

Interim Report 2023

Demant

Key figures and financial ratios

(DKK million)	H1 2023	H1 2022	Full year 2022
Hearing Healthcare			
Revenue	10,694	8,945	18,645
Organic growth	15%	6%	5%
Gross margin	75.0%	76.4%	76.1%
Operating profit (EBIT)	2,162	1,695	3,443
EBIT margin	20.2%	18.9%	18.5%
Communications			
Revenue	461	552	1,060
Organic growth	-15%	-14%	-13%
Gross margin	33.8%	45.9%	45.0%
Operating profit (EBIT)	-148	-107	-236
EBIT margin	-32.1%	-19.4%	-22.3%
Group			
Income statement			
Revenue	11,155	9,497	19,705
Organic growth	13%	4%	4%
Gross margin	73.3%	74.6%	74.4%
EBITDA	2,662	2,128	4,383
EBITDA margin	23.9%	22.4%	22.2%
Operating profit (EBIT)	2,014	1,588	3,207
EBIT margin	18.1%	16.7%	16.3%
Net financial items	-359	-95	-280
Profit after tax - continuing operations	1,258	1,157	2,276
Profit after tax - discontinued operations	-676	-107	-192
Profit for the period	582	1,050	2,084

(DKK million)	H1 2023	H1 2022	Full year 2022
Balance sheet			
Total assets	29,833	27,335	29,857
Net interest-bearing debt (NIBD)	12,197	10,986	12,711
Equity	8,990	8,184	8,562
Cash flow statement			
Cash flow from operating activities (CFFO)	1,863	915	2,622
Investments in property, plant and equipment, net	306	301	630
Free cash flow	1,490	398	1,617
Share buy-backs	17	1,307	1,840
Other key figures			
Gearing multiple (NIBD/EBITDA)	2.5	2.4	2.9
Earnings per share (EPS), DKK - continuing operations	5.63	5.07	10.06
Earnings per share (EPS)	2.60	4.60	9.21
Free cash flow per share (FCFPS)	6.68	1.75	7.15
Share price, end of period	288.50	266.30	192.55
Average number of shares outstanding	223.17	227.98	226.01
Average number of employees	20,922	18,130	19,239
Scope 1 & 2 CO ₂ e emissions (tonnes)*	14,923	16,760	32,678
Renewable electricity share	22%	***	***
Gender diversity, Board of Directors (women/men)**	40/60%	40/60%	40/60%
Gender diversity, all managers (women/men)	47/53%	44/56%	44/56%
Gender diversity, top level management (women/men)	25/75%	***	23/77%
Gender diversity, top level management teams (on/off target)	70/30%	***	71/29%

*2022 is restated due to improved data quality. **Shareholder-elected members. ***No available data for the period.

Group financial review

Income statement H1 2023

(DKK million)	Hearing Healthcare H1 2023	Communications H1 2023	Group H1 2023	Group H1 2022	Group growth
Revenue	10,694	461	11,155	9,497	17%
Production costs	-2,677	-305	-2,982	-2,414	24%
Gross profit	8,017	156	8,173	7,083	15%
Gross margin	75.0%	33.8%	73.3%	74.6%	
R&D costs	-607	-99	-706	-651	8%
Distribution costs	-4,726	-188	-4,914	-4,394	12%
Administrative expenses	-562	-17	-579	-507	14%
Share of profit after tax, associates and joint ventures	40	-	40	57	-30%
Operating profit (EBIT)	2,162	-148	2,014	1,588	27%
EBIT margin	20.2%	-32.1%	18.1%	16.7%	

The Group reports revenue and growth rates on a quarterly basis, whereas full income statements, balance sheets and cash flow statements are only reported on a half-yearly basis. Unless otherwise indicated, the commentary below relates to H1 2023.

As a result of the announced decision to discontinue the Hearing Implants business, this former business area is recognised as a discontinued operation.

For financial reviews of our Hearing Healthcare and Communications

segments, please refer to page 9 and 13, respectively.

Revenue

In H1, Group revenue amounted to DKK 11,155 million, corresponding to a growth rate of 17% in local currencies. Organic growth was 13%, driven by Hearing Healthcare, with especially strong performance in Hearing Aids, whereas Communications saw negative organic growth. After having realised organic growth of 14% in Q1, the Group continued to see strong organic growth of 12% in Q2.

Revenue and growth by business area

(DKK million)	Q2 2023	Q2 2022	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Healthcare	5,432	4,634	14%	4%	18%	-1%	17%
Communications	215	260	-16%	0%	-16%	-2%	-17%
Group	5,647	4,894	12%	4%	16%	-1%	15%

(DKK million)	H1 2023	H1 2022	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Healthcare	10,694	8,945	15%	4%	19%	1%	20%
Communications	461	552	-15%	0%	-15%	-1%	-16%
Group	11,155	9,497	13%	4%	17%	1%	17%

Revenue by geographic region

(DKK million)	H1 2023	H1 2022	Change		
			DKK	LCY	Org.
Europe	4,528	4,016	13%	13%	9%
North America	4,572	3,875	18%	15%	14%
Asia	1,189	824	44%	53%	34%
Pacific region	553	505	10%	10%	10%
Rest of world	313	277	13%	14%	13%
Total	11,155	9,497	17%	17%	13%

Growth from acquisitions was 4% for the Group, primarily related to Hearing Care and to a lesser extent to Diagnostics. Exchange rate effects impacted revenue by 1%, mainly due to the appreciation of the US dollar against the Danish krone in Q1.

In terms of geography, Asia saw the highest growth rates, driven by significant growth in China, reflecting both a recovery from material impacts of coronavirus last year and a positive contribution from the acquisition of Sheng Wang. Strong growth in our Rest of world region was mainly realised in Latin America.

North America also saw strong organic growth and was the largest contributor to growth in absolute terms due to solid momentum in the US hearing aid market and market share gains across channels in Hearing Aids.

In Europe, organic growth was driven by Germany, Poland and the UK. Despite negative market developments, the Group only saw slightly negative organic growth in France.

In the Pacific region, Australia saw strong growth, although against a soft comparative base, as H1 2022 was significantly impacted by coronavirus-related restrictions and floodings.

Gross profit

The Group's gross profit was DKK 8,173 million in H1, an increase of 15% compared to H1 2022. The gross margin was 73.3%, a decrease of 1.3 percentage points compared to H1 2022 and below our original expectations. This development can mainly be attributed to adverse exchange rate effects, but also to higher unit costs in Hearing Healthcare and to significant gross margin dilution in Communications due to promotional activities, sales of legacy, co-branded products and lower revenue.

Operating expenses (OPEX)

In H1, total OPEX amounted to DKK 6,199 million, corresponding to 13% growth in local currencies compared to H1 2022.

OPEX grew by 7% organically, reflecting continued investments in future growth and general business expansion in

OPEX by function

(DKK million)	H1 2023	H1 2022	Change		
			DKK	LCY	Org.
R&D costs	706	651	8%	8%	8%
Distribution costs	4,914	4,394	12%	13%	7%
Administrative expenses	579	507	14%	15%	14%
Total	6,199	5,552	12%	13%	7%

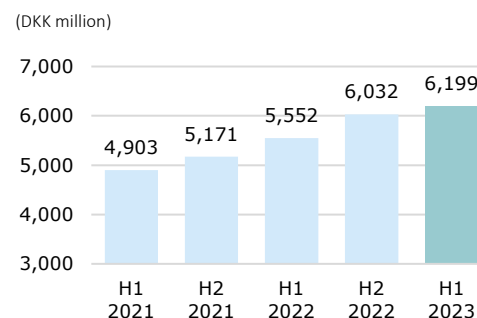
Hearing Healthcare. Communications, however, reduced its OPEX materially in response to the negative revenue growth.

Acquisitions, primarily in Hearing Care, added 5% to the Group's OPEX, while exchange rate effects were -1%.

Operating profit (EBIT)

The Group's EBIT amounted to DKK 2,014 million, corresponding to a growth rate of 27%. The EBIT margin was 18.1%, an expansion of 1.4 percentage points compared to H1 2022, driven by material operating leverage, resulting from strong performance in Hearing Healthcare. EBIT in Communications developed negatively and was weaker than expected, as the

OPEX by half-year

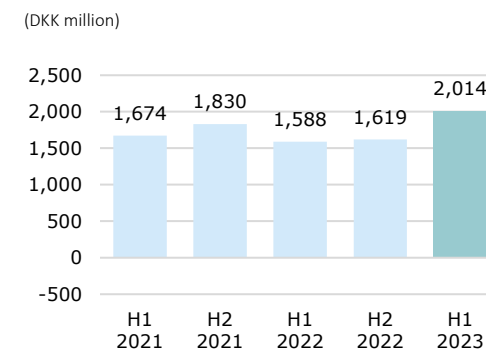


implemented cost savings could not fully offset the negative revenue growth and gross margin decline.

Relative to H1 2022, exchange rates had a negative impact on the Group's EBIT in H1 of slightly more than DKK 50 million.

In H1, fair value adjustments of non-controlling interests in step acquisitions, contingent considerations etc. totalled a net positive fair value adjustment of DKK 29 million (DKK 7 million in H1 2022). Please refer to Note 1 for more details.

EBIT by half-year



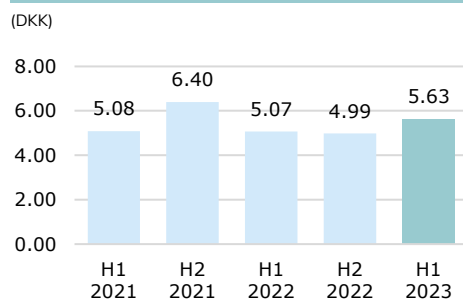
Financial items

Reported net financial items amounted to an expense of DKK 359 million in H1, an increase of DKK 264 million compared to last year, driven primarily by higher interest expenses.

Profit for the period

Reported profit before tax for continuing operations amounted to DKK 1,655 million in H1, an increase of 11%, as higher EBIT growth was somewhat offset by increased financial expenses. Tax for the period amounted to DKK 397 million, corresponding to an effective tax rate of 24.0%. The increase in the effective tax rate compared to H1 2022 was driven by the discontinuation of Danish coronavirus-related R&D tax credits and by deductibility caps in interest expenses. This resulted in profit after tax generated by the Group's continuing operations of DKK 1,258 million, which is an increase of 9% compared to H1 2022, corresponding to earnings per share (EPS) of DKK 5.63.

EPS for continuing operations by half-year



Profit after tax from discontinued operations amounted to DKK -676 million. Of this amount, DKK -638 million relates to non-recurring, non-cash write-downs of assets related to the cochlear implants business and the remaining DKK -38 million to an operating loss in Hearing Implants. Please refer to Note 2 for more details.

For the Group as a whole, profit after tax was DKK 582 million.

Cash flow by main items

(DKK million)	H1 2023	H1 2022	Change
CFFO	1,863	915	104%
Net investments	-373	-517	-28%
Free cash flow before acquisitions and divestments	1,490	398	274%
Acquisitions and divestments etc.	-313	-513	-39%
Share buy-backs	-17	-1,307	-99%
Other financing activities	-1,091	1,621	-167%
Cash flow for the period	69	199	-65%

Cash flow statement

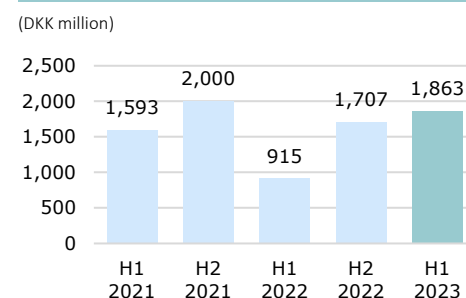
For the Group's continuing operations, cash flow from operating activities (CFFO) was DKK 1,863 million in H1, which is a 104% increase compared to H1 2022. This increase was mainly driven by strong EBIT growth as well as improvements in working capital, primarily in terms of inventory reductions.

Net investments resulted in a cash flow of DKK -373 million in H1 of which DKK -411 million, or 4% of Group revenue, relates to net investments in property, plant and equipment and in intangible assets (CAPEX). Compared to H1 2022, CAPEX increased by DKK 7 million, or 2%, due to

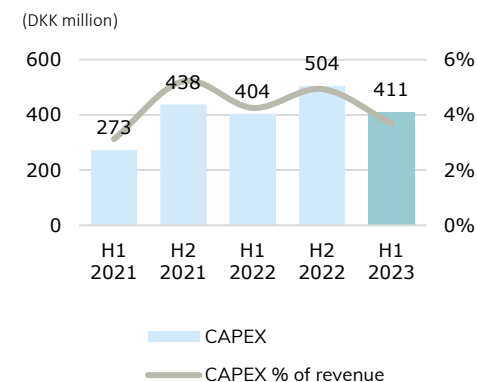
slightly increased investments in property, plant, and equipment. Net investments in other non-current assets, which mostly comprise loans to customers and associates, amounted to DKK 38 million compared to DKK -113 million in H1 2022.

As a result of the higher CFFO and lower level of investments, free cash flow before acquisitions and divestments increased by 274% to DKK 1,490 million.

CFFO by half-year



CAPEX by half-year



Cash spent on acquisitions totalled DKK 313 million in H1. This mainly relates to acquisitions made by Hearing Care, particularly in Germany, as well as minor acquisitions made by our Diagnostics business.

Share buy-backs in the reporting period amounted to DKK 17 million, as the Group bought back 84,665 shares at an average price of DKK 195.02 under an employee share salary arrangement.

Other financing activities resulted in a cash outflow of DKK 1,091 million, which primarily relates to repayment of borrowings. Net cash flow from continuing operations amounted to DKK 69 million in H1.

Balance sheet by main items

(DKK million)	H1 2023	FY 2022	Change
Lease assets	2,391	2,304	4%
Other non-current assets	17,915	17,531	2%
Inventories	2,739	2,904	-6%
Trade receivables	3,826	3,626	6%
Cash	1,158	1,130	2%
Other current assets	1,500	1,398	7%
Assets held for sale	304	964	-68%
Total assets	29,833	29,857	0%
Equity	8,990	8,562	5%
Lease liabilities	2,474	2,380	4%
Other non-current liabilities	9,734	7,960	22%
Trade payables	825	865	-5%
Other current liabilities	7,753	9,915	-22%
Liabilities related to assets held for sale	57	175	-67%
Total equity and liabilities	29,833	29,857	0%

Net cash flow from discontinued operations was DKK -10 million. Please refer to Note 2 for more details.

Balance sheet

As of 30 June 2023, total assets amounted to DKK 29,833 million, which is roughly unchanged since the end of 2022 and includes exchange rate effects of -1%. The amount includes DKK 304 million relating to Hearing Implants, which is recognised as assets held for sale.

The flat development was a result of an increase in non-current assets – primarily related to goodwill in respect of acquisitions – being offset by a decrease in assets held

for sale due to the write-down of assets related to the CI business.

In H1, the Group's net working capital increased by 5% to DKK 3,832 million, as lower inventories and increasing other liabilities were more than offset by increased trade receivables and prepaid expenses, reflecting the higher activity level.

Net interest-bearing debt (NIBD) amounted to DKK 12,197 million as of 30 June 2023, a decrease of DKK 514 million compared to 31 December 2022. Relative to a 12-month rolling EBITDA, this corresponds to a gearing multiple slightly below 2.5 at the end of H1, a material decrease from 2.9 at the end of 2022, reflecting the Group's increased profits and strong cash flow generation. With the gearing multiple back within our medium- to long-term target of 2.0-2.5, the Group may resume its share buy-backs in H2, however subject to cash generation and the level of acquisitions completed.

At 30 June 2023, the Group's equity had increased by DKK 428 million, or 5%, to DKK 8,990 million, as profit for the period of DKK 582 million was somewhat offset by foreign currency translation adjustments in subsidiaries.

Employees

At the end of H1, Demant had 21,154 employees compared to 20,570 at the beginning of the year and 18,597 at the end of H1 2022. The average number of employees was 20,922 in H1 compared to 18,130 in H1 2022. The increase in H1 was mainly driven by acquisitions in

Hearing Care and by increased headcounts in operations in Hearing Aids.

Hedging activities

The material forward exchange contracts in place as at 30 June 2023 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	693
JPY	9 months	5.22
AUD	10 months	461
GBP	11 months	839
CAD	11 months	509
PLN	10 months	153

Sustainability

In July 2023, the Science Based Targets initiative validated and approved our targets to reduce the Group's scope 1, 2 and 3 CO2e emissions. Demant has committed to reduce aggregate scope 1 and 2 emissions by 46% as well as to reduce scope 3 emissions by 46% by 2030 from a 2019 base year. Demant has also committed to reach net zero emissions across the value chain by 2050. The validated targets will be published on the Science Based Targets initiative's website during the month of August.

In H1, total scope 1 and 2 CO2e emissions amounted to 14,923 tonnes, which represents an 11% decrease compared to H1 2022. The decrease can be attributed to our gradual transition to renewable electricity. Demant aims to reach 50% renewable electricity in 2025 and 100% by 2030. The targets for renewable electricity are

an important step towards reducing our scope 2 emissions and meeting our commitments to the Science Based Targets initiative.

In 2022, Demant introduced targets for gender diversity in top-level management. In 2025, we aim to have 30% women in top-level management (VP level and above) and in H1 we reached a share of 25%. Furthermore, we aim at increasing the number of top-level management teams that have a diverse gender composition by improving the balance of the gender composition in each team. Our target is that by 2025, at least 75% of top-level management teams will have a maximum of 75% of the same gender. In H1, 70% of teams were on target.

The data also shows a slight improvement in gender diversity in all management levels compared to the full year 2022 with a 3 percentage point increase in the share of

women in management positions which reached 47%.

Events after the reporting period

No events have occurred after the reporting date that might affect this Interim Report 2023.

Key sustainability figures by half-year

	H1 2023	H1 2022	Change
Scope 1 & 2 CO2e emissions (tonnes)*	14,923	16,760	-11%
Renewable electricity share	22%	***	-
	H1 2023	FY 2022	Change
Gender diversity, Board of Directors (women/men)**	40/60%	40/60%	No change
Gender diversity, all managers (women/men)	47/53%	44/56%	3 p.p.
Gender diversity, top level management (women/men)	25/75%	23/77%	2 p.p.
Gender diversity, top level management teams (on/off target)	70/30%	71/29%	1 p.p.

*2022 is restated due to improved data quality.

**Shareholder-elected members.

***No available data for the period.

Outlook for 2023

Outlook for 2023

Metric	Outlook for 2023
Organic growth	11-14% (previously 6-10%)
Acquisitive growth	3% based on revenue from acquisitions completed as of 15 August 2023
FX growth	-2% based on exchange rates as of 15 August 2023 and including the impact of hedging (previously -1%)
EBIT	DKK 4,000-4,400 million (previously DKK 3,800-4,200 million)
Net financials	Negative by around DKK 700 million (previously negative by around DKK 600 million)
Effective tax rate	24-25% (previously 25-26%)
Gearing multiple	Gearing multiple (NIBD/EBITDA) at the end of 2023 within our medium- to long-term target of 2.0-2.5
Share buy-backs	None
Profit after tax from discontinued operations	Negative by DKK 700-850 million (previously negative by DKK 700-1,000 million)

The Group's outlook for 2023, which is summarised in the table above, has been upgraded to reflect the Group's strong performance in H1 and increased expectations of H2. Specifically, we now expect the hearing aid market to grow at a faster rate than previously assumed, and we expect our strong commercial momentum and market share gains in Hearing Healthcare to be sustained for longer than previously anticipated.

Assumptions

The outlook is based on a number of key assumptions as described below (changes versus most recent outlook in bold):

- **Following a stabilisation of the global hearing aid market in H1, we now expect the market unit growth rate in 2023 to be slightly above the structural growth rate of 4-6%.** We expect a negative contribution from ASP declines around the normal level of 1-2% due to mix effects.
- **We expect the weak momentum in the markets for enterprise solutions and gaming headsets to continue throughout 2023. In 2023, we expect our Communications segment to see negative organic growth and to generate EBIT that is more negative than the level in 2022, as lower revenue and gross**

margin are only partly offset by cost savings already implemented. We continue to consider further actions with a view to aligning the business with current activity levels.

- Due to a high level of attractive opportunities, we expect the level of bolt-on acquisitions in 2023 to be higher than normal.
- Despite higher-than-normal cost inflation, we plan to grow OPEX less than revenue through focused cost control in order to support margin improvement.
- **As announced on 22 June, the expected profit after tax from discontinued operations is based on a scenario where the divestment of our cochlear implants business is closed at the end of 2023. Our bone anchored hearing systems business will remain with the Group, pending a review of our strategic options.**

Hearing Healthcare

Income statement

(DKK million)	H1 2023	H1 2022	Growth
Revenue	10,694	8,945	20%
Production costs	-2,677	-2,115	27%
Gross profit	8,017	6,830	17%
Gross margin	75.0%	76.4%	
R&D costs	-607	-534	14%
Distribution costs	-4,726	-4,170	13%
Administrative expenses	-562	-488	15%
Share of profit after tax, associates and joint ventures	40	57	-30%
Operating profit (EBIT)	2,162	1,695	28%
EBIT margin	20.2%	18.9%	

Revenue

Revenue in our Hearing Healthcare segment amounted to DKK 10,694 million in H1, corresponding to a growth rate of 19% in local currencies with organic growth of 15%. This was driven primarily by Hearing Aids, but Hearing Care and Diagnostics also saw solid growth. Acquisitive growth was 4% and exchange rate effects were 1%.

After a very strong Q1, Hearing Aids and Hearing Care saw slightly decelerating organic growth in Q2, but growth was still strong, as the global hearing aid market remained solid, and we continued to gain market share thanks to the launch of new products. Following a softer Q1, partly due to delays in the ramp-up of the new production facility in Poland, Diagnostics saw

stronger growth in Q2, a reflection of a strong order book.

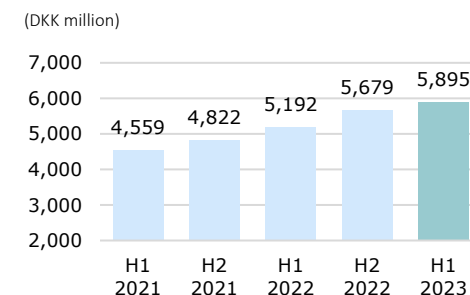
Gross profit

Gross profit increased by 17% on H1 2022 to DKK 8,017 million, resulting in a gross margin of 75.0%. The gross margin was 1.4 percentage points below the margin in H1 2022, mostly due to adverse exchange rate effects and growing unit costs as a result of an increased share of rechargeable hearing aids sold. Also, a change in the mix between business areas had a slightly dilutive impact on the gross margin in Hearing Healthcare.

Operating expenses (OPEX)

OPEX totalled DKK 5,895 million in H1, which is an increase of 14% in local currencies compared to H1 last year. In organic terms, OPEX increased by 9%, reflecting continued investments, while acquisitive growth was 5% and exchange rate effects -1%.

OPEX by half-year



Revenue by business area

(DKK million)	Q2 2023	Q2 2022	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Aids	3,040	2,491	20%	0%	20%	2%	22%
Hereof sales to Hearing Care	-530	-454	12%	7%	19%	-2%	17%
Hearing Care	2,290	2,034	7%	8%	15%	-3%	13%
Diagnostics	632	563	9%	6%	15%	-3%	12%
Hearing Healthcare	5,432	4,634	14%	4%	18%	-1%	17%

(DKK million)	H1 2023	H1 2022	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Aids	6,088	4,842	23%	0%	23%	3%	26%
Hereof sales to Hearing Care	-1,100	-895	18%	6%	24%	-1%	23%
Hearing Care	4,508	3,932	8%	8%	16%	-2%	15%
Diagnostics	1,198	1,066	6%	7%	13%	-1%	12%
Hearing Healthcare	10,694	8,945	15%	4%	19%	1%	20%

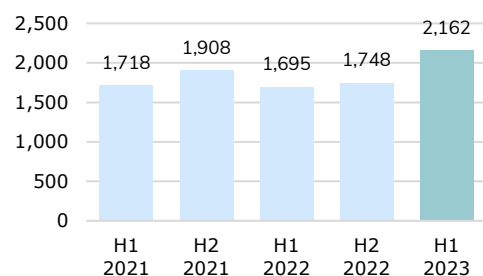
Operating profit (EBIT)

EBIT in H1 amounted to DKK 2,162 million, corresponding to an EBIT margin of 20.2%. This is an increase of 1.3 percentage points compared to H1 2022. The increase was driven primarily by increased operating leverage in Hearing Aids, but also by improved efficiency in Hearing Care, while the EBIT margin in Diagnostics was diluted by OPEX investments.

Share of profit after tax in associates and joint ventures amounted to DKK 40 million in H1, a decrease of DKK 17 million.

EBIT by half-year

(DKK million)



Management commentary

Market trends

Overall, the hearing healthcare market, which comprises the markets for hearing aids and diagnostic instruments and services, saw positive growth in H1 in line with historical growth rates compared to pre-pandemic levels.

Hearing aid market

Based on available market statistics, covering slightly less than two-thirds of the market, and on our own assumptions, we estimate that the global hearing aid market saw unit growth of around 5% in H1, with 7% in Q1 and 3% in Q2 compared to the same periods in 2022.

In H1, we estimate that – with the exception of Europe – growth was positive across all regions. In Q2, growth decelerated slightly compared to Q1, primarily driven by comparative figures, and when comparing H1 to pre-pandemic levels, we estimate that the global hearing aid market was in line with the structural growth rate of 4-6%.

We estimate that in H1 geography and channel mix changes offset price increases and that the ASP development was flat-ish. Overall, value growth in the hearing aid market was within our medium- to long-term expectations.

Unit growth in Europe was flat, as growth in the NHS as well as in some smaller markets was offset by negative growth in Germany and France. In France, growth

Estimated hearing aid market unit growth in 2023 by region

(vs. 2022)	Q1	Q2	H1
Europe	4%	-4%	0%
North America	9%	5%	7%
US (commercial)	9%	5%	7%
US (VA)	9%	4%	6%
Rest of world	9%	10%	10%
Global	7%	3%	5%
CAGR vs. 2019	5%	5%	5%

decelerated sequentially in Q2, as the market continued to normalise following the hearing healthcare reform in 2021. Excluding the development in France, we estimate that growth was flat in Europe in Q2.

In North America, the market saw solid growth in H1, reflecting good underlying momentum throughout the period. In the US commercial market, unit growth was solid, and it continued to be driven by managed care, whereas the private pay market saw slightly negative growth. Although growth was positive in the VA channel, volume declined sequentially between Q1 and Q2, and on a CAGR basis, growth remains slightly below pre-pandemic trends. In Canada, growth in H1 was solid.

Looking beyond Europe and North America, we estimate that market growth in Rest of world was strong at 10% in H1. This is primarily driven by a rebound from lockdowns and coronavirus-related restrictions, particularly in China, resulting in very strong Q2 growth. Japan and South Korea also saw strong market growth. In

Australia, growth was positive in both Q1 and Q2, with sequential improvement in Q2. We estimate that several other emerging markets saw strong growth in H1.

Diagnostic instruments market

We estimate that compared to H1 last year, growth in the market for diagnostic instruments and services was within the estimated structural market growth rate of 3-5% per year.

Revenue and growth

(DKK million)	Q2 2023	Q2 2022	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Aids	3,040	2,491	20%	0%	20%	2%	22%
Hereof sales to external customers	2,510	2,037	22%	-1%	21%	3%	23%
Hereof sales to Hearing Care*	530	454	12%	7%	19%	-2%	17%

(DKK million)	H1 2023	H1 2022	Growth				
			Org.	Acq.	LCY	FX	Rep.
Hearing Aids	6,088	4,842	23%	0%	23%	3%	26%
Hereof sales to external customers	4,988	3,947	24%	-1%	23%	3%	26%
Hereof sales to Hearing Care*	1,100	895	18%	6%	24%	-1%	23%

*Revenue from internal sales to Hearing Care is eliminated from the reported revenue for Hearing Healthcare and 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.

Hearing Aids

In H1, total revenue in Hearing Aids grew by 23% (Q2: 20%) in local currencies. Growth was entirely organic. Exchange rate effects added 3% (Q2: 2%) to growth.

Hearing Aids

(DKK million)	H1 2023	H1 2022
Revenue	6,088	4,842
Growth		
Organic	23%	
Acquisitions	0%	
Local currencies	23%	
FX	3%	
Total	26%	

Internal revenue from sales to our Hearing Care business area accounted for 18% of total revenue and external sales for the remaining 82%. Our commentary below

focuses on total revenue, including revenue from sales through our own retail clinics.

The very strong performance was the result of solid hearing aid market developments combined with market share gains in most geographies. The commercial momentum was driven by excellent commercial and operational execution and boosted by the successful launches of new premium hearing aids starting in Q1, including our new flagship product, Oticon Real.

Unit growth and ASP growth in H1 were 18% and 4%, respectively, compared to the same period last year. The unit growth

Growth in units and ASP

(local currencies)	H1 2023	H2 2022	H1 2022
Units	18%	10%	16%
ASP	4%	-2%	-8%
Total	23%	8%	7%

rate was thus significantly higher than the market growth rate in H1, reflecting broad-based market share gains. The positive ASP development was driven primarily by geography and product mix changes, but also by price increases implemented last year.

Compared to 2022, our growth in Europe was strong in both Q1 and Q2. Germany and France were the primary positive contributors in Q1, and in Q2, we saw continued strong growth in Germany as well as in the UK, Poland and Spain. In France, we saw a negative growth rate in Q2, which was, however, slightly higher than the market growth rate.

North America delivered strong organic growth and market share gains in both Q1 and Q2, although growth decelerated slightly in the latter part of the period. We continued to see strong traction with

Oticon Real and Philips HearLink and gained market share across most channels, including with independents, chains and VA where Oticon Real was launched at the beginning of May. In Canada, we saw strong growth in both Q1 and Q2.

Asia was the region with the highest growth in percentage terms in both Q1 and Q2 due to the impacts of coronavirus-related restrictions in H1 2022, especially in China where growth accelerated in Q2.

Our Rest of world region, which mostly comprises emerging markets, saw strong growth throughout H1 driven by good commercial momentum and strong tender activities in several countries. Meanwhile, our Pacific region saw only modest growth in the period.

Hearing Care

In H1, revenue in Hearing Care grew by 16% (Q2: 15%) in local currencies with 8% (Q2: 7%) organic growth and 8% (Q2: 8%) acquisitive growth. The latter is mainly attributable to the acquisition of Sheng Wang in China in Q3 2022, but also to acquisitions in Germany, Japan, North America and France.

Hearing Care

(DKK million)	H1 2023	H1 2022
Revenue	4,508	3,932
Growth		
Organic	8%	
Acquisitions	8%	
Local currencies	16%	
FX	-2%	
Total	15%	

The positive momentum in Hearing Care in H1 was driven by solid organic growth in most major markets outside the US and France, our two biggest markets. Organic growth decelerated slightly from 9% in Q1 to 7% in Q2 driven by France. Throughout H1, organic growth was predominantly driven by unit growth, but we also saw a slightly positive ASP development due to price increases implemented in H2 last year.

In Europe, we saw positive developments in several markets, particularly in Poland and the UK. However, organic growth in France turned negative in Q2, as market growth slowed down.

Organic growth in North America was slightly positive in H1, driven by very solid growth in Canada. In the US, growth was flat in H1 following a slight deceleration in Q2 due to slower growth in the private pay market. The strategic decision made last year to reduce our share of sales related to managed care has been carried out, leading to a stabler business model in the US. Acquisitions contributed to growth in both the US and Canada in the period.

In Australia, we saw strong growth supported by a softer comparison base, as revenue was negatively impacted by coronavirus-related restrictions and by floodings in H1 2022. In China, Sheng Wang delivered revenue slightly ahead of original expectations following stronger-than-expected recovery from coronavirus impacts at the beginning of the year.

Diagnostics

In Diagnostics, revenue in H1 increased by 13% (Q2: 15%) in local currencies. Organic growth was 6% (Q2: 9%), while contribution from acquisitions was 7% (Q2: 6%). A major part of acquisitive growth relates to the acquisition of Inventis Srl. in June 2022, while a minor part relates to the acquisition of Virtualis, a French player active within balance testing, in January 2023. Exchange rate effects contributed with -1% (Q2: -3%).

Diagnostics

(DKK million)	H1 2023	H1 2022
Revenue	1,198	1,066
Growth		
Organic	6%	
Acquisitions	7%	
Local currencies	13%	
FX	-1%	
Total	12%	

Following a relatively slow start to Q1, which saw growth negatively impacted by the ramp-up of our new Diagnostics production facility in Poland, growth accelerated in Q2, emphasising the good underlying momentum of our business.

In terms of geographies, we saw strong performances in most markets in H1. On an organic basis, Asia was the biggest contributor driven by China, which saw very strong growth following a soft Q2 last year, but Europe and the Pacific region also delivered strong growth. In addition, growth in Q2 was supported by a large tender win in our Rest of world region.

In North America, organic growth was slightly positive, in part driven by strong comparative figures.

Overall, organic growth was primarily driven by instrument sales, which accelerated in Q2, although service revenue also saw strong growth, particularly in the US. In terms of product categories, growth was broad-based with particularly strong performance in the Audiometer, Impedance, and Balance product categories.

Communications

Income statement

(DKK million)	H1 2023	H1 2022	Growth
Revenue	461	552	-16%
Production costs	-305	-299	2%
Gross profit	156	253	-38%
Gross margin	33.8%	45.8%	
R&D costs	-99	-117	-15%
Distribution costs	-188	-224	-16%
Administrative expenses	-17	-19	-11%
Operating profit (EBIT)	-148	-107	n.a.
EBIT margin	-32.1%	-19.4%	

Revenue

In H1, revenue in Communications was DKK 461 million, corresponding to -15% growth in local currencies, all of which was organic growth. Exchange rate effects were -1%.

Please refer to Management commentary on page 14 for more details.

Communications

(DKK million)	Q2 2023	Q2 2022
Revenue	215	260
Growth		
Organic	-16%	
Acquisitions	0%	
Local currencies	-16%	
FX	-2%	
Total	-17%	

(DKK million)	H1 2023	H1 2022
Revenue	461	552
Growth		
Organic	-15%	
Acquisitions	0%	
Local currencies	-15%	
FX	-1%	
Total	-16%	

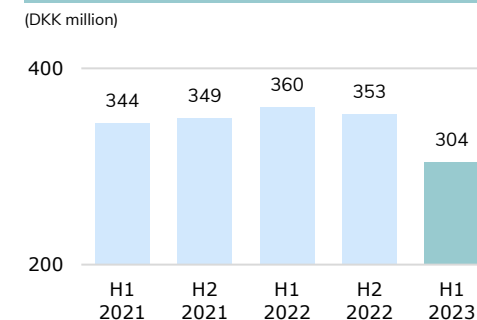
Gross profit

The gross profit amounted to DKK 156 million in H1, resulting in a gross margin of 33.8%. This is a substantial decrease of 12.0 percentage points compared to H1 2022, driven in part by high levels of promotional activities in Gaming, also amongst competitors, including discounted sales of legacy, co-branded products. Also, the decline in revenue and some production costs associated with the ramp-down of production of co-branded products contributed negatively to the margin development.

Operating expenses (OPEX)

OPEX amounted to DKK 304 million in H1, corresponding to a decrease of 16% compared to H1 2022, or 15% in organic terms. The decrease reflects cost saving measures implemented both in H2 2022 and in H1 2023. The latter will take full effect in H2 2023. On a percentage basis, cost savings were realised almost equally between R&D and distribution costs, although in absolute terms, most of the savings were realised in our distribution, as we have, for strategic reasons, shifted our focus in some select markets. Exchange rate effects were slightly negative.

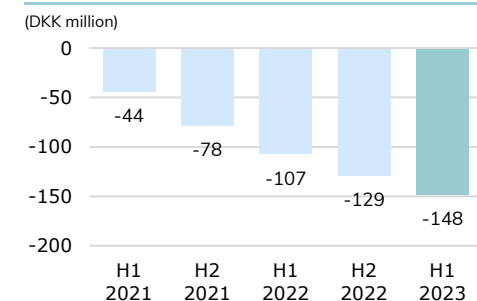
OPEX by half-year



Operating profit (EBIT)

As a result of the decline in revenue and of the gross margin headwinds, which more than outweighed the implemented cost savings, EBIT amounted to DKK -148 million, which is below our original expectations. We continue to consider further actions with a view to aligning the business with current activity levels and thus improving profitability.

EBIT by half-year



Management commentary

Market trends

We estimate that growth in our addressable market within enterprise solutions and gaming headsets was negative in H1. Both businesses continued to see tough market conditions, with macroeconomic uncertainties negatively impacting corporate budgets and consumer spending.

Communications (EPOS)

As outlined above, revenue in H1 saw growth of -15% (Q2: -16%) in local currencies, all of which was organic growth. Growth was disappointing and below our original expectations, particularly in Q2 where revenue slowed down sequentially compared to Q1 due to a deteriorating market, particularly for enterprise solutions.

In Enterprise Solutions, we continued to be impacted by material hesitation among end customers when it comes to investing in larger projects. Along with some supply constraints for our video solutions, this led to a lower order intake than expected. However, the launch in June of EPOS' new top-of-the-line enterprise headset, IMPACT 1000, got a very positive reception in the market and is expected to support growth in H2.

In Gaming, the market remained very soft in H1 with high inventories in the sales channels following weak end-user demand in H2 2022. Also, prices were impacted by

significant promotional activities amid fierce competition.

Regionally, the negative organic growth was most pronounced in Europe, which is the largest region for Communications, but revenue in North America and Asia also developed negatively.

Throughout H1, our realised sales prices were negatively impacted by sales of legacy, co-branded products at discounted prices, and we expect this impact to continue in H2.

Management statement

We have today discussed and approved this Interim Report 2023 for Demant A/S.

Interim Report 2023 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and further Danish disclosure requirements in respect of interim reports for listed companies. Interim Report 2023 has not been audited or reviewed by our auditors.

In our opinion, Interim Report 2023 gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2023 as well as of the results of our activities and cash flows for the first six months of 2023.

We also believe that the financial review and management commentary contain a fair review of the development in the Group's business and financial position, the results for the period and the Group's financial position as a whole as well as a description of the principal risks and uncertainties facing Demant A/S.

Smørum, 16 August 2023

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

Charlotte Hedegaard

Heidir Hørby

Anja Madsen

Sisse Fjelsted Rasmussen

Kristian Villumsen

Consolidated income statement

(DKK million)	H1 2023	H1 2022	Full year 2022
Revenue	11,155	9,497	19,705
Production costs	-2,982	-2,414	-5,036
Gross profit	8,173	7,083	14,669
R&D costs	-706	-651	-1,314
Distribution costs	-4,914	-4,394	-9,232
Administrative expenses	-579	-507	-1,038
Share of profit after tax, associates and joint ventures	40	57	122
Operating profit (EBIT)	2,014	1,588	3,207
Financial income	47	36	83
Financial expenses	-406	-131	-363
Profit before tax	1,655	1,493	2,927
Tax on profit for the period	-397	-336	-651
Profit after tax - continuing operations	1,258	1,157	2,276
Profit after tax - discontinued operations	-676	-107	-192
Profit for the period	582	1,050	2,084
Profit for the period attributable to:			
Demant A/S' shareholders	581	1,049	2,082
Non-controlling interests	1	1	2
	582	1,050	2,084
Earnings per share (EPS), DKK - continuing operations	5.63	5.07	10.06
Diluted earnings per share (DEPS), DKK - continuing operations	5.63	5.07	10.06
Earnings per share (EPS), DKK	2.60	4.60	9.21
Diluted earnings per share (DEPS), DKK	2.60	4.60	9.21

Discontinued operations

The Hearing Implants business is presented as a discontinued operation.

Consolidated statement of comprehensive income

(DKK million)	H1 2023	H1 2022	Full year 2022
Profit for the year	582	1,050	2,084
Foreign currency translation adjustment, subsidiaries	-177	438	60
Value adjustments of hedging instruments:			
Value adjustment for the period	36	-118	-40
Value adjustment transferred to revenue	-46	104	202
Tax on items that have been or may subsequently be reclassified to the income statement	2	-2	-32
Items that have been or may subsequently be reclassified to the income statement	-185	422	190
Actuarial gains/losses on defined benefit plans	-	-	105
Tax on items that will not subsequently be reclassified to the income statement	-	-	-27
Items that will not subsequently be reclassified to the income statement	-	-	78
Other comprehensive income/loss	-185	422	268
Comprehensive income	397	1,472	2,352
Comprehensive income attributable to:			
Demant A/S' shareholders	396	1,471	2,350
Non-controlling interests	1	1	2
	397	1,472	2,352
Breakdown of tax on other comprehensive income:			
Foreign currency translation adjustment, foreign enterprises	-	-5	3
Value adjustment of hedging instruments for the period	-8	3	9
Value adjustment of hedging instruments transferred to revenue	10	-	-44
Actuarial gains/losses on defined benefit plans	-	-	-27
Tax on other comprehensive income	2	-2	-59

Consolidated balance sheet

(DKK million)	H1 2023	H1 2022	Full year 2022
Assets			
Goodwill	11,898	9,736	11,488
Patents and licences	16	13	19
Other intangible assets	826	628	815
Prepayments and assets under development	288	158	260
Intangible assets	13,028	10,535	12,582
Land and buildings	1,123	1,020	1,006
Plant and machinery	251	221	237
Other plant, fixtures and operating equipment	482	421	456
Leasehold improvements	644	577	634
Prepayments and assets under construction	188	133	220
Property, plant and equipment	2,688	2,372	2,553
Lease assets	2,391	2,104	2,304
Investments in associates and joint ventures	763	852	822
Receivables from associates and joint ventures	270	333	371
Other investments	19	14	15
Customer loans	501	564	566
Other receivables	102	73	84
Deferred tax assets	544	562	538
Other non-current assets	4,590	4,502	4,700
Non-current assets	20,306	17,409	19,835

(DKK million)	H1 2023	H1 2022	Full year 2022
Inventories	2,739	2,445	2,904
Trade receivables	3,826	3,609	3,626
Receivables from associates and joint ventures	157	188	170
Income tax	203	149	126
Customer loans	212	225	229
Other receivables	363	441	376
Unrealised gains on financial contracts	101	27	103
Prepaid expenses	464	591	394
Cash	1,158	1,245	1,130
Assets held for sale	304	1,006	964
Current assets	9,527	9,926	10,022
Assets	29,833	27,335	29,857

Assets held for sale

The assets of the Hearing Implants business are presented as assets held for sale.

Consolidated balance sheet

(DKK million)	H1 2023	H1 2022	Full year 2022
Equity and liabilities			
Share capital	45	46	46
Other reserves	8,939	8,133	8,515
Equity attributable to Demant A/S' shareholders	8,984	8,179	8,561
Equity attributable to non-controlling interests	6	5	1
Equity	8,990	8,184	8,562
Non-current liabilities	11,587	6,427	9,726
Borrowings	7,661	3,232	6,098
Lease liabilities	1,853	1,643	1,766
Deferred tax liabilities	606	453	620
Provisions	177	277	175
Other liabilities	654	349	566
Deferred income	636	473	501
Current liabilities	9,256	12,724	11,569
Borrowings	4,275	8,018	6,598
Lease liabilities	621	528	614
Trade payables	825	810	865
Payables to associates and joint ventures	-	1	-
Income tax	492	391	311
Provisions	72	42	33
Other liabilities	2,328	2,078	2,445
Unrealised losses on financial contracts	22	115	15
Deferred income	564	520	513
Liabilities related to assets held for sale	57	221	175
Liabilities	20,843	19,151	21,295
Equity and liabilities	29,833	27,335	29,857

Liabilities related to assets held for sale

The liabilities of the Hearing Implants business are presented as liabilities related to assets held for sale.

Consolidated cash flow statement

(DKK million)	H1 2023	H1 2022	Full year 2022
Operating profit (EBIT)	2,014	1,588	3,207
Non-cash items etc.	714	463	1,074
Change in receivables etc.	-276	-563	-491
Change in inventories	59	-107	-532
Change in trade payables and other liabilities etc.	-92	-252	10
Change in provisions	11	-1	3
Dividends received	30	87	164
Cash flow from operating profit	2,460	1,215	3,435
Financial income etc. received	40	22	63
Financial expenses etc. paid	-332	-131	-359
Income tax paid	-305	-191	-517
Cash flow from operating activities (CFFO)	1,863	915	2,622
Acquisition of enterprises, participating interests and activities	-313	-513	-2,323
Investments in intangible assets	-105	-103	-277
Investments in property, plant and equipment	-315	-311	-647
Disposal of property, plant and equipment	9	10	16
Investments in other non-current assets	-133	-269	-356
Disposal of other non-current assets	171	156	259
Cash flow from investing activities (CFFI)	-686	-1,030	-3,328

Discontinued operations

The Hearing Implants business is presented as a discontinued operation.

(DKK million)	H1 2023	H1 2022	Full year 2022
Repayments of borrowings	-2,598	-2,168	-2,737
Proceeds from borrowings	2,131	2,527	8,606
Change in short-term bank facilities	-290	1,553	-2,477
Repayments of lease liabilities	-333	-290	-614
Transactions with non-controlling interests	-1	-1	-4
Share buy-backs	-17	-1,307	-1,840
Cash flow from financing activities (CFFF)	-1,108	314	934
Cash flow for the period, net - continuing operations	69	199	228
Cash flow for the period, net - discontinued operations	-10	-108	-253
Cash flow for the year, net	59	91	-25
Cash and cash equivalents at the beginning of the year	1,130	1,172	1,172
Foreign currency translation adjustment of cash and cash equivalents	-31	-18	-17
Cash and cash equivalents at the end of the year	1,158	1,245	1,130
Breakdown of cash and cash equivalents at the end of the year:			
Cash	1,158	1,245	1,130
Cash and cash equivalents at the end of the year	1,158	1,245	1,130

Consolidated statement of changes in equity

(DKK million)

	Share capital	Other reserves			Demant A/S' share-holders' share	Non-controlling interests' share	Equity
		Foreign currency translation reserve	Hedging reserve	Retained earnings			
Equity at 1.1.2023	46	71	73	8,371	8,561	1	8,562
Comprehensive income:							
Profit for the period	-	-	-	581	581	1	582
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	-177	-	-	-177	-	-177
Value adjustments of hedging instruments:							
Value adjustment for the period	-	-	36	-	36	-	36
Value adjustment transferred to revenue	-	-	-46	-	-46	-	-46
Tax on other comprehensive income	-	-	2	-	2	-	2
Other comprehensive income/loss	-	-177	-8	-	-185	-	-185
Comprehensive income/loss for the period	-	-177	-8	581	396	1	397
Share buy-backs	-	-	-	-17	-17	-	-17
Share-based compensation	-	-	-	45	45	-	45
Capital reduction through cancellation of treasury shares	-1	-	-	1	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-1	-1
Non-controlling interests at acquisition	-	-	-	-	-	4	4
Equity at 30.06.2023	45	-106	65	8,981	8,985	5	8,990

Consolidated statement of changes in equity

(DKK million)

	Share capital	Other reserves			Demant A/S' share-holders' share	Non-controlling interests' share	Equity
		Foreign currency translation reserve	Hedging reserve	Retained earnings			
Equity at 1.1.2022	48	8	-54	7,975	7,977	4	7,981
Comprehensive income:							
Profit for the period	-	-	-	1,049	1,049	1	1,050
Other comprehensive income:							
Foreign currency translation adjustment, subsidiaries	-	438	-	-	438	-	438
Value adjustments of hedging instruments:							
Value adjustment for the period	-	-	-118	-	-118	-	-118
Value adjustment transferred to revenue	-	-	104	-	104	-	104
Tax on other comprehensive income	-	-5	3	-	-2	-	-2
Other comprehensive income/loss	-	433	-11	-	422	-	422
Comprehensive income/loss for the period	-	433	-11	1,049	1,471	1	1,472
Share buy-backs	-	-	-	-1,307	-1,307	-	-1,307
Share-based compensation	-	-	-	38	38	-	38
Capital reduction through cancellation of treasury shares	-2	-	-	2	-	-	-
Equity at 30.06.2022	46	441	-65	7,757	8,179	5	8,184

Note 1 – Acquisition of enterprises and activities

(DKK million)

	H1 2023			H1 2022
	Hearing Healthcare		Total	Total
	Europe	North America		
Intangible assets	27	4	31	27
Property, plant and equipment	41	1	42	13
Other non-current assets	113	17	130	19
Inventories	33	2	35	30
Current receivables	66	6	72	52
Cash and cash equivalents	25	2	27	29
Non-current liabilities	-336	-1	-337	-61
Current liabilities	-79	-9	-88	-54
Acquired net assets	-110	22	-88	55
Goodwill	596	8	604	322
Acquisition cost	486	30	516	377
Carrying amount of non-controlling interests on obtaining control	-80	-	-80	-
Fair value adjustment of non-controlling interests on obtaining control	-26	-	-26	-
Contingent consideration and deferred payments	-118	-3	-121	-71
Acquired cash and cash equivalents	-25	-2	-27	-29
Cash acquisition cost	237	25	262	277

Figures are shown at fair value on the acquisition date.

In H1 2023, Demant acquired Mr. Optik, a German retail company, and Virtualis, a French player active within balance testing.

Furthermore, the Group acquired a number of minor retail entities in North America and Europe for which we paid acquisition costs exceeding the fair values of the acquired assets, liabilities and contingent

liabilities. Such positive balances in value can be attributed to expected synergies between the activities of the acquired entities and our existing activities, to future growth opportunities and to the value of staff competencies in the acquired entities. These synergies are not recognised separately from goodwill, as they are not separately identifiable.

At the time of acquisition, non-controlling interests' shares of acquisitions were measured at their proportionate shares of the total fair value of the acquired entities, including goodwill. On obtaining a controlling interest through step acquisitions, previously held non-controlling interests are at the time of obtaining control included in

the income statement at their fair value with fair value adjustments.

In H1 2023, a few adjustments were made to the preliminary recognition of acquisitions made in 2022. These adjustments were made in respect of payments made, contingent considerations provided and net assets and goodwill acquired. The impact of these adjustments on goodwill was DKK 3 million (DKK 9 million in H1 2022), and the impact on contingent considerations was DKK 2 million (DKK 2 million in H1 2022). In relation to acquisitions with final recognition in 2017-2022, adjustments were made in 2023 in respect of estimated contingent considerations. Such adjustments were recognised in the income statement.

Note 1 – Acquisition of enterprises and activities

The total impact on the income statement of fair value adjustments of non-controlling interests in step acquisitions amounted to DKK 26 million (DKK 0 million in H1 2022). For acquisitions, adjustments of contingent considerations made via the income statement in the amount of DKK 3 million (DKK 7 million in H1 2022) are recognised under distribution costs.

Of total acquisition costs in the reporting period, the fair value of estimated contingent considerations in the form of earnouts or deferred payments accounted for DKK 121 million (DKK 71 million in H1 2022). Earnouts depend on the results of the acquired entities for a period of 1-5 years after takeover and can total a maximum of DKK 121 million (DKK 71 million in H1 2022) for acquisitions.

The acquired assets include contractual receivables amounting to DKK 33 million (DKK 33 million in H1 2022) of which DKK 0 million (DKK 1 million in H1 2022) was thought to be uncollectible at the date of the acquisition. Of total goodwill in the amount of DKK 604 million (DKK 322 million in H1 2022), DKK 11 million (DKK 21 million in H1 2022) can be amortised for tax purposes.

Transaction costs in connection with acquisitions made in 2023 amounted to DKK 4 million (DKK 0 million in H1 2021) and are recognised under distribution costs.

Revenue and profit after tax generated by the acquired enterprises since our acquisition in 2023 amount to DKK 99 million (DKK 35 million in H1 2022) and DKK 4 million (DKK 2 million in H1 2022), respectively. Had such revenue and profit been consolidated on 1 January 2023, we estimate that consolidated pro forma revenue and profit after tax would have been DKK 11,191 million (DKK 9,572 million in H1 2022) and DKK 584 million (DKK 1,070 million in H1 2022), respectively. Without taking synergies with our core business into account, we believe that these pro forma figures reflect the level of consolidated earnings after our acquisition of the enterprises.

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

Acquisitions after the reporting period

Demant has acquired additional minor distribution enterprises from the reporting date and until the date of publication of this Interim Report 2023. We are in the process of estimating their fair values. The acquisition costs are expected to relate primarily to goodwill.

Note 2 – Discontinued operations and assets held for sale

Note 2.1 - Discontinued operations

(DKK million)	H1 2023	H1 2022	Full year 2022
Revenue	254	221	497
Expenses	-295	-346	-737
Amortisation, depreciation and impairment losses	-647	-10	-10
Profit before tax - discontinued operations	-688	-135	-250
Tax on profit for the period	12	28	58
Profit for the period - discontinued operations	-676	-107	-192
Profit for the period for discontinued operations attributable to:			
Demant A/S' shareholders	-676	-107	-192
	-676	-107	-192
Earnings per share (EPS), DKK	-3.03	-0.47	-0.85
Diluted earnings per share (DEPS), DKK	-3.03	-0.47	-0.85
Cash flow from discontinued operations:			
Cash flow from operating activities (CFFO)	-12	-100	-232
Cash flow from investing activities (CFFI)	-4	-10	-4
Cash flow from financing activities (CFFF)	6	2	-17
Cash flow for the period, net - discontinued operations	-10	-108	-253

On 27 April 2022, Demant announced the decision to discontinue its Hearing Implants business as well as its intention to divest it to Cochlear Limited.

Following dialogues with regulatory authorities, Demant and Cochlear Limited announced on 22 June 2023 that they had agreed to amend the scope of the original transaction. The amended transaction only involves Demant's cochlear implants (CI) business, whereas the bone anchored hearing systems (BAHS) business is no longer part of the transaction and thus remains with Demant for now, pending a review of strategic options. Demant's decision to exit Hearing Implants, including the BAHS business, still stands, and the entire Hearing Implants business area thus continues to be recognised as a discontinued operation.

Due to the amended scope, no consideration will be paid as part of the transaction. As a result hereof, Demant has written down the value of its CI business to a net realisable value of zero.

In H1, discontinued operations realised a profit after tax of DKK -676 million. Of this amount, DKK -638 million relates to the write-down of the CI business and the remaining DKK -38 million to an operating loss realised by Hearing Implants.

Accounting policies

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

Note 2 – Discontinued operations and assets held for sale

Note 2.2 - Assets held for sale and liabilities related to assets held for sale

(DKK million)	H1 2023	Full year 2022
Balance sheet items		
Intangible assets	97	577
Property, plant and equipment	1	27
Lease assets	1	18
Deferred tax assets	32	32
Other non-current assets	3	2
Non-current assets	134	656
Current assets	170	308
Assets held for sale	304	964
Provisions	6	28
Deferred tax liabilities	6	-
Lease liabilities	2	19
Other liabilities	43	128
Liabilities related to assets held for sale	57	175

The divestment of the CI business to Cochlear Limited is expected to close before the end of 2023, subject to regulatory approval by the CMA, the Australian Competition and Consumer Commission (ACCC) and the European Commission (EC).

The review of strategic options relating to the BAHS business is not expected to be completed until after closing of the transaction with Cochlear.

Assets classified as held for sale at 30 June 2023 thus comprise the full Hearing Implants business.

Accounting policies

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

Key accounting estimates and judgements

No key estimates were identified.

Note 3 – Accounting policies and estimates

This Interim Report 2023 is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and further Danish disclosure requirements in respect of interim reports for listed companies. We have not prepared a separate interim report for the Parent. The report is presented in Danish kroner (DKK), which is the functional currency of the Parent.

The accounting policies used for this Interim Report 2023 are the same as the accounting policies used for our Annual Report 2022 to which we refer for a full description. The Group has adopted all new, amended and revised accounting standards and interpretations as published by the IASB and adopted by the EU, effective for the accounting period beginning on 1 January 2023. The amendments, revised standards and interpretations have not had a significant effect.