 (2023: DKK 32.3 to DKK 49.8).

Embla's Medical yearly cost related to the new long-term incentive programs is estimated to be around USD 3.2 million when fully implemented.

25. Hedging reserve

Embla Medical hedges its ISK and EUR exposure, using a twelve month, quarterly layered hedging strategy. This is done with forward currency contracts where Embla Medical sells EUR for ISK. At each balance sheet date Embla Medical has outstanding contracts covering approximately 50% of yearly ISK costs. Due to the layered approach, hedge ratio of closed contracts is approximately 80% of ISK costs. Embla Medical applies hedge accounting (IFRS 9) to the extent possible.

Movements in the hedging reserve during the period:

	2024	2023
At 1 January	(258)	(1,028)
Change in fair value of hedging instrument recognized in Other Comprehensive Income	308	713
Reclassified to Income Statement	1,524	250
Deferred tax	(366)	(193)
At 31 December	**1,208**	**(258)**

At balance sheet date ten forward contracts were open. The fair value of the contracts results in an asset of USD 1.5 million at year end 2024 (2023: USD 0.4 million liability). The effects of the foreign currency-related hedging instruments on the Company's financial position and performance are as follows:

	31.12.2024	31.12.2023
Carrying amount	(1,475)	358
Notional amount	36,545	29,892
Maturity date	Mar-Dec 25	Mar-Dec 24
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	308	713
Weighted average hedged rate for outstanding hedging instruments	153.8	151.8

26. Borrowings

	31.12.2024	31.12.2023
Loans in USD	103,375	96,318
Loans In EUR	253,999	237,014
Total	**357,374**	**333,335**
Non-Current	328,754	311,802
Current	28,620	21,533
Total	**357,374**	**333,335**

Aggregated maturities of borrowings are as follows:

	31.12.2024	31.12.2023
In 2025 / 2024	28,620	21,533
In 2026 / 2025	51,224	176
In 2027 / 2026	277,528	236,769
In 2028 / 2027	0	74,857
	357,374	**333,335**

The table below shows how cash and non-cash changes affect borrowings within the Company:

	2024	2023
At 1 January	333,335	339,777
Cash flows	39,787	(14,777)
Non-cash changes:		
Acquisition related	0	(97)
Exchange rate differences	(16,198)	8,055
Amortization of borrowing costs	450	377
At 31 December 2024	**357,374**	**333,335**

The weighted average interest on outstanding loans at 31.12.2024 was 3.3% (2023: 3.8%). The following table highlights key information of the Company´s borrowings:

Lender	Type	Currency	Interest type	Outstanding	Available
Nordea, Danske Bank	Term, Bullet	EUR	Floating	52,240	0
Nordea, Danske Bank	Revolver	EUR	Floating	150,248	0
European Investment Bank	Term, Bullet	USD	Fixed	74,598	0
Nordic Investment Bank	Term, Bullet	EUR	Fixed	51,763	0
Danske Bank	Overdraft	Multicurrency	Floating	28,525	49,569
Total				**357,374**	**49,569**

27. Deferred tax assets / (liabilities)

	2024	2023
At 1 January	13,111	7,724
Income tax payable for the period	29,456	21,146
Calculated tax for the period	(21,603)	(17,206)
Business combinations	(9,995)	42
Recognized in other comprehensive income	(1,697)	1,223
Exchange rate differences	(385)	182
At 31 December	**8,887**	**13,111**
Deferred tax in the Balance Sheet:		
Deferred tax asset	46,365	41,888
Deferred tax liabilities	(37,478)	(28,777)
	8,887	**13,111**

Movement in deferred tax balances:

	01.01.2024	Recognized in Income Statement	Recognized directly in OCI	Other [i]	31.12.2024	Deferred tax assets	Deferred tax liabilities
Goodwill	(15,110)	(3,747)		(45)	(18,902)	4,240	(23,142)
Intangible assets	(8,899)	1,836		(9,594)	(16,657)	2,811	(19,468)
Property, plant and equipment	(1,946)	288		(212)	(1,870)	1,976	(3,846)
Tax loss carry forward	1,265	(7)		(65)	1,193	1,193	0
Inventories	15,972	3,257		(2)	19,227	20,040	(813)
Provisions	4,654	169		(49)	4,774	4,773	1
Current liabilities	11,842	4,981		(78)	16,745	17,890	(1,145)
Receivables	1,167	798		4	1,969	1,989	(20)
Other	4,166	279	(1,697)	(340)	2,408	3,490	(1,082)
Total	**13,111**	**7,853**	**(1,697)**	**(10,381)**	**8,887**	**58,402**	**(49,515)**
Deferred tax assets and liabilities offsetting						(12,037)	12,037
Net deferred tax assets (liabilities)						**46,365**	**(37,478)**

	01.01.2023	Recognized in Income Statement	Recognized directly in OCI	Other[i]	31.12.2023	Deferred tax assets	Deferred tax liabilities
Goodwill	(13,352)	(1,747)		(10)	(15,110)	5,747	(20,857)
Intangible assets	(8,667)	(84)		(148)	(8,899)	1,431	(10,330)
Property, plant and equipment	(1,574)	(491)		118	(1,946)	1,703	(3,649)
Tax loss carry forward	2,125	(772)		(88)	1,265	1,265	0
Inventories	10,135	5,812		25	15,972	16,785	(813)
Provisions	6,993	(2,340)		1	4,654	4,654	0
Current liabilities	7,638	4,171		33	11,842	12,864	(1,022)
Receivables	1,070	97		(1)	1,167	1,185	(18)
Other	3,356	(705)	1,223	290	4,166	4,384	(218)
Total	**7,724**	**3,941**	**1,223**	**220**	**13,111**	**50,018**	**(36,907)**
Deferred tax assets and liabilities offsetting						(8,130)	8,130
Net deferred tax assets (liabilities)						**41,888**	**(28,777)**

(i) Effects of foreign currency exchange rate differences and acquisitions.

The Company has unused tax losses available for which no deferred tax asset is recognized. At year end 2024 these unused tax losses amounted to USD 22.8 million (2023: USD 25.2 million). USD 8.4 million of this amount will expire in 5-10 years (2023: USD 8.5 million). The remaining tax losses carry an indefinite term.

In relation to the elimination of intercompany gain in inventories, the Company has recognized a deferred tax benefit of USD 0.9 million (2023: USD 5.4 million) in the Consolidated Income Statement.

Embla Medical, as part of WDI group for Pillar Two reporting, has applied the exception to recognize deferred tax on OECD's/EU's Pillar Two Model Rules and local implementation hereof.

28. Provisions

2024	Warranty provisions	Restructuring provisions	Other provisions	Total
At 1 January	10,789	2,777	4,422	17,988
Additional provision recognized	10,012	2,452	4,176	16,640
Utilization of provision	(8,225)	(4,267)	(1,077)	(13,569)
Exchange rate differences	(152)	0	(356)	(508)
At 31 December 2024	**12,424**	**962**	**7,165**	**20,551**
Non-current	6,290	0	1,647	7,937
Current	6,133	962	5,519	12,615
At 31 December 2024	**12,423**	**962**	**7,166**	**20,551**

2023	Warranty provisions	Restructuring provisions	Other provisions	Total
At 1 January	9,922	9,201	6,011	25,134
Additional provision recognized	7,567	181	1,083	8,831
Utilization of provision	(6,785)	(6,605)	(2,806)	(16,196)
Exchange rate differences	84	0	133	218
At 31 December 2023	**10,789**	**2,777**	**4,422**	**17,988**
Non-current	4,938	0	1,728	6,666
Current	5,851	2,777	2,694	11,322
At 31 December 2023	**10,789**	**2,777**	**4,422**	**17,988**

Warranty provisions are expected to be utilized over the next 6 years in line with warranty terms. Restructuring provisions are expected to be utilized within the next 12 months as projects have been initialized but not all costs have materialized. Other provisions are related to various obligations of which USD 5.5 million are expected to be utilized within the next 12 months, the remaining amount in other provisions relate to employee long term services.

29. Deferred income

	2024	2023
At 1 January	10,119	9,359
Deferred income	4,602	3,719
Released from deferred income	(2,962)	(3,183)
Exchange rate differences	(449)	224
At 31 December	**11,311**	**10,119**
Non-current	8,589	7,277
Current	2,722	2,842
At 31 December	**11,311**	**10,119**

Deferred income relates to the sale of additional warranty for prosthetic products and service checks included in standard warranty. Income from additional warranty is deferred when sold and released on a straight line basis within the warranty period. Income from service checks is deferred when sold and released when the service has been rendered. Additional warranties range from 2-6 years. The current deferred income is presented as part of other liabilities in the Consolidated Balance Sheet as indicated in note 32.

30. Other financial liabilities

	31.12.2024	31.12.2023
Financial liabilities at amortized cost:		
Deferred payments relating to business combinations	27,351	15,327
Other financial liabilities at amortized cost	381	550
Financial liabilities at fair value through Income Statement:		
Contingent consideration relating to business combinations	29,157	8,833
Put option for shares in associates	1,315	1,134
Financial liabilities at fair value through Other Comprehensive Income:		
Put option for minority share in subsidiary	0	732
Hedging derivatives - foreign currency forwards	0	358
	58,204	**26,933**
Non-current	47,946	17,351
Current	10,258	9,583
	58,204	**26,933**

Hedging derivatives are classified as other financial assets when book value is positive and as other financial liabilities when book value is negative.

During the year USD 0.1 million was recognized in Other comprehensive income related to fair value gain of put option for minority share in subsidiary (2023: USD 0.1 million). The put option was exercised during the year and the subsidiary is fully owned by the company at end of 2024.

Contingent consideration relating to business combination is mainly resulting from acquisition of Naked Prosthetics and Fior & Gentz. The contingent consideration payments are dependent on sales growth and fair value is determined based on best information available at the date of acquisition. The full value of the contingent consideration relating to Fior & Gentz acquisition was accounted for at acquisition date and is payable in the years 2025 to 2027 dependent on sales growth. The contingent consideration relating to Naked Prosthetics, that was acquired in 2022, was accounted for at acquisition date to a limited extent, the first payment was paid in 2024 and the remaining amount is payable within the next four years dependent on sales growth. The estimated payments are based on forecasted sales within the Company's sales channels. The amount recognized at acquisition date for current year's acquisition can be found in note 33. Business combinations.

Put options for purchase of remaining share in an associate is calculated as a multiple of EBITDA of the associate in the previous financial year in the proportion which the put option shares bear to the total shares of the entity. The option is exercisable in 2027 and 2028.

31. Related party transactions

Balances and transactions within the Company (Embla Medical hf. and its subsidiaries) have been eliminated in consolidation and are not disclosed in this note.

The Company engages in transactions with some of its associated companies and other related parties. The transactions consist of sale and purchases where commercial terms and market prices apply.

Transactions and balances with related parties:

Associates	**2024**	**2023**
Sales of products	2,825	2,404
Purchases	4,695	524
Receivables from associates at 31 December	647	507
Payables to associates at 31 December	469	374
Other related parties	**2024**	**2023**
Sales of products	890	1,338
Purchases	6,850	6,358
Receivables from other related at 31 December	440	607
Payables to other related at 31 December	612	487

For disclosures relating to key management positions, refer to note 6.

32. Other liabilities

	31.12.2024	31.12.2023
Accrued expenses	23,033	23,996
Sales tax and VAT	4,979	4,798
Deferred income	2,722	2,842
Sales return accrual	3,930	2,828
Other	4,697	4,548
	39,361	**39,012**

33. Business combinations

On 1 January 2024 Embla Medical acquired all shares of the privately owned Fior & Gentz, a leading producer of lower limb neuro orthotics components. Fior & Gentz, founded in Lüneburg, Germany in 1997, is a leading European provider of functional lower limb neuro orthotic solutions and employs around 80 people.

As part of the consideration paid for Fior & Gentz, Embla Medical issued 6,636,122 new shares. The share price of each share was DKK 28.10 and the total value of the share price capital increase is thus DKK 186 million (USD 27 million). The consideration paid in cash was partly financed through additional credit facilities, amounting to USD 55 million. Acquisition related cost amounted to USD 1 million and is included in general and administrative expenses and reported as special items.

The accounting for the acquisition has been finalized at the end of the reporting period. The goodwill is not deductible for income tax purpose.

In the Consolidated Income Statement for the year 2024, sales amounting to USD 23.4 million (2023: USD 1.2 million) and net profit of USD 5.5 million (2023: USD 0.2 million) were related to the Fior & Gentz acquisition.

The current year acquisition was made at 1 January resulting in the consolidated pro-forma revenue and profit to be the same as reported.

Assets acquired and liabilities consumed at the date of acquisition:	
Property, plant and equipment	594
Other intangible assets	31,089
Inventories	5,375
Accounts and other receivables	1,128
Bank balances and cash equivalents	2,963
Deferred tax liabilities	(9,995)
Other liabilities	(2,270)
Net identifiable assets acquired	28,884
Goodwill	104,489
Net assets acquired	**133,373**
Consideration:	
Net assets acquired	133,373
Contingent consideration and deferred payments on current year´s acquisition	(38,184)
Issued new shares	(27,205)
Cash paid	67,984
Payments on prior year´s acquisitions	5,052
Cash from acquired company	(2,963)
Consideration shown in Cash Flow	**70,072**

34. Financial instruments

Financial assets and liabilities

The Company holds the following financial instruments:

Financial assets	**Notes**	**31.12.2024**	**31.12.2023**
Financial assets at amortized cost:			
Accounts receivable	18	121,915	127,844
Cash and cash equivalents	20	86,163	72,653
Financial assets at amortized cost	16	1,390	3,396
Financial assets at fair value through Income Statement	16	1,315	1,134
Hedging derivatives - foreign currency forwards	16	1,475	0
Total		**212,257**	**205,027**

Financial liabilities	**Notes**	**31.12.2024**	**31.12.2023**
Financial liabilities at amortized cost:			
Accounts payable		27,275	30,749
Borrowings	26	357,374	333,335
Lease liabilities	12	142,415	134,397
Other financial liabilities at amortized cost	30	27,732	15,877
Financial liabilities at fair value through Income Statement	30	30,472	9,966
Financial liabilities at fair value through Other Comprehensive Income	30	0	732
Hedging derivatives - foreign currency forwards	30	0	358
Total		**585,267**	**525,415**

Fair value of financial instruments

In the above overivew of financial instruments, financial assets and financial liabilities that are measured at fair value in the financial statement can be identified.

Except as detailed in the following table, management considers that the carrying amount of financial assets and financial liabilities recognized in the Consolidated Financial Statements to approximate their fair value.

	31.12.2024		**31.12.2023**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities:				
Borrowings	357,374	358,808	333,335	334,373

The difference between the fair value and the carrying amount relates to distribution of borrowing cost. The fair value is determined as a level 2 in the fair value hierarchy.

Fair value hierarchy

The following table explains the judgements and estimates made in determining the fair values of the financial instruments recognized and measured at fair value in the financial statements. In order to convey the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under IFRS accounting standards as adopted by the European Union.

Financial assets	Notes	Level 1	Level 2	Level 3	Total
Financial assets at fair value through income statement:					
Call option for shares in associates	16			1,315	1,315
Hedging derivatives - foreign currency forwards	16		1,475		1,475
Total financial assets		**0**	**1,475**	**1,315**	**2,789**
Financial liabilities					
Financial liabilities at fair value through income statement:					
Contingent consideration related to acquisition	30			29,157	29,157
Put option for shares in associates	30			1,315	1,315
Total financial liabilities		**0**	**0**	**30,472**	**30,472**

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Capital risk management

The Company manages capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged since 2023.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 26, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

Net debt to EBITDA before special items ratio

The Company's management continuously reviews the capital structure. As a part of this review the management considers, amongst other the cost of capital and net debt to EBITDA before special items.

The net debt to EBITDA before special items at period end was as follows:

	31.12.2024	31.12.2023
Net debt	413,626	395,047
EBITDA before special items	173,264	139,307
Net debt/EBITDA before special items	**2.4**	**2.8**

Notes to the Consolidated Financial Statements

Loan covenants

Under the terms of the Company borrowings, which has a carrying amount of USD 357.4 million (2023: USD 333.3 million) the Company is required to comply with the following financial covenants at the end of each annual and interim reporting period:

- Net debt (including deferred payments relating to business combinations) to EBITDA before special items should be below 4.0.

The Company is additionally required to comply with the following financial covenants at the end of each annual reporting period:

- The aggregate EBITDA of the Guarantors for the relevant reporting period represents not less than 50% of the Consolidated EBITDA of the Company.
- The aggregate gross assets of the Guarantors represents not less than 50% of the aggregate gross assets of the Company.

The Company has complied with these covenants throughout the reporting period. There are no indications that Embla Medical would have difficulties complying with the covenants in 2025.

Financial risk management objectives

The Company's corporate finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company. This is performed through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include liquidity risk, interest rate risk, foreign currency exchange risk and counterparty credit risk.

The general policy is to apply natural hedging to the extent possible but Embla Medical also uses active hedging of currency exposure that is not covered by the natural hedge in sales and costs by currency. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Currency risk management

The Company operates in a global market, hence exposure to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policy parameters. The general policy is to apply natural exchange rate hedging to the extent possible.

Embla Medical hedges its ISK and EUR exposure, using a twelve month, quarterly layered hedging strategy. This is done with forward currency contracts where Embla Medical sells EUR for ISK. At each balance sheet date Embla Medical has outstanding contracts covering approximately 50% of yearly ISK costs. Due to the layered approach, hedge ratio of closed contracts is approximately 80% of ISK costs. At balance sheet date ten forward contracts were open. The fair value of the contracts results in an asset of USD 1.5 million at year end 2024 (2023: USD 0.4 million liability). Embla Medical applies hedge accounting (IFRS 9) to the extent possible. The carrying amounts of the Company's monetary assets and monetary liabilities denominated in currencies at the reporting date are as follows:

	Liabilities		Assets	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
EUR	308,727	290,181	41,818	43,773
USD	198,980	189,889	110,606	97,613
ISK	56,210	53,095	15,723	19,474
SEK	24,562	25,160	9,317	13,370
GBP	6,486	6,980	4,888	6,268
Other	38,479	34,395	72,730	63,782
	633,444	**599,700**	**255,082**	**244,280**

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuation of Icelandic krona (ISK) and Euro (EUR).

The following table details the Company's sensitivity to a 10% decrease in USD against the relevant foreign currencies with all other variables fixed. The sensitivity analysis includes all foreign currency denominated items and adjusts their translation at the period end for a 10% change in foreign currency rates. The table below indicates the effect on net profit and equity where USD weakens 10% against the relevant currency. For a 10% strengthening of USD against the relevant currency, there would be an equal and opposite impact on the profit or loss and equity.

	EUR [i]		ISK [ii]	
	2024	2023	2024	2023
Net profit	5,656	4,263	(5,726)	(5,281)
Equity	7,257	(932)	(1,266)	(595)

(i) 24% (2023: 21%) of the Company's COGS and OPEX is in EUR against 28% (2023: 24%) of its sales causing an increase in profit if the USD decreases against the EUR.

(ii) 11% (2023: 10%) of the Company's COGS and OPEX is in ISK against 0.4% (2023: 0.5%) of its sales causing a decrease in profits if the USD decreases against the ISK.

Hedge accounting is not considered in the above calculation.

Interest rate risk management

The Company is exposed to interest rate risks as funds are borrowed at floating interest rates. Interest rate risk is managed by the Company´s treasury function and fixed rate loans or interest rate swap contracts may be used to maintain an appropriate mix between fixed and floating rate borrowings. At the end of 2024 65% of total borrowings were on floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite and to ensure optimal hedging strategies are applied. The Company did not have any interest rate swap agreements outstanding at balance sheet date.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates on borrowings with floating terms. The analyses is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. If interest rates had been 1 percent higher/lower and all other variables were held constant, the Company´s profit for the year ended 31 December 2024 would have decreased/increased by USD 2.3 million (2023: USD 2.0 million).

Notes to the Consolidated Financial Statements

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At period end the Company had a total liquidity of USD 135.7 million, consisting of undrawn revolving credit facilities of USD 49.6 million (2023: USD 61.3 million) and cash and cash equivalents of USD 86.2 million (2023: USD 72.7 million).

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest	Less than 1 year	1-5 years	5+ years	Total
31.12.2024					
Borrowings	4.5%	45,178	356,973	0	402,151
Lease liabilities	4.0%	29,307	86,347	52,975	168,629
Non-interest bearing liabilities	-	122,887	47,972	0	170,859
		197,373	**491,292**	**52,975**	**741,639**
31.12.2023					
Borrowings	3.8%	34,489	338,818	0	373,306
Lease liabilities	3.7%	26,447	79,513	53,665	159,625
Non-interest bearing liabilities	-	126,570	17,383	0	143,953
		187,505	**435,714**	**53,665**	**676,885**

Credit risk management

The Company manages the financial counterparty credit risk centrally. Primary Banks should have a long-term credit rating of at least A-/A3 and a short-term credit rating of at least A-2/P-2. Other financial counterparties should have investment grade credit ratings.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Accounts receivable consist of a large number of customers spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Refer to note 18 for assessment of expected credit loss (ECL) and accounting policy on impairment of financial assets.

The Company is exposed to normal business risk in collecting accounts receivable. Adequate allowance is made for bad debt in line with the Company accounting policy.

Book value of financial assets measured at amortized cost represents the maximum exposure to credit risk.

35. Other information

From 2021, the Company is required to file the primary statements of the Consolidated Financial Statements in the new European Single Electronic Format (ESEF) and therefore those statements are prepared in the XHTML format that can be displayed in a standard browser. The primary statements in the Consolidated Financial Statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a primary statements line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals. The Consolidated Financial Statements submitted to the Icelandic Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a file named "EmblaMedical-2024-12-31.zip".

36. Insurance

	31.12.2024		31.12.2023	
	Insurance value	Book value	Insurance value	Book value
Fixed assets and inventories	239,336	220,478	213,956	206,255

The book value of fixed assets and inventories is adjusted for inventory reserve. The Company has purchased a Property Damage & Business Interruption insurance intended to compensate for damages on owned property and temporary loss of income due to such loss. Additionally, the Company has numerous insurances in place that are necessary to insure against the risks to its operations, including but not limited to general and product liability, professional liability, product recall insurance, directors' and officers' liability and certain types of frauds towards the Company.

37. Comparative information

Comparative figures disclosed in the notes to these financial statements have been reclassified to conform with the current year´s disclosure format for the purpose of compliance with International Financial Reporting Standards as adopted by the European Union (EU).

38. Contingent liabilities

The Company is engaged in certain litigation proceedings and various ongoing audits and investigations. Management, on an ongoing basis, assesses the possible financial impact of current and pending litigations. Relevant information is disclosed when management is able to assess whether a litigation could potentially have a material financial impact on the Company. In the opinion of management there are currently no litigations expected to have a material effect on the Company's financial position, operating profit or cash flow.

Notes to the Consolidated Financial Statements

39. Adoption of new and revised standards

New and amended IFRS that are effective for the current year

The following amendments to IFRS became mandatorily effective in the current year. The application of the below amendments has minor or no effects on the Consolidated Financial Statements:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current, and Non-current liabilities with covenants.
Amendments to IFRS 16: Lease Liability in Sale and Leaseback.
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements.

New and revised IFRS in issue but not yet effective

At the date of authorization of these Consolidated Financial Statements, the Company has not applied new and revised IFRS that have been issued but are not yet effective.

Management of the Company does not expect that the adoption of the standards will have a material impact on the Financial Statements of the Company in future periods.

Standards on sustainability, IFRS S1 and IFRS S2 are not impacting EU companies as separate legislation applies to EU companies (ESRS). The European Sustainability Reporting Standards (ESRS) will likely become effective in 2025 for the Company depending on when approved by Icelandic authorities.

40. Summary of material accounting policies

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with IFRS accounting standards as adopted by the European Union and additional requirements in the Icelandic Annual Accounts Act no. 3/2006.

Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realizable value of inventories in IAS 2 or value of assets in use in IAS 36.

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- can use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

Put options over non-controlling interest are recognized as financial liabilities at the present value of the estimated exercise price. The initial carrying amount is charged against equity attributable to owners of the parent, and subsequent remeasurement of the liability are recognized accordingly. The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized directly in equity attributable to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combinations is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the purchase price of the business combinations over the Company's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combinations, the excess is recognized immediately in profit or loss. Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combinations includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combinations. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for a business combinations is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

When a business combinations is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

The profit and losses, assets and liabilities of associates are incorporated in the Consolidated Financial Statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the balance sheet and adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. Where the Company´s share of losses in associates equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the standard as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Goodwill

Goodwill is initially recognized as an asset at the excess of the purchase price of the business combinations over the Company's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree.

Goodwill is not amortized but recognized at cost less accumulated impairment losses. For impairment testing, goodwill is allocated to each of the Company's cash-generating (CGU) units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. When performing the impairment test, the recoverable amount of the CGU is determined. The value in use is calculated as the present value of expected future cash flows from the cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment loss for goodwill is recognized directly in profit or loss in the

Notes to the Consolidated Financial Statements

Consolidated Income Statement. The carrying amount of goodwill is tested for impairment together with the other non-current assets in the CGU to which goodwill is allocated to. Impairment of goodwill is not reversed in a subsequent period.

Consistent with the Company’s management and reporting structure, the lowest level of CGU’s is the individual geographical segment, as cash inflows are generated largely independent of cash inflow in other geographical segments within the Company. Accordingly, impairment tests are carried out per geographical segment, and goodwill and other intangibles are allocated to these CGU’s.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Company's policy for goodwill arising on the acquisition of an associate is described in the accounting policy for Investments in associates above.

Revenue recognition

Revenue is measured at the transaction price of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods and services

The Company sells bracing & support products, prosthetics & neuro orthotics products, and related services both as wholesaler and directly to customers through its own distribution channels.

Revenue for the sale of products including standard warranty is recognized when control of the goods has transferred. Control is considered transferred when the goods have been shipped or directly delivered to retail customer. Following shipment, it is considered that our customers have full discretion over the manner of distribution and price to sell the goods. They hold the primary responsibility when selling the goods, and bear the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when the goods are shipped to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Sales related standard warranties serve as an assurance that the products sold comply with agreed-upon specifications, those warranties are accounted for in accordance with IAS 37 Provisions. For some prosthetics products, a service check is included in the standard warranty and is treated as a distinct service and is accounted for as a separate performance obligation. The customer has an option to purchase an additional warranty, which is treated as a distinct service as the Company promises to provide the service to the customer in addition to the product and the standard warranty. That warranty is accounted for as a separate performance obligation.

Revenues from the sale of additional warranties are deferred when sold and released on a straight-line basis within the warranty period. Revenues from service checks included in the standard warranty are deferred when sold and released when the service has been rendered or the service obligation has ended. Deferred revenues are shown separately within liabilities in the balance sheet.

Under the Company’s standard contract terms, customers have a right of return within 30-90 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly unlikely that a significant reversal in the cumulative revenue recognized will occur given the consistent level of returns over previous years.

Interest revenue and dividend

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Leases

The Company leases office buildings, manufacturing and warehouse facilities and vehicles. Rental contracts are typically made for fixed periods but may have extension options, exercisable by the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment, with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a build-up approach that begins with a risk-free interest rate. The rate is then adjusted for credit risk for leases held by the Company and further modified based on specific lease factors such as term, country and currency.

The lease payments incorporated in the measurement of the lease liability includes fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees, and the exercise price of purchase options if the Company expects to exercise the option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability if the lease term has changed, when lease payments changes in an index or rate or when a lease contract is modified, and the modification is not accounted for as a separate lease.

Right of use asset is initially measured at the amount equal to the initial measurement of lease liability. Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that depend on usage are not included in the measurement of the lease liability and the right of use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Notes to the Consolidated Financial Statements

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates, the functional currency. The Consolidated Financial Statements are presented in USD, which is the Company´s reporting currency and the functional currency of Embla Medical hf.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at 31 December 2024 exchange rates, are generally recognized in income statement.

Foreign subsidiaries

The income statement and balance sheet of foreign subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at balance sheet date,
- income and expenses for income statement and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate as per 31 December 2024.

Share capital

The share capital of Embla Medical at balance sheet date is ISK 427,636,122 nominal value, divided into the same number of shares. There is only one class of shares, and all shares carry one vote, besides treasury shares that do not carry voting rights.

Share premium

The share premium reserve is comprised of payments in excess of nominal value of ISK 1 per share that shareholders have paid for shares sold by the Company.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combinations) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

In the preparation of the Consolidated Financial Statements, accumulated gains in inventories from intercompany transactions are eliminated. This influences the income tax expenses of the consolidated companies, and an adjustment is included in the deferred tax asset. Income tax expense is calculated in accordance with tax rates in the countries where the inventories are purchased.

Embla Medical, as a part of WDI group for Pillar Two reporting, has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Consolidated Financial Statements

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combinations, the tax effect is included in the accounting for the business combinations.

Property, plant and equipment

Property, plant and equipment are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured in a reliable manner.

Property, plant and equipment which qualify for recognition as an asset are initially measured at cost. The cost of a property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each period is recognized as an expense. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Machinery and equipment	3-10 years
Office equipment	5-8 years
Computer equipment	2-5 years

Leasehold improvements are depreciated over the lease term.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at the date of the sale transaction and is recognized in the Consolidated Income Statement.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful life are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is allocated on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

The following useful lives are used in the calculation of amortization:

Customer and distribution relationships	4-10 years
Patents and development costs	5-50 years
Trademarks	3-infinitive
Software and other	2-10 years

Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Company's development is recognized only if all of the following conditions are met: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; the intangible asset will

generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where internally generated intangible asset cannot be recognized, development expenditure is charged to profit or loss in the period in which it is incurred. Majority of development expenditure is expensed in the period in which it is incurred except for certain projects.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combinations

Intangible assets acquired in a business combinations are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset, and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

After initial recognition, intangible assets acquired in a business combinations are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Notes to the Consolidated Financial Statements

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and deposits with financial institutions. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet. Deposits that are subject to regulatory restrictions and are therefore not available for general use by the Company are presented as restricted cash and disclosed in note 16.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the class of inventory, with the majority being valued on a standard cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Warranty provisions

The Company generally offers 2-6 years warranties for its prosthetics products. Warranty provisions include expected warranty costs for products sold with standard warranty and are recognized at the date of sale of the relevant products, at management´s best estimate of the expenditure required to settle the Company's obligation. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent information on parts and labor costs. The assumptions made in relation to the current period are consistent with those in prior year.

Restructuring provisions

Restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has started to implement it or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Other provisions

Other provisions mainly consist of legal and employee related provisions.

Financial instruments

Financial instruments are financial assets and financial liabilities. They are recognized in the Company’s balance sheet when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are instruments, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss (FVTPL).

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Basis of preparation above.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost and account receivables. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk from initial recognition of the respective financial instrument. The company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for accounts receivables. The expected credit loss on accounts receivable is estimated using a provision matrix by reference to past default experience, general economic conditions and an assessment of both the current as well as expected conditions, including time value of money where appropriate. Individual allowance and adjustments to the collective allowance are made based on the individual assessment of customers' situation and probability of incoming payments. As the Company´s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company´s different geographical segments.

A financial asset is credit-impaired when one or more events, that have a detrimental impact on the estimated future cash flows of that financial asset, have occurred. Evidence that a financial asset is credit-impaired includes observable data about significant financial difficulty of the borrower. An allowance for credit-impaired financial assets is measured on an individual basis.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Notes to the Consolidated Financial Statements

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combinations, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability, or part of it, as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification, should be recognized in income statement as modification gain or loss.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

A liability is recognized in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to currency risk. Further details of derivative financial instruments are disclosed in note 34.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of cash flow of recognized liabilities or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either cash flow hedges or hedges of net investment in foreign operations.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument, that is used in a hedging relationship, is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedge risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

The hedging reserve within equity represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity in the foreign currency translation reserve.

Gains and losses deferred in the foreign currency translation reserve are recognized in profit or loss on disposal of the foreign operation.

Cash flow hedges

The effective portion of changes in the fair value of derivatives, that are designated and qualify as cash flow hedges, is recognized in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in Other Comprehensive Income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the Income Statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in Other Comprehensive Income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Notes to the Consolidated Financial Statements

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires, is sold, terminated, exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the Consolidated Income Statement.

Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the set conditions and that the grants will be received. Government grants are recognized in profit or loss in the periods in which the Company recognizes the related expenses for which the grants are intended to compensate.

Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Revision of accounting estimates can also affect future periods.

Management has made significant accounting estimates and judgements in respect of the following areas:

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of impairment calculations are set out in note 13.

Acquisitions as part of business combinationss results in recognition of goodwill and various assets and liabilities. The amounts allocated to the acquired assets and liabilities are based on assumptions and estimates about their fair values. Details of fair value of assets and liabilities in business combinations are set out in note 33.

In determining the lease term on initial recognition of right of use assets and lease liabilities, management consider all facts and circumstances that create an economic incenive to exercise and extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease liability is initially measured at the present value of future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. To determine the incremental borrowing rate, the Company uses a build-up approach that begins with a risk-free interest rate. The rate is then adjusted for credit risk for leases held by the Company and further modified based on specific lease factors such as term, country and currency.

Warranty provisions include expected warranty costs for products sold with standard warranty and are recognized at the date of sale of the relevant products, at management´s best estimate of the expenditure required to settle the Company's obligation. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent information on parts and labor costs.

Some of the Company’s assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of assets or liabilities, the Company uses market-observable data to the extent it is available. Where such inputs are not available, the Company uses valuation models based on observable prices where applicable else non-observable prices. Details of fair value of financial assets and liabilities are set out in note 34.

Notes to the Consolidated Financial Statements

41. Definitions of key ratios and terms

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortization. Financial items and share in net profit or loss of associated companies are not included in the EBITDA measurement

EBITDA before special items
Management monitors the performance measure EBITDA before special items, at a consolidated level and considers the measure relevant to an understanding of the Company's financial performance as it facilitates a better comparison of the Consolidated Income Statement between periods. Special items comprise material amounts of a non-recurring nature, such as costs relating to divestments, closure or restructuring, lawsuits, etc.

Gross profit margin
Gross profit as a percentage of net sales

EBITDA margin
EBITDA as a percentage of revenues

EBIT margin
EBIT as a percentage of revenues

Free cash flow
Cash from operations less capital expenditure

Equity ratio
Equity as a percentage of total assets

Net interest-bearing debt (NIBD) to EBITDA before special items
Aggregated interest bearing debt, consisting of borrowings and lease liabilities, less cash and cash equivalents divided by EBITDA before special items

Return on equity
Net profit as a percentage of average equity

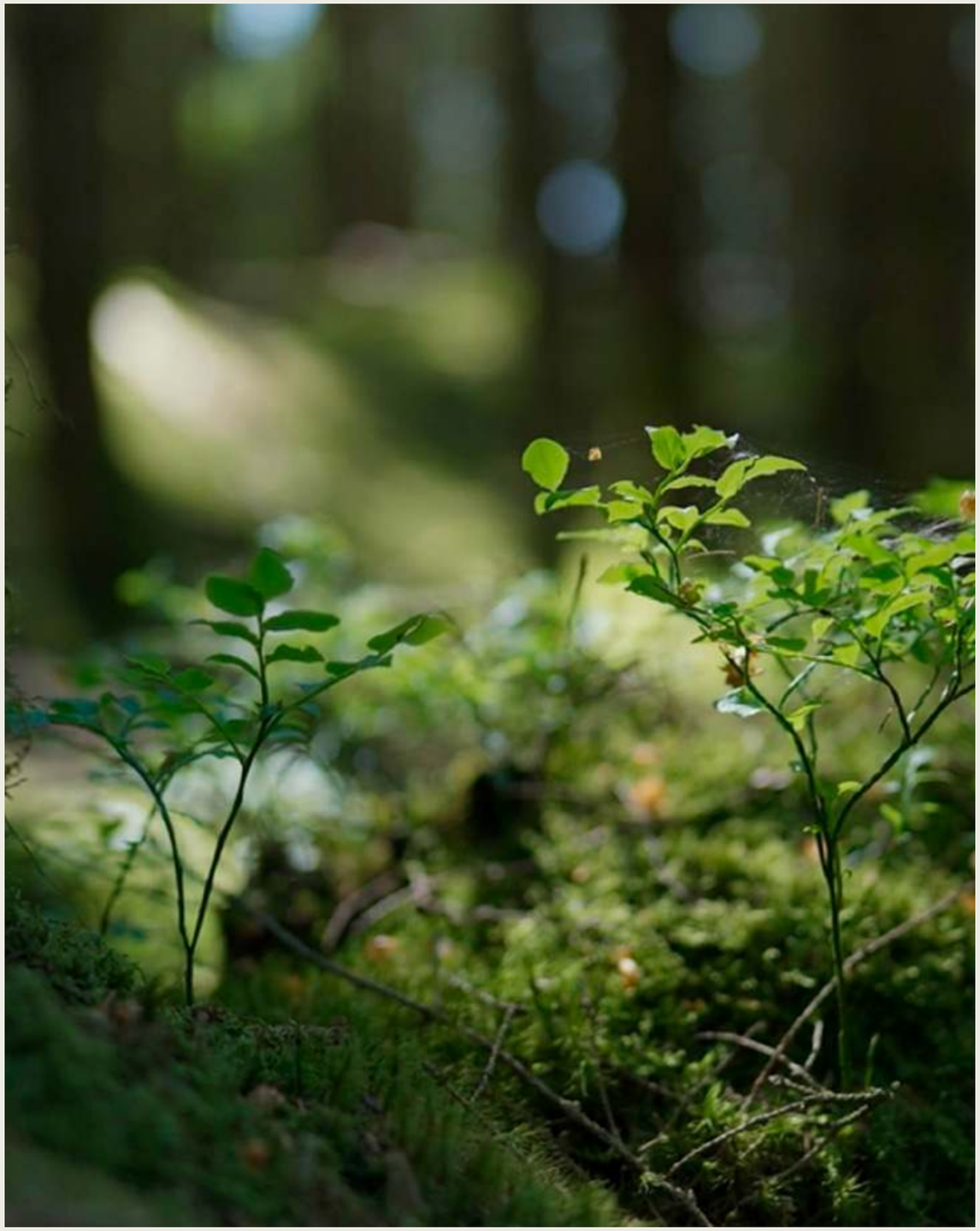
Capex to net sales
The amount of purchased fixed and intangible assets to net sales

Market value of equity
Value of the Company's equity, measured by multiplying the current stock price by the total number of outstanding shares

Sales growth
The change in revenue compared to prior period

Basic Earnings per share (EPS)
Net profit attributable to the parent Company's shareholders, divided by the parent Company’s average number of shares outstanding for the period

Diluted Earnings per share (EPS)
Net profit attributable to the parent Company's shareholders, divided by the parent Company’s average number of shares outstanding for the period adjusted for effects of outstanding share option contracts.



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